

**ECONOMIC COMMISSION FOR LATIN AMERICA
AND THE CARIBBEAN**

**ECONOMIC SURVEY
OF LATIN AMERICA
AND THE CARIBBEAN
1989**



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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 1989.

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 LATIN AMERICAN AND CARIBBEAN
ECONOMIES IN 1989

THE LATIN AMERICAN AND CARIBBEAN ECONOMIES IN 1989

I. MAIN TRENDS

As the 1980s draw to their close under the shadow of the crisis, most of the countries of Latin America and the Caribbean continue to struggle with inflation or seek to consolidate their stabilization efforts against a background of stagnation or even recession, despite the favourable results attained in their efforts to boost their exports.

In 1989, the average per capita product of the region declined for the second year running, falling back to the level already registered in 1977-1978. At the same time, average inflation surged up again for the third year in a row, almost reaching the level of 1 200% for the first time in the history of the region. This deterioration in economic conditions took place even though the region maintained its substantial trade surplus, thanks to a generally satisfactory increase in the value of exports and to the slower growth of imports. Despite this considerable surplus, however, there was an increase in the number of countries in arrears with their external debt service commitments (see table 1 and figure 1).

The general setting of stagnation and high inflation in which the region operated was largely determined by the transfer of financial resources abroad -a phenomenon characteristic of this decade- which amounted in 1989 to some US\$26 billion. The poor performance of most of the countries of the region during 1989 -including those of the largest economic size- was particularly strongly influenced, however -as in 1988- either by problems stemming from the upsurge in inflation or by the efforts to combat this, rather than by the shortage of foreign exchange for imports. The inflationary pressures, for their part, mainly had their origin in the inability of the fiscal systems to discharge their

essential functions while at the same time keeping up payments on the external debt. As inflation and a shaky external position mutually sustain each other through exchange rate pressures, 1989 witnessed an increase in the number of countries which were obliged to give up fully servicing their external debt, and indeed, these countries included -for the first time together- three of the four biggest debtors: Argentina, Brazil and Venezuela.

In these circumstances, after eight years of struggling to attain adjustment, stabilization, growth, and the restructuring of their systems of production, groaning under the burden of the external debt, and with little access to fresh external finance, most of the countries of the region continue to display a complex syndrome of structural imbalances, fiscal deficits and low levels of investment, which is reflected in a prolonged period of stagnation, frequently accompanied by high inflation and serious deterioration in real wages.

In short, for the region as a whole, the crisis of the 1980s is as bad as ever. As the decade draws to its close, the average per capita product is almost 8% below that of 1980 and the countries have had to bear huge social costs. Indeed, in 1989 there were even serious outbreaks of violence in some countries, the origin of which is to be found, at least partly, in the phenomenon just described.

The gross domestic product of the region as a whole increased in 1989 by 1.4%, which was a little more than the year before, when it grew by only 0.8%, but which was less than the growth of the population, so that the per capita product went down for the second year running, this time by 0.7%.

The product did in fact actually go down in absolute terms in seven countries, while in 13

Figure 1

LATIN AMERICA AND THE CARIBBEAN: MAIN ECONOMIC INDICATORS

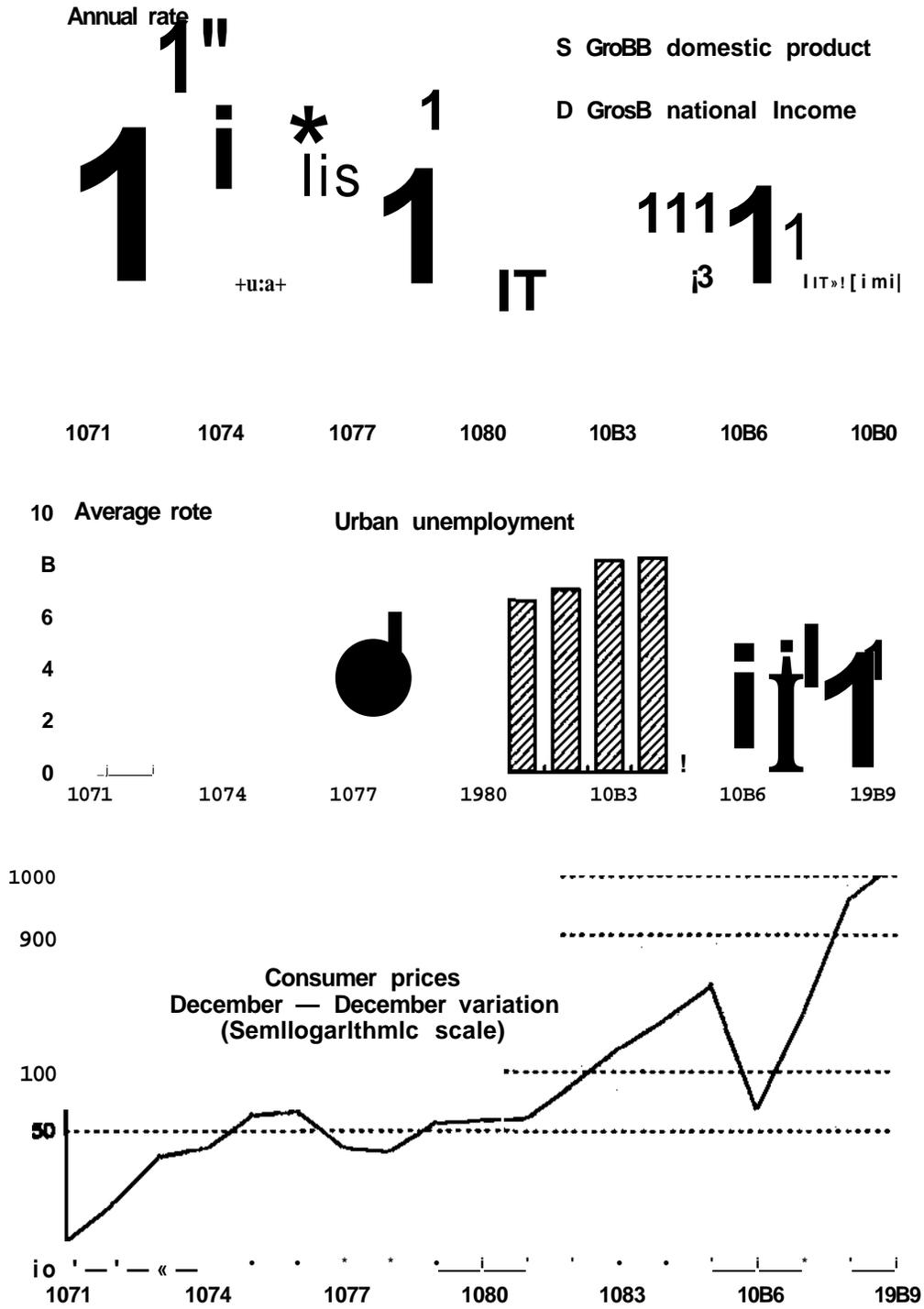
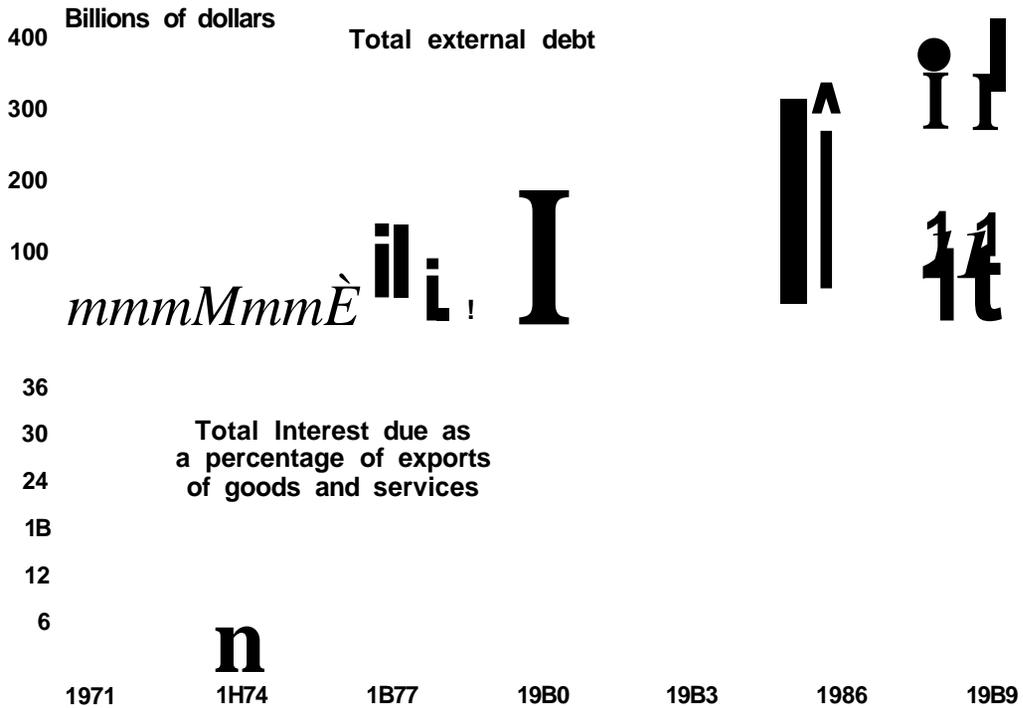
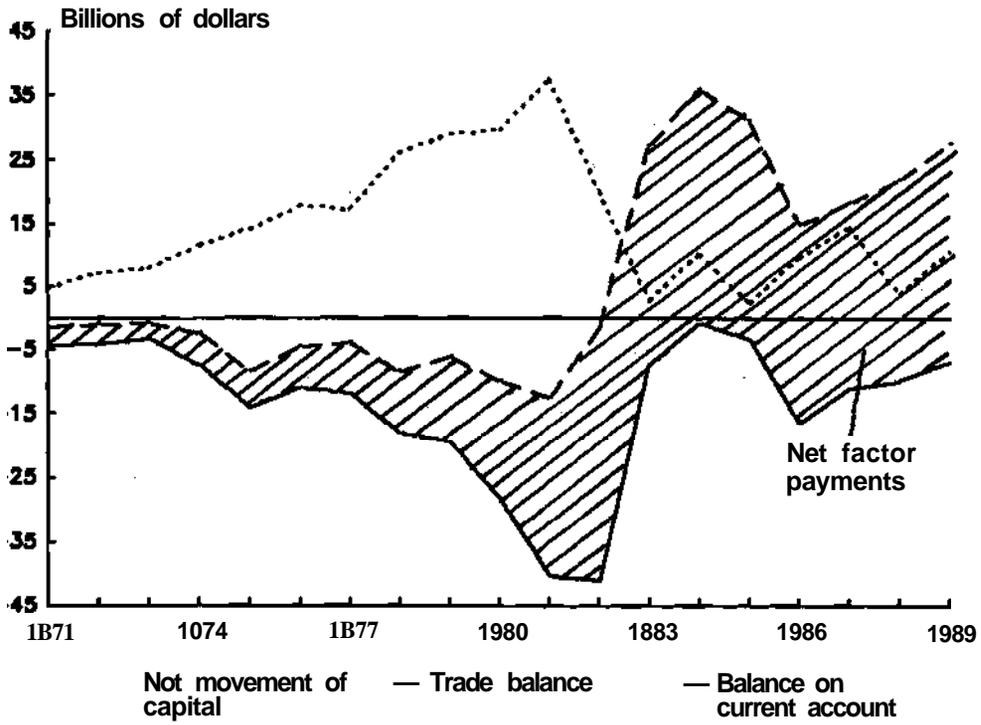


Figure 1 (concluded)



Source: ECLAC, on the basis of official data.

others it grew so feebly that their per capita product virtually stagnated or even fell. Significant growth (of more than 2% per capita) was registered only in the Bahamas, Barbados, Belize, Costa Rica, Jamaica, Paraguay, almost all the small countries of the Organization of Eastern Caribbean States (OECS) and above all Chile, where the per capita product rose by almost 8%. Consequently, the slight improvement in the regional average compared with 1988 was due to the fact that Brazil and Mexico -whose economies account for almost two-thirds of the economic activity of the region- registered a 3% increase in their product during the year: a modest growth rate, but an improvement over the virtual stagnation of the year before.

As already noted, the performance of most of the countries of the region continued to be impaired by inflation or by the stabilization programmes applied in order to control it. Although it is not possible to establish a strict cause-and-effect relationship between levels of inflation and economic growth rates, it is nonetheless true that the biggest drops in the product took place in countries like Peru (-11%) and Argentina (-5%) which were on the verge of hyperinflation, or in nations like Venezuela (-8%) and Nicaragua (-3%) which are in the midst of stabilization programmes designed to cope with high levels of inflation. High levels of inflation were also crucial in the slow growth of Uruguay (where the product grew by only a little over 1%) and the modest performance of the Brazilian economy, while the stabilization programme underway in Ecuador largely explains the virtual stagnation of that country's economy and the fact that low levels of inflation are still in the course of consolidation in Bolivia and Mexico was a major reason why their economies grew by less than 3%. In contrast, the only significant increases in the per capita product took place in three countries where inflation has consistently been below 30% per year: Costa Rica, Chile and Paraguay.

The massive upsurges in inflation, on the other hand were eloquent examples of the

persistence of the crisis and its structural nature. Inflation in 1989 broke new records in Argentina (5 000%), Peru (2 800%) and Brazil (1 800%). Nicaragua, however, which had registered a rate of inflation of over 30 000% in 1988, managed to bring this down to 1 700%, thanks to a drastic stabilization programme. These extraordinarily high rates of inflation were largely due to the inability to control the public deficit -aggravated in some cases by the growing financial burden of high real interest rates on the domestic debt- together with uncertainty about future economic trends and runs on foreign exchange.

Another three countries (Ecuador, Uruguay and Venezuela) had inflation rates of between 50% and 100% per year. In the case of Venezuela, although it is true that the rate of price increases in 1989 was over 80% because of the big initial adjustment involved in the new anti-inflation programme, the rate of inflation in the last six months has in fact averaged 2.5% per month. Similarly, as Ecuador's anti-inflation programme has been running longer, the 12 month rate of price increase in that country went down from a peak of almost 100% in March to less than 54% in December. In Uruguay, however, the annual rate of inflation has been creeping up from less than 70% in 1988 to over 90% in 1989.

On the other hand, in 12 countries inflation remained between just under 10% and a little over 40% per year. Four of them -Colombia, El Salvador, Honduras and Trinidad and Tobago- showed no significant variation compared with 1988. In four countries, however, there was a perceptible increase in the rate of inflation: in Paraguay it went up from 17% to 29% as a result of the freeing and unification of the exchange rate; in Chile it rose from 13% to 21% because of the excessive growth of demand; in Guatemala, the exchange rate devaluation effected in the second half of 1989 pushed it up from 11% to 20%, and in Jamaica the rate went from 9% to 17% partly because of the impact which the hurricane of the previous year had on the supply of agricultural goods.

¹ These include Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines.

At the same time, there were significant reductions in inflation in the Dominican Republic (from 58% to 41% in 1988), in Costa Rica (from 25% to less than 10%), and in Bolivia (from 22% to 17%). The most striking progress, however, was in Mexico, where the severe control of the fiscal sector and the policy of reconciling prices and wages made it possible to bring down the rate of inflation from 52% in 1988 to less than 20% in 1989.

From the foregoing, it can be seen that there has been a marked decline in the number of countries which, until recently, seemed immune to the problem of inflation, especially the Central American nations. Thus, in the present year only Barbados, Haiti, Panama, Trinidad and Tobago and the small OECS countries again registered price increases of less than 10% per year, thus permitting them to be considered free from significant problems of inflation.

These conditions of economic stagnation and high inflation were accompanied by an external situation which was less favourable than in the previous two years. Thus, although the value of exports rose by nearly 11%, this growth rate was rather lower than in both 1987 and 1988. Moreover, due to the previous rise in international interest rates, payments of interest and profits for the region as a whole increased by US\$3 billion to almost US\$37 billion.

In the case of the petroleum-exporting countries, the increase in exports (US\$6 billion) was sufficient to cover the increase in payments for factor services (US\$1.1 billion), and to leave a substantial balance, the equivalent of 15% of their respective import bills, which served to boost the latter or reserves. On the other hand, the rise in interest payments on the debt of the non-oil-exporting countries (by an amount of almost US\$2.9 billion) cancelled out most of the modest rise in the exports of these countries, thus further limiting their capacity to increase exports without drawing down their reserves.

In Chile, Ecuador, Mexico, the Dominican Republic and Venezuela, their increased export value was due primarily to increases in the unit value of external sales, since the prices of petroleum, metals and sugar rose significantly in 1989. In Bolivia, there were

substantial increases both in the unit value and in the physical volume of exports. In the remaining countries, however, the increases in export value were due above all to bigger export volumes, especially in the five Central American countries and Peru.

The evolution of imports, for its part, was conditioned not only by the amount of growth of exports or by economic reactivation (as the case may be), but also by tariff liberalization or exchange rate lags (as in Mexico and Brazil) and by adjustment and stabilization programmes which explain the big drops in imports in Argentina (-21%), Haiti (-9%), Nicaragua (-12%), Peru (-26%), and Venezuela (-38%). All in all, imports grew a little less than exports (7%), and as the increase in the value of exports was slightly greater than that of the value of imports, the merchandise trade surplus expanded by US\$4.3 billion to nearly US\$30 billion.

This surplus represented 81% of the net commitments in respect of interest and profits (76% in 1988), despite the increase in such payments. Consequently, the current account deficit was reduced to under US\$7 billion, which was covered by a capital inflow of US\$10.5 billion, an amount far higher than the US\$3.8 billion of the previous year. However, the increase in net capital inflows into the region was mainly accounted for by inflows into Mexico and, to a lesser extent, Chile. The net capital inflow into Mexico in 1989 represented half of the total net inflow for the region as a whole. This is because, apart from the inflow of resources agreed with the creditor banks, there was repatriation of private capital on account of the attractive domestic interest rates and the climate of exchange stability generated by the agreements. Chile, for its part, benefited from a net capital inflow of nearly US\$1.7 billion. Of this amount, US\$900 million was in the form of foreign capital invested through traditional mechanisms, of which two thirds went to the mining sector.

In contrast with the year before -when the countries of the region lost almost US\$6 billion of their reserves- these reserves rose by US\$3.6 billion in 1989 because the net inflow of capital into the region -including the capitalization of unpaid interest- was greater than the current account deficit. Likewise, because the net

inflow of capital increased faster than payments of interest and profits, the net transfer of resources abroad went down, although it still came to nearly US\$26 billion, equivalent to almost 20% of the region's exports of goods and services and about 3% of its gross domestic product. Furthermore, if Mexico is left out of the reckoning, the net transfer of resources abroad by the remaining countries of the region increased from US\$17.7 billion to almost US\$24 billion.

The nominal external debt of the region rose slightly in 1989 to some US\$417 billion, which meant that in real terms it went down for the second year running, this time by some 5%. A number of factors contributed to the reduction of the debt: the revaluation of the dollar (in the case of that part of the debt denominated in currencies other than the dollar); the debt/equity swap operations (although these were on a much smaller scale than in 1988), and the decline in the net capital flows from multilateral and bilateral finance agencies.

Finally, there was only a very limited inflow of voluntary fresh resources from the commercial banks.

In fact, the biggest source of additional "financing" was the build-up of arrears on the external debt service. Thus, only five of the 19 countries for which up-to-date information is available serviced their debt in full and on time; the other 14 (including three of the four main debtors for the first time together) built up still larger arrears during 1989. Indeed, five countries were even in arrears on their debt service commitments to multilateral agencies.

Owing to the way the balance of payments of the region developed, both the debt/exports and the interest/exports ratios went down slightly. Both these indicators, however, still remain at the alarmingly high levels of 300% and 28% respectively. This means that even after eight years of adjustment, these indicators are still 50% above the levels they registered in 1978-1980, before the debt crisis.

Table 1
LATIN AMERICA AND THE CARIBBEAN: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Indexes (1980=100)								
Basic economic indicators								
Gross domestic product at market prices	99.0	96.4	99.7	103.2	107.0	110.2	111.1	112.7
Gross national income	93.4	90.6	94.1	97.2	99.6	103.0	103.4	105.1
Population (millions of inhabitants)	374.9	3833	391.8	400.4	409.0	417.8	426.6	435.5
Per capita gross domestic product	94.6	90.0	91.9	92.3	93.6	94.3	93.1	92.5
Per capita gross national income	89.3	84.6	86.0	86.8	87.0	88.1	86.6	86.2
Growth rates								
Short-term economic indicators								
Gross domestic product	-1.3	-2.7	3.5	3.5	3.7	3.0	0.8	1.4
Per capita gross domestic product	-3.5	-4.8	1.2	1.2	1.4	0.8	-1.3	-0.7
Per capita gross national income	-7.2	-5.2	1.6	1.0	0.2	1.2	-1.8	-0.4
Urban unemployment rate ^c	7.0	8.1	8.2	7.3	6.2	5.8	5.9	5.7
Consumer prices	84.6	130.8	184.8	274.7	64.5	198.3	759.4	1157.6
Terms of trade (goods and services)	-12.4	-1.1	4.8	-4.8	-10.2	-0.7	0.1	2.8
Current value of exports of goods and services	-11.2	-0.7	11.1	-3.9	-12.7	12.6	14.3	11.1
Current value of imports of goods and services	-19.9	-28.5	4.0	-0.3	2.5	12.8	12.9	7.2
Billions of dollars								
External sector								
Exports of goods and services	103.2	102.4	113.7	109.3	95.4	107.4	122.8	136.5
Imports of goods and services	104.7	75.3	78.0	78.2	80.7	89.1	101.0	108.9
Trade balance (goods and services)	-1.5	27.1	35.7	31.1	14.7	18.3	21.8	27.6
Net payment of profits and interest	38.8	34.4	36.7	35.3	32.5	30.9	33.6	36.7
Balance on current account	-41.0	-7.3	-0.6	-3.3	-16.5	-10.9	-9.8	-6.9
Net capital inflow	20.2	2.8	10.0	2.4	9.6	14.6	3.9	10.5
Balance-of-payments position	-20.8	-4.4	9.4	-0.9	-6.9	3.7	-5.9	3.6
Total disbursed external debt	331.6	356.7	373.5	385.5	399.4	426.0	419.7	416.6

Source: ECLAC, on the basis of official figures.

^a The figures given for the gross domestic product and the population correspond to the countries appearing in table 2 (except Cuba), while those given for consumer prices refer to the countries listed in table 12. The data concerning gross national income and the external sector correspond to the countries shown in table 27. Preliminary figures.

^b Weighted average annual rate for 18 of the 25 largest cities in Latin America. December-to-December variation.

II. THE INTERNATIONAL CONTEXT¹

The dramatic political upheavals that occurred in 1989 marked the end of a long period of intense international dispute over the appropriate organization of modern industrial societies. The relaxation of tensions between the super-Powers seemed to reduce the risk of nuclear annihilation. In the longer term, it should open up new opportunities for peaceful co-operation throughout the world. However, the transition that has been set in motion has so far generated much political turmoil and economic crisis, and there is inevitably great uncertainty and apprehension about the way it will unfold.

Although the events in Eastern Europe tended to overshadow other developments in 1989 and early 1990, remarkable changes occurred elsewhere too. The European Community agreed to crown its plans for a single market in 1992 by the institution of a common currency, which will be a step of immense historical significance and wide political implications. Throughout the world there was an important awakening to both local and global environmental threats to future development and the need for joint action. There was also a readiness, which had been growing throughout the 1980s, to re-examine fundamental assumptions about the nature and the objective of economic and social progress, and a reaction against the neglect of the human condition.

If 1989 was rich enough in unexpected and significant events to stand out as a turning point in many respects, it is also important to note what did not happen. The stagnation and decline in much of the developing world were not reversed, after seven years of sustained growth in the industrialized countries, after

solid growth of international trade for three consecutive years, and after major adjustment efforts in Africa and Latin America. It is true that in Latin America, democratic Governments waged new attacks on the deep economic crisis and financial disorder of the continent. In Africa, important signs of change in South Africa and many other countries held out some promise of an eventual way out of the crippling stagnation of the continent. But the persistence of the development crisis is taking its toll, and impatience is giving way to resignation and exodus.

1. Trends in global output and policies

Global economic growth slowed in 1989 after an unusually rapid expansion in 1988. Compared to an increase of 4.4% in 1988, world output grew by 3.1% in 1989. The slowdown was widespread, affecting all major groups of countries, but was most pronounced in China and Eastern Europe (see table 2). The global pattern of growth broadly conformed with expectations, both overall and in its various parts, but the pace of growth, although slower, was somewhat better than anticipated in the developed market economies and most developing regions.

There were no major unforeseen global economic shocks in 1989. The most important developments for the world economy were political rather than economic. The widespread repercussions of these changes will affect economic events in the medium and long-term more than they did in 1989.

The deceleration in the developed market economies in 1989 involved a substantial

¹Taken from chapters I, II and III of the *World Economic Survey 1990* (fill 990/55; ST/ESA/218), New York, 1990. United Nations publication, Sales No. E.90.II.C.1.

slowdown in some of the countries that had grown most rapidly in the preceding year, partly offset by stronger growth in some of those that had been making more modest progress. The Union of Soviet Socialist Republics and the countries of Eastern Europe recorded negative growth, partly as a result of the problems associated with the changes being introduced in their systems of economic management. The economic slowdown in the developing countries in 1989 was more pronounced than in the developed market economies but less so than in the economies of Eastern Europe and the Soviet Union.

The overall result for the developing countries disguises the fact that the slowdown was concentrated mostly in a few countries, predominantly in Asia, that are either large (and therefore carry a large weight in the total), or grew rapidly in 1988, or both. The sharp deceleration in China from its rapid pace of expansion of recent years accounted for a substantial part of the overall result. Growth in India was also about three percentage points less than in 1988, although it still exceeded 5%. Finally, while the four Asian newly-industrializing economies remain among the most dynamic in the world, they grew more slowly than in 1988.

These instances of deceleration in the developing countries were partially offset by a more widespread but less sizeable acceleration in many of the more slowly growing economies. West Asia, in particular, performed better than in 1988, while there were lesser improvements in Africa and Latin America. Even with this recovery, none of these regions increased output sufficiently to keep pace with population growth. However, there were some signs that the deterioration and stagnation that had characterized these regions for most of the decade might be ending and that, over the medium term, a modicum of growth in per capita terms might finally result. Such an outcome will depend heavily on the overall state of the world economy, as well as on the willingness and ability of Governments and their citizens to adhere to ongoing programmes of economic reform.

There was a widespread acceleration in the rate of increase in prices in 1989. Inflation became of greater concern to policy-makers

around the world, although both the magnitude and the tolerance of the problem varied widely: in some of the developed market economies, Governments became concerned at signs that inflation might reach 5% annually, whereas it exceeded 500% in a number of developing countries.

The reasons for the acceleration of inflation varied, although over-heating (as manifested in high rates of capacity utilization and large wage demands) stemming from the high rate of growth in 1988 was a widespread factor. This was the case in those developed market economies that grew the fastest in 1988, but it also applied to many of the countries in South and East Asia that have been growing rapidly for the past several years. Reflecting the increasingly advanced economic structures in these countries, their economic challenges are becoming more akin to those of the developed market economies and the appropriate policy responses are correspondingly similar.

For many other countries, the sources of inflation were somewhat different. Particularly in Latin America, the inflationary process is bound up with the region's external debt problem through its repercussions on the fiscal deficit and the domestic money supply. In other regions, economic adjustment and reform is contributing to inflationary pressures: the removal of subsidies and price controls, particularly on essentials, inevitably raises the domestic price level in the short term. Currency depreciation will have a similar effect, depending on the degree of import dependence and the composition of imports. The former type of inflationary pressure has been prevalent in Eastern Europe and the Soviet Union, while both have applied, albeit to varying degrees, in African countries undertaking economic reform and adjustment.

a) The developed market economies

The unusually long period of economic expansion in the developed market economies continued in 1989, albeit at a slower pace. The slowdown was primarily attributable to a deceleration in those economies that had expanded most vigorously in 1988: in four of the seven major industrial countries, growth in 1989 was at least one percentage point lower

than in 1988. Of this group, only the Federal Republic of Germany registered a significant improvement over its performance the previous year.

The smaller countries fared more evenly, both among themselves and compared to the previous year. Several of these countries slowed down in 1989, but mostly marginally: only Greece decelerated by more than 1%, but it still grew by more than 2.5%. Denmark, Ireland, the Netherlands, New Zealand and Norway increased their growth rate by at least a percentage point, with Denmark, New Zealand and Norway reversing the declines they had suffered the previous year. Spain was able to maintain growth of close to 5%, while Belgium, Finland, Ireland and the Netherlands grew by at least 4%. Overall, the effect of this change in the pattern of growth was almost to eliminate the difference that persisted during the previous years of the decade between growth in the largest developed market economies and in the smaller members of the group.

For most of the 1980s, Japan and North America had higher growth than Western Europe; this last region was generally perceived as acting as something of a brake on global growth. During the last few years of the 1980s, the situation was partially reversed: Western Europe accelerated its growth and seems likely to be able to sustain the higher rate, while Japan and North America have slowed (see figure 2). Japan continues to be the most rapidly growing of the industrialized countries but seems unlikely to continue to expand as rapidly as it did in the later years of the 1980s. This desynchronization of the cyclical elements in the growth of the different regions has been one of the factors contributing to the sustained growth of the developed market economies as a group.

Within Western Europe, investment remained buoyant in 1989 although there was some slowdown from the rapid growth of the previous year. The surge in investment contributed to the growth of exports from the Federal Republic of Germany, because of that country's role as a major supplier of capital goods. Although export demand remained high in the Federal Republic of Germany in 1989, there was a shift towards consumption

demand. In France and Italy, on the other hand, exports began to assume greater importance in 1989. This resulted in an improvement in the French trade balance, but in Italy imports also increased and the trade balance deteriorated.

In almost all the major industrial countries, capacity utilization reached its highest level of the decade either in 1988 or 1989; in addition, unemployment decreased almost universally and labour markets gave signs of being tight in a number of countries. Although unemployment remained high by long-term standards in Western Europe, it fell substantially in several countries. New Zealand was the only developed market economy in which unemployment increased during the year; in several other countries, such as Belgium, Canada, Finland, the Federal Republic of Germany, Portugal, Sweden, the United Kingdom and the United States, it was at its lowest level of the decade. This was particularly surprising in North America where growth slowed during the year.

In addition to these direct physical limitations on growth, the changed conditions in domestic markets contributed to the slowdown indirectly as the acceleration of inflation induced policy-makers to adopt more restrictive measures. Rising prices for energy, and to a lesser extent food, during the year were common sources of inflationary pressure. The average increase in consumer prices in 1989 was more than 1% greater than in the previous year.

Anxieties about inflation prompted Governments to tighten policy, particularly in the fastest-growing economies. As for most of the decade, reliance continued to be placed heavily on monetary policy. Short-term interest rates resumed the steady climb that had been in evidence since 1987, with only a brief interruption following the global stock market crash that year (see figure 3). In several instances, the increase in nominal interest rates in 1989 was greater than the rise in inflation, implying an increase in the already-high real rate of interest.

A major concern in the developed market economies for the past two years has been whether it would be possible to achieve a gradual return to a sustainable long-term pattern of economic growth, a "soft landing", or

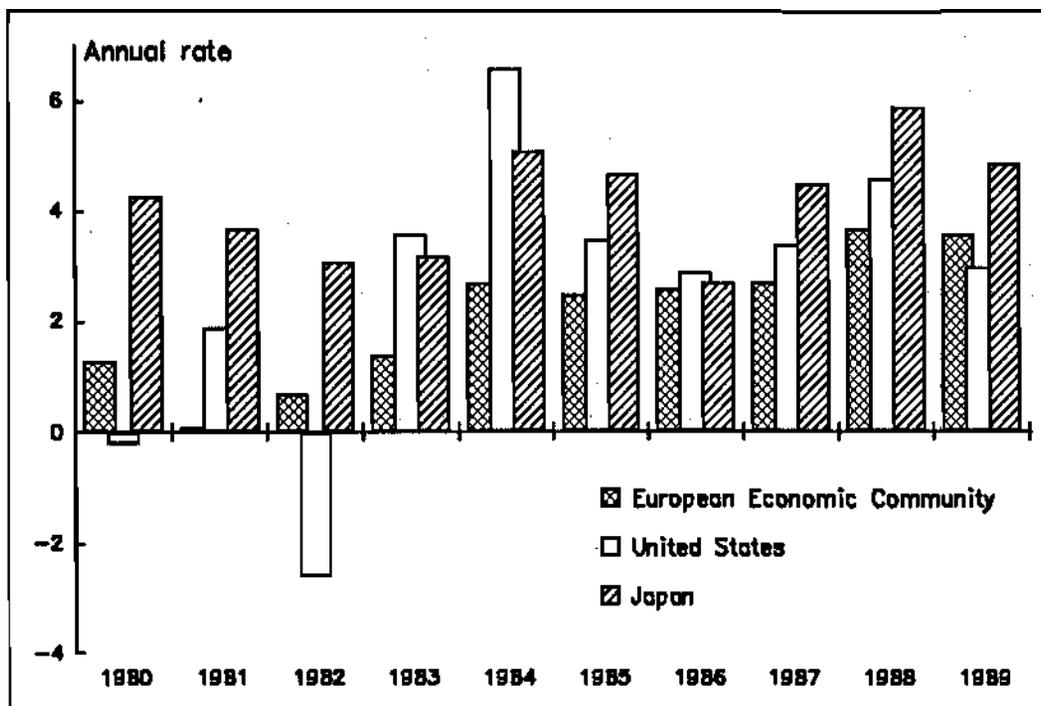
whether a major disruption in the world economy would result -a "hard landing". Initially, this problem was seen mostly in terms of reducing the external imbalances, the question being whether this would involve a major slowdown in the United States and hence in the world economy generally. More recently, concern about the imbalances has diminished, despite their persistence. Instead, attention has shifted to whether some of the major developed market economies would be able to move from their recent rapid growth, with its incipient inflationary tendencies, to a more modest rate of growth without bringing on an excessive slowdown, possibly a recession, in the process. Here again, attention has focused on the United States, partially because of its key role in the world economy, but also because it was the first of the major industrial countries to go into the upswing. Doubts about the ability to

engineer a soft landing arose essentially because the response to the policy measures that would be adopted was unknown: reliance was placed overwhelmingly on monetary policy.

The United States began to introduce restrictive monetary measures in 1987. By 1989, there was evidence of slowing in the economy, and fears of a recession began to outweigh concerns about inflation. The deceleration, coupled with some relaxation of monetary policy, caused short-term interest rates in that country to decline somewhat as the year progressed. This was contrary to the trend in other countries, most of which either continued to or began to adopt more restrictive monetary postures in 1989. In Australia, short-term interest rates rose from an average of slightly over 15% in 1988 to almost 18% during the course of 1989; in Japan, from about 4% to

Figure 2

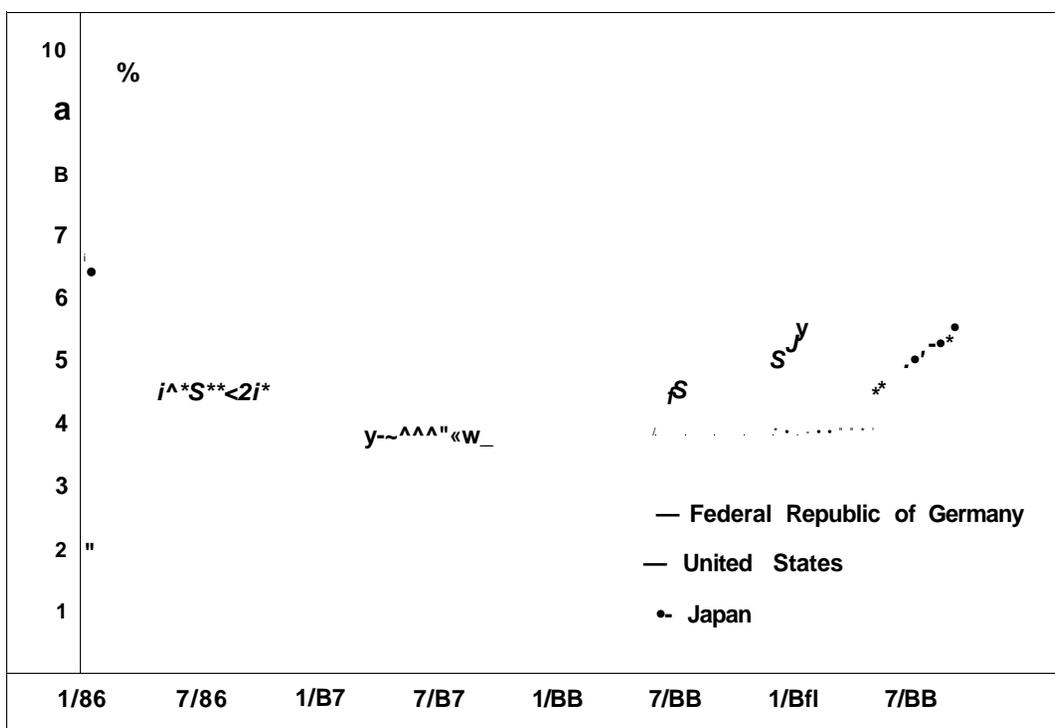
GROWTH OF OUTPUT IN EUROPEAN ECONOMIC COMMUNITY, JAPAN AND THE UNITED STATES



Source: United Nations, World Economic Survey, 1990 (E/1990/55; ST/ESA/21B), New York, 1990. United Nations publication. Sales No.: S.90.II.C.1.

Figure 3

SHORT-TERM INTEREST RATES IN THE FEDERAL REPUBLIC OF GERMANY.
JAPAN AND THE UNITED STATES. 1986-1989



Source: IMF. International Financial Statistics.

almost 6%; and in the United Kingdom, from 12.5% to 14.5%.

The economy of the Federal Republic of Germany was not among the most rapidly expanding in 1988, but its greater momentum in 1989 prompted several increases in domestic interest rates: nominal rates almost doubled in the 12-month period. The result was a widespread ratcheting-up of short-term interest rates throughout Western Europe. Coupled with the increased rates in Japan, this high interest rate régime has made it more difficult to reduce rates in the United States early in 1990, even though the slowing of the domestic economy suggested that it might be prudent to do so.

The external imbalances among the developed market economies remained large in 1989, although they declined in relation to GDP and some of them declined in absolute

value. The Japanese current account surplus fell by more than a quarter in dollar terms. The surplus of the Federal Republic of Germany, on the other hand, increased marginally and seemed to be moving in an upward direction, coming close to that of Japan. The trade deficit of the United States decreased in 1989 by about the same amount in dollars as Japan's surplus. On the other hand, large external imbalances emerged in a number of other countries (notably Australia, Canada and the United Kingdom) in the final years of the 1980s.

The two-way interaction between the trade balance and international flows of capital explains movements in key exchange rates, for example in 1989 and early 1990 (see figure 4), which seem perverse when seen merely from the point of view of trade balances. The narrowing of the Japanese trade surplus in 1989 reduced the net inflow of earnings from foreign

trade, making it insufficient to meet the large Japanese demand for financial capital for portfolio and direct savings in Japan (including savings received as a result of net trade earnings from abroad) was less than the Japanese demand for investment at home and abroad. The result was excess demand for foreign currency, resulting in downward pressure on the yen despite the fact that Japan continued to have a large trade surplus.

b) Eastern Europe and the Soviet Union

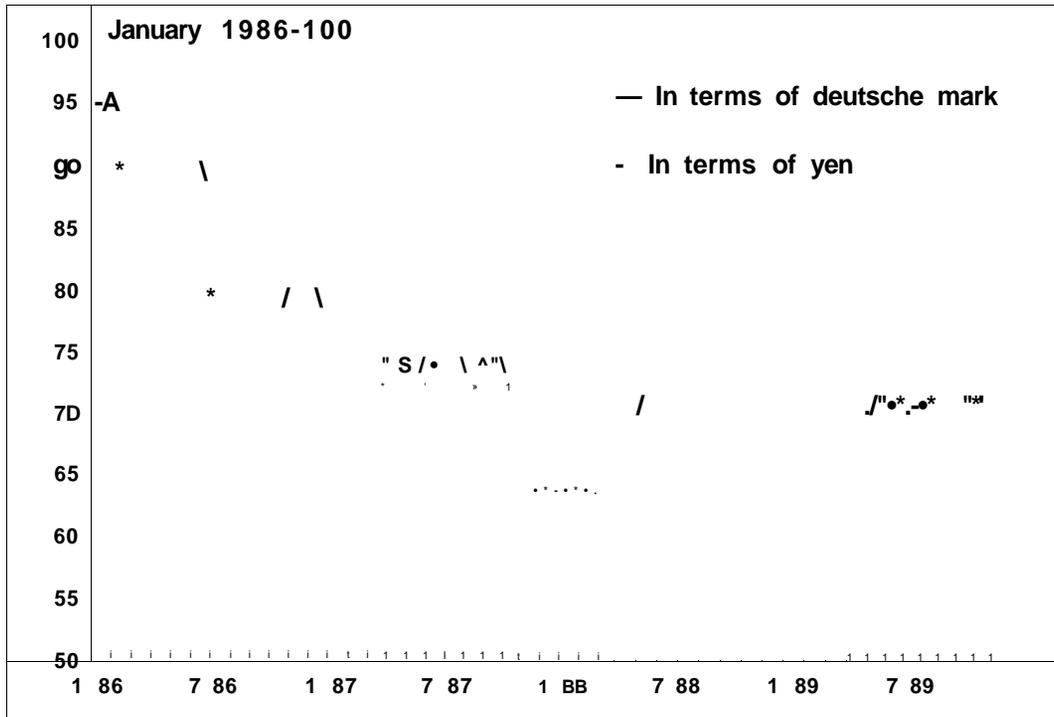
Events in Eastern Europe and the Soviet Union in the course of 1989 and early 1990 demonstrated that the reform of highly centralized economies requires stabilization before it can be launched with a reasonable expectation of success. This stabilization has to address two different sets of issues. The first is to correct the imbalances inherited from the

administrative economic model. The second is the need to formulate an operational co-ordinating mechanism to replace central planning. Implementing the necessary economic reforms involves short-term costs, such as unemployment, as well as potential benefits in the longer term. The size of the costs depends largely on the aims of the reform and the specific problems that policy-makers are trying to address and decisions have to be made on the distribution both among the different segments of society and over time. The lack of a firm socio-political consensus in these countries has made this task difficult.

The rapidly escalating uncertainty in these countries in 1989 was reflected in, *inter alia*, the macro- and micro-economic performance of each country and in growing obstacles to maintaining the traditional trade and payments régimes of the Council for Mutual Economic Assistance (CMEA). Part of the uncertainty was

Figure 4-

EXCHANGE RATES OF THE DOLLAR AGAINST THE DEUTSCHE MARK AND THE YEN



Source: IMF, International Financial Statistics.

the result of totally unexpected developments. There were several forms of social unrest. One was large-scale emigration, particularly from the German Democratic Republic, but also from Bulgaria and the Soviet Union. There were also various types of labour friction, including strikes, particularly in Poland in the first half and in the Soviet Union in the latter part of 1989. On the other hand, Czechoslovakia's economic performance benefited from the peaceful and extraordinarily rapid political transition after 17 November 1989 and the fact that it took place without emigration or substantial social tensions. In the Soviet Union, the lingering after-effects of the earthquake in Armenia in late 1988 and the civil strife and political friction in some of the regions also exerted a negative effect on output.

c) Developing countries

The international economic environment brought mixed fortunes to the developing countries in 1989. The improvement in the international price of oil over its average in 1988 provided immediate benefit to energy-exporting countries and imposed a cost on energy-importing countries, while the collapse of cocoa and coffee prices was a severe blow to the lower-income countries that rely heavily on those products for their export revenue. As for the past several years, manufactures were the most rapidly expanding component of world trade, but the impetus from that source was less than in 1988, mostly because of the slowdown in the developed market economies.

For most developing countries, the consequences of external indebtedness remained, directly or indirectly, the overriding influence on their economic growth in 1989. On the positive side, the concept of commercial

debt reduction began to be applied, albeit to a limited number of countries, while for the first time, there was a decline (though only marginal) in the developing countries' stock of debt measured in dollars. On the other hand, international interest rates rose for the second consecutive year, posing a further threat to the many developing countries whose debt-servicing capability is already precarious, despite extensive rescheduling.

These changes in the global economic environment in 1989 were insufficient to disturb the underlying regional differences in economic circumstances among developing regions. Different externalities and their differentiated effects are a major reason for the continued diversity in the performance of the developing countries. The rapidly-growing East Asian economies have diversified their economies to the extent that the most important external factor affecting their growth is the world market for manufactures. These economies fared well with the growth in such trade in the 1980s, particularly with the unexpected spurt in the last few years of the decade. The modest slowdown in world trade in 1989 had a negative effect on those countries that were in the vanguard of this export-oriented growth process, although those in the early stages continued to fare well.

The links of other groups of countries with the world economy are in sectors that did not fare so well in the 1980s. Most striking of these were the West Asian countries, all of which, directly and indirectly, rely heavily on the international oil market. The collapse of this market in the 1980s had a negative economic effect on all these countries and neither recovery nor adjustment to the new market conditions are yet complete, despite the direct and immediate benefits of higher oil prices in 1989.

² Total emigration in the second half of 1989 may have amounted to some 343 000, moving chiefly into the Federal Republic of Germany. Some 220 000 of these were able-bodied, young, skilled individuals. The trend continued into 1990, with an outflow of over 2 000 per day until the elections in the German Democratic Republic in March.

³ This involved essentially 380 000 of the Turkish minority, leaving primarily for Turkey, before the border was closed in late August 1989; perhaps 80 000 of those who moved have since returned.

⁴ In 1989, 228 600 people - more than twice the number in 1988 - emigrated permanently from the Soviet Union (Pravda, 14 January 1990), chiefly to Israel and the United States.

For the majority of countries in Africa, the dominant link with the rest of the world is through primary commodities. One consequence of the decline in the commodity-intensity of global output has been a decrease in Africa's share of world trade. From Africa's point of view, however, commodity exports remain central to the economic livelihood of many countries. During the 1980s, the prices of many commodities declined to their lowest real levels for several decades, to the detriment of exporting countries. Contrary to previous experience, the acceleration in economic growth and world trade in the latter half of the decade did not have a major favourable impact on the prices of commodities: the prices of minerals, metals and agricultural raw materials picked up with the unusually rapid expansion in 1988, but otherwise there was little improvement. The deterioration in these markets was attributable partly to short-term factors, but mainly to long-term structural trends that are unlikely to be reversed to any significant extent in the foreseeable future. In 1989, this was demonstrated in the collapse of the coffee and cocoa markets: these are a small part of world trade but of paramount importance to many African economies.

2. International trade

The proposition that trade is an engine of growth seemed amply confirmed in 1989 when the volume of world merchandise trade, growing at 6.7%, continued to lead the expansion in the world economy. While this represented a slowdown from the 9.0% recorded in 1988, it nonetheless marked the fifth consecutive year in which the increase in world trade exceeded the increase in world output.

Despite this performance, there are some clouds on the international trade horizon. These include growing concerns about the proliferation of bilateral trade arrangements,

as well as about the formation of trading blocs and their eventual impact on the global trading system. Then, too, there is apprehension about protectionism and the tendency for some countries to substitute "managed trade" for free trade. Tensions are also mounting owing to difficulties in reaching agreement on key items of the Uruguay Round of multilateral trade negotiations.

Moreover, the average growth of exports cloaks large differences between countries and regions. For example, the export volume of the industrial countries grew by 7.3% in 1989. Meanwhile the Eastern European economies registered a decline of 1.3% in their export volume. Exports of the developing countries grew by about 7% but there was a very wide range of experience among countries: from 3% in the countries of sub-Saharan Africa to over 9% in the four newly industrializing Asian economies, all of which continue to achieve great economic success with their export-led growth strategies.

In terms of value, world trade expanded nominally by US\$532.6 billion in 1989, or 9.1%, thus pushing the value of both world exports and imports over the US\$3 trillion mark for the first time. As recently as four years ago, the value of world trade was hovering around the US\$2 trillion level.

Looking at the export side, developing countries suffered only a modest decrease in their export revenues, as opposed to the developed countries as a group, which faced a decline from 14.2% to 8.2%. The Eastern European countries and the Union of Soviet Socialist Republics registered a sharp drop in the growth of their exports in value terms, from 5.2% to 0.6% (see table 3).

Price movements varied greatly, as seen in unit values. Rising oil prices boosted export unit values of the energy exporters by over 10% in 1989, compared with a decline of close to 10% the previous year. For several other developing countries, declining trends in some non-fuel primary commodity prices, notably coffee and cocoa reinforced the effects of weak volume growth. Conversely, price

⁵ International Monetary Fund, WorldEconomicOutlook, Washington, D.C., May 1990, table 24.

developments were favourable for cotton, tea and tobacco. For example, there was an almost 20% increase in the price of cotton. All in all, divergent trends in commodity prices translated themselves into substantial differences in export and import performance

among developing countries. Meanwhile, dollar export values for manufactures only increased some 3% in 1989, less than half than in 1988, so growth in value terms slowed down, even among the dynamic exporters of manufactures in Asia.

Table 2
GROWTH OF POPULATION AND OUTPUT, BY REGION, 1981-1989

	Population 1989 (millions)	Population growth rate (annual percentage)	Gross domestic product 1985 (billions of 1980 dollars)	Rate of exchange of gross domestic product (annual percentage)			
				1981- 1986	1987	1988	1989 ^a
World	5 201	1.7	...	2.8	3.5	4.4	3.1
Developed market economies	807	0.5	7 640	2.3	3.2	4.3	3.5
North America	273	0.8	2866	2.5	3.4	4.6	3.1
Western Europe	356	0.2	3 467	1.7	2.6	3.6	3.4
Developed Asia	177	0.5	1060	3.3	4.4	5.5	4.7
Eastern Europe and the Soviet Union	402	0.9		3.2	2.6	4.1	1.2
Developing countries	3 992	2.4	2 217 ^c	2.7	4.1	4.5	3.4
Western hemisphere	439	2.1	822	1.0	2.8	0.4	0.7
West Asia	127	3.3	343	-1.2	-1.2	1.3	2.5
South and East Asia	1633	2.2	606	4.9	6.4	8.2	6.2
Africa	594	3.1	305	-0.9	0.7	2.4	2.8
Mediterranean	79	1.6	141	3.1	3.7	3.2	2.1
China ⁰	1120	1.4		9.2	10.6	11.4	3.9

Source: Department of International Economic and Social Affairs of the United Nations Secretariat. Data on population and population growth rates are those published by the Department in *World Demographic Estimates and Projections, 1950-2025 (ST/ESA/SER.R/79)*, New York, 1988. Data were also obtained from the Population Division, United Nations, the International Labour Organisation (ILO) and the United Nations Food and Agriculture Organization.

^a Preliminary estimates. ^b Net material product; data for 1981-1989 are government estimates. ^c Not including China.

Table 3
WORLD TRADE, 1980 AND 1985-1989
(Percentage change over preceding year)

	1980	1985	1986	1987	1988	1989
Volume of world trade	0.5	3.8	4.5	5.3	9.0	6.7
Exports	-0.8	3.7	5.2	5.7	8.9	6.5
Imports	1.8	3.9	3.7	4.9	9.1	6.8
Value of world trade						
Exports	-1.4	14	10.3	17.4	13.6	8.9
Imports	-0.5	1.6	9.7	16.8	14.0	9.2
Value of exports						
World	-1.4	14	10.3	17.4	13.6	8.9
Developed countries	-2.1	3.2	16.8	17.0	14.2	8.2
Developing countries (including China)	-0.4	-2.6	-7.3	22.4	14.8	14.2
Eastern Europe and the USSR	1.2	-1.3	10.8	9.5	5.2	0.6
Eastern Europe	-1.3	2.6	9.8	9.0	8.3	2.0
USSR	3.8	-4.9	11.8	10.0	2.2	-0.8

Source: Department of International Economic and Social Affairs of the United Nations Secretariat.

III. LEVEL OF ACTIVITY *

The economy of Latin America and the Caribbean remained sluggish in 1989, with a growth in gross domestic product of only 1.4%, slightly higher than the year before, but quite a bit below that recorded in the period 1984-1987. Thus the per capita product declined by 0.7% to a level that was 8% lower than in 1980 -when it had reached a historical high point-, or the same as the figure for 1978.

Especially influential in that low growth rate were the sharp drops in the level of activity in Peru (-11%), Venezuela (-8%), Argentina (-5%) and Nicaragua (-3%), as well as in the slow expansion of most of the rest of the economies of the region. The only countries that recorded significant increases in their real GDP were Costa Rica, Paraguay and, especially, Chile, whose economy grew by more than 9%. Brazil and Mexico showed modest growth (approximately 3%), although above that of 1988, which explains the slight increase in the growth rate of the region, in that these two countries together generate almost two thirds of the total product of Latin America and the Caribbean (see table 4).

As a result, the deterioration that has affected living conditions in many of the economies of Latin America and the Caribbean since the beginning of the decade continued to worsen in 1989. For example, between 1980 and 1989, the per capita product fell by 35% in Nicaragua, 27% in Bolivia, between 22% and 25% in Argentina, Peru and Venezuela, between 16% and 19% in El Salvador, Guatemala, Haiti and Panama, 12% in Honduras, 9% in Mexico and 6% in Costa Rica and Uruguay. In only three countries was

the per capita product of 1989 significantly higher than that of 1980: Cuba (33%), Colombia (14%) and Chile (almost 9%) (see table 5).

In Argentina, the gross domestic product fell by almost 6%, with a decline in manufacturing production -for the third year in a row- of close to 8%, bringing the industrial product to 20% below that of 1986. The inflationary explosion that began in March brought with it a sharp drop in activity, caused both by the slump in the purchasing power of wage earners and by the fact that many enterprises raised selling prices by extremely high precautionary margins and almost completely restricted commercial credit. Beginning with the new stabilization programme put into effect in July, supply tended to become more normal, commercial credit reappeared and domestic demand began to recover in some sectors. The agricultural sector also contracted (2%), owing to the impact of a long drought that affected a major part of the country. Construction plummeted by more than 30%, heightening the recessive trend observed the previous year as a reflection of collapsing investment. Overall, the goods-producing sectors declined by nearly 8%, while the real product of services fell by 4% (see table 6).

In Peru, economic activity continued to contract (by 11%, in addition to the 8% drop the previous year), as a consequence of the flair-up of inflation. On the one hand, this situation reduced real wages by around 50% during the year, which had a severe impact on private consumption. On the other hand, it

¹This section and the subsequent four sections deal with only the 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 Caribbean countries other than those contained in that list are discussed in a later section.

generated uncertainty, instability and social unrest, which led to a shrinkage of investment. External demand, however, managed to partially mitigate the negative impact on production that resulted from domestic factors. This was made possible, in the first place, by the gradual normalization of mining production, whereby the sector recovered the greater part of its usual export volumes, and in the second place by the greater demand for products from the fishery, agriculture and industry sectors. This second year of recession once again had the strongest repercussions on manufacturing and construction, which after recording their lowest level of production between April and May, slowly began to recover as from the beginning of the second half of the year, owing to measures aimed at reactivating the economy. For the year as a whole, however, levels of activity in industry and construction were 18% and 16% lower, respectively, than the previous year. In general, production was affected by frequent terrorist attacks, especially where these resulted in interruptions in the supply of electricity. In addition to the recession in urban activities, the agricultural sector contracted, after having grown steadily during the previous six years. Credit limitations and the sudden increase in the price of inputs at the time of planting were influential in this decline.

Venezuela's economic activity dropped by 8%, after three years of 5% annual growth. Domestic demand contracted even more, in both consumption and investment. Moreover, the slump in production was widespread, affecting almost all sectors. The main cause of this slowdown was the launching in February of a severe adjustment and stabilization plan, aimed at reducing the macroeconomic imbalances brought on by the sustained expansion of domestic demand during previous years. The large price adjustments and the sharp increase in the cost of credit as a result of the adjustment programme, together with the heavy advance buying that took place the previous year, contributed to a virtual collapse of domestic demand. Productive activity was also negatively affected by the pronounced rise in the cost of imported inputs, the elimination of several subsidies to enterprises and the near paralyzation of public investment.

Construction and manufacturing were the most severely affected sectors, especially the automotive industry, where production almost came to a complete halt. Agriculture, even though continuing to benefit from preferential interest rates and subsidies for the purchase of fertilizers, also contracted markedly, as a reflection of both the negative expectations of producers and the impact of unfavourable weather conditions. Only the petroleum industry and some branches of mining and metallurgy, which were more oriented to supplying external demand, were able to maintain their levels of activity in 1989. Petroleum activity was particularly favoured by the increase in Venezuela's quota in the Organization of Petroleum Exporting Countries (OPEC) and the rise in the price of crude on the international market.

In spite of the jump in inflation, gross domestic product grew by 3.6% in Brazil, a recovery with respect to 1988, when the economy had remained virtually stagnant. This improved performance was partially associated with the economic agents' attempt to avert probable losses of assets by buying goods to protect themselves from the persistent decline of the national currency. The growth of GDP was based on the strong expansion in construction (almost 8%) and, to a lesser extent, in manufacturing (3%). Agriculture, for its part, grew only slightly (2%), despite excellent soya, maize and manioc harvests, which were offset by unfavourable trends in the harvesting of beans, cotton, wheat and rice. The moderate growth in industry represented a recovery compared to the drop recorded in 1988. During the last months of that year, a clear recession in manufacturing activity had begun to appear, as a consequence of the decline in real income that resulted from the sharp price increases that took place in anticipation of a new freeze. Demand was even further weakened by the Summer Plan, owing to the rise in real interest rates. In April, however, a change of direction in industrial activity emerged, stimulated by a growing demand from businesses wanting to restock their inventories. In March, when the monetary authorities reduced interest rates, funds accumulated by individuals in the financial system began to be used for the purchase of

goods. The positive trend in the demand for goods held up after the Summer Plan was dropped, since the new wage policy established in June made it possible for the real income of workers to be maintained. Notwithstanding, demand weakened once again during the last months of 1989, mainly owing to the sharp acceleration of inflation and uncertainty about the future economic policy.

The return to economic growth, together with the control of inflation and the transfer of less resources abroad, was one of the basic characteristics of the evolution of the economy of Mexico during 1989. Gross domestic product climbed by 3%, with a rising trend as the year progressed, causing the per capita product to increase somewhat after three years of decline. That happened largely because of the favourable expectations resulting from the stabilization strategy, which in turn served as the basis for the negotiations to reduce the burden of the external debt. The agreement reached with the creditor banks was decisive for economic recovery, inasmuch as it made it possible, besides facilitating the increase in imports necessary to expand external trade, to attract more foreign investment and to induce the return of Mexican capital. Private investment -foreign and national- turned out to be the agent that stimulated economic activity despite high domestic interest rates, since public investment remained limited for budgetary reasons. Domestic consumption also showed signs of a slight recovery. However, the various sectors displayed marked differences in their trends. The deepening agricultural crisis stands out in this respect, as a lack of incentives to producers and poor weather conditions adversely affected production. Mining activity, for its part, continued to decline. Manufacturing, on the contrary, recovered sharply, growing by 6% despite lower tariffs. The most dynamic subsectors were those oriented towards the exterior, such as the in-bond assembly plants and capital-goods production. Construction, on the other hand, which had been sunk in a prolonged recession, recovered slightly.

Colombia's growth rate was over 3%, slightly less than in the previous year, with the per capita product increasing by only 1.4%. This decline, after the significant expansion in

1986 and 1987, was in response to the restrictive policy put into effect at the beginning of the previous year to slow down inflation. The situation was also made much worse by the problems of public disorder associated with the struggle against the illicit drug traffic, which created a climate of uncertainty and had negative repercussions on investments. The restrictive policy had a strong impact especially on industry and construction. The growth rate for most of the industrial branches, which had begun to slacken in the second half of 1988, was negative or below that of the previous year. Only export activities showed a favourable evolution, and external sales offset the contraction of the domestic market. Construction, which had considerably expanded the previous year, was affected by the restrictions imposed at the beginning of the year on the operations of savings and housing institutions. The agricultural sector, in contrast, showed a more favourable evolution (5%) than the year before, which made it possible to mitigate the negative impact on real income caused by the recession in industry and construction. Mining grew sharply (10%), thanks to the expansion of the production of petroleum, gold and coal. Petroleum production, however, continued below normal, as a consequence of the attacks against the pipeline and its terminal (see table 6).

Bolivia grew by 2.4%, continuing the moderate recovery begun in 1987. Nevertheless, the per capita product declined slightly. The performance of the different sectors was very uneven. Mining acquired a new impetus (16%), due to the rationalization of many mining establishments, a growing dynamism in exploiting new minerals and a relative improvement in international prices. Construction continued its solid recovery (7%), although it remained below the levels attained before the crisis. Agricultural activity, on the other hand, shrunk by some 3%, mainly due to the drought which led to smaller harvests than in the previous season for rice, potatoes, maize and cotton. Soya, however, expanded significantly, owing to an increase of area planted and stimulated by the high prices the previous year on the world market.

In Ecuador, gross domestic product increased hardly at all, after recovering

significantly by 15% in 1988, when petroleum transportation was re-established after having been affected by the earthquake of 1987. In 1989, the petroleum sector contracted by 5%, after a strong expansion the previous year, because of the lack of investments in the exploration of new wells and in the recovery of the secondary and tertiary sectors. Non-petroleum activities continued to grow slowly (2%). The fishing sector fell by 26%, owing to the difficulty of collecting shrimp and extracting seafood products; this caused the agricultural sector, which includes fisheries, to decline (-1.6%). The agricultural subsector, however, grew by 4.5%, recovering from the contraction of the previous year. This behaviour was mainly due to the increase in the supply of commodities for domestic consumption, except that of rice and wheat. Industry and construction remained depressed, in response to the restrictions imposed on aggregate demand and to the decline in real wages. Services, on the other hand, recorded a moderate rate of expansion.

In Uruguay, the economy grew slightly in 1989 (1%), following the stagnation of the previous year. That took place within a highly unstable subregional context, the adverse effects of which were added to those of a persistent drought, which affected a good part of the country throughout most of the year. The instability of the neighbouring economies greatly conditioned the Uruguayan economy, with periods of favourable conditions alternating with highly negative situations. Thus, after having obtained satisfactory income from tourism -mainly from Argentina- in the first few months the terms of trade with that country deteriorated rapidly up to the middle of the year, owing to the pronounced decline of the austral on the open market, leading to a large volume of contraband and border purchases which offset previous earnings. The terms of trade with Brazil deteriorated in the area of services and border trade, due to the greater gap in exchange rates in that country, but was very favourable for Uruguay in the goods trade recorded. This allowed for counteracting the adverse effects stemming from the differences between the official and parallel exchange rates of both neighbouring economies. Most of the increase in economic

activity again originated in the services sector. In particular, the financial system maintained its upward trend, stimulated by offshore operations, and communications grew by over 7%. Construction expanded by 12%, thanks to public investment, since residential construction rose by only 2%, owing to the reduced amount of long-term financing available. At the same time, the persistent drought, which affected a wide region for most of the year, caused significant declines in agricultural production and in the generation of hydroelectricity. Nevertheless, the agricultural sector grew by slightly over 1%, especially owing to the increase in crop yields. Manufacturing contracted for the second year running because of the drop in domestic demand occasioned by the fact that purchases were diverted to Argentina. The rate of unemployment, for its part, fell slightly, continuing the decline observed since 1985.

In Chile, economic activity displayed exceptional growth. Gross domestic product grew by more than 9%, with the per capita product surpassing for the first time, and by a considerable margin, the high point reached before the crisis of 1982-1983. Expansion was widespread. Thus, industry increased by 10% and fishing, commerce and transport even more. Mining and construction also grew at very high rates while agriculture increased by nearly 5%. The Chilean economy thus achieved its sixth year of recovery and growth, stimulated by a sharp rise in domestic demand, as well as by higher export earnings. The huge expansion of domestic demand was due to a notable recovery of private-sector expenditures, both in consumption and in investment. Influential in this was the sustained growth of economic activity, which had progressively raised the expectations of secure earnings on the part of many economic agents, the beginning of some large investment projects (in mining and the paper and paperboard industries), the delayed effect of the expansionary monetary policy of 1988 and the growth of employment. The expansion in fixed investment was notable (by almost one third), continuing the solid recovery of the last few years.

The gross domestic product of Paraguay grew by over 6%, thus continuing the significant expansion of the preceding two

years. This growth was based mainly on a strong expansion in agriculture of close to 8%. Unprecedented production figures were obtained in the main export sectors, owing partly to excellent weather conditions and partly to an increase in the area planted. In addition, with the exception of rice and sweet potatoes, most commodities for domestic consumption registered large increases in production. The most dynamic livestock sector was that of beef, as a result of the reopening of the European Economic Community market. Industry repeated its good performance of the year before, with iron and steel registering an outstanding increase of 30%.

The economic performances of the Central American countries showed a good deal of disparity among them. Thus, Costa Rica had an outstanding performance with a 5.5% growth, and Guatemala continued to grow at 3.5%, while Honduras showed less growth (2.1%). In contrast, recession continued in El Salvador, and Nicaragua again suffered a contraction in its product, with the result that the levels of real product remained 5% and 12% respectively below the levels reached at the beginning of the decade. The growth of Central America as a whole amounted to nearly 3%, and the per capita product declined slightly, falling to 17% below its 1980 level.

The high growth rate of Costa Rica was due to the remarkable expansion of the construction sector, the sustained increase of agricultural production and the continuing dynamism of non-traditional agricultural products for export and the in-bond assembly industry. In spite of the unstable subregional situation, gross capital formation also rose considerably, easily recovering from the contraction observed the year before. Guatemala's growth was mainly due to the sustained expansion in construction, which recorded an increase of 10% in 1989, stimulated by the strong and continuous growth in gross capital formation and services. Agricultural production accompanied the expansionary trend to a lesser extent, while industrial activities continued their natural growth. Honduras's economic activity decelerated in 1989, causing a negative variation in the per capita product. The October floods damaged zones that produce

bananas and some non-traditional export products. To that was added the unfavourable effects of the drought in the centre and south of the country which affected the first harvests of basic grains.

The recent deepening of the military conflict in El Salvador, which for several weeks largely paralyzed industry and services, contributed to heightening the recessive trends in circumstances in which the level of activity was already recording a slight reduction, as a consequence of the lower volume of coffee exported. Construction was the only sector that expanded significantly. Manufacturing remained at barely the same level, owing to the fact that sales to the Common Market picked up again during the year. Also the agricultural sector remained in a state of stagnation, following the serious decline of the year before. Nicaragua's gross domestic product fell once again, this time by 3%. This was due to the sharp drop in construction (-15%) and in manufacturing (-7%), affected by the contractive measures adopted to confront runaway inflation, in the context of the serious economic and political crisis that the country has suffered from for years. Agriculture, in contrast, grew by 3% -following the 10% drop the previous year- owing to the excellent performance of the export-oriented subsectors. After the collapse recorded in 1988, Panama's economic activity stagnated at that low level, as a consequence of the political conflicts in the international sphere the previous year, which continued having a negative impact on the country. The sector most affected was construction, whose sharp drop (-26%) followed the slump of 1988, when it plummeted to one fifth of its 1980 level. In contrast, manufacturing recovered partially (5%).

The evolution of economic activity was also generally unsatisfactory in the bigger countries of the Caribbean, even though there were important differences among them. Cuba's economic activity increased less than in the previous year (1%), with the overall per capita social product stagnating. Added to the enormous difficulties of external financing in freely convertible currencies, which had been present during almost the whole decade, were new problems in the productive sphere, in large

part owing to the fact that the reforms taking place in several socialist countries in Europe have hindered the normal regularity, timeliness and quantity of the supply of materials and equipment from that area. For its part, the gross domestic product of Haiti remained practically stagnant, reducing the per capita product. The two key sectors of the Haitian economy -agriculture and subcontracting- declined, while industry and construction slightly increased their levels of activity. For its

part, the Dominican Republic grew by over 4%, more than doubling that of the previous year. This recovery was basically due to investment, which rose by 15%. The government has been gradually expanding public investment to stimulate economic recovery. Private investment in turn experienced a strong rebound, mainly in the tourism sector and free zones. The small increase in exports of goods and services was also due to tourist activities and free zones.

Table 4
**LATIN AMERICA AND THE CARIBBEAN: GROWTH OF TOTAL
 GROSS DOMESTIC PRODUCT**

	Annual growth rates						Cumulative variation	
	1983	1984	1985	1986	1987	1988	1989 ^a	1981-1989 ³
Latin America and the Caribbean (excluding Cuba)	-2.7	3.5	3.5	3.7	3.0	0.8	14	12.7
Oil-exporting countries	-4.4	2.7	2.1	-0.8	1.8	1.7	-0.4	7.9
Bolivia	-6.5	-0.3	-0.1	-2.9	2.1	2.8	2.4	-6.2
Ecuador	-1.2	4.8	4.8	3.4	-7.0	15.0	0.3	26.2
Mexico	-4.2	3.6	2.6	-3.8	1.5	1.1	2.9	11.7
Peru	-12.0	4.8	2.2	8.7	8.0	-8.0	-10.9	-5.1
Trinidad and Tobago	19.8	-0.7	-1.7	-0.4	-7.3	-4.1	-1.8	1.7
Venezuela	-5.5	-1.5	0.2	6.5	3.6	5.8	-8.1	-2.1
Non-oil-exporting countries (excluding Cuba)	-1.5	4.0	4.4	6.5	3.7	0.3	2.5	15.6
Argentina	2.6	2.4	-4.4	6.0	2.1	-2.8	-4.9	-11.9
Bahamas	3.2	6.4	5.2	14	4.6	4.5	4.0	30.4
Barbados	0.4	3.6	1.0	5.1	3.2	3.0	4.5	14.1
Belize	-1.4	2.8	2.4	2.7	13.3	8.3	8.2	45.8
Brazil	-3.4	5.1	8.4	7.5	3.7	-	3.6	22.1
Colombia	1.9	3.8	3.8	6.9	5.6	3.7	3.4	37.4
Costa Rica	2.7	7.8	0.7	5.3	4.5	3.3	5.5	21.1
Cuba ^b	4.9	7.2	4.6	1.2	-3.9	2.5	1.0	42.7
Chile	-2.4	5.7	2.1	5.2	5.0	7.4	9.4	26.3
El Salvador	0.6	2.3	1.8	0.5	2.7	1.1	0.5	-5.2
Guatemala	-2.7	-	-0.6	0.3	3.6	3.8	3.5	5.3
Guyana	-9.9	2.2	1.1	0.2	0.7	-2.9	-5.1	-23.3
Haiti	0.6	0.4	0.4	1.0	-0.3	-0.2	0.5	-3.9
Honduras	-0.1	2.5	2.0	3.2	4.8	4.8	2.1	19.6
Jamaica	1.9	-0.8	-5.4	2.2	6.7	1.1	6.3	14.9
Nicaragua	4.6	-1.6	-4.1	-1.0	-0.7	-10.9	-2.9	-12.2
Panama	-0.1	-0.4	4.8	3.5	2.0	-16.4	-0.8	-0.5
Paraguay	-3.0	3.2	4.0	-0.3	4.5	6.7	6.1	32.7
Suriname	-3.4	-1.9	1.1	1.2	-8.1	0.5	2.0	-5.9
Dominican Republic	5.0	0.3	-1.9	3.1	7.1	1.6	4.2	27.3
Uruguay	-6.0	-1.3	0.2	7.8	6.4	0.2	1.3	-1.3
OECS countries^c	3.7	6.1	5	J 6	A 6.0	6.5	5.1	58.5
Antigua and Barbuda	6.8	7.5	7.7	8.4	8.7	7.1	6.4	75.1
Dominica	2.1	5.4	1.6	6.9	6.8	5.7	3.5	48.9
Granada	1.2	5.0	5.4	5.5	6.0	5.3	5.7	49.9
Saint Kitts and Nevis	-1.1	9.0	5.7	6.3	6.7	4.8	3.0	55.7
Saint Lucia	4.0	5.1	5.9	5.8	2.2	6.8	5.0	46.4
Saint Vincent and the Grenadines	5.8	5.2	4.7	7.3	5.8	8.4	5.9	71.1

Source: ECLAC, on the basis of official figures.

^a Preliminary estimates, subject to revision.
^b Caribbean States.

Refers to total social product.

^c OECS = Organization of Eastern

Table 5
LATIN AMERICA AND THE CARIBBEAN: GROWTH OF
PER CAPITA GROSS DOMESTIC PRODUCT

	Annual [growth rates						Cumulative variation	
	1983	1984	1985	1986	1987	1988	1989 ^a	1981-1989 ^a
Latin America and the Caribbean (excluding Cuba)	-4.8	12	12	14	0.8	-13	-0.7	-7.5
Oil-exporting countries	-6.8	02	-03	-32	-0.6	-0.7	-2.7	-13.4
Bolivia	-9.0	-3.0	-2.8	-5.6	-0.7	-	-0.4	-26.6
Ecuador	-3.8	1.9	2.1	0.7	-9.4	12.1	-2.2	-0.7
Mexico	-6.5	1.2	0.2	-6.0	-0.8	-1.1	0.7	-9.3
Peru	-14.3	2.1	-0.3	6.0	5.3	-10.3	-13.1	-24.7
Trinidad and Tobago	17.9	-2.2	-3.3	-2.0	-8.8	-5.6	-3.4	-11.8
Venezuela	-8.1	-4.2	-2.5	3.7	0.9	3.1	-10.4	-23.6
Non-oil-exporting countries (excluding Cuba)	-3.5	1.9	13	4.4	1.6	-1.7	0.5	-4.0
Argentina	1.2	1.0	-5.7	4.6	0.8	-4.0	-6.1	-22.1
Bahamas	1.5	5.1	3.5	-0.2	3.3	2.8	2.4	13.7
Barbados	-	3.2	0.6	4.7	2.4	2.6	3.7	9.7
Belize	-3.9	0.9	-0.1	0.2	11.3	5.8	5.8	18.8
Brazil	-5.6	2.8	6.1	5.2	1.5	-2.1	1.5	0.5
Colombia	-0.2	1.7	1.7	4.8	3.5	1.7	1.4	14.2
Costa Rica	-0.3	4.8	-2.1	2.4	1.7	0.6	2.8	-6.0
Cuba ^b	3.9	6.2	3.5	0.2	-4.8	1.4	-	30.6
Chile	-4.1	3.9	0.4	3.4	3.3	5.6	7.6	8.6
El Salvador	-0.3	1.3	0.5	-1.1	0.8	-0.9	-1.6	-16.6
Guatemala	-5.4	-2.8	-3.3	-2.6	0.7	0.8	0.5	-18.5
Guyana	-11.7	0.3	-0.8	-1.6	-1.1	-4.5	-6.7	-35.2
Haiti	-1.2	-1.4	-1.4	-0.9	-2.1	-2.1	-1.4	-18.5
Honduras	-3.6	-1.2	-1.5	-0.1	1.5	1.5	-1.1	-12.1
Jamaica	0.4	-2.2	-6.8	0.7	5.1	-0.4	4.7	0.6
Nicaragua	1.2	-4.8	-7.3	-4.3	-4.0	-13.9	-6.1	-35.1
Panama	-2.2	-2.6	2.6	1.3	-0.1	-18.2	-2.8	-17.8
Paraguay	-6.0	0.0	0.9	-3.3	1.5	3.6	3.1	0.4
Suriname	-4.8	-3.3	-0.3	-0.1	-9.3	-1.3	0.7	-15.9
Dominican Republic	2.5	-2.0	-4.1	0.8	4.7	-0.7	1.9	3.3
Uruguay	-6.6	-1.9	-0.4	7.2	5.8	-0.4	0.7	-6.5
OECS countries^c	23	4.9	4.4	5.4	4.6	5.1	3.9	423
Antigua and Barbuda	4.1	6.2	6.4	7.1	7.4	5.8	5.2	54.5
Dominica	0.7	5.4	0.3	5.6	5.4	4.3	2.2	35.8
Grenada	0.2	3.9	4.3	4.5	3.9	4.2	4.6	36.5
Saint Kitts and Nevis	-1.1	6.6	5.7	4.1	4.4	4.8	0.9	43.0
Saint Lucia	2.3	3.4	4.3	4.2	1.4	5.2	3.4	27.9
Saint Vincent and the Grenadines	4.8	4.2	3.7	6.2	4.8	6.4	4.9	55.4

Source: ECLAC, on the basis of official figures.

* Preliminary figures.

^b Refers to total social product.

^c OECS = Organization of Eastern Caribbean States.

Table 6
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	
	1988	1989 ^a	1988	1989 ^a	1988	1989 ^a	1988	1989 ^a	1988	1989 ^a	1988	1989 ^a	1988	1989 ^a
Latin America and the Caribbean	1.5	0.6	5.8	1.9	-1.5	1.6	-2.5	0.3	-	1.3	4.0	3.1	1.1	1.4
Argentina	-0.6	-2.0	9.5	2.3	-6.9	-7.7	-14.5	-31.7	-5.1	-7.7	-0.5	-4.0	-1.4	-2.9
Barbados	-7.1	7.4	-8.3	-4.5	6.8	5.2	9.0	8.1	2.5	6.2	2.5	5.1	3.2	3.8
Bolivia	0.9	-3.2	20.9	15.9	3.9	2.9	12.1	7.0	6.9	3.8	1.0	2.3	-0.7	1.0
Brazil	1.5	2.2	0.4	3.9	-3.4	3.0	-3.0	7.5	-2.1	3.4	6.3	6.0	0.7	3.0
Colombia	2.6	4.9	2.6	10.7	2.2	2.3	8.6	1.3	3.0	4.3	3.5	3.6	5.2	3.5
Costa Rica	4.6	5.5			2.2 ^c	5.3 ^c	1.6	6.9	3.2	5.5	5.7	7.5	3.0	5.1
Cuba ^d	2.3	-0.5	-2.2	0.9 ^e	3.2	0.3	9.5	11.9	3.7	1.6	3.7	2.4	-1.3 ^f	-1.2 ^f
Chile	5.5	4.8	7.5	8.5	8.7	10.0	6.1	12.7	7.5	8.9	10.8	11.3	6.2	7.8
Ecuador	9.1	-1.6	88.1 ^g	-5.0 ^g	4.1	0.5	-8.5	1.4	33.4	-2.7	3.9	5.8	2.0	0.1
El Salvador	-1.0	0.2	6.8	-	3.0	0.8	5.6	3.8	0.9	0.7	1.9	0.6	1.1	0.4
Guatemala	4.3	2.5	4.8	5.7	2.2	2.2	12.9	9.7	4.1	2.9	5.0	6.8	3.3	3.6
Guyana	-9.0	-1.1	-10.7	-27.0	-4.7	-11.0	-	-3.3	-7.3	-7.9	4.2	-6.2	1.7	-1.3
Haiti	-0.9	-1.6	-	3.8	-0.8	1.7	1.7	1.2	-0.6	-0.4	6.8	3.3	-0.2	0.9
Honduras	1.9	1.4	2.9	16.9	8.4	2.9	6.6	4.5	4.6	2.8	5.0	1.4	5.2	1.6
Jamaica	-5.4	-4.3	-4.7	37.9	2.0	7.1	14.7	1.9	1.2	13.2	0.5	5.3	3.0	3.4
Mexico	-1.1	-3.1	0.4	-0.9	2.2	6.0	-3.3	3.0	0.5	3.0	3.3	6.4	1.2	2.3
Nicaragua	-10.5	2.7	-8.7	41.2	-28.8	-7.0	-7.0	-15.0	-19.5	-2.6	2.2	3.8	-2.3	-4.5
Panama	-7.5	2.4	-37.0	-29.4	-23.4	5.3	-60.7	-25.8	-24.4	0.5	-7.8	-7.1	-15.9	1.5
Paraguay	12.1	7.7	7.5	5.8	5.8	5.9	2.6	4.2	9.2	6.8	7.2	5.6	3.5	5.3
Peru	7.9	-2.9	-17.2	1.7	-10.4	-17.8	-5.5	-15.9	-7.2	-9.5	-4.6	-9.6	-9.3	-12.0
Dominican Republic	-1.3	2.2	-7.0	3.5	-3.6	1.8	9.3	14.1	-0.6	4.7	0.2	4.0	4.0	3.7
Trinidad and Tobago	-9.2	55.0	-3.2	0.9	-7.6	-4.1	-1.5	-7.0	-3.6	1.5	-4.9	-2.8	-5.2	-11.9
Uruguay	0.5	1.4	1.9	6.9	-3.7	-2.1	3.9	11.7	-2.0	-0.1	3.2	-0.8	1.6	2.7
Venezuela	4.6	-5.7	5.1	-	6.9	-9.5	8.7	-30.1	5.9	-6.3	8.0	-4.0	5.8	-5.8

Source: ECIAC, on the basis of official figures.

^a Preliminary figures.

^b Excluding Cuba.

^c Including mining and quarrying.

^d Refers to social product.

^e Including metallurgy,

^f Refers to commerce and other

^g Excluding oil refining, which official figures include under crude oil extraction.

IV. TOTAL SUPPLY AND DEMAND

1. Regional trends

In 1989, the crisis and adjustment processes which the region has been going through in recent years once again took the form of a slow growth rate for the gross domestic product, total supply and domestic availability of goods and services.

Total supply barely rose by 1.6% in 1989, the same rate as the year before but much lower than in the period 1984-1987, when supply had increased by approximately 3.5% annually (see table 7). Average volume of imports expanded by 3.2%, i.e., more than double the growth rate of the product, although in half of the countries volume declined. Indeed, its overall increase was fundamentally due to the extraordinary rise in the imports of Chile, Mexico, Panama, Costa Rica and the Dominican Republic.

The volume of exports, for its part, rose by 3.5%, substantially less than in the two previous years, and this phenomenon was not at all widespread, since volume declined in six countries. As the growth of exports slightly exceeded that of imports, domestic availability of goods and services in the region increased by only 1.2%, somewhat less than the increase in the product. This meant that it barely surpassed its 1980 level, and in per capita terms was 17% lower than the level of that year.

The increment in domestic demand was based on the weak expansion of consumption (1.9%), since gross fixed capital formation in the region continued to shrink. In contrast, both variables had contracted the previous year.

Net factor payments to the rest of the world continued to rise in real terms, this year by nearly 4%. However, real gross national income grew somewhat more than the product, by virtue of the partial recovery of the terms of trade. Even so, national per capita income in 1989 was 14% less than in 1980 and 7% lower

than the per capita product, as a result of the intensification of external factor payments and the deterioration of the terms of trade which occurred during this time (see table 7).

2. Behaviour of demand

The scant growth of the regional product in 1989 was mainly due to the expansion of private consumption, representing one percentage point of the product, and, less importantly, to the slight increase in exports over imports (the region's trade balance contributed positively to the growth rate by 0.3 percentage points). The stimuli for the growth recorded this year differed from those which affected the situation in 1988, when the slower expansion of the product essentially corresponded to the positive trade balance. This time, the driving forces were more similar to those of the recovery period of 1984-1987, although less intense than those registered at that time, when the partial recovery of investment also had a positive effect on growth, which averaged 3.5% annually (see table 8).

It should be noted that this analysis of the relative contributions of components of demand to changes in the product does not include the effect of variations in the terms of trade, since it is based on the accounting of the real flows that make up final demand and supply and not on the accounting of real income. For this same reason, variations in each of the components of domestic demand do not reflect the real effect of changes in relative prices, which have acquired importance in the current phase of adjustment processes.

The above-mentioned trends in regional aggregates, moreover, conceal very considerable changes in the components of demand in most of the countries. Domestic

demand, expressed in percentage points of GDP, continued to contract in Argentina, again by nearly seven points, influenced in nearly equal parts by the shrinkage of private consumption and the lower investment rate. Domestic demand also fell off -slightly- in Bolivia and Haiti. It continued to plummet in Nicaragua (by another 14 points) and Peru (nearly 19 points); in the first case, however, the decline was concentrated on government consumption while in the second it included all the components of demand. In addition, it fell in Venezuela by more than 20 points (15 in private consumption and more than five in investment). In all these cases, the recession in the level of economic activity was attenuated by the positive effect of greater trade balances.

In a number of countries domestic demand again expanded, which mainly resulted in an acceleration in growth, although part of the buoyancy filtered outside the region as a consequence of lower trade balances than the year before. This occurred in Brazil, where domestic demand grew by nearly five points, backed by the expansion of all its components. Something similar occurred in Costa Rica. In Mexico, the expansion that had begun the previous year gathered strength, despite the contraction of government consumption. Also in the Dominican Republic, the domestic demand began to expand again, since the sharp reduction in government consumption was amply offset by the vitality of private consumption and, especially, of investment. In Uruguay, on the other hand, there was a modest recovery, based equally on both private and public consumption. In Panama, the sharp, widespread contraction during the previous year was followed by a recovery of private consumption (over six points) which was, however, neutralized by the steady drop in the other components of domestic demand and by the worsening of the trade balance (see table 8).

On the other hand, in other countries the momentum of domestic demand weakened. In Colombia, the vigorous expansion during the previous year slowed down to less than two percentage points of the product, owing to the increment in private consumption and the steady rise in government consumption; thus, unlike the previous year, the level of economic

activity was sustained as a result of the significant increase in net exports (1.5 points). A similar phenomenon occurred in Paraguay, where only half of the considerable increase in the product is attributable to the expansion of domestic demand. In Guatemala also, growth shifted to the external sector, since domestic demand was maintained solely on the basis of the increase (1.4 points) in investment. In Ecuador and Honduras, domestic demand virtually stagnated. In the former case, this result was due to the sustained contraction in public consumption and investment, which counteracted the moderate expansion of private consumption. In the latter case, on the other hand, it was due to the contraction of private consumption.

Only Chile and El Salvador recorded a greater expansion in domestic demand than in 1988. In the former, this increase rose to nearly 12 percentage points of the product (compared to 9 points the previous year), of which more than 8 corresponded to private consumption and 3.3 to investment. In the latter country, all the components of domestic demand expanded, bringing the growth rate to nearly six points; however, the deterioration in the trade balance kept the level of activity at a near standstill (see table 8).

3. Liberalization, transfers abroad and changes in the structure of demand

The adjustment processes set in motion by the countries of the region in the 1980s have significantly modified the structure of demand. For the present, external demand has taken on greater importance. Thus, the share of exports of goods and services in the region's product rose by nearly five percentage points between 1981, the year prior to the crisis, and 1989, when it reached 21%. On the other hand, the share of imports has been reduced -both by contraction and by substitution- by nearly five points during the same period, falling to 12.5% of the product in 1989, even after the slow recovery that took place between 1983 (when the coefficient fell to 11%) and last year (see table 9).

Both the increase in exports and the reduction in imports have been fairly

widespread phenomena in the region (see figure 5). The export coefficient has risen thus far in the decade in 11 of the 19 countries for which data are available, including the three biggest economies in the region. The rise was higher than five points in nearly all of them, while in Brazil it was somewhat less than this figure and in Colombia it was only two points. In the eight remaining countries -Central America (except Costa Rica), Bolivia, Haiti and Peru- this coefficient has remained stable or has dropped. The decline in imports has been not only universal but also significant, amounting to four points or more in eight countries.

This increase in exports and reduction in imports has significantly changed the region's trade balance, which rose from practically zero in 1981 to a positive figure equivalent to almost nine percentage points of the product in 1989. A good part (nearly five points) of the purchasing power provided by this greater trade balance has been absorbed by the deterioration in the terms of trade which occurred between 1981 and 1989. To this must be added the net factor payments to the rest of the world, which have remained above 4% of the regional product. In short, in 1989 Latin America and the Caribbean have transferred current resources (at constant 1980 prices) representing almost 10% of their product, through unfavourable terms of trade and factor payments (mainly interest payments) to the rest of the world. Consequently, real gross national income is lower than the real product by this same amount (see table 9).

A large part of this greater external transfer of current resources was financed by a reduction in final consumption, whose share of the product declined to 75%. Per capita consumption remained stagnant in 1989, continuing at a 10% lower level than that of 1980, as a result of the drops recorded in previous years. In fact, between 1981 and 1989, private per capita consumption shrank in nearly all the countries of the region; in some, such as Uruguay, Honduras, El Salvador, Dominican Republic, Costa Rica and Guatemala, between 15% and 20%; in others, including Haiti, Bolivia, Argentina, Venezuela and Nicaragua, by more than 20%. Colombia is the only country where private per

capita consumption grew significantly (see figure 6).

However, two thirds of the turnaround in current transfer payments since the beginning of the crisis were financed by a sharp drop in investment. The latter again declined in 1989, bringing the share of fixed gross investment in the regional product down to 16.2% (see table 9).

4. Investment and its financing

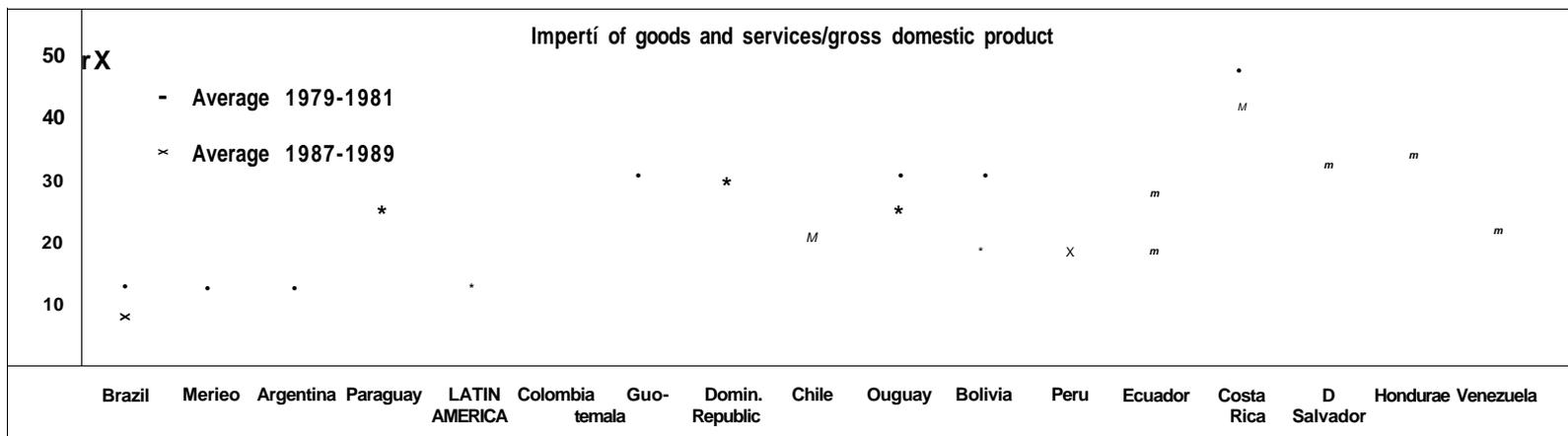
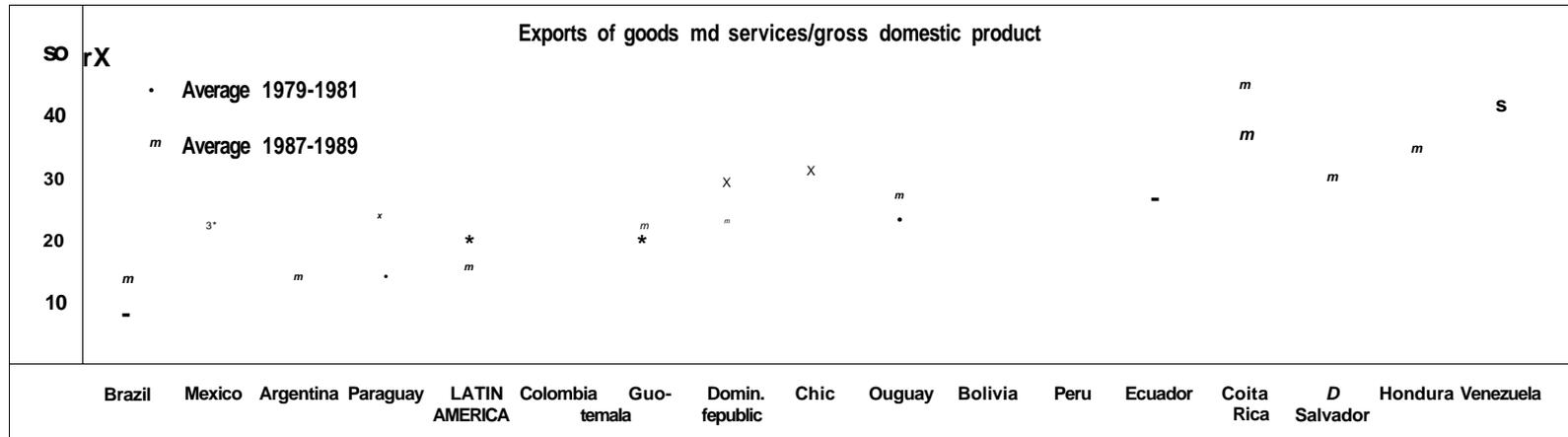
The persistence in 1989 of a low regional investment coefficient with respect to the product -as has been recorded since 1983- results from opposing trends, however. Argentina, Nicaragua, Panama, Paraguay, Peru and Venezuela showed significant reductions in their investment coefficients. On the other hand, Costa Rica, Chile, Guatemala and Mexico raised the share of investment in the product significantly (in the case of Chile, by more than 1.5 points) (see table 10).

Thus, only a few countries managed to reestablish, in 1987-1989, the same or higher ratios of gross fixed investment to the product as in 1979-1981, namely, the Dominican Republic (the only country that significantly exceeded that level), Haiti, Nicaragua, Chile and El Salvador. At the other extreme, countries such as Argentina, Panama and Uruguay have reduced their investment coefficients to half or less than half of what they were in 1979-1981, whereas Bolivia, Ecuador, Guatemala, Honduras, Mexico, Paraguay, Peru and Venezuela still maintain investment coefficients between 25% and 50% below those registered in that period (see figure 7).

Although investment remained low, domestic saving continued at a high level in 1989. Despite a slight decline, its share of the product hovered near 25%, practically the same level as the five-year peak reached in 1971-1975. Gross national saving was also maintained at a level of nearly 16% of the product. External saving, on the other hand, dropped from 1.2% to 0.7% of the product (see table 11).

The difference between the high level of domestic saving and the low investment rate corresponds to the loss of income attributable

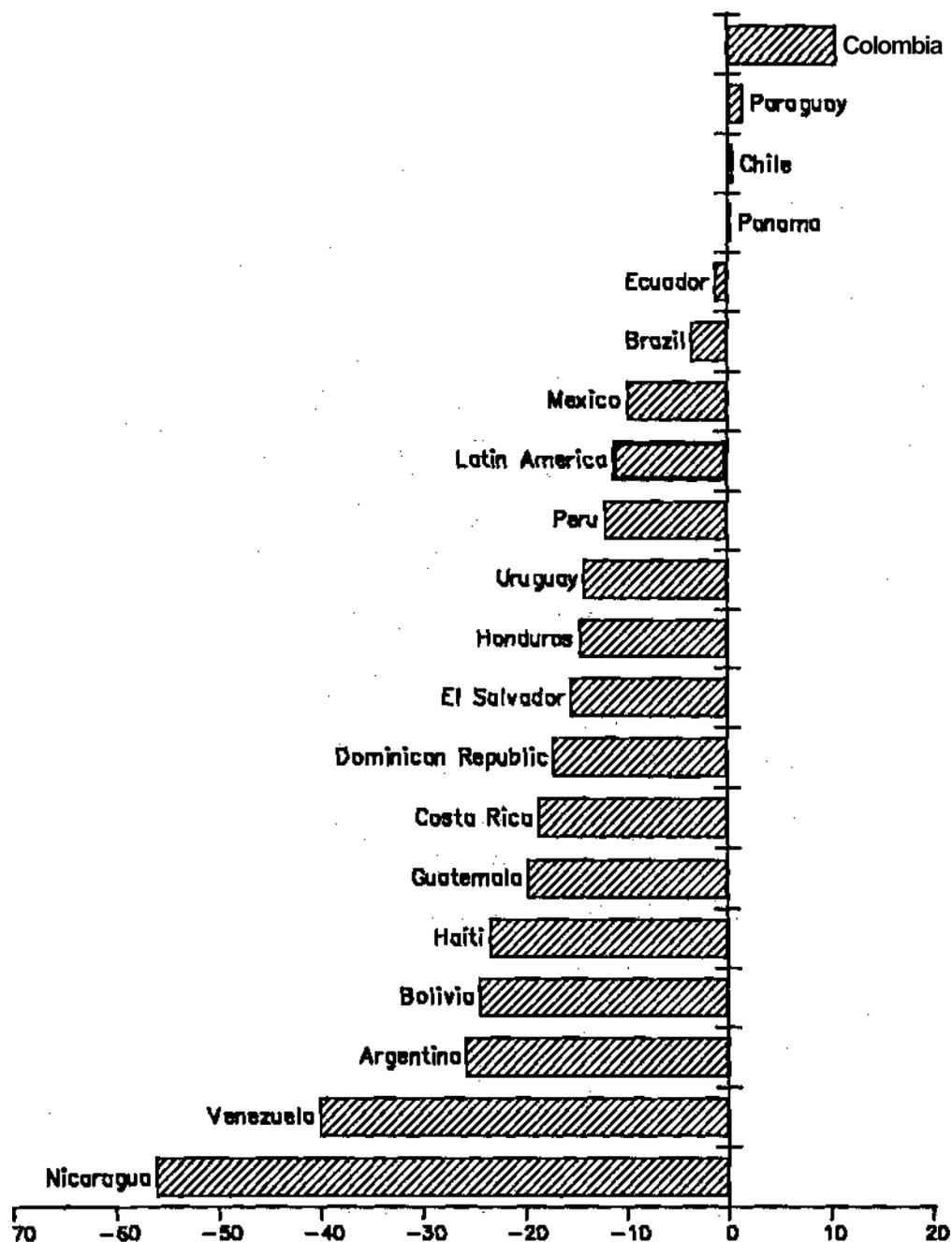
Figure 5
LATIN AMERICA AND THE CARIBBEAN: EXPORTS AND
IMPORTS AS PERCENTAGES OF GROSS DOMESTIC PRODUCTS



Source: ECLAC, on the basis of official figures.

a Countries are listed in the order of their export coefficients for the period 1979-1981.

Figure 6
 LATIN AMERICA AND THE CARIBBEAN: PER CAPITA PRIVATE CONSUMPTION
 (Cumulative percentage variation 1981-1989)



Source: ECLAC, on the basis of official figures.

to the deterioration in the terms of trade since 1980, higher net payments of interest and profits and the virtual collapse of net flows of external saving. Indeed, the worsening of the terms of trade, which represents more than 5% of the real product, absorbs over one fifth of the domestic saving effort in real terms. In addition, flows of interest and profits to the rest of the world continue to account for another

17% of gross domestic saving. Thus, some 40% of domestic saving is channelled outside the region, which explains why, in the absence of a significant inflow of capital, domestic saving rose to over 50% higher than gross capital formation in 1989. This represents an unmistakable sign of how the crisis not only has affected living standards but also has compromised future growth.

Table 7
LATIN AMERICA AND THE CARIBBEAN: TOTAL SUPPLY, DOMESTIC DEMAND
AND GROSS NATIONAL INCOME ^a

	Indexes (1980 = 100)			Growth rates				Cumulative variation	
	1987	1988	1989 ^b	1985	1986	1987	1988	1989 ^b	1981-1989 ^b
1. Total supply (2 + 3)	1053	107.0	108.7	3.3	4.0	3.3	1.6	1.6	8.7
2. Gross domestic product at market prices	110.3	111.2	112.8	3.6	3.7	3.1	0.9	1.4	12.7
3. Imports of goods and services	75.9	81.9	84.5	0.5	6.8	4.8	7.9	3.2	-15.5
4. Exports of goods and services	137.7	149.6	154.8	1.5	1.1	7.5	8.7	3.5	54.8
5. Domestic availa- bility of goods and services (2 + 3-4) = domestic demand (6+ 7)	100.5	100.6	101.8	3.6	4.6	2.4	0.1	1.2	1.7
6. Final consumer expenditure ⁰	107.7	107.5	109.5	2.8	4.8	1.7	-0.2	1.9	9.5
7. Gross fixed capital formation	81.1	80.6	80.3	5.6	7.4	2.7	-0.7	-0.3	-19.7
8. Net factor payments to rest of world	166.3	170.7	177.4	-4.1	-3.6	-11.2	2.7	3.9	77.4
9. Real gross national income (2-8) ^d	<u>103.0</u>	<u>103.4</u>	<u>105.1</u>	<u>3.3</u>	<u>2.4</u>	<u>3.5</u>	<u>0.4</u>	<u>1.7</u>	<u>5.1</u>

Source: ECLAC, on the basis of official figures.

^a Nineteen countries. ^b Preliminary figures. ^c Includes variation in stocks. ^d Also includes terms-of-trade effect.

Table 8
LATIN AMERICA AND THE CARIBBEAN: CONTRIBUTIONS TO CHANGES IN TOTAL SUPPLY
(Average annual percentage variations in GDP)

Country and period	Private consumption ⁸	Government consumption	Gross fixed investment	Domestic demand	Exports of goods and services	Total demand	Total supply	
							Gross domestic product	Imports of goods and services
Latin America								
1981-1983	-2.0	0.2	-2.3	-4.1	0.8	-3.3	-1.3	-2.0
1984-1987	2.3	0.2	0.6	3.1	0.8	4.0	3.5	0.5
1988	0.2	0.1	-0.1	0.1	1.7	1.8	0.9	0.9
1989	1.0	0.1	-	1.1	0.7	1.8	1.4	0.4
Argentina								
1981-1983	-3.9	-0.5	-3.4	-7.8	1.4	-6.4	-3.4	-3.0
1984-1987	2.3	0.1	0.0	2.4	-0.5	1.9	1.5	0.4
1988	-4.6	-	-2.1	-6.6	2.8	-3.8	-2.8	-1.0
1989	-3.7	-	-3.0	-6.8	0.3	-6.4	-4.9	-1.5
Bolivia								
1981-1983	-2.3	0.6	-1.4	-3.1	-1.2	-4.3	-3.3	-1.0
1984-1987	2.2	-0.1	-0.4	1.7	-0.7	1.1	-0.3	1.4
1988	-3.6	-0.5	0.2	-3.9	0.7	-3.2	2.8	-6.0
1989	-1.4	0.0	0.6	-0.8	3.7	2.9	2.4	0.5
Brazil								
1981-1983	-2.4	0.1	-2.4	-4.7	0.9	-3.8	-2.4	-1.4
1984-1987	4.0	0.2	1.4	5.6	0.7	6.3	6.2	0.1
1988	-1.3	-0.1	-0.7	-2.2	2.0	-0.2	.	-0.2
1989	3.6	0.3	0.9	4.9	-0.2	4.7	3.6	1.1
Colombia								
1981-1983	2.5	0.3	0.6	3.3	-1.3	2.0	1.7	0.3
1984-1987	1.8	0.4	0.2	2.4	2.4	4.8	5.0	-0.2
1988	2.9	0.7	1.4	5.0	-	5.0	3.7	1.3
1989	1.5	0.6	-0.2	1.9	1.4	3.3	3.4	-0.1
Costa Rica								
1981-1983	-5.1	-0.7	-3.3	-9.1	1.9	-7.1	-2.3	-4.8
1984-1987	3.4	0.4	2.3	6.0	1.9	7.9	4.6	3.3
1988	0.4	0.5	-0.5	0.4	2.7	3.0	3.3	-0.3
1989	3.7	0.6	2.1	6.4	5.7	12.1	5.5	6.7:
Chile								
1981-1983	-4.5	-0.3	-2.1	-6.8	0.4	-6.4	-3.1	-3.3
1984-1987	1.9	-0.1	1.7	3.5	2.3	5.8	4.5	1.3
1988	6.7	0.5	1.6	8.8	1.6	10.5	7.4	3.1
1989	8.3	0.1	3.3	11.7	2.9	14.6	9.4	5.2
Ecuador								
1981-1983	-0.1	-0.1	-2.4	-2.6	0.4	-2.2	1.2	-3.4
1984-1987	1.9	-0.3	0.4	2.0	2.0	4.0	1.5	2.6
1988	4.2	-0.2	-0.6	3.4	5.9	9.3	15.0	-5.7
1989	1.0	-0.2	-0.3	0.5	-0.2	0.2	0.3	-0.1
El Salvador								
1981-1983	-3.1	0.2	-1.2	-4.2	-1.7	-5.9	-4.5	-1.4
1984-1987	-0.4	0.8	0.9	1.3	0.8	2.1	1.8	0.3
1988	3.9	0.5	0.3	4.7	-4.4	0.3	1.1	-0.8
1989	4.8	0.5	0.4	5.7	-4.6	1.1	0.5	0.6
Guatemala								
1981-1983	-1.5	0.1	-1.7	-3.1	-1.5	-4.6	-1.7	-2.9
1984-1987	1.4	0.3	0.1	1.8	0.2	2.0	0.8	1.1
1988	2.2	0.5	1.4	4.0	0.6	4.6	3.8	0.8
1989	-0.1	0.2	1.4	1.5	4.0	5.5	3.5	2.0

Table 9
LATIN AMERICA AND THE CARIBBEAN: RELATIVE SHARES OF COMPONENTS OF
GROSS DOMESTIC PRODUCT AND OF GROSS NATIONAL INCOME,
At 1980 MARKET PRICES ^a
(GDP = 100)

	Total final consumer expenditure	Gross fixed capital formation	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	76.4	20.7	97.1	17.6	14.7	-4.1	1.9	94.0
1976-1980	77.9	22.6	100.5	15.2	15.7	-0.9	2.3	96.8
1981	78.5	22.5	101.0	16.2	17.2	-0.8	3.9	95.5
1982	77.5	20.0	97.5	16.6	14.1	-2.7	5.5	91.9
1983	76.2	16.5	92.7	18.4	11.1	-3.1	5.3	91.7
1984	76.3	15.9	92.2	19.2	11.3	-2.6	5.5	92.1
1985	76.0	16.2	92.2	18.8	11.0	-3.3	5.1	91.8
1986	76.2	16.8	93.0	18.3	11.3	-4.9	4.7	90.6
1987	75.7	16.7	92.4	19.1	11.5	-5.2	4.1	91.0
1988	75.3	16.5	91.7	20.6	12.3	-5.6	4.2	90.5
1989 ^c	75.3	16.2	91.5	21.0	12.5	-5.3	4.3	90.8

Source: ECLAC, on the basis of official figures.

^a Nineteen countries.

Includes variation in stocks.

Preliminary figures.

Table 10
LATIN AMERICA AND THE CARIBBEAN: INVESTMENT COEFFICIENTS
(Gross fixed investment as a percentage of gross domestic product)

	1980	1982	1984	1985	1986	1987	1988	1989 ^a
Latin America and the Caribbean	22.8	20.0	15.9	16.3	16.8	16.8	16.5	16.2
Argentina	22.2	15.2	12.4	11.5	11.7	13.1	11.3	8.8
Bolivia	14.3	10.3	10.5	9.5	9.5	9.8	9.7	10.1
Brazil	22.9	19.6	16.2	16.8	19.1	18.3	17.6	17.9
Colombia	16.8	17.8	17.3	15.8	15.9	15.2	15.9	15.2
Costa Rica	23.9	14.4	17.7	18.5	19.7	20.7	19.5	20.5
Chile	16.7	13.0	12.8	13.7	14.0	15.5	15.9	17.6
Ecuador	23.7	21.1	14.4	14.7	14.8	16.7	13.9	13.6
El Salvador	13.6	12.7	11.6	12.6	13.5	14.3	14.5	14.9
Guatemala	16.5	16.2	11.0	10.3	10.7	12.0	12.9	13.8
Haiti	17.3	18.6	19.2	21.2	18.6	19.1	19.2	18.6
Honduras	24.3	15.7	22.3	20.0	16.8	14.9	15.2	15.5
Mexico	24.8	22.2	17.1	18.0	16.5	16.1	16.9	17.4
Nicaragua	14.6	18.1	18.8	19.8	18.8	19.1	21.1	17.5
Panama	24.4	26.3	19.1	19.5	20.6	20.3	11.5	9.4
Paraguay	27.3	24.3	20.1	19.4	20.1	20.4	19.8	16.7
Peru	23.5	25.5	18.2	15.8	17.2	18.9	18.2	16.2
Dominican Republic	23.7	17.9	19.8	19.0	20.5	26.5	28.4	31.5
Uruguay	16.8	15.2	9.6	7.3	7.7	8.6	8.9	8.7
Venezuela	25.3	25.6	16.5	17.5	17.9	17.4	17.9	13.6

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 11
LATIN AMERICA AND THE CARIBBEAN: FINANCING OF GROSS CAPITAL FORMATION

	1975 ^b	1980 ^b	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Coefficients in respect of gross domestic product											
1. Gross domestic savings	24.9	23.0	22.6	22.8	22.9	23.6	24.2	23.4	24.4	25.2	24.8
2. Net external factor payments	1.9	2.3	3.9	5.5	5.3	5.5	5.1	4.7	4.1	4.2	4.3
3. Unrequited private external transfer payments	-	0.1	0.1	-	0.1	0.2	0.2	0.3	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	-5.2	-5.6	-5.3
5. Gross national savings (1-2 + 3 + 4)	19.0	19.8	18.0	14.7	14.6	15.6	16.0	14.0	15.4	15.7	15.6
6. External savings	3.1	3.6	5.5	5.6	10	0.1	0.4	2.4	1.4	1.2	0.7
7. Gross capital formation (5 + 6)	22.1	23.5	23.5	20.3	15.6	15.7	16.4	16.4	16.8	16.9	16.3
Coefficients											
Domestic savings/ gross capital formation	112.9	98.0	96.2	112.3	146.8	150.3	147.6	142.7	145.2	149.1	152.1
Deterioration in terms of trade/ domestic savings	16.5	4.0	3.5	11.8	13.5	11.0	13.6	20.9	21.3	22.2	21.4
Net external factor payments/ domestic savings	7.6	10.0	17.3	24.1	23.1	23.3	21.1	20.1	16.8	16.7	17.3

Source: ECLAC, on the basis of official figures.

^a Preliminary figures. ^b At constant 1980 prices.

V. INFLATION

Inflation surged in 1989 for the third year running. Although only nine countries experienced inflationary spirals, the majority of these were among the most heavily populated countries of the region and, as a result, the average increase in consumer prices as weighted by population jumped from the already strikingly high rate of 760% in 1988 to nearly 1200% in 1989, and, in most cases, real wages suffered accordingly. On the other hand, in another six countries the rate of inflation dropped significantly, while in the remaining four the variations in the rate of price increases were slight (see table 12). Large increases were seen in almost all the countries in which high inflation is chronic, whereas inflation slowed considerably in those where it had only recently become a problem and in which stabilization programmes were already under way. In the remaining countries, i.e., those which customarily have moderate or low rates of inflation, the results were mixed, but the predominant trend was upward; nonetheless, the basic pattern of inflation did not change significantly in almost any of these countries.

Among the countries which chronically suffer from high inflation,¹ four experienced inflationary surges which raised their rates to four digits. The largest increase occurred in Argentina, where the annual rate skyrocketed from 390% in 1988 to a record level of almost 5 000%; this figure was largely a result of the

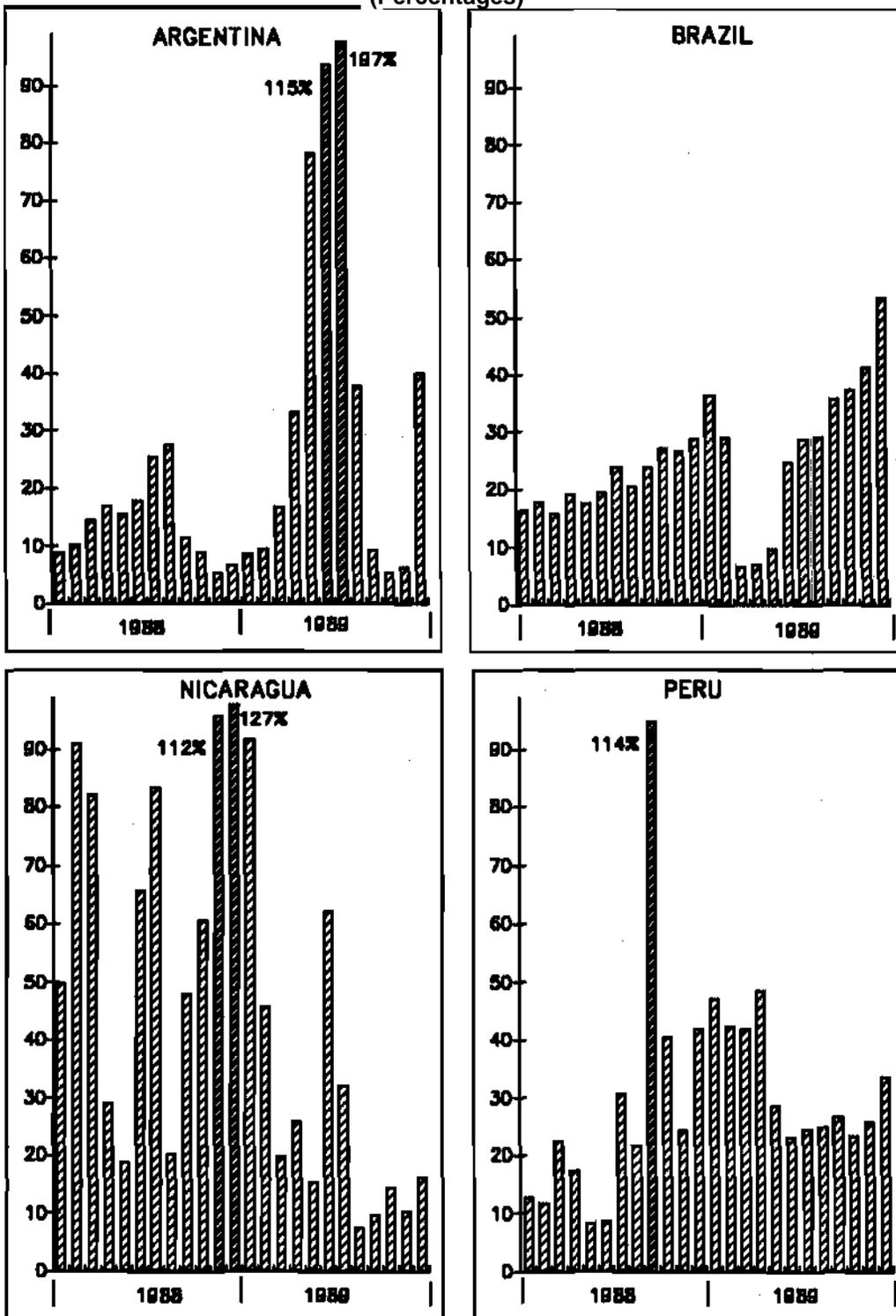
uncontrolled rates seen during the first half of the year, prior to the implementation of a new stabilization programme in July. Inflation also hit new all-time highs in Peru and Brazil, where it reached 2800% and 1800%, respectively. In Nicaragua, however, whose hyperinflationary process had brought the rate up to 43 000% for the 12 months ending in January, the Draconian stabilization programme launched early in the year held inflation down to an annualized rate of around 400% during the second half of 1989. Overall, however, because of the sharp increases recorded in the first quarter, prices rose by 1700% during the year. Finally, although in Uruguay inflation did not reach the extremes observed in the other four countries in this group, the rate nonetheless followed a distinctly upward trend, rising to nearly 90% (see figures 8 and 9).

In the countries in which high inflation is a more recent phenomenon, the rates of price increases showed clear signs of moving downward. Although the annual rate was over 80% in Venezuela (a record high), monthly rates declined following the initial jump that occurred when prices were deregulated as part of the stabilization plan early in the year. In Ecuador, the programme to fight inflation which had been launched in August 1988 was successful in lowering inflation from 86% in 1988 to monthly rates on the order of 2.5%, for an overall rate of increase of 54% in 1989. For

¹ These include Argentina, Brazil and Uruguay, which have a history of high inflation dating back several decades, as well as Peru and Nicaragua, which joined their ranks in the 1970s and early 1980s. Although Bolivia, Chile and Mexico also have experienced persistently high and, at times, runaway inflation, they cannot legitimately be included in this group because their inflationary processes have now been brought under control.

² This group is made up of the Dominican Republic, Ecuador, Mexico and Venezuela. These countries have had high rates of inflation during some periods in the 1980s but had low rates during earlier decades.

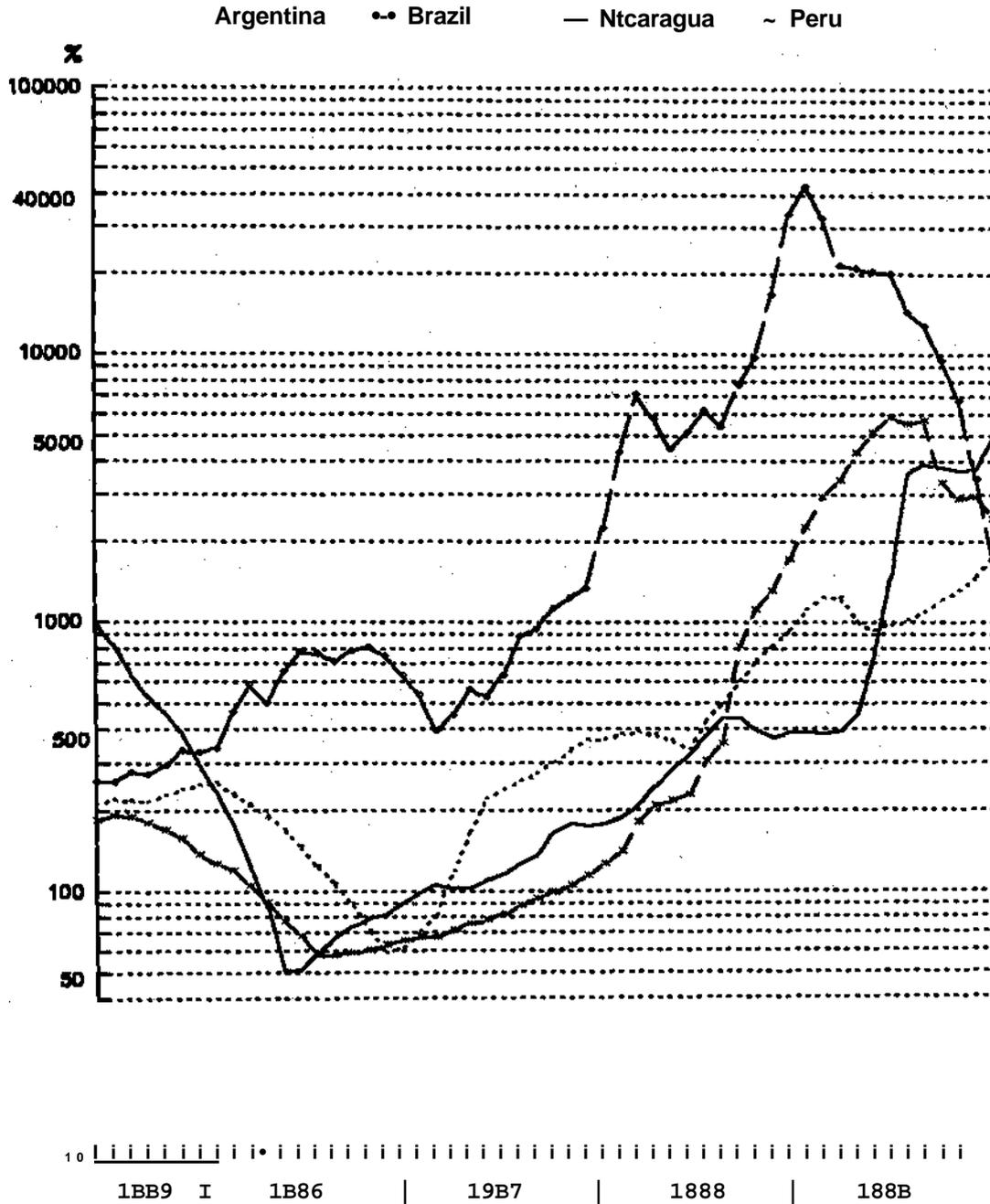
Figure 8
 MONTHLY VARIATIONS IN THE CONSUMER PRICE INDEX IN
 ARGENTINA, BRAZIL, NICARAGUA AND PERU
 (Percentages)



Source: ECLAC, on the basis of official figures.

Figure 9

LATIN AMERICA (SELECTED COUNTRIES): TWELVE-MONTH VARIATIONS IN THE CONSUMER PRICE INDEX



Source: ECLAC. on the baste of official figureB.

its part, Mexico, where the rate had been 52% in 1988 and over 160% in 1987, reduced its inflation to 20%. Finally, in the Dominican Republic inflation dropped from 58% to 41%, although this was still high in comparison to its historical pattern in that country (see figure 10).

In those countries which have had a moderate inflationary pattern, the annual rates of price increases ranged from 10% to 30%, but followed differing trends. Although these are relatively moderate rates within the regional context, they represent a persistent inflationary process in some countries which had enjoyed relatively stable prices until the 1980s (including Costa Rica, El Salvador and Guatemala). Significant increases were seen in four of these countries: Paraguay (from 17% to 29%), Chile (from 13% to 21%), El Salvador (from 18% to 24%), and Guatemala (from 11% to 20%). Two other countries experienced sizeable decreases: Bolivia (from 22% to 17%) and Costa Rica (from 25% to 10%), while in Colombia inflation slowed slightly but nonetheless remained above 25% (see figures 11 and 12).

Finally, among those countries which have traditionally had low inflation, Haiti and Honduras registered rates of over 10% in 1989, while Panama continued to exhibit the price stability which has been characteristic of that country in recent years. In fact, in 1989 its rate was even below the international rate of inflation, since prices remained virtually unchanged as a result of the serious economic and liquidity crisis in the country. Very low rates of inflation were also recorded in a number of small Caribbean countries, as will be discussed in section IX of Part One (see table 12).

1. Inflationary surges and stabilization efforts

In 1989 stabilization programmes were instituted in the four countries which

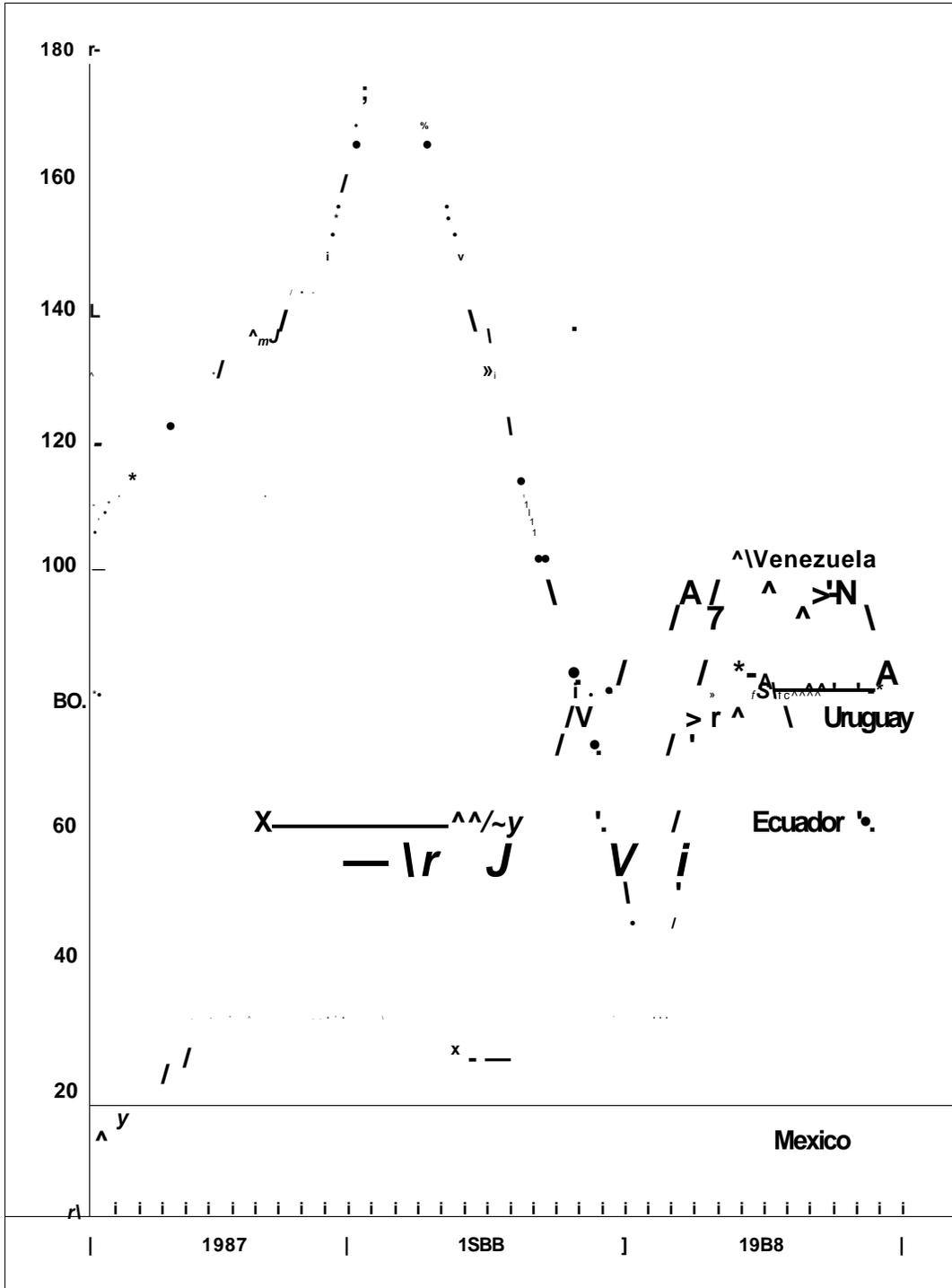
experienced rampant inflation. The most far-reaching of these initiatives were those of Nicaragua, which launched its programme early in the year, and of Argentina, which implemented its plan midway through 1989. The monthly rates of price increases plunged from over 100% to less than 10% in these countries, although in Argentina prices began to spiral upward once again in mid-December. Brazil embarked upon a new stabilization plan in January which was similar to the programmes implemented in 1986 and 1987. This initiative was successful in bringing inflation down to less than 10% per month between March and May, but in June the rate sped up again and Brazil ended the year with a monthly rate of over 50%. Peru also managed to reduce its monthly inflation from 45% in the first four months of the year to 25% from May onward; however, this was chiefly a result of the progressively greater lag in controlled prices and charges, the drop in real wages and the recession affecting the country.

During the first half of the year Argentina experienced a burst of inflation which raised the rate from 390% as of the end of 1988 to nearly 4 000% in August 1989. The year had begun with monthly rates of under 10%, but in February the country's protracted fiscal and external imbalances as well as the increasingly volatile expectations prompted by the approach of national elections began to exert overpowering pressures on the exchange rate. The steep decrease in reserves occasioned by the rush to convert domestic assets into foreign exchange led to explosive increases in the exchange rate. In its turn, this virtually uncontrolled surge in the exchange rate (which rose to between 12 and 25 times the original rate in the first half of the year) ushered in an acceleration of price increases, and the monthly rate climbed from 33% in April to 79% in May and to 115% in June. As a result, real money holdings shrank, real transactions plummeted, the level of economic activity dropped off sharply and real wages tumbled

³ Five of the countries in this group (Colombia, Costa Rica, El Salvador, Guatemala and Paraguay) have almost invariably had a moderate rate of inflation. The other two countries in this group (Bolivia and Chile) had high rates in the past and have even experienced hyperinflation, but for some years now have had moderate rates similar to those observed in the other countries in this category, i.e., less than 30% annually.

Figure 10

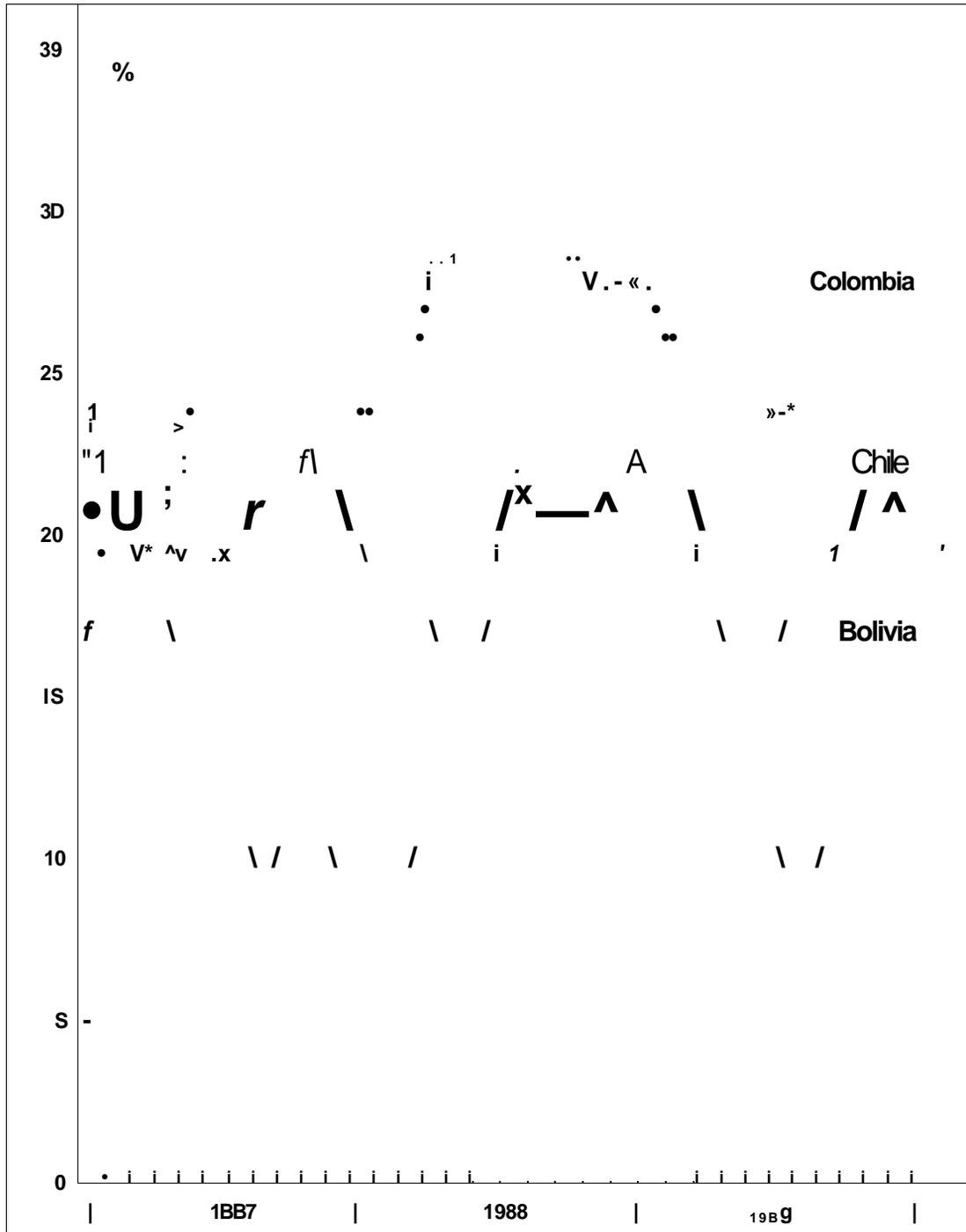
LATIN AMERICA (SELECTED COUNTRIES): TWELVE-MONTH VARIATIONS IN THE CONSUMER PRICE INDEX



Source: ECLAC, on the basis of official figures.

Figure 11

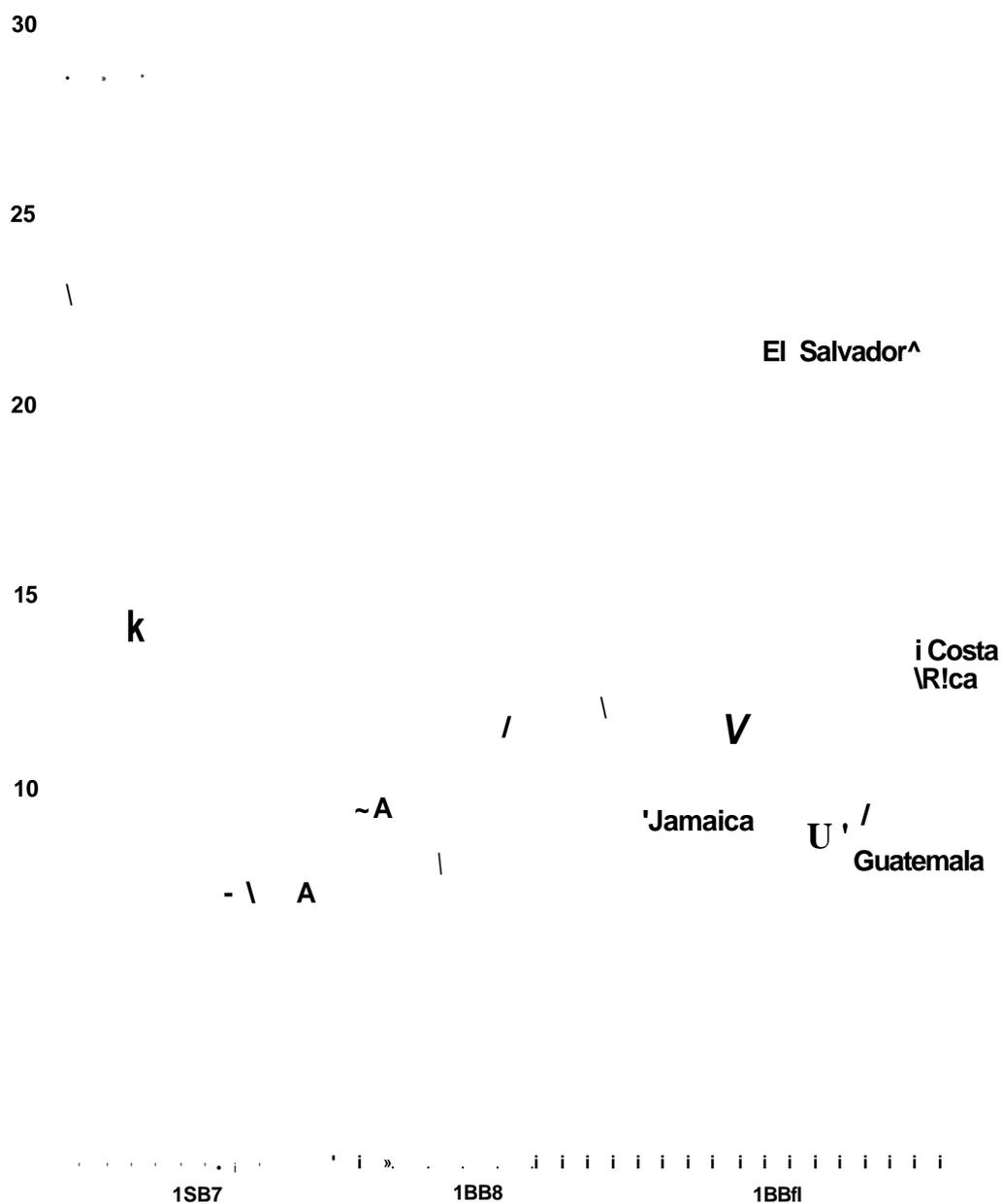
LATIN AMERICA (SELECTED COUNTRIES): TWELVE-MONTH VARIATIONS IN THE CONSUMER PRICE INDEX



Source: ECLAC, on the basis of official figures.

Figure 12

LATIN AMERICA AND THE CARIBBEAN (SELECTED COUNTRIES):
TWELVE-MONTH VARIATIONS IN THE CONSUMER PRICE INDEX



Source: ECLAC, on the basis of official figures.

(falling by more than 20% in the first half of the year).

At the beginning of July the new authorities announced a stabilization programme based on the following elements: a) a reduction of the fiscal deficit in the short term, to be accomplished by means of increases of up to 600% in public rates and charges, a sustained restriction of wages and public investment, and the suspension of 50% of the tax benefits provided for by industrial promotion schemes and of the reimbursement of export subsidies; b) the announcement of more permanent measures for restructuring the public sector, including tax reforms and the privatization of a wide range of State enterprises; c) the establishment of a fixed exchange rate following a sharp initial adjustment of 116%; and d) the negotiation with a group of large firms of a pricing agreement under which these companies would, following a large initial increase, refrain from readjusting their prices for 90 days while steps were taken to ensure that the wage increases negotiated by means of collective bargaining did not exceed government guidelines.

Despite the steep increases which were initially sparked by these measures (200% in July and, because of statistical carry-overs, 38% in August), the programme brought about a favourable change in expectations. The nominal interest rate fell immediately; the gap between the parallel and official exchange rates was eliminated; the conversion of foreign exchange was sped up, which helped the country to rebuild its depleted reserves; and the monthly rate of inflation dropped to 9% in September and to about 6% in October and November. However, the perception of the tax reforms as being controversial and uncertainty as to whether the fiscal adjustment would be sufficient to curb the growth of the domestic debt, in combination with an expanding money supply which may have been beginning to outstrip demand, caused the gap between the (frozen) official exchange rate and the parallel rate to widen to nearly 60% by the beginning of December.

The persistence of this gap spurred growing expectations of a devaluation and of the inflationary flare-ups such a step would entail, and in mid-December the authorities

responded by making a further adjustment in relative prices: the exchange rate was raised by over 50%; gasoline prices and public rates and charges were increased by around 60%; wages were hiked by 34 000 australes per month in the public sector and by 24 000 australes in the private sector; and a portion of the domestic public debt was rescheduled over a two-year term. These measures immediately prompted an adverse reaction on the part of the public. There was a steep drop in deposits, which fled to real assets and foreign exchange, with the result that -despite the sharp devaluation- the gap between the parallel and official exchange rates remained above 50%. This situation obliged the authorities to take additional steps during the final week of the year, including the unification of foreign currency markets, and to resort to measures never before used in the country, such as that of freezing bank deposits.

In Peru, inflation shot up in 1989 from the already unusually high rate of 1700% as of the end of 1988 to 5 700% in August 1989, which was the highest rate ever recorded in the country's history. Thereafter the rate began to decline, but the increase in the consumer price index for 1989 nonetheless amounted to 2 800%. As a consequence of this hyperinflationary episode and of the economic contraction which ensued, real wages plummeted by 50%.

The inflationary spiral was fueled by the drastic adjustments made during the final four months of 1988, which included: a) a sharp devaluation of the inti in order to forestall the depletion of the country's reserves; and b) huge increases in the prices and rates charged for goods and services produced by public enterprises and in controlled prices, as well as deep cuts in many fiscal subsidies -especially those applying to food and fuels- in an attempt to reduce the fiscal deficit. The initial direct effect of these corrective measures was a steep increase in prices; moreover, as a result of growing skepticism as to the continuity of economic policy, the expectations of economic agents exerted an upward pressure that carried over these initial effects into the following months. The outcome was that between January and April the average monthly increase in the consumer price index amounted to 45%.

From May onward, however, the monthly rate slowed to 25%. Some of the factors which helped to bring about this decrease were the progressively greater lag in controlled prices and charges, the prolonged downward slide of wages and the ongoing economic recession. Late in the year, however, upward pressures were generated once again by the increase in the flow of credit to the public sector, which boosted the expansion of the money supply, and the lowering of interest rates, which discouraged investment in financial instruments. The combined effect of these policies put pressure on the parallel exchange rate, which trebled between September and early December. The impact of this latter factor was temporarily counteracted, however, when the authorities re-applied the official exchange rate to imports of inputs.

Brazil experienced four-digit inflation for the first time in its history as the pace of price increases soared from 933% as of the end of 1988 to an annual rate of almost 1800% in 1989. The year opened with the launching of the Summer Plan, which was the government's third stabilization effort in four years. This plan, as had others before it, provided for an across-the-board freeze on prices and wages, following initial corrective adjustments (particularly of the exchange rate and public rates and charges) and the elimination of indexation mechanisms. Unlike the stabilization plans of 1986 and 1987, it also included the introduction of a tight monetary policy which pushed the real interest rate up to 15% per month. Following corrective monthly increases of around 30% during the first two months, the monthly increase in the consumer price index remained below 10% until May.

Starting in June, however, inflation returned with a vengeance. One of the reasons for this was that the authorities' inability to win the legislature's backing for its fiscal restructuring proposal -which included the elimination of a number of public agencies, staff cuts, the privatization of State companies and the limitation of government outlays to the amount of funds on hand- raised doubts among economic agents as to the fulfilment of the Summer Plan. Another factor was that although at first the high real interest rate helped to discourage spending, this policy was

untenable in the long run because it raised public expenditures on real interest payments -i.e., above and beyond monetary correction- on the domestic debt to levels that were virtually impossible to finance (5% of GDP). Finally, the fact that the exchange rate was frozen for over three months during a period of rampant inflation caused the parallel exchange rate to rise to more than twice the official rate.

This build-up of pressures obliged the authorities to lift the price freeze in June. The currency was devalued by 12% and indexation mechanisms were reintroduced, with provision being made for periodic readjustments of most contracts, the exchange rate, wages, and public rates and charges. Inflation rebounded to 25% in June and to 29% in July and August. Then, as the elections approached and uncertainty grew, an agreement was reached with the major firms to limit price readjustments for 135 products to 90% of the increase in prices of the preceding month in order to ward off an inflationary spiral. Although these measures did slow the increase in the rate of inflation, it accelerated again in November, reaching 54% in December.

Nicaragua began the year in a state of outright hyperinflation; indeed, the rate was the highest ever recorded in Latin America: 43 000% in the 12 months ending in January 1989, which signified an average monthly rate of over 60% during 1988. This skyrocketing rate of inflation was a consequence of the country's deepening fiscal and monetary deficits, which stemmed, in their turn, from the enormous subsidies that were being provided -especially in the form of credit at highly negative real interest rates- and from the fact that the rising rate of inflation itself sharply reduced real tax receipts by heightening the losses occasioned by the unavoidable lag in tax collection.

Early in 1989, as the only available option for quelling the hyperinflationary spiral, the authorities implemented a new stabilization programme to curb money creation and close the exchange rate gap. Some of the main measures provided for by the programme were the following: a Draconian cut in public expenditures, including defence spending; an aggressive policy of readjustments in State-regulated prices; a steep increase in

interest rates to bring them up to highly positive real levels; the elimination of the main credit subsidies, including those which benefited State marketing enterprises; and a sharp devaluation in January together with periodic devaluations thereafter, which raised the real exchange rate substantially and kept it high, thereby virtually closing the gap between the parallel and official exchange rates.

Except for a strong inflationary flare-up in June and July -owing to another large devaluation in June (110%)- the monthly rate of price increases has been reduced dramatically, although it is still far from being arrested, since the monthly rate of inflation has continued to be around 15%. Furthermore, the programme has been accompanied by downturns in economic activity, except as regards the production of primary goods, and by decreases in employment and real wages in the public sector.

2. Stabilization processes under way

Inflation slowed in 1989, although at differing monthly rates, in a number of countries which have managed to sustain the stabilization processes on which they have embarked fairly recently, following episodes of spiraling inflation during the 1980s. The most striking reduction was in Mexico, where inflation fell from 52% in 1988 to less than 20% in 1989. Considerable decreases in inflation were also seen in Costa Rica, the Dominican Republic and Ecuador, thanks to their stabilization plans of earlier years. Bolivia achieved a slight reduction as it continued to pursue the stabilization effort it had initiated towards the end of 1985, when it had found itself on the verge of hyperinflation. In Venezuela price increases dropped to 3% per month or less during the second half of 1989, after having shot up during the first six months as a consequence of the introduction of an adjustment programme at the start of the year. Even so, however, its rate of inflation in 1989 was far more than double the 1988 rate.

In Mexico, the monthly rate of inflation was generally below 1.5%, which brought the annual rate down to 20%. This decrease was

the outcome of an anti-inflation pact which had been implemented late in 1987 (when annual inflation had reached 159%) and which was broadened and modified during 1988. The changes made in 1988 primarily consisted of adjusting some prices and charges which had been lagging behind, allowing a gradual adjustment of the exchange rate on a daily basis in order to forestall an overvaluation of the peso, and readjusting wages in order to mitigate the erosion of their purchasing power. Fiscal austerity measures were also strengthened, with the result that the primary surplus expanded to around 7% of GDP. Nevertheless, the sharp rise in the domestic interest rate -in both nominal and real terms- which had occurred since the end of the preceding year raised the Treasury's financial expenses, thereby pressuring it to increase its operating deficit and endangering the stabilization effort. A decisive factor in preventing this outcome was the confidence in the stability of the currency which was produced by the conclusion of an agreement with the country's creditor banks in July. This led to a steep drop in the domestic interest rate and thereby provided the Treasury with considerable relief in terms of its financial burden, since interest payments on the domestic debt alone amounted to 4% of GDP. Consequently, the public sector's financial deficit is estimated to have fallen from 12% of GDP in 1988 to 7% in 1989. Finally, in early December an agreement was reached to extend the pact made by the government, entrepreneurs and trade unions up to July 1990.

A marked reduction in inflation also occurred in Costa Rica, where in the space of one year the rate fell from 25% to 10%, which was quite close to the stabilization programme's target figure for 1989. One of the factors that helped to make this possible was the authorities' tight monetary policy, which, given the financing requirements of the public sector, had the effect of raising the interest rate. Another was that, because the real exchange rate had risen unusually rapidly in 1988, the authorities were able to slow the pace of devaluations during 1989, which in turn made it possible to curb price increases without widening the narrow gap which existed between the official and parallel exchange rates.

Bolivia continued to pursue the stabilization scheme which it had launched in late 1985 in order to deal with a hyperinflationary situation (the increase in prices during the 12 months ending in September of that year had totalled 23 500%) and which had lowered its annual inflation rate to 11% in 1987. However, a flare-up of inflation in 1988 (22%) made it necessary for the authorities to implement a tight money and wage policy once again in 1989. This policy was successful in bringing down the rate of inflation, and the increase in the price index during the first seven months of the year was just 3%. However, the adjustment of some price lags -especially an increase of about 20% in fuel prices in August- and the faster pace of devaluation in the third quarter pushed up prices by almost 11% between August and November. Even so, the country's annual rate of inflation fell to under 17%.

In Ecuador inflation began to decline significantly, thanks to the stabilization programme introduced in August 1988. Although corrections made in the exchange rate and lagging prices caused inflation to rise during the first months of the plan's implementation (in March 1989 it reached a record annual rate of nearly 100%), it then began to decrease steadily in April. In fact, the rate for 1989 fell to 54% (a 30-point drop from its 1988 level), and the average monthly rate of inflation during the second half of the year was on the order of 3%.

This reduction was chiefly the result of the reduction of the fiscal deficit and greater monetary control, which were made possible by the normalization of petroleum-related activities, adjustments in the rates charged for most public services, and private economic agents' expectations of a decline in inflation.

In the Dominican Republic, the annual rate of price increases declined to slightly more than 40%. As the impact of the adjustments made in relative prices in 1988 became diluted, inflation -which had surged to 58% that year- returned to its previous level. Enormous real and speculative pressures had raised the exchange rate by 80% between mid-1987 and mid-1988 to the highest level in the country's recent history. Thanks to this undervaluation of the peso and to the tight fiscal, wage and monetary policies applied in 1989 -which cut

the public deficit from somewhat over 4% of GDP to 3% and slowed the growth of the money supply from a rate of 47% to 27% - the nominal exchange rate remained stable and inflation slowed. However, the lag in the real exchange rate opened up a sizeable and widening gap between the official and parallel rates during the second half of the year, and this may bring on another cycle of devaluation and rising inflation -which might also be stimulated by the direct impact of the 67% increase made in gasoline prices in October when the subsidy applying to this fuel (equivalent to 16% of its cost) was replaced by an implicit tax equivalent to 39% of its cost.

A harsh adjustment and stabilization programme was implemented in Venezuela at the start of the year in an effort to reduce the macroeconomic disequilibria caused by the steady expansion of domestic demand during the preceding years. The programme included the unification of exchange markets; an increase in the exchange rate in March (by over 100%) and a subsequent freeze until August, followed by mini-devaluations; the elimination of all price controls except those applying to 17 essential consumer goods; increases of between 70% and 100% in public rates and charges; and average increases of just 30% in public sector wages and of 54% in the minimum wage.

The immediate effect of these measures was an unprecedented surge in inflation which prompted violent protests in the country's major cities. In March alone, consumer prices jumped by 21%, which was a seven-fold increase over the average monthly rate recorded for the preceding 12 months. Thereafter inflation began to decline, however, and by August the rate had dropped to just slightly over 2%. One of the factors that helped to bring this about was the implementation of a tight monetary and credit policy, which resulted in a decrease -during the first half of the year- in the stock of money in nominal terms, a substantial reduction of liquidity and domestic credit in real terms, and a more than twofold increase in domestic interest rates. The authorities' fiscal policy, for its part, proved to have a much stronger contractive effect than planned. On the one hand, government income was augmented by the effect of the devaluation

on oil revenues, the rise in international fuel prices and, to a lesser extent, the increase in public rates and charges. On the other hand, although current expenditure on some items (interest payments and wages) rose, the delay in the approval of the social programmes that had been designed to mitigate the impact of the adjustment on the poorest groups of the population had the effect of holding spending down to less than the amount programmed. As a result, the deficit of the public sector as a whole was reduced from 8% of GDP in 1988 to about 2.5% in 1989.

The rate of inflation climbed back up to 3% in September and October, chiefly as a consequence of agricultural supply problems. However, the subsequent rise in interest rates, together with the combined effect of the recession and the lowering of tariffs, helped to slow the rate of price increases in November and December to less than 2% per month. Nonetheless, the overall rate of inflation for 1989 amounted to 81%.

3. Accelerating inflation

Price increases accelerated in eight countries, most of which have customarily had moderate rates of inflation. At one end of the spectrum there was Uruguay, a country with chronically high inflation, where the annual rate of price increases jumped by 20 percentage points. Paraguay, Guatemala, Chile and El Salvador also saw their annual rates of price increases climb by between 6 and 12 points. In contrast, Colombia, whose rate of inflation had been on an upward trend since 1983, experienced a slight downturn in 1989. Finally, Haiti and Honduras, both of which have traditionally had low inflation, also recorded higher rates than in 1988, with the pace of price increases reaching 11% in each of these countries.

Uruguay witnessed a steady rise in its rate of inflation from 69% in 1988 to 89% in 1989. Because wages were generally readjusted on the basis of past inflation, real wages fell slightly, particularly in the public sector. One of the elements contributing to the country's inflationary spiral was the fact that the monthly rate of devaluation was increased in order to stave off a greater loss of competitiveness,

especially in relation to Argentina, where a steep rise in the real exchange rate prompted a large volume of contraband trade from that country to Uruguay. In addition, the contraction of the most heavily taxed production sectors -particularly agriculture- resulted in a drop in tax receipts, and the fiscal deficit therefore grew to around 6% of GDP. Since the bulk of the Treasury's financing comes from domestic credit, this put greater pressure on prices. Finally, the velocity of the circulation of money also quickened during the year due to the rise in the expected rate of inflation, the lower level of the domestic-currency interest rate as compared to the international rate, and the expected rate of devaluation. As the monetary base consequently shrank in real terms, the increase in the portion of the fiscal deficit financed by currency issue had a greater inflationary impact.

The rise in Paraguay's consumer price index totalled 29% in 1989, as compared to 17% in 1988. This was primarily due to the initial impact on prices of the establishment of a free-floating exchange rate (which entailed the unification of exchange rates and a devaluation of over 100% for imports of intermediate inputs, staple foods and debt servicing) and of increases in public rates and charges that had been lagging behind. Nevertheless, these measures succeeded in diminishing the external and public sector deficits, which made it possible to reduce the amount of credit extended by the Central Bank to the public sector in comparison to the 1988 level, and inflation thus slowed during the final quarter of the year.

Inflation also rose in Chile, from 13% in 1988 to 21% in 1989, thereby reversing the downward trend observed in 1986. This flare-up was due to the over-expansion of domestic spending produced by the delayed effect on demand of the rapid growth of the money supply in 1988, optimistic expectations -which were reflected in large increases in property values and stock quotations- and the initiation of large investment projects, which also put pressure on the demand for non-tradeables.

In Guatemala inflation climbed to 20%, which was almost double what it had been the

year before. The main reasons for the rise were the significant expansion of domestic credit (primarily to the private sector), since this exerted strong pressure on reserves and thus made a mini-devaluation necessary in August, and the subsequent decision to float the exchange rate (entailing an adjustment of about 20%), which boosted the rate of inflation towards the end of the year.

The variation in the consumer price index in El Salvador amounted to 24%, in comparison to 18% in 1988. Factors contributing to this trend included the new exchange-rate policy, which transferred most external transactions to the parallel market (where the exchange rate was 25% higher than the official rate), the increase in the portion of the public deficit financed by Central Reserve Bank credit, and

the elimination of price controls by the new administration in June.

In Honduras, the sluggish growth of the agricultural sector and a wider gap between the official and parallel exchange rates (the parallel rate is applied to many imports) raised the rate of inflation from 7% in 1988 to over 11% in 1989. Although this rate is fairly low, it is relatively high for a country in which inflation had never been higher than the international rate until the 1980s.

Colombia's inflation remained moderate (26%) and in fact was slightly lower than in 1988, thanks to the somewhat tighter monetary policy which was implemented in mid-1988 and to the strong performance of the agricultural sector.

Table 12
LATIN AMERICA AND THE CARIBBEAN: CONSUMER PRICES
(December-December percentage variations)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Latin America and the Caribbean	84.6	130.8	184.8	274.7	64.5	198.3	759.4	1157.6
Netherlands Antilles						2.4	3.3	3. ^
Argentina	209.7	433.7	688.0	385.4	81.9	174.8	387.7	4 923.8
Aruba		...	...	3.6	1.8	3.5	3.9	4.3
Bahamas	4.5	3.5	4.5	4.8	6.8	4.1	4.8	4.4
Barbados	6.9	5.5	5.1	2.4	-0.5	6.3	4.5	6.6
Belize ^c			5.8	-0.6	2.4	2.0	2.9	2.4
Bolivia	296.5	328.5	2 177.2	8 170.5	66.0	10.7	21.5	16.6
Brazil	97.9	179.2	203.3	228.0	58.4	366.0	933.6	1 779.1
Colombia	23.9	16.7	18.3	22.7	20.7	24.6	28.3	26.1
Costa Rica	81.7	10.7	17.3	11.1	15.4	16.4	25.3	10.0
Chile	20.7	23.6	23.0	26.4	17.4	21.5	12.7	21.4
Ecuador ^c	24.3	52.5	25.1	24.4	27.3	32.5	85.7	54.2
El Salvador	13.8	15.5	9.8	30.8	30.3	20.1	18.2	23.5
Guatemala	-2.0	15.4	5.2	31.5	25.7	8.6	11.0	20.2
Guyana	19.3	9.6	13.3	25.2	15.0	7.8	40.6	30.8 ^g
Haiti	4.9	11.2	5.4	17.4	-11.4	-4.1	8.6	10.9
Honduras	8.8	7.2	3.7	4.2	3.2	2.9	6.7	11.4
Jamaica	7.0	16.7	31.2	23.9	10.4	8.4	8.9	17.2
Mexico	98.8	80.8	59.2	63.7	105.7	159.2	51.7	19.7
Nicaragua	22.2	32.9	50.2	334.3	747.4	1 347.3	33 602.6	1 689.9
Panama	3.7	2.0	0.9	0.4	0.4	0.9	0.4	0.1 ^b
Paraguay	4.2	14.1	29.8	23.1	24.1	32.0	16.9	28.7
Peru	72.9	125.1	111.5	158.3	62.9	114.5	1 722.3	2 775.8
Dominican Republic	7.2	7.7	38.1	28.4	6.5	25.0	57.6	41.2
Suriname	1.0	4.2	4.5	15.6	30.2	52.2		
Trinidad and Tobago	10.8	15.4	14.1	6.6	9.9	8.3	111	93
Uruguay	20.5	51.5	66.1	83.0	76.4	57.3	69.0	89.2
Venezuela	7.3	7.0	18.3	5.7	12.3	40.3	35.5	81.0
OECS¹								
Dominica		2.6	2.9	4.0	3.2	2.9	1.5	6.3
Grenada				1.8	-0.8	0.5	6.5	3.7
Saint Lucia	0.6	1.3	1.2	1.0	4.5	5.1	1.5	3.6

Source: International Monetary Fund, *International Financial Statistics*, and figures provided by the countries.

^a Preliminary figures. ^b Corresponds to the variation between September 1988 and September 1989. ^c Corresponds to the November-November variation. Until 1980, corresponds to the variation in the consumer price index for manual workers; from 1981 onward, corresponds to the variation in the total national index, which includes both manual and non-manual workers. ^d Until 1982, corresponds to the variation in the consumer price index for the city of Quito; from 1983 onward, corresponds to the variation in the total national index. ^e From 1983 to 1988, corresponds to the nationwide mean annual variation. ^f Corresponds to the variation between June 1988 and June 1989, nationwide annual mean. ^g Until 1982, corresponds to the variation in the consumer price index for the city of Santo Domingo; from 1983 onward, corresponds to the variation in the total national index. ¹ Organization of Eastern Caribbean States.

VI. EMPLOYMENT AND WAGES

Severe recessions in several Latin American and Caribbean countries during 1989 had a significant impact on employment levels and led to an increase in underemployment. Thus, the mean rates of urban unemployment rose considerably in a number of countries, including Argentina, Nicaragua, Panama, Peru and Venezuela. In others, however, such as Costa Rica, Chile and Guatemala, whose economies experienced steady growth or became over-heated as a result of an excessive expansion of demand, the rate fell off notably, but unemployment also tended to decrease even in countries which had slow or near zero growth rates, such as Brazil, Colombia, Honduras, Mexico and Uruguay. A continued rise in already high rates of open unemployment was seen only in Bolivia and Ecuador (see table 13 and figure 13).

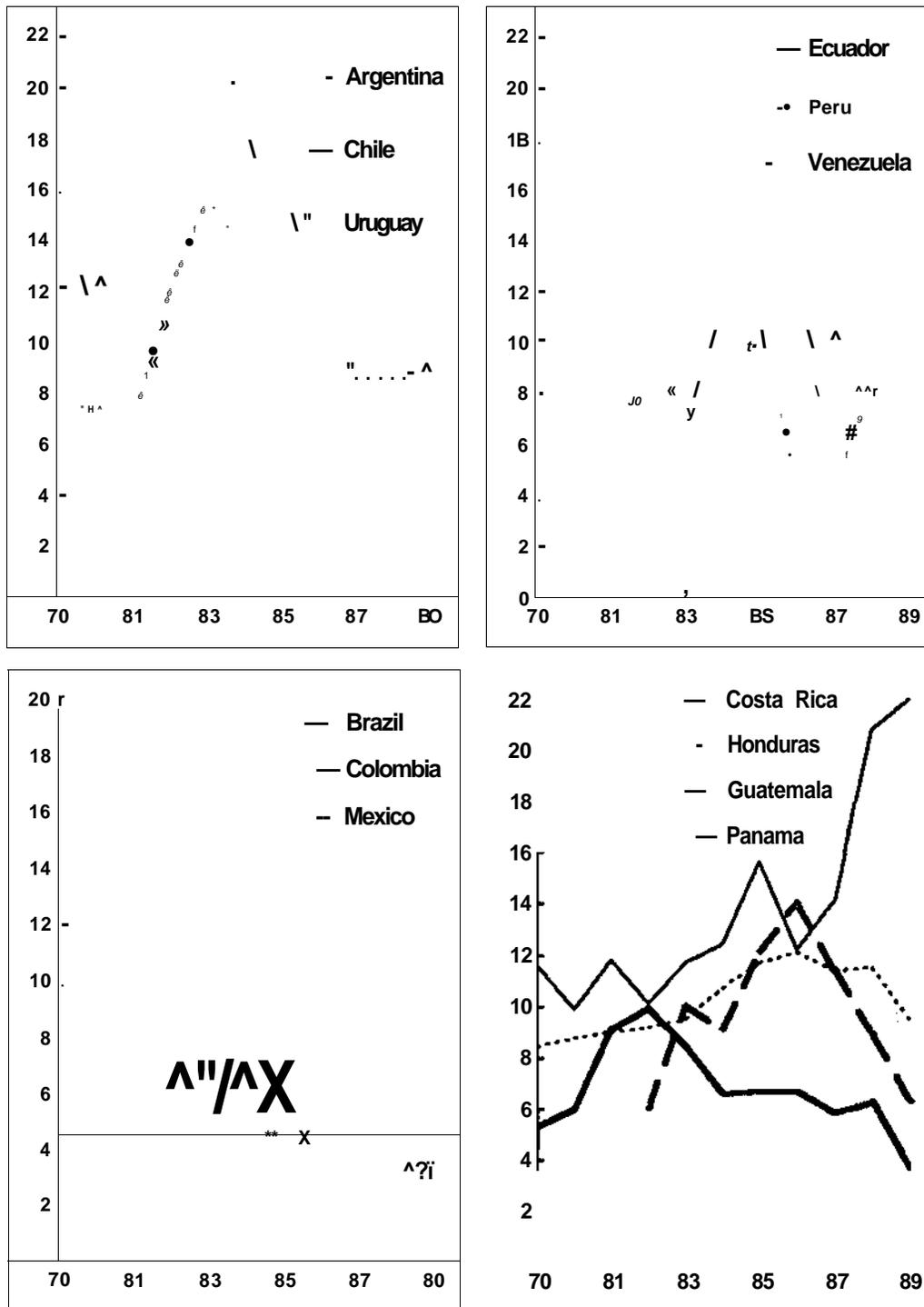
Generally speaking, trends in the region's labour markets in 1989 were similar to those of the preceding year. In countries where economic activity slackened within a context of runaway inflation or severe adjustments, such as Argentina, Nicaragua and Peru, open unemployment continued to rise and real wages dropped steeply once again. The adjustment process upon which Venezuela embarked in 1989 had similar consequences. Countries with very high rates of inflation but which also have wage indexation mechanisms, such as Brazil and Uruguay, were able to hold their employment levels more or less steady while avoiding any significant erosion of real wages; in fact, real wages in São Paulo actually rose once again. Mexico's economic recovery, which was characterized by relatively stable prices, and the steadiness of the Colombian economy led to lower unemployment levels and

higher real wages in these two countries, especially in the former. Economies such as those of Costa Rica, Chile, Guatemala and Paraguay, which continued to grow rapidly (although at the cost of mounting inflationary pressures) once again achieved their twofold objective of reducing unemployment rates while raising real wages -with the exception of Guatemala, where an inflationary spiral caused wages to deteriorate somewhat in real terms (see table 16).

Generally speaking, however, recent trends in real wages have been in line with the persistent downturn observed during the 1980s, and in most of the region's countries wage levels were consequently much lower in 1989 than they had been in 1981. Indeed, in 1989 average real urban or industrial wages were above 1981 levels only in Colombia, Brazil and Paraguay (see table 16). Wage trends in Brazil have been quite mixed, as is illustrated by the fact that in São Paulo real wages in the manufacturing sector in 1989 were 60% higher than in 1981, whereas in Rio de Janeiro they were somewhat lower than they had been in that year. The legal minimum wage also dropped sharply in most of the countries of the region in real terms. Only in Colombia, Costa Rica and Paraguay were real minimum wages higher in 1989 than in 1981, while in Ecuador, El Salvador, Peru and Mexico, they fell by between 50% and 75% during that period, and the decrease is estimated to have been even greater in Nicaragua (see table 17).

The severe recession in Argentina was responsible for the persistence of an excess supply of labour in 1989, although some fluctuations were observed. This was reflected in a higher average unemployment rate (8%) and reductions in the utilization of manpower and in the number of hours worked. In

Figure 13
 LATIN AMERICA AND THE CARIBBEAN (SELECTED COUNTRIES):
 URBAN UNEMPLOYMENT
 (Average annual rates)



Source: ECLAC, on the basis of official figures.

addition, real wages plummeted by 24% in 1989 (-45% between December 1988 and December 1989) to a record low for the decade. In July, the new administration instituted increases which did raise real wages in the third quarter, thanks to a drop in the rate of inflation, but not enough to restore them to the levels observed at the start of the year. Beginning in October, agreements were reached between most trade unions and the corresponding employers associations, and in December wages were hiked again in response to another inflationary surge, but their purchasing power had nonetheless declined once again by the end of the year.

In Peru, the unemployment rate for metropolitan Lima was similar to that of the preceding year (8%), but there were indications that unemployment may have risen at the nationwide level. Peru's deep economic depression has, however, had a stronger impact in terms of the spread of underemployment than in an increase in open unemployment. Indeed, in metropolitan Lima the rate of manpower utilization in the formal sector fell by 7%, a figure which was in line with the decline in Peru's GDP. The persistently high rates of inflation recorded during the year made it necessary for the authorities to adopt a policy of monthly adjustments in labour incomes, but in spite of the greater frequency of these increases, real wages plunged by 45% during the year.

In Venezuela, the rate of open unemployment climbed from 7.5% as of the end of 1988 to 9.7% in the first half of 1989. In an effort to lessen the domestic recession's impact on employment levels, dismissals were prohibited for a period of nine months, and late in the year an emergency public employment plan was drawn up. The decline in employment in all activities except services was a reflection of the striking increase in employment in the informal sector (7%) and its decrease in the

modern sector (-1.5%). In accordance with the adjustment and stabilization plan implemented since the start of the year, public-sector wages were raised by an average of only 30% and the minimum wage by 54%. These increases were substantially lower than the adjustments made in the exchange rate and in public rates and charges, and this fact, in combination with the elimination of most price controls, contributed to a steep drop in real wages: the minimum wage for urban areas slid by 13% and that applying to rural areas fell by 26%, while the average wage per worker dropped by over 25% to just one-half its 1983 level.

Nicaragua's implementation of an adjustment and stabilization programme has been accompanied by dwindling levels of economic activity and employment -in contrast to earlier trends in these variables- and by a decrease in real wages in the public sector. Moreover, the portion of the work force that was underemployed rose to over 30%. The decline in total employment was due to a reduction in the number of civil servants and, in part, to lay-offs in construction and manufacturing. Agriculture, however, absorbed more manpower in net terms thanks to the fact that it was the fastest-growing sector. The purchasing power of wages in the country's production sectors rose in 1989, but nonetheless continued to be extremely low.

In Panama, open unemployment in the metropolitan region declined slightly but was still very high (20%) as a result of the serious deterioration of its economy since 1988. Real wages did not change significantly either, except in the manufacturing sector, where they climbed by almost 8%, thereby regaining the ground they had lost the year before.

In Brazil, the expansion of economic activity resulted in a average annual unemployment rate of 3.3%, which was the lowest of the decade. Under what is known as the Summer Plan, which was launched early in the year, the

¹ The chapter on Argentina places the drop in real wages at 28%. This figure was arrived at by calculating nominal monthly wages as deflated by the average of the consumer price indexes for the pay period and the following month, whereas the figure given in table 16 was calculated on the basis of average yearly wages deflated by the annual average consumer price index.

authorities again resorted to a wide-ranging price and wage freeze, after having first made some initial adjustments to correct their levels. Nevertheless, in June the authorities reinstated wage indexation mechanisms, thereby forestalling decreases in real wages despite a jump in inflation. In fact, real industrial wages in São Paulo actually climbed by around 8% due to the fact that, thanks to the upturn in economic activity, collective bargaining led to the institution of monthly adjustments that were higher than the indexation level. In the public sector, where wages were also indexed, an increase was observed in payroll expenditures.

In Mexico, the reactivation of the economy generated a larger number of jobs, and open unemployment consequently fell to less than 3%. The manufacturing sector expanded the number of jobs it provides by nearly 2% while the inbond assembly industry did so by a considerably greater amount (17%) and continued to represent an important source of manpower absorption. Wages rose by 5% on average, but sectoral rates were quite uneven: the wages earned by workers in the manufacturing sector climbed by 6%, while wages in the government service and in State companies, which had been one of the sectors that was most severely affected by fiscal austerity measures, improved in real terms for the first time in a number of years, but the purchasing power of the minimum wage fell once again, this time by an annual average of 8%. Thus, the steady downturn in wages which had begun even before the 1980s was checked for the most part, and the purchasing power of wages was largely stabilized, although at a low level in comparison to what it had been before the onset of the crisis in the early 1980s.

In Colombia, the recession in the manufacturing sector did not have a strong effect on employment because business firms refrained from laying off regular staff due to the high costs it would have entailed. The

unemployment rate (9.6%) was substantially lower than it had been in 1988 and, in fact, was one of the lowest of the decade. However, the slump in the rate of job creation, which was attributable to the downswing in overall economic activity, suggests that the rate of underemployment may have risen. Nevertheless, a small increase was seen in the average real wage, thanks to a slight reduction in inflation and to collective bargaining, although this average rise was a result of very mixed trends within the overall labour force: the rise in average real wages in the manufacturing sector was the largest of all, while wages held steady in the construction industry and dipped slightly in commerce. The legal minimum wage climbed by a small amount but was still below its 1986 level. In the agricultural sector wages again rose by a very moderate sum, thereby continuing to follow the trend observed during the past four years.

In Bolivia, open unemployment was up slightly (to 7%) in 1989. The unemployment rate, for its part, rose from 11% to 13% because a substantial portion of the unemployed labour force was absorbed by the informal sector. The authorities continued to use wage policy as a key variable in maintaining the stability of the economy and therefore did not readjust the nominal minimum wage during 1989, causing it to fall by 9% in real terms. Public-sector wages also remained subject to austerity measures, but workers in the private sector managed to upgrade their real wages.

In Ecuador the rate of unemployment climbed slightly as a consequence of the sluggishness of the economy. The authorities' wage policy provided for semi-annual reviews of minimum incomes, with smaller readjustments for public-sector workers. Despite a considerable increase in minimum wages in nominal terms, they deteriorated by an average of 12% in real terms.

Uruguay's unemployment rate continued on its downward trend, falling to an annual

² In the chapter on Brazil, the increase in real industrial wages is due to the fact that in the above-mentioned chapter the figures shown in table 13 are based on the annual average

figures in São Paulo is estimated at 7%. The difference in these wages were calculated on a month-to-month basis, whereas of nominal price and wage indexes.

average rate of 8.6% and to less than 8% in December, when it reached a record low for the decade. Despite the increase in national income, average real wages showed no growth in 1989 following three years of successive increases. The downturn in the wages paid by the public sector was the chief reason for this result, since private-sector wages continued to rise.

In El Salvador the rate of open unemployment remained at around 13%. The stability of this rate, despite the slack growth rate of the economy, was probably accounted for by emigration and the demand for labour in the construction industry, which made up for the slow rate of manpower absorption in agriculture and manufacturing. Real wages, however, decreased once again, since nominal minimum wages remained constant, which translated into a drop of 15% in real terms.

In Honduras the urban unemployment rate held more or less steady at nearly 9% despite the fact that the official policy continued to be aimed at expanding employment opportunities by means of job-creation and other programmes. Since minimum wages have not been raised since 1981, their real levels have fallen steadily throughout the decade.

The employment situation in Chile improved as a result of the increase in economic activity in the country. The unemployment rate in Santiago fell from 11% to 9%, and the nationwide rate is estimated to have dropped to 5% in the final quarter of 1989. The sectors in which employment rose the most were mining (17%), construction (8%) and manufacturing (7%), while employment levels were down in agriculture and fishing, the energy sector, and personal and social community services. As a consequence of the speed-up in inflation, the increase in real wages was modest (2%) despite the country's burgeoning economy and the steep rise in employment. The minimum wage, however, climbed by 8%, which presumably helped to narrow the wage spread.

Thanks to the strong performance of the Costa Rican economy, job creation far outstripped the growth of the work force, and the rate of unemployment therefore fell to less than 4%, which was a record low for the decade. The decrease in unemployment, which encompassed both urban and rural areas, was particularly marked in labour-intensive sectors such as construction and the inbond assembly industry, among others. Wage adjustments in Costa Rica are indexed on the basis of the projected rate of inflation, and public-sector wages are revised twice each year. The wages paid by the central government climbed the most (by nearly 5% in real terms), while private-sector wages showed a slight upturn in 1989 after having declined during the two preceding years.

In Guatemala open unemployment decreased to 6.3% of the economically active population. The largest increases in employment were seen in construction, commerce and other services and were closely linked to the expansion of these sectors in 1989. Nevertheless, unemployment rose to 35% of the economically active population. Average wages and salaries increased by 9% in nominal terms, but their purchasing power diminished.

Despite the favourable trend of the economy in Paraguay, open unemployment appears to have risen, partly as a consequence of the decrease in public investment. Due to the faster pace of price increases and the fact that the June increase in minimum wages was only 15%, real minimum wages rose by just one percentage point. However, average wages for manual workers in the Asunción area were up by nearly 6% in real terms, although in many cases they remained below the legal minimum.

No change was seen in the Dominican Republic's high rate of open unemployment (29%) in 1989. Moreover, the rising rate of inflation caused real wages to drop despite a number of adjustments. The largest increases were in minimum wages, but even they proved to be smaller than the jump in prices.

³ The chapter on Uruguay indicates that average real wages dropped by 0.4%. The difference between the two figures is due to the fact that in the above-mentioned chapter real wages were calculated on a month-to-month basis, whereas the figures shown in table 16 were calculated on the basis of the annual averages of nominal price and wage indexes.

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

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Latin America and the Caribbean	6.6	7.0	8.1	8.2	7.3	6.2	5.8	5.9	5.6
Argentina	4.7	5.3	4.6	4.6	6.1	5.2	5.9	6.3	8.0
Brazil ^d	7.9	6.3	6.7	7.1	5.3	3.6	3.7	3.8	3.3
Colombia ^e	8.2	9.3	11.8	13.5	14.1	13.8	11.7	11.5	9.6
Costa Rica ^f	9.1	9.9	8.5	6.6	6.7	6.7	5.9	6.3	3.7
Chile ^g	11.1	22.1	22.2	19.3	16.3	13.5	12.3	11.0	9.1
Ecuador ^h	6.0	6.3	6.7	10.6	10.4	10.7	7.2	7.4	7.9
Guatemala ⁱ	1.5	6.0	10.0	9.1	12.1	14.0	11.4	8.9	6.3
Honduras ^j	9.0	9.2	9.5	10.7	11.7	12.1	11.4	8.7	8.6
Mexico ^k	4.2	4.2	6.6	5.7	4.4	4.3	3.9	3.5	2.9
Panama	11.8	10.1	11.7	12.4	15.6	12.6	14.1	21.1	20.0
Paraguay ^m	2.2	5.6	8.4	7.4	5.2	6.1	5.5	4.7	6.1
Peru ⁿ	6.8	6.6	9.0	8.9	10.1	5.4	4.8	7.9	7.9
Uruguay ^o	6.7	11.9	15.5	14.0	13.1	10.7	9.3	9.1	8.6
Venezuela ^p	6.8	7.8	11.2	14.3	14.3	12.1	9.9	7.9	9.7

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

^a Preliminary figures. ^b Weighted average for 20 of the 25 most populous cities in Latin America. ^c Nationwide urban rate, April-October average; 1986: October only. ^d Metropolitan areas of Rio de Janeiro, São Paulo, Belo Horizonte, Porto Alegre, Salvador and Recife. Twelve-month average; 1980: June-December average. ^e 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. ^f 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. ^g Greater Santiago, four-quarter average. From August 1984 onward, figures refer to the Santiago Metropolitan Region; from October 1985 onward, the figures are not entirely comparable to those for preceding periods due to changes in the design and size of the sample. ^h Nationwide, according to official estimates; from 1986 onward, household surveys in Quito, Guayaquil and Cuenca. ⁱ Nationwide, according to SEGEPLAN estimates. ^j Nationwide, according to official estimates; from 1986 onward, Urban Labour Force Survey; 1987: Centra) District, March. ^k Up to 1982, metropolitan areas of Mexico City, Guadalajara and Monterrey; from 1983 onward, average for 16 cities. Four-quarter average. ^l Metropolitan region, August of each year, 1980: on the basis of data from the national census taken in February. ^m 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 and December. ⁿ Metropolitan Lima. Montevideo; from 1981 onward, four-quarter average. ^o Nationwide urban rate, two-semester average; 1986: second semester.

Table 14
LATIN AMERICA AND THE CARIBBEAN: UNEMPLOYMENT RATES IN MAJOR CITIES

	1983	1984	1985	1986	1987	1988	1989 ^a	1988				1989 ^a			
								i	ii	III	iv	i	n	in	iv
Latin America and the Caribbean^b	8.1	8.2	7.3	6.3	5.8	5.9	5.6	6.3	6.1	5.7	5.8	6.0	6.1	5.3	4.9
Argentina^b															
Buenos Aires	4.2	3.8	5.3	4.6	5.3	6.0	7.4		6.3		5.7		7.7		7.0
Córdoba	5.0	4.8	5.0	5.8	5.2	5.3	8.1		5.0		6.0	...	8.8		7.3
Greater Mendoza	4.3	3.3	3.7	4.2	3.4	4.4	4.3		4.7		4.0		4.4		4.1
Greater Rosario	6.3	6.3	10.7	7.0	7.8	7.6	10.8		7.8		7.4		14.2		7.3
Brazil¹³															
Rio de Janeiro	6.2	6.8	4.9	3.7	3.3	3.1	2.8	3.2	3.2	3.2	2.9	3.0	2.8	2.6	2.6
São Paulo	6.8	6.8	5.0	3.3	3.8	4.0	3.3	4.4	4.2	4.1	3.3	4.6	3.8	3.2	2.3
Recife	8.0	9.0	7.2	4.6	5.2	5.6	5.3	6.2	5.3	5.9	5.0	6.1	5.4	5.6	4.2
Porto Alegre	6.7	7.0	5.4	4.4	3.9	3.7	2.6	4.0	3.9	3.7	3.0	3.3	2.8	2.3	2.0
Colombia^c															
Bogotá	9.4	12.2	12.8	13.2	11.1	10.3	8.0	12.2	11.0	9.4	9.4	9.7	8.3	7.3	6.4
Barranquilla	13.8	13.0	15.7	16.4	13.0	11.4	11.3	13.2	11.0	9.1	12.3	13.0	11.3	11.4	9.4
Medellín	17.0	16.4	16.0	15.2	12.2	12.9	12.3	14.4	13.3	11.7	11.9	12.6	12.1	11.3	12.8
Cali	11.6	13.3	14.4	12.7	12.4	11.3	10.4	11.9	12.4	10.8	9.9	10.3	11.3	7.9	11.8
Costa Rica¹															
San José	8.0	6.6	6.3	6.1	4.8	6.7	2.7			6.7		...		2.7	...
Chile[*]															
Santiago	22.2	19.3	16.3	13.3	12.3	11.0	9.1	13.2	11.2	10.6	8.9	9.9	9.3	8.3	9.0
Mexico															
Mexico City	6.3	5.8	4.9	5.1	4.1	4.4	3.7	4.0	4.6	4.8	4.0	4.0	3.9	4.0	3.0
Guadalajara	7.4	6.1	3.4	3.2	3.1	2.6	1.7	2.9	2.3	2.8	2.1	1.6	1.7	2.0	1.3
Monterrey	9.8	15	5.4	5.4	5.3	4.1	3.1	4.2	3.9	4.3	3.9	4.0	2.0	3.7	2.6
Paraguay¹															
Asunción	8.4	14	5.2	6.1	5.3	4.7	6.1			4.7				6.1	
Peru⁴															
Lima	9.0	8.9	10.1	5.4	4.8	7.9	7.9		7.9				7.9		
Uruguay															
Montevideo	15.3	14.0	13.1	10.7	9.3	9.1	8.6	10.2	8.8	8.3	8.9	8.3	8.3	9.2	8.0
Venezuela¹															
Caracas	10.5	11.3	13.2	9.6	7.9	5.8	7.3		6.3		5.0		7.4		7.1

Source: ECLAC, on the basis of official figures.

^a Preliminary figures. ^b Weighted average for 20 of the most populous cities in Latin America. ^c Figures for April and October. ^d Twelve-month average. ^e Figures for March, June, September and December; 1985: March, July, September and December; 1986: April, June, September and December. ^f Metropolitan area. Figures for March, July and November; 1988 and 1989: July. ^g Greater Santiago. Figures for March, June, September and December. ^h Quarterly averages. ⁱ Includes Fernando de La Mora, Lambaré and the urban areas of Luque and San Fernando. ^j Metropolitan Lima; 1985: official estimates; 1987: June. ^k Four-quarter average. ^l Caracas Metropolitan area. Two-semester average; 1985: first semester.

Table 15
LATIN AMERICA AND THE CARIBBEAN: INDICATORS OF EMPLOYMENT
IN MANUFACTURING

	1982	1983	1984	1985	1986	1987	1988	1989
	Indexes (1980 = 100)							
Argentina ^a	82.8	85.5	88.0	84.7	81.3	81.0	72.1	66.6
Brazil								
Metropolitan areas	85.3	79.0	78.1	79.1	86.9	89.7	88.2	90.6
São Paulo ^b	88.5	81.6	81.5	91.7	100.9	103.0	101.0	103.1
Rio de Janeiro	93.2	89.1	89.0	93.4	99.5	103.3	101.5	103.8
Colombia ^c	90.4	84.4	83.4	81.6	81.3	83.8	86.1	85.7
Costa Rica	92.7	96.2	99.3	99.8	100.4	97.7	104.4	105.0
Cuba	109.9	115.6	125.3	129.9	133.0	133.2	136.1	140.7
Chile	71.3	74.3	81.8	86.6	93.1	100.3	111.2	114.9
Guatemala	89.0	93.7	83.7	94.1	94.2	94.4	124.5	128.7
Mexico ^c	103.0	93.1	92.2	94.3	90.5	87.4	87.5	89.1
Mexico	122.0	151.0	167.0	177.3	207.6	254.0	310.1	362.5
Nicaragua	88.7	92.8	92.8	87.6	87.6	88.7	92.8	
Panama ^g			113.4	114.6	121.4	133.6	117.0	123.1
Peru ^h	99.7	94.3	84.4	83.4	88.4	95.9	92.4	83.5
Venezuela ⁱ	102.0	100.3	98.9	99.9	102.6	110.7	119.3	U6.1
	Percentage variation (percentages)							
Argentina	-5.3	3.3	2.9	-3.7	-4.0	-0.4	-11.0	-7.6
Brazil								
Metropolitan areas	-6.0	-7.4	-1.1	1.3	9.9	3.2	-1.7	2.7
São Paulo	-4.9	-7.8	-0.1	12.5	10.0	2.1	-2.0	2.1
Rio de Janeiro	-3.2	-4.4	-0.1	4.9	6.5	3.8	-1.7	2.3
Colombia	-5.2	-6.6	-1.2	-2.1	-0.5	3.1	2.7	-0.5
Costa Rica	-2.0	3.8	3.2	0.5	0.6	-2.7	6.9	0.5
Cuba	4.2	5.2	8.4	3.7	2.4	0.1	2.2	3.4
Chile	-27.6	4.2	10.1	5.9	7.5	7.7	10.9	3.3
Guatemala	-3.7	5.3	-10.7	12.5	0.1	0.2	31.9	3.4
Mexico	-2.5	-9.6	-1.0	2.3	-4.0	-3.4	0.1	1.8
Mexico	-6.2	23.8	10.6	6.2	17.1	22.4	22.1	16.9
Nicaragua	-14.0	4.7	-	-5.6	0.0	1.2	4.7	
Panama				1.0	5.9	10.1	-12.4	5.2
Peru	-1.4	-5.4	-10.5	-1.2	6.0	8.4	-3.6	-9.7
Venezuela	2.0	-1.7	-1.4	1.0	2.7	7.9	7.8	-2.7

Source: ECLAC, on the basis of official figures.

^a Manual workers employed in manufacturing.

^b Source: FIBGE.

^c Manual workers in industry, except

that of coffee hulling.

^d Number of persons paying into the social security system.

^e Persons employed

in manufacturing; does not include the inbond assembly industry.

Persons employed in the inbond assembly

industry (*maquiladoras*).

ⁱ Employment in manufacturing production activities according to household surveys.

^b Persons employed in manufacturing in the Lima Metropolitan area. ^l Source: OCEI industrial survey (1981 = 100).

Table 16
**LATIN AMERICA AND THE CARIBBEAN:
REAL AVERAGE WAGES**

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Average annual indexes (1980 = 100)									
Argentina	89.4	D1	100.5	127.1	107.8	109.5	103.0	97.3	74.1
Brazil									
Rio de Janeiro ^c	108.5	121.6	112.7	105.1	112.7	121.8	102.4	107.1	107.2
São Paulo ^d	104.7	107.2	94.0	96.7	120.4	150.7	143.2	152.1	164.8
Colombia ^e	101.3	104.7	110.1	118.1	114.6	120.1	119.2	117.7	119.1
Costa Rica ^f	88.3	70.8	78.5	84.7	92.2	97.8	89.2	85.2	85.7
Chile ^g	108.9	108.6	97.1	97.2	93.5	95.1	94.7	101.0	102.9
Guatemala ^h	117.6	124.7	126.2	114.8	99.2	81.0	86.5	87.6	85.6
Mexico ⁱ	103.5	102.2	80.7	75.4	76.6	72.3	72.8	72.1	75.8
Nicaragua ^j	101.1	95.8	83.4	78.5	55.0	19.8	13.6	4.8	6.0
Panama ^k	98.6	99.7	100.8	105.0	105.6	108.4	109.9	101.2	108.9
Paraguay	105.3	102.4	95.2	91.8	89.8	85.9	96.5	103.9	109.8
Peru ^l	101.8	110.2	93.4	87.2	77.6	97.5	101.3	74.7	40.8
Uruguay ⁿ	107.1	106.5	84.5	71.1	68.1	71.9	75.4	76.3	76.3
Venezuela ^o	...	100.0	98.4	93.5	84.2	85.4	74.4	66.0	48.6
Percentage variation^p									
Argentina	-10.6	-10.4	25.5	26.4	-15.2	1.6	-5.9	-5.5	-23.8
Brazil									
Rio de Janeiro	8.5	12.1	-7.3	-6.7	7.1	8.1	-16.0	4.6	0.1
São Paulo	4.7	2.4	-12.3	2.9	24.4	25.2	-5.0	6.2	8.3
Colombia	1.3	3.4	5.2	7.3	-3.0	4.8	-0.7	-1.3	1.2
Costa Rica	-11.7	-19.8	10.9	7.8	9.1	6.1	-9.7	-4.5	0.6
Chile	9.1	-0.2	-10.7	0.1	-3.8	1.7	-0.3	6.6	1.9
Guatemala	17.6	6.0	-1.2	-9.0	-13.6	-18.3	6.8	3.5	-2.3
Mexico	3.5	0.9	-22.7	-6.6	1.6	-5.6	0.7	0.9	5.1
Nicaragua	1.1	-5.2	-12.9	-5.9	-30.0	-63.9	-31.4	-64.5	25.0
Panama	-1.4	2.9	1.1	4.2	0.6	2.6	1.4	-7.9	7.6
Paraguay	5.3	-2.8	-7.0	-3.6	-2.2	-4.3	12.3	7.7	5.7
Peru	1.8	8.3	-15.2	-6.6	-11.0	25.6	3.9	-26.3	-45.4
Uruguay	7.1	-0.6	-20.7	-15.9	-4.2	5.6	4.9	1.2	0.0
Venezuela			-1.6	-5.0	-9.9	1.4	-12.9	-11.3	-26.4

Source: ECLAC, on the basis of official figures.

- Preliminary figures. Average total monthly wages in the manufacturing industry, 1989: January-November.
- ^c Average wages in basic industry, deflated by the consumer price index for Rio de Janeiro. ^a Average wages in the manufacturing industry in the State of São Paulo, deflated by the cost-of-living index for São Paulo. ^e Wages of manual workers in the manufacturing industry. ⁱ Average remunerations declared by persons covered by the social security system. ^g Average remunerations of wage earners in non-agricultural sectors. Average wages of persons covered by the social security system. ^j Average wages in the manufacturing industry, 1989: January-October. ^l Average wages of persons covered by the social security system, deflated by the price index implicit in the gross domestic product. Average industrial wages in Panama City. ⁿ Wage of manual workers in Asunción; average for June and December. ^m Wages of private-sector manual workers in Metropolitan Lima.
- ⁿ Real average wage index. ^o Average income per urban worker, deflated by the variation in consumer prices in the Caracas Metropolitan area. ^p In comparison to the same period of the preceding year.

Table 17
LATIN AMERICA AND THE CARIBBEAN: REAL URBAN MINIMUM WAGE

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Average annual indexes (1980 = 100)									
Argentina	97.8	97.8	136.9	167.7	117.1	111.1	122.3	95.6	69.9
Brazil ⁰	106.0	106.8	95.9	87.4	88.9	89.0	72.6	68.7	72.1
Colombia	98.9	103.6	107.9	113.5	109.4	114.2	113.0	109.9	110.7
Costa Rica ^e	90.4	85.9	99.3	104.4	112.2	118.7	117.9	114.6	119.4
Chile ^f	115.7	117.2	94.2	80.7	76.4	73.6	69.1	73.9	79.8
Ecuador ^g	86.2	75.9	63.6	62.8	60.4	65.0	61.4	53.1	47.0
El Salvador. ¹¹	96.8	86.6	76.5	76.8	66.2	57.5	46.0	43.6	37.0
Guatemala ¹	120.9	120.7	115.3	111.4	94.0	61.1	78.5		
Haiti ^j	96.3	100.8	94.0	87.1	91.3	84.8	94.7	95.4	95.8
Honduras	105.6	104.5	96.5	92.1	89.1	85.3	83.3	79.7	72.6
Mexico	101.9	92.7	76.6	72.3	71.1	64.9	61.7	55.2	50.8
Nicaragua ^m	90.2	74.4	56.7	63.6	45.1				
Panama ⁿ	93.3	89.6	103.7	102.1	101.0	101.1	102.7	102.2	102.3
Paraguay ^o	103.9	101.9	94.2	93.8	99.6	108.3	122.6	135.2	136.5
Peru ^p	85.0	79.6	80.6	62.3	54.4	56.4	59.7	52.0	25.1
Dominican Republic ^q	93.0	86.4	80.8	82.2	80.2	86.0	84.1	87.4	77.8
Uruguay ^r	102.3	103.9	88.6	88.8	93.2	88.5	90.3	84.5	78.0
Venezuela ^s	86.2	78.5	73.9	66.5	96.8	90.4	108.7	89.5	77.8
Percentage variation									
Argentina	-2.2	0.0	40.0	22.5	-30.2	-5.1	10.1	-21.8	-26.9
Brazil	6.0	0.8	-10.2	-8.9	1.7	0.1	-18.4	-5.4	4.9
Colombia	-1.1	4.8	4.2	5.2	-3.6	4.4	-1.1	-2.7	0.7
Costa Rica	-9.6	-5.0	15.6	5.1	7.5	5.8	-0.7	-2.8	4.2
Chile	15.7	1.3	-19.6	-14.3	-5.3	-3.7	-6.1	6.9	8.0
Ecuador	-13.8	-11.9	-16.2	-1.3	-3.8	7.6	-5.6	-13.5	-11.5
El Salvador	-3.2	-10.5	-11.7	0.4	-13.8	-13.2	-19.9	-5.3	-15.1
Guatemala	20.9	-0.2	-4.5	-3.4	-15.6	-35.0	28.5		
Haiti	-3.7	4.7	-6.7	-7.3	4.8	-7.1	11.7	0.4	0.7
Honduras	5.6	-1.0	-7.7	-4.5	-3.3	-4.2	-2.4	-4.3	-8.9
Mexico	1.9	-9.0	-17.4	-5.6	-1.7	-8.7	-4.9	-10.5	-7.9
Nicaragua	-9.8	-17.5	-23.8	12.2	-29.1				
Panama	-6.7	-4.0	15.8	-1.6	-1.0	0.1	0	-0.4	0.1
Paraguay	3.9	-1.9	-7.6	-0.4	6.2	8.7	13.2	10.3	1.0
Peru	-15.0	-6.4	1.3	-22.7	-12.7	3.7	5.9	-12.9	-51.7
Dominican Republic	-7.0	-7.1	-6.5	1.7	-2.4	7.2	-2.2	3.9	-11.0
Uruguay	2.3	1.6	-14.7	0.2	5.0	-5.0	2.0	-6.4	-7.7
Venezuela	-13.8	-8.9	-5.9	-10.0	45.6	-6.6	20.2	-17.7	-13.1

Source: ECLAC, on the basis of official figures.

- ^a Preliminary figures. ^b National minimum wage. ^c Minimum wage for the city of Rio de Janeiro, deflated by the corresponding consumer price index. ^d Minimum wage for upper urban sectors. ^e National minimum wage. ^f Minimum income. ^g Minimum overall living wage, calculated on the basis of the annual minimum living wage and legal supplementary benefits. ^h Minimum wage for non-agricultural activities in San Salvador. ⁱ National minimum wage. ^j Minimum daily wage paid in industrial firms. Minimum wage in the manufacturing sector in the Central District and San Pedro Sula. ^k Minimum wage in Mexico City, deflated by the corresponding consumer price index. ^m Minimum wage for industrial workers in the Department of Managua. ⁿ Minimum wage applying to all activities except construction and domestic service. ^o Minimum wage in Asunción and Puerto Stroessner. ^p Minimum wage in Metropolitan Lima for non-agricultural activities. ^q National minimum wage. ^r National minimum wage for workers over 18 years of age. ^s National minimum wage for non-agricultural activities, deflated by the consumer price index corresponding to the lowest income quartile. ^t In comparison to the same period of the preceding year.

VII. THE EXTERNAL SECTOR

The year 1989 saw the continued (though less vigorous) expansion in regional exports, which increased against the backdrop of the growth -also less pronounced- in world trade for the fifth straight year. Prices for the main commodities exported by the region were also more stable than the previous year. The benefits from the recovery in petroleum prices were further consolidated by the sustained rise in the prices of metals and of most cereals; the sharp drop in the prices of a number of tropical products -such as coffee, cocoa and bananas-, however, cancelled out some of the gains from the export performance of most of the Central American and Caribbean countries (see figure 14). Taken together, these developments brought about a slight improvement in the region's terms of trade for the first time in five years. However, the steady increase in international interest rates placed additional burdens on the balance-of-payments situation of the region. While the value of exports from Latin America and the Caribbean increased by nearly 10%, the rate of expansion was lower than that of the previous two years. For their part, imports rose by 7%, although this rate covered widely different performances since some countries recorded dramatic growth while others suffered sharp declines. As a result of the rise in international interest rates, the value of interest and profits increased by US\$3 billion. Since the increase in the trade surplus was higher than the increase in profits and interest, the current account deficit again declined for the third year running. Meanwhile, the net inflow of capital (including the involuntary capitalization of arrears of interest) was in excess of US\$10 billion, thereby recovering from the low level of the previous year and enabling the region as a whole to post a surplus of nearly US\$4 billion on its global balance.

1. Foreign trade and the terms of trade

a) Exports

Merchandise exports from Latin America and the Caribbean totalled some US\$110 billion, which represented an increase of almost 10% following two years of sustained growth of nearly 14% per annum.

Both oil-exporting and non-oil-exporting countries increased the value of their exports, the first group by a larger margin (17%) thanks mainly to the recovery in the international prices of hydrocarbons and to a lesser extent to the increase in the volumes exported/Exports of the second group rose by less than 6% mainly due to the increase (5%) in average unit prices, since the volume of their exports rose by less than 1%. Within the latter group, however, the countries* of Central America and the Caribbean increased by 9% the value of their exports through larger volumes since the unit value of their products rose by a mere 2% (see table 18).

The rise in the value of exports continued to be fairly widespread -with increases of different sizes being registered in 17 of the 19 countries for which information was available. The largest increases were recorded in Bolivia, Nicaragua, Paraguay, Peru and Venezuela. In Bolivia, it grew by 33%, thanks mainly to higher average prices for tin and zinc, coupled with larger volumes of mineral exports and substantial increases in exports of soya; in contrast, exports of natural gas to Argentina continued to face serious setbacks. Exports from Peru grew by 32% thanks to a spectacular increase in volume: almost all products contributed to this result, with the exception of iron and, to a lesser extent, petrol. Exports of non-traditional products overcame the virtual stagnation of the previous few years, rising by 31% to record their highest historical value,

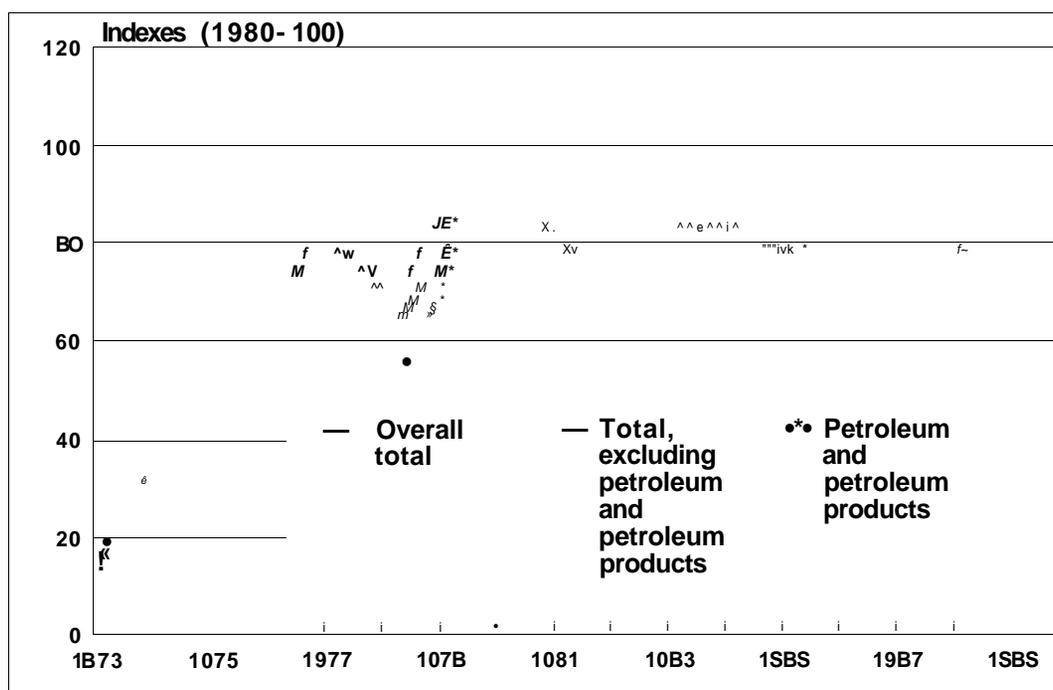
mainly as a result of the depressed domestic market. In Paraguay exports rose by 32% thanks to the excellent performance of agriculture, while in Nicaragua growth of 24% was recorded as a result of larger volumes since the average unit value of exports declined slightly; this signalled a definite change from the poor export performance of 1988 although the value of exports still did not attain the levels reached in the early years of the decade.

Several countries (Colombia, Costa Rica, Chile, Guatemala, Honduras, Mexico, Panama and Uruguay) registered increases of the order of 10% in the value of their exports. Chile's exports rose by nearly 15%, due more to increases in volume (10%) than to increases in prices (4%); as has been the case since 1987, traditional exports again grew more than non-traditional exports thanks to the rise in sales of copper abroad, which in 1989 accounted for half the value of merchandise exports. The value of Colombia's exports rose both as a result of greater volumes and higher

prices for exported hydrocarbons, as well as of increased sales of non-traditional products, coal and nickel, which more than offset the lower value of coffee exports. In Uruguay, the increase (nearly 14%) was due to expanded meat exports while in Panama the rise of 16% was due to increased re-exports through the Colón Free Zone. Costa Rica and Guatemala increased the value of their exports by more than 10% while in Honduras the latter rose by nearly 9%. The increase in Costa Rica was mainly due to the sustained rise in exports of non-traditional products and bananas, while in Guatemala the substantial rise in the value of sugar exports -thanks to greater volumes and increased prices- and of non-traditional products, together with larger shipments of coffee, more than compensated for the effects of the drop in the price of this product. In Honduras the increase was due to expanded exports of zinc and other minerals as well as of non-traditional items, such as manufactured wooden products and sea shrimp (see table 19).

Figure 14

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



Source: ECLAC.

Among oil-exporting countries, the value of Venezuela's exports rose by 26%, that of Mexico by 10% and that of Ecuador by only 7%. Venezuela benefitted from the considerable rise in the prices of its hydrocarbons and the favourable impact of its currency devaluation as well as the contraction of domestic demand on non-traditional exports. In the case of Mexico, the value of its petroleum exports increased thanks to higher international prices, although volumes did not change significantly. On the other hand, the rate of expansion of exports of non-petroleum products, which in previous years had been extremely high, declined to an annual 5%, due, *inter alia*, to the recovery in the domestic market, the crisis in the agricultural sector and, in the external ambit, the protectionism of the principal purchasing countries. In Ecuador, the moderate rise in exports was also helped by higher petroleum prices, since volumes declined somewhat and the thriving shrimp-exporting sector experienced difficulties in maintaining its growth owing to increased competition from other suppliers.

Brazil's exports remained at their high level, with their value rising by just under 2%. This was due to the decline in the exports of manufactures -affected by a relative loss in competitiveness-, the slow expansion of agricultural exports and the drop in the value of coffee, all of which factors cancelled out the effect of the marked increase in exports of iron ore and semi-manufactured products. For its part, the value of Argentina's exports, which in 1988 had fully recovered from its earlier contraction, registered a modest increase of close to 4%, as a result of the rise in average prices, since volume fell off slightly. Of special significance was the 24% increase in the value of non-traditional industrial exports which accounted for nearly 40% of total exports; the rise in the exports of these products compensated for the lower volumes of agricultural products exported.

A sharp decline (18%) was recorded in the value of exports from El Salvador owing to the drop in the price of coffee and the decline in the volume exported. Haiti experienced a further decline of 12% in its already depressed exports, due to shrinking sales abroad of cocoa, sugar and handicraft.

b) Imports

The value of merchandise imports into Latin America and the Caribbean rose by 7% in 1989, as a result of higher unit prices (4%) and increased volumes (3%), which were still lower, however, than those of the previous two-year period during which it had increased by an annual 7% (see table 18).

This modest increase in imports by the region has been uneven at the national level, sometimes considerably so. The largest increases took place in Chile, Panama, Brazil, Mexico, Costa Rica and the Dominican Republic. In contrast, sharp declines have occurred particularly in Venezuela, Peru, Argentina and Nicaragua.

In general, where growth -even modest- in the level of economic activity was accompanied by a steady deterioration in effective real exchange rates (sometimes associated with stabilization policies), the volume of imports increased significantly. Such increases were largest in countries in the process of liberalizing their trade régimes.

In Brazil, the value of imports rose dramatically (25%), spurred by the recovery of growth, the progressive deterioration in the official real exchange rate, the accumulation of stocks of imported goods as a hedge against inflation and, to a lesser degree, the recent liberalization of certain regulations governing imports. A similar situation was observed in Mexico where economic recovery boosted imports by nearly 24%, thus continuing the strong surge begun the previous year with the liberalization of trade and the gradual decline in the real exchange rate. The value of Chile's imports also jumped considerably (35%) more than double the increase in exports. This expansion was generalized and occurred in the acquisition of capital goods (42%) as well as consumer (37%) and intermediate (31%) goods. A major contributing factor was the revaluation of the real exchange rate between July 1988 and May 1989, and the overexpansion of aggregate demand. In Costa Rica, this value rose by 23%, thanks to sustained liberalization and economic growth. In these circumstances, imports of consumer goods increased most rapidly. The 26% rise in imports by Panama reflected the recovery from the low levels of

stocks and the growth of the re-export sector through the Colón Free Zone. The value of imports by the Dominican Republic rose by 22%, while that of Paraguay increased by nearly 10%. Imports by Colombia continued their modest rise (5%), which represented a slight decline in real terms. Bolivia and Ecuador also increased the value of their imports (5% and 4% respectively). The same was true of Guatemala (7%), Honduras (5%), and El Salvador (9%) (see table 20).

Economic recession and the various adjustment measures adopted significantly reduced the value of imports by Argentina (-21%), Nicaragua (-12%), Peru (-26%) and Venezuela (-38%). In Argentina, the slowdown in economic activity and the sharp rise in real exchange rates were compounded during the period of hyperinflation by a marked preference for liquid foreign exchange. In Nicaragua, the pronounced rise in the real exchange rate used for commercial transactions and the removal of exchange subsidies contributed, against a backdrop of recession, to the marked decline in imports. In Peru, the severe domestic recession was made worse by the impact of the transfer to the free market of most import transactions, with the corresponding increase in cost. In Venezuela, the previous import boom was dramatically reversed as a consequence of the combined effect of the change in the exchange régime, the slowdown in economic activity and the higher stocks of imported goods accumulated the previous year.

c) Terms of trade and purchasing power of exports

Since the average unit values of exports rose somewhat more than those of imports, the terms of trade for Latin America and the Caribbean improved moderately (4%) in 1989. However, on account of the steady deterioration the four previous years and the pronounced decline in 1981-1982, the terms of trade of the region as a whole was 22% less favourable than in 1980 (see table 21 and figure 15).

This development, however, differed in form and scope between the petroleum-

exporting countries and the other economies. While in the latter, the terms of trade improved by barely 1%, in the petroleum-exporting countries the international increase in the price of petroleum improved their terms of trade by 9%, thus partially recovering from the deterioration experienced the previous year (see tables 21 and 22). As a result, the terms of trade of the non-petroleum-exporting countries of South America continued to fluctuate below the level recorded in 1980, which in turn was the lowest of the preceding decade. In the case of the Central American and Caribbean countries, the decline suffered in 1989 left them with terms of trade 15% less favourable than in 1980, which was also the lowest level of the previous decade. The petroleum-exporting countries, for their part, still experienced terms of trade that were not only greatly inferior to those of 1980 -the year in which it was most favourable-, but also below those recorded in the period 1974-1978 (see figure 15).

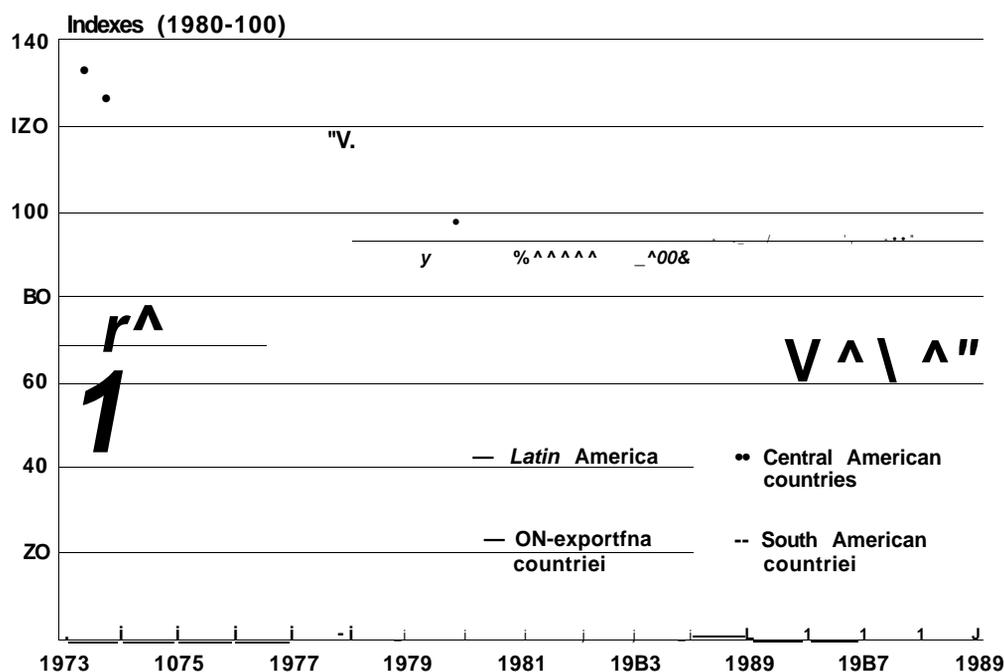
The slight increase in the volumes exported by the region together with the improvement in the terms of trade increased the purchasing power of exports by 5% thus exceeding for the first time the previous highest level, recorded in 1984. This was almost entirely due to the rise in the purchasing power of exports from the petroleum-exporting countries, which increased by 13% (see table 24). Of particular significance were the increases in the purchasing power of exports recorded in Paraguay (33%), Bolivia (30%), Peru (27%), Venezuela (23%), Nicaragua (16%), Guatemala (12%) and Panama (17%). All of these increases in purchasing power, with the exception of that recorded by Venezuela, were mainly due to the expansion in volumes exported (see table 25).

2. Balance of payments

Since the increase in the value of exports was somewhat higher than that of imports, the positive balance on the merchandise trade account increased to US\$30 billion, compared with the US\$25.5 billion of the previous year (see table 26).

Figure 15

LATIN AMERICA AND THE CARIBBEAN: TERMS OF TRADE (GOODS)



Source: ECLAC, on the basis of official figures.

This modest increase is mainly due to the large surpluses recorded in Argentina, Peru and Venezuela, countries hard hit by recession and which also modified their exchange rate régimes. The increases in the positive trade balance of these countries more than offset the reduction of the huge trade surplus of Brazil (US\$16 billion) which continued to account for a substantial portion (more than half) of the region's merchandise trade balance. The most notable case of change in that balance is that of Venezuela, which went from a deficit of US\$1.3 billion to a surplus of US\$5.8 billion. Peru, for its part, moved from a slightly negative balance the previous year to a US\$1.5 billion surplus. Argentina expanded its positive trade balance by more than US\$1 billion to US\$5.6 billion. Similar contributions were made by the larger trade balances of Bolivia, Colombia, Ecuador, Paraguay and Uruguay.

Mexico, on the other hand, experienced a negative turnaround in its merchandise trade, moving from a surplus of US\$1.7 billion to a

deficit of over US\$600 million, the first in eight years. The decline in the trade surplus of Chile also served to limit the increase in the region's trade balance. A further contributing factor was the significant increase in the trade deficits of Costa Rica, El Salvador, Panama and the Dominican Republic. At the regional level, the merchandise trade surplus represented more than 80% of the US\$36 billion sent abroad in the form of profits and interest, a proportion that was somewhat higher than that of the previous year and which doubtlessly would have been greater if the net flows of profits and interest had not increased by US\$3 billion, mainly on account of the rise in the interest rates applicable to the debt of the countries of the region,

Since the increase in the trade surplus exceeded that of payments byway of profits and interest, the current account deficit of Latin America and the Caribbean underwent a further decline for the third consecutive year,

from US\$9.8 billion to US\$6.9 billion (see table 27).

However, this improvement in the current account position of the region was mainly due to the fact that the petroleum exporting countries reduced their large deficit from more than US\$10 billion in 1988 to US\$4 billion in 1989. This drop was mainly due to the turnaround in Venezuela, which went from a substantial deficit to a current account surplus of almost US\$2.5 billion, and the virtual elimination of Peru's deficit of US\$1.7 billion recorded the previous year. Mexico, on the other hand, increased its deficit from US\$3.1 billion to US\$5.6 billion. The current account deficit of this group of countries was therefore reduced from 22% to 7% of the value of exports of goods and services (see table 28).

On the contrary, the non-petroleum-exporting countries went from a small surplus on current account to a deficit of nearly US\$3 billion. The positive balance of US\$4.9 billion recorded by Brazil the previous year declined to US\$1.4 billion in 1989. A similar trend was observed with the substantial surplus of Panama. On the other hand, the current account deficits of Costa Rica, Chile and El Salvador rose significantly. As a result of this turnaround in the trade balance, a deficit of 3.5% of the value of exports of goods and services was recorded.

In 1989 Latin America and the Caribbean recorded a net capital inflow of US\$10.5 billion, following the drop in such inflows to just under US\$4 billion in 1988. This is the result of opposing trends, which include both the accounting-as involuntary capital earnings- of arrears on the payment of interest on the external debt, and the flight or return of capital owned by residents, loans related to debt purchase programmes or direct investments. This regional increase is therefore determined above all by the net capital inflow of US\$6 billion into Mexico, a country in which a net outflow of nearly US\$3.7 billion had been recorded the previous year. This inflow took the form of direct investments, the repatriation of capital by residents and disbursements by multilateral financial institutions. Brazil, for its part, converted its net capital outflow in 1988 to a modest net inflow, reflecting the arrears which it incurred in the payment of interest, the

inclusion of which offset the effective outflow of a somewhat lesser amount. In Argentina, on the other hand, net accounted earnings were negative, despite the arrears in the payment of interest on the external debt, due to heavy capital flight.

Since the net inflow of capital was greater than the deficit on current account, the global balance-of-payments position of the region went from a negative balance of nearly US\$6 billion in 1988 to a positive one of US\$3.6 billion in 1989. This enabled almost all the countries to increase their international reserves, in particular Venezuela, which increased its share by almost US\$1 billion, and Mexico, which increased it by US\$400 million, following the heavy declines recorded the previous year. Brazil, Chile and Peru also substantially increased their reserves; Argentina, however, closed the year with a considerable drain on its reserves (see table 27).

3. Net transfer of resources abroad

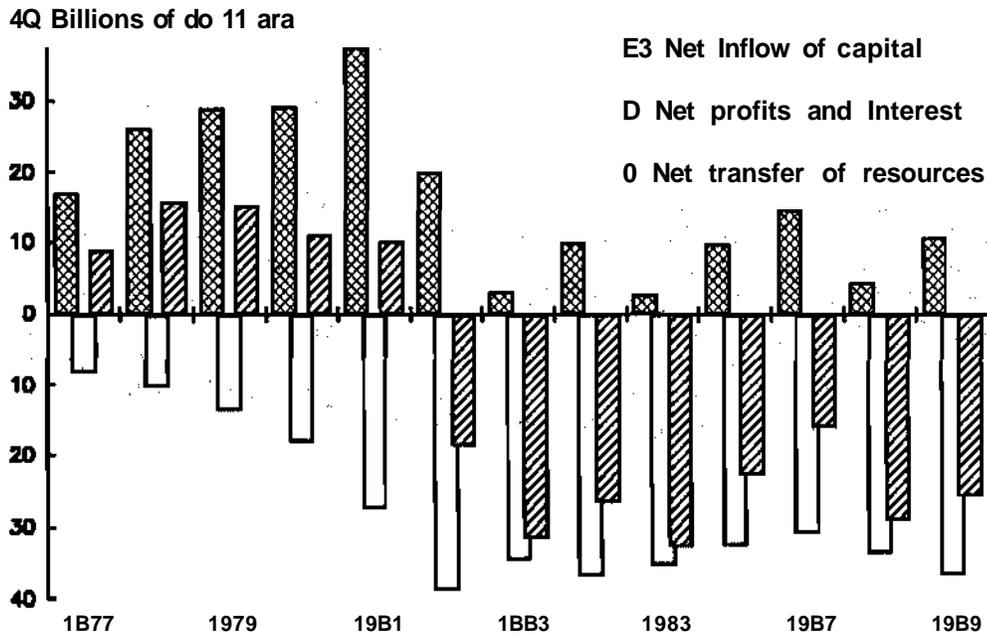
Following its recovery to US\$29 billion in 1988, the region's net transfer of resources abroad again fell in 1988 to almost US\$26 billion. This was due to the fact that the greater inflow of capital recorded over the past year more than offset the increase in outflows by way of interest and profits. Even if account were taken of the net inflows of capital actually entering the region and the effective payments of interest and profits, the increase in the former was greater than that of the latter in 1989. However, if Mexico were excluded, transfers increased from US\$17.7 billion to almost US\$24 billion. At the regional level, therefore, the transfer of resources abroad represented more than 20% of the value of exports of goods and services, a percentage that was lower than that of the previous year; however, if Mexico were excluded, this transfer would account for 24% in 1989 as compared with less than 20% of exports of goods and services the previous year. Nevertheless, it should be noted that six countries - the five Central American countries and Haiti - continued to receive net positive transfers from abroad (see tables 29 and 30).

The year 1989 was therefore the eighth straight year in which the economies of Latin America and the Caribbean were obliged to make huge transfers of resources abroad (see figure 16). The accumulated value since the outbreak of the crisis therefore totalled more than US\$200 billion, a figure almost half that of its current external debt. For its part, the amount of the annual transfer during this period represented 3.5% of the regional product, which contrasts with the situation that existed prior to the crisis when the region received transfers from abroad equivalent to about 2.5% of its gross domestic product. This change of six percentage points of the product in the net transfer of resources seriously restricted the region's economic growth. This emerges clearly when it is noted, on the one

hand, that the size is almost exactly that of the decline in the coefficient of gross capital formation (see table 16). On the other hand, the turnaround in the net transfer of financial resources has severely constricted the capacity to import, which fell to levels of between 55% and 70% of the 1980 level. The sustained expansion of the volume of exports of goods and services experienced by Latin America and the Caribbean since 1975 was therefore weakened -after 1980- both by the transfer of real resources as a result of the deterioration in the terms of trade and by the net transfer of resources abroad. As a result of these transfers, despite the 55% increase in the volumes exported between 1980 and 1989 the region's import capacity declined by 30% (see figure 17).

Figure 16

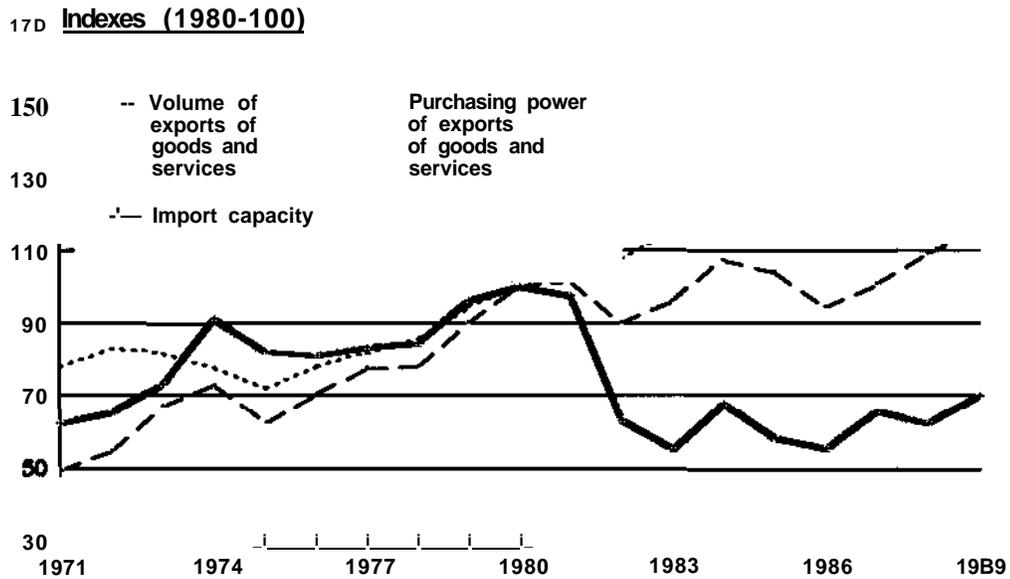
LATIN AMERICA AND THE CARIBBEAN: NET INFLOW OF CAPITAL AND NET TRANSFER OF RESOURCES



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

Figure 17

LATIN AMERICA AND THE CARIBBEAN: VOLUME OF EXPORTS, PURCHASING POWER OF EXPORTS AND IMPORT CAPACITY a



Source: ECLAC, on the basis of official data from the International Monetary Fund.
 a Import capacity refers to the purchasing power of exports of goods and services (including terms of trade effect) plus net transfers of resources.

Table 18
LATIN AMERICA AND THE CARIBBEAN: VARIATIONS IN EXPORTS AND IMPORTS OF GOODS
(Grwth rates)

	Exports			Imports		
	Value	Volume	Unit value	Value	Volume	Unit value
Latin America and the Caribbean						
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	0.1	8.7	-7.9	-28.5	-21.3	-9.1
1984	11.5	8.8	2.4	4.0	8.1	-3.8
1985	-5.6	0.2	-5.7	-0.3	13	-1.4
1986	-15.2	0.2	-15.4	2.5	8.2	-5.3
1987	13.2	7.6	5.2	12.8	6.3	5.8
1988	14.5	9.9	4.3	12.9	7.1	5.6
1989 ^a	9.6	2.0	7.5	7.2	3.4	3.7
Oil-exporting countries						
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	10.2	-1.1
1986	-29.0	8.5	-34.5	-2.0	-0.5	-1.6
1987	19.7	4.3	14.9	11.5	7.5	3.8
1988	-0.2	7.9	-7.6	31.6	22.1	7.7
1989 ^a	16.5	3.5	12.6	-1.7	-5.1	3.6
Non-oil-exporting countries (South America)^c						
1980	21.7	6.8	13.8	35.1	6.0	27.4
1981	7.1	14.2	-6.2	-0.7	-6.0	5.6
1982	-11.6	-2.6	-9.3	-20.6	-20.1	-0.8
1983	4.9	12.6	-6.8	-19.7	-14.0	-6.4
1984	16.5	11.0	4.9	-5.1	0.8	-5.8
1985	-3.9	5.7	-9.0	-8.3	-7.1	-1.6
1986	-5.0	-6.4	1.5	8.0	18.3	-8.5
1987	11.0	10.9	-	13.8	4.6	8.7
1988	28.2	14.1	12.5	2.1	-2.1	4.3
1989 ^a	5.3	0.1	5.3	15.1	10.1	4.5
Central America and the Caribbean						
1980	38.3	19.5	15.7	43.1	16.3	23.0
1981	-1.0	.	-1.0	1.5	-4.7	6.5
1982	-13.0	-2.3	-11.0	-14.7	-12.6	-2.4
1983	-9.9	-6.0	-4.0	-8.0	-0.7	-7.1
1984	4.3	0.2	3.9	7.8	8.6	-0.9
1985	-0.5	4.2	-4.6	1.5	1.8	-0.2
1986	9.1	-5.8	16.0	-0.3	5.7	-5.8
1987	-1.3	9.0	-9.5	12.3	9.0	3.1
1988	2.5	-6.8	10.1	-4.0	-6.6	2.8
1989 ^a	8.9	6.5	2.2	14.8	12.7	1.9

Source: ECLAC, on the basis of official figures.

^a Preliminary figures. ^b Includes Bolivia, Ecuador, Mexico, Peru and Venezuela. ^c Includes Argentina, Brazil, Colombia, Chile, Paraguay and Uruguay. Includes Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama and the Dominican Republic.

Table 19
LATIN AMERICA AND THE CARIBBEAN: EXPORTS OF GOODS FOB
(Indexes: 1980 = 100 and growth rates)

	Value				Unit value				Volume			
	In- dex 1989 ^{''}	Growth rates			In- dex 1989 ^{''}	Growth rates			In- dex 1989 ^{''}	Growth rates		
		1987	1988	1989 ^a		1987	1988	1989 ^{''}		1987	1988	1989 ^a
Latin America and the Caribbean	125	13.2	14.5	9.6	79	5.2	43	7.5	158	7.6	9.9	2.0
Oil-exporting countries	100	19.7	-0.2	16.5	64	14.9	-7.6	12.6	155	43	7.9	3.5
Bolivia	77	-4.9	4.6	33.3	89	-3.7	-0.7	10.7	86	-1.3	5.4	20.4
Ecuador	93	-7.5	9.0	6.9	56	2.1	-9.4	8.7	166	-9.5	20.4	-1.7
Mexico	142	28.8	0.0	10.3	64	10.9	-6.3	9.2	222	16.2	6.7	0.9
Peru	91	5.2	13	31.5	%	11.5	19.7	18	94	-5.6	-15.3	29.2
Venezuela	68	15.8	-3.2	26.4	60	26.1	-13.6	20.6	113	-8.2	12.1	4.8
Non-oil-exporting countries	147	9.1	24.7	5.7	92	-1.5	11.9	4.9	160	10.7	11.5	0.8
South America	158	11.0	28.2	53	91	.	12.5	53	174	10.9	14.1	0.1
Argentina	118	-7.2	44.0	3.7	92	4.7	14.6	12.1	129	-11.3	25.7	-7.5
Brazil	171	16.7	29.2	1.8	89	-2.2	10.7	3.9	192	19.3	16.7	-2.0
Colombia	150	-1.5	1.6	12.0	89	-19.4	4.5	1.7	168	22.2	-2.8	10.1
Chile	172	24.4	35.0	14.6	97	17.6	28.5	4.3	177	5.8	5.0	9.9
Paraguay	274	22.7	18.2	31.9	104	34.2	18.2	3.9	264	-8.6	0.0	27.0
Uruguay	151	8.7	18.8	13.8	105	12.0	9.7	7.3	74	-2.9	8.3	6.1
Central America and the Caribbean	97	-13	2.5	8.9	99	-9.5	10.1	2.2	98	9.0	-6.8	6.5
Costa Rica	132	2.3	6.5	12.2	91	-6.8	6.4	-3.5	146	9.8	0.0	16.3
El Salvador	46	-24.0	3.0	-18.4	72	-28.4	15.8	-2.2	64	6.1	-11.0	-16.6
Guatemala	78	-6.5	9.5	11.0	80	-18.0	8.5	-6.0	99	14.0	1.0	18.1
Haiti	74	10.1	-14.1	-12.1	90	10.9	-8.6	-10.7	81	-0.8	-6.0	-1.6
Honduras	114	-5.3	5.8	8.3	102	-9.6	8.3	0.7	111	4.9	-2.4	7.5
Nicaragua	65	19.3	-20.3	24.3	95	3.8	1.5	-2.3	69	15.0	-21.5	27.1
Panama	120	5.3	-5.6	15.8	122	-3.5	10.1	5.3	99	9.1	-14.3	10.0
Dominican Republic	96	-1.5	25.6	3.4	110	-8.9	29.8	18.9	87	8.2	-3.2	-13.0

Source: ECLAC, on the basis of official figures.

* Preliminary figures.

Table 20
LATIN AMERICA AND THE CARIBBEAN: IMPORTS OF GOODS FOB
(Indexes: 1980 = 100 and growth rates)

	Value				Unit value				Volume			
	In- dex 1989 ^a	Growth rates			In- dex 1989 ^a	Growth rates			In- dex 1989 ^a	Growth rates		
		1987	1988	1989 ^a		1987	1988	1989 ^a		1987	1988	1989 ^a
Latin America and the Caribbean	90	12.8	12.9	12	98	5.8	5.6	3.7	92	63	7.1	3.4
Oil-exporting countries	98	11.5	31.6	-1.7	98	3.8	7.7	3.6	99	7.5	22.1	-5.1
Bolivia	91	8.3	-23.4	5.2	96	-0.9	6.5	2.2	95	9.3	-28.1	3.0
Ecuador	75	25.9	-21.4	4.4	89	3.6	6.9	4.2	84	21.6	-26.5	0.2
Mexico	124	6.5	55.3	23.6	100	4.9	7.4	2.9	124	1.5	44.6	20.1
Peru	66	23.1	-13.4	-26.3	91	2.1	5.1	3.4	73	20.5	-17.6	-28.7
Venezuela	66	12.3	31.1	-38.3	97	3.8	6.7	2.8	68	8.3	22.9	-40.0
Non-oil-exporting countries	85	133	0.5	15.1	98	12	4.1	3.8	86	5.6	-32	10.8
South America	80	13.8	2.1	15.1	99	8.7	4.3	4.5	81	4.6	-2.1	10.1
Argentina	41	22.6	-8.9	-21.1	114	6.7	8.4	5.9	36	14.9	-15.9	-25.5
Brazil	80	7.4	-3.0	25.2	99	9.7	3.8	4.9	82	9.7	3.8	4.9
Colombia	110	11.3	19.0	4.7	100	4.9	3.7	5.4	111	6.1	14.8	-0.7
Chile	119	28.9	21.0	34.5	98	12.5	4.8	6.3	122	14.5	15.4	26.5
Paraguay	121	5.8	-4.4	10.0	78	-2.7	4.9	-1.3	156	8.8	-8.8	11.4
Uruguay	68	32.6	3.0	2.2	92	8.9	2.9	6.7	74	21.7	0.1	-4.3
Central America and the Caribbean	108	123	-4.0	14.8	97	3.1	2.8	1.9	111	9.0	-6.6	12.7
Costa Rica	115	19.3	2.7	23.4	99	2.4	4.1	4.2	116	16.5	-1.4	18.5
El Salvador	114	2.5	1.3	9.0	115	4.8	3.1	5.9	99	-2.2	-1.8	2.9
Guatemala	103	52.1	6.2	7.1	94	4.1	3.6	-1.4	110	46.2	2.5	8.7
Haiti	82	2.6	-8.8	-8.7	105	1.5	0.3	1.4	78	1.1	-9.0	-10.0
Honduras	101	2.3	2.5	5.2	117	2.1	1.8	5.9	90	0.2	0.8	-0.7
Nicaragua	79	1.0	-2.2	-11.8	103	6.6	2.0	7.1	76	-5.2	-4.1	-17.7
Panama	106	5.2	-17.5	26.2	92	2.3	2.0	-1.2	118	2.8	19.1	27.7
Dominican Republic	129	17.7	1.0	22.1	93	4.3	2.3	5.1	139	12.9	-1.2	16.2

Source: BCIAC, on the basis of official figures.

* Preliminary figures.

Table 21
**LATIN AMERICA AND THE CARIBBEAN: TERMS OF TRADE
 FOR FOB/FOB (GOODS)**
(Indexes 1980 - 100)

	Latin America and the Caribbean		Oil-exporting countries*		Non-oil-exporting countries			
					c South America		b Central America and the Caribbean ⁰	
	Index	Variation	Index	Variation	Index	Variation	Index	Variation
1980	100.0	33	100.0	23.2	100.0	-10.6	100.0	-5.8
1981	94.4	-5.6	100.4	0.4	88.8	-11.2	92.9	-7.1
1982	85.7	-9.2	90.1	-10.3	81.2	-8.6	84.8	-8.7
1983	86.8	1.3	94.6	5.0	80.9	-0.4	87.7	3.4
1984	92.5	6.6	96.5	2.0	90.1	11.4	92.0	4.9
1985	88.4	-4.4	95.3	-1.2	83.2	-7.7	88.0	-4.3
1986	79.0	-10.6	63.5	-33.4	92.3	10.9	108.1	22.8
1987	78.6	-0.5	70.2	10.6	85.0	-7.9	95.1	-12.0
1988	77.6	-1.3	60.2	-14.2	91.6	7.8	101.8	7.0
1989 ^d	80.4	3.6	65.8	8.8	92.3	0.8	102.1	0.3

Source: ECLAC, on the basis of official figures.

* Includes Bolivia, Ecuador, Mexico, Peru and Venezuela. ^b Includes Argentina, Brazil, Colombia, Chile, Paraguay and Uruguay. ^c Includes Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama and the Dominican Republic. ^d Preliminary figures.

Table 22
LATIN AMERICA AND THE CARIBBEAN: TERMS OF TRADE FOR FOB/CIF GOODS
(Indexes: 1980 = 100 and growth rates)

	Indexes						Growth rates			
	1984	1985	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Latin America and the Caribbean	91	87	77	77	76	78	-11.0	-0.5	-1.4	3.8
Oil-exporting countries	94	93	62	68	59	64	-33.8	10.6	-14.0	8.9
Bolivia	105	97	88	85	79	86	-9.0	-3.2	-7.4	8.1
Ecuador	92	93	70	69	58	61	-25.1	-1.1	-15.8	4.3
Mexico	85	86	64	68	59	63	-25.7	5.6	-12.7	6.1
Peru	91	88	84	92	104	102	-3.8	8.5	13.6	-1.6
Venezuela	112	107	52	63	51	60	-51.4	21.3	-18.6	17.2
Non-oil-exporting countries	88	82	91	84	90	91	11.9	-8.1	13	1.1
South America	89	82	90	83	90	90	10.2	-7.7	13	0.8
Argentina	96	80	72	71	75	79	-9.5	-2.2	5.1	5.9
Brazil	85	83	95	85	91	90	15.0	-10.5	6.5	-1.0
Colombia	99	90	116	90	90	87	28.8	-23.0	0.7	-3.4
Chile	76	71	77	81	99	97	8.6	4.7	22.4	-1.9
Paraguay	138	118	76	104	115	120	-35.1	36.9	9.8	4.5
Uruguay	96	87	100	104	111	111	15.0	3.5	6.4	0.6
Central America and the Caribbean	90	85	105	92	98	98	22.7	-12.3	6.7	0.2
Costa Rica	87	85	102	92	94	87	20.1	-9.4	2.1	-7.4
El Salvador	71	68	87	59	66	61	28.0	-31.8	11.9	-7.5
Guatemala	86	81	104	82	85	81	29.1	-21.0	3.8	-5.1
Haiti	79	82	94	102	92	80	15.1	7.7	-9.7	-12.2
Honduras	93	80	99	87	92	88	22.7	-11.7	6.0	-4.8
Nicaragua	103	94	99	97	96	88	5.7	-2.7	-0.5	-8.4
Panama	97	98	122	115	125	133	23.7	-5.4	8.4	6.4
Dominican Republic	93	80	91	79	100	113	14.5	-13.4	26.6	13.1

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 23
LATIN AMERICA AND THE CARIBBEAN: PRICES OF MAIN EXPORT PRODUCTS
(Dollars at current prices)

	Annual averages					Growth rates			Cumulative variation	
	1970-1980	1986	1987	1988	1989	1986	1987	1988	1989	1989/1970-1980
Unrefined sugar "	12.8	6.1	6.8	10.2	12.8	48.8	11.5	50.0	25.5	
Coffee (mild) ^a	121.8	192.7	112.3	135.1	107.0	32.3	-41.7	20.3	-20.8	-12.2
Cocoa ^a	86.3	93.8	90.6	72.1	56.5	-8.3	-3.4	-20.4	-21.6	-34.5
Bananas ^a	11.8	22.1	26.5	24.6	20.4	20.1	19.9	-7.2	-17.0	73.0
Wheat ^b	125.1	115.0	115.0	146.0	170.0	-16.7		27.0	16.4	35.9
Maize	127.5	112.9	109.4	135.7	140.8	-16.6	-3.1	24.0	3.8	10.4
Beef ⁸	82.2	95.0	108.2	114.2	116.5	-2.8	13.9	5.5	2.0	41.7
Fish meal	354.7	321.0	383.0	544.0	408.0	14.6	19.3	42.0	-25.0	15.0
Soya beans	232.4	208.0	216.0	304.0	275.0	-7.6	3.8	40.7	-9.5	18.3
Cotton ^a	61.2	52.9	76.1	63.4	75.9	-14.3	43.9	-16.7	19.7	24.0
Wool ⁸	131.5	147.7	182.9	207.1	203.7	5.0	23.8	13.2	-1.6	54.9
Copper ^a	69.6	62.3	80.8	117.9	129.4	-3.1	29.7	45.9	9.8	85.9
Tin ^c	3.9	2.6	3.1	3.3	3.9	-51.9	19.2	6.5	19.4	10
Iron ore	17.6	21.6	22.1	22.3	24.3	-1.8	2.3	0.9	9.0	38.1
Lead ^a	25.3	18.4	27.1	29.8	30.6	4.0	47.3	10.0	2.7	21.0
Zinc ⁸	29.7	38.0	42.4	60.2	82.0	-5.9	11.6	42.0	36.2	176.1
Bauxite ^{b d}	103.5	165.2	164.8	164.8		0.5	-0.2			
Saudi Arabia	10.0	12.5	16.3	12.8	16.2	-49.0	30.4	-21.5	26.6	62.0
Ecuador	-	15.0	18.0	15.2	17.6	-43.6	20.0	-15.6	15.8	
Mexico	-	13.0	16.6	12.9	15.2	-47.2	27.7	-22.3	17.8	
Venezuela	10.1	12.5	16.2	12.3	15.7	-47.9	29.6	-24.1	27.6	55.4

Source: UNCTAD, *Monthly Bulletin of Commodity Prices*, Supplements 1960-1984 and January 1990; International Monetary Fund, *International Financial Statistics*, Yearbooks 1981 and January 1990; *Petroleum Intelligence Weekly*, 1984-1990, various issues; Energy Economics Research Limited, *Oil and Energy Trends*, April 1989 and ECIAC, 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" squality, 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 quotation 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, Tia Juana-22 (Caribbean).

" US cents per pound. ^b Dollars per metric ton. ^c Dollars per pound. January-May average, 1988. ^d Dollars per barrel.

Table 24
**LATIN AMERICA AND THE CARIBBEAN: PURCHASING POWER OF
EXPORTS OF GOODS**
(Indexes 1980 = 100)

	Latin America and the Caribbean		Oil-exporting countries*		Non-oil-exporting countries			
					south America		Central America and the Caribbean	
	Index	Variation	Index	Variation	Index	Variation	Index	Variation
1980	100.0	10.6	100.0	26.6	100.0	-3.3	100.0	13.0
1981	102.1	2.1	105.2	5.2	100.7	0.7	92.6	-7.4
1982	94.2	-7.7	99.8	-5.1	90.5	-10.1	82.1	-11.3
1983	104.6	11.0	113.2	13.4	100.6	11.2	79.1	-3.7
1984	118.6	13.4	122.4	8.1	122.3	21.6	82.0	3.7
1985	113.6	-4.2	114.2	-6.7	119.9	-2.0	81.3	-0.9
1986	101.2	-10.9	82.0	-28.2	124.1	3.5	94.0	15.6
1987	108.0	6.7	94.0	14.6	127.3	2.6	90.3	-3.9
1988	117.1	8.4	87.7	-6.7	155.6	22.2	90.1	-0.2
1989 ^d	123.4	5.4	99.3	13.2	156.0	0.3	96.7	7.3

Source: ECLAC, on the basis of official figures.

^a Includes Bolivia, Ecuador, Mexico, Peru and Venezuela. ^b Includes Argentina, Brazil, Colombia, Chile, Paraguay and Uruguay. ^c Includes Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama and the Dominican Republic. ^d Preliminary figures.

Table 25
LATIN AMERICA AND THE CARIBBEAN: PURCHASING POWER OF EXPORTS OF GOODS
(Indexes: 1980 = 100 and growth rates)

	Indexes						Growth rates			
	1984	1985	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Latin America and the Caribbean	119	114	101	108	117	123	-10.9	6.7	8.4	5.4
Oil-exporting countries	122	114	82	94	88	99	-28.2	14.6	-6.7	13.2
Bolivia	80	67	61	58	57	74	-9.0	-4.4	-2.4	30.2
Ecuador	117	136	108	97	98	101	-20.5	-10.4	1.3	2.6
Mexico	162	150	113	139	130	139	-24.3	22.8	-6.9	7.1
Peru	89	90	77	79	76	97	-14.0	2.3	-3.8	27.1
Venezuela	99	89	54	60	55	68	-38.9	11.5	-8.8	22.9
Non-oil-exporting countries	115	113	119	121	144	145	5.0	1.7	19.2	1.0
South America	122	120	124	127	156	156	3.5	2.6	22.2	0.3
Argentina	115	115	91	79	104	102	-21.1	-13.3	32.1	-2.0
Brazil	136	134	134	143	177	172	-0.2	6.7	24.2	-2.9
Colombia	113	94	149	140	137	146	56.3	-5.8	-2.1	6.3
Chile	88	97	112	124	160	172	15.8	10.7	28.6	7.8
Paraguay	115	112	173	217	238	316	55.2	25.1	9.8	32.7
Uruguay	100	90	130	131	151	161	44.4	0.4	15.3	6.7
Central America and the Caribbean	82	81	94	90	90	97	15.6	-3.9	-0.2	7.3
Costa Rica	104	96	116	116	118	127	21.1	-0.4	2.1	7.7
El Salvador	63	58	70	51	51	39	20.2	-27.6	-0.3	-22.9
Guatemala	75	71	75	68	71	80	6.2	-9.8	4.7	12.1
Haiti	96	101	84	89	76	65	-17.2	6.9	-15.2	-13.6
Honduras	82	83	100	92	95	98	19.9	-7.3	3.5	2.3
Nicaragua	93	71	59	66	52	60	-16.1	11.8	-21.8	16.4
Panama	76	91	117	121	112	131	28.3	3.3	-7.1	17.1
Dominican Republic	98	84	87	82	100	98	3.8	-6.4	22.6	-1.6

Source: ECIAC, on the basis of official figures.

^a Preliminary figures.

Table 26
LATIN AMERICA AND THE CARIBBEAN: TRADE BALANCE
(Millions of dollars)

	Exports of goods FOB			Imports of goods FOB			Merchandise trade balance			Net service payments ³			Trade balance ^{1,2,3,4}		
	1987	1988	1989	1987	1988	1989	1987	1988	1989	1987	1988	1989	1987	1988	1989
Latin America and the Caribbean (19 countries)	88 528	101318	111047	67 080	75 784	81242	21448	25 533	29 805	3 496	4 016	2 678	17 953	21517	27125
Oil-exporting countries	36417	36 324	42 323	26 909	35387	34 790	9507	936	7 533	130	-5	-993	9 378	941	8 526
Bolivia	519	543	723	646	495	521	-128	47	202	139	113	120	-267	-66	82
Ecuador	2 021	2 203	2354	2054	1614	1685	-33	589	669	315	245	213	-348	344	456
Mexico	20 649	20 648	22 765	12199	18 945	23 410	8 450	1703	-645	-2 083	-2 426	-2 648	10533	4129	2 003
Peru	2 661	2 696	3 546	3178	2 752	2 029	-517	-56	1517	423	452	367	-940	-508	1150
Venezuela	10 567	10 234	12 935	8 832	11581	7145	1735	-1347	5790	1336	1611	955	400	-2 958	4835
Non-oil-exporting countries	52111	64 994	68 724	40171	40 397	46 452	11941	24 597	22 272	3 366	4 021	3 671	8 575	20 576	18 599
South America	44 879	57 578	60 646	30 081	30 716	35 334	14 798	26 862	25 312	4 269	4944	4906	10 529	21916	20 405
Argentina	6 359	9160	9 500	5384	4907	3 870	975	4 253	5 630	719	722	630	256	3 531	5000
Brazil	26156	33 789	34 392	15 050	14 605	18 281	11106	19184	16111	2 361	3 018	2777	8 745	16166	13 334
Colombia	5254	5340	5978	3794	4515	4726	1460	825	1252	790	548	702	670	277	550
Chile	5224	7 052	8080	3 994	4 833	6502	1230	2 219	1578	463	645	772	767	1574	806
Paraguay	704	832	1097	779	744	819	-75	88	278	-25	37	57	-51	50	221
Uruguay	1182	1405	1599	1080	1112	1136	102	293	463	-39	-26	-32	142	318	494
Central America and the Caribbean	7 232	7 416	8 078	10 090	9 681	11118	-2 857	-2 265	-3 040	-903	-923	-1235	-1954	-1340	-1806
Costa Rica	1109	1181	1325	1245	1279	1578	-136	-98	-253	47	-11	-10	-183	-87	-243
El Salvador	591	609	497	925	937	1021	-334	-328	-524	-47	-17	-17	-287	-311	-507
Guatemala	980	1073	1191	1330	1413	1514	-350	-340	-323	108	124	80	-459	-464	^03
Haiti	210	180	159	311	284	259	-101	-104	-100	80	103	102	-181	-206	-203
Honduras	844	893	967	894	917	964	-50	-24	3	69	79	83	-118	-102	-80
Nicaragua	295	235	292	734	718	633	-439	^83	-341	129	98	77	-568	-581	-418
Panama	2492	2 352	2 723	3 059	2 525	3185	-566	-173	-462	-804	-814	-796	238	641	334
Dominican Republic	711	893	924	1592	1608	1964	-881	-715	-1040	-485	^85	-754	-396	-230	-286

Source: ECLAC, on the basis of official figures.

³ Excluding net payments of profits and interest.

Table 27
LATIN AMERICA AND THE CARIBBEAN: BALANCE OF PAYMENTS
(Millions of dollars)

	Trade balance			Net payments of profits and interest*			Balance on current account ^b			Balance on capital account ⁰			Total balance ^d		
	1987	1988	1989	1987	1988	1989	1987	1988	1989	1987	1988	1989	1987	1988	1989
Latin America and the Caribbean (19 countries)	17 953	21517	27 125	30 906	33 584	36 592	-10 863	-9 791	4 864	14 601	3 849	10 512	3 738	-5 942	3 648
Oil-exporting countries	9378	941	8 526	10 779	11781	12 912	-1130	-10498	-4 024	4 969	191	6 613	3 839	-10 889	2589
Bolivia	-267	-66	82	277	263	255	-526	-316	-151	478	274	9	-48	-42	-142
Ecuador	-348	344	456	915	1001	996	-1263	-657	-540	1163	671	994	-100	14	454
Mexico	10 533	4129	2 003	7195	7 713	8123	3 721	-3130	-5 647	1951	-3 666	6 043	5 672	-6 7%	3%
Peru	-940	-508	1150	1017	1226	1273	-1959	-1734	-123	1297	1766	1051	-662	32	928
Venezuela	400	-2 958	4 835	1375	1579	2265	-1103	-4 661	2 437	80	564	-1484	-1023	-4 097	953
Non-oil-exporting countries	8 575	20 576	18 599	20127	21803	23680	-9 733	707	•2 840	9 632	4240	3899	•101	4 947	1059
South America	10 529	21916	20 405	18 642	20 404	22331	4 928	2 645	-514	7 255	2099	1527	327	4 744	1013
Argentina	256	3531	5000	4 478	5125	6000	^t230	-1594	-1000	2 281	3497	-800	-1949	1903	-1800
Brazil	8 745	16166	13 334	10 315	11371	12155	-1456	4 889	1424	3 587	-3184	470	2131	1705	1894
Colombia	670	277	550	1692	1597	1838	-13	-346	-180	-99	777	210	-112	431	30
Chile	767	1574	806	1702	1919	1950	-867	-282	-1086	1005	1106	1654	138	824	568
Paraguay	-51	50	221	174	87	39	-223	-34	183	260	-103	24	37	-137	207
Uruguay	142	318	494	281	305	349	-139	12	145	221	6	-31	82	18	114
Central America and the Caribbean	-1954	•1340	-1806	1487	1399	1350	-2 805	-1938	-2 326	2 377	2141	2372	-428	203	46
Costa Rica	-183	-87	-243	297	352	347	^»41	-399	-546	480	623	686	39	224	140
El Salvador	-287	-311	-507	147	146	141	-233	-231	^06	182	295	344	-51	64	-62
Guatemala	^t59	-464	^403	172	166	180	-528	-477	-388	474	411	450	-54	-66	62
Haiti	-181	-206	-203	21	27	26	-146	-170	-169	152	187	154	6	17	-15
Honduras	-118	-102	-80	239	265	263	-341	-350	-325	406	369	350	65	19	25
Nicaragua	-568	-581	^18	208	151	153	-766	-732	-571	504	562	511	-262	-170	-60
Panama	238	641	334	97	-26	8	92	641	291	-129	-647	-300	-37	-6	-9
Dominican Republic	-396	-230	-286	306	318	232	^»42	-220	-212	308	341	177	-134	121	-35

Source: ECLAC, on the basis of official figures.

^a Excluding labour and ownership. Including net unrequited private transfers. ⁰ Including long- and short-term capital, unrequited official transfers, and errors and omissions. ^d Total balance is equal to variation in international reserves (of opposite sign) plus counterpart items.

Table 28
**LATIN AMERICA AND THE CARIBBEAN: RATIO OF THE BALANCE-OF-PAYMENTS DEFICIT ON
CURRENT ACCOUNT TO THE VALUE OF EXPORTS OF
GOODS AND SERVICES^a**
(Percentages)

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Latin America and the Caribbean	39 J	7.1	0.5	3.1	17.3	10.1	8.0	5.0
Oil-exporting countries	26.7	-16.9	-14.5	-7.3	15 J	2.5	22.2	7.3
Bolivia	22.2	23.8	29.4	47.5	69.9	80.9	47.1	17.4
Ecuador	46.6	1.1	5.8	-2.1	25.4	6.7	24.9	19.1
Mexico	24.1	-19.8	-13.8	-1.5	8.3	-13.5	10.8	17.2
Peru	43.6	29.3	11.4	3.6	41.7	54.5	47.0	2.7
Venezuela	24.0	-28.1	-27.6	-23.7	14.9	9.8	41.7	-17.3
Non-oil-exporting countries	52.7	30.2	14.3	12.1	18.8	15.7	-0.9	3.5
South America	58.3	31.9	12.3	9.9	19.5	13.5	-4.1	0.7
Argentina	25.6	26.2	26.0	9.5	33.9	53.3	14.4	8.6
Brazil	74.3	29.0	-0.1	1.3	21.5	5.2	-13.6	-3.8
Colombia	69.1	79.9	27.3	40.6	-7.4	0.2	5.2	2.5
Chile	51.1	25.1	42.2	30.0	23.1	13.8	3.4	11.5
Paraguay	61.4	54.4	42.0	21.2	46.6	23.3	3.1	-13.1
Uruguay	15.9	5.0	10.8	10.4	-2.8	9.0	-0.7	-7.3
Central America and the Caribbean	27.1	21.7	25.0	23.3	15.4	27.0	18.2	19.8
Costa Rica	24.6	28.8	20.5	24.4	13.8	30.4	24.7	30.0
El Salvador	33.0	22.5	27.2	26.8	11.4	25.8	26.0	51.7
Guatemala	31.3	19.2	30.8	20.6	3.1	46.4	37.5	25.8
Haiti	69.8	60.4	56.7	56.7	49.6	45.6	61.8	69.0
Honduras	32.5	31.7	45.6	37.4	29.0	35.2	34.5	29.7
Nicaragua	124.8	134.9	168.8	235.6	271.6	235.0	266.2	166.5
Panama	4.2	-10.5	-2.5	-4.4	-6.3	-2.5	-18.2	-7.6
Dominican Republic	40.1	35.3	16.3	16.8	16.7	28.4	12.5	9.9

Source: ECLAC, on the basis of official figures.

^a Negative figures indicate a surplus on the balance-of-payments current account.

^b Preliminary figures.

Table 29
LATIN AMERICA AND THE CARIBBEAN: NET INFLOW OF CAPITAL
AND TRANSFER OF RESOURCES ^a
(Billions of dollars and percentages)

	Effective net inflow of capital <i>tJ</i> (1)	Unregistered transactions (2)	Net inflow of capital (1+2) (3)	2/1 (4)	Net payments of profits and interest (5)	Transfer of resources		Exports of goods and services (8)	6/8 (9)	7/8 (10)
						(1-5) (6)	(3-5) (7)			
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	-3.0	3.1	-49.2	34.6	-28.5	-31.5	99.4	-28.7	-31.7
1984	11.4	-1.3	10.1	-11.4	36.8	-25.4	-26.7	110.8	-22.9	-24.1
1985	5.3	-2.6	2.7	-49.1	35.3	-30.0	-32.6	106.0	-28.3	-30.8
1986	10.0	-0.2	9.8	-0.2	32.5	-22.5	-22.7	91.8	-24.5	-24.7
1987	13.0	1.7	14.7	13.1	30.8	-17.8	-16.1	103.7	-17.2	-15.5
1988	6.2	-1.7	4.5	-27.9	33.6	-27.5	-29.1	119.3	-23.1	-24.4
1989 ^d			10.8		36.6		-25.8	132.4		-19.5

Source: 1980-1987: ECIAC, on the basis of data from the International Monetary Fund; 1988 and 1989: ECLAC, on the basis of figures from national sources.

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

Table 30
LATIN AMERICA AND THE CARIBBEAN: NET TRANSFER OF RESOURCES ^a

	Net transfer of resources (millions of dollars)						Relation between the net transfer of resources and exports of goods and services				
	1985	1986	1987	1988	1989 ^b	1982-1989 ^b	1985	1986	1987	1988	1989 ^b
Latin America and the Caribbean ^c	-32 610	-22 562	-16 087	-29 116	-25 773	•203 006	-30.7	-24.6	-15.5	-24.4	-19.5
Oil-exporting countries	-18 818	-10124	-5 818	-12 172	-6 299	•106156	-37.0	-26.2	-12.8	-25.8	-11.4
Bolivia	-66	277	201	11	-246	-180	-9.2	41.6	3.1	1.6	28.4
Ecuador	-981	-402	247	-330	-2	-2822	-29.8	-15.5	38.0	-49.2	-0.2
Mexico	-12 213	-6192	-5 244	-11 378	-2 080	-71614	-44.5	-28.3	-19.0	-39.2	-6.3
Peru	-837	106	278	540	-222	-87	-22.1	3.1	7.7	14.6	-4.9
Venezuela	-4 721	-3 913	-1294	-1015	-3 749	-31453	-54.7	-38.7	-11.5	-9.1	-26.6
Non-oil-exporting countries	-13 792	-12 438	-10 269	-16 944	-19 474	-96 850	-25.0	-23.4	-17.7	-23.5	-25.2
South America	-15 117	-13 080	-11387	-18 307	-20 805	-105 974	-30.9	-28.1	-22.1	-28.2	-30.0
Argentina	-3 385	-2240	-2197	-1630	-6 800	-27 756	-33.6	-26.6	-27.0	-14.7	-58.6
Brazil	-11378	-9119	-6 728	-14 555	-11685	-68 038	-41.2	-37.6	-23.9	-40.4	-31.1
Colombia	389	-806	-1791	-820	-1628	-3 893	8.7	-12.4	-28.0	-12.3	-22.2
Chile	-655	-957	-697	-813	-296	-5175	-14.7	-18.7	-11.0	-9.8	-3.1
Paraguay	62	74	86	-190	-16	770	5.7	9.3	9.0	-17.0	-1.1
Uruguay	-150	-32	-60	-299	-380	-1882	-12.0	-2.1	-3.9	-17.0	-19.1
Central America and the Caribbean	1325	642	1118	1363	1331	9124	21.4	9.7	16.8	19.2	16.8
Costa Rica	74	12	183	271	339	842	6.1	0.9	12.6	16.8	18.6
El Salvador	153	41	35	149	203	904	16.8	4.0	3.9	16.8	25.9
Guatemala	180	-61	304	245	270	1530	15.4	-5.2	26.7	19.3	18.0
Haiti	176	154	131	160	129	1238	52.2	52.7	40.9	58.2	52.6
Honduras	112	99	167	104	87	815	12.4	9.8	17.2	10.2	7.9
Nicaragua	590	360	2%	411	358	3608	168.0	122.4	90.8	149.5	104.4
Dominican Republic	40	37	2	23	-55	187	3.0	2.6	0.1	13	-2.6

Sources: 1982-1987: ECIAC, on the basis of data from the International Monetary Fund; 1988 and 1989: ECIAC, on the basis of official figures.

^a 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. ^b Eighteen countries. Does not include Panama.

VIII. THE EXTERNAL DEBT

1. Main trends

The external debt of Latin America and the Caribbean declined slightly (less than 1%) in 1989, dropping to a level of about US\$417 billion by the end of the year. Nevertheless, if world inflation is taken into account, the external debt decreased in real terms by approximately 4%, following a similar real contraction in 1988 (see table 31).

Stabilization of the total debt was the net result of quite different factors. On the one hand, the revaluation of the dollar against the yen contributed to reducing the debt by more than US\$3 billion. Net amortization payments paid by some countries to the International Monetary Fund (IMF) and other official creditors exerted influence in the same direction. National debt-conversion programmes likewise enabled some external obligations to be reduced, although by a much smaller amount than in 1988, owing to the tendency of many countries to restrict the scope of these financial operations. On the other hand, with the exception of one medium-term loan and another short-term one to Colombia and Venezuela, respectively, the private international banks did not make any new loans. Thus the factor that contributed most to increasing debt in a number of countries of the region was the accumulation of interest arrears. In fact, the only Latin American countries that avoided serious arrears during the course of the year were Colombia, Chile, Mexico and Uruguay. Among the creditors affected by the delay in debt service payments were private banks and some governments of industrialized countries; in addition, five countries of the region were in arrears significantly with multilateral financial institutions. The irregularity of payments also affected the continuous price fall, in secondary markets, of external bank promissory notes; the

weighted average price of the region's debt towards the end of the year was US\$0.28 to the dollar, whereas at the end of 1988 and during 1986 it had been US\$0.38 and US\$0.64, respectively (see table 38).

During 1989, the total debt declined in seven of the Latin American and Caribbean countries, in absolute terms, after having decreased in nine of them in 1988. The largest reductions took place in Bolivia (15%), Chile (8%), Venezuela (7%) and Mexico (5%). In Bolivia, the reduction was made possible by a new buyback of overdue debt with the commercial banks, at the price of US\$0.11 per dollar, and to the reciprocal debt-reduction agreement with Argentina. In Chile, the contraction of external obligations is attributable to the sustained dynamism of its debt-conversion programme. In Venezuela, the reduction of more than US\$2 billion worth of debt was the result of partial payment of interest arrears and short-term credits contracted during the preceding year. In Mexico, on the other hand, the debt reduction was arranged under the Brady Plan.

Countries that had a significant increase in their debt were El Salvador (11%), Guyana and Uruguay (7%), Argentina (6%) and Nicaragua (5%). Uruguay increased its debt through the public sector's contraction of obligations in foreign currency, in local financial markets, with residents or persons from neighbouring countries. In other cases, arrears in interest payments were an important factor in the increase in external obligations. There was a slight increase in the Brazilian debt (1%), the net effect of very diverse situations. On the one hand, obligations increased because of the accumulation of arrears, while, on the other, net amortization payments to some official creditors, combined with the realization of informal debt-conversion operations, resulted in a sharp contraction.

The interest/exports ratio for the region as a whole declined for the third consecutive year, dropping to 28%. This was due to the fact that, while total interest paid was greater -because of the rise in the effective interest rate on the debt- this increase was virtually offset by the rise in the value of external sales. However, the apparent stability of the average regional index resulted from opposing trends in the oil-exporting and non-oil-exporting countries. The increase in the value of exports of the first group resulted in a two-percentage point decline in the interest/exports ratio, whereas in the group of non-oil-exporting countries it remained at 28%, with a slight decrease being noted in the Central American countries (see figure 18 and table 33).

One of the sharpest drops in the coefficient took place in Bolivia; there the increase in the value of exports and the contraction of interest payments which caused this result were attributable to debt-reduction operations. In Peru, likewise, the coefficient decreased, owing to the marked expansion of the value of exports. On the other hand, the most significant deterioration of this index was observed in Argentina, where the coefficient increased from 42% in 1988 to 47% in 1989, the highest in the region, mainly as a result of the notable increase in interest payments.

As the amount of the debt slightly declined and exports rose, the debt/exports ratio for the region decreased from 334% in 1988 to 299% in 1989. The drop was greater in the oil-exporting countries, due to the better performance of their exports. Among the non-oil-exporting countries, Chile registered an additional significant decline in this coefficient, for the fourth consecutive year, by combining total debt reduction with export growth. The only countries where an important increase in the debt/exports ratio was observed were Haiti, El Salvador and Argentina. While the indexes for the external debt contracted by the region have improved in recent years, the decade has ended with a discouraging picture. In most countries the interest/exports ratio, like the debt/product ratio, continued at a higher level than would conventionally be considered acceptable.

2. Renegotiation of the external debt

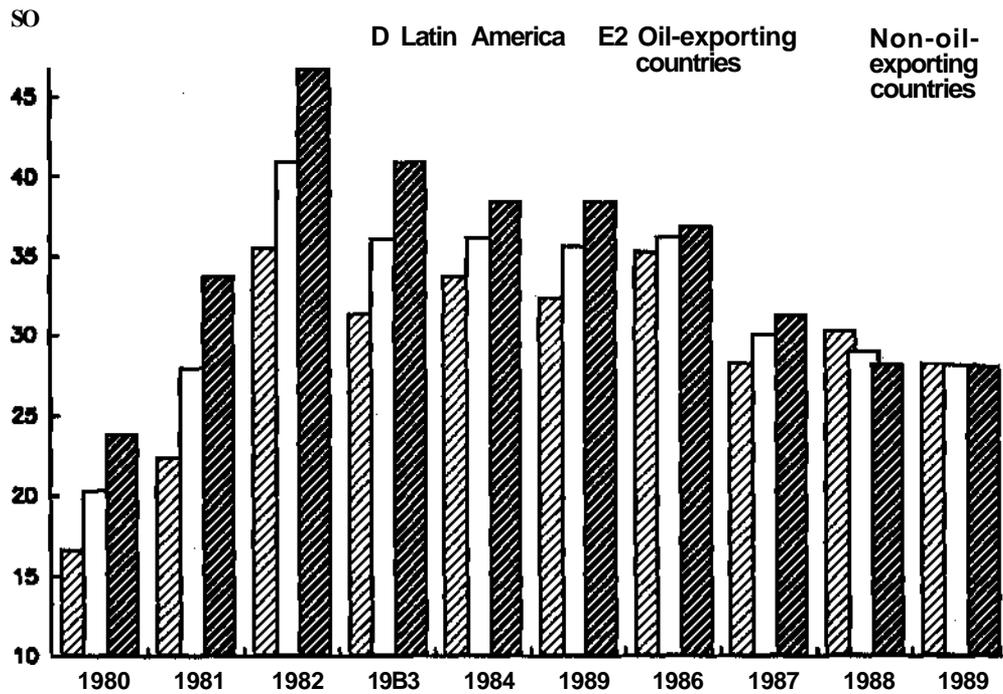
The presentation of the Brady Plan in March 1989 gave a new impetus to the international debt-management strategy, which had begun to falter at the end of 1988. The new plan marked the fourth stage in the official management of the problem of highly-indebted developing countries, most of which are Latin American.

The first stage of the international debt-management strategy was launched in 1982. Since it was taken for granted, in the diagnosis phase, that the debtor countries' problem was only one of liquidity, the remedy recommended was austerity, together with the rescheduling of debt-service payments and the concession of involuntary loans, all under conditions that would not entail accounting losses for the lenders, mainly the commercial banks. The second stage began in 1985 with the advent of the Baker Plan. This time the diagnosis did not refer to short-term liquidity difficulties but rather to the existence of a prolonged structural problem. Policies to deal with this problem likewise changed: recommendations no longer advocated austerity, but rather "structural adjustment with growth". Moreover, in order to encourage growth, the plan proposed the obtention, over a period of three years, of US\$20 billion in new net bank commitments and US\$9 billion of net official credit for 17 countries, with a view to complementing rescheduling exercises already under way. Once more transactions would be realized at market rates, in order to avoid book losses for the banks.

The third stage of the strategy came into being in 1987, when the Baker Plan underwent a significant change. Since the strategy had not made it possible to obtain the amounts promised by way of net loans on the part of the banks, the Baker Plan created a new mechanism called the "market menu". In reality, although the banks were still formally urged to provide new resources as part of the reprogramming agreements, the Plan permitted the application of voluntary debt-reduction mechanisms, such as the conversion of debt at a discount, into new financial instruments or corporate capital, direct buybacks in the secondary market and others. Thus, for the first time, public

Figure 18

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



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

management of the problem admitted the existence of a debt overhang and the possibility that at least part of the outstanding obligations might remain unpaid.

During these first three stages, the international official sector remained in the background, providing general orientation, urging debtors and lenders to adjust to the general lines of the strategy, granting relatively low-risk loans to serve as a bridge for debtors who needed provisional financing prior to concluding rescheduling agreements, restructuring the debt with the Paris Club and providing direct credits, generally within the framework of official adjustment programmes. Great efforts were made to limit the intervention of the public sector, in order to support private solutions based on the market

and to avoid costs for taxpayers in creditor countries.

Of course, dealing with a systemic debt problem as though it were mainly a private affair between debtors and banks gave rise to impediments from the standpoint of possible efficient solutions at the social level. This contradiction perhaps reached its peak in the market menu approach proposed in the Baker Plan, which, in practice, removed all control over any type of special transactions for reducing the debt between debtor countries and creditor banks. In fact, as explained in detail in the *Economic Survey of Latin America and the Caribbean, 1988*, the criterion of abiding by market options turned out to be very inefficient, and did not permit the creation of agreements that would generate significant

financing, at the macroeconomic level, for debtor countries' adjustment processes. This failure, together with the continued deterioration of the debtor countries' economies, led to the proposal of the Brady Plan.

a) **The scope of the Brady Plan**

Although the Brady Plan was still in the formative stage in 1989, for the first time since 1982 international debt-management strategy was incorporating certain essential elements of a truly public solution. This was so because the initiative was destined to cause a direct, wide-ranging impact from international public financial and institutional resources on the private market, for the purpose of alleviating the debt service burden of the most highly indebted countries. Moreover, in recognition of the debt overhang that exists in a number of countries, the Plan primarily focused on debt reduction.

The initiative contains four central proposals of an innovative nature:

In the first place, it proposes that the banks suspend, for a period of three years, clauses that impede debt-reduction operations. These clauses, through which an effort is made to ensure equal treatment for all lenders, are included in almost all loan agreements of international banks. However they delay debt-reduction negotiations, since the initiation of debt buyback operations, either at a discount or through conversion into bonds, requires the prior approval of most of the banks in question.

In the second place, it calls on creditor governments to explore ways of reducing tax, accounting and regulatory impediments, in order that the banks may participate in debt-reduction programmes.

The third proposal contemplates, for the first time, openly committing public resources to supporting the debt-reduction process. With this aim in view, it recommends that the World Bank, the International Monetary Fund and other official credit sources grant loans to debtor countries that may be used to collateralize new bond issues, either in order to replace existing debt, at a discount, or as a means for recovering international reserves used in buyback operations. Public financing of debt reduction would then serve to overcome one of the obstacles that impeded this strategy in the second stage of the Baker Plan: the lack of resources on the part of the debtor countries for the repurchase or conversion of their external obligations.

The fourth proposal in the Brady initiative is that, when circumstances justify, the International Monetary Fund could be authorized to disburse loans for supporting the country's adjustment programme, even in cases where it might not have previously reached agreement on financing with the commercial creditor bank; this would mean a turnabout in the general policy applied by the Fund since 1982.

The proposals presented in the Brady Plan gradually began to be implemented over the course of the year. About US\$30 billion of official funds were committed for debt reduction. The Fund and the World Bank committed about US\$12 billion each and Japan agreed to provide the rest. During 1989, the governments of several countries, including the United States, France, Japan and the United Kingdom, applied their tax rules and regulations in a manner designed to facilitate the participation of the banks in debt-reduction schemes. Likewise, the Fund showed willingness to disburse resources without having a prior agreement with the commercial banks, when conditions would so justify. Thus,

¹The funds are officially organized as follows. In the framework of case-by-case consideration, the World Bank "will reserve" 25% of the loans programme for the respective country's structural adjustment, over a period of three years, in order to finance reductions of the debt principal. This represents about 10% of total loans. The Bank could, moreover, provide "additional" resources equivalent to 15% of the total three-year credit programme for the purpose of financing interest guarantees for instruments exchanged for old debt. The Fund will also proceed case by case and will consider the possibility of "reserving" 25% of the respective country's access, in accordance with an extended agreement or a special drawing rights agreement, for the purpose of supporting debt-reduction operations. It could also provide "additional" resources equivalent to 40% of the member-country's quota, in order to finance interest guarantees.

for example, although debt-reduction negotiations were still under way, in 1989 the Fund agreed to grant credits corresponding to the first stages of adjustment programmes in Argentina, Ecuador, Mexico and Venezuela. This was not the first time that the Fund proceeded in this way; however, the application of the new policy in the cases of three of the main third-world debtors represented a real advance in international debt-management strategy. Another achievement in 1989 was the conclusion of the first debt-reduction agreements, in principle, between the commercial banks and Mexico, Costa Rica and the Philippines.

b) Brady-style debt reduction agreements

i) *Mexico*, The country started negotiating with the commercial banks in April 1989. In July it finally reached agreement with the Advisory Committee, through which commercial creditors had three options for tackling the eligible medium-term debt of US\$48 billion, out of a total bank debt of close to US\$68 billion. The first option consisted of converting debt, at 35% discount, into a single-maturity 30-year bond, with an interest rate of 0.81% over the London Inter-Bank Offer Rate (LIBOR). Through the second option, debt could be converted into a 30-year par bond, likewise with a single maturity date, at a fixed interest rate of 6.25%, in contrast to the over 9% commercial rate in effect in 1989. The third option offered to the banks included providing fresh funds during the next four years, in an amount equivalent to 25% of their exposure in Mexico; the conditions of the loans were set with a spread of 0.81% over LIBOR, and for a maturity of 15 years, with a seven-year grace period. In addition, the banks could invoke a clause that would permit them, starting in 1996, to gradually increase the annual yield of their bonds up to a maximum of three percentage points if the price of oil exceeded, over a three-month period, US\$14 a barrel in real terms. They would also have the right to limited amounts of debt/equity swaps for the equivalent of US\$1 billion annually, over the following three and a half years.

Mexico committed itself to upgrade both types of bonds offered -discount and par-

through special guarantees. The principal of the bonds was backed up by the acquisition of a zero-coupon United States Treasury bond. In addition, a renewable collateral was granted on 18 months of interest. Another incentive for the banks consisted of a commitment, on the part of Mexico, not to request refinancing for the payment of interest.

ii) *Costa Rica*. The second initiative for applying the Brady Plan in Latin America occurred in Costa Rica, at the end of October. In principle, the agreement referred to US\$1.5 billion of medium-term bank debt and to US\$325 million of interest arrears accumulated since 1986. The agreement offered the banks two alternatives: the reduction of the debt and its servicing, without the option of providing new resources. Costa Rica would sell its debt at 16 cents on the dollar. An offer was made to the banks that were selling 60% or more of their portfolio to convert the rest of it into 20-year bonds (with 10 years of grace), at a fixed interest rate of 6.5%, denominated series A bonds in reference to the principal. The banks whose sales were less than 60% of their portfolio would receive 25-year bonds, with 15 years of grace, at a fixed rate of 6.25% (series B bonds in reference to the principal).

Interest arrears on debt remaining after buy-back operations would be eliminated through a cash payment of 20% and the conversion of the balance into 15-year bonds without a grace period, at a rate of 0.81% over LIBOR. These bonds likewise were denominated either series A or series B, according to whether interest arrears corresponded to series A or series B principal. The banks would in addition have a clawback clause for the bonds, which would give them a greater yield when the gross domestic product exceeded by 20%, in real terms, its 1989 level. Another section of the agreement provided that the government would sponsor debt/equity swaps for a minimum amount of US\$20 million a year for five years.

Special guarantees were offered by Costa Rica for the purpose of motivating participation in the buyback option. Banks that obtained series A (principal) bonds would receive a renewable guarantee of one year on the interest, while series B (principal) bonds

would be extended without guarantee. On the other hand, whereas series A (interest) bonds in arrears would have a three-year renewable guarantee, series B (interest) bonds in arrears would have no guarantee.

c) The effects of the agreements

i) *Mexico*. The bank steering committee originally estimated that such institutions would select their options in such a way that 20% of the eligible debt would be converted into discount bonds, 60% into par bonds and 20% into fresh resources. However, the selection actually made by the banks was something different: 47% was converted into par bonds, 41% into discount bonds and 12% into new resources.

In this context, Mexico needed to finance nearly US\$7.3 billion worth of collateral on principal and interest. Its financing scheme has been the following: IMF (US\$1.7 billion), World Bank (US\$2 billion), Japan (US\$2.1 billion), Mexico (US\$1.3 billion), in addition to the temporary capitalization of interest that initially will be paid on the trust fund that backs the interest guarantee on the Mexican bonds (US\$2 billion). Official multilateral financing was distributed between the reallocation, for debt reduction, of loans from "existing" lending programmes and "additional" funds granted especially for guaranteeing the interest of new instruments.

The effects of the debt-reduction agreement have been nil in terms of conventional accounting. The discount-bond option reduced the debt by US\$7 billion but, on the other hand, the option of obtaining new resources and official loans for financing guarantees increased the country's debt by the same amount. It should be noted, however, that about US\$3.5 billion of official financing was earmarked for the purchase of a 30-year zero-coupon United States Treasury bond, that served as collateral for the principal of the 30-year Mexican discount and par bonds, which were issued to the banks for a total of US\$35 billion. Thus, the principal of the

US\$35 billion debt overhang is actually paid off in advance.

The agreement made it possible to reduce Mexico's scheduled debt service by an average of US\$3.8 billion a year for the period 1990 to 1994, with US\$1.6 billion corresponding to interest reduction and the rest to decrease or postponement of amortization payments (see table 36). This is on the assumption that all of the amortization payments would have to be made on time, which does not always occur, since rescheduling of the principal has become almost a habit.

The net global effect of the agreement on cash flow is less than the reduction of the debt service. This is due to the relatively limited commitment of the banks to provide new resources and the amounts required for financing guarantees. Bank loans of fresh resources reached an average of US\$288 million per year, but after deducting the corresponding interest payments (US\$122 million), the cash flow probably reached an average of US\$166 million annually. On the other hand, the financing of guarantees generated a negative cash flow of over US\$800 million a year. Firstly, for debt-reduction purposes, official loans originally scheduled for the balance of payments (US\$570 million) were reallocated and, secondly, the country's international reserves were used to finance guarantees (see table 36).

The net effect of the funds flow agreement consequently amounted to US\$950 million annually for the period 1990 to 1994, i.e., about 0.5% of the gross domestic product (see table 36). This effect totals US\$3.1 billion annually if amortization payments are included, although these, as already mentioned, probably would have been rescheduled anyway.

Thus the agreement resulted in only a modest contribution to Mexico's cash flow situation. Moreover, its beneficial effects could be annulled by an increase of two points in international interest rates, or by a reduction of US\$2 in the price of the country's oil exports. Moreover, the transformation of the major

² US\$3.5 billion invested in zero-coupon United States Treasury bonds, under conditions prevailing in the market at the date of the agreement, would be worth US\$35 billion in 30 years.

portion of the debt into bonds could complicate future debt management, if problems related to servicing the debt should continue, in view of the fact that the bonds do not allow for requesting new resources for refinancing interest payments. In addition, the danger of non-compliance makes it impossible to generate involuntary emergency financing, since private creditors can recur, for an 18-month period, to funds interest-guarantee in order to cover the scheduled payments. Finally, official default on the obligations created by the bonds can entail difficulties, since the bond holders at the international level have shown themselves to be traditionally susceptible and disposed to take legal action against the borrowers.

However, the benefits of the agreement cannot be evaluated only in terms of cash flow. Debt reduction also offers another important benefit: it has positive effects on private-sector expectations and investment-risk incentives. In fact, the first effects of the agreement, in terms of confidence, are considered to be attractive, in part because domestic interest rates in Mexico (on the three-months Treasury bonds) were reduced from 55% in July 1989 to 36% in September of the same year. This drop of almost 20% in domestic rates represented a potential annual saving equivalent to 4% of the gross domestic product in interest payments on the public sector's domestic indebtedness.

ii) *Costa Rica*. The final agreement seems to have covered a smaller proportion of the debt than that which was being considered when the agreement in principle between Costa Rica and its creditor banks was announced. Preliminary information indicates that the "eligible" debt reached a total of US\$1.6 billion (US\$1.2 billion in original debt plus US\$400 million in interest arrears), of which 62% was purchased at US\$0.16 per dollar. The remaining eligible debt, which totalled almost US\$600 million, was converted into bonds according to the following options: series A, US\$240 million, corresponding to the principal, and US\$50 million to interest arrears; series B, US\$230 million corresponding to the principal and US\$60 million to interest arrears.

The agreement contemplates US\$225 million in financing for repurchase, a cash

payment of 20% of interest arrears and guarantees on series A bond interest. The government had arranged financial commitments with a network of diverse bilateral sources, which included, among others, Taiwan (US\$40 million), United States (US\$63 million), Canada (US\$5 million) and the Netherlands (US\$5 million), as well as with IMF and the World Bank, from whose lending programmes US\$60 million were expected. However, shortly before the agreement was signed, IMF, the Bank and some bilateral sources withheld their support, since the country did not succeed in reaching a three-month fiscal goal in an adjustment programme with IMF. In spite of this, the agreement was concluded, since Costa Rica was able to cover the deficit through a US\$70 million loan from Mexico and Venezuela. Of total financing, only US\$120 million corresponded to external loans; the rest of the resources consisted of donations and financing from national sources.

As a result of the buyback, the commercial bank debt was reduced by US\$990 million, i.e., by slightly over 60%. However, the net reduction was less (US\$870 million, or 19% of total external obligations), since US\$120 million in new official loans were contracted in order to finance the operation.

Paradoxically, the debt agreement increased the burden of servicing it which Costa Rica must pay. The country had agreed to a partial moratorium in 1986, limiting bank debt service to interest payments of between US\$30 and US\$35 million annually. Payments to the banks, however, had to be increased to US\$44 million in 1989, as part of the requisites of the adjustment programme arranged with IMF. Thus, the agreement with the banks basically formalized the partial moratorium of 1989, limiting bank debt service to an average of about US\$46 million annually at the beginning of the 1990s. However, if this is added to the cost of servicing official debts for financing guarantees, the average total debt service increased to US\$52 million (see table 37). The agreement permitted the country's outflow of debt-service payments to increase by 75% with respect to the amounts registered in the years of the moratorium. However, these are one third less than the US\$175 million in

annual interest paid on the old bank debt. Moreover, if the new debt service programme can be sustained, the cancellation of overdue bank loans could stimulate new flows of internal and external investment.

Finally, it should be pointed out that the debt-reduction agreement had an implicit element of forgiveness. Under normal conditions, the buyback tends to take place at prices that are equal to or higher than those of the secondary market. Whereas the Costa Rican debt was being transacted at US\$0.19 shortly before the new agreement, in accepting a price of US\$0.16 (lower than the market price) in the buyback operation, the banks discreetly cancelled part of the debt overhang.

c) **Other** aspects

In addition to the agreements already mentioned, Venezuela participated actively in various negotiations with commercial banks during most of 1989, for the purpose of reaching a debt-reduction agreement. As a result of these negotiations, the government obtained a provisional short-term loan from the commercial banks of US\$600 million, to help to settle about US\$900 million worth of interest arrears which had been accumulating since the beginning of the year. The loan conditions included an amortization period of six months and an interest rate of 0.875% over LIBOR. During the second half of 1989, Argentina, Ecuador and Uruguay also initiated talks with their commercial-bank creditors about the possibility of adopting a Brady-style debt-reduction scheme.

In May of the same year, Bolivia arranged a discrete buyback of US\$106 million of debt arrears with the commercial bank, at a price of US\$0.11. This operation followed the one implemented in 1988, when bilateral donations were used to acquire almost half the bank debt at this same price. Through these two transactions Bolivia retired almost two thirds of its bank debt overhang, whereas the rest remained unpaid. The Government of Chile, for its part, repurchased US\$140 million worth of bank debt in November 1989, at a price of US\$0.58. At the Latin American regional level, a reciprocal debt-reduction agreement was arranged for US\$800 million in Bolivian

obligations and US\$300 million in Argentine debt.

In 1989, domestic debt-swapping operations did not play as important a role as in the preceding year, since many governments decided to limit the scope of their programmes. Chile was an exception, continuing to sponsor the most ambitious debt-conversion programme in the entire region, at a value of more than US\$2 billion in 1989. When this is added to figures for previous periods, starting in 1985 when the programme was initiated, the total is more than US\$8 billion. Venezuela, for its part, recently inaugurated a debt-swapping programme under which about US\$325 million of its pending obligations were converted during the year. Other programmes of this type were applied in Uruguay (US\$20 million), Peru (US\$100 million) and Jamaica (US\$60 million).

Negotiations between Honduras and its foreign bank creditors led to the rescheduling of US\$60 million worth of debt overhang in 1989, with payment periods of 14 to 20 years. In addition, 95% of the US\$16 million of interest in arrears was cancelled.

Colombia was the only country that obtained new medium-term bank loans in 1989. Following arduous negotiations, it concluded an agreement with creditor banks covering a group of loans in the amount US\$1.7 billion, for the purpose of refinancing most of its bank-debt payments due in 1989 and 1990. Of this amount, US\$1.5 billion corresponded to a 12-year loan with a spread of 0.875% over LIBOR. The other US\$200 million came from a bond issue with a term of eight years and a spread of 1.5% over LIBOR.

In addition to bank debts, certain obligations with the Paris Club were rescheduled in 1989. Mexico restructured US\$2.6 billion of principal and interest payments falling due over the next three years, at 10 years with a six-year grace period. Guyana also renegotiated US\$150 million of obligations with the Paris Club; at the same time, it rescheduled balances in arrears corresponding to medium-term debt payments at 20 years with 10 years of grace, and rescheduled interest arrears at 10 years with six years of grace. Trinidad and Tobago also

rescheduled US\$470 million of bilateral debt at 10 years with a five-year grace period.

The accumulation of obligations in arrears continued to be an important mechanism for reducing debt service in Latin America during 1989. These balances accumulated over the year in Argentina, Bolivia, Brazil, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Nicaragua,

Panama, Paraguay, Peru and Venezuela. The last-named country eliminated them in September, through the above-mentioned provisional agreement with the private banks.

Lastly, at the end of the year Peru began to straighten out its situation with IMF through the earmarking of US\$40 million for payment of obligations in arrears with that organization, amounting to almost US\$800 million.

Table 31
LATIN AMERICA AND THE CARIBBEAN: TOTAL DISBURSED EXTERNAL DEBT

	End-of-year balance in millions of dollars						Annual growth rates				
	1984	1985	1986	1987	1988	1989 ^b	^a 79- 1981	1982- 1983	1984- 1987	1988	1989 ^b
Latin America and the Caribbean	373 476	383 543	399 429	426024	419 073	416 598	23.0	11.1	4.5	-1.6	-0.6
Oil-exporting countries	156 243	158 050	162 356	168398	167 954	160 420	24.6	10.4	2.4	-0.3	-4.5
Bolivia ^c	3 208	3 294	3 536	4162	4066	3 456	13.3	9.4	7.0	-2.3	15.0
Ecuador	7 596	8110	9 076	10 217	10 574	11039	21.0	18.3	8.5	3.5	4.4
Mexico	96 700	97 800	100 500	102 400	100 400	95100	30.2	11.9	2.2	-2.0	-5.3
Peru	13 338	13 721	14 477	15 373	16 493	16 720	1.0	13.8	5.4	7.3	1.4
Trinidad and Tobago	1539	1763	1870	2 048	2150	2 098	29.3	16.3	9.5	5.0	-2.4
Venezuela	33 862	33 362	32 897	34198	34 271	32 007	25.1	4.0	-0.4	0.2	-6.6
Non-oil-exporting countries	217 233	225 493	237 073	257 626	251119	256 178	21.8	11.7	6.0	-2.5	2.0
South America	189 451	195 590	205 261	223 752	215 495	219 392	22.2	11.1	5.9	-3.7	1.8
Argentina	46191	49 326	51422	58 324	58 473	62 000	41.9	12.4	6.7	0.3	6.0
Brazil ^e	104 926	105126	111045	121174	113 296	114 813	14.4	10.1	5.6	-6.5	13
Colombia	12350	14 063	14 987	15 663	16 434	16 249	28.0	16.0	8.1	4.9	-1.1
Chile	19 659	20 403	20 716	20 660	18 960	17 518	30.5	7.6	3.5	-8.2	-7.6
Paraguay	1654	1772	1853	2043	2 002	2 027	12.3	24.5	8.6	-2.0	1.2
Uruguay	4 671	4900	5 238	5888	6330	6 785	35.9	21.2	6.5	7.5	7.2
Central America and the Caribbean	27 782	29 903	31812	33 874	35 624	36 786	19.0	16.1	12	5.2	33
Costa Rica	3 752	3 742	3922	4194	4100	4000	12.8	14.7	4.4	-2.2	-2.4
El Salvador	1949	1980	1928	1880	1913	2127	17.7	8.4	-0.1	1.8	11.2
Guatemala	2 495	2 694	2 674	2 700	2 599	2 732	19.0	24.8	5.8	-3.7	5.1
Guyana	1114	1308	1477	1736	2391	2 570	28.1	17.8	15.9	37.7	7.5
Haiti ^c	607	600	696	752	778	811	21.0	21.7	8.1	3.5	4.2
Honduras	2392	2 794	3 018	3105	3 338	3 351	17.5	16.7	9.5	7.5	0.4
Jamaica	3 207	3 355	3 590	4 014	4 002	4 035	22.6	14.9	8.3	-0.3	0.8
Nicaragua ^c	4 362	4 936	5 760	6 270	7220	7 570	27.1	21.5	13.4	15.2	4.8
Panama ^f	4 368	4 774	4 935	5 324	5400	5 500	13.3	14.2	5.0	1.4	1.9
Dominican Republic	3 536	3 720	3 812	3 899	3 883	4090	24.2	14.0	4.2	-0.4	5.3

Source: ECLAC, on the basis of official figures.

^a Includes debt owed to the International Monetary Fund. ^d Preliminary figures. ^e Public debt. ^f Total debt according to official figures and data from international financial agencies. ^c Up to 1984, corresponds to World Bank data. ^b World Bank figures.

Table 32
**LATIN AMERICA AND THE CARIBBEAN: NET TRANSFER OF RESOURCES WITH MULTILATERAL
 LENDING AGENCIES**
(Billions of dollars)

	1983	1984	1985	1986	1987	1988	1989
Total	7.5	5.2	2.5	1.1	-2.3	-2.9	-2.6
International Monetary Fund	5.7	2.7	0.6	-0.8	-1.7	-2.1	-1.7
World Bank	0.8	1.1	0.7	1.4	-0.5	-0.7	-1.1
Inter-American Development Bank	1.0	1.4	1.2	0.5	-0.1	-0.1	0.2

Source: ECIAC, on the basis of figures from the above three institutions. The 1989 figure for the International Monetary Fund is based on data from the Latin American Economic System (SELA).

Table 33
**LATIN AMERICA AND THE CARIBBEAN: RATIO OF TOTAL INTEREST TO EXPORTS OF GOODS
 AND SERVICES^a**
(Percentages)

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Latin America and the Caribbean^c	41.0	36.1	36.2	35.7	36.3	30.2	29.1	28.3
Oil-exporting countries	35.6	31.4	33.9	32.5	35.4	28.4	30.4	28.4
Bolivia	43.4	39.8	49.8	46.8	42.1	38.4	40.8	28.6
Ecuador	30.3	27.4	30.7	25.5	30.0	32.7	33.5	31.6
Mexico	47.3	37.5	39.1	37.3	38.4	29.6	30.8	28.5
Peru	25.1	29.9	34.8	31.4	31.7	29.1	33.2	29.5
Venezuela	21.0	21.6	24.0	25.3	31.1	23.7	27.0	27.1
Non-oil-exporting countries	46.8	41.0	38.5	38.5	37.0	31.4	28.3	28.2
South America	50.4	43.8	40.9	40.9	39.4	33.0	29.1	29.6
Argentina	53.6	58.4	57.6	51.2	51.0	50.9	42.2	47.4
Brazil	57.1	43.5	39.6	40.3	42.4	33.1	29.4	29.2
Colombia	25.9	26.7	22.8	28.9	20.2	21.0	21.2	21.1
Chile	49.5	38.9	42.1	43.5	37.9	26.4	21.8	19.0
Paraguay	13.5	14.3	10.1	8.3	18.5	12.4	12.3	8.6
Uruguay	22.4	24.8	34.8	34.2	24.7	24.8	23.8	27.7
Central America and the Caribbean	21.0	20.6	19.5	20.0	20.2	19.6	18.9	16.6
Costa Rica	36.1	33.0	26.6	24.9	21.8	21.2	22.1	19.9
El Salvador	11.9	11.9	12.3	11.1	10.1	13.6	13.7	15.8
Guatemala	7.8	8.7	12.3	14.6	17.3	13.6	12.5	13.9
Haiti	2.4	2.4	5.2	5.4	5.2	6.0	8.3	9.2
Honduras	22.4	16.4	17.9	16.1	19.5	18.4	20.0	18.2
Nicaragua	41.8	44.8	56.1	72.0	83.4	64.1	55.6	46.6
Dominican Republic	22.7	24.5	18.1	18.7	18.9	20.4	18.7	11.3

Source: 1982-1987: ECIAC, on the basis of data from the International Monetary Fund (IMF); 1988-1989: ECIAC, on the basis of official figures.

* Includes interest payments actually made and interest due but not paid. Services do not include factor services.

^b Preliminary figures. ^c Eighteen countries. Does not include Panama.

Table 34
LATIN AMERICA AND THE CARIBBEAN: RATIO OF TOTAL DISBURSED EXTERNAL DEBT TO
EXPORTS OF GOODS AND SERVICES
(Percentages)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Latin America and the Caribbean (19 countries)	317	343	323	345	411	389	334	299
Oil-exporting countries	271	302	285	307	416	365	351	287
Bolivia	308	370	392	458	530	640	606	399
Ecuador	201	279	262	246	351	414	401	391
Mexico	335	345	321	357	459	371	345	289
Peru	281	334	349	362	430	428	447	371
Venezuela	183	219	203	214	326	303	307	227
Non-oil-exporting countries	362	383	358	378	408	407	324	308
South America	398	412	378	399	441	435	332	317
Argentina	475	485	481	490	610	717	527	534
Brazil	418	413	363	381	458	431	314	306
Colombia	232	303	239	314	230	245	247	222
Chile	370	390	455	457	405	327	229	185
Panama	110	149	148	145	134	142	145	144
Paraguay	195	317	214	163	234	214	179	145
Uruguay	276	324	362	391	349	381	359	340
Central America and the Caribbean	203	243	252	267	261	270	276	257
Costa Rica	286	312	294	306	281	289	254	220
El Salvador	208	211	218	219	188	209	215	271
Guatemala	144	184	203	231	229	237	208	189
Haiti	152	191	190	178	238	235	283	331
Honduras	259	270	282	309	299	320	328	306
Nicaragua	703	804	1012	1405	1959	1923	2 625	2 207
Dominican Republic	260	267	258	281	271	251	210	191

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

^a Preliminary figures.

Table 35
LATIN AMERICA AND THE CARIBBEAN: RATIO OF TOTAL EXTERNAL DEBT TO
GROSS DOMESTIC PRODUCT^a
(Percentages)

	1980- 1981	1982- 1983	1984- 1985	1986- 1987	1988- 1989 ^b
Latin America and the Caribbean	30	50	55	57	49
Oil-exporting countries	31	56	57	71	57
Bolivia	61	112	70	117	85
Ecuador	38	54	67	89	106
Mexico	25	58	55	76	52
Peru	43	52	68	45	52
Venezuela	49	51	56	67	66
Non-oil-exporting countries	29	47	53	50	45
South America	28	45	51	48	42
Argentina	25	68	56	62	71
Brazil	29	39	47	40	32
Colombia	22	29	36	43	38
Chile	47	83	119	117	77
Paraguay	20	25	38	56	60
Uruguay	24	59	91	78	80
Central America and the Caribbean			77	78	82
Costa Rica	74	121	98	89	82
El Salvador	40	49	48	43	35
Guatemala	15	23	35	37	33
Haiti	35	46	43	47	53
Honduras	55	69	75	76	70
Nicaragua	%	134	187	238	366
Panamá	85	96	97	98	119
Dominican Republic	43	58	88	74	85

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

*a 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. ^b Preliminary estimates.

Table 36
MEXICO: ESTIMATE OF FINANCIAL EFFECTS OF THE AGREEMENT REACHED UNDER THE
BRADY PLAN
(Millions of dollars)

	Average					
	1990- 1994	1990	1991	1992	1993	1994
1) Gross savings on interest ^a	1629	2 222 ^b	1481	1481	1481	1481
Bonds at face value	884	1207	804	804	804	804
Discount bonds	745	1015	677	677	677	677
2) Savings or deferral of amortization	2154	2 545	1873	2 431	2 430	1492
3) Total gross savings on debt service (1+2)	3 783	4 767	3 354	3 912	3 911	2 973
4) New bank resources ^c	288	750	346	346		
5) Interest on new bank resources ^a	122	74	108	142	142	142
6) Official disbursements of balance-of-payments loans allocated for debt reduction	573	955	955	955		
7) Guarantees financed by country	269	1343				
8) Cash flow, including effect of amortization savings or deferral (3+4-5-7-8)	3107	3145	2637	3161	3 764	2831
9) Cash flow, excluding effect of amortization savings or deferral (9-2)	953	600	764	730	1339	1339

Source: ECLAC, on the basis of official figures.

^a Assuming a LIBOR rate of 9% on commercial bank loans. ^b Includes "retroactive savings" since July 1989.

^c Disbursement of US\$1.44 billion by banks under the new resources option. ^d Official loans made available by the World Bank, IMF and Japan for balance-of-payments purposes which are reassigned to guarantee new debt instruments. The calculation of Japanese set aside agreements is based on the assumption that one-half of these funds would in any case have been made available to Mexico under regular Japanese co-financing arrangements.

Table 37
COSTA RICA: ESTIMATE OF DEBT SERVICING COSTS ACCORDING TO THE AGREEMENT
REACHED UNDER THE BRADY PLAN^a
(Millions of dollars)

Type of debt	Amount	Average					
		1990	1991	1992	1993	1994	1990- 1994
1) Series A bonds							
On principal ^c	237	15	15	15	15	15	15
On interest arrears ^d	54	9	8	8	8	7	8
2) Series B bonds							
On principal ^{b,c}	227	14	14	14	14	14	14
On interest arrears ^d	61	10	9	9	9	8	9
3) Subtotal (1+2)	579	48	46	46	45	43	46
4) Official loans ^{6,e}	120	6	6	6	6	6	6
5) Total (3+4)	<. .	54	52	52	51	49	52

Source: ECLAC, on the basis of official figures.

¹¹ Preliminary figures. Because of the grace period for new bonds and loans, only the debt service corresponding to interest payments is included. ^c At an interest rate of 6.25%. ^d Assuming a LIBOR rate of 9%. ^e Interest rate of 5% on official loans. Based on the assumption that all such loans are additional and that the country will therefore not draw on its set aside agreements with the World Bank and the International Monetary Fund (IMF).

Table 38
**LATIN AMERICA AND THE CARIBBEAN: PRICES OF EXTERNAL DEBT PAPER ON SECONDARY
MARKETS**

(As a percentage of face value)

	1986			1987			1988			1989		
	January	June	De- cem- ber									
Argentina	62	65	66	64	52	35	32	25	21	20	13	13
Bolivia	...	6	7	8	9	11	11	11	10	10	11	11
Brazil	75	74	74	72	62	46	46	51	41	37	31	22
Colombia	82	81	86	86	85	65	65	65	57	56	57	64
Costa Rica	...	48	35	35	36	15	15	11	12	13	14	17
Chile	65	67	67	68	70	61	61	60	56	60	61	59
Ecuador	68	64	65	65	50	37	35	27	13	13	12	14
Guatemala		52	60	61	67	77	57					
Honduras	...	40	40	40	39	22	22	22	22	22	17	20
Jamaica		45	45	45	38	33	33	38	40	40	41	40
Mexico	69	59	56	57	57	51	50	51	43	40	40	36
Nicaragua	...	4	4	4	5	4	4	2	2	2	1	1
Panama		69	68	68	67	39	39	24	21	19	10	12
Peru	25	20	18	18	14	7	7	6	5	5	3	6
Dominican Republic		45	45	45	45	23	23	20	22	22	22	13
Uruguay	...	63	66	68	74	60	59	60	60	60	57	50
Venezuela	80	76	74	75	71	58	55	55	41	38	37	34
Average ^a		64.9	64.2	63.7	58.5	46.5	45.1	45.4	37.7	35.2	31.9	28.0

Source: United Nations, Department of International Economic and Social Affairs, on the basis of asked prices compiled by the High Yield Department of Salomon Brothers.

* Weighted by the amount of bank debt.

IX. ECONOMIC TRENDS IN THE CARIBBEAN IN 1989

1. Main trends

The economies of the English-speaking countries of the Caribbean subregion had a modest overall growth rate in 1989 (1%) (see table 40). The per capita product, in turn, showed a small decrease, in keeping with the downward trend in the 1980s. In fact, the gross domestic product (GDP) of the subregion as a whole was 6% less in 1989 than in 1980, representing a per capita contraction of about 20%. Construction and tourism continued to be the activities yielding the best results in terms of production.

The performance of the countries was very uneven. Several of the smaller ones again had high growth rates (in five of them they were 5% or more, although in general they were lower than those for 1988). Jamaica's GDP grew by more than 6%, in contrast to the small increase of the preceding year. Guyana and Trinidad and Tobago continued to suffer prolonged recessions in 1989, with declines of 5% and 2% respectively.

As in 1988, the region was ravaged by natural disasters which seriously damaged agricultural crops, buildings and the economic infrastructure, causing great losses of physical capital and affecting not only the gross domestic product for 1989 but also future land capability. However, the negative impact of these phenomena was partially attenuated by the inflow of external assistance to the countries in crisis. Likewise, the rehabilitation efforts stimulated construction and the manufacture of building materials,

and promoted trade among the countries of the subregion. On the other hand, unlike the situation in 1988, international prices for Caribbean commodities declined, and this fact, in combination with the devaluation of the currencies of the subregion's main trade partners, affected export income.

The rate of domestic price increase was moderate, but higher than in 1988, with the notable exception of Trinidad and Tobago, which significantly reduced its inflation rate. For most of the countries, the price rise was the result of the elimination of subsidies as called for by structural adjustment programmes, and of devaluations, the shortage of goods following the hurricane and the price increase for imported goods, especially petroleum.

In the external sector, the excellent performance of exports of goods and the income derived from tourism were counteracted by the increase in imports and payments of profits and interest, which resulted in negative balances on current account for most of the countries. Capital inflow, which contributed to an increase in the external debt in some cases, was insufficient to eliminate the balance-of-payments deficit, and consequently many countries showed a loss of international reserves in 1989. The heavy burden of the external debt continued to weigh on the subregion, and attempted strategies to reduce it, following the example of other regions, have had little result as yet.

¹ The expression "English-speaking countries of the Caribbean" refers to the following countries in the subregion for which information is available: Antigua and Barbuda, Bahamas, Barbados, Belize, British Virgin Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines and Trinidad and Tobago. When data are available, the Dutch-speaking countries, such as Aruba, Netherlands Antilles and Suriname, are also included.

2. Growth of the main sectors

In spite of certain difficulties, tourist activities continued their growth in 1989, stimulating the economies of several Caribbean countries (see table 41). While the total number of visitors and the amount of their expenditures increased, the cruise-passenger component rose more rapidly. As in 1988, the growth of this last category resulted from a significant expansion in the number of visitors from Europe and the slower increase of those from the United States, although the latter country continued, by a wide margin, to be the main origin of tourists. As in the preceding year, the hurricane affected the tourist infrastructure, which temporarily reduced lodging capacity and discouraged the arrival of overnight visitors. The small islands were the most devastated by this phenomenon, especially Montserrat and the British Virgin Islands and, to a lesser degree, Antigua, Dominica and Saint Kitts and Nevis. However, some received more passengers via cruise ships, a mode of travel that many tourists seemed to prefer.

The main Caribbean tourist centres (Aruba, Bahamas, Barbados, Jamaica, and Netherlands Antilles) showed significant growth in the number of cruise passengers (16%). On the other hand, the number of overnight tourists registered a smaller increase, but with wide variations between countries: whereas in Aruba this increment was 23% and in Jamaica 10%, in Barbados it was scarcely 2%. Thus, tourism continued to be an important source of foreign exchange income for the Caribbean subregion, to a certain extent stimulating other sectors.

The growth of construction was one of the main dynamic factors of the economy, just as in the two preceding years. However, the country trends differed: whereas in Barbados, Belize and Jamaica the sector grew by 15% or more, almost all the other countries of the subregion scarcely registered any expansion. Trinidad and Tobago was the only country that showed a decline, continuing with the recessive situation of the three preceding years.

This performance of the sector can be explained by various factors, the most important being the sustained expansion of tourist installations, governmental policies for greater expenditure on production infrastructure and housing and on the repair and reconstruction of structures damaged by the 1988 and 1989 hurricanes. On the other hand, the banking systems in various countries had high levels of liquidity, owing in part to the transfer of funds from abroad as donations or insurance compensation for hurricane damage; these funds permitted them to expand their mortgage lending to a considerable extent. The sharp decline in construction in Trinidad and Tobago was due to the persistent recession suffered by this country as a result of its structural adjustment programme.

Agriculture developed unfavourably; its output contracted as a result mainly of the devastation caused by hurricane Hugo and the residual effects of hurricane Gilbert in 1988. In addition, the sector was affected by adverse out-of-season weather conditions and other farm-related problems that had a negative impact on the volume and quality of products harvested. There were also unfavourable conditions in some international markets, such as low export prices for most commodities, the harvests of which also decreased, owing to the depreciation of the national currencies of the main trade partners in relation to the United States dollar.

At the national level, agriculture declined in Barbados, Guyana, Jamaica and the islands that make up the Organization of Eastern Caribbean States (OECS).² Belize showed a certain amount of growth in this sector, particularly in its output of sugar, bananas, citrus fruits for export and certain products for the domestic market. In Trinidad and Tobago, on the other hand, the agricultural sector grew almost 6%, following an expansion of 10% in 1988, stimulated by the complete reconversion of the sugar industry and the expansion of some crops for internal consumption (see table 42). The result achieved with sugar in this country

² This includes Antigua and Barbuda, the British Virgin Islands, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines.

was extraordinary and surpassed that for any other export heading.

The manufacturing sector, on the other hand, had modest growth in 1989, similar to that for the two preceding years, owing to the low rate of increase in Guyana, Trinidad and Tobago and the OECS countries. Barbados and Jamaica, however, showed satisfactory growth rates that fluctuated between 3 and 4%, with a notable increase in Belize of around 20% (see table 43). The sustained contraction of demand in Guyana and Trinidad and Tobago was again the main depressive factor, especially for industries on the smaller islands, since many of these depend on exports of manufactures to the larger Caribbean countries. It is worth noting here that the manufacturing sector is small in most of the countries, with the exception of Jamaica and Trinidad and Tobago, where it represents about 20% of the product. Belize and Saint Kitts and Nevis are in an intermediate position, with a share that varies between 12% and 15%. On the other hand, in Barbados, the share declined from almost 12% in 1983-1984 to 8% in 1989, as a result of the closure of a number of large establishments. Guyana has a share of approximately 10%, while that of the remaining countries fluctuates between 4% and 9%.

Mining activity declined in 1989, despite an increase of 38% registered in Jamaica, which was offset by a slowdown in other countries where it is important. In Trinidad and Tobago, in particular, where the share of the sector is the largest in the Caribbean, mining declined by 1%, owing to a lesser extraction of petroleum and gas. In Guyana, in turn, there was a sharp fall (20%), due to the downward trend in bauxite and alumina production. On the other hand, in Jamaica, the reopening of an alumina plant made it possible to increase production of this compound by 47% and to raise bauxite extraction by an impressive 33% (see table 42). The export price trend for minerals was uneven: average values for crude petroleum and refined products rose, but those for petrochemical products fell, gradually declining during the greater part of the year. On the other hand, world prices for aluminium were lower, which affected profits of firms producing bauxite and alumina.

3. Prices

Inflation in almost all countries of the Caribbean subregion continued to be moderate in 1989, although with rates higher than those seen in 1987 and 1988. The largest price increases occurred in Guyana and Jamaica and, to a lesser degree in Barbados, Dominica and Trinidad and Tobago (see table 44).

Although the price index for Guyana is not available for 1989, it can be stated that inflation there surpassed the rate of 41% registered in 1988. Several factors have contributed to accentuating the increases; those that were particularly noteworthy were the 70% increase in the exchange rate in the second half of 1989, the lower level of merchandise imports and the fall in domestic production. This greater inflation was reflected in the parallel market exchange rate, which was 50% higher than the official rate.

Inflation in Jamaica practically doubled, reaching 17%, the highest level since 1985. This was due mainly to increases for food products, fuels, transport, clothing and footwear, although all components of the price index rose significantly. These increases were caused basically by the application of the structural adjustment programme, which called for the elimination of subsidies (particularly those for foodstuffs), by the devaluation that occurred in November 1989 (following gradual devaluation starting in the second half of the year) and by the easing of certain restrictive measures, in order to facilitate recovery from the damage caused by the hurricane.

The inflation rate of 6.6% in Barbados was the highest since 1982. It resulted from the increase in import prices and indirect taxes; greater consumer demand, owing mainly to wage increases in the industrial sector; and extensive credit expansion. Unlike the Jamaican case, the components of the index showed considerable fluctuation: those that rose included foodstuffs, housing and medical and personal care; there was no change for expenditures on transport and domestic services; and clothing and footwear components declined. Among the smaller countries, Dominica had an unusually high rate of inflation (6%) impelled by higher prices for

foodstuffs, furniture and domestic equipment, a reflection of the shortages due to the quite extensive damages occasioned by the hurricane. Among other countries with a tradition of very low inflation, the rate of price increase continued to be low, although with a slight rising trend.

In Trinidad and Tobago prices rose by 9%, a figure lower than that registered in the preceding year but still high in comparison with that observed traditionally in the Caribbean. This decline in the rate of inflation was due to a more favourable price trend for the categories of housing, fuel, electricity, domestic supplies and beverages and tobacco, following a drastic reduction of demand resulting from the structural adjustment programme. However, there were upward pressures stemming particularly from increases in foodstuffs (despite the increase in their domestic production), transport and other services, and from the devaluation at the end of 1988. Inflation had similar characteristics in Suriname, where the rate had shown great increases in 1986 and 1987 and then returned to a more moderate level of 7% in 1988 and 1989, owing to the fact that the socio-political situation returned to normal.

4. Foreign trade

In 1989, merchandise trade continued to show the same marked instability as during the previous two years. The deficit had risen in 1987 to 84% of total exports and declined the following year to 76%, maintaining this level in 1989. This high deficit was due to the fact that the excellent performance of exports from Jamaica and Trinidad and Tobago and, to a lesser extent, those of Belize, Netherlands Antilles and Suriname was counteracted by the rapid growth of imports, particularly in Guyana, Jamaica, Netherlands Antilles and Trinidad and Tobago. While the growth rate of subregional imports as a whole was lower than that of exports, external purchases increased in absolute terms by about US\$1 billion, whereas external sales increased by less than US\$700 million (see table 45).

This high merchandise trade deficit has been traditional in the subregion and is a

function mainly of its size, endowment and use of its resources and the opening of the economy. This negative balance is offset, in general, by the net income received from tourism and other services such as transport and insurance, local expenditures of extra-territorial firms and official and private transfer payments (remittances from emigrants located in Canada, the United States and the United Kingdom).

Characteristics for individual countries vary significantly: only Suriname and Trinidad and Tobago have achieved growing surpluses in their merchandise trade during the last three years, while all the other countries have shown a deficit. Even those countries that had been able to lower, or at least maintain, their deficits in 1988 (Antigua, Bahamas and, especially, Saint Vincent and the Grenadines) experienced an increase in 1989. Moreover, Jamaica and the countries that were most affected by the hurricane of 1989 (Dominica, Montserrat and Saint Kitts and Nevis) increased their deficits.

Merchandise exports rose by 17%, to more than US\$4.5 billion, thanks to the significant increase for bauxite, alumina and petroleum, which made it possible to offset decreases for agricultural products and, in some countries, manufactures and certain traditional headings.

Export prices for bauxite and alumina declined, but were more than counterbalanced by the greater increase in the volume exported, particularly in Jamaica (see table 46). On the other hand, the increase in the value of petroleum exports from Trinidad and Tobago and the Netherlands Antilles, reflected an increase in their price, since the physical volume of crude oil exported actually declined. The value of certain non-traditional exports also increased, such as chemicals, building materials and various manufactures, but it should be pointed out that clothing, exports, which had risen recently, stagnated or declined in some countries.

The main factors influencing the lower level of exports in 1989 were production losses which caused a reduction of goods available and/or price declines for most of the Caribbean's main agricultural products (bananas, coffee, cacao and spices). The price of sugar, on the contrary, rose in 1989, which made it possible to partially

compensate for the smaller volume exported. Some agricultural prices fell, due to the deterioration in product quality -especially in the case of bananas- and the increase in supply in countries competing with the Caribbean in both production and trade. In addition, export income in dollars was affected by the weakening of European currencies during the year, in relation to 1988. In this regard, it should be pointed out that these countries are the Caribbean's main trade partners for traditional agricultural products.

Imports, particularly those of the larger countries of the region, increased considerably in 1989 (14%), reaching US\$8 billion. In view of the high deficit, several countries applied restrictive measures in order to reduce their external purchases, thus causing imports to grow more slowly than exports. However, the greater demand for materials required for repairing and rehabilitating structures and equipment damaged by the hurricane made it necessary to make additional external purchases, particularly in the latter part of the year. Likewise, the great effort to increase exports implied an increase in demand for capital goods, raw materials and petroleum. At the same time, the expansion of tourism, an aspect of prime importance in the development strategy of the entire subregion, meant a demand for imports of foodstuffs, other consumer goods and capital goods. Certain economic policy measures, which reduced customs duties and eliminated some subsidies for foods, also helped to stimulate imports to a certain extent.

5. The balance of payments

As has been traditional in the Caribbean, income from tourism and, in some cases, from transport (Bahamas, Netherlands Antilles and Trinidad and Tobago), financial services and unrequited transfer payments has helped to offset, substantially, the chronic merchandise trade deficit and to improve the current-account position.

The trend of income from tourism, the most important source of foreign exchange, was satisfactory in 1989, with a growth rate higher than 5%, notably above that of the preceding

year. This performance could have been better had it not been for the hurricane of September 1989 which considerably affected the tourist infrastructure of several small Eastern Caribbean islands, just prior to the beginning of the high winter season. This expansion of income from tourism was achieved thanks to the considerable increase in the number of cruise passengers in almost all the ports of destination and the rapidity with which the infrastructure was repaired in some countries. Gross income from transport grew in all the countries where this category is important, but mainly in Trinidad and Tobago. Part of the expansion of income from private and official transfer payments corresponded to the relief funds received on account of the hurricane.

Like most of the Latin American countries, those of the Caribbean registered a rapid growth of net outflows for factor services, due, in large measure, to the external debt. The only exception was the Netherlands Antilles, which had an average positive net inflow of US\$40 million in the last three years. Although the total net outflow of the subregion for factor services is still lower than income from tourism, it has nevertheless had a very negative impact on the balance on current account. This outflow increased extraordinarily in Trinidad and Tobago (41%), and more slowly in Jamaica (15%) and Barbados (9%). As a consequence of this unfavourable development, the negative current-account position which had improved considerably in 1988, clearly deteriorated, exceeding even the 1987 deficit.

Taking the subregion as a whole, the inflow of capital, especially long-term private capital, has declined in recent years. These resources had special importance in the past, since they were one of the main sources for financing the growth of the Caribbean countries. The inflow of official capital, which in earlier years had partially compensated for the shrinkage of private capital inflow, likewise diminished. A good example of this phenomenon is Barbados, where the net inflow of long-term private capital became negative starting in 1982, while the high level of inflow of official capital was maintained, although with a clear decline in 1989.

The global position of the balance of payments has deteriorated since 1987, but

owing to the variety of sectoral interests and the diversity of resource availability, this trend masks significant differences among countries. The final result was, however, a loss of international reserves, in contrast with the improvement that took place in 1988 in most of the countries. Barbados, Jamaica and Netherlands Antilles were the most affected in 1989, whereas Trinidad and Tobago showed a positive change, which was reflected in the net assets of the Central Bank and the commercial banks and in the increase in special drawing rights trends. Among the other countries with available information, Aruba had the highest level of reserves.

6. The external debt

The external debt level of the Caribbean (including Aruba and the Netherlands

Antilles) was approximately US\$10 billion in 1988, an amount that was surpassed in 1989 (see table 47). The debt service continued to be a significant problem in 1989, aggravated by the added difficulties of obtaining foreign exchange, since part of these reserves had to be used to repair damages caused by the hurricane (see tables 48 and 49). The most indebted countries have been negotiating the rescheduling of the debt and at least two -Jamaica and Trinidad and Tobago¹⁹⁶ achieved this goal in 1989, which made it possible for them to reduce their debt service. Likewise, the Government of Canada, through a debt forgiveness programme, cancelled some loans that had been granted to Caribbean countries, which, in the case of Jamaica, amounted to US\$80 million. While recognizing this as a positive step, it should be pointed out that its impact on the total debt level was insignificant.

³ Including disbursed debt and arrears in interest payments by governments.

Table 39
CARIBBEAN SUBREGION: STRUCTURAL CHARACTERISTICS, 1988

Countries and groups	Area (km ²)	Population ⁸ (thousands)	GDP ^b (millions of dollars)	Average annual variation GDP 1981-1988 (percentages) ⁰	Population density (inhabitants/km ²)	Per capita GDP (dollars)	Exports of goods/GDP (percentages)	Income from tourism/GDP (percentages)	Imports of goods/GDP (percentages)
CARICOM countries									
Bahamas	13 942	253	2153	3.0	18	8 510	12.7	53.4	52.7
Barbados	431	257	1457	1.2	5%	5 669	12.1	31.5	39.7
Belize	22 960	174	285	3.9	8	1638	41.8	16.8	63.5
Guyana	214 970	1006	414	-2.5	5	412	51.7		51.9
Jamaica	11424	2446	3183	1.0	214	1301	26.5	16.6	45.5
Trinidad and Tobago	5128	1243	4 482	-4.1	242	3606	31.5	2.1	25.0
Other countries^e									
Antigua and Barbuda	440	84	321	6.5	191	3 821	9.3	69.2	77.9
Dominica	750	79	137	4.7	105	1734	40.9	10.2	64.2
Grenada	345	100	166	4.5	290	1660	19.9	27.7	57.2
Montserrat	102	13	54	3.7	127	4154	3.7	20.4	27.8
Saint Kitts and Nevis	269	48	108	5.3	178	2 250	25.0	50.0	75.9
Saint Lucia	616	135	211	4.3	219	1563	55.0	40.3	104.3
Saint Vincent and the Grenadines	388	108	154	6.2	278	1426	55.2	29.2	79.2
Other countries									
Netherlands Antilles	800	189 ^f	1453 ^f		236	7 688 ^f	7.4 ^f	19.3 ^f	59.2 ^f
Aruba	193	62	619		321	9 984	14.1	45.1	57.2
British Virgin Islands	150	12	133		80	11083			
Suriname	163 265	385 ^f	1077 ^f	-0.9	2	2191 ^l	31.5 ^f	0.7 ^f	25.4 ^f

Source: BCLAC, on the basis of official figures.

* CEIADE, on the basis of projections made using the average fertility hypothesis. expressed in local currency at current prices and the average official exchange rate.

Estimates based on GDP data

^c At constant 1980 prices.

^l Caribbean Community and Common Market. ^e Organization of Eastern Caribbean States. The countries belonging to this organization are also members of CARICOM. 1987.

Table 40
CARIBBEAN SUBREGION: TOTAL GROSS DOMESTIC PRODUCT

	Annual growth rates ^a						
	1983	1984	1985	1986	1987	1988	1989 ^b
Total, Subregion	-5.9	-0.4	-1.3	0.9	-0.4	0.1	1.1
Antigua and Barbuda	6.8	7.5	7.7	8.4	8.7	7.1	6.4
Bahamas	3.2	6.4	5.2	1.4	4.6	4.5	4.0
Barbados	0.4	3.6	1.0	5.1	3.2	3.0	4.5
Belize	-1.4	2.8	2.4	2.7	133	8.3	8.2
Dominica	2.1	5.4	1.6	6.9	6.8	5.7	3.5
Grenada	1.2	5.0	5.4	5.5	6.0	5.3	5.7
Guyana	-9.9	2.2	1.1	0.2	0.7	-3.0	-4.8
Jamaica	1.9	-0.8	-5.5	2.2	6.7	1.1	6.3
Saint Kitts and Nevis	-1.1	9.0	5.7	6.3	6.7	4.8	3.0
Saint Lucia	4.0	5.1	5.9	5.8	2.2	6.8	5.0
Saint Vincent and the Grenadines	5.8	5.2	4.7	7.3	5.8	8.4	5.9
Suriname	-3.4	-1.9	1.1	1.2	-8.1	0.5	2.0
Trinidad and Tobago	19.8	-0.7	-1.7	-0.4	-7.3	-4.1	-1.8

Source: ECLAC, on the basis of official figures.

^a Rates calculated on the basis of data in constant 1980 dollars. ^b Pre liminary figures.

Table 41
CARIBBEAN SUBREGION: TOURISM INDICATORS

	Number of tourists ^a (thousands)					Income from tourism (millions of dollars)				
	1980	1986	1987	1988	1989	1980	1986	1987	1988	1989
Antigua and Barbuda	87	166	177	177		42.0	156.2	186.7	221.9	
Netherlands Antilles	402	542	594	654	534 ^b	259.6	255.5	279.7	322.5	282.6 ^b
Aruba	189	181	232	278	344	137.5	158.1	218.3	279.3	316.0
Bahamas	1181	1375	1480	1475	1575	595.0	1104.9	1145.8	1149.5	1221.3
Barbados	370	370	422	451	461	251.0	326.9	378.7	459.3	504.0
Belize	64	94	99				...		48.0	
Dominica	14	24	27	32		3.2	11.2	12.8	14.0	
Grenada	29	57	57	62	69 ^b	14.8	39.6	42.1	46.0	
Guyana	40	47	60	71						
US Virgin Islands ^c	380	470	580	599		304.3	509.8	623.0	676.4	
British Virgin Islands	97	146	170	176	177	42.3	88.8	110.8	120.8	
Jamaica	395	664	739	649	715	241.7	516.0	595.0	527.1	607.4
Montserrat	16	16	17	18		4.3	7.5	8.7	10.9	
Saint Kitts and Nevis	33	55	65	69	54 ^b	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	45.0	
Suriname	48	29	27	40		18.2	7.8	8.0		
Trinidad and Tobago	199	191	202	189	194	151.1	83.2	91.6	91.9	

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

^a Refers only to tourists spending at least one night in the country. January-September. ^c Only arrivals by air.

Table 42
CARIBBEAN SUBREGION: PRODUCTION OF EXPORTABLE COMMODITIES

	1985	1986	1987	1988	1989 ^a	Growth rates		
						1987	1988	1989 ^a
Sugar^b								
Barbados	100.2	111.1	83.4	80.3	66.3	-24.9	-3.7	-17.4
Belize	103.7	94.9	83.7	83.1	84.6	-11.8	-0.7	1.8
Guyana	247.0	253.0	224.5	170.2	167.4	-11.3	-24.2	-1.6
Jamaica	209.4	206.3	189.4	221.7	204.9	-8.2	17.1	-7.6
Saint Kitts and Nevis	27.0	29.0	25.7	26.0	24.0	-11.4	1.2	-7.7
Trinidad and Tobago	81.0	92.0	85.5	91.3	97.0	-7.1	6.8	6.2
Bauxite								
Guyana	2153	2 074	2 352	2 312	2 281	13.4	-1.7	-1.3
Jamaica	6 239	6 964	7 701	7 261	9 652	10.6	-5.7	32.9
Suriname	3 738	3 731	2 522	1587 ^o		-32.4		
Alumina								
Jamaica	1462	1 575	1 613	1514	2 221	2.4	-6.2	46.7
Suriname	1242	1 471	1 362	790 ^c		-7.4		
Crude oil								
Barbados	108	89	79	68	62	-11.1	-14.1	-8.7
Trinidad and Tobago	10 216	9 802	8 964	8 778	8666	-8.5	-2.1	-1.3
Natural gas^e								
Barbados	34	35	30	35	32	-14.3	16.7	-8.6
Trinidad and Tobago	7 413	7 585	7 672	7 438	7146	12	-3.1	-3.9

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.
cubic metres.

Thousands of tons.

^b January-June.

Thousands of cubic metres.

^c Millions of

Table 43
CARIBBEAN SUBREGION: INDUSTRIAL PRODUCTION IN SELECTED COUNTRIES

Country and sectors	1982	1983	1984	1985	1986	1987	1988	1989
Indexes (1982=100)								
Barbados								
Industry	100.0	104.4	108.2	104.6	110.1	104.7	111.1	115.0
Mining	100.0	118.5	161.6	174.0	163.2	151.0	141.3	132.9
Manufacturing	100.0	102.1	103.2	97.2	103.4	97.2	103.9	108.6
Indexes (1984 = 100)								
Belize								
Manufacturing	110.6	109.3	100.0	101.0	103.4	111.8	111.3	
Indexes (1974 = 100)								
Jamaica								
Industry	88.9	93.7	90.5	90.1	95.8	103.9	103.4	
Manufacturing	1003	106.7	105.4	108.3	115.6	126.7	129.7	132.0
Indexes (1977=100)								
Trinidad and Tobago								
Industry	111.4	116.6	111.0	106.6	129.7	134.4	129.2	137.9
Manufacturing	153.9	176.8	165.2	161.7	204.8	209.9	202.9	205.3

Source: ECLAC, on the basis of official figures.

Table 44
CARIBBEAN SUBREGION: CONSUMER PRICES
(December-December percentage variation)

	1983	1984	1985	1986	1987	1988	1989 ^a
Antigua and Barbuda	2.3	3.9	1.1	0.5	3.6		
Netherlands Antilles					2.4	3.3	3.7
Aruba	...	...	3.6	1.8	3.5	3.9	4.3
Bahamas	3.5	4.5	4.8	6.8	4.1	4.8	4.4
Bafbados	5.5	5.1	2.4	-0.5	6.3	4.5	6.6
Belize ^d		5.8	-0.6	2.4	2	2.9	2.4
Dominica	2.6	2.9	4	3.2	2.9	1.5	6.3
Grenada			1.8	-0.8	0.5	6.5	3.7
Guyana	13.3	25.2	15	7.8	28.7	40.6	
British Virgin Islands						4.7	4.8
Jamaica	16.7	31.2	23.9	10.4	8.4	8.9	17.2
Montserrat	4.7	5.5		3.4	3.7	1.5	
Saint Kitts and Nevis ^b	2.2	2.7	2.7	0	0.8	0.5	4.9
Saint Lucia	1.3	1.2	1	4.5	5.1	1.5	4.4
Saint Vincent and the Grenadines	5.5 ^b	2.7 ^b	2.1 ^b	1.2 ^b	3.4	2.1	3.5
Suriname	4.2	4.5	15.6	30.2	52.2	7.3 ^b	
Trinidad and Tobago	15.4	14.1	6.6	9.9	8.3	12.1	9.3

Source: International Monetary Fund, *International Financial Statistics* and figures provided by the countries.

^a Preliminary figures. ^b Variation between annual averages. ^c Variation between September 1988 and September 1989.

Table 45
CARIBBEAN SUBREGION: BALANCE OF PAYMENTS
(Millions of dollars)

	Exports FOB ⁸		Imports CIF [*]		Trade balance ⁸		Gross tourism income		Private transfers		Variation international reserves	
	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989
Total, Subregion	3 984	...	7 073	...	-3 089	...	3 354	...	119	...	...	...
Antigua and Barbuda	30	...	250	...	-220	...	222	...	...	...	-6	...
Netherlands Antilles ^c	153	197 ^d	928	812 ^d	-775	-615 ^d	322	287 ^d	•65	-45 ^d	33	21 ^d
Aruba ^c	87	107	354	395	-267	-288	279	316	-2	1	-	22
Bahamas ^e	274	250	1135	1201	-861	-951	1150	1221	-29	-18	4	-25
Barbados	176	186	579	673	-403	-487	459	504	18'	25'	27	-41
Belize	119	104 ^d	181	162 ^d	-62	-58 ^d	48	...	14	...	19	8
Dominica	56	26 ^f	88	52 ^f	-32	-26 ^f	14	...	8	...	-4	...
Grenada	33	...	95 ^g	...	-62 ^g	...	46	31	15	...	-5	...
Guyana	214	225	215	258	-1	-33	...	...	...	...	-21	...
Jamaica	843	970	1449	1826	-606	-856	527	607	147	149	143	-170
Montserrat	2	...	15	...	-13	...	11	...	...	...	...	...
Saint Kitts and Nevis	27	...	82 ^g	...	-55*	...	54	...	10	...	-	...
Saint Lucia	116	...	220	...	-104	...	85 ^h	...	15	...	2	-
Saint Vincent and the Grenadines	85	57 ^d	122	93 ^d	-37	-36 ^d	45	...	16	...	2	...
Suriname	358	418 ^d	239	245 ^d	119	173 ^d	...	...	-5	...	-6	-3
Trinidad and Tobago	1411	1578	1121	1221	290	357	92	...	-23	-19	-80	119

Source: ECLAC, on the basis of official figures.

^d Not adjusted for the balance of payments.

^e Does not include gold reserves.

^f On the basis of cash flows.

^g Only January-September.

^h External trade data do not include petroleum re-exports.

Only January-June.

⁸ Imports FOB.

^{*} Estimate based on average expenditures in 1987.

['] Includes unrequited official transfers.

Table 46
CARIBBEAN SUBREGION: COMMODITY EXPORTS

	Millions of dollars				Growth rates		
	1980	1987	1988	1989	1987	1988	1989
Sugar							
Barbados	58	34	37	35	16.1	8.8	-5.6
Belize	48	31	33	36	-3.1	6.5	9.1
Guyana	121	95	75	83	14.5	-21.1	10.7
Jamaica	55	74	87	66	15.6	17.8	-24.1
Saint Kitts and Nevis	14	11	12	9	22.2	9.1	-25.0
Trinidad and Tobago	28	21	27	31	-8.7	28.6	14.8
Total	324	266	271	260	9.9	1.9	-4.1
Bananas							
Belize	4	7	9	10	40.0	28.6	11.1
Dominica	3	32	37	24	10.3	15.6	-35.1
Grenada	4	4	5	.	.	25.0	.
Jamaica	9	19	16	19	111.1	-15.8	18.8
Saint Lucia	11	42	66	58	-20.8	57.1	-12.1
Saint Vincent and the Grenadines	6	18	31	.	-	72.2	...
Suriname	6	10	.	.	-9.1	.	.
Total	43	132	.	.	3.1	.	.
Bauxite							
Guyana	144	93	80	74	12.9	-14.0	-7.5
Jamaica	197	112	105	126	15.5	-6.2	20.0
Suriname	65	11	79 ^a	.	-60.6	.	.
Alumina							
Guyana	44	.	.	.	.	*	.
Jamaica	535	224	312	432	9.1	39.3	38.5
Suriname	272	193	290	.	8.4	50.3	...

Source: ECLAC, on the basis of official figures.

^a January-September.

Table 47
CARIBBEAN SUBREGION: EXTERNAL DEBT AND EXTERNAL DEBT SERVICE
(Millions of dollars)

	1980	1986	1987	1988	1989
Total external debt ^a					
Antigua and Barbuda	45.5	180.7	245.4	239.0	
Netherlands Antilles	196.7	293.1	375.5	339.5	
Bahamas	98.0	215.5	192.7	170.1	214.2
Barbados	175.3 ^c	320.1	394.6	448.0	406.3 ^d
Belize	49.2	97.7	115.0	124.2	127.3
Dominica	17.7	56.6	66.0	70.0	74.0
Grenada	14.4	54.2	48.4	48.7	
Guyana	448.7	1 477.4	1 736.0	2 391.4 ^e	2 569.7 ¹
Jamaica	1 734.0	3 590.3	4 013.6	4 001.8	4 035.0
Montserrat	1.5	3.0	2.1		
Saint Kitts and Nevis	10.0	19.3	23.6	29.1	33.3
Saint Lucia	18.2	31.5	37.2	45.3	
Saint Vincent and the Grenadines	17.0	29.6	35.2	35.8 ^f	
Trinidad and Tobago	911.2 ^g	1 869.8	2 048.4	2 149.9	2 097.9
Service on the external debt ^g					
Antigua and Barbuda	6.7	11.1	27.8		
Netherlands Antilles	13.1	19.7	25.4	22.9	
Bahamas	29.3	141.9	53.2	67.2	55.8
Barbados	14.8	51.5	69.6	71.0	69.2
Belize	1.6	13.8	13.2	14.7	14.4
Dominica	0.6	4.7	5.5	6.1	
Grenada	1.6	7.9	11.5	8.5	
Guyana *	85.0	202.7			
Jamaica ¹	263.0	616.0	774.5	809.9	334.3
Montserrat	0.1	0.3			
Saint Kitts and Nevis	0.5	1.7	1.7	1.9	1.9
Saint Lucia	1.4	2.9	3.0	3.1	
Saint Vincent and the Grenadines	...	3.1			
Trinidad and Tobago	199.2	191.8	260.6	368.4	360.2

Source: ECIAC, on the basis of official figures.

^a Government or government-guaranteed debt. Includes arrears. • 1981. Excludes guaranteed debt.
^c Includes Central Bank arrears from 1988. ^g June 1988. ¹ Interest and amortization payments. Total service due. ^g Amounts actually paid.

Table 48
 CARIBBEAN SUBREGION: RATIO OF INTEREST ON THE EXTERNAL DEBT TO EXPORTS OF
 GOODS AND SERVICES
 (Millions of dollars)

	1980	1986	1987	1988	1989
Interest payments					
Netherlands Antilles	8.0	9.2	11.4	10.4	
Bahamas	10.1	22.2	13.6	25.3	17.1
Barbados ^a	6.4	30.3	35.0	36.2	32.1
Dominica		2.0	2.3	2.6	2.0
Guyana		21.7	15.4	9.4	
Jamaica	153.0	258.0	299.2	258.1	179.0
Saint Kitts and Nevis		1.0	0.8	1.0	1.0
Trinidad and Tobago ¹	54.3	140.2	143.0	155.7	199.6
Exports of goods and services					
Netherlands Antilles		1168	1084	1709	
Bahamas	1160	1608	1663	1615	1690
Barbados	589	784	710	751	719
Dominica	16	54	60	69	
Guyana	411	256	290	279	225
Jamaica	1422	1418	1631	2 038	2083
Saint Kitts and Nevis		58	69	74	
Trinidad and Tobago	3 404	1692	1643	1770	1827
Interest payments as a percentage of exports of goods and services					
Netherlands Antilles	...	0.8	1.1	0.6	
Bahamas	0.9	1.4	0.8	1.6	1.0
Barbados	1.1	3.9	4.9	4.8	4.5
Dominica		3.7	3.8	3.8	
Guyana		8.5	5.3	3.4	
Jamaica	10.8	18.2	18.3	12.7	8.6
Saint Kitts and Nevis		1.7	1.2	1.3	...
Trinidad and Tobago	1.6	8.3	8.7	8.8	10.9

Source: ECLAC, on the basis of official figures.

^a Includes interest on guaranteed debt of public enterprises.

Table 49
CARIBBEAN SUBREGION: SELECTED INDICATORS OF EXTERNAL INDEBTEDNESS
(Percentages)

	External debt/merchandise exports and tourism				Debt service/merchandise exports and tourism ^a			
	1980	1987	1988	1989	1980	1987	1988	1989
Antigua and Barbuda	44.8	114.1	94.8		6.6	12.9		
Netherlands Antilles		103.4	71.5			7.0	4.8	
Bahamas	13.4	13.6	11.9	14.6	4.0	3.7	4.7	3.8
Barbados	17.1	73.2	70.6	58.9	2.3	12.9	11.2	10.0
Belize ^{''}	44.4	112.7	104.4	122.4	14	12.9	12.4	13.8
Dominica	133.1	108.2	100.0		4.5	9.0	8.7	
Grenada	44.7	65.4	61.6		5.0	15.5	10.8	
Guyana ^b	115.3	720.3	1117.5	1142.1	17.9			
Jamaica	144.0	307.8	292.1	255.9	21.8	59.4	59.1	21.2
Montserrat	27.2	16.2		...	18	...		
Saint Kitts and Nevis	26.7	31.5	35.9		13	2.3	2.3	
Saint Lucia	23.1	23.5	22.5		18	19	15	
Saint Vincent and the Grenadines	49.0	40.0	27.5					
Trinidad and Tobago	21.6	131.8	143.0	126.5	4.7	16.8	24.5	21.7

Source: ECIAC, on the basis of official figures.

* Service includes interest and amortization payments.

^b As a percentage of merchandise exports only.

PART TWO
POSTWAR TRANSFER OF RESOURCES ABROAD
BY LATIN AMERICA

POSTWAR TRANSFER OF RESOURCES ABROAD BY LATIN AMERICA

1. Latin America's external financing

In the late 1980s the countries of Latin America were net exporters of vast amounts of financial resources to the developed countries, a phenomenon that thwarts the aspirations of its peoples and confutes the principles of development and international co-operation.

Economic development and a bridging of the gap in productivity and well-being between the developing and developed countries require, in the first group, a sustained rise in investment, which is beyond its domestic savings capacity. Adequate flows of resources from abroad will therefore be necessary.

Furthermore, in view of the fact that increased investment leads to increased imports of capital goods and that the consequent expansion of the product generates in turn additional imports, external capital must also enhance import capacity in order to meet these increases in demand for imports.

Both direct foreign investment and long-term loans or unrequited official transfers fulfil this dual role of supplementing domestically-generated investable resources and providing foreign exchange to increase import capacity. With respect to loans or transfers, however, the problem usually arises of the capacity of the recipient economy to absorb financing from abroad, in other words,

the problem of ensuring that such financing effectively results in productive investment and not in consumption.

Moreover, both direct investment and loans involve the prospect of outflows of resources in the form of remittances of profits and debt service payments. In the case of the former, such payments depend not only on whether profits are made but also on reinvestment strategies. In contrast, in the case of debt service payments, a contractual obligation exists on the part of the debtor to remit both the interest and the agreed amortization payments. The sustained financing of development, which exceeds the domestic savings capacity and the purchasing power of exports therefore requires that inflows of foreign capital should always be greater than remittances abroad by way of payments for the servicing of such capital, thereby resulting in a positive net transfer of external resources.

The easy access to external financing in the 1970s came to a sudden halt in the 1980s, thereby significantly modifying the savings-investment process, pushing the external debt beyond sustainable levels and contracting import capacity. Latin America is thus entering upon the last decade of the twentieth century with a permanent drain of resources abroad, which compounds its difficulties in participating more actively in

¹ The flow of profit also poses the problem of the domestic generation of resources and their transfer. In the case of direct investments, these yield their own profits in national currency and contribute, in turn, to the generation of the foreign exchange required for transfers to the extent that their additional production is exported or displaces imports in total expenditure. This is also true of loans that have been soundly invested. The problem of transfers abroad disappears when such transfers are covered by the balance-of-payments position. The problem of the domestic transfer of resources or "liquidity" arises where the debtor entity (public or private) has not invested the loan productively, or where (the State) it has invested it in infrastructure which generates external economies -from which it does not receive the benefit- or, finally, where (the State) has assumed the debt of insolvent enterprises. In all of these cases (in the first as lender of last resort) the State must rely on mechanisms that permit it to domestically attract the deposits needed to acquire the foreign exchange generated by the exporters, the failure of which effort would necessitate recourse to inflationary financing in order to meet external transfer requirements, which if not met, would then result in slipping into arrears.

international trade -in circumstances in which the latter tends to be organized on the basis of large supranational groupings- and contributes, in turn, to a worsening of the severe domestic problems that hamper efforts to bring about changes in production patterns, State reform and the achievement of greater social equity.

a) Investment and its financing

The level of gross capital formation and the composition of its financing underwent significant changes in the last few decades. Investment remained steady at between 21% and 22% of the product during the 1950s and 1960s, while the domestic savings required to sustain that level necessarily increased mainly on account of the deterioration in the terms of trade. Gross domestic savings at 1975 prices thus rose from 23% of the product in the 1950s to 26% in the 1960s, since the real transfer by way of the terms of trade effect increased its negative impact by almost 3% of GDP. The average performance for the period 1970-1973 was similar, as the negative effect of the terms of trade, at 1980 prices, was almost 6% of the product. Since at the same time, the net payment of factors abroad exceeded 2% of GDP, a rate of domestic savings equivalent to 26% of the product was necessary in order to maintain the level of investment at 21% of GDP (see table 1).

During the period 1974-1981, the beginning and end of which coincided with the first hikes in petroleum prices and the commencement of the regional balance-of-payments crisis, investment reached its highest level since the 1950s -24% of the product at 1980 prices. This

increase was mainly accounted for by foreign capital in an amount equivalent to 4% of GDP, which virtually offset outflows both by way of factor payments abroad and through the deterioration in the terms of trade. This period therefore witnessed the simultaneous increase in investments and the decline in domestic savings.

During the crisis, on the other hand, gross capital formation declined dramatically, and between 1982 and 1989 it stood on average at a mere 17% of the regional product, while domestic savings remained steady at 24% of GDP, despite the drop in the level of per capita activity. The principal cause of this decline in investment was the sudden reversal in the net transfer of financial resources abroad, which represented an inflow of 1.6% of the product during the 1974-1981 period and an outflow of 3.5% between 1982 and 1989. This reversal, equivalent to five percentage points of the regional product, further compounded the situation brought about by the transfer of resources due to the deterioration of the terms of trade between these two periods, which was equivalent to a further three percentage points of the product. In such circumstances, the real transfer of resources abroad (at 1980 prices), which during the period 1974-1981 was slightly positive, became negative by an amount exceeding 7% of the regional GDP.

b) Import capacity

The reversal of the flow of net external financing in the 1980s also severely affected the region's import capacity. After remaining stagnant up to the mid-1960s and thereafter increasing until 1980, per capita import

² Import capacity in real terms is defined as the algebraic sum of exports, the payment of factors abroad and the flow of capital, each of which is deflated by the prices of imports, with the twin objective of achieving intertemporal comparability and measuring needs in terms of external purchases.

$$(1) IC = \frac{X}{I_p} + \frac{FPA}{I_p} - \frac{BCA}{I_p}$$

where IC import capacity; X exports in current dollars; FPA factor payments abroad; BCA balance on capital account; I_p import prices.

$$(2) PPE = \frac{X}{I_p} \quad \text{and} \quad (3) NTRA = \frac{BCA}{I_p} - \frac{FPA}{I_p} + TTE = IC - XCP$$

where PPE purchasing power of exports; NTRA net transfer of resources abroad; TTE terms of trade effect and XCP exports at constant prices.

capacity in real terms declined sharply with the crisis (see figure 1). This evolution was the result of combined changes in the main factors that determine the external situation of Latin American economies, such as export potential, external demand, international prices and the net balance of financial resources received.

i) *Terms of trade and purchasing power of exports.* The volume of per capita regional exports showed an upward trend up to the early 1970s, then declined up to the middle of that decade, following which it entered upon a new phase of rapid expansion, reflecting the region's vigorous export drive aimed at achieving equilibrium in its balance of payments. In contrast, the per capita purchasing power of exports, which incorporates the terms of trade effect, showed a different evolution: purchasing power remained relatively unchanged between 1950 and 1970, increased significantly with the improvement in the terms of trade that occurred in the early 1970s, continued its growth up to 1980 as a result of the expansion of the physical volume exported and has subsequently been fluctuating below that level because of successive declines in the terms of trade (see figure 1).

At any rate, the purchasing power (at 1980 prices) was always less than the physical volume exported. This was very largely due to the high petroleum prices that prevailed in 1980, which meant that, at 1980 prices, the hydrocarbon-exporting countries recorded a significant negative difference in the terms of trade effect during the entire preceding period. This was not the case, however, in the rest of the region where the drop in the real prices of agricultural products and, to a lesser extent, of minerals, meant that the difference (at 1980 prices) between 1950 and 1980 in the terms of trade effect was positive for non-petroleum-exporting countries, particularly for the South American countries. In contrast, from the latter year onward, following the decline in the prices of most export products -both energy and non-energy-

; of the region, the negative effect of the terms of trade became widespread.

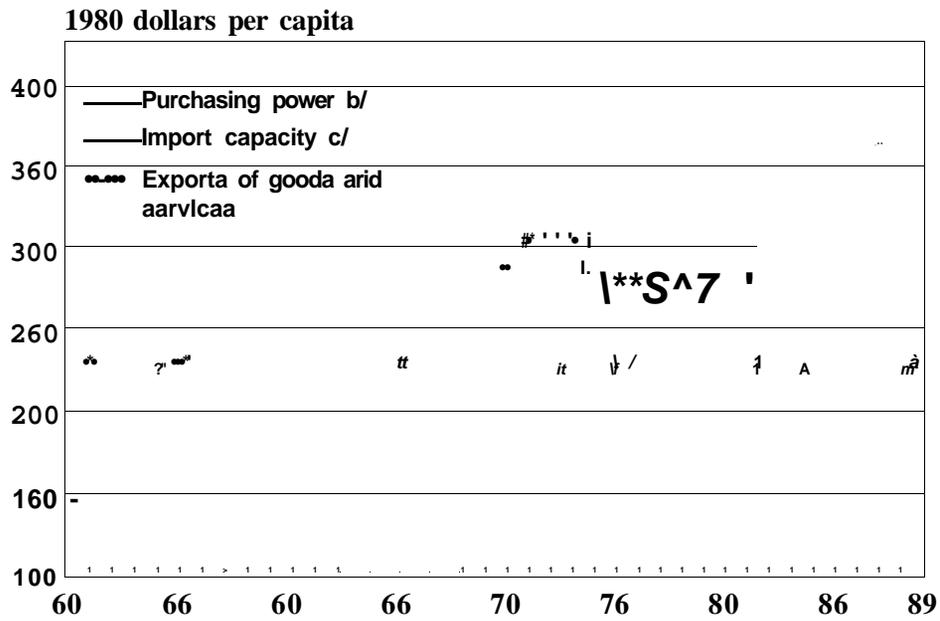
ii) *The contribution of the net transfer of external resources.* The flow of net external financial resources also underwent different phases. For Latin America as a whole, its contribution to the financing of per capita import capacity was generally negative or nil up to the late 1950s, following which it became markedly positive. However, with the advent of the region's financial crisis in 1982, the net flow of resources from abroad became decidedly negative, which resulted in the per capita import capacity plummeting and remaining since then at a level 25% below the pre-crisis levels, or roughly at the average recorded by the region in 1971 (see figure 2).

The oil-exporting countries were instrumental in the net negative transfer of financial resources recorded between 1950 and 1970, while for the non-hydrocarbon exporting countries of South America the external transfer during this period was barely positive. During the 1970s and 1980s both groups repeated this general performance. The Central American countries, on the other hand, were able to maintain a favourable flow of resources from abroad during almost the entire period of four decades following the Second World War.

iii) *Real financing of import capacity.* The evolution of the terms of trade and of the net transfer of financial resources for the countries of Latin America as a whole during the postwar period thus defined three markedly different periods (see figure 1). Between 1950 and 1973, the total real per capita transfer at 1980 prices (covering the area between the capacity to import and the volume of exports) was decidedly negative, in its terms of trade effect (covering the area between the export curve at constant prices and the purchasing power of exports). Subsequently, between 1973 and 1981, the real transfer became positive, as a result of the huge inflows of financial resources (covering the area between the capacity to import and the purchasing power of exports) which more than offset the unfavourable terms

³ The rise in the international price of petroleum in the 1970s led, moreover, to a contraction of demand and, consequently, to a drop in the volume exported.

Figure 1
 LATIN AMERICA AND THE CARIBBEAN a/
 FORMATION OF IMPORT CAPACITY



PETROLEUM EXPORTING COUNTRIES d/

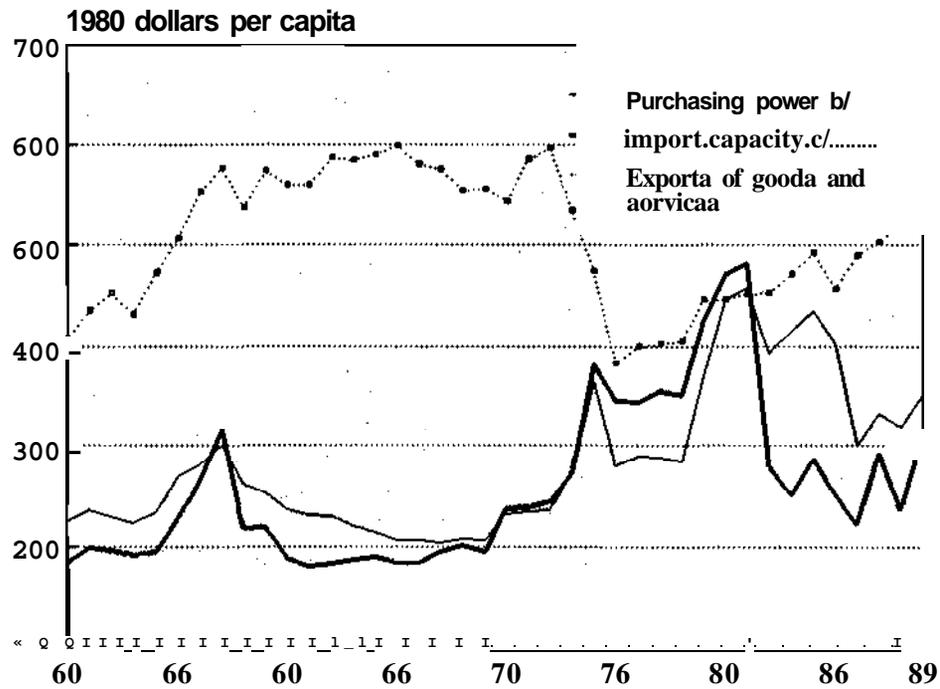
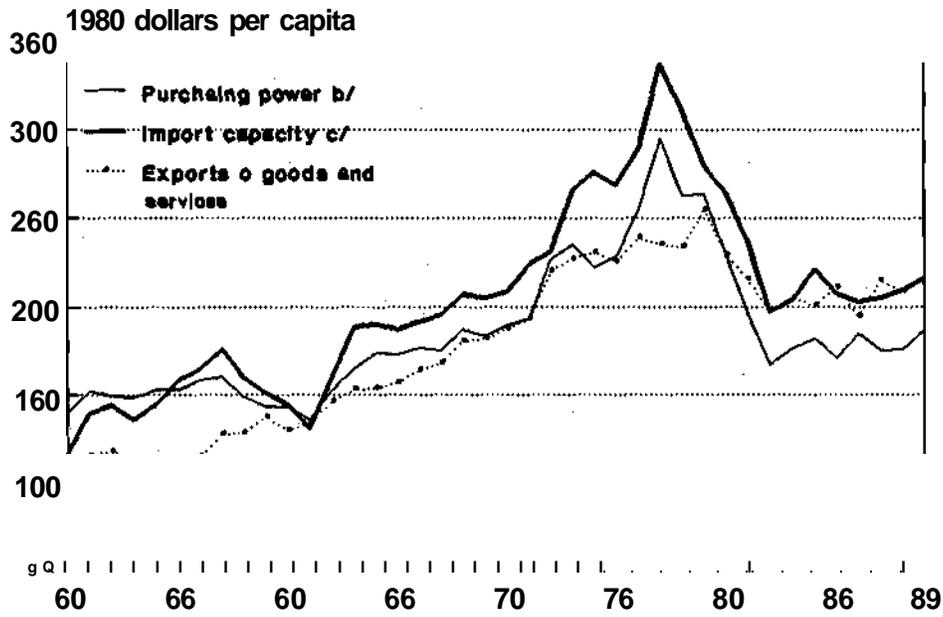
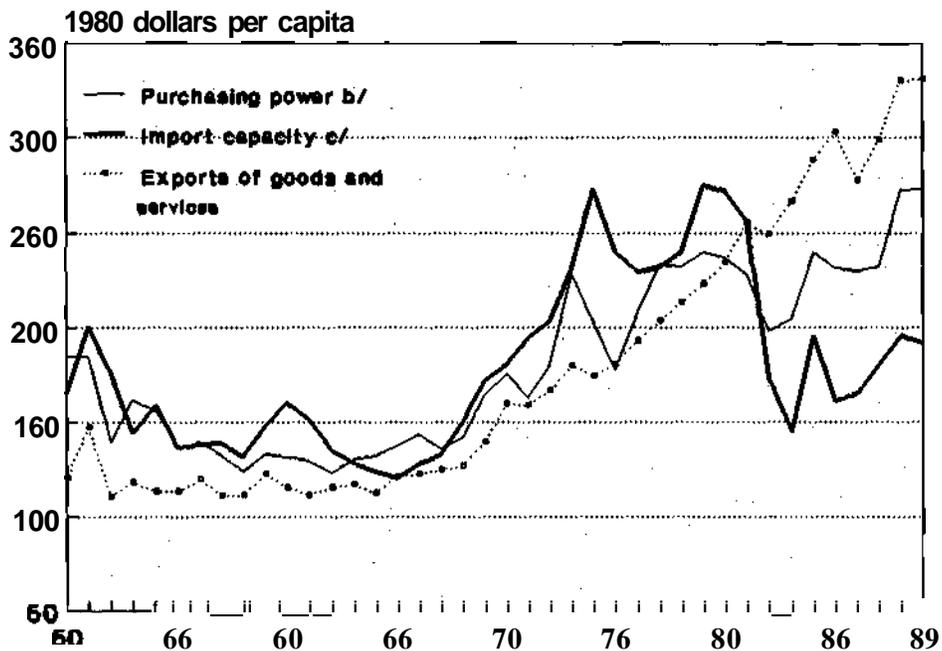


Figure 1 (concluded)
**NON-PETROLEUM EXPORTING COUNTRIES OF
 CENTRAL AMERICA AND THE CARIBBEAN 8/**



**NON-PETROLEUM EXPORTING COUNTRIES
 OF SOUTH AMERICA 1/**



Source: ECLAC, based on official data and data from the International Monetary Fund.
 a/ 18 countries. b/ Purchasing power of exports of goods and services or/ Corresponds to the purchasing power of exports (including the terms of trade effect) plus net transfer of resources. d/ Bolivia, Ecuador, Mexico, Peru and Venezuela. e/ Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Nicaragua and the Dominican Republic.
 1/ Argentina, Brazil, Colombia, Chile, Paraguay and Uruguay.

of trade effect which were less favourable than that achieved in 1980. After 1982 total real transfers again became negative and reached unprecedented proportions on account of the simultaneous deterioration of the terms of trade and the huge net outflow of financial resources.

2. Changes in the international financial situation and Latin America's debt overhang

These developments occurred in the midst of the major changes of the 1970s in the international financial arena, beginning with the end to the convertibility of the dollar, followed by the substantial increase in financial flows resulting from the expansion of the eurodollar market and the surpluses derived from the petroleum crisis, and culminating with the liberalization of interest rates in the United States market.

The accumulation of disequilibriums in the United States balance-of-payments position during the 1950s and 1960s culminated in the decision to legislate the inconvertibility of the dollar *vis-à-vis* gold in 1971. Moreover, during most of the 1970s regulated national markets existed alongside a booming informal market (eurodollars) in which fluctuating interest rates were accompanied by rapid financial innovations at the institutional and organizational levels as well as at the level of the management of instruments. In the late 1970s the Federal Reserve Board of the United States freed the maximum interest rate, which had been used as an instrument of monetary policy since the time of the Great Depression. The adoption of a contractive monetary policy in a context of major fiscal imbalances produced highly positive real interest rates, which constituted a fundamental change with respect to the previous situation.

These significant events created an unprecedented financial situation, with fluctuating exchange rates, wide variations in

real interest rates and hefty financial surpluses held by the private commercial banks. The latter, with scant experience in granting medium-term credits to governments, needed nevertheless to recycle their considerable short-term deposits of petrodollars.; For their part, the Latin American countries seeking credits also found themselves in a novel situation in which they obtained a flow of financial resources with unaccustomed ease. In such a situation, both the granting of loans by the banks and the utilization of external resources by the countries were far from being optimal. In some cases, consideration was not given to the possibility of obtaining a flow of foreign exchange with which to amortize loans in the same currency as that in which the debt was contracted; in others, both the public and private sectors accumulated excessive credits without taking into account the possibility of an abrupt cut-off in the flow of financing. All the actors embraced the idea that the available financing, the capacity to pay and the level of indebtedness were almost unlimited, an idea that was supported by the most widely held theoretical view of the time, which made no distinction between external transactions on current account and on the capital account of the balance of payments. There were few exceptions to this view, such as that of Colombia, whose external indebtedness was smaller than that of the rest of the region.

In this scenario, world supply of and demand for credit expanded rapidly during the 1970s. In Latin America, the greater demand for external financing -within this permissive framework- was partly a response to needs created by greater investment, but the credits obtained also fed expansionary fiscal policies aimed at sustaining high domestic demand, and financed the rapid expansion of private consumption and even -in certain cases or periods- the flight of resources toward assets abroad ("capital flight"). The debt overhang of the countries of the region was offset by the considerable increase in exports, which in current dollars grew at an annual rate of 20%

⁴ For an analysis of the systemic origins of the debt of Latin America and the Caribbean see ECLAC, *Latin America and the Caribbean: options to reduce the debt burden* (LC/G.1605, Santiago, Chile, March 1990).

between 1971 and 1981, mainly due to improved prices.

The increasing indebtedness of the region took no account of the changing situation in the industrialized countries, in which, in comparison with the 1960s, a structural decline took place in the rate of growth, followed by a substantive change in monetary policy. From the late 1970s onward, these countries placed more emphasis on their fight against inflation through restriction of aggregate demand, which led to a sharp recession with high real interest rates in the early 1980s. As a result, the product of the industrialized countries declined from a 5% annual rate in the 1960s to under 3% during the period 1974-1981 and to a scant 1% during the three year period 1980-1982. The Latin American countries, for their part, experienced a much slower deceleration of growth (see table 2). Unlike the strategy adopted by the economies of South-East Asia, which focused predominantly on export objectives, the larger countries of the region sought to maintain domestic demand by contracting further debt in the belief that the situation of high prices for their export products and low real interest rates, with abundant bank financing was a permanent one when in reality it was only short term.

This fundamental strategic approach was particularly influenced by the evolution of the real interest rate during most of the 1970s. This rate had been negative in relation to international inflation, and much more so if measured against the prices of Latin American exports. In the first case therefore a real interest rate of -2% was recorded for the average of the years 1971-1977. However, if the variation in export prices were used as a deflator, the real rate would be a minimum of -33% in 1974, which was due above all to the rapid increase in the international prices of raw materials, and particularly of petroleum (see figure 2).

In terms of the supply of credit, the new situation of the international banking system with a booming eurocurrency market (although this could hardly be sustained in the medium term), and the recycling of the financial surpluses derived from the rise in petroleum prices, led to an extraordinary expansion of the operations of the commercial banks in Latin America. In this sense, the expansion of the scope of action of United States banks - at that time the leading private international banks - in the region was a logical response, having regard to their geographical proximity, commercial ties and greater familiarity with the region, compared to other regions of the world.

In summary, the conditions that prevailed on the international financial market during the second half of the 1970s were equally attractive to creditors, who obtained large profits from interest on higher risk premiums (which were up to 2% higher than regular premiums), and to debtors, who had access to abundant financing without the usual conditionalities imposed by international organizations. The latter maintained their traditional financial mechanisms but were incapable of intervening to any significant degree in the recycling of petrodollars. As a result Latin America actively contracted loans with the international commercial banks. The flow of long-term credit almost trebled between 1970 and 1973, and again between 1973 and 1978. In the three succeeding years it almost doubled in value. The net inflow of short- and long-term capital into the region as a whole thus peaked at US\$48 billion in 1981, equivalent to more than 40% of total exports in that year, as against only 14% in 1960 (see statistical annex).

Long-term external loans granted to public and private entities - and expressed as a percentage of regional exports - represented differing proportions of total loans granted according to the period considered. Thus, while between 1975 and 1980 net long-term loans granted to the public sector represented

⁵The value of world trade increased at a similar rate

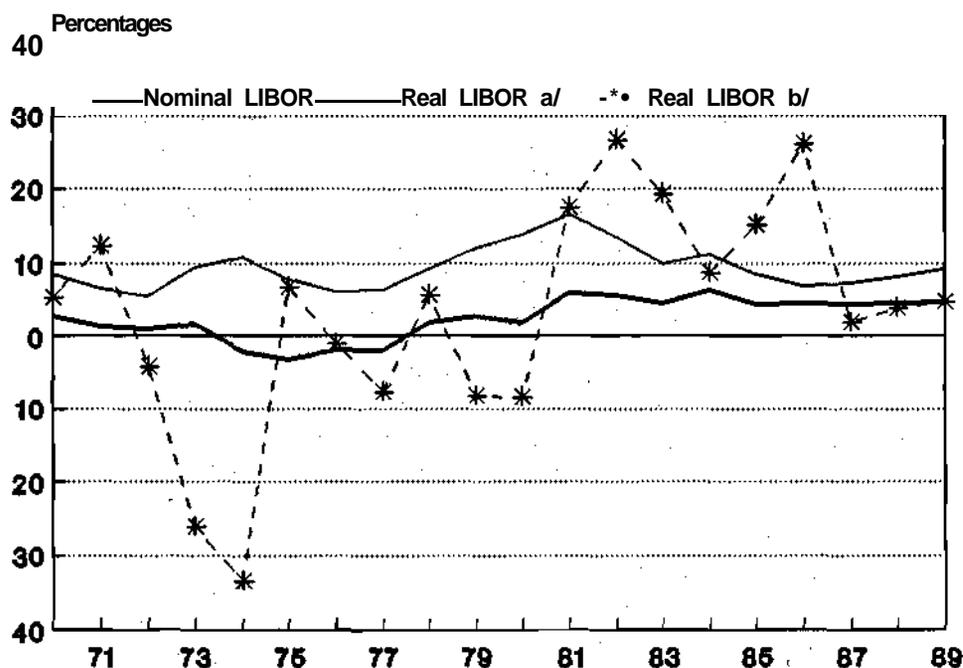
this period.

8.5% and those obtained in 1981 by the commercial banks accounted for 4*5%, these shares were 4% and more than 9%, respectively.

In the 1980s the direction of the international flow of financing changed abruptly, beginning with the diversion of funds to the United States. The posting of consecutive deficits in the biennium 1982-1983⁶ together with a new monetary policy which

brought about a significant increase in the interest rates offered, operated as a magnet attracting vast financial resources to a country that was widely perceived as solvent and whose currency had worldwide acceptance. Thus, from 1982 onward the United States market was transformed into a huge pole of attraction for financing. By and large, the industrialized countries recorded a significant increase in their fiscal deficits and in the negative balance on their current accounts (see table 2).

Figure 2
NOMINAL AND REAL INTERNATIONAL
INTEREST RATES



Source: ECLAC, based on official data and data from the International Monetary Fund.

a/ Deflated by the CPI of the Industrialized countries.
b/ Deflated by the unit value of exports of goods from Latin America.

*The fiscal deficit went from 2.7% of the product in 1981 to 4.1% and 6.2% in the next two years and to an average of 5% between 1984 and 1986, while the external current account which was in surplus by just under US\$7 billion in 1981 turned negative by almost US\$9 billion in 1982, by more than US\$46 billion in 1983 and more than trebled that deficit between 1983 and 1987. (See *International Financial Statistics*, International Monetary Fund, various issues.)

The payments difficulties of the highly indebted countries of Latin America in the early 1980s thus coincided with a radical change in international financial flows. This brought about the payments crisis for the countries of the region and the consequent reversal in the direction of the net transfer of financial resources. Up to 1982, this flow had been positive for Latin America, but from that year onward it became highly negative.

3. The net transfer of financial resources

a) Definition

Since the net transfer of resources, at current values, includes various components, it is important to identify its composition.

The global concept of net transfer of resources covers all transactions on the capital account of the balance of payments less the balance of factor services appearing on the current account. Consequently, it includes both those transactions recorded under the heading "errors and omissions (net)", which indicates movements not counted either in the current account (which correspond mainly to contraband, overbilling of exports and underbilling of imports) or in the capital account (which mostly correspond to inflows and outflows of private capital). In this analysis it is assumed that most of these movements corresponded to the second case.

Among the transactions recorded, a distinction should be drawn between the net transfer of credit and transfers in the form of foreign investment. The first consists of the net inflow of long-term capital (excluding investments) and short-term capital (official and from commercial banks) minus net interest payments. The other corresponds to direct and portfolio investments less payment of profits. Finally, the total of unrequited official transfers is counted separately.

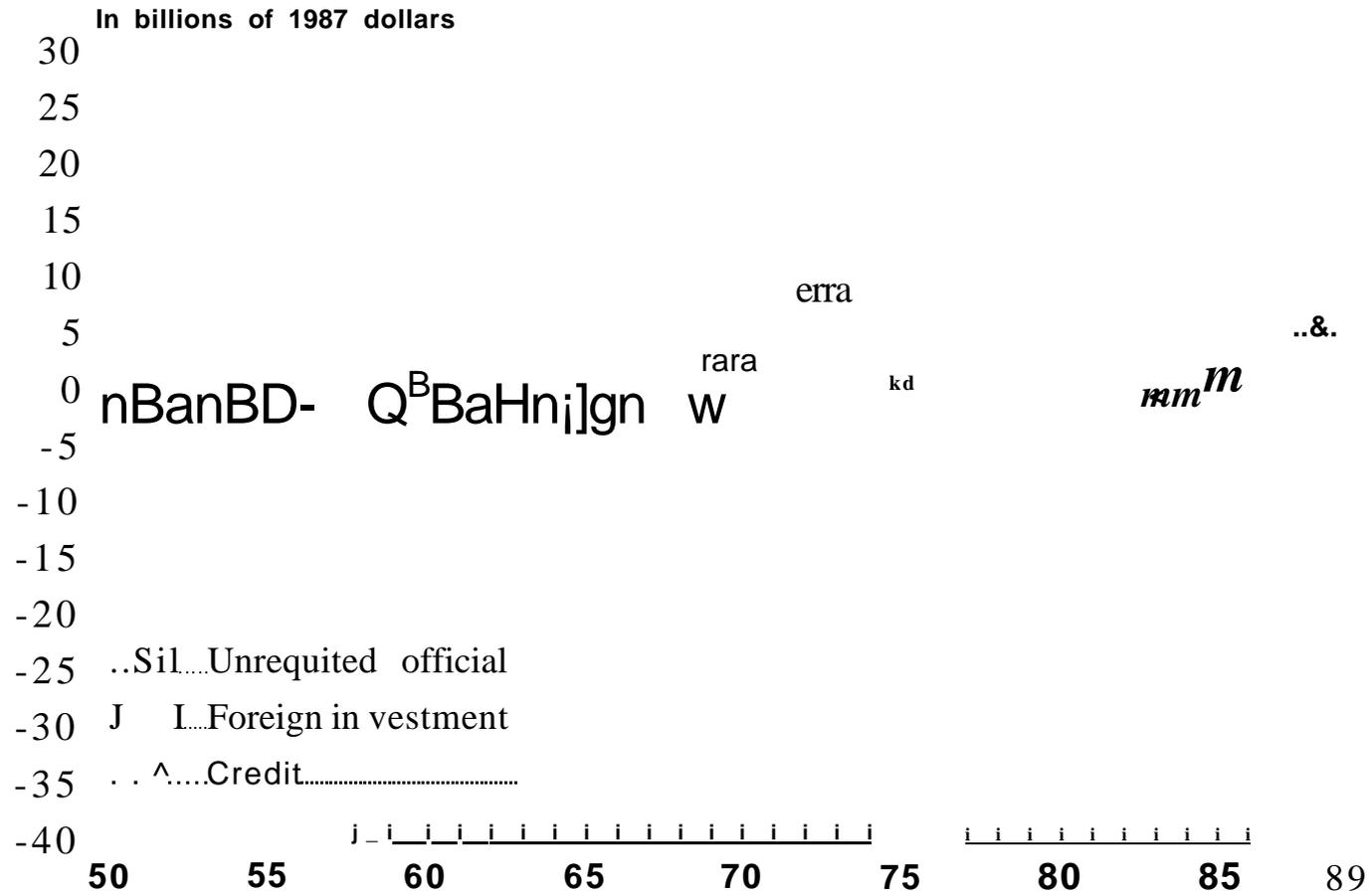
b) Postwar trends

The flow of financial resources abroad was not significant in Latin America during the first three decades of the postwar period. During the first two decades, the total net transfer was slightly negative, equivalent on average to one half of 1% of the regional product; by 1968 the net result had turned positive, following which it increased steadily, peaking at 3.2% of the product in 1978. After the second oil price shock and following the progressive increase in international interest rates, the net transfer of resources, which was still positive, declined steadily to 1% of the regional product. In 1982 the net flow of resources turned decidedly negative; during the period 1982-1988 the region transferred financial resources abroad equivalent to nearly four percentage points of the gross domestic product generated during that period, particularly in the years 1983 and 1985 during which net outflows of some 5% were recorded. This dramatic change in external financial flows reached the level of US\$300 billion, in constant 1987 dollars, since the US\$126 billion (in dollars of that year) received by the region between 1974 and 1981 declined to an outflow of US\$170 billion between 1982 and 1988, equivalent to almost 6% of the regional product (see table 3 and figure 3).

The limited but steady outflow of financial resources during the first decades of the postwar period reflected, almost exclusively, the deficit resulting from the remittances of profits abroad, which were higher than the inflow from direct and portfolio investments, a situation that was also aggravated by the flight of private short-term capital. Remittances of profits occurred mainly in the petroleum-exporting countries, in particular Venezuela, which set the pace for the region. In addition to the remittances by petroleum companies during those years, remittances were also made by agricultural and mining enterprises in Ecuador and Peru, as well as in Chile and Colombia.

⁷ For a detailed analysis of the causes of the crisis, see ECLAC, *Políticas de ajuste y renegociación de la deuda externa de América Latina* (LC/G.1332), Cuadernos de la CEPAL series, No. 48, Santiago, Chile, 1984, United Nations publication, Sales No. S.84.II.G.18, and the case studies of selected countries in Miguel Wionczek (ed.), *La crisis de la deuda externa en América Latina*, vol. 2, Mexico City, Fondo de Cultura Económica, 1987.

Figure 3
 LATIN AMERICA: RECORDED NET
 TRANSFER OF RESOURCES



Source: ECLAC, based on official IMF data.

In the early years of the 1970s, easy access to external credit modified the panorama described above and became the key factor in the region's external financing, both for petroleum-exporting and non-petroleum-exporting countries. Among the petroleum-exporting countries, the cases of Bolivia and Venezuela differ markedly from the others, since the large remittances of profits and the repatriation of capital exceeded the volume of credit received; the others, on the other hand, of which Mexico is the most significant, were recipients of resources.

In the South American non-petroleum-exporting countries, the expanded credit flow was intensified by the inflow of private short-term capital, in a domestic context of favourable expectations.

The change in the international situation significantly increased the flow of net external credit between 1974 and 1981 and, once again, the resources obtained by Latin America through this channel (2.2% of GDP) constituted the basic nucleus of the external financing received. As in the previous three-year period, external inflows received by the petroleum-exporting countries exceeded the total of net resources obtained, since in some cases, the greater external indebtedness coincided with considerable outflows of private short-term capital (Bolivia, Mexico), and in others, with large negative balances on net foreign investments (Ecuador and Venezuela). The first coincidence also occurred in some non-petroleum-exporting countries such as El Salvador, Nicaragua and, especially, Argentina, a country in which such outflows exceeded the value of net credits received during that period.

After 1982 the trend of external financing through credit came to a general halt and led to the so-called debt crisis, which was accompanied in many cases by considerable outflows of private capital. Indeed, the external payments crisis had already been anticipated by economic agents in the early 1980s; thus, during the three-year period 1980-1982, the region suffered a net outflow of unrecorded

private capital of US\$27 billion, which was further increased by US\$22 billion in the form of smaller suppliers credits. Between 1982 and 1988, these net outflows of private capital represented on average 1.4% of the regional GDP.

The magnitude of the problem of the transfer of resources abroad is revealed in all its tragic dimensions when compared to the foreign exchange requirements for meeting financial outlays from export earnings. The turnaround which took place in the relation between these two variables was extraordinarily sharp. Thus, while the region received resources equivalent to 21% of its exports during the second half of the 1970s (90% of which came in the form of loans), it received virtually no net inflows between 1980 and 1982 (since the massive capital flight was offset by fresh external indebtedness equivalent to more than 10% of exports), and after 1982 began to transfer resources abroad to a value of nearly 25% of its annual earnings from trade. In other words, if the period 1974-1981 is compared with that of 1982-1988, the negative transfer of resources abroad exceeded 40% of exports (see table 3).

The petroleum-exporting countries as a whole experienced a relatively sharper reversal, since from a net positive transfer of 2.2% of their gross domestic product they moved to a negative net transfer of 5.1%, equivalent to a change of more than 7% of the product, which reached its highest level (almost 10%) in Venezuela. Although most of this process was credit-related, the outflow of private capital constituted an additional severe drainage on resources between 1982 and 1988, which exceeded 2% of the product for the subgroup of petroleum-producing countries (see figure 4).

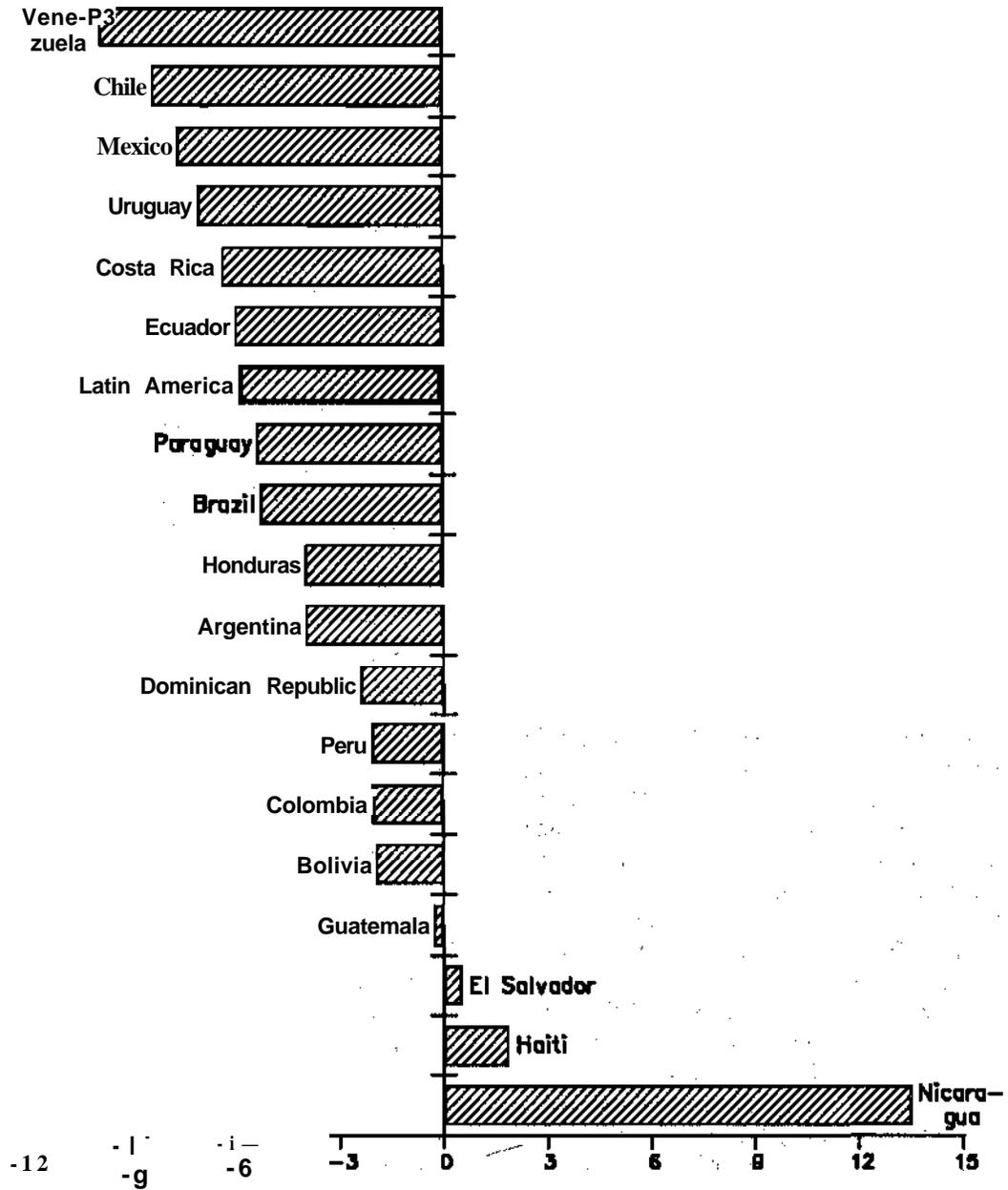
The reversal in the direction of total net transfers of resources was somewhat less marked in the non-petroleum-exporting countries of South America (5%); three fourths corresponded to credit inflows and almost all of the rest to the outflow of unrecorded private capital. Some of these countries also displayed

⁸ In the case of Ecuador, positive transfers accounted for almost 4% of the product during that period, thanks to foreign investment in the exploitation of its hydrocarbons.

Figure 4

LATIN AMERICA: REVERSAL OF NET TRANSFER OF RESOURCES a/

(Coefficients as a percentage of GDP)



Source: ECLAC, based on official data.

a/ Corresponds to the difference between the average for 1982-1988 and the average for 1974-1981.

special particularities. In Colombia the total transfer abroad recorded in most recent years was less than 1% of the product as against an average of 3% for this group and of almost 4% for the region as a whole. Paraguay for its part, experienced a similar trend to that of the Central American subregion, since it maintained a net inflow of resources during the last 40 years, receiving during the period 1982-1988 an amount equivalent to 2% of the product. For its part, Chile and Uruguay continued the general trend of the South American group of petroleum-exporting countries, although a number of significant factors should be highlighted. Indeed, Uruguay recorded heavy outflows of private capital representing almost 3% of its product during the period 1982-1988, following the positive balance resulting from direct investments from Argentina, mainly in real estate. In Chile, during the same period, of particular importance was the net inflow of foreign investment equivalent to over 1% of the product, while the regional average was nil and net credit transfers abroad in relation to the product were the highest in Latin America, with an outflow equivalent to more than 4% of the product.

The Central American countries, on the other hand, continued to receive financial resources from abroad during the period under review, although through different channels. Thus, after recording a positive transfer of over 4% of the product between 1974 and 1981 (almost entirely in the form of financial loans), during the crisis net transfers continued to be positive accounting for almost 4% of the product, although more than half corresponded to unrequited official transfers. Of particular significance was the credit granted to Nicaragua in the last 15 years, which represented 9% of that country's product during the period 1974-1981 and almost 18% between 1982 and 1988.

Credit transfers, which had been severely limited during the first two decades of the postwar period, constituted the main component of external financing in Latin America in the last two decades. During the 1950s and 1960s and in the early years of the 1970s, the contribution of such transfers did not even represent 1% of the total product. After

1973 net external credit increased markedly, pushing this coefficient up to approximately 3% of the product in 1976 and 1978. From 1982 onward, however, net inflows by way of credits fell drastically and even turned negative, with transfers abroad peaking at 4% of the product in 1985. External credit transfers, which had brought in financing equivalent to 17% of exports during the period 1974-1981, thus led to an outflow of foreign exchange equivalent to 16% of exports in the period 1982-1988; in other words, there was a decline of almost 5% in the product and a contraction of import capacity of nearly one third of the value of exports. The reversal of financial flows could have been even greater since in the latter period there were significant arrears in debt-servicing payments, which meant in practice, additional, albeit involuntary, financing.

This sharp reversal was due both to the contraction of external financing -net loans received, which had amounted to 48% of regional exports in 1981, accounted for only 2% in 1988-, and to the simultaneous increase in the payment of interest on the debt. Thus, during the period 1982-1988 the region was forced to devote an amount equivalent to four and a half percent of its product (almost one third of the value of its exports) to the payment of interest on loans received, as against inflows of net credit of just over 2% of the product, while between 1974 and 1981 outflows of foreign exchange by way of interest represented 1.5% and the net inflow of capital almost 4% (see table 4).

One of the most significant developments related to the reversal of external financial flows was that in many cases the State assumed a large part of the private debt. The mechanisms employed were varied; one of them, which was frequently used in some countries, consisted in converting the private sector domestic debt owed the commercial banks into public sector external debt through the acquisition, generally by the Central Bank, of portfolios with high proportions of loans that were difficult to collect. The basic objective of this conversion was to shore up the domestic financial system which was in danger of collapse.

The flow of foreign exchange in the form of *net foreign investment* did not represent for the region as a whole a significant inflow of external financing. Indeed the balance of such flows was negative by almost 1% of the product up to the first half of the 1970s due to the fact that remittances of profits systematically exceeded the volumes of fresh investments. The outflow of foreign exchange under this head was alleviated during the first half of the 1970s, and the trend turned slightly positive in the succeeding years due to the relatively smaller remittances of profits; the latter, which had constituted 14% of the product in the 1950s, fell to 0.6% in the 1980s.

The limited impact of this flow was due to specific trends, both on the part of investment enterprises and of the receiving countries. Generally speaking, direct foreign investment was not promoted by the countries of the region, while potential investors evaluated their projects using high risk coefficients. Overall, direct and portfolio investments in gross terms (that is to say, without discounting outflows by way of remittances of profits) peaked in 1981 at US\$10 billion, equivalent to 9% of exports.

Between 1950 and 1970, the unfavourable net flow of foreign investment to Latin America was determined by Venezuela; remittances of profits from that country during those years were on such a scale that almost the entire outflow from the region could be attributed to that source. Remittances abroad were also considerable in Mexico and Peru, among the petroleum-exporting countries, and in Argentina, Brazil and Chile, among the non-petroleum-exporting countries of South America, although in the latter cases there were simultaneous inflows of investment resources, which reduced and even totally offset the negative effect of those remittances (see table 5).

In the early 1970s, Venezuela consistently posted a sizeable negative balance and determined the direction of regional transfers abroad derived from net foreign investment. At the same time, however, Brazil began to assume the position of main recipient of foreign investment, followed by Mexico; between 1970 and 1973 these two countries received more than 85% of direct and portfolio investment made in the region, which signalled a marked increase in investment by transnational industrial enterprises, mainly from the United States, to the countries of Latin America with high-potential domestic markets.

Between 1974 and 1981 foreign direct and portfolio investment doubled in constant dollars; Brazil, Mexico and Argentina absorbed more than 80% of the total investment in the region. During this period gross income from foreign investment exceeded remittances of profits, resulting in a net balance that was slightly in surplus in relation to the regional product. The crisis of the 1980s also affected the flow of foreign investment, which declined in most of the countries, with a few exceptions, most notably Argentina, Colombia and Chile. In the latter cases direct and portfolio foreign investment rose to their highest levels, measured in constant dollars, of the last 40 years.

Finally, the value of *unrequited official transfers* was significantly high in some countries of the region. In a context of selective unrequited assistance, inflows were directed to Central America, Bolivia and Peru. The total amount of unrequited official transfers to the region was US\$500 million in 1987 dollars in the 1970s and rose significantly in the following decade (see table 6). While the amounts transferred were not very significant for the region as a whole, they constituted a significant inflow from abroad in the case of Central America, which received more than half the

Foreign investment trends were influenced both by legislation of each country.

strategy of transnational enterprises and by the domestic

regional total. From the late 1970s onwards, external inflows to this group of countries increased to 1% of the product and continued to rise until by the late 1980s they accounted for almost 4% (2.5% of the gross domestic product as an average for the period 1982-1988). For Latin America as a whole, however, unrequited transfers received remained steady at about 0.1% of the regional product during the last 40 years (see table 3).

4. Restrictions on future growth

The high external indebtedness and the heavy burden of the debt service were to a large extent responsible, as demonstrated on many occasions, for the poor performance of the Latin American and Caribbean economies during the 1980s, as well as for the persistence of the crisis that has affected the region in the present decade.

Moreover, the debt overhang and the negative transfer of resources abroad constitute severe restrictions on the region's real possibilities for growth over the next few years. In order to illustrate the magnitude of these obstacles, simulation exercises have been prepared, which permit comparisons to be made between the consequences for economic growth and the external payments situation that would flow from the persistence of the debt overhang, or from recourse to the different proposals for tackling the external debt problem. A summary follows of the results of the basic scenario, which assumes the persistence, without change, of the current situation of indebtedness; in other words, a scenario in which there is no reduction

whatsoever in the debt or its servicing, in which the volume of commercial bank loans continues to be low, and in which loans from official sources, both bilateral and multilateral, continue to be governed by current criteria of credit "rationing". Only variables related to international interest rates and to the possibility of achieving increased exports of non-traditional products have been taken into account.

Under such a scenario, the net transfer abroad of resources from the region would be higher than that effected during the period 1987-1989, representing 3.8% of the product. In the case of the Central American and Caribbean countries, the current positive transfer would be significantly reduced, and in the case of the English-speaking Caribbean countries, it would be transformed into a large negative balance (see table 8).

A dominant factor in this negative transfer would be the level of interest owed, which could represent as much as 4% of the product, in the case of the large countries, almost 5% in the case of medium-sized countries, and -most seriously- between 5% and 8% in the two groups of small countries (see table 9).

In order to be able to effect a transfer of resources on this scale, the region would need to achieve an even larger surplus on its trade balance than it has over the past few years. Thus, the average trade balance, which during the period 1987-1989 represented an amount equivalent to almost 19% of exports and on which the massive transfer of resources during that period was based, should increase on average to a volume equivalent to almost 22% of exports in the period 1990-1995. Only the large countries, which have already

¹⁰ See, for example, ECLAC, *Latin American and Caribbean Development: Obstacles requirements and options* (LC/G.1440-P), Cuadernos de la CEPAL series, No. 55, Santiago, Chile, June 1987. United Nations publication, Sales No. S.87.II.G.9, especially pages 17-19; ECLAC, *Towards sustained development in Latin America and the Caribbean: restrictions and requisites* (LC/G.1540-P), Cuadernos de la CEPAL series, No. 61, Santiago, Chile, January 1989. United Nations publication, Sales No. S.89.II.G.3, especially pages 17-24; and *Preliminary overview of the economy of Latin America and the Caribbean* presented in December of each year, several issues, particularly the last section.

¹¹ See ECLAC, *Endeudamiento externo y crecimiento en América Latina y el Caribe: consecuencias económicas de la propuesta de reducción de la carga de la deuda formulada por la Secretaría Permanente del SELA, comparadas con las de escenarios alternativos* (LC/R.841), Santiago, Chile, December 1989.

¹² The methodological annex contains the assumptions used, for each variable, in the simulation of the basic scenario.

accumulated considerable trade surpluses, would be in a position to effect such transfers of resources without expanding the relative size of their surpluses; the non-petroleum-exporting medium- and small-sized South American countries would be required to obtain much higher relative positive balances than those achieved in the recent past, while the Central American and Caribbean countries would experience significant reductions in their current trade deficits (see table 10).

Inherent in this scenario is the accentuation of the processes of adjustment as a mechanism to permit the generation of a trade surplus large enough to fully meet debt servicing requirements. In view of the necessary restriction on imports, the results in terms of growth would be very limited; the region as a whole may achieve an average growth rate of just over 2%, while the relatively smaller countries may grow at rates of under 2% or less than 1% (see table 7). In any event, such rates assume a decline in per capita product during the six year period 1990-1995.

Shrinking economic activity and the outflow of resources would keep the investment coefficient down to relatively low levels; in the basic scenario, these levels could even decline relative to the average rates recorded in the period 1987-1989, with the exception of the group of large countries (see table 11).

In this scenario, per capita consumption would probably decrease. For the region as a whole it would fall at an annual rate which would situate it, in 1995, at a level 3% lower than the 1989 level. Only in the case of the medium-sized countries, would per capita consumption in that year be somewhat higher (2%) than the 1989 level, even though that would not mean a return to the pre-crisis levels. It is also likely that in the other groups of countries accumulative declines could take place which may be -in the case of Central America and the Caribbean- up to 18% (see table 7).

As is well known, in a considerable number of countries, the strategy to meet debt servicing commitments within a framework of financial restrictions, far from eliminating the problem of the debt overhang, usually leads to a small increase in the balance of the debt (see table 12). However, in this scenario the coefficients of indebtedness could exhibit a different trend, according to the group of countries being considered. For the region as a whole, the debt/product ratio would fall slightly (from 50% to 48%), while the rise in imports would reduce the debt/exports coefficient from 314% to 237%. This reduction would be concentrated, however, in the group of large countries; in the small South American and Caribbean countries, the ratio between the external debt and the product would rise considerably, which would cancel out the apparent relief brought about by the reduction in the debt/export ratio (see table 13).

A simulation was also prepared of a variant of the basic scenario, which assumed the maintenance of international interest rates at their 1989 levels instead of a reduction of 1.2 points in the LIBOR rate throughout the period 1991-1992. The greater volume of resources that would be required for debt servicing would negatively influence growth potential in the economies of the region. Taken together, growth in these economies would fall from 2.1% per annum (basic scenario) to 1.2%, while per capita consumption would decline even further than under the basic scenario. In turn, the net transfer of financial resources would rise from 3.8% to 4.6% of the gross domestic product.

Another of the simulated variants of the basic scenario consisted of the doubling of the growth rate for non-traditional exports, representing additional income of US\$40 billion during the period 1990-1995. This greater financial inflow would permit a substantial increase in imports, investment and the product. Thus, the growth rate of the

¹³ Despite the increase in exports and the relative steadiness of the terms of trade, which are assumed in this basic scenario, a limitation of imports would be required in most cases to permit the full servicing of the debt, since the possibilities of increased net substitution of imports have been largely exhausted.

¹⁴ This new assumption coincides with that used by the IMF in *World Economic Outlook*, May 1990, in which this organization modifies its estimate of April 1989, which had forecast a drop in international interest rates.

product could rise to 2.9% per annum while per capita consumption could increase slightly instead of decrease. Transfers, on the other hand, would barely decline, since most resources obtained from abroad would be allocated to imports (see table 7).

As an alternative scenario to these variants of the basic scenario which assumed the contraction of external financing, a simulation was done of the scale of external financing that would be required in each group of countries to permit 5% annual growth in the product during the period 1991-1995, and consequently, for a nearly 3% increase per annum in the per capita product of the region. In that case, the positive balance on the trade account of the region would practically disappear (declining to 1.5% of exports) thereby reducing to nil the net transfer of resources. An inflow of US\$335 billion in fresh loans would thus be required for the period 1990-1995 (instead of US\$103 billion in the basic scenario), which would result in an increase in the external debt in 1995 of 13% of the gross domestic product in comparison with the basic scenario (see table 12).

It was also assumed that unrequited transfers would remain steady in keeping with the trend of recent years. For the small countries such transfers have been significant.

It was also projected that countries would proceed with the necessary adjustments to avoid disequilibriums in their balance of payments, as well as arrears in payments on their debt service commitments.

With regard to the domestic functioning of the economies, account was taken of the fact that restrictions on domestic supply and the deteriorated situation of many sectors would significantly affect demand for imports, which is closely linked to growth in the product as a whole and in investment in particular. In recent years, even in the face of extremely high exchange rates, imports have risen notably at the least sign of economic recovery. Consequently, although a substantial initial increase in imports has been projected, in the subsequent years this level would return to the more long-term historical pattern. For their part, estimates of investment levels had been conditioned upon the growth rate which was in turn based on the historical experience of the incremental ratio between capital and the product. Finally, international reserves are not expected to undergo any major variations since the countries of the region would be unable to reduce the level of such reserves to any significant degree nor would they be able to accumulate any significant reserves even in those countries with large trade surpluses.

Table 1
LATIN AMERICA AND THE CARIBBEAN: INVESTMENT FINANCING
(Coefficients as a percentage of GDP)

	1975 dollars				1980 dollars		
	1950-1959	1960-1965	1966-1972	1973-1979	1970-1973	1974-1981	1982-1989
1. Gross domestic savings	22.7	25.4	25.7	24.1	26.1	23.1	23.9
2. Net factor payments abroad	2.1	1.7	1.9	1.9	2.1	2.4	4.7
3. Terms-of-trade effect	-0.8	-4.0	-3.4	0.4	-5.9	-1.1	-4.0
4. External savings	15	12	2.0	3.0	2.6	4.0	1.6
5. Gross domestic savings (1-2+3)	19.8	19.7	20.4	22.6	18.1	19.6	15.2
6. Gross domestic investment (4+5)	21.3	20.9	22.4	25.6	20.7	23.6	16.8
7. Net transfer of resources abroad (4+3-2)	-1.4	-4.5	-3.3	1.5	-5.4	0.5	-7.1

Source: ECLAC, based on official data.

Table 2
EVOLUTION OF THE INDUSTRIALIZED ECONOMIES AND OF LATIN AMERICA AND THE CARIBBEAN

	1960-1969	1970-1973	1974-1981	1982-1988
Growth rates				
Gross domestic product				
Industrialized countries	4.9	4.2	2.3	3.0
Latin America and the Caribbean	5.7	6.4	4.7	1.5
Consumer price indexes				
Industrialized countries	2.9	5.7	10.0	4.2
Latin America and the Caribbean	17.7	18.6	45.0	117.9
Average for the period				
Fiscal/GDP result				
Industrialized countries		-1.5 ^a	-3.3	-4.7 ^a
Latin America and the Caribbean		-1.9 ^a	-2.3	-6.9 ^a
Selected years				
	1972	1980	1982	1987
Billions of dollars				
Balance of payment on current account				
United States	-5.8	1.8	-8.6	-152.5
Latin America and the Caribbean	-4.5	-30.3	-41.6	-9.2

Source: International Monetary Fund, *International Financial Statistics*.
^a 1972-1973. ^b 1982-1987. ^c 1982-1986.

Table3
LATIN AMERICA AND THE CARIBBEAN: NET TRANSFER OF RESOURCES ^{a b}
(Annual averages)

	(Million; of 1987 dollars)					As a percentage of exports of goods and services					As a percentage of gross domestic product				
	1950-1959	1960-1969	1970-1973	1974-1981	1982-1988	1950-1959	1960-1969	1970-1973	1974-1981	1982-1988	1950-1959	1960-1969	1970-1973	1974-1981	1982-1988
Latin America and the Caribbean (18 countries)															
Total	-1015	-1434	6 530	15 763	-24171	-3.8	4 J	12.2	17.5	-24J	-0.5	-0.5	13	23	-3.7
Recorded	-224	-1151	5 220	17 949	-14 711	-1.1	-3.4	9.4	19.4	-15.0	-0.1	-0.4	1.0	2.4	-2.3
Credit	806	919	6505	15 846	-16 648	2.8	2J	12.0	17.4	-16.1	0.3	0.3	1.3	2.3	-2.4
Foreign investment	-1207	-2498	-1758	1619	683	4.6	-7.4	-3.5	15	0.8	-0.5	-0.9	-0.4	0.3	0.1
Unrequited official	178	428	472	486	1266	0.6	1.3	0.9	0.5	13	0.1	0.1	0.1	0.1	0.2
Unrecorded	-791	-283	1311	-2 185	-9 412	-2.7	-0.9	2.8	-1.8	-9.3	-0.3	-0.1	0.3	-0.3	-1.4
Petroleum-exporting countries															
Total	-1433	-2115	241	5 624	-14 234	-13.5	-144	1.2	143	-29.1	-2.5	-24	0.1	2.3	-5.5
Recorded	-936	-1977	289	8184	-7 379	-9.3	-13.4	0.8	19.8	-15.5	-1.7	-2.3	0.1	3.1	-2.9
Credit	192	406	2 253	7680	-8 405	1.3	2.5	9 J	18.8	-17.7	0.3	0.3	1.3	2.9	-3.3
Foreign investment	-1207	-2 493	-2 187	249	553	-11.3	-16.6	-9.7	0.5	13	-2.1	-2.7	-1.3	-	0.2
Unrequited official	79	110	221	256	473	0.7	0.7	1.0	0.6	1.0	0.1	0.1	0.1	0.1	0.3
Unrecorded	497	-142	-48	-2 560	-6 856	4.2	-1.0	0.4	-5.5	-13.6	0.8	-0.3	-	-0.8	-2.6
Petroleum-exporting countries (excluding Venezuela)															
Total	151	403	1425	3 784	-10 310	3.1	5.4	10.5	163	-29.7	<U	OS	1.0	1.8	-5.1
Recorded	222	276	1742	6 268	-5 570	4.3	3.5	12.3	27.9	-16.1	0.5	0.3	1.3	3.0	-2.7
Credit	127	580	1824	5 226	-6488	2.4	8.2	12.9	23.4	-18.7	0.3	0.8	1.3	2.5	-3.2
Foreign investment	17	419	-319	726	427	0.3	-6.3	-2.4	32	13	-	-0.7	-0.3	0.4	0.3
Unrequited official	78	115	235	318	491	1.6	1.6	1.8	1.3	1.5	0.3	0.3	0.3	0.3	0.3
Unrecorded	-72	127	-318	-2 485	4 740	-1.3	1.9	-1.8	-11.6	-13.6	-0.1	0.3	-0.3	-1.3	-2.4
Bolivia															
Total	54	109	-49	0	9 ^c	22.9	36.0	-8.3	9.8	3.8 ^c	3.7	6J	-1.7	2.1	0.1 ^c
Recorded	73	121	128	303	-93 ^c	29.6	40.0	22.4	28.9	-11.3 ^c	4.7	12	4.1	6.7	-25 ^c
Credit	10	56	192	245	-132 ^c	2.9	14.4	33.7	23.3	-16.8 ^c	0.4	2.8	6.3	5.4	-3.7 ^c
Foreign investment	18	13	-81	28	-28 ^c	7.6	7.7	-14.3	2.9	-3.7 ^c	1.4	13	-2.8	0.7	10.8 ^c
Unrequited official	46	52	17	30	67 ^c	19.1	18.0	2.8	2.8	9.3 ^c	2.9	33	0.5	0.7	2.0 ^c
Unrecorded	-19	-12	-177	-207	102 ^c	-6.7	4.1	-30.6	-19.0	15.0 ^c	-1.0	-0.7	-5.7	4.6	2.6 ^c
Ecuador															
Total	-37	54	188	285	404	-9.8	8.2	25.7	10.7	-13.8	-1.7	13	3.8	2.5	-3.5
Recorded	-25	34	218	360	-232	-6.0	5.3	30.3	13.7	-7.7	-1.1	0.8	4.5	3.3	-2.1
Credit	6	27	76	402	-243	1.2	4.5	9.1	15.3	-8.1	0.3	0.7	1.5	3.7	-2.2
Foreign investment	-37	-14	115	-80	4.4	-8.7	-2.9	18.4	-3.0	-1.6	-1.5	-0.5	2.5	-0.9	-0.4
Unrequited official	7	22	27	37	5.5	1.5	3.7	2.9	1.4	2.0	0.3	0.6	0.5	0.4	0.5
Unrecorded	-13	20	-30	-75	-172	-3.8	2.9	4.7	-3.1	-6.1	-0.6	0.4	-0.6	-0.7	-1.5
Mexico															
Total	25	249	1280	2 857	-9 934	0.8	4.1	14.6	16.8	*364	0.1	0.4	1.3	1.5	*62
Recorded	72	123	1247	5 124	-5 320	1.6	1.9	11.2	32.3	-19.6	0.3	0.3	1.1	2.9	-3.4
Credit	103	310	1306	4187	-6 080	2.3	5.5	13.9	26.6	-22.3	0.3	0.5	1.1	2.3	-3.8
Foreign investment	42	-189	-147	794	557	-1.1	-3.7	-1.7	4.7	1.9	-0.1	-0.4	-0.1	0.5	0.3
Unrequited official	11	2.	86	142	203	0.4	-	1.0	0.9	0.7	0.1	0.1	0.1	0.1	0.1
Unrecorded	47	126	33	-2 267	4 614	-0.8	2.2	1.4	-15.4	-16.9	-0.3	0.3	0.1	-1.4	-2.8

Table 3 (continued 1)

	(Millions of 1987 dollars)					As a percentage of exports of goods and services					As a percentage of gross domestic product				
	1950-1959	1960-1969	1970-1973	1974-1981	1982-1988	1950-1959	1960-1969	1970-1973	1974-1981	1982-1988	1950-1959	1960-1969	1970-1973	1974-1981	1982-1988
Peru															
Total	109	-10	6	546	18	9.8	-0U	0J	17.9	OS	1.6	*02		i 1	
Recorded	101	-3	150	481	75	8.9	-1.0	5.0	18.1	1.9	1.4	-0.3'	0.6	1.8	0.4
Credit	9	187	250	391	-33	0.7	7.1	8.2	14.5	-1.0	0.1	1.1	1.1	1.5	
Foreign investment	78	-228	-206	-16	-58	6.9	-9.5	-6.6	0.9	-1.5	1.1	-1.6	-1.0	-0.2	-0.3
Unrequited official	14	38	106	108	166	1.3	1.4	3.4	2.7	4.5	0.2	0.2	0.5	0.5	0.7
Unrecorded	7	-7	-144	65	-56	0.9	0.4	-5.0	-0.1	-1.4	0.2	0.1	-0.6	0.3	-0.5
Venezuela															
Total	-1584	-2 522	-1184	1840	-3 924	-25.7	-30.9	-12.4	13.1	-27.2	-8J	-9.7	-32	32	-6.7
Recorded	-1159	-2 253	-1453	1915	-1809	-19.5	-27.6	-16.1	11.7	-14.0	-6.1	-8.7	-4.0	3.1	-3.3
Credit	64	-174	429	2 454	-1917	0.6	-2.0	4.5	14.7	-14.5	0.3	-0.8	1.2	4.2	-3.5
Foreign investment	-1224	-2 074	-1868	-476	126	-20.1	-25.5	-20.5	-2.6	0.6	-6.4	-7.9	-5.1	-1.0	0.2
Unrequited official	-	-5	-15	-62	-18	-	-0.1	*02	-0.3	-0.1	-	-	-	-	-0.1
Unrecorded	-425	-269	270	-75	-2116	*62	-3.3	3.7	13	-132	-2.1	-1.0	0.8	0.1	-3.4
Non-petroleum-exporting countries of Central America and the Caribbean															
Total	-24	353	510	1242	1115	-1.8	9.9	10.3	16.3	17.4	-0S	2.1	2A	4A	33
Recorded	34	330	494	1409	945	0.9	9.7	9.8	18.2	15.1	0.1	2.0	2.3	4.9	3.4
Credit	46	203	347	1203	124	2.0	5.8	6.7	15.6	25	0.5	1.2	1.6	4.2	0.5
Foreign investment	-68	14	83	62	123	-3.5	0.2	1.8	0.8	1.9	-0.9	0.1	0.4	0.2	0.4
Unrequited official	55	112	65	143	712	2.4	3.6	1.3	1.8	10.9	0.5	0.7	0.3	0.5	2.5
Unrecorded	-57	23	16	-167	170	-2.7	0.2	0.4	-1.9	2.3	-0.7	0.1	0.1	-0.5	0.5
Costa Rica															
Total	-2	92	213	352	73	-1.1	19.0	25.7	27.2	4.9	-0.4	46	1A	8.0	1.6
Recorded	-11	64	129	296	39	-3.9	14.7	15.3	22.6	3.6	-1.2	35	4.5	6.5	1.4
Credit	1	39	78	219	-134	0.2	9.0	9.0	16.4	-9.0	2.1	2.7	4.6	-2.8	
Foreign investment	-21	13	45	78	49	-1.2	2.9	5.5	6.1	3.7	-2.0	0.7	1.6	1.9	1.3
Unrequited official	10	12	6	-1	124	3.1	2.8	0.8	4.7	8.9	0.8	0.7	0.2	2.9	
Unrecorded	9	28	85	56	34	2.8	4.4	10.4	4.7	1.3	0.7	1.2	3.0	1.6	0.2
El Salvador															
Total	-30	46	-3	61	101	-8.3	7.6	-0.7	6.7	11.3	-1.8	1.9	-0.1	1.9	2.4
Recorded	-8	44	61	164	151	-2.1	1.5	7.0	14.2	16.7	-0.5	1.8	2.0	4.5	3.7
Credit	4	27	61	172	118	1.1	4.7	7.1	14.8	-5.1	0.2	1.1	2.1	4.7	-0.8
Foreign investment	-14	7	-6	-21	-28	-3.7	1.2	-0.7	-1.6	-3.2	-0.8	0.3	-0.2	-0.5	-0.7
Unrequited official	2	9	5	13	227	0.5	1.6	0.6	1.0	25.0	0.1	0.4	0.2	0.3	5.2
Unrecorded	-21	2	-64	-104	-50	*62	0.2	-7.8	-1.5	-5.4	-1.3	0.1	-2.2	-2.6	-1.3
Guatemala															
Total	46	60	19	207	180	11.1	VLB	1.7	12.2	14S	IS	US	0.3	1A	2.3
Recorded	54	67	18	246	54	13.1	11.2	1.6	14.0	4.4	1.7	1.6	0.3	3.0	0.6
Credit	13	29	46	186	-46	3.2	4.4	4.4	10.8	-4.1	0.4	0.7	0.8	2.3	-0.8
Foreign investment	16	21	-26	59	72	4.1	3.4	-2.6	3.2	6.1	0.5	0.5	-0.5	0.7	1.0
Unrequited official	24	17	-2	1	28	5.8	3.5	*02	0.1	2.3	0.8	0.5	-	-	0.4
Unrecorded	-8	-7	1	-39	126	-2.0	-0.8	0.1	-1.8	10.5	-0.3	-0.1	-	-0.3	1.7

Table 3 (continued 2)

	(Millions of 1987 dollars)					As a percentage of exports of goods and services					As a percentage of gross domestic product					
	1950-1959	1960-1969	1970-1973	1974-1981	1982-1988	1950-1959	1960-1969	1970-1973	1974-1981	1982-1988	1950-1959	1960-1969	1970-1973	1974-1981	1982-1988	
Haiti																
Total	6	15	10	105	158	4.4	10.4	6.1	39.5	53	J	2Jd	IS	12	10.4	12.3
Recorded	20	6	20	103	138	12.7	4.2	12.1	39.7	45.8		3.8d	0.6	2.4	10.3	10.2
Credit	9	-2	2	53	43	5.6	-1.1	1.3	20.8	14.2		1.7d	-0.1	0.3	5.4	3.3
Foreign investment	1	-8	-1	2	3	0.7	-4.9	-0.6	0.4	0.9		0.0d	-0.8	-0.1	0.1	0.2
Unrequited official	10	15	19	48	92	6.5	10.2	11.4	18.4	30.7		2.1d	1.5	2.2	4.8	6.7
Unrecorded	-14	9	-10	2	20	-8.3	6.2	-6.0	-0.1	7.5		-1.6d	0.9	-1.2	0.1	2.1
Honduras																
Total	-6	26	31	163	105	-2.0	6.4	5.3	20.4	11.1	J	-0.7	US	IA	6.7	2.8
Recorded	-8	24	41	149	90	-3.0	6.5	7.0	18.4	10.0		-0.9	1.6	2.1	6.1	2.5
Credit	7	29	72	170	28	3.0	7.1	12.0	20.3	3.6		0.7	1.8	3.5	6.8	1.0
Foreign investment	-20	-18	-39	^12	-29	-7.7	4.2	-6.5	-4.4	-3.3		-2.0	-1.1	-1.9	-1.5	-0.8
Unrequited official	4	12	9	21	91	1.7	3.6	IS	2.6	9.7		0.4	0.9	0.5	0.8	2.4
Unrecorded	2	2	-11	15	15	0.9	-0.2	-1.7	2.0	1.2		0.2		-0.5	0.7	0.2
Nicaragua																
Total	-3	59	77	156	464	-2.6	12.3	11.6	24.6	126.8		3J	3.0	5.5	19.0	
Recorded	5	56	92	281	523	-1.4	11.9	13.5	39.2	144.7		3.2	3.8	10.6	21.6	
Credit	5	46	99	254	434	2.0	9.0	14.6	34.7	118.6		2.4	4.2	9.4	17.8	
Foreign investment	-11	-0	-31	-24	-1	-5.3	0.4	-4.6	-2.8	-0.2		0.1	-1.4	-0.9		
Unrequited official	5	11	24	51	89	1.9	2.5	3.5	7.3	26.3		0.6	L0	2.1	3.7	
Unrecorded	-3	2	-15	-125	-59	-1.2	0.4	-1.9	-14.7	-17.8		0.1	-0.8	-5.1	-2.6	
Dominican Republic																
Total	-35	55	164	198	34	-8.1	8.4	20.1	13.9	2.3		-2.0	L0	3.6	3.2	0.8
Recorded	-12	69	134	170	-50	-3.5	11.4	16.6	11.8	3.2		-0.9	1.7	3.0	2.7	-1.1
Credit	7	34	-11	149	-168	1.2	4.9	-0.7	10.3	-11.2		0.2	0.8	-0.2	2.3	-3.6
Foreign investment	-20	-0	142	11	57	-4.8	-0.4	16.9	0.8	3.8		-1.2	-0.2	3.1	0.2	1.2
Unrequited official	0	35	3	10	61	0.1	6.9	0.4	0.7	4.2		1.1	0.1	0.2	1.3	
Unrecorded	-22	-14	30	28	85	-4.6	-3.0	3.5	2.1	5.8		-1.1	-0.7	0.6	0.5	1.8
Non-petroleum-exporting countries of South America																
Total	442	332	5 779	8 897	-11 052	3.6	2.8	22.8	21.7	-24.3		0.3	0.2	2.0	2.1	-3.0
Recorded	679	496	4436	8 356	-8 277	5.1	4.0	17.3	19.7	-18.4		0.5	0.4	1.5	1.9	-2.3
Credit	568	310	3905	6 963	-8 367	4.0	2.5	15.5	16.6	-17.3		0.4	0.2	1.4	1.6	-2.1
Foreign investment	67	-19	346	1307	7	0.7	0.2	1.1	2.9	0.4		0.1	0.1	0.3		
Unrequited official	45	206	187	87	81	0.3	1.3	0.8	0.2	0.2		0.1	0.1	0.1	0.3	
Unrecorded	-237	-164	1343	541	-2 727	-1.5	-1.2	5.5	1.9	-5.8		-0.1	-0.1	0.5	0.2	-0.7
Argentina																
Total	292	-84	^58	173	-3 005	8.8	-0.2	-1.2	0.4	-32.1		0.7		-0.7		4M
Recorded	286	-21	^132	1535	-2108	7.7	1.1	-5.9	12.3	-22.6		0.7	0.2	-0.6	1.1	-2.5
Credit	134	-126	-380	1390	-2 377	3.6	-1.6	-5.7	11.4	-25.5		0.3	-0.1	-0.5	1.0	-3.0
Foreign investment	152	105	-52	139	268	4.1	2.7	-0.2	0.9	2.9		0.4	0.3	0.1	0.1	0.5
Unrequited official			-1	6												
Unrecorded	6	-62	-26	-1363	-897	1.1	-1.3	-1.2	-11.9	-9.9			-0.2	-0.1	-1.1	-1.4

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Table 3 (conclusion)

	(Millions; of 1987 dollars)					As a percentage of exports of goods and services					As a percentage of gross domestic product				
	1950-1959	1960-1969	1970-1973	1974-1981	1982-1988	1950-1959	1960-1969	1970-1973	1974-1981	1982-1988	1950-1959	1960-1969	1970-1973	1974-1981	1982-1988
Brazil															
Total	222	189	5583	6283	-6 919 ^c	4.4	3.2	48.8	333	-26.7 ^c	0.3	0.2	3.1	2.5	-2.7 ^c
Recorded	352	170	4 636	5 240	-5 716 ^c	6.7	3.3	39.1	27.9	-22.3 ^c	0.4	0.2	2.8	2.0	-2.3 ^c
Credit	290	-79	3 856	4086	-5 143 ^c	5.2	-1.4	33.0	22.2	-20.1 ^c	0.4	-0.1	2.4	1.6	-2.1 ^c
Foreign investment	53	146	728	1148	-570 ^c	1.3	2.8	5.6	5.6	-2.2 ^c	-	0.2	0.4	0.4	-0.2 ^c
Unrequited official	10	103	55	6	-2 ^c	0.2	1.9	0.5	-	-	0.1	-	-	-	-
Unrecorded	-131	19	947	1043	-1155 ^c	-2.3	-0.1	9.6	5.5	4.4 ^c	-0.2	-	0.7	0.4	-0.1 ^c
Colombia															
Total	-87	171	454	472	-331	4.1	7.9	16.3	9.2	-3.6	0.7	1.0	2.1	1.3	-0.8
Recorded	36	190	283	361	-88	1.0	6.5	10.0	1.5	-0.2	0.1	1.0	1.3	1.0	-0.2
Credit	102	178	302	441	-156	4.6	8.3	10.7	9.1	-0.7	0.6	1.0	1.4	1.3	-0.4
Foreign investment	-70	-36	-100	-103	67	-3.8	-2.0	-3.5	-2.2	0.9	-0.6	-0.3	-0.5	-0.4	0.2
Unrequited official	3	48	81	22	-	0.1	2.2	2.8	0.5	-	-	0.3	0.4	0.1	-
Unrecorded	-122	-19	171	111	-243	-5.7	-0.6	6.3	1.7	-3.8	-0.8	-	0.8	0.3	-0.6
Chile															
Total	-82	36	165	1329	-693	4.1	4.7	5.9	24.2	-13.1	0.4	0.5	0.7	4.8	-3.6
Recorded	-65	70	-93	823	98	-3.6	5.0	-3.0	13.8	-9.7	-0.3	0.6	-0.3	2.6	-2.9
Credit	-1	274	128	814	-794	0.2	12.7	3.8	14.0	-14.2	-	1.7	0.6	2.7	3.3
Foreign investment	-88	-231	-232	-25	240	-5.4	-9.1	-7.2	-0.9	3.5	-0.5	-1.3	-1.0	-0.2	1.1
Unrequited official	24	27	12	34	55	1.6	1.4	0.4	0.7	1.0	0.2	0.2	0.1	0.1	0.3
Unrecorded	-18	-34	258	506	-194	-1.0	-0.3	8.9	10.4	-3.4	-0.1	-0.1	1.1	2.2	-0.8
Paraguay															
Total	10	46	39	285	110	7.3	24.7	13.6	49.9	18.5	1.3	3.3	2.0	1.5	2.1
Recorded	8	47	36	129	99	5.6	25.7	13.0	23.9	18.6	0.9	3.3	1.9	3.6	1.7
Credit	1	34	25	125	114	0.6	17.8	8.8	22.7	20.7	-	2.3	1.3	3.4	2.1
Foreign investment	2	4	3	-1	-30	1.3	2.7	1.0	-0.2	-3.7	0.2	0.3	0.1	-	-0.7
Unrequited official	5	9	9	6	13	3.7	5.2	3.2	1.4	1.4	0.7	0.7	0.5	0.2	0.4
Unrecorded	2	-1	2	156	11	1.7	-0.9	0.7	26.0	-0.1	0.4	-0.1	0.1	3.9	0.4
Uruguay															
Total	87	-26	4	355	-215	14.0	-1.9	0.6	24.2	-14.7	1.7	1.7	-0.1	4.0	-3.1
Recorded	62	41	6	267	33	8.9	6.9	1.1	17.9	1.5	0.9 ^h	0.7	0.1	2.8	-0.2
Credit	42	29	-25	106	-12	6.5	5.2	-2.4	6.0	-1.6	0.8 ^d	0.5	-0.4	0.9	-0.9
Foreign investment	17	-7	-1	148	31	1.8	-1.0	-0.2	10.8	2.2	-	-0.1	-	1.8	0.5
Unrequited official	3	19	31	13	14	0.5	2.7	3.7	1.1	0.9	0.1 ^d	0.4	0.5	0.2	0.2
Unrecorded	25	-66	-10	88	-248	5.1	-8.8	-0.6	6.4	-16.2	0.8 ^d	-1.3	-0.2	1.1	-2.9

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

^a The concepts of transfer utilized are as follows: (1) Total: equivalent to the net inflow of capital less net payments of profits and interest. (2) Recorded: equivalent to the net inflow of capital (not including errors and omissions (net) and short-term capital from other sectors) minus net payment of profits and interest (3) Credit equivalent to the net inflow of long-term capital (not including investment) and the inflow of short-term capital (official and from commercial banks) less net payment of interest. (4) Foreign investment: equivalent to direct and portfolio investment less net payment of profits. (5) Unrecorded: equivalent to errors and omissions (net) plus short-term capital from other sectors. The coefficients were obtained on the basis of figures in current dollars. The amounts of transfer were converted to 1987 dollars using the United States wholesale price index. ^c 1982-1987. ^d 1955-1959.

Table 4
LATIN AMERICA AND THE CARIBBEAN: TRADE AND BREAKDOWN OF NET TRANSFER OF
RESOURCES RECORDED^a
(Coefficients as a percentage of GDP)

	Trade in goods and services			Credit transfers			Foreign investment			Total net transfers recorded
	Exports	Imports	Balance	Net	Net capital inflow	Net interest payments	Net	Direct and portfolio investment	Payment of profits	
	d)	(2)	(3) = (1)-(2)	(4) = (5)-(6)	(5)	(6)	(7) - (8)-(9)	(8)	(9)		(10)
Latin America and the Caribbean										
1950-1959	12.6	12.1	0.5	0.3	0.5	0.2	-0.5	0.8	1.4	-0.1
1960-1969	12.0	11.4	0.6	0.3	0.8	0.5	-0.8	0.5	1.3	-0.4
1970-1973	10.8	11.4	-0.6	1.2	1.9	0.7	-0.4	0.6	1.1	1.0
1974-1981	14.0	15.3	-1.3	2.3	3.8	1.5	0.1	0.9	0.8	2.4
1982-1988	15.4	12.3	3.1	-2.3	2.2	4.5	0.1	0.7	0.6	-2.3
Petroleum-exporting countries										
1950-1959	20.3	17.7	2.6	0.3	0.4	0.1	-2.1	1.9	3.9	-1.7
1960-1969	16.1	13.8	2.3	0.3	0.7	0.4	-2.4	0.4	2.8	-2.3
1970-1973	12.8	12.3	0.5	1.2	1.7	0.5	-1.2	0.5	1.8	0.1
1974-1981	16.0	16.6	-0.6	2.9	4.2	1.3	-	0.9	0.9	3.1
1982-1988	17.2	12.4	4.8	-3.2	2.0	5.2	0.2	0.7	0.5	-2.9
Petroleum-exporting countries (excluding Venezuela)										
1950-1959	14.1	14.9	-0.8	0.3	0.5	0.2	-	1.2	1.2	0.5
1960-1969	11.3	11.9	-0.6	0.7	1.2	0.5	-0.6	0.7	1.2	0.1
1970-1973	9.6	10.5	-0.9	1.3	1.9	0.7	-0.2	0.8	1.0	1.2
1974-1981	11.5	13.0	-1.5	2.5	4.5	2.0	0.4	1.2	0.8	3.0
1982-1988	17.6	12.2	5.4	-2.9	2.5	5.4	-	0.5	0.5	-2.7
Bolivia										
1950-1959	14.1	17.7	-3.6	0.4	0.7	0.3	1.4	1.2	-0.2	4.7
1960-1969	19.0	25.4	-6.4	2.8	3.5	0.7	1.2	1.6	0.3	1.2
1970-1973	19.3	17.9	1.4	6.3	7.3	1.0	-2.8	-1.9	0.8	4.1
1974-1981	23.9	25.8	-1.9	5.4	8.7	3.3	0.7	0.9	0.3	6.7
1982-1987	23.2	22.9	0.3	-3.7	5.6	9.3	-0.8	0.4	1.2	-2.5
Ecuador										
1950-1959	17.5	15.7	1.8	0.2	0.4	0.2	-1.5	0.6	2.1	-1.1
1960-1969	15.7	17.0	-1.3	0.7	1.1	0.4	-0.5	1.1	1.6	0.8
1970-1973	18.2	20.6	-2.4	1.5	2.1	0.6	2.5	5.0	2.6	4.5
1974-1981	25.9	27.2	-1.3	3.7	5.5	1.8	-0.9	1.0	1.8	3.2
1982-1988	24.3	20.3	4.0	-2.2	4.8	7.0	-0.4	0.6	0.9	-2.1
Mexico										
1950-1959	13.8	14.3	-0.3	0.3	0.5	0.2	-0.1	1.1	1.2	0.2
1960-1969	9.5	10.2	-0.7	0.5	1.0	0.5	-0.4	0.8	1.2	0.2
1970-1973	8.0	9.2	-1.2	1.1	1.8	0.6	-0.1	0.9	1.0	1.1
1974-1981	9.6	11.0	-1.4	2.3	4.2	1.9	0.5	1.2	0.8	2.9
1982-1988	17.2	11.3	5.9	-3.8	1.4	5.2	0.3	0.9	0.5	-3.4
Peru										
1950-1959	16.5	18.4	-1.9	0.1	0.3	0.2	1.1	2.2	1.1	1.4
1960-1969	17.2	16.8	0.4	1.1	1.7	0.5	-1.6	0.1	1.7	-0.3
1970-1973	14.5	13.7	0.8	1.1	2.0	0.9	-1.0	-0.3	0.8	0.6
1974-1981	17.5	18.9	-1.4	1.5	4.2	2.7	-0.2	0.7	0.8	1.8
1982-1988	14.9	14.8	0.1	0.0	4.2	4.2	-0.3	-	0.3	0.4
Venezuela										
1950-1959	32.4	23.2	9.2	0.3	0.3	-	-6.4	3.0	9.4	-6.1
1960-1969	30.5	19.6	10.9	-0.8	-0.7	0.1	-7.9	-0.4	7.4	-8.7
1970-1973	25.3	19.4	5.9	1.2	0.9	-0.3	-5.1	-0.5	4.7	-4.0
1974-1981	32.0	28.6	3.4	4.2	2.9	-1.3	-1.0	0.3	1.2	3.1
1982-1988	24.3	20.8	3.5	-3.5	-0.7	2.8	0.2	0.5	0.3	-3.3

Table 4 (continued 1)

	Trade in goods and services			Credit transfers			Foreign investment			Total net transfers recorded (10)
	Exports	Imports	Balance	Net	Net capital inflow	Net interest payments	Net	Direct and portfolio investment	Payment of profits	
	(1)	(2)	(3)-(2)	(4)-(5)-(6)	(5)	(6)	(7)-(8)-(9)	(8)	(9)	
Non-petroleum-exporting countries of Central America and the Caribbean										
1950-1959	24.0	23.1	0.9	0.5	0.5	0.0	-0.9	0.7	1.6	0.1
1960-1969	20.5	22.9	-2.4	1.2	1.6	0.3	0.1	1.2	1.1	2.0
1970-1973	23.7	26.3	-2.6	1.6	2.7	1.0	0.4	1.7	1.2	2.3
1974-1981	26.9	32.7	-5.8	4.2	5.8	1.6	0.2	1.3	1.1	4.9
1982-1988	22.5	28.2	-5.7	0.5	4.6	4.1	0.4	1.0	0.6	3.4
Costa Rica										
1950-1959	25.3	24.7	0.6	-	0.2	0.1	-2.0	0.8	2.7	1.2
1960-1969	24.0	29.0	-5.0	2.1	2.9	0.7	0.7	1.7	1.1	3.5
1970-1973	29.1	36.3	-7.2	2.7	3.8	1.1	1.6	2.6	1.0	4.5
1974-1981	31.1	39.4	-8.3	4.6	8.1	3.6	1.9	2.5	0.6	6.5
1982-1988	34.7	35.1	-0.4	-2.8	5.7	8.5	1.3	1.5	0.3	1.4
El Salvador										
1950-1959	22.3	20.5	1.8	0.2	0.4	0.1	-0.8	-0.4	0.4	-0.5
1960-1969	24.2	26.5	-2.3	1.1	1.4	0.2	0.3	0.9	0.6	1.8
1970-1973	27.1	28.0	-0.9	2.1	2.3	0.3	-0.2	0.5	0.7	2.0
1974-1981	33.4	36.6	-3.2	4.7	5.7	1.0	-0.5	0.5	1.1	4.5
1982-1988	21.5	27.3	-5.8	-0.7	1.6	2.2	-0.7	0.3	0.9	3.7
Guatemala										
1950-1959	13.5	14.9	-1.4	0.4	0.4	-	0.5	0.6	0.1	1.7
1960-1969	15.2	16.9	-1.7	0.7	0.9	0.2	0.5	1.4	0.9	1.6
1970-1973	18.9	19.0	-0.1	0.8	1.4	0.5	-0.5	1.0	1.5	0.3
1974-1981	21.5	25.7	-4.2	2.3	2.3	0.1	0.7	1.6	0.9	3.0
1982-1988	15.4	18.2	-2.8	-0.8	0.7	1.5	1.0	1.6	0.4	0.6
Haiti										
1955-1959	17.6	21.1	-3.5	1.7	1.9	0.3	-	0.7	0.7	3.8
1960-1969	14.7	18.1	-3.4	-0.1	0.2	0.3	-0.8	0.3	1.0	0.6
1970-1973	19.9	24.8	-4.9	0.3	0.4	0.2	-0.1	1.2	1.3	2.4
1974-1981	26.1	41.8	-15.7	5.4	5.9	0.5	0.1	1.2	1.1	10.3
1982-1988	22.7	38.3	-15.6	3.3	4.4	1.1	0.2	0.5	0.3	10.2
Honduras										
1950-1959	24.7	23.3	1.4	0.7	0.5	-0.2	-2.0	1.4	3.4	-0.9
1960-1969	25.8	27.2	-1.4	1.8	1.9	0.1	-1.1	0.5	1.6	1.6
1970-1973	29.5	31.4	-1.9	3.5	4.2	0.6	-1.9	0.8	2.8	2.1
1974-1981	33.8	40.3	-6.5	6.8	9.0	2.2	-1.5	0.4	2.0	6.1
1982-1988	24.9	28.1	-3.2	1.0	5.2	4.2	-0.8	0.7	1.6	2.5
Nicaragua										
1950-1959										
1960-1969	26.1	29.2	-3.1	2.4	2.8	0.3	0.1	1.5	1.5	2.3
1970-1973	29.3	30.4	-1.1	4.2	5.4	1.2	-1.4	1.5	2.3	3.8
1974-1981	31.3	38.0	-6.7	9.4	12.7	3.3	-0.9	0.4	1.3	10.6
1982-1988	15.0	36.2	-21.2	17.8	26.4	8.6	-	0.1	0.1	21.6
Dominican Republic										
1950-1959	23.0	20.2	2.8	0.2	0.3	0.1	-1.2	0.7	1.9	-0.9
1960-1969	18.7	20.4	-1.7	0.8	1.3	0.5	-0.2	1.1	1.3	1.7
1970-1973	19.3	23.8	-4.5	-0.2	2.1	2.3	3.1	3.1	-	3.0
1974-1981	22.9	28.5	-5.6	2.3	4.5	2.2	0.2	1.4	1.3	2.7
1982-1988	29.4	35.2	-5.8	-3.6	2.0	5.6	1.2	1.0	-	-1.1

Table 4 (conclusion)

	Trade in goods and services			Credit transfers			Foreign investment			Total net transfers recorded (10)
	Exports	Imports	Balance	Net	Net capital inflow	Net interest payments	Net	Direct and portfolio investment	Payment of profits	
	(1)	(2)	(3) = (1)-(2)	(4) - (5)-(6)	(5)	(6)	(7) - (8)-(9)	(8)	(9)	
Non-petroleum-exporting countries of South America										
1950-1959	8.9	9.3	-0.4	0.4	0.6	0.2	0.1	0.4	0.4	0.5
1960-1969	8.8	8.9	-0.1	0.2	0.8	0.5		0.5	0.5	0.4
1970-1973	8.9	9.6	-0.7	1.4	2.2	0.8	0.1	0.7	0.6	1.5
1974-1981	9.6	11.2	-1.6	1.6	3.1	1.5	0.3	0.8	0.5	1.9
1982-1988	12.0	9.4	2.6	-2.2	2.0	4.2	-	0.7	0.7	-2.3
Argentina										
1950-1959	8.1	8.9	-0.8	0.3	0.3	0.1	0.4	0.5		0.7
1960-1969	9.0	8.7	0.3	-0.1	0.3	0.4	0.3	0.6	0.3	0.2
1970-1973	9.4	8.3	1.1	0.5	0.3	0.9	0.0	0.2	0.2	-0.6
1974-1981	9.9	9.0	0.9	1.0	2.0	1.0	0.1	0.4	0.3	1.1
1982-1988	11.9	8.1	3.8	-3.0	2.8	5.8	0.5	1.0	0.6	-2.5
Brazil										
1950-1959	7.5	7.9	-0.4	0.4	0.6	0.2	0.0	0.5	0.4	0.4
1960-1969	6.6	6.7	-0.1	-0.1	0.4	0.5	0.2	0.5	0.3	0.2
1970-1973	1.2	8.5	-1.3	2.4	3.0	0.6	0.4	1.1	0.7	2.8
1974-1981	7.7	10.1	-2.4	1.6	3.3	1.7	0.4	1.0	0.5	2.0
1982-1987	10.4	7.4	3.0	-2.1	1.6	3.8	-0.2	0.5	0.6	-2.3
Colombia										
1950-1959	14.5	13.8	0.7	0.6	0.8	0.2	-0.6	-	0.6	0.1
1960-1969	12.6	14.1	-1.5	1.0	1.9	0.8	-0.3	0.4	0.7	1.0
1970-1973	13.4	14.6	-1.2	1.4	2.7	1.3	-0.5	0.4	0.9	1.3
1974-1981	15.5	15.0	0.5	1.3	2.2	0.9	-0.4	0.3	0.6	1.0
1982-1988	14.1	15.1	-1.0	-0.3	2.7	3.0	0.2	1.4	1.2	-0.2
Chile										
1950-1959	11.3	10.7	0.6	-	0.3	0.3	-0.5	0.7	1.3	-0.3
1960-1969	13.8	14.3	-0.5	1.7	2.4	0.8	-1.3	0.2	1.5	0.6
1970-1973	12.6	13.8	-1.2	0.6	1.6	1.1	-1.0	-0.5	0.5	-0.3
1974-1981	21.8	24.8	-3.0	2.7	5.9	3.3	-0.2	-	0.2	2.6
1982-1988	28.2	25.3	2.9	-4.3	4.4	8.7	1.1	2.1	1.0	-2.9
Paraguay										
1950-1959	20.6	22.0	-1.4		0.3	0.3	0.2	0.4	0.3	0.9
1960-1969	13.2	16.7	-3.5	2.3	2.8	0.5	0.3	0.7	0.4	1.3
1970-1973	14.3	15.5	-1.2	1.3	2.3	1.1	0.1	0.8	0.6	1.9
1974-1981	15.3	20.0	-4.7	3.4	3.9	0.5	-	1.0	1.0	3.6
1982-1988	21.0	25.4	-4.4	2.1	3.1	1.1	-0.7	0.4	1.1	1.7
Uruguay										
1955-1959	9.8	12.1	-2.3	0.8	1.0	0.2		0.1	0.1	0.9
1960-1969	14.3	13.9	0.4	0.5	1.4	0.9	-0.1	-0.1	-	0.7
1970-1973	12.5	12.2	0.3	-0.4	0.5	0.9	-	-	-	0.1
1974-1981	16.5	19.4	-2.9	0.9	2.2	1.3	1.8	1.8		2.8
1982-1988	21.7	18.5	3.2	-0.9	3.6	4.6	0.5	0.5		-0.2

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

" The concepts of transfer utilized are as follows: (1) Net credit: equivalent to net long-term capital inflow (not including investment) and short-term capital inflows from official and commercial bank sources (thereby excluding capital from other sectors) minus net interest payments. (2) Net foreign investment: equivalent to direct and portfolio investment, minus Payment of profits. (3) Total recorded: equivalent to net credit transfers plus foreign investment plus unrequited official transfers. Calculations based on figures in current dollars.

Table 5
LATIN AMERICA AND THE CARIBBEAN: DISTRIBUTION OF NET FOREIGN INVESTMENT BY COUNTRY
(Annual averages in millions of 1987 dollars)^a

	Net foreign investment ^b					Direct and portfolio investment					Payment of profits				
	1950-1959	1960-1969	1970-1973	1974-1981	1982-1988	1950-1959?	1960-1969	1970-1973	1974-1981	1982-1988	1950-1959	1960-1969	1970-1973	1974-1981	1982-1988
Latin America ^c	-1209	-2 498	-1757	1619	682	1900	1621	3160	6393	4822	3 108	4103	4 915	4 775	4128
Petroleum-exporting countries	-1207	-2 492	-2187	250	553	1200	564	933	2 605	1761	2495	3 040	3119	2 355	1208
Petroleum-exporting countries (excluding Venezuela)	17	-418	-319	726	427	486	644	1109	2 412	1461	468	1060	1427	1686	1035
Bolivia	18	13	-81	28	-28	15	25	-56	40	12	-3	12	25	12	40
Ecuador	-37	-14	115	-80	-1	15	43	252	91	61	53	57	137	171	105
Mexico	42	-189	-147	794	557	301	570	959	2115	1375	343	758	1105	1321	818
Peru	78	-228	-206	-16	-58	154	6	^16	166	13	76	233	160	182	72
Venezuela	-1224	-2 074	-1868	^176	126	714	-80	-176	193	300	1937	1980	1692	669	173
Non-petroleum-exporting countries of Central America and the Caribbean	-68	14	84	63	123	64	197	348	379	283	132	183	264	317	160
Costa Rica	-21	13	45	78	49	10	33	76	105	62	30	21	31	27	13
El Salvador	-14	6	-6	-21	-28	-7	22	15	20	10	7	15	21	41	38
Guatemala	16	21	-26	59	72	19	60	56	127	118	3	40	82	67	46
Haiti	2	-8	-1	2	3	11	3	10	12	6	10	11	11	10	4
Honduras	-20	-18	-39	^12	-29	11	12	16	11	28	31	30	56	54	58
Nicaragua	-11	0	-31	-24	-1	5	29	33	12	1	16	29	65	37	2
Dominican Republic	-20	0	142	11	57	15	37	142	92	57	35	37	-2	81	-
Non-petroleum-exporting countries of South America	66	-21	346	1306	6	637	861	1879	3 409	2 777	570	880	1532	2103	2 760
Argentina	152	105	-52	139	268	178	274	112	530	748	26	168	163	391	469
Brazil	53	146	728	1148	-570 ^d	340	451	1779	2 581	1055 ¹	287	304	1051	1433	1625
Colombia	-70	-36	-100	-103	67	4	79	96	88	504	74	115	197	191	437
Chile	-88	-232	-232	-25	240	88	52	-123	25	424	176	285	109	49	184
Paraguay	2	4	3	-1	-30	3	10	15	35	16	2	6	11	37	45
Uruguay	17	-7	-1	148	31	23	-5	-	150	31	5	2	1	2	-

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

^a Annual figures in current dollars were converted to 1987 dollars using the United States wholesale price index, payment of profits. ^c Eighteen countries. ^d 1982-1987.

¹ Corresponds to direct and portfolio investments, minus

Table 6
**LATIN AMERICA AND THE CARIBBEAN: DISTRIBUTION OF UNREQUITED
OFFICIAL TRANSFERS**
(Annual averages)

	Values in millions of 1987 dollars				
	1950- 1959	1960- 1969	1970- 1973	1974- 1981	1982- 1988
Latin America and the Caribbean	178	428	472	486	1266
Petroleum-exporting countries	78	109	221	255	473
Bolivia	46	52	17	30	67*
Ecuador	7	22	27	37	55
Mexico	11	2	86	142	203
Peru	14	38	106	108	166
Venezuela	-	-5	-15	-62	-18
Non-petroleum-exporting countries of Central America and the Caribbean	55	111	64	143	712
Costa RiCa	10	12	6	-1	124
El Salvador	2	9	5	13	227
Guatemala	24	17	-2	1	28
Haiti	10	15	19	48	92
Honduras	4	12	9	21	91
Nicaragua	5	11	24	51	89
Dominican Republic	-	35	3	10	61
Non-petroleum-exporting countries of South America	45	206	189	87	80
Argentina			1	6	
Brazil	10	103	55	6	
Colombia	3	48	81	22	
Chile	24	27	12	34	55
Paraguay	5	9	9	6	13
Uruguay	3	19	31	13	14

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

^a The annual figures in current dollars were converted to 1987 dollars using the United States wholesale price index. Eighteen countries. * 1982-1987.

Table 7
SIMULATION EXERCISES. GROSS DOMESTIC PRODUCT, PER CAPITA CONSUMPTION AND
IMPORTS, AT 1980 PRICES, 1990-1995
(Annual rate of variation)

	Gross domestic product				Per capita consumption				Imports			
	Basic scenario	Variants of scenario			Basic scenario	Variants of scenario			Basic scenario	Variants of scenario		
		E	I	C		E	I	C		E	I	C
Latin America and the Caribbean	2.1	2.9	1.2	5.0	-0.5	0.2	-1.5	3.0	1.3	3.6	1.2	%2
Large countries	2.2	3.2	1.2	5.0	-0.3	0.4	-1.4	2.9	2.2	4.0	0.8	8.0
Medium-sized countries	2.3	2.6	1.6	5.0	0.3	0.5	-0.5	3.8	3.3	3.8	2.7	9.0
Small countries of South America	0.7	1.1	0.3	5.0	-2.3	-1.9	-3.0	3.8	1.3	2.3	0.6	8.9
Central America and the Caribbean	0.4	0.6	-0.2	5.0	-3.3	-3.1	-3.9	3.2	-0.2	0.3	-0.6	6.5
English-speaking Caribbean	1.2	-	-	-	-1.1	-	-	-	1.8	-	-	-

Source: ECLAC, Endeudamiento externo y crecimiento económico en América Latina y el Caribe: Consecuencias económicas de la propuesta de reducción de la carga de la deuda formulada por la Secretaría Permanente de SELA, comparadas con las de escenarios alternativos (LC/R. 841), Santiago, Chile, 29 December 1989.

Basic scenario: Interest rate declines by 1.2 points in relation to 1989.

Scenario E: Growth rate of non-traditional exports doubles.

Scenario I: Interest rates remain at their 1989 level.

Scenario C: Growth of GDP is 5% in all countries.

Large countries: Argentina, Brazil and Mexico.

Medium-sized countries: Colombia, Chile, Peru and Venezuela.

Small South American countries: Bolivia, Ecuador, Paraguay and Uruguay.

Central American and Caribbean countries: Costa Rica, El Salvador, Guatemala, Honduras, Haiti and the Dominican Republic.

English-speaking Caribbean: Barbados, Guyana, Jamaica and Trinidad and Tobago.

Table 8
**SIMULATION EXERCISES. TRANSFER OF RESOURCES ABROAD UNDER DIFFERENT
 SCENARIOS, 1987-1989 AND 1990-1995**
(As a percentage of GDP)

	1990-1995	Basic scenario 1990-1995	Variants of scenario 1990-1995		
			E	I	C
Latin America and the Caribbean	3.0	3.8	3.7	4.6	-
Large countries	3.6	4.0	3.8	4.8	1.1
Medium-sized countries	2.5	3.6	3.6	4.4	-1.4
Small South American countries	1.3	4.5	4.4	5.6	-4.2
Central America and the Caribbean	-3.0	-0.5	-0.4	0.1	-10.0
English-speaking Caribbean	-0.5	4.3	-	-	.

Source: ECLAC, Endeudamiento externo y crecimiento económico en América Latina y el Caribe: Consecuencias económicas de la propuesta de reducción de la carga de la deuda formulada por la Secretaría Permanente de SEIA, comparadas con las de escenarios alternativos (LC/R. 841), Santiago, Chile, 29 December 1989.

Basic scenario: Interest rate declines by 1.2 points in relation to 1989.

Scenario E: Growth rate of non-traditional exports doubles.

Scenario I: Interest rates remain at their 1989 level.

Scenario C: Growth of GDP is 5% in all countries.

Large countries: Argentina, Brazil and Mexico.

Medium-sized countries: Colombia, Chile, Peru and Venezuela.

Small South American countries: Bolivia, Ecuador, Paraguay and Uruguay.

Central American and Caribbean countries: Costa Rica, El Salvador, Guatemala, Honduras, Haiti and the Dominican Republic.

English-speaking Caribbean: Barbados, Guyana, Jamaica and Trinidad and Tobago.

Table 9
SIMULATION EXERCISES. INTEREST DUE AS PROPORTION OF THE PRODUCT AND OF
EXPORTS, 1990-1995

	Basic scenario 1990-1995	Variants of scenario 1990-1995		
		E		
As percentage of GDP				
Latin America and the Caribbean		A3	42	5.1
Large countries	4.0	3.8	4.7	4.0
Medium-sized countries	4.9	4.9	5.8	5.1
Small South American countries	7.8	7.7	8.9	7.9
Central America and the Caribbean		5.2	5.1	5.7
English-speaking Caribbean				
As percentage of exports				
Latin America and the Caribbean		23.4	22.5	26.5
Large countries	25.5	24.3	29.0	27.9
Medium-sized countries	19.5	19.2	22.1	22.4
Small South American countries	25.2	24.5	28.2	29.6
Central America and the Caribbean		16.1	15.9	17.7
English-speaking Caribbean	15.9			

Source: ECLAC, Endeudamiento externo y crecimiento económico en América Latina y el Caribe: Consecuencias económicas de la propuesta de reducción de la carga de la deuda formulada por la Secretaría Permanente de SELA, comparadas con las de escenarios alternativos (LC/R. 841), Santiago, Chile, 29 December 1989.

Basic scenario: Interest rate declines by 12 points in relation to 1989.

Scenario E: Growth rate of non-traditional exports doubles.

Scenario I: Interest rates remain at their 1989 level.

Scenario C: Growth of GDP is 5% in all countries.

Large countries: Argentina, Brazil and Mexico.

Medium-sized countries: Colombia, Chile, Peru and Venezuela.

Small South American countries: Bolivia, Ecuador, Paraguay and Uruguay.

Central American and Caribbean countries: Costa Rica, El Salvador, Guatemala, Honduras, Haiti and the Dominican Republic.

English-speaking Caribbean: Barbados, Guyana, Jamaica and Trinidad and Tobago.

Table 10
**SIMULATION EXERCISES. TRADE BALANCE AS A PERCENTAGE OF EXPORTS, UNDER
DIFFERENT SCENARIOS, 1987-1989 AND 1990-1995**

	1990-1995	Basic scenario 1990-1995	Variants of scenario 199(M995)		
			E	I	C
Latin America and the Caribbean	18.8	21.8	20.8	24.9	15
Large countries	28.7	26.7	25.1	30.3	8.8
Medium-sized countries	7.2	17.9	17.7	20.2	-2.2
Small South American countries	6.1	17.2	16.7	20.1	-12.7
Central America and the Caribbean	-23.6	-8.6	-8.4	6.8	-44.9
English-speaking Caribbean	-2.8	-0.3	-	-	-

Source: ECLAC, Endeudamiento externo y crecimiento económico en América Latina y el Caribe: Consecuencias económicas de la propuesta de reducción de la carga de la deuda formulada por la Secretaría Permanente de SELA, comparadas con las de escenarios alternativos (LC/R. 841), Santiago, Chile, 29 December 1989.

Basic scenario: Interest rate declines by 12 points in relation to 1989.

Scenario E: Growth rate of non-traditional exports doubles.

Scenario I: Interest rates remain at their 1989 level.

Scenario C: Growth of GDP is 5% in all countries.

Large countries: Argentina, Brazil and Mexico.

Medium-sized countries: Colombia, Chile, Peru and Venezuela.

Small South American countries: Bolivia, Ecuador, Paraguay and Uruguay.

Central American and Caribbean countries: Costa Rica, El Salvador, Guatemala, Honduras, Haiti and the Dominican Republic.

English-speaking Caribbean: Barbados, Guyana, Jamaica and Trinidad and Tobago.

Table 11
SIMULATION EXERCISES. EVOLUTION OF INVESTMENT IN PROPORTION TO THE PRODUCT,
UNDER DIFFERENT SCENARIOS, 1990-1995
(As percentages of GDP)

	1990-1995	Basic scenario 1990-1995	Variants of scenario 1990-1995		
			E	I	C
Latin America and the Caribbean	16.8	17.0	17.7	16.7	19.5
Large countries	16.3	17.2	18.1	16.7	19.4
Medium-sized countries	18.9	17.0	17.2	16.9	20.4
Small South American countries	14.6	14.2	14.5	14.2	17.1
Central America and the Caribbean	19.6	17.4	17.8	17.4	20.1
English-speaking Caribbean	-	19.8	-	.	.

Source: ECLAC, Endeudamiento externo y crecimiento económico en América Latina y el Caribe: Consecuencias económicas de la propuesta de reducción de la carga de la deuda formulada por la Secretaría Permanente de SELA, comparadas con las de escenarios alternativos (LC/R. 841), Santiago, Chile, 29 December 1989.

Basic scenario: Interest rate declines by 12 points in relation to 1989.

Scenario E: Growth rate of non-traditional exports doubles.

Scenario I: Interest rates remain at their 1989 level.

Scenario C: Growth of GDP is 5% in all countries.

Large countries: Argentina, Brazil and Mexico.

Medium-sized countries: Colombia, Chile, Peru and Venezuela.

Small South American countries: Bolivia, Ecuador, Paraguay and Uruguay.

Central American and Caribbean countries: Costa Rica, El Salvador, Guatemala, Honduras, Haiti and the Dominican Republic.

English-speaking Caribbean: Barbados, Guyana, Jamaica and Trinidad and Tobago.

Table 12
**SIMULATION EXERCISES. EXTERNAL DEBT, EXTERNAL LOANS AND AMORTIZATION
 PAYMENTS IN 1990-1995**
(Billions of dollars)

	Debt at beginning of 1990	Loans	Amortization payments	Debt at end of 1995
A. Basic scenario				
Latin America and the Caribbean	402	103	69	437
Large countries	272	56	40	287
Medium-sized countries	89	28	17	100
Small South American countries	24	10	6	28
Central America and the Caribbean	17	10	6	21
English-speaking Caribbean	9	6	2	13
B. Scenario with 5% growth of GDP in all countries				
Latin America and the Caribbean	402	335	82	655
Large countries	272	180	47	405
Medium-sized countries	89	91	20	161
Small South American countries	24	29	7	46
Central America and the Caribbean	17	33	8	43

Source: ECIAC, Endeudamiento externo y crecimiento económico en América Latina y el Caribe: Consecuencias económicas de la propuesta de reducción de la carga de la deuda formulada por la Secretaría Permanente de SELA, comparadas con las de escenarios alternativos (LC/R. 841), Santiago, Chile, 29 December 1989.

Basic scenario: Interest rate declines by 12 points in relation to 1989.

Scenario E: Growth rate of non-traditional exports doubles.

Scenario I: Interest rates remain at their 1989 level.

Scenario C: Growth of GDP is 5% in all countries.

Large countries: Argentina, Brazil and Mexico.

Medium-sized countries: Colombia, Chile, Peru and Venezuela.

Small South American countries: Bolivia, Ecuador, Paraguay and Uruguay.

Central American and Caribbean countries: Costa Rica, El Salvador, Guatemala, Honduras, Haiti and the Dominican Republic.

English-speaking Caribbean: Barbados, Guyana, Jamaica and Trinidad and Tobago.

Table 13
SIMULATION EXERCISES. EXTERNAL DEBT AS A PROPORTION OF THE PRODUCT AND OF EXPORTS UNDER DIFFERENT SCENARIOS IN LATE 1989 AND LATE 1995

	1990-1995	Basic scenario 1990-1995	Variants of scenario 1990-1995		
Percentages of GDP					
Latin America and the Caribbean	503	48.0	45.7	50.4	61.0
Large countries	46.4	42.7	40.2	45.0	51.6
Medium-sized countries	56.4	56.2	55.1	59.0	75.7
Small South American countries	87.0	95.6	93.1	97.7	124.1
Central America and the Caribbean	58.7	72.4	70.7	73.6	110.8
English-speaking Caribbean					
Percentages of exports					
Latin America and the Caribbean	314.1	236.8	221.4	236.9	355.4
Large countries	342.3	250.6	229.6	250.9	353.2
Medium-sized countries	261.0	205.0	199.1	205.2	328.9
Small South American countries	338.1	275.1	263.2	274.6	454.0
Central America and the Caribbean	233.2	196.7	190.2	196.6	407.1
English-speaking Caribbean	201.2	202.8			

Source: ECLAC, Endeudamiento externo y crecimiento económico en América Latina y el Caribe: Consecuencias económicas de la propuesta de reducción de la carga de la deuda formulada por la Secretaría Permanente de SELA, comparadas con las de escenarios alternativos (LC/R. 841), Santiago, Chile, 29 December 1989.

Basic scenario: Interest rate declines by 12 points in relation to 1989.

Scenario E: Growth rate of non-traditional exports doubles.

Scenario I: Interest rates remain at their 1989 level.

Scenario C: Growth of GDP is 5% in all countries.

Large countries: Argentina, Brazil and Mexico.

Medium-sized countries: Colombia, Chile, Peru and Venezuela.

Small South American countries: Bolivia, Ecuador, Paraguay y Uruguay.

Central American and Caribbean countries: Costa Rica, El Salvador, Guatemala, Honduras, Haiti and the Dominican Republic.

English-speaking Caribbean: Barbados, Guyana, Jamaica and Trinidad and Tobago.

METHODOLOGICAL ANNEX

Assumptions used for the simulation of the basic scenario

In preparing the simulation of the base scenario it was necessary to adopt a set of hypotheses related to external and domestic economic conditions. It was assumed, for example, that the annual growth rate of the economies of the Organization for Economic Co-operation and Development (OECD) countries would be between 2% and 3%, while the volume of international trade would increase by an annual 6%. For its part, the volume of exports from the region would increase by between 2.8% and 4.6%, according to the countries. This expansion should follow from the incorporation of new products, since in most cases the possibility of boosting traditional exports is very limited in view of the low investment level of recent years. Import and export prices, meanwhile, would rise by between 3% and 4%, with the exception of hydrocarbons, the price of which it was assumed would remain constant.

With respect to the evolution of international interest rates, the estimate prepared in 1989 by the IMF¹ was used. This estimate assumes the gradual decrease of the LIBOR rate during 1990 and 1991 up to 1.2 percentage points below the corresponding value for that year. It was also assumed that official loans would continue to be granted at concessional rates.

With respect to capital movements, it was established that the inflow of new loans would come basically from official sources and that gross disbursements would be somewhat more

than US\$15 billion per annum between 1990 and 1995 for the region as a whole. In the case of the commercial banks, on the other hand, there would be a modest amount of new money, some US\$2 billion per year. Amortization payments, for their part, would only be made on official loans and would total US\$11.5 billion annually, while capital payments due commercial banks would be rescheduled. The volume of foreign investment would remain at the highest levels recorded in recent years, that is to say, between US\$6 billion and US\$7 billion per year. It was also assumed that unrequited transfers would maintain their traditional levels in keeping with the trend of recent years, such transfers being significant in small countries. It was also concluded that countries would undertake the adjustments necessary to avoid disequilibriums in their balance of payments and arrears in their debt servicing payments.

With respect to the functioning of the economies at the domestic level, account was taken of the fact that the restrictions on the domestic supply and the deteriorated situation of many sectors, would significantly affect demand for imports, which is closely linked to the growth of the product in general and to investment in particular. In recent years, notwithstanding extremely high exchange rates, the level of imports has picked up significantly at the least sign of economic recovery. Consequently, although a very high initial increase in imports has been projected, the succeeding years should see a return to more long-term historical patterns. Investment, for its part, has been estimated in

¹ See ECLAC, *Endeudamiento externo y crecimiento...*, *op. cit.*

² These hypotheses were selected on the basis of the better known projections, such as those of the World Bank, the IMF, Whartov Econometric Forecasting Associates, the European Community and the OECD.

³ See International Monetary Fund, *World Economic Outlook*, Washington, D.C., April 1989.

relation to the growth rate based on the historical experience of the incremental capital/product ratio. Finally, international reserves are not expected to record significant variations, since the countries of the region

would not be able to significantly reduce the level of such reserves nor to increase it noticeably, even in those countries with large trade surpluses.

STATISTICAL ANNEX

Table 1
LATIN AMERICA AND THE CARIBBEAN: BALANCE OF PAYMENTS AND NET TRANSFER OF
RESOURCES ^a
(Millions of dollars)

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Exports of goods and services	6 497	7 843	7 238	7 754	8 286	8 405	9 176	9 535	8 848	8 889
Imports of goods and services	5 589	7 870	7 572	6 747	7 643	7 920	8 491	9 978	9 050	8 681
Factor services	-731	-883	-810	-817	-819	-928	-1200	-1361	-986	-989
Profits	-706	-863	-790	-769	-761	-888	-1139	-1300	-949	-831
Interest received	4	7	8	7	12	14	11	18	16	11
Interest paid	-64	-68	-75	-106	-119	-113	-138	-150	-170	-256
Other	35	42	46	51	50	59	66	71	116	87
Private unrequited transfers	-20	-21	^>2	^>7	-45	^>0	^>3	-68	-57	-80
Balance on current account	157	-932	-1187	144	-221	-483	-557	-1871	-1245	-861
Official unrequited transfers	20	13	17	20	36	54	74	100	90	104
Long-term capital	99	382	579	770	442	509	1174	1810	1075	887
Direct investment	154	253	493	389	212	227	1074	1542	625	720
Portfolio investment	-2	-6	-5	-9	-7	-10	-20	-14	-24	-32
Other long-term capital	-53	135	91	389	237	292	121	283	473	199
Official sector	-39	102	81	342	142	151	-108	69	264	-22
Loans received	106	212	200	479	378	471	508	404	553	421
Amortizations	-144	-110	-122	-141	-237	-311	-518	-321	-291	-458
Commercial banks	1	.	.	.	.	.	.	.	-1	1
Loans received	.	.	.	.	.	.	.	.	1	2
Amortizations	.	.	.	.	.	.	-1	-1	-1	-1
Other sectors	-15	33	11	47	94	141	229	213	210	220
Loans received	7	38	21	40	63	131	369	489	685	669
Amortizations	-10	-8	-12	-18	-11	^>8	-148	-232	-371	^>75
Basic balance	277	-537	-592	934	256	80	692	39	-80	129
Short-term capital	-15	516	644	-659	129	36	811	391	-362	-119
Official sector	25	452	166	-229	180	16	375	487	-144	-149
Commercial banks	21	15	-20	17	34	64	63	-107	-20	97
Other sectors	-61	49	497	-447	-84	-44	374	11	-198	-68
Errors and omissions (net)	-219	-106	115	-192	-306	-65	-974	-397	-187	10
Balance on capital account	-114	805	1355	-61	301	534	1086	1903	616	881
Total balance	43	-127	168	83	80	51	529	32	-629	20
Total variation in reserves (minus sign indicates an increase)	-211	111	-117	-111	11	-144	-569	-55	655	-32
Total net transfer of resources	-880	-119	498	-929	-567	-453	-179	471	-486	-195
Net recorded transfer of resources ^c (1 + 2+3)	-601	-63	-114	-290	-177	-344	421	858	-101	-137
1) Credit ^d	-67	540	171	78	343	274	432	530	156	-98
2) Foreign investment ^e	-554	-616	-302	-388	-556	-671	-85	228	-347	-143
3) Unrequited official	20	13	17	20	36	54	74	100	90	104

Table 1 (continued 1)

Exports of goods and services
Imports of goods and services
Factor services
Profits
Interest received
Interest paid
Other
Private unrequited transfers
Balance on current account
Official unrequited transfers
Long-term capital
Direct investment
Portfolio investment
Other long-term capital
Official sector
Loans received
Amortizations
Commercial banks
Loans received
Amortizations
Other sectors
Loans received
Amortizations
Basic balance
Short-term capital
Official sector
Commercial banks
Other sectors
Errors and omissions (net)
Balance on capital account
Total balance
Total variation in reserves (minus sign indicates an increase)
Total net transfer of resources
Net recorded transfer of resources ^c
(1 + 2 + 3)
1) Credit ^d
2 ^A Foreign investment ^e
3) Unrequited official

Table 1 (continued 2)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Exports of goods and services	16579	17321	20 083	28 415	42 838	40 216	46 469	54 917	60 369	80 860
Imports of goods and services	16 974	18 745	21138	27 580	45182	48 680	50 928	58 817	68 692	86 881
Factor services	-2 651	-2 953	-2 951	^ 0 61	-5 001	-5 665	-6 849	-8165	-10179	-13 728
Profits	-1782	-1829	-1610	-2 453	-2 821	-2 399	-2 312	-2 950	-3 487	-3 976
Interest received	275	223	316	779	1564	1446	1357	1684	2 796	4 671
Interest paid	-1214	-1399	-1738	-2 463	-3 655	-4 610	-5 809	-6 887	-9 4 8	-14 242
Other	72	52	81	75	-88	-100	-79	-10	7	-182
Private unrequited transfers	54	42	54	119	137	180	415	327	349	397
Balance on current account	-2 991	^ 3 35	-3 953	-3107	-7208	-13 946	-10890	-11 739	-18153	-19 350
Official unrequited transfers	189	159	165	222	158	194	200	229	315	503
Long-term capital	2865	3 857	5408	7 058	10 565	13112	15 640	16 756	25 039	21871
Direct investment	782	1298	727	2 016	1370	3 035	1437	2 897	3 816	4 888
Portfolio investment	34	113	99	-80	-237	130	1135	1376	988	424
Other long-term capital	2 050	2 447	4 582	5 122	9 432	9 948	13 067	12 484	20 235	16 559
Official sector	688	895	1155	1603	3388	3 310	5 730	6 397	6 861	6457
Loans received	1332	1805	2 601	3 480	5 434	5 397	8 767	10 090	13 336	13 476
Amortizations	-805	-835	-1133	-1564	-2 225	-1936	-2 775	-3 460	-5 908	-6 796
Commercial banks	540	538	1247	941	1361	2 237	3 045	1877	3 981	1951
Loans received	924	973	1762	1748	2 266	3 082	3 955	3 701	6 755	6 485
Amortizations	-385	-445	-523	-823	-881	-891	-1143	-2 237	-3 449	-3 859
Other sectors	822	1013	2180	2 578	4682	4 401	4 293	4209	9 393	8151
Loans received	1805	2 235	3 661	4 642	6 953	7 680	8 671	9 549	18109	19500
Amortizations	-970	-1206	-1415	-2 006	-2 035	-2 849	-3 738	^»733	-7 872	-10 717
Basic balance	64	-319	1620	4172	3 515	-639	4 950	5 247	7 201	3024
Short-term capital	681	647	101	689	1481	2 340	2 692	-1772	-1365	3 797
Official sector	-36	118	4	427	369	1 %	904	-846	899	559
Commercial banks	-37	117	462	382	505	449	2099	•42	-66	855
Other sectors	754	413	-365	-120	607	1695	-311	-884	-2198	2 383
Errors and omissions (net)	229	-37	1260	-241	-1009	-1553	-839	1844	1895	2 628
Balance on capital account	3965	4 628	6 935	7725	11192	14 093	17 690	17 055	25 882	28 795
Total balance	975	293	2 982	4 618	3 984	147	6800	5 316	7 730	9 445
Total variation in reserves (minus sign indicates an increase)	-1176	-753	-3165	-4 499	-3 779	-37	-6 610	-5 345	-7 662	-9805
Total net transfer of resources ^b	1243	1623	3902	3587	6280	8530	10925	8903	15 6%	15 248
Net recorded transfer of resources ⁰ (1+2+3) ^d	259	1247	3 007	3 948	6682	8 387	12 076	7 942	15 999	10 237
1) Credit ^d	1037	1505	3 626	4246	8215	7429	11617	6 393	14 368	8 402
2) Foreign investment ^e	-87	^t18	-785	-517	-1688	765	261	1323	1317	1336
3) Unrequited official	189	159	165	222	158	194	200	229	315	503

Table 1 (conclusion)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Exports of goods and services	104 235	112 423	99 574	99 441	110 804	106 017	91 760	103 679	119 282	132 408
Imports of goods and services	114 085	124 922	100 969	72 521	75 122	75 077	77 326	85 645	98 125	105 299
Factor services	-18 618	-28 535	-39 717	-35 293	-37 502	-35 827	-32 961	-31 126	-33 889	-36 903
Profits	-3 898	-4 959	-5 050	-3 427	-3 337	-3 743	-4 477	-4 310	-4 527	-5 649
Interest received	7 079	8 912	7 116	4 814	6 685	6 260	5 273	4 717	5 636	6 532
Interest paid	-21 237	-31 501	4 0 872	-35 948	4 0 158	-37 812	-33 322	-31 216	-34 721	-37 468
Other	-557	-990	-910	-734	-695	-532	-438	-319	-280	-317
Private unrequited transfers	517	620	259	835	1 169	1 401	1 779	2 137	2 304	2 639
Balance on current account	-27 952	-40 415	-40 853	-75 37	-656	-3 488	-16 751	-10 958	-10 428	-7 155
Official unrequited transfers	655	638	617	828	979	1 770	1 245	1 788		
Long-term capital	28 493	45 125	37 095	25 926	17 809	10 653	6 237	5 268	4 825	
Direct investment	5 534	7 179	5 685	3 067	3 034	4 111	3 267	5 201	6 951	
Portfolio investment	1 855	2 194	4 376	489	-328	-1 480	-1 258	-52		
Other long-term capital	21 105	35 751	27 034	22 370	15 103	8 022	4 228	118	-4 015	
Official sector	3 704	4 446	15 464	33 257	24 543	25 791	21 186	14 235		
Loans received	9 941	11 676	21 895	44 696	39 772	40 891	34 474	27 135		
Amortizations	-5 454	-6 754	-5 990	-11 363	-14 940	-14 434	-12 601	-12 899		
Commercial banks	4 831	10 494	2 692	-930	617	-2 633	-3 323	-3 097		
Loans received	8 379	14 427	9 577	4 030	4 981	3 255	3 955			
Amortizations	-3 751	-4 473	-6 639	-4 857	-4 410	-5 940	-7 272	-6 154		
Other sectors	12 570	20 812	8 878	-9 958	-10 057	-15 135	-13 635	-11 139		
Loans received	21 529	33 217	23 852	9 806	6 698	6 604	4 942	5 624		
Amortizations	-9 375	-10 612	-13 968	-19 463	-17 278	-21 656	-19 045	-16 346		
Basic balance	1 196	5 347	-3 141	19 217	18 131	8 935	-9 269	-3 902	-3 881	
Short-term capital	5 940	2 677	-7 412	-20 629	-7 374	-7 127	2 507			...
Official sector	762	1 185	9 443	-3 478	2 123	-1 989	736			
Commercial banks	3 627	7 704	319	-1 440	-1 071	-842				
Other sectors	1 551	-6 213	-17 173	-15 711	-8 426	-4 297				
Errors and omissions (net)	-5 767	-10 775	-10 227	-3 000	-1 296	-2 612	-228	1 718	-1 681	
Balance on capital account	29 324	37 668	20 072	3 120	10 120	2 686	9 761	14 728	4 497	10 812
Total balance	1 372	-2 746	-20 781	-4 417	9 464	-802	-6 990	3 770	-5 932	3 657
Total variation in reserves (minus sign indicates an increase)	-2 277	1 755	18 936	3 471	-9 041	2 108	10 171	-2 426	5 864	
Total net transfer of resources^b	11 269	10 121	-18 734	-31 442	-26 688	-32 609	-22 764	-16 081	-29 115	-25 774
Net recorded transfer of resources^c	15 484	27 108	8 666	-12 731	-16 966	-25 701				
(1 + 2 + 3).										
1) Credit ^d	11 336	22 051	3 039	-13 683	-17 318	-26 361				
2) Foreign investment ^e	3 491	4 415	5 011	129	-631	-1 112	-2 468	839		
3) Unrequited official	655	638	617	828	979	1 770	1 245	1 788		

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

^a Eighteen countries.^b Equivalent to the net inflow of capital, minus net payments of profits and interest.^c Equivalent to the net inflow of capital (not including errors and omissions (net) and short-term capital from other sectors) less net payment of profits and interest. ^d Equivalent to the net inflow of long-term capital (not including investment) and the inflow of short-term capital (official and from commercial banks) minus net payment of interest. ^e Equivalent to direct and portfolio investment less net payment of profits.

PART THREE
ECONOMIC TRENDS BY COUNTRY

ARGENTINA

Argentina suffered a serious economic crisis in 1989, characterized by spurts of hyperinflation, declining production and grave financial difficulties. Hyperinflation broke out in the second quarter -following the failure of the "Plan Primavera"- and again at the end of the year, when the stabilization programme initiated in July broke down. The instability of prices was such that it sometimes even disturbed daily transactions.

Under such conditions, investments fell sharply by 26% and total consumption dropped by 5%; aggregate output again declined by around 5%, bringing the cumulative contraction over the past two years to over 7%. Owing to reduced demand for labour and high inflation, which had climbed to 5 000% by the end of the year, real wages fell sharply and unemployment rose. As often happens, the recession was accompanied by a widening trade balance, which reached a historic high. However, this did not ease the external payments situations; reserves declined as a result of the substantial outflow of capital, while there was a considerable accumulation in debt servicing arrears (see table 1 and figure 1).

One of the most outstanding characteristics of the economic trend in 1989 was the crisis in public sector financing. Argentina had a chronic fiscal problem; for a long time the public deficit and its financing were incompatible with moderate inflation. On the other hand, as a result of their experience with high inflation rates, economic agents reduced their real monetary holdings (in a trend which may not be fully reversible), and the public securities market was affected by a lack of confidence. These phenomena were largely the cumulative result of fiscal imbalances, and at the same time they exacerbated the financial impacts of these imbalances. Thus, although the public sector deficit was the same as that of

the previous year, i.e., 8% of GDP, it was financed with bank loans against the background of a continually shrinking monetary base. This situation, coupled with the reluctance of economic agents to maintain their previous level of loans to the public sector, constituted a fundamental change in the general picture of Argentina's economy. The trend in the inflation rate appears to have been determined in the short run by widespread lack of confidence, particularly in the financial markets, where the average maturity for deposits was only seven days and the government had to resort to very short-term financing.

Although towards the end of 1988 the inflation rate had fallen below 10% a month, the "Plan Primavera" then in force was showing signs of considerable weakness. It was based on a system of dual exchange rates, under which an implicit tax was levied on primary exports. Export earnings were converted at a commercial exchange rate fixed by the Central Bank, while the exchange rate applied to financial transactions and imports was subject to a dirty float; the latter market was mainly regulated by monetary policy. Initially, expectations that the devaluation would be slower in the short run had stimulated sales of foreign exchange to the Central Bank. However, the real interest rate remained high, and hence the compounding of interest due augmented the real volume of the public sector's domestic debt. There were no prospects of obtaining fiscal surplus from commodities to offset the debt service requirements. Moreover, when the supply of funds invested on the very short term (whose counterpart was largely constituted by interest bearing reserves) increased, there was a sharp rise in the supply of resources that could be channelled rapidly into the foreign exchange market. Moreover, the pre-emptive demand

Figure 1

ARGENTINA: MAIN ECONOMIC INDICATORS

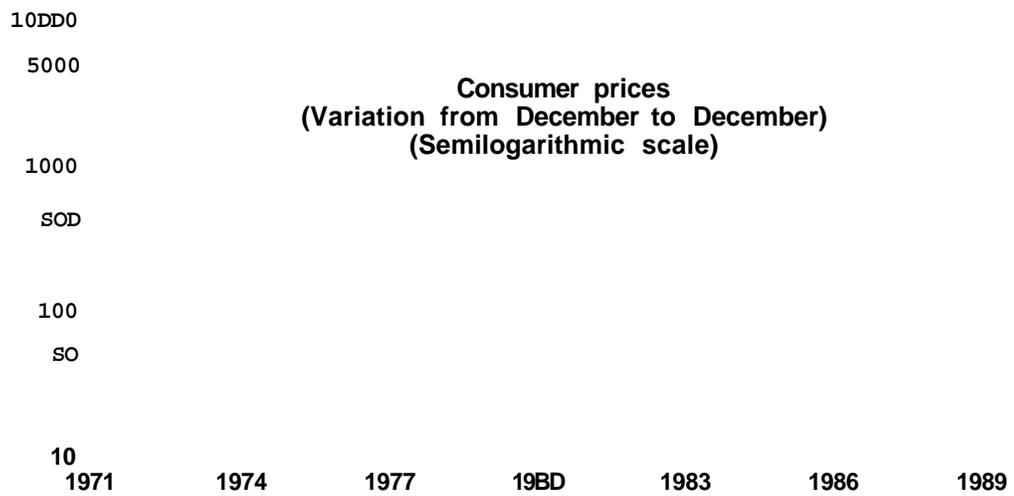
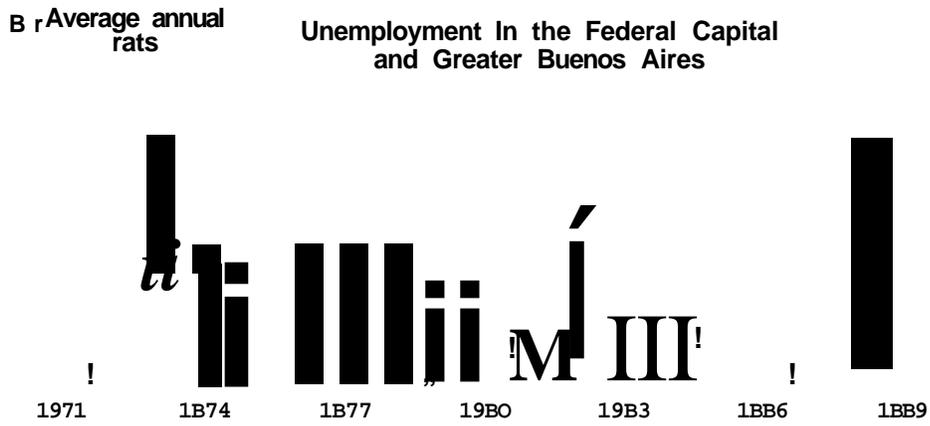
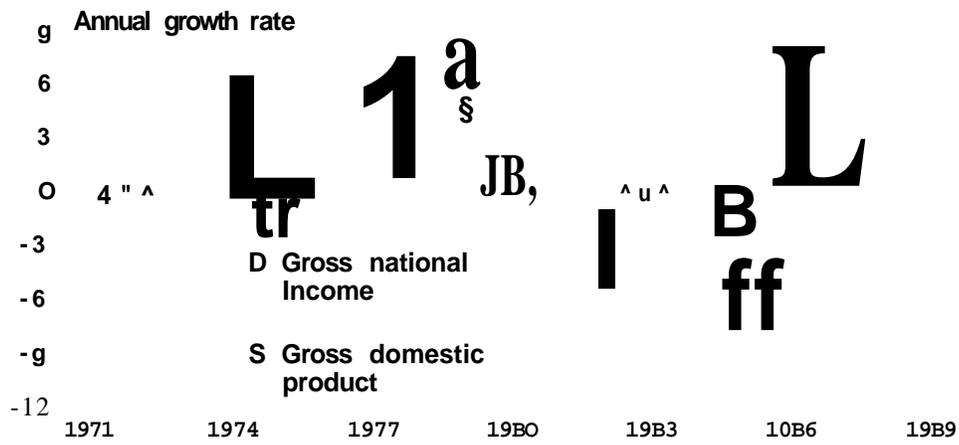
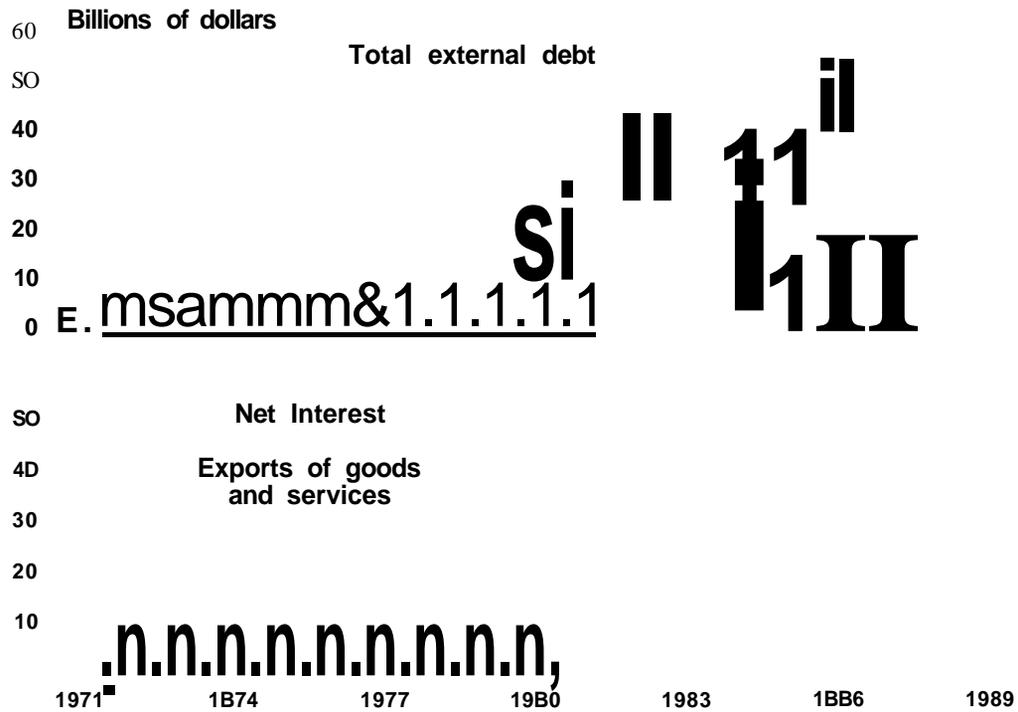
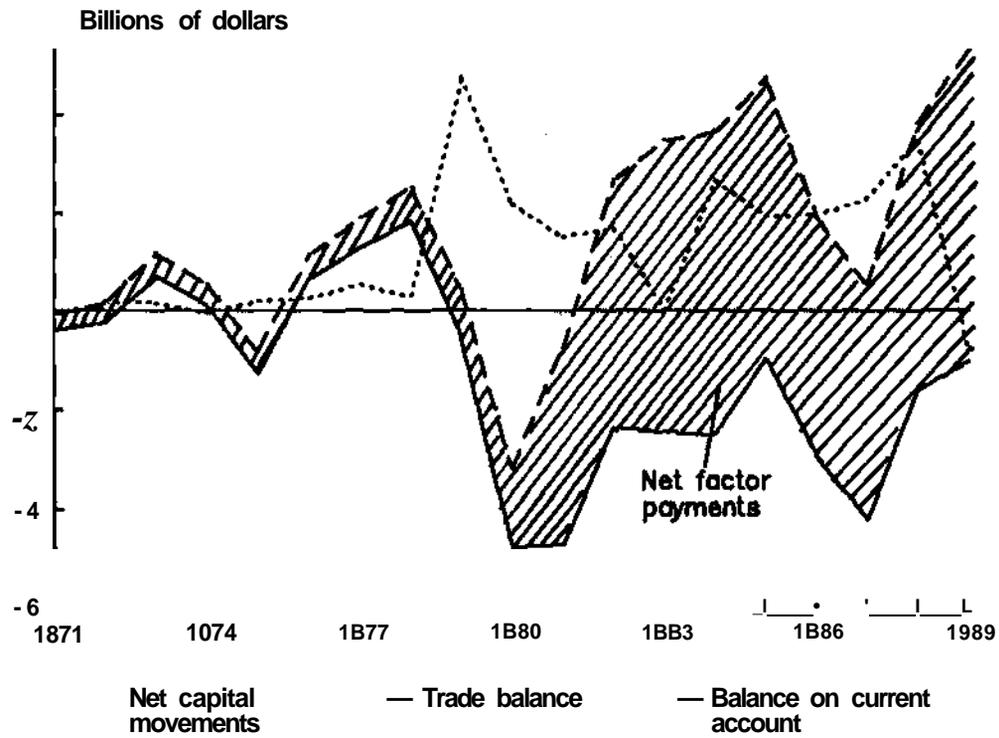


Figure 1 (concluded)



Source: ECLAC, on the basis of official data.

for foreign currency was likely to increase, especially as the May 1989 presidential elections drew nearer. Although there might have been different expectations as to when and under what circumstances the government might abandon its foreign exchange scheme, as time went by, more and more people began to feel that it would happen at any moment and that it was even more dangerous to continue to hold assets in local currency.

The Central Bank did not have enough resources to cope with the possible flight of foreign exchange. Reserves had been increasing for some months, but largely in response to forward payments for exports (in order to benefit from the differences in interest rates), and therefore future supplies of foreign exchange were uncertain. The *de facto* moratorium on debt service payments to creditor banks (during which time substantial payments were nevertheless made to official credit institutions) had led to a further accumulation of arrears.

In early 1989, the news spread that the authorities were experiencing difficulties in their negotiations with multilateral organizations. In January, the Central Bank toughened its monetary policy in order to meet an increasing demand for foreign exchange, but this effort was insufficient because the outflow of reserves rapidly gained headway. Finally, in the face of clear indications that the trend was not reversible, the authorities decided to suspend their interventions in the free segment of the foreign exchange market and -in order to soften the impact on domestic prices- to establish a third market where rates were controlled for imports. The free exchange rate grew vigorously during the second week of February. It soon became obvious that this was not a one-time adjustment process but that, on the contrary, the pressure on the foreign exchange market was going to be stronger following the adoption of the measures.

The severe foreign exchange crisis that affected the country in the first half of 1989 had certain special features. As noted above, the trade balance rose even beyond the already quite high levels, and excessive demand for foreign exchange resulted from a substantial change in asset portfolios. Given the failure of the policy scheme of the "Plan Primavera",

together with the likelihood of higher inflation and, especially, the uncertain climate created by the imminent change of government (particularly with respect to how the new authorities would deal with the domestic debt contracted by the outgoing government), the reaction of many agents was to increase their foreign exchange holdings, even if such holdings cost much more to acquire and regardless of the considerable rise in the domestic interest rate. Thus, the foreign exchange market was remarkably unstable and there were wider fluctuations in the real value of the dollar than had been usual in recent years (see figure 2). On the other hand, notwithstanding the series of exchange rate measures that were adopted before and after the economic team was replaced in early April, the Central Bank continued to lose reserves.

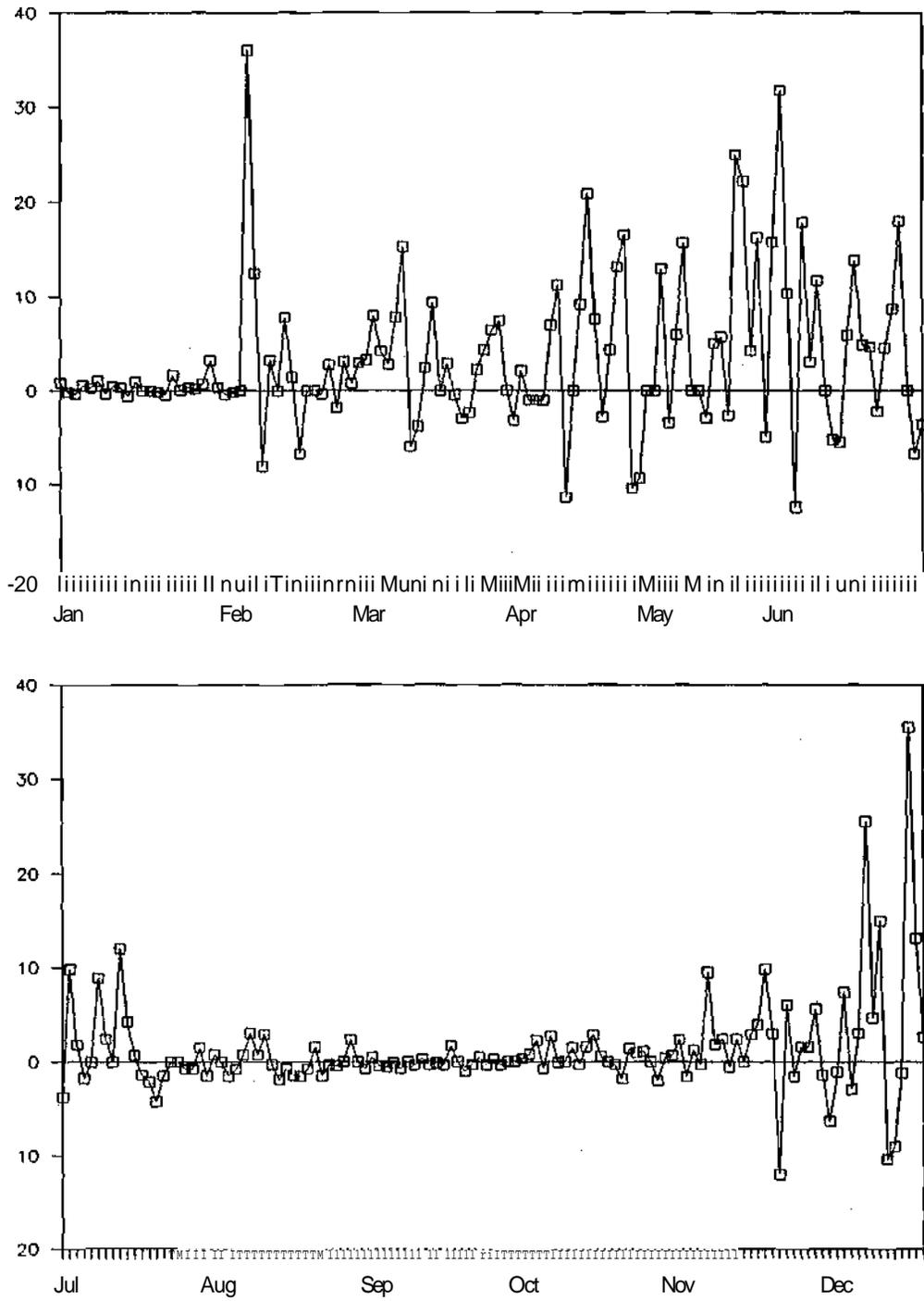
The confused exchange market situation made macroeconomic management even more difficult; indeed, the authorities were forced to use limited instruments in response to events, and there was a clear loss of public confidence in official policies. The fiscal deficit increased despite cuts in real wages and investments, because tax revenues declined and the authorities permitted a considerable delay in the payment of public service charges. Moreover, the sharp increase in interest rates raised the official domestic debt, which was also considerably affected by the sharp devaluation, since the preponderance of public bonds were adjusted in line with foreign exchange prices. Although at times the Central Bank tried to offer very high-yielding bills of exchange, and deposits had to be temporarily frozen in May, monetary policy did not have much leverage for slowing down the expansion of nominal liquidity; the rate of money creation speeded up, while at the same time there was a rapidly shrinking demand for cash holdings.

From February onwards, inflation grew exponentially: the rate of variation of the consumer price index (CPI) practically doubled monthly until it peaked in July (see figure 3). In the early reaction of prices to the devaluation there appear to have been inertial elements which softened the initial impact. However, as the weeks went by, there was a change in behaviour: the previous inflation rate stopped being used as a common point of reference for

Figure 2

ARGENTINA: PARALLEL RATE OF EXCHANGE, 1989

(Daily percentage variation)



Source: ECLAC, on the basis of official data.

establishing wages, and the expectations of economic agents were more and more frequently used as benchmarks for wage and price adjustments. The instability of the exchange rate was quickly reflected in the prices of tradeable goods, or goods with a high content of imported inputs; although dollarization did not spread to everyday consumer items, the practice of linking price fluctuations to the exchange rate appeared to have gained some currency in intermediate transactions.

In any case, there were sharp week-to-week fluctuations in the inflation rate (from 10% to 60% in July) and considerable fluctuations in relative prices (see figure 4). As a result of uncertainty regarding replacement values, firms increased their margins and sometimes even hesitated to sell. Commercial credit also contracted. In other words, instability led to a visible shrinkage of supply, which contributed to the slump in activities noted in the second quarter. Despite the rapid rises in nominal wages (which were renegotiated more than once a month), there was an abrupt decline in the purchasing power of salaries and wages.

The presidential elections in May were won by the main opposition party. Although the handing over of power had been scheduled for the end of the year, it was agreed to bring it forward to July. The negotiations relating to the change of government aggravated the climate of uncertainty; however, the understanding that the incoming authorities were preparing a stabilization plan with the support of a group of large enterprises probably attenuated fears and helped to avoid a collapse of the currency. The considerable increases in prices in early July appeared to have been, in part, a response to the anticipated mark-up of prices -in the face of prospects that some type of controls would be implemented- and probably did not reflect expectations of a rapid rise in prices later. These increases produced a fresh and sustained decline in real wages (which were 35% lower in July than the previous year's average) and further eroded real money holdings and, in general, the value of financial assets in local currency (see figures 5 and 6).

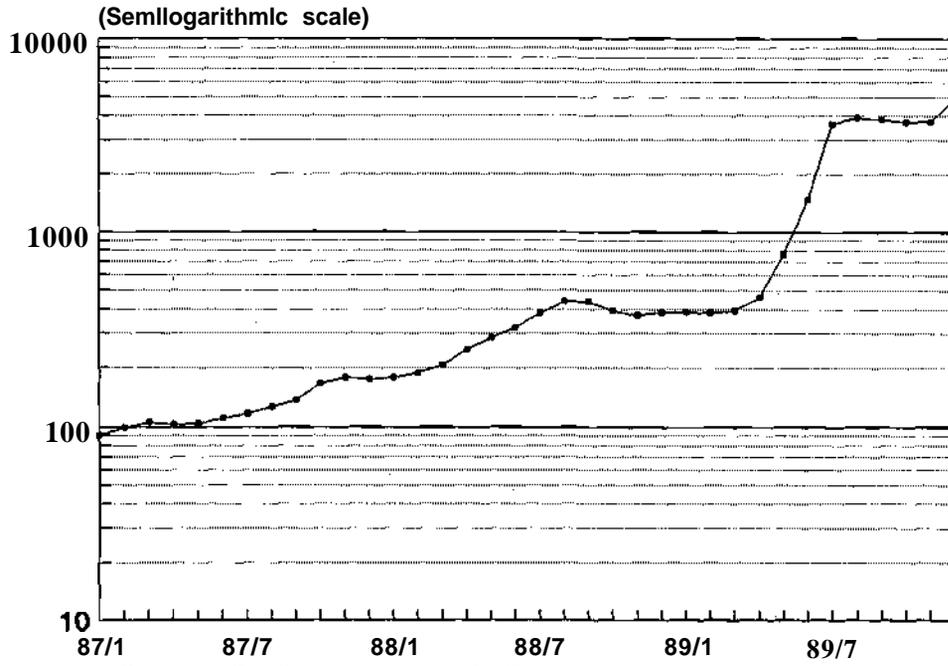
The programme launched in July by the new government had two distinctive characteristics: the participation of a group of businessmen in

its design and implementation, and the stress which it placed on the announcement that important reforms would be introduced in the operation of the public sector. In particular, an economic emergency act suspended industrial promotion subsidies, while another act, known as the State Reform Act, laid down mechanisms for the privatization of public enterprises (which in the initial phase would include the telephone company) and certain services. Lengthy discussions about tax reform took place; after some time, a tax scheme was adopted which was based on the extension of the value added tax and on a more easily enforceable gains tax with lower rates than under the previous system.

In the short term, the programme was initiated with a considerable adjustment in the official exchange rate and public charges; these variables would later be frozen. Industrial prices were also regulated under an agreement between the government and the largest enterprises, and private-sector wages continued to be established on the basis of collective agreements, although indicative guidelines were set. From the fiscal point of view, the authorities benefited from higher earnings from public enterprises (as a result of higher public service charges); increased revenues from export duties (which had already been raised by the previous government); and a reversal of the delayed tax effect, while wages and investments remained at a low level. In other words, the anti-inflation scheme was based on the establishment of a series of nominal variables (in a more or less strict manner depending on the case) and a short-term reduction of the public deficit, together with the announcement that the scheme would be strengthened by more permanent reforms. The programme did not consider specific measures with respect to financial contracts, although part of the domestic debt was consolidated by deferring maturities.

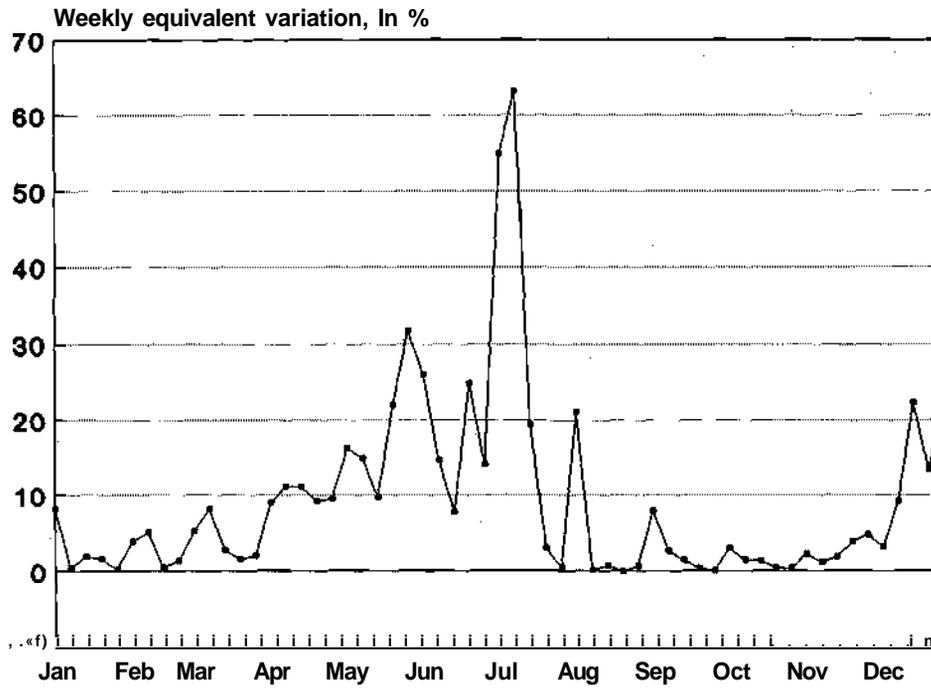
The announcement of the programme rapidly relieved pressure on the foreign exchange market (the gap between the parallel and official exchange rates shrank to nearly nil), and the nominal interest rate fell sharply to around 15% per month, resulting in a positive effect on expectations. However, there

Figure 3
ARGENTINA: CONSUMER PRICES
 (Percentage variations over 12 months)



Source: ECLAC, on the basis of official data.

Figure 4
ARGENTINA: CONSUMER PRICES, 1989



Source: ECLAC, on the basis of official data.

Figure 5
**ARGENTINA: WEEKLY ESTIMATE OF
 MONEY SUPPLY (M1), 1989**

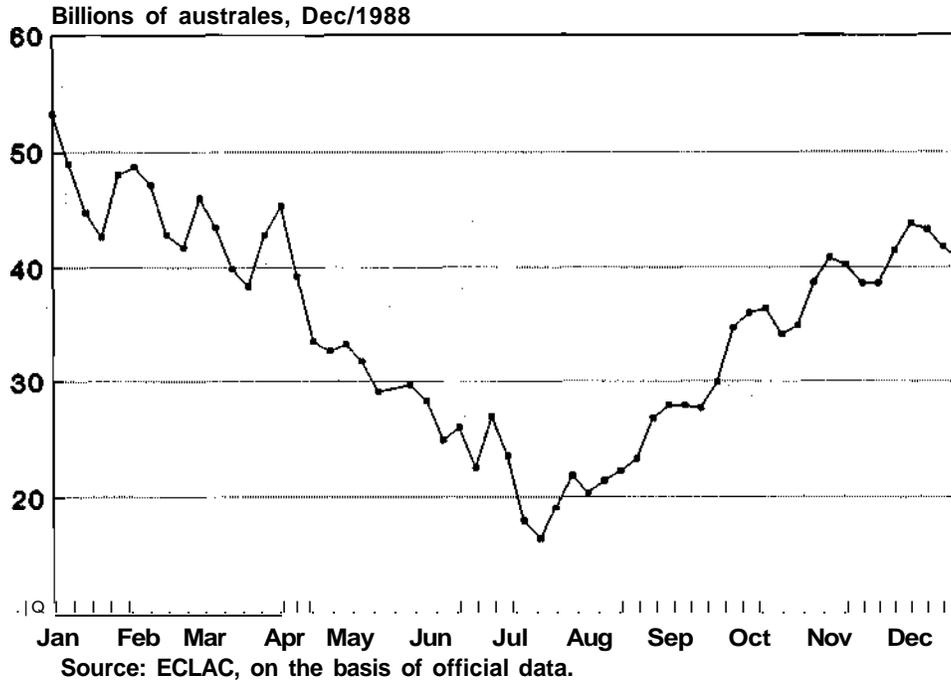
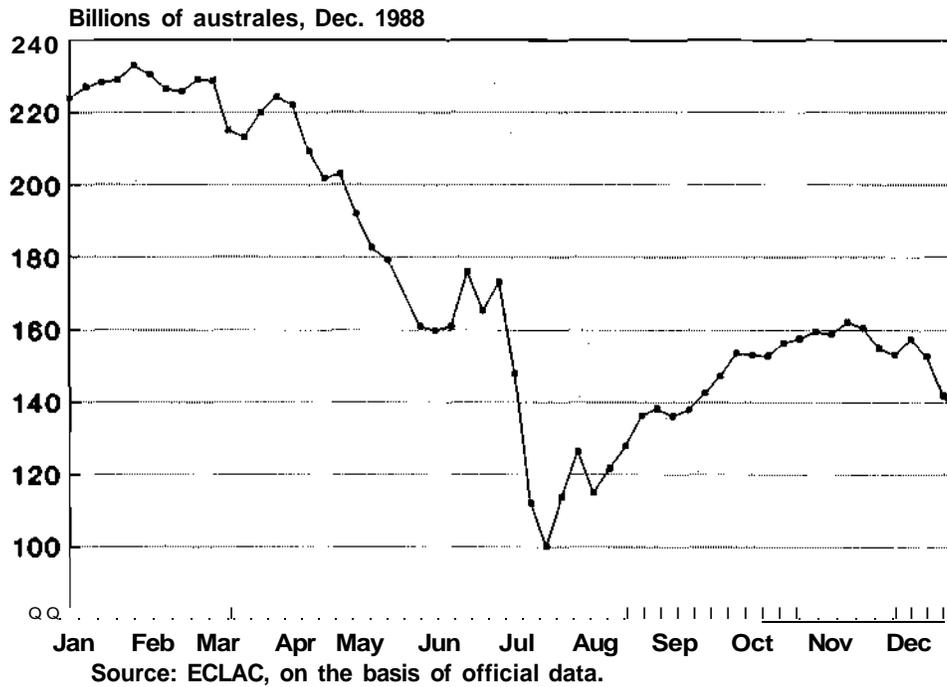


Figure 6
**ARGENTINA: WEEKLY ESTIMATE OF
 MONETARY RESOURCES (M2), 1989**



was a sharp rise in prices in response to the increase in costs, and presumably also as a result of preventive markups. Consequently, the configuration of the initial set of relative prices was such that the real exchange rate was comparatively high (although it was much lower than the peak levels of the second quarter), public service charges had recovered but were not unusually high, industrial prices had clearly risen while real wages remained very low, even taking into account the adjustments in July and the effect of the slowdown in inflation that followed the initial impact.

In fact, the rate of increase in the consumer price index (CPI) declined considerably to lows of around 6% for the months of October and November. However, although industrial prices changed slowly, there were significant increases in the prices of agricultural commodities and the cost of services. Although residual inflation was much lower than in the recent past, it was still considerable, and began to depreciate the real value of the pricing variables and eventually heightened doubts about the stability of the exchange rate; from August to November, prices rose by about 25%, while the exchange rate remained unchanged. The price rises of that period were probably affected by delayed adjustments in some prices, and by certain resurgent indexation effects and a partial recovery of demand -which remained, however, lower than that of the previous year.

The fiscal situation improved as a result of higher revenues and steadily low expenditure. From September onwards, the treasury posted a surplus as a result of duties on primary exports. However, even though the value of the domestic debt had been reduced, its service continued to be high. On the other hand, as a result of sales of foreign exchange to the Central Bank owing to the sharp devaluation and the establishment of an official exchange rate, the authorities faced the ever-recurrent dilemma of whether or not to sterilize the money creation that resulted from the increase in reserves. Although the Central Bank initially permitted the monetization of the exchange rate surplus in order to bring down interest rates, it tried later on to contain the expansion of the money supply by investing securities in

banks, which constituted a credit to the public sector and, at the same time, an interest-bearing reserve. This, coupled with the capitalization of interests, once again increased the real value of the domestic debt to over 10% of the gross domestic product.

The sudden decline in inflation normalized the supply of goods; the quantity of money increased and credit was somewhat reactivated, leading to a slight recovery of economic activity. In August and September, the nominal interest rate declined even further to lows of around 5% a month, while the demand for foreign exchange on both the official and parallel markets remained sluggish.

However, the incipient deceleration in inflation was not solidly grounded. In the first place, demand for wage increases were far above the price guidelines suggested by the government, and secondly, important fiscal and monetary problems arose. The adjustment of the Treasury's accounts was precarious, while the quasifiscal deficit grew steadily. At the same time, although the interest rates on time deposits was lower, it entailed higher payments in foreign currency owing to a sustained fixed rate of exchange. Meanwhile, the supply of liquid resources that could be channelled into the foreign exchange market was on the rise, since deposits were being renewed simultaneously, thus compounding interests. As time went by, depositors and holders of public securities became worried about the possible recurrence of the cycle whereby a period of exchange rate stability with high yields on assets in local currency was suddenly followed by a tendency towards speculation in foreign exchange, aimed at obtaining high profits in dollars.

Pressure began to be exerted again on the foreign exchange market in October, and particularly in November: the differential between the parallel and official rates widened to 30%, and sales of foreign exchange to the Central Bank slowed down. Futile attempts were made to reverse the trend by tightening monetary policy. The fact that interest rates rose simultaneously with a sustained demand for foreign exchange heightened expectations of devaluation. A cumulative process of acceleration of domestic capital flight was triggered off; under such circumstances, the

announcements that policies would not be changed and that the effects of the reforms on public sector financing would soon be felt lost credibility. At the beginning of December, it became obvious that the freeze on the exchange rate was not sustainable.

The failure of the programme initiated in July showed that the experience around the middle of the year and the abrupt change in policy in February had left their mark; indeed, within a few weeks inflation soared from one digit monthly to hyperinflation. Since it was impossible to maintain the guidelines it had previously defined, the government decided to carry out a devaluation and to increase public service charges. Such measures were not interpreted as one-time adjustments but rather as a jump to a much higher rate of inflation. On the other hand, the financial difficulties of the public sector and monetary disorders that could have been caused by the failure to renew a significant portion of the domestic debt when it matured resulted in the announcement that public securities would be unilaterally rescheduled at maturity; this eroded confidence even further and heightened the tendency to speculate in hard currency. In less than a week, the exchange rate differential had become as wide as it was prior to the devaluation, while prices showed a marked upward trend.

On 18 December the *new economic team* announced that the exchange market would be completely deregulated: foreign exchange would have floating rates and all price controls would be eliminated. For a few days, this slowed down the depreciation in exchange rates, but prices rose rapidly. This in turn heightened the effect of lagging tax collection and, since charges had not been modified, exacerbated the fiscal situation at a time when there were doubts about the authorities' ability to manage economic policy; indeed, the announcements that the Central Bank would eliminate monetary expansion did not alter the unfavourable expectations.

The sudden increase in the exchange rate during the last week of the year opened up the

possibility that a different path might be followed. Inflation sped up the flight of money and raised the nominal interest rate. The government's financial difficulties were aggravated by the considerable rise in the rate on interest-bearing bank reserves. Similarly, the risk of keeping funds in banks raised the demand for foreign currency or for a higher rate on domestic holdings; however, the greater the real yield on fixed term deposits, the greater the risk taken by depositors, since the government could find itself in an emergency situation that would prevent it from meeting its payment commitments.

As a result of the great uncertainty and instability of the exchange rate, many firms quoted their prices in dollars, a practice which quickly spread. This made it more difficult to predict the purchasing power of local currency, with the result that there was a further decline in demand for money. In any case, dollarization was neither a complete nor a co-ordinated process; on the contrary, as had already occurred in the preceding episode, there was total chaos in prices. At the same time, the difficulty of creating expectations even on the very short term led once again to a clear contraction in the supply of goods.

By the end of the year, therefore hyperinflationary conditions again existed, as reflected in the rapid flight of domestic assets, pronounced price instability and disordered transactions. The public sector was in danger of having its sources of financing cut off, which virtually bankrupted it for all practical purposes. It was obvious that urgent action was required to avoid an even more acute financial crisis and to normalize exchanges.

The extreme instability of the economy in 1989 was due to circumstantial factors, but also to accumulated, deep-rooted and longstanding imbalances and sudden changes in economic policy. Moreover, the experience of hyperinflation probably had negative aftereffects on the establishment of prices and the holding of assets.

Table 1
ARGENTINA: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Indexes (1980 = 100)								
Basic economic indicators								
Gross domestic product at market prices	87.6	89.9	92.1	88.0	93.3	95.3	92.6	88.1
Gross national income	79.1	79.8	83.6	77.2	84.0	86.7	83.3	77.6
Population (millions of inhabitants)	29.1	29.5	29.9	30.3	30.7	31.1	31.5	31.9
Per capita gross domestic product	85.0	86.0	86.8	82.0	85.8	96.4	83.0	77.9
Non-financial public sector deficit/ gross domestic product				5.4	4.1	6.7	7.9	8.0
Money (M ₁)/GDP		3.8	3.7	3.6	5.6	5.1	3.3	2.7
Real effective exchange rate	12X9	123.7	114.9	125.6	152.3	191.2	181.3	175.1
Unemployment rate	4.8	4.2	3.8	5.3	4.6	5.3	6.0	7.4
Growth rates								
Short-run economic indicators								
Gross domestic product	-5.8	2.6	2.4	-4.4	6.0	2.1	-2.8	-4.9
Per capita gross domestic product	-7.2	1.2	1.0	-5.7	4.6	0.8	-4.0	-6.1
Gross national income	-11.3	0.9	4.8	-7.6	8.8	3.2	-3.9	-6.8
Consumer prices								
December to December	209.7	433.7	688.0	385.4	81.9	174.8	387.7	4 923.8
Real wages and salaries ^c	-14.5	22.8	25.3	-12.1	5.4	-8.2	-6.1	-28.0
Current value of exports of goods and services	-15.4	1.2	3.4	4.8	-16.2	-3.6	36.4	4.6
Current value of imports of goods and services	-43.9	-10.7	2.4	-11.1	22.2	17.8	-4.5	-13.2
Terms of trade (goods and services)	-22.6	-2.0	16.9	-18.1	-5.5	-1.1	5.3	-4.4
Millions of dollars								
External sector								
Trade balance (goods and services)	2 667	3 469	3 648	4 767	1 959	509	3 814	5 280
Net payment of profits and interest	4 715	5 408	5 711	5 324	4 424	4 478	5 125	6 000
Balance on current account	-2 354	-2 436	-2 495	-961	-2 857	-4 231	-1 593	-1 000
Balance on capital account	1 686	-13	2 660	1 938	1 983	2 281	3 497	-800
Variation in net international reserves	-806	-2 379	17	817	-984	-2 213	1 921	-1 800
Total medium- and long-term external debt	43 634	45 069	46 191	49 326	51 422	58 324	58 473	62 000

Source: ECLAC, on the basis of official data.

^a Preliminary figures. Since 1985 includes only national government and public enterprises. Simple average of results of surveys for each year in the Federal Capital and Greater Buenos Aires. Percentages. ^c Annual average variation in real wages of industrial workers.

Table 2
ARGENTINA: GROSS NATIONAL INCOME

	Indexes (1980 = 100)			Percentage breakdown			
	1987	1988	1989 ^a	1980	1987	1988	1989 ^a
Gross national income (a + b + c + d)	86.7	83.3	77.6	98.1	89.3	88.2	86.5
a) Gross domestic product	95.3	92.6	88.1	100.0	100.0	100.0	100.0
b) Effect of the terms of trade				.	-5.3	-6.0	-6.9
c) Net income from external factors	269.7	283.8	306.8	-1.9	-5.4	-5.8	-6.6
d) Net private transfers from abroad	-30.3						

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

Table 3
ARGENTINA: TOTAL SUPPLY AND DEMAND

	Indexes(1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total supply	89.7	86.5	81.4	115.4	106.6	6.9	2.8	-3.5	-6.0
Gross domestic product at market prices	95.3	92.6	88.1	100.0	100.0	6.0	2.1	-2.8	-4.9
Imports of goods and services	53.4	46.9	37.9	15.4	6.6	19.7	11.2	-12.0	-19.2
Total demand	89.7	86.5	81.4	115.4	106.6	6.9	2.8	-3.5	-6.0
Domestic demand	86.4	80.3	74.3	103.8	87.5	11.4	4.6	-7.1	-7.5
Gross domestic investment	53.4	47.6	35.1	22.7	9.1	16.6	17.1	-10.8	-26.2
Gross fixed investment	56.1	47.2	34.6	22.2	8.7	8.1	14.0	-15.9	-26.6
Construction	56.2	47.9	34.3	15.5	6.0	7.5	13.7	-14.7	-28.4
Machinery	56.0	45.5	35.3	6.7	2.7	9.7	14.8	-18.7	-22.3
Changes in stocks	-55.7	65.4	56.2	0.6	0.4				
Total consumption	95.7	89.5	85.3	81.0	78.4	10.8	2.9	-6.5	-4.7
General government	92.9	92.9	92.9	13.2	13.9	0.4	0.5	-	-
Private	96.2	88.8	83.8	67.8	64.5	13.0	3.4	-7.7	-5.7
Exports of goods and services	119.1	142.1	144.7	11.6	19.1	-13.1	-7.9	19.3	1.8

Source: ECLAC, on the basis of official and International Monetary Fund (IMF) data.

^a Preliminary figures.

^b 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 4
ARGENTINA: ORIGIN AND FINANCING OF GROSS DOMESTIC
INVESTMENT

(As a percentage of gross domestic product)*

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Gross domestic investment	15.9	13.9	12.1	10.1	11.1	12.7	11.7	9.1
Gross domestic savings	24.2	23.6	19.6	22.8	19.3	18.6	21.7	21.6
Net income for factor services	-6.7	-7.8	-8.2	-7.6	-5.9	-5.4	-5.8	-6.6
Effect of the terms of trade	-4.7	-5.1	-2.7	-6.4	-5.8	-5.3	-6.0	-6.9
Unilateral private transfers								
Gross national savings	12.8	10.7	8.7	8.8	7.6	7.9	10.0	8.0
External savings	3.1	3.2	3.3	1.3	3.5	4.8	1.7	1.0

Source: ECLAC, on the basis of official data.

^a At market prices in 1980 constant dollars at the adjusted exchange rate. ^b Preliminary figures.

Table 5
ARGENTINA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC
ACTIVITY, AT 1980 MARKET PRICES

	Indexes(1980 = 100)			Percentage breakdown			Growth rates		
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product	95.3	92.6	88.1	100.0	100.0	6.0	2.1	-2.8	-4.9
Goods	90.3	85.6	79.0	43.0	38.6	1.2	1.6	-5.1	-7.7
Agriculture	112.8	112.0	109.8	8.6	10.7	-3.2	3.0	-0.6	-2.0
Mining	94.5	103.5	105.9	2.4	2.8	-3.8	0.2	9.5	2.3
Manufacturing	92.2	85.8	79.2	25.0	22.5	13.0	-0.6	-6.9	-7.7
Construction	54.8	46.9	32.0	7.1	2.6	9.7	14.7	-14.5	-31.7
Basic services	113.6	113.1	108.6	10.2	12.6	5.7	3.6	-0.5	-4.0
Electricity, gas and water	135.4	142.0	140.4	2.5	4.0	7.4	6.1	4.9	-1.1
Transport, storage and communications	106.4	103.5	98.0	7.7	8.5	5.0	2.6	-2.7	-5.3
Other services	95.9	94.6	91.9	46.8	48.8	5.1	2.1	-1.4	-2.9
Commerce, restaurants and hotels	85.8	80.9	74.3	18.0	15.2	8.7	1.4	-5.7	-8.2
Financial institutions, insurance, real estates and business services	90.3	90.0	88.4	13.7	13.8	5.7	2.5	-0.2	-1.9
Ownership of dwellings	110.2	111.3	112.1	5.0	6.4	1.1	1.1	1.0	0.7
Community, social and personal services	113.2	115.2	116.2	15.1	19.9	1.7	2.4	1.8	0.9
Government services	113.7	116.2	116.2	11.1	14.6	1.7	3.0	2.2	0.0

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.

^a Preliminary figures.

Table 6
ARGENTINA: GROSS DOMESTIC PRODUCT
 (Percentage variation)^a

	1988					1989 ^b				
	I	II	III	IV	Year	I	II	III	IV	Year
Total	2.8	-0.7	-5.6	-6.9	-2.7	-42	-9.5	-5.6	-	-49
Agriculture, hunting, forestry, fisheries	9.8	8.2	-2.1	-14.1	-0.6	-10.9	-19.0	3.1	18.8	-2.0
Mining	9.3	8.5	11.8	8.2	9.5	4.5	2.7	-0.9	2.9	2.3
Manufacturing	0.6	-5.5	-11.8	-10.1	-6.9	-4.9	-12.8	-10.1	-3.0	-7.7
Construction	13.1	-18.7	-27.0	-18.2	-14.5	-23.5	-35.2	-37.7	-30.4	-31.7
Electricity, gas and water	3.9	6.0	4.6	5.0	4.9	0.5	3.3	-5.4	-2.8	-1.1
Commerce	-1.2	-2.9	-8.6	-10.6	-5.7	-2.8	-13.2	-11.8	-5.0	-8.2
Transport	3.5	0.4	-5.1	-9.2	-2.7	-6.4	-9.4	-2.2	-3.2	-5.3
Financial institutions, insurance and real estate	0.4	-1.8	-3.2	2.4	-0.6	2.6	0.3	-5.6	-7.7	-2.6
Community, social and personal services	1.1	1.4	1.6	2.5	1.7	1.1	1.1	1.2	1.4	1.2

Source: Central Bank of the Republic of Argentina.

^a With respect to the same period of the previous year.

^b Estimated figures on the basis of incomplete data.

Table 7
ARGENTINA: INDICATORS OF AGRICULTURAL PRODUCTION

	Indexes(1980 = 100)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product of agricultural sector at factor cost	109.5	112.8	112.1	109.9	-3.2	3.0	-0.6	-2.0
Crop farming	119.5	123.2	122.6	117.7	-5.0	3.1	-0.5	-4.0
Cereals	111.4	101.6	91.6	79.7	-13.2	-8.8	-9.8	-13.0
Oil seeds	174.4	195.9	202.6	203.6	-6.5	12.3	3.4	0.5
Industrial crops	90.2	97.5	104.0	91.0	2.7	8.1	6.7	-12.5
Stock-raising	96.2	98.3	98.7	98.7	-0.7	12	0.4	-
Beef cattle	82.8	82.6	84.2	84.2	-3.6	-0.3	1.9	-
Milk	115.4	121.1	118.3	122.4	5.8	4.9	-2.3	3.5
Wool	82.2	89.3	94.5	93.4	5.2	8.6	5.8	-1.2
Pigs and poultry	155.5	168.9	155.6	143.2	7.6	8.6	-7.9	-8.0
Fisheries	116.7	144.9	128.2	130.1	3.4	24.2	-11.5	1.5

Source: ECLAC, on the basis of official data.

Preliminary figures.

Also includes agricultural construction, hunting, forestry and logging.

Also includes

vegetables, pulses, fruits and flowers.

Also includes other livestock.

Table 8
ARGENTINA: AREA SOWN AND CROP PRODUCTION
(Crop year)

	Area sown (millions of hectares)				Production (millions of tons)		
	1987/ 1988	1988/ 1989	1989/ 1990 ⁸	Average 1983/1984 1987/1988	1987/ 1988	1988/ 1989	1989/ 1990 ^a
Cereals	11.8	10.7	11.3	27.1	23.0	15.4	19.2
Wheat	4.9	4.7	5.5	10.6	9.0	8.4	10.2
Sorghum	1.1	0.8	0.8	4.7	3.2	1.4	2.0
Maize	2.8	2.5	2.0	10.4	9.2	4.3	5.3
Oilseeds	7.4	7.6	8.6	11.2	13.8	11.4	15.4
Linseed	0.7	0.6	0.6	0.6	0.5	0.4	0.4
Sunflower	2.1	2.3	2.8	3.0	2.9	2.8	3.8
Soya	4.4	4.6	5.1	7.4	9.5	8.0	11.0
Total annual crops	20.3	19.6	21.3	38.3	36.2	26.8	34.6

Source: Ministry of Agriculture.

⁸ Preliminary figures.

Table 9
ARGENTINA: CATTLE SLAUGHTERING AND PRICES

Season July- June	Stocks ⁸	Total slaugh- tering ⁸	Slaugh- tering rate (per- cent- age) ^b	Yield (kilo- grammes of dressed meat per head) ⁰	Percentage of cows and heifers in slaugh- tering analysed (percent- age) ¹¹	Annual per capita consump- tion (kilo- grammes) c e	Steer prices in terms of:	
	Millions of heads						Indus- trial prices ⁰	Wheat prices e 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	13.7	26.1	210	34	78	0.54	8.6
1987-1988	50.7	12.2	24.1	215	33	69	0.52	6.0
1988-1989	50.3	12.2	24.3	213	33	69	0.49	5.1
1989-1990 ^h	49.9	13.0	24.8	212	35	67	0.41	5.2
1988 ^{hi}								
First half		6.1		217	33	69	0.45	5.5
Second half		5.7		220	30	67	0.47	5.1
1989 ^h								
First half		6.5		208	36	72	0.51	5.0
Second half		6.1		217	33	65	0.41	5.3

Source: National Meat Board, Ministry of Agriculture and ECLAC, on the basis of official data.

^a As at 1 July.

^b Slaughtering in the period as a percentage of stocks at 1 July.

^c Average for the period.

^d Slaughtering under control of the National Meat Board, which represents between 75% and 80% of total registered commercial slaughtering.

^e Refers to registered slaughtering only.

^f In australes of June 1985. The steer

prices are the average quotations on the Liniers market.

^g Kilogrammes of wheat needed to purchase 1

kilogramme of live steer. Preliminary figures and projections.

^h The series are seasonal. The figures presented

in the table are not corrected for seasonal factors.

Table 10
ARGENTINA: MINING PRODUCTION INDICATORS

	1980	1986	1987	1988	1989 ^a	Growth rates			
						1986	1987	1988	1989 ^a
Gross domestic product of mining sector at factor cost (indexes 1980=100)	100.0	94.4	94.5	103.5	105.9	-3.8	02	9.5	23
Production of some mineral fuels									
Petroleum (Millions of m ³)	28.6	25.2	24.8	26.1	26.7	-5.6	-1.6	5.2	2.3
Marketable coal (thousands of tons)	389.0	364.9	374.0	511.3	510.5	-8.8	2.5	36.7	-0.2
Injected natural gas (billions of m ³) ^b	7.9	13.8	.	.	.	9.3	.	.	.
Saleable gas (billions of m ³) ^b	...	12.1	12.5	15.6	16.9	...	3.3	24.8	8.2

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

^a Preliminary figures. After deducting imports.

Table 11
ARGENTINA: INDICATORS OF MANUFACTURING PRODUCTION

	1980	1986	1987	1988	1989 ^a	Growth rates			
						1986	1987	1988	1989 ^a
Gross domestic product of the manufacturing sector at factor cost									
(indexes 1980 = 100)	100.0	92.5	92.0	85.7	79.1	13.0	-0.6	-6.9	-7.7
Food	100.0	107.5	103.3	93.6	94.7	8.8	-3.9	-9.4	1.2
Textiles	100.0	86.5	79.8	77.9	77.4	22.0	-7.7	-2.4	-0.7
Wood	100.0	67.0	63.3	53.2	50.1	18.7	-5.6	-16.0	-5.8
Paper	100.0	94.7	90.4	86.6	83.1	4.9	-4.6	-4.2	-4.0
Chemicals	100.0	109.1	106.5	106.6	99.9	9.2	-2.4	0.1	-6.3
Non-metallic minerals	100.0	73.7	80.5	74.7	62.0	22.5	9.2	-7.2	-17.0
Basic metal industries	100.0	105.7	119.1	122.1	121.9	12.6	12.7	2.5	-0.2
Machinery and equipment	100.0	77.0	78.9	68.1	52.8	17.0	2.5	-13.7	-22.5
Other industries	100.0	92.4	91.8	85.5	78.8	12.8	-0.7	-6.9	-7.8
Production of some important manufactures									
Pig iron (thousands of tons)	1806	2 558	2 785	2 727	3 324	11.3	8.9	-2.1	21.9
Crude steel (thousands of tons)	2 702	3 243	3 602	3 621	3 875	10.1	11.1	0.5	7.0
Finished hot-rolled products (thousands of tons) ⁰	2 653	2 545	2900	2991	2 980	23.7	13.9	3.1	-0.4
Cold-rolled flat products (thousands of tons)	732	919	1002	978	840	60.1	9.0	-2.4	-14.1
Motor vehicles (thousands of units)	282	171	193	164	128	23.9	12.9	-15.0	-22.0
Tractors (units)	3 481	8 056	31 14	5 075	3 485	26.3	-61.3	63.0	-31.3

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

^a Preliminary figures. Including sponge iron. ^c Includes production for cold re-rolling. ^d These figures should not be added to the production of hot-rolled products.

Table 12
ARGENTINA: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-2 354	-2 436	-2 495	-961	-2 857	-4 231	-1593	-1000
Trade balance	2667	3 469	3648	4 767	1959	509	3 814	5 280
Exports of goods and services	9183	9 291	9 607	10 065	8 433	8132	11094	11600
Goods FOB	7 622	7 838	8101	8 419	6 851	6 359	9160	9 500
Real services	1560	1454	1506	1646	1583	1773	1934	2100
Transport and insurance	713	755	833	893	745	879	953	990
Travel	610	453	440	523	562	614	633	680
Imports of goods and services	6 516	5 822	5 959	5 298	6 474	7 623	7 280	6 320
Goods FOB	4 859	4120	4119	3 522	4 391	5 384	4 907	3 870
Real services ^b	1655	1700	1841	1776	2 084	2 238	2 373	2 450
Transport and insurance	733	737	898	709	744	908	915	720
Travel	566	507	600	679	894	894	973	1240
Factor services	-5 054	-5 922	-6144	-5 728	-4 817	-4 731	-5 407	-6 280
Profits	-317	-424	-439	-427	-483	-559	-659	-700
Interest received	526	440	265	253	358	220	211	200
Interest paid and due	-4 926	-5 425	-5 537	-5149	-4 297	-4 139	-4 678	-5 500
Labour and property	-339	-514	-433	-404	-393	-253	-282	-280
Unrequited private transfer payments	34	16	2	-	2	-8	-	-
Balance on capital account	1686	-13	2 660	1938	1983	2 281	3 497	-800
Unrequited official transfer payments	-	-	-	-	-	-	-	-
Long-term capital	3 844	1715	-322	4 765	2260	2 428	1451	
Direct investment	257	183	267	911	576	-17	1148	
Portfolio investment	1888	1140	759	-520	-380	-89	-870	
Other long-term capital	1698	393	-1349	4 374	2064	2 534	1173	
Official sector ^c	-44	376	1440	6 075	2 465	2 549	1262	
Loans received	230	2 497	2332	6 474	2906	2 278	1572	
Amortization payments	-225	-2110	-541	-105	-157	-207	-267	
Commercial banks ^c	267	38	-33	-1	-4	-50	23	
Loans received	737	264	8	15	13	47	77	
Amortization payments	-469	-227	-40	-16	-16	-97	-54	
Other sectors ^c	1475	-22	-2 756	-1700	-398	36	-112	
Loans received	2602	2 447	279	544	764	617	645	
Amortization payments	-650	-2 295	-2 862	-2 057	-1037	-512	-648	
Short-term capital	-1758	-1289	3 037	-2303	-588	70	2183	
Official sector	2682	-91	18%	-2969	-902	407	2 512	
Commercial banks	351	311	-523	649	-21	16	-	
Other sectors	-4 791	-1509	1664	17	336	-353	-329	
Errors and omissions (net)	-401	-440	-55	-525	310	-216	-138	
Global balance^d	-668	-2 450	165	978	-874	-1950	1904	-1800
Total variation in reserves (- sign indicates an increase)	806	2379	-17	-817	984	2 213	-1921	1800
Monetary gold	-	-	-	-	-	-	-	
Special Drawing Rights	404	-	-1	1	-	-	-	
IMF reserve position	178	100	-	-	-	-	-	
Foreign exchange assets	225	1105	57	-2 029	555	1101	-1746	
Other assets	-	-	-	-	-	-	-	
Use made of IMF credit	-	1174	-73	1211	429	1112	-175	

Source: 1982-1988: ECIAC, on the basis of data supplied by the International Monetary Fund; 1989: ECIAC, on the basis of official data.

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

Table 13
ARGENTINA: INDICATORS OF EXTERNAL INDEBTEDNESS

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Millions of dollars									
Total external debt	35 671	43 634	45 069	46 191	49 326	51 422	58 324	58 473	62 000
Public	20 024	28 616	31 709	35 527	40 868	44 722	51 793	. . . . .	. . . . .
Private	15 647	15 018	13 360	10 664	8 444	6 700	6 531	. . . . .	. . . . .
Net interest	3 850	4 926	5 423	5 537	5 132	4 291	4 145	4 678	5 800
Percentages									
Total external debt/ exports of goods and services	3.3	4.8	4.9	4.8	4.9	6.1	7.2	5.3	5.3
Gross interest/exports of goods and services	0.4	0.5	0.6	0.6	0.5	0.5	0.5	0.4	0.5

Source: ECLAC, on the basis of official data.

* Estimated figures. Figures include external indebtedness due to arrears.

Table 14
 ARGENTINA: EXCHANGE RATES
 (Annual and quarterly averages)

	Nominal exchange rate (australes per dollar)			Indexes of real effective exchange rate ^c (1985 = 100)				Indexes of real adjusted free or parallel exchange rate*
	Exports ^a	Imports	Free or parallel	Exports		Imports		
				A	B	A	B	
1970-1979				85.7	111.9	84.6	110.6	
1980-1989				111.8	105.3	99.8	94.9	89.7
1980	0.00019	0.00018	0.00018	79.6	60.2	61.0	46.2	30.2
1981	0.00045	0.00044	0.00059	89.7	69.7	71.0	55.1	52.6
1982	0.00193	0.00217	0.00326	101.8	106.7	90.2	94.4	112.0
1983	0.00907	0.01056	0.01473	98.5	107.3	93.1	101.5	115.6
1984	0.05762	0.06779	0.08892	91.5	92.6	88.4	89.5	98.4
1985	0.491	0.603	0.701	100.0	100.0	100.0	100.0	100.0
1986	0.825	0.944	1.060	121.2	104.6	108.3	93.5	77.2
1987	2.03	244	2.74	152.2	125.3	123.6	101.2	87.9
1988	8.86	9.85	10.86	144.3	137.1	120.3	114.4	87.6
1989	289.49	395.21	462.17	139.4	149.6	141.8	153.6	135.2
1987								
I	1.32	1.41	1.77	147.6	119.9	120.8	98.1	84.2
II	1.52	1.62	2.06	151.1	120.8	123.4	96.8	84.9
III	2.03	2.16	2.92	149.1	120.2	121.2	97.7	91.2
IV	3.24	3.39	4.21	161.1	140.2	128.8	112.1	91.3
1988								
I	4.28	4.38	5.88	162.8	145.5	127.8	114.2	99.3
II	6.80	6.84	8.51	154.5	149.3	120.1	116.0	94.2
III	11.36	12.71	13.59	131.7	133.5	115.1	116.8	84.6
IV	13.00	15.47	15.47	128.0	120.0	118.0	110.6	72.4
1989								
I	16.78	18.08	27.67	130.0	118.2	109.2	99.2	101.4
II	92.62	128.63	197.30	162.4	196.2	175.8	212.3	219.6
III	440.21	625.89	653.70	121.9	143.1	134.2	157.6	108.7
IV	608.33	808.22	970.00	143.2	140.9	147.8	145.4	111.1

Source: ECLAC, on the basis of data supplied by the Central Bank of the Republic of Argentina and the International Monetary Fund, International Financial Statistics.

Note: The following indexes were used in the deflation: A: wholesale prices. B: consumer prices.

^a Corresponds to the average weighted exchange rate for payments for agricultural and industrial exports (weighted according to the structure of exports in 1983). Includes the effect of duties and/or drawbacks. ^b Average exchange rate for imports. ^c 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 amount 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. ^d Index of the free or parallel exchange rate of Argentina in relation to the United States of America, deflated by the consumer price index of Argentina and adjusted by the United States wholesale price index.

Table 15
 ARGENTINA: EXCHANGE RATE ON THE FREE (OR PARALLEL) MARKET DURING SELECTED
 PERIODS. DAILY VARIATIONS IN RATES ^a
 (Percentages)

Period	Average	Standard deviation
2 January - 3 February	0.3	0.8
7 February - 10 February	10.9	18.2
13 February - 7 April	i.8	4.4
10 April - 7 July	4.7	9.4
10 July - 21 July	1.9	4.9
24 July - 29 September	-0.1	1.1
2 October - 7 November	0.5	1.2
8 November - 7 December	1.6	4.8
12 December - 27 December	8.8	15.1

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

^a The table shows average values and standard deviations of the daily rates of increase of the exchange rate. Until 17 May, the data corresponded to the value of the dollar on the official free market. Since 30 May, they correspond to parallel market rates published in specialized newspapers. The exchange markets were closed from 17 to 30 May.

Table 16
 ARGENTINA: MAIN FOREIGN TRADE INDICATORS (GOODS)

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
	Growth rates								
Exports FOB									
Value	14.0	-16.6	2.8	3.4	3.9	-18.6	-7.2	44.0	3.7
Volume	17.7	-2.1	13.6	-8.5	20.2	-12.9	-11.3	25.7	-7.5
Unit value	-3.2	-14.9	-9.5	13.0	-13.5	-6.6	4.7	14.6	12.1
Imports FOB									
Value	-10.2	-42.4	-15.2		-14.5	24.7	22.6	-8.9	-21.1
Volume	-10.4	-40.2	-10.5	6.9	-18.5	19.9	14.9	-15.9	-25.5
Unit value	0.1	-3.6	-5.2	-6.5	5.0	4.0	6.7	8.4	5.9
Terms of trade	-3.7	-11.9	-4.9	18.9	-16.7	-9.5	-2.2	5.1	5.9
	Indexes(1980 = 100)								
Purchasing power of exports	113.4	97.9	105.7	115.0	115.2	90.9	78.8	104.1	102.0
Volume of exports	117.7	115.3	131.0	119.8	144.0	125.4	111.2	139.8	129.3
Volume of imports	89.6	53.6	47.9	51.3	41.8	50.1	57.5	48.4	36.0
Terms of trade (FOB/CIF)	96.3	84.9	80.7	96.0	80.0	72.4	70.9	74.5	78.9

Source: ECLAC, on the basis of official data.

^a Preliminary figures.

Table 17
ARGENTINA: VALUE AND COMPOSITION OF EXPORTS OF GOODS, FOB

	Millions of dollars			Percentage breakdown		Growth rates			
	1987	1988	1989'	1980	1989'	1986	1987	1988	1989 ^a
Total	6 360	9135	9 500	100.0	100.0	-18.4	-12	43.6	4.0
Total agricultural products	4 399	6113	5 740	73.4	60.4	-17.0	-12.8	39.0	-6.1
Livestock products	1231	1360	1465	21.8	15.4	12.8	15.4	10.5	7.7
Meat	602	613	722	12.1	7.6	20.4	29.2	1.8	17.8
Wool, animal hair and horsehair	190	244	172	3.5	1.8	-8.7	6.1	28.4	-29.5
Hides and skins	358	373	364	4.5	3.8	18.0	5.0	4.2	-2.4
Other livestock products	81	130	207	1.7	2.2	9.5	-	60.5	59.2
Crop-farming products	2908	4 500	4000	49.8	42.1	-24.5	-22.7	54.7	-11.1
Cereals	776	998	1063	21.7	11.2	-44.2	-40.1	28.6	6.5
Oilseeds and oils	1630	2 773	2226	16.6	23.4	-5.7	-13.6	70.1	-19.7
Other crop-farming products	502	729	711	11.5	7.5	-12.4	-13.6	45.2	-2.5
Fishery products	260	253	275	1.8	2.9	46.3	20.9	-2.7	8.7
Non-traditional industrial products	1961	3 022	3 760	26.6	39.6	-22.0	8.5	54.1	24.4
Fuels	97	156	326	3.5	3.4	-74.2	-40.9	60.8	109.0
Other	1864	2866	3 434	23.1	36.1	-23	13.4	53.8	19.8

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

* Preliminary figures.

Table 18
ARGENTINA: MAIN AGRICULTURAL EXPORT PRODUCTS

	Thousands of tons				Growth rates		
	1986	1987	1988	1989'	1987	1988	1989 ^a
Cooked and frozen meats	23.5	28.4	27.3	28.9	20.9	-3.9	5.9
Corned beef	38.9	50.6	48.6	48.6	30.1	-4.0	..
Greasy wool	37.0	32.0	26.7	...	-13.5	-16.6	..
Scoured and carbonized wool	55.6	50.0	76.9	...	-10.1	53.8	..
Wheat	4120	4192	3609	4 313	1.7	-13.9	19.5
Maize	7395	3 987	4215	1894	-46.1	5.7	-55.1
Sorghum	1959	1003	1476	383	-48.8	47.2	-74.1
Soya	2 586	1394	2085	448	-46.1	49.6	-78.5
Sunflower oil	998	664	933	870	-33.5	40.5	-6.8
Soya oil	692	736	984	796	6.4	33.7	-19.1
Sunflower by-products	1400	922	1186	1287	-34.1	28.6	8.5
Soya by-products	3 404	3 659	4 874	4 634	7.5	33.2	-4.9
Sugar	104	102	221	155	-1.9	116.7	-29.9

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 Argentine Wool Federation.

* Preliminary figures. Thousands of tons.

Table 19
ARGENTINA: VALUE AND COMPOSITION OF IMPORTS OF GOODS, CIF

	Millions of dollars			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	5 818	5 322	4 200	100.0	100.0	23.9	23.2	-8.5	-21.1
Capital goods	973	847	695	22.7	16.5	-5.2	58.5	-12.9	-17.9
Fuels and lubricants	665	499	371	11.1	8.8	-8.0	57.2	-25.0	-25.7
Intermediate goods	3863	3 751	2 935	48.6	69.9	35.6	13.6	-2.9	-21.8
Chemical, plastic and rubber products	1236	1319	1217	12.9	29.0	29.7	6.7	6.7	-7.7
Paper and pulp	137	98	60	2.9	14	69.6	17.1	-28.5	-38.8
Metals and manufactures, electrical equipment and components, spare parts for machinery and transport equipment	1847	1361	793	21.9	18.9	24.5	29.2		-41.7
Other intermediate goods	643	973	865	10.9	20.6	75.1	-7.5		-11.1
Consumer goods	317	225	199	17.6	4.7	44.9	10.5	-29.0	-11.6

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

^a Preliminary figures.

Table 20
ARGENTINA: DOMESTIC PRICES

	1981	1982	1983	1984	1985	1986	1987	1988	1989
Variations from December to December									
Consumer price index	131.3	209.7	433.7	688.0	385.4	81.9	174.8	387.7	4 923.8
Food	135.8	218.4	415.2	713.2	366.9	86.0	169.7	406.3	4 778.9
Clothing	104.8	289.4	486.7	749.4	283.3	70.4	161.2	364.2	5 428.6
Housing, fuel and electricity	111.8	181.2	512.1	526.1	420.8	72.7	183.6	357.0	4 333.9
Wholesale prices	176.1	320.7	427.0	585.0	363.9	57.9	181.6	431.6	5 386.4
Imported products	249.5	566.6	323.4	551.7	405.7	53.5	215.8	412.8	5 961.0
Domestic products	171.9	301.5	440.3	588.3	360.0	58.4	178.4	433.7	5 323.0
Agricultural	183.5	319.7	402.2	601.0	336.4	74.4	153.5	455.3	5 526.3
Manufactured	171.1	298.5	447.1	586.2	363.9	55.8	182.8	430.3	5 289.1
Variation between averages									
Consumer price index	104.5	164.8	343.8	626.7	672.2	90.1	131.3	343.0	3 079.5
Food	99.2	178.4	339.0	638.9	624.1	98.1	132.8	338.0	3 050.5
Clothing	81.4	188.3	411.3	726.7	486.3	88.2	107.9	323.9	3 567.8
Housing, fuel and electricity	111.1	133.8	366.2	525.6	768.5	69.0	128.8	359.5	2 697.4
Wholesale prices	104.8	258.7	374.2	551.1	666.1	63.9	122.9	412.5	3 432.6
Imported products	155.7	442.3	312.3	498.3	759.7	60.2	130.7	438.8	3 748.3
Domestic products	101.9	244.8	381.5	556.4	657.4	64.2	122.1	409.7	3 397.1
Agricultural	74.9	285.2	404.2	534.6	489.3	111.5	116.2	378.4	3 485.6
Manufactured	111.2	238.5	377.5	560.5	687.7	57.9	123.1	415.2	3 382.7

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

Table 21
ARGENTINA: MAIN NOMINAL VARIABLES¹

Period	Wholesale price index				Consumer price index	Industrial wages ^b	Public services charges ⁰	Average trade exchange rate	Mi ^c (seasonally adjusted)	M4 ^c
	Total	Agricultural	Domestic non-agricultural	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	9.5	7.0	7.8
I	6.7	7.5	6.5	6.8	7.4	4.5	6.8	8.9	8.0	6.5
II	4.5	5.6	4.4	3.8	5.2	6.5	4.2	3.4	4.2	6.6
III	13.5	13.5	13.3	14.8	11.8	11.2	10.4	13.0	3.5	8.1
IV	11.7	5.9	12.2	15.3	10.9	10.7	13.3	13.0	12.1	10.2
1988	14.9	15.4	14.9	14.6	14.1	14.5	14.6	12.8	12.6	15.1
I	13.9	11.9	14.1	14.4	11.4	10.5	13.8	12.5	7.7	11.1
II	21.3	21.3	21.4	20.8	17.0	16.1	22.1	17.8	11.8	14.8
III	20.6	26.9	19.9	18.3	21.4	20.0	18.6	18.4	17.6	20.6
IV	4.7	2.8	4.9	5.5	7.2	11.6	4.6	3.2	13.5	14.0
1989 ^f	39.6	39.9	39.4	40.8	38.6	37.0	38.0	42.0	37.1 ^g	34.0 ^s
I	11.3	16.1	10.1	14.0	11.8	9.1	7.4	10.7	12.2	13.4
II	96.1	93.0	93.8	114.2	72.2	62.2	46.3	108.7	48.3	53.8
III	50.9	47.3	54.0	36.9	64.8	56.0	106.7	45.6	71.0 ^g	58.6 ^g
IV	15.4	16.2	14.9	17.4	16.4	27.6	11.6	21.0	24.3 ^g	16.5 ^g

Source: ECLAC, on the basis of official data.

^a Monthly rates, equivalent to the variation between extremes for each period, in percentages. ^b Normal hourly wage of workers in manufacturing. ^c Prices and charges of public enterprises, general level. ^d Average exchange rate for external trade that emerges as the simple effective average export rate (an average weighted for the structure of exports in 1983 of the effective exchange rate applied to exports) and the rate applied to imports. ^e Average month-end balances. ^f Preliminary figures. ^g Estimated figures.

Table 22
ARGENTINA: WAGES IN MANUFACTURING^a
(Growth rates in relation to the preceding period)

A. Total average real wage per worker						
	1984	1985	1986	1987	1988	1989
Variation between averages	25.3	-12.1	5.4	-8.2	-6.1	-28.0
Variation between extremes	83	-5.3	1.8	-11.0	13.0	-44.9

B. Normal average real wage per hour													
	1987				1988				1989				
	I	II	III	IV	I	II	III	IV	I	II	III	IV	
Variation between averages	-5.1	-1.0	-7.6	3.8	-1.8	-6.2	-3.8	14.6	-4.1	-41.9	16.9	13.5	
Variation between extremes	-6.1	0.6	-6.1	4.5	-6.1	-5.8	4.3	13.1	-16.7	-50.8	63.9	13.8	

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

^a 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. ^b The normal wage includes base salary plus bonuses and incentives.

Table 23
ARGENTINA: EMPLOYMENT AND UNEMPLOYMENT

A. Unemployment rates ^a										
	1985		1986 ^b		1987		1988		1989	
	April	October	April	October	April	October	April	October	April	October
Capital and Greater Buenos Aires	5.7	4.9	4.8	4.4	5.4	5.2	6.3	5.7	7.7	7.0
Córdoba	5.3	4.7	6.4	5.1	4.9	5.5	5.0	6.0	8.8	
Gran Mendoza	3.6	3.7	4.9	3.3	3.6	3.1	4.7	4.0	4.4	
Gran Rosario	10.9	10.2	6.8	-7.2	7.3	8.3	7.8	7.0	14.2	
Gran Tucumán	12.1	11.4	13.6	12.5	15.1	9.8	11.3	10.1	12.6	

B. Employment and hours worked in manufacturing ^c													
	1985	1986	1987	1988	1989	1988				1989			
						I	II	III	IV	I	II	III	IV
Workers employed	74.8	71.7	71.3	72.1	66.6	74.9	72.4	69.4	69.9	71.1	66.3	61.3	64.1
Hours worked per worker	73.7	74.4	73.5	75.3	67.9	71.6	78.9	76.9	73.8	67.5	72.3	65.0	66.7

Source: National Institute of Statistics and Censuses.

^a As a percentage of the economically active population. ^b 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. ^c Indexes 1970=100.

Table 24
ARGENTINA: NATIONAL NON-FINANCIAL PUBLIC SECTOR¹

	Percentages of gross national product			
	1986	1987	1988	1989
Current income of Central Government ^b	21.0	19.9	20.0	18.5
Tax revenue	18.5	17.8	18.2	17.2
Non-tax revenue	2.5	2.1	1.2	1.3
Current expenditure of Central Government	22.0	21.8	22.7	21.4
Personal	3.6	4.1	4.5	3.7
Non-personal goods and services	2.1	2.1	2.2	1.5
Debt interest	2.3	1.9	1.9	3.6
Domestic	0.3	0.5	0.4	0.4
External	2.0	1.4	1.5	3.2
Transfers	14.0	13.7	14.5	12.8
Provinces ^c	6.7	6.6	7.2	6.3
Liabilities	6.3	5.8	5.9	4.5
Other	1.0	1.3	1.4	2.0
Economies	-	-	-0.4	-0.2
Current saving of Central Government	-1.0	-1.9	-2.7	-2.9
Current saving of public enterprises	0.5	0.2	-0.6	-1.2
Economic emergency financing	0.6	0.1	0.8	0.1
Capital expenditure of national public sector (net)	4.2	5.1	5.4	4.0
Real investment	3.9	4.7	5.6	4.1
Other capital expenditures (net)	0.3	0.4	-0.2	-0.1
Financing needs of national public sector	4.1	6.7	7.9	8.0
Domestic financing (net)	3.1	3.5	5.7	7.5
External financing (net)	1.0	3.2	2.2	0.5

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.

¹Data on actual budgetary expenditure. The data for 1987 and 1988 correspond to the final budget. ^bNational administration plus National Social Security System. ^cIncludes the amounts of tax co-participation corresponding to the provinces. Compulsory savings system.

Table 25
ARGENTINA: MONETARY BALANCE

	Year-end balances (millions of australes [^])				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Money (Mi)	5 588	12 541	54 877	1626 223	85.4	124.4	337.6	2 863.4
Currency outside banks	3990	9 235	43 027	1185 137	97.3	131.5	365.9	2 654.4
Current account deposits	1598	3 306	11 850	441086	61.1	106.9	258.5	3 622.3
Factors of net expansion	16 663	44162	239 459	5 943 839	112.3	165.0	442.2	2 382 2
Net international reserves	-7 978	-45 362	-95160	-1 970 367				1 970.6
Domestic credit (net)	24 641	89 524	334 619	7 914 206	8.9	2633	27318	2 265.1
Government and public institutions (net)	14 049	58169	228 677	6 487 812	97.1	314.1	293.1	2 737.1
Advances for the Monetary Regulation Account	5 489	17 816	106 944	2338135	140.5	224.6	500.3	2 086.3
External financing supplied to Central Government (net)	5 627	26 983	43181	244 683	81.0	379.6	60.0	466.6
Other loans to Government (net of deposits)	2 933	13 370	78 553	3 904 993	68.8	355.8	487.5	4 871.2
Private sector	16 495	49 692	225 747	7 074 737	83.7	201.2	354.3	3 033.9
Other items (net)	-5 903	-18 337	-119 805	-5 648 343	106.8	210.6	553.4	4 614.6
Quasi-money (savings and time deposits)	11076	31621	184 582	4 317 616	129.1	185.5	483.7	2 239.1
Percentages								
Monetary multipliers^c								
Mi/Monetary base	39.2	45.3	32.1	35.6				
M2/Monetary base	118.8	159.5	144.8	130.0				
Ratios of liquidity								
M1/GDP	5.6	5.1	3.3	2.7				
M ₂ /GDP ^d	17.2	18.3	15.2	13.6				

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

* Estimated figures. ^b Includes accrued resources. ^c Annual average of values obtained from end-of-month balances. M₂ = M₁ + quasi-money.

Table 26
ARGENTINA: INTEREST RATES^{a b}

	Nominal				With regard to CPI ^c			
	Deposits	Loans ⁶	Loans	Loans ⁸	Deposits ¹	Loans ⁶	Loans ^f	Loans ⁸
1987		10.5	11.2	10.8		1.9	2.5	2.2
I		7.3	7.8	7.1		1.0	1.5	0.9
II		8.5	8.9	8.8		1.9	2.4	2.3
III	0.3	13.8	14.4	14.3	-0.2	0.1	0.7	0.6
IV	11.4	12.6	13.7	13.0	3.4	4.6	5.6	5.0
1988	14.3	14.1	15.1	15.4	0.2	—	0.9	1.2
I	14.1	14.7	15.9	15.2	0.1	0.6	1.7	1.1
II	17.9	17.9	18.9	19.5	-1.1	-1.1	-0.2	0.4
III	14.6	14.2	15.2	15.8	-1.4	1.8	-0.9	-0.3
IV	10.8	9.7	10.6	11.1	3.3	2.3	3.2	3.6
1989	29.5	31.0	33.4	32.9	-7.4	-6.4	-4.7	-5.0
I	17.4	16.7	17.9	19.1	3.3	2.6	3.7	4.7
II	81.9	89.8	97.5	95.3	1.4	5.8	10.1	8.8
III	16.6	16.5	18.0	16.7	-14.5	-14.6	-13.5	-14.6
IV ^h	13.1	14.1	15.2	15.1	-17.8	-17.2	-16.3	-16.4
i	-14.6				-38.0			
j	-24.2				-44.9			

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

^a The quarterly and annual values are the geometric mean of monthly values. Nominal interest rates are calculated on the basis of weekly averages of seven-day yields. These values are accumulated and converted into monthly equivalents.

^c 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 week t and $p(t+1)$, the growth rates of prices during week $t+1$. Monthly figures reflect the accumulation of *ex post* real yields in the week of the month, presented as a monthly equivalent. Weekly inflation rates are estimates based on the monthly variation of the CPI and on figures on weekly changes according to data from private sources published in newspapers.

Reference rate on fixed-term deposits. Since January 1990, corresponds to the rate offered on deposits in the joint savings fund.

^e Prevailing rate in inter-business operations for seven days with BONEX collateral.

^f Prevailing rate in inter-business operations with cheque collateral.

^g Rate for inter-bank loans taken out by preferred institutional borrowers.

^h The interest rate for the fourth week of December incorporates the effect of the measures announced in late December which suspended interest payments as from 28 December. This rate corresponds to the yield on a small deposit.

ⁱ The interest rate for the fourth week of December incorporates the effect of the measures announced in late December which suspended interest payments as from 28 December and converted sums of over one million australes into BONEX. This rate corresponds to the yield on a deposit of five million australes. The following formula was used to calculate it: $R/100 = (1 + (5(1+I) - e)830x - 5)/5$, where I

represents interest due as at 28 December, e , is the exchange rate on 4 January (1 300 australes to the dollar) and x the value in dollars of 1989 BONEX (41.5%).

^j The interest rate for the fourth week of December incorporates the effect of the measures announced at the end of that month. This rate corresponds to the yield on a deposit of 100 million australes.

BOLIVIA

Amid an unsettled political climate, the Bolivian economy in 1989 kept inflation down to a low level, steadily strengthened the external accounts, and continued the slow recovery begun two years before, although the per capita gross domestic product fell (-0.4%) for the seventh time in the 1980s and was almost 27% lower than in 1980.

The uncertainty surrounding the direction of the new Government's economic policy shook public expectations, a downturn most obviously apparent in the virtual run on deposits in the June-August quarter. This trend was reversed once the new authorities confirmed the basic orientation of the structural adjustment policy in force since 1985. With that in mind, the new Government put less stress on managing public finances than on restoring stability and adopted a monetary policy aimed at reducing liquidity through open-market operations. Although these measures had the desired effect, after the sharp increase at the beginning of the second quarter, they made it difficult to bring down interest rates, thus slowing the pace of recovery (see table 1 and figure 1).

The priority given to maintaining the macrobalances was due to the fact that the country's traumatic experience of runaway inflation in the 1984-1985 biennium was still fresh. Also, clear signs of fragility persisted, such as the high fiscal deficit and the heavy losses of international reserves. Moreover, there was a considerable lack of confidence in the national currency, to the point that a large proportion of the deposits in the banking system were made in foreign currencies. Compounding these adverse factors were the serious crises undergone by the three big neighbours, Argentina, Brazil and Peru, which had quite a significant negative impact on the Bolivian economy.

The growth in 1989 was due mainly to the continuation of the vigorous recovery of the mining sector begun the previous year (37% in the biennium). There was also growth to a lesser extent in manufacturing, construction and basic services. Agricultural production, by contrast, showed a serious decline as a result of bad weather. Domestic demand remained depressed, with an almost 3% decline in consumption, as a result of the restrictions put into effect in order to avoid a flare-up of inflation. Fixed investment, however, increased by more than 6%, spurred on by the continued recovery of the rate of domestic saving after its sharp decline in 1986. Even so, the investment ratio remained very low, constituting only one-tenth of the GDP.

Inflation Continued to be held down during the first quarter, when prices rose by only 3%. The price corrections for petroleum products and public services, together with the devaluation of the Bolivian peso put into effect by the new Government, made themselves felt in a rapid rise in the rate of inflation. However, the strict monetary policy pursued in the second half of the year made possible a return to monthly price variations of less than 2%, so that towards the end of the year the twelve-month inflation stood once again at less than 20%.

Government action to strengthen the external accounts focused on reducing external indebtedness, in the hope that this would enhance the country's ability to obtain new loans. The negotiations with Argentina covered various areas of bilateral relations: on the one hand, the cancellation of Bolivia's debt as a trade-off for the regularization of the neighbouring country's payments for natural gas sales; on the other, the initiation of steps to establish trade and integration agreements, primarily in the energy field. In addition, talks on debt repurchasing were started with Brazil

and negotiations were begun with creditors from the industrialized countries within the Paris Club III framework.

A further rise in the real exchange rate contributed to an increase in exports, especially of non-traditional products, which almost doubled. The value of mineral exports increased by 66%, although hydrocarbon exports remained stationary. Thanks to these higher returns and to a moderate increase in imports, the current account balance improved appreciably. However, reserve losses accelerated spectacularly (from US\$8 million

to US\$142 million) owing to the failure of certain external credit disbursements to materialize and to the greater demand for foreign currencies as a result of capital flight and the rise in other non-registered outflows.

Wage policy continued to be used as a key variable for maintaining stability. Thus, the nominal minimum wage was not readjusted, which in practice meant a reduction of 9% in real terms. The purchasing power of private sector wages, however, rose slightly as a result of the slower pace of inflation.

Figure 1
BOLIVIA: MAIN ECONOMIC INDICATORS

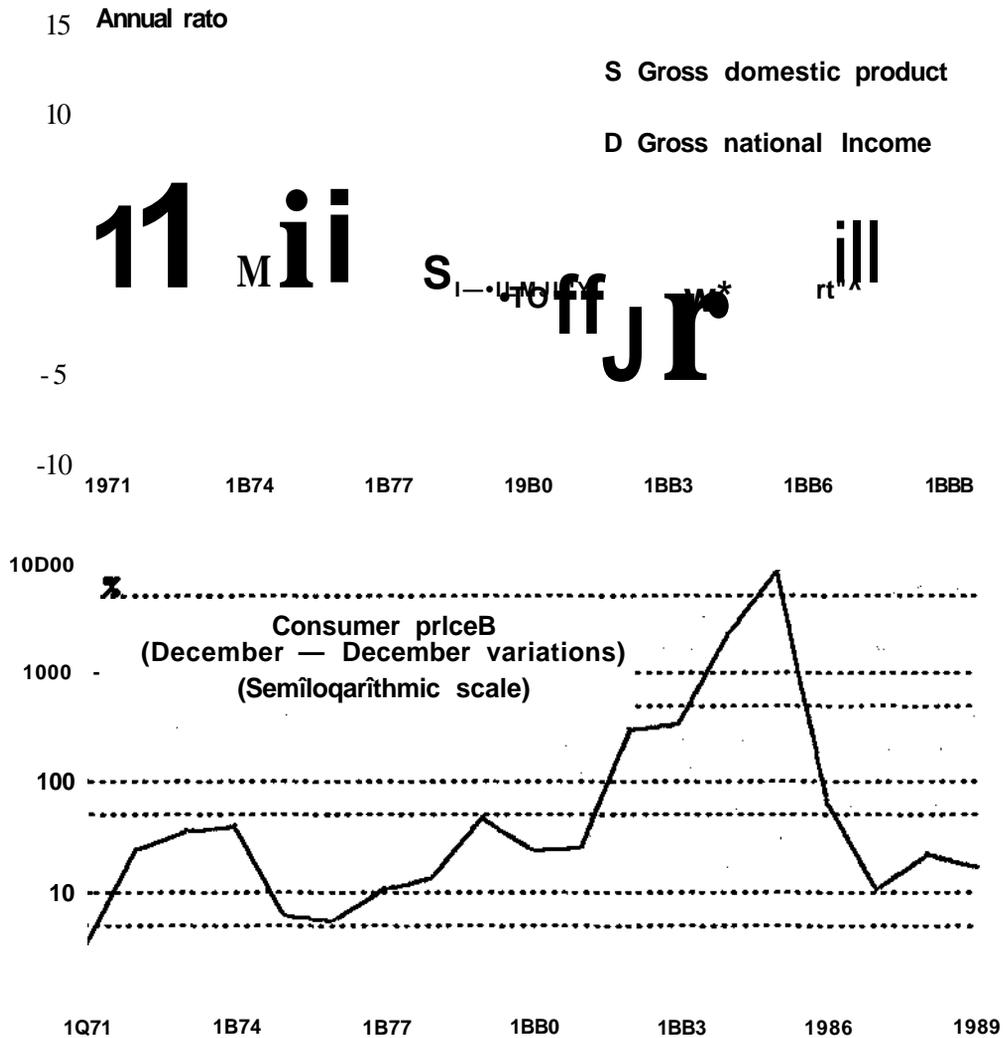
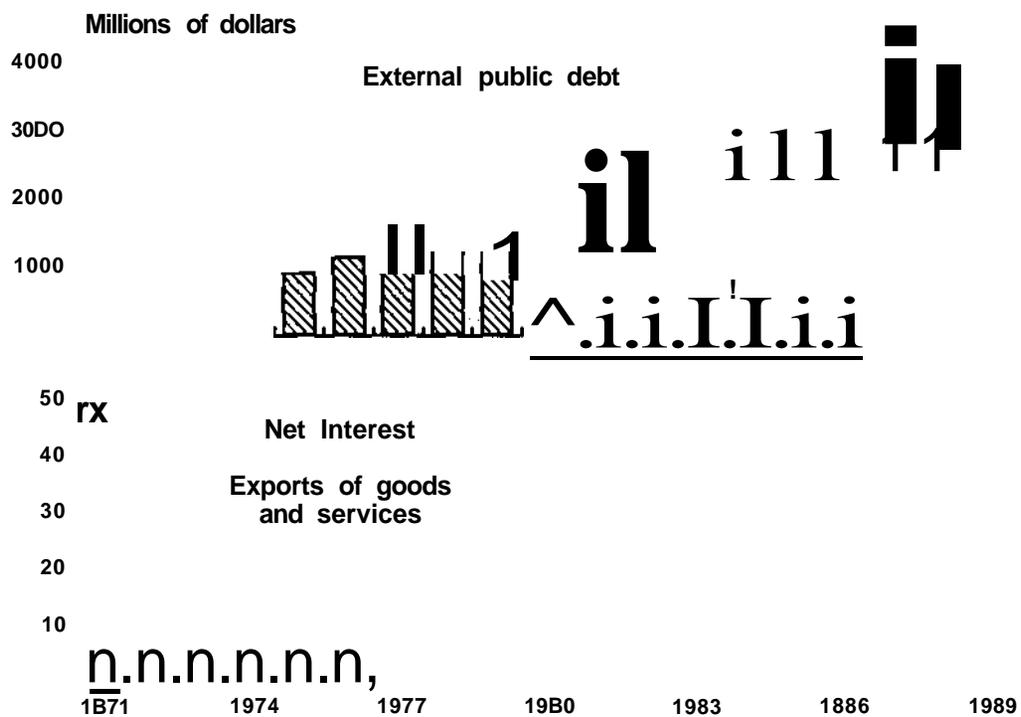
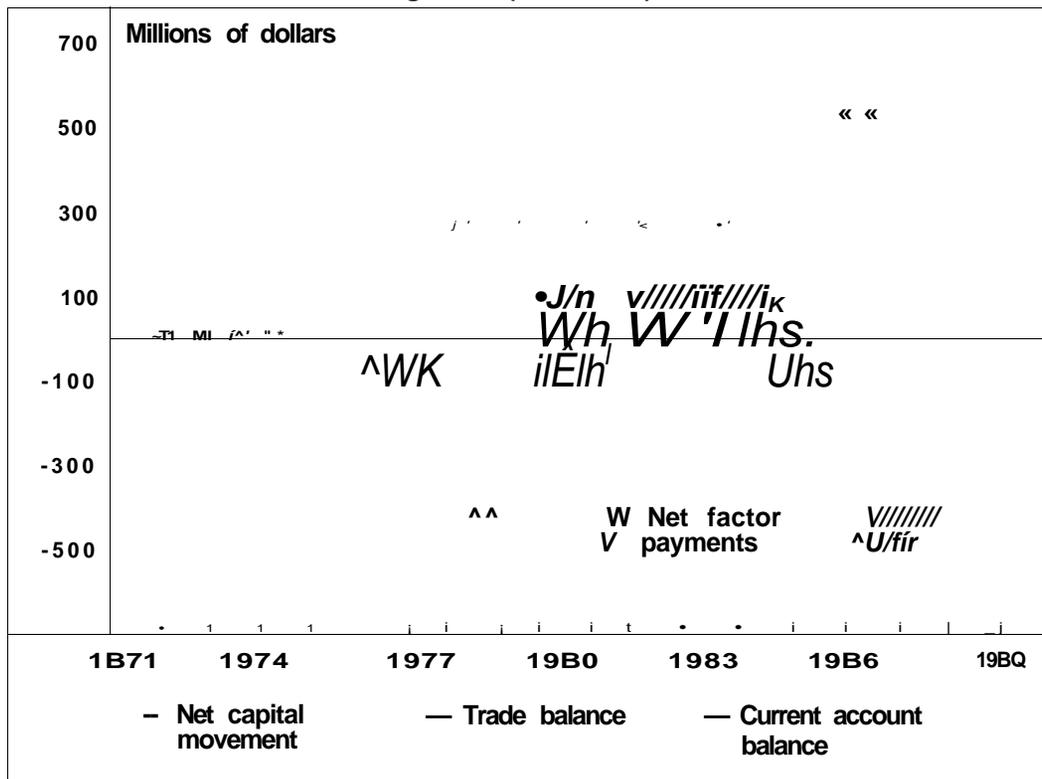


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

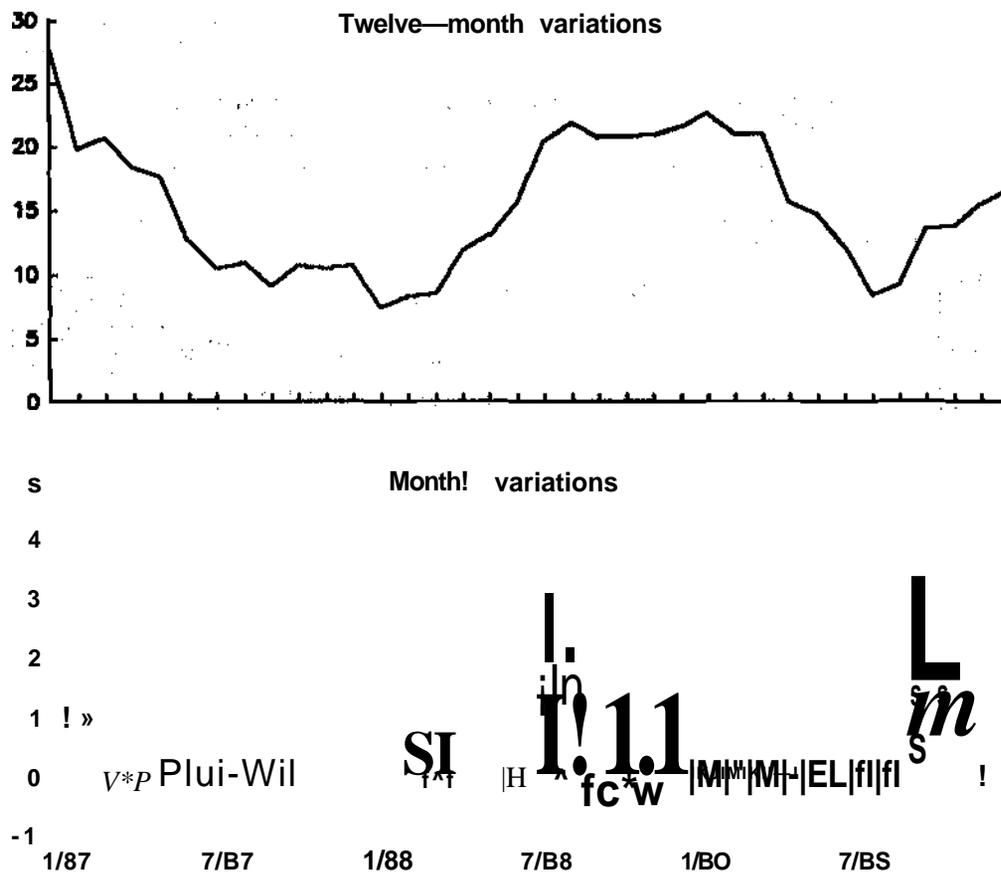
The fiscal policy sought to hold the public sector deficit within programmed margins, namely, a figure of the order of 5% of the GDP, in order to soften the impact on the monetary accounts. Half of the amount involved was financed from external resources and the other half from Central Bank loans to public enterprises.

The monetary policy was very tight, the aim being to avoid an upsurge in inflation and to reduce the considerable loss of reserves by the Central Bank. In addition, through the issue by the latter of certificates of deposit (CDs)

yielding high interest rates in real terms (14%), the monetary expansion provoked by the financing of the high fiscal deficit was neutralized.

With a view to giving continuity to the structural adjustment initiated in 1988, the new Government reached agreement in September with the International Monetary Fund (IMF) on a programme setting a macroeconomic policy consistent with the goals of achieving stability and improving the international reserve position.

Figure 2
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	1989 ^a
Indexes (1980 = 100)								
Basic economic indicators								
Gross domestic product at market prices	96.5	90.2	90.0	89.8	87.2	89.0	91.5	93.8
Gross national income	91.8	86.8	86.1	85.8	82.9	85.2	87.1	90.2
Population (millions of inhabitants)	5.9	6.0	6.2	6.4	6.5	6.7	6.9	7.1
Per capita gross domestic product	91.5	83.3	80.8	78.5	74.2	73.7	73.7	73.4
Public sector deficit/gross domestic product	14.2	17.9	26.5	10.8	2.8	7.2	6.5	5.1
Gross fixed investment/GDP	10.2	11	10.4	9.5	9.5	9.7	9.7	10
Money (M1)/GDP	14.1	12.6	17.7	9.2	4.4	5.5	6.6	5.7
Real effective exchange rate ^c	100.5	64.1	64.5	70.1	87.4	85.4	93.9	93.3
Growth rates								
Short-run economic indicators								
Gross domestic product	-4.4	-6.5	-0.3	-0.1	-2.9	2.1	2.8	2.4
Per capita gross domestic product	-6.9	-9.0	-3.0	-2.8	-5.6	-0.6	-	-0.4
Gross national income	-5.5	-5.5	-0.8	-0.3	-3.4	2.7	2.3	3.2
Consumer prices								
December to December	296.5	328.5	2176.8	8170.5	65.9	10.6	21.5	16.6
Real minimum wage		2.9	-16.4	-46.0	-30.2	16.0	4.5	-9.4
Current value of exports of goods and services	-9.5	-5.7	-4.7	-12.0	-7.4	-2.4	3.1	29.2
Current value of imports of goods and services	-37.3	3.2	-10.1	6.6	18.9	8.7	-19.8	6
Terms of trade (goods and services)	0.7	0.4	7.9	-7.3	-6.5	-2.8	-7.7	5.8
Millions of dollars								
External sector								
Trade balance (goods and services)	195	120	155	14	-174	-262	-62	90
Factor services	414	365	418	375	311	282	267	263
Balance on current account	•202	-204	-241	-342	-466	-526	-316	-151
Balance on capital account	230	246	357	308	584	478	309	9
Variation in international reserves	34	25	148	-43	87	-113	8	-142
Gross disbursed external debt ^c	2 803	3 176	3 208	3 294	3 536	4 162	4 066	3 456

Source: ECLAC, on the basis of official figures.

^a Preliminary figures. The public sector comprises general government (central, regional and local governments) plus the public enterprises. ^c 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.

^c Disbursed balances of the medium- and long-term external public debt.

Table 2
BOLIVIA: REAL GROSS NATIONAL INCOME

	Indexes(1980 == 100)			Percentage breakdown			
	1987	1988	1989 ^a	1980	1987	1988	1989 ^a
Gross national income (a + b + c + d)	85.2	87.1	90.2	94.2	90.2	89.7	90.6
a) Gross domestic product	89.0	91.5	93.8	100.0	100.0	100.0	100.0
b) Terms-of-trade effect				-	-3.1	-4.4	-4.1
c) Net external factor income	106.1	93.3	89.2	-6.1	-7.2	-6.2	-5.8
d) Net private transfer payments received from abroad	139.8	93.0	154.7	0.3	0.5	0.3	0.5

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 3
BOLIVIA: TOTAL SUPPLY AND DEMAND

	Indexes(1980 = 100)			Percentage breakdown			Growth rates		
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total supply	923	90.0	92.2	119.0	117.0	12	32	-2.6	2.5
Gross domestic product at market prices	89.0	91.5	93.8	100.0	100.0	-2.9	2.1	2.8	2.4
Imports of goods and services	109.7	81.6	84.0	19.0	17.0	25.4	8.1	-25.6	3.0
Total demand	923	90.0	92.2	119.0	117.0	12	3.2	-2.6	2.5
Domestic demand	96.7	93.0	92.3	95.5	93.9	0.6	3.9	-3.8	-0.8
Gross domestic investment	65.6	49.9	60.4	14.7	9.5	-40.3	36.4	-23.9	21.0
Gross fixed investment	60.8	62.1	66.0	14.2	10.0	-3.1	4.8	2.1	6.4
Construction	59.0	63.8	68.2	8.2	6.0	-7.9	-0.8	8.2	6.9
Machinery and equipment	63.2	59.6	63.1	6.0	4.0	4.9	13.0	-5.7	5.7
Changes in stocks	219.6	-341.8	-122.2	0.4	-0.6				
Total consumption	102.3	100.9	98.1	80.8	84.5	6.9	1.1	-1.4	-2.7
General government	110.6	107.3	107.1	12.9	14.8	-6.4	-1.9	-3.0	-0.2
Private	100.7	99.7	96.4	67.8	69.7	10.3	1.7	-1.1	-3.3
Exports of goods and services	74.8	77.5	91.9	23.5	23.0	4.5	-0.2	3.6	18.7

Source: ECLAC, on the basis of official figures and figures supplied by the International Monetary Fund.

^a Preliminary figures. ^b The figures for exports and imports of goods and services were taken from the 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
**BOLIVIA: ORIGIN, COMPOSITION AND FINANCING
 OF GROSS DOMESTIC INVESTMENT**
(As percentages of the gross domestic product)^a

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Gross domestic investment	10.2	11.1	9.9	13.2	8.1	10.8	8.0	9.5
Construction	6.7	6.8	6.6	5.9	5.6	5.4	5.7	6.0
Machinery and equipment	3.6	4.3	3.8	3.6	3.9	4.3	3.9	4.0
Changes in stocks	-	-	-0.5	3.7	-1.4	1.1	-1.7	-0.6
Gross domestic saving	16.2	15.6	13.7	14.8	6.2	7.2	11.0	15.5
Net factor service income	-9.0	-8.7	-10.4	-9.1	-8.2	-7.2	-6.2	-5.8
Terms-of-trade effect	-1.6	-1.6	.	-1.4	-2.7	-3.1	-4.4	-4.1
Unrequited private transfer payments	0.4	1.0	0.5	0.5	0.5	0.5	0.3	0.2
Gross national saving	5.8	6.2	3.9	4.9	-4.1	-2.7	0.7	5.9
External saving	4.4	4.9	6.0	8.3	12.2	13.5	7.3	3.6

Source: ECLAC, on the basis of official figures.

^a At market prices, in constant 1980 dollars, at the adjusted exchange rate.

^b Preliminary figures.

Table 5
**BOLIVIA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY,
 AT 1980 MARKET PRICES**

	Indexes(1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989'	1980	1989'	1986	1987	1988	1989'
Gross domestic product	89.0	91.5	93.8	100.0	100.0	-2.9	2.1	2.8	2.4
Goods	80.8	86.3	89.6	52.4	50.1	-6.4	1.0	6.9	3.8
Agriculture	112.9	113.9	110.3	18.4	21.6	-4.7	-0.2	0.9	-3.2
Mining	63.1	76.4	88.5	15.8	14.9	-15.6	1.6	20.9	15.9
Manufacturing	63.6	66.1	68.0	14.6	10.6	2.1	3.5	3.9	2.9
Construction	64.0	71.8	76.8	3.7	3.0	-7.9	-0.8	12.1	7.0
Basic services	109.5	110.6	113.1	6.6	8.0	3.1	4.1	1.0	2.3
Electricity, gas and water	114.9	119.6	126.1	0.7	0.9	4.1	-6.2	4.1	5.4
Transport, storage and communications	108.9	109.6	111.7	6.0	7.1	3.0	5.5	0.7	1.9
Other services	98.8	98.1	99.0	39.9	42.1	-0.8	2.7	-0.7	1.0
Commerce, restaurants and hotels	102.1	98.0	97.7	10.8	11.2	6.5	5.0	-4.0	-0.3
Financial institutions, insurance, real estate and business services	87.3	88.6	89.9	14.0	13.5	-0.9	0.6	1.5	1.5
Ownership of dwellings	104.3	107.4	110.1	8.2	9.6	1.0	-	3.0	2.5
Community, social and personal services	107.2	107.0	108.5	15.0	17.4	-5.1	2.9	-0.2	1.4
Government services	117.2	116.1	117.6	10.5	13.2	-6.4	3.6	-1.0	1.3
Adjustments for bank service charges	67.0	65.6	65.0	1.6	1.1	-5.0	2.1	-2.0	-1.0
Import duties	42.7	33.8	32.6	2.7	0.9	34.4	12.7	-20.9	-3.5

Source: ECLAC, on the basis of official figures which were reweighted according to the 1980 current price structure. Consequently, the trends obtained do not necessarily coincide with those published by the countries in their calculations at current prices.

^a Preliminary figures.

Table 6
BOLIVIA: INDICATORS OF AGRICULTURAL PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates			
					1986	1987	1988	1989 ^a
Production (thousands of tons)								
Main crops								
Cereals								
Rice (unhusked)	137	164	171	194	-21.0	20.1	4.4	12.9
Maize	457	481	446	351	-17.4	5.1	-7.3	-21.2
Quinoa	21	24	23	19	-2.4	15.8	-5.4	-14.6
Wheat	81	77	63	60	9.2	-5.6	-18.3	-3.5
Roots and tubers								
Oca	45	45	47		18.9	-	4.4	
Potatoes	703	815	826	639	-8.5	15.9	1.3	-22.7
Cassava	420	424	430	312	11.6	1.0	1.4	-27.4
Industrial crops								
Cotton fibre	4	2	4	1	-14.9	-45.0	66.7	-83.7
Coffee beans	24	25	26		1.2	6.6	4.0	
Sugar cane	2 920	2 414	2 141	1 939	-7.6	-17.3	-11.3	-9.5
Soya	150	122	151	226	41.0	-18.8	24.3	49.7
Area cultivated (thousands of hectares)								
Main crops								
Cereals								
Rice (unhusked)	92	93	96	85	-18.3	1.4	3.0	-11.9
Maize	294	302	293	263	-15.7	2.8	-2.9	-10.5
Quinoa	43	47	50	42	-10.6	10.5	5.6	-15.2
Wheat	106	95	82	86	6.0	-10.9	-13.7	5.3
Roots and tubers								
Oca	15	15	15		3.3	0.0	1.5	
Potatoes	144	142	144	127	-11.5	-1.7	1.2	-11.6
Cassava	40	41	42	30	-2.8	2.5	3.1	-28.7
Industrial crops								
Cotton fibre	11	8	10	1	10.2	-29.8	25.9	-87.9
Coffee beans	28	28	30		0.3	0.7	5.4	
Sugar cane	75	66	58	49	-3.2	-12.9	-11.6	-14.7
Soya	73	61	75	108	6.7	-16.6	24.8	43.1

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

^a Preliminary figures.

Table 7
BOLIVIA: INDICATORS OF MINING PRODUCTION

	Thousands of tons				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Production of some important minerals								
Antimony	10.2	9.9	9.9	8.5	14.6	-2.9	-	-14.1
Copper	0.3		0.2	0.3	-81.3			50.0
Tin	10.9	8.4	10.2	15.8	-33.1	-22.9	21.4	54.9
Silver ^b	95.1	141.5	228.7	267.1	-15.4	48.8	61.6	16.8
Lead	3.3	9.3	12.7	15.7	-48.4	181.8	36.6	23.6
Tungsten	1.4	0.8	1.1	1.4	-12.5	-42.9	37.5	27.3
Zinc	33.4	39.3	56.3	74.8	-12.6	17.7	43.3	32.9
Gold ^c	762.8	2 719.5	4 189.3	3 595.3	37.4	256.5	54.0	-14.2

Source: National Association of Medium-Scale Mining Companies.

^a Preliminary figures. ^b Tons. ^c Kilogrammes.

Table 8
BOLIVIA: MAIN MINERAL PRODUCERS

	Metric tons fine					Growth rates		
	1980	1986	1987	1988	1989 ^a	1987	1988	1989 ^a
Antimony	15 465	10 243	9 991	9 905	8 533	-2.5	-0.9	-13.9
Comibol	-	-	-	-	-	-	-	-
Medium-scale mining	11552	7190	6 294	6 529	5 957	-12.5	3.7	-8.8
Small-scale mining								
Co-operatives and others	3 913	3 053	3 697	3 376	2 576	21.1	-8.7	-23.7
Copper	1884	297	-	154	298	-	-	93.5
Comibol	1797	165	-	-	-	-	-	-
Medium-scale mining	-	-	-	-	-	-	*	-
Small-scale mining								
Co-operatives and others	87	132	-	154	298	-	-	93.5
Tin	27 290	10 933	8 405	10 237	15 849	-23.1	21.8	54.8
Comibol	18 621	4 703	384	1050	4 039	-91.8	173.4	284.7
Medium-scale mining	5 899	3 283	2295	2 610	2253	-30.1	13.7	-13.7
Small-scale mining								
Co-operatives and others	2 770	2947	5 726	6 577	9 557	94.3	14.9	45.3
Silver	185	93	142	229	267	52.7	61.1	16.7
Comibol	159	41	42	103	126	2.4	145.7	22.1
Medium-scale mining	21	36	73	93	93	102.8	27.8	-0.3
Small-scale mining								
Co-operatives and others	5	16	27	32	48	68.8	19.3	49.1
Lead	17 225	3 303	9 329	12765	15 727	182.4	36.8	23.2
Comibol	10153	1872	1080	2 649	3 220	-42.3	145.3	21.6
Medium-scale mining	3 994	364	6 735	7 633	8 330	1750.3	13.3	9.1
Small-scale mining								
Co-operatives and others	3 078	1067	1514	2483	4177	41.9	64.0	68.2
Tungsten	3 357	1380	787	1165	1410	-43.0	48.0	21.0
Comibol	1576	77	-	-	-	-	-	-
Medium-scale mining	1558	718	484	612	757	-32.6	26.4	23.7
Small-scale mining								
Co-operatives and others	223	585	303	553	653	-48.2	82.5	18.1
Zinc	50 260	33 472	39 294	56 249	74 790	17.4	43.1	33.0
Comibol	29 953	4 091	3 070	10 024	16 323	-25.0	226.5	62.8
Medium-scale mining	16 748	28 295	35 277	43 169	50 079	24.7	22.4	16.0
Small-scale mining								
Co-operatives and others	3 559	1086	947	3 056	8 388	-12.8	222.7	174.5

Source: National Association of Medium-Scale Mining Companies.

* Preliminary figures.

Table 9
BOLIVIA: OFFICIAL PRICES OF THE MAIN MINERALS^a
(Dollars)

	Tin	Copper	Zinc	Lead	Bismuth	Tungsten	Antimony	Silver	Gold
1980	7.6	10	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	10	0.5	0.3	5.2	51.5	23.0	6.6	447.7
1989	3.9	13	0.7	0.3	5.4	51.8	18.5	5.5	382.1

Source: Central Bank of Bolivia, *Boletín Estadístico*, December 1989.

^a The unit of measurement for tin, copper, zinc and bismuth is pounds fine; for tungsten and antimony, long units fine; and for gold and silver, troy ounces fine.

Table 10
BOLIVIA: HYDROCARBON INDUSTRY INDICATORS

	Thousands of cubic metres				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Petroleum								
Production of crude petroleum	1020	1096	1116	1157	-11.5	7.5	1.8	3.7
Exports of crude petroleum	270	50	-	-	-	-81.5	-	-
Refining of petroleum products	1047	1124	1236	1297	-14.2	7.4	10.0	4.9
Domestic sales of some fuels								
Gasoline	469	516	514	531	5.9	10.0	-0.4	3.3
Kerosene	53	49	42	45	-41.8	-7.5	-14.3	7.1
Diesel oil	248	292	304	343	4.6	17.7	4.1	12.8
Fuel oil	51	29	31	29	-40.7	-43.1	6.9	-6.5
Natural gas ^c								
Production	4 556	4 565	4 811	5 291	-2.0	0.2	5.4	10.0
Exports	2215	2120	2 229	2 210	-	-4.3	5.1	-0.9

Source: Central Bank of Bolivia.

Preliminary figures. ^b Thousands of barrels. ^c Millions of cubic metres.

Table 11
BOLIVIA: MAIN FOREIGN TRADE INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Growth rates								
Exports of goods								
Value	-9.3	-8.8	-4.1	-13.9	-12.5	-4.9	4.6	33.3
Volume	-10.1	-6.2	-8.4	-10.0	-	-1.3	5.4	20.4
Unit value	0.9	-2.7	4.7	-4.4	-12.5	-3.7	-0.7	10.7
Imports of goods								
Value	-40.1		-16.9	12.3	28.9	8.3	-23.4	5.2
Volume	-38.2	5.6	-7.7	8.2	34.6	9.3	-28.1	3.0
Unit value	-3.0	-5.3	-10.0	3.7	-4.3	-0.9	6.5	2.2
Terms of trade (goods)	2.9	1.3	11.9	-7.8	-9.0	-3.2	-7.4	8.1
Indexes (1980 = 100)								
Purchasing power of exports of goods	82.6	78.4	80.4	66.7	60.7	58.0	56.6	73.7
Purchasing power of exports of goods and services	81.7	78.8	77.6	66.5	65.0	63.1	60.3	75.6
Indexes of volume								
Exports of goods	89.0	83.5	76.5	68.9	68.8	68.0	71.6	86.2
Imports of goods	82.3	86.9	80.2	86.8	116.9	127.8	91.9	94.7
Terms of trade (goods)	92.8	93.9	105.1	96.9	88.2	85.4	79.1	85.5

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 12
BOLIVIA: EXPORTS OF GOODS, CIF

	Millions of dollars				Percentage breakdown		Growth rates			
	1986	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	638	569	600	821	100	100.0	-5.2	-10.8	5.4	36.8
Main traditional exports	530	463	492	617	85.5	75.2	-17.1	-12.6	6.3	25.4
Metallic tin	55	13	43	82	23.1	10.0	-59.0	-76.4	230.8	90.7
Tin concentrates	49	56	33	45	13.4	5.5	-7.5	14.3	-41.1	36.4
Silver	27	33	45	59	11.4	7.2	170.0	22.2	36.4	31.1
Zinc	28	33	60	132	3.6	16.1	-3.4	17.9	81.8	120.0
Tungsten	7	5	5	7	4.5	0.9	-30.0	-28.6	-	40.0
Antimony	14	23	17	16	2.5	1.9	-12.5	64.3	-26.1	-5.9
Gold	7	37	60	45		5.5		428.6	62.2	-25.0
Other minerals	10	7	9	19	3.4	2.3	-16.7	-30.0	28.6	111.1
Natural gas	329	248	215	214	21.3	26.1	-11.8	-24.6	-13.3	-0.5
Other hydrocarbons	4	8	4	-	3.3		100.0	100.0	-50.0	-
Main non-traditional exports	108	106	108	204	14.5	24.8	217.6	-1.9	1.9	88.9
Sugar	5	8	6	19	4.9	2.3	150.0	60.0	-25.0	216.7
Coffee	13	11	17	13	2.0	1.6	-7.1	-15.4	54.5	-23.5
Wood	23	31	25	44	2.9	5.4	228.6	34.8	-19.4	76.0
Soya	19	19	20	54	0.0	6.6	280.0	0.0	5.3	170.0
Other	48	37	40	74	4.5	9.0	737.5	-22.9	8.1	85.0

Source: Central Bank of Bolivia, *Boletín Estadístico Sector Externo*, 1980-1989 and January 1990.

^a Preliminary figures.

Table 13
BOLIVIA: EXPORT VOLUMES OF MAIN PRODUCTS

	Thousands of tons				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Metallic tin	8.2	1.8	6.0	9.5	-29.9	-78.0	233.3	58.3
Tin concentrates	8.6	8.2	4.7	5.1	95.5	-4.7	-42.7	8.5
Silver ^b	157.0	152.0	217.0	333.0	201.9	-3.2	42.8	53.5
Zinc	35.5	39.6	53.9	80.5	4.7	11.5	36.1	49.4
Tungsten	1.5	1.2	1.0	1.4	-6.3	-20.0	-16.7	40.0
Antimony	8.4	12.4	8.3	9.2	9.1	47.6	-33.1	10.8
Gold	0.6	2.5	4.2	3.6		316.7	68.0	-14.3
Other minerals	29.6	17.9	27.3	59.8	305.5	-39.5	52.5	119.0
Natural gas ^c	2 215	2120	2 229	2 210	-0.1	-4.3	5.1	-0.9

Source: Central Bank of Bolivia, *Boletín Estadístico, Sector Externo, 1980-1988*, February 1990.

^a Preliminary figures. ^b Metric tons fine. ^c Millions of cubic metres.

Table 14
BOLIVIA: AVERAGE PRICE OF TIN ON THE LONDON METAL EXCHANGE
(Dollars per pound)

	Price indexes (1980 = 100)			Real price (1970 dollars)	
	Nominal price ^a	United States wholesale prices	Unit value of imports of goods and services	(1/2)	(1/3)
	(1)	(2)	(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	99.7	2.3	2.6
1987	3.1	114.5	100.2	2.7	3.1
1988	3.2	119.1	108.1	2.7	3.0
1989 ^b	3.9	125.0	111.4	3.1	3.5

Source: Central Bank of Bolivia, *Boletín Estadístico*, December 1989.

^a Annual averages. ^b Preliminary figures

Table 15
BOLIVIA: IMPORTS OF GOODS, CIF

	Millions of dollars				Percentage breakdown		Growth rates			
	1986	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	675	767	578	623	100.0	100.0	-2.2	13.6	-24.6	7.8
Consumer goods	134	191	130	130	25.2	20.9	-	42.5	-31.9	-
Non-durable	62	93	57	58	15.4	9.3	34.8	50.0	-38.7	1.8
Durable	72	98	71	72	9.8	11.6	-18.2	36.1	-27.6	1.4
Raw materials and intermediate goods	236	306	202	244	36.9	39.2	-15.1	29.7	-34.0	20.8
For agriculture	16	11	8	7	1.6	1.1	-11.1	-31.3	-27.3	-12.5
For industry	183	256	175	199	30.3	31.9	-21.1	39.9	-31.6	13.7
Construction materials	34	37	19	33	4.7	5.3	30.8	8.8	-48.6	73.7
Fuels and lubricants	3	2	1	5	-	0.8	50.0	-33.3	-50.0	400.0
Capital goods	282	263	241	246	35.4	39.5	11.5	-6.7	-8.4	2.1
For agriculture	40	24	13	12	2.0	1.9	48.1	-40.0	-45.8	-7.7
For industry	152	134	138	149	21.4	23.9	10.9	-11.8	3.0	8.0
Transport equipment	90	105	81	85	11.9	13.6	1.1	16.7	-22.9	4.9
Other^b	23	7	2	3	2.4	0.5	-8.0	-69.6	-71.4	50.0

Source: Central Bank of Bolivia, *Boletín Estadístico, Sector Externo, 1980-1988*, February 1990.

^a Preliminary figures. Includes unregistered imports.

Table 16
BOLIVIA: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-202	-204	-241	-342	-466	-526	-316	-151
Trade balance	195	120	155	14	-174	-262	-62	90
Exports of goods and services	910	858	818	720	667	650	670	866
Goods FOB	828	755	724	623	546	519	543	723
Real services	82	103	93	96	121	132	128	143
Transport and insurance	26	35	35	38	48	42	42	48
Travel	30	42	32	30	35	54	53	57
Imports of goods and services	715	738	663	706	840	913	732	776
Goods, FOB	496	496	412	463	597	646	495	521
Real services	219	242	251	244	244	266	237	255
Transport and insurance	123	149	136	149	164	160	130	141
Travel	40	20	30	30	27	56	55	59
Factor services	-414	-365	-418	-375	-311	-282	-267	-263
Profits	-23	-59	-36	-53	-40	-41	-5	-28
Interest received	7	39	28	16	15	14	16	21
Interest paid and due	-394	-342	-408	-337	-281	-250	-273	-248
Labour and ownership	-3	-2	-2	-2	-4	-4	-4	-8
Unrequited private transfer payments	17	40	22	20	19	18	13	22
Balance on capital account	230	246	357	308	584	478	309	9
Unrequited official transfer payments	29	66	67	60	82	103	172	127
Long-term capital	26	288	-147	-230	-54	23	203	167
Direct investment	31	7	7	10	10	36	30	35
Portfolio investment	-15	-2	-1	-1	-	-	-	-
Other long-term capital	10	283	-154	-239	-64	-13	132	132
Official sector ^c	62	372	-111	-195	-52	-28	123	116
Loans received	259	578	143	100	330	239	275	288
Amortization payments	-168	-202	-247	-289	-370	-257	-152	-172
Commercial banks ^c	-26	-15	-12	-9	-12	1	-12	5
Loans received	7	7	6	1	2	11	5	13
Amortization payments	-33	-22	-18	-9	-14	-10	-18	-8
Other sectors ^c	-26	-74	-31	-36	-	13	21	11
Loans received	66	21	11	8	-	32	45	30
Amortization payments	-92	-95	-42	-44	-	-19	-24	-19
Short-term capital	141	-181	449	287	416	176	41	-53
Official sector	257	-149	345	258	306	279	146	104
Commercial banks	14	1	4	-21	-14	-6	-11	-38
Other sectors	-131	-32	101	50	125	-96	-95	-119
Errors and omissions (net)	34	72	-12	190	139	175	-66	-232
Global balance	28	42	116	-35	118	-48	-8	-142
Total variation in reserves (- sign indicates an increase)	-34	-25	-148	43	-87	113	8	142
Monetary gold	-2	-1	-1	-	-	-	-	-
Special Drawing Rights	-	-	-	-	-2	2	-	-
IMF reserve position	-	-	-	-	-	-	-	-
Foreign exchange assets	-56	19	-116	58	-74	103	-	-
Other assets	9	-47	-6	-3	-126	7	-	89
Use made of IMF credit	15	3	-25	-12	115	-	-	...

Source: 1982-1987: ECLAC, on the basis of figures supplied by the International Monetary Fund. 1988-1989: ECLAC, on the basis of figures supplied by the Central Bank of Bolivia.

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

Table 17
BOLIVIA: INDICATORS OF EXTERNAL INDEBTEDNESS

	1984	1985	1986	1987	1988	1989 ^a
Millions of dollars						
Total disbursed external debt	3 548	3 849	4 091	4 362		
Disbursed medium- and long-term external public debt ^b	3 208 ^o	3 294	3 536 ^o	4 162 ^o	4 066 ^d	3 456
Disbursements in each year ^c	160	109	230	238	326	327
Non-guaranteed long-term private debt	340	555	555	200		
Service on the medium- and long-term public debt	343	248	210	167	239	227
Principal	142	159	139	82	139	142
Interest	201	89	71	85	100	87
Annual growth rates						
Total disbursed external debt	-0.1	8.5	6.3	6.6		
Disbursed medium- and long-term external public debt	1.0 ^o	2.7	7.3 ^o	17.7 ^c	-2.3 ^d	-14.3
Disbursements in each year ^c	63.3	-31.9	111.0	3.5	37.0	0.3
Non-guaranteed long-term private debt	-9.6	63.2	-	-64.0		
Service on the medium- and long-term public debt	3.9	-27.7	-15.3	-20.5	43.1	-5.0
Principal	40.6	12.0	-12.6	-41.0	69.5	2.2
Interest	•12.2	-55.7	-20.2	19.7	17.6	-13.0
Main indicators (percentages)						
Total disbursed external debt/ exports of goods and services	433.7	534.6	613.3	730.7		
Total disbursed medium- and long-term external public debt/ exports of goods and services	392.2	457.5	530.1	697.2	606.3	398.9
Service on the medium- and long-term public debt/exports of goods and services	41.9	34.4	31.5	28.0	35.6	26.2
Service on the medium- and long-term public debt/annual medium- and long-term public debt disbursements	214.4	227.5	91.3	70.2	73.3	69.4
Total interest (net)/exports of goods and services	46.5	44.6	39.9	41.5	36.8	26.2

Source: ECiAC on the basis of figures supplied by the Central Bank, *Boletín Estadístico, Sector Externo, 198Q-1988*, February 1990, and by the World Bank.

^a Preliminary figures. ^b Includes credits from the International Monetary Fund and the Santo Domingo Agreement.
^c 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. ^d Figures exclude US\$50 million contracted with the Andean Reserve Fund. ^e Correspond to disbursements of medium- and long-term public debt. 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 18
BOLIVIA: EXCHANGE RATES
 (Annual and quarterly averages)

	Nominal exchange rates (bolivianos per dollar)		Indexes of real effective exchange rate ³ (1985 = 100)	
	Official	Parallel	Exports	Imports
1970-1979			146.7	121.8
1980-1989			118.4	116.6
1980	0.00003		142.6	109.0
1981	0.00003		101.1	93.7
1982	0.0001 ^b	0.0002	143.3	145.8
1983	0.0002	0.0007	91.4	87.1
1984	0.003	0.008	92.0	87.6
1985	0.45	0.68	100.0	100.0
1986	1.92	1.96	124.7	126.8
1987	2.06	2.08	121.8	127.6
1988	2.35		133.9	138.3
1989	2.69		133.1	150.0
1987				
I	1.95	1.96	116.8	121.2
II	2.04	2.06	121.2	127.3
III	2.09	2.10	123.8	128.2
IV	2.15	2.18	125.3	133.5
1988				
I	2.24		131.3	140.2
II	2.34		132.7	139.5
III	2.40		133.0	135.2
IV	2.42		138.4	138.4
1989				
I	2.50		152.2	145.1
II	2.59		109.4 ^c	141.2
III	2.75		130.6	153.3
IV	2.92		140.1	160.4

Source: ECIAC, on the basis of figures prepared by the International Monetary Fund, *International Financial Statistics*, and by the Central Bank of Bolivia, *Boletín Estadístico Trimestral*.

^a These correspond to the averages of the 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 are primarily 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. 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%). ^c In this quarter, the real exchange rate trend in Argentina was an important factor.

Table 19
BOLIVIA: DOMESTIC PRICES

	1983	1984	1985	1986	1987	1988	1989
Variation from December to December							
Consumer price index	328.5	2 176.8	8 170.5	65.9	10.6	21.5	16.6
Food	343.6	2188.9	8 033.5	62.5	7.5	18.2	19.8
Wholesale price index	517.8	2 237.7	7 952.4	47.5	16.1	21.5	21.7
Imported products	693.0	2 312.7	5 698.3	40.4	13.5	25.1	20.6
Domestic products							
Agricultural products	601.1	1 648.1	9 017.4	57.2	19.4	18.6	22.3
Manufactures	344.7	2 521.4	10 404.9	48.8	15.4	21.2	22.1
Variation between annual averages							
Consumer price index	275.6	1281.3	11 749.6	276.3	14.6	16.9	15.2
Food	303.7	1 315.6	11 275.6	276.7	10.3	11.4	14.4
Wholesale price index	415.9	1695.4	10 446.9	172.8	15.6	19.3	19.1
Imported products	488.6	1 969.1	7 540.0	152.3	14.3	21.0	20.6
Domestic products							
Agricultural products	517.6	1190.2	11 635.5	181.6	20.6	16.3	19.3
Manufactures	311.6	1 701.5	13 831.5	184.5	13.6	20.7	17.7

Source: National Statistical Institute and Central Bank of Bolivia.

Table 20
BOLIVIA: MINIMUM WAGES

	Nominal minimum wage (thousands of pesos per month)	Real minimum wage ^a (pesos per month)	Index of real minimum wage
November-December 1983	8.5	8 187	100.0
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 ^b	9 225	112.7
December	47.3	10 235	125.0
Annual average	18.9	8 416	102.8
1984			
January-March	47.3	7 735	94.5
April-July	108.7 ^c	6 536	79.8
August-October	123.8	3 968	48.5
November-December	935.0	11 599	141.7
Annual average	238.8	7 038	86.0
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	10 259	3 800	46.4
1986			
January-May	30 000	2 403	29.4
June-December	40 000	2 834	34.6
Annual average	35 833	2 654	32.4
1987			
January-March	40 000	2 677	32.7
April-December	50 000	3 213	39.2
Annual average	47 500	3 079	37.6
1988			
January-March	50 000	3 096	37.8
April-December	60 000	3 259	39.8
Annual average	57 500	3 218	39.3
1989			
January-March	60 000	3 057	37.3
April-December	60 000	2 870	35.1
Annual average	60 000	2 917	35.6

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

^a 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. ^c 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 also granted in April. The former amounted to 35 723 pesos, while the latter varied according to the number of daily trips to the place of work.

Table 21
BOLIVIA: AVERAGE PRIVATE SECTOR WAGES

	Index of nominal (December 1985 = 100)			Index of real wages		Variation in real indexes		
	1987	1988	1989	1987	1988	1989	1988	1989
	Global average	230.8	340.6	408.3	130.2	165.7	172.5	27.3	4.1
Mining	184.4	261.2	312.8	103.3	127.1	132.1	23.0	3.9
Hydrocarbons								
Manufacturing	250.2	342.1	415.1	140.3	166.4	175.3	18.6	5.3
Electricity, gas and water								
Construction	265.6	379.5	448.9	148.8	184.6	189.6	24.1	2.7
Commerce	306.4	386.8	440.5	171.9	188.2	186.1	9.5	-1.1
Transport								
Financial establishments	205.2	342.9	408.1	115.1	166.8	172.4	44.9	3.4
Community services	391.0	524.2	658.5	219.5	255.1	278.2	16.2	9.1

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

^a The figures for nominal and real wages correspond to the average of the amounts earned at the end of March, June and September.

Table 22
BOLIVIA: MAIN MONETARY INDICATORS

	Year-end balance (millions of bolivianos)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
	1. Total liquidity (M2)	822	1175	1683	2 245	183.2	42.9	43.3	33.4
International reserves (net)	416	358	365	179	506.3	-14.0	1.9	-51.0
Credit to public sector (net)	-508	-408	-159	364	147.1			
Central government	-539	-591	-491	-370	22.6	9.7	-17.1	-24.5
Local and regional governments	24	22	17	60	-15.0	-6.7	-23.5	252.7
Public enterprises	7	252	351	716	-96.6	3 472.1	39.3	103.9
Social security	-	-47	-37	-42				
Credit to private sector	948	1376	1852	2 629	131.3	45.2	34.6	42.0
Other variables	-33	-151	-375	-927				
2. Quasi-money	459	666	998	1538	400.7	45.2	49.8	54.2
3. Money supply (Mi) (1-2)	363	508	685	706	82.9	39.9	34.7	3.1
4. Monetary base	384	533	875	1143	90.9	38.9	64.0	30.6
5. Money issue	307	414	542	530	67.2	34.9	30.9	-2.1

Source: Central Bank of Bolivia

^a Preliminary figures.

Table 23
 BOLIVU: YEAR-END BANK INTEREST RATES
 (Percentages)

	1984	1985	1986	1987	1988	1989
Loans						
Business and private activities						
Non-readjustable nominal rate in national currency	157.0	232.1	65.8	39.4	35.1	34.5
Real rate	-88.7	-96.0	-0.1	29.4	14.9	19.6
Readjustable nominal rate in national currency		17.1	21.9	27.3	23.8	24.0
Nominal rate in foreign currency		17.8	23.0	26.0	22.6	22.6
Production activities						
Non-readjustable nominal rate in national currency	155.0	232.1	65.8	39.5	35.1	34.5
Real rate	-88.8	-96.0	-0.1	29.4	14.9	19.6
Readjustable nominal rate in national currency		17.1	21.9	27.3	23.8	24.0
Nominal rate in foreign currency		17.8	23.0	26.0	22.6	22.6
Deposits						
Savings bank deposits						
Nominal rate	110.0	99.6	29.6	22.5	20.2	16.7
Real rate	-90.8	-97.6		12.9	0.1	0.8
Fixed-term deposits in national currency (non-readjustable)						
Nominal rate	140.0	110.0	33.4	29.1	24.9	19.0
Real rate						
Fixed-term deposits in national currency (readjustable)						
Nominal rate		11.6	14.1	14.3	13.4	14.5

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

Table 24
BOLIVIA: MOVEMENT OF NATIONAL TREASURY FUNDS

	Millions of bolivianos				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
1. Current income	309	475	611	805	403.9	53.9	28.5	31.8
Tax revenue	277	433	598	782	413.9	56.1	38.1	30.8
Non-tax revenue	31	42	13	23	330.0	34.8	-69.7	78.9
Other revenue								
2. Current expenditure	987	1136	1298	1523	201.6	15.0	14.3	17.3
Wages	292	424	531	663	144.8	45.4	25.2	24.9
Purchase of goods and services	137	142	160	234	199.5	3.7	12.7	46.3
Interest and commissions paid	5				103.3			
Interest and commissions owed	379	394	394	418	192.4	3.9	-	6.1
Transfers to private sector	64	84	65	90	169.5	31.0	-22.4	38.4
Other expenditure	17	29	129	9	1 392.5	65.8	351.2	-93.0
Floating debt	93	63	19	109	1 653.9	-32.0	-69.9	473.7
3. Transfers	612	371	523	683	551.4	-39.4	40.9	30.6
4. Balance on current account (1-2+3)	-66	-289	-165	-35				
5. Capital income	69	-	-	39				
6. Capital expenditure	14	15	21	15	98.3	6.4	38.4	-29.0
7. Transfers	-33	-17	-36	-88	697.8	-48.5	114.5	143.6
8. Balance on capital account (5-6+7)	22	-32	-57	-64				
9. Other expenditure				98				
10. Total expenditure	1002	1151	1320	1636	158.0	14.9	14.7	24.0
11. Global deficit (-) or surplus (+) (4 + 8+9)	-44	-321	-222	-197				
Main ratios (percentages)								
Deficit/total expenditure	-4.4	-27.9	-16.8	-12.0				
Deficit/gross domestic product	-0.5	-3.5	-2.1	-1.6				
Current income/gross domestic product	3.7	5.1	5.9	6.5				
Total expenditure/gross domestic product	12.2	12.5	12.7	13.2				

Source: Economic Policy Analysis Unit (UDAPE).

^a Preliminary figures.

Table 25
BOLIVIA: CONSOLIDATED NON-FINANCIAL PUBLIC SECTOR

	Millions of bolivianos				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
1. Current income	2177	2 244	2 750	3 290	267.2	3.1	22.5	19.6
Tax revenue	459	724	857	900	590.8	57.7	18.4	5.0
Non-tax revenue	73	82	59	%	279.1	12.2	-283	62.7
Sale of goods and services	1645	1410	1766	2194	243.1	-14.2	25.2	24.2
Other revenue		27	68	100			147.9	47.1
2. Current expenditure	2087	2 405	2 622	3 216	207.3	15.2	9.0	22.7
Wages	547	719	1011	1315	146.0	31.3	40.7	30.1
Purchase of goods and services	740	745	780	966	213.1	0.7	4.7	23.8
Interest and commissions paid	12	7		9	-0.8	-42.2		
Interest and commissions owed	466	384	440	429	196.4	-17.6	14.6	-2.5
Transfers to private sector	134	186	115	240	239.5	38.9	-38.0	108.7
Other expenditure	96	302	257	257	1254.7	212.9	-14.9	
Floating debt	93	63	19		1653.8	-32.0	-69.9	
3. Transfers								
4. Balance on current account (1-2+3)	90	-161	128	74				
5. Capital income	89	18	91	142	2 210.5	-79.6	397.7	56.0
6. Capital expenditure	409	544	842	777	327.0	33.0	54.9	-7.7
7. Transfers								
8. Balance on capital account (5-6+7)	-319	-525	-751	-635				
9. Other expenditure			53	76				
10. Total expenditure	2 496	2 949	3 517	4 069	201.2	18.1	19.3	15.7
11. Global deficit (-) or surplus (+)	-229	-686	-676	-637				
Main ratios (percentages)								
Deficit/total expenditure	-9.2	-23.3	-19.2	-15.7				
Deficit/GDP	-2.8	-7.2	-6.5	-5.1				
Current income/GDP	26.4	23.5	26.4	26.5				
Total expenditure/GDP	30.3	30.9	33.7	32.8				

Source: Economic Policy Analysis Unit (UDAPE).

^a Preliminary figures.

BRAZIL

The performance of the Brazilian economy in 1989 reflected the difficulties encountered in restoring the basic macroeconomic equilibriums. By the end of the year, a situation of virtual hyperinflation had developed, with a 1800% increase in prices, despite the adoption of stabilization policies in the first quarter. Moreover, the various attempts at controlling public expenditure failed to reduce the operating deficit, which on the contrary soared dramatically. In the external sector, a sizeable surplus of nearly US\$13.4 billion was recorded on the trade balance. This amount was, however, less than the 1988 figure mainly on account of the lag in the exchange rate during the year with respect to domestic inflation. As a result of the smaller surplus, arrears of US\$4.6 billion in the country's external commitments as regards interest and profits were accumulated. These difficulties were compounded by the growing uncertainty arising from the imminence of Presidential elections and the unavoidable need to adopt drastic policies to redress the imbalances, which were becoming unmanageable.

Economic activity, particularly in the manufacturing sector, took place against a backdrop of great instability. In adopting their decisions on prices, the economic agents sought to protect themselves or to react more or less collectively in view of the expectations of very short-term changes in the rate of inflation, and towards the end of the year they virtually halted their decisions in expectation of the economic regulations that would be enacted by the new Government scheduled to take office in March of the following year. Even so, the gross domestic product rose by almost 4%, spurred by the bigger fiscal deficit and the greater propensity towards private sector expenditure; the average unemployment rate in the main urban centres was only just over 3%, (the lowest rate achieved in the decade); and

average real wages in the industrial sector in São Paulo rose by 7% (see table 1 and figurei).

In January 1989 the Government introduced its third stabilization plan in less than three years, after the monthly inflation rate had shot up from 16% to 28% in 1988 against a background of stagnating economic activity and following the entry into force of the new Political Constitution. The "Plano Verão" ("Summer Plan"), as it was called, provided for a sharp increase in public service tariffs, the freezing of prices and wages, a 16% hike in the exchange rate, the suspension of the mechanisms for the indexation of wages and financial assets, the introduction of a new currency (the New Cruzado, with a parity of one per thousand in relation to the old cruzado) and, most importantly, the implementation of a restrictive monetary policy which led to considerable increases in real interest rates. In addition, the Government proposed to Congress the application of an austerity fiscal policy, involving cuts in expenditure, such as the abolition of government ministries and departments and massive dismissals of government employees, as well as a programme of privatization of State enterprises. However, this fiscal policy proposal did not attract sufficient support in the National Congress. Making use of the new powers conferred on it under the recently adopted Constitution, the legislature ratified only a few of the proposed budgetary cuts and rejected the proposals for staff dismissals and the privatization of State enterprises.

In practice, therefore, the Summer Plan was limited to monetary policy, which was basically aimed at bringing about an increase in real interest rates. Although the rate was still negative in January, it subsequently rose to over 10% per month, which represented a substantial transfer of resources to the private

Figure 1

BRAZIL: MAIN ECONOMIC INDICATORS

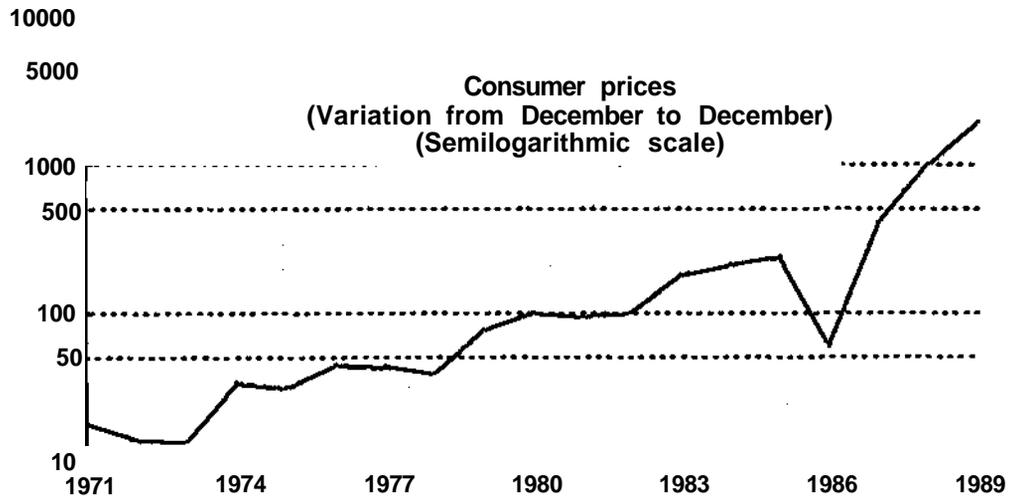
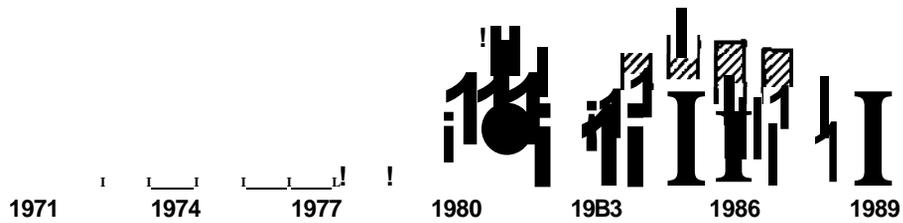
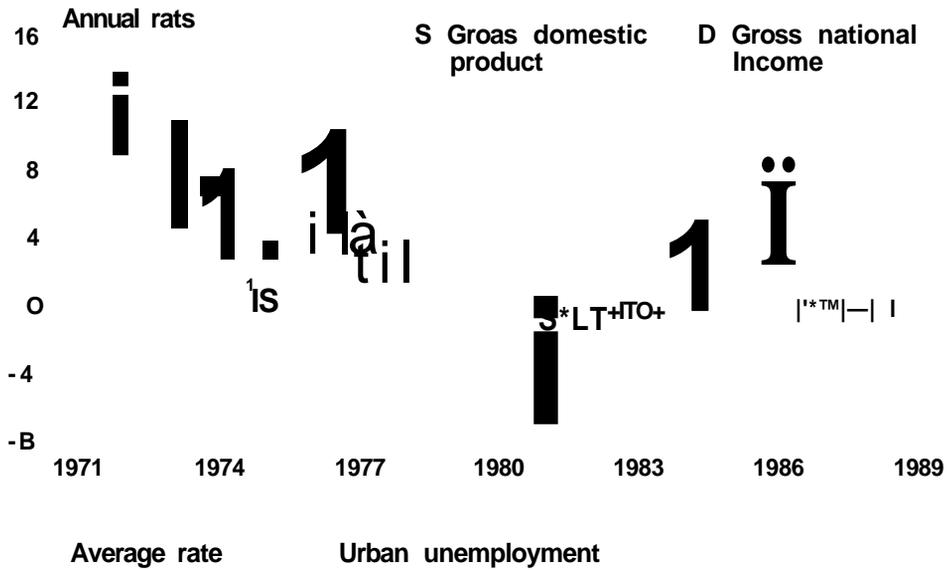
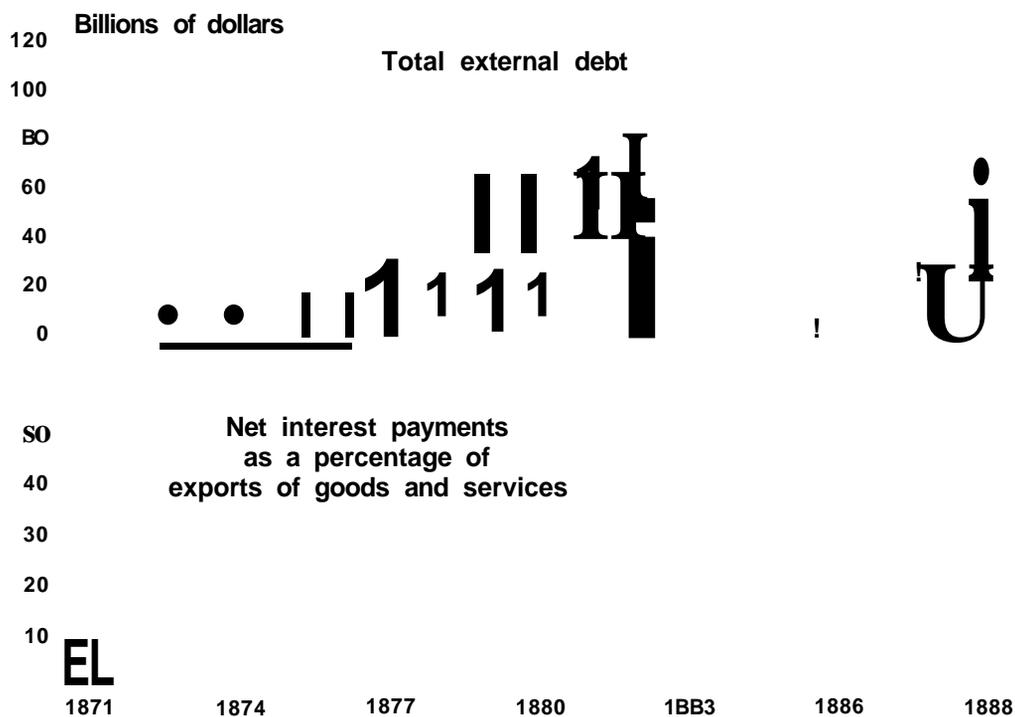
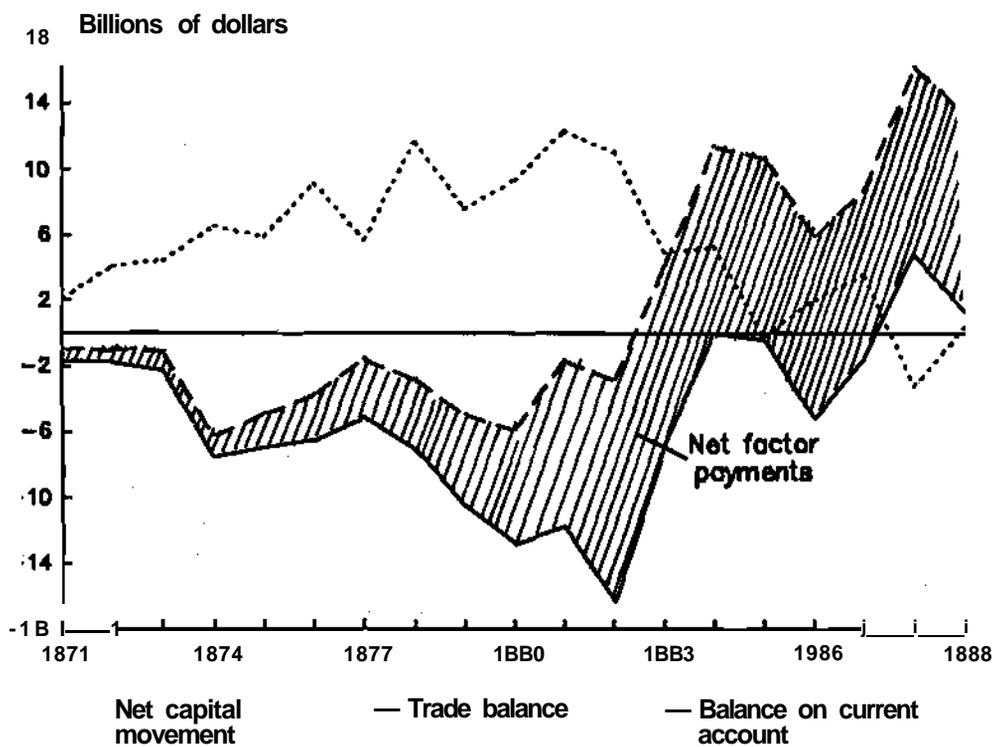


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

sector. Indeed, during the first three months of the application of the Plan, the amount of Federal Government debt paper held by the public increased by 15% in real terms, since it was necessary to refinance with new issues the high interest rates on the accumulated debt. Subsequently, following the flagging confidence of the economic agents in the Government's ability to control inflation, the financial returns obtained were directed towards consumption, the building-up of stocks and the purchase of real assets, since financial applications lost their attraction on account of the fears aroused by the attempts to bring down real interest rates. As a result, the level of sales in São Paulo rose sharply, so that in May it was almost 60% higher than at the same time in 1988.

This demand pressure was reflected in the acceleration in price increases during the second quarter, when they shot up from less than 10% per month, between March and May, to nearly 25% in June, returning in July to the levels recorded prior to the introduction of the Plan. In order to restrain this upsurge, the Government re-established the daily indexing of its long-term securities, taxes and the exchange rate, while also decreeing the monthly readjustment of wages and salaries. To a large extent, therefore, there was a return to the economic policy of 1988, which sought to maintain relative prices in periods of inflation. At the same time, positive real interest rates of 2% to 7% per month were maintained, which helped to augment the public deficit. These new measures had little effect and failed to break the inflationary spiral: from September onwards, the rate of increase in prices was over 35%, and in December it rose to 53% (see figure 2). This acceleration reflected the cumulative effects of the extra money issue required to cover the greater financial needs of the Government, the growing uncertainty regarding the financial fragility of the State, and the political changes likely to follow the election of the new President in December, against a backdrop of rising demand for goods.

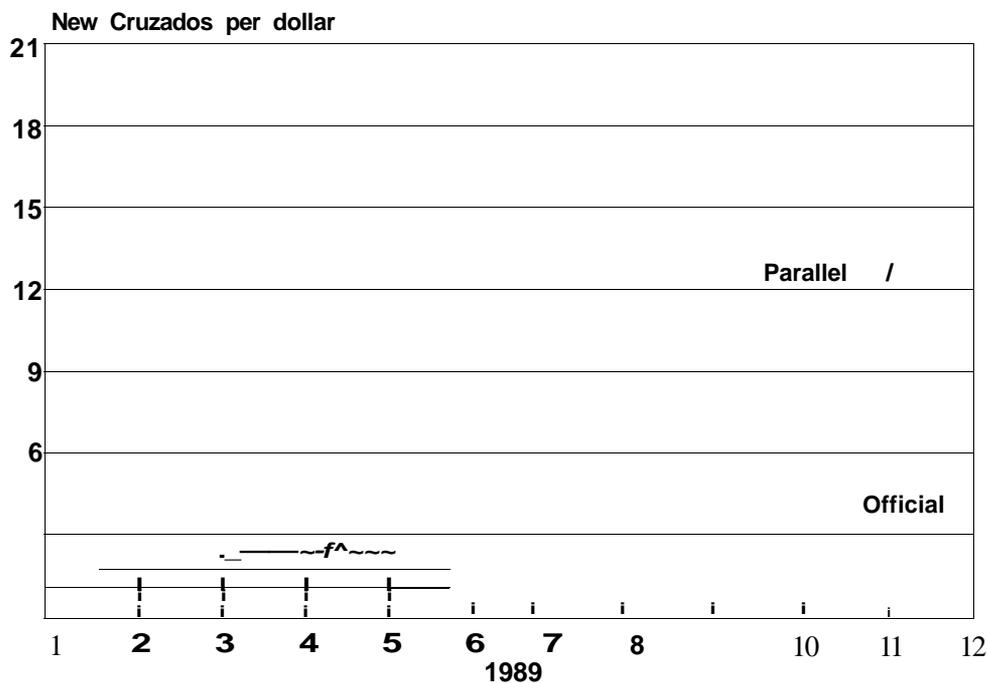
Thanks to the strong performance of domestic sales in the first quarter, manufacturing activity recovered its previous, production levels. Following a 7% drop in the first quarter in relation to the same period of

1988, the annual rate of industrial growth rose to nearly 10% in the last quarter. This expansion was fairly widespread and was based on the reduction of idle capacity, attaining levels of utilization similar to those registered during the "Plano Cruzado" in 1986. However, this recovery was insufficient to dissipate the uncertainty over investment projects, which was reflected in the scanty increase in the production of capital goods. Another sector boosted by the flight from financial assets was construction, which grew by almost 8%, especially because of increased construction of private dwellings and infrastructural works carried out by some state governments.

Severe instability also prevailed in the external sector. Following the exceptional devaluation in January, when the "Plano Verão" was introduced, the local currency rose steadily in real terms, thus boosting imports (particularly of raw materials and consumer goods), the level of which practically doubled. In the area of exports, the exchange rate factor and the reactivation of the domestic market dampened sales of Brazilian manufactures, whose value declined by 3%, after having risen by nearly 30% in 1988. Despite the substantial decline in the surplus posted on the merchandise trade account, however, it still exceeded US\$16 billion, equivalent to about 5% of GDP. At the same time, the exchange lag, the suspension of the mechanisms for the conversion of the external debt, and the uncertainty with respect to the future evolution of the national economy led to an increase in remittances of profits (60%) and to a sharp contraction in the inflow of foreign capital.

The situation as regards financial capital movements was also unfavourable. Difficulties at the macroeconomic level made it impossible to fulfil the terms of the standby agreement signed with the International Monetary Fund in 1988, thus holding back the disbursement of US\$795 million by that institution. In addition, the creditor banks failed to disburse the last tranche of US\$600 million of the loan granted under the above-mentioned agreement. Moreover, for the first time there was a negative net flow of resources (US\$170 million) with the multilateral agencies, reflecting the cautious approach towards

Figure 2
BRAZIL: EXCHANGE RATES



lending which they adopted as a reaction to the difficulties encountered in the management of the Brazilian economy.

As a result of these pressures, the level of the country's international reserves dropped in June to only US\$5.5 billion, whereupon the Government centralized exchange operations, immediately suspending remittances of foreign exchange for principal and interest payments on the external debt, remittances of profits, and outflows of foreign capital. As a result of these measures, US\$4.6 billion in arrears on interest payments had accumulated by December.

A major innovation in the area of exchange rate policy was the introduction of the floating market rate for tourist transactions. This market absorbed foreign exchange which had previously been traded on the parallel market, since its price was situated at a level close to that of the latter market. As a consequence of this, the income derived from international travel exceeded US\$1.2 billion (more than 10 times the 1988 level), thereby converting a

deficit of US\$590 million into a US\$520 million surplus. This floating rate, in turn, reflected the prevailing uncertainty about the evolution of the economy, since its level was more than double that of the official rate (see figure 3).

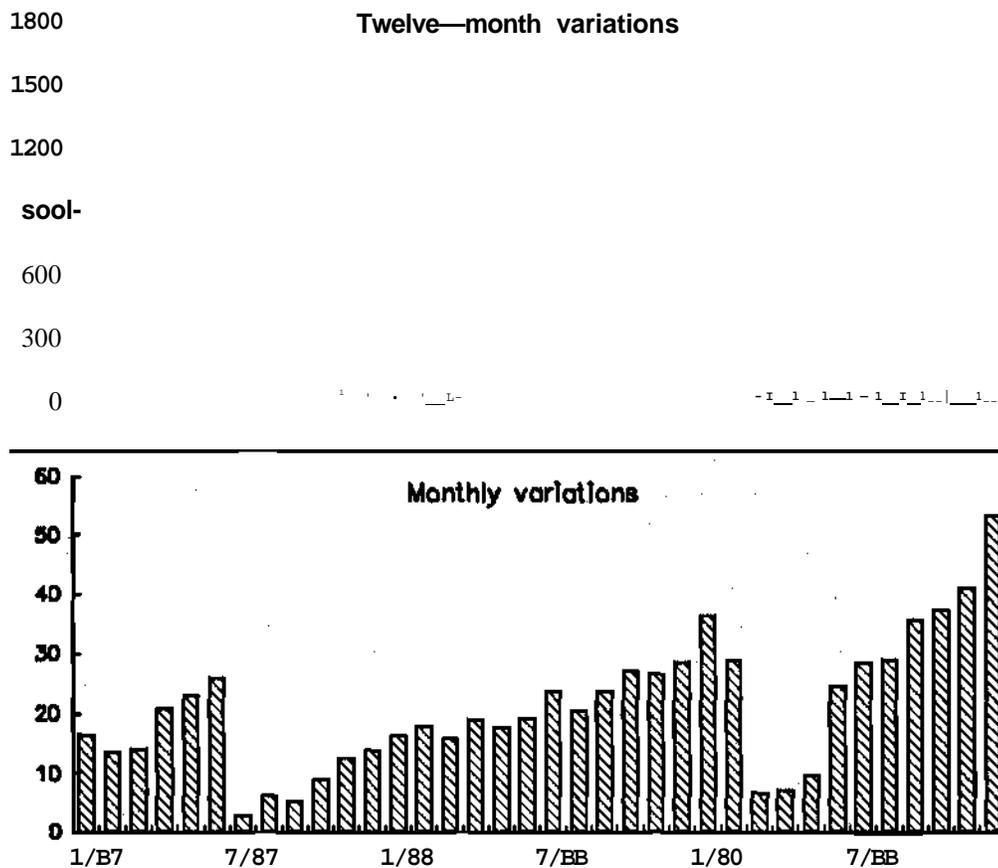
The Government attempted to counter the expectations of a sharp and rapid upsurge in inflation by establishing during the second half of the year a system of sectoral pricing whereby the various productive branches in each sector would jointly define their adjustment mechanisms, thus avoiding the generation of additional cost pressures on the final price of products. With respect to managed prices, particularly public sector and energy tariffs, the Government tried unsuccessfully in the second half of the year to bring about real adjustments with a view to bringing the finances of public enterprises back into balance.

The rise in the rate of inflation had a severely negative impact on labour negotiations. The stabilization plan introduced in January put a freeze on wages and salaries and abolished the

monthly adjustment mechanism based on the variation in the Price Reference Unit (PRU), which corresponded to the average monthly inflation in the preceding quarter. In the months that followed, efforts were made to establish a new wages policy but the attempt was frustrated by a wave of strikes. In the private sector, the trade union movement focused its efforts on consolidating instruments of monthly indexation and making good the loss of purchasing power that resulted from the changes in the price indexes established in the stabilization plans of 1987 and 1989. The economic recovery in the second quarter, particularly in the industrial sector, boosted employment levels and strengthened the position of workers.

In addition, following the lifting of the price freeze, businesses had no difficulty in shifting the higher costs of wages and salaries onto prices, so that they were more ready to satisfy workers' claims. The new wage law adopted by the Congress in June provided for the monthly adjustment of workers' incomes, in line with the variation in the consumer price index, wholly so for wages of up to three times the minimum wage, and partially in the case of wages above that level. The new law also provided for increases higher than the rate of inflation in the minimum wage. During the second half of the year, full monthly adjustment for all wage levels began to be applied across the board in the private sector, thus reducing the incidence of strikes. Real average wages in the industrial

Figure 3
BRAZIL: CONSUMER PRICE INDEX
(Percentages)



Source: ECLAC: on the basis of official data.

sector of São Paulo, which had recorded no increase in the first half of the year, jumped by 22% in the second half.

In the public sector, however, wage negotiations proved to be more difficult. Under the new Constitution public servants were permitted to join trade unions, thereby converting the strike into an important instrument of pressure for recovering losses in real wages and salaries due to lags in the indexation mechanisms. This led to a wave of strikes throughout the public service, which took twice as long to resolve as in the private sector and resulted in substantial increases in personnel costs.

Federal public expenditure soared dramatically, mainly as a result of the higher real financial costs deriving from the public debt and, to a lesser extent, the increase in wages and social welfare contributions. On the other hand, the real level of public revenue fell by 5% on account of the transfer of federal taxes to the states and municipalities, as provided for in the new Constitution, and the natural decline caused by rampant inflation. As a result of this, the public sector disequilibrium took on alarming proportions, and the deficit as viewed in its operational concept, which takes account of the effect of indexation on the

public debt, was equivalent to almost one-eighth of GDP, or three times the level of the previous year.

Failure to control the deficit further hastened the financial deterioration of the public sector, which had to increase its domestic indebtedness by 21% in real terms. These resources were, however, insufficient to finance the huge shortfall of the federal government, making it necessary to have recourse to extra money issues. The high liquidity of government one-day debt paper meant that the attempt to offer high real interest rates in order to keep on attracting resources with these instruments led to a vicious spiral of increases in nominal interest rates and in the financial needs of the Government. As a result, the daily volume of transactions of federal paper rose to some US\$39 billion. The hyperinflationary situation was also manifested in the 1700% expansion in the monetary base and in a drop in demand for money, to the point where the share of the means of payment (M₁) in the GDP fell below 2%. However, liquidity in its broad sense (M₂) came to approximately 25% of GDP, and with the addition of savings and fixed-term deposits (M₄) it still came to almost 24% (see figures 4 and 5).

Figure 4
BRAZIL: MEANS OF PAYMENT (M1)

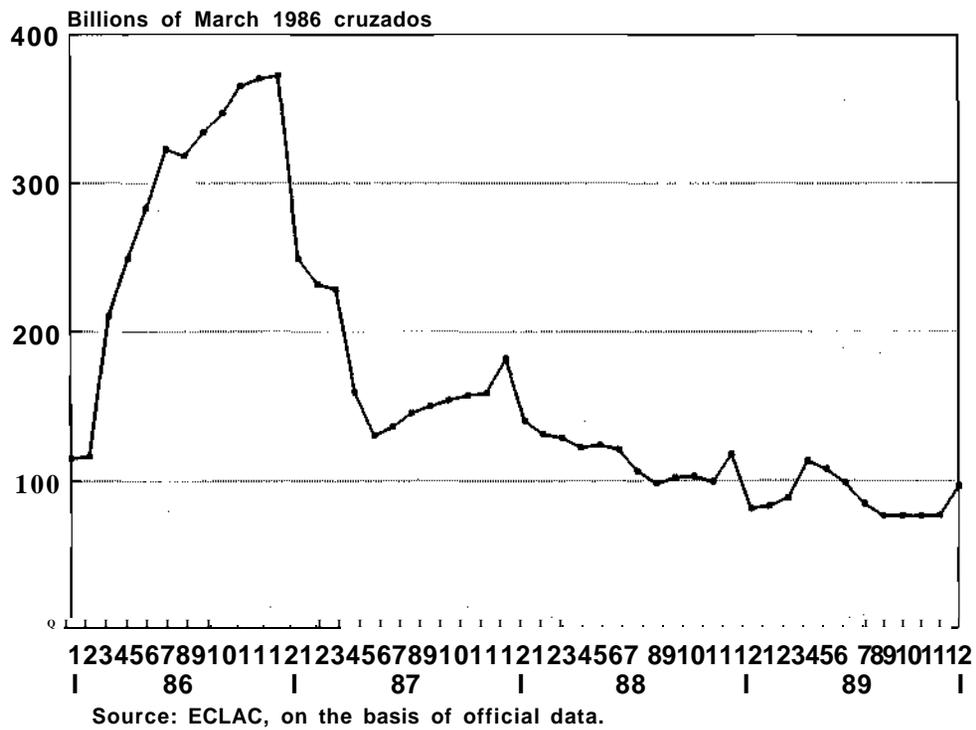


Figure 5
BRAZIL: MONETARY RESOURCES (M2)

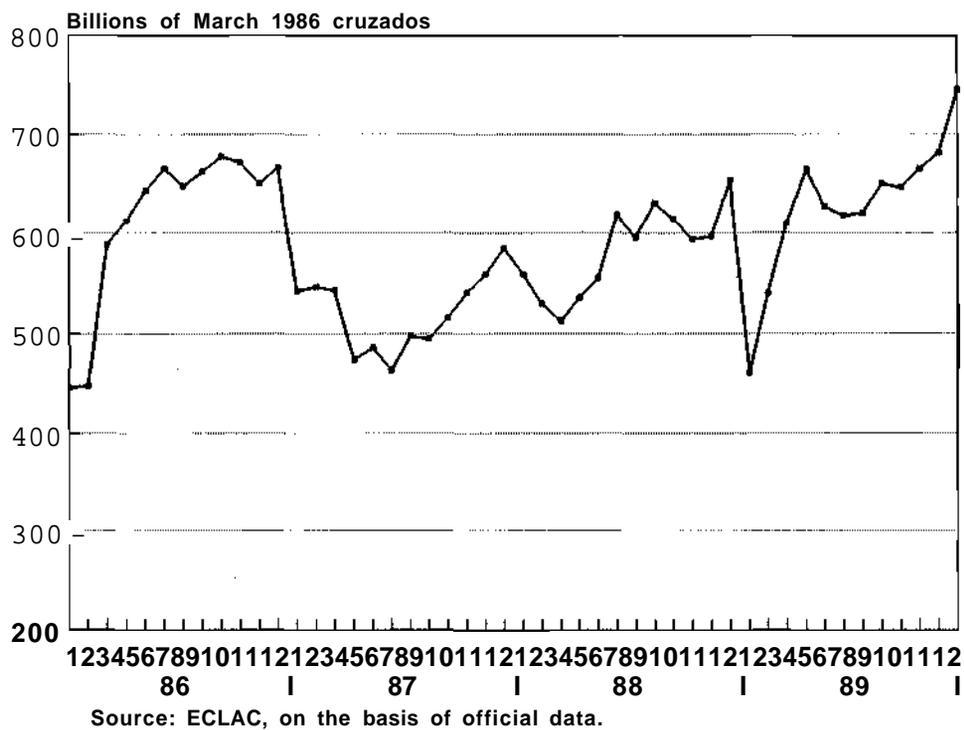


Table 1
BRAZIL: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Indexes (1980 = 100)								
Basic economic indicators								
Gross domestic product								
at market prices	96.2	92.9	97.6	105.8	113.7	117.9	117.9	122.1
Gross national income	91.8	88.5	93.2	101.2	110.5	114.1	114.1	118.6
Population (millions of inhabitants)	126.9	129.8	132.7	135.6	138.5	141.5	144.4	147.4
Per capita gross domestic product	91.9	86.8	89.2	94.7	99.6	101.1	99.0	100.5
Real effective exchange rate	78.5	94.6	87.4	87.9	91.5	95.2	86.4	70.3
Urban unemployment rate	6.3	6.7	7.1	5.3	3.9	3.7	3.8	3.3
Growth rates								
Short-run economic indicators								
Gross domestic product	0.6	-3.4	5.1	8.4	7.5	3.7	-	3.6
Per capita gross domestic product	-1.6	-5.6	2.8	6.1	5.2	1.5	-2.1	1.5
Gross national income ^c	-1.3	-3.7	5.4	8.5	9.3	3.2	-	3.9
Consumer prices, December to December								
National consumer price index	100.3	178.0	209.1	239.1	58.6	396.0	994.3	1910.6
Consumer price index					22.2 ^c	366.0	933.6	1779.1
General price index (domestic availability) ^f	99.7	211.0	223.8	235.1	65.0	415.8	1 037.6	1 782.9
Wages ^g		-4.9	3.2	14.7	13.8	-7.0	8.5	7.0
Current value of exports of goods and services	-13.9	7.5	22.5	-4.6	-12.3	16.0	28.3	4.0
Current value of imports of goods and services	-9.0	-21.1	-10.0	-4.0	8.7	5.3	2.8	21.6
Terms of trade of goods and services	-7.1	-4.9	7.5	-3.8	13.2	-9.2	4.7	1.3
Millions of dollars								
External sector								
Trade balance (goods and services)	-2 795	4 079	11345	10 735	5 869	8 777	16 198	13 367
Net payments of profits and interest	13 509	11025	11473	11228	11158	10 346	11403	12188
Balance on current account	•16 314	-6 842	33	-353	-5 199	-1456	4 889	1424
Balance on capital account	11119	4 943	5 342	-170	2 016	3 587	-3184	470
Variation in international reserves	-4 157	-1214	5 139	-930	-5 364	1805	2 138	1391
Total external debt	83 205	91362	99 765	105 126	111045	121174	113 469	114 471

Source: ECLAC, on the basis of official data.

^a Preliminary figures. ^b Weighted average of the rates for the main metropolitan areas. ^c Gross domestic product plus terms-of-trade effect (goods and services). ^d Official inflation index from 28 February 1986. ^e Variation February-December. ^f The general 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%). ^g Average real wages in industry in São Paulo.

Table 2
BRAZIL: EVOLUTION OF REAL GROSS NATIONAL INCOME

	Indexes (1980 = 100)			Percentage breakdown			
	1987	1988	1989 ^a	1980	1987	1988	1989 ^a
Gross national income (a + b + c + d)	114.1	114.1	118.6	97.2	94.0	94.0	94.4
a) Gross domestic product	117.9	117.9	122.1	100.0	100.0	100.0	100.0
b) Terms-of-trade effect		••		-	-2.3	-2.2	-1.9
c) Net foreign factor income	150.4	156.8	161.3	-2.9	-3.7	-3.8	-3.8
d) Net private transfers from abroad	90.1	71.2	178.6	0.1	*	-	0.1

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 3
BRAZIL: TOTAL SUPPLY AND DEMAND

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total supply	113.1	112.9	117.9	111.4	107.6	8.3	3.2	-0.2	4.4
Gross domestic product at market prices	117.9	117.9	122.1	100.0	100.0	7.5	3.7	0.0	3.6
Imports of goods and services	71.2	69.2	81.0	11.4	7.6	21.5	-3.0	-2.8	17.0
Total demand	113.1	112.9	117.9	111.4	107.6	8.3	3.2	-0.2	4.4
Domestic demand	108.8	106.3	111.9	102.4	93.9	11.5	1.6	-2.3	5.3
Gross domestic investment	92.7	88.6	94.8	23.3	18.1	20.6	-0.4	-4.5	7.0
Gross fixed investment	94.2	90.3	95.1	22.9	17.8	22.2	-0.4	-4.1	5.3
Construction	104.2	101.0	108.7	13.8	12.3	17.5	1.1	-3.0	7.6
Machinery and equipment	78.9	73.9	74.3	9.0	5.5	32.5	-3.2	-6.3	0.5
Changes in stocks	17.4	-1.8	78.0	0.4	0.3				
Total consumption	113.6	111.6	117.0	79.1	75.8	9.5	2.1	-1.8	4.9
General government	112.7	111.6	116.0	9.2	8.7	2.4	1.8	-1.0	4.0
Private	113.7	111.6	117.1	69.9	67.1	10.4	2.1	-1.9	5.0
Exports of goods and services	162.3	188.1	186.0	9.0	13.7	-13.4	17.8	15.9	-1.1

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

^a Preliminary figures.

^b The figures for exports and imports of goods and services were obtained from IMF balance-of-payments data in current dollars, converted to constant 1980 values by means of unit value indexes calculated by ECLAC for the purpose.

Table 4
BRAZIL: SOURCE AND FINANCING OF GROSS DOMESTIC INVESTMENT
(As a percentage of gross domestic product)^a

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Gross domestic investment	19.3	15.4	15.0	17.0	19.1	1&3	17.5	18.1
Gross domestic savings	20.3	20.1	22.2	24.0	22.6	23.8	25.1	24.2
Net income from factor services	-5.2	-4.5	-4.7	-4.3	-4.5	-3.7	-3.8	-3.8
Terms-of-trade effect	-2.1	-3.0	-2.6	-2.8	-1.2	-2.3	-2.2	-1.9
Unrequited private transfers			0.1	0.1				0.1
Gross national savings	13.0	12.6	15.1	16.9	17.0	17.8	19.2	18.5
External savings	6.3	2.8	-	0.1	2.1	0.5	-1.6	-0.4

Source: ECLAC, on the basis of official figures.

^a At market prices, in constant 1980 dollars, at the adjusted exchange rate.

^b Preliminary figures.

Table 5
**BRAZIL: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY,
 AT 1980 MARKET PRICES**

	Indexes(1980== 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product	117.9	117.9	122.1	100.0	100.0	7.5	3.7	-	3.6
Goods	113.7	111.1	115.1	51.5	48.6	7.0	3.8	-2.1	3.4
Agriculture	127.8	129.7	132.5	10.5	11.4	-8.1	14.9	1.5	2.2
Mining	180.4	181.1	188.2	1.1	1.7	3.7	-0.8	0.4	3.9
Manufacturing	108.9	105.2	108.4	33.1	29.4	11.2	1.0	-3.4	3.0
Construction	104.2	101.1	108.7	6.8	6.0	17.6	1.1	-3.0	7.5
Basic services	154.7	164.4	174.2	6.9	9.8	12.1	5.2	6.3	6.0
Electricity, gas and water	163.9	173.4	180.0	1.9	2.7	8.3	3.3	5.8	3.8
Transport, storage and communications	151.3	161.1	172.1	5.0	7.1	13.7	6.0	6.5	6.8
Other services	120.5	121.3	125.0	48.8	50.0	5.5	U	0.7	3.0
Commerce, restaurants and hotels	111.9	108.8	111.9	14.5	13.3	8.1	2.6	-2.8	2.8
Financial institutions, insurance, real estate and business services	129.2	129.4	134.0	15.8	17.4	1.8	-1.6	0.1	3.6
Ownership of dwellings	128.2	128.2	132.0	6.7	7.2	8.0	3.1	-	3.0
Community, social and personal services	119.7	124.2	127.6	18.4	19.3	7.3	3.1	3.8	2.7
Government services	116.3	118.7	121.1	6.3	6.2	2.1	2.1	2.1	2.0

Source: ECLAC, on the basis of official figures, re-weighted with the structure at current 1980 prices. As a result, the trends obtained do not necessarily coincide with those published by the countries in their calculations at constant prices.

^a Preliminary figures.

Table 6
BRAZIL: INDICATORS OF AGRICULTURAL PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates				
					1985	1986	1987	1988	1989 ^a
Index of the agricultural product (1980 = 100)	111.2	127.8	127.4	130.2	9.9	-8.2	14.9	-0.3	1.2
Production of main crops (thousands of tons)									
Export crops									
Coffee beans	1945	2 520	2 643	2999	40.1	-48.2	29.6	4.9	13.5
Soya	13 335	16 979	18 055	24 080	17.6	-27.0	27.3	6.3	33.4
Oranges	66 633	73 352	76 596	90 466	9.9	-6.1	10.1	4.4	18.1
Sugar cane	238 493	268 585	259 761	259 194	10.4	-3.0	12.6	-3.3	-0.2
Cocoa	460	329	347	395	21.4	9.8	-28.5	5.5	13.8
Tobacco	387	398	398	432	-1.0	-5.8	2.8	-	8.5
Cotton	2198	1612	2 388	1785	31.4	-22.5	-26.7	48.1	-25.3
Peanuts	215	195	170	156	37.2	-36.6	-9.3	-12.8	-8.2
Castor beans	260	107	145	113	84.9	-37.5	-58.8	35.5	-22.1
Crops for domestic consumption									
Rice	10 405	10 425	11804	10 489	-	15.4	0.2	13.2	-11.1
Beans	2 219	2006	2 941	2 328	-2.6	-12.9	-9.6	46.6	-20.8
Maize	20 541	26 787	24 709	25127	4.0	-6.7	30.4	-7.8	1.7
Cassava	25 556	23 500	21588	18 615	8.4	10.8	-8.0	-8.1	-13.8
Potatoes	1834	2 343	2 305	2135	-8.4	-7.8	27.8	-1.6	-7.4
Tomatoes	1838	2 043	2 378	1956	6.2	-4.9	11.2	16.4	-17.7
Wheat	5 638	6 099	5 436	5110	117.1	32.8	8.2	-10.9	-6.0
Selected livestock production (thousands of tons)									
Beef	1870	2 078	2 581	2660	3.3	-13.6	6.4	24.2	3.1
Pork	599	735	699	624	2.5	4.5	20.0	-4.9	-10.7
Poultry meat	1193	1213	1318	1401	-16.2	3.7	11.0	8.7	6.3
Milk ^c	7 584	7 914	9066	8906	-1.8	-3.6	14.7	14.6	-1.8

Source: Brazilian Geographical and Statistical Institute (IBGE), "Levantamento Sistemático da Produção Agrícola".

^a Preliminary figures. Millions of units. ^c Millions of litres.

Table 7
BRAZIL: INDICATORS OF MINING PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates			
					1986	1987	1988	1989 ^a
Index of mining production (1980 = 100)	181.8	180.4	181.1	188.2	3.7	-0.8	0.4	3.9
Production of some important minerals (thousands of tons)								
Petroleum ^b	33.2	32.8	32.2	34.5	4.7	-1.2	-1.8	7.1
Natural gas ^c	5.7	5.8	5.8	6.1	3.6	1.8	-	5.2
Coal	22.7	18.7	20.8	17.8	-7.7	-17.6	11.2	-14.4
Iron ore	129.2	134.1	145.0	153.7	5.0	3.8	8.1	6.0
Nickel	13.5	13.9	13.7	13.7	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).
^a Preliminary figures. ^b Thousands of cubic metres. ^c Millions of cubic metres.

Table 8
BRAZIL: INDICATORS OF MANUFACTURING PRODUCTION

	Average indexes (1981 = 100) ^a				Growth rates				
	1986	1987	1988	1989 ^b	1985	1986	1987	1988	1989 ^b
Manufacturing production	120.0	121.6	117.2	120.9	8.3	11.6	1.3	3.6	3.1
By categories of goods									
Capital goods	108.3	106.0	103.9	105.6	12.3	22.4	-2.1	-2.0	1.6
Intermediate goods ^c	128.3	130.4	127.4	130.6	7.2	9.0	1.6	-2.3	2.5
Consumer durables	137.5	130.4	131.2	134.2	15.1	20.6	-5.2	0.6	2.3
Consumer non-durables	116.2	117.9	112.8	117.4	7.9	8.5	1.5	-4.3	4.1
By industrial branches:									
Foodstuffs	104.0	111.3	108.9	110.1	0.1	0.4	7.0	-2.2	1.1
Beverages	126.1	120.3	124.7	143.3	11.0	23.5	-4.6	3.7	14.9
Tobacco	127.6	129.4	130.3	138.0	10.5	9.0	1.4	0.7	5.9
Textiles	116.3	115.9	108.7	111.3	13.6	13.2	-0.3	-6.2	2.4
Clothing	104.6	95.8	87.6	89.5	7.5	4.8	-8.4	-8.6	2.2
Paper and paperboard	137.0	142.0	139.7	151.1	6.4	10.5	3.6	-1.6	8.2
Petroleum products	125.3	132.8	119.8	120.1	0.1	18.0	6.0	-9.8	0.3
Other chemicals	125.3	132.8	133.9	134.0	10.2	-4.4	6.0	0.8	0.1
Pharmaceuticals	130.8	133.4	117.3	121.0	5.2	22.6	2.0	-12.1	3.2
Perfumery, soaps and candles	143.2	167.7	150.5	165.9	12.8	22.5	17.1	-10.3	10.2
Rubber	130.0	135.1	137.7	134.5	8.2	16.6	3.9	1.9	-2.3
Plastic articles	136.9	131.9	123.2	138.2	11.3	22.0	-3.7	-6.6	12.2
Non-metallic minerals	103.2	106.8	101.1	104.4	7.5	18.4	3.5	-5.3	3.3
Metal products	127.9	128.9	125.2	130.4	7.0	11.7	0.8	-2.9	4.2
Machinery	113.9	120.0	108.8	113.4	10.1	21.9	5.4	-9.3	4.2
Electrical equipment	141.3	133.5	126.9	134.1	19.3	25.5	-5.5	-4.9	5.7
Transport equipment	118.8	106.8	116.8	113.5	11.7	12.4	-10.1	9.4	-2.8
Other indicators of manufacturing production									
Industrial consumption of electricity	97.2	97.3	99.5	103.6	13.7	6.5	0.1	2.3	4.1
Employment ^e	104.3	106.5	104.5	106.7	8.5	10.0	2.1	-2.0	2.1

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

^a Indexes calculated on the basis of figures at constant 1980 prices.

^b Preliminary figures.

^c Includes mining.

^d Billions of kWh consumed by the manufacturing sector. ^e Indexes 1978 = 100; labour employed in the industrial sector of the State of São Paulo (annual averages).

Table 9
BRAZIL: MOTOR VEHICLE PRODUCTION

	Thousands of units				Growth rates				
	1986	1987	1988	1989 ^a	1985	1986	1987	1988	1989 ^a
Motor vehicles (all types)	1 057.0	920.1	1068.9	1012.0	11.8	93	-13.0	16.2	•53
Automobiles	816.0	683.4	782.6	731.0	41.1	7.5	-16.3	14.5	-6.6
Light trucks and utility vehicles	146.0	148.8	196.0	204.4	-50.7	9.0	1.9	31.7	4.3
Trucks	83.8	74.2	71.8	62.0	32.7	28.9	-11.5	-3.2	-13.6
Buses	11.2	13.6	18.4	14.6	14.3	40.0	21.4	35.3	-20.7
Vehicles fuelled by alcohol	699.0	459.2	565.8	399.7	14.4	8.9	-34.3	23.2	-29.4
Exports of motor vehicles ^c	183.0	344.7	320.3	254.2	6.1	-12.0	88.4	-7.1	-20.6

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

^a Preliminary figures. Included in the total number of vehicles. ^c Includes exports of CKD (completely knocked down) vehicles.

Table 10
BRAZIL: PRODUCTION OF METALS

	Thousands of tons				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Iron and steel								
Pig iron	20 464	21 334	23 439	24 318	6.3	4.3	9.9	3.8
Steel ingots	21 240	22 228	24 615	25 019	3.9	4.7	10.7	1.6
Rolled products								
Rats	8 980	9 060	9 724	9 761	9.0	0.9	7.3	0.4
Non-flats	6 635	6 475	6 431	6 461	5.9	-2.4	-0.7	0.5
Alloy steel	777	789	890	915	4.6	1.5	12.8	2.8
Non-ferrous metals								
Aluminium	805.6	895.3	938.1	887.9	35.6	11.1	4.8	-5.4
Copper	166.0	199.2	147.7 ^c	153.4	16.2	20.0		3.9
Tin	25.1	28.8	40.7	44.1	1.6	14.7	41.3	8.4
Nickel	13.5	13.9	13.1	13.7	2.3	3.0	-5.8	4.6
Lead	85.4	88.2	98.2	87.9	4.7	3.3	11.3	-10.5
Zinc	135.6	148.0	144.5	157.4	12.3	9.1	-2.4	8.9
Metallic silicon	37.1	40.0	79.3	116.8	26.6	7.8	98.3	47.3

Source: Non-Ferrous Metals and Iron and Steel Council (CONSIDER).

* Preliminary figures. Primary and secondary metal. ^c Primary copper only.

Table 11
BRAZIL: FORMAL URBAN EMPLOYMENT
(Percentage variation between annual averages)

Regional and metropolitana reas	Industry		Construction		Commerce		Services		Total ^b	
	1988	1989 ^a	1988	1989 ^a	1988	1989 ^a	1988	1989 ^a	1988	1989 ^a
Whole country	-0.9	2.7	7.4	-2.7	2.6	4.5	3.9	3.0	22	2.4
North	-1.2	7.9	4.8	-4.4	5.9	5.3	5.7	12.5	2.9	3.3
Northeast	-0.1	4.2	7.7	-4.7	2.7	2.9	3.8	2.3	2.3	1.8
Southeast	-1.3	2.2	7.0	-1.4	2.7	5.0	3.8	3.1	2.1	2.6
South	-0.1	2.5	5.6	-4.0	1.6	3.8	3.6	2.9	1.9	2.0
West Central	4.6	6.0	15.8	-5.3	3.6	4.9	4.4	3.3	4.2	2.6
Metropolitan areas	-1.7	2.1	8.4	-13	3.0	4.7	3.9	3.2	2.1	2.5
Belém	-1.0	1.9	9.7	2.4	2.3	2.2	4.5	3.8	3.0	2.4
Fortaleza	0.7	5.1	11.5	-	1.3	2.3	3.8	3.2	2.1	2.7
Recife	-1.9	4.3	9.0	-2.0	2.8	4.5	4.1	3.0	2.1	2.8
Salvador	-0.6	2.3	9.4	3.6	2.7	0.9	3.1	2.6	2.2	1.8
Belo Horizonte	-0.8	4.3	9.4	-7.1	3.2	5.3	2.4	2.1	2.4	1.9
Rio de Janeiro	-1.7	2.3	2.7	-2.4	1.6	3.3	2.0	2.3	1.1	2.0
São Paulo	-2.3	1.5	10.8	0.5	4.4	6.4	5.5	4.0	2.4	2.9
Curitiba	2.8	3.7	9.3	-6.6	3.6	5.9	5.5	3.7	4.6	2.6
Porto Alegre	-0.7	1.5	2.7	3.3	1.8	4.1	3.2	3.7	1.4	2.6

Source: Cadastro Geral de Empregados e Desempregados - Act 4923, Ministry of Labour.

^a Preliminary figures. This total also includes the mining, public service, public administration, agricultural, agroindústria!, hunting and fishing sectors.

Table 12
BRAZIL: UNEMPLOYMENT RATES IN MAIN URBAN CENTRES

Main cities	1985	1986	1987	1988	1989	1988				1989			
						I	II	III	IV	I	II	III	IV
Rio de Janeiro	4.9	3.5	3.2	3.1	2.8	3.2	3.2	3.1	2.9	3.0	2.8	2.6	2.6
São Paulo	5.0	3.3	3.8	4.0	3.5	4.4	4.2	4.1	3.3	4.6	3.8	3.2	2.3
Belo Horizonte	5.7	3.7	3.9	4.0	3.4	4.2	4.5	4.0	3.3	4.1	3.6	3.1	2.8
Porto Alegre	5.4	3.9	3.9	3.6	2.6	4.0	3.9	3.7	3.0	3.3	2.8	2.3	2.0
Salvador	6.0	4.5	4.1	4.6	4.4	4.9	5.0	4.7	3.9	4.8	4.4	4.6	3.7
Recife	7.2	4.4	5.2	5.6	5.3	6.2	5.3	5.8	4.9	6.0	5.4	5.6	4.2
Average for urban centres^a	5J	3.9	3.7	3.8	3J	4.1	4.0	3.9	3J	4J	3.8	3.6	2.9

Source: Brazilian Geographical and Statistical Institute (IBGE), Monthly Employment Survey.

^a Weighted by the economically active population of each city.

Table 13
BRAZIL: EVOLUTION OF EXCHANGE RATES
(Annual and quarterly averages)

	Nominal exchange rates (cruzados per dólar)	Real effective exchange rate indexes ⁸ (1985 = 100)			
		Exports		Imports	
		(A)	(B)	(A)	(A) ^b
1970-1979		84.8		73.4	85.9
1980-1989		99.4	92.9	93.2	98.4
1980	0.05	113.8	102.9	116.7	114.4
1981	0.09	93.0	79.6	100.8	94.5
1982	0.18	89.3	66.3	95.7	88.8
1983	0.58	107.6	94.2	109.2	107.1
1984	1.85	99.5	106.0	101.1	100.3
1985	6.20	100.0	100.0	100.0	100.0
1986	14	104.1	94.8	84.5	101.4
1987	39	108.3	106.4	85.7	104.2
1988	262	98.3	98.1	75.4	95.3
1989	2 834	80.0	80.6	62.7	77.8
1987					
I	18	107.6	94.4	85.3	103.3
II	31	106.3	101.5	84.4	102.2
III	47	111.1	119.5	88.6	107.4
IV	60	108.0	110.5	84.6	103.8
1988					
I	92	104.2	107.8	80.9	100.3
II	152	100.5	99.0	77.7	97.3
III	270	93.8	96.3	71.9	91.6
IV	536	94.6	89.6	71.2	92.1
1989					
I	968	91.6	98.0	71.8	90.1
II	1 150	80.6	78.2	63.4	78.2
III	2 552	76.3	78.8	59.3	73.5
IV	6 666	71.4	67.6	56.3	69.5

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

Note: A: Deflated by the wholesale price index. B: Deflated by the index of average wages in the manufacturing sector in Rio de Janeiro.

^a Corresponds to the average of the real exchange rate indexes of the cruzado with respect to the currencies of Brazil's main trading partners, weighted according to the relative importance of exports or imports 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 Statistical Appendix to the *Economic Survey of Latin America*, 1981. Does not include the following oil-exporting countries: Saudi Arabia, Iraq and Nigeria.

Table 14
BRAZIL: MAIN FOREIGN TRADE INDICATORS (GOODS)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
	Growth rates							
Exports FOB								
Value	-13.3	8.6	23.3	-5.4	-12.3	16.7	29.2	18
Volume	-6.9	17.0	19.4	15	-13.3	19.3	16.7	-2.0
Unit value	-6.9	-7.2	3.2	-6.8	12	-2.2	10.7	3.9
Imports FOB								
Value	-12.2	-20.4	-9.8	-5.7	6.7	7.4	-3.0	25.2
Volume	-11.3	-16.3	-3.8	-1.6	22.5	-2.1	-6.5	19.4
Unit value	-1.0	-4.9	-6.3	-4.1	-12.9	9.7	3.8	4.9
Terms of trade	-6.2	-2.6	9.6	-3.1	15.0	-10.5	6.5	-1.0
	Indexes (1980 = 100)							
Purchasing power of exports	91.3	104.1	136.3	134.1	133.8	142.8	177.4	172.2
Volume of exports	114.5	134.0	160.1	162.4	140.9	168.1	196.1	192.2
Volume of imports	77.1	64.5	62.1	61.1	74.9	73.3	68.6	81.8
Terms of trade FOB/CIF	79.8	77.7	85.2	82.6	95.0	84.9	90.5	89.6

Source: ECLAC, on the basis of official data.

^a Preliminary figures.

Table 15
BRAZIL: EXPORTS OF GOODS, FOB

	Millions of dollars				Percentage breakdown		Growth rates			
	1986	1987	1988	1989*	1980	1989*	1986	1987	1988	1989*
Total	22 393	26 224	33 784	34 392	100.0	100.0	-12.7	17.1	28.8	1.8
Commodities	7 349	8 022	9 397	9 599	42.2	27.9	-13.9	9.2	17.1	2.1
Coffee beans	2 063	1 959	1 998	1 610	12.3	4.7	-12.9	-5.0	2.0	-19.4
Iron ore	1 234	1 563	1 828	2 163	7.8	6.3	-12.0	26.7	17.0	18.3
Soya meal and cake	1 181	1 450	2 024	2 136	7.2	6.2	0.5	22.8	39.6	5.5
Soya beans	243	570	728	813	2.0	2.4	-68.2	134.6	27.7	11.7
Unrefined sugar	138	134	167	114	3.1	0.3	-16.9	-2.9	24.6	-31.7
Other	2 490	2 303	2 652	3 576	9.8	10.4	-6.5	-7.5	15.2	34.8
Industrial products	14 867	18 008	24 082	24 400	56.5	70.9	-11.6	21.1	33.7	13
Semi-manufactures	2 481	3 177	4 892	5 806	11.6	16.9	-10.0	28.1	54.0	18.7
Manufactures	12 386	14 831	19 190	18 594	44.8	54.1	-11.9	19.7	29.4	-3.1
Processed coffee	297	226	232	193	1.4	0.6	12.9	-23.9	2.7	-16.8
Orange juice	636	832	1 144	1 019	1.7	3.0	-15.1	30.8	37.5	-10.9
Footwear	1 017	1 280	1 168	1 312	2.0	3.8	5.1	25.9	-8.8	12.3
Transport equipment	1 568	2 780	3 387	3 774	7.5	11.0	-7.4	77.3	21.8	11.4
Machinery, boilers and mechanical apparatus	1 443	1 634	1 415	1 183	6.9	3.4	-9.2	13.2	-13.4	-16.4
Electrical machinery and equipment	794	888	859	971	2.3	2.8	36.7	11.8	-3.3	13.0
Manufactured iron and steel products	999	989	2 185	1 610	3.1	4.7	-17.2	-1.0	120.9	-26.3
Other	5 632	6 727	8 800	8 532	19.9	24.8	-19.7	19.4	30.8	-3.0
Other products	177	194	305	393	13	1.1	-36.6	9.6	57.2	28.9

Source: Banco do Brasil, Carteira de Comércio Exterior (CACEX).

^a Preliminary figures. ^b Includes consumption on board aircraft and ships, re-exports and special transactions.

Table 16
BRAZIL: IMPORTS OF GOODS, FOB

	Millions of dollars			Percentage breakdown		Growth rates			
	1987	1988	1989*	1980	1988*	1986	1987	1988	1989*
Total	15 052	14 605	18 281	100.0	100.0	6.8	7.2	-3.0	25.2
Consumer goods	1 516	1 373	2 624	5.7	14.4	151.3	-24.0	-9.4	91.1
Intermediate goods	9 578	9 037	10 804	75.2	59.1	-13.1	11.6	-5.6	19.6
Fuels and lubricants	3 859	4 136	4 427	44.4	24.2	-51.1	38.5	7.2	7.0
Other	5 719	4 901	6 377	30.8	34.9	29.3	-1.4	-14.3	30.1
Capital goods	3 958	4 195	4 853	19.1	26.5	39.7	14.3	6.0	15.7

Source: Central Bank of Brazil.

^a Preliminary Figures.

Table 17
BRAZIL: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-16 314	-6 842	33	-353	-5199	-1456	4 889	1424
Trade balance	-2 795	4 079	11 345	10 735	5 869	8 777	16 198	13 367
Exports of goods and services	21 967	23 619	28 939	27 617	24 225	28 100	36 060	37 520
Goods FOB	20 172	21 906	27 001	25 539	22 408	26 156	33 789	34 392
Real services	1 791	1 712	1 937	2 077	1 818	1 943	2 271	3 128
Transport and insurance	1 013	1 119	1 309	1 515	1 161	1 320	1 655	1 415
Travel	66	40	64	66	84	102	117	1 224
Imports of goods and services	24 762	19 540	17 594	16 882	18 355	19 322	19 862	24 153
Goods FOB	19 395	15 434	13 915	13 127	14 011	15 050	14 605	18 281
Real services	5 365	4 106	3 678	3 754	4 345	4 274	5 257	5 872
Transport and insurance	2 460	2 025	2 070	1 873	1 993	2 139	2 558	2 959
Travel	913	431	218	440	591	287	705	706
Factor services	-13 509	-11 025	-11 473	-11 228	-11 158	-10 346	-11 403	-12 188
Profits	-2 141	-1 453	-1 267	-1 605	-1 793	-1 534	-1 539	-2 380
Interest received	1 198	707	1 245	1 521	919	526	759	1 196
Interest paid and due	-12 550	-10 267	-11 449	-11 124	-10 261	-9 308	-10 591	-10 971
Labour and property	-14	-13	-2	-20	-26	-31	-32	*33
Unrequited private transfer payments	-11	106	161	140	90	112	94	245
Balance on capital account	11 119	4 943	5 342	-170	2 016	3 587	-3 184	470
Unrequited official transfer payments	2	2	10	15	-2	-43		
Long-term capital	8 011	7 997	9 773	2 302	759	1 010	3 497	-2 194
Direct investment	2 534	1 372	1 557	1 281	181	1 078	2 269	130
Portfolio investment	-1	-286	-272	-235	-454	-429		
Other long-term capital	5 478	6 911	8 489	1 255	1 032	-1 659	1 228	-2 324
Official sector ^c	1 744	9 279	11 283	6 296	8 780	7 949		
Loans received	3 368	13 329	20 561	15 160	13 281	11 039		
Amortization payments	-1 286	-4 153	-9 427	-8 683	-4 462	-3 027		
Commercial banks ^c	1 681	-1 520	-1 404	-2 630	-3 630	-2 183		
Loans received	4 239	1 136	1 230	327	70	746		
Amortization payments	-2 559	-2 656	-2 631	-2 957	-3 699	-2 929		
Other sectors ^c	2 053	-848	-1 390	-2 411	-4 118	-7 425		
Loans received	6 675	2 527	2 079	2 126	1 154	2 093		
Amortization payments	-4 264	-3 358	-4 128	-5 133	-5 761	-9 152		
Short-term capital	3 476	-2 464	-4 844	-1 991	1 211	5 444	-5 848	3 036
Official sector	3 879	-1 390	-1 942	-461	365	5 026		
Commercial banks	-136	-710	1 001	-555	711	441		
Other sectors	-267	-364	-3 903	975	135	-23		
Errors and omissions (net)	-369	-592	404	-495	47	-807	-833	-372
Global balance	-5 195	-1899	5 375	-523	-3 184	2 131	1 705	1 894
Total variation in reserves (- sign indicates an increase)	4 157	1 214	-5 139	930	5 364	-1 805	-2 138	-1 391
Monetary gold	824	-156	-336	-559	205	-13		
Special Drawing Rights	452	-	-1	-	1	-		
IMF reserve position	-23	287	-	-	-	-		-1
Foreign exchange assets	2 245	-714	-6 209	938	5 254	-1 268		
Other assets	109	-297	-141	126	21	-		
Use made of IMF credit	550	2 094	1 549	426	-118	-525	-643	-911

Source: 1982-1988: ECLAC, on the basis of figures obtained from the International Monetary Fund; 1989: 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 18
BRAZIL: VARIATION IN INTERNATIONAL RESERVES
(Year-end balances in millions of dollars)

	1985	1986	1987	1988	1989 ^a	Absolute variation			
						1986	1987	1988	1989 ^a
I. International liquidity	10 482	6 760	7 458	9140	9 679	-3 722	698	1682	539
Reserves, excluding gold ^c	9 478	5 621	6 025	7484	8135	-3 857	404	1459	651
Special Drawing Rights	-	-	-	-	-	-	-	-	-
IMF reserve position	-	-	-	-	-	-	-	-	-
Foreign exchange	9 478	5 621	6 025	7484	8135	-3 857	404	1459	651
Gold, national valuation	1004	1139	1433	1656	1544	135	294	223	-112
II. Net reserves of monetary authority^d									
A. Assets	9 273	5 330	6 799	8116	8 729	-3 943	1469	1317	613
B. Liabilities	4 873	5 150	9 783	3 869	7 930	277	4 633	-5 914	4 061
Short term	254	660	5806	348	5 261	406	5146	-5 458	4 913
Use of IMF credit ^e	4 619	4 490	3 977	3 521	2 669	-129	-513	-456	-852
C. Net reserves (A-B)	4 400	180	-2 985	4 247	799	-4 220	-3165	7 232	-3 448
D. Counterpart adjustments	-	-	-	-	370	-	-	-	370
E. Adjusted net reserves (C-D) ^f	4 400	180	-2 985	4 247	1169	-4 220	-3 165	7 232	-3 078

Source: Central Bank of Brazil.

^a Preliminary figures.

^b Data published by the Central Bank of Brazil.

^c Data published by IMF.

^d Method of calculation used to calculate balance-of-payments performance within the framework of the corresponding goal agreed with IMF. ^e Repurchase obligations. ^f Balance-of-payments result according to the methodology agreed with IMF.

Table 19
BRAZIL: EXTERNAL DEBT
(Year-end balances in millions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Total external debt (registered and unregistered)	71878	83 205	91362	99 765	105126	111045	121 174	113 469	114 471
I. Medium- and long-term debt (registered)									
Total	61411	70 198	81319	91091	95 857	101 759	107 514	102 555	99 285
Compensatory loans	.	544	2 645	3 967	4 608	4 490	3 938	3 075	2 439
United States Government	-	-	-	-	-	-	-	-	-
International Monetary Fund	-	544	2 645	3 967	4 608	4 490	3 938	3 075	2 439
Other	-	-	-	-	-	-	-	-	-
Bonds	2 896	2 610	2 226	1 737	1 919	1 941	1 589	1 460	1 126
International agencies	3 583	3 847	4 326	5 714	7 411	9 059	9 559	9 788	11 095
World Bank	2 264	2 341	2 588	3 905	5 057	6 367	6 932	6 946	8 310 ^o
Inter-American Development Bank	1 071	1 203	1 367	1 397	1 927	2 071	2 405	2 590	2 380
International Finance Corporation	248	301	303	285	279	231	222	252	405
Official bilateral agencies	3 894	4 160	4 855	6 603	7 793	10 225	13 022	13 350	13 720
United States Agency for International Development (USAID)	1 019	989	967	895	886	848	860	823	802
Programme loans	490	470	449	429	410	388	372	347	340
Project loans	529	519	518	466	476	460	488	476	462
Wheat ^o	568	889	1 212	1 375	1 155	696	661	444	97
United States Export-Import Bank (EXIMBANK)	955	934	981	789	674	633	532	457	355
Export-Import Bank of Japan	508	477	502	384	349	514	602	523	370
Kreditanstalt für Wiederaufbau (RFG)	624	613	722	644	796	1 167	1 503	1 398	1 528
Other ^d	220	258	471	2 516	4 341	6 367	8 864	9 705	10 568
Supplier credits	5 894	5 983	7 513	6 492	7 427	8 429	8 528	9 832	9 357
Financial credits	44 984	52 918	59 626	66 467	66 195	67 185	67 938	64 458	61 082
Resolution No. 63	13 456	16 146	15 115	13 630	11 379	8 772	6 831	4 317	2 604
Law No. 4131	31 520	36 763	44 511	52 830	54 809	58 413	61 100	60 133	58 470
Other credits	160	136	128	111	504	430	539	592	466
II. Short-term debt (unregistered)									
Total	10 467	13 007	10 313	8 674	9 269	9 286	13 660	10 914	15 456
Traditional operations (net)	9 292	7 973	8 374	7 285	7 251	7 251	7 596	8 015	7 408
Commercial lines of credit	5 034	4 377	3 779	3 126	3 291	3 123	3 143	2 731	2 731
Brazilian commercial banks	4 306	3 596	4 595	4 023	4 060	4 473	4 872	4 677	4 677
Assets	2 099	1 924	2 274	1 984	1 399	1 432	1 763	2 351	2 351
Liabilities	6 405	5 520	6 869	6 007	5 459	5 905	6 635	7 028	7 028
Special operations	3 715	2 340	300	134	536	4 632	1 136	5 697	5 697
Bridging loans	3 715	-	-	-	-	-	-	-	-
Arrears in debt payments	-	2 340	-	-	-	3 973	-	4 606	4 606
Paris Club and other operations	-	-	300	134	536	659	1 136	1 091	1 091

Source: Central Bank of Brazil.

^a Preliminary figures. Amount adjusted to current exchange rate parities. ^c United States Law No. 480, loans from the Canadian Wheat Board and other credits for wheat. ^d The bulk of this item represents financing which until 1980 was included under the heading "supplier credits".

Table 20
BRAZIL: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Millions of dollars								
Registered debt service	20 765	20 066	20123	21399	23 231	22 822	25 817	44 427
Amortization payments	8 215	10 403	8 888	10 160	13 176	13 503	15 226	33 456
Interest payments	12 550	10 263	11 235	11 239	10 055	9 319	10 591	10 971
Disbursements	14 207	14 518	16 799	12 794	13 963	13 368	15 433	31 128
Percentages								
Registered external debt/ exports of goods and services	319.6	344.4	324.1	345.7	417.9	381.4	284.6	264.5
Registered external debt service/exports of goods and services ;	94.5	87.5	69.4	77.2	95.6	81.0	71.6	118.4
Net interest/exports of goods and services	51.7	40.4	34.8	34.8	37.4	31.1	27.3	2610
Registered debt service/ disbursements	146.2	142.4	119.8	164.3	166.4	170.7	167.3	142.7

Source: ECLAC, based on data from the International Monetary Fund and the Central Bank of Brazil.

^a Preliminary Figures.

Table 21
BRAZIL: EVOLUTION OF DOMESTIC PRICES
(Percentages)

	1981	1982	1983	1984	1985	1986	1987	1988	1989
December-December variation									
General price index ^a									
Total supply	92.8	99.2	212.9	225.6	241.4	63.3	412.0	1040.5	1 773.7
Domestic availability	95.2	99.7	211.0	223.8	235.1	65.0	415.8	1037.6	1 782.9
Wholesale price index									
Total supply	90.5	96.8	238.4	233.2	234.2	59.9	400.7	1055.4	1 732.4
Agricultural products	70.7	89.0	335.8	230.5	267.7	86.2	315.0	1063.1	1 267.6
Industrial products	99.7	99.8	200.5	233.2	221.1	50.6	430.2	1053.3	1 874.8
Domestic availability	94.3	97.7	234.0	230.3	225.7	62.6	407.2	1050.0	1 748.8
Raw materials	86.1	81.5	214.4	230.6	198.6	45.9	369.5	984.0	1 506.6
Foodstuffs	85.9	98.9	299.5	223.6	238.1	87.5	324.7	1064.4	1498.7
Consumer price index, Rio de Janeiro	100.6	101.8	177.9	208.7	248.5	63.5	432.3	1006.4	1 759.2
Food	96.0	99.9	256.9	224.5	265.9	62.8	393.7	1173.2	1 557.4
Construction costs	86.1	108.0	148.9	213.4	283.6	81.3	416.6	1060.5	2 017.9
Nationwide consumer price indexes									
NCPI ^c	93.5	100.3	178.0	209.1	239.1	58.6	396.0	994.3	1910.6
CPI ^d						22.2 ^e	366.0	933.6	1779.1
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	1313.6
Domestic availability	109.9	95.4	154.5	220.6	225.5	142.3	224.8	684.6	1319.7
Wholesale price index									
Total supply	108.2	92.0	168.3	236.2	228.9	139.8	208.3	697.2	1269.1
Domestic availability	113.1	94.0	164.9	232.9	223.4	138.7	177.0	695.9	1291.4
Consumer price index, Rio de Janeiro	105.5	98.0	142.0	196.8	226.9	143.7	231.7	682.3	1277.0
Construction costs	101.0	98.2	119.6	195.1	241.3	161.3	290.5	635.9	1537.9
Nationwide consumer price indexes									
NCPI ^c	102.8	97.0	140.7	195.8	218.2	137.4	221.6	638.9	1464.5
CPI ^d								582.0	1335.0

Source: Getúlio Vargas Foundation, *Conjuntura Econômica*, and Central Bank of Brazil, *Informativo mensal* (several issues).

^a 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%). ^b 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. ^c 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. ^e Variation from February to December.

Table 22
BRAZIL: AVERAGE REAL WAGES IN MANUFACTURING
(Index 1980 = 100)

	São Paulo ^a		Rio de Janeiro	
	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	144.3	-7.0	105.4	-12.7
1988	156.5	8.5	102.7	-2.6
1989 ^c	167.5	7.0	103.6	0.9 ^d

Source: Industrial Federation of the State of São Paulo (FIESP) and the Brazilian Association for the Development of Basic Industries (ABDIB).

^a 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-Economic Research Institute). ^b 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.

^c Preliminary figures. ^d December to December variation.

Table 23
BRAZIL: PRIVATE SECTOR LIQUIDITY
(Percentage variations between end-of-December balances)

	M ₁	M ₂	M ₃	M ₄
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	1 056.4	1063.5	1 045.3
1989	1 422.8	2 027.7	1 653.4	1 599.1

Source: Getulio Vargas Foundation (OVF), *Conjuntura Económica*, February 1989.

Note: M₂ = M₁ + public securities outside the Central Bank. M₃ = M₂ + saving deposits. M₄ = M₃ + time deposits.

Table 24
BRAZIL: MONETARY BASE AND MEANS OF PAYMENT^a
(Percentage variations)

	Monetary base		Means of payment	
	During the year	Over the previous 12 months	During the year	Over the previous 12 months
1984				
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
1985				
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
1986				
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
1987				
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
1988				
March	34.1	299.1	13.0	175.3
June	80.9	435.7	78.0	288.1
September	183.3	339.0	179.4	364.6
December	622.3	622.3	571.7	571.7
1989				
March	58.8	754.8	40.1	733.3
June	178.9	1012.8	129.8	767.0
September	374.2	1108.9	302.8	868.4
December	1754.8	1 754.8	1422.8	1 422.8

Source: Central Bank of Brazil.

^a 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 25
BRAZIL: MAIN MONETARY AGGREGATES

	Billions of cruzados at January 1989 prices				Growth rates		
	1986	1987	1988	1989	1987	1988	1989
A. Annual averages							
Means of payment (Mi)	28 445	17 385	11 652	8 844	-38.9	-33.0	-24.1
Liquidity (M2)	61 659	52 154	58 441	62 939	-15.4	12.1	7.7
Public securities outside the Central Bank	33 214	34 769	46 789	54 095	4.7	34.6	15.6
Public securities outside the Central Bank (in millions of dollars)							
Calculated at the official exchange rate	25 417	29 847	40 206	61 141	17.4	34.7	52.1
Calculated at the parallel exchange rate	16 402	22 883	27 969	30 799	39.5	22.2	10.1
B. Year-end data							
Means of payment (Mi)	37 354	18 233	11 848	9 675	-51.2	-35.0	48.3
Liquidity (M2)	66 814	58 583	65 534	74 771	-12.3	11.9	14.1
Public securities outside the Central Bank	29 460	40 351	53 686	65 096	37.0	33.0	21.3
Public securities outside the Central Bank (in millions of dollars)							
Calculated at the official exchange rate	24 638	33 784	46 952	75 818	37.1	39.0	61.5
Calculated at the parallel exchange rate	13 034	26 528	25 508	34 357	103.5	-3.8	34.7

Source: ECLAC, on the basis of figures from the Getulio Vargas Foundation, *Conjuntura Económica*.

Table 26
BRAZIL: MONTHLY INTEREST RATES^a
(Percentages)

	Rates of deposits			Rates of loans		Inflation rate ^b
	Open market operations	Certificates of deposit	Savings deposits	Working capital	Consumer credit	
1986						
I	11.1	10.2	9.6	11.1	11.8	9.0
II	13	17	17	2.4	3.1	12
III	2.4	2.6	2.0	3.3	4.1	15
IV	3.3	5.2	4.7	6.3	7.2	4.0
1987						
I	14.2	15.5	17.9	18.0	19.3	15.0
II	19.3	20.6	21.4	22.5	21.2	21.9
III	8.3	9.2	8.3	10.3	16.5	7.5
IV	12.3	13.5	12.6	14.4	20.0	13.3
1988						
I	17.4	22.9	17.4	26.4	22.4	17.6
II	19.4	22.1	19.4	21.7	23.4	19.6
III	23.5	26.0	23.5	28.3	27.6	23.5
IV	28.2	29.3	28.3	29.5	33.6	27.8
1989						
January	22.7	22.7	22.9	29.5	40.0	35.5
February	19.0	19.0	19.0	c	25.0	16.4
March	19.7	20.4	20.4	22.4	26.6	5.9
April	10.6	11.5	11.5	16.8	25.3	8.1
May	10.5	11.4	10.5	16.1	25.0	16.7
June	25.8	27.3	25.5	21.7	26.3	29.4
July	31.5	33.2	29.4	35.3	39.5	27.4
August	33.2	35.5	30.0	40.0	43.4	29.4
September	37.4	38.6	36.6	42.0	45.0	36.4
October	44.1	47.6	38.3	52.0	60.0	38.7
November	45.9	48.4	42.1	55.0	65.0	48.5
December	69.9	64.2	54.3	70.0	78.0	51.3

Source: ECLAC, on the basis of official figures.

^a Average monthly rates.

^b 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 to December 1987: restricted national consumer price index; 1988 and 1989: National consumer price index.

^c Businesses were not surveyed.

Table 27
BRAZIL: PUBLIC SECTOR FINANCING NEEDS
(Billions of cruzados)

	1986	1987	1988	1989 ^a
A. Nominal financing	413	3 770	45139	997 459
Federal government	193	1668	8116	302 021
Federal public securities	193	1692	68 201	1 459 135
Credit from Central Bank	-16	27	-36 441	-798 487
External liabilities ^c	27	83	17	
Financial system	-14	-34	-23 202	-356 845
External financing ^e	13	-98	-486	-1782
State and municipal governments	101	952	12 044	258 647
State government public securities	28	339	3 834	115 793
Credit from Central Bank	26	171		
Financial system	45	462	8 327	142 817
External financing ^c	1	-21	-118	37
State enterprises	130	1200	23 072	415 703
Federal public securities ^g	-21	-123	-553	-13 926
Credit from Central Bank	118	585		
Financial system	66	892	25 079	409 542
External financing ^c	-34	-174	-1771	-4 128
Suppliers	2	20	315	11893
Social security system and other agencies	-12	-49	1907	21 088
Federal public securities ^e	-14	-75	-40	
Financial system	3	26	1947	
B. Monetary and exchange correction	279	3 072	41178	828 354
C. Operational financing (A-B)	133	699	3 960	169105
Nominal financing/GDP (%)	10.8	29.5	45.1	73.0
Operational financing/GDP (%)	3.5	5.5	4.0	12.4

Source: Central Bank of Brazil.

^a Preliminary figures. ^b Includes funds and programmes. ^c Includes interest on foreign currency deposits in the Central Bank and interest on deposits, projects and renegotiated short-term loans. ^d Operations outside the Central Bank. Includes Banco do Brasil and other financial institutions. ^e Net result of the withdrawal of funds deposited in foreign currency and relending operations, less amortization payments. ^f Net debt. ^g Outlay on federal securities.

Table 28
**BRAZIL: CURRENT INCOME OF THE NATIONAL TREASURY AND OF STATE
 AND MUNICIPAL GOVERNMENTS**

	Billions of cruzados			Real growth rates ^a			
	1987	1988	1989 ^b	1986	1987	1988	1989 ^b
Current income of							
National Treasury	1202	8 282	112 593	20.9	-6.0	1.0	-5.3
Taxes	782	5 694	81114	23.7	-16.5	6.8	-0.7
Income tax	355	3 094	48 326	12.0	-23.8	27.7	8.9
Manufactured products	240	1470	25 810	61.6	-1.6	-10.3	22.4
Financial operations	64	285	1858	34.1	-16.3	-34.4	-54.5
Electrical energy	19	124	c	35.4	-28.3	-5.2	c
Lubricants and fuels	26	199	c	8.6	60.1	12.4	c
Imports	40	297	4 984	40.5	-23.2	9.1	17.0
Exports	3	17	136	-80.0	-38.4	-21.6	-44.6
Telecommunications	14	96	c	19.2	-15.9	-0.9	c
Other taxes	21	114	-	57.4	-38.7	-18.5	-
Taxes earmarked for social programmes	95	680	14 823	10.1	-17.3	5.5	51.8
Other current income	326	1907	15 311	15.8	42.5	-14.2	-44.0
Taxes on goods traffic	607	4310	76 828	29.3	-15.9	4.1	24.2
São Paulo	243	1867	32 413	33.4	-14.7	12.8	21.0
Rio de Janeiro	56	408	7 038	32.3	-20.6	6.3	20.3
Minas Gerais	59	391	6 829	25.7	-9.9	-2.4	21.6
Southern region ^e	110	737	13 345	24.7	-17.1	-1.7	26.2
Other states	135	907	17 203	26.7	-20.0	-1.4	32.1
National treasury transfers in respect of taxes destined for states and municipalities	236	1658	21587	26.9	-0.4	3.1	-9.3

Source: Central Bank of Brazil and Ministry of Finance.

^a 1986 and 1987: deflated by the General Price Index with reference to domestic availability; 1988 and 1989: deflated by the Consumer Price Index (official index). ^b Preliminary figures. ^c Taxes transferred to states and municipalities under the new Constitution of October 1988. ^d Contributions to the Social Investment Fund (FINSOCIAL),

education, sector wages and social security. ^e Comprises the states of Paraná, Santa Catarina and Rio Grande do Sul.

COLOMBIA

In 1989 the Colombian economy continued to grow, though at a slower pace, as had been the trend since the 1986 boom in coffee prices. Consequently, the per capita gross domestic product increased for the sixth year running. At the same time, inflation declined slightly (from 28% to 26%) in the context of a monetary expansion verging on 30% and a fiscal deficit that remained below 2.5% of GDP, although it was somewhat higher than that of 1988. The trends were positive in external accounts, despite the slump in the price of international coffee in the second half of the year, whose full effects on external accounts and domestic demand will be felt in 1990 (see table 1 and figure 1).

These results were achieved against the background of a violent confrontation between the Government and narcotics smuggling cartels, which forced the authorities to spend more on acquiring the resources needed to stamp out these cartels, and resulted in a slight increase in the fiscal deficit. Terrorist attacks on oil pipelines, manufacturing plants and public facilities also heightened the climate of insecurity and economic uncertainty, with the most tangible impact being the decline of tourism and the deterioration of the private investment climate.

The increasing violence of drug traffickers and clandestine groups brought about a slowdown in domestic demand. Fixed investments declined, while there were no variations in stocks after a year of considerable accumulation. Gross capital formation thus suffered a severe setback (-11%). Consumption, on the contrary, grew even faster than in previous years. The main stimulant for this growth was the physical increase in exports of 8%, which strengthened export diversification mainly in the direction of fuels (oil and coal) and minerals (nickel). Export diversification was also the aim of the policy of

maintaining a high real exchange rate, thereby stimulating exports of non-traditional manufactures.

The gross domestic product grew slightly more than 3%, but the negative effect of the terms of trade and considerable capital outlays for external factor payments resulted in a rise of only 2% in gross national income.

The industrial sector was as sluggish as the previous year, recording a growth rate barely exceeding 2%. There were disruptions in the production of some items for the domestic market, aggravated by the reluctance of investors to expand and modernize production capacity, which affected pricing policies.

The construction boom was abruptly cut short by a number of tax measures implemented at the beginning of the year and certain restrictions aimed at ensuring that potential recipients of housing loans would be able to meet their mortgage servicing obligations on time.

Agriculture benefited from higher support prices, which stimulated the production of crops for domestic consumption. On the other hand, bad weather resulted in a decline in coffee production.

Although coffee sales rose considerably, the lower international coffee price as from July represented a decline in earnings of US\$200 million. This was amply offset by the higher oil and coal earnings that resulted from better world prices and more shipments abroad. Foreign exchange, credit and trade incentives and accumulated domestic surpluses helped to enhance external sales of non-traditional goods, particularly manufactures.

The very moderate growth in imports was due to the sharp increase in stocks in 1988 and the slower rate of expansion of domestic demand, while imports of capital goods virtually stagnated.

Figure 1

COLOMBIA: MAIN ECONOMIC INDICATORS

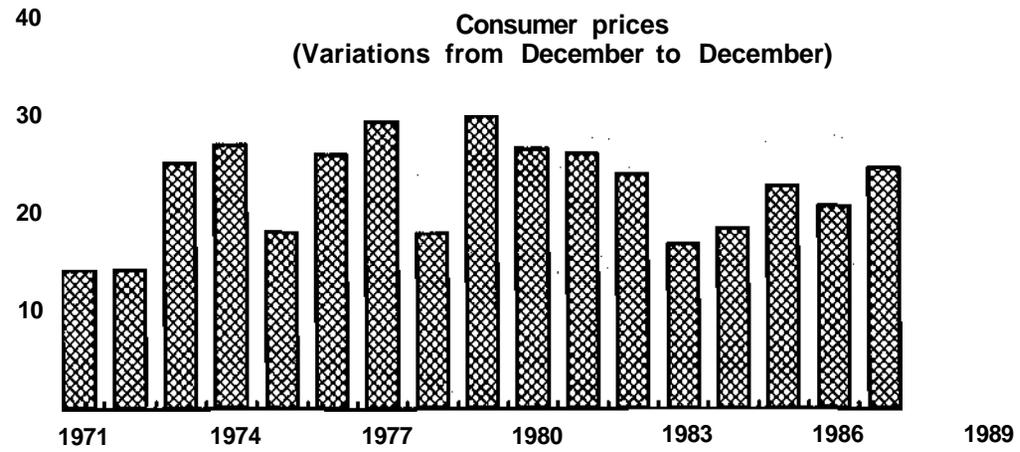
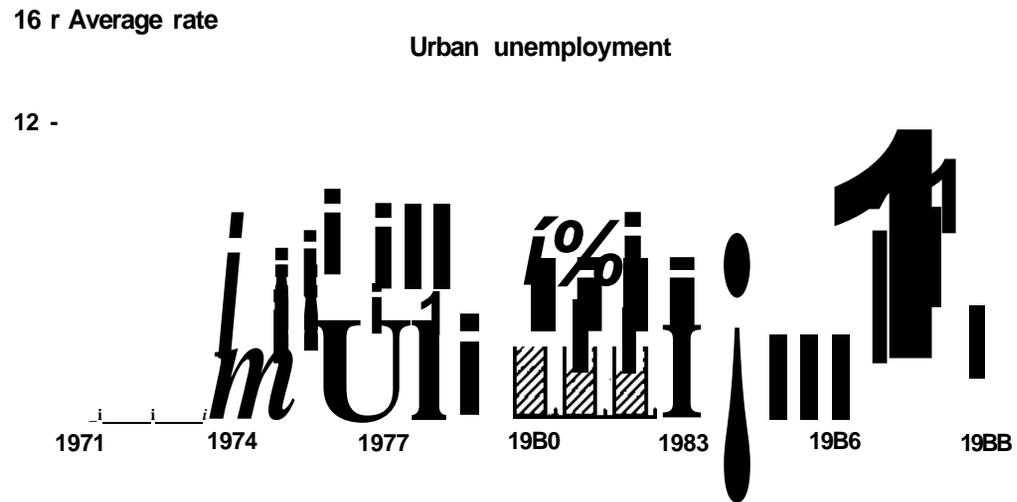
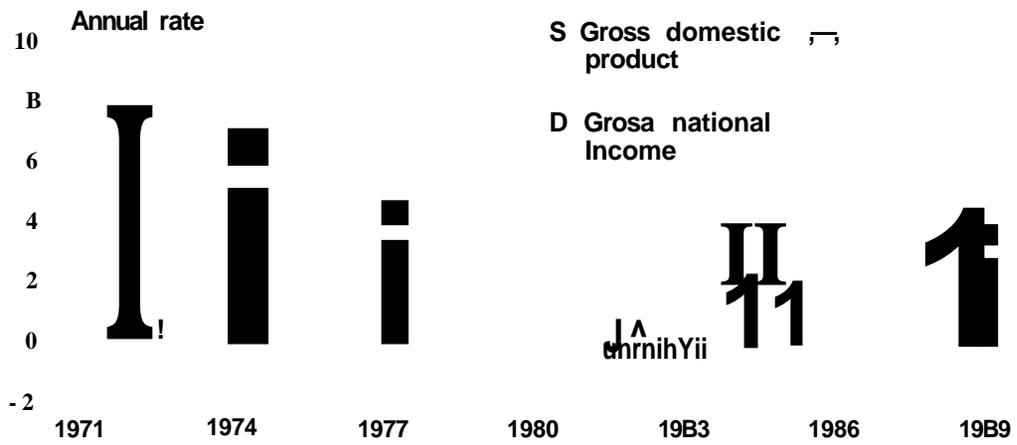
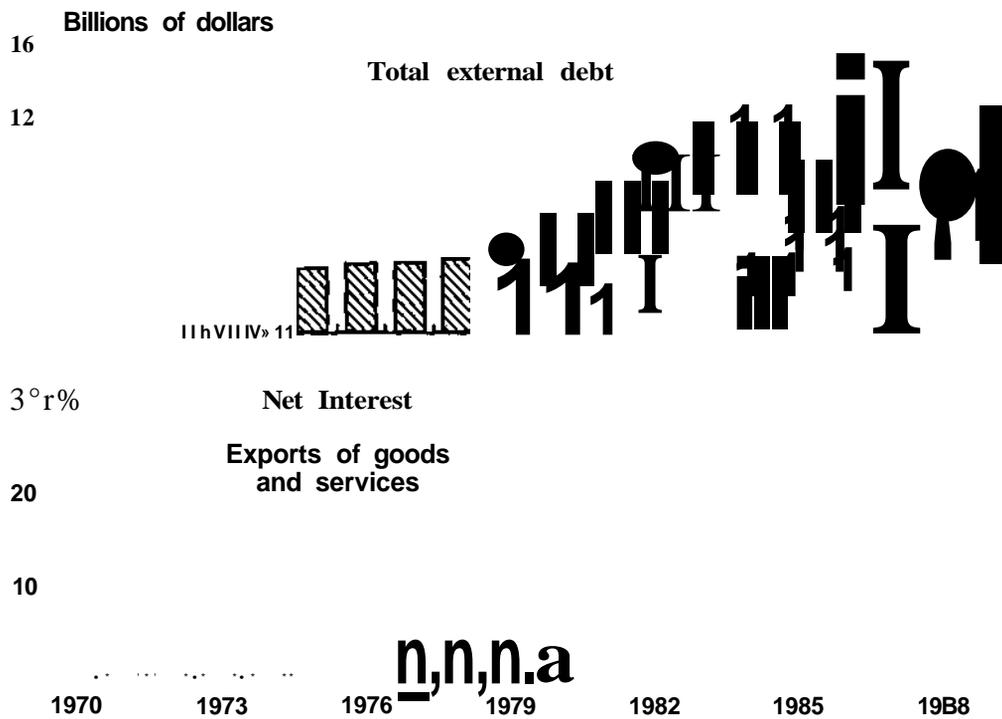
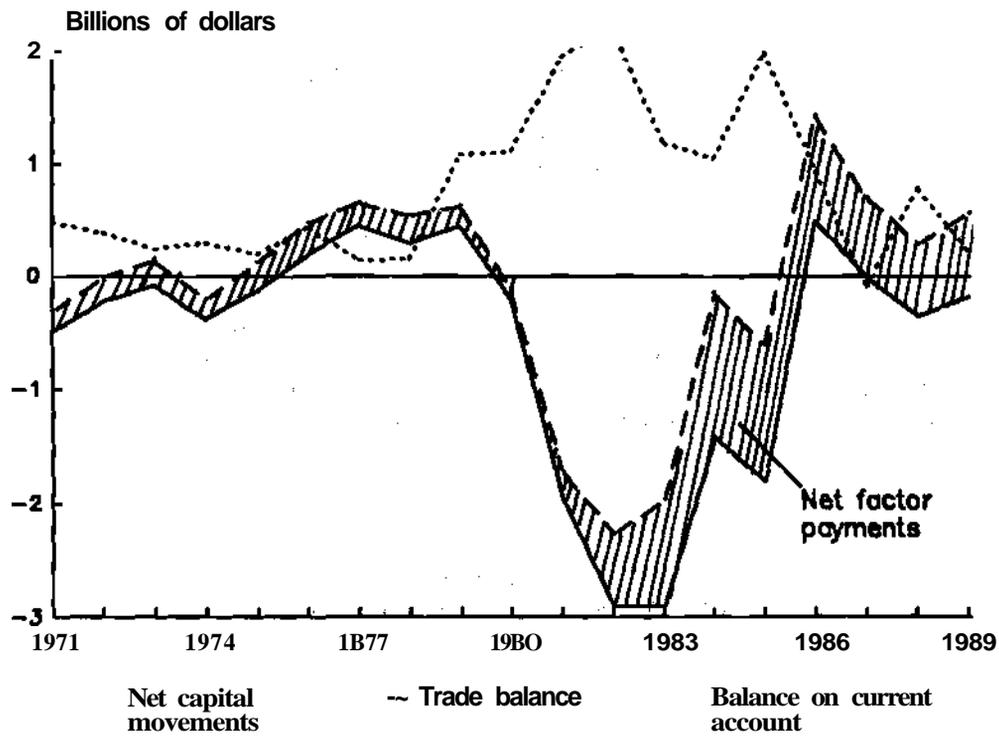


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

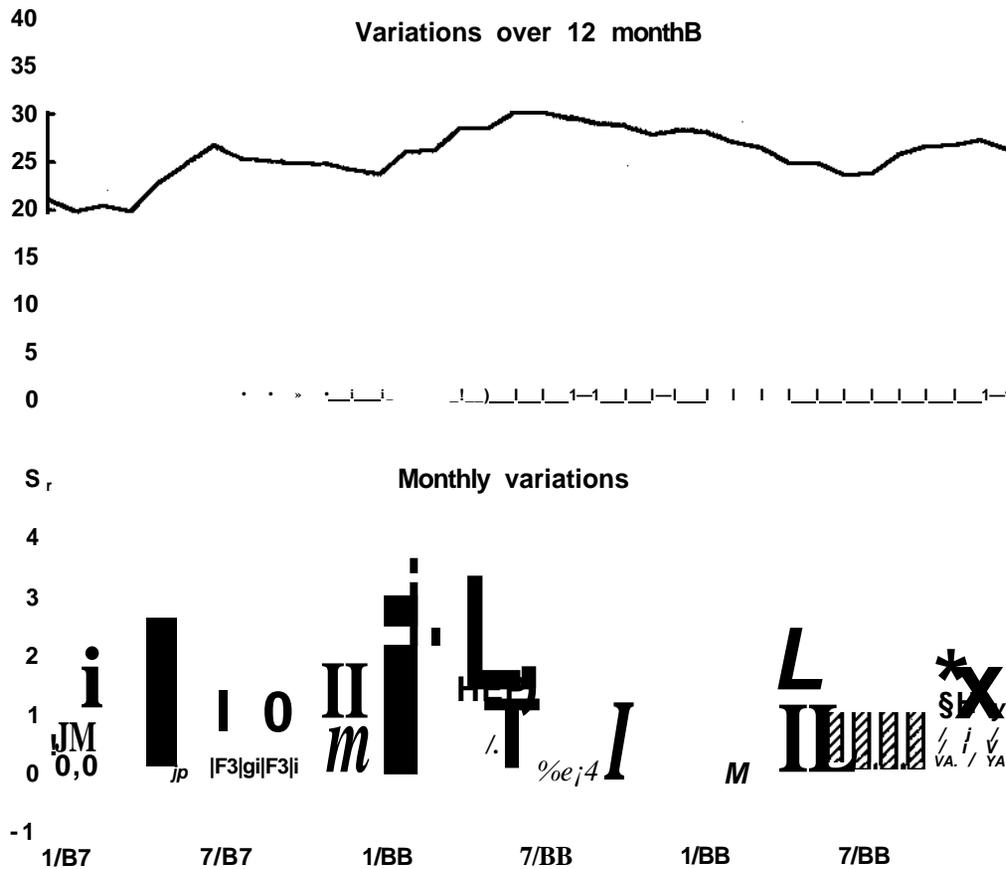
The negative current account deficit was reduced as a result of the doubling of the trade surplus in goods and services, despite the growing burden -over 25% of exports of goods and services- imposed by the strict and timely servicing of the external debt. Capital income was sustained by resources from direct and portfolio investments, since the net disbursement of long-term credits was only moderate. This resulted in a small increase in international reserves. The net transfer of resources from abroad became negative again following the reduction in both long- and short-term financing. Similarly, unrequited private transfer payments, which included income of unspecified origin and had become

one of the main sources of funds, represented nearly a fifth of exports of goods.

In line with the exchange policy of recent years, the rate of nominal devaluations closely followed the inflation rate and was even slightly higher than the consumer price index. The real exchange rate, which remained stable when compared to the average inflation rate of Colombia's major trading partners, helped to maintain the country's external competitiveness.

Control of the fiscal deficit was another of the main tools used to maintain macroeconomic balances. The authorities tried to offset spending by the National Coffee Fund and defence outlays by curtailing other

Figure 2
COLOMBIA: CONSUMER PRICE INDEX
(Percentages)



Source: ECLAC, on the basis of official figures.

expenditure and deliberately postponing some public investments. Thus, the public sector deficit was maintained at a level similar to that of the preceding year (2.4% of the gross domestic product). The deficit was financed in almost equal proportions through the use of external credit and through support from the Banco de la República de Colombia.

After accelerating in the previous biennium from 21% to 28%, the inflation rate declined slightly, mainly owing to smaller increases in food prices and a greater supply of agricultural and imported products. This helped to offset the faster rises in prices of other items, even prices controlled by the Government. Upward pressures at the end of 1988 resulted in relatively high rates of inflation in the first few months of 1989. However, after the first

quarter, the greater agricultural supply and restrictive monetary policy reversed that trend.

The thrust of monetary policy in 1988 had been to contain inflationary pressures caused by a prior increase in liquidity. In August 1988, the monetary authorities replaced the existing contractive measures with interest-rate controls aimed at counteracting recessionary trends. In January 1989, the interest rate was deregulated and showed only slight fluctuations during the year. Similarly, in order to curtail price rises a fairly strict monetary control policy was imposed. Thus, the expansion of the monetary base (30%) was similar to that of the nominal product. Open market operations were used to absorb the liquidity generated by the increase in reserves and credit.

Table 1
COLOMBIA: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Index_i(1980=100)								
Basic economic indicators								
Gross domestic product at market prices	103.3	105.3	109.3	113.4	121.2	128.0	132.8	137.4
Gross national income	100.1	101.6	104.9	108.0	118.9	121.9	127.4	30.4
Population (millions of inhabitants)	28.1	28.7	29.3	29.9	30.5	31.1	31.7	32.3
Per capita gross domestic product	99.0	98.8	100.4	102.1	107.0	110.7	112.6	114.2
Public sector deficit/ gross domestic product	4.1	3.5	4.2	5.4	3.1	1.2	2.2	2.4
Money (M1)/GDP		13.4	13.1	13.2	12.5	11.9	9.0	8.5
Real effective exchange rate	83.5	82.9	87.6	98.6	126.2	141.2	142.7	142.0
Unemployment rate ^c	9.2	11.8	13.5	13.9	13.5	11.8	11.3	9.7
Growth rates								
Short-run economic indicators								
Gross domestic product	10	19	3.8	3.8	6.9	5.6	3.7	3.4
Per capita gross national product	-1.1	-0.2	1.7	1.7	4.8	3.5	1.7	1.4
Gross national income	-0.2	15	3.3	2.9	10.2	2.5	4.5	2.3
Consumer prices								
December to December	23.9	16.7	18.3	22.7	20.7	24.6	28.3	26.1
Real wages and salaries ^e	3.4	5.2	7.3	-3.0	4.8	-0.7	-1.4	1.2
Current value of exports of goods and services	3.2	-14.5	36.5	-13.4	45.4	-1.7	4.1	9.7
Current value of imports of goods and services	11.3	-14.0	-7.6	-4.2	-0.1	12.2	11.8	5.8
Terms of trade (goods and services)	2.6	3.2	2.1	-10.1	18.4	-20.3	2.2	-5.0
Millions of dollars								
External sector								
Trade balance (goods and services)	-2 269	-1970	-149	-617	1421	691	278	555
Net payments of profits and interest	954	1197	1552	1653	1742	1712	1598	1844
Balance on current account	-3 056	-3 022	-1411	-1815	480	-13	-346	-180
Balance on capital account	2180	1181	1038	1970	933	-99	777	210
Variation in net international reserves	-719	-1748	-1155	278	1464	-22	360	57
Total external debt	10 269	11458	12350	14 063	14 987	15 663	16 434	16 249

Source: ECLAC, on the basis of official figures.

^a Preliminary figures. ^b Percentages. ^c Average annual rate in the seven principal cities. ^d National index for manual workers. ^e Average real wages of manual workers in manufacturing.

Table 2
COLOMBIA: REAL GROSS NATIONAL INCOME

	Indexes (1980 = 100)			Percentage breakdown			
	1987	1988	1989*	1980	1987	1988	1989*
Gross national income (a + b + c + d)	121.9	127.4	130.4	99.8	95.0	95.7	94.7
a) Gross domestic product	128.0	132.8	137.4	100.0	100.0	100.0	100.0
b) Effect of the terms of trade				»	-3.4	-3.0	-3.9
c) Net factor income from abroad	671.6	614.1	664.2	-0.8	-4.0	-3.5	-3.6
d) Net private transfers from abroad	590.3	558.6	595.8	0.5	2.3	2.1	2.2

Source: ECLAC, on the basis of official statistics.

* Preliminary figures.

Table 3
COLOMBIA: TOTAL SUPPLY AND DEMAND

	Indexes(1980 == 100)			Percentage breakdown		Growth rates			
	1987	1988	1989*	1980	1989*	1986	1987	1988	1989*
Total supply	124.1	129.6	133.3	116.8	113.3	6.8	5.7	4.4	2.9
Gross domestic product at market prices	128.0	132.8	137.4	100.0	100.0	6.9	5.6	3.7	3.4
Imports of goods and services	100.7	110.2	109.3	16.8	13.3	5.8	6.4	9.5	-0.8
Total demand	124.1	129.6	133.3	116.8	113.3	6.8	5.7	4.4	2.9
Domestic demand	121.1	127.6	130.0	100.4	95.0	3.6	3.8	5.3	1.9
Gross domestic investment	110.5	124.3	111.1	18.7	15.1	4.4	6.7	12.5	-10.6
Gross fixed investment	115.3	125.8	124.0	16.8	15.1	7.6	0.8	9.2	-1.5
Construction	121.6	134.4	136.0	9.1	9.0	5.6	-11.0	10.5	1.2
Machinery-	107.8	115.8	109.9	7.7	6.2	11.7	22.3	7.4	-5.0
Changes in stocks	68.2	110.9		1.9	-				
Total consumption	123.6	128.3	134.4	81.7	79.9	3.5	3.2	3.8	4.7
General government	126.3	135.6	143.1	10.1	10.5	1.4	6.1	7.4	5.5
Private	123.2	127.3	133.1	71.6	69.4	3.8	2.8	3.3	4.6
Exports of goods and services	142.3	142.0	153.6	16.4	18.3	30.1	17.0	-0.2	8.2

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

* Preliminary figures. ^bThe 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 4
**COLOMBIA: ORIGIN AND FINANCING OF GROSS
 DOMESTIC INVESTMENT**
(As a percentage of GDP)^a

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Gross domestic investment	21.6	20.7	18.8	16.4	16.0	16.1	17.5	15.1
Gross domestic saving	16.5	15.7	19.0	16.6	19.3	21.1	21.1	20.1
Net income for factor services	-2.6	-3.5	-4.0	-4.3	-4.5	-4.0	-3.5	-3.6
Effect of the terms of trade	-1.2	-0.7	-0.6	-1.9	0.3	-3.4	-3.0	-3.9
Unrequited private transfers	0.5	0.4	0.8	1.2	2.1	2.3	2.1	2.2
Gross national saving	13.1	12.0	14.8	11.6	17.2	16.1	16.7	14.8
External saving	8.4	8.8	4.0	4.7	-1.2	-	0.8	0.4

Source: ECLAC, on the basis of official data.

^a At market prices in constant 1980 dollars, at the adjusted exchange rate.

Preliminary figures.

Table 5
COLOMBIA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY,
AT 1980 MARKET PRICES

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product	128.0	132.8	137.4	100.0	100.0	6.9	5.6	3.7	3.4
Goods	134.2	138.3	144.2	49.6	52.1	9.5	6.6	3.0	4.3
Agriculture	118.4	121.5	127.4	19.4	18.0	3.4	6.4	2.6	4.9
Mining	414.7	425.7	471.3	2.3	7.8	62.1	24.1	2.6	10.7
Manufacturing	119.2	121.8	124.6	23.3	21.1	5.9	6.2	2.2	2.3
Construction	137.2	149.0	150.9	4.7	5.2	4.9	-10.0	8.6	1.3
Basic services	119.7	123.8	128.2	10.2	9.5	1.6	4.1	3.5	3.6
Electricity, gas and water	135.4	143.7	150.1	1.3	1.4	6.0	8.9	6.1	4.5
Transport, storage and communications	117.3	120.9	125.0	8.9	8.1	1.0	3.3	3.0	3.4
Other services	123.5	129.9	134.5	39.9	39.1	4.4	5.4	5.2	3.5
Commerce, restaurants and hotels	115.6	120.8	122.3	13.3	11.8	3.6	4.4	4.6	1.2
Financial establishments, insurance, real estate and business services	124.8	131.6	138.9	13.7	13.9	4.3	5.3	5.4	5.6
Ownership of dwellings	128.7	133.2	137.4	7.0	7.0	3.5	4.4	3.4	3.2
Community, social and personal services	130.1	137.4	142.3	12.9	13.4	5.2	6.4	5.6	3.6
Government services	137.1	147.4	154.0	7.7	8.6	6.1	7.1	7.5	4.5
Adjustments for banking services	118.5	135.7	159.5	2.5	3.0	-0.2	16.2	14.5	17.5
Import duties	105.0	113.8	110.6	2.8	2.2	8.9	4.6	8.4	-2.8

Source: ECLAC, on the basis of official figures, reweighted with the structure at 1980 current prices. The resulting trends therefore do not necessarily coincide with those published by the countries in their calculations at constant prices.

^a Preliminary figures.

Table 6
COLOMBIA: INDICATORS OF AGRICULTURAL PRODUCTION

	1980	1986	1987	1988	1989 ^a	Growth rates			
						1986	1987	1988	1989 ^a
Index of agricultural domestic product (1980 = 100)	100.0	111.3	118.4	121.5	127.4	3.3	6.0	2.6	4.9
Production of main crops (thousands of tons)									
Cereals									
Rice	1798	1632	1865	1775	2182	-9.2	14.3	-4.8	22.9
Maize	853	788	860	908	1044	3.3	9.1	5.6	15.0
Sorghum	431	600	704	707	695	20.2	17.3	0.4	-1.7
Wheat	46	82	74	63	80	7.9	-9.8	-15.8	27.0
Oilseeds									
Raw cotton	353	338	320	376	294	-0.6	-5.3	17.5	-21.8
Soya	155	167	128	115	177	60.6	-23.4	-10.2	53.9
African palm ^c	70	140	146	199	211	12.0	4.3	36.3	6.0
Staple foods									
Common beans	82	104	90	96	98	5.1	-13.5	6.7	2.1
Potatoes	1727	2091	2243	2 520	2 697	9.5	7.3	12.3	7.0
Cassava	2150	1335	1260	1282	1541	-2.3	-5.6	1.7	20.2
Other									
Cane sugar ^d	1189	1297	1390	1364	1487	-5.1	7.2	-1.9	9.0
Brown cane sugar (panela)	988	1195	1197	1167	1270	2.9	0.2	*2.5	8.8
Coffee ^e	931	643	779	709	664	-4.9	21.2	-9.0	-6.3
Bananas	910	1037	1191	1140	1116	3.8	14.9	-4.3	-2.1
Tobacco	46	29	35	34	31	7.4	20.7	-2.9	-8.8
Animals slaughtered (thousands per head)									
Cattle	3148	3136	2 994	2652	2968	-2.2	-4.5	-11.4	11.9
Pigs	1381	1 435	1522	1368	1248	6.4	6.1	-10.1	-8.8

Source: Ministry of Agriculture, Banco de la República de Colombia and the National Coffee-Growers' Federation.

Note: The data from 1980 to 1987 are from the national census of animals slaughtered.

^a Data on the basis of a sample of animal-slaughter through October. ^b Agricultural year. ^c Production of oil pulp.

^d Production of raw sugar. ^e Coffee-growing year 1 October to 30 September.

Table 7
COLOMBIA: PHYSICAL INDICATORS OF THE COFFEE SECTOR

	Thousands of 60-kilo bags						Growth rates				
	1980	1985	1986	1987	1988	1989 ^a	1985	1986	1987	1988	1989 ^a
Production	12073	11260	10 712	12974	11811	11066	-2.6	-4.9	21.1	-9.0	-6.3
Domestic consumption	1 689	1 849	1 969	1 914	1 822	1 543	14.0	6.5	-2.8	-4.8	-15.3
Exports	11 103	10 000	11 381	11 283	9 788	10 826	-1.9	13.8	-0.9	-13.3	10.6

Source: ECLAC, on the basis of figures from the National Coffee-Growers' Federation (FEDERACAFE).

^a Preliminary figures. Sales to domestic processors.

Table 8
COLOMBIA: EVOLUTION OF COFFEE PRICES

	Price		
	External ⁸	^{EK} P ^{ott} _h repayment	Domestic ⁰
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
1989	1.09	165.0	62 373
End of:			
1987			
March	0.98	155.83	41 250
June	1.03	171.23	41 250
September	1.10	155.83	41 250
December	1.24	189.02	44 000 ^c
1988			
March	1.36	204.94	46 700
June	1.38	211.39	49 000
September	1.40	209.67	49 000
December	1.68	248.26	55 000
1989			
March	1.40	210.61	61 800
June	1.17	170.37	64 683
September	0.78	114.61	64 683
December	0.76	111.91	67 700

Source: ECLAC, on the basis of statistics supplied by the Banco de la República de Colombia, the National Coffee-Growers' Federation (FEDERACAFE) and the International Coffee Organization (oic).

* Dollars per pound. Correspond to the prevailing price on the New York commodities exchange for the "other milds" variety, plus US\$0.02. ^b Minimum price in dollars per 60-kg bag of green coffee that the exporter must repay to the Banco de la República. ^c Pesos per 125-kg load of parchment coffee. Effective price, since the Coffee Savings Bonds were eliminated.

Table 9
COLOMBIA: INDICATORS OF MINING PRODUCTION

	1980	1985	1986	1987	1988	1989 ^a	Growth rates				
							1985	1986	1987	1988	1989 ^a
Gross mining product (index 1980 = 100)	100.0	206.1	334.2	414.7	425.7	459.8	38.0	622	24.1	2.7	8.0
Volume of production of the main items (thousands of tons)											
Coal	4112	8 974	10 737	13 739	15 101	18 671	35.2	19.6	28.0	9.9	23.6
Iron ore	491	439	515	607	614	529	-1.1	17.4	17.8	1.2	-13.8
Nickel ore ^b	-	23	42	43	36	40	-33.1	80.3	0.7	-15.5	11.1
Petroleum ^c	46	64	111	141	137	148	5.2	71.9	27.0	-2.6	8.1
Gold ^d	497	1142	1279	854	933	948	56.3	12.0	-33.3	9.3	1.6
Silver ^d	141	169	186	167	211	220	10.0	10.4	-10.2	26.1	4.3
Platinum	14	12	14	23	26	28	15.8	23.1	56.3	15.6	7.7
Salt	838	581	511	655	682	675	-37.8	-12.0	28.2	4.1	-1.0

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 de Colombia, Department of Precious Metals; Salt: Industrial Development Institute (IFI)-Concesión Salinas.

^a Preliminary figures. ^b Millions of pounds. ^c Millions of 42-gallon barrels ^d Thousands of troy ounces.

Table 10
COLOMBIA: INDICATORS OF PETROLEUM PRODUCTION

	1980	1986	1987	1988	1989 ^a	Growth rates				
						1986	1987	1988	1989 ^a	
Millions of barrels										
Production										
Extraction of crude oil	45.6	110.7	140.6	136.9	148.2	71.9	27.0	-2.6	8.3	
Output of petroleum products	54.5	69.4	79.2	77.9	78.7	6.9	14.1	-1.6	1.0	
External trade										
Imports of crude oil	7.2									
Imports of petroleum products	13.1	7.8	4.8	7.1	9.7	-17.0	-38.5	47.9	36.6	
Exports of crude oil		32.0	53.1	52.9	59.9		65.9	-0.4	13.2	
Exports of petroleum products	11.2	21.5	25.9	25.8	25.4	7.0	20.5	-0.4	-1.6	
Millions of dollars										
Total exports	100	631	1370	986	1394	54.3	117.1	-28.1	41.4	
Total imports	530	125	110	170	241	-73.2	-12.0	54.5	41.8	
Energy balance	-430	506	1260	816	1153					

Source: Banco de la República de Colombia and Colombian Petroleum Corporation (ECOPETROL); the figures for values correspond to those given in the balance of payments.

^a Preliminary figures.

Table 11
COLOMBIA: INDICATORS OF MANUFACTURING PRODUCTION
(Growth rates)

	1983	1984	1985	1986	1987	1988	1989 ^a
Total^b	-0.5	9.9	2.7	7.1	7.1	3.7	2.5
Consumer goods	1.1	9.1	4.9	3.4	4.4		
Foodstuffs	3.1	12.3	8.0	0.9	2.1	0.4	9.8
Beverages	6.1	4.4	6.0	2.9	7.2	-3.3	1.7
Tobacco	9.4	13.8	6.6	0.9	-8.7	-6.4	-6.6
Textiles	-7.6	12.6	4.6	10.1	8.8	-5.3	-5.5
Clothing	-9.4	9.3	-12.2	3.0	9.5	17.7	11.8
Footwear	1.6	-14.9	-0.3	6.1	-6.5	2.9	7.2
Wooden furniture	-14.6	4.6	3.9	-8.4	0.8	27.0	-6.4
Printing, publishing and related activities	-1.4	-10.3	-6.6	6.3	3.6	12.7	-9.9
Miscellaneous industries	12.3	23.4	5.2	6.5	8.2	0.8	2.7
Intermediate goods	1.8	7.6	7.7	9.6	8.1		
Lumber industry	-3.8	1.3	2.4	3.3	23.1	8.6	14.9
Paper and paper products	-1.7	12.1	7.5	4.3	11.1	2.7	14.0
Industrial chemicals	14.3	23.3	9.3	10.9	8.8	4.4	-1.7
Other chemicals	-3.7	7.4	13.6	12.5	6.1	5.2	7.0
Petroleum products	10.0	1.4	5.6	14.4	8.2	-3.1	2.4
Other petroleum and coal products	6.5	-0.5	20.6	-1.9	5.4	10.2	-1.4
Rubber products	-6.1	8.6	6.1	-1.2	-6.1	15.6	-3.9
Plastic products	7.1	-7.1	-3.3	18.1	0.4	-6.5	-5.9
Glass and glass products	-3.5	-4.2	21.2	1.3	17.9	9.2	-0.7
Other non-metallic mineral products	-2.7	14.8	-2.6	6.6	3.6	1.0	2.3
Basic iron and steel industries	8.9	-7.8	-	7.7	12.9	8.9	0.9
Basic non-ferrous metals industries	0.4	-8.9	-0.4	19.8	28.0	-2.0	-16.6
Articles of clay, pottery and other china	-9.3	5.2	13.8	15.4	15.7	9.1	-0.9
Leather and leather products	-19.2	2.2	0.4	19.2	5.4	6.0	5.9
Capital goods	9.3	17.1	-13.2	11.6	11.6		
Metal products, except machinery	-0.1	7.0	-2.1	13.1	2.3	13.1	-12.3
Machinery, except electrical machinery	-9.7	-2.2	-26.2	16.1	13.8	8.6	4.9
Electrical machinery and appliances	-15.7	0.8	-1.6	5.3	3.7	7.2	-4.1
Transport equipment	-13.6	55.6	-21.1	12.4	21.5	19.3	-6.9
Professional and scientific equipment	-0.7	28.4	9.5	6.2	14.3	12.9	-9.8

Source: National Bureau of Statistics (DANE).

^a Estimated figures. ^b Does not include coffee hulling.

Table 12
COLOMBIA: APPROVED CONSTRUCTION PERMITS

	Thousands of square metres					Growth rates			
	1985	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Total surface area (all types)	7 478	7 484	8 843	8104	7608	0.1	18.2	-8.4	-6.1
Ten major cities	6 805	7 251	8 567	7 859	7 291	6.6	18.1	-8.3	•12
Bogotá	2 988	3 257	4 065	3 542	3 337	9.0	24.8	-12.9	-5.8
Barranquilla	138	157	196	148	249	13.8	24.8	-24.5	68.2
Bucaramanga	150	157	335	337	350	4.7	113.4	0.6	3.9
Cali ^b	1074	1342	1185	1170	1263	25.0	-11.7	-1.3	7.9
Cartagena	257	151	270	214	279	-41.2	78.8	-20.7	30.4
Cúcuta	97	91	139	122	115	-6.2	52.7	-12.2	-5.7
Manizales	124	144	110	100	203	16.1	-23.6	-9.1	103.0
Medellin	1732	1717	1919	1997	1292	-0.9	11.8	4.1	-35.3
Neiva	107	144	192	76	104	34.6	33.3	-60.4	36.8
Pasto	138	91	156	153	99	-34.1	71.4	-1.9	-35.3
Total surface area of new housing	6427	6 336	7 093	6064	5 630	-1.4	11.9	-14.5	•12
Ten major cities	5 816	6155	6883	5 911	5444	5.8	11.8	-14.1	-7.9
Bogotá	2 594	2 947	3 434	2 818	2 745	13.6	16.5	-17.9	-2.6
Barranquilla	98	115	149	105	135	17.3	29.6	-29.5	28.6
Bucaramanga	89	136	278	223	283	52.8	104.4	-19.8	26.9
Cali ^c	965	1210	989	994	897	25.4	-18.3	0.5	-9.8
Cartagena	210	121	202	186	213	-42.4	66.9	-7.9	14.5
Cúcuta	69	77	115	102	89	11.6	49.4	-11.3	-12.7
Manizales	89	128	74	73	130	43.8	-42.2	-1.4	78.1
Medellín ^d	1474	1234	1351	1210	812	-16.3	9.5	-10.4	-32.9
Neiva	96	116	163	61	69	20.8	40.5	-62.6	13.1
Pasto	132	71	128	139	71	-46.2	80.3	8.6	-45.8

Source: ECIAC, on the basis of data supplied by the National Bureau of Statistics (DANE).

* Preliminary figures. Total surface area, including metropolitan area. ^c Includes permits approved in the metropolitan area of Yumbo. ^d Includes permits approved in the metropolitan areas of Bello, Envigado and Itagiú.

Table 13
COLOMBIA: TRENDS IN EMPLOYMENT AND UNEMPLOYMENT

	1985	1986	1987	1988	1989	1988		1989						
						March	June	Sep-tem-ber	De-cem-ber	March	June	Sep-tem-ber	De-cem-ber	
Employment (percentage variation)														
Industry	-1.6	0.1	3.1	3.1	0.6	4.4	3.8	2.9	14	-0.2	0.7	0.7	14	
Manual workers	-2.1	-0.5	3.2	2.7	-0.5	4.2	3.3	2.5	0.7	-1.7	-0.1	-1.0	0.8	
Non-manual workers	-0.1	1.2	2.5	4.1	2.6	4.8	5.0	3.7	3.0	2.7	2.4	2.9	2.4	
Commerce	-1.5	1.9	1.9	5.8	-3.1	5.0	6.2	5.4	6.5 ^c	-0.9	-1.8	-3.7	-6.1	
Rate of participation ^c	56.8	57.0	57.8	58.4	57.9	58.1	58.9	57.6	58.8	57.5	58.6	57.2	58.1	
Unemployment	13.9	13.5	11.8	11.3	9.7	12.8	11.9	10.2	10.8	10.8	10.1	8.8	9.2	
Bogotá	12.8	13.2	11.1	10.5	8.0	12.2	11.0	9.4	9.4	9.7	8.5	7.5	6.4	
Barranquilla	15.7	16.4	13.0	11.4	11.3	13.2	11.0	9.1	12.3	13.0	11.3	11.4	7.4	
Medellín	16.0	15.2	12.2	12.9	12.3	14.4	13.4	11.7	11.9	12.6	12.1	11.6	12.8	
Cali	14.3	12.7	12.4	11.3	10.4	11.9	12.4	10.8	9.9	10.5	11.5	7.8	11.8	
Bucaramanga	10.5	8.1	10.5	10.9	10.2	11.9	12.6	9.9	9.3	10.0	11.6	9.9	9.1	
Manizales	16.4	13.8	13.3	11.9	11.3	14.0	12.1	11.5	10.0	13.1	10.6	10.3	11.2	
Pasto	12.7	12.9	13.9	15.6	14.1	16.7	17.3	14.5	13.8	12.6	13.7	14.9	15.1	

Source: National Bureau of Statistics (DANE).

* The percentage variation corresponds to the quarterly average.

^b Excludes the hulling of coffee. ^c In the seven main cities.

Table 14
COLOMBIA: EXCHANGE RATES
(Annual and quarterly averages)

	Nominal exchange rates (pesos per dollar)	Indexes of real effective exchange rate ⁸ⁱ (1985 = 100)		
		Exports		Imports
		(A)	(B)	(A)
1970-1979		108.3		104.5
1980-1989		111.1	113.7	107.0
1980	47	101.4	114.3	94.6
1981	54	91.7	98.9	90.0
1982	64	84.7	89.4	83.4
1983	79	84.1	85.7	82.5
1984	101	88.8	85.9	88.4
1985	142	100.0	100.0	100.0
1986	194	128.2	125.7	123.0
1987	243	143.2	142.9	133.3
1988	299	144.7	146.7	136.7
1989	383	144.0	147.1	138.0
1987				
I	225	138.4	137.6	128.4
II	237	141.9	142.8	132.3
III	249	143.3	141.6	134.0
IV	259	149.0	149.6	138.6
1988				
I	271	145.9	145.5	136.2
II	290	145.6	146.9	136.9
III	309	140.2	144.3	133.8
IV	327	147.1	150.1	139.7
1989				
I	347	143.2	147.6	137.4
II	370	140.7	142.9	135.6
III	394	141.8	144.8	135.4
IV	420	150.1	153.3	143.6

Source: ECLAC, on the basis of data supplied by the International Monetary Fund, *International Financial Statistics*.

Note: A: Deflated by the wholesale price index. B: Deflated by the index of average nominal wages for manual workers in manufacturing.

⁸ⁱ 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 to 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 15
COLOMBIA: EXPORTS OF GOODS

	Millions of dollars				Percentage breakdown		Growth rates			
	1986	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	5 332	5 254	5 340	5 978	100.0	100.0	46.1	-1.5	1.6	11.9
Coffee	2 742	1 633	1 621	1 424	51.4	23.8	61.1	-40.4	-0.7	-12.2
Other	2 589	3 621	3 719	4 554	48.6	76.2	24.5	39.9	2.7	22.5
Petroleum and petroleum products	619	1 342	985	1 415	2.3	23.7	51.3	116.8	-26.6	43.7
Coal	201	263	304	480	0.2	8.0	59.5	30.8	15.6	57.9
Ferronickel	48	76	161	160	-	2.7	-12.7	58.3	111.8	-0.6
Gold	359	384	413	365	7.2	6.1	-1.6	7.0	7.6	-11.6
Other	1 362	1 556	1 856	2 134	38.9	35.7	21.1	14.2	19.3	15.0

Source: Banco de la República de Colombia, from balance-of-payments data.

^a Preliminary figures.

Table 16
COLOMBIA: IMPORTS OF GOODS

	Millions of dollars				Percentage breakdown		Growth rates			
	1986	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	3 409	3 794	4 515	4 726	100.0	100.0	-1.2	11.3	19.0	4.7
Consumer goods	380	488	515	667	13.3	14.1	10.1	28.4	5.5	29.5
Intermediate goods	1 784	1 925	2 413	2 470	52.7	52.3	-17.5	7.9	25.4	2.4
Petroleum	130	101	148	185	13.1	3.9	-72.1	-22.3	46.5	25.0
Other	1 654	1 823	2 265	2 285	39.6	48.3	-2.5	10.2	24.2	0.9
Capital goods	1 245	1 381	1 587	1 589	34.0	33.6	6.9	10.9	14.9	0.1

Source: Banco de la República de Colombia, from balance-of-payments data.

^a Preliminary figures.

Table 17
COLOMBIA: MAIN FOREIGN TRADE INDICATORS
(GOODS)

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Growth rates									
Exports (FOB)									
Value	-20.8	-1.4	-4.6	43.9	-14.6	46.1	-1.5	1.6	12.0
Volume	-10.8	-4.9	-2.9	39.0	-9.4	23.7	22.2	-2.8	10.1
Unit value	-11.2	3.7	-1.7	3.5	-5.8	18.1	-19.4	4.5	1.7
Imports (FOB)									
Value	10.4	13.3	-16.7	-9.8	-8.8	-7.2	11.3	19.0	4.7
Volume	5.8	11.7	8.2	-6.8	-11.4	2.1	6.1	14.8	-0.7
Unit value	4.4	1.4	-9.3	-3.2	3.0	-9.1	4.9	3.7	5.4
Terms of trade	-15.2	2.1	7.6	5.9	-8.5	28.8	-23.0	0.7	-3.4
Indexes (1980 = 100)									
Purchasing power of exports	75.7	73.4	76.6	112.8	93.6	149.1	140.4	137.4	146.0
Volume of exports	89.2	84.8	82.3	114.4	103.7	128.2	156.7	152.4	167.7
Volume of imports	105.8	118.1	108.5	101.1	89.5	91.4	97.0	111.3	110.5
Terms of trade (FOB/CIF)	84.8	86.6	93.1	98.6	90.3	116.3	89.6	90.2	87.1

Source: ECLAC, on the basis of official figures.

* Preliminary figures.

Table 18
COLOMBIA: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-3 056	-3 022	-1411	-1815	480	-13	-346	-180
Trade balance	-2 269	-1970	-149	-617	1421	691	278	555
Exports of goods and services	4 424	3 784	5167	4 476	6 509	6 401	6 662	7 307
Goods FOB	3 113	2 970	4 273	3 650	5 332	5 254	5 340	5 978
Real services	1309	815	894	825	1177	1146	1 322	1329
Transport and insurance	436	390	395	370	391	459	528	558
Travel	484	235	245	192	418	349	383	371
Imports of goods and services	6 693	5 754	5 316	5 093	5 087	5 710	6 384	6 751
Goods FOB	5 358	4464	4 027	3 674	3 409	3 794	4 515	4 726
Real services ^b	1335	1290	1288	1419	1679	1917	1869	2 025
Transport and insurance	794	639	596	574	597	556	595	639
Travel	259	315	329	313	611	666	538	554
Factor services	.954	-1197	-1552	-1653	-1 742	-1712	-1598	-1844
Profits	-300	-437	-441	-380	-555	-526	-409	-558
Interest received	498	272	108	91	131	176	227	259
Interest paid and due	-1147	-1011	-1177	-1 293	-1315	-1341	-1415	-1539
Labour and ownership	-4	-21	-42	-71	-3	-20	-1	-6
Unrequited private transfer payments	167	145	289	455	801	1009	974	1108
Balance on capital account	2180	1181	1038	1970	933	-99	777	210
Unrequited official transfer payments	2	19	10	6	-16	-8	-8	-
Long-term capital	1615	1528	1821	2349	2 629	185	851	690
Direct investment	337	514	561	1016	562	287	186	468
Portfolio investment	-7	-2	-3	-1	31	48	-	179
Other long-term capital	1285	1016	1264	1334	2036	-150	665	44
Official sector ^c	329	102	355	297	1850	-91	610	390
Loans received	505	290	645	633	2 769	1152	2 247	2 271
Amortization payments	-172	-188	-290	-329	-919	-1243	-1367	-1881
Commercial banks ^c	-	-	-	-	-	-	-	-
Loans received	-	-	-	-	-	-	-	-
Amortization payments	-	-	-	-	-	-	-	-
Other sectors	956	914	909	1037	186	-59	55	-346
Loans received	1208	1360	1419	1539	441	81	152	142
Amortization payments	-252	-446	-510	-502	-255	-140	-97	-488
Short-term capital	617	-93	-878	-114	-1551	-194	235	-166
Official sector	36	90	22	13	-1007	-93	83	55
Commercial banks	119	64	-188	3	-	-	...	-
Other sectors	461	-247	-712	-130	-	-	-	-
Errors and omissions (net)	-53	-273	84	-273	-129	-83	-301	-314
Global balance	-875	-1841	-373	154	1413	-112	431	30
Total variation in reserves (- sign indicates an increase)	719	1748	1155	-278	-1464	22	-360	-57
Monetary gold	-169	-177	651	-170	-65	515	-175	-
Special Drawing Rights	-40	-19	198	-	-139	-22	8	-
IMF reserve position ^d	-16	-81	274	-	-	-	-	-
Foreign exchange assets	936	2060	62	-228	-	-	-	-
Other assets	8	-34	-30	120	-	-	-	-
Use made of IMF credit	-	-	-	-	-	-	-	-

Source: 1982-1986, ECLAC, on the basis of data supplied by the International Monetary Fund (IMF). 1987-1989: ECLAC, on the basis of data supplied by the Banco de la República de Colombia.

^a Preliminary figures. ^b Includes other non-factor services. ^c Includes net loans granted and other assets and liabilities. ^d Equivalent to the total variation in reserves (of opposite sign) plus counterpart items.

Table 19
COLOMBIA: NET INTERNATIONAL RESERVES

	1981	1982	1983	1984	1985	1986	1987	1988	1989
Net international reserves (millions of dollars)	5 630	4 891	3 079	1796	2 067	3 478	3 450	3 810	3 867
Months of imports (goods and services)	93	7.0	5.0	3.0	3.6	5.9	5.4	5.5	5.2

Source: Banco de la República de Colombia.

^a At the end of each year.

Table 20
COLOMBIA: INDICATORS OF EXTERNAL INDEBTEDNESS

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Year-end balances in millions of dollars									
Total external debt	8 518	10 269	11458	12 350	14 063	14 987	15 663	16 434	16 249
Public ^b	5 644	6 819	7 862	8 829	10 648	11982	12 530	13 061	13 296
Private	2 874	3 450	3 596	3 521	3 415	3 005	3 133	3 373	2 953
Service									
Total external debt	1315	1577	1647	1881	2043	2399	2 784	3 083	3908
Principal	378	430	636	704	750	1084	1385	1734	2369
Interest ^c	937	1147	1011	1177	1293	1315	1399	1415	1539
External public debt									
Principal	266	336	415	562	654	936	1255	1637	1881
Interest	402	600	565	620	795	907	1156	1143	1288
Percentages									
Total external debt/exports of goods and services	198.6	232.1	302.8	239.0	314.2	230.3	244.7	246.7	222.4
Debt service/exports of goods and services	30.7	35.6	43.5	36.4	45.6	36.9	43.5	46.3	53.5
Net interest payments ^d /exports of goods and services	7.1	14.7	19.5	20.7	26.9	18.2	18.2	17.8	17.5

Source: ECLAC, on the basis of data supplied by the Banco de la República de Colombia and the International Monetary Fund (IMF).

* Preliminary figures. ^b Includes private debts guaranteed by the public sector. ^c Corresponds to the "Interest paid" entry of the current account of the balance of payments. ^d Interest paid minus interest received.

Table 21
COLOMBIA: DOMESTIC PRICE TRENDS

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Variation from December to December									
Consumer price Index									
Total for manual workers	26.7	23.9	16.7	18.3	22.7	20.7	24.6	28.3	26.1
Food	28.2	24.9	17.2	19.6	27.9	23.3	27.1	31.7	22.9
Total for non-manual workers	25.6	24.5	16.5	18.3	21.8	21.6	22.6	27.6	26.1
Food	28.8	24.7	17.4	18.6	28.2	24.5	25.9	30.1	23.0
Wholesale price index									
Average	23.5	24.6	18.0	21.2	23.0	24.4	25.2	29.5	25.6
Imported products	22.4	18.5	23.4	35.6	33.1	21.5	27.0	30.8	27.2
Domestic products	25.3	27.0	18.4	19.3	22.6	25.0	25.0	30.1	25.2
Agricultural products	29.3	32.3	18.5	17.8	24.4	25.0	21.3	33.8	23.6
Manufactures	20.9	20.2	16.1	22.0	20.0	24.6	28.7	27.4	27.2
Housing construction cost index									
Nationwide	22.0	21.8	16.2	21.5	20.3	17.4	34.7	30.8	
Bogotá	20.3	21.9	17.2	21.1	20.6	29.1	36.5	31.4	
Variation between annual averages									
Consumer price index									
Total for manual workers	28.1	24.6	19.8	15.9	24.6	18.6	23.5	28.5	26.0
Food	28.5	25.4	20.6	15.7	31.5	19.3	26.8	32.6	24.3
Total for non-manual workers	26.0	24.5	19.5	16.6	22.5	19.6	22.8	26.9	26.1
Food	29.3	25.6	20.2	15.6	29.8	20.5	26.9	30.5	25.3
Wholesale price index									
Average	24.1	25.7	21.7	18.3	24.9	22.0	24.9	28.2	28.3
Imported products	22.3	20.2	20.4	31.9	33.3	26.8	24.3	28.2	31.6
Domestic products	25.2	28.3	23.1	16.5	25.1	21.0	25.4	28.9	27.9
Agricultural products	23.2	35.4	24.3	14.2	29.8	18.3	23.5	29.7	28.6
Manufactures	25.4	20.8	19.8	19.2	21.1	23.3	26.7	28.4	27.9
Housing construction cost index									
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).

^a Preliminary figures. ^b National average.

Table 22
COLOMBIA: REAL WAGES IN SOME ECONOMIC SECTORS

	1981	1982	1983	1984	1985	1986	1987	1988	1989
	Index (1980 = 100)								
Industry									
Non-manual workers ^a	102.5	105.5	110.2	115.6	113.7	116.4	116.5	116.8	118.8
Manual workers	101.3	104.7	110.1	118.1	114.6	120.1	119.2	117.7	119.1
Construction ^c	102.2	102.6	106.9	108.9	105.3	105.3	105.7	103.5	90.7 ^{de}
Commerce	103.2	108.3	108.1	109.1	104.6	113.1	118.9	118.9	118.6
Legal minimum daily wage ^e				377	452	560	684	854	1085
	Percentage variation								
Industry									
Non-manual workers ^a	2.5	2.9	4.5	4.9	-1.6	2.4	0.1	0.2	1.7
Manual workers	13	3.4	5.2	7.3	-3.0	4.8	-0.7	-1.4	1.2
Construction ^c	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	-0.3
Legal minimum daily wage			...	9.6	-3.8	4.6	-0.9	-2.9	0.7

Source: ECLAC, on the basis of data supplied by the National Bureau of Statistics (DANE) and the Colombian Chamber of Construction (CAMACOL).

^a Average wages, deflated by the consumer price index for non-manual workers. ^b Average wages, deflated by the consumer price index for manual workers. ^c Average costs of labour in Bogotá, deflated by the consumer price index of that city. ^d New base: March (1989=100). ^e As at November. ^f Index as at October 1987. Percentage variation with respect to the same period of the previous year. ^g Current pesos. ^h Percentage variation of nominal wages deflated by the consumer price index for manual workers.

Table 23
COLOMBIA: AVERAGE DAILY WAGES IN CROP FARMING AND STOCK RAISING

	Current pesos					Real growth rates ¹				
	1985	1986	1987	1988	1989 ^b	1985	1986	1987	1988	1989 ^b
	Crop farming									
Cold areas										
With food	322	406	501	676	866	-4.8	5.9	3.1	4.9	1.3
Without food	465	593	732	980	1254	-4.7	7.5	3.1	4.1	1.2
Hot areas										
With food	344	430	533	714	901	-3.9	5.3	3.6	4.2	-0.2
Without food	490	619	770	1021	1297	-3.7	6.5	3.7	3.1	0.4
	Stock raising									
Cold areas										
With food	327	410	510	682	879	-5.3	5.6	3.2	4.0	1.9
Without food	466	594	742	988	1263	-5.0	7.4	4.1	3.5	1.0
Hot areas										
With food	370	466	576	770	976	-3.9	5.9	3.4	4.0	0.2
Without food	522	663	825	1088	1385	-4.2	6.9	4.3	2.5	0.6

Source: ECLAC, on the basis of data supplied by the National Bureau of Statistics (DANE).

^a Percentage variation in nominal wages, deflated by the consumer price index for manual workers. ¹ Preliminary figures. Average for three quarters.

Table 24
COLOMBIA: EFFECTIVE INCOME AND EXPENDITURE OF THE
CONSOLIDATED PUBLIC SECTOR

	Billions of pesos				Growth rates		
	1986	1987	1988	1989 ^a	1987	1988	1989 ^a
1. Net current income	1394	1990	2 571	3 540	42.8	29.2	37.7
Central government	656	936	1211	1569	42.7	29.4	29.6
Decentralized sector	738	1054	1360	1971	42.9	29.0	44.9
2. Net current expenditure	1135	1577	2147	2994	38.9	36.2	39.5
Central government	565	768	1064	1450	35.9	38.5	36.3
Decentralized sector	570	809	1083	1544	41.9	33.9	42.6
3. Current savings (1-2)	259	414	425	546	59.7	2.7	28.6
4. Capital expenditure	473	518	679	914	9.6	31.1	34.6
Central government	180	209	316	390	16.0	51.1	23.4
Decentralized sector	293	309	363	524	5.6	17.6	44.3
5. Total expenditure (2+4)	1608	2 095	2 826	3909	30.3	34.9	38.3
Central government	745	977	1380	1840	31.1	41.2	33.3
Decentralized sector	862	1118	1446	2 069	29.6	29.4	43.0
6. Surplus (+) or deficit (-X1-5)	-214	-104	-255	-368		, -	-
7. Financing	214	104	255	368			44.6
External credit	320	-30	197	183			-7.3
Disbursements	477	250	612	802	-47.5	144.6	30.9
Amortization	157	281	415	619	78.8	47.8	49.1
Domestic credit	-107	135	57	185			223.2
	Coefficients						
Current savings/capital expenditure	54.8	79.8	62.5	59.7			
Deficit/total expenditure							
Deficit/GDP	3.1	1.2	2.2	2.4			

Source: ECLAC, on the basis of data supplied by the National Bureau of Planning (DNP) and the Comptroller-General of the Republic.

^a Preliminary figures. ^b Includes net loans to non-financial public bodies.

Table 25
COLOMBIA: EFFECTIVE INCOME AND EXPENDITURE OF THE CENTRAL GOVERNMENT

	Billions of pesos					Growth rates				
	1985	1986	1987	1988	1989 ^a	1985	1986	1987	1988	1989 ^a
1. Current income	447	655	935	1211	1570	46.1	46.5	42.7	29.5	29.6
Tax revenue	425	607	838	1100	1448	45.4	43.1	38.0	31.3	31.6
Direct	158	218	311	409	567	33.2	38.1	42.5	31.5	38.6
Income and complementary	158	218	311	409	567	33.2	38.1	42.5	31.5	38.6
Other										
Indirect	267	389	527	691	881	54.0	46.0	35.4	31.1	27.5
Non-tax revenue	22	48	97	111	122	64.4	134.9	101.7	14.7	9.9
2. Current expenditure	432	565	768	1065	1451	17.4	32.9	35.9	38.6	36.2
Consumption and transfers	382	497	653	906	1232	15.4	32.3	31.4	38.7	36.0
Interest	50	68	115	159	219	34.8	37.3	69.2	38.0	37.7
External debt	37	52	83	112	163	32.3	41.7	59.1	34.6	45.5
Domestic debt	13	16	32	47	56	42.7	24.4	102.5	46.9	19.1
3. Current savings (1-2)	15	90	168	146	119	...	504.7	86.5	-13.1	-18.5
4. Capital expenditure	147	180	209	316	390	46.8	20.0	16.0	51.1	23.4
5. Total expenditure (2+4)	579	746	977	1381	1841	23.8	29.6	31.1	41.3	33.3
6. Deficit (-) or surplus (+)(1-5)	-132	-90	-43	-170	-271					
7. Financing	132	90	42	169	272					
External credit	49	102	-29	144	96					
Domestic credit	83	-12	71	25	176					
Coefficients										
Current savings/capital expenditure	10.1	50.0	80.3	46.2	30.5					
Deficit/total expenditure	22.8	12.1	4.4	12.3	14.7					
Deficit/GDP	2.7	1.3	0.5	1.5	1.8					

Source: ECIAC, on the basis of data supplied by the Banco de la República de Colombia and the Treasury of the Republic.
^a Preliminary figures. ^b Includes net loans to non-financial public bodies.

Table 26
COLOMBIA: MONETARY BALANCE

	Year-end balance (billions of pesos)				Growth rates				
	1986	1987	1988	1989 ^a	1985	1986	1987	1988	1989 ^a
Monetary base	529	695	882	1150	25.9	28.2	31.5	26.9	30.4
Means of payment (Mi)	789	1048	1319	1702	27.6	22.7	32.9	25.8	29.1
Currency outside banks	313	414	523	647	25.7	18.9	32.4	26.3	23.8
Current account deposits	476	635	796	1055	28.9	25.3	33.3	25.4	32.5
Factors of expansion (net)	2 076	2 658	3 279	4 307	...	28.8	28.0	23.4	31.4
International reserves	713	858	1182	1543	76.6	110.0	20.4	37.7	30.6
Credit of the Banco de la República	429	557	771	797		9.4	30.0	38.3	3.4
Government (net)	194	256	459	441	11.3	-21.0	32.0	79.5	-3.9
Rest of the public sector (net)	16	74	90	175			349.4	22.0	94.7
Private sector	219	228	222	181		33.9	4.2	-2.6	-18.4
Loans by the financial system	1787	2367	3106	3 961	26.8	29.6	32.5	31.2	27.5
Commercial banks	722	999	1246	1663	25.1	30.0	38.3	24.7	33.5
Savings and housing corporations	533	671	854	1121	33.8	22.6	26.1	27.2	31.2
Other financial intermediaries	532	697	1006	1177		31.3	30.9	44.3	17.0
Other net accounts	-852	-1125	-1779	-1994			32.0	58.2	12.1
Quasi-money (savings and time deposits)	1288	1610	1960	2 605	38.9	32.8	25.0	21.8	32.9
Deposits in housing corporations	563	679	911	1181	38.9	28.9	20.7	34.2	29.6
Savings deposits	257	331	390	476	34.6	49.4	28.8	17.7	22.1
Time-deposit certificates	468	600	659	948	35.5	29.6	28.1	10.0	43.8
Monetary multipliers									
Mi/Monetary base	1.49	1.51	1.50	1.48					
M2/Monetary base	3.92	3.82	3.72	3.75					
	Percentages								
Liquidity ratios									
MI/GDP	12.5	11.9	9.0	8.5					
M2/GDP	32.9	30.2	22.4	21.5					

Source: ECIAC, on the basis of data supplied by the Banco de la República de Colombia.

^a Preliminary figures.

Table 27
COLOMBIA: BANK INTEREST RATES¹

	1981	1982	1983	1984	1985	1986	1987	1988	1989
Nominal effective rate	38.6	35.9	34.2	34.4	35.9	32.1	34.2	31.8	34.0
Inflation rate	26.7	23.9	16.7	18.3	22.7	20.7	24.6	28.6	26.1
Real effective rate	9.4	9.7	15.0	13.6	10.8	9.4	7.7	2.5	6.3

Source: Banco de la República de Colombia.

* Corresponds to time-deposit certificates.

^b Annual percentage variation of the consumer price index for manual workers.

COSTA RICA

The inflow of external resources to Costa Rica once again played a crucial role in the growth of its economy (which expanded for the fourth year in a row) and in the lowering of inflation to an annual rate of just 10%. The large capital inflow received by the country also financed its persistent deficit on current account, which increased significantly. The public sector, for its part, registered a moderate deficit, in contrast to the balanced position it had maintained during the two preceding years (see table 1 and figure 1).

The general situation faced by economic policy-makers at the outset of 1989 was marked by a high real exchange rate, a rapid rate of inflation (25% per annum) and a slowdown in economic activity coupled with a slump in gross capital formation. In 1988 the external sector had been the source of a large resource flow, and since a policy providing for a selective restriction of debt service payments had also been adopted at that time, the country was able to build up its international reserves considerably. The external financial picture remained much the same in 1989 as the country's income flows (primarily of short-term capital) held more or less steady.

Against this backdrop, the country continued to open up its trade (a process which it had begun in 1985), the rate of devaluation slowed, and inflation slackened without causing any significant reduction in the real exchange rate. Although an expansionary fiscal policy was applied, resulting in a nearly 6% increase in real expenditure, this did not affect money creation because the deficit was largely covered by external loans. The growth in the money supply mainly stemmed from the accumulation of reserves, although this was

partly offset by a tight credit policy, particularly with respect to loans for the public sector.

All of the above helped to stimulate economic activity. Total demand, which had expanded by only 2% in 1988, climbed by almost 9%, thereby returning to its rate of earlier years. Exports continued on their upward trend with an increase of 13% at constant values, while domestic demand also did its share, rising by 7%. Both investment and consumption grew rapidly. The expansion of all the demand aggregates was reflected in an increase of over 5% in the gross domestic product and a striking 17% rise in imports, calculated at constant prices. One of the distinctive features of the economy's performance in 1989 was that high growth rates were achieved by a broad range of sectors. Construction, transport and commerce were the fastest-growing activities; in the case of construction, the increase was spurred by government housing plans, while the growth of intermediation services was fueled by domestic activity and the flow of imports. In line with these developments, unemployment fell to its lowest levels of the decade.

The policy to curb inflation was a success, and the increase in domestic prices was held down to a monthly rate of around 1%. The factors which helped make this possible included the lowering of tariffs and the decrease in the real exchange rate, a satisfactory supply of agricultural products, the availability of external financing and a rate of money creation which was in step with the rate of inflation and with the increase in transactions. The freeze placed on the prices of some public services in February was also a contributing factor.

Figure 1

COSTA RICA: MAIN ECONOMIC INDICATORS

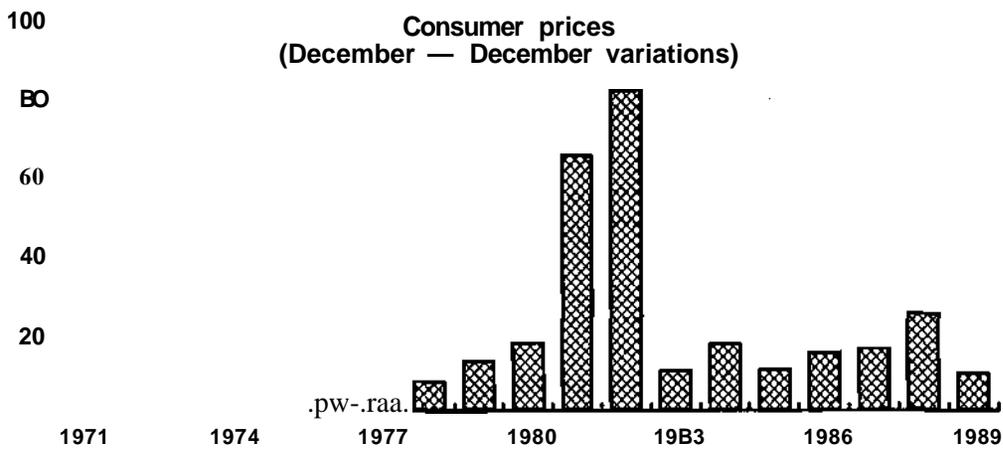
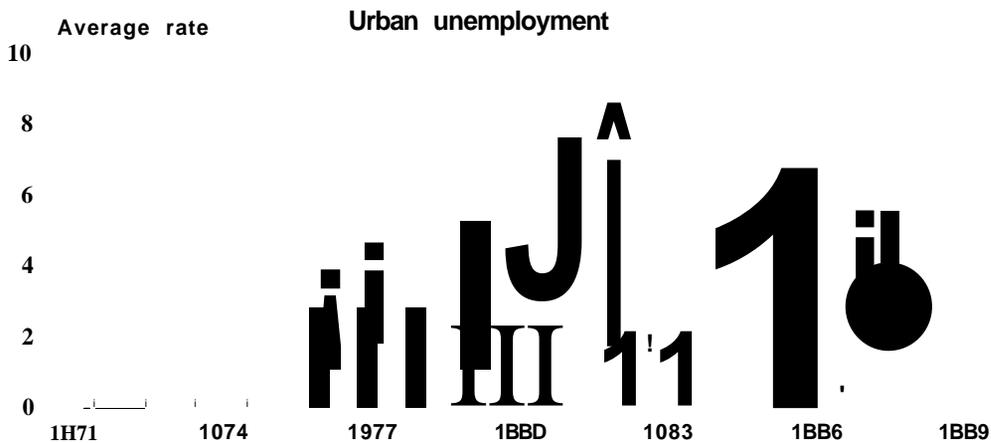
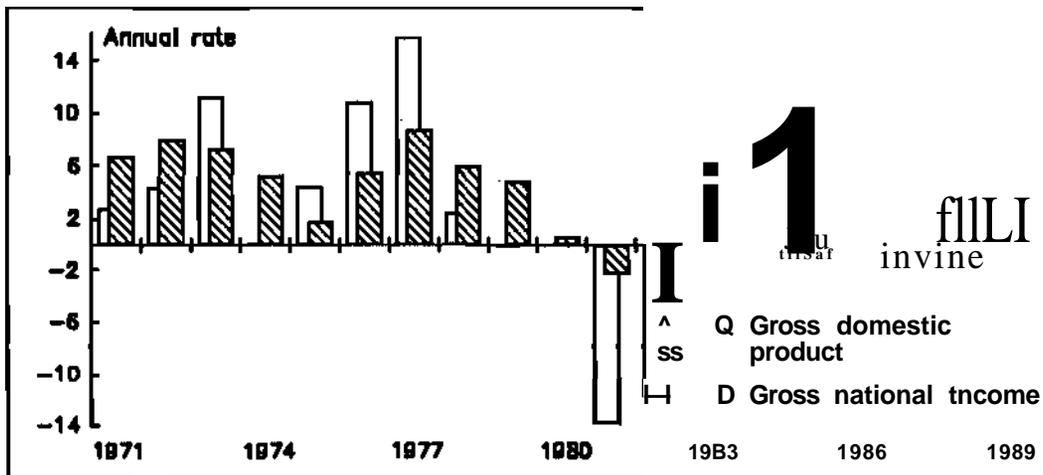
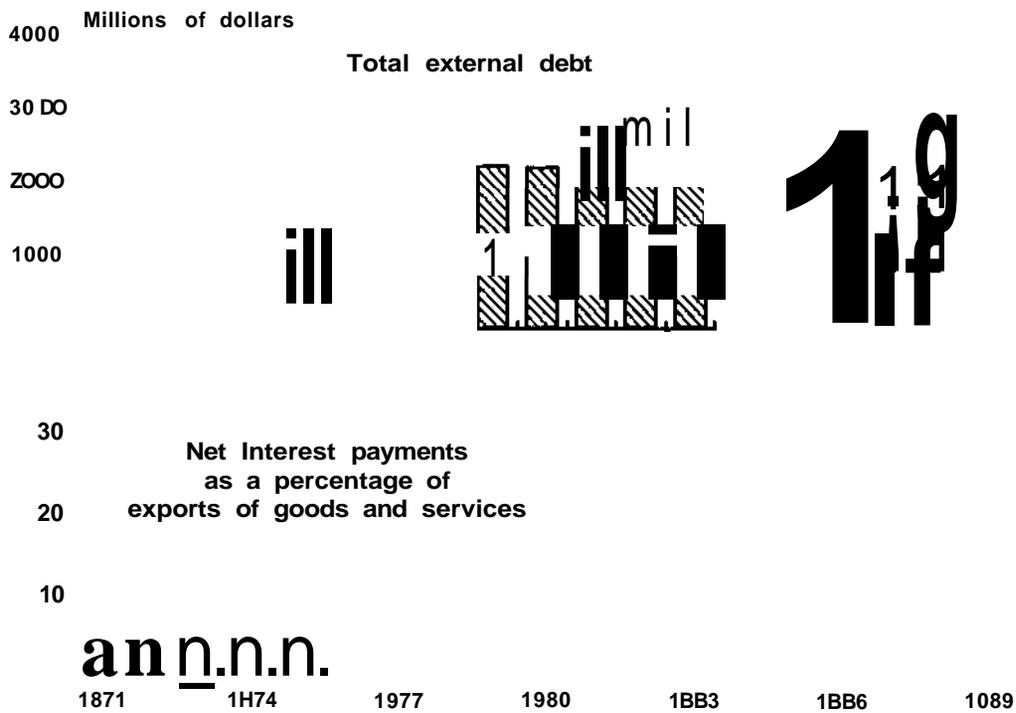
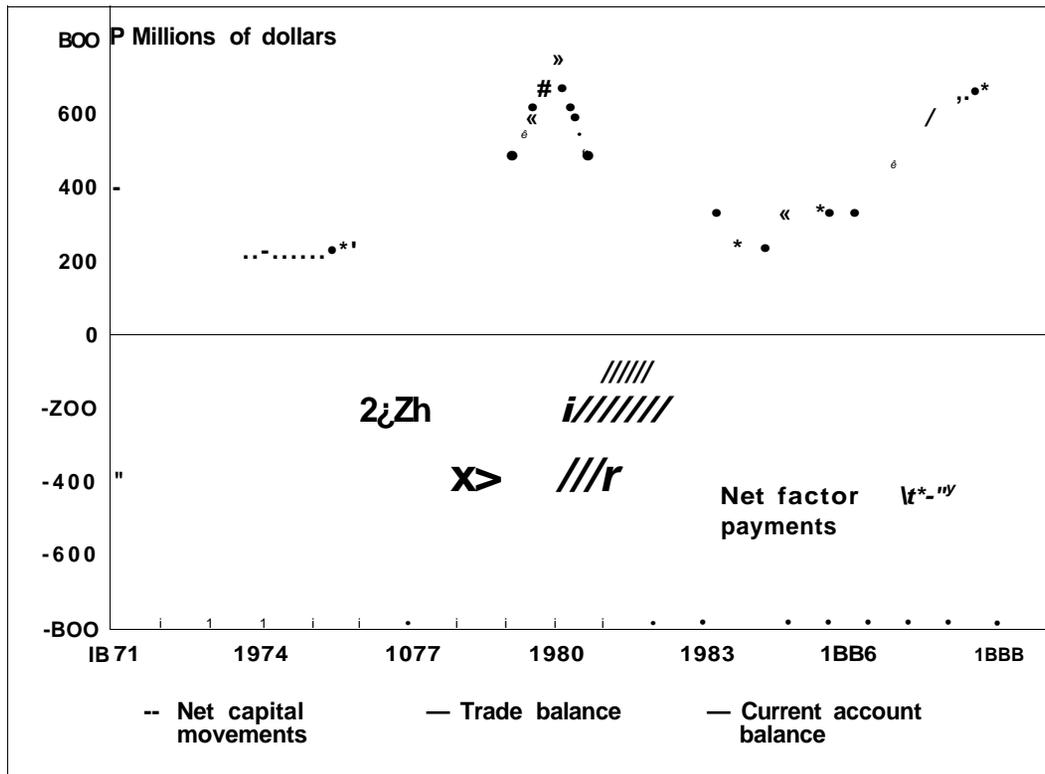


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

The programme to open up trade which had been launched in 1985 made substantial progress, and most of the requirements for Costa Rica's entry into the General Agreement on Tariffs and Trade (GATT) were thereby fulfilled. The liberalization of the economy and the country's economic growth boosted merchandise imports, which jumped by 23% in current dollars, in contrast to the 3% rise recorded in 1988. This sharp increase resulted in a large trade deficit, despite the expansion of exports (mainly non-traditional exports, which for the first time accounted for a larger share of the total than did traditional exports), and this deficit, when added to the country's external interest payments, yielded a deficit on current account of nearly US\$ 550 million, which was substantially larger than those of earlier years. However, since the inflow of external resources more than covered the deficit on current account, the country was able to increase its international reserves by nearly US\$ 150 million. Nonetheless, if interest arrears (approximately US\$ 300 million) are deducted, then the actual inflow of resources amounts to US\$ 390 million, of which US\$ 170 million corresponded to official grants and donations and US\$ 220 million to unregistered private short-term capital inflows. Hence, the Costa Rican economy has received a net transfer of external resources of US\$ 600 million over the past two years, thanks to the substantial increase in official grants and donations and in private short-term capital inflows, as well as to its strategy of making a unilateral reduction in the service payments on a portion of the external debt. Given the instability of the above flows, during 1989 the authorities followed the prudent policy of using a substantial share of the country's foreign exchange income to build up its international

reserves. One of the most important events of the year was the negotiation of an agreement in principle to reduce Costa Rica's external indebtedness under the Brady Plan. This arrangement will permit the country to reduce the service payments on its debt with private international banks from US\$ 200 million to US\$ 50 million beginning in 1990, which will in effect validate the level of interest payments actually made by Costa Rica in 1989.

The decision to increase the country's international reserves had an impact on monetary policy, since it generated a considerable expansion of the money supply. Thus, a 17% increase in *M₁* was obtained by means of a tight credit policy whereby loans to the private sector were reduced in real terms and the public sector's nominal balance was lowered by 20%. Dollar deposits continued to expand rapidly and by the end of year they had reached a level that, when calculated in colones, was similar to that of local-currency deposits; given the attractive real interest rates that were offered, quasi-money grew by more than 10% in real terms. The share of quasi-money represented by stabilization bonds continued to rise, with such bonds accounting for one-fifth of the total in 1989 as opposed to 10% in 1986. The absorption of money effected by means of these bonds, which were offered at positive real rates, boosted the public sector's financing requirements.

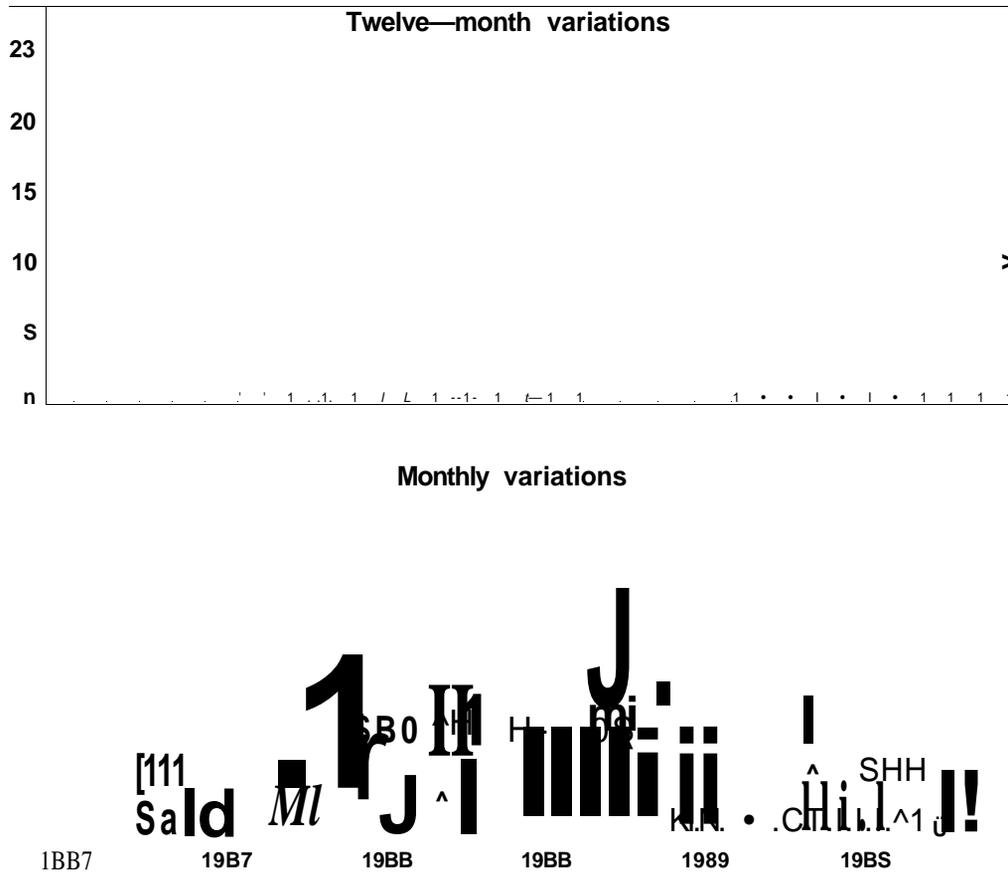
Fiscal expenditure expanded more than fiscal income, thereby upsetting the balance achieved during the preceding two years by the public sector as a whole, which showed a deficit of about one percentage point of the product in 1989. As in 1988, public enterprises recorded a surplus, while the deficit of the central

¹The second phase of the structural adjustment programme, which went into effect in late 1989, provides for the following measures: i) the setting of a new tariff ceiling of 40% and a tariff floor of 5%; ii) the continuation of export incentives, with some modifications from 1991 onward; iii) the continuation of the system of mini-devaluations and reductions in prior deposits on imports; iv) a move towards putting domestic prices for basic grains on a par with their international prices; v) the provision of technical and marketing assistance to small-scale farmers through the National Production Council (CNP); vi) the maintenance of the portfolio of preferential loans at subsidized interest rates at its 1986 level; vii) new accounting and collection procedures for State banks to prevent losses; and viii) an increase in public-sector saving and a reduction in public investment as a percentage of the gross domestic product.

government climbed from 2% to 3% of the product. This was primarily due to the increase in spending, since receipts held more or less steady in real terms. The increases in almost all items of expenditure outstripped the rise in

price levels, with the steepest increase being in transfers to the private sector (37%). These transfers included outlays for export promotion, which represented more than 6% of the central government's current expenditure.

Figure 2
COSTA RICA: CONSUMER PRICE INDEX
(Percentages)



Source: ECLAC, on the basis of official figures.

Table 1
COSTA RICA: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989*
Indexes (1980 = 100)								
Basic economic indicators								
Gross domestic product at market prices	90.5	92.9	100.2	101.0	106.3	111.1	114.8	121.1
Gross national income	75.9	3.8	89.9	91.2	102.1	103.0	105.3	109.5
Population (millions of inhabitants)	2.42	2.50	2.57	2.64	2.72	2.79	2.87	2.94
Per capita gross domestic product	85.3	85.0	89.1	87.3	89.4	90.9	91.5	94.0
Public sector deficit/GDP		...	1.7	1.9	1.1	0.1	-0.4	0.9
Central government deficit/GDP			3.4	2.2	3.4	2.0	2.1	3.3
Money (M1)/GDP ^b			17.4	16.2	14.7	14.2	12.2	12.1
Real effective exchange rate	129.9	113.3	113.0	119.0	117.9	124.2	135.9	134.0
Urban unemployment rate ^c	9.9	8.5	6.6	6.7	6.7	5.9	6.3	3.7
Growth rates								
Short-run economic indicators								
Gross domestic product	-7.3	2.7	7.9	0.7	5.3	4.5	3.3	5.5
Per capita gross domestic product	-10.0	-0.3	4.8	-2.1	2.4	1.7	0.6	2.8
Gross national income	-11.9	6.5	11.2	1.5	12.0	0.9	2.2	4.0
Consumer prices								
December to December	18.7	10.7	17.3	11.1	15.4	16.4	25.3	10.0
Real wages and salaries ^c	-19.8	10.9	7.8	9.1	6.1	-9.6	-4.5	0.6
Current value of exports of goods and services	-5.1	1.6	12.5	-4.1	14.0	4.2	11.2	12.6
Current value of imports of goods and services	-19.9	9.8	8.9	2.2	5.0	21.6	4.1	21.2
Terms of trade (goods and services)	-3.0	5.8	-3.7	-2.9	15.8	-7.8	-0.2	-4.0
Millions of dollars								
External sector								
Trade balance (goods and services)	73	-12	27	-52	55	-175	-80	-236
Net payments of profits and interest	377	337	321	290	285	305	359	354
Balance on current account	-274	-327	-261	-299	-193	-442	-398	-546
Balance on capital account	400	373	212	356	290	480	623	686
Variation in net international reserves	125	64	-53	45	72	-1	229	147
Disbursed external debt ^d	3 188	3 532	3 752	3 742	3 922	4 194	4 100	

Source: ECLAC, on the basis of official figures.

* Preliminary figures. Percentages. : 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. ^u End-year balances. Refers to the disbursed, medium- and long-term debt.

Table 2
COSTA RICA: REAL GROSS NATIONAL INCOME

	Indexes(1980 = 100)			Percentage breakdown			
	1987	1988	1989*	1980	1987	1988	1989 ^a
Gross national income (a + b + c + d)	103.0	105.3	109.5	94.4	87.5	86.5	85.3
a) Gross domestic product	111.1	114.8	121.1	100.0	100.0	100.0	100.0
b) Terms-of-trade effect				0.0	-5.8	-6.0	-8.1
c) Net factor income from external sources	38.9	155.7	148.4	-6.2	-7.7	-8.4	-7.5
d) Net private transfers from abroad	193.9	191.4	204.0	0.6	1.0	0.9	0.9

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 3
COSTA RICA: TOTAL SUPPLY AND DEMAND

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989*	1986	1987	1988	1989 ^a
Total supply	106.8	109.1	118.6	146.8	143.8	6.5	8.0	12	8.7
Gross domestic product at market prices	111.1	114.8	121.1	100.0	100.0	5.3	4.5	3.3	5.5
Imports of goods and services	97.6	96.9	113.3	46.8	43.8	9.9	17.3	-0.7	16.9
Total demand	106.8	109.1	118.6	146.8	143.8	6.5	8.0	12	8.7
Domestic demand	97.0	97.4	103.9	113.0	97.0	8.1	7.5	0.4	6.7
Gross domestic investment	99.4	91.1	101.6	26.6	22.3	30.9	2.9	-8.4	11.5
Gross fixed investment	95.9	93.4	103.6	23.9	20.4	11.8	9.9	-2.6	11.0
Changes in stocks	130.7	70.7	83.4	2.7	1.8				
Total consumption	96.3	99.4	104.7	86.4	74.7	2.1	9.0	3.2	5.3
General government	98.1	101.0	104.6	18.2	15.7	2.4	2.2	3.0	3.5
Private	95.8	98.9	104.7	68.2	58.9	2.0	11.1	3.2	5.8
Exports of goods and services	139.5	148.3	167.7	33.8	46.8	2.9	9.1	6.3	13.1

Source: ECIAC, on the basis of figures supplied by the Central Bank of Costa Rica.

* Preliminary figures. ^b 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 to constant 1980 figures using unit value indexes calculated by ECLAC for that purpose.

Table 4
COSTA RICA: ORIGIN, COMPOSITION AND FINANCING
OF GROSS DOMESTIC INVESTMENT
(As percentages of the gross domestic product)^a

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Gross domestic investment	13.6	17.7	18.2	19.4	24.1	23.8	21.1	22.3
Construction	8.9	9.1	10.1	10.4	10.3	9.5	9.7	10.4
Machinery and equipment	5.4	6.0	7.6	8.1	9.4	11.1	9.7	10.1
Changes in stocks	-0.7	2.6	0.5	1.0	4.5	3.1	1.7	1.8
Gross domestic saving	26.3	25.7	26.2	26.0	28.2	25.1	25.3	25.3
Net income from factor services	-11.2	-10.2	-9.1	-8.0	-7.8	-7.7	-8.4	-7.5
Terms-of-trade effect	-10.5	-8.4	-7.3	-8.0	-2.6	-5.8	-6.0	-8.1
Unrequited private transfer payments	0.9	0.7	0.9	1.2	1.0	1.0	0.9	0.9
Gross national saving	5.5	7.8	10.8	11.2	18.9	12.6	11.8	10.7
External saving	8.2	9.9	7.4	8.2	5.3	11.1	9.3	11.6

Source: ECLAC, on the basis of official figures.

^a At market prices, in constant 1980 dollars, at adjusted exchange rate.

^b Preliminary figures.

Table 5
COSTA RICA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT 1980
MARKET PRICES

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product	111.1	114.8	121.1	100.0	100.0	33	4.5	33	5.5
Goods	110.3	113.8	120.1	42.6	42.3	5.7	43	32	5.5
Agriculture	118.3	123.7	130.5	17.8	19.2	4.8	4.2	4.6	5.5
Manufacturing and mining	114.4	116.9	123.1	18.6	18.9	7.3	5.5	2.2	5.3
Construction	75.1	76.3	81.5	6.2	4.2	3.1	-0.1	1.6	6.9
Basic services	131.4	138.9	149.3	63	7.8	7.0	8.0	5.7	7.5
Electricity, gas and water	147.4	151.1	158.6	2.1	2.8	6.1	7.7	2.5	5.0
Transport, storage and communications	123.2	132.7	144.5	4.2	5.0	7.5	8.2	7.7	8.9
Other services	109.3	112.7	118.4	51.0	49.9	4.7	42	3.0	5.1
Commerce	106.7	108.6	116.8	20.1	19.4	7.0	5.0	1.8	7.6
Financial institutions, insurance and business services	122.1	129.4	135.3	11.3	12.6	4.9	5.4	5.9	4.5
Real estate	111.9	115.2	118.3	6.0	5.9	2.0	2.5	3.0	2.7
Community, social and personal services	104.7	107.2	110.3	19.6	17.9	2.4	2.6	2.4	2.8
Government services	103.8	106.4	109.0	15.2	13.7	2.0	2.5	2.5	2.5

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 country on the basis of calculations at constant prices.

^a Preliminary figures. ^b Includes livestock, forestry and fishing.

Table 6
COSTA RICA: INDICATORS OF AGRICULTURAL PRODUCTION

	1985	1986	1987	1988	1989 ^a	Percentage	Growth rates			
						breakdown (1985)	1986	1987	1988	1989 ^a
Index of agricultural production (1980 = 100)^b	103.4	108.8	114.0	119.6	126.5	100.0	5.2	4.8	4.9	5.8
Crop farming	106.5	109.7	116.7	124.8	132.4	63.5	3.0	6.4	6.9	6.1
Livestock	104.8	108.6	110.7	110.9	115.2	28.4	3.6	1.9	0.2	3.9
Forestry	73.3	102.6	77.0	77.0		3.5	40.0	-25.0	-	
Fisheries	104.6	113.9	108.0	97.5	102.4	1.9	8.9	-5.2	-9.7	5.0
Production of main crops^c										
Traditional export crops										
Coffee	124	120	145	157	160		-3.2	20.8	8.6	1.7
Bananas	1003	1096	1148	1227	1383		9.3	4.7	6.9	12.7
Sugar cane	2766	2802	2676	2796	2511		1.3	-4.5	4.5	-10.2
Cocoa	4	4	4	5	5		-3.6	-7.0	23.6	-9.3
Domestic consumption										
Rice	225	200	152	172	192		-11.2	-24.0	13.1	11.8
Maize	115	134	105	99	94		16.3	-21.9	-16.1	-5.5
Beans	23	29	32	30	25		26.1	11.0	-17.6	-16.9
Sorghum	54	46	24	9	6		-15.3	-46.8	-60.5	-32.2
Plantains	79	80	83	85	88		1.1	3.3	3.1	3.7
Indicators of livestock production										
Slaughtering ^c										
						100.0				
Cattle	107	128	124	103	107	77.0	19.3	-2.8	-14.7	3.6
Pigs	26	21	20	28	29	18.7	-19.5	-6.6	39.6	4.2
Poultry	6	6		9	10	4.3	-2.1	28.4	7.9	15.3
Other products										
Milk ^d	366	391	400	404	406			2.2	1.2	0.6
Eggs ^e	228	252	299	336	384		10.5	18.7	12.3	14.5
Other production indicators										
Wood ^f	504	705	529	593	593		40.0	-25.0	12.2	
Volume of fishery production ^c	20	22	21	19	20		8.5	-5.2	-9.7	5.0

Source: ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica.

Preliminary figures. ^b Calculated on the basis of the gross value of production in 1986 colones. ^c Thousands of tons. ^d Millions of litres. ^e Millions of units. ^f Thousands of cubic metres.

Table 7
COSTA RICA: INDICATORS OF MANUFACTURING PRODUCTION

	1987	1988	1989 ^a	Percentage breakdown (1989) ["]	Growth rates			1989 ^a
					1986	1987	1988	
Index of value added (1986 = 100)	104.8	106.7	112.4	100.0	-11.6	4.8	1.8	5.3
Consumer goods								
Food, beverages and tobacco	106.8	108.2	110.8	46.6	-25.9	6.8	1.3	2.4
Coffee processing	120.9	131.3	133.5	8.2	-36.1	20.9	8.6	1.7
Meat	89.2	79.9	77.7	3.1	-41.3	-10.8	-10.4	-2.7
Sugar	107.9	103.3	105.5	3.7	-24.8	7.9	-4.3	2.1
Textiles, leather and footwear	93.2	99.7	106.1	7.9	-5.5	-6.8	7.0	6.4
Furniture and lumber	109.8	114.1	117.4	4.6	18.3	9.8	3.9	2.9
Printing, publishing and related industries	108.9	115.7	121.5	3.9	-31.0	8.9	6.2	5.0
Intermediate goods								
Paper and paper products	104.5	120.5	130.3	4.1	-38.7	4.5	15.3	8.1
Chemicals	82.2	96.7	122.8	3.4	0.8	-17.8	17.6	27.0
Other chemical products	109.3	105.8	115.4	5.4	9.3	-3.2	9.1	
Petroleum refining	97.1	92.9	100.2	6.7	-45.6	-2.9	-4.3	7.9
Non-metallic minerals	115.6	120.9	120.5	2.8	-21.9	15.6	4.6	-0.3
Metal manufactures and machinery	111.1	113.0	136.5	8.3	28.9	11.1	1.7	20.8
Other indicators of manufacturing production								
Employment indexes (1968 = 100)	188.3	195.9	196.9		0.6	-	4.0	0.5
Index of industrial consumption of electricity (1980 = 100) ^b	128.5	127.9	141.7		10.4	3.8	-0.5	10.8

Source: ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica, except those for 1987.

["] Preliminary figures. ^b The high index of industrial power use for 1989 may reflect the expansion of infrastructure in the country's customs-free zones which was carried out during the year.

Table 8
COSTA RICA: CONSTRUCTION INDICATORS

	1980	1986	1987	1988	1989 ^a	Growth rates		
						1987	1988	1989 ^a
Construction-total area (thousands of m)								
Permits issued	1300	1169	1458	1496	1153 ^c	24.7	2.6	10.1 ^f
Actual construction ^e	1110	1132	1644	1521	1914	45.2	-7.5	25.8
Cement production	431	533	577	621	721	8.3	7.6	16.1
Sales for domestic consumption	428	523	562	597	701	7.5	6.2	17.4

Source: ECLAC, on the basis of official figures.

* Preliminary figures. ^b Based on permits granted for housing construction, extensions and remodelling. ^c As of October. ^d January-October variation as compared to the corresponding period of the preceding year. ^e On the basis of an estimate by the Chamber of Construction. ^f Thousands of tons.

Table 9
COSTA RICA: ELECTRICITY GENERATION, CONSUMPTION
AND EXPORTS

	Thousands of MWh				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Generation	2 891	3 075	3 135	3 350	4.4	6.4	2.0	6.9
Hydroelectric	2 885	2 994	3 040	3 318	4.6	3.8	1.5	9.1
Thermal	6	81	95	32	-40.0	1 250.0	17.3	-66.3
Consumption	2 723	2 905	2 969	3 115 ^c	9.4	6.7	12	4.9
Residential	1242	1359	1406	1449	10.6	9.4	3.5	3.1
Industrial	764	793	789	874	10.4	3.8	-0.5	10.8
Public lighting	82	86	92	88	1.2	4.9	7.0	-4.3
Commercial	635	677	682	704	7.1	6.6	0.7	3.2
Exports and/or imports	-77	-171	-190	-142				
Consumption plus exports	2 646	2 745	2 779	2 973	3.8	3.7	12	7.0

Source: ECLAC, on the basis of figures provided by the Costa Rican Electricity Institute (ICE) and by the Central Bank of Costa Rica.

^a Preliminary figures. ^b Includes electricity consumed in ICE construction projects. ^c Estimated on the basis of figures for the period January-October.

Table 10
COSTA RICA: EMPLOYMENT AND UNEMPLOYMENT

	Thousands of persons				Participation rate ^b	Unemployment rate		
	Total population	Labour force	Employment	Unemployment		National	Urban	Rural
1980	2 284	770.3	724.7	45.6	33.7	5.9	6.0	5.9
1981	2 353	795.8	726.2	69.6	33.8	8.7	9.1	8.4
1982	2 424	838.5	759.9	78.6	34.6	9.4	9.9	8.3
1983	2 496	843.8	767.6	76.2	33.8	9.0	8.5	9.6
1984	2 596	865.6	797.1	68.5	33.7	7.9	6.6	9.2
1985	2 642	887.5	826.7	60.8	33.6	6.9	6.7	7.0
1986	2 688	910.9	854.2	56.7	33.9	6.2	6.7	5.6
1987	2 709	977.8	923.3	54.5	36.0	5.6	5.9	5.3
1988	2 782	1006.1	951.2	54.9	36.2	5.5	6.3	4.7
1989 ^c	2 855	1025.5	986.8	38.7	35.9	3.8	3.7	3.8

Source: ECLAC, on the basis of figures supplied by the Bureau of Statistics and Censuses.

^a Figures for July registered in the household surveys conducted by the Bureau of Statistics and Censuses. ¹ Labour force as a percentage of total population. ^c Preliminary figures.

Table 11
COSTA RICA: MAIN FOREIGN TRADE INDICATORS (GOODS)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Growth rates								
Exports FOB								
Value	-13.3	-1.8	16.9	-5.6	15.1	2.3	6.5	12.2
Volume	-9.2	1.3	14.5	-4.7	0.9	9.9	-	16.3
Unit value	-4.5	-3.1	2.1	-1.0	14.1	-6.8	6.4	-3.5
Imports FOB								
Value	-26.2	11.3	10.9	0.9	4.2	19.3	2.7	23.4
Volume	-24.2	18.0	14.3	-0.9	10.1	16.5	-1.4	18.5
Unit value	-2.6	-5.7	-3.0	1.7	-5.4	2.4	4.1	4.2
Terms of trade	-2.6	2.0	3.5	-2.8	20.1	-9.4	2.1	-7.4
Indexes (1980 = 100)								
Purchasing power of exports	84.5	87.3	103.6	96.0	116.3	115.8	118.2	127.3
Volume of exports	102.3	103.6	118.6	113.0	114.1	125.3	125.4	145.8
Volume of imports	57.6	68.0	77.7	77.0	84.8	98.8	97.5	115.5
Terms of trade (FOB/CIF)	82.7	84.3	87.3	84.9	101.9	92.4	94.3	87.3

Source: ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica.

^a Preliminary figures.

Table 12
COSTA RICA: EXPORTS OF GOODS, FOB

	Millions of dollars			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	1109	1181	1325	100.0	100.0	15.1	23	6.5	12.2
Central America	109	130	149	21.3	11.2	-0.6	9.0	19.3	14.6
Rest of world	1000	1051	1176	78.7	88.8	23.9	1.6	5.1	11.9
Main traditional exports	640	605	626	60.0	47.2	16.0	-12	-5.5	3.5
Coffee	334	316	300	26.2	22.6	19.6	-11.6	-5.4	-5.1
Bananas	228	221	264	27.5	19.9	10.1	-0.4	-3.1	19.5
Meat	62	56	45	3.5	3.4	29.6	-11.4	-9.7	-19.6
Sugar	15	12	16	2.7	1.2	-21.4	36.4	-20.0	33.3
Cocoa	1	1	1	0.1	0.1	-23.3	-56.5	-	-
Non-traditional exports	469	576	699	36.4	52.8	14.7	193	22.8	21.4
Shrimp and fish	30	38	41	2.7	3.1	4	3.4	26.7	7.9
Plants, flowers and foliage	32	38	36	2.2	2.7	36.3	33.3	18.8	-5.3
Pineapples	22	24	36	1.4	2.7	133.5	46.7	9.1	50.0
Clothing	34	38	35	1.8	2.6	101.6	70.0	11.8	-7.9
Other ^b	351	438	551	22.4	41.6	15.1	24.8	25.8	

Source: ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica and the Bureau of Statistics and Censuses.

^a Preliminary figures. Includes value added in the country by the inbond assembly industry.

Table 13
COSTA RICA: EXPORT VOLUMES OF MAIN PRODUCTS

	Thousands of tons					Growth rates			
	1985	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Coffee	123	94	138	120	135	-23.6	46.8	-13.0	12.5
Bananas	851	941	986	1055	1227	10.6	4.8	7.0	16.3
Meat	27	35	27	24	19	29.6	-22.9	-11.1	-20.8
Sugar	45	76	76	49	48	68.9	-	-35.5	-2.0
Fertilizers	48	60	12	12		25.0	-80.0	-	

Source: ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica.

^a Preliminary figures.

Table 14
COSTA MCA: IMPORTS OF GOODS, CIF

	Millions of dollars			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	1380	1406	1742	100.0	100.0	5.9	18.7	1.9	23.9
Consumer goods	278	310	394	25.5	22.6	-4.5	193	11.5	27.1
Durable	89	86	112	9.4	6.4	-16.7	36.9	-3.4	30.2
Non-durable	189	224	282	16.1	16.2	1.2	12.5	18.5	25.9
Raw materials and intermediate goods	704	752	917	53.2	52.6	1.9	10.9	6.8	21.9
Petroleum and fuels	138	63	76	13.2	4.4	-33.9	17.9	-54.3	20.6
Other	566	689	841	40.0	48.3	16.1	9.3	21.7	22.1
Capital goods	398	344	431	21.3	24.7	27.7	34.9	-13.6	25.3
Agriculture	9	8	9	1.5	0.5	-52.9	12.5	-11.1	12.5
Transport	104	75	96	5.6	5.5	37.1	22.4	-27.9	28.0
Manufacturing and mining	227	204	254	6.9	14.6	48.1	94.0	-10.1	24.5
Construction	36	42	53	2.6	3.0	52.4	10.9	16.7	26.2
Other	23	15	19	4.7	1.1	1.9	-57.5	-34.8	26.7

Source: ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica and the Bureau of Statistics and Censuses.

^a Preliminary figures.

Table 15
COSTA RICA: EXCHANGE RATES
(Annual and quarterly averages)

	Nominal exchange rates (colones per dollar)	Indexes of real effective exchange rate" ⁰ (1985 = 100)		
		Exports		Imports
		A	B	A
1970-1979		89.4		87.8
1980-1989		108.0		106.3
1980	9	88.9	70.7	87.4
1981	21	125.9	136.6	129.6
1982	39	111.3	165.3	111.2
1983	42	97.7	124.4	96.6
1984	45	95.8	108.7	95.9
1985	50	100.0	100.0	100.0
1986	56	105.0	96.5	102.1
1987	63	114.7	109.4	108.3
1988	76	123.0	116.7	118.4
1989	82	118.1		113.3
1987				
I	59	110.3		102.7
II	61	113.7		107.0
III	63	114.3		108.7
IV	67	120.5		114.6
1988				
I	73	124.3		119.0
II	75	123.5		119.0
III	77	121.4		117.1
IV	79	122.9		118.4
1989				
I	80	118.5		115.2
II	81	117.8		113.1
III	82	117.2		112.5
IV	83	119.0		112.4

Source: ECIAC, on the basis of data supplied by the International Monetary Fund (IMF), *International Financial Statistics* (various issues).

Note: A: Deflated on the basis of the wholesale price index.

B: Deflated on the basis of the index of nominal wages reported for social security purposes.

^a Data supplied by the IMF, except for the period from October 1980 to December 1983, for which official figures were used. ^b 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. From 1970 to 1980, these 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 further information on the methodology and sources used, see the Statistical Appendix to the *Economic Survey of Latin America*, 1981. ^c Does not include the impact on competitiveness of the substantial tariff reductions made in recent years.

Table 16
COSTA RICA: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-274	-327	-261	-299	-193	-442	-398	-546
Trade balance	73	-12	27	-52	55	-175	-80	-236
Exports of goods and services	1116	1133	1275	1223	1394	1453	1616	1820
Goods FOB	869	853	997	941	1084	1109	1181	1325
Real services ^b	248	280	278	282	310	344	435	495
Transport and insurance	57	59	60	50	54	57	68	73
Travel	133	133	121	123	139	145	182	217
Imports of goods and services	1043	1146	1248	1275	1339	1628	1695	2 055
Goods FOB	805	896	993	1001	1044	1245	1279	1578
Real services	238	250	255	274	296	383	416	477
Transport and insurance	130	133	134	144	150	178	171	205
Travel	44	52	55	58	67	77	76	87
Factor services	-377	-337	-321	-290	-285	-305	-359	-354
Profits	5	7	-8	-22	-14	-25	.33	-39
Interest received	24	34	33	44	41	36	38	55
Interest paid and due	-403	-374	-340	-304	-304	-308	-356	-362
Labour and ownership	-3	-4	-7	-8	-8	-8	-7	-7
Unrequited private transfer payments	30	23	32	43	37	39	40	44
Balance on capital account	400	373	212	356	290	480	623	686
Unrequited official transfer payments	6	46	111	179	114	186	215	164
Long-term capital	24	1189	65	341	-55	-362	-136	-70
Direct investment	26	55	52	65	57	76	122	115
Portfolio investment	-2	-3	-	-13	-2	-	-	-
Other long-term capital	-	1137	13	288	-110	-438	-258	-185
Official sector ^c	-32	1189	125	339	-39	-377	-268	-195
Loans received	126	1378	382	594	279	99	272	180
Amortization payments	-146	-182	-231	-255	-305	-474	-540	-374
Commercial banks ^c	-20	-15	-27	-16	-14	-8	-	-
Loans received	6	1	-	-	-	-	-	-
Amortization payments	-26	-16	-27	-16	-14	-8	-	-
Other sectors ^c	52	-37	-86	-35	-57	-53	10	10
Loans received	168	64	41	67	69	69	-	-
Amortization payments	-116	-101	-127	-102	-125	-122	-	-
Short-term capital	208	-927	-72	-303	132	525	321	375
Official sector	398	-530	-3	-196	150	471	365	336
Commercial banks	42	-97	12	-2	3	14	-44	39
Other sectors	-231	-301	-81	-104	-21	40	-	-
Errors and omissions (net)	162	65	108	140	99	131	223	217
Global balance	125	46	-49	57	97	39	225	140
Total variation in reserves (- sign indicates an increase)	-125	-64	53	-45	-72	1	-229	-147
Monetary gold	-7	^1	13	-11	-4	4	23	-
Special Drawing Rights	-	-3	3	-	-	-	-	-
IMF reserve position	-	-	-	-	-	-	-	-
Foreign exchange assets	-95	-170	55	-61	-35	39	-184	-
Other assets	-14	11	18	-5	-17	-3	-7	-
Use of IMF credit	-10	99	-36	32	-16	-40	-61	-36

Source: 1982-1987: ECLAC, on the basis of figures supplied by the International Monetary Fund; 1988 and 1989: ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica.

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

Table 17
COSTA RICA: NET TRANSFER OF EXTERNAL RESOURCES
(Millions of dollars)

	1981	1985	1986	1987	1988	1989 ^a
Credit transfers	-104.7	-169.8	-220.0	-225.2	-256.5	-117.0
Long-term loans	148.4	288.3	-110.4	-438.0	-258.8	-185.0
Short-term loans	55.8	-198.5	153.6	485.2	321.0	375.0
Interest	308.9	259.6	263.2	272.4	318.7	307.0
Net foreign investment	58.7	30.1	40.5	51.1	89.6	75.5
Direct investment	66.2	65.2	57.4	75.8	122.3	115.0
Portfolio investment	-2.5	-12.7	-2.5	-	0.5	-
Profits	-5.0	-22.4	-14.4	-24.7	-33.2	-39.5
Unrequited official transfer payments	0.1	178.9	113.9	186.3	215.4	164.0
Errors and omissions	98.1	139.6	99.1	130.9	223.0	217.0
Total net external transfer	52.2	178.8	33.5	143.1	271.5	339.0

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 18
COSTA RICA: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Millions of dollars								
Total external debt	3188	3 532	3 752	3 742	3 922	4 194	4 100	...
Public	2 962	3 407	3 455	3 709	3 644	3 914	3 834	3 747
With commercial banks	1111	1394	1409	1459	1463	1383	1470	1472
With multilateral agencies	858	968	976	1036	1024	1345	1292	1148
With bilateral sources	511	690	736	905	907	946	992	1050
Bonds and FRNs	131	114	113	74	73	70	68	61
Other ^c	351	242	221	235	177	170	13	15
Private	226	126	297	33	278	280	266	
Disbursements	299	481	272	315	201	103	96	128
Servicing	807	870	726	720	723	776	879	769
Principal	404	281	386	387	449	468	523	409
Interest	403	589	340	333	274	308	356	360
Public external debt								
Disbursements	235	461	254	300	184	83	...	...
Servicing	237	737	397	507	450	238	367	* ^b
Principal	114	174	169	171	253	129	183	
Interest	123	563	228	336	197	108	184	
Percentages								
Total external debt/exports of goods and services	285.7	311.7	294.3	305.9	282.2	288.8	253.8	
Public external debt service/exports of goods and services	21.2	65.0	31.1	41.5	32.4	16.4	22.7	
Net interest on public external debt/exports of goods and services	11.0	49.7	17.9	27.5	14.1	7.4	11.4	
Service/disbursements	100.8	159.8	156.1	169.0	244.6	286.3		

Source: ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica.

Preliminary figures.

United States Federal Reserve Notes.

^b Includes supplier credits.

Disbursed medium-

and long-term debt.

Table 19
COSTA RICA: DOMESTIC PRICES

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
	Variation from December to December							
Consumer price index	81.7	10.7	17.3	11.1	15.4	16.4	25.3	10.0
Food	101.1	8.2	15.7	5.0	17.7	12.1	31.9	7.6
Wholesale price index ^c	79.1	5.9	12.2	7.6	11.9	10.9	19.7	10.7
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	16.5
Food	113.6	32.2	8.8	12.3	11.9	14.7	20.2	17.9
Wholesale price index ^c	108.3	26.2	7.7	10.4	9.0	10.6	17.9	14.6
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 Bureau of Statistics and Censuses and the Central Bank of Costa Rica.

^a Preliminary figures. ^b Corresponds to middle- and low-income sectors in the San José metropolitan area; the base year is 1975. ^c Base year 1978 = 100. The indexes for imported and domestic products are Central Bank estimates.

Table 20
COSTA RICA: WAGES AND SALARIES

	Indexes (1975 = 100)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Nominal average wages and salaries	1 015.2	1 071.7	1 236.7	1 449.4	18.6	5.6	15.4	17.2
Public sector	m.i	896.4	1 082.9	1 285.4	19.2	-3.4	20.8	18.7
Central government	837.7	939.3	1 122.5	1 371.7	20.7	12.1	19.5	22.2
Autonomous institutions	986.6	872.8	1 078.8	1 257.9	18.0	-11.5	23.6	16.6
Private sector	1 070.5	1 159.6	1 287.2	1 513.7	17.6	8.3	11.0	17.6
Real wages and salaries	138.3	125.0	119.4	120.1	6.1	-9.6	-4.5	0.6
Public sector	126.4	104.5	104.5	106.5	6.5	-17.3	-	1.9
Central government	114.2	109.6	108.4	113.6	7.9	-4.0	-1.1	4.8
Autonomous institutions	134.5	101.8	104.1	104.2	5.5	-24.3	2.3	0.1
Private sector	145.9	135.2	124.3	125.4	5.2	-7.3	-8.1	0.9
Minimum wage								
Nominal								
Upper level	633.6	678.3	773.3	876.9	6.1	7.1	14.0	13.4
Lower level	1 248.4	1 448.2	1 700.2	2 064.4	17.9	16.0	17.4	21.4
Real ^b								
Upper level	86.3	79.1	74.6	72.7	-5.2	-8.3	-5.7	-2.5
Lower level	170.1	168.9	164.1	171.0	5.4	-0.7	-2.8	4.2

Source: ECLAC, on the basis of figures supplied by the Ministry of Labour.

^a Preliminary figures. ^b Deflated by the consumer price index for middle- and lower-income consumers in the San José metropolitan area.

Table 21
COSTA RICA: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of colones				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
1. Current income	38 029	44 643	54 200	64 206	18.8	17.4	21.4	18.5
Tax revenue	33 638	41 140	50 426	60 965	13.4	22.3	22.6	20.9
Direct	6 471	7 090	9 434	11 278	15.0	9.6	33.1	19.5
Indirect	27 167	34 050	40 992	49 687	13.0	25.3	20.4	21.2
On foreign trade	12 674	14 485	14 931	18 394	17.9	14.3	3.1	23.2
Non-tax revenue	4 391	3 503	3 774	3 241	87.7	-20.2	7.7	-14.1
2. Current expenditure	36 857	43 629	53 906	68 242	22.3	18.4	23.6	26.6
Wages and salaries	13 651	15 611	18 983	23 504	24.3	14.4	21.6	23.8
Other current expenditure	23 206	28 018	34 923	44 738	21.1	20.7	24.6	28.1
3. Current savings (1-2)	1 172	1 014	294	-4 036				
4. Capital expenditure	9 418	6 727	7 739	9 958	6.23	-28.6	15.0	28.7
Real investment	2 834	2 395	2 591	3 188	-16.4	-15.5	8.2	23.0
Other capital expenditure	6 584	4 332	5 148	6 770	173.0	-34.2	18.8	31.5
5. Total expenditure (2+4)	46 275	50 356	61 645	78 200	28.7	8.8	22.4	26.9
6. Fiscal deficit (-) or surplus (+) (1-5)	-8 246	-5 713	-7 445	-13 994	109.2	-30.7	30.3	88.0
7. Financing of the deficit	8 246	5 713	7 445	13 994				
Net domestic financing	4 902	4 040	6 695	10 944				
Loans received								
Central Bank	-	-	4 195	-				
Amortization payments	-4 000	-	-5 230	-5 300				
Sales of bonds								
Net sales of securities	8 550	628	5 230	13 900				
Other sources (net)	352	3 412	2 500	2 344				
Net external financing	3 343	1 674	750	3 050				
Loans received	5 312	3 450	2 750					
Amortization payments	-1 969	-1 777	-2 000					
Sales of bonds	-	-	-	-				
Ratios (percentages)								
Current saving/capital expenditure	12.4	15.1	3.8	-40.5				
Fiscal deficit/current expenditure	22.4	13.1	13.8	20.5				
Fiscal deficit/total expenditure	17.8	11.3	12.1	17.9				
Total revenue/GDP	13.7	14.4	14.1	14.2				
Total expenditure/GDP	18.8	17.7	17.2	18.2				
Fiscal deficit/GDP	3.4	2.0	2.1	3.3				
Domestic financing/deficit	59.4	70.7	89.9	78.2				
External financing/deficit	40.5	29.3	10.1	21.8				

Source: ECLAC, on the basis of figures supplied by the Ministry of Finance of Costa Rica.

^a Preliminary figures.

Table 22
COSTA RICA: INCOME AND EXPENDITURE OF THE CONSOLIDATED
NON-FINANCIAL PUBLIC SECTOR

	Millions of colones				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Total income	61783	74136	94 349	109 542	27.7	20.0	27.1	16.1
Current	61655	73 911	93 938	108 887	27.2	19.9	27.1	15.9
Capital	128	225	411	655	-260.0	75.8	82.7	59.4
Total expenditure	64 723	74 374	92 331	113 963	25.2	14.9	24.1	23.4
Current	50 800	60 667	76 057	95 067	23.5	19.4	25.4	25.0
Consumption	35 169	40 033	50891	61756	23.9	13.8	27.1	21.3
Wages and salaries	21671	24 815	31131	38 956	25.0	14.5	25.5	25.1
Purchase of goods and services	6 582	8164	10 672	11997	21.2	24.0	30.7	12.4
Other ^b	6 916	7 054	9 088	10 803	4.5	2.0	28.8	18.9
Transfer to private sector	9 620	12 864	15 435	21188	37.2	33.7	20.0	37.3
Interest	6 011	7 770	9 731	12123	26.9	29.3	25.2	24.6
Capital	13 923	13 707	16 274	18 8%	32.0	-1.6	18.7	16.1
Real investment	9 483	9 348	10 246	12 020	15.9	-1.4	9.6	17.3
Transfers	4 440	4 359	6 028	6 876	142.8	-1.8	38.3	14.1
Deficit (-) or surplus (+)								
In current money	-2 940	-238	2 018	-4 421				
As a percentage of GDP								
Financing of the deficit	2 940	238	-2 018	4 421				
Net domestic financing	-2 320	-1630	-5 365	-381				
Net credit	2 907	-2 659	1562	-1618				
Other sources (net)	-5 227	1029	-6 927	1237				
External financing	5 260	1868	3 347	4 802				
Credit received	8 701	5 222	9 278	14 327				
(-) Amortization payments	3 440	3 354	5 931	9 525				

Source: ECLAC, on the basis of figures supplied by the Ministry of Finance of Costa Rica.
Preliminary figures. Includes transfers to public sector and external expenditure.

Table 23
COSTA RICA: MONETARY BALANCE AND INDICATORS

	Balance at end of year (millions of colones)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Money (Mi)	41943	43 863	53 329	62 346	30.6	4.6	21.6	16.9
Currency outside banks	13 242	14 777	18 049	21 488	33.2	11.6	22.1	19.1
Demand deposits	28 701	29 086	35 280	40 858	29.4	1.3	21.3	15.8
Factors of expansion	111633	131103	169 390	176 234	25.9	17.4	29.2	4.0
Net international reserves	21789	25 831	47 376	62 230	30.5	18.6	83.4	31.4
Domestic credit	89 844	105 272	122 014	114 004	24.8	17.2	15.9	-6.6
To the public sector	45 668	50 807	59 911	48 411	33.0	11.3	17.9	-19.2
Central government (net)	14 001	19 317	21000	10 994	56.3	38.0	8.7	-47.6
Public institutions	31667	31490	38 911	37 417	24.7	-0.6	23.6	-3.8
To the private sector	44 176	54 465	62 103	65 593	17.3	23.3	14.0	5.6
Factors of absorption	69 286	87 238	116 061	1131	22.5	25.9	33.0	-1.9
Quasi-money (savings and time deposits)	63164	82 237	119 383	148 283	13.4	30.2	45.2	24.2
Deposits in national currency	31055	38 440	45 156	54 723	32.3	23.8	17.5	21.2
Time deposits	22 988	28 127	32 537	36 204	12.7	22.4	15.7	11.3
Savings deposits	4 172	4 542	6 083	8 135	35.5	8.9	33.9	33.7
Other ^c	3 895	5 770	7 536	10 384		48.1	30.6	37.8
Deposits in US dollars	17 839	26 062	38 359	49 905	20.0	46.1	47.2	30.1
Demand deposits	2 085	2 611	3 335	4 014	-14.9	25.2	27.7	20.4
Time deposits	12 229	18 113	27 572	32 145	12.5	48.1	52.2	16.6
Savings deposits	1842	2 721	3 783	4 972	44.1	47.7	39.0	31.4
Other ⁰	1682	2618	3 670	8 774	525.3	55.6	40.2	139.1
Stabilization bonds	6 228	11443	23 377	29 301	11.4	83.7	104.3	25.3
Other commitments	8 043	6 292	11319	14 354	-31.7	-21.8	79.9	26.8
Long-term external loans	129 285	146 472	165 102	166 755	15.7	13.3	12.7	1.0
Other items (net)	•123 163	•141 471	-168 424	-201 150	11.0	14.9	19.1	19.4
Coefficients								
Monetary multipliers								
Mi/monetary base	1.51	1.57	1.47					
M2/monetary base	3.99	4.43	4.93					
M1/GDP	0.15	0.14	0.12	0.12				

Source: ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica.

^a Preliminary figures. ^b Including bonds. ^c Includes expired time deposits and other claims. ^d Includes adjustments for variations in the rate of exchange. ^e 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 (M2). The definition of monetary base used here is that of money issue plus commercial-bank demand deposits in the Central Bank of Costa Rica.

Table 24
COSTA RICA: SHORT-TERM BANK INTEREST RATES ^a

	1984	1985	1986	1987	1988	1989
Nominal						
Deposits						
State banks ^c	20.00	20.00	16.00	22.50	22.50	22.45
Private banks		23.00	22.00	25.00	26.00	25.00
			26.00	27.60	29.80	29.90
Private financial institutions	23.00	23.00	23.00	27.00	24.00	
			24.50	27.80	30.40	28.50
Loans						
Agriculture ^d	12.00	21.50	20.50	24.50	26.00	27.00
Commerce, personal credit and services ^e	26.00	28.00	30.00	31.50	31.50	
Real ¹						
Deposits						
State sector	7.14	4.35	3.76	4.88	1.41	5.11
Private banks		6.96	10.91	8.13	5.88	9.40
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	8.87

Source: ECIAC, on the basis of figures supplied by the Monetary Department of the Central Bank of Costa Rica.

^a At 31 December of each year. ^b For six months. ^c Fixed by the Central Bank for deposits in national currency. ^d Lowest rates available for production operations. ^e Highest rates on the market. ^f The interest rate was 32.45 in State banks and 36.00 in private banks. ^g Deflated by the rate of increase in the consumer price index (annual average).

Table 25
COSTA RICA: NATIONAL BANKING SYSTEM LOAN OPERATIONS¹

	1987			1988			1989		
	From State banks	From private banks	Total	From State banks	From private banks	Total	From State banks	From private banks	Total
Millions of colones									
Total	40 401	10 816	51218	39 881	15 085	54 966	44194	18 055	62 249
Agriculture	8 682	759	9 441	7 674	1747	9 421	10 218	1933	12151
Stock raising	8 216	78	8 295	7 088	90	7178	7187	213	7 400
Fisheries	267	-	267	239	-	239	236	1	237
Manufacturing	11264	6 516	17 780	13 218	9 729	22 947	13 048	11455	24 503
Housing	2411	36	2447	3118	128	3 245	3 603	279	3 882
Construction	616	265	881	739	540	1279	1106	508	1614
Tourism	151	4	155	366	133	499	288	255	543
Commerce	3 920	2 307	6 226	3 573	1886	5459	3 934	2837	6 771
Services	2107	583	2 690	1448	451	1899	1870	365	2 235
Consumption	2 562	264	2826	2 225	379	2 607	2335	190	2 525
Transport	113	3	115	161	2	163	170	18	188
Other	92	3	95	33	-	33			
Percentages									
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	42.5	7.7	35.1	37.6	12.2	30.6	39.9	11.9	31.8
Manufacturing	27.9	60.2	34.7	33.1	64.5	41.7	29.5	63.4	39.4
Housing and construction	7.5	2.8	6.5	9.7	4.4	8.2	10.7	4.4	8.8
Tourism	0.4	0.0	0.3	0.9	0.9	0.9	0.7	1.4	0.9
Commerce	9.7	21.3	12.2	9.0	12.5	9.9	8.9	15.7	10.9
Services, consumption and other	12.1	7.9	11.2	9.7	5.5	8.6	9.9	3.2	7.9

Source: ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica.

^a As of 31 December of each year.

CUBA

The slight 1% rise registered in Cuba's total social product was the same as the population increase, so that the per capita product remained stalled at the level it had already reached in 1984. The weakening of socialist economic integration, set against the background of the continued United States blockade, had a considerable impact on the external sector, bringing the trade deficit to more than half of the value of exports. Furthermore, the shortage of credit and the higher import requirements resulted in a reduction of international reserves, despite the virtual suspension of external debt service payments.¹ Domestic demand, on the other hand, continued to grow, and fixed investment, in particular, expanded significantly. In this context, the fiscal deficit rose steeply, to an equivalent of 5% of the gross domestic product (GDP) (see table 1).

The complex external situation served to heighten the imbalances with the member countries of the Council for Mutual Economic Assistance (CMEA). Thus, the trade deficit with the Soviet Union registered a sharp rise while the deficit with the CMEA countries almost doubled, rising to 84% and 12% of Cuba's total foreign-trade deficit, respectively.

This upset in the trade dealings with this group of countries had other undesirable effects, in that the prices of some imports had to be negotiated outside the agreed rates. The trade deficit with market-economy countries was reduced by half, however, as a result of the increased export income through higher sugar

prices (36%) and a greater volume of sugar sales (29%).

The obvious vulnerability of the foreign trade structure, overly focused on trade with the CMEA countries -almost 85% of the total trade- caused the authorities to pursue more actively a policy of promoting and diversifying exportable products and markets to receive them.

As regards the external finances, the supply of convertible currency continued to shrink because of the scant inflow of liquid loans and the lessening of supplier credit. External debt-service payments in convertible currency were completely suspended, but the outcome was that the financial conditions imposed abroad grew harsher still.

Productive activity in general tended to stagnate, except for construction. The agricultural and livestock sector experienced input supply problems complicated by irregular rainfall. Among the export crops, there was a drop in the yield of the sugar cane harvest beginning in late 1988, as well as in the citrus fruit harvest. Among the products for domestic consumption, the vegetable, fruit and root and plantain crops also did badly.

Because of shipment delays and a shortage of materials and spare parts, machinery began to be still further underutilized, causing an increase in the amount of idle production capacity. Intermittent production and employee absenteeism led to a decline in general productivity, which was also adversely

¹The import capacity of the reserves in freely convertible reserves fell to less than half of their end-1988 level.

currency shrank from 27 to 17 days, while the transferable

affected by the need to absorb almost 120 000 new workers (3.5% of the labour force), mainly in the agricultural and industrial sectors.

The reduced domestic food supply made it necessary to increase purchases abroad. This, however, was not translated into a rise in prices, given the official policy of regulating the distribution of consumer goods by allocating them by quantity (regulated market) or by setting higher but controlled prices (parallel market).

As in the previous year, domestic demand grew primarily as a result of the growth in investment (15%), particularly in the construction of tourist, highway, electricity and water-supply infrastructure and as a result of the continuance of strategic projects. Thus, in the biennium 1988-1989, fixed capital formation increased by 28%, regaining the position it had held at the beginning of the decade as a percentage of the total social product despite the difficulties involved in fitting out the facilities. Personal consumption,

for its part, increased by almost 2%. The budget deficit rose, and was financed from company surpluses and compensation funds, and from funds supplied by the National Bank. The monetary expansion led to further growth in liquidity (17%), which went mainly into savings; indeed, the amount of money in circulation actually contracted.

In short, the difficulties that had already been making themselves felt for a number of years came to a head in 1989 and began to show in the real variables of the economy. The changes taking place in Eastern Europe furthered the break-up of the factors that previously maintained a certain consistency between Cuba's ties abroad and its patterns of domestic development. Although the plans for complementary production agreed to in the CMEA context, especially with the Soviet Union, remained in effect,² the authorities have begun to make adjustments by pursuing them in conjunction with more diversified foreign ties.

² It may be mentioned in this connection that Cuba supplies approximately 40% of the sugar, 30% of the citrus fruit and 70% of the nickel consumed in the Soviet Union. In the biotechnology field as well, a barter-trade agreement was signed between the two countries.

Table 1
CUBA: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Basic economic indicators								
Total social product (millions of 1981 pesos)	23 029	24 149	25 890	27 070	27 390	26 335	26 991	27 273
Population (thousands of inhabitants) ⁰	9 801	9 897	9 994	10 098	10 199	10 301	10 413	10 523
Per capita total social product (1981 pesos)	2 349	2 440	2 591	2 681	2 686	2 557	2 592	2 592
Growth rates								
Total social product	3.8	4.9	7.2	4.6	1.2	-3.9	2.5	1.0
Per capita total social product	3.0	3.9	6.2	3.5	0.2	-4.8	1.4	
Current State income	-7.5	21.4	-2.3	3.7	-4.8	-3.6	1.0	9.8
Total State expenditure	-12.2	12.2	4.7	5.2	-5.3	-0.1	5.5	10.8
Budgetary deficit/ total State expenditure	1.7	-6.4	0.6	2.0	1.6	5.1	9.2	10.0
Budgetary deficit/total social product	0.7	-3.0	0.3	0.9	0.7	2.4	4.4	5.2
Average annual wage	3.8	2.2	3.3	1.0	0.1	-2.1	1.5	0.8
Current value of exports of goods								
Total	16.8	12.2	-1.1	9.4	-11.2	1.5	2.2	-2.3
Sugar	15.4	8.1	1.1	7.7	-8.4	-2.0	2.5	-4.2
Current value of imports of goods								
Total	8.2	12.4	16.2	11.2	-5.5	-0.2	-0.1	7.2
Petroleum and petroleum products	28.3	24.3	19.4	19.7	-4.7	3.5	-0.8	3.8
Millions of pesos								
External sector								
Trade balance (goods)	-597	-687	-1752	-2 043	-2 275	-2182	-2 061	-2 732
Soviet Union	-459	-363	-830	-937	-1402	-1578	-1681	-2 291
Other socialist countries	-271	-286	-334	-501	-343	-285	-179	-336
Rest of world	133	-38	-588	-605	-530	-319	-201	-105
Balance on current account ^e	297	263	-212	-506	-1961	-877	-900	62
Balance on capital account ^e	-539	-74	106	554	1841	822	943	-76
Variation in international reserves ^e	-242	189	-106	48	-120	-55	43	-14
Disbursed external debt ^e	2 669	2 790	2 989	3 621	4 985	5 657	6606	6165 ^f

Source: ECLAC, on the basis of data supplied by the State Statistical Committee, the National Bank of Cuba and other international statistics.

^a Preliminary figures. ^b The total 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 International Standard Industrial Classification of all Economic Activities (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. ^c Annual average, taking into account migratory movements. ^d Percentages. ^e In freely convertible currency. Excludes much of the trade with member countries of the Council for Mutual Economic Assistance (CMEA). ^f The reduction of the external debt balance is a result of the application, as of July 1989, of a new exchange rate in the accounting of external financial commitments, denominated in European currencies.

Table 2
CUBA: INDICATORS OF PER CAPITA CONSUMPTION

	1986	1987	1988	1989 ^a	Growth rates				
					1985	1986	1987	1988	1989 ^a
Foodstuffs ^b									
Calories (units per day)	2948	2 899	2 948	2 848	-0.9	0.6	-1.7	1.7	-3.4
Proteins (grams per day)	79.7	77.4	78.1	75.5	0.1	0.9	-2.9	0.9	-3.3
Meat	43.0	41.6	41.4	40.3	3.4	-0.2	-3.3	-0.5	-2.7
Fish ^c	19.9	19.2	18.5	16.1	8.3	2.1	-3.5	-3.6	-13.0
Milk and milk products	151.1	146.6	148.8	148.2	-1.3	-0.1	-3.0	1.5	-0.4
Eggs (units)	244	236	229	233	-3.2	0.8	-3.3	-3.0	1.7
Cereals	112.3	109.2	109.5	105.7	-1.9	2.2	-2.8	0.3	-3.5
Fats	17.6	17.5	17.9	17.2	2.3	-1.1	-0.6	2.3	-3.9
Vegetables	57.3	58.2	68.4	61.6	3.8	-0.3	1.6	17.5	-9.9
Roots and tubers	79.5	72.6	75.7	70.0	-3.3	3.2	-8.7	4.3	-7.5
Fruits	59.5	65.2	67.8	59.6	10.2	-5.1	9.6	4.0	-12.1
Beans	11.8	11.0	12.0	12.4	0.8	-1.7	-6.8	9.1	3.3
Sugar	52.8	51.6	52.7	51.2	-3.1	-0.6	-2.3	2.1	-2.8
Industrial products									
Textiles (m2) ^d	4.6	4.6	4.3			24.3		-6.5	
Outer clothing (units)	4.5	5.0	4.1		-11.5	7.1	11.1	-18.0	
Underclothing (units)	7.5	6.6	6.3		-8.8	21.0	-12.0	-4.5	
Footwear (pairs)	2.3	2.7	2.5			-11.5	17.4	-7.4	
Durable goods ^e									
Television sets	79	79	73	71		3.9		-7.6	-2.7
Refrigerators	49	53	56	58	15.0	6.5	8.2	5.7	3.6
Washing machines	54	56	59	62	6.4	8.0	3.7	5.4	5.1
Radios	134	134	139	138	7.9	-1.5		3.7	-0.7

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

^a Preliminary figures. Kilogrammes. In terms of whole fish. Excludes consumption of textiles in the production of industrial articles. ^e Number of units per 100 homes. Records only black and white television sets.

Table 3
CUBA: USE OF TOTAL SOCIAL PRODUCT, AT 1981 PRICES

	Millions of 1981 pesos			Percentage breakdown		Growth rates				
	1987	1988	1989 ^a	1981	1989 ^a	1985	1986	1987	1988	1989 ^a
Total social product	26 335	26 991	27 273	100.0	100.0	4.6	1.1	-3.9	2.5	1.0
Intermediate consumption	13 062	13 392	13 791	48.1	50.6	5.1	5.0	-2.9	2.5	3.0
Final consumption	10 715	10 883	11 052	42.5	40.5	2.4	2.4	-2.2	1.6	1.6
Consumption by the population	9 604	9 780	9 935	38.8	36.4	2.1	2.4	1.4	1.8	1.6
Personal consumption	8 290	8 422	8 573	33.4	31.4	2.3	2.3	-0.5	1.6	1.8
Consumption by organizations serving the population	1 314	1 358	1 362	5.4	5.0	1.1	2.8	-7.0	3.3	0.3
Consumption by organizations meeting collective needs	1 111	1 103	1 117	3.7	4.1	5.0	2.9	-7.9	-0.7	1.3
Net capital formation	1 932	2 314	2 663	13.3	9.8	7.5	-30.2	-25.5	19.8	15.1
Fixed capital	2 119	2 370	2 711	10.1	9.9	7.0	-10.6	-23.5	11.8	14.4
Stocks	-187	-56	-48	3.2	-0.2					
Losses	242 ^b	213 ^b	81	0.2	0.3	97.1	-14.2			
Exports minus imports ^c	384	190	323	-3.6	-1.2					
Statistical discrepancies			9.0	-0.5	-					

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

^a Preliminary figures. ^b Includes statistical discrepancies. ^c Of goods and productive services

Table 4
CUBA: TOTAL SOCIAL PRODUCT, BV ECONOMIC SECTOR ^a

	Millions of pesos at 1981 prices			Percentage breakdown		Growth mtfis			
	1987	1988	1989 ^b	1980	1989 ^b	1986	1987	1988	1989 ^b
Total social product	26 335	26 991	27 273	100.0	100.0	1.1	-3.9	2.5	1.0
Material product	17 861	18 532	18 857	66.6	69.1	1.5	-3.2	3.8	1.8
Agriculture, forestry and fishing	4046	4139	4116	17.7	15.1	3.0	-1.1	2.3	-0.6
Agriculture	3 603	3 702	3 714	16.2	13.6	2.7	-0.9	2.7	0.3
Sugar cane agriculture	1041	1102	1098	5.1	4.0	1.5	2.5	5.9	-0.4
Non-sugar cane agriculture	942	987	978	3.9	3.6	6.3	-5.0	4.8	-0.9
Stock-raising	1583	1575	1597	7.1	5.9	1.3	-0.3	-0.5	1.4
Agricultural services	37	38	41	0.1	0.2	5.4	-5.1	2.7	7.9
Forestry	124	124	133	0.4	0.5	3.3	-0.8	0.0	7.3
Fishing	319	313	269	1.1	1.0	6.4	-3.6	-1.9	-14.1
Industry	11625	11995	12 058	41.1	44.2	1.1	-3.1	3.2	0.5
Electrical energy	616	646	677	2.0	2.5	8.0	6.4	4.9	4.8
Mining and metallurgy	328	328	331	1.2	1.2	12.7	-0.3	-	0.9
Manufacturing	10 681	11021	11060	37.9	40.6	0.5	-3.7	3.2	0.4
Construction ^c	2190	2398	2 683	7.8	9.8	0.9	-7.3	9.5	11.9
Non-material product	8 474	8 459	8 416	33.4	30.9	0.4	-5.1	-0.2	-0.5
Transport	1800	1859	1890	7.2	6.9	-1.5	-2.4	3.3	1.7
Communications	266	277	281	0.8	1.0	7.5	3.5	4.1	1.4
Commerce	6195	6 136	6 056	25.0	22.2	0.4	-6.4	-1.0	-1.3
Other productive activities ^e	213	187	189	0.4	0.7	9.0	3.4	-12.2	1.1

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

^b See footnote b) of table 1 above.

^c Preliminary figures.

^d Data refer to gross production at producer prices, which differs from gross production at entrepreneurial prices because it includes indirect taxes.

^e Includes public food supply, external trade, technical and material supplies, collection and storage of agricultural products, collection of scrap and useful raw materials, as well as domestic wholesale and retail trade.

^f 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) ⁸		Industrial yield (base 96°) (%)	^{ys}		Sugar cane milled per day (thousands of tons)	
	Sugar cane milled	Raw sugar (base 96°)		Nominal harvest	Actual	Nominal harvest	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 i	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	68 369	7 415	10.85	128	100	535	681
1989 ^b	75 013	8 121	10.83	145	109	519	689

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.

^a Crop year (end of November of one year to beginning of May of the following year).

Preliminary figures.

Tableó
CUBA: INDICATORS OF AGRICULTURAL PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates				
					1985	1986	1987	1988	1989 ^a
Crop production									
Grains									
Rice	571	466	489	532	-5.5	8.8	-18.3	4.9	8.9
Maize	35	42	36	47	11.7	6.5	22.3	-15.9	32.1
Beans	13	13	15	14	-6.0	20.0	-5.3	18.4	-4.1
Vegetables									
Tomatoes	254	211	335	265	18.6	-6.4	-17.0	59.1	-20.9
Onions	18	22	27	23	124.8	-42.6	22.5	20.6	-16.0
Peppers	32	51	50	54	31.2	-9.6	58.9	-0.8	6.8
Roots and tubers									
Potatoes	317	250	277	281	18.5	3.0	-21.1	10.8	1.7
Boniato	150	188	164	1%	9.7	-15.8	25.5	-13.1	19.8
Malanga	65	42	42	37	-11.2	39.0	-35.6	-0.2	-11.5
Fruits									
Citrus fruits	780	886	981	828	24.3	4.7	13.6	10.8	-15.6
Oranges	441	496	508	472	9.5	8.4	12.5	2.4	-7.1
Lemons	59	75	57	65	25.3	-2.3	26.2	-23.2	12.6
Grapefruit	250	285	385	266	56.0	3.6	14.0	35.1	-31.0
Bananas	324	284	345	295	-12.2	-5.9	-12.2	21.3	-14.6
Mangoes	60	81	121	77	128.7	-30.0	34.6	49.3	-36.5
Guavas	47	38	54	44	16.7	-19.9	49.1	40.8	-18.7
Tobacco	46	39	40	43	-	2.2	-14.9	1.5	8.9
Coffee	25	26	29	29	7.7	2.9	6.9	9.9	0.3
Cocoa	2	2	2	2	-	10.5	4.8	4.5	4.3
Fibre crops									
Kenaf	13	12	4	2	-3.0	-31.3	-9.8	-67.2	-46.2
Henequén	247	254	245	223	5.9	3.1	2.8	-3.5	-9.1
Cultivated pasture and fodder	38	39	39	36	-6.8	19.4	2.9	1.3	-7.4
Livestock^c									
Stocks									
Cattle ^d	5 007	4 984	4 927	4920	-1.9	-0.2	-0.5	-1.1	-0.1
Dairy cows ^e	392	384	367	369	-0.4	-3.6	-1.8	-4.5	0.5
Pigse	1101	1093	1169	1292	2.8	6.1	-0.7	6.9	10.6
Poultry ^f	26	26	27	28	-3.0	-0.8	1.1	5.2	2.2
Animals slaughtered^g									
Cattle	302	290	292	289	-1.0	1.1	-4.0	0.6	-0.9
Pigs	100	106	105	110	10.7	5.7	5.8	-1.3	5.5
Poultry	113	109	115	118	5.9	0.3	-3.4	4.7	2.6
Other production									
Milk	926	940	919	924	-1.7	-0.3	1.5	-2.3	0.6
Eggs ^h	2 519	2 496	2 460	2 523	-1.3	-0.2	-0.9	-1.4	2.6
Honey ^{di}	9	8	10	10	14.1	-10.3	-11.5	26.0	-2.1

Source: ECIAC, on the basis of figures supplied by the State Statistical Committee.

* Preliminary figures. Thousands of tons, with the exception of henequén (expressed in millions of hanks) and cultivated pasture and fodder (millions of tons). ^c In State enterprises. ^d Including the non-State sector.

^e Thousands of head. ^f Millions of head, final stock. ^g Thousands of tons of live weight. ^h Millions of units. ⁱ Tons.

Table 7
**CUBA: MAIN PETROLEUM AND METALLURGICAL
 PRODUCTION INDICATORS**

	1986	1987	1988	1989 ^a	Growth rates				
					1985	1986	1987	1988	1989 ^a
Petroleum and petroleum products									
Crude petroleum extraction	938	895	717	718	12.7	8.1	-4.6	-19.9	0.1
Crude petroleum refining	6 577	6 827	7 643	7 916	-0.4	-0.2	3.8	-12.0	3.6
Fuel oil	3 314	3 379	3 912	4 153	-0.7	-0.1	2.0	15.8	6.2
Diesel fuel	992	1 085	1 221	1 179	-4.0	1.3	9.4	12.5	-3.4
Natural gas	6	24	22	34	133.3	-14.3	319.3	-8.3	54.5
Gasoline	979	960	1 012	1 026	-3.2	2.7	-1.9	5.4	1.4
Ferrous mining and metallurgy									
Refractory chromite	50	52	52	51		31.6	4.0	-0.4	-1.9
Ordinary steel	412	402	321	314	23.4	2.7	-2.4	-20.1	-2.2
Textured steel bars	312	313	360	367	12.0	4.0	0.3	15.0	1.9
Non-ferrous mining and metallurgy									
Nickel plus cobalt (metal content)	35	36	44	47	-	4.5	2.9	22.2	6.8
Copper concentrate ^c (metal content)	3 257	3 461	2 951	2 759	13.9	5.9	6.3	-14.7	-6.5

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

* Preliminary figures. Millions of cubic metres. ^c Tons.

Table 8
CUBA: INDICATORS OF MANUFACTURING PRODUCTION

	Index of the industrial product (1975 = 100)				Growth rates				
	1986	1987	1988	1989 ^o	1985	1986	1987	1988	1989 ^o
Total'	169.5	163.2	168.4	168.9	7.8	0.5	-3.7	3.2	0.3
Non-durable consumer goods industry	159.7	153.2	159.5	159.2	7.8	-0.9	-4.1	4.1	-0.2
Foodstuffs (excluding sugar)	159.0	156.5	159.4	154.5	5.7	1.4	-1.6	1.9	-3.1
Sugar and sugar products	130.6	123.2	133.3	129.9	1.5	4.9	-5.7	8.2	-2.6
Beverages and tobacco	178.5	165.9	174.0	183.9	13.4	-1.9	-7.1	4.9	5.7
Ready-made clothing	188.1	199.1	198.6	172.8	8.0	9.1	5.8	-0.3	-13.0
Printed matter	197.8	220.9	209.5	191.7	12.4	8.4	11.7	-5.2	-8.5
Intermediate goods industry	133.9	136.2	139.0	141.2	7.5	1.9	1.7	2.1	1.6
Textiles	192.9	213.9	221.6	193.4	25.4	9.7	10.9	3.6	-12.7
Chemicals	142.7	137.8	126.8	131.9	9.7	1.1	-3.4	-8.0	4.0
Fuels	106.7	107.4	121.0	125.9	0.4	-0.6	0.7	12.7	4.0
Construction materials	140.6	150.0	155.9	161.5	5.6	2.5	6.7	3.9	3.6
Consumer durables and capital goods industry	342.0	302.2	311.9	310.5	11.1	1.5	-11.6	3.2	-0.4
Construction of non-electrical machinery	351.4	305.0	300.4	299.8	8.5	-2.5	-13.2	-1.5	-0.2
Electrotechnical and electronic goods	401.0	326.6	409.5	412.8	22.5	14.2	-18.6	25.4	0.8
Metal products ^c	280.7	279.9	289.5	283.4	13.9	7.9	-0.3	3.4	-2.1
Other manufactures	207.4	205.4	205.8	208.8	5.0	5.4	-1.0	0.2	1.5

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

^a At constant 1981 prices. ^b Preliminary figures. ^c Excluding basic metals.

Including, *inter alia* the leather,

glass and pottery, pulp and paper, forestry and timber-processing industries.

Table 9
CUBA: MAIN INDUSTRIAL PRODUCTION INDICATORS

	Thousands of tons				Growth rates				
	1986	1987	1988	1989 ^a	1985	1986	1987	1988	1989 ^a
Non-durable consumer goods (excluding sugar)									
Canned meat	66	65	63	68	4.4	3.1	-2.0	-3.5	7.7
Wheat flour	443	454	442	398	4.7	5.0	2.4	-2.7	-9.9
Canned fruit and vegetables	173	165	185	163	12.3	-5.3	-4.7	11.8	-11.5
Alcoholic beverages	577	610	644	673	-5.7	-6.7	4.1	7.2	4.4
Twist tobacco	341	279	270	309	21.2	-6.8	-18.2	-3.2	14.4
Fisheries									
Gross catch	245	214	232	192	10.0	11.2	-12.3	8.0	-17.1
Total catch landed	194	182	178	170	7.1	5.5	-5.6	-2.6	-4.5
Outer clothing ^c	58	61	61	54	2.0	11.0	6.4	-1.0	-10.9
Intermediate consumer goods									
Textiles ^d	221	258	260	219	19.3	7.5	17.0	0.8	-16.1
Gray cement	3 305	3 535	3 566	3 759	-4.9	3.9	7.0	0.9	5.4
Paints, enamels and varnishes	222	191	59	122	2.1	-7.8	-14.2	-69.2	107.7
Sulphuric acid 98%	396	372	393	382	11.3	5.9	-6.1	5.6	-2.9
Caustic soda 50%	21	18	20	16	-22.2	51.8	-15.0	8.2	-17.8
Superphosphate	3	9	1	2	50.0	-78.8	168.8	-88.4	50.0
Ammonium nitrate	330	296	292	306	-2.4	0.7	-10.3	-1.4	4.8
Compound fertilizers	1045	996	840	899	12.0	-9.9	-4.7	-15.6	6.9
Urea	75	68	45	59	25.2	-7.5	-8.7	-33.8	29.1
Bottles ^c	308	339	343	297	-0.4	16.5	10.0	1.3	-13.5
Unbleached cardboard and paperboard	21	19	22	29	-15.8	30.7	-9.8	12.4	31.8
Consumer durables and capital goods									
Refrigerators ^e	18	6	8	10	16.7	-33.8	-67.9	40.7	21.7
Radio receivers ^e	237	227	153	173	-6.7	0.3	-4.0	-32.6	12.9
Television sets ^e	102	56	65	71	2.2	8.5	-45.6	17.3	8.3
Sugar cane combines	613	620	642	621	-4.0	1.2	1.1	3.5	-3.3
Buses	2 351	2340	2 537	2345	7.8	-1.8	-0.4	8.4	-7.6
Electric wires and cables									
Uninsulated ^g	3 002	2 560	3000	2 354	34.6	7.8	-14.7	17.2	-21.5
Insulated	77	53	72	67	23.1	19.6	-31.1	34.9	-6.6
Sanitary appliances ^e	371	387	384	454	0.6	9.7	4.3	-0.9	18.3

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

^a Preliminary figures.

^b Thousands of hectolitres.

^c Millions of units.

Millions of square metres.

^d Thousands of units.

^e Units.

^f Tons.

^g Thousands of kilometres.

Table 10
CUBA: CONSTRUCTION INDICATORS

	Gross production (thousands of pesos at 1981 prices)				Percentage breakdown		Growth rates				
	1986	1987	1988	1989 ^a	1980	1989 ^a	1985	1986	1987	1988	1989 ^a
Total	2 363	2 167	2 327	2 504			1.5	0.9	-5.3	7.4	7.6
Construction and installation	2 075	1892	2 055	2 227	100.0	100.0	0.6	-0.8	-8.8	8.6	8.4
Agriculture	42	35	43	106	4.5	4.8	-	1.4	-16.7	22.9	146.5
Housing and urbanization	193	189	226	242	8.1	10.9	-0.2	8.0	-2.1	19.6	7.1
Education	56	77	98	91	7.6	4.1	-27.5	4.1	37.5	27.3	-7.1
Industry	419	344	376	367	22.9	16.5	8.4	-12.3	-17.9	9.3	-2.4
Hydraulic works	71	74	101	136	7.9	6.1	8.2	-4.9	4.2	36.5	34.7
Highways (excluding railways)	137	130	172	187	8.0	8.4	-23.6	-1.4	-5.1	32.3	8.7
Railways	38	33	33	34	4.4	1.5	-4.0	-0.8	-13.2	-	3.0
Hydrological works	50	50	33	35	1.9	1.6	11.4	28.1	-	-34.0	6.1
Maritime facilities	46	44	30	17	2.1	0.8	-6.7	9.6	-4.3	-31.8	-43.3
Health facilities	58	88	122	116	2.3	5.2	-9.1	47.1	51.7	38.6	-4.9
Electricity networks	16	18	17	17	1.0	0.8	-5.0	-16.1	12.5	-5.6	-
Communication networks	13	13	12	12	0.4	0.5	-7.7	5.0	-	-7.7	-
Maintenance	413	364	344	378	10.4	17.0	9.2	-0.8	-11.9	-5.5	9.9
Other building work	289	199	222	250	10.3	11.2	-5.2	4.4	-31.1	11.6	12.6
Other production marketed	223	222	216	223	7.6	10.0	3.7	-2.4	-0.4	-2.7	3.2
Oil and gas pipelines	12	12	12	16	-	0.7	-	-20.1	-	-	33.3
Geological explo- ration, drilling and geodesic surveys	174	166	163	167			7.7	8.7	-4.6	-1.8	2.5
Design of construc- tion projects	114	109	109	110			12.4	24.8	-4.4	-	0.9
Production of selected building materials											
Textured steel bars	312	313	360	367			11.5	3.9	0.3	15.0	1.9
Steel bars ^b	342	350	314	275			23.2	2.1	2.3	-10.3	-12.4
Gray cement	3 305	3 535	3 566	3 759			-4.9	3.9	7.0	0.9	5.4
Prefabricated concrete products ^c	944	849	829	1041			6.1	-1.8	-10.1	-2.4	25.6
Clay bricks ^b	146	152	150	142			14.8	-1.0	4.1	-1.3	-5.3
Tiles ^d	72	75	74	74			9.1	-0.1	4.2	-1.3	-
Sheet glass ^e	368	424	650	498			103.9	-36.5	15.2	53.3	-23.4

Source: ECLAC, on the basis of data from the State Statistical Committee

* Preliminary figures. Thousands of tons. ^c Thousands of cubic metres. ^d Millions of units. ^e Thousands of square metres.

Table 11
CUBA: ELECTRICITY INDICATORS

	GWh					Growth rates				
	1985	1986	1987	1988	1989 ^a	1985	1986	1987	1988	1989 ^a
Gross generation	12 199	13 176	13 594	14 543	15 237	-0.8	8.0	3.2	7.0	4.8
Ministry of the Basic Electricity Industry	10 739	11 638	12 002	12 834	13 563	-0.6	8.4	3.1	6.9	5.7
Ministry of the Sugar Industry	1131	1185	1205	1318	1278	0.6	4.8	1.7	9.4	-3.0
Nickel-producing enterprises	209	234	268	225	315	-16.8	12.0	14.5	-16.0	40.0
Other producers	120	120	119	166	81	6.4	-0.1	-0.8	39.5	-51.2
Consumption	9 924	10 684	10 958	11 579	12 056	-0.9	7.7	2.6	5.7	4.1
Industrial	4 518	4 877	5 014	5 240	5 314	-2.6	7.9	2.8	4.5	1.4
Agricultural	234	272	267	291	315	-7.5	16.2	-1.8	9.0	8.2
Commercial	331	328	334	350	357	-5.8	-0.9	1.8	4.8	2.0
Residential	2 682	2 899	2 912	3 057	3 241	7.9	8.1	0.4	5.0	6.0
Other	2160	2307	2 431	2 641	2 829	-6.9	6.8	5.4	8.6	7.1

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

^a Preliminary figures. Excluding the consumption of the Ministry of the Sugar Industry, the nickel-producing enterprises and "other producers".

Table 12
CUBA: EXPORTS OF GOODS, FOB

	Millions of pesos				Percentage breakdown			Growth rates			
	1986	1987	1988	1989*	1980	1989*	1985	1986	1987	1988	1989 ^a
Total	5 321	5 402	5 518	5 392	100.0	100.0	9.4	-11.2	1.5	2.1	-1.3
Soviet Union	3 936	3868	3 683	3 231	56.8	59.9	13.4	-12.2	-1.7	-4.8	-12.3
Other socialist and CMEA countries	763	930	1082	1075	13.5	19.9	-11.1	-10.2	21.9	16.3	-0.6
Other countries	622	604	753	1086	29.7	20.1	16.2	-5.8	-2.9	24.7	44.2
Re-exports	232	308	190	213	2.4	4.0	1.4	-54.3	32.8	-38.3	12.1
Rest of sales	5 089	5 094	5 328	5179	97.6	96.0	10.0	-1.2	0.1	4.6	-2.8
Soviet Union	3 704	3 560	3 493	3165	54.4	58.7	15.5	-7.1	-3.9	-1.9	-9.4
Other socialist and CMEA countries	763	930	1082	1075	13.5	19.9	-11.1	-10.2	21.9	16.3	-0.6
Other countries	622	604	753	939	29.7	17.4	13.9	-3.9	-2.9	24.7	24.7
Sugar sales	4 069	3 987	4 086	3 914	82.7	72.6	7.7	-8.4	-2.0	2.5	-4.2
Soviet Union	3 373	3 240	3138	2 788	51.1	51.7	15.5	-7.8	-3.9	-3.1	-11.2
Other socialist and CMEA countries	512	623	776	799	10.8	14.8	-18.4	-18.5	21.7	24.6	3.0
Other countries	184	124	172	327	20.8	6.1	-17.3	20.3	-32.6	38.7	90.1
Non-sugar sales	1020	1107	1242	1265	14.9	23.5	22.2	-2.1	8.5	12.2	1.9
Soviet Union	331	321	356	377	3.3	7.0	15.0	1.5	-3.0	10.9	5.9
Other socialist and CMEA countries	251	306	306	275	2.6	5.1	19.4	13.1	21.9	-	-10.1
Other countries	438	480	580	613	9.0	11.4	29.0	-11.3	9.6	20.8	5.7
Metallic minerals and scrap	335	359	490	564 ^c	4.8	10.5	10.7	1.2	7.2	36.5	15.1
Tobacco	78	91	98	84	0.9	1.6	64.3	-15.2	16.7	7.7	-14.3
Citrus fruit	150	163	171	139	1.0	2.6	22.0	4.2	8.7	4.9	-18.7
Fishery products	125	144	149	131	2.2	2.4	30.4	4.2	15.2	3.5	-12.1
Naphta	22	39	44	50	1.8	0.9	68.7	-59.3	77.3	12.8	13.6
Coffee, cocoa, etc.	47	46	52	51	0.6	0.9	94.0	20.5	-2.1	13.0	-1.9
Alcoholic beverages	16	13	13	17	0.6	0.3	-38.2	-27.3	-18.8	-	30.8
Others	247	252	225	228	2.9	4.2	46.6	2.9	2.0	-10.7	1.3

Source: ECLAC, on the basis of official figures.

* Preliminary figures.

Re-exports of fuel to the Soviet Union in freely convertible currency.

Figures obtained

by difference.

Table 13
CUBA: PRODUCTION, EXPORTS AND EXPORT PRICES OF SUGAR

	Thousands of tons ^a		US cents per pound		
	Sugar production	Sugar exports	Price paid by the Soviet Union ^b	Price received by Cuba in freely convertible currency	World market price ^c
1970	7 559	6906	5.94		3.68
1971	5 950	5 511	6.41		4;50
1972	4 685	4 140	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	7 662	7 197	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	8 119	6 975	41.90	7.14	10.19
1989 ^f	7 579	7 119	41.90	9.71	12;81

Source: ECLAC, on the basis of figures from *the Anuarios Estadísticos de Cuba*; the State Statistical Committee; *the Statistical Yearbook of the Soviet Union*, and other international data.

^a Rawsugar, base 96° polarization. ^b Calendaryear. ^c Data refers only to sales of sugar covered by agreements. These figures exclude sales to the USSR in convertible currency at market prices. ^d Price of shipments of sugar in the current year, sometimes previously agreed at fixed prices. ^e Prices under the International Sugar Agreement. ^f Preliminary figures.

Table 14
**CUBA: VALUE AND VOLUME OF RAW SUGAR
 EXPORTS, BY AREA**
 (Percentages)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Value	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Soviet Union	72.7	75.9	77.5	82.4	82.9	81.3	76.8	71.2
Rest of socialist and CMEA countries	18.4	17.5	18.1	14.1	12.6	15.6	19.0	20.4
Rest of world	8.9	6.6	4.4	3.5	4.5	3.1	4.2	8.3
Volume	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Soviet Union	57.3	50.5	52.1	51.4	58.1	58.7	47.4	48.7
Rest of socialist and CMEA countries	22.3	26.8	27.6	24.2	21.2	27.4	35.6	29.8
Rest of world	20.4	22.7	20.3	24.4	20.7	13.9	17.0	21.5

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

^a Preliminary figures.

Table 15
CUBA: EXPORTS, IMPORTS AND TRADE BALANCE

	Millions of pesos				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Total exports	5 321	5 402	5 518	5 392	-11.2	1.5	2.1	-2.3
Soviet Union	3 936	3 868	3 683	3 231	-12.2	-1.7	-4.8	-12.3
Rest of socialist and CMEA countries	763	930	1082	1075	-10.2	21.9	16.3	-0.6
Rest of world	622	604	753	1086	-5.8	-2.9	24.7	44.2
Total imports	7 596	7 584	7 579	8 124	-5.5	-0.2	-0.1	1.2
Soviet Union	5 338	5 446	5 364	5 522	-1.5	2.0	-1.5	2.9
Rest of socialist and CMEA countries	1106	1215	1261	1411	-18.1	9.9	3.8	11.9
Rest of world	1152	923	954	1191	-8.9	-19.9	3.4	24.8
Overall trade balance	-2 275	-2 182	-2 061	-2 732				
Soviet Union	-1402	-1578	-1681	-2 291				
Rest of socialist and CMEA countries	-343	-285	-179	-336				
Rest of world	-530	-319	-201	-105				

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).

^a Preliminary figures.

Table 16
CUBA: IMPORTS OF GOODS (CIF)

	Millions of pesos				Percentage breakdown		Growth rates				
	1986	1987	1988	1989 ^a	1980	1989 ^a	1985	1986	1987	1988	1989 ^a
Total	7 596	7 584	7 579	8 124	100.0	100.0	11.2	-5.5	-0.2	-0.1	7.2
According to area of origin											
Socialist and CMEA countries	6 444	6 661	6 625	6 933	78.1	85.3	11.5	-4.8	3.4	-0.5	4.6
Soviet Union	5 338	5 446	5 364	5 522	62.8	68.0	13.3	-1.5	2.0	-1.5	2.9
Other	1 106	1 215	1 261	1 411	15.3	17.4	4.7	-18.1	9.9	3.8	11.9
Rest of world	1 152	923	954	1 191	21.9	14.7	9.5	-8.9	-19.9	3.4	24.8
According to use and economic purpose											
Consumer goods	768	766	759	844	11.6	10.4	10.2	-12.2	-0.3	-0.9	11.2
Intermediate goods	5 164	5 130	5 094	5 428	61.0	66.8	12.5	-5.3	-0.7	-0.7	6.6
Petroleum and petroleum products	2 511	2 600	2 580	2 678 ^{bi}	19.4	33.0	19.7	-4.7	3.5	-0.8	3.8
Fertilizers	139	131	120	141	1.8	1.7	4.8	2.2	-5.8	-8.4	17.5
Herbicides and pesticides	53	77	69	81	1.3	1.0	22.6	-18.5	45.3	-10.4	17.4
Rolled steel products	226	205	212	224	2.5	2.8	5.7	-3.4	-9.3	3.4	5.7
Accessories and spare parts	585	571	600	626	1.9	7.7	12.4	-0.7	-2.4	5.1	4.3
Other	1 650	1 546	1 513	1 678	34.2	20.7	4.5	-8.1	-6.3	-2.1	10.9
Capital goods	1 664	1 688	1 726	1 853	27.4	22.8	7.6	-2.6	1.4	2.3	7.4
Complete plants	745	721	726	799	11.6	9.8	13.6	1.5	-3.2	0.7	10.1
Tractors	60	71	73	73	0.8	0.9	-3.9	-31.0	18.3	2.8	0.0
Buses and trucks	207	266	237	258	2.5	3.2	8.3	-0.5	28.5	-10.9	8.9
Other	652	629	691	723	12.6	8.9	3.2	-4.1	-3.5	9.9	4.6
By sue sections											
Food and live animals	709	716	730	925	16.1	11.4	8.0	-20.2	1.0	2.0	26.7
Beverages and tobacco	9	11	8	8	0.3	0.1	1.3	12.5	22.2	-27.3	-
Inedible raw materials, except fuels	307	302	281	307	4.1	3.8	20.0	-5.2	-1.6	-7.0	9.3
Fuels and lubricants, minerals and related products	2 533	2 621	2 589	2 630 ^b	19.7	32.4	19.7	-4.6	3.5	-1.2	1.6
Animal and vegetal oils and fats	76	67	78	78	1.2	1.0	3.0	-7.3	-11.8	16.4	-
Chemical products	434	447	434	530	6.2	6.5	-7.2	5.9	3.0	-2.9	22.1
Manufactured goods, classified chiefly by material	922	821	816	838	14.7	10.3	2.2	-6.8	-11.0	-0.6	2.7
Machinery and transport equipment	2 337	2 354	2 409	2 531	35.4	31.2	9.9	-3.4	0.7	2.3	5.1
Miscellaneous manufactured articles	269	245	234	277	2.2	3.4	18.3	4.3	-8.9	-4.5	18.4

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

^a Preliminary figures. ^b Figures obtained by difference.

Table 17
CUBA: BALANCE OF PAYMENTS IN FREELY CONVERTIBLE CURRENCY '
(Millions of pesos)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Balance on current account	-46	51	297	263	-212	-506	-1961	-877	-900	62
Merchandise balance	367	285	606	441	73	67	-164	-59	65	-40
Exports FOB	1248	1406	1356	1234	1136	1244	907	965	1113	1 384
Imports FOB	-881	-1121	-750	-793	-1063	-1177	-1071	-1024	-1048	-1424
Services balance	-414	-235	-306	-179	-294	-577	-1798	-816	-965	102
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	-2 094	-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		-1
Balance on capital account	60	-52	-539	-74	106	554	1841	822	943	-76
Long-term capital ^c	-16	-116	-136	93	138	360	799	610	311	-134
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	30	27
Private banks	18	-92	-84	66	-3	546	342	426	273	-180
Other sectors	-42	-24	-54	24	140	-185	438	172	8	19
Short-term capital ^c	76	64	-403	-167	-32	194	1042	212	632	58
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	-20	
Commercial banks	-20	47	-408	-68	-134	141	306	121	21	-192
Other sectors	96	-53	56	-106	107	52	745	86	631	250
Total variation in reserves (- sign indicates an increase)	-14		242	-189	106	-48	120	55	-43	14

Source: ECLAC, on the basis of figures from the National Bank of Cuba.

^a Includes all commercial and financial movements with market-economy countries, but only some of the movements with socialist and CMEA countries. ^b Preliminary figures. ^c 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 18
CUBA: INDICATORS OF TOURISM¹

	1986	1987	1988	1989 ^o	Growth rates			
					1986	1987	1988	1989 ^o
(Thousands of persons)								
International visitors	282	293	309	325		3.9	5.5	5.2
From Europe	110	158	174	155	...	43.6	10.1	-10.9
From North America	54	58	63	80		7.4	8.6	27.0
From Latin America	47	65	70	81	...	38.3	7.7	15.7
International tourists	276	282	298	314		2.2	5.7	5.4
From Europe	106	152	166	153	...	43.4	9.2	-7.8
From North America	54	58	63	80		7.4	8.6	27.0
(Units)								
Average length of stay (nights)	10.0	9.8	9.8	10.8		-2.0	-	10.2
Number of establishments ^c	294	302	321			2.7	6.3	
Number of rooms ^c	14 674	15 449	21 108	17 164	9.8	5.3	36.6	-18.7
(Millions of pesos)								
Income from international tourism	106.6	117.8	152.0	168.0		10.5	29.0	10.5
Tourist agency income	40.2	45.9	80.3	85.9	13.6	14.2	74.9	7.0
From Europe ^e	15.9	20.6	41.7	46.9	16.1	29.6	102.4	12.5
From North America	9.1	9.7	7.4	8.7	-3.2	6.6	-23.7	17.6
From Latin America	4.3	4.1	5.4	5.8	48.3	-4.7	31.7	7.4

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

¹ The *Anuario Estadístico de Cuba, 1988*, defines the coverage of these indicators as follows: "The information supplied relates to enterprises and institutions dealing with the provision of services connected with housing in the country, or of other tourist-related services. The supervisory body for tourism in Cuba is the National Tourism Institute (INTUR), which oversees the tourist enterprises classified under the Tourism and Leisure Branch". Preliminary figures.

^c Refers only to hotels and motels. ^d Refers to revenue from visitors whose entry into the country was arranged by tourist agencies. ^e Includes tourists from Western Europe, Asia and Oceania.

Table 19
CUBA: STRUCTURE OF GROSS INTERNATIONAL RESERVES
(Millions of pesos)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Total^D	139.2	332.2	262.8	350.0	241.6	194.4	234.4	147.3
Gold and precious metals	15.2	13.5	13.5	14.0	17.5	17.5	18.9	19.0
Cash and deposits in freely convertible currency in foreign banks	80.6	271.4	165.8	213.4	89.7	34.4	78.5	64.7
Deposits in transferable roubles in foreign banks	43.4	47.3	83.5	122.6	134.4	142.5	137.0	63.6

Source: ECLAC, on the basis of figures from the National Bank of Cuba.
Preliminary figures. End-of-year balance.

Table 20
CUBA: EXCHANGE RATES
(Pesos per unit of foreign currency)

	US dollars	Pounds sterling	Swiss francs	German marks	Yen ^a
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	0.7143	0.6061	0.6579
1989	1.0000	1.5000	0.5988	0.5291	0.7300

Source: ECLAC, on the basis of figures from the National Bank of Cuba.

^a Per 100 yen.

Table 21
**CUBA: INDICATORS OF EXTERNAL INDEBTEDNESS
 IN FREELY CONVERTIBLE CURRENCY⁸**

(Millions of pesos)

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Total disbursed debt	2 669	2 790	2 989	3 621	4 985	5 657	6606	6165
Bilateral official debt	1276	1333	1579	1820	2 082	2 509	2906	2 817
Multilateral official debt	18	25	17	22	23	21	48	61
Suppliers	47	97	229	433	1129	1235	1497	1408
Financial institutions	1327	1335	1164	1346	1751	1892	2109	1837
Medium-term bilateral loans and loans from consortia	417	495	453	496		607	696	618
Short-term deposits	860	789	623	742		1020	1136	986
Credits for current imports	50	50	88	108		265	277	233
Other credits	1	1	-	-	-	-	46	42
Disbursements^c	148	351	570	928	2 731	1005	...	...
Service		319	403					
Interest paid	341	248	241	268	262	510	...	...
Payments of principal on medium- and long-term debt		71	162	...	...	...	...	...
Ratios (percentages)								
Total disbursed debt/ total social product	11.6	11.5	11.4	13.4	18.8	22.1	25.1	22.9
Total debt service/ exports of goods and services	...	20.2	28.8	...	...	...	...	...
Total debt service/ disbursements	...	90.9	70.7	...	...	...	...	...
Total debt service/ total social product		1.3	1.6	...	...	...	...	...

Source: ECLAC, on the basis of figures from the National Bank of Cuba.

* Includes commitments with maturities of one year or less. ^b Preliminary figures. ^c Includes long- and short-term loans received, according to the balance of payments. Previous notes included long- and short-term capital payments, as given in the balance of payments in freely convertible currency. From 1985 onwards, more accurate information is given on payments of principal on the medium- and long-term debt: such information has been available only since 1983.

Table 22
CUBA: EMPLOYMENT

	Thousands of workers				Percentage breakdown		Growth rates			
	1986	1987	1988	1989b	1980	1989b	1986	1987	1988	1989 ^b
Total	3 263	3 299	3 408	3 527	100.0	100.0	2.9	1.1	3.3	3.5
Productive sphere	2 265	2 295	2 399	2488	72.0	70.5	2.8	1.3	4.5	3.7
Agriculture	572	603	653	690	22.8	19.6	3.6	5.4	8.3	5.7
Forestry	29	30	27	31	0.7	0.9	0.7	3.4	-10.0	14.8
Industry	726	727	743	768	20.0	21.8	2.4	0.1	2.2	3.4
Construction	322	314	339	344	10.0	9.8	2.2	-2.5	8.0	1.5
Transport	197	197	200	204	6.3	5.8	3.7	-	1.5	2.0
Communications	27	28	30	32	0.8	0.9	3.8	3.7	7.1	6.7
Commerce	371	376	387	395	11.1	11.2	1.1	1.3	2.9	2.1
Other activities	20	20	19	24	0.3	0.7	39.7	0.5	-2.0	26.3
Non-productive sphere	998	1004	1010	1039	28.0	29.5	3.2	0.6	0.6	2.9
Community and personal services	115	,117	122	125	3.4	3.5	2.7	1.7	4.3	2.5
Science and technology	28	29	28	27	0.7	0.8	3.7	3.6	-3.4	-3.6
Education, culture and art	423	425	430	440	13.2	12.5	0.2	0.5	1-2	2.3
Public health and social welfare, sports and tourism	211	222	233	244	4.6	6.9	7.1	5.2	5.0	4.7
Finance and insurance	21	21	21	22	0.4	0.6	10.5	0.0	0.0	4.8
Administration	169	161	155	152	5.2	4.3	5.0	-4.7	-3.7	-1.9
Other activities	32	29	22	29	0.5	0.8	6.7	-9.4	-24.1	31.8

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

^a Includes only civilian employment in the State sector Preliminary figures.

Table 23
CUBA: AVERAGE NOMINAL WAGES^a

	Average wages (pesos)				Growth rates				
	1986	1987	1988	1989 ^b	1985	1986	1987	1988	1989 ^b
Total	2 255	2 208	2 242	2 260	1.0	0.1	-2.1	1.5	0.8
Productive sphere	2 256	2 184	2 228	2 239	0.8	-0.6	-3.2	2.0	0.5
Agriculture	2180	2137	2227	2229	2.6	1.2	-2.0	4.2	0.1
Forestry	2107	2088	2155	2205	1.1	-0.6	-0.9	3.2	2.3
Industry	2280	2207	2239	2234	0.9	-2.1	-3.2	1.4	-0.2
Construction	2407	2316	2340	2412	-1.1	-1.4	-3.8	1.0	3.1
Transport	2616	2508	2501	2537	-0.6	1.0	-4.1	-0.3	1.4
Communications	2143	2124	2130	2111	1.5	0.3	-0.9	-	-0.9
Commerce	2012	1968	1973	1961	-0.5	-0.5	-2.2	0.3	-0.6
Other activities	2472	2400	2433	2445	-0.7	0.7	-2.9	1.4	0.5
Non-productive sphere	2 255	2 256	2 274	2 311	1.7	1.9		0.8	1.6
Community and personal services	1983	1932	1939	1965	-0.6	1.4	-2.6	0.4	1.3
Science and technology	2515	2544	2582	2602	4.8	0.6	1.2	1.5	0.8
Education, culture and art	2262	2281	2301	2332	1.7	1.4	0.8	0.9	1.3
Public health and social welfare, sports and tourism	2175	2256	2291	2341	2.3	2.4	3.7	1.6	2.2
Finance and insurance	2243	2220	2252	2276	1.9	0.4	-1.0	1.4	1.1
Administration	2471	2364	2387	2417	2.5	2.8	-4.3	1.0	1.3
Other activities	2302	2292	2266	2409	-0.1	2.0	-0.4	-1.1	6.3

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

^a Includes only civilian employment in the State sector. Preliminary figures.

Table 24
CUBA: RETAIL PRICES OF SELECTED PRODUCTS^{*}
(Pesos)

	1986			1987			1988			1989		
	Regu- lated	Parallel	Free	Regu- lated	Parallel	Free	Regu- lated	Parallel	Free	Regu- lated	Parallel	Free
Pasteurized milk	0.25	0.80	-	0.25	1.00	-	0.25	1.00	-	0.25	1.00	-
Raw milk	0.25	-	-	0.25	-	-	0.25	-	-	0.25	-	-
Eggs ^c	-	-	0.10	-	-	0.10	-	-	0.10	-	-	0.10
Rice ^d	0.52	2.61	-	0.52	3.26	-	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 ^e	13.05 ^e	4.35 ^f	-	-	3.50	-	-	3.64	-	-	3.66
Onions	0.54	3.33	-	0.54	2.40	-	0.53	1.35	-	0.43	2.20	-
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	-	-	9.83	-
Vegetable oil	0.87	8.62	-	0.87	7.80	-	0.87	7.53	-	0.87	9.09	-
Lard	0.66	-	-	0.66	-	-	0.66	-	-	0.66	-	-
Beans	0.55	3.82	-	0.53	4.86	-	0.56	4.28	-	0.56	4.36	-
Potatoes	0.23	-	0.23	0.24	-	0.25	0.23	-	0.23	0.23	-	0.23
Plantains	0.26	0.75	-	0.24	0.76	-	0.22	0.69	-	0.20	0.68	-
Bananas	0.26	0.55	-	0.22	0.37	-	0.22	0.38	-	0.19	0.39	-

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

* Price per kilogram, with the exception of milk and eggs.

^b Price per 946-gram container.

^c Price per unit.

^d Excluding pre-cooked rice.

Up to 29 April 1986.

^e On free market since 30 April 1986.

Table 25
CUBA: MONETARY LIQUIDITY

	Millions of pesos				Growth rates				
	1986	1987	1988	1989 ⁸	1985	1986	1987	1988	1989 ^a
Factors of expansion	10 761	10 655	11388	11826	3.9	43	-1.0	6.9	3.8
Workers' income	8 404	8 350	8 924	9 223	2.4	3.5	-0.6	6.9	3.4
Private sector income	651	592	609	633	4.2	8.9	-9.1	2.9	3.9
Other income ^c	1706	1713	1855	1970	11.9	7.0	0.4	8.3	6.2
Factors of contraction	10 671	10 658	10 937	11297	4.4	5.1	-0.1	2.6	3.3
Expenditure on goods and services	10131	10116	10 348	10661	4.3	5.1	-0.1	2.3	3.0
Other expenditure ^d	541	542	589	636	5.8	6.5	0.2	8.7	8.0
Variation in liquidity	90	-3	451	529					
Cash	-172	-7	294	288					
Savings deposits	262	4	157	241					

Source: ECLAC, on the basis of official figures.

^a Preliminary figures. Includes income earned by peasants, transport workers and artisans from sales of goods and services to the State, to cooperatives and to other organizations. ^c 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. ^d Includes principal 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

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Number of banking agencies specializing in service to the public, at end of year	326	421	448	467	476	488	507	515
Municipal	115	143	154	165	167	167	168	166
Auxiliary	71	76	77	79	80	80	84	87
Savings banks	140	185	206	219	227	239	254	262
Non-specialized	-	17	11	4	2	2	1	-
Monetary savings of the population (1975 = 100)	147	157	172	189	224	225	244	276
Number of loans to the population (thousands)	215	268	296	385	335	323	357	110
Electrical appliances	166	216	237	324	262	238	268	23
Motor vehicles	17	18	15	15	12	23	10	15
Construction materials and home repairs	10	11	18	17	25	21	22	48
Other	22	23	26	29	36	41	57	24
Value of personal loans (millions of pesos)	146	161	185	298	265	287	302	270
Electrical appliances	92	114	137	245	206	206	221	179
Motor vehicles	31	27	21	24	21	36	19	26
Construction materials and home repairs	12	9	15	16	20	20	22	50
Other	11	11	12	13	18	25	40	15
Other items (millions of pesos)								
Payments collected	124	139	156	174	191	209	245	265
Outstanding balances	233	249	272	388	455	525	571	568

Source: ECLAC, on the basis of figures from the People's Savings Bank.

^a Preliminary figures.

Table 27
**CUBA: ACTUAL EXECUTION OF STATE INCOME AND
 EXPENDITURE BUDGET**

	Millions of pesos				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Current income	11699	11272	11385	12 496	-4.8	-3.6	1.0	9.8
Contributions from the State sector	11493	11066	11145	12211	-4.9	-3.7	0.7	9.6
Road fund tax	5266	4 975	5 091	5138	-1.5	-5.5	2.3	0.9
Profit contributions	1540	1433	1423	1888	1.2	-6.9	-0.7	32.7
Price differential on foreign trade	960	1197	1078	1394	-43.0	24.7	-9.9	29.3
Other income	3 727	3 461	3 553	3 791	5.4	-7.1	2.7	6.7
Taxes and other contributions from the non-State sector	42	30	63	71	50.0	-28.6	110.0	12.7
Taxes and duties paid by the population	164	176	177	214	-8.9	7.3	0.6	20.9
Total expenditure	11887	11881	12 532	13 886	-5.3	-0.1	5.5	10.8
By destination								
Productive sphere	4 420	4 575	4 713	5 927	-10.5	3.5	3.0	25.8
Housing and community services	718	680	787	704	-2.2	-5.3	15.7	-10.5
Education and public health	2693	2 725	2 857	2 886	5.7	1.2	4.8	1.0
Other socio-cultural and scientific activities	1830	1850	2060	2219	-6.9	1.1	11.4	7.7
"Poder Popular, Central Government, Tribunals and Public Prosecutor's Office	639	565	561	533	-0.6	-11.6	-0.7	-5.0
Defence and domestic law and order	1268	1242	1274	1259	-5.1	-2.1	2.6	-1.2
Other activities	319	244	280	358	-16.3	-23.5	14.8	27.9
By type of expenditure								
Current	8 783	9 282	9 905	10 797	-6.7	5.7	6.7	9.0
Investment	3104	2 599	2 627	3 089	-1.0	-16.3	1.1	17.6
Surplus (or deficit)	-188	-609	-1147	-1390				

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee, the National Bank of Cuba and the State Finance Committee.

^a Preliminary figures.

CHILE

The prolongation of favourable external conditions and the delayed effect of the previous year's expansive fiscal and monetary policies, following five years of steady growth, gave a new, vigorous boost to domestic demand and exports and had a very positive effect on production -which rose by 9% - and employment. However, the overexpansion of domestic expenditure against a background of nearly full use of installed capacity pushed inflation up (from 13% to 21% annually) and, owing to the rapid rise in imports, cut the trade surplus in half (see table 1 and figure 1). Moreover, the high level of economic activity and the favourable price of copper put the Government in an excellent fiscal position: the non-banking public sector achieved a surplus of about 5% of GDP, three quarters of which was accumulated in the Copper Stabilization Fund.

The effect of the policies implemented in 1988, whereby a good part of the additional flow of external resources was transferred to the private sector, continued to be felt in the first months of 1989. Moreover, the expectations of many economic agents that their permanent income would increase (national income rose by 15% in the 1986-1987 biennium and by 13% in 1988), combined with the fresh abundance of external capital, contributed to the growth of both capital formation and private spending. Thus, in a political context marked by the first presidential and parliamentary elections in nearly two decades, domestic investment rose by approximately one third, returning to its 1980 position. The high level of the terms of trade (25% above that of the 1982-1987 period) and the shrinking weight of external factor payments resulted in an increase in domestic saving, concomitant with the expansion of external saving, both of which helped to finance the greater investment effort. Private

consumption also experienced a considerable gain (10%). Thus, domestic expenditure again grew at a faster rate than GDP (22% and 18% respectively, in the 1988-1989 biennium).

The gross domestic product expanded at its highest rate since 1966. In per capita terms, it was 4% greater than in 1981, showing its best performance since before the crisis. Manufacturing and construction, in addition to transport, commercial and banking services, expanded at rates above 10%, while government services, which remained unchanged, came to represent less than 4% of GDP.

This boom gave rise to an increase in employment of nearly 4% during the year and a drop in unemployment from 6.4% of the labour force in the last quarter of 1988 to 5.3% at about the same time in 1989. Although real wages also improved (by 2%), their level remained below that of 1981.

Domestic prices, in particular those of non-tradeable goods, reflected the results of the rapid expansion of domestic demand. Thus, the consumer price index rose by 21% in 1989 (compared to 12% in 1988), returning to the kinds of rates that prevailed in the period 1982-1987. Inflation accelerated significantly in the last quarter, when the annualized variation in prices rose to 30%.

The substantial increase (25%) in imports provided another escape valve for the pressure of demand, although at the cost of cutting the trade surplus almost in half despite the vigorous rise in the current value of exports. With the help of the high price of copper, sales of which represented 50% of total sales abroad, and the buoyancy of non-traditional products, the value of exports exceeded US\$8 billion, nearly doubling the amount registered in 1986 and representing the equivalent of 30% of GDP. The shrinkage of the trade surplus resulted in a deterioration of nearly US\$800 million in the

Figure 1

CHILE: MAIN ECONOMIC INDICATORS

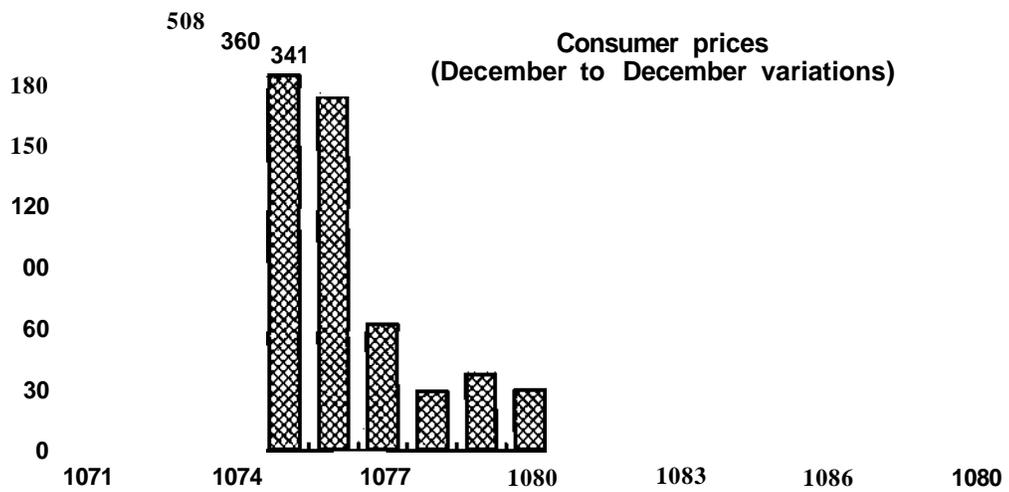
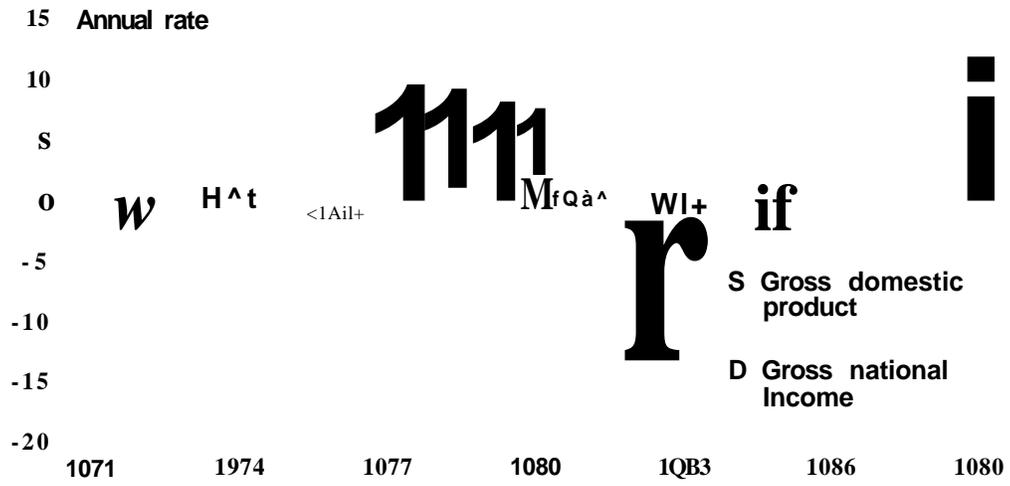
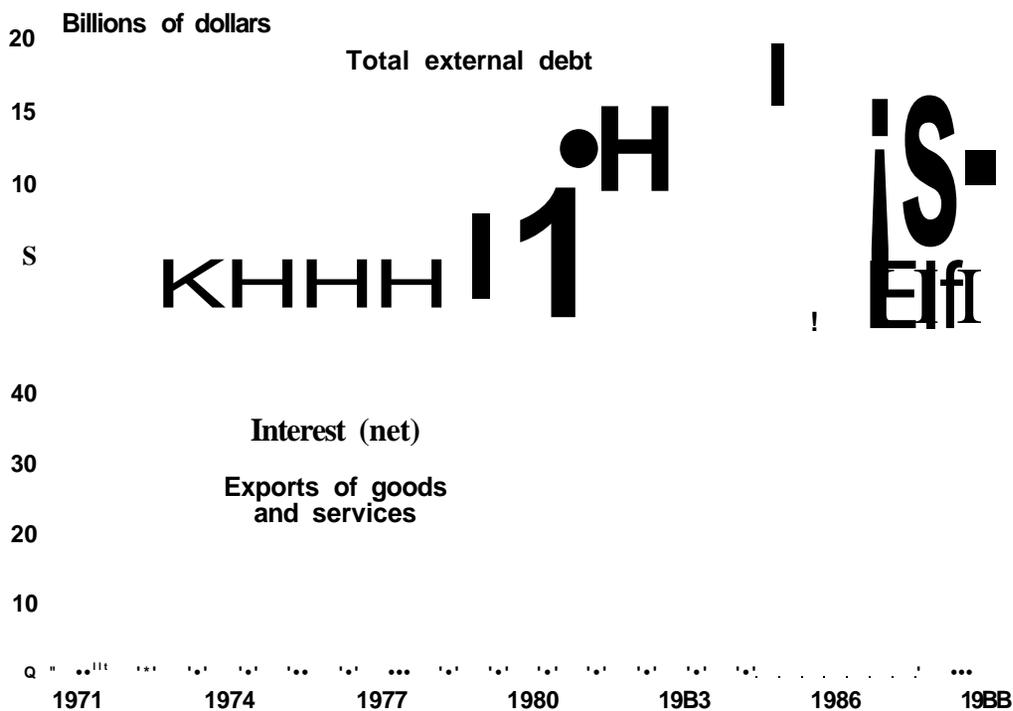
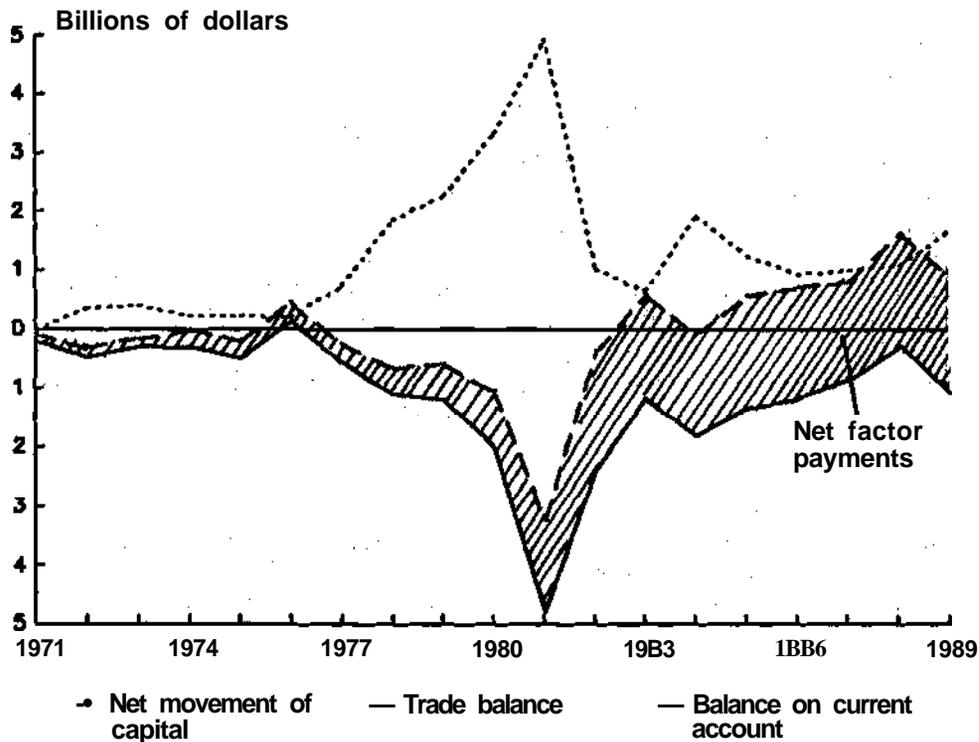


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

balance on current account, whose deficit amounted to nearly US\$1.1 billion. A fresh build-up of reserves (of slightly over US\$500 million) was achieved, however, as a result of a net capital income of US\$1.65 billion. External debt swap and capitalization operations totalled some US\$2.8 billion, bringing the amount accumulated since the inauguration of this programme in mid-1985 to nearly US\$9 billion. The total external debt was therefore reduced to US\$17.5 billion by the end of 1989, or 8% less than in 1988. The ratio of debt to exports continued to improve: after dropping from 4.5 in 1985 to 2.3 in 1988, it reached 1.9 in 1989. Debt reduction was mostly concentrated on medium- and long-term liabilities, whereas public and private short-term debt increased.

In January 1989, interest rates rose, and the Government announced an exchange policy that provided for a monthly 0.3% revaluation over and above the increase in domestic prices as a norm for the rest of the year. It should be noted that a very expansive monetary policy had been followed in 1988 and that the peso had experienced a marked devaluation. These factors were not fully reflected in inflationary pressures, owing to the idle installed capacity still available following the recession of the mid-1980s, together with the extraordinary bonanza in the terms of trade, the reduction in taxes and the increase in real demand for money. Following the October 1988 plebiscite, which opened the way for the presidential elections, the inflation rate surged and a somewhat stricter monetary policy was adopted. The favourable trend in the price of copper, the excellent reserve position and the abundance of external capital began to bring about an appreciation of the local currency.

Between July 1988 and May 1989 the real exchange rate rose in value by 12%. This trend, together with the production boom, gave a vigorous boost to imports and, despite the good performance of the export sector, the trade balance began to erode. Moreover, private sector real money expanded at an annual rate of 18% in the first quarter, nearly doubling the GDP growth rate. Another outstanding trend was the rise in the value of the monetary multiplier -a reflection of a change in the behaviour of private agents- while private

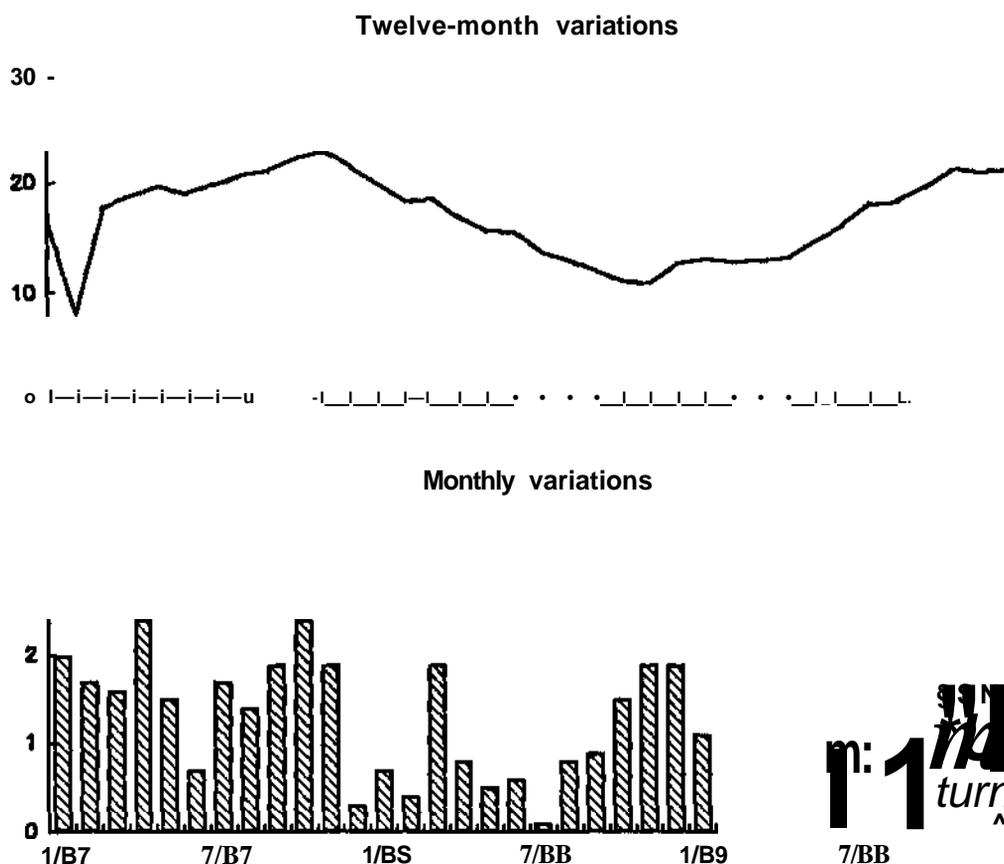
investment and stock market behaviour continued to show a great deal of vitality.

By the end of the first half of the year, the drop in the real exchange rate had begun to stimulate purchases of imports, together with debt swap operations, which were encouraged by the low level of the parallel dollar and a higher domestic interest rate than the international rate converted into pesos. At the same time, a number of external variables showed signs of changing their behaviour: thus, in the first half of 1989, both the international interest rate and the price of oil rose, while the price of copper fell from its unusually high levels at the beginning of the year, although it remained far above the price levels of previous periods.

The Central Bank raised the rates on its readjustable paper in June for the fourth time that year, and expanded the allowable exchange rate float margin, thereby modifying the exchange regulations announced in January. Since the dollar remained at a virtual standstill at the lower end of the range, this modification was interpreted by economic agents as a sign that the Central Bank was prepared to accept a devaluation of up to 8%. In actual fact, the market reacted as if an indirect dévaluation had occurred, and in a few days the value of the observed dollar (used in transactions between banks) rose to the upper end of the new range, representing a devaluation of 7%. Subsequently, in the second half of the year, the declining trend in the real exchange rate was reversed, and by mid-1989 it stood at only 5% lower than that of 1988.

At the same time, the Central Bank increased the real annual rate on its 90-day paper (Central Bank readjustable notes) from 5.8% to 6.3%; it discontinued its 180- and 360-day notes and sold long-term securities known as "readjustable coupon notes" - 10-year papers, with half-year coupons- at a real annual interest rate of 7%. However, the market had quickly adjusted its inflationary expectations, as evidenced by the higher rates for readjustable time deposits in the banking system, than the rates for Central Bank readjustable notes. This situation made it difficult to sell the notes and long-term paper and therefore made it necessary to adjust long-term rates gradually as well.

Figure 2
CHILE: CONSUMER PRICE INDEX
(Percentages)



Source: ECLAC, on the basis of official figures.

The good performance of exports, foreign currency swap operations and, later on, the reserves of the Central Bank itself provided foreign exchange as imports increased. Thus, neither the rise in purchases abroad nor the higher long-term interest rates were enough to reduce the excess liquidity. Traders continued to bet on devaluation and rises in interest rates, and they were also influenced by expectations of a possible change in the direction of economic policy with the coming to power of the new Government. In October, as imports continued to grow at an annual rate approaching 40%, the government had to resort to short-term credits to shore up reserves.

The widening differential in pesos between local and international interest rates enabled the Central Bank to take administrative steps to discourage swap operations, which were making it difficult to manage the money supply. At the same time, the reduction in the Central Bank's short-term debt was a factor in the creation of money during the second half of the year, despite the rise in interest rates. During that period the monetary base declined in real terms, but the demand for credit could not be dampened. Consumer loans and housing mortgages continued to rise at rates of over 30% annually in real terms. In the former case, the greater political uncertainty seems to have brought about advance purchases of durable goods as a hedge against possible tariff or tax

modifications; the favourable economic expectations, for their part, seem to have encouraged the demand for home mortgage loans.

Fiscal policy, on the other hand, acted as a restraint. The increase in revenues and the public spending containment policy resulted in a non-financial public sector surplus of slightly over 1% of GDP. The high price of copper in turn resulted in an additional 4% surplus, while the deficit in the Central Bank accounts

amounted to somewhat less than 2% of GDP. In this context, the Treasury transferred US\$1.5 billion to the Central Bank from the reserves accumulated in the Copper Stabilization Fund, thereby reducing the Treasury's indebtedness to the Central Bank.

By the end of the year, the level of expenditure remained at high levels; thus, the rate of increase in imports continued at 35% annually, and the annualized inflation rate reached 30%.

Table 1
CHILE: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Indexes (1980=400)								
Basic economic indicators								
Gross domestic product at market prices	92.4	90.2	95.3	97.3	102.4	107.5	115.4	126.3
Gross national income	82.4	80.9	85.5	83.4	88.6	96.0	108.4	119.5
Population (millions)	11.5	11.7	11.9	12.1	12.3	12.5	12.7	13.0
Per capita gross domestic product	89.4	85.8	89.1	89.5	92.6	95.6	100.9	108.6
Public sector deficit (-) or surplus (+)/ domestic product	...		-4.4	-2.6	-1.9	-1.2	-0.5 ^c	1.2 ^e
Money (M1)/GDP ^b	5.9	5.7	5.6	4.7	4.9	4.7	5.0	5.1
Real effective exchange rate for exports	103.8	109.7	109.6	126.6	142.8	150.0	170.4	161.4
Unemployment rate	19.6	16.7	15.4	12.9	10.5	9.3	8.1	6.2
Growth rates								
Short-run economic indicators								
Gross domestic product	-12.6	-2.4	5.7	2.1	5.2	5.0	7.4	9.4
Per capita gross domestic product	-14.1	-4.1	3.9	0.4	3.4	3.3	5.6	7.6
Gross national income	-19.1	-1.9	5.7	-2.4	6.3	8.4	12.9	10.2
Consumer prices								
December to December	20.7	23.1	23.0	26.4	17.4	21.5	12.7	21.4
Real wages and salaries	-0.3	-10.7	0.1	-3.8	1.7	-0.3	6.6	1.9
Current value of exports of goods and services	-7.3	-0.3	-6.7	3.5	14.6	23.2	31.0	14.7
Current value of imports of goods and services	-39.2	-19.3	10.4	-12.3	12.7	24.5	20.7	29.8
Terms of trade (goods and services)	-15.9	2.5	-6.2	-8.0	5.2	4.4	18.8	
Millions of dollars								
External sector								
Trade balance (goods and services)	-379	578	-153	547	704	809	1625	862
Net payments of profits and interest	1921	1748	1678	1900	1887	1700	1919	1950
Balance on current account	-2373	-1160	-1823	-1342	-1181	-869	-282	-1086
Balance on capital account	1032	644	1915	1247	930	1005	1106	1654
Variation in net international reserves ^d	-1112	-652	351	-177	-526	26	774	529
Total external debt (gross)	17159	18 037	19 659	20 403	20 716	20 660	18 960	17 518
Total external debt (net)	4 775	15 708	17 301	17 777	17 610	17 562	15 088	13 302

Source: ECLAC, on the basis of official figures.

^a Preliminary figures. ^b Percentages. ^c Excluding Copper Stabilization Fund. Excluding variations in reserves due to revaluation of gold.

Table 2
CHILE: REAL GROSS NATIONAL INCOME

	Indexes(1980 = 100)			Percentage breakdown			
	1987	1988	1989 ^a	1980	1987	1988	1989 ^a
Gross national income (a + b + c + d)	96.0	108.4	119.5	96.3	86.0	90.4	91.1
a) Gross domestic product	107.5	115.4	126.3	100.0	100.0	100.0	100.0
b) Terms-of-trade effect				-	-7.8	-3.4	-3.4
c) Net factor payments from abroad	173.1	186.8	181.4	-4.0	-6.4	-6.4	-5.7
d) Net private transfers from abroad	103.4	96.6	84.5	0.2	0.2	0.2	0.2

Source: ECLAC, on the basis of official statistics.
^a Preliminary figures.

Table 3
CHILE: TOTAL SUPPLY AND DEMAND

	Indexes(1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total supply	101.6	110.5	123.7	127.2	124.6	6.6	6.3	8.7	12.0
Gross domestic product at market prices	107.5	115.4	126.3	100.0	100.0	5.2	5.0	7.4	9.4
Imports of goods and services	80.0	92.2	114.1	27.2	24.6	14.8	13.0	15.3	23.7
Total demand	101.6	110.5	123.7	127.2	124.6	6.6	6.3	8.7	12.0
Domestic demand	92.1	101.3	114.3	104.1	94.2	5.1	6.0	9.9	12.8
Gross domestic investment	80.3	87.1	115.5	21.0	19.2	14.1	25.8	8.5	32.5
Gross fixed investment	99.6	110.2	133.1	16.6	17.5	7.1	16.2	10.7	20.8
Construction	111.7	119.9	136.2	9.9	10.6	4.0	12.7	7.3	13.7
Machinery and equipment	82.0	96.2	128.6	6.8	6.9	14.4	23.9	17.3	33.7
Changes in stocks	7.1	-0.5	48.3	4.4	1.7				
Total consumption	95.1	104.8	113.9	83.1	74.9	3.7	2.5	10.2	8.7
General government	91.6	95.9	96.8	12.4	9.5	-2.1	-2.1	4.7	0.9
Private	95.7	106.4	117.0	70.6	65.4	4.8	3.4	11.2	9.9
Exports of goods and services	144.3	151.9	166.2	23.1	30.4	11.0	7.1	5.3	9.4

Source: ECLAC, on the basis of official and International Monetary Fund figures.
^a Preliminary figures. ^b 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 AND FINANCING OF
 GROSS DOMESTIC INVESTMENT**
(As percentages of the gross domestic product) ^a

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Gross domestic investment	23.3	11.5	9.2	14.9	12.1	13.1	15.7	15.9	19.2
Gross domestic saving	13.2	15.7	17.5	20.8	23.7	24.7	26.5	24.6	25.1
Net income from factor services	-5.8	5.5	-8.2	-7.4	-8.5	-8.2	-6.4	-6.4	-5.7
Terms-of-trade effect	-1.7	-5.8	-5.7	-6.5	-9.2	-8.6	-7.8	-3.4	-3.4
Unrequited private transfer payments	0.1	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Gross national saving	5.9	15	3.9	7.1	6.2	8.1	12.5	14.9	16.1
External saving	<u>17.4</u>	<u>10.0</u>	<u>5.3</u>	<u>7.8</u>	<u>5.9</u>	<u>5.0</u>	<u>3.2</u>	<u>0.9</u>	<u>3.1</u>

Source: ECLAC, on the basis of official data.

^a At market prices, in constant 1980 dollars, at adjusted exchange rate.

^b Preliminary figures.

Table 5
**CHILE: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC
ACTIVITY, AT 1980 MARKET PRICES**

	Indexes (1980 = 100)			Age breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product	107.5	115.4	126.3	100.0	100.0	5.2	5.0	7.4	9.4
Goods	113.7	122.2	133.1	42.4	44.7	5.8	3.6	7.5	8.9
Agriculture	132.3	139.5	146.1	7.2	8.4	8.8	3.2	5.5	4.8
Mining	120.3	129.3	140.3	8.6	9.5	1.4	-3.1	7.5	8.5
Manufacturing	106.5	115.7	127.3	21.4	21.6	8.0	5.5	8.7	10.0
Construction	106.7	113.2	127.6	5.2	5.2	1.3	10.6	6.1	12.7
Basic services	119.4	132.2	147.1	1.2	8.4	7.5	8.0	10.8	11.3
Electricity, gas and water	130.8	143.0	149.6	2.1	2.5	6.5	3.8	9.3	4.7
Transport, storage and communications	114.6	127.8	146.1	5.1	5.9	8.1	10.1	11.5	14.4
Other services	101.7	108.0	116.4	50.0	46.1	3.8	4.9	6.2	7.8
Commerce, restaurants and hotels	95.0	104.3	118.9	16.4	15.4	5.5	7.5	9.8	14.0
Financial institutions, insurance, real estate and business services	99.1	104.1	110.7	16.9	14.8	2.3	3.9	5.1	6.3
Ownership of dwellings	104.8	107.0	108.9	7.4	6.4	-1.9	1.6	2.1	1.8
Community, social and personal services	110.8	115.6	119.8	16.7	15.8	3.9	3.6	4.3	3.6
Government services	94.6	95.6	95.6	5.1	3.8	-1.0	-0.5	1.0	-
Banking service charges	91.7	98.0	108.6	5.2	4.5	5.7	5.8	6.9	10.8
Import duties	82.7	92.7	119.5	5.6	5.3	10.4	18.3	12.1	28.9

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

^a Preliminary figures.

Tableó
CHILE: INDICATORS OF TRADITIONAL CROPS

	1980	1985	1986	1987	1988	1989 ^a	Growth rates				
							1985	1986	1987	1988	1989 ^a
Production											
Value "	130	182	214	221	224	236	10.2	17.6	3.6	1.0	5.5
Volume ⁰											
Wheat	686	1165	1 626	1874	1734	1766	17.8	39.6	15.3	-7.5	1.8
Gats	131	170	124	128	157	165	4.5	-27.0	2.5	23.1	5.2
Barley	91	85	88	48	82	85	15.6	3.6	-45.2	68.9	4.2
Rice	100	157	127	147	162	185	-5.1	-19.1	16.0	10.4	14.0
Maize	518	772	721	617	661	938	7.0	-6.5	-14.4	7.1	41.9
Potatoes	1007	909	791	727	928	882	-12.3	-12.9	-8.1	27.7	-5.0
Beans	138	101	89	81	100	73	7.0	-11.4	-9.0	22.9	-26.9
Lentils	18	25	29	25	20	8	54.4	17.4	-14.8	-18.6	-60.2
Chickpeas	6	9	9	15	8	4	33.3	-3.3	66.3	-48.6	-47.4
Sugar beet	1461	2124	2638	2650	2487	2 810	-3.2	24.2	0.4	-6.1	13.0
Rape	27	32	97	95	123	113	678.0	204.4	-2.1	28.9	-7.8
Sunflower	7	33	54	40	49	32	339.2	67.4	-27.2	23.5	-34.6
Area sown	1053	1072	1123	1196	1108	1080	3.4	4.8	6.5	-7.4	-2.5
Wheat	432	506	569	677	577	540	7.4	12.5	19.0	-14.8	-6.4
Oats	80	85	64	55	61	69	-11.5	-24.7	-14.1	10.9	13.1
Barley	46	35	23	16	24	25	6.1	-34.3	-30.4	50.0	4.2
Rice	31	39	32	37	39	43	-2.5	-17.9	15.6	5.4	103
Maize	126	131	105	87	90	125	-5.1	-19.8	-17.1	3.4	38.9
Potatoes	90	63	53	58	62	63	-22.2	-15.9	9.4	6.9	1.6
Beans	118	83	90	86	76	63	-2.4	8.4	-4.4	-11.6	-17.1
Lentils	48	36	37	46	33	15	50.0	2.8	24.3	-28.3	-54.5
Chickpeas	16	11	12	15	14	9	-8.3	9.1	25.0	-6.7	-35.7
Sugar beet	37	44	51	53	49	52	-8.3	15.9	3.9	-7.5	6.1
Rape	24	19	57	47	60	61	375.0	200.0	-17.5	27.7	1.7
Sunflower	5	20	30	19	23	15	300.0	50.0	-36.7	21.1	-34.8

Source: ECIAC, on the basis of data supplied by the National Statistical Institute (INE) of Chile.

* Preliminary figures. ^b Millions of pesos at 1974 prices. ^c Thousands of tons. ^d Thousands of hectares.

Table 7
CHILE: INDICATORS OF FRUIT-GROWING ACTIVITY

	1980	1986	1987	1988	1989 ^a	Growth rates			
						1986	1987	1988	1989 ¹
Production									
Plums	17.0	54.0	64.0	75.0	80.5	28.6	18.5	17.2	7.3
Apricots	12.6	14.7	11.8	12.5	14.0	22.5	-19.7	5.9	12.0
Peaches	78.2	80.2	75.5	78.4	83.4	4.6	-5.9	3.8	6.4
Kiwis	...	1.1	4.3	12.0	25.7	120.0	290.9	179.1	114.2
Lemons	66.7	71.0	68.6	50.0	61.5	9.6	-3.4	-27.1	23.0
Apples	245.0	515.0	580.0	630.0	600.0	21.2	12.6	8.6	-4.8
Oranges	59.2	73.2	75.5	70.0	78.0	4.6	3.1	-7.3	11.4
Avocados	21.7	35.0	32.0	28.0	39.0	17.4	-8.6	-12.5	39.3
Pears	43.1	78.0	74.0	99.0	119.0	9.9	-5.1	33.8	20.2
Table grapes	85.0	307.5	370.0	516.0	547.0	11.3	20.3	39.5	6.0
Area planted ^c									
Total	62.5	105.1	112.4	134.1	139.5	8.7	6.9	193	4.0
Plums	3.7	8.4	9.1	9.4	9.6	6.3	8.3	3.3	2.1
Apricots	1.4	1.8	1.9	2.2	2.2	5.9	5.6	15.8	-
Peaches	7.2	7.5	8.2	9.3	9.7	7.1	9.3	13.4	4.3
Kiwis		3.5	6.2	9.0	10.0	75.0	77.1	45.2	11.1
Lemons	6.0	5.3	5.4	5.4	5.6	-	-	0.0	3.7
Apples	15.5	21.6	22.8	24.9	25.9	9.1	5.6	9.2	4.0
Oranges	5.3	6.4	6.5	6.5	6.5	1.6	1.6	-	" -
Avocados	6.2	7.7	7.9	8.2	8.2	1.3	2.6	3.8	0.0
Pears	3.3	7.6	9.5	12.8	14.1	11.8	25.0	34.7	10.2
Table grapes	13.5	38.8	43.2	46.4	47.7	13.1	11.3	7.4	2.8

Source: Ministry of Agriculture, Agricultural Planning Office (ODEPA).

¹ Preliminary figures. Thousands of tons. ^c Thousands of hectares.

Table 8
CHILE: LIVESTOCK PRODUCTION

	Thousands of tons					Growth rates				
	1980	1986	1987	1988	1989 ["]	1985	1986	1987	1988	1989 ["]
Beef	162	177	175	197	221	-11.2	13	-1.4	12.7	12.3
Poultry meat	110	80	90	100	104	-2.3	9.9	12.2	11.7	4.0
Pork	50	76	88	100	113	11.8	14.2	17.0	13.4	12.9
Mutton	16	13	15	14	13	13.4	-3.0	10.7	-3.4	-7.1
Milk ^b	1080	1093	1100	1120	1230	13.6	9.3	0.6	1.8	9.8
Eggs ^c	1425	1800	1798	1715	1788	9.5	14.1	-0.1	-4.6	4.3
Greasy wool	21	19	19	20	20	-11.7	-	2.1	1.6	

Source: Beef, pork and mutton: National Statistical Institute (INE); other livestock items: Agricultural Planning Office (ODEPA).

["] Preliminary figures. ^b Millions of litres. ^c Millions of units.

Table 9
CHILE: AREA AFFORESTED
(Thousands of hectares)

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989 ["]
Total	52.0	72.2	92.8	68.6	76.3	93.6	96.3	66.2	65.4	72.9	85.0
CONAF	0.4	0.1			21.8	40.3	24.2				
Private enterprises	51.6	72.1	92.8	68.6	54.5	53.3	72.1	66.2	65.4	72.9	85.0

Source: National Forestry Corporation (CONAF).

^a Preliminary figures.

Table 10
CHILE: INDICATORS OF FISHERY PRODUCTION

	1980	1986	1987	1988	1989 ["]	Growth rates			
						1986	1987	1988	1989 ["]
Fishery product	54.7	100.1	92.1	94.5	115.4	10.0	-8.0	2.6	22.1
Fishing catch^c	2 892	5 696	4 391	5 375	6 633	14.2	-22.9	22.4	23.4
Fish	2 800	5 415	4 647	5 028	6 291	16.2	-14.2	8.2	25.1
Shellfish	117	157	167	181	164	8.3	6.4	8.4	-9.4
Seaweed	75	124	117	166	178	-31.9	-5.6	41.9	7.2
Output of fishery products	734.6	1 628.3	1 395.7	1 472.0	1 826.1	17.2	-14.3	5.5	24.1
Frozen	13.5	58.1	0.5	95.7	94.7	19.3	21.3	35.7	-1.0
Tinned	38.0	62.2	69.5	72.9	84.0	39.1	11.7	4.9	15.2
Fish meal	571.9	1 282.2	1 081.1	1 112.2	1 381.2	15.3	-15.7	2.9	24.2
Fish oil	111.0	224.9	224.9	188.0	260.1	22.2	-	-16.4	38.4
Other	0.2	0.9	2.4	3.2	6.2	80.0	166.7	33.3	93.8

Source: Ministry of Economic Affairs, Development and Reconstruction - National Fisheries Service.

["] Preliminary figures. ^b Millions of dollars at 1970 prices. ^c Thousands of tons. ^H - products.

Table 11
CHILE: MINING PRODUCTION

	1980	1986	1987	1988	1989 ^a	Growth rates			
						1986	1987	1988	1989 ^a
Mining product	2 206	2 667	2 667	2 780	3 014	1.4		4.2	8.4
Copper ^c	1068	1400	1418	1451	1609	3.2	1.3	2.3	10.9
Large-scale mining	905	1102	1091	1091	1243	2.2	-1.0		13.9
Medium- and small-scale mining	163	298	327	360	366	6.8	9.7	10.1	1.7
Iron ^c									
Ore	8 835	7 009	6 690	7 866	9 286	7.9	-4.6	17.6	18.1
Pellets	3179	3102	3 685	4 451	4 249	-14.0	18.8	20.8	-4.5
Coal ^d	1 024	1 454	1750	2 485	2100	15.8	20.4	42.0	-15.5
Petroleum ^e	1 933	1 940	1737	1420	1282	-6.5	-10.5	-18.2	-9.7
Molybdenum	13 668	16 581	16 941	15 527	16 665	-9.8	2.2	-8.3	7.3
Gold ^g	6 836	17 938	17 035	20 614	19 981	4.0	-5.0	21.0	-3.1
Silver ^f	299	500	500	507	491	-3.3		1.4	-3.2

Source: ECLAC, on the basis of official data and Central Bank of Chile, *Boletín mensual*, various issues.

^a Preliminary figures. ^b Millions of dollars at 1980 prices. ^c Thousands of tons. ^d Thousands of gross tons.
^e Thousands of cubic metres. ^f Tons. ^g Kilogrammes fine.

Table 12
CHILE: INDICATORS OF MANUFACTURING ACTIVITY

	Indexes (1980 = 100)					Growth rates			
	1985	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Industrial product ^b	5 131	5 542	5 845	6 353	6 988	8.0	5.5	8.7	10.0
Industrial output									
INE ^c	104.0	112.6	117.3	126.4	135.7	8.3	4.2	7.8	7.4
SOFOFA	98.2	106.3	113.0	121.1	136.9	8.2	6.3	7.2	13.0
Mass consumption goods	98.3	108.5	114.6	121.6	134.3	10.4	5.6	6.1	10.4
Consumer durables	48.7	69.3	79.1	101.4	103.5	42.3	14.1	28.2	2.1
Transport equipment	53.3	49.2	65.3	77.7	98.4	-7.7	32.7	19.0	26.6
Capital goods	84.1	95.4	95.7	113.7	113.1	13.4	0.3	18.8	-0.5
Intermediate products for:									
Industry	116.0	121.7	125.7	128.2	137.3	4.9	3.3	2.0	7.1
Construction	92.8	104.2	124.8	137.0	148.7	12.3	19.8	9.8	8.5
Mining	100.8	116.3	122.1	132.7	153.4	15.4	5.0	8.7	15.6
Forestry and agriculture	182.1	218.7	197.9	194.0	212.9	20.1	-9.5	-2.0	9.7
Packaging and accessories	106.4	111.7	124.0	127.9	128.4	5.0	11.0	3.1	0.4
Energy, fuels and lubricants	84.5	88.8	94.8	105.8	128.5	5.1	6.8	11.6	21.5
Office furniture and materials	93.0	83.0	96.5	103.3	102.5	-10.8	16.3	7.0	-0.8
Industrial sales									
INE ^c	104.3	111.4	116.4	124.8	136.3	6.8	4.5	7.2	9.2
SOFOFA	100.4	107.6	114.6	122.0	137.6	7.2	6.5	6.5	12.8

Source: ECLAC, on the basis of official figures; industrial output: National Statistical Institute (INE) and Manufacturers Association (SOFOFA); industrial sales: SOFOFA.

^a Preliminary figures. ^b Millions of dollars at 1980 prices. ^c Indexes 1979=100

Table 13
CHILE: CONSTRUCTION INDICATORS

	1985	1986	1987	1988	1989 ^a	Growth rates			
						1986	1987	1988	1989 ^a
Construction product	1418	1436	1588	1684	1898	13	10.6	6.0	12.7
Building materials									
Deliveries of cement for the domestic market ^c	33.5	33.8	37.5	43.3	46.1	0.9	10.9	15.5	6.5
Deliveries of round bars for construction	66.9	85.2	84.8	110.1	139.5	27.4	-0.5	29.8	26.7
Index of real sales of intermediate goods for construction (1980 = 100)	97.0	106.7	126.0	139.0	146.1	10.0	18.1	10.3	5.1
Building ^e									
Total area ^f	3 903	4 041	4 774	5 547	6 536	3.5	18.1	16.2	17.8
Public sector	124	314	275	246		153.2	-12.4	-10.5	
Private sector	3 779	3 727	4 499	5 301		-1.4	20.7	17.8	
Residential	3 025	2841	3 462	3 897		-6.1	21.9	12.6	
Non-residential	754	886	1037	1404		17.5	17.0	35.4	
Total number of dwellings	61233	52 082	60 316	77 261	83 891	-14.9	15.8	28.1	8.6
Public sector	349	878	1 392	2 391		151.6	58.5	71.8	
Private sector	60 884	51404	58 924	74 880		-15.6	14.6	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).

^a Preliminary figures. ^b Millions of dollars at 1980 prices. ^c Millions of sacks. ^d Thousands of tons. ^e Total for administrative districts reported. ^f Thousands of square metres.

Table 14
CHILE: RATES OF PARTICIPATION AND UNEMPLOYMENT, BY REGIONS

	1985	1986	1987	1988	1989 ^a	1988				1989 ^a			
						I	II	III	IV	I	II	III	IV
Overall participation rate													
Nationwide	48.6	48.6	49.2	49.7	49.2	50.1		49.3		48.8		49.5	
Greater Santiago	52.3	52.5	53.3	53.3	54.0	54.3	51.5	53.7	56.8	52.6	54.0	54.8	54.4
Unemployment rate^c													
Nationwide	16.3	13.9	12.8	11.8	10.0	12.2		11.4		10.1		9.8	
Urban	17.5	14.6	13.3	12.5	10.2	13.0		11.9		10.7		9.8	
Rural	11.5	11.1	10.2	8.7	8.9	8.3		9.1		7.6		10.1	
Greater Santiago	16.3	13.5	12.3	11.0	9.1	13.2	11.2	10.6	8.9	9.9	9.3	8.3	9.0
Unemployment rate^d													
Nationwide	12.9	10.5	9.3	8.1	6.2	8.4	9.1	8.7	6.3	6.2	7.0	6.4	5.3
Northern zone (Regions I to IV)	12.1	10.4	7.9	7.0	5.9	8.7	6.8	7.3	5.1	7.0	5.6	5.5	5.3
Central zone (Regions V to VII) ^e	11.7	10.0	7.8	7.4	6.7	6.6	8.4	8.5	5.9	5.5	8.1	7.3	5.7
Southern zone (Regions VIII to XII)	7.7	7.1	5.8	4.6	3.9	4.9	4.7	4.8	3.9	3.0	4.2	4.4	3.8
Greater Santiago	17.2	13.2	11.9	10.6	7.4	11.5	12.0	10.8	7.7	7.9	8.0	7.1	6.4
Greater Valparaiso	16.0	13.5	10.8	9.3	6.5	8.6	8.0	12.0	8.6	7.6	7.8	5.6	5.0
Greater Concepción	11.6	10.1	11.1	10.3	7.3	10.9	11.3	9.7	9.3	7.9	8.1	7.2	5.9

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

^b Labour force, as a percentage: of the population age 14 or over.

^c Department of

Economics, 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.

^d National Statistical Institute (INE), quarterly averages.

^e Excluding the Santiago Metropolitan Region.

Table 15
CHILE: UNEMPLOYMENT RATES IN GREATER SANTIAGO
(Annual average, in percentages)

	1981	1982	1983	1984	1985	1986	1987	1988	1989
Total rate of unemployment according to:									
Department of Economics of the University of Chile	11.1	22.1	22.2	19.3	16.3	13.5	12.3	11.0	9.1
National Statistical Institute	9.0	20.0	19.2	19.0	17.2	13.1	11.9	10.2	7.2
Rate of unemployment among the established labour force (i.e., excluding persons seeking work for the first time) ^a									
Total	8.5	18.8	18.4	15.7	13.0	10.8	9.8	8.9	7.8
Industry	11.8	26.7	25.9	19.5	14.9	12.9	11.0	8.9	8.0
Construction	16.4	49.4	49.0	34.9	27.9	25.1	19.3	15.8	14.5
Commerce	5.9	14.5	16.0	13.1	11.1	9.7	9.5	8.0	7.5
Government and financial services	5.9	9.9	11.7	15.8	13.7	9.7	8.9	9.4	8.2
Personal and household services	7.0	12.9	15.6	12.5	11.5	9.7	8.9	8.8	6.9
Community and social services	4.8	10.3	10.7	11.0	8.2	6.6	6.7	7.0	5.7
Non-manual workers	6.3	15.6	17.9	14.3	11.8	8.9	8.7	8.4	7.1
Manual workers	14.4	28.9	24.9	22.0	18.4	15.8	14.4	12.9	11.0
Own-account workers	3.1	9.1	10.3	9.3	7.4	7.1	5.2	4.1	4.6
Percentage breakdown of unemployed									
Non-manual workers	26.7	30.1	34.3	31.2	31.6	29.7	32.0	32.4	33.4
Manual workers	66.0	61.1	56.3	57.6	57.3	58.2	57.9	58.4	55.7
Own-accounts workers	7.1	8.3	8.9	10.7	10.4	11.8	9.6	8.7	10.6

Source: Department of Economics, University of Chile, and National Statistical Institute (INE).

^a According to data supplied by the Department of Economics, University of Chile.

Table 16
CHILE: MAIN FOREIGN TRADE INDICATORS (GOODS)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Growth rates								
Exports FOB								
Value	-3.4	3.4	-4.7	4.2	10.4	24.4	35.0	14.6
Volume	16.7	5.0	0.8	18.1	6.6	5.8	5.0	9.9
Unit value	-17.2	-1.5	-5.5	-11.8	3.5	17.6	28.5	4.3
Imports FOB								
Value	-44.1	-21.9	15.6	-10.2	4.9	28.9	21.0	34.5
Volume	-41.4	-13.1	14.2	-5.3	10.3	14.5	15.4	26.5
Unit value	-4.5	-10.2	1.2	-5.1	-4.8	12.5	4.8	6.3
Terms of trade (FOB/CIF)	-13.8	9.1	-7.0	-6.9	8.6	4.7	22.4	-19
Indexeis (1980=400)								
Purchasing power of exports	82.1	94.0	88.2	97.0	112.3	124.3	159.8	172.2
Volume of exports	109.1	114.5	115.5	136.4	145.3	153.8	161.5	177.4
Volume of imports	70.4	61.1	69.8	66.1	72.9	83.5	96.4	121.9
Terms of trade (FOB/CIF)	75.3	82.1	76.4	71.1	77.2	80.9	98.9	97.1

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 17
CHILE: PRICE OF COPPER ON THE LONDON METAL EXCHANGE

	Nominal price per pound (US cents of each year)	Price indexes (1980 = 100)		Real price (US cents at 1980 prices)	
		United States wholesale prices	Unit value of Chilean imports of goods and services	(1/2)	(1/3)
		(1)	(2)	(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	54.5	43.9	158.7	198.2
1975-1986	69.7	94.5	83.5	73.8	83.5
1987-1988	99.5	116.9	100.3	85.1	99.2
1988-1989	123.5	122.1	105.1	101.2	117.5
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	88.9	55.8	70.1
1987	81.0	114.6	97.9	70.7	82.7
1988	117.9	119.1	102.6	99.0	114.9
1989	129.1	125.0	107.6	103.3	120.0
First quarter	147.5	123.5	...	119.4	...
Second quarter	127.0	125.6		101.1	
Third quarter	123.2	125.1		98.5	
Fourth quarter	119.0	125.6		94.7	

Source: Central Bank of Chile, International Monetary Fund, and ECIAC estimates.

Table 18
CHILE: VALUE AND BREAKDOWN OF EXPORTS OF GOODS, FOB

	Millions of dollars				Percentage breakdown		Growth rates			
	1986	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total exports of goods	4198	5 225	7 052	8 080	100.0	100.0	10.3	24.5	35.0	14.6
Traditional products	2 524	3 163	4 522	5 206	61.6	64.4	2.8	25.3	43.0	15.1
Copper	1757	2 235	3 416	4 021	45.1	49.8	-1.8	27.2	52.8	17.7
Iron ore	88	101	110	124	3.3	1.5	-4.3	14.8	8.9	12.7
Nitrates and iodine	92	99	121	131	1.9	1.6	8.2	7.6	22.2	8.3
Fish meal	315	363	458	508	5.0	6.3	12.9	15.2	26.2	10.9
Paper, wood pulp, paperboard and related products	272	365	417	422	6.3	5.2	29.5	34.2	14.2	1.2
Non-traditional products	1674	2 062	2 530	2874	38.4	35.6	24.0	23.2	22.7	13.6
Mining products	158	169	201	196	5.2	2.4	13	7.0	18.9	-2.5
Agricultural and marine products	683	797	931	995	12	12.3	32.6	16.7	16.8	6.9
Crop-farming products	563	614	691	711	5.2	8.8	32.5	9.1	12.5	2.9
Livestock products	39	56	58	52	0.8	0.6	44.4	43.6	3.6	-10.3
Forestry products	2	3	3	5	-	0.1	30.8	52.9	-	66.7
Fishery products	79	124	179	227	1.2	2.8	27.4	57.0	44.4	26.8
Manufactured products	833	1096	1398	1683	26.0	20.8	22.7	31.5	27.6	20.4
Food and beverages	215	281	331	387	3.5	4.8	51.4	30.7	17.8	16.9
Wood	135	217	311	345	6.1	4.3	20.5	60.7	43.3	10.9
Chemical and petroleum products	89	102	186	284	3.5	3.5	-7.3	14.6	82.4	52.7
Basic metal industries	281	349	383	415	10.0	5.1	0.4	24.2	9.7	8.4
Metal products machinery, electronic articles, etc.	31	39	39	52	1.4	0.6	72.2	25.2	1.3	32.3
Transport equipment	54	32	35	37	0.9	0.5	217.6	-40.7	9.4	5.7
Other	28	76	113	163	0.6	2.0	105.9	172.3	48.7	44.2

Source: Central Bank of Chile.

^a Preliminary figures.

Table 19
CHILE: EXCHANGE RATES
(Annual and quarterly averages)

	Nominal exchange rates (pesos per dollar)		Real effective exchange rate* (1985 = 100)				
	Official	Parallel ^a	Exports			Imports	
			A	B	C	A	B
1970-1979			97.4	68.0	68.4	91.0	63.6
1980-1989			99.7	94.7	89.5	97.0	92.0
1980	39		79.0	72.1	67.4	77.0	70.3
1981	39		69.4	58.3	50.0	69.2	58.1
1982	51		82.0	66.5	57.2	82.4	66.8
1983	79	92	86.7	78.5	75.6	86.2	78.1
1984	99	113	86.6	80.6	77.5	86.7	80.7
1985	161	180	100.0	100.0	100.0	100.0	100.0
1986	193	206	112.8	116.5	114.6	108.9	112.5
1987	220	231	118.5	123.7	122.1	111.1	115.9
1988	245	281	134.6	129.3	119.8	126.8	121.8
1989	267	298	127.5	121.6	110.4	121.6	115.9
1987							
I	206	217	120.6	121.1	119.0	112.8	113.2
II	214	227	119.3	123.3	122.6	111.6	115.3
III	225	235	114.1	122.8	121.2	107.3	115.6
IV	233	246	120.1	127.7	125.3	112.5	119.6
1988							
I	242	261	137.6	132.9	126.0	128.8	124.4
II	245	279	137.0	132.4	123.2	128.7	124.3
III	246	289	130.4	126.1	114.1	123.6	119.5
IV	246	294	133.3	125.7	115.9	126.0	118.8
1989							
I	248	280	131.3	122.8	111.9	125.6	117.5
II	255	282	122.8	116.7	105.5	115.9	110.1
III	277	308	126.5	122.5	111.1	121.0	117.1
IV	289	323	129.3	124.2	113.3	123.7	118.9

Source: ECIAC, on the basis of figures from the International Monetary Fund, *International Financial Statistics*.

Note: For deflation, the following indexes were used: A: Domestic product sub-index of the wholesale price index. B: The consumer price index prepared by J. Yañez for the years 1970-1973, the consumer price index prepared by R. Cortázar and J. Marshall for the years 1975-1978, and the consumer price index of the National Statistical Institute from 1979 onwards. C: General index of nominal salaries and wages.

^a ECLAC estimates. ^b These indexes correspond to the average of the real peso exchange rate indexes (main official rate *vis-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. ^c 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 reversed 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 20
CHILE: VALUE AND BREAKDOWN OF IMPORTS OF GOODS, CIF

	Millions of dollars				. . . ° breakdown		Growth rates			
	1986	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	3 437	4 397	5 446	7 144	100.0	100.0	52	27.9	23.9	31.2
Consumer goods	754	901	1089	1492	33.7	20.9	0.3	19.4	20.9	37.0
Non-food	585	691	831	1234	20.7	17.3	15.8	18.0	20.3	48.5
Food	169	210	258	258	13.0	3.6	-31.6	24.3	22.9	
Intermediate goods	1948	2 395	2 987	3 703	45.6	51.8	4.4	22.9	24.7	24.0
Fuels and lubricants	425	474	628	814	15.7	11.4	-24.6	11.6	32.4	29.6
Raw materials	628	781	1065	1076	10.3	15.1	9.4	24.4	36.4	10
Spare parts and intermediate products	895	1139	1294	1813	19.6	25.4	22.9	27.3	13.5	40.2
Capital goods	735	1101	1370	1949	20.7	27 J	13.1	49.8	24.4	42.2

Source: Central Bank of Chile.

^a Preliminary figures.

Table 21
CHILE: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-2 373	-1160	-1823	-1342	-1181	-869	-282	-1086
Trade balance	-379	578	-153	547	704	809	1625	862
Exports of goods and services	4 641	4 628	4 316	4 467	5121	6309	8 265	9 478
Goods FOB	3 706	3 831	3 651	3804	4199	5224	7 052	8 080
Real services	936	796	665	664	922	1 085	1 212	1398
Transport and insurance	318	292	267	301	359	391	435	550
Travel	125	98	113	116	145	185	202	257
Imports of goods and services	5 020	4 049	4 469	3 920	4 417	5 499	6 640	8 616
Goods FOB	3 643	2845	3288	2 954	3100	3 994	4 833	6 502
Real services	1 377	1204	1181	967	1319	1505	1808	2114
Transport and insurance	624	537	525	513	591	622	766	980
Travel	195	243	279	269	319	353	423	397
Factor services	-2035	-1793	-1717	-1936	-1925	-1 743	-1969	-2 006
Profits	-128	-136	-179	-155	-168	-215	-302	-383
Interest received	506	189	317	197	221	178	181	237
Interest paid	-2 299	-1801	-1816	-1943	-1 940	-1665	-1798	-1 804
Labour and property	-114	-45	-39	-36	-38	-43	-50	-56
Unrequited private transfer payments	41	55	47	47	40	65	63	58
Balance on capital account	1032	644	1915	1247	930	1005	1106	1654
Unrequited official transfer payments	68	43	42	14	45	61	114	181
Long-term capital	1680	31	3 516	1014	836	848	1309	666
Direct investment	384	131	67	62	57	97	109	261
Portfolio investment	-	-	-	50	262	826	902	1321
Other long-term capital	1 296	-100	3 449	903	517	-75	298	-916
Official sector ^c	134	1257	1488	1210	668	412	448	-740
Loans received	296	1432	1638	1431	1061	912	843	398
Amortization payments	-162	-139	-145	-221	-393	-499	-394	-1138
Commercial banks ^c	327	-800	1538	-69	-165	-644	-660	-790
Loans received	701	135	2203	1072	1298	781	160	21
Amortization payments	-309	-952	-661	-1198	-1478	-1433	-818	-811
Other sectors ^c	836	-558	423	-239	15	156	511	614
Loans received	1613	367	1247	794	1150	978	917 ¹	1075
Amortization payments	-788	-925	-824	-1033	-1134	-820	-406	-461
Short-term capital	-647	489	-1502	214	-39	172 ¹	-214	859
Official sector	15	320	41	-159	-350	303	-132	135
Commercial banks	68	316	-1374	36	130	147	250	355
Other sectors	-731	-148	-169	338	181	-278	-332	369
Errors and omissions (net)	-70	80	-141	3	89	-76	-105	-53
Global balance	-1340	-5115	91	-95	251	136	824	568
Total variation in reserves (- sign indicates an increase)	1112	652	-351	177	526	-26	-774	-529
Monetary gold	-2	46	-62	-2	-9	-6	-5	87
Special Drawing Rights	-1	14	-6	12	-	-41	-3	20
IMF reserve position	-3	78	-	-	-	-	-	-
Foreign exchange assets	1160	-87	-457	-141	293	-112	-654	-488
Other assets	-	-	-	-	-	-	30	-94
Use of IMF credit	-42	600	175	308	242	133	-141	-54

Source: 1982-1986, *ECL/C*, on the basis of data provided by the International Monetary Fund. 1987-1989, *ECIAC*, on the basis of official figures.

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

Table 22
CHILE: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Millions of dollars								
Balances								
I. Total external debt (II+III+IV)^c	17159	18 037	19 659	20 403	20 716	20 660	18 960	17 518
II. Medium- and long-term external debt	13 815	14 832	16 963	17 650	17 814	17191	15 452	13 277
State-guaranteed public and private debt	5157	8 090	10 601	12 515	14 379	14 725	13 091	10124
Private debt	8658	6742	6362	5135	3 435	2466	2361	3153
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	.....	.....	.....
III. Short-term external debt	3 338	2 599	1914	1668	1574	2 017	2 186	2 973
Public sector	1503	1705	1742	1564	1384	1655	1601	1901
Private sector	1835	894	172	104	190	362	585	1072
IV. Debt with IMF	6	606	782	1085	1328	1452	1322	1268
V. Net international reserves^e	2 378	1723	1576	1541	1778	1646	2 550	2 948
VI. Net total external debt (II+III-V)	14 775	15 708	17 301	17 777	17 610	17 562	15 088	13 302
Total servicing	3 041	3 247	2 330^f	2 272	2 246	1797	2 266	2 382
Principal	1248	1635	488	526	527	310	649	815
Interest ^g	1793	1612	1842	1746	1719	1487	1617	1567
Total disbursements	2 943	1948	2032	1476	1212	1385	1695	2 233
Percentages								
Ratios								
Total external debt/exports of goods and services	370	390	437	457	405	328	230	185
Net total external debt/exports of goods and services	318	339	385	398	344	278	183	140
Servicing/exports of goods and services	66	70	67	54	44	30	27	25
Net interest/exports of goods and services	39	35	41	39	34	24	20	17
Servicing/disbursements	103	167	189	163	184	130	134	107

Source: Central Bank of Chile, *Chilean External Debt* 1986, and *Boletín mensual*, January 1990.

^a Amounts disbursed and pending payment at 31 December of each year. Includes reduction due to debt-conversion operations (chapters 18,19 and others). ^b Preliminary Figures. ^c 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.

^e 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.

^f From 1984 onwards servicing is lower because of the renegotiation of the external debt. ^g Interest paid, less interest received, according to the balance-of-payments current account.

Table 23
CHILE: DOMESTIC PRICE TRENDS

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Variation from December to December										
Consumer price index	31.2	9.5	20.7	23.1	23.0	26.4	17.4	21.5	12.7	21.4
Food	30.8	0.1	16.3	26.8	19.8	27.5	23.7	23.4	13.6	25.8
Wholesale price index	28.1	-3.9	39.6	25.2	36.5	30.3	18.2	17.1	3.3	22.8
Imported products	12.5	0.5	49.5	33.1	51.3	26.4	4.5	14.9	2.4	17.2
Domestic products	31.9	-4.8	37.5	23.3	32.7	31.4	22.0	17.6	3.5	24.1
Agricultural products	27.7	-14.5	41.7	27.1	19.3	34.8	37.4	9.2	0.5	29.7
Mining products	37.8	12.1	33.9	23.5	48.2	19.6	-3.1	32.1	-3.2	23.9
Manufactures	33.9	-0.9	35.6	20.9	38.6	31.8	17.8	21.0	6.5	20.9
Index of building costs	31.8	14.5	5.2	10.3	18.9	23.1	17.0	24.9	17.4	22.0
Variation between annual averages										
Consumer price index	35.1	19.7	9.9	27.3	19.9	30.7	19.5	19.9	14.7	17.0
Food	36.1	14.2	3.6	25.8	21.1	28.3	23.9	24.1	13.3	20.8
Wholesale price index	39.6	9.1	7.2	45.5	24.3	43.4	19.8	19.2	5.9	15.1
Imported products	37.7	4.4	10.9	62.6	28.4	54.8	7.2	10.6	8.8	10.0
Domestic products	40.0	10.1	6.4	41.8	23.3	40.4	23.4	21.4	5.3	16.3
Agricultural products	41.4	2.7	0.7	51.3	21.0	33.1	36.1	23.6	-6.2	21.8
Mining products	54.0	22.3	7.3	40.0	27.4	48.9	1.8	14.8	7.0	15.8
Manufactures	41.3	13.3	9.9	36.5	24.1	43.5	20.2	21.0	12.9	13.2
Index of building costs	40.7	22.5	5.6	9.7	12.9	25.8	18.6	20.7	20.5	19.4

Source: National Statistical Institute and Chilean Chamber of Construction.

Table 24
CHILE: REAL SALARIES AND WAGES

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Indexes (1980 = 100)^b										
Minimum wage ^c	100.0	115.7	117.2	94.2	80.7	76.4	73.6	69.1	73.9	79.8
Average salaries and wages	100.0	108.9	108.6	97.1	97.2	93.5	95.1	94.7	101.0	102.9
Mining	100.0	103.3	94.7	89.7	92.0	90.8	92.8	92.8	96.6	97.7
Manufacturing	100.0	109.6	105.4	94.6	93.8	88.7	91.4	92.1	97.5	100.7
Electricity, gas and water	100.0	114.6	111.5	101.2	101.0	101.0	105.5	106.8	111.8	113.5
Community and social services	100.0	108.8	116.7	100.2	100.1	95.2	91.7	88.7	96.5	98.1
Construction	100.0	105.6	100.2	78.3	75.8	63.8	67.0	70.3	75.8	78.7
Percentage variations										
Minimum wage ^c	0.2	15.7	1.3	-19.6	-14.3	-5.3	-3.7	-6.1	6.9	8.0
Average salaries and wages	8.9	8.9	-0.3	-10.6	0.1	-3.8	1.7	-0.3	6.6	1.9
Mining	2.6	3.3	-8.3	-5.3	2.6	-1.3	2.2		4.1	1.1
Manufacturing	11.2	9.6	-3.8	-10.2	-0.8	-5.4	3.0	0.8	5.8	3.4
Electricity, gas and water	12.6	14.6	-2.7	-9.2	-0.2	0.0	4.5	1.2	4.6	i:5
Community and social services	7.4	8.8	7.3	-14.1	-0.1	-4.9	-3.7	-3.3	8.8	1.6
Construction	8.8	5.6	-5.1	-21.9	-3.2	-15.9	5.1	4.8	7.9	3.8

Source: ECLAC, on the basis of data from the National Statistical Institute and the Chilean Chamber of Construction Preliminary figures. ^b Deflated on the basis of the consumer price index given in table 23. ^c Applicable to private sector manual and non-manual workers not subject to special arrangements. 1975-1983: salaries and wages in middle-level building activities. 1984 onwards, average salaries and wages.

Table 25
CHILE: MONETARY INDICATORS

	December averages for each year (billions of pesos)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Money issue (E)	151.8	187.9	248.0	303.9	37.4	23.8	32.0	22.5
Total money supply	302.4	337.2	459.8	539.6	51.4	11.5	36.4	17.4
Private sector (Mi)	189.3	203.6	319.3	386.0	44.1	7.6	56.8	20.9
Public sector (PS)	113.1	133.6	140.5	153.6	65.6	18.1	5.2	9.3
Time deposits (TD)	586.5	880.3	1073.7	1406.7	18.2	50.1	22.0	31.0
From 30 to 89 days	252.0	328.4	369.4	499.5	15.3	30.3	12.5	35.2
From 90 to 365 days	243.2	370.8	431.0	600.8	16.0	52.5	16.2	39.4
Readjustable	237.2	367.1	424.2	593.9	17.6	54.8	15.6	40.0
Non-readjustable	6.0	3.7	6.8	6.9	-25.0	-38.3	83.8	1.5
Over one year	91.3	181.1	273.3	306.4	34.7	98.4	50.9	12.1
Private money + time deposits (M2=Mi+TD)	775.8	1083.9	1393.0	1792.7	23.6	39.7	28.5	28.7
Bank quasi-money (D2)	806.1	1159.1	1423.1	1825.6	21.1	43.8	22.8	28.3
Time deposits	586.5	880.0	1 073.7	1406.7	18.2	50.0	22.0	31.0
Saving deposits	219.6	279.1	349.4	418.9	54.2	27.1	25.2	19.9
Loans by the banking system								
National currency	1539.5	1936.3	2 404.4	3 285.1	17.1	25.8	24.2	36.6
Foreign currency ^c	2 578.8	2 631.9	2 947.2	3 242.0	-4.6	2.1	12.0	10.0

Source: Central Bank of Chile, *Síntesis monetaria*.

^a Preliminary figures. ^b Includes other deposits for less than 30 days.

^c Millions of dollars.

Table 26
CHILE: BANK INTEREST RATES

	1982	1983	1984	1985	1986	1987	1988	1989	1989 ^a			
									I	II	III	IV
Nominal												
Short-term deposits	47.8	27.9	26.1	31.6	18.9	25.1	14.9	27.5	19.0	26.1	27.3	37.9
Short-term loans	63.1	42.7	37.2	40.4	26.2	32.7	21.0	35.7	28.1	33.4	35.6	46.0
Real												
Non-readjustable operations												
Short-term deposits	22.4	3.9	2.3	4.1	1.3	3.0	2.0	5.0	5.3	4.2	4.9	5.8
Short-term loans	35.1	15.9	11.4	11.4	7.5	9.2	7.4	11.8	13.3	10.3	11.6	12.0
Readjustable operations												
Deposits	12.0	7.7	8.4	8.2	4.1	4.3	4.6	6.8	5.5	6.0	7.0	8.7
Loans	16.9	9.8	9.0	9.4	7.7	7.3	7.6	9.4	8.2	8.6	9.5	11.4

Source: Central Bank of Chile.

^a Annual rates projected on the basis of quarterly data. ^b 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 27
 CHILE: VARIATIONS IN MONEY ISSUE: SOURCES AND USES
 (Variations between quarterly averages)
 Billions of pesos

	1988				1989			
	I	II	III	IV	I	II	III	IV
I. Sources	11.3	4.8	17.5	26.5	11.6	21.9	-8.0	30.4
1. Exchange operations (net)	184.8	261.4	65.7	206.8	1 225.3	134.6	33.2	15.8
2. Domestic credit in national currency (Central Bank notes and Central Bank readjustable notes)	-173.5	-256.6	-48.3	-180.3	-1 213.6	-112.7	-41.2	14.6
	-31.0	-139.7	60.2	-70.9	-74.6	-51.1	41.1	123.1
II. Uses								
1. Money in circulation	10.7	1.5	13.5	15.4	10.2	-3.9	6.8	23.9
2. Reserves	0.6	3.3	4.0	11.1	1.4	25.8	-14.8	6.5
Variation in related aggregates								
1. Nominal issue ^a	12.6	5.2	3.0	9.6	9.3	7.5	-4.0	6.2
2. Real issue ^b	9.9	2.5	1.4	5.0	5.3	3.1	-8.7	-0.3
3. Real MiA ^c	9.7	15.4	29.0	34.9	18.0	11.3	1.9	-3.5
4. CPI (quarterly variation)	3.0	1.9	1.9	5.4	3.2	4.8	5.0	6.6
5. GDP	6.0	6.4	8.4	8.7	9.8	12.2	10.3	7.6
6. Imports	19.7	16.5	16.6	19.2	32.6	43.0	51.3	24.1

Source: ECLAC, on the basis of data provided by the Central Bank of Chile.

Compared to previous quarter. Compared to previous quarter, in constant 1978 pesos. Real variation in 12-month period; nominal figures deflated by en. Variation compared to same quarter previous year.

Cuadro 28
 CHILE: VARIATION IN MONETARY AGGREGATES, 1989 ¹

	MiA	M2A	M3	M4	Ms	M ₆	M7	M4-M3 ^{''}	M [?] -MiA ^c
Nominal	17.6	30.7	28.3	41.1	40.7	40.5	41.2	80.3	45.4
Real	-3.0	8.0	6.0	16.6	16.2	16.1	16.7	49.0	20.1

Source: ECLAC, on the basis of Figures provided by the Central Bank of Chile.

^a Percentage variation in fourth quarter of 1989 compared to same quarter of previous year. Corresponds to Central Bank paper. ^c Private financial saving. Definitions: MiA= Private-sector currency plus demand deposits (Mi), expanded to include deposits of less than 30 days. M2A= Mi A + time deposits. M3 = M2A + savings deposits. M4 = M3 + Central Bank paper. Ms = M4 + Treasury promising notes. M₆ = M5 + Letters of credit. M7 = M₆ + Foreign currency deposits.

Table 29
CHILE: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
A. Income and expenditure in local currency (billions of pesos of each year)									
1. Current income	320	301	348	442	642	837	1093	1349	1530
Direct taxes	81	80	70	86	108	131	153	194	251
Indirect taxes	204	191	260	340	500	641	841	957	1145
Non-tax income	35	30	18	16	34	65	99	198	134
2. Net expenditure	289	321	393	475	672	822	985	1273	1364
3. Net deficit (2-1) = (5-4)	-31	20	45	33	30	-15	-108	-76	-166
4. Amortization payments	2	3	7	26	110	84	102	149	97
5. Gross deficit	-29	23	52	59	140	69	-6	73	-69
B. Income and expenditure in foreign currency (millions of current dollars)									
1. Current income	523	439	548	413	368	409	551	1452	1940
Copper	449	402	518	361	349	389	513	1428	1914
Other	74	37	30	52	19	20	38	24	26
2. Net expenditure	508	376	467	546	465	484	604	793	1173
3. Net deficit (2-1) = (5-4)	-15	-63	-81	133	97	75	53	-659	-767
4. Amortization payments	175	188	181	122	143	115	79	793	1355
5. Gross deficit	160	125	100	255	240	190	132	134	588
C. Consolidated income and expenditure ^c (millions of current dollars)									
1. Current income	8 727	6 345	4 968	4 904	4 359	4 748	5 541	6 958	7 670
Copper	449	402	518	361	349	389	513	1428	1914
Direct taxes	2 091	1 578	894	885	676	683	699	657	940
Indirect taxes	5 239	3 755	3 309	3 454	3 113	3 328	3 840	4 040	4 288
Non-tax income	948	610	246	204	221	348	489	833	502
2. Net expenditure	7 925	6 665	5 453	5 369	4 641	4 746	5 101	5 989	6 282
3. Net deficit (2-1) = (5-4)	-802	320	485	465	282	-2)	-440	-969	-1388
4. Amortization payments	234	251	275	389	830	549	539	1401	1718
5. Gross deficit	-568	571	760	854	1 112	547	99	432	330
D. Coefficients ^c (percentages)									
Current income/gross domestic product	26.6	26.1	25.1	25.5	27.2	28.2	29.6	33.1	30.1
Net expenditure/gross domestic product	24.3	27.4	27.6	27.9	29.0	28.2	27.2	28.5	24.6
Net deficit/gross domestic product	-2.5	1.3	2.5	2.4	1.8	-	-2.3	-4.6	-5.4
Gross deficit/gross domestic product	-1.7	2.3	3.8	4.4	6.9	3.3	0.5	2.1	1.3

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.

^a Provisional figures. ^b Total expenditure, excluding amortization payments on the debt. ^c The figures in local currency were expressed in current dollars, using the average exchange rate of the Central Bank of Chile.

ECUADOR

The structural adjustment programme for the Ecuadorian economy begun in mid-1988 rapidly narrowed the fiscal deficit and managed to reduce inflation, even if the annual level still remained high. The slackening in domestic demand -a side effect of the adjustment process- has its counterpart in sluggish activity and in a consequent contraction in the per capita gross domestic product (GDP). The external current account, for its part, showed less of a deficit, and there was an increase in the international reserves, albeit based on an increase in official indebtedness, due in part to the arrears in interest payments to commercial banks.

Thus, while the financial imbalance in the public sector was reduced from 5% to 2% of the GDP, the external current-account deficit also went down, from 7.5% to 5.5% of the GDP. With the capital account showing a surplus of US\$1 billion, the result was an international reserve gain for the first time since 1986. Inflation, for its part, fell from 86% to 55% per year, thus halting the upward trend of the previous triennium. Steps to control domestic demand through a tight monetary policy and a substantial increase in public-sector revenues resulted in slower growth in the gross domestic product, causing a drop of more than 2% in the per capita GDP, which consequently remained at about the 1980 level, as was the case during most of the 1980s (see table 1 and figure 1).

The new government's emergency economic programme, which went into effect as of August 1988, had as one of its priorities the gradual reduction of the pace of price rises, with December 1988 and August 1989 as target dates in this respect. As it was considered that prices had risen under the pressure of the demand generated by excess liquidity due basically to the financing of expansionary fiscal spending with credits from the Central Bank, the plan was to tighten monetary controls and

reduce the public-sector deficit, as the keys to reducing inflation.

In order to strengthen the public finances, it was decreed that the price of most fuels would be doubled, some taxes would be raised, subsidies would be eliminated and expenditures strictly controlled, all of which was aimed at bringing about an adjustment in the relative-price system.

In the external sector, the intervention exchange rate was devalued by 56% and a system of predetermined mini-devaluations pegged to an expected inflation rate of 30% was instituted. The idea was to make the exchange rate the nominal reference value that would guide inflationary expectations. In addition, controls were set on the importation of capital goods, the minimum wage was raised and the price of some price-controlled goods was raised.

Various structural reforms were also announced, affecting the tax system, customs tariffs, the organization of the public sector, the private financial system and the stock market. The financial reforms begun at the end of 1988 were completed with the adoption of measures to increase the solvency and efficiency of the financial institutions.

During the second half of the previous year and a good part of 1989, the growth of domestic demand was curbed and investment continued to contract. This situation seems to have been reversed, however, in the third quarter of 1989 when some signs of recovery appeared (such as increased imports of capital goods) in response to the changes made in the exchange and trade policy.

In the matter of wage policy, the minimum wage was revised every six months, with smaller readjustments for public-sector employees. In general, earnings rose more slowly than domestic prices, thus causing real wages to decline.

Figure 1

ECUADOR: MAIN ECONOMIC INDICATORS

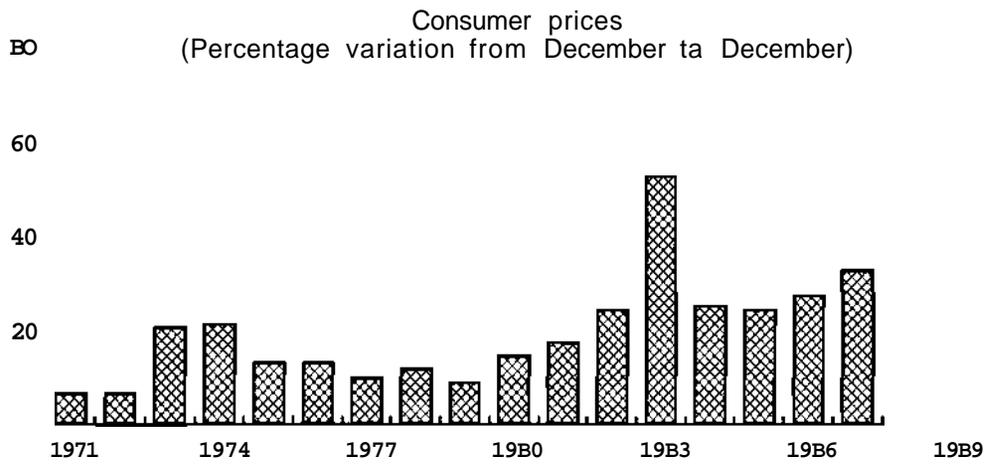
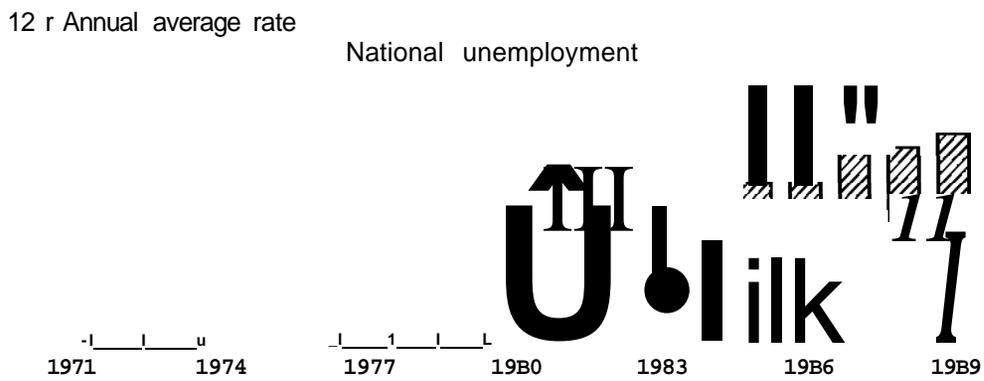
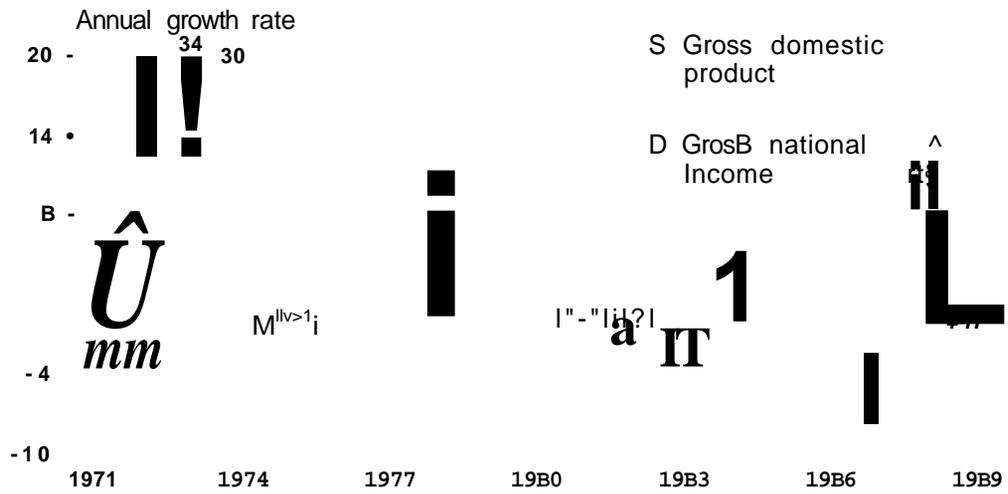
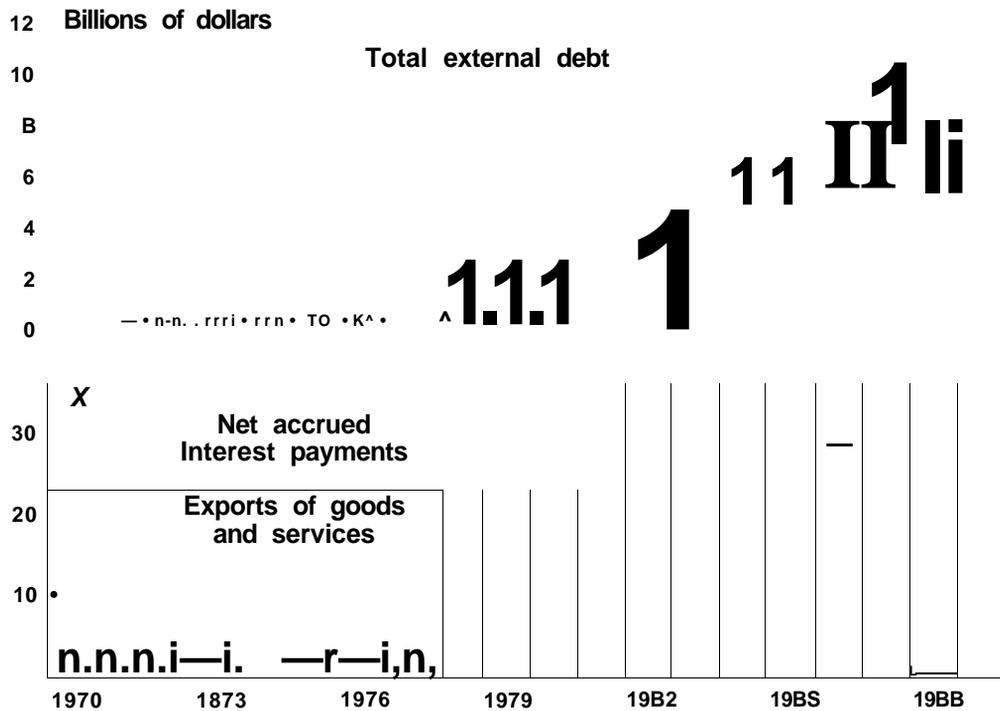
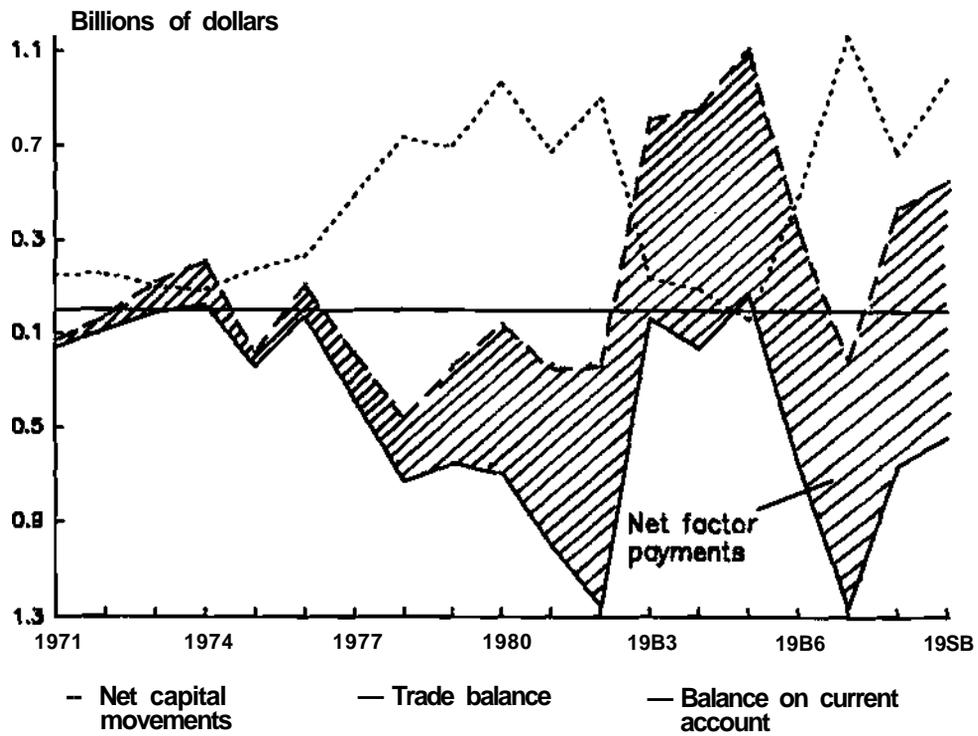


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

One of the most significant achievements of the programme was the reduction of the public deficit, accomplished primarily by means of a substantial correction of fuel prices and public service charges. Other contributing factors were the higher revenues resulting from the devaluation, the curbing of public spending and the entry into force of the first stage of the tax reform, which altered the system of tax collection by making it more efficient and broadening the pool of taxpayers. All these steps helped expand the income of the non-financial public sector by more than 90% in 1989; in particular, petroleum revenue doubled. Consequently, even though expenditures increased substantially (70%), the deficit narrowed to the equivalent of 2% of the GDP.

The current-account deficit of the balance of payments went down as a result of the surplus from foreign trade in goods, one reason for which was the higher unit price of exports. The resumed servicing in regular installments of part of the foreign debt in turn activated the inflow of capital, and this together with the arrears in servicing part of the commercial-bank debt, helped increase the reserves by almost US\$400 million.

The effect of the adjustments in public-sector prices and rate schedules, together with the growing demand pressures discernible since the first half of 1988, triggered more rapid inflation, which peaked at 99% for the 12 months between April 1988 and March 1989. In this first phase, the monetary policy did not succeed in containing the pressures exerted on price levels, while the inflationary surge speeded up the velocity of circulation of money. Other factors at work during this period were the negative expectations stemming from the failure to meet pre-established inflation targets and from certain problems connected with the supply of commodities like rice and sugar.

At the beginning of the stabilization programme, the price of a few price-controlled products was adjusted; subsequently, the prices of other controlled products were also raised from time to time. Because these adjustments were made in an abrupt manner, they had a serious impact on the monthly price-index variations and on the generation of

expectations. From April onwards, however, the inflationary trend was reversed and registered a sharp drop that held until the month of August. During this period, the average monthly inflation was no more than 2%, basically because certain controlled prices were held down, devaluation lagged behind inflation, and a more restrictive monetary policy was followed, involving credit contraction and the raising of real interest rates. During the second quarter, some of the prices for public services were made more flexible, and in May the exchange rate was devalued by 6%, bringing it back to its real level, after which weekly mini-devaluations and a few additional devaluations were made to keep the real exchange rate steady. The minimum living wage and private-sector wages were also raised. These steps to restore relative prices had the effect of accelerating inflation slightly in the last four months, when it averaged 3.3% per month.

As to foreign trade, it again registered a surplus, thanks to the rise in the price of petroleum exports, which represent 49% of the total, and to a further increase in sales of bananas and non-traditional products, although there were serious problems with sales of shrimps and other fishery products. The value of imports rose 5%, but there were two very distinct periods here, with a rapid rise in the first half of the year and a slowdown in the second. Various factors were responsible for this. On the one hand, the figures included purchases of pharmaceuticals and food products made with the benefit of the import subsidies for these articles, and since their domestic prices were controlled, part of these imports found their way illegally to neighbouring countries. On the other hand, the rise in the sucre in the first five months and the expectation that devaluation would be speeded up caused an increase in purchases of foreign inputs. From May onwards, however, that situation was reversed, despite the spurt in domestic economic activity, because of the speeding-up of devaluation.

The balance-of-payments capital account surplus rose markedly, by almost 50%. In July, interest payments to private international banks were partially resumed and 30% of the annual interest due began to be paid in monthly

installments, (this percentage was established in keeping with the proposal made to the banking system in August for reducing the debt by 70%). The talks continued after the year ended without producing a final agreement. The renewal of the flow of external financing to the official sector -which had been negative in 1988- and the arrears in debt servicing made it possible to cover the current-account deficit and simultaneously achieve the biggest accumulation of reserves of the decade.

Taking into account the high real rate of exchange registered at the end of 1988, the exchange policy was geared primarily to controlling inflation, and hence, while domestic prices rose by 26% in the first five months of the year, the intervention exchange rate (used for foreign transactions) increased by only 14%.

The exchange rate on the parallel market also rose less than inflation; up to May, it followed a downward trend, later moving into a pattern similar to that of the intervention exchange rate. This behaviour can be attributed to the controls on liquidity, the increase in borrowing by the private sector from external sources, and the repatriation of capital. During part of the year, the financial return on sucres was greater than the return on foreign-currency assets, since the equivalent deposit rate in the country was double the LIBOR rate, thus favouring the return of capital. Moreover, businesses apparently repatriated capital in order to pay off the foreign debt incurred by the State in 1983, which was beginning to reach maturity in 1988. The spread between the Central Bank rate for the dollar and the parallel-market rate was minimal; indeed, the intervention exchange rate was actually higher at certain times, thus becoming a guide for the parallel market.

The substantial reduction of the deficit, in conjunction with the positive net external financing, enabled the public sector to increase its deposits in the Central Bank by an amount equivalent to 2.7% of the GDP, thus curbing the growth of the monetary base, which amounted to 40%, a figure much lower than the 64% recorded in 1988.

In the first part of 1989, the most important expansionary factors in the monetary policy were the gain in international reserves and the

reduction of the amount of prior deposits for imports. The expansion of the monetary base was neutralized by open-market operations, the product of the 10% spread between the buying and selling rates of foreign exchange, and the bigger deposits by the non-financial public sector.

In the first quarter, however, there was a serious reduction in the real demand for money because of the inflationary expectations of the economic agents. This trend was reversed in the second quarter of 1989, owing to the favourable expectations generated by the reduction of inflation and the stability of the dollar on the parallel market, which reduced the demand for foreign exchange. Despite this, the Mi/GDP ratio fell from almost 11% in December 1988 to 8.6% in December 1989.

The increase in international reserves was greatest in the last quarter, producing a heavily monetized economy. The reduction of the spread between the buying and selling rates of foreign exchange from 10% to 5% lessened the absorption of resources through that channel. As net sales of stabilization bonds did not increase, the main factor of contraction in this period was the increase in public-sector deposits due to higher revenues from fuel price rises and to the devaluation. Thus, currency issue and the growth of the remaining monetary aggregates were only modest, which helped contain the inflationary pressures.

The behaviour of interest rates was one of the most peculiar features of the way the economy evolved, since even though the rates were not set by the monetary authority they showed great rigidity. The rates for certificates of deposit remained between 40% and 42% per year, despite the fluctuations in inflation. The real interest rates, for their part, were highly variable, depending on the inflationary movements, since the most usual borrowing and lending term is 90 days. At the beginning of the year, the real interest rates were extremely negative, but between April and August they reached high positive levels in real terms, and this was one of the factors that had a recessive impact during this period.

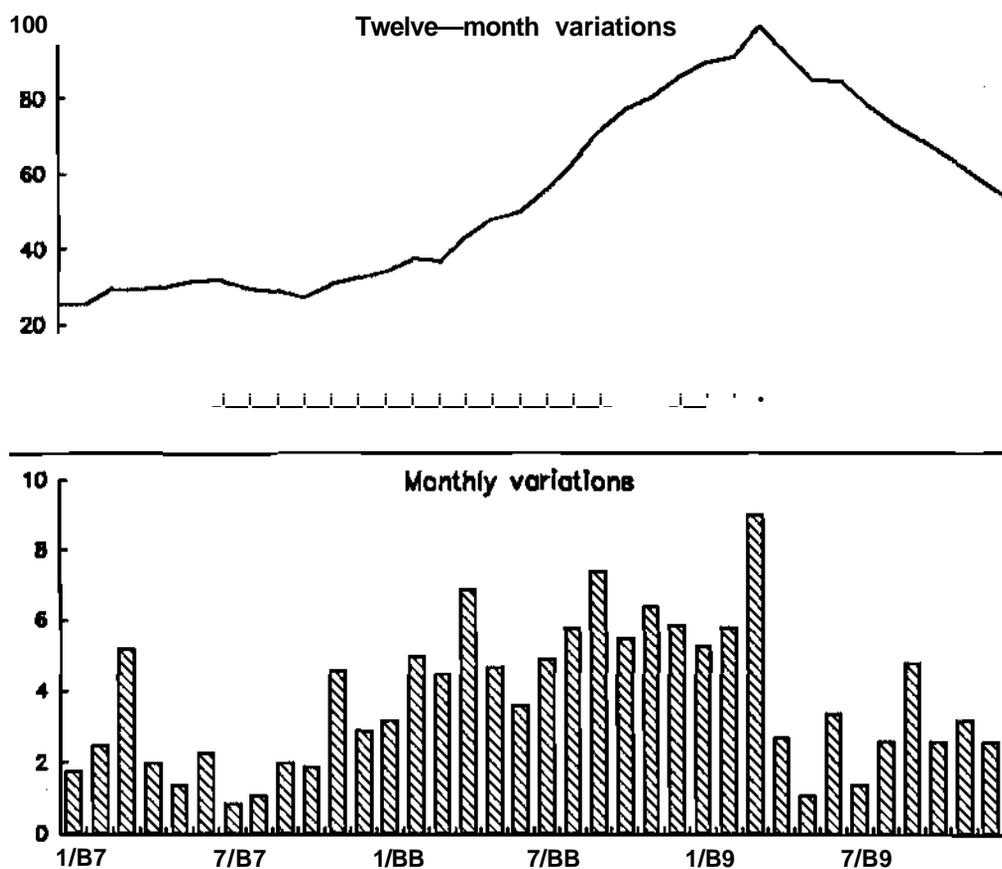
The Central Bank tried to bring down the interest rates by eliminating the maximum commissions for dealer services, the lowering

of the return on stabilization bonds bought on the open market, and the reduction of the legal reserve for November. Even though this did not have the desired effect, the liquidity generated by this set of measures and the announcement of the institution of a debt-conversion mechanism resulted in a sharp rise in the spot rate for the dollar on the parallel market. In order to control this excess liquidity and its effect on the parallel-market rate of exchange,

the rediscount operations of the Central Bank were suspended.

At the same time, there was an increased demand for assets denominated in sucres, and this was reflected in increased cash saving, which in the course of the year rose by 52%. In view of the escalating inflation, the public tried to guard against the erosion of the purchasing power of the sucre by transferring funds to the area of solid assets.

Figure 2
ECUADOR: CONSUMER PRICE INDEX
(Percentages)



Source: ECLAC, on the basis of official figures.

Table 1
ECUADOR: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Indexes (1980=100)								
Basic economic indicators								
Gross domestic product at market prices	104.9	103.6	108.6	113.8	117.6	109.4	125.8	126.2
Gross national income	100.6	97.3	101.6	106.5	101.5	93.6	104.3	106.2
Population (millions of inhabitants)	8.6	8.8	9.1	9.3	9.6	9.8	10.1	10.3
Per capita gross domestic product	99.2	95.4	97.2	99.2	99.9	90.5	101.5	99.3
Public sector deficit (-) or surplus (+)				1.9	-5.0	-9.6	-5.1	-2.2
Money (M1)/GDP	14.5	14.0	13.7	12.4	12.0	12.1	10.8	8.6
Real effective exchange rate	96.2	95.8	129.9	124.5	128.3	143.2	169.2	179.0
Growth rates								
Short-term economic indicators								
Gross domestic product	1.1	-1.2	4.8	4.8	u	-7.0	15.0	0.3
Per capita gross domestic product	-1.7	-3.8	2.0	2.1	0.7	-9.4	12.1	-2.2
Gross national income	-1.8	-3.3	4.5	4.8	-4.7	-7.8	11.4	1.8
Consumer prices								
December to December	24.4	52.5	25.1	24.4	27.3	32.5	85.7	54.2
Real minimum wage	-11.9	-16.2	-1.3	-3.1	7.6	-5.6	-13.5	-11.5
Current value of exports of goods and services		-1.2	9.5	13.8	-21.4	-5.4	7.6	7.1
Current value of imports of goods and services	-7.8	-37.4	12.0	6.6	2.9	19.1	j-17.6	3.4
Terms of trade (goods and services)	-3.2	-15.6	10.2	1.0	-24.1	0.2	1-164	3.8
Millions of dollars								
External sector								
Trade balance (goods and services)	-236	821	855	1119	352	-215	' 441	553
Factor services	1010	849	1023	1050	1010	1048	1098	1093
Balance on current account	-1246	-28	-168	69	-658	-1263	-657	-540
Balance on capital account	906	138	87	-44	486	1163	671	994
Variation in international reserves	-328	127	-58	-5	-201	-160	-10	379
Gross disbursed external debt ^c	5 365	7 381	7 596	8 110	9 076	10 217	10 574	11 039

Source: ECIAC, on the basis of official figures.

^a Preliminary figures. ^b Corresponds to exchange rate for exports. ^c End-year balances; since 1983, as well as including loans from the Andean Reserve Fund (FAR), petroleum advances and the Santo Domingo Agreement, also include debt with the International Monetary Fund.

Table 2
ECUADOR: REAL GROSS NATIONAL INCOME

	Indexes(1980 = 100)			Percentage breakdown			
	1987	1988	1989 ^a	1980	1987	1988	1989 ^a
Gross national income (a + b + c + d)	93.6	104.3	106.2	94.4	80.8	78.3	79.5
a) Gross domestic product	109.4	125.8	126.2	100.0	100.0	100.0	100.0
b) Terms-of-trade effect				-	-9.9	-13.9	-13.0
c) Net factor income from abroad	183.5	177.3	169.8	-5.6	-9.3	-7.8	-7.5
d) Net private transfers from abroad							

Source: ECLAC, on the basis of official statistics.

^a Preliminary figures.

Table 3
ECUADOR: TOTAL SUPPLY AND DEMAND

	Indexes(1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total supply	107.9	116.0	116.2	125.5	115.6	4.0	-3.2	7.5	0.2
Gross domestic product at market prices	109.4	125.8	126.2	100.0	100.0	3.4	-7.0	15.0	0.3
Import of goods and services	102.1	77.6	77.2	25.5	15.6	7.4	16.9	-24.0	-0.5
Total demand	107.9	116.0	116.2	125.5	115.6	4.0	-3.2	7.5	0.2
Domestic demand	100.2	103.8	104.4	100.5	83.2	2.5	-1.7	3.7	0.5
Gross domestic investment	70.9	75.3	66.5	26.1	13.8	3.0	-3.5	6.3	-11.7
Gross fixed investment	77.0	74.0	72.4	23.6	13.6	4.3	4.9	-3.9	-2.2
Construction	89.1	82.4	82.9	12.6	8.3	0.7	4.3	-7.5	0.6
Machinery and equipment	63.1	64.4	60.4	11.0	5.3	10.7	5.8	2.0	-6.2
Public	91.9	81.2	82.0	6.4	4.2	12.0	-3.7	-11.7	1.0
Private	71.4	71.3	68.8	17.2	9.4	0.5	9.5	-0.2	-3.6
Changes in stocks	13.0	88.0	10.9	2.5	0.2				
Total consumption	110.4	113.8	117.7	74.4	69.4	2.4	-1.3	3.1	3.4
General government	88.7	87.5	85.5	14.5	9.8	-0.8	0.2	-1.4	-2.2
Private	115.7	120.2	125.5	59.9	59.6	3.0	-1.5	3.9	4.4
Exports of goods and services	139.2	165.2	164.0	24.9	32.4	8.2	-7.4	18.6	-0.7

Source: ECLAC, on the basis of official figures and figures supplied by the International Monetary Fund.

^a Preliminary figures. 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 ECLAC for the purpose.

Table 4
**ECUADOR: ORIGIN AND FINANCING OF
 GROSS DOMESTIC INVESTMENT**
(As percentages of the gross domestic product)^a

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Gross domestic investment	24.3	16.9	15.9	16.4	16.3	16.9	15.6	13.8
Gross domestic saving	23.1	28.0	26.1	28.6	29.3	24.9	32.7	30.6
Net income from factor services	-8.6	-6.6	-8.7	-8.8	-8.5	-9.3	-7.8	-7.5
Terms-of-trade effects	-0.8	-4.7	-2.9	-2.9	-10.0	-9.9	-13.9	-13.0
Unrequited private transfers								
Gross national saving	13.7	16.7	14.5	16.9	10.8	5.7	10.9	10.1
External saving	10.6	0.2	14	-0.6	5.6	11.3	4.7	3.7

Source: ECLAC, on the basis of official figures.

^a At market prices, in constant 1980 dollars, at adjusted exchange rate.

Preliminary figures.

Table 5
**ECUADOR: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY,
 AT 1980 MARKET PRICES**

	Indexes(1980= 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product	109.4	125.8	126.2	100.0	100.0	3.4	-7.0	15.0	03
Goods	102.8	137.1	133.4	49.4	522	3.5	-19.2	33.4	-2.7
Agriculture	131.0	142.9	140.6	12.1	13.5	10.2	4.2	9.1	-1.6
Mining	85.1	160.1	152.2	21.0	25.3	3.0	-42.3	88.1	-5.0
Manufacturing	107.8	112.2	112.7	8.8	7.9	-3.3	3.3	4.1	0.5
Construction	100.7	92.2	93.5	7.4	5.5	1.5	1.7	-8.5	1.4
Basic services	138.7	144.1	152.4	8.7	10.5	10.9	4.8	3.9	5.8
Electricity, gas and water	235.6	267.7	350.2	0.8	2.3	21.8	17.7	13.6	30.8
Transport, storage and communications	128.5	131.1	131.6	7.9	8.2	9.3	2.6	2.0	0.4
Other services	108.3	110.5	110.6	40.9	35.8	1.9	0.9	2.0	0.1
Commerce, restaurants and hotels	102.0	105.2	112.5	14.6	13.0	2.2	2.0	3.1	7.0
Financial institutions, insurance, real estate and business services	104.7	105.9	103.3	11.7	9.6	2.4	-1.4	1.2	-2.4
Ownership of dwellings	127.9	131.5	134.2	4.8	5.1	3.6	3.3	2.8	2.0
Community, social and personal services	117.5	119.6	114.5	14.6	13.3	1.2	1.7	1.8	-4.2
Government services	109.3	110.3	98.6	9.1	7.1	0.4	0.5	1.0	-10.6
Adjustment for bank service charges	43.1	64.8	56.1	3.0	1.4	9.2	-56.3	50.3	-13.3
Import duties	88.7	58.5	86.8	4.1	2.8	0.8	46.8	-34.1	48.5

Source: ECLAC, 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.

^a Preliminary figures.

Table 6
ECUADOR: INDICATORS OF AGRICULTURAL PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates			
					1986	1987	1988	1989 ^a
Indexes (1980 = 100)								
Crop farming	116.1	122.6	122.4	127.9	14.7	5.6	-0.2	4.5
Livestock production	124.6	129.0	134.2	137.3	2.9	3.5	4.0	2.3
Forestry	122.0	127.0	129.5	131.3	9.7	4.1	2.0	1.4
Fishing and hunting	198.1	251.6	295.1	217.5	15.5	27.0	17.3	-26.3
Production (thousands of tons)								
Main products								
Bananas	2 316	2 387	2 576	2 576	17.6	3.1	7.9	-
Coffee	484	373	342	388	300.0	-22.9	-8.3	13.5
Cocoa	90	58	85	83	-31.3	-35.6	46.6	-2.4
Sugar cane	2 750	3 001	2 596	2 914	2.1	9.1	-13.5	12.2
Cotton	37	20	25	33	94.7	-45.9	25.0	32.0
Soya	76	146	131	153	20.6	92.1	-10.3	16.8
African palm	658	688	674	903	43.7	4.6	-1.0	34.0
Rice	576	781	954	867	45.1	35.6	22.2	-9.1
Wheat	33	31	34	26	83.3	-6.1	9.7	-23.5
Hard maize	316	288	307	385	5.3	-8.9	6.6	25.4
Soft maize	86	89	90	100	19.4	3.5	1.1	11.1
Barley	44	43	51	56	63.0	-2.3	18.6	9.8
Potatoes	389	354	338	362	-8.0	-9.0	-4.5	7.1
Primary products								
Beef	97	101			3.2	3.9		
Poultry meat	54	52			22.7	-3.7		
Milk ^b	1 092	1 130			5.0	3.5		
Areas harvested (thousand of hectares)								
Main products								
Banana	112	120	127	131	72.3	7.1	5.8	3.1
Coffee	421	383	381	408	-1.4	-9.0	-0.5	7.1
Cocoa	326	311	326	331	13.6	-4.6	4.8	1.5
Sugar cane	42	44	44	42	2.4	4.8	-	-4.5
Cotton	25	25		30	47.1	-		
Soya	39	81	73	82	11.4	107.7	-9.9	12.3
African palm	44	48	53	55	29.4	9.1	10.4	3.8
Rice	228	276		278	52.0	21.1		
Wheat	41	40	39	38	127.8	-2.4	-2.5	-2.6
Hard maize	261	259	246	276	45.0	-0.8	-5.0	12.2
Soft maize	176	186	180	25	134.7	5.7	-3.2	-86.1
Barley	64	61	61	55	120.7	-4.7	-	-9.8
Potatoes	54	56	47	49	45.9	3.7	-16.1	4.3
Total	1 833	1 890	1 577	1 800	31.4	3.1	-16.6	14.1

Source: ECLAC, on the basis of data supplied by the Central Bank of Ecuador, the Ministry of Agriculture and the National Development Council (CONADE).

Preliminary figures. Millions of litres.

Table 7
ECUADOR: INDICATORS OF FISHERY PRODUCTION

	1985	1986	1987	1988	1989 ^a	Growth rates				
						1985	1986	1987	1988	1989 ^a
	Indexes (1980 = 100)									
Gross fishery product	171.5	198.1	251.6	295.1	217.5	24.8	15.5	27.0	17.3	-26.3
	Thousand of tons									
Catch										
Shrimps	35.0	52.0	77.0	83.0	76.0	-12.3	48.6	48.1	7.8	-8.4
Tunny fish	50.0	59.0	52.0	49.0	80.0	42.9	18.0	-11.9	-5.8	63.3
Other fish	1590.0	1326.0				103.8	-16.6			
Exports										
Shrimps	20.0	31.1	48.7	56.2	46.0	-6.1	55.5	56.6	15.4	-18.1
Tunny fish	5.2	26.9	29.2	20.4	-	108.0	417.3	8.6	-30.1	-
Other fish	6.6	11.4	12.5	13.5	-	26.9	72.7	9.6	8.0	-
Fish meal	233.0	176.1	82.0	142.0	89.0	139.2	-24.4	-53.4	73.2	-37.3
Canned tunnyfish	17.2	5.1	3.6	6.1	-	-30.1	-70.3	-29.4	69.4	.
Other processed and unprocessed marine products	34.0	18.0	19.8	12.5		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. Preliminary figures. ^a Includes fishing and hunting.

Table 8
ECUADOR: INDICATORS OF THE PETROLEUM INDUSTRY

	Millions of barrels				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Crude petroleum								
Total supply	107.0	73.7	112.9	103.5	4.5	-31.1	53.2	-8.4
National production	107.0	62.7	112.9	103.5	4.5	-41.4	80.2	-8.4
Imports	-	11.0	-	-	-	-	-	-
Total demand	107.0	73.7	112.9	103.5	4.5	-31.1	53.2	-8.4
Refinery consumption	35.0	29.4	42.3	39.5	10.7	-16.0	44.0	-6.6
Exports	71.4	45.4	69.0	63.7	1.2	-36.4	52.0	-7.7
Changes in stocks	0.6	-1.1	1.6	0.3	147.0	-81.4		
Petroleum products								
Supply of petroleum products	38.3	36.2	43.7	41.7	5.8	-5.5	20.8	-4.6
Production of petroleum products	34.8	28.8	41.8	39.0	11.0	-17.3	45.4	-6.7
Imports of petroleum products	3.5	7.4	1.9	2.7	-27.6	111.3	-74.1	40.0
Demand for petroleum products	38.3	36.2	43.7	41.7	5.7	-5.5	20.8	-4.6
Domestic consumption	30.6	29.2	31.9	31.9	1.3	-4.5	9.3	-
Gasoline	10.6	10.1	10.4		3.8	-4.2	2.1	
Other	20.0	19.0	21.6		0.1	-4.7	13.2	
Exports	6.7	5.7	9.5	8.4	37.8	-14.5	66.6	-11.7
Changes in stock	1.0	1.3	2.3	1.4	-12.7	24.3	77.8	-39.6

Source: Central Bank of Ecuador.

Table 9
ECUADOR: GROSS MANUFACTURING PRODUCT

	Indexes (1980 = 100)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Manufacturing	105.3	108.8	113.1	113.7	-12	3.3	4.0	0.5
Foodstuffs, beverages and tobacco	92.9	97.1	96.3	98.3	-0.7	4.5	-0.8	2.1
Textiles, clothing and leather products	104.5	106.0	108.9	113.4	-9.8	14	2.7	4.1
Wood and wood products	113.5	117.4	109.8	113.0	6.6	3.4	-6.5	2.9
Paper and printed matter	120.2	131.1	147.0	157.1	5.8	9.1	12.1	6.9
Chemicals, plastics and related products	106.7	111.7	143.9	123.3	2.0	4.7	28.8	-14.3
Non-metallic minerals and basic metal industries	121.6	121.6	127.6	120.2	-4.2	-	4.9	-5.8
Machinery, equipment and other manufactures	141.9	144.2	155.6	148.2	7.2	1.6	7.9	-4.8

Source: ECIAC, on the basis of figures supplied by the Central Bank of Ecuador.
Preliminary figures. Excludes oil refining.

Table 10
ECUADOR: MAIN FOREIGN TRADE INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
	Growth rates							
Exports of goods								
Value	-7.9	0.9	11.7	10.8	-24.8	-7.5	9.0	6.9
Volume	-1.9	8.9	15.8	15.0	6.2	-9.5	20.4	-1.7
Unit value	-6.1	-7.3	-3.5	-3.7	-29.1	2.1	-9.4	8.7
Imports of goods								
Value	-7.1	-35	10.3	2.9	1.2	25.9	-21.4	4.4
Volume	-2.3	-42.3	33.4	8.0	7.3	21.6	-26.5	0.2
Unit value	-4.8	12.7	-17.4	-4.8	-5.7	3.6	6.9	4.2
Terms of trade	-1.7	-17.4	13.5	1.7	-25.1	-1.1	-15.8	4.3
	Indexes (1980 = 100)							
Purchasing power of exports of goods	98.6	88.7	116.5	136.3	108.3	97.0	98.3	100.9
Purchasing power of exports of goods and services	95.8	85.8	107.7	125.8	103.2	95.8	95.1	98.0
Indexes of volume								
Exports of goods	100.7	109.6	126.9	145.9	154.9	140.2	168.8	165.9
Imports of goods	105.6	60.9	81.3	87.8	94.2	114.5	84.2	84.4
Terms of trade FOB/CIF	97.9	80.9	91.8	93.4	69.9	69.2	58.3	60.8

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

Table 11
ECUADOR: EXPORTS OF GOODS, FOB

	Millions of dollars				. . . ^ breakdown		Growth rates			
	1986	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	2 186	2 021	2 203	2 353	100.0	100.0	-24.8	-7.6	9.0	6.8
Primary products	1878	1636	1861	2 026	76.2	86.1	-26.8	-12.9	13.7	8.9
Crude petroleum	912	646	875	1035	56.1	44.0	-50.0	-29.2	35.5	18.3
Coffee	299	192	152	146	5.3	6.2	56.7	-35.7	-20.7	-4.2
Shrimps	288	383	387	348	2.3	14.8	83.9	33.1	1.0	-10.1
Bananas	263	267	298	377	9.6	16.0	19.8	1.3	11.6	26.6
Cocoa	71	83	78	60	1.2	2.5	-48.6	16.3	-6.2	-22.7
Other	44	66	70	61	1.7	2.6	23.1	48.4	7.5	-13.5
Manufactured products	308	291	332	327	23.8	13.9	-9.1	-5.4	14.0	-1.6
Petroleum products	70	78	101	114	6.8	4.8	-31.2	11.6	29.0	13.0
Processed marine products	73	59	87	56	3.6	2.4	-25.3	-19.3	48.0	-35.3
Processed cocoa products	77	57	48	52	7.3	2.2	-1.9	-26.0	-16.5	9.0
Other	88	98	97	105	6.1	4.5	44.7	10.7	-0.5	8.2
Unclassified		93	10							

Source: Central Bank of Ecuador.

^a Preliminary figures. ^b Includes fish meal and other products.

Table 12
ECUADOR: VOLUME OF EXPORTS OF MAIN PRODUCTS

	rhousands of tons				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Petroleum	71	45	69	64	1.1	-36.4	52.0	-7.7
Coffee	103	99	74	101	31.2	-3.8	-24.9	35.4
Bananas	1400	1406	1570	1795	9.5	0.5	11.6	14.3
Cocoa	38	45	53	52	-45.6	18.5	16.3	-2.1
Shrimps	31	49	56	47	55.5	56.6	15.4	-16.0
Processed cocoa products	35	24	31	33	3.8	-31.6	26.9	5.9
Petroleum products	7	6	10	8	36.7	-14.9	66.7	-11.6
Processed marine products ^c	199	105	160		-29.9	-47.3	52.9	

Source: Central Bank of Ecuador

^a Preliminary figures. ^b Millions of barrels;. ^c Includes fish meal, canned tunnyfish and other marine products.

Table 13
ECUADOR: IMPORTS OF GOODS, CIF

	Millions of dollars				Percentage breakdown		Growth rates			
	1986	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	1631	1802	1614	1695	100.0	100.0	12	10.5	-10.4	5.0
Consumer goods	219	255	246	221	18.2	13.0	-1.7	16.4	-3.5	-10.2
Non-durable	93	116	93	127	4.6	7.5	9.1	24.6	-19.5	36.6
Durable	126	139	153	94	13.5	5.5	-8.3	10.4	9.8	-38.6
Raw materials and intermediate goods	809	889	764	925	42.6	54.6	-12.2	9.9	-14.1	21.1
For agriculture	54	46	54	79	2.0	4.7	-15.5	-15.4	18.4	46.3
For industry	624	689	624	752	27.5	44.4	-5.5	10.6	-9.5	20.5
For construction	50	53	44	45	4.2	2.7	26.7	5.6	-16.3	2.3
Fuels and lubricants	82	102	42	49	8.9	2.9	-48.2	24.0	-58.7	16.7
Capital goods	603	657	604	549	39.2	32.4	29.0	9.1	-8.1	-9.1
For agriculture	31	24	11	12	1.2	0.7	4.1	-22.0	-53.8	9.1
For industry	369	447	372	355	21.7	20.9	20.3	21.2	-16.8	-4.6
Transport equipment	203	186	221	182	16.3	10.7	54.8	-8.2	18.6	-17.6

Source: Central Bank of Ecuador.

^a Preliminary figures.

Table 14
ECUADOR: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-1246	28	-168	69	-658	-1263	-657	-540
Trade balance	-236	821	855	1119	352	-215	441	553
Exports of goods and services	2 676	2 643	2 895	3 294	2 589	2 449	2 636	2 823
Goods FOB	2327	2348	2 622	2 905	2186	2 021	2 203	2354
Real services	349	295	273	389	403	428	433	469
Transport and insurance	139	112	95	177	186	179	191	211
Travel	131	120	120	133	133	167	173	185
Imports of goods and services	2912	1822	2040	2175	2 237	2664	2195	2 270
Goods FOB	2187	1421	1567	1612	1631	2 054	1614	1685
Real services	725	401	473	564	606	610	581	585
Transport and insurance	244	182	235	257	272	317	298	302
Travel	250	152	155	196	210	170	167	163
Factor services	-1010	-849	-1023	-1050	-1010	-1048	-1098	-1093
Profits	-80	-60	-70	-126	-139	-130	-130	-104
Interest received	26	45	77	29	28	16	13	-
Interest paid or due	-811	-723	-889	-839	-777	-801	-884	-892
Labour and property	-145	-111	-141	-114	-122	-133	-97	-97
Unrequited private transfer payments	-	-	-	-	-	-	-	-
Balance on capital account	906	138	87	-44	486	1163	671	994
Unrequited official transfer payments	20	24	20	80	45	132	60	97
Long-term capital	164	1372	360	474	773	1094	-100	877
Direct investment	40	50	50	62	70	75	80	80
Portfolio investment	-	-	-	-	-	-	-	-
Other long-term capital	124	1322	310	412	703	1019	-180	797
Official sector ^c	-245	2 265	881	492	741	1004	-198	814
Loans received	213	2641	1531	1731	2 004	2927	1501	2 257
Amortization payments	-442	-363	-643	-1232	-1247	-1916	-1694	-1443
Commercial banks ^c	-	-7	-9	-	-	-	-1	-
Loans received	8	-	1	-	-	-	-	-
Amortization payments	-1	-1	-1	-	-	-	-	-
Other sectors ^c	369	-936	-562	-80	-38	15	19	-17
Loans received	1112	150	78	22	18	38	57	-
Amortization payments	-742	-1085	-639	-102	-56	-21	-36	-17
Short-term capital	919	-1073	-218	-677	-153	71	518	
Official sector	572	-520	-95	-	-136	21	198	
Commercial banks	50	7	16	-63	-	50	19	
Other sectors	297	-560	-139	-614	-17	-	301	
Errors and omissions (net)	-197	-185	-75	79	-179	-134	193	20
Global balance	-340	110	-81	24	-172	-100	14	454
Total variation in reserves (- sign indicates an increase)	328	-127	58	5	201	160	10	-379
Monetary gold	-	-	-	-	-	-	-	-
Special Drawing Rights	34	-	-	-28	-27	55	-	-
IMF reserve position	29	-12	12	-	-	-	-	-
Foreign exchange assets	266	-328	21	-78	101	98	94	
Other assets	-	-	-	-10	-	4	2	
Use made of IMF credit	-	213	25	121	127	3	-85	

Source: 1982-1988: ECLAC, on the basis of figures supplied by the International Monetary Fund; 1989: ECLAC, on the basis of figures supplied by the Central Bank of Ecuador.

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 15
ECUADOR: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Millions of dollars								
Total external debt	5 365	7 381	7 596	8 110	9 076	10 217	10 574	11 039
Medium and long-term	5 365	6 707	6 932	7 439	8 153	9 343	9 777	10 509
Central Bank debt ^c		674	664	671	923	874	797	530
Debt service								
Refinanced	667	1603	1330	1172	982	1264	1133	1068
Principal	667	1566	1319	1172	982	808	639	604
Interest		37	10			456 ^d	494	464
Effective	1985	871	1052	998	1085	516	789	1019
Principal	1218	202	212	222	381	251	408	591
Interest	767	669	840	775	704	265	381	428
Total disbursements ^e	2 245	2 332	1823	1841	2152	2 337	1980	1945
Annual growth rates								
Total external debt	1.8	37.6	2.9	6.8	11.9	12.6	3.5	4.4
Medium and long-term	1.8	25.0	3.4	7.3	9.6	14.6	4.6	7.5
Central Bank debt ^c			-1.5	1.2	37.6	-5.3	-8.8	-33.5
Debt service								
Refinanced		140.4	-17.0	-11.9	-16.2	-28.7	-10.4	-5.7
Principal		134.8	-15.8	-11.1	-16.2	-17.7	-20.9	-5.5
Interest								
Effective	-7.2	-56.1	20.8	-5.1	8.7	-52.4	52.9	29.2
Principal	-19.5	-83.4	5.0	4.7	71.6	-34.1	62.5	44.9
Interest	22.6	-12.8	25.6	-7.7	-9.2	-62.4	43.8	12.3
Total disbursements ^e	-18.9	3.9	-21.8	1.0	16.9	8.6	-15.3	
Percentages								
Ratios								
Total external debt/exports of goods and services	200.5	279.3	262.4	246.2	350.6	417.2	401.1	391.0
Effective service/exports of goods and services	74.8	33.3	35.3	31.3	43.6	24.6	45.8	45.5
Net interest payments/exports of goods and services ^g	29.3	25.7	28.0	24.6	28.9	32.1	33.0	31.6
Service/disbursements	89.2	37.7	56.2	56.1	52.5	45.1	64.8	76.2

Source: ECLAC, on the basis of figures supplied by the Central Bank of Ecuador.

^a Preliminary figures. ^b End-year balances. ^c Since 1983, besides including loans from the Andean Reserve Fund (FAR), petroleum advances and the Santo Domingo Agreement, this also includes the debt with the International Monetary Fund. ^d Includes arrears. ^e Figures for disbursements include the amounts refinanced during the respective years. ^f Service includes the effective amortization payments that appear in this table and the net interest payments as given in the balance of payments. ^g Service excludes the amounts of interest and principal that were refinanced.

^h Refers to the total net interest payments that appear in the balance of payments and not to those of this table.

Table 16
ECUADOR: EXCHANGE RATES
(Annual and quarterly averages)

	Nominal exchange rate ^a (sucres per dollar)			Real effective exchange rate indexes ^b (1985=100)	
	Official	Intervention market rate	Parallel market	Exports	Imports
1970-1979				92.1	96.8
1980-1989				101.0	113.1
1980	25	27	28	80.3	91.9
1981	25	28	31	74.1	81.4
1982	30	34	50	77.2	82.1
1983	44	83	84	76.9	79.5
1984	63	93	96	104.3	105.7
1985	71	97	116	100.0	100.0
1986	96	123	151	103.0	116.1
1987	96	171	219	115.0	136.5
1988	195	309	436	135.9	165.4
1989	390	542	569	143.7	172.6
1987					
I	96	147	149	107.4	126.0
II	96	155	178	107.0	127.1
III	96	173	299	115.1	134.8
IV	96	209	249	130.3	157.9
1988					
I	96	240	326	134.6	165.5
II	96	250	426	122.2	150.1
III	198	308	500	130.2	155.2
IV	390	438	493	156.5	190.7
1989					
I	390	472	528	143.9	173.2
II	390	515	525	140.8	167.3
III	390	563	579	142.3	169.3
IV	390	618	645	148.0	180.5

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

^a 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 parallel market. ^b Corresponds to the average real exchange rate index 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 Statistical Appendix to the *Economic Survey of Latin America*, 1981.

Table 17
ECUADOR: CONSUMER PRICE INDEX¹

	1982	1983	1984	1985	1986	1987	1988	1989
Variation from December to December								
Consumer price index	24.4	52.5	25.1	24.4	27.3	32.5	85.7	54.2
Food	26.3	86.1	27.1	27.0	26.5	33.3	95.2	59.7
Variation between annual averages								
Consumer price index	16.3	48.4	31.2	28.0	23.0	29.5	58.2	75.6
Food	17.1	77.9	37.0	30.7	23.2	28.7	64.3	88.0

Source: ECLAC, on the basis of figures supplied by the Central Bank of Ecuador.

¹ National consumer price index for urban areas.

Table 18
ECUADOR: MINIMUM MONTHLY WAGES
(Average values)

	Sucre at current prices (nominal) and at constant 1980 prices (real) ^a				Growth rates			
	1986	1987	1988	1989	1986	1987	1988	1989
Workers in general								
Nominal	10 833	13 250	18 125	28 167	32.4	22.3	36.8	55.4
Real	2 620	2 474	2 140	1 893	7.6	-5.6	-13.5	-11.5
Agricultural workers								
Sierra region								
Nominal	7 979	9 900	13 725	21 117	39.2	24.1	38.6	53.9
Real	1 930	1 849	1 620	1 419	13.2	-4.2	-12.4	-12.4
Coastal region								
Nominal	8 125	9 900	13 725	21 117	30.0	21.8	38.6	53.9
Real	1 965	1 849	1 620	1 419	5.7	-5.9	-12.4	-12.4
Oriente region								
Nominal	8 125	9 900	13 725	21 117	30.0	21.8	38.6	53.9
Real	1 965	1 849	1 620	1 419	5.7	-5.9	-12.4	-12.4
Small-scale industry								
Nominal	8 833	11 000	15 158	22 817	41.3	24.5	37.8	50.5
Real	2 136	2 054	1 789	1 533	14.9	-3.8	-12.9	-14.3
Craft workers								
Nominal	7 854	9 550	13 267	20 325	36.2	21.6	38.9	53.2
Real	1 899	1 783	1 566	1 366	10.7	-6.1	-12.2	-12.8
Domestic servants								
Nominal	4 983	6 060	8 567	13 250	32.9	21.6	41.4	54.7
Real	1 205	1 132	1 011	890	8.1	-6.1	-10.7	-12.0

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

^a Annual averages. The nominal wages were deflated by the national urban consumer price index.

Table 19
ECUADOR: POSITION OF THE NON-FINANCIAL PUBLIC SECTOR

	Billions of sucres					Growth rates			
	1985	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Total income	309.2	340.3	393.0	650.8	1250.4	10.1	15.5	65.6	92.1
Petroleum revenue	154.1	115.5	107.0	233.2	464.4	-25.0	-7.4	117.9	99.1
Non-petroleum revenue	140.0	191.4	257.2	385.9	654.5	36.7	34.4	50.0	69.6
Public-enterprise surplus	15.0	33.4	28.9	31.7	131.5	122.7	-13.5	9.7	314.8
Total outlay	288.0	410.2	566.1	810.5	1364.9	42.4	38.0	43.2	68.4
Current expenditure	220.0	297.9	439.3	625.1	995.5	35.4	47.5	42.3	59.3
Capital expenditure	67.9	112.4	126.7	185.4	369.4	65.5	12.7	46.3	99.2
Deficit	21.1	-69.9	-173.1	-159.7	-114.5				
External financing ^a	15.4	76.0	140.2	94.8	265.5				
Domestic financing	-36.6	-5.9	32.9	64.9	-151.0				

Source: Central Bank of Ecuador.

^a Preliminary figures.

Table 20
ECUADOR: MONETARY INDICATORS

	End-year balance (billions of sucres)				Growth rates		
	1986	1987	1988	1989 ^a	1987	1988	1989 ^a
Money (Mi)	166	220	338	466	32.3	53.8	38.1
Currency outside banks	53	73	123	174	37.7	66.9	42.3
Current-account deposits	113	146	215	292	29.8	47.3	35.7
Quasi-money	158	231	264	391	46.1	14.2	48.0
Money plus quasi-money (M2)	324	450	602	857	39.1	33.5	42.4
Money multipliers							
Mi/monetary base	1.63	1.53	1.43	1.42			
M2/monetary base	2.87	3.15	2.55	2.67			
Ratios							
MI/GDP	12	12.1	10.8	8.6			

Source: Central Bank of Ecuador.

^a Preliminary figures.

Table 21
ECUADOR: SHORT-TERM BANK INTEREST RATES^a
(End-year percentages)

	1983	1984	1985	1986	1987	1988	1989
Central Bank operations							
General discounts and rediscounts							
Nominal rate	16.0	18.0	18.0	21.0	21.0	21.0	36.0
Real rate	•36.5	-7.1	-6.4	-6.3	-11.5	-64.7	-18.2
Specific discounts and rediscounts							
Nominal rate	16.0	18.0	18.0	18.0	18.0	18.0	36.0
Real rate	-36.5	-7.1	-6.4	-9.3	-14.5	-67.7	-18.2
Operations of banks and financial institutions							
Loans							
Preferential operations							
Nominal rate	16.0	18.0	18.0	18.0	23.0	23.0	36.0
Real rate	•36.5	-7.1	-6.4	-9.3	-9.5	-62.7	-18.2
Specific operations							
Nominal rate	19.0	23.0	23.0	23.0	23.0	23.0	36.0
Real rate	•33.5	-2.1	-1.4	-4.3	-9.5	-62.7	-18.2
Operations subject to Central Bank rediscount							
Nominal rate	19.0	23.0	23.0	26.0	26.0	26.0	36.0
Real rate	•33.5	-2.1	-1.4	-1.0	-6.5	-59.7	-18.2
Deposits							
Savings deposits							
Nominal rate	19.0	20.0	20.0	22.4	21.4	26.0	28.0
Real rate	-33.5	-5.1	-4.4	-4.9	-11.1	-59.7	-26.2
Longer-term deposits							
Nominal rate	19.0	22.0	22.0	23.3	28.1	37.2	40.8
Real rate	-33.5	-3.1	-2.4	-4.0	-4.4	-48.5	-13.4
Savings certificates							
Nominal rate	19.0	22.0	22.0	28.5	34.4	39.0	42.0
Real rate	-33.5	-3.1	-2.4	-1.2	1.9	-46.7	-12.2

Source: ECLAC, on the basis of figures supplied by the Central Bank of Ecuador.

^a The deflator used is the consumer price index (December-December).

EL SALVADOR

El Salvador's economy remained virtually stagnant in 1989, causing the per capita product to decline to a level 15% below that of the beginning of the decade (see table 1 and figure 1). The slight growth of the product (0.5%) was associated with the evolution of domestic demand. Both investment and consumption increased, while the volume of exports declined. The trade balance was very negative, which was reflected in a huge deficit on current account. Unrequited public and private transfers were especially important in financing this imbalance. The rate of inflation between the beginning and the end of the year reached 23.5%, as a consequence of the government deficit (which rose to close to 5% of the gross domestic product) and the change in its financing -more domestic credit was used- as well as the devaluations put into effect from the beginning of July.

The behaviour of the Salvadorian economy was once again affected by non-economic phenomena. The armed confrontation, apart from its direct effects on the population, affected production, with losses estimated at around 2% of the product. The conflict also continued to stimulate emigration and affect expectations unfavourably. On the other hand, Presidential elections were held in 1989, leading to a change of government and the announcement of a new economic programme.

The movements in the growth rate of the economy occurred in part in response to political events. The election campaign caused uncertainty during the first quarter. Moderate growth occurred once the election results were known and the flow of foreign aid increased. However, an economic recession was observed towards the end of the year; this was caused by social unrest and a worsening of the armed conflict, which paralyzed economic activity for several weeks.

In any case, the production of goods and services showed a slight increase caused by small rises in manufacturing and services and by a somewhat larger increase in construction. Some of the growth of this latter sector was due to the work to repair the damage caused by the 1986 earthquake and to private construction, financed in part by remittances from family members abroad. As for agriculture, it remained stagnant.

The drop in exports is attributable to a drop in sales of traditional commodities, which an increase in non-traditional exports, particularly to the rest of Central America, failed to cover. The volume of exports declined for the second year in a row, primarily as a result of lower coffee sales, bringing the accumulated decline for the decade to almost 40%. Imports of goods and services, however, grew in terms of both volume and price as a consequence of the overvaluation of the national currency, especially up to the middle of the year, and lower import duties.

The lowest value of exports and the highest value of imports in the decade were both recorded in 1989. The deficit on the balance of trade in goods and real services was therefore rather high, amounting to US\$527 million, or two thirds of the total value of exports. This was compounded by a negative balance of almost US\$120 million on the financial services account. A significant part of the resulting disequilibrium was covered by private unrequited transfers (mostly money sent by Salvadorians living outside the country), which continued to increase, and by official transfers, which diminished slightly but continued to be large. In addition, the public sector received a greater flow of external credit, which did not, however, amount to enough to prevent a reduction of reserves.

A fixed exchange rate of five colones to the U.S. dollar had been maintained for several

Figure 1

EL SALVADOR: MAIN ECONOMIC INDICATORS

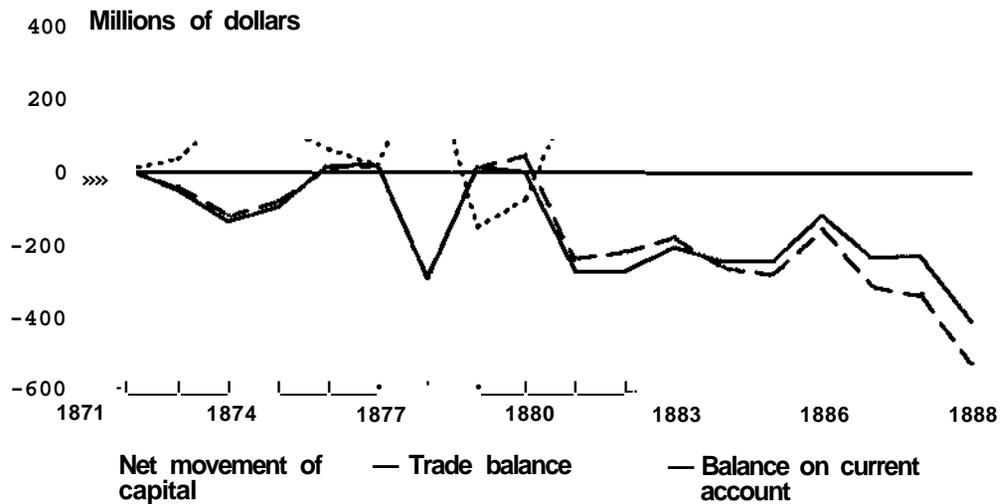
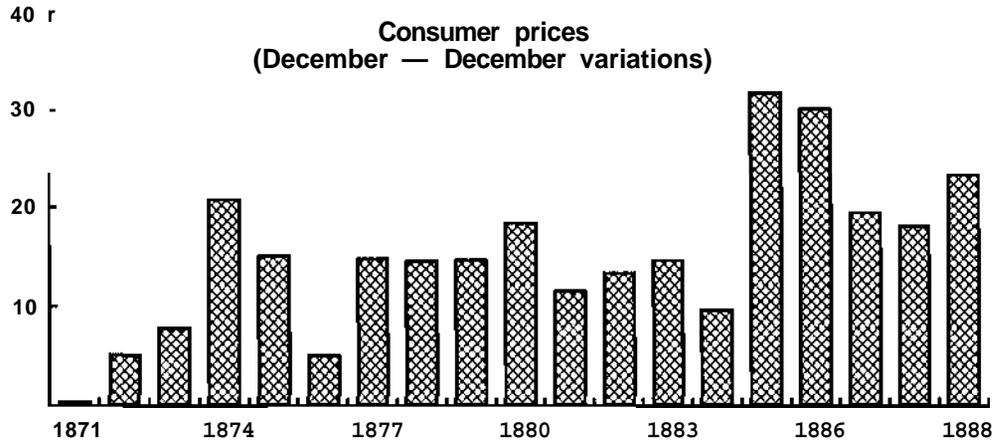
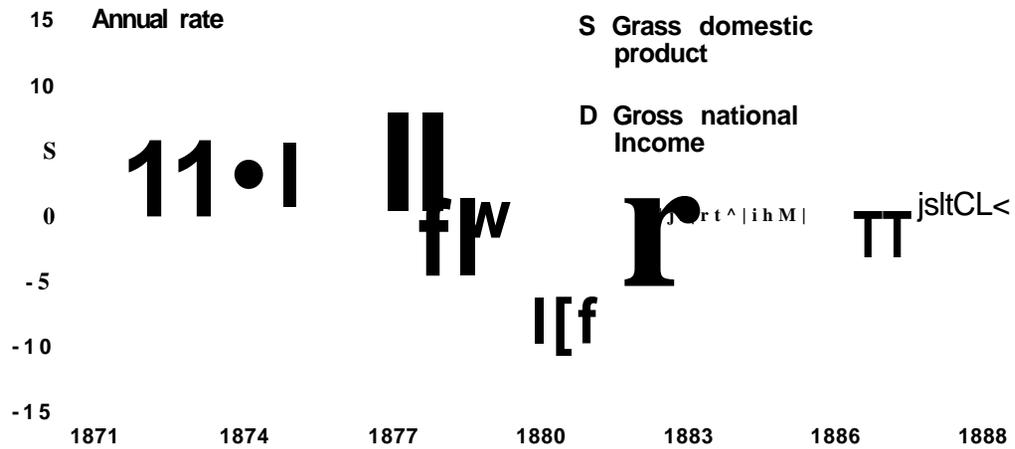
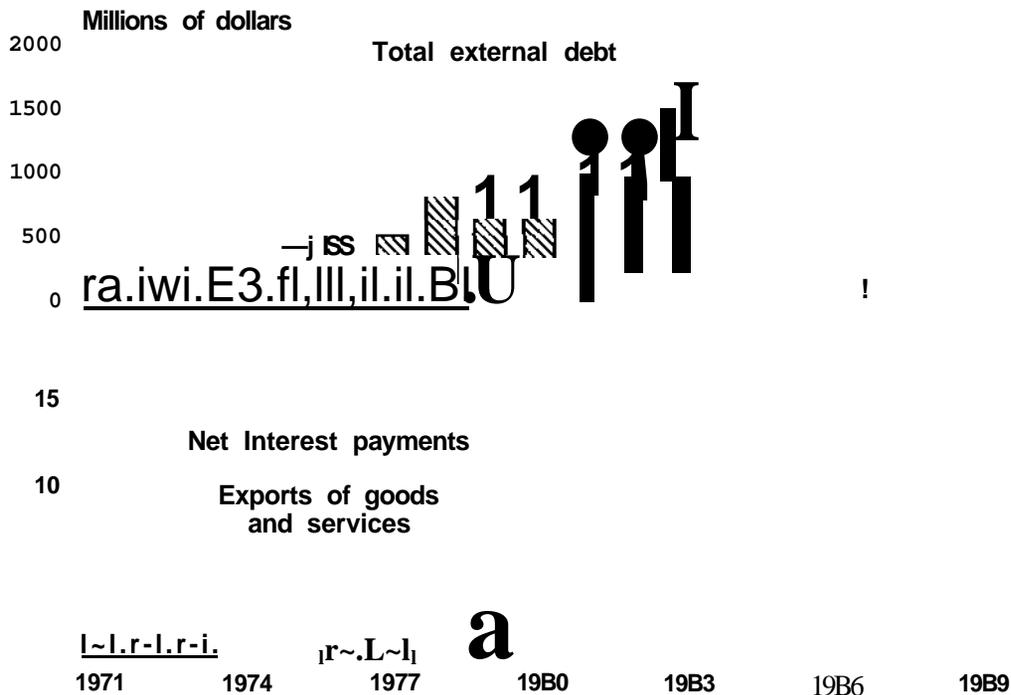


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

years although domestic inflation was far higher than international inflation. This produced an appreciable decline in the real exchange rate, which by around the middle of the year had returned to its 1985 level, the lowest of the decade. On the other hand, the gap between the official price of the dollar and the parallel-market price grew larger. The scheme based on a fixed exchange rate was abandoned in July 1989. After an initial devaluation of 24%, adjustments were made periodically, which gave rise to a real depreciation at the official level and narrowed the gap between the exchange rates.

The deficit of the central government increased because of lower tax revenues in nominal terms with respect to the previous year. This produced a significant increase in domestic indebtedness and in Central Bank loans to the government. Public sector financing was the main cause of the monetary expansion, which was more rapid than in 1988. In any case, as had been happening in recent

years the growth of the money supply was proportionately less than the rise in prices so that it may be assumed that real cash holdings are tending to dwindle.

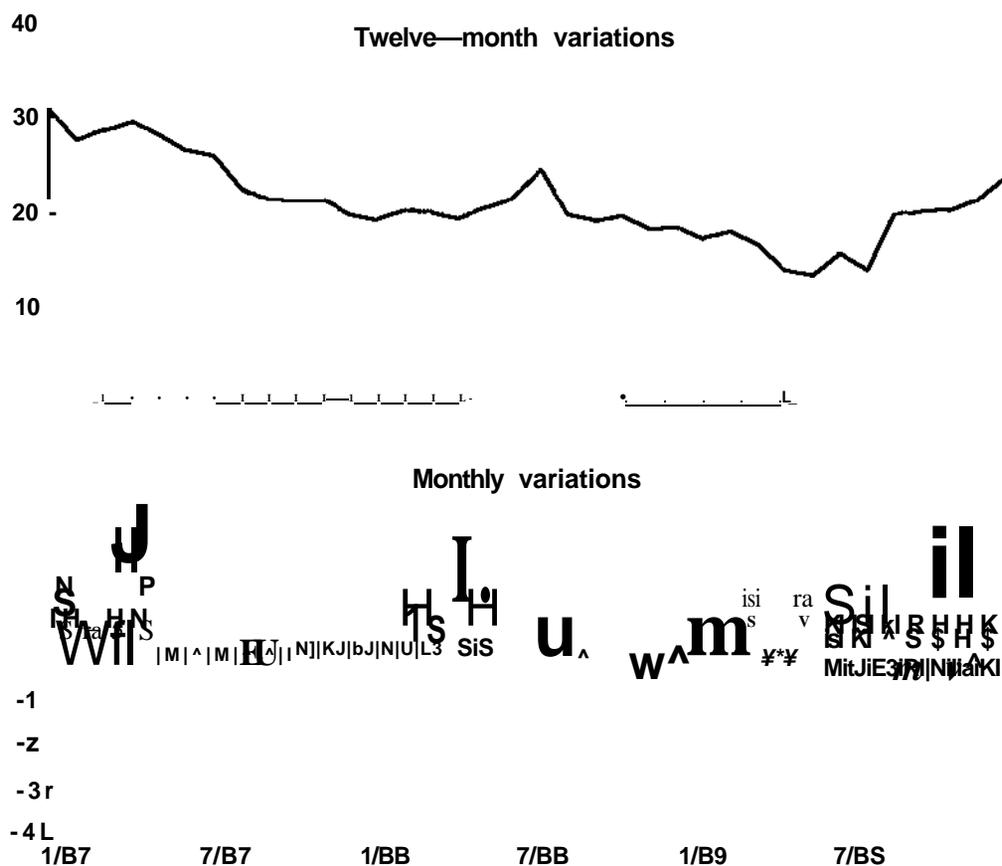
Inflation accelerated, rising from an annual rate of 18% at the end of 1988 to one of 24%. Prices fluctuated throughout the period, being somewhat higher in the latter part of the year.

One of the more significant events of 1989 was the change in government. The economic programme of the new administration brought policy changes in several areas. Within the area of foreign trade, it was decided to speed up the reduction in import tariffs and to privatize the export of coffee by putting it back into the funds of the producers and private-sector processors. In the fiscal area, a tax reform was designed to simplify the system by reducing the number of taxes. The reform included changes in the income-tax brackets and in the inheritance tax. Likewise, rates for public services were updated, and the progressive elimination of various subsidies was proposed. The interest

rate policy was apparently based on a rationalization of the yields on different assets, which was designed to reduce the existing dispersion. The government also planned to liberalize the prices of goods and services. The

announcement of this strategy appears to have produced favourable expectations in the private sector; however, some industrial sectors expressed concern about the lower tariffs.

Figure 2
EL SALVADOR: CONSUMER PRICE INDEX
(Percentages)



Source: ECLAC, on the basis of official figures.

Table 1
EL SALVADOR: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Indexes (1980=100)								
Basic economic indicators								
Gross domestic product at market prices	86.4	86.9	88.9	90.4	90.9	93.3	94.3	94.8
Gross national income	84.8	82.8	83.3	85.3	90.0	87.1	91.8	93.5
Population (millions of inhabitants)	4.63	4.66	4.71	4.77	4.85	4.93	5.03	5.14
Per capita gross domestic product	84.5	84.3	85.4	85.8	84.8	85.5	84.8	83.5
Fiscal deficit/gross domestic product	7.1	8.8	5.8	3.8	2.8	3.7	3.2	4.8
Money (Mi)/gross domestic product	14	14	15	15	13	11	10	10
Adjusted real exchange rate	77.3	68.9	61.4	50.9	81.6	70.4	61.5	60.3
Growth rates								
Short-term economic indicators								
Gross domestic product	-5.7	0.6	2.3	1.8	0.5	2.7	1.1	0.5
Per capita gross domestic product	-6.5	-0.3	1.3	0.5	-1.2	0.8	-0.9	-1.6
Gross domestic income	-5.7	-2.4	0.6	2.5	5.5	-3.2	5.4	1.8
Consumer prices								
December to December	13.4	14.8	9.8	31.9	30.2	19.6	18.2	23.5
Real wages and salaries ^c	-10.5	-11.6	0.4	-13.8	-13.2	-19.9	-5.3	-15.1
Money	4.7	-1.5	17.3	26.9	21.1	-1.1	8.3	13.9
Current value of exports of goods and services	-11.0	8.9	-0.2	14	13.0	-12.0	-1.3	-11.6
Current value of imports of goods and services	-10.4	3.2	7.4	2.7	-0.3	2.6	1.0	7.2
Terms of trade (goods and services)	1.9	-10.6	-9.4	-0.3	17.4	-20.9	9.5	-0.5
Millions of dollars								
External sector								
Trade balance (goods and services)	•218	-178	-260	-279	-158	-312	-336	-527
Net payments of profits and interest	105	121	101	94	109	122	121	121
Balance on current account	•271	-202	-243	-243	-117	-233	-231	-406
Balance on capital account	242	226	250	270	161	182	295	344
Variation in net international reserves	-27	39	19	3	32	-51	64	-62
Total external debt disbursed	1710	1890	1949	1980	1928	1880	1913	2127

Source: ECLAC, on the basis of official figures.

• Preliminary figures.

Percentages.

^c Minimum real wages of workers in industries and services in San Salvador.

Table 2
EL SALVADOR: EVOLUTION OF GROSS NATIONAL INCOME

	Indexes (1980 = 100)			Percentage breakdown			
	1987	1988	1989 ^a	1980	1987	1988	1989 ^a
Gross national income (a + b + c + d)	87.1	91.8	93.5	98.7	92.1	96.1	97.3
a) Gross domestic product	93.3	94.3	94.8	100.0	100.0	100.0	100.0
b) Terms-of-trade effect				-	-10.0	-6.6	-5.6
c) Net factor payments from abroad	170.5	163.3	155.3	-1.8	-3.3	-3.1	-3.0
d) Net private transfers from abroad	1 027.2	1116.8	1135.8	0.5	5.4	5.9	5.9

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

Table 3
EL SALVADOR: TOTAL SUPPLY AND DEMAND

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total supply	92.8	93.1	93.8	133.5	132.1	1.4	1.4	0.2	0.8
Gross domestic product at market prices	93.3	94.3	94.8	100.0	100.0	0.5	2.7	1.1	0.5
Imports of goods and services	91.6	89.4	91.0	33.5	32.1	4.3	-2.4	-2.4	1.8
Total demand	92.8	93.1	93.8	133.5	132.1	1.4	1.4	0.2	0.8
Domestic demand	93.0	97.5	103.0	98.7	107.3	1.7	-0.1	4.8	5.6
Gross domestic investment	89.4	101.7	111.4	13.3	15.6	21.5	-4.2	13.7	9.6
Gross fixed investment	98.2	100.4	103.5	13.6	14.8	7.5	9.1	2.3	3.0
Construction	81.8	86.4	89.5	7.2	6.8	-8.6	10.3	5.6	3.6
Machinery	116.5	116.1	119.0	6.4	8.0	24.5	8.2	-0.3	2.5
Public	46.3	51.3	51.4	7.1	3.9	-15.6	14.5	10.7	0.2
Private	155.6	154.8	161.0	6.4	10.9	17.4	7.4	-0.5	4.0
Variation in stocks	483.0	47.2	-245.3	-0.3	0.8				
Total consumption	93.6	96.9	101.7	85.4	91.7	-0.8	0.6	3.5	5.0
General government	124.5	127.6	130.9	14.0	19.3	3.7	3.0	2.5	2.6
Private	87.5	90.8	95.9	71.5	72.3	-2.0	-0.1	3.8	5.6
Exports of goods and services	92.3	80.4	67.8	34.8	24.9	0.6	5.7	-12.9	-15.6

Source: ECLAC, on the basis of official figures.

" Preliminary figures. ^b 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 4
**EL SALVADOR: ORIGIN, COMPOSITION AND FINANCING
 OF GROSS DOMESTIC INVESTMENT**
(As percentages of the gross domestic product)^a

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Gross domestic investment	13.3	12.1	12.2	11.3	13.6	12.7	14.3	15.6
Gross domestic saving	8.1	11.7	12.6	11.4	12.5	14.3	12.2	8.3
Net income from factor services	-3.2	-3.8	-3.0	-2.6	-3.2	-3.3	-3.1	-3.0
Terms-of-trade effect	-1.5	-5.2	-8.0	-7.9	-3.5	-10.0	-6.6	-5.6
Unrequited private transfers	1.6	3.1	3.4	3.6	4.4	5.4	5.9	5.9
Gross national saving	5.0	5.7	5.1	4.4	10.2	6.4	8.3	5.6
External saving	8.3	6.4	7.1	6.8	3.4	6.3	6.0	10.0

Source: ECLAC, on the basis of official figures.

^a At market prices, in constant 1980 dollars, at adjusted exchange rate.

^b Preliminary figures.

Table 5
**EL SALVADOR: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC
 ACTIVITY, AT 1980 MARKET PRICES**

	Indexes (1980 = 100)			Percentage breakdown		Growth ^{m3:fr} €			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product	93.3	94.3	94.8	100.0	100.0	0.5	2.7	1.1	0.5
Goods	89.6	90.4	91.1	46.4	44.6	-0.9	3.1	0.9	0.7
Agriculture ^b	87.3	86.5	86.7	27.8	25.4	-3.1	2.1	-1.0	0.2
Mining	112.6	120.5	120.5	0.1	0.2	2.8	12.6	7.0	-
Manufacturing	92.8	95.6	96.4	15.0	15.3	2.5	3.0	3.0	0.8
Construction	93.4	98.6	102.3	3.4	3.7	2.6	11.5	5.6	3.8
Basic services	101.0	102.9	103.5	5.6	6.2	13	19	19	0.6
Electricity, gas and water	111.7	113.7	113.5	2.1	2.5	2.5	2.0	1.8	-0.2
Transport, storage and communications	94.5	96.4	97.5	3.5	3.6	0.5	1.8	2.0	1.2
Other services	95.9	97.0	97.3	48.0	49.3	1.6	2.3	1.2	0.4
Commerce, restaurants and hotels	79.7	80.0	80.2	22.9	19.3	0.3	1.4	0.4	0.3
Financial institutions, insurance, real estate and business services	109.8	112.0	112.8	7.7	9.2	0.8	2.5	2.0	0.7
Ownership of dwellings	114.2	119.3	121.2	4.3	5.5	0.3	2.6	4.4	1.6
Community, social and personal services	111.1	112.6	112.9	17.4	20.8	3.2	3.2	1.4	0.3
Government services	130.9	135.3	139.1	10.3	15.1	4.5	4.0	3.4	2.8

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.

^a Preliminary figures. Includes the livestock sector, forestry and fisheries.

Table 6
EL SALVADOR: INDICATORS OF AGRICULTURAL PRODUCTION

	1975	1980	1986	1987	1988	1989 ^a	Growth rates			
							1986	1987	1988	1989 ^a
Index of agricultural production (1978 = 100)	95.4	104.6	83.7	85.5	84.6	84.8	-3.1 ^b	2.1 ^b	-1.0 ^b	0.2 ^b
Crop farming	97.3	107.4	80.9	82.4	79.0	77.3	-7.2	1.8	-4.1	-2.1
Livestock raising	90.0	88.3	85.7	91.0	94.2	96.9	4.0	6.1	3.5	2.9
Production of main crops^c										
For export										
Coffee	163	186	160	171	139	135	7.1	7.0	-18.7	-3.1
Cotton	73	61	13	12	10	9	-50.0	-9.0	-16.7	-11.7
Sugar cane	3 166	2 564	3 357	3 132	2 518	2 377	5.6	-6.7	-19.6	-5.6
For domestic consumption										
Maize	440	528	437	579	596	585	-11.7	32.4	3.0	-1.9
Beans	38	39	49	24	57	55	47.1	-50.5	132.1	-2.8
Milled rice	39	39	35	28	38	41	-23.9	-20.8	36.2	6.9
Sorghum	172	138	135	26	133	134	0.8	-80.7	410.7	0.9
Stock-raising indicators										
Number of animals slaughtered										
Cattle ^d	187	185	150	156	157	166	7.1	4.0	0.6	5.7
Pigs ^d	115	126	155	155	161		6.2	-	3.9	
Poultry ^c		14	20	19	20	21	11.1	-5.0	5.3	5.0
Other products										
Milk ^e	253	331	300	325	328	352	-3.5	8.3	0.9	7.3
Eggs ^f	588	818	891	934	945	1094	1.3	4.8	1.2	15.8

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of El Salvador and the Ministry of Agriculture.

^a Preliminary figures. Relates to the overall growth of agricultural value added. ^c Thousands of tons.
Thousands of heads. ^e Millions of bottles. Millions of units.

Table 7
EL SALVADOR: INDICATORS OF MANUFACTURING PRODUCTION

	1975	1986	1987	1988	1989 ^a	Growth rates			
						1986	1987	1988	1989 ^a
Index of value added (1980 = 100)	98.6	90.1	92.8	95.6	963	2.5	3.0	3.0	0.7
Foodstuffs, beverages and tobacco	88.5	98.2	100.4	103.0	1033	1.7	2.2	2.6	0.3
Textiles, clothing and leather products	118.9	61.1	61.7	61.9	67.9	5.2	1.0	0.3	9.7
Textiles	116.8	56.4	58.6	60.2	63.7	20.3	3.9	2.7	5.8
Clothing, footwear and other leather products	121.0	65.5	64.4	63.2	71.8	-5.1	-1.7	-1.9	13.6
Wood and paper	76.3	79.1	82.6	85.6	87.5	-2.8	4.4	3.6	2.2
Wood and wood manufactures	69.4	124.6	132.0	136.2	136.2	5.9	5.9	3.2	-
Paper and paper products	81.4	44.8	45.4	47.4	50.0	-16.9	13	4.4	5.5
Chemicals and petroleum and rubber products	137.6	84.0	86.8	90.2	88.9	1.7	3.3	3.9	-1.4
Chemicals	211.6	99.6	102.1	106.9	112.2	3.6	2.5	4.7	5.0
Petroleum and rubber products	106.2	77.1	80.1	82.8	78.5	0.6	3.9	3.4	-5.2
Non-metallic mineral products	97.6	89.0	102.3	106.7	111.2	5.2	14.9	4.3	4.2
Machinery and metal products	118.6	80.8	82.9	87.0	86.5	11.2	2.6	4.9	-0.6
Metal products	135.8	99.1	101.4	104.0	104.8	9.6	2.3	2.6	0.8
Machinery and equipment	110.6	72.4	74.4	79.1	78.1	12.2	2.8	6.3	-1.3
Other manufactures	154.4	74.1	76.4	78.2	76.6	17.2	3.1	2.4	-2.0
Other indicators of manufacturing production									
Consumption of electricity by industry	410	503	541	544	546	0.8	7.6	0.6	0.4

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of El Salvador.
Preliminary figures. ^aMillions of kWh.

Table 8
EL SALVADOR: CONSTRUCTION INDICATORS

	1980	1985	1986	1987	1988	1989 ^a	Growth rates			
							1986	1987	1988	1989 ^a
Area built up										
(thousands of m ²)										
Total			36	753	1017	..	-23	18.5	35.0	
Residential			31	557	674	..	-27.5	29.2	21.0	
Commercial			71	86	109	..	38.2	21.8	27.4	
Institutional			2	1	81			-50.0	8 020.0	
Services			62	60	97			-3.4	61.3	
Industrial	105		68	27	23			-61.0	-13.6	
Other			3	23	33			759.3	44.0	
Building loans^c	555	253	295	269	305	399^a	16.4	-8.7	13.3	31.0
Central Reserve Bank	478	14	38	40	22	...	173.9	5.4	-44.7	
Commercial and mortgage banks	77	239	257	229	283		7.3	-10.8	23.5	

Source: ECLAC, on the basis of official figures, and the Salvadorian Chamber of Construction.
^a Preliminary figures. ^b Estimated on the basis of building permits granted to the private sector. ^c Thousands of colones. Estimated on the basis of short-term loans granted by the savings and loan system.

Table 9
EL SALVADOR: INDICATORS OF ELECTRICITY GENERATION AND CONSUMPTION

	Millions of kWh					Growth rates			
	1980	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Output	1540	1750	1971	2 052	2 103	-1.5	12.6	4.1	2.5
Total consumption	1338	1500	1612	1716	1758	4.2	7.5	6.5	2.4
Residential	388	503	541	586	598	6.1	7.6	8.3	2.0
Commercial	174	213	228	240	253	9.2	7.0	5.3	5.4
Industrial	557	503	541	544	546	0.8	7.6	0.6	0.4
Government and other	219	281	302	346	361	3.5	7.5	14.6	4.3

Source: ECLAC, on the basis of data supplied by the Department of Energy and Mining Resources.

^a Preliminary figures.

Table 10
EL SALVADOR: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-271	-202	-243	-243	-117	-233	-231	-406
Trade balance	-218	-178	-260	-279	-158	-312	-336	-527
Exports of goods and services	822	896	894	906	1023	900	888	785
Goods FOB	704	758	726	679	778	591	609	497
Real services	118	138	168	227	245	309	279	288
Transport and insurance	23	30	44	58	62	67	68	69
Travel	20	24	30	43	42	43	61	62
Imports of goods and services	1041	1074	1153	1184	1181	1212	1224	1312
Goods FOB	826	832	915	895	902	925	937	1021
Real services	215	242	239	289	279	287	287	291
Transport and insurance	72	81	86	89	99	113	115	131
Travel	60	86	74	89	74	73	71	60
Factor services	-105	-121	-101	-94	-109	-122	-121	-121
Profits	-45	-36	-40	-32	-34	-40	-39	-34
Interest received	14	13	17	16	17	15	15	17
Interest paid and due	-98	-107	-110	-101	-103	-122	-122	-124
Labour and property	24	10	32	23	12	25	25	20
Unrequited private transfer payments	52	97	118	129	150	201	226	242
Balance on capital account	242	226	250	270	161	182	295	344
Unrequited official transfer payments	119	174	190	214	234	371	283	277
Long-term capital	189	317	84	99	66	-38	15	138
Direct investment	-1	28	12	12	24	-	-	-
Portfolio investment	-1	-	-	-	-3	-	-	-
Other long-term capital	191	289	72	87	45	-38	15	138
Official sector ^c	185	283	82	88	45	58	62	99
Loans received	291	421	257	250	242	111	120	146
Amortization payments	-84	-137	-174	-154	-195	-53	-58	-47
Commercial banks ^c	-	-1	-1	-	1	-	-1	-
Loans received	1	-	-	-	1	-	-	-
Amortization payments	-1	-1	-1	-	-	-	-1	-
Other sectors ^c	6	6	-10	-1	-1	-96	-46	39
Loans received	36	28	9	17	17	101	119	115
Amortization payments	-30	-22	-18	-18	-18	-198	-165	-76
Short-term capital	-36	-215	28	-67	3	-	-	-
Official sector	-65	-121	10	-10	-23	-	-	-
Commercial banks	29	-33	-7	-48	36	-	-	-
Other sectors	-	-61	26	-8	-11	-	-	-
Errors and omissions (net)	-30	-50	-52	23	-141	-49	-3	-71
Global balance	-29	24	7	27	45	-51	64	-62
Total variation in reserves (-sign indicates an increase)	27	-39	-19	-3	-32	51	-64	62
Monetary gold	-	2	-	-	-	-	-	-
Special Drawing Rights	-2	2	-	-	-	-	-	-
IMF reserve position	-	-	-	-	-	-	-	-
Foreign exchange assets	-35	-53	-6	14	13	-48	25	-
Other assets	-	-	-	-	-	-	-	-
Use of IMF credit	64	11	-13	-17	-46	-37	-6	-

Source: 1982-1986: ECLAC, on the basis of figures supplied by the International Monetary Fund; 1987-1989: ECLAC, on the basis of figures supplied by the Central Reserve Bank of El Salvador.

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

Table 11
EL SALVADOR: EVOLUTION OF EXCHANGE RATE
(Yearly and quarterly averages)

	Nominal exchange rate (colones per dollar)		Real effective exchange rate indexes ^a (1985 = 100)	
	Official	Parallel	Exports	Imports
1970-1979			207.5	202.8
1980-1989			141.2	137.7
1980	2.50	196.5	218.0	
1981	2.50	169.3	207.8	
1982	2.50	151.8	156.8	
1983	2.50	135.3	130.6	
1984	2.50	120.6	120.0	
1985	2.50	100.0	100.0	
1986	5.00	160.4	135.5	
1987	5.00	5.43	138.4	110.2
1988	5.00	5.50	120.9	97.9
1989	5.70	6.21	118.5	100.2
1987				
I	5.00	5.40	145.1	115.1
II	5.00	5.40	138.7	110.3
III	5.00	5.40	135.1	108.7
IV	5.00	5.50	134.8	106.5
1988				
I	5.00	5.40	130.8	103.8
II	5.00	5.50	122.2	98.0
III	5.00	5.50	114.8	94.8
IV	5.00	5.60	115.8	94.8
1989				
I	5.00	5.77	112.5	93.8
II	5.00	5.97	106.8	91.1
III	6.35	6.45	127.8	109.2
IV	6.46	6.64	127.1	106.8

Source: ECLAC, on the basis of data from the Central Reserve Bank of El Salvador and the International Monetary Fund, (International Financial Statistics).

^a Corresponds to the average real exchange rate indexes (official) 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: MAIN FOREIGN TRADE INDICATORS (GOODS)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Growth rates								
Exports FOB								
Value	-11.8	7.6	-4.2	-6.5	14.6	-24.0	3.0	-18.4
Volume	-13.6	29.7	3.4	-2.4	-6.0	6.1	-11.0	-16.6
Unit value	2.2	-17.0	-7.4	-4.2	21.9	-28.4	15.8	-2.2
Imports FOB								
Value	-8.1	0.8	9.9	-2.1	0.8	2.5	1.3	9.0
Volume	-8.1	7.1	4.4	-2.7	6.0	-2.2	-1.8	2.9
Unit value	-	-5.9	5.2	0.5	-4.8	4.8	3.1	5.9
Terms of trade	1.9	-12.3	-12.7	-5.0	28.0	-31.8	11.9	-7.5
Indexes (1980 = 100)								
Purchasing power of exports	61.3	69.6	62.9	58.4	70.2	50.8	50.6	39.0
Volume of exports	65.9	85.4	88.4	86.3	81.1	86.0	76.5	63.8
Volume of imports	86.6	92.7	96.8	94.2	99.8	97.7	95.9	98.7
Terms of trade	93.5	82.5	72.6	69.1	88.5	60.5	68.0	62.8

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 13
EL SALVADOR: EXPORTS OF GOODS FOB

	Millions of dollars			Percentage breakdown			Growth rates		
	1987	1988	1989*	1980	1989*	1986	1987	1988	1989 ^a
Total	590.9	608.8	497.3	100.0	100.0	11.2	-21.7	3.0	-18.3
Central America	119.6	139.8	159.0	27.5	32.0	-5.2	31.9	16.9	13.7
Rest of world	471.3	469.0	338.3	72.5	68.0	13.9	-29.1	-0.5	-27.9
Main traditional exports	376.4	393.5	262.0	71.2	52.7	12.9	-34.8	4.5	-33.4
Coffee	351.5	358.0	230.0	60.9	46.2	17.9	-35.6	1.8	-35.8
Cotton	2.3	0.3	0.8	7.9	0.2	-82.8	-60.0	-87.0	166.7
Sugar	12.1	19.2	13.6	1.2	2.7	8.7	-52.0	58.7	-29.2
Shrimp	20.5	16.0	17.6	1.2	3.5	70.0	23.5	-22.0	10.0
Non-traditional exports	204.5	215.3	235.3	28.8	47.3	-8.0	26.7	5.3	9.3
Perfumery, toiletries and cosmetics	3.0	4.0		1.4		-57.1		33.3	
Insecticides, fungicides and disinfectants	6.0	3.0		0.6		-20.0	50.0	-50.0	
Cotton yarn and thread	6.0	7.0		1.0		-22.2	-14.3	16.7	
Clothing	4.0	6.0		2.9			33.3	50.0	
Paper and paper and cardboard products	22.0						51.0		
Medicines	16.0						4.2		
Footwear	11.0						60.3		
Towels and other textiles	9.0						45.6		
Aluminium manufactures	8.0						32.3		
Other non-traditional exports	120.0						25.3		

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of El Salvador.

* Preliminary figures.

Table 14
EL SALVADOR: IMPORTS OF GOODS, CIF

	Millions of dollars			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	994	1007	1106	100.0	100.0	-2.7	63	1.3	9.9
Central America	181	198	211	33.3	19.1	-25.7	12.6	8.9	6.8
Rest of world	813	809	895	66.7	80.9	3.9	5.0	-0.4	10.6
Consumer goods	241	258	280	31.9	25.3	-20.1	16.3	7.4	8.4
Durables	32	33	36	3.5	3.3	-47.8	28.4	3.7	8.4
Non-durables	209	225	244	28.4	22.1	-13.8	14.6	7.9	8.4
Raw materials and intermediate products	501	496	549	56.4	49.6	-16.8	10.6	-1.0	10.6
Petroleum and fuels	104	81	92	15.7	8.3	-38.4	27.2	-22.3	13.6
Construction materials	61	63	66	5.9	6.0	-4.8	37.5	4.6	4.3
Fertilizers	27	24	31		2.8	-37.5	10.5	-13.9	30.2
Other	309	328	360	34.8	32.5	-7.1	2.1	6.2	9.7
Capital goods	252	253	268	11.7	24.2	42.4	12.4	0.1	6.0
Manufacturing	72	79	81	4.7	7.3	35.6	23.3	9.3	2.4
Transport	124	122	129	3.5	11.7	82.0	0.2	-1.7	6.2
Agriculture	13	8	9	0.8	0.8	-23.7	28.2	-39.4	10.0
Construction	11	11	14	1.3	1.3	3.2	65.6	5.7	25.0
Other	32	32	35	1.4	3.2	-4.9	26.3	0.6	6.5

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of El Salvador.

^a Preliminary figures.

Table 15
EL SALVADOR: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Millions of dollars								
Total external debt	1 710	1 890	1 949	1980	1928	1880	1913	2 127
Public	1517	1706	1763	1805	1782	1743	1769	1965
Private	193	184	186	175	146	137	144	162
Medium- and long-term	1 443	1 743	1 805	1866	1849	1808	1819	1970
Short-term	267	147	144	114	79	72	94	157
Disbursements	763	625	447	382	366	291	347	394
Servicing	608	539	481	436	530	399	399	257
Principal	524 ^o	445 ^o	388	351	418	314	314	180
Interest	84	94	93	85	112	85	85	77
Percentages								
Total external debt/exports of goods and services	208.0	210.9	218.0	218.5	188.5	208.9	215.4	271.0
Servicing/exports of goods and services	74.0	60.2	53.8	48.1	51.8	47.1	44.9	32.7
Interest payments/exports of goods and services	10.2	10.5	10.4	9.4	10.9	9.4	9.6	9.8
Servicing/disbursements	79.7	86.2	107.6	114.1	144.8	145.7	115.0	65.2

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of El Salvador.

^a Preliminary figures. ^b Year-end balances of disbursed debt. ^c Includes accounting movements and renegotiations.

Table 16
EL SALVADOR: DOMESTIC PRICES

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Variation from December to December										
Consumer price index	18.6	11.6	13.4	14.8	9.8	31.9	30.2	19.6	18.2	23.5
Food	22.5	14.4	11.0	17.9	10.6	27.5	30.3	22.5	30.6	32.6
Variation between annual averages										
Consumer price index	17.4	14.7	11.7	13.1	11.7	22.4	31.9	24.9	19.8	17.6
Food	19.7	17.7	10.6	13.4	14.1	18.9	31.8	25.4	29.4	26.9

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 17
EL SALVADOR: WAGES

	Indexes (December 1978 = 100)						Growth rates						
	1984	1985	1986	1987	1988	1989 ^a	1983	1984	1985	1986	1987	1988	1989 ^a
Nominal minimum													
wages													
Agricultural workers	122.4	122.4	184.1	184.1	214.6	214.6	-	-	-	50.4	-	16.6	-
Harvesting													
Coffee	146.2	146.2	146.2	146.2	159.8	159.8	-	-	-	-	-	9.3	-
Sugar cane	209.1	209.1	209.1	209.1	215.2	215.2	-	-	-	-	-	2.9	-
Cotton	161.5	161.5	161.5	161.5	192.2	192.2	-	-	-	-	-	19.0	-
Seasonal agro-industries													
Coffee processing	200.0	200.0	200.0	200.0	228.6	228.6	-	-	-	-	-	14.3	-
Sugar refining	133.3	133.3	133.3	133.3	166.6	166.6	-	-	-	-	-	25.0	-
Cotton processing	128.0	128.0	128.0	128.0	160.0	160.0	-	-	-	-	-	25.0	-
Other activities in San Salvador													
Industry and services	176.2	185.7	212.5	212.5	240.8	240.8	-	12.2	5.4	14.4	-	13.3	-
Commerce	171.3	180.6	206.6	206.6	234.1	234.1	-	12.1	5.4	14.4	-	13.3	-
Real minimum													
wages ^c													
Agricultural workers	59.2	48.4	55.2	44.2	43.0	36.6	-11.6	-10.4	-18.2	14.0	-19.9	-2.7	-15.0
Harvesting													
Coffee	70.7	57.8	43.8	35.1	32.0	27.2	-11.6	-10.5	-18.2	-24.2	-19.9	-8.8	-14.9
Sugar cane	101.2	82.7	62.7	50.2	43.1	36.7	-11.6	-10.4	-18.3	-24.2	-19.9	-14.1	-14.9
Cotton	78.1	63.9	48.4	38.8	38.5	32.7	-11.6	-10.5	-18.2	-24.3	-19.8	-0.8	-14.9
Seasonal agro-industries													
Coffee processing	96.8	79.1	60.0	48.0	45.8	39.0	-11.6	-10.4	-18.3	-24.1	-20.0	-4.6	-15.0
Sugar refining	64.5	52.7	40.0	32.0	33.4	28.4	-11.7	-10.4	-18.3	-24.1	-20.0	4.4	-15.0
Cotton processing	61.9	50.6	38.4	30.7	32.1	27.3	-11.5	-10.5	-18.3	-24.1	-20.1	4.6	-15.1
Other activities in San Salvador													
Industry and services	85.2	73.4	63.7	51.0	48.3	41.0	-11.6	0.4	-13.8	-13.2	-19.9	-5.3	-15.1
Commerce	82.9	71.4	61.9	49.6	46.9	39.9	-11.7	0.5	-13.9	-13.3	-19.9	-5.4	-15.0

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

^b Calculated on the basis of the average annual wage.

^c Deflated by consumer price index.

Table 18
EL SALVADOR: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of colones				Growth rates			
	1986	1987	1988	1989*	1986	1987	1988	1989*
1. Current income	2888	2 728	2 813	2 616	51.0	-5.5	3.1	-7.0
Tax revenue	2 580	2 588	2 532	2454	55.6	0.3	-2.2	-3.1
Direct	526	711	739	695	36.6	35.2	3.9	-6.0
Indirect	2 054	1877	1793	1759	61.4	-8.6	-4.5	-1.9
On foreign trade	1168	702	592	458	119.1	-39.9	-15.7	-22.6
Non-tax revenue	308	140	281	162	20.8	-54.5	100.7	-42.3
2. Current expenditure	2 568	2 761	3 042	3480	34.5	7.5	10.2	14.4
Remunerations	1457	1708	1821	2166	23.3	17.2	6.6	18.9
Purchase of goods and services	385	450	511	539	42.1	16.9	13.6	5.5
Interest payments	260	241	244	289	51.2	-7.3	1.2	18.4
Transfers and other payments	466	362	466	486	64.1	-22.3	28.7	4.3
3. Current savings (1-2)	320	-33	-229	-864				
4. Capital expenditure	872	831	648	675	59.1	-4.7	-22.0	4.2
Real investment	485	532	468	645	31.1	9.7	-12.0	37.8
Other capital expenditure	387	299	180	30	117.4	-22.7	-39.8	-83.3
5. Total expenditure (2+4)	3 440	3 592	3 690	4155	40.0	4.4	2.7	12.6
6. Fiscal deficit (1-5)	-552	-864	-877	-1539				
7. Financing of deficit								
Domestic financing (net)	-46	39	57	972				
Credit received	-4	-1	-	-12				
Less amortization payments	•170	-203	-143	-178				
Sales of securities	111	57	-92	103				
Other	17	186	292	1059				
External financing	598	825	820	567				
Credit received	458	416	454	321				
Less amortization payments	•122	-90	-176	-196				
Sales of securities	-50	-47	-	-				
Other	312	546	542	442				
Ratios (percentages)								
Current savings/capital expenditure	36.7	-4.0	-35.3	-128.0				
Fiscal deficit/total expenditure	16.0	24.1	23.8	37.0				
Tax revenue/GDP	13.1	11.2	9.3	7.7				
Total expenditure/GDP	17.4	15.5	13.5	13.0				
Fiscal deficit/GDP	2.8	3.7	3.2	4.8				
Domestic financing/deficit	-8.3	4.5	6.5	63.2				
External financing/deficit	108.3	95.5	93.5	36.8				

Source: ECLAC, on the basis of official figures.

* Preliminary figures. Includes transfers and other capital expenditures.

Table 19
EL SALVADOR: MONETARY INDICATORS

	Year-end balances (millions of colones)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Money (Mi)	2 611	2 581	2 794	3 182	21.1	-1.1	83	13.9
Currency outside banks	1156	1298	1326	1727	7.0	12.3	2.2	30.2
Current account deposits	1455	1283	1468	1455	35.2	-11.8	14.4	-0.9
Factors of expansion	9 047	9 953	10 440	12 303	21.2	10.0	4.9	17.8
International reserves (net)	1255	1510	1190	1502	185.9	20.3	-21.2	26.2
Domestic credit	7 792	8 443	9 250	10 801	10.9	8.4	9.6	16.8
To the public sector	2684	2914	3 031	4 041	-5.2	8.6	4.0	33.3
Central government (net)	1634	1776	1614	2 595	-10.3	8.7	-9.1	60.8
Public institutions	1050	1138	1417	1446	3.9	8.4	24.5	2.0
To the private sector	5108	5 529	6 219	6 760	21.8	8.2	12.5	8.7
Factors of absorption	6 436	7 372	7 646	9 121	21.3	14.5	3.7	19.3
Quasi-money (savings and time deposits)	4 348	4 873	5 553	5 800	35.5	12.1	14.0	4.4
Other items (net)	2 088	2499	2 093	3 321	-0.6	19.7	-16.2	58.7
Coefficients								
Monetary multipliers								
Mi/monetary base	0.95	0.89	0.91	0.92				
M2/monetary base	2.53	2.56	2.72	2.59				
M1/GDP	0.13	0.11	0.10	0.10				

Source: ECIAC, on the basis of figures supplied by the Central Reserve Bank of El Salvador.

^a Preliminary figures. ^b Calculated on the basis of annual averages.

GUATEMALA

Economic activity continued to recover slowly in the wake of the recession of the first half of the 1980s. Thus, the gross domestic product grew by 3.5%, representing a slight rise in the per capita product for the third consecutive year. The vigorous growth in exports (22%) was not enough to stave off a temporary balance-of-payments crisis, which led to a substantial modification of the exchange policy in the form of a move to decontrol the foreign exchange market. This measure, coupled with the monetary expansion stemming from the bigger fiscal deficit, speeded up inflation from 11% to 20% a year.

Positive production trends and the increase in exports, notwithstanding the decline in international coffee prices, helped to reduce the imbalance in the balance-of-payments current account. Towards the middle of the year, however, a balance-of-payments crisis resulted from the reduction MI external financing, and the Government was able to counteract it only by making considerable changes in the exchange policy. This action together with an increase in indebtedness enabled the country to end the year with a slight increase in international reserves.

The monetary expansion stemming from greater demands for public sector financing and the higher exchange rate pushed the inflation rate up sharply to over 20% a year, and had an adverse impact on real wages. The fiscal policy, for its part, was unable to come to grips with the public deficit, whose increase had a marked impact on monetary and financial management; this last-mentioned was also affected by the foreign exchange crisis (see table 1 and figure 1).

The production rate received a special boost from external demand. Thus, the volume of exports expanded vigorously, owing to an increase in the exportable supply, to official incentives and to a favourable real exchange

rate (80% higher than that of 1985). This had a positive impact on the development of certain agricultural activities (especially the production of non-traditional exports), services relating to tourism and some branches of manufacturing.

The growth of domestic demand was much slower, although fixed gross investment continued to increase steadily, especially private investment in the construction of housing and commercial facilities. Consequently, and also as a result of the expansion of credit, the construction sector recorded a significant upward trend. The progress of trade was more moderate; it was sustained by the trends in domestic demand and some effects stemming from the additional imports of goods.

Since the beginning of the year, the combination of expansionary fiscal and monetary policies within the framework of a fixed exchange rate had been generating increasingly severe imbalances. As far as fiscal matters were concerned, there was a decline in tax revenues as a result of the combined effects of the reduction in levies on foreign trade, a considerable amount of tax evasion and the weakening of the effects of the 1987 tax reform. On the other hand, current expenditure continued to grow, owing to transfer payments to public bodies and the private sector, the effects of the wage policy adopted in the previous year and higher interest payments on the public debt. Capital expenditure also rose, owing to public investment recovery programmes.

The decline in external financing resulted in a greater demand for domestic resources by the public sector. This led to an increasing flow of credits to the Government which caused a sharp expansion of liquidity in the first few months. Subsequently, the additional liquidity

Figure 1

GUATEMALA: MAIN ECONOMIC INDICATORS

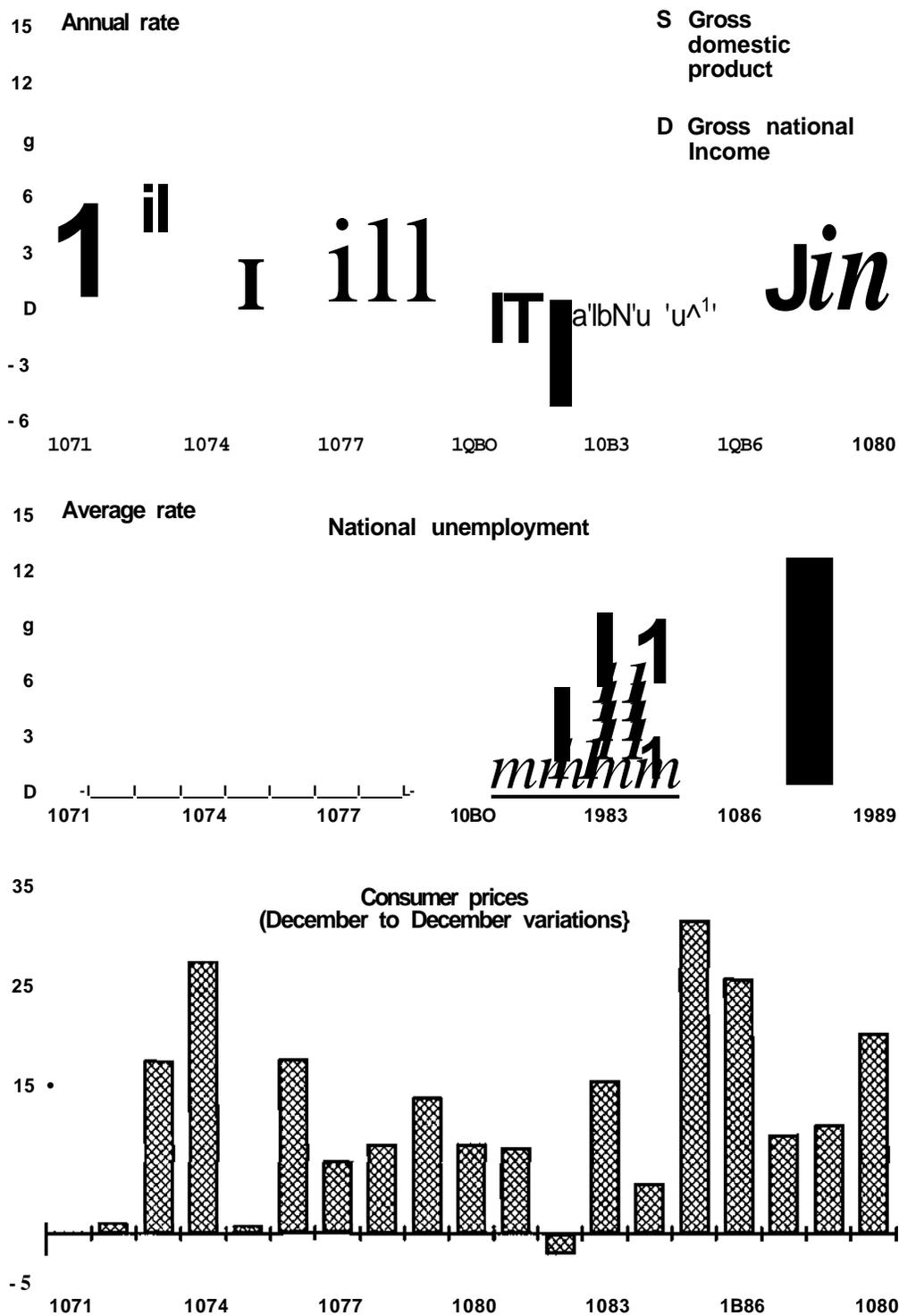
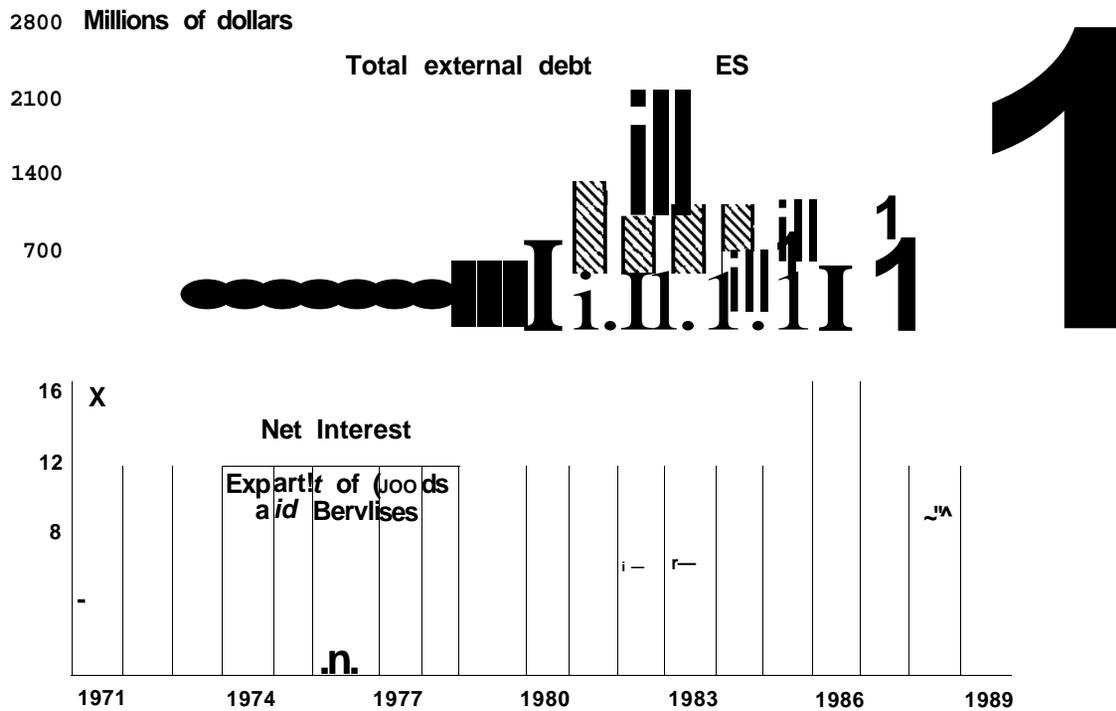
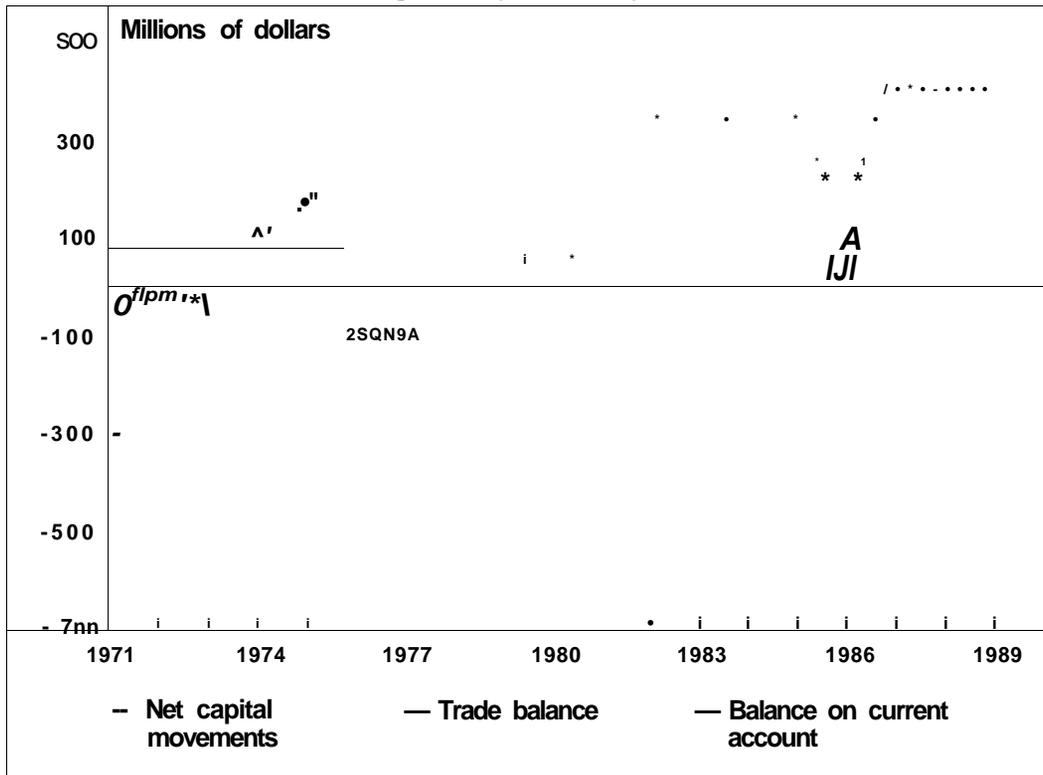
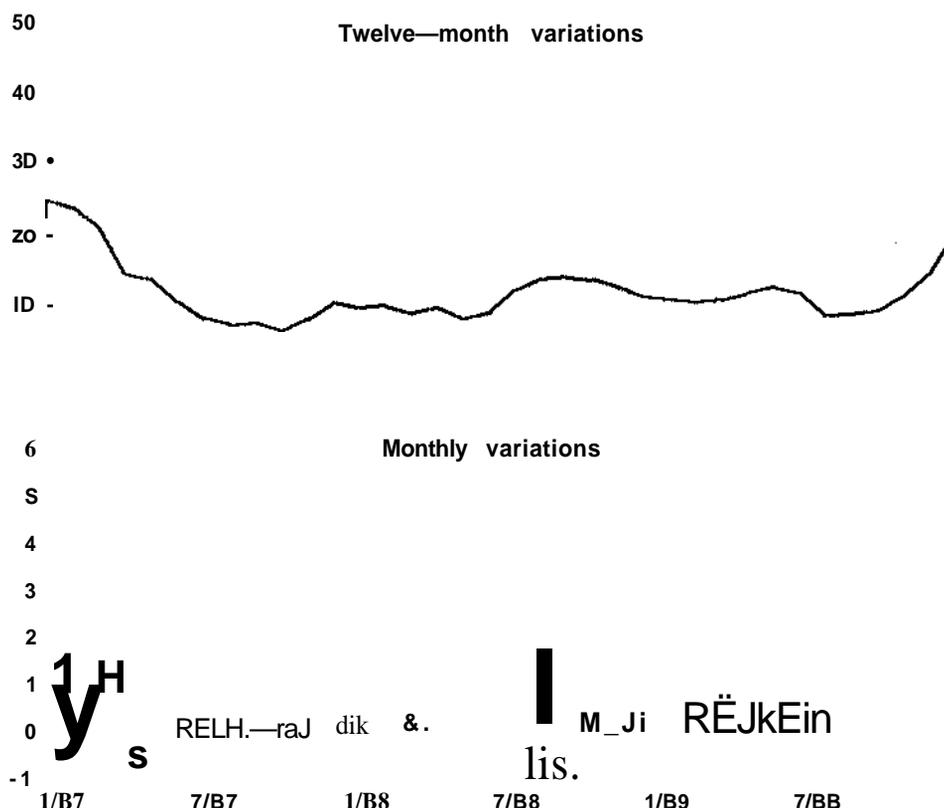


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

Figure 2
 GUATEMALA: CONSUMER PRICE INDEX
 (Percentages)



Source: ECLAC, on the basis of official figures.

shifted to the foreign exchange market and caused an increased demand for hard currency to pay for imports of goods and tourism, in a context of growing expectations that the exchange system would be modified. All of the foregoing led to a loss in international reserves throughout most of the year, which contrasted with the improvement in the trade balance and the shrinkage of the current-account deficit.

External debt arrears and the failure to meet the fiscal and monetary goals established under the agreement signed at the end of the previous year with the International Monetary Fund (IMF) clearly limited the possibility of securing additional external financing, and this problem began to build towards an external payments crisis. In June, the country reached a critical situation with regard to reserves, and some gold reserves had to be sold, while applications

for foreign exchange for tourism were subjected to 100% advance deposits.

In August, the authorities announced a series of measures aimed at improving the situation; some of them were meant to have immediate effects while others were expected to bring about medium-term changes in public policies. The authorities first tried to reverse the negative trend in public sector accounts by curbing spending in general, improving tax administration and increasing charges for public services. Also, with the aim of reducing the expansion of domestic credit, a more restrictive financial policy was announced that put ceilings on credit to the private sector in addition to raising interest rates as part of the move to decontrol them. Finally, with respect to foreign exchange, the currency was devalued by 3%, and it was announced that a more

flexible mechanism for setting the exchange rate would later be applied in order to avoid weakening the performance of foreign trade; at the same time, restrictions and controls on the sales of foreign exchange were tightened.

The above-mentioned measures had a very limited impact. The tighter fiscal policy mainly affected capital spending, whereas it had a slower impact on other sectors of the economy. As a result, government credit and public debt rose sharply. At the same time, since credit restrictions continued to be partial, they could not be used to limit monetary expansion. Moreover, the smallness of the devaluation tended to strengthen expectations that additional adjustments would be made in the near future. Thus, the rise in prices of exportable goods began to be reflected in other prices, whose increases were now more clearly affected by expectations of devaluation; there were also some supply problems, especially with respect to basic foodstuffs, which generated additional inflationary pressure.

Finally, in the face of the continuing reserve crisis, the Government made a drastic change in the exchange system in November, allowing the quetzal to float. This measure, together with the decontrol of interest rates, turned the situation around, bringing about a slight increase in international reserves by the end of the year. On the other hand, the resulting devaluation, compounded by the increase in public charges during the same month, speeded up inflation.

In brief, the Guatemalan economy went through an exchange and financial crisis in 1989 that somewhat overshadowed other, more positive results such as the increase in exports and the moderate growth rate. It forced the Government to make substantial changes in its exchange and interest rate policies; the decontrol of these variables, in response to the payments crisis in a context of worsening fiscal imbalance, had a direct impact on prices and real wages.

Table 1
GUATEMALA: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Indexes (1980 = 100)								
Basic economic indicators								
Gross domestic product at market prices	97.5	94.9	94.9	94.4	94.6	98.0	101.8	105.3
Gross national income	92.8	90.2	89.4	88.5	92.0	92.8	97.6	100.3
Population (millions of inhabitants)	7.3	7.5	7.7	8.0	8.2	8.4	8.7	8.9
Per capita gross domestic product	92.2	87.2	84.8	82.0	79.9	80.4	81.1	81.5
Fiscal deficit/GDP ^b	4.7	3.3	3.8	1.8	1.9	2.5	2.5	3.2
Money (M1)/GDP ^b	8.6	8.7	8.9	11.8	9.1	9.4	9.2	9.4
Real effective exchange rate	92.2	90.5	89.2	76.9	105.5	136.2	137.2	138.2
Open unemployment rate	6.0	10.0	9.1	12.1	14.0	11.4	8.9	6.3
Growth rates								
Short-run economic indicators								
Gross domestic product	-3.4	-2.7		-0.6	0.3	3.6	3.8	3.5
Per capita gross domestic product	-6.1	-5.4	-2.8	-3.3	-2.6	0.7	0.8	0.5
Gross national income	-5.2	-2.9	-0.9	-0.9	3.9	0.8	5.3	2.7
Consumer prices								
December to December			5.2	31.5	25.7	10.1	11.0	20.2
Real wages and salaries	6.0	1.2	-9.0	-13.6	-18.3	6.8	5.2	-2.7
Current value of exports of goods and services	-11.6	-8.3	4.8	-5.1	0.4	-2.7	11.8	18.0
Current value of imports of goods and services	-19.7	-19.2	8.6	-11.9	-17.0	52.3	9.0	9.6
Terms of trade (goods and services)	-6.9	14	2.7	-4.0	24.4	-20.8	3.3	-2.9
Millions of dollars								
External sector								
Trade balance (goods and services)	-348	-142	-199	-92	126	-452	-461	-399
Net payments of profits and interest	114	113	207	168	212	178	169	184
Balance on current account	-400	-225	-378	-241	-36	-528	-477	-388
Balance on capital account	361	276	389	343	147	474	411	450
Variation in net international reserves	-16	64	27	81	85	-84	-83	59
Total external debt	1839	2156	2 495	2 694	2 674	2 700	2 599	2 732

Source: ECLAC, on the basis of official figures.

^a Preliminary figures. ^b Percentages.

Table 2
GUATEMALA: REAL GROSS NATIONAL INCOME

	Indexes(1980 == 100)			Percentage breakdown			
	1987	1988	1989 ^a	1980	1987	1988	1989 ^a
Gross national income (a + b + c + d)	92.8	97.7	100.3	100.8	95.4	96.8	96.0
a) Gross domestic product	98.0	101.8	105.3	100.0	100.0	100.0	100.0
b) Terms-of-trade effect				.	-3.6	-3.0	-4.1
c) Net income from external factors	402.4	365.0	397.1	-0.6	-2.4	-2.1	-2.2
d) Net private transfers from abroad	94.8	137.2	174.8	1.4	1.3	I. ⁹	2.3

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 3
GUATEMALA: TOTAL SUPPLY AND DEMAND

	Indexes(1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total supply	95.0	98.6	103.1	125.1	122.5	-1.4	9.1	3.8	4.5
Gross domestic product at market prices	98.0	101.8	105.3	100.0	100.0	0.3	3.6	3.8	3.5
Imports of goods and services	82.9	86.2	94.4	25.1	22.5	-11.1	46.1	3.9	9.6
Total demand	95.0	98.6	103.1	125.1	122.5	-1.4	9.1	3.8	4.5
Domestic demand	97.6	101.4	102.9	102.9	100.6	1.0	7.7	3.9	1.5
Gross domestic investment	88.2	87.5	87.8	15.9	13.3	0.3	32.5	-0.8	0.4
Gross fixed investment	71.4	79.8	88.4	16.4	13.8	3.9	16.4	11.7	10.8
Construction	60.8	69.1	76.0	7.5	5.4	2.7	12.3	13.6	10.0
Machinery and equipment	80.3	88.7	98.7	9.0	8.4	4.6	19.2	10.5	11.3
Public	51.8	57.5	63.2	5.9	3.6	3.7	23.8	11.1	9.9
Private	82.6	92.4	102.7	10.5	10.2	3.9	14.0	11.9	11.1
Changes in stocks				-0.6	-0.5				
Total consumption	99.3	104.0	105.7	87.0	87.4	1.1	4.5	4.7	1.6
General government	116.7	122.3	125.2	7.9	9.4	5.4	6.9	4.9	2.3
Private	97.6	102.1	103.7	79.1	77.9	0.6	4.2	4.7	1.5
Export of goods and services	83.0	85.6	104.0	22.2	21.9	-13.6	17.9	3.1	21.5

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

^a Preliminary figures.

^b 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 ECLAC for that purpose.

Table 4
GUATEMALA: ORIGIN AND FINANCING OF GROSS DOMESTIC INVESTMENT

(As a percentage of the gross domestic product)

	1982	1983	1984	1985	1986	1987	1988	1989 ^o
Gross domestic investment	15.2	13.0	13.8	11.2	11.2	14.3	13.7	13.3
Gross domestic saving	14.3	14.2	13.8	13.3	12.6	11.8	11.1	12.6
Net income from factor services	-1.4	-1.5	-2.7	-2.3	-3.1	-2.4	-2.1	-2.2
Terms-of-trade effect	-3.4	-3.1	-2.7	-3.4	0.4	-3.6	-3.0	-4.1
Unrequited private transfer payment	0.8	0.4	0.4	0.3	0.7	1.3	1.9	2.3
Gross national saving	10.3	10.0	8.8	7.9	10.7	7.2	7.8	8.7
External saving	4.9	3.0	5.0	3.3	0.5	7.1	5.9	4.6

Source: ECLAC, on the basis of official figures.

^a At market prices in constant 1980 dollars at the adjusted exchange rate.

^b Preliminary figures.

Table 5
GUATEMALA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT 1980 MARKET PRICES

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product	98.0	101.8	105.3	100.0	100.0	0.3	3.6	3.8	3.5
Goods	93.7	97.5	100.1	50.1	47.7	0.1	3.8	4.1	2.9
Agriculture	101.3	105.7	108.4	27.1	27.9	-0.8	3.9	4.3	2.5
Mining	56.8	59.5	62.8	0.7	0.4	30.8	-1.2	4.8	5.7
Manufacturing	92.3	94.3	96.4	17.6	16.1	0.7	2.0	2.2	2.2
Construction	59.9	67.7	74.2	4.6	3.3	3.2	14.4	12.9	9.7
Basic services	108.1	113.5	121.2	5.7	6.5	3.2	5.6	5.0	6.8
Electricity, gas and water	128.2	138.7	149.8	1.3	1.8	12.3	7.9	8.2	8.0
Transport, storage and communications	102.3	106.3	113.0	4.4	4.7	0.4	4.8	3.9	6.3
Other services	101.7	105.1	108.9	44.3	45.8	0.1	3.1	3.3	3.6
Commerce, restaurants and hotels	89.7	92.5	96.0	22.5	20.5	-2.2	3.0	3.1	3.8
Financial institutions, insurance, real estate and business services	113.3	117.1	121.1	7.7	8.9	2.3	2.4	3.3	3.5
Ownership of dwellings	116.7	118.9	121.7	4.9	5.6	2.1	1.8	1.9	2.4
Community, social and personal services	114.5	118.6	122.8	14.0	16.4	1.7	3.8	3.6	3.5
Government services	129.0	133.7	137.7	6.9	9.1	3.9	5.4	3.7	3.0

Source: ECLAC, on the basis of official figures, which are 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.

^a Preliminary figures.

Table 6
GUATEMALA: INDICATORS OF AGRICULTURAL PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates			
					1986	1987	1988	1989 ^a
Indexes of agricultural production (1980 = 100)	97.5	101.0	105.4	108.0	-0.9	3.6	4.4	2.5
Crop farming* ⁵	99.6	104.2	108.1		0.4	4.6	3.7	
Stock raising	93.6	95.3	100.4		-4.4	1.8	5.4	
Forestry	94.7	96.4	97.4		1.9	1.8	1.0	
Production of the main crops								
For export								
Coffee ^c	3 945	4 075	4 136	4 202	1.1	3.3	1.5	1.6
Cotton ^c	893	1048	1080	937	-35.5	17.4	3.1	-13.2
Bananas	15 617	15 726	14 783	15 359	3.6	0.7	-6.0	3.9
Sugar cane ^e	124	125	126	127	2.5	0.8	0.8	0.8
Cardamom	178	210	230	240	23.6	18.0	9.5	4.3
For domestic consumption								
Maize ^c	25 152	26 259	28 281	26 640	4.0	4.4	7.7	-5.8
Beans ^c	2 647	2 099	1990	1924	5.2	-20.7	-5.2	-3.3
Rice ^c	737	886	1043	675	-11.7	20.2	17.7	-35.3
Indicators of stock-raising production								
Stocks								
Cattle ^f	2 022	2 004	...	...	-0.3	-0.9		
Pigs ^f	599	610	...	...	-0.8	1.8		
Poultry ^g	53	56	...	...	3.9	5.7		
Slaughtering								
Cattle ^f	206	262	302	...	-28.7	27.2	15.3	
Pigs ^f	306	311	313	...	-0.6	1.6	0.6	
Poultry ^g	1187	1248	1308	...	5.1	5.1	4.8	
Other products								
Milk ^h	233	245	...	...	1.3	5.2		
Eggs ⁱ	106	112	...	...	6.0	5.7		
Honey ⁰	92	91	...	...	1.1	-1.1		

Source: ECLAC, on the basis of figures supplied by the Banco de Guatemala and the National Institute of Statistics.

^a Preliminary figures. ^b On the basis of figures at 1958 prices. ^c Thousands of quintals. ^d Thousands of bunches. ^e Millions of quintals. ^f Thousands of head. ^g Millions of head. ^h Millions of litres. ⁱ Millions of dozens.

Table 7
GUATEMALA: INDICATORS OF MINING PRODUCTION

	1986	1987	1988	1989 ^a	Percentage	Growth rates			
					breakdown (1985)	1986	1987	1988	1989 ^a
Indexes of mining production (1980 = 100)	56.8	56.1	58.4	60.7	100.0	29.4	-1.2	4.1	3.9
Production of some important minerals									
Petroleum	102.0	75.7	75.9		34.3	68.9	-25.8	0.3	
Minerals	23.6	31.1	25.3		20.8	20.4	31.8	-18.6	
Sand and gravel	105.3	109.9	135.4		27.1	10.4	4.4	23.2	
Salt	227.7	267.8	267.8		17.8	13.3	17.6	-	

Source: ECLAC, on the basis of figures supplied by the Banco de Guatemala.
Preliminary figures. On the basis of production values at 1958 prices.

Table 8
GUATEMALA: INDICATORS OF THE GENERATION AND CONSUMPTION OF ELECTRICITY

	Millions of kWh				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Total supply	1730	1876	1997	2184	15.9	8.4	6.4	9.4
Net production	1730	1866	1993	2184	15.9	7.9	6.8	9.6
Imports	-	10	4		-		-60.0	
Total demand	1730	1876	1997	2184	15.9	8.4	6.4	9.4
Total consumption	1363	1571	1578	1736	9.5	15.3	0.4	10.0
Residential	415	454	489	545	10.1	9.4	7.7	11.5
Commercial	278	341	382	409	6.5	22.7	12.0	7.1
Industrial	457	535	531	597	14.0	17.1	-0.7	12.4
Government and other	215	241	176	185	4.4	12.1	-27.0	5.1
Exports	88	18	39		100.0	-79.5	116.7	
Losses ^c	279	287	380	448	12.5	2.9	32.4	17.9

Source: ECLAC, on the basis of figures supplied by the Instituto Nacional de Electrificación (INE) and the Empresa Eléctrica de Guatemala S.A.

¹ Preliminary figures. ¹ Gross production less the consumption of power stations. ^c Refers to transmission and distribution losses.

Table 9
GUATEMALA: INDICATORS OF GROSS MANUFACTURING PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates			
					1986	1987	1988	1989 ^a
Index of manufacturing production⁰ (1980 = 100)	90.9	92.4	94.5	96.6	0.7	1.7	2.3	2.2
Food	90.1	91.0	94.0		1.2	1.0	3.3	
Beverages	93.5	97.1	99.1		4.8	3.9	2.1	
Textiles	85.3	86.2	87.8		0.2	1.1	1.9	
Clothing	92.1	92.7	95.1		0.5	0.7	2.6	
Chemicals	89.1	89.6	91.1		-1.8	0.6	1.7	
Non-metallic minerals	81.4	82.6	84.2		0.6	1.5	1.9	
Metallic products	89.8	90.9	92.1		-0.2	1.2	1.3	
Other	94.9	96.3	97.7		-0.9	1.5	1.5	
Other indicators of manufacturing production								
Industrial consumption of electricity (millions of kWh)	457	535	531	597	14.0	17.1	-0.7	12.4
Employment ^c	78 251	78 425	103 432	106 920	0.1	0.2	31.9	3.4

Source: ECLAC, on the basis of figures supplied by the Banco de Guatemala.

^a Preliminary figures. ^b On the basis of figures at 1958 prices. ^c Number of persons contributing to Social Security System.

Table 10
GUATEMALA: EMPLOYMENT AND UNEMPLOYMENT INDICATORS

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Thousands of persons									
Total population	7 113	7 315	7 524	7 740	7 963	8 163	8 399	8 643	8 917
Economically active population	2 251	2 307	2 371	2 438	2 506	2 576	2 648	2 722	2 799
Employment	2 218	2 169	2 135	2 214	2 204	2 217	2 345	2 482	2 624
Unemployment									
Open	33	138	236	224	302	360	303	241	175
Equivalent ^c	701	701	701	767	767	767	839	914	990
Percentages									
Participation rate	54.5	54.2	54.0	53.9	53.7	53.6	53.4	52.5	
Unemployment									
Open	1.5	6.0	10.0	9.1	12.1	14.0	11.4	8.9	6.3
Equivalent ^c	31.1	30.4	29.6	31.1	30.2	29.8	31.7	33.6	35.4

Source: ECLAC, on the basis of figures supplied by the General Secretariat of the National Council for Economic Planning (SEGEPLAN).

^a Preliminary figures. The SEGEPLAN estimates on the employment of manpower are based on a comparison of the growth of the gross domestic product with the growth of productivity. ^c Includes underemployment.

^d Economically active population as a percentage of the working-age population (15 years and over).

Table 11
GUATEMALA: MAIN FOREIGN TRADE INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Growth rates								
Exports FOB								
Value	-9.4	-6.7	3.7	-5.9	-1.7	-6.5	9.5	11.0
Volume	-1.2	-3.1	0.9	1.2	-17.8	14.0	1.0	18.1
Unit value	-8.3	-3.7	2.8	-7.0	19.6	-18.0	8.5	-6.0
Imports FOB								
Value	-16.6	-17.8	11.9	-8.8	-18.9	52.1	6.2	7.1
Volume	-14.1	-11.7	12.7	-7.4	-11.9	46.2	2.5	8.7
Unit value	-3.0	-6.8	-0.7	-1.5	-7.9	4.1	3.6	-1.4
Terms of trade (FOB/CIF)	-6.0	2.7	2.0	-6.1	29.2	-21.0	3.8	-5.0
Indexes (1980=100)								
Purchasing power of exports	72.9	72.5	74.6	70.9	75.3	67.9	71.1	79.7
Volume of exports	89.1	86.4	87.1	88.2	72.5	82.7	83.4	98.6
Volume of imports	83.1	73.4	82.7	76.5	67.5	98.6	101.1	109.9
Terms of trade (FOB/CIF)	81.7	84.0	85.7	80.5	103.9	82.1	85.2	80.9

Source: ECLAC, on the basis of figures supplied by the Banco de Guatemala.

^a Preliminary figures.

Table 12
GUATEMALA: EXPORTS OF GOODS, FOB

	Millions of dollars			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	980	1073	1191	100.0	100.0	-1.5	-6.1	9.5	11.0
Exports to Central America	231	236	261	29.0	21.9	-10.9	24.9	2.2	10.6
Exports to rest of world	749	837	930	71.0	78.1	0.8	-12.8	11.7	11.1
Traditional	556	631	664	54.4	55.8	-1.4	-20.9	13.5	5.2
Coffee (green)	354	387	379	30.5	31.8	11.1	-29.5	9.3	-2.1
Ginned cotton	16	37	38	10.9	3.2	-67.1	-33.3	131.3	2.7
Bananas	75	76	83	2.9	7.0	2.8	2.7	1.3	9.2
Meat	15	15	18	1.9	1.5	-57.0	275.0	-	20.0
Sugar	51	78	115	4.5	9.7	13.0	-1.9	52.9	47.4
Cardamom	45	38	31	3.7	2.6	-21.3	-6.3	-15.6	-18.4
Non-traditional	424	442	527	45.6	44.2	12.2	171.8	4.2	19.2

Source: ECLAC, on the basis of figures supplied by the Banco de Guatemala.

^a Preliminary figures.

Table 13
GUATEMALA: IMPORTS OF GOODS, CIF

	Millions of dollars			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	1447	1557	1655	100.0	100.0	-183	50.7	7.6	6.3
Consumer goods	254	282	291	21.3	17.6	-293	59.7	11.0	3.2
Durable	70			7.7		-39.7	100.0		
Non-durable	184			13.6		-25.7	48.4		
Intermediate goods	850	924	1002	59.8	60.5	-20.8	35.6	8.7	8.4
For agriculture	75					-6.5	4.2		
Petroleum and fuels	105	111	114	21.2	6.9	-22.3	11.7	5.7	2.7
For industry	597					-22.4	41.5		
Building materials	73	91	98	5.8	5.9	-22.4	87.2	24.7	7.7
Capital goods	343	346	360	17.9	21.8	13.0	97.1	0.9	4.0
For agriculture	24			1.2		27.3	71.4		
For industry	224			12.1		9.3	91.5		
For transport	95			4.6		19.4	120.9		
Other	-	5	2	1.0	0.1				-60.0

Source: ECLAC, on the basis of figures supplied by the Banco de Guatemala.

^a Preliminary figures. Includes telecommunications and construction.

Table 14
GUATEMALA: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-400	-225	-378	-241	-36	-528	-477	-388
Trade balance	-348	-142	-199	-92	126	-452	-461	-399
Exports of goods and services	1278	1172	1228	1165	1170	1138	1272	1501
Goods FOB	1170	1092	1132	1065	1048	980	1073	1191
Real services	107	80	96	100	122	158	199	310
Transport and insurance	26	18	10	7	8	9	6	31
Travel	12	7	11	13	29	50	60	108
Imports of goods and services	1626	1314	1427	1257	1044	1590	1733	1900
Goods FOB	1284	1056	1182	1078	874	1330	1413	1514
Real services	342	257	245	180	169	259	320	386
Transport and insurance	139	99	112	107	92	126	155	170
Travel	100	89	62	24	15	33	40	124
Factor services	-114	-113	-207	-168	-212	-178	-169	-184
Profits	-41	-39	-81	-21	-38	-47	-52	-22
Interest received	20	27	29	28	32	31	45	50
Interest paid	-100	-102	-151	-171	-202	-154	-159	-208
Labour and ownership	7	-	-4	-5	-5	-7	-3	-4
Unrequited private transfer payments	62	30	28	19	50	101	153	195
Balance on capital account	361	276	389	343	147	474	411	450
Unrequited official transfer payments	1	1	1	1	25	91	75	70
Long-term capital	339	283	201	244	42	137	176	166
Direct investment	77	45	38	61	67	152	171	102
Portfolio investment	1	77	59	143	17	-16	-69	7
Other long-term capital	262	161	104	40	-42	1	74	57
Official sector ^c	147	167	151	40	-80	-9	64	97
Loans received	186	310	274	277	429	363	322	316
Amortization payments	-37	-143	-126	-215	-467	-372	-267	-218
Commercial banks ^c								
Loans received								
Amortization payments								
Other sectors ^c	114	-6	-46	-	39	10	10	-40
Loans received	124	11	6	14	6	24	17	-
Amortization payments	-15	-18	-52	-13	-10	-15	-8	-40
Short-term capital	39	29	172	54	12	317	143	226
Official sector	40	24	-92	-99	-80	18	15	146
Commercial banks	14	71	9	-65	11	39	6	-8
Other sectors	-14	-67	255	218	82	260	122	88
Errors and omissions (net)	-18	-37	16	44	67	-71	17	-12
Global balance	-38	51	11	102	110	-54	-66	62
Total variation in reserves (- sign indicates an increase)	16	-64	-27	-81	-85	84	83	-59
Monetary gold								
Special Drawing Rights	3	-1	-1	2	-	-1	1	
IMF reserve position	10	-8	8	-	-	-	-	
Foreign exchange assets	25	-89	-72	-28	-61	75	86	
Other assets	-15	0	27	-20	21	20		
Use of IMF credit	-6	35	10	-35	-46	-10	28	

Source: 1982-1988: ECLAC, on the basis of IMF figures; 1989: ECLAC, on the basis of data supplied by the Banco de Guatemala.

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

Table 15
GUATEMALA: EXCHANGE RATES
(Annual and quarterly averages)

	Nominal exchange rates (quetzales per dollar)		Indexes of the real effective exchange rate ^a (1985 = 100)	
	Main	Bank market	Exports	Imports
1970-1979			113.4	126.8
1980-1989			137.4	137.9
1980	1.00		130.0	136.8
1981	1.00		118.3	127.8
1982	1.00		119.8	123.6
1983	1.00		117.7	118.5
1984	1.00		115.9	117.0
1985	1.00	2.76	100.0	100.0
1986	1.88	2.87	137.1	136.5
1987	2.50	2.70	177.1	171.0
1988	2.63	2.65	178.3	174.4
1989	2.83	2.85	179.6	173.6
1987				
I	2.50	2.78	176.4	168.3
II	2.50	2.72	178.0	170.9
III	2.50	2.72	176.1	171.3
IV	2.50	2.59	178.0	173.6
1988				
I	2.50	2.56	174.1	170.8
II	2.60	2.61	182.4	179.0
III	2.70	2.71	177.3	172.8
IV	2.70	2.71	179.5	174.8
1989				
I	2.70	2.71	177.1	173.9
II	2.70	2.71	174.0	167.9
III	2.74	2.78	175.2	169.0
IV	3.16	3.20	192.0	183.5

Source: ECLAC, on the basis of data supplied by the International Monetary Fund, *International Financial Statistics* (various issues).

^a This corresponds to the average of the indexes of the real exchange rate of the quetzal with respect to the currencies of Guatemala's main trading partners, 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

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Millions of dollars								
Total external debt								
Balance	1839	2156	2 495	2 694	2 674	2 700	2 599	2 732
Public	1431	2 007	2377	2 536	2 517	2 507	2341 ^o	2 457
Private	408	149	118	158	157	193	259	276
Public external debt								
Disbursements	403	757	663	521	298	224	196	482
Servicing	188	266	417	509	494	395	527	487
Principal	117	182	293	362	318	234	363	366
Interest	72	84	124	147	177	162	165	121
Percentages								
Ratios								
Total external debt/exports of goods and services	143.9	184.0	203.2	231.2	228.5	237.3	204.3	182.0
Servicing/exports of goods and services	14.7	22.7	34.0	43.7	42.2	34.7	41.4	32.4
Net interest payments /exports of goods and services	6.3	6.4	9.9	12.3	14.5	10.8	9.0	10.5
Servicing/disbursements ^e	46.7	35.1	62.9	97.7	165.8	176.3	268.9	101.0

Source: ECIAC, on the basis of figures supplied by the Banco de Guatemala.

^a Preliminary figures. ^b Does not include 1988 stabilization bonds in quetzales. ^c 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. ^d Calculated by ECIAC on the basis of the following formula: $(St) - (St-1) + At$, where St = the balance of the year in question; $St-1$ = the balance of the immediately preceding year and At = amortization payments of the year in question. ^e Refers to public debt. ^f Corresponds to the net balance-of-payments figure.

Table 17
GUATEMALA: DOMESTIC PRICES

	1983	1984	1985	1986	1987	1988	1989 ^a
Decern ber-to-December variation							
Consumer price index		5.2	31.5	25.7	10.1	11.0	20.2
Foodstuffs		7.7	30.1	29.3	14.0	12.0	
Wholesale price index	0.4	8.4	43.7	33.9			
Imported products	-2.8	12.5	33.5	0.5			
Domestic products	0.8	8.0	44.7	37.2			
Building materials	0.4	7.2	17.2	25.0			
Variation between annual averages							
Consumer price index		0.9	18.5	36.9	12.3	10.8	11.5
Foodstuffs		-0.8	20.6	39.2	15.6	13.7	
Wholesale price index	0.9	5.6	22.6	43.7			
Imported products	4.9	4.7	19.0	13.2			
Domestic products	0.8	5.4	23.4	46.4			
Building materials	0.1	5.5	7.1	26.3			

Source: ECLAC, on the basis of figures supplied by the National Institute of Statistics.

^a Preliminary figures.

Table 18
GUATEMALA: WAGES AND SALARIES

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Indexes (1980 = 100)								
Wages and salaries								
Nominal	139.3	147.6	139.0	142.3	159.3	191.0	222.7	241.9
Real ^b	124.7	126.2	114.8	99.2	81.0	86.5	87.6	85.6
Wage bill								
Nominal	112.3	113.9	109.4	118.9	139.1	171.4	229.6	256.1
Real ^b	100.6	97.5	90.4	82.9	70.9	77.8	94.1	93.2
Growth rates								
Wages and salaries								
Nominal	6.2	5.9	-5.8	2.4	11.9	19.9	16.6	8.6
Real ^b	6.0	1.2	-9.0	-13.6	-18.3	6.8	5.2	-2.7
Wage bill								
Nominal	9.5	1.4	-4.0	8.7	17.0	23.2	34.0	11.5
Real ^b	9.2	-3.1	-7.2	-8.3	-14.5	9.7	21.0	-1.0

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.

^a Preliminary figures. ^b Deflated by the consumer price index.

Table 19
GUATEMALA: TOTAL CENTRAL GOVERNMENT INCOME

	Millions of' quetzales				Percentage breakdown		Growth rates		
	1986	1987	1988	1989*	1986	1989*	1987	1988	1989 ^a
Total income	1467	1858	2 299	2416	100.0	100.0	26.7	23.7	5.1
Current income	1407	1659	2 082	2241	95.9	92.8	17.9	25.5	7.6
Tax revenue	1111	1431	1794	1849	75.7	76.5	28.8	25.4	3.1
Direct	186	273	449	447	12.7	18.5	46.8	64.5	-0.4
On income	170	251	414	406	11.6	16.8	47.6	64.9	-1.9
From businesses	119	180	320	334	8.1	13.8	51.3	77.8	4.4
From individuals	51	70	94	71	3.5	2.9	37.3	34.3	-24.5
On property	16	21	33	40	1.1	1.7	31.3	57.1	21.2
On inheritance	1	1	2	1	0.1	0.1	-	100.0	-50.0
Indirect	925	1158	1345	1402	63.1	58.0	25.2	16.1	4.2
On imports	136	273	388	405	9.3	16.8	100.7	42.1	4.4
On exports	213	151	103	55	14.5	2.3	-29.1	-31.8	-46.6
Coffee	133	85	36		9.1		-36.1	-57.6	
Bananas	16	17	14		1.1		6.3	-17.6	
Other products	64	49	53		4.4		-23.4	8.2	
Official stamped paper and revenue stamps	72	92	104	118	4.9	4.9	27.8	13.0	13.5
Value added	308	412	4%	554	21.0	22.9	33.8	20.4	11.7
On non-personal services	181	196	240	264	12.3	10.9	8.3	22.4	10.0
On imports	127	215	256	291	8.7	12.0	69.3	19.1	13.7
Alcoholic beverages	49	57	58	60	3.3	2.5	16.3	1.8	3.4
Consumption of petroleum and petroleum products	45	58	66	78	3.1	3.2	28.9	13.8	18.2
Other taxes	103	116	131	131	7.0	5.4	12.6	12.9	-
Non-tax revenue	295	229	288	392	20.1	16.2	-22.4	25.8	36.1
Return on capital	37	31	37	43	2.5	1.8	-16.2	19.4	16.2
Profits of State enterprises	24	22	24	60	1.6	2.5	-8.3	9.1	150.0
Miscellaneous income	235	176	227	289	16.0	12.0	-25.1	29.0	27.3
Capital income	60	199	217	175	4.1	7.2	231.7	9.0	-19.4
Grants and donations	60	198	217	175	4.1	7.2	230.0	9.6	-19.4

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

^a Preliminary figures.

Table 20
GUATEMALA: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of' quetzales				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
1. Current income	1407	1660	2 082	2 241	62.7	18.0	25.4	7.6
Tax revenue	1111	1431	1794	1849	63.6	28.8	25.4	3.1
Direct	186	273	449	447	47.6	46.8	64.5	-0.4
Indirect	925	1158	1345	1402	67.3	25.2	16.1	4.2
On foreign trade	349	424	490	460	296.6	21.5	15.6	-6.1
Non-tax revenue	296	229	288	392	59.1	-22.6	25.8	36.1
2. Current expenditure	1407	1691	2 074	2 416	67.7	20.2	22.6	16.5
Wages and salaries	583	784	854	943	35.9	34.5	8.9	10.4
Goods and services	242	306	288	331	120.0	26.4	-5.9	14.9
Interest	189	245	302	324	89.0	29.6	23.3	7.3
Transfers and other	393	357	630	818	96.5	-9.2	76.5	29.8
3. Current savings (1-2)	-	-31	8	-175				
4. Capital expenditure	298	402	510	602	29.0	34.9	26.9	18.0
Real investment	100	198	254	344	9.9	98.0	28.3	35.4
Other capital expenditure	198	205	256	258	41.4	3.5	24.9	0.8
5. Total expenditure (2+4)	1705	2 093	2 584	3 018	59	22.8	23.5	16.8
6. Fiscal deficit (-) or surplus (+) (1-5)	-298	-433	-502	-777				
7. Financing of deficit	298	433	502	777				
Domestic financing	147	137	246	283				
Credit	505	349	485	576				
Amortization	358	212	239	293				
External financing	91	88	153	158				
Credit	127	123	205	225				
Amortization	36	35	52	67				
Other sources	60	208	103	336				
Ratios (percentages)								
Current saving/capital expenditure		-1.5	0.3	-5.8				
Fiscal deficit/total expenditure	17.5	20.7	19.4	25.7				
Tax revenue/GDP	7.0	8.2	8.8	7.7				
Total expenditure/GDP	10.8	11.9	12.7	12.5				
Fiscal deficit/GDP	1.9	2.5	2.5	3.2				
Domestic financing/deficit	49.3	31.6	49.0	36.4				
External financing/deficit	30.5	20.3	30.5	20.3				
Other financial sources/deficit	20.1	48.0	20.5	43.2				

Source: ECLAC, on the basis of figures supplied by the Banco de Guatemala.

^a Preliminary figures. ^b Includes official external transfers and floating debt.

Table 21
GUATEMALA: MONETARY INDICATORS

	Year-end balances (millions of quetzales)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Money (Mi)	1561	1747	1995	2 408	18.1	11.9	14.2	20.7
Currency outside banks	801	927	1063	1323	15.3	15.7	14.7	24.5
Current account deposits	760	820	932	1085	21.2	7.9	13.7	16.4
Factors of expansion (net)	4 051	4 671	5189	6 075	20.1	15.3	11.1	17.1
Net international reserves	51	-165	-376	-315				
Domestic credit	3 783	4 075	4 363	4 960	-4.9	7.7	7.1	13.7
To central government	1548	1247	1102	1350	-20.2	-19.4	-11.6	22.5
To private sector	2 235	2 828	3 261	3 610	9.6	26.5	15.3	10.7
Other items (net)	217	761	1202	1430		250.7	58.0	19.0
Quasi-money	2 490	2 924	3194	3 667	21.5	17.4	9.2	14.8
Savings deposits	2 217	2 540	2 867		33.6	14.6	12.9	
Time deposits	151	130	152		-48.8	-13.9	16.9	
Other deposits	122	254	175		28.4	108.2	-31.1	
Coefficients								
MI/GDP	9.1	9.4	9.2	9.4				

Source: ECIAC, on the basis of figures supplied by the Banco de Guatemala.

Preliminary figures. Does not include local governments, public enterprises and institutions.

Table 22
**GUATEMALA: TOTAL CREDITS GRANTED BY THE BANKING SYSTEM, BY KIND
 OF ECONOMIC ACTIVITY^a**

	Millions of quetzales					Growth rates			
	1986	1987	1988	1988 ^b	1989 ^{bc}	1986	1987	1988	1989 ^{cd}
Total	1347	1798	1520	513	885	16.9	33.5	-15.4	72.5
Agriculture	183	192	162	73	116	23.1	4.9	-15.8	59.1
Stock raising	32	49	41	14	21	-16.0	53.0	-16.9	45.5
Forestry, hunting and fishing	3	4	6	1	4	16.0	27.6	48.6	375.0
Mining	6	3	2	1	3	307.1	-47.4	-33.3	800.0
Industry	395	575	502	160	271	0.8	45.6	-12.7	69.6
Construction	77	108	129	42	89	31.0	39.7	19.3	113.3
Commerce	404	471	379	129	212	42.4	16.7	-19.5	65.1
Transport	9	18	18	2	5	145.7	107.0	-	120.8
Services	73	87	113	33	55	15.4	19.9	29.8	69.8
Consumption	70	185	94	32	63	37.9	165.5	-48.9	98.1
Debt transfers	96	107	75	28	45	-12.5	10.8	-29.4	63.5
Other	1	1	1	-	1	300.0	-25.0	33.3	150.0

Source: ECLAC, on the basis of figures supplied by the Banco de Guatemala.

^a Includes discount documents. ^b Period January to July. ^c Preliminary figures. ^d Variation from January to July compared to the same period of the previous year.

Table 23
GUATEMALA: BANK INTEREST RATES
(Annual percentages)

	1985	1986	1987	1988	1989 ^a
Nominal					
Borrowing rate	9.0	10.2	11.0	12.2	13.0
Lending rate	12.0	13.2	14.0	15.2	16.0
Discount rate	9.0	9.0	9.0	9.0	13.0
Real^c					
Borrowing rate	-8.2	-19.5	-1.2	1.3	1.3
Lending rate	-5.6	-17.3	1.5	4.0	4.0
Discount rate	-8.2	-20.4	-2.9	-1.6	1.3

Source: ECLAC, on the basis of figures supplied by the Banco de Guatemala and the International Monetary Fund (IMF).

^a Preliminary figures. ^b Maximum legal limits. ^c Deflated by the consumer price rate of the Republic on the basis of the following formula:

$Tni - Tpc$

$1 + Tpc/100$, where Tni = the nominal interest rate and Tpc = the consumer price rate.

HAITI

In 1989, Haiti's economy showed a modest growth (0.5%) which failed to compensate for the population increase. Thus a decade of persistent decline in per capita product was rounded off (see table 1 and figure 1). The prolonged drop in standards of living, which had already been low, had visible consequences, one of them being emigration, which seems to have increased in 1989. The Haitian economy is very open to the exterior. In 1989, trade flows were reduced as imports as well as exports decreased. The deficits on the trade balance and the balance on current account remained approximately the same as the year before. Foreign aid fell, however, and the net inflow of capital declined. This caused serious international liquidity problems, which were reflected in the exchange market; reserves declined, and the gourde depreciated rapidly on the parallel market. On the other hand, the fiscal imbalance was reduced, although it remained at levels difficult to finance, particularly because of a decline in the flow of funds from abroad. Although price increases were moderate by comparison with the general trend in the region, they were not so small in a country with no experience of inflation, and in fact many economic agents (including some enterprises) seem to have experienced losses by not adapting rapidly to inflation.

During 1989 the Haitian economy operated in a context of political instability, which has made it impossible to design a long-term approach to the systematic management of the economy. The changes in the management of the exchange rate during the year had a particularly strong effect on the export sector. In addition, lack of confidence stimulated capital flight and appears to have discouraged investments in productive activities.

In the agricultural sector, which generated close to a third of the product, production declined once again. This sector faces serious

structural problems. With regard to coffee, the country's main export, its medium-term viability is in jeopardy because of diseases in the plantations and reduced yields. Although progress was recorded in the production of basic grains and in agroindustry in 1989, the production of traditional crops on small farms continued to show little dynamism, with the consequent social and economic effects, and during the year the authorities decided to distribute 90 000 hectares of government land to small farmers in order to promote better care of the land and higher yields.

The manufacturing sector performed unevenly. In the in-bond assembly industry, production and investments fell. The situation with regard to the manufacture of electronic and electric goods deteriorated most dramatically, owing to difficulties in placing them on traditional markets. Export of wearing apparel also declined since higher production costs and strong international competition prevented Haitian sub-contractors from renegotiating contracts with their customers on favourable terms. On the other hand, industrial production for the domestic market grew. In the second half of the year, however, the supply of imported inputs was restricted and enterprises faced a situation of weak demand and rising production costs.

The year was marked by difficulties in external accounts. These were partly attributable to the fiscal deficit, which was covered by an increase in domestic credit, since international financing had declined. On the other hand, credit to the private sector expanded. Thus an excess supply of liquidity was generated, which caused domestic prices to rise and created pressures in the exchange market. To counteract this, the authorities tried to avoid depreciating the currency by adopting administrative measures, which, however, failed to improve the situation.

Figure 1

HAITI: MAIN ECONOMIC INDICATORS

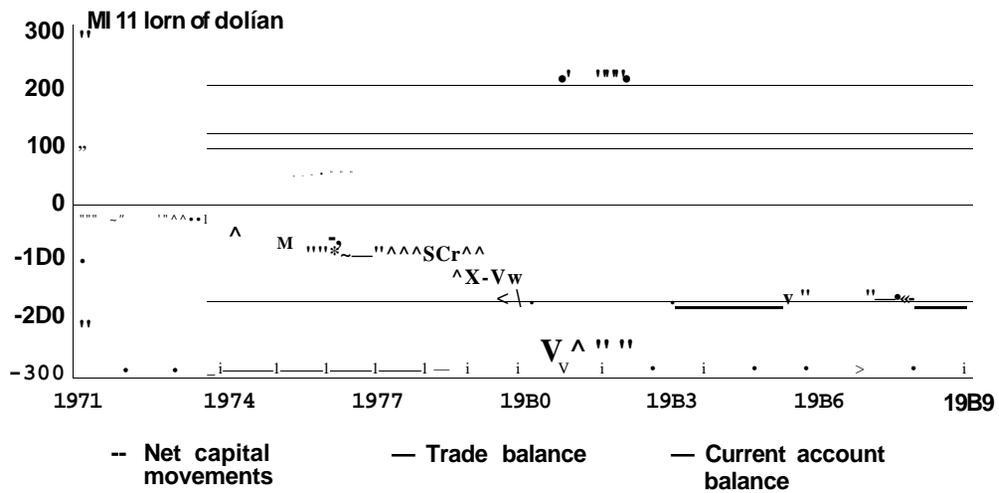
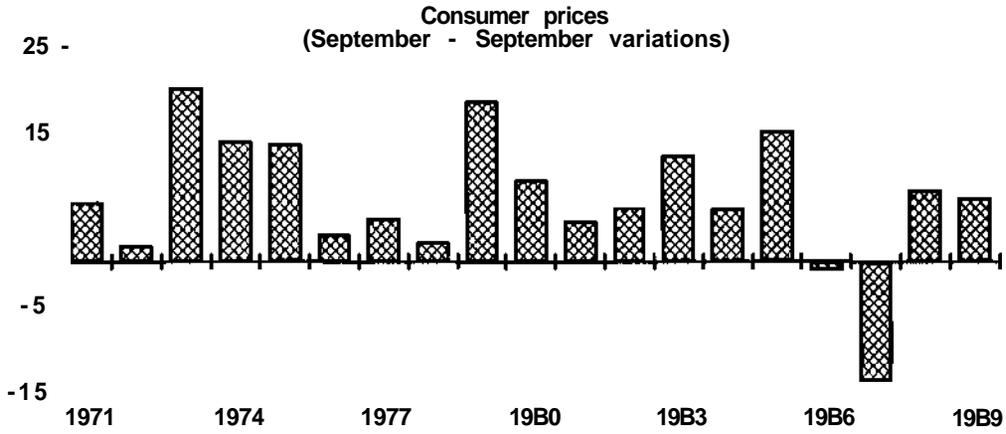
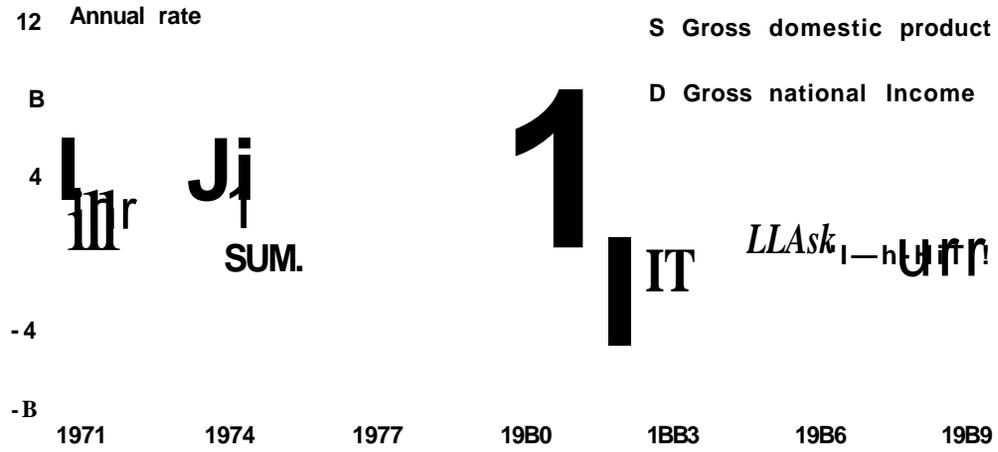
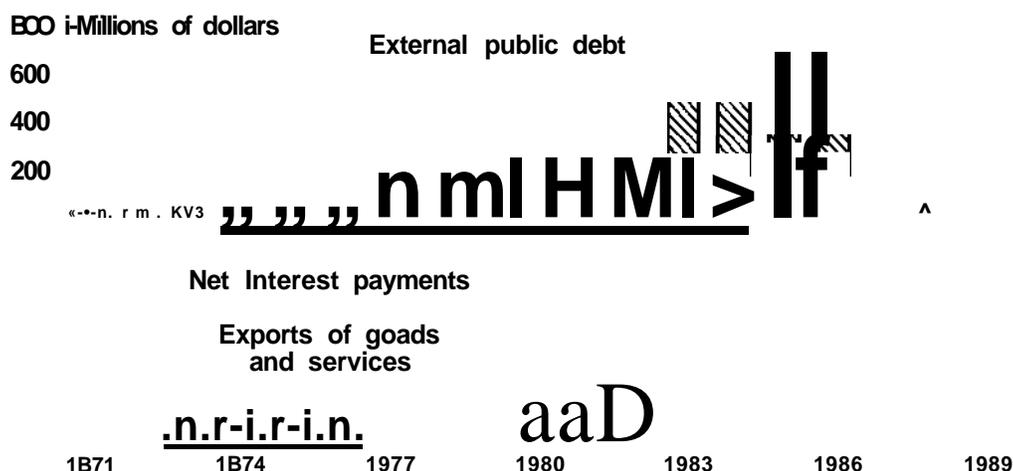


Figure 1 (concluded)



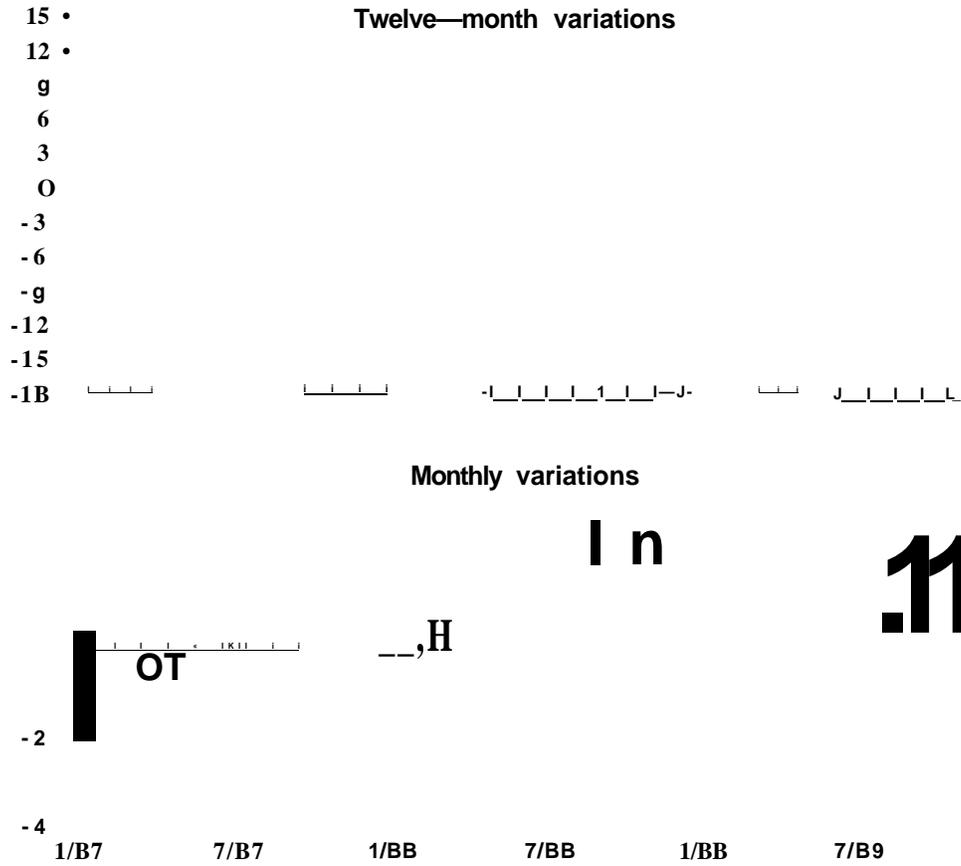
Source: ECLAC. on the basis of official figures.

The fiscal imbalance and the imbalance in the external sector finally led the government to come to an agreement with the International Monetary Fund, which took effect at the beginning of September and had a duration of 15 months. The immediate objective of the agreement was to increase international reserves and regularize the situation with regard to accumulated arrears in payments on the external debt. The programme agreed upon was also to provide an example of a way in which obstacles to foreign aid would be removed. The new policies provided for the adoption of measures to reduce the fiscal deficit. These measures included, in particular, the promulgation of a tax reform aimed at simplifying tax management by making the sales tax universal and eliminating a variety of

taxes on specific products. Taxes on imports were also raised in an attempt not only to achieve a fiscal objective but also to compensate for the excessive value placed on the currency.

Towards the end of the year, the outlook became favourable for incorporating Haiti in the Lomé Convention, in which the developing countries of Africa, the Caribbean and the Pacific and the European Community participate. The significance of this lay primarily in the area of technical and financial aid. Where trade is concerned, Haiti, as a country with a low level of development, already enjoys special treatment in the European market. Even so, being part of the Lomé Convention would facilitate the diversification of exports.

Figure 2
 HAITI: CONSUMER PRICE INDEX
 (Percentages)



Source: ECLAC, on the basis of official figures.

Table 1
HAITI: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Indexes (1980 = 100)								
Basic economic indicators								
Gross domestic product at market prices	93.9	94.4	94.8	95.2	96.1	95.8	95.6	96.1
Gross national income	89.6	87.9	91.0	92.5	96.4	96.1	94.5	93.3
Population (millions of inhabitants)	5.6	5.7	5.8	5.9	6.0	6.2	6.3	6.4
Per capita gross domestic product	90.6	89.5	88.3	87.0	86.2	84.4	82.7	81.5
Fiscal deficit/gross domestic product	13.1	11.3	10.1	7.6	5.8	8.3	6.4	5.9
Money (M1)/GDP ^o	13.0	11.4	11.9	12.0	12.3	15.9	18.9	19.6
Real exchange rate	90.7	83.1	79.2	71.3	69.2	81.8	82.0	78.9
Growth rates								
Short-term economic indicators								
Gross domestic product	-3.4	0.6	0.4	0.4	1.0	-0.3	-0.2	0.5
Per capita gross domestic product	-5.1	-1.2	-1.4	-1.5	-0.8	-2.1	-2.1	-1.4
Gross national income	-4.7	-1.9	3.5	1.6	4.2	-0.2	-1.7	-1.2
Consumer prices								
September to September	6.2	12.2	6.1	15.0	-0.5	-13.8	8.3	7.3
Real wages and salaries ^c	4.7	-6.7	-7.4	4.9	-7.8	11.6	0.1	0.7
Current value of exports of goods and services	12.2	6.9	10.7	5.7	-13.4	9.7	-14.2	-10.8
Current value of imports of goods and services	-7.5	0.3	6.6	5.7	-15.0	5.9	-4.1	-6.8
Terms of trade (goods and services)	1.6	-7.1	15.7	4.8	12.2	0.9	-7.9	-8.9
Millions of dollars								
External sector								
Trade balance (goods and services)	-223	-206	-208	-220	-181	-181	-206	-203
Net payments of profits and interest	14	14	18	20	16	21	27	26
Balance on current account	-188	-174	-181	-191	-145	-146	-170	-169
Balance on capital account	226	146	162	196	169	152	187	154
Variation in net international reserves	34	-20	-16	6	10	6	17	-15
Disbursed external public debt	410	551	607	600	696	752	778	811

Source: ECLAC, on the basis of official figures.

^a Preliminary figures. ^b Percentages. ^c Minimum wages in industry.

Table 2
HAITI: EVOLUTION OF GROSS NATIONAL INCOME

	Indexes (1980 = 100)			Percentage breakdown			
	1987	1988	1989 ^a	1980	1987	1988	1989 ^a
Gross national income (a + b + c + d)	96.1	94.5	93.3	102.8	103.1	101.5	99.8
a) Gross domestic product	95.8	95.6	96.1	100.0	100.0	100.0	100.0
b) Terms-of-trade effect				-	0.7	-0.8	-2.3
c) Net factor payments abroad	128.2	161.3	147.2	-1.0	-1.4	-1.7	-1.6
d) Net private transfers from abroad	93.5	102.7	93.1	3.8	3.7	4.1	3.7

Source: ECLAC, on the basis of official statistics.

^a Preliminary figures.

Table 3
HAITI: TOTAL SUPPLY AND DEMAND

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total supply	94.3	92.6	90.8	135.2	127.8	-4.2	0.3	-1.8	-1.9
Gross domestic product at market prices	95.8	95.7	96.1	100.0	100.0	1.0	-0.3	-0.2	0.5
Imports of goods and services	89.7	83.8	75.8	35.2	27.8	-17.4	2.2	-6.6	-9.6
Total demand	94.3	92.6	90.8	135.2	127.8	-4.2	0.1	-1.8	-1.9
Domestic demand	95.6	95.2	93.8	113.0	110.3	0.6	-0.4	-0.5	-1.4
Gross domestic investment	103.8	102.2	98.3	19.2	19.6	-8.4	-1.8	-1.5	-3.9
Gross fixed investment	106.1	106.2	103.4	17.2	18.6	-11.3	2.5	0.1	-2.6
Construction	109.2	111	112.3	10.0	11.7	-6.1	2.2	1.7	1.2
Machinery and equipment	101.8	99.5	91.1	7.2	6.8	-18.2	2.9	-2.3	-8.4
Changes in stocks									
Total consumption	93.7	92.9	93.8	90.7	2.9	-0.1	-0.2	-0.8	
General government	116	115.7	115.7	9.7	11.7	2.5	1.5	-0.3	0.0
Private	91.4	91.2	90.3	84.0	78.9	2.9	-0.4	-0.2	-1.0
Exports of goods and services	87.5	79.5	75.4	22.3	17.5	-25.0	4.9	-9.2	-5.1

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

^a Preliminary figures. The figures on exports 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 that purpose.

Table 4
**HAITI: ORIGIN, COMPOSITION AND FINANCING
 OF GROSS DOMESTIC INVESTMENT**
(As percentages of the gross domestic product) ^a

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Gross domestic investment	12.4	15	20.7	20.2	16.6	17	15.4	15.2
Gross domestic saving	7.5	12.1	9.5	9.9	8.3	8.1	8.1	9.3
Net income from factor services	-1	-1	-1.3	-1.4	-1.1	-1.4	-1.7	-1.6
Terms-of-trade effect	-4.5	-6.6	-3.3	-2.2	0.5	0.7	-0.8	-2.3
Unrequited private transfers	3.6	3.3	3.2	3.4	3.5	3.7	4.1	3.7
Gross national saving	5.5	7.7	8.1	9.8	11.3	11.2	9.6	9.2
External saving	13.7	12.4	12.8	13.5	9.8	9.6	10.9	10.5

Source: ECLAC, on the basis of official figures.

^a At market prices, in constant 1980 dollars, at adjusted exchange rate. ^b Preliminary figures.

Table 5
**HAITI: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC
 ACTIVITY, AT 1980 MARKET PRICES**

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product	95.9	95.6	96.1	100.0	100.0	1.0	-0.3	-0.2	0.5
Goods	91.2	90.7	90.3	57.8	54.3	0.8	-0.7	-0.6	-0.4
Agriculture	97.2	96.3	94.7	33.4	32.9	2.4	0.3	-0.9	-1.6
Mining	7.9	7.9	8.2	1.3	0.1	-10.3			4.3
Manufacturing	80.2	79.5	80.9	17.6	14.8	0.4	-3.9	-0.8	1.7
Construction	109.2	111.0	112.4	5.5	6.5	-6.1	2.3	1.6	1.2
Basic services	109.6	117.1	121.0	2.7	3.4	3.3	10.1	6.8	3.4
Electricity, gas and water	138.4	150.3	155.7	0.7	1.1	2.0	6.2	8.6	3.6
Transport, storage and communications	100.0	105.9	109.4	2.0	2.3	4.0	12.0	5.9	3.3
Other services	102.4	102.3	103.2	35.7	38.4	1.4	-1.4	-0.2	0.9
Commerce, restaurants and hotels	90.1	89.4	88.8	18.7	17.2	-0.2	-1.4	-0.9	-0.6
Financial institutions, insurance, real estate and business services	110.9	113.1	113.5	5.0	5.9	2.2	0.5	1.9	0.4
Ownership of dwellings	114.2	116.4	117.1	4.8	5.9	2.0	2.0	1.9	0.6
Community, social and personal services	117.9	117.7	121.2	12.0	15.2	2.9	-2.1	-0.2	2.9
Government services	117.5	117.5	122.0	9.2	11.6	2.6	1.6	-	3.8
Import duties	94.8	93.9	99.0	3.8	3.9	-1.4	10.2	-1.0	5.5

Source: ECLAC, on the basis of official figures, weighted in accordance with the current price structure at 1980 prices. The trends construed do not necessarily coincide with those published by the countries in their calculations based on constant prices.

^a Preliminary figures.

Table 6
HAITI: INDICATORS OF AGRICULTURAL PRODUCTION

	Thousands of tons					Growth rates			
	1980	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Production of the main crops									
For export									
Coffee	42.9	37.8	30.1	37.7	38.4	2.4	-20.4	25.2	1.9
Cotton	5.9	8.4				5.0			
Cocoa	3.4	5.6	5.2	3.0	2.6	10.9	-7.1	-44.1	-13.3
For domestic consumption									
Rice	124.1	129.2	135.1	120.5	119.3	4.0	4.6	-10.8	-1.0
Maize	186.2	196.3	205.7	205.1	211.2	5.3	4.8	-0.3	3.0
Sorghum	125.2	119.2	124.1	136.0	142.8	-1.8	4.1	9.6	5.0
Beans	52.6	48.2	48.7	54.7	57.4	1.3	1.0	12.3	4.9
Bananas	519.7	525.4	530.9	476.0	499.8	2.9	1.0	-10.3	5.0
Sugar cane	5 640.8	5 772.5	4 542.9	546.0	349.4	0.8	-21.3	-88.0	-36.0
Livestock production									
Meat, total	69.4	73.8	92.1	95.1	106.5	7.3	24.8	3.3	12.0

Source: ECLAC, on the basis of figures provided by the Ministry of Agriculture, Natural Resources and Rural Development.

^a Preliminary figures.

Table 7
HAITI: INDICATORS OF MANUFACTURING PRODUCTION

	1980	1986	1987	1988	1989 ^a	Growth rates			
						1986	1987	1988	1989 ^a
Indexes (1976 = 100)									
Indexes of value added	147	118	114	113	115	-2.9	-3.9	-0.8	1.7
Foodstuffs	135	130	109	108	112	-2.3	-15.9	-13	3.7
Beverages	143	133	173	181	200	-2.9	30.4	4.4	10.9
Tobacco	152	106	102	118	118	-2.7	-3.8	15.8	-
Textiles, clothing and leather products	99	85	81	77	77	-2.3	-4.9	-4.5	-
Chemicals	187	49	64	67	88	-2.0	29.8	4.7	31.8
Non-metallic minerals	110	121	123	130	131	-3.2	1.2	5.9	0.3
Metal products	268	206	206	197	189	-2.8	-0.1	-4.2	-4.3
Miscellaneous	126	105	111	111	106	-2.7	6.1	-	4.9
Thousands of tons									
Production of some important manufactures									
Flour	85	128	92	106	100	12.8	-20.1	15.7	-6.3
Sugar	54	41	33	30		-28.7	-21.3	-6.5	
Lard	3	7	7	7	9	6.6	12.3	14	18.9
Edible oil	19	40	24	81	100	5.5	-39.7	233.9	24.3
Carbonated beverages	74	65				7.2			
Beer ^b	5	4	4	4	4	-3.1	16.2	-4.4	-10.7
Cigarettes ^c	1064	846	888	963	1041	7.6	5.0	8.5	8.1
Soap	13	31	40	45	49	5.8	30.4	10.4	9.2
Detergents	579	1373	1916	1288	826	5.4	39.5	-32.8	-35.8
Essential oils	242	153	167	190	112	-0.1	8.8	14.0	-40.9
Cement	243	221	253	265	236	-15.7	14.3	4.9	-11.2
Millions of kWh									
Other indicators of manufacturing production									
Commercial and industrial electricity consumption ^c									
Sugar industry	18	9	6	3	3	-9.9	-29.2	-58.7	33.2
Cement industry	21	20	18	19	20	-12.1	-9.1	4.5	8.0

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. ^a Millions of bottles. ^c Millions of units. ¹ Tons. • Millions of kWh.

Table 8
HAITI: ELECTRICITY GENERATION AND CONSUMPTION

	Millions of kWh					Growth rates			
	1980	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Generation	336	439	486	524	578	3.3	10.7	7.8	10.3
Consumption	256	319	328	337	357	-1.1	2.6	2.7	6.0
Commercial and industrial	156	160	154	151	157	-8.0	-4.0	-1.8	4.0
Residential	81	123	136	144	155	8.0	10.1	6.6	7.0
Street lighting	9	8	10	12	12	2.1	20.7	20.0	6.8
Public and community services	10	28	29	30	33	4.0	2.1	3.5	11.5

Source: ECLAC, on the basis of figures provided by the Bank of the Republic of Haiti.

^a Preliminary figures. ^b The difference between generation and consumption is due to losses in transmission and to unrecorded consumption.

Table 9
HAITI: MAIN INDICATORS OF FOREIGN TRADE IN GOODS

	1982	1983	1984	1985	1986	1987	1988	1989 ^d
Growth rates								
Exports (FOB)								
Value	15.5	6.8	15.7	3.9	-14.4	10.1	-14.1	-12.1
Volume	12.2	18.4	-3.7	1.2	-28.1	-0.8	-6.0	-1.6
Unit value	3.0	-9.8	20.1	2.7	19.0	10.9	-8.6	-10.7
Imports (FOB)								
Value	-13.3	-0.1	4.3	2.0	-12.0	2.6	-8.8	-8.7
Volume	-12.8	-0.9	9.5	4.9	-16.7	1.1	-9.0	-10.0
Unit value	-0.6	0.8	-4.8	-2.7	5.7	1.5	0.3	1.4
Terms of trade (FOB/CIF)	3.0	-11.0	22.2	3.8	15.1	7.7	-9.7	-12.2
Indexes (1980 = 100)								
Purchasing power of exports	77.4	81.6	96.0	100.8	83.5	89.3	75.7	65.4
Volume of exports	.06.8	126.4	121.7	123.2	88.6	87.9	82.6	81.3
Volume of imports	99.2	98.3	107.6	112.9	94.0	95.0	86.4	77.8
Terms of trade (FOB/CIF)	73.6	65.8	83.0	87.6	98.6	107.8	98.3	86.5

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 10
HAITI: EVOLUTION OF EXCHANGE RATES
(Annual and quarterly averages)

	Nominal exchange rate (gourdes per dollar)	Indexes of real effective exchange rate ^a (1985 = 100)	
		Exports	Imports
1970-1979		1403	141.2
1980-1989		116.7	118.1
1980	5	140.2	141.8
1981	5	134.6	135.8
1982	5	127.2	127.4
1983	5	116.5	116.8
1984	5	111.1	111.1
1985	5	100.0	100.0
1986	5	97.0	98.9
1987	5	114.7	117.7
1988	5	114.9	118.7
1989	5	110.6	113.3
1987			
I	5	110.5	113.0
II	5	114.6	117.6
III	5	116.6	119.5
IV	5	117.1	120.6
1988			
I	5	117.3	121.3
II	5	116.5	120.5
III	5	114.6	118.0
IV	5	111.3	115.0
1989			
I	5	113.5	117.0
II	5	114.7	117.6
III	5	110.3	112.4
IV	5	103.8	106.2

Source: ECLAC, on the basis of figures supplied by the International Monetary Fund (*International Financial Statistics*, several issues).

^a 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 11
HAITI: EXPORTS OF GOODS, FOB

	Millions of dollars			Percentage breakdown			Growth rates			
	1987	1988	1989 ^a	1975	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	210	180	159	100.0	100.0	100.0	-14.8	10.1	-6.2	-12.1
Agricultural products	60	58	52	53.0	64.9	32.9	11.6	-28.4	42	-92
Coffee	37	33	35	22.8	42.1	21.9	12.4	-35.9	4.9	6.6
Cocoa	5	4	3	6.0	2.1	1.9	-28.6	-8.1	-11.9	-26.0
Sugar ^b	5	3	-	13.2	3.0	-	105.0	-36.5	-35.7	-
Sisal	4	4	5	3.9	0.7	3.2			18.7	26.4
Essential oils	3	3	4	6.0	2.5	2.3	0.5	-16.2	134.5	9.9
Others	8	11	6	11.1	14.5	3.8	-58.7	59.5	-23.1	-44.7
Manufactured articles (Free Zone)	133	116	100	22.3	25.3	62.9	-5.0	32.9	-14.3	-13.7
Handicraft manufactures	20	10	9	14.7	9.8	5.5	-30.8	-16.7	15.0	-11.0
Adjustment	-2	-2	-2	-	-	-1.2				
	Thousands of tons									
Coffee	12.8	16.2	13.4	-13.2	-19.0	26.6	-17.3			
Cocoa	2.5	2.9	2.8	-26.3	-10.7	16.0	-3.4			
Sugar	6.8	7.1	-	107.5	-38.2	4.4	-			
Essential oils	0.2	0.3	0.1	-	-	50.0	-66.7			
Manufactured articles (Free Zone)	20.2	12.7	17.9	-8.9	26.2	-2.5	40.9			
Handicraft manufactures	2.8	2.3	1.7	-12.5	-20.0	-17.9	-26.1			

Source: ECLAC, on the basis of figures supplied by the Bank of the Republic of Haiti.

^a Preliminary figures. ^b Including molasses.

Table 12
HAITI: IMPORTS OF GOODS, CIF

	Millions of dollars			Percentage breakdown			Growth rates			
	1987	1988	1989 ^a	1975	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	376.9	343.9	313.7	100.0	100.0	100.0	-18.3	2.5	-8.8	-8.8
Foodstuffs, beverages and tobacco	70.0	69.8	65.0	23.1	16.9	20.7	-19.8	1.4	-0.3	-6.9
Hydrocarbons	50.3	46.4	55.5	9.1	16.7	17.7	-20.6	-1.0	-7.8	19.6
Essential oils	35.8	30.6	26.5	5.5	7.0	8.4	8.2	5.5	-14.5	-13.4
Chemicals	38.4	34.0	28.9	8.4	8.4	9.2	-14.6	6.5	-11.5	-15.0
Manufactured articles	59.6	54.0	44.0	16.3	20.7	14.0	-23.0	-0.6	-9.4	-18.5
Machinery and transport equipment	65.4	61.6	53.5	19.8	17.4	17.1	-23.7	3.9	-5.8	-13.1
Miscellaneous manufactures ^c	35.3	29.2	26.5	14.0	8.2	8.4	-16.7	4.4	-17.3	-9.2
Others ^d	22.0	18.3	13.8	3.8	4.7	4.4		7.8	-16.8	-24.6

Source: ECIAC, on the basis of figures supplied by the Bank of the Republic of Haiti.

^a Preliminary figures. ^b Including manufactures of textiles, leather, rubber, wood, paper and metallic and non-metallic mineral products. ^c Including clothing, footwear, travel goods, furniture, professional instruments, sanitary fittings and electrical appliances. ^d Including non-edible raw materials.

Table 13
HAITI: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-188	-174	-181	-191	-145	-146	-170	-169
Trade balance	-223	-206	-208	-220	-181	-181	-206	-203
Exports of goods and services	270	288	319	337	292	320	275	245
Goods FOB	174	186	215	223	191	210	180	159
Real services ^b	96	103	104	114	101	110	94	87
Transport and insurance	7	7	8	8	7	8	7	7
Travel	80	85	85	93	82	90	74	68
Imports of goods and services	493	494	527	557	474	502	481	448
Goods FOB	324	324	338	345	303	311	284	259
Real services	169	170	189	212	170	190	197	189
Transport and insurance	77	88	98	114	76	93	95	91
Travel	41	39	40	43	37	42	34	33
Factor services	-14	-14	-18	-20	-16	-21	-27	-26
Profits	-8	-8	-2	-2	-	-2	-4	-3
Interest received	1	1	-	-	-	-	-	-
Interest paid and due	-7	-7	-17	-18	-15	-19	-23	-23
Labour and ownership								
Unrequited private transfer payments	49	46	45	49	52	56	63	59
Balance on capital account	226	146	162	196	169	152	187	154
Unrequited official transfer payments	61	64	78	97	100	115	130	107
Long-term capital	43	85	90	54	39	61	49	43
Direct investment	7	8	4	5	5	5	10	9
Portfolio investment								
Other long-term capital	37	76	86	49	34	56	39	34
Official sector ^c	33	33	67	25	-	21	28	28
Loans received	38	37	74	47	34	52	48	41
Amortization payments	-5	-4	-6	-13	-22	-29	-20	-13
Commercial banks ^c								
Loans received								
Amortization payments								
Other sectors ^c	4	43	19	24	35	35	11	6
Loans received	8	27	20	14	21	22	11	6
Amortization payments	-5	-7	-18	-8	-3	-4	-	-
Short-term capital	-12	6	23	2	13	-3		
Official sector	-	1	11	17	23	6		
Commercial banks	-12	5	12	-15	-10	-9		
Other sectors								
Errors and omissions (net)	133	-9	-30	44	17	-21	8	4
Global balance^d	38	-28	-19	5	24	6	17	-15
Total variation in reserves (-sign indicates an increase)	-34	20	16	-6	-10	-6	-17	15
Monetary gold	1	-	-	-	1	-	-	
Special Drawing Rights	-	-3	3	-	-	-1	1	-1
IMF reserve position								
Foreign exchange assets	-16	9	-4	-6	-1	1	17	
Other assets								
Use made of IMF credit	-18	15	16	-	-10	-6	-34	-1

Source: 1982-1987: ECLAC, on the basis of figures provided by the International Monetary Fund; 1988 and 1989: ECLAC, on the basis of figures supplied by the Bank of the Republic of Haiti.

^a Preliminary figures. ^b Including other non-factor services. ^c Includes loans granted and other assets and liabilities. ^d Equals total variation in reserves (of opposite sign), plus counterpart items.

Table 14
HAITI: INDICATORS OF EXTERNAL INDEBTEDNESS^a

	1982	1983	1984	1985	1986	1987	1988	1989 ^o
Millions of dollars								
Disbursed external public debt								
Balances	410	551	607	600	696	752	778	811
Government	282	402	454	453	496	521	535	536
Public enterprises	128	149	153	147	200	231	243	275
Disbursements	48	47	84	50	55	73	48	29
Servicing	17	23	37	31	36	45	30	22
Principal	10	12	28	23	29	36	20	13
Interest	7	11	9	8	7	9	10	9
Percentages								
Ratios								
Total external debt/exports of goods and services	149.1	190.0	189.7	178.0	238.7	234.7	283.1	330.9
Debt servicing/exports of goods and services	6.2	7.9	11.6	9.2	12.3	14.0	10.9	9.0
Net interest payments/exports of goods and services	2.5	3.8	2.8	2.2	2.5	2.7	3.5	4.0
Debt servicing/disbursements	35.4	48.9	44.0	62.0	65.5	61.6	62.5	75.9

Source: ECIAC, on the basis of figures supplied by the Bank of the Republic of Haiti.

^a Balance of disbursed external debt, for terms of over one year, as of 30 September of each year. Preliminary figures.

Table 15
HAITI: TRENDS IN DOMESTIC PRICES

	1982	1983	1984	1985	1986	1987	1988	1989
Variation from September to September								
Consumer price index	6.2	12.2	6.1	15.0	-0.5	-13.8	8.3	7.3
Food	1.6	13.4	5.8	17.7	-1.9	-22.5	12.2	8.6
Variation between annual averages								
Consumer price index	9.0	8.8	8.0	8.4	8.5	-10.4	-0.1	7.5
Food	4.7	7.2	8.5	7.8	11.7	-17.5	-0.4	8.8

Source: ECIAC, on the basis of figures supplied by the Bank of the Republic of Haiti and the Haitian Institute of Statistics and Information Science.

Table 16
HAITI: TRENDS IN WAGES AND SALARIES

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Gourdes								
Minimum daily wages	13.0	13.2	13.2	15.0	15.0	15.0	15.0	16.3
Indexes (1980 = 100)								
Wages								
Nominal	118.2	120.0	120.0	136.4	136.4	136.4	136.4	147.8
Real ⁰	100.8	94.0	87.1	91.3	84.8	94.7	95.1	103.0
Growth rates								
Wages								
Nominal	14.1	1.5		13.7				8.3
Real ⁰	4.7	-6.7	-7.4	4.9	-7.8	11.6	0.1	0.7

Source: ECLAC, on the basis of figures supplied by the Haitian Institute of Statistics and Information Science.
 Preliminary figures. ^b Refers to the minimum daily wage paid in industry. ^c Deflated on the basis of consumer price index.

Table 17
HAITI: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of gourdes				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
1. Current income	1299	1162	1158	1265	1.6	-10.5	-03	9.2
Tax revenue	1234	1108	1117	1210	9.8	-10.2	0.8	8.3
Direct	154	128	141	156	-	-16.9	10.2	10.6
Indirect	470	449	469	490	-27.0	-4.5	4.5	4.5
Public enterprises	105	91	101	87		-13.3	11.0	-13.9
On foreign trade	311	226	181	221	1.6	-27.3	-19.9	22.1
Other taxes	194	214	225	256	870.0	10.3	5.1	13.8
Extrabudgetary revenue	65	54	41	55	-58.1	-16.9	-24.1	34.1
2. Current expenditure	1272	1262	1189	1306	-29.5	-0.8	-5.8	9.8
Budgetary expenditure	1025	1026	970	1115	32.3	0.1	-5.5	14.9
Wages and salaries	561	699	748	808	13.6	24.6	7.0	8.0
Other current expenditure	464	327	222	307	65.1	-29.5	-32.1	38.3
Extrabudgetary expenditure	247	236	219	191	-76.0	-4.5	-7.2	-12.8
3. Current saving (1-2)	27	-100	-31	-41				
4. Capital expenditure	676	727	584	567	223.2	7.6	-19.6	-3.0
5. Total expenditure (2+4)	1948	1989	1773	1873	-3.3	2.1	-10.9	5.6
6. Fiscal deficit (1-5)	649	827	615	608	-188.4	27.5	-25.6	-1.2
7. Financing of deficit								
Domestic financing (net)	145	55	155	202				
Central Bank	147	59	172	199				
Others	-2	-4	-17	3				
External financing	230	134	89	51				
Donations	386	565	147	16				
Adjustments	-139	-39	180	271				
Ratios (percentages)								
Current saving/capital expenditure	4.0	-13.8	-5.3	-7.2				
Fiscal deficit/total expenditure	33.3	41.6	34.7	32.5				
Tax revenue/GDP	11.6	11.7	10.7	12.2				
Total expenditure/GDP	17.4	20.0	18.4	18.1				
Fiscal deficit/GDP	5.8	8.3	6.4	5.9				
Donations/deficit	-59.5	-68.3	-23.8	-2.7				

Source: ECLAC, on the basis of figures supplied by the Bank of the Republic of Haiti and the International Monetary Fund.

^a Preliminary figures.

Table 18
HAITI: MONETARY INDICATORS

	End-September balances (millions of gourdes)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Monetary base	1 687	1 938	2 187	2 350	12.5	14.9	12.8	7.5
Money (Mi)	1 381	1 584	1 865	2 039	14.7	14.7	17.7	9.3
Quasi-money	1 493	1 616	1 702	1 994	9.4	8.2	5.3	17.2
Money plus quasi-money (M2)	2 874	3 200	3 567	4 033	11.9	11.3	11.5	13.1
Domestic credit	4 338	4 512	4 815	5 427	1.5	4.0	6.7	12.7
To the public sector	2 800	2 948	3 120	3 371	-0.3	5.3	5.8	8.0
Central government (net)	2 653	2 792	3 014	3 226	2.6	5.2	8.0	7.0
Public institutions	147	156	106	145	-34.1	6.1	-32.1	36.8
To the private sector	1 538	1 564	1 695	2 056	5.0	1.7	8.4	21.3
Coefficient!								
Monetary multipliers								
Mi/monetary base	0.82	0.82	0.85	0.87				
M2/monetary base	1.70	1.65	1.63	1.72				
Velocity of circulation:								
GDP/MI	8.1	6.3	5.3	5.1				

Source: ECLAC, on the basis of figures supplied by the Bank of the Republic of Haiti.

^a Preliminary figures. Excluding interbank operations.

HONDURAS

The Honduran economy grew by close to 2% in 1989, less than in the preceding two years, the result being a decline in per capita product (see table 1 and figure 1). The slowing down of the growth of the product was due to the behaviour of domestic demand. The volume of exports, however, increased by somewhat more than 6%, after having declined in 1988. The value of exports increased more rapidly than that of imports, lowering the deficit on the trade balance. However, the external payments situation showed some complications owing to the constraints in international financing. The fiscal deficit increased slightly and was financed to a larger extent than in previous years by credit from the Central Bank, and this was one of the reasons why money began to be issued more rapidly. The increase in the money supply, the scarcity of foreign exchange and the rise in the prices of some foodstuffs combined to raise the inflation rate to somewhat above 11%.

Agriculture again showed an increase although it was smaller than in recent years. Manufacturing was also more active although the sector was affected by higher production costs and difficulties in supplying imported inputs. Construction was again one of the more dynamic sectors under the impetus provided by residential building. Although mining is one of the less important branches of the economy, it contributed significantly to the growth of the product in 1989, and especially to exports.

The rise in external sales in general was due in particular to increased sales of zinc and other minerals and to exports of non-traditional products. Exports from the duty-free zones also grew. The growth of non-traditional exports was to some extent due to the exchange

policy, which by liberalizing the rate of exchange of foreign currency, brought about a rise in the real exchange rate in a situation in which minimum wages remained unchanged.

The increase in the flow of exports did not result in any relaxation of external constraints. In fact, owing to the decline in the availability of credit, the government had to resort to import controls to keep reserves from declining. This situation was related to the absence of an agreement with the multilateral financial agencies, attempts to negotiate a structural adjustment agreement with the World Bank having ended in failure as had those to secure support from the International Monetary Fund. Also, the United States Agency for International Development (AID) was reluctant to disburse budgeted funds. Consequently, debt service payments were postponed, and the Central Bank lost liquid assets in foreign exchange.

In the first part of the year, the fiscal policy's objective of reducing the deficit was maintained; however, as the presidential elections drew near (they were held in November), non-budgetary expenditure grew appreciably. In addition, the government's real income contracted during the year, leaving a fiscal imbalance of close to 7% of the gross domestic product, a figure similar to that of 1988; however, whereas even external financing covered more than half the deficit in 1988, in 1989 the public sector had to resort to domestic credit for almost 75% of its needs. A good part of that credit was provided by the Central Bank, the result being a more rapid monetary expansion.

Honduras has traditionally had an economy with moderate inflation, and this continued to

Figure 1

HONDURAS: MAIN ECONOMIC INDICATORS

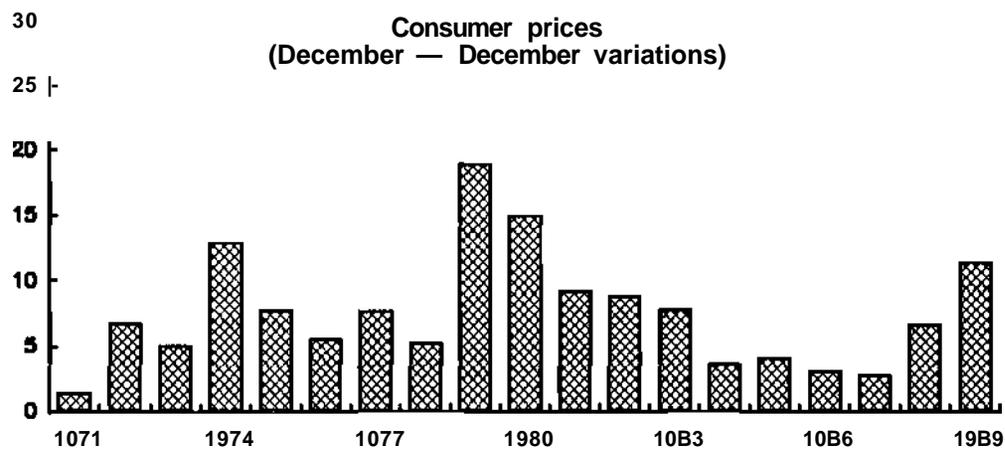
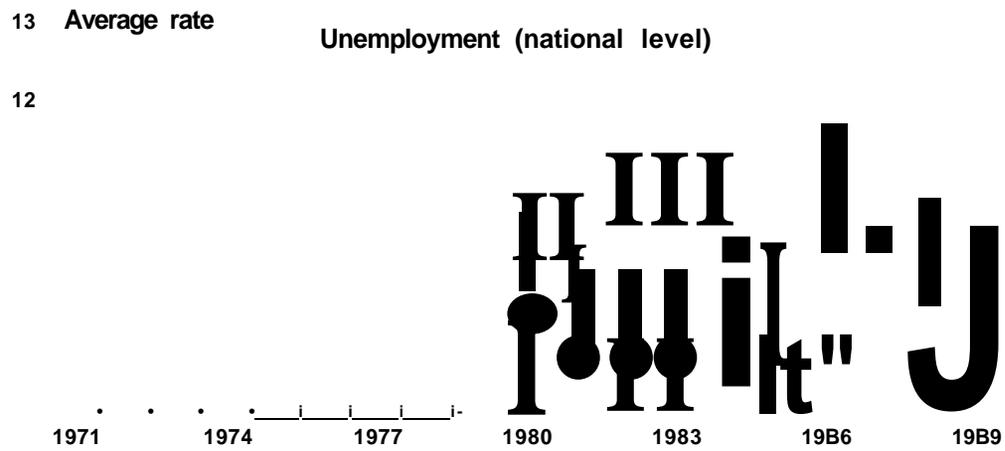
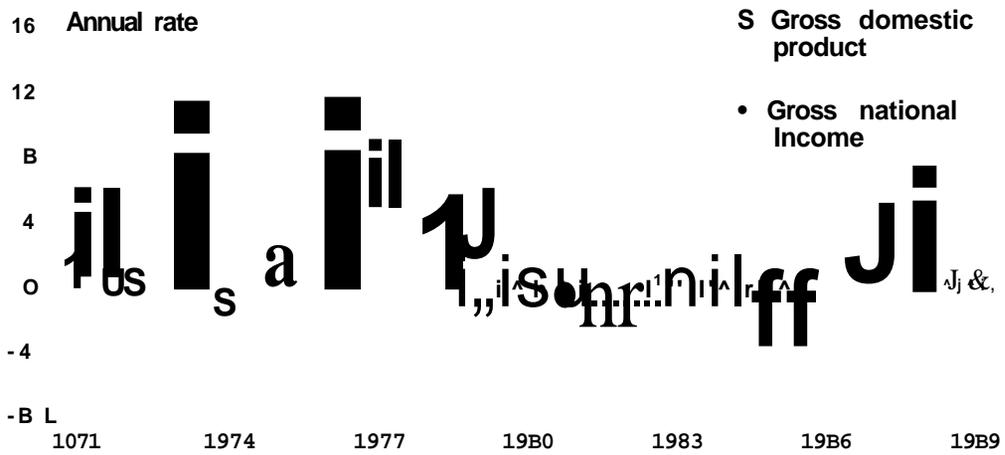
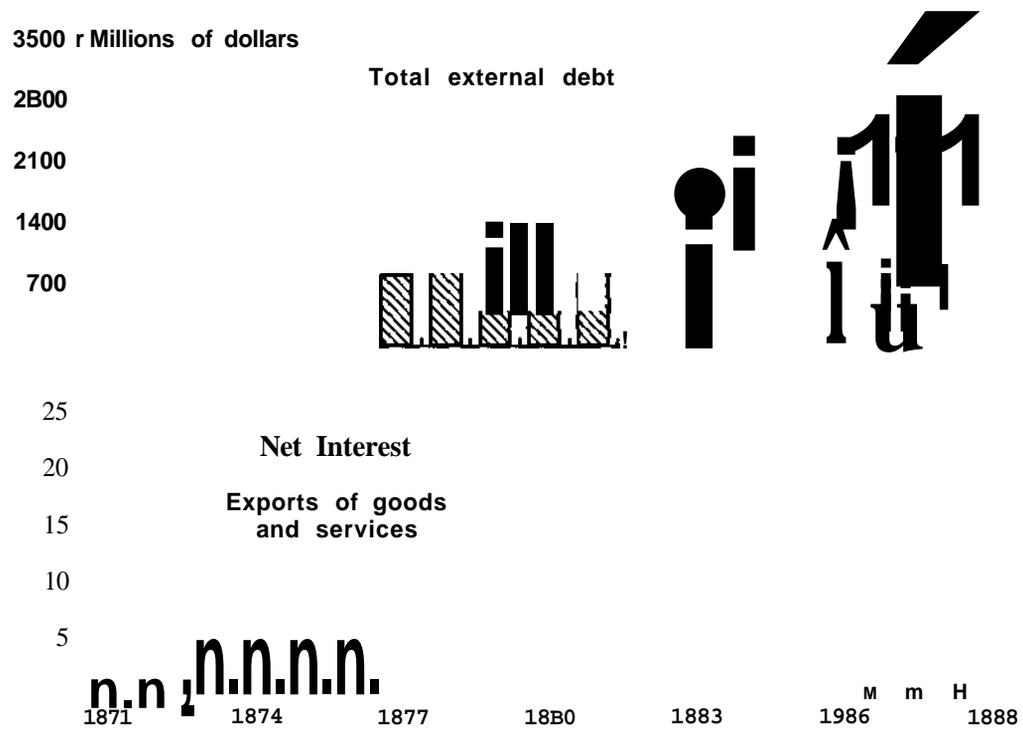
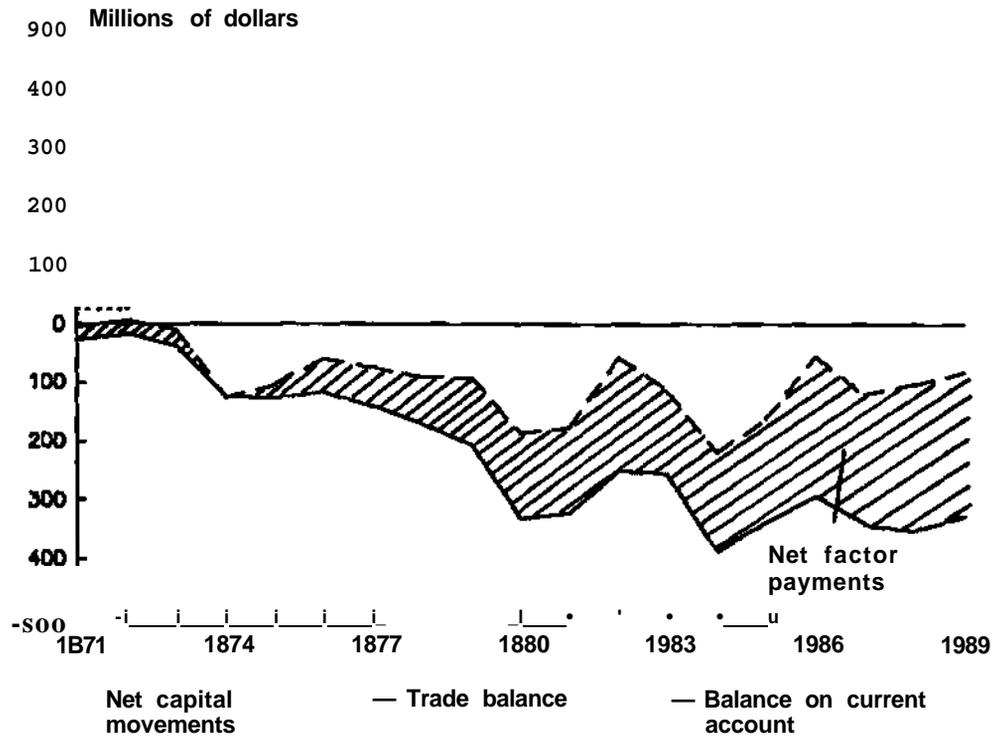


Figure 1 (concluded)

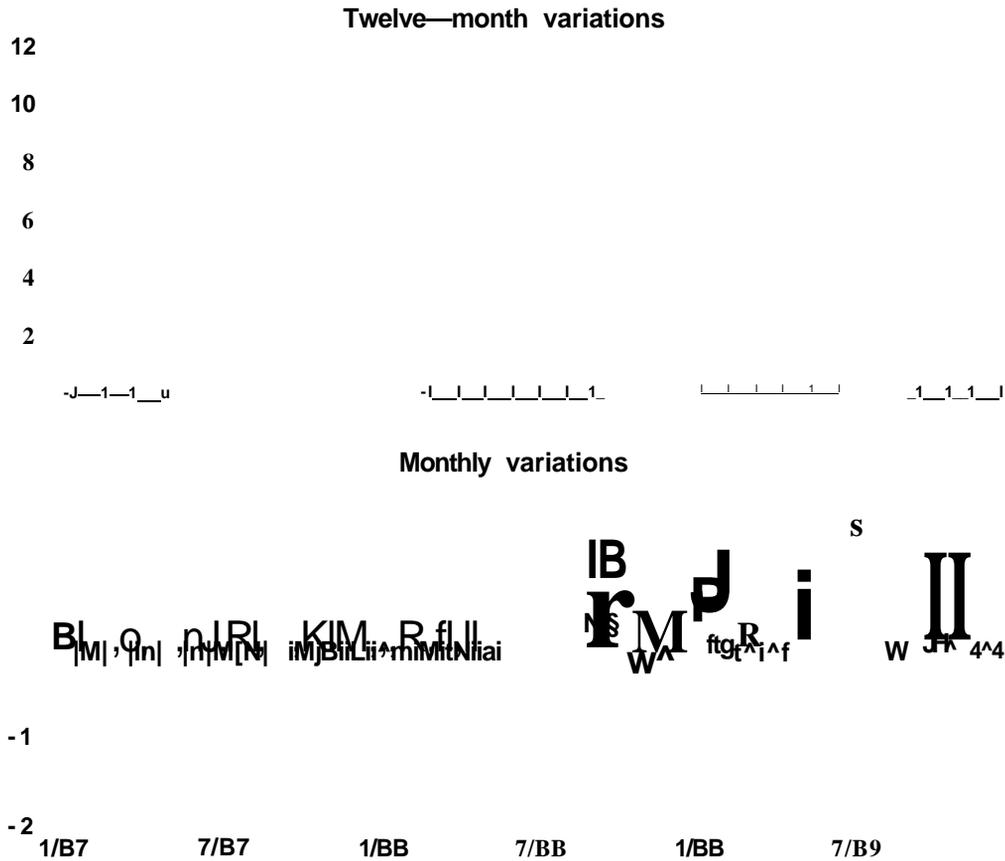


Source: ECLAC, on the basis of official figures.

be the case in 1989. However, prices began to rise more rapidly, starting from a point which was already higher than the average in the past. The annual variation of two digits in the

consumer price index resulted from rises in food prices and in the prices of goods tradeable abroad. The price of transport and public services, on the other hand, lagged behind.

Figure 2
HONDURAS: CONSUMER PRICE INDEX
(Percentages)



Source: ECLAC, on the basis of official figures.

Table 1
HONDURAS: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Indexes (1980=100)								
Basic economic indicators								
Gross domestic product at market prices	99.0	99.0	101.4	103.4	106.7	111.9	117.2	119.6
Gross national income	94.6	96.7	99.3	96.0	103.6	105.6	112.5	113.8
Population (millions of inhabitants)	3.9	4.1	4.2	4.4	4.5	4.7	4.8	5.0
Per capita gross domestic product	92.1	88.7	87.7	86.4	86.3	87.6	88.9	87.9
Central government deficit/GDP				9.0	7.8	7.4	7.0	7.2
Money (M1)/GDP ^b				10.9	10.8	11.5	11.9	13.2
Real effective exchange rate	85.0	78.7	75.4	72.7	74.5	78.6	79.1	73.5
Unemployment rate	9.2	9.5	10.7	11.7	12.2	8.2	8.1	8.6
Growth rates								
Short-run economic indicators								
Gross domestic product	-1.8	-0.1	2.5	2.0	3.2	4.8	4.8	2.1
Per capita gross domestic product	-5.4	-3.6	-1.2	-1.5	-0.1	1.5	1.5	-1.1
Gross national income	-3.0	2.2	2.7	-3.3	8.0	1.9	6.6	1.1
Consumer prices								
December to December	8.8	7.8	3.7	4.2	3.2	2.9	6.7	11.4
Real minimum wages and salaries		-7.7	-4.5	-3.3	-4.2	-2.4	-4.3	-8.9
Current value of exports of goods and services	-13.2	4.4	5.8	6.6	11.7	-3.9	4.8	7.7
Current value of imports of goods and services	-22.4	10.9	16.9	-0.3	-0.1	2.5	2.7	5.1
Terms of trade (goods and services)	2.7	1.0	2.1	-13.2	20.6	-10.7	5.2	-4.3
Millions of dollars								
External sector								
Trade balance (goods and services)	-56	-111	-219	-160	-52	-119	-102	-80
Net payments of profits and interest	202	152	178	190	254	239	266	263
Balance on current account	-249	-254	-386	-337	-293	-341	-350	-325
Balance on capital account	173	207	397	302	353	406	369	350
Variation in international reserves (net)	-53	-39	27	-19	43	26	-18	25
External debt ^c	1986	2162	2392	2794	3 018	3 105	3 338	3 351

Source: ECIAC, on the basis of official figures.

Preliminary figures.

Percentages.

^c Does not include increases on account of arrears of interest.

Table 2
HONDURAS: EVOLUTION OF REAL GROSS NATIONAL INCOME

	Indexes(1980 = 100)			Percentage breakdown			
	1987	1988	1989 ^a	1980	1987	1988	1989 ^a
Gross national income (a + b + c + d)	105.6	112.5	113.8	94.2	88.9	90.4	89.6
a) Gross domestic product	111.9	117.2	119.6	100.0	100.0	100.0	100.0
b) Terms-of-trade effect				-	-3.9	-2.1	-3.6
c) Net factor payments	140.5	152.9	143.1	-6.1	-7.7	-8.0	-7.4
d) Net private transfers from abroad	193.3	205.3	200.0	0.3	0.5	0.5	0.5

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

Table 3
HONDURAS: TOTAL SUPPLY AND DEMAND

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total supply	104.2	108.0	109.5	145.1	132.9	3.9	3.5	3.6	1.4
Gross domestic product at market prices	111.9	117.2	119.6	100.0	100.0	3.2	4.8	4.8	2.1
Imports of goods and services	87.3	87.7	87.1	45.1	32.9	5.6	-0.2	0.4	-0.6
Total demand	104.2	108.0	109.5	145.1	132.9	3.9	3.5	3.6	1.4
Domestic demand	104.1	110.2	109.9	107.4	98.6	6.1	3.0	5.9	-0.3
Gross domestic investment	77.5	73.6	74.3	24.5	15.2	-15.3	7.5	-4.9	0.9
Gross fixed investment	68.7	73.0	76.2	24.2	15.4	-13.6	-6.6	6.2	4.3
Construction	73.6	78.5	82.5	11.9	8.2	-8.2	-17.0	6.6	5.2
Machinery and equipment	64.1	67.7	70.0	12.3	7.2	-20.3	8.4	5.7	3.4
Public	69.5	72.2	74.6	9.4	5.8	-27.3	-22.9	3.8	3.3
Private	68.2	73.5	77.1	14.9	9.6	4.1	8.1	7.7	4.9
Changes in stocks	69.5	72.2	74.6	9.4	5.8				
Total consumption	111.9	121.0	120.4	82.9	83.4	11.6	2.2	8.1	-0.5
General government	134.6	140.1	142.6	13.3	15.9	19.3	3.1	4.1	1.8
Private	107.6	117.3	116.1	69.6	67.6	9.9	1.9	9.0	-1.0
Exports of goods and services	104.7	101.9	108.5	37.7	34.2	-2.1	4.8	-2.7	6.5

Source: ECLAC, on the basis of official figures and figures provided by the International Monetary Fund.

^a Preliminary figures. ^b 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 4
**HONDURAS: ORIGIN, COMPOSITION AND FINANCING
 OF GROSS DOMESTIC INVESTMENT**
(As percentages of the gross domestic product)^a

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Gross domestic investment	12.4	15.0	20.7	20.2	16.6	17.0	15.4	15.2
Gross domestic saving	12.7	13.0	14.3	21.3	14.9	17.1	14.4	16.6
Net income from factor services	-7.9	-6.0	-6.5	-6.5	-8.8	-7.7	-8.0	-7.4
Terms-of-trade effect	-2.5	-2.3	-1.6	-6.5	-0.2	-3.9	-2.1	-3.6
Unrequited private transfers	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5
Gross national saving	2.7	5.0	6.5	8.7	6.3	5.9	4.8	6.1
External saving	9.7	10.0	14.2	11.5	10.2	11.0	10.6	9.1

Source: ECLAC, on the basis of official data.

^a At market prices, in constant 1980 dollars, at adjusted exchange rate. Preliminary figures.

Table 5
**HONDURAS: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY
 AT 1980 MARKET PRICES**

	Indexes (1980 = 100)			Percentage breakdown			Growth rates		
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product	111.9	117.2	119.6	100.0	100.0	3.2	4.8	4.8	2.1
Goods	109.5	114.6	117.8	48.3	47.5	1.0	3.1	4.6	2.7
Agriculture	114.0	116.2	117.8	24.5	24.1	2.4	4.1	1.9	1.4
Mining	104.6	107.6	125.8	2.1	2.2	-6.7	-16.9	2.9	16.9
Manufacturing	119.7	129.7	133.5	15.7	17.5	3.0	10.1	8.4	2.9
Construction	66.1	70.5	73.7	6.0	3.7	-8.3	-17.0	6.6	4.5
Basic services	158.0	165.9	168.3	53	11.7	22.4	3.7	5.0	1.4
Electricity, gas and water	228.6	232.7	238.8	1.9	3.8		1.8	1.8	2.6
Transport, storage and communications	137.0	146.1	147.3	6.4	7.9	2.2	4.7	6.6	0.8
Other services	107.0	112.6	114.4	40.3	38.5	0.9	7.9	5.2	1.6
Commerce, restaurants and hotels	84.2	85.1	85.8	15.3	11.0	-6.1	9.1	1.1	0.8
Financia) institutions, insurance, real estate and business services	124.0	135.7	141.8	10.6	12.6	2.6	6.2	9.4	4.5
Ownership of dwellings	130.1	137.8	145.5	4.9	6.0	1.6	5.4	5.9	5.6
Community, social and personal services	118.8	124.7	124.5	14.3	14.9	5.5	8.3	5.0	-0.2
Government services	132.9	137.2	139.6	4.3	5.0	4.8	10.1	3.2	1.8
Import duty	87.1	87.9	86.0	3.1	2.2	5.6	-2.0	0.9	-2.2

Source: ECIAC, 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. Including stock-raising, forestry and fishing.

Table 6
HONDURAS: INDICATORS OF AGRICULTURAL PRODUCTION

	1985	1986	1987	1988	Percentage		Growth rates			
					1977	of 1985 ^b	1986	1987	1988	1989 ^a
Indexes of agricultural production (1980 = 100)^c	106.9	109.5	114.0	116.1	117.7	100.0	2.4	4.1	1.8	1.4
Crop-farming	106.1	108.1	109.5	110.3	112.3	66.1	1.9	1.3	0.7	1.8
Stock-raising	111.0	115.9	126.1	132.3	138.5	15.2	4.4	8.8	4.9	4.7
Forestry	96.7	97.5	101.6	102.4	93.4	8.5	0.8	4.2	0.8	-8.8
Poultry raising	124.2	130.3	143.3	146.5	149.7	6.3	4.9	10.0	2.2	2.2
Production of the main crops										
For export										
Bananas	1089	1018	1150	1107	1077	21.2	-6.5	13.0	-3.7	-2.7
Coffee	75	76	80	94	99	19.4	1.3	5.3	17.5	5.3
Sugar cane	2 989	2 989	2 659	2 504	2 657	3.9	-	-11.0	-5.8	6.1
Cotton	15	9	8	9	5	0.9	-40.0	-11.1	12.5	-44.4
Tobacco	5	5	4	5	6	0.9	-	-20.0	25.0	20.0
For domestic consumption										
Maize	427	406	399	432	387	6.5	-4.9	-1.7	8.3	-10.4
Beans	51	51	45	23	35	1.8	-	-11.8	-48.9	52.2
Paddy rice	52	62	57	47	56	1.5	19.2	-8.1	-17.5	19.1
Plantains	171	147	158	160	172	1.3	-14.0	7.5	-	7.5
African palm	312	325	294	314	299	2.1	4.2	-9.5	6.8	-4.8
Indicators of stock-raising production										
Stocks ^e										
Cattle	2 478	2 588	2 717	2 869	3 045		4.4	5.0	5.6	6.1
Pigs	717	720	723	726	728		0.4	0.4	0.4	0.3
Sheep	23	22	22	22	21		-4.3	-	-	-4.5
Poultry	9 436	10 290	10 908	11 823	12 835		9.1	6.0	8.4	8.6
Slaughtering ^e										
Cattle	346	346	347	350	389		0.6	4.0	0.9	11.1
Pigs	360	369	380	391	404		2.5	3.0	2.9	3.3
Poultry	13 086	13 465	13 856	14 258	14 671		2.9	2.9	2.9	2.9
Other products										
Milk ^f	247	269	283	299	317		8.9	5.2	5.7	6.0
Eggs ^g	46	47	49	50	52		2.2	4.3	2.0	4.0

Source: ECLAC, on the basis of official figures from the Central Bank of Honduras.
Preliminary figures. ¹ Estimated on the basis of the gross value of production at constant prices.
on the basis of value added. Thousands of tons. " Thousands of heads. Millions of litres. ⁸ Estimated
of dozens. Millions

Table 7
HONDURAS: INDICATORS OF FISHERY PRODUCTION

	Volume (tons)				Percentage breakdown		Growth rates			
	1985	1986	1987	1988	1989 ^a	1985 ^b	1986	1987	1988	1989 ⁱ
Total	6 124	6 278	5 386	10 625	11 677	100.0	2.5	-14.2	97.3	9.9
Industrial fisheries	3 450	3 931	3 407	3 478	4 222	72.0	13.9	-13.3	2.1	21.4
Shrimp	1707	1913	2 067	2 273	2 501	27.1	12.1	8.1	10.0	10.0
Lobster	1537	1395	1093	1202	1322	44.7	-9.2	-21.6	10.0	10.0
Fish	85	367	208	229	352	0.1	331.8	-43.3	10.1	53.7
Other species	120	256	39	43	48	0.2	113.3	-84.8	10.3	11.6
Artisanal fisheries	812	533	559	615	677	2.0	-34.4	4.9	10.0	10.1
Shrimp	77	91	96	105	116	1.2	18.2	5.5	9.4	10.5
Lobster	4	11	12	13	14	-	175.0	9.1	-	7.7
Fish	563	285	300	330	363	0.6	-49.4	5.3	10.0	10.0
Other species	168	145	152	167	184	0.2	-13.7	4.8	9.9	10.2
Aquiculture	1863	1814	1420	6 262	6 778	26.0	-2.6	-21.7	341.0	8.2
Shrimp	1612	1503	1149	5 543	5 987	25.6	-6.8	-23.6	382.4	8.0
Fish	251	311	271	718	790	0.4	23.9	-12.9	164.9	10.0

Source: ECLAC, on the basis of figures supplied by the Fisheries Department of the Ministry of Planning (SECPLAN).

^a Preliminary figures. Estimated on the basis of the gross value of production at constant prices.

Table 8
HONDURAS: PRODUCTION OF SELECTED MANUFACTURES

	Indexes (1980 = 100)					Growth rates			
	1985	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Cement	113.1	117.2	146.9	182.3	211.2	3.6	25.3	24.1	15.9
Asbestos-cement	121.7	108.6	157.8	181.1	198.6	-10.8	45.3	14.8	9.7
Textiles	83.8	71.2	109.4	121.4	120.4	-15.0	53.7	11.0	-0.8
Wheat Hour	114.5	126.1	127.4	138.7	139.9	10.1	1.0	8.9	0.9
Cane sugar	115.0	120.0	101.1	91.5	...	4.3	-15.8	-9.5	
Cigarettes	107.9	99.6	97.6	108.2	119.5	-7.7	-2.0	10.9	10.4
Matches	110.7	116.0	105.6	111.0	123.7	4.8	-9.0	5.1	11.4
Beer	108.2	118.5	125.5	141.9	157.4	9.5	5.9	13.1	10.9
Beverages (carbonated)	111.4	106.6	122.5	142.3	151.2	-4.3	14.9	16.2	6.3
Aguardiente	85.4	93.0	92.5	103.9	112.4	8.9	-0.5	12.3	8.2
Spirits	73.4	77.1	72.5	76.2	76.1	5.0	-6.0	5.1	-0.1
Industrial consumption of electricity ^b	450	410	416	469	504	-8.9	1.5	12.7	7.5

Source: ECLAC, on the basis of figures supplied by the Central Bank of Honduras.

^a Preliminary figures. ^b Millions of kWh.

Table 9
HONDURAS: CONSTRUCTION INDICATORS

	1985	1986	1987	1988	1989 ^a	Growth rates			
						1986	1987	1988	1989 ^a
Area constructed (thousands of m ²)									
Total	280	312	350	521	712	11.4	12.2	48.9	36.7
Residential	181	214	237	348	519	18.2	10.7	46.8	49.1
Production of selected building materials									
Cement ^c	8 177	8 470	10 615	13 178	15 265	3.6	25.3	24.1	15.9
Asbestos-cement slabs (m ²)	2 470	2 294	3 204	3 676	4 032	-7.1	39.7	14.7	9.7

Source: ECLAC, on the basis of figures supplied by the Central Bank of Honduras.

^a Preliminary figures. ^b Based on applications for private building permits in urban areas of the Central District, San Pedro Sula and La Ceiba from 1 October 1988 through 30 September 1989. May differ from amount of construction actually effective. ^c Thousands of 42.5 kilo sacks.

Table 10
HONDURAS: INDICATORS OF ELECTRICITY GENERATION AND CONSUMPTION

	Millions of kWh					Growth rates			
	1985	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Total supply	1384	1460	1783	1939	2 028	5.5	22.1	8.7	4.6
Production (net)	1377	1453	1782	1934	2 023	5.5	22.6	8.5	4.6
Imported	7	7	1	5	5	-	-85.7	400.0	-
Total demand	1384	1460	1783	1939	2 028	5.5	22.1	8.7	4.6
Domestic consumption	1065	1059	1145	1259	1353	-0.6	8.1	10.0	7.5
Residential	330	340	371	405	436	3.0	9.1	9.2	7.7
Commercial	177	193	230	243	267	9.0	19.2	5.7	9.9
Industrial ^c	450	410	416	469	504	-8.9	1.5	12.7	7.5
Government offices	80	88	99	111	114	10.0	12.5	12.1	2.7
Public lighting	27	27	28	30	31	-	3.7	7.1	3.3
Others ^d	1	1	1	1	1	-	-	-	-
Exports	134	158	322	307	221	17.9	103.8	-4.7	-28.0
Losses ^e	185	243	316	373	454	31.4	30.0	18.0	21.7

Source: ECLAC, on the basis of official figures provided by the National Electric Power Company of Honduras (ENEE).

Note: The figures for electric power supply and demand relate to the ENEE system.

^a Preliminary figures.

Net production = gross production minus the energy consumed in generating plants.

^c Corresponds to large enterprises with high rates of consumption in various economic activities.

^d Sales to other

systems and uninvoiced consumption.

^e Losses in transmission and distribution.

Table 11
HONDURAS: ECONOMICALLY ACTIVE POPULATION AND UNEMPLOYMENT

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Total population (thousands of inhabitants) ^b	3 761	3 867	3 976	4 088	4 203	4 322	4 444	4 569
Economically active population Thousands of persons	1167	1211	1257	1304	1353	1404	1457	1511
Index	107.8	111.8	116.1	120.4	124.9	129.6	134.5	139.5
Rate or urban open unemployment	15.2^b	-	-	-	12.2^c	8.2^d	8.1^e	8.6^e

Source: ECLAC, on the basis of official figures. The rates of urban open unemployment were derived from continuous surveys of the labour force conducted by the Department of Statistics and Censuses of the Ministry of Planning (SECPLAN).

* Preliminary figures.

Tegucigalpa and San Pedro Sula only.

^c Rate for 16 cities.

^b Rate for the urban areas of five regions.

Table 12
HONDURAS: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance en current account	-249	-254	-386	-337	-293	-341	-350	-325
Trade balance	-56	-111	-219	-160	-52	-119	-102	-80
Exports of goods and services	767	801	847	903	1009	970	1017	1095
Goods, FOB	677	699	737	790	891	844	893	967
Real services	90	102	110	114	118	126	124	128
Transport and insurance	37	44	51	54	54	60	58	63
Travel	25	22	23	24	26	27	28	28
Imports of goods and services	823	912	1066	1063	1061	1089	1118	1175
Goods, FOB	681	756	885	879	874	894	917	964
Real services	142	156	181	184	187	195	202	211
Transport and insurance	69	78	88	88	87	89	93	98
Travel	23	21	25	27	30	35	37	38
Factor services	-202	-152	-178	-190	-254	-239	-266	-263
Profits	-45	-33	-57	-58	-67	-70	-72	-75
Interest received	15	12	14	13	11	9	10	11
Interest paid outstanding	-172	-131	-135	-145	-197	-178	-203	-199
Labour and ownership	-	-	-	-	-	-	-1	-
Unrequited private transfer payments	9	10	10	12	13	16	17	18
Balance on capital account	173	207	397	302	353	406	369	350
Unrequited official transfer payments	21	35	70	133	145	115	117	54
Long-term capital	134	148	262	222	58	53	-28	15
Direct investment	14	21	21	28	30	39	47	37
Portfolio investment	0	-	-2	1	-1	1	-	-
Other long-term capital	120	127	243	193	29	13	-74	-
Official sector ^c	43	53	97	78	57	66	14	-
Loans received	95	104	132	178	140	163	184	-
Amortization payments	-42	-43	-33	-55	-44	-83	-133	-
Commercial banks ^c	-2	-3	-4	7	-1	-2	-2	-
Loans received	3	3	2	13	15	9	5	-
Amortization payments	-5	-6	-6	-6	-15	-11	-7	-
Other sectors ^c	80	77	150	108	-27	-50	-87	-
Loans received	142	177	250	199	109	69	37	-
Amortization payments	-62	-100	-100	-90	-136	-119	-124	-
Short-term capital	19	11	74	2	143	183	158	199
Official sector	39	-2	64	29	144	142	163	-
Commercial banks	18	8	-6	5	-	30	-10	-
Other sectors	-37	5	16	-32	-	11	6	-
Errors and omissions (net)	-1	13	-8	-55	6	56 ^d	121 ^d	82 ^a
Global balance	-76	-47	11	-35	60	65	19	25
Total variation in reserves (- sign indicates an increase)	53	39	-27	19	-43	-26	18	-25
Monetary gold	-	-	-	-	-	-	-	-
Special Drawing Rights	-	-	2	-	-	-	-	-
IMF reserve position	-	-4	4	-	-	-	-	-
Foreign exchange assets	-11	3	-21	22	-6	5	56	-
Other assets	-2	-2	-1	-2	-2	-1	-1	-
Use of IMF credit	66	43	-11	-2	-35	-30	-36	-

Source: 1982-1988: ECLAC, on the basis of figures supplied by the International Monetary Fund; 1989: ECLAC, on the basis of figures provided by the Central Bank of Honduras.

^a Preliminary figures. Includes other non-factor services. ^c Includes net loans granted and other assets and liabilities. Includes arrears in external debt service. In 1986, US\$97.8 million; in 1987, US\$141.7 million; in 1988, US\$125.8 million and in 1989, US\$214.5 million. ^d 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 ^a (1985 = 100)	
		Exports	Imports
1970-1979		124.7	120.8
1980-1989		111.5	107.8
1980	2	137.6	133.4
1981	2	128.0	125.8
1982	2	117.0	113.3
1983	2	108.3	105.9
1984	2	103.7	103.2
1985	2	100.0	100.0
1986	2	102.5	97.7
1987	2	108.1	100.7
1988	2	108.9	102.1
1989	2	101.2	95.6
1987			
I	2	106.2	98.8
II	2	108.4	100.9
III	2	107.4	100.6
IV	2	110.5	102.6
1988			
I	2	111.5	103.8
II	2	110.9	103.7
III	2	106.4	100.6
IV	2	106.7	100.4
1989			
I	2	105.0	99.2
II	2	102.5	97.3
III	2	99.2	93.8
IV	2	98.1	92.0

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

^a 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: MAIN FOREIGN TRADE INDICATORS (GOODS)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Growth rates								
Exports FOB								
Value	-13.7	3.3	5.5	7.1	12.9	-5.3	5.8	8.3
Volume	-11.5	5.0	-1.5	17.6	-2.3	4.9	-2.4	7.5
Unit value	-2.5	-1.6	7.1	-8.9	15.5	-9.6	8.3	0.7
Imports FOB								
Value	-24.2	11.1	17.0	-0.6	-0.6	2.3	2.5	5.2
Volume	-19.4	13.9	12.8	-6.5	6.0	0.2	0.8	-0.7
Unit value	-6.0	-2.5	3.7	6.3	-6.2	2.1	1.8	5.9
Terms of trade	2.8	0.5	2.2	-14.2	22.7	-11.7	6.0	-4.8
Indexes (1980=100)								
Purchasing power of exports ^c	77.5	81.7	82.2	83.0	99.5	92.2	95.4	97.6
Volume of exports	85.0	89.2	87.9	103.4	101.1	106.0	103.5	111.3
Volume of imports	70.2	79.9	90.1	84.3	89.3	89.5	90.2	89.6
Terms of trade (FOB/FOB)	92.0	92.8	95.8	82.1	101.1	89.5	95.3	90.6

Source: ECUVC, on the basis of official figures.

^a Preliminary figures. Corresponds to FOB/CIF values of goods (FOB).

^c Estimated on the basis of the price index for imports of goods (FOB).

Table 15
HONDURAS: EXPORTS OF GOODS, FOB

	Millions of dollars			Percentage breakdown			Growth rates		
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total^b	808	869	940	100.0	100.0	11.7	-5.4	7.5	8.2
Central America	26	24	30	10.2	3.2	-8.1	13.0	-7.7	25.0
United States	450	447	503	52.0	53.5	10.0	11.4	-0.7	12.5
Federal Republic of Germany	84	92	98	11.6	10.4	55.1	-7.7	9.5	6.5
Italy	45	55	56	1.9	6.0	0.9	-25.0	22.2	1.8
Japan	40	61	56	4.3	6.0	56.4	-49.4	52.5	-8.2
Rest of world	163	190	197	20.0	21.0	-51.6	-17.3	16.6	3.7
Main traditional exports	667	707	754	75.5	80.2	18.8	-8.0	6.0	6.6
Bananas	322	345	343	27.7	36.5	-6.1	25.3	7.1	-0.6
Coffee	200	192	191	24.9	20.3	73.9	-37.9	-4.0	-0.5
Wood	35	30	25	4.4	2.7	-5.3	9.4	-14.3	-16.7
Chilled meat	23	20	19	7.4	2.0	10.1	15.0	-	-5.0
Shrimps and lobsters	58	82	79	2.8	8.4	10.8	28.9	41.4	-3.7
Zinc	15	24	82	1.2	8.7	-12.2	-42.3	60.0	241.7
Silver	8	9	7	3.9	0.7	-3.4	-38.5	12.5	-22.2
Cotton	2	1	1	1.6	0.1	-31.8	-60.0	-50.0	-
Tobacco	4	4	7	1.7	0.7	-38.6	-20.0	-	75.0
Main non-traditional exports	141	162	186	24.5	19.8	-16.4	9.3	14.9	14.8
Wood manufactures	6	6	8	2.0	0.9	0.6	-	0.0	33.3
Unrefined sugar	19	14	10	3.6	1.1	-41.8	58.3	-26.3	-28.6
Soap	1	1	1	2.5	0.1	-38.6	-	-	-
Other	115	141	167	16.4	17.8	-12.4	4.5	22.6	18.4

Source: ECLAC, on the basis of figures supplied by the Central Bank of Honduras.

^a Preliminary figures. ^b 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 16
HONDURAS: VOLUME OF EXPORTS OF MAIN PRODUCTS

	Thousands of tons					Growth rates			
	1985	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Bananas	931	851	989	938	901	-8.6	16.2	-5.2	-3.9
Coffee	79	88	96	84	94	11.4	9.6	-13.0	12.4
Sugar	131	70	105	75	23	-46.6	51.4	-28.2	-69.8
Chilled meat	10	12	11	11	10	20.0	-11.0	2.9	-13.1
Zinc	39	41	20	24	60	5.1	-50.8	19.1	152.3
Shrimps and lobsters	4	4	5	7	7	-	30.2	35.7	8.5
Cotton	6	5	2			-16.7	-60.3		
Lead	17	18	7	11	12	5.9	-62.8	55.2	8.4
Tobacco	3	2	1	1	1	-33.3	-15.9	-10.8	60.1
Wood ^b	90	93	96	76	61	3.3	3.8	-20.6	-19.9
Silver ^c	2	2	1	1	1	-	-49.2	20.7	-6.9

Source: ECIAC, on the basis of figures supplied by the Central Bank of Honduras.
Preliminary figures. Millions of board feet. ^c Millions of troy ounces.

Table 17
HONDURAS: IMPORTS OF GOODS, CIF

	Millions of dollars			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total^b	899	933	981	100.0	100.0	-1.5	2.7	3.8	5.1
Consumer goods	229	243	250	233	25.5	12.1	-2.5	6.1	2.9
Durable	87	89	91	8.1	9.3	21.3	4.8	2.3	2.2
Non durable	142	154	158	15.2	16.1	7.7	-6.6	8.5	2.6
Raw materials and intermediate goods	449	472	510	50.9	52.0	-6.1	0.9	5.1	8.1
Fuels and lubricants	119	115	147	16.8	15.0	-38.8	23.7	-3.4	27.8
Materials for construction	29	32	36	4.9	3.7	-20.1	-15.2	10.3	12.5
Other	301	324	327	29.2	33.3		-15.2	7.6	0.9
Capital goods	206	209	212	25.7	21.6	-4.5	19.1	1.5	1.4
For agriculture	19	18	19	2.2	1.9	-15.7	35.7	-5.3	5.6
For industry	132	142	141	17.5	14.4	-6.0	4.8	7.6	-0.7
For transport	56	49	52	6.0	5.3	8.6	66.7	-12.5	6.1
Other products	15	9	9	0.1	0.9	366.7	-333	-40.0	-

Source: ECIAC, on the basis of figures supplied by the Central Bank of Honduras.
^a 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 18
HONDURAS: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Millions of dollars								
Total external debt								
Balances	1986	2162	2392 ^c	2 794 ^c	3 018 ^c	3 105	3 338	3 351
Public	1552	1766	2041 ^c	2 529	2 742	2 793	3 065	3 092
Private	434	396	351	265	276	312	273	259
Long- and medium-term	1748	1543	2159	2 483	2 699	2 781	3 012	3 055
Short-term	238	607	233	312	319	324	321	296
Disbursements	364	363	506	471	428	445	573	286 ^e
Service	371	305	334	375	481	518	633	319
Principal	236	187	222	259	337	393	469	272 ^e
Interest	135	118	112	117	144	125	164	47 ^e
External public debt								
Disbursements	270	258	458	457	355	335	473	198
Service	231	158	208	296	360	415	499	213
Principal	110	72	128	197	237	302	351	167
Interest	121	86	80	99	123	113	148	46
Percentages								
Ratios								
Total external debt/exports of goods and services	258.9	269.9	282.3	309.4	299.1	320.1	328.2	306.0
Debt service/exports of goods and services	48.4	38.1	39.4	41.6	47.6	53.4	62.3	29.1
Net interest ^h /exports of goods and services	20.4	14.8	14.3	14.6	18.4	17.4	18.9	17.2
Debt service/disbursements	101.9	84.0	66.0	79.7	112.3	116.2	110.4	111.4

Source: ECLAC, on the basis of figures supplied by the Central Bank of Honduras.

^a Preliminary figures. End-of-year balances of disbursed debt, not including increases due to arrears of interest.

^c Includes adjustments for exchange rate. Includes letters of credit, debtor in respect of acceptances and claims.

^e Includes net flows of letters of credit, claims and debtors in respect of acceptances. Corresponds to the interest actually paid, including interest owed but not paid; hence the difference from the corresponding item of the balance of payments. ^g Does not include interest paid on letters of credit, claims and debtors in respect of acceptances.

^h All ratios refer to the total external debt. ⁱ Refers to the corresponding entry (net) of the balance of payments.

Table 19
HONDURAS: DOMESTIC PRICES

	1982	1983	1984	1985	1986	1987	1988	1989
December-to-December variation								
Consumer price index	8.8	7.8	3.7	4.2	3.2	2.9	6.7	11.4
Food	6.8	3.2	1.7	1.6	1.5	4.1	10.2	13.1
Wholesale price index	12.1	6.3	-0.1	3.0	0.1	1.5	10.7	20.4
Imported products	17.9	9.4	-2.1	2.5	0.1	0.7	17.4	29.5
Domestic products	9.3	4.6	1.0	3.2	0.1	1.9	7.3	15.2
Agricultural	6.1	5.0	-0.3	3.6	2.0	3.2	7.6	18.5
Manufactured	11.4	4.4	1.9	2.9	-1.0	1.0	7.1	13.1
Construction materials	4.1	3.3	-0.3	2.9	-3.6	0.8	10.2	15.8
Variation between annual averages								
Consumer price index	9.0	8.3	4.7	3.4	4.4	2.5	4.5	9.8
Food	5.9	6.2	0.4	1.5	2.7	1.3	7.5	12.5
Wholesale price index	10.1	7.9	1.2	1.2	1.9	0.8	6.0	18.6
Imported products	15.7	11.1	1.7	-0.4	1.3	0.8	8.7	27.3
Domestic products	7.4	6.2	1.0	2.0	2.3	0.7	4.6	13.9
Agricultural	2.6	7.8	-1.4	2.6	4.3	1.6	5.0	16.6
Manufactured	10.6	5.2	2.6	1.6	1.1	0.1	4.5	12.1
Construction materials	3.3	5.5	1.1	0.6	-0.8	-0.7	6.6	16.7

Source: ECLAC, on the basis of figures; provided by the Central Bank of Honduras.

Table 20
HONDURAS: MINIMUM WAGES

	1982	1983	1984	1985	1986	1987	1988	1989
Lempiras per normal working day								
Official minimum wages ^a								
Nominal								
Agriculture and stock-raising	5.0	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	7.1
Manufacturing								
1-5 workers	5.3	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	6.6
Mining	6.6	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	5.3
Commerce and services ^c	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
Indexes								
Real minimum wages								
in all sectors of activity	100.0	92.3	88.2	85.4	81.8	79.8	76.3	69.5
Growth rates								
Real minimum wages								
in all sectors of activity		-7.7	-4.5	-3.3	-4.2	-2.4	-4.3	-8.9

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.

* 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. ^c Except for railroad equipment maintenance and repair.

Table 21
HONDURAS: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of lempiras				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
1. Current income	1153	1289	1440	1520	8.4	11.8	11.7	5.6
Tax revenue	1087	1226	1376	1462	9.0	12.8	12.2	6.3
Direct	259	309	353	388	4.0	19.3	14.2	9.9
Indirect	423	476	610	631	24.8	12.5	28.2	3.4
On foreign trade	405	441	413	443	-1.0	8.9	-6.3	7.3
Non-tax revenue	66	63	64	58	-1.5	-4.5	1.6	-9.4
2. Current expenditure	1329	1488	1650	1790	9.4	12.0	10.9	8.5
Wages and salaries	706	765	866	917	13.3	8.4	13.2	5.9
Other current expenditure	623	723	784	873	5.2	16.1	8.4	11.4
3. Current savings (1-2)	-176	-199	-210	-270				
4. Capital expenditure	419	395	418	431	-12.2	-5.7	5.8	3.1
Real investment	200	207	309	338	-	3.5	49.3	9.4
Other capital expenditure	219	188	109	93	-20.9	-14.2	-42.0	-14.7
5. Total expenditure (2+4)	1748	1883	2068	2 221	3-5	7.7	9.8	7.4
6. Fiscal deficit (1-5)	595	594	628	701				
7. Financing of the deficit	595	594	628	701				
Net domestic financing	233	266	306	529	17.7	14.2	15.0	72.9
Credit received	602	639	884	882	14.4	6.1	38.3	-0.2
Amortization	-369	-373	-578	-353	12.5	1.1	55.0	-38.9
Sale of bonds	-	-	-	-				
Net external financing	362	328	322	172	-15.8	-9.4	-1.8	-46.6
Credit received	440	388	442	232	-11.5	-11.8	13.9	-47.5
Amortization	-81	-63	-123	-60	8.0	-22.2	95.2	-51.2
Sale of bonds	3	3	3	-	-62.5	-	-	-100.0
Ratios (percentages)								
Current savings/capital expenditure	-42.0	-50.4	-50.2	-62.6				
Fiscal deficit /current expenditure	-44.8	-39.9	-38.1	-39.2				
Fiscal deficit/total expenditure	-34.0	-31.5	-30.4	-31.6				
Tax revenue/GDP	14.3	15.2	15.4	15.0				
Total expenditure/GDP	23.0	23.4	23.2	22.7				
Fiscal deficit/GDP	7.8	7.4	7.0	7.2				
Domestic financing/deficit	-39.2	-44.8	-48.7	-75.5				
External financing/deficit	-60.8	-55.2	-51.3	-24.5				

Source: ECLAC, on the basis of figures supplied by the Central Bank of Honduras and the Ministry of Finance and Public Credit.

^a Preliminary figures.

Table 22
HONDURAS: MONETARY BALANCE AND INDICATORS

	End-year balances (millions of lempiras)				Growth rates			
	1986	1987	1988	1989 ^b	1986	1987	1988	1989 ^b
Money (Mi)	916	1080	1206	1462	8.5	17.9	11.7	21.2
Currency outside banks	417	483	562	666	3.2	15.8	16.4	18.5
Current account deposits	499	597	644	7%	13.4	19.6	7.9	23.6
Factors of expansion	3 530	4173	4 619	5 242	11.3	18.2	10.7	13.5
Net international reserves	-340	-268	-223	-235				
Domestic credit	3 870	4 441	4 842	5 477	10.5	14.8	9.0	13.1
To the public sector	1243	1413	1653	2 013	16.0	13.7	17.0	21.8
Central government (net)	978	1141	1351	1722	19.9	16.7	18.4	27.5
Public institutions	268	272	302	291	3.5	2.6	11.0	-3.6
To the private sector	2 627	3 028	3 189	3 464	8.2	15.3	5.3	8.6
Factors of absorption	2 614	3 093	3 404	3 780	12.2	18.3	10.1	11.0
Quasi-money (savings and time deposits)	1162	1407	1565	1741	14.5	21.1	11.2	11.2
Other items (net)	1452	1686	1839	2 039	10.5	16.1	9.1	10.9
Coefficients ^c								
Monetary multipliers								
Mi/monetary base	1.64	1.73	1.63	1.62				
M2/monetary base	3.83	4.11	3.96	3.72				
Velocity of circulation:								
GDP/MI	9.29	8.73	8.41	7.59				

Source: ECLAC, on the basis of figures provided by the Central Bank of Honduras.

¹ Revised figures. ² Preliminary figures. ³ Estimated on the basis of annual averages.

Table 23
HONDURAS: BANK INTEREST RATES
(Percentages)

	1984	1985	1986	1987	1988	1989
Nominal						
Deposits						
Savings deposits	7.2	7.1	6.9	6.6	6.5	6.2
Time deposits	10.3	9.9	9.8	9.2	8.1	8.6
Loans	16.2	16.3	15.9	15.2	15.7	15.5
Real³						
Deposits						
Savings deposits	2.4	3.6	2.4	4.0	2.3	-3.3
Time deposits	5.3	6.3	5.2	6.5	4.0	-1.1
Loans	11.0	12.5	11.0	12.5	10.7	5.2

Source: ECLAC, on the basis of figures supplied by the Central Bank of Honduras.

^a Averages.

MEXICO

In 1989 the Mexican economy's external payments position improved considerably, thanks to the effects which the renegotiation of a substantial portion of the country's external debt had on capital flows and the expectations of economic agents. This proved to be a decisive factor both in the consolidation of the stabilization programme begun in 1988 and in the reactivation of production.

The annual rate of inflation dropped below 20%. For its part, the GDP grew by nearly 3%, and this was reflected in a slight upturn in the per capita product, which had decreased by 8% over the preceding three years. The country's increased economic activity, particularly in the manufacturing sector, boosted employment and real wages, although a further decrease was seen in that portion of labour income linked to the trend in the minimum wage. Imports once again expanded much more than exports, causing the trade balance for goods and services to fall to a record low for the decade. A heavy inflow of capital permitted the country to finance its larger deficit on current account and to make a small increase in its international reserves. These events took place against the backdrop of a substantial reduction in the fiscal deficit and greater leeway for the Government in the sphere of financial management (see table 1 and figure 1).

The process of opening up the economy to trade (which had already involved a considerable reduction in tariffs in 1988), the higher level of domestic economic activity and the stabilization of the real exchange rate at a level substantially below that of 1986-1987 all contributed to a further increase (24%) in merchandise imports, which have thus nearly doubled in the space of two years. Merchandise exports climbed by 10%; the rise in petroleum exports was due to higher oil prices, since their volume fell, as did that of exports of agricultural goods and of the rest of the products of the

mining sector, while the growth rate of exports of manufactures slowed. The increase in the trade balance for real services, which was a result of the dynamism of the inbond assembly industry, was offset by the rise in interest payments, and the deficit on current account was consequently about 3% of GDP, the largest since 1982. Faced with the need to finance this deficit and given the pivotal role played by the exchange policy in the country's stabilization plan, the search for a solution to the debt problem became a priority for the new Administration.

Its strategy in this respect was launched with the signature of a new three-year Extended Financing Facility with the International Monetary Fund. Immediately thereafter major agreements were concluded with the Paris Club, the Government of Japan and the World Bank; these agreements ushered in a more complex phase of negotiations in which some 500 commercial banks were involved. In July an arrangement was finally made, within the context of the Brady Plan, whereby each institution was given a number of options for voluntary renegotiations with Mexico: a 35% reduction in the debt principal, a reduction of interest to a fixed rate of 6.25%, or the provision of additional financing amounting to 25% of the nominal value of that portion of the debt to which the other options had not been applied. The agreement was finally signed in February 1990 and covered approximately US\$48.5 billion of the debt. Of this amount, 41% was renegotiated under the terms of the first option, 47% under the second option, and only 12% under the third option. It is estimated that between 1990 and 1994 the interest savings and the deferral of amortization payments made possible by this agreement will lower the country's outward transfers by slightly more than US\$3.7 billion per year.

Figure 1

MEXICO: MAIN ECONOMIC INDICATORS

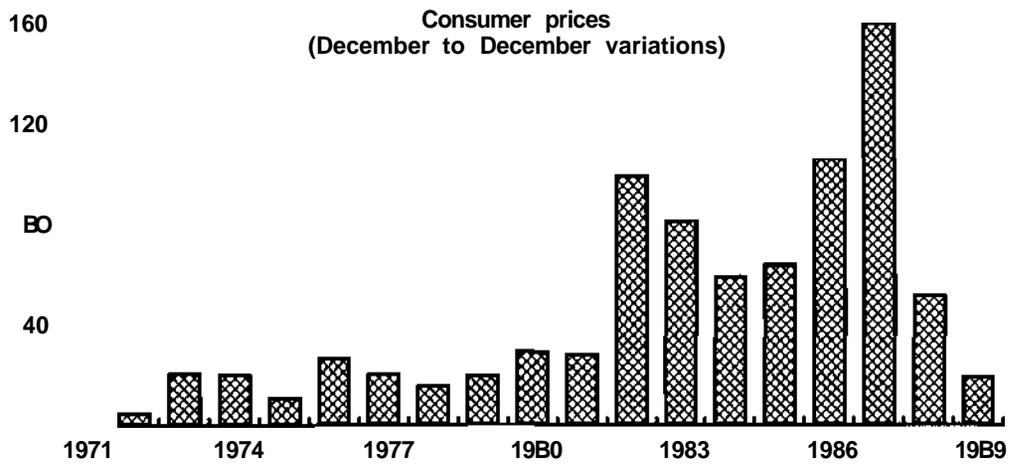
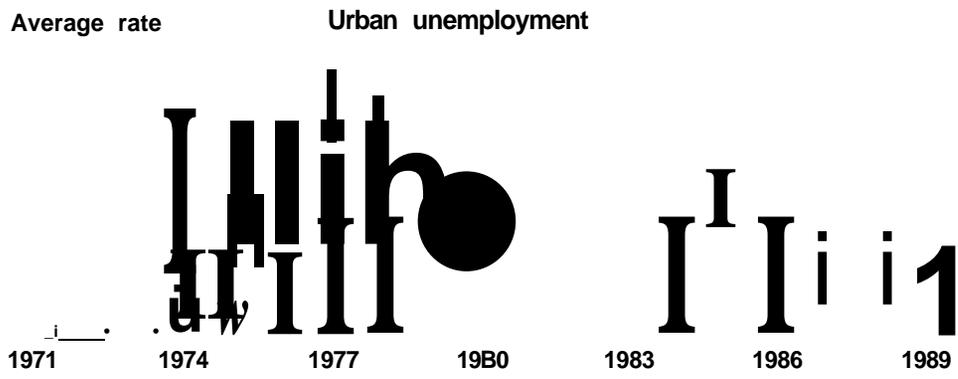
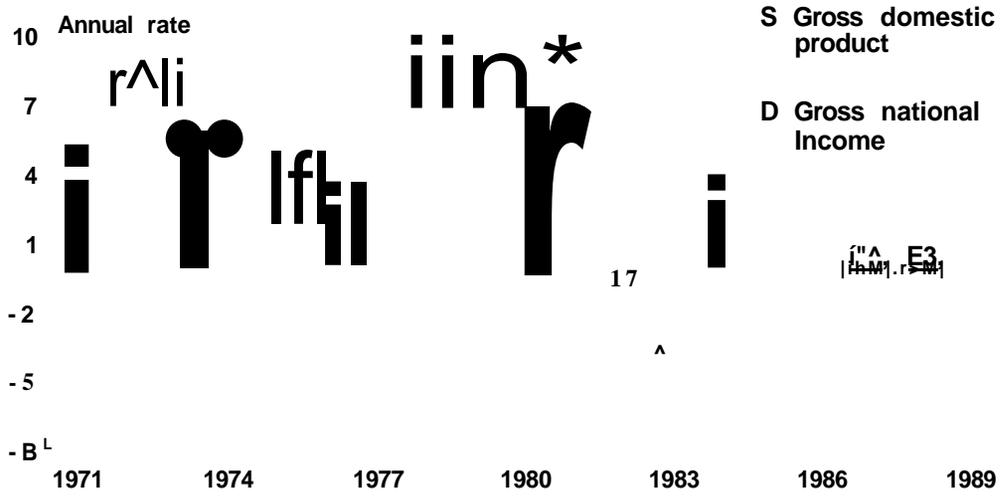
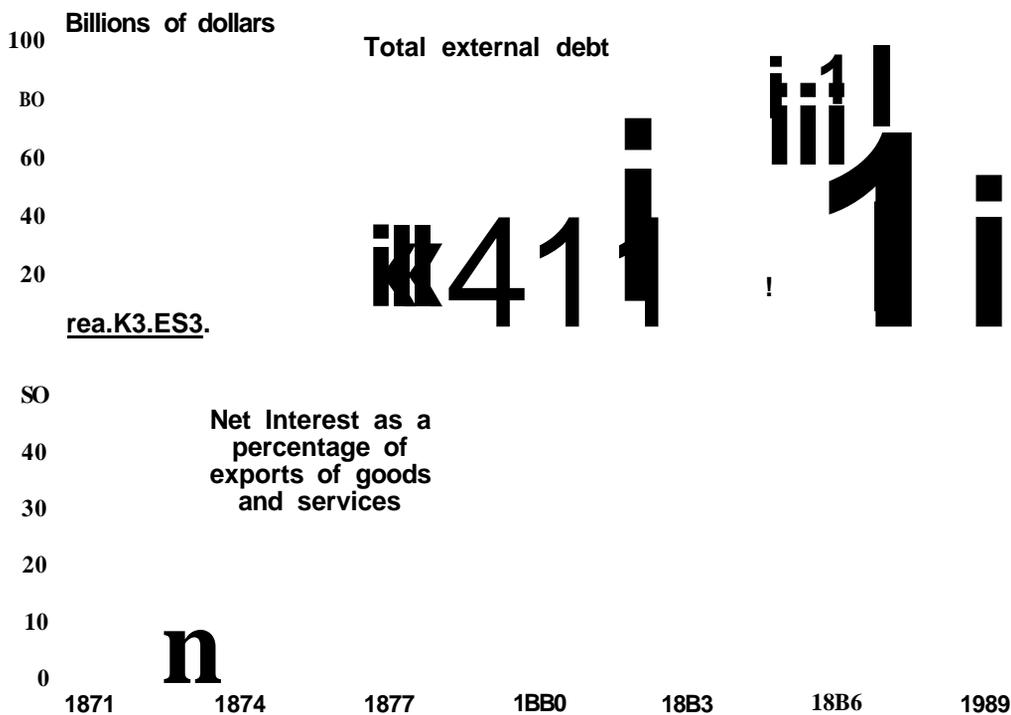
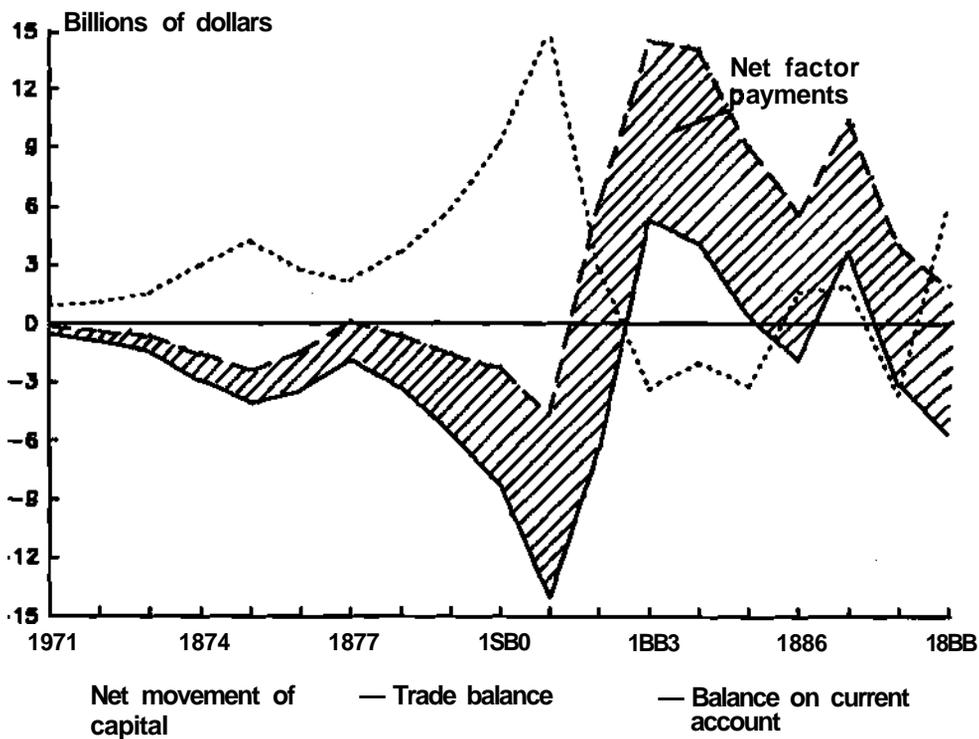


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

The announcement of this agreement in mid-1989 restored confidence in the exchange and financial markets and in the country's economic situation in general. Although this prompted a moderate drop in nominal interest rates, they fell more slowly than the rate of inflation, and real variations therefore remained quite high (annual rates of from 20% to 30%). These circumstances sparked a large inflow of capital, which permitted the country to balance its external payments and to make a slight increase in its international reserves, which had dropped sharply the year before. Thus, direct investment totalled more than US\$2 billion and the flow of unrecorded private capital reversed its direction, moving from US\$-600 million to US\$2.8 billion.

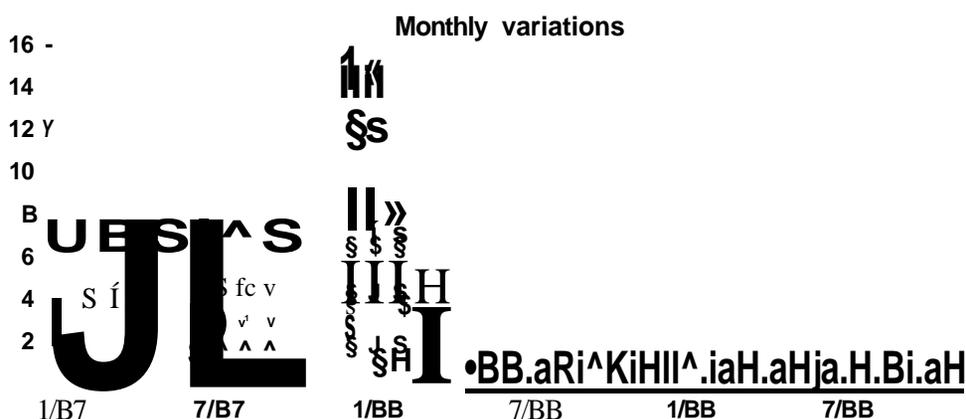
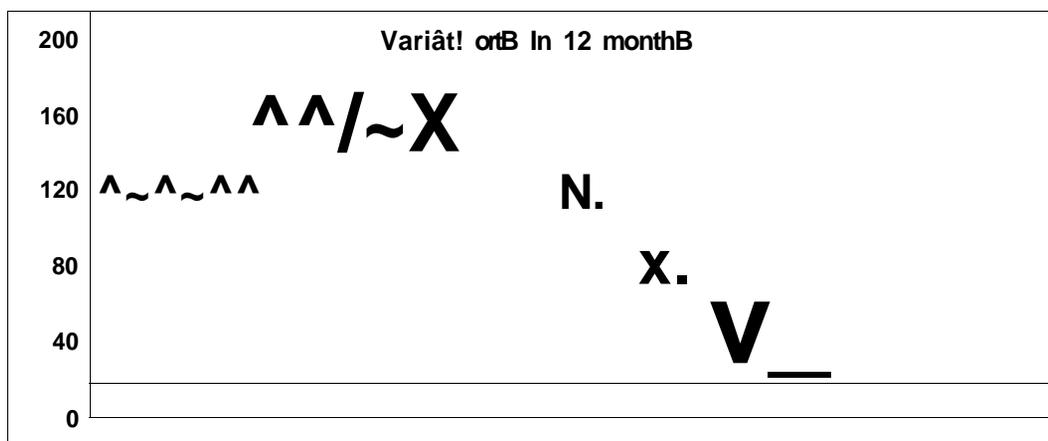
External support thus proved to be a decisive factor in consolidating the Government's strategy for fighting inflation, which was based on a concerted price and wage policy and on a severe fiscal adjustment. From March onward the 12-month rate of inflation remained below 20%, which was much lower than it had been during the preceding two years (159% and 52% as of the end of 1987 and 1988, respectively). The only significant changes made in the scheme known as the Stability and Economic Growth Pact (PECE), which was due to expire in July but was extended beyond the end of 1989, were the introduction of a daily crawling peg to avoid a lag in the exchange rate in real terms; the adjustment of some private-sector prices and of some public rates and charges; and the implementation of a more flexible wage policy. Within the framework of the effort being made to open up the economy to trade, exchange corrections, which were subordinated to the annual inflation target, became the key instrument for indirectly controlling the prices of goods involved in the country's foreign trade. However, as usually occurs in such cases, the prices of services and of some fresh foods rose far more than the average, owing to the methods of indexation that were used and to changes in supply and demand conditions. Towards the end of the year significant readjustments in the prices of some products, such as tortillas and gasoline, were authorized in order to forestall major price lags in real terms.

The adjustment of public finances was an important factor in the country's external negotiations and in the programme for fighting inflation. Thanks to a substantial increase in tax receipts and the curbs placed on public expenditure, a large primary surplus (about 8% of GDP) was generated. The broader tax base for some corporate taxes and improved tax administration and discipline resulted in an increase in revenues, while most of the spending cuts were in capital expenditures. In addition, the decline in nominal interest rates made it possible to reduce the financial deficit to less than 6% of GDP, which was about one-half the size of the deficit recorded the year before. Furthermore, the Government continued to liquidate or privatize a number of State enterprises and proceeded with its policy of deregulation, and this created a more favourable environment for certain national and foreign private-sector activities.

The Government's management of monetary and financial affairs was facilitated by the public-sector's reduced demand for funds and savers' confidence in the economic programme. In late 1988 the financial controls implemented in the form of bank reserve requirements began to be relaxed, at the same time that the composition and maturity profile of the public domestic debt was being modified. Moreover, the exchange system was made more consistent by the deregulation of interest rates as these rates came to be used as the mechanism for controlling the growth of credit to the private sector, which was expanding rapidly as a result of the large volume of resources being released and the huge inflow of capital. The high level of real interest rates caused M2 and M3 to increase sharply. The expansion of M1 was, on the other hand, more gradual; the economy's liquidity coefficient (defined as M1/GDP), in particular, remained very low, reflecting a partial remonetization of the economy, primarily in the interest-bearing aggregates.

The buoyancy of economic activity was chiefly a result of the increase in private investment (10%), although private consumer spending also rose substantially (7%) following a long period of stagnation. The fact that more credit was channeled to the private sector and the predominance of favourable expectations

Figure 2
MEXICO: CONSUMER PRICE INDEX
(Percentages)



Source: ECLAC, on the basis of official figures.

stimulated investment, especially in machinery and equipment. The increase in spending on consumer durables by private individuals was a consequence of the rise in the incomes of large and medium-scale savers (owing to the high level of real interest rates and gains on the stock exchange) as well as the drop in the relative prices of some goods (e.g., motor vehicles) and easier credit terms. There was also a substantial increase in expenditure on non-durable consumer goods as the situation of many medium- and low-income groups improved, thanks to the more rapid rate of job creation, the upturn in wages in the manufacturing sector, the large volume of foreign-exchange remittances made by emigrants and the rising incomes of the labour force engaged in

informal activities. In contrast, the incomes of workers receiving the minimum wage decreased once again; rural producers also saw a drop in their income due to poor harvests and the fact that support prices lagged behind real values. Consequently, income differences between the various strata of society widened, although there was considerable progress made in the aggregate.

The expansion of domestic demand was satisfied through both a larger volume of imports and an increase in local production. In this area as well, the performance of the different branches of production was quite uneven. Rather than being hurt by the opening up of the economy to external trade, manufacturing regained its former buoyancy

(7%), although its sources of growth were different from before. Domestic trade was spurred by a larger supply of domestic financing and the greater flow of imported consumer goods. A portion of the purchases of foreign goods was attributable to the above-mentioned trends in commerce, but another portion was due to domestic production shortfalls. This was the case in the agricultural sector, in which structural rigidities compounded the effects of bad weather, resulting in meagre harvests.

In sum, in 1989 the Mexican economy appears to have reached the end of a cyclical downturn, in the midst of painful external and fiscal adjustments, and to have entered a stage of greater stability, coupled with a moderate expansion of production, on the basis of a new position in the international economy. The years ahead are not likely to be free, however, of the after-effects of the crisis of the preceding years, such as the sluggishness of the recovery in aggregate investment and the backlog of unmet basic needs existing in vast sectors of both the urban and rural populations.

Table 1
MEXICO: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Indexes (1980 = 100)								
Basic economic indicators								
Gross domestic product at market prices	108.1	103.6	107.3	110.1	105.9	107.4	108.6	111.7
Gross national income	102.0	98.3	101.1	105.3	97.2	98.7	98.9	103.0
Population (millions of inhabitants)	74.0	75.8	77.6	79.4	81.2	83.0	84.9	86.7
Per capita gross domestic product	102.9	96.3	97.4	97.6	91.8	91.1	90.1	90.7
Public sector deficit/GDP	17.6	8.9	8.7	9.9	16.0	15.8	11.9	5.8
Money (M1)/GDP	7.5	6.0	6.5	6.5	5.1	4.3	4.5	4.6
Real effective exchange rate	134.2	168.2	139.1	138.3	186.4	190.0	158.0	152.7
Rate of unemployment ^c	4.2	6.6	5.7	4.4	4.3	3.9	3.5	2.9
Growth rates								
Short-term economic indicators								
Gross domestic product	-0.6	-4.2	3.6	2.6	-3.8	1.5	1.1	2.9
Per capita gross domestic product	-3.0	-6.4	1.3	0.3	-6.0	-0.8	-1.1	0.7
Gross national income	-5.5	-3.7	2.9	4.1	-7.7	1.6	0.2	4.1
Consumer prices								
December to December	98.8	80.8	59.2	63.7	105.7	159.2	51.7	19.7
Current value of exports of goods and services	-9.4	3.9	10.9	-9.0	-20.2	26.2	5.3	13.2
Current value of imports of goods and services	-40.8	-36.1	26.7	14.4	-11.3	5.4	45.8	23.7
Terms of trade (goods and services)	-19.8	0.7	-3.3	1.8	-24.1	3.7	-3.6	7.1
Millions of dollars								
External sector								
Trade balance (goods and services)	6 278	14 475	14 056	9 030	5 550	10 399	3 986	1892
Net payments of profits and interest	12 792	9355	10 226	8 937	7 712	7 060	7 569	8 012
Balance on current account	-6 289	5 374	4 153	422	-1816	3 721	-3 130	-5 647
Balance on capital account	2 720	-3 340	-1996	-3 185	1649	1951	-3 666	6 043
Variation in international reserves (net)	-3 541	2183	2363	-2984	-231	5 684	-7 127	272
Total external debt	87 600	93 800	96 700	97 800	100 500	102 400	100 400	95100

Source: ECLAC, on the basis of official figures.

^a Preliminary figures. ^b Percentages. ^c 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: REAL GROSS NATIONAL INCOME

	Indexes (1980 == 100)			Percentage breakdown			
	1987	1988	1989 ^b	1980	1987	1988	1989 ^a
Gross national income (a + b + c + d)	98.7	98.9	103.0	96.5	88.7	87.9	89.0
a) Gross domestic product	107.4	108.6	111.7	100.0	100.0	100.0	100.0
b) Terms-of-trade effect				-	-7.8	-8.6	-7.5
c) Net external factor payments	112.0	114.4	117.4	-3.5	-3.7	-3.7	-3.7
d) Net private transfers from abroad	287.6	323.3	327.1	0.1	0.2	0.2	0.2

Source: ECLAC, on the basis of official statistics.

^a Preliminary figures.

Table 3
MEXICO: TOTAL SUPPLY AND DEMAND

	Indexes (1980 = 100)			Percentage breakdown			Growth rates		
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total supply	102.2	106.5	111.5	114.6	114.4	-4.4	1.4	4.2	4.7
Gross domestic product at market prices	107.4	108.6	111.7	100.0	100.0	-3.8	1.5	1.1	2.9
Imports of goods and services	66.0	91.7	109.8	14.6	14.4	-10.0	0.5	38.9	19.8
Total demand	102.2	106.5	111.5	114.6	114.4	-4.4	1.4	4.2	4.7
Domestic demand	92.1	96.0	101.0	101.3	91.6	-6.4	-1.8	4.2	5.3
Gross domestic investment	58.8	66.6	68.9	27.2	16.7	-23.7	2.3	13.3	3.5
Gross fixed investment	69.8	74.0	78.4	24.8	17.4	-11.8	-0.6	6.0	5.9
Construction	81.2	78.6	80.8	13.9	10.0	-9.9	1.5	-3.2	2.8
Machinery and equipment	55.2	68.1	75.3	10.9	7.3	-14.9	-4.4	23.4	10.6
Public	51.7	50.3	48.5	10.7	4.6	-14.2	-9.8	-2.7	-3.6
Private	83.5	91.9	101.0	14.1	12.7	-10.4	4.3	10.1	9.9
Changes in stocks	51.7	50.3	48.5	10.7	4.6				
Total consumption	104.2	106.7	112.8	74.1	74.8	-2.1	-2.6	2.4	5.7
General government	126.0	125.1	124.4	10.0	11.2	2.1	-0.8	-0.7	-0.6
Private	100.8	103.8	111.0	64.1	63.7	-2.8	-2.9	3.0	6.9
Exports of goods and services	178.8	186.2	190.7	13.3	22.8	6.5	16.1	4.1	2.4

Source: ECLAC, on the basis of official data and figures supplied by the International Monetary Fund (IMF).

^a Preliminary figures. ^b 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 price indexes calculated by ECLAC for this purpose.

Table 4
MEXICO: ORIGIN AND FINANCING OF GROSS
DOMESTIC INVESTMENT
(As percentages of the gross domestic product)*

	1982	1983	1984	1985	1986	1987	1988	1989 ^c
Gross domestic investment	21.8	16.6	17.0	18.6	14.8	14.9	16.7	16.7
Gross domestic saving	27.6	28.1	28.2	26.4	25.1	28.1	27.2	25.2
Net income from factor services	-6.3	-5.4	-5.4	-4.7	-4.3	-3.7	-3.7	-3.7
Terms-of-trade effect	-2.6	-3.1	-3.8	-3.1	-7.3	-7.8	-8.6	-7.5
Unrequited private transfers	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Gross national saving	18.7	19.8	19.2	18.8	13.7	16.8	15.1	14.1
External saving	3.1	-3.1	-2.2	-0.2	1.0	-1.9	1.5	2.6

Source: ECLAC, on the basis of official data.

^a Adjusted exchange rate. ^b Preliminary figures.

Table 5
MEXICO: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY,
AT 1980 MARKET PRICES

	Indexes(1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product	107.4	108.6	111.7	100.0	100.0	-3.8	1.5	1.1	2.9
Goods	103.7	104.2	107.3	40.0	38.4	-5.5	2.4	0.5	3.0
Agriculture	111.5	110.2	106.8	8.2	7.9	-2.7	1.4	-1.1	-3.1
Mining	127.3	127.7	126.6	3.2	3.7	-4.1	5.2	0.4	-0.9
Manufacturing	102.8	105.0	111.3	22.1	22.0	-5.7	2.6	2.2	6.0
Construction	84.6	81.8	84.3	6.4	4.8	-10.3	1.5	-3.3	3.0
Basic services	112.0	115.7	123.1	7.4	8.1	-2.0	2.4	3.3	6.4
Electricity, gas and water	148.7	156.7	169.3	1.0	1.5	3.6	1.9	5.4	8.0
Transport, storage and communications	106.3	109.3	116.0	6.4	6.6	-3.2	2.5	2.8	6.1
Other services	110.2	111.6	114.1	53.7	54.8	-2.7	0.7	1.2	2.3
Commerce, restaurants and hotels	98.7	99.9	103.1	28.0	25.8	-6.5	0.5	1.2	3.2
Financial institutions, insurance, real estate and business services	135.0	138.7	141.5	8.6	10.9	3.9	2.4	2.7	2.0
Ownership of dwellings	129.6	133.1	136.4	6.6	8.1	4.0	2.3	2.7	2.5
Community, social and personal services	116.6	117.1	118.3	17.2	18.2	-0.7	0.1	0.4	1.1
Government services	120.0	119.1	118.4	3.0	3.2	-0.7	-0.8	-0.7	-0.6
Adjustments for bank services	136.5	140.9	143.3	1.1	1.4	2.5	2.1	3.2	1.7

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 based on their calculations at constant prices.

^a Preliminary figures.

Table 6
MEXICO: QUARTERLY GROSS DOMESTIC PRODUCT

	1988					1989		
		II	m	IV		II	III	IV
Total	3.1	13	0.8	1.0	2.6	4.9	4.1	2.4
Agriculture, forestry and fisheries	1.5	-3.7	-0.2	-9.2	-4.3	-2.2	-2.3	-1.0
Mining	3.1	2.9	-1.4	-2.1	-1.6	-3.8	2.7	0.5
Manufacturing	5.6	1.1	1.3	4.0	5.3	10.2	7.6	3.4
Construction	5.6	-2.6	-8.7	-6.8	-1.4	6.7	2.3	-0.6
Electricity, gas and water	4.6	6.5	5.8	4.2	6.5	8.7	9.9	6.9
Total services	2.4	2.0	1.7	2.6	3.1	4.2	3.6	2.9
Commerce	2.7	3.9	3.2	5.9	5.8	6.9	5.2	2.7
Transport	3.2	-1.4	0.2	-1.0	1.3	4.8	2.8	1.6
Communications	9.7	12.6	12.1	14.8	17.7	17.5	19.6	26.1

Source: ECLAC, on the basis of official figures.

^a Percentage variation with respect to the same period of the preceding year.
 (government, financial services, housing, etc.).

" Also includes other categories of services

Table 7
MEXICO: INDICATORS OF AGRICULTURAL PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates			
					1986	1987	1988	1989 ^a
Index of domestic agricultural product (1980 = 100)	111.8	112.7	108.7	1053	-1.4	0.8	-3.5	-3.1
Crop farming	110.3	112.0	107.0	104.8	-4.2	1.5	-4.5	-2.1
Livestock	113.7	111.6	108.5	104.0	3.2	-1.8	-2.8	-4.1
Forestry	104.5	110.2	108.8	98.1	3.2	5.5	-1.3	-9.8
Hunting and fishing	130.7	140.8	139.9	1403	0.2	7.7	-0.6	0.3
Production of main crops ^b								
For export								
Raw cotton	144	219	309	161	-33.3	52.1	41.1	-47.9
Coffee	375	578	875	341	42.0	54.1	51.4	-61.0
Tomatoes	1454	1672	1980	1859	-1.0	15.0	18.4	-6.1
For domestic consumption								
Rice (hulled)	360	390	301	399	-32.5	8.3	-22.8	32.6
Maize	11 721	11 607	10 600	10 816	-16.0	-1.0	-8.7	2.0
Beans	1085	1024	857	599	19.8	-5.6	-16.3	-30.1
Wheat	4 770	4 415	3 625	4 374	-8.4	-7.4	-17.9	20.7
Sorghum	4 833	6 298	5 895	4 804	-26.2	30.3	-6.4	-18.5
Sugar cane	34 900	39 523	29 694	20 639	-2.2	13.2	-24.9	-30.5
Soya	709	828	226	1011	-23.6	16.8	-72.7	347.3
Indicators of livestock production								
Slaughtering ^b								
Beef cattle	1248	1273	1217	1162	27.3	2.0	-4.4	-4.5
Pigs	959	915	861	720	-25.8	-4.6	-5.9	-16.4
Sheep	24	22	24	25	0.5	-8.3	9.1	4.2
Poultry	673	672	654	607	14.3	-0.1	-2.7	-7.2
Other products								
Milk ^c	6 539	6 350	6 281	5 614	-12.5	-2.9	-1.1	-10.6
Eggs ^c	998	975	1090	1047	20.8	-2.3	11.8	-3.9

Source: ECLAC, on the basis of figures provided by the Department of Sectoral Studies, Information and Statistics of the Ministry of Agriculture and Water Resources.

^a Preliminary figures. ^b Thousands of tons. ^c Thousands of litres.

Table 8
MEXICO: INDICATORS OF MINING PRODUCTION

	Indexes (1980 = 100)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Total	125.9	130.7	131.3	130.4	-2.4	3.8	0.5	-0.7
Coal and coal derivatives	108.6	108.6	106.6	101.9	-1.2	0.0	-1.8	-4.4
Petroleum and natural gas	127.4	133.2	133.2	134.2	-6.7	4.6	0.0	0.8
Petroleum	128.8	134.8	135.1	135.5	-7.5	4.7	0.2	0.3
Natural gas	96.4	98.3	97.7	100.3	-4.8	2.0	-0.6	2.7
Iron ore	95.0	97.6	109.9	105.2	-6.4	2.7	12.6	-4.3
Non-ferrous metal ores	146.6	145.5	148.5	143.1	11.5	-0.8	2.1	-3.6
Quarries, sand and gravel	110.5	122.2	121.3	126.8	-6.4	10.6	-0.7	4.5
Other non-metallic minerals	94.6	103.3	97.0	91.7	0.6	9.2	-6.1	-5.5

Source: ECLAC, on the basis of figures provided by the Banco de Mexico.

^a Preliminary figures.

Table 9
MEXICOHNDICATORS OF MANUFACTURING PRODUCTION

	Indexes (1980=100)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Total	104.3	108.4	111.7	119.8	-3.5	3.9	3.0	13
Consumer goods	103.3	103.9	105.2	113.3	-2.8	0.6	13	7.7
Durables	86.5	87.7	91.2	98.6	-9.8	1.4	4.0	8.1
Non-durables	107.5	108.0	108.8	117.1	-1.3	0.5	0.7	7.6
Intermediate goods	104.2	109.5	112.1	118.5	-4.8	5.1	2.4	5.7
Capital goods	84.2	92.3	102.6	111.8	-11.6	9.6	11.2	9.0
Inbond assembly industry	266.5	323.2	371.0	433.0	32.1	21.3	14.8	16.7
Total	104.3	108.4	111.7	119.8	-3.5	3.9	3.0	13
Food, beverages and tobacco	117.0	117.8	117.4	125.4	1.8	0.7	-0.3	6.8
Meat and dairy products	120.6	117.4	110.9	118.4	4.1	-2.7	-5.5	6.8
Ground corn (nixtamal)	135.3	138.6	138.4	140.6	6.7	2.4	-0.1	1.6
Beer	97.3	102.9	109.3	128.9	2.0	5.8	6.2	17.9
Textiles and clothing	92.1	91.6	95.6	98.2	-6.0	-0.5	4.4	2.7
Wood	108.4	105.5	104.4	107.6	-2.9	-2.7	-1.0	3.1
Paper and printing	114.7	113.9	114.1	121.6	-2.0	-0.7	0.2	6.6
Chemicals, rubber and plastics	116.4	121.0	123.2	132.2	-2.0	4.0	1.8	7.3
Petroleum products	114.8	122.1	118.5	124.8	7.0	6.4	-2.9	5.3
Basic petrochemicals	189.2	225.9	237.9	274.4	14.2	19.4	5.3	15.3
Basic chemicals	112.1	114.1	115.5	117.3	-8.2	1.8	1.2	1.6
Fertilizers	180.6	183.1	179.6	195.0	-6.1	1.4	-1.9	8.6
Pharmaceuticals	107.7	100.2	102.2	107.2	-6.4	-7.0	2.0	4.9
Non-metallic minerals	92.4	102.9	97.2	102.8	-12.6	11.4	-5.5	5.8
Metal products and machinery	94.4	102.9	113.5	125.9	-6.7	9.0	10.3	10.9
Non-electrical machinery	106.1	131.3	148.0	141.9	-6.1	23.8	12.7	-4.1
Household appliances	59.6	60.0	62.5	61.3	-10.2	0.7	4.2	-1.9
Motor vehicles	66.6	73.6	91.8	127.3	-27.1	10.5	24.7	38.7
Other manufactures	102.5	106.3	117.7	137.0	1.1	3.7	10.7	16.4

Source: ECIAC, on the basis of figures provided by the Banco de México.

* Preliminary figures.

Table 10
MEXICO: CONSTRUCTION INDICATORS

	Indexes (1980 = 100)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Volume of construction	78.0	81.7	78.9	80.6	-143	4.7	-3.4	2.2
Production of main inputs								
Cement	122.8	138.4	136.7	141.1	-3.5	12.7	-1.2	3.2
Structural metal products	67.6	59.2	65.1	76.9	3.2	-12.4	10.0	18.1
Glass	97.1	123.1	116.0	139.7	-6.0	26.8	-5.8	20.4

Source: ECLAC, on the basis of figures provided by the Banco de México.

^a Preliminary figures.

Table 11
MEXICO: EMPLOYMENT INDICATORS

	1986	1987	1988	1989 ^a	Growth rates			
					1986	1987	1988	1989 ^a
Percentages								
Urban unemployment	4.3	3.9	3.5	2.9				
First quarter	4.1	4.4	3.5	3.1				
Second quarter	3.8	4.0	3.6	2.9				
Third quarter	4.9	3.9	3.8	3.2				
Fourth quarter	4.4	3.2	3.2	2.5				
Indexes (1980 = 100)								
Workers registered with the Mexican Social Security Institute	133.6	139.7	146.3	153.7	0.5	4.6	4.7	5.1
Permanent	136.4	143.0	151.9	162.4	2.7	4.8	6.2	6.9
Casual	120.0	123.6	118.4	111.5	-10.0	3.0	-4.2	-5.8
Employment in manufacturing	90.5	87.4	87.5	89.1	-4.0	-3.4	0.1	1.8
Employment in the inbond assembly industry	207.6	254.0	310.1	362.5	17.2	22.4	22.1	16.9

Source: ECLAC, on the basis of official figures.

^a Preliminary figures. ^b Percentages. Weighted average for the 16 principal cities.

Table 12
MEXICO: MAIN INDICATORS OF EXTERNAL TRADE IN GOODS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Growth rates								
Exports FOB								
Value	6.5	5.1	8.4	-10.5	-26.0	28.8		10.3
Volume	27.1	19.4	8.8	-9.2	1.9	16.2	6.7	0.9
Unit value	-16.2	-12.0	-0.4	-1.4	-27.4	10.9	-6.3	9.2
Imports FOB								
Value	-40.0	-40.7	31.6	17.4	-13.4	6.5	55.3	23.6
Volume	-38.3	-28.3	22.6	21.1	-11.2	1.5	44.6	20.1
Unit value	-2.6	-17.4	7.4	-3.0	-2.4	4.9	7.4	2.9
Terms of trade	-14.2	5.5	-7.5	1.7	-25.7	5.7	-12.8	6.1
Indexes (1980 = 400)								
Purchasing power of exports	127.9	161.2	162.3	149.8	113.4	139.2	129.6	138.8
Volume of exports	147.6	176.3	191.8	174.2	177.5	206.3	220.1	222.1
Volume of imports	74.3	53.3	65.3	79.1	70.2	71.3	103.0	123.8
Terms of trade (FOB/CIF)	86.6	91.4	84.6	86.0	63.9	67.5	58.9	62.5

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 13
MEXICO: EXPORTS OF GOODS, FOB^a

	Millions of dollars			Percentage breakdown		Growth rates			
	1987	1988	1989 ^b	1980	1989 ^b	1986	1987	1988	1989 ^b
Total exports (Merchandise FOB)	20 656	20 658	22 765	100.0	100.0	-26.0	28.9	-	10.2
Hydrocarbons	8 509	6 501	7 876	64.1	34.6	-57.6	36.8	-23.6	21.2
Crude petroleum	7 877	5 833	7 292	58.7	32.0	-58.1	41.2	-25.9	25.0
Petroleum products	632	618	584	2.7	2.6	-52.7	-1.3	-2.2	-5.5
Non-petroleum products	12147	14157	14 889	35.9	65.4	40.1	23.8	16.5	5.2
Main traditional exports	2 453	2 477	2 008	10.5	8.8	33.3	-13.6	1.0	-18.9
Raw coffee beans	492	434	440	2.6	1.9	67.7	-40.4	-11.8	14
Shrimps	435	370	237	2.4	1.0	9.6	22.9	-14.9	-35.9
Silver	361	318	354		1.6	17.6	17.2	-11.9	11.3
Pulses and fresh vegetables	238	268	156	1.0	0.7	-7.5	20.2	12.6	-41.8
Tomatoes	200	243	185	1.2	0.8	90.7	-51.0	21.5	-23.9
Beef cattle	192	203	123	0.5	0.5	41.7	-27.5	5.7	-39.4
Copper	161	200	123	1.0	0.5	9.5	-0.6	24.2	-38.5
Sulphur	159	184	121	0.7	0.5	19.5	17.8	15.7	-34.2
Fresh fruit	143	143	176	0.6	0.8	27.9	30.0	-	23.1
Cotton	72	114	93	2.0	0.4	-17.8	-2.7	58.3	-18.4
Main non-traditional exports	7 787	9190	8 329	12.7	36.6	44.0	39.0	18.0	-9.4
Metal products, machinery and equipment	4 618	5 300	4 893	5.9	21.5	54.2	40.7	14.8	-7.7
Motor-vehicle parts	1872	1965	1810	1.6	8.0	13.1	15.6	5.0	-7.9
Automobiles and trucks	1325	1494	1398	0.8	6.1	290.0	142.7	12.8	-6.4
Chemicals	1093	1397	1278	2.5	5.6	23.1	31.7	27.8	-8.5
Food and beverages ^c	878	999	811	2.4	3.6	36.2	50.6	13.8	-18.8
Iron and steel products	630	759	729	0.4	3.2	85.4	42.2	20.5	-4.0
Non-metallic mineral products	447	527	477	0.8	2.1	19.8	19.2	17.9	-9.5
Petrochemicals	121	208	141	0.7	0.6	-18.7	39.1	71.9	-32.2
Other manufactures	1907	2 490	4 552	12.7	20.0	39.2	39.1	30.6	82.8

Source: ECIAC, on the basis of official figures.

^a Excluding products of the inbond assembly industry.

Preliminary figures.

^c Does not include frozen shrimps.

Table 14
MEXICO: IMPORTS OF GOODS, FOB

	Millions of dollars			Percentage breakdown			Growth rates		
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total imports (Merchandise FOB)	12 223	18 903	23 410	100.0	100.0	-13.4	6.9	54.7	23.8
Public sector	2 780	3 551	3 771	43.3	16.1	-23.8	-16.9	27.7	6.2
Private sector	9 443	15 352	19 638	56.7	83.9	-8.4	16.8	62.6	27.9
Consumer goods	768	1921	3 499	12.8	14.9	-21.8	-9.2	150.1	82.1
Processed foodstuffs	287	731	1 097 ["]	5.0	5.7 ["]	-12.3	8.7	154.7	99.8 ^e
Radio and television sets	19	199	154 ["]		0.8 ["]			947.4	-0.6 ^e
Butane and propane gas	84	98	86 ["]	0.8	0.4 ["]	-46.2	-50.9	16.7	6.2 ^e
Intermediate goods	8 824	12 951	15 143						16.9
Metal products, machinery and equipment	3 172	4 596	4 256 ^o	18.7	22.1 ^o	-1.5	11.1	44.9	11.1 ^e
Automotive materials	1 082	1 631	1 554 ^D	7.6	8.1 ^D	-15.0	51.3	50.7	5.8 ^e
Chemicals	1 353	1 839	1 989 ^o	7.5	10.3 ^D	-11.8	14.3	35.9	33.8 ^e
Agricultural products	929	1 345	1 404 ["]	8.0	7.3 ["]	-42.0	36.8	44.8	30.4 ^e
Maize	283	393	356 ["]	3.1	1.8 ["]	-34.9	70.5	38.9	13.3 ^e
Soybean seeds	219	336	332 ["]	1.6	1.7 ["]	-39.3	31.1	53.4	35.9 ^e
Sorghum	62	138	294 ["]	0.9	1.5 ^o	-70.5	-20.5	122.6	172.2 ^e
Iron and steel products	593	1 045	1 036 ["]	9.4	5.4 ["]	-16.8	-1.0	76.2	20.3 ^e
Paper, printing and publishing	542	699	637 ["]	2.7	3.3 ["]	0.9	58.5	29.0	13.1 ^e
Petrochemicals	535	664	474 ["]	2.8	2.5 ["]	-29.0	9.2	24.1	37.2 ^e
Petroleum products	369	388	399 ["]	0.8	2.1 ["]	-19.4	38.2	5.1	-14.0 ^e
Capital goods	2 631	4 031	4 769	26.6	20.4	-6.4	-10.9	53.2	18.3
Metal products, machinery and equipment	2 471	3 735	3 573 ^b	26.1	18.6 ["]	-4.8	-10.7	51.2	19.1 ^e
Other unclassified goods				2.2					

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

^b January-October.

^c The variation in January-October with respect to the same period of the preceding year.

Table 15
MEXICO: EXCHANGE RATES
(Annual and quarterly averages)

	Nominal exchange rates (pesos per dollar)		Indexes of the real effective exchange rate ^c (1985 = 100)					
			Exports				Imports	
	Unregu- lated	Regu- lated ⁸	Unregulated		Regulated		Unregu- lated	Regu- lated
			A	B	A	B	A	A
1970-1979			96.3				95.1	
1980-1988			98.0				96.8	
1980	23		74.8				73.4	
1981	25		67.2				66.4	
1982	57		100.3				99.5	
1983	150	120	125.8	119.0	121.6	115.0	126.2	121.8
1984	185	168	91.9	95.9	100.6	104.9	92.2	100.8
1985	310	257	100.0	100.0	100.0	100.0	100.0	100.0
1986	638	619	114.9	123.2	134.8	144.5	113.3	132.7
1987	1406	1367	116.2	128.0	137.4	151.8	113.8	134.4
1988	2 293	2 253	96.2	103.6	114.2	123.0	93.5	110.8
1989	2 483	2 453	92.5	94.6	110.4	112.9	89.7	106.9
1987								
I	1019	1016	121.6	137.6	146.6	165.9	119.6	143.9
II	1232	1229	116.7	132.1	140.7	159.3	114.5	137.9
III	1454	1451	108.2	127.6	130.5	153.9	106.0	127.7
IV	1918	1771	118.1	114.6	131.9	128.0	114.9	128.1
1988								
I	2 278	2 241	102.2	121.9	121.5	145.0	99.3	117.9
II	2 298	2 257	97.1	105.5	115.3	125.2	94.3	111.7
III	2 298	2 257	92.5	102.0	109.8	121.0	90.1	106.8
IV	2 298	2 257	92.9	84.9	110.3	100.8	90.1	106.8
1989								
I	2 343	2 309	91.2	98.9	108.6	117.8	88.3	105.0
II	2 434	2 408	91.7	91.6	109.6	109.4	89.1	106.4
III	2 526	2 502	92.2	92.3	110.4	110.5	89.5	107.0
IV	2 631	2 594	94.7	95.7	112.8	114.0	91.7	109.1

Source: ECLAC, on the basis of figures provided by the Banco de México and the International Monetary Fund, *International Financial Statistics*.

Note: A: Deflated on the basis of the wholesale price index. B: Deflated on the basis of the index of average wages in the manufacturing sector.

^a In August 1982, a dual exchange rate system was adopted. This rate was initially called the "preferential" rate and later the "regulated" rate. 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 onward to the average of the period 1983-1987. Wholesale price indexes have been used in the calculations whenever possible. For detailed information on the methodology and sources used, see the statistical appendix to the *Economic Survey of Latin America and the Caribbean*, 1981. ^c Does not include adjustments for changes in tariffs.

Table 16
MEXICO: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-6 289	5 374	4153	422	-1816	3 721	-3130	-5 647
Trade balance	6 278	14 475	14 056	9 030	5 550	10 399	3 986	1 892
Exports of goods and services	26145	27170	30135	27 426	21873	27 601	29 065	32 906
Goods, FOB	21230	22320	24196	21667	16 028	20 649	20 648	22 765
Real services	4 915	4 849	5 939	5 759	5 845	6 952	8 416	10141
Transport and insurance	425	471	570	579	547	663	661	691
Travel	2639	2 727	3284	2926	2 993	3 502	3990	4 794
Imports of goods and services	19 866	12 695	16 079	18 396	16 322	17 202	25 079	31014
Goods, FOB	14 434	8 553	11256	13 218	11451	12199	18 945	23 410
Real services	5 431	4141	4 825	5178	4 871	5 003	6132	7 604
Transport and insurance	1730	1279	1387	1394	1296	1338	1533	1999
Travel	2 208	1582	2168	2 265	2172	2360	3 205	4 274
Factor services	-12 792	-9 355	-10 226	-8 937	-7 712	-7 060	-7 569	-8 012
Profits	-1390	-383	-458	-627	-923	-896	-1083	-1253
Interest received	1326	1281	2 073	1826	1469	1884	2 314	2 507
Interest paid and due	-12 373	-10190	-11 775	-10 227	-8 388	-8183	-8 944	-9 377
Labour and property	-355	-63	-66	91	129	134	142	111
Unrequited private transfer payments	225	254	325	328	345	384	453	473
Balance on capital account	2 720	-3 340	-1996	-3185	1649	1951	-3 666	6 043
Unrequited official transfer payments	72	47	85	664	120	264	163	198
Long-term capital	15195	7 301	2 499	-316	404	3 994	-466	2 828
Direct investment	1656	462	389	502	1513	3 212	2 598	2 242
Portfolio investment	946	-625	-757	-1010	-813	-405	1888	
Other long-term capital	12 593	7 463	2868	193	-297	1187	-4 952	
Official sector ^c	9 620	14 606	8 742	11313	8 242	4 049	-2 560	-31
Loans received	10 003	15 545	8 743	11573	8 888	5 651	1349	1314
Amortization payments	-384	-938	-1	-260	-646	-1602	-3 909	-1345
Commercial banks ^c	435	1312	483	118	486	-85	1761	834
Loans received	3 819	2 382	1461	1785	2 526	1637	2 529	
Amortization payments	-3 215	-951	-1003	-1714	-2 020	-1536	-755	
Other sectors ^c	2 538	-8 455	-6 358	-11238	-9 024	-2 776	-4153	
Loans received	7 979	1417	913	1012	962	1011	808	
Amortization payments	-5 441	-9 872	-7 272	-12 250	-9 986	-3 787	-4 960	
Short-term capital	-7 233	-9 608	-3 578	-1793	730	-4 964	-2 771	225
Official sector	1217	-1216	-	5	218	-233	7	51
Commercial banks	-1417	-576	269	-91	-290	-592	-622	106
Other sectors	-7 033	-7 817	-3 847	-1707	801	-4139	-2156	68
Errors and omissions (net)	-5 317	-1073	-1006	-1740	397	2 657	-594	2 792
Global balance	-3 570	2 034	2157	-2 763	-167	5 673	-6 796	396
Total variation in reserves (- sign indicates an increase)	3 541	-2183	-2 363	2984	231	-5 684	7127	-272
Monetary gold	79	-143	-94	-	-96	8	-38	33
Special Drawing Rights	172	-17	20	3	-9	-698	312	
IMF reserve position	187	-95	95	-	-	-	-	
Foreign exchange assets	2 881	-2 967	-3 488	2 377	-755	-6 097	7 211	
Other assets	-	-	-	-	-	-	-	
Use made of IMF credit	222	1039	1104	604	1091	1103	-358	

Source: 1982-1988: ECLAC, on the basis of data supplied by the International Monetary Fund; 1989: ECLAC, on the basis of official figures.

^a 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
MEXICO: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988	1989 ^s
Billions of dollars								
Total external debt								
Balances outstanding	87.6	93.8	96.7	97.8	100.5	102.4	100.4	95.1
Disbursements	17.5	12.5	5.3	4.7	6.1	7.5	5.9	-0.5
Servicing	19.4	14.3	14.3	13.5	11.7	13.7	16.8	14.2
Principal	7.0	4.0	2.4	3.6	3.4	5.6	7.9	4.8
Interest	12.4	10.3	11.9	9.9	8.3	8.1	8.9	9.4
External public debt								
Balances outstanding	58.9	62.6	69.4	72.1	75.4	81.4	81.0	76.1
Medium- and long-term	49.6	52.8	69.0	71.6	74.0	80.8	80.2	75.5
Short-term	9.3	9.8	0.4	0.5	1.4	0.6	0.8	0.6
Servicing	12.0	8.4	8.6	9.5	8.9	9.0	8.1	8.2
Principal	3.6	1.9	1.0	1.9	2.8	3.3	1.7	1.3
Interest	8.4	6.5	7.6	7.6	6.1	5.7	6.4	6.9
Percentages								
Ratios								
Total external debt/exports of goods and services	334.8	345.1	322.1	353.6	456.9	383.7	345.3	291.7
Servicing/exports of goods and services	75.3	37.5	59.1	49.0	53.2	49.8	57.8	43.6
Net interest payments/exports of goods and services	47.4	38.0	39.6	35.8	37.7	29.4	30.6	28.8
Servicing/disbursements	112.6	81.6	269.8	321.4	191.8	182.7	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.

^a Preliminary figures. ^b Includes the servicing of the nationalized banking sector's debt.

Table 18
MEXICO: DOMESTIC PRICES

	1982	1983	1984	1985	1986	1987	1988	1989
Variation December to December								
Consumer price index ^a	98.8	80.8	59.2	63.7	105.7	159.2	51.7	19.7
Food	89.8	77.9	70.6	57.5	108.7	150.2	57.8	16.0
Goods subject to price controls				61.8	121.8	156.8	40.0	14.6
Goods not subject to price controls				64.7	97.3	160.8	58.4	22.2
Family food basket (minimum-wage earners)	92.8	78.4	63.3	60.9	112.5	148.9	64.6	22.6
Wholesale price index	92.6	88.0	63.2	63.4	101.6	164.6	42.6	18.1
Producer price index ^a	93.5	80.2	60.1	61.1	102.3	166.5	37.4	15.6
Agricultural goods ^c				61.4	70.6	151.8	43.4	21.9
Goods produced by private enterprises				60.0	109.8	171.5	39.8	13.0
Goods produced by public enterprises				71.7	104.9	151.6	25.2	28.6
Raw materials				55.9	111.3	169.7	43.3	14.4
Building cost index ^b	73.7	75.6	56.0	60.6	96.6	201.9	30.2	12.5
Variation between annual averages								
Consumer price index ^a	58.9	101.9	65.4	57.7	86.2	131.8	114.2	20.0
Food	53.5	91.1	74.9	59.8	85.7	131.1	109.5	20.3
Goods subject to price controls				59.4	94.0	136.3	103.8	11.3
Goods not subject to price controls			...	56.9	82.0	129.3	120.2	24.5
Family food basket (minimum-wage earners)	54.9	97.0	69.8	57.7	91.6	128.1	111.0	22.4
Wholesale price index	56.1	107.4	70.3	53.6	87.3	135.6	107.8	16.0
Producer price index ^a	57.5	99.3	63.6	55.2	79.5	145.3	99.3	12.8
Agricultural goods ^c	35.1	78.7	97.4	60.0	73.5	120.3	98.5	18.1
Goods produced by private enterprises	53.3	97.2	66.4	54.6	77.8	128.2	100.6	15.8
Goods produced by public enterprises	76.6	146.9	76.6	51.6	78.8	128.3	96.3	15.9
Raw materials	56.4	116.2	71.8	53.3	81.2	134.7	104.4	13.8
Building cost index ^c	54.8	83.9	56.4	55.2	78.5	142.6	114.3	6.8

Source: ECLAC, on the basis of figures provided by the Banco of México.

^a National. ^b In Mexico City. ^c Support prices paid to farmers. Excludes petroleum for export. National, for low-income housing.

Table 19
MEXICO: MINIMUM WAGES

	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 ^b	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
1989	11 439.9	43.2	12.7	-7.9

Source: ECLAC, on the basis of figures provided by the National Commission on Minimum Wages and the Banco de México.
^a 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. ^b It was assumed that the Presidential (non-mandatory) recommendation that minimum wages should be raised by 30% as from 18 February was initially followed by only 40% of the enterprises in the country and that thereafter it gradually came to be applied by an increasing number of firms until it became law on 1 November.

Table 20
MEXICO: CONSOLIDATED PUBLIC SECTOR INCOME AND EXPENDITURE

	Billions of pesos				Growth rates				
	1986	1987	1988	1989 ^a	1985	1986	1987	1988	1989 ^a
Total income	24 082	59 103	118 514	150 832	50.6	62.8	145.4	100.5	273
Federal government	12 670	32 973	65 506	92026	60.6	58.6	160.2	98.7	40.5
Bodies and enterprises under government control	15 881	38 543	67 598	76 397	48.8	45.3	142.7	75.4	13.0
PEMEX	7134	18 997	29 942	34 195	42.1	30.6	166.3	57.6	14.2
Other	8747	19546	37656	42 202	55.2	60.0	123.5	92.7	12.1
Unbudgeted sector	1366	3 329	8 338	11561	43.1	80.4	143.7	150.5	38.7
Less: cleared operations	5 835	15 742	22 929	29153	61.2	193	169.8	45.7	27.1
Total expenditure	35 548	86 891	154 897	177 591	55.9	91.2	144.4	78.3	14.7
Federal government	23 011	60 440	103 349	117 616	62.7	98.9	162.7	71.0	13.8
Bodies and enterprises under government control	16213	38 416	65 733	76 870	50.2	51.3	136.9	71.1	16.9
PEMEX	7 146	19 092	29 097	36176	51.0	41.6	167.2	52.4	24.3
Other	9 067	19 324	36 637	40 694	49.4	60.0	113.1	89.6	11.1
Unbudgeted sector	2158	3 778	8 744	12 258	68.6	79.2	75.1	131.4	40.2
Less: cleared operations	5 835	15 742	22 929	29153	61.2	19.3	169.8	45.7	27.1
Economic deficit (-) or surplus (+)	-11466^o	-27 788	-36 383	-26 759					
Federal government	10 341	27 467	37 843	25 589	67.6	188.8	165.6	37.8	-32.4
Bodies and enterprises under government control	332	-127	-1865	472	-12.6				-125.3
PEMEX	12	95	-845	1981	-16.8		691.7		-334.4
Other	319	-222	-1020	-1508	-31.8	59.5		359.5	47.8
Unbudgeted sector	793	449	406	697	141.1	77.8	-43.4	-9.6	71.7
Financial intermediation	-881	-1939	-6 255	-3 187					
Financial deficit (-) or surplus (+)	-12 347	-29 727	-42 638	-29 946					
Financing									
Domestic	11383	26 950	47 219	32 712					
Banco de Mexico	3 431	1583	23 503	6 933					
Other	7 952	25 367	23 716	25 779					
External	964	2 777	-4 581	-2 766					
Ratios (percentages)									
Total income/GDP	30.3	30.0	29.8	30.5					
Total expenditure/GDP	44.8	44.2	39.0	35.9					
Total expenditure minus interest payments/GDP	28.3	24.7	22.3	22.9					
Financial deficit/GDP	15.6	15.2	10.4	6.1					
Domestic financing/deficit	92.2	90.7	110.7	109.2					
External financing/deficit	7.8	9.3	-10.7	-9.2					

Source: ECLAC, on the basis of figures provided by the Ministry of Finance and Public Credit and by the Banco de México.
^a Preliminary figures. ^b Includes the national telephone company, the mass transport system, the Department of the Federal District and, up to the end of 1983, Altos Hornos de México, SA. ^c Includes a difference of 479 billion pesos with respect to 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			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
1. Current income	12 670	32 973	65 507	92 026	58.6	160.2	98.7	40.5
Income from PEMEX	2 980	10163	13 451	17 985	8.7	241.0	32.4	33.7
Income excluding PEMEX	9 690	22 810	52 056	74 041	84.6	135.4	128.2	42.2
Tax revenue	8 922	20 728	47 307	62 700	84.5	132.3	128.2	32.5
Direct	3 365	7 655	19 468	27 241	75.0	127.5	154.3	39.9
Indirect	4 876	11585	26 076	31613	87.0	137.6	125.1	21.2
On foreign trade	681	1488	1763	3 846	122.5	118.5	18.5	118.2
Non-tax revenue	768	2082	4 749	11342	86.0	171.1	128.1	138.8
2. Current expenditure	20 076	54 177	98 777	106 964	104.0	169.9	823	83
Wages and salaries	2 495	6 310	11113	14 912	61.1	152.9	76.1	34.2
Interest payments	10 753	33 957	59 323	56 886	155.0	215.8	74.7	-4.1
Transfers	3 290	6 370	11065	12 699	53.6	93.6	73.7	14.8
Other current expenditure	3 543	7 540	17 276	22 467	83.4	112.8	129.1	30.0
3. Current deficit (-) or surplus (+) (1-2)	-7 406	-21204	-33 270	-14 938				
4. Capital expenditure	2 814	6199	7 532	9 723	56.9	1203	21.5	29.1
Real investment	793	1741	2 066	2387	75.8	119.5	18.7	15.5
Capital transfers	1838	4 201	4 934	6 522	70.7	128.6	17.4	32.2
Other capital expenditure	183	257	532	814	•30.9	40.4	107.0	53.0
5. Total expenditure (2+4)	22 890	60 376	106309	116 687	96.8	163.8	76.1	9.8
6. Budget deficit (-) or surplus (+) (1-5)	-10 220	-27 403	-40 802	-24 661				
7. Other outlays	-121	-63	-2 961	-928				
8. Total deficit (-) or surplus (+) (6+7)	-10 341	-27 466	-43 763	-25 589				
Ratios (percentages)								
Current saving/capital expenditure	•263.2	-342.1	-441.7	-153.6				
Fiscal deficit/total expenditure	-45.2	-45.5	-41.2	-21.9				
Tax revenue (including PEMEX)/GDP	15.0	15.7	15.3	16.3				
Tax revenue (excluding PEMEX)/GDP	11.2	10.5	11.9	12.7				
Total expenditure/GDP	28.8	30.6	26.7	23.6				
Fiscal deficit/GDP	13.0	14.0	9.5	5.2				

Source: ECLAC, on the basis of figures provided by the Ministry of Finance and Public Credit and the Banco de México.

^a Preliminary figures.

Table 22
MEXICO: MONETARY INDICATORS

	Year-end balances (billions of pesos)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
1. Monetary base	8 390	14 754	20 751	22 960	47.7	75.9	40.6	10.6
2. Money (Mi)	6145	14116	22 317	31273	72.1	129.7	58.1	40.1
Currency outside banks	3 059	7 318	13 164	18 029	76.6	139.2	79.9	37.0
Current account deposits	3086	6 798	9 153	13 244	67.9	120.3	34.6	44.7
3. Quasi-money	22 327	59 753	99 956	151242	109.6	167.6	67.3	513
Banking instruments ^c	19 380	47 389	65 113	93 770	102.8	144.5	37.4	44.0
Non-banking instruments	2 947	12 364	34 843	57 472	169.4	319.5	181.8	64.9
4. Money plus quasi-money (M₂)	28 472	73 869	122 273	182 515	KMU	159.4	65.5	493
5. Time deposits	4176	10 660	12 076	19 683	166.5	1553	133	63.0
6. Total saving instruments (4+5)	32 648	84 529	134 349	202 198	1983.5	158.9	58.9	50.5
7. Domestic credit	58 287	132 538	191833	250 894	114.8	127.4	44.7	30.8
Claims on public sector	44 769	97 531	128 899	142336	129.4	117.9	32.2	10.4
Government ^c	34 723	78 460			132.4	126.0		
Public institutions	10 046	19 071			119.3	89.8		
Claims on private sector	11481	29189	53 395	95 901	72.1	154.2	82.9	79.6
Claims on financial sector	1513	4 325	5 807	7 754	106.7	185.9	34.3	33.5
Other claims	524	1493	3 732	4 903	149.5	184.9	150.0	31.4
Monetary multipliers (coefficients)								
Mi/monetary base	0.73	0.96	1.08	1.36				
Mi/monetary base	3.39	5.01	5.89	7.95				
Velocity of circulation: GDP/Mi	19.60	23.01	22.36	21.53				

Source: ECLAC, on the basis of figures provided by the Banco de México.

^a Preliminary figures. ^b In domestic and foreign currency. ^c With maturities of up to one year, plus bank acceptances. ^d Treasury Certificates (CETES), Treasury promissory notes (PAGAFES), Development Bonds (BONDES) and commercial paper. ^e Includes the Federal Government, the State and municipal governments and the Department of the Federal District.

Table 23
MEXICO: BANK CREDIT RECEIVED BY ENTERPRISES AND INDIVIDUALS

	Year-end balances (billions of pesos)				Growth rates			
	1986	1987	1988	1989 ^b	1986	1987	1988	1989 ^b
Total	24 819	58 655	79 225	122 050	97.6	136.3	35.1	54.1
Primary activities	3 726	8 831	14 594	20 805	84.8	137.0	65.3	42.6
Agriculture	1818	3692	8186	14 555	43.5	103.1	121.7	77.8
Mining and other	1908	5139	6 408	6 250	154.7	169.3	24.7	-2.5
Industry	10 552	24 234	29 052	40 742	96.5	129.7	19.9	40.2
Energy sector	4 210	8 653	6 766	5 918	117.0	105.5	-21.8	-12.5
Manufacturing	5 808	14 565	20 804	31 539	90.8	150.8	42.8	51.6
Construction	534	1016	1482	3 285	38.3	90.3	45.9	121.7
Low-cost housing	1241	2834	6128	8 523	88.9	128.4	116.2	39.1
Services and other activities	6 857	17 429	20 817	31 701	118.1	154.2	19.4	52.3
Commerce	2 443	5 327	8 634	20 279	77.7	118.1	62.1	134.9

Source: ECLAC, on the basis of figures provided by the Banco de México.

^a Includes public and private enterprises. Excludes financing from the Banco de México and from development funds.

^b Preliminary figures.

Table 24
MEXICO: REAL INTEREST RATES ^a

	Promisory notes convertible to liquid assets at maturity		Treasury certificates	
	One month	Three months	One month	Three months
1986	6.4	3.1	13.8	6.2
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
1987	-3.2	-12.0	-1.9	-8.0
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
1988	24.6	30.8	29.1	42.1
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
1989	19.9	10.9	30.8	
I	20.7	16.1	36.8	36.0
II	25.8	19.7	41.5	45.3
III	22.5	12.6	30.6	17.0
IV	10.6	-4.7	14.2	

Source: ECLAC, on the basis of figures provided by the Banco de México.

^a Annualized rates for some of the main saving instruments, deflated by the national consumer price index.

NICARAGUA

The most prominent feature of the Nicaraguan economy's performance in 1989 was the control of hyperinflation. The annual variation in the level of prices fell from close to 34 000% to 1 700%. Some of the more dramatic elements of the previous year's crisis were tempered, although a good deal of instability persisted. The central government's deficit fell from 26% of GDP to 5% as a result of the sharp contraction of public expenditure. The rigorous fiscal policy made it possible to slow down the money supply, thereby becoming the main instrument against inflation.

The successful efforts to constrain the vertiginous rise in prices were accompanied by a rise in the real exchange rate, which contributed to a significant increase in the volume of exports, another drop in imports and some recovery of real wages in productive sectors. In spite of the deterioration in the terms of trade, the deficit on the trade balance was reduced to some US\$420 million; the imbalance on the current account (US\$570 million) was among the lowest of the decade. The adjustment of the government's accounts and those of the external sector was accompanied by a contraction of domestic expenditure. This led to a new drop in GDP (around 3%), which was thus 11% lower than in 1980. Underemployment increased substantially, reaching an unprecedented rate (see table 1 and figure 1).

The problems observed in 1989 were the culmination of a whole decade of serious difficulties. These originated in part in external factors, some of which were common to the region as a whole (the deterioration of the terms of trade and the closing of credit sources) while others, such as the trade embargo imposed by the United States; the financial blockade, which was not compensated for by bilateral assistance from other countries; and the armed conflict, which seriously affected the

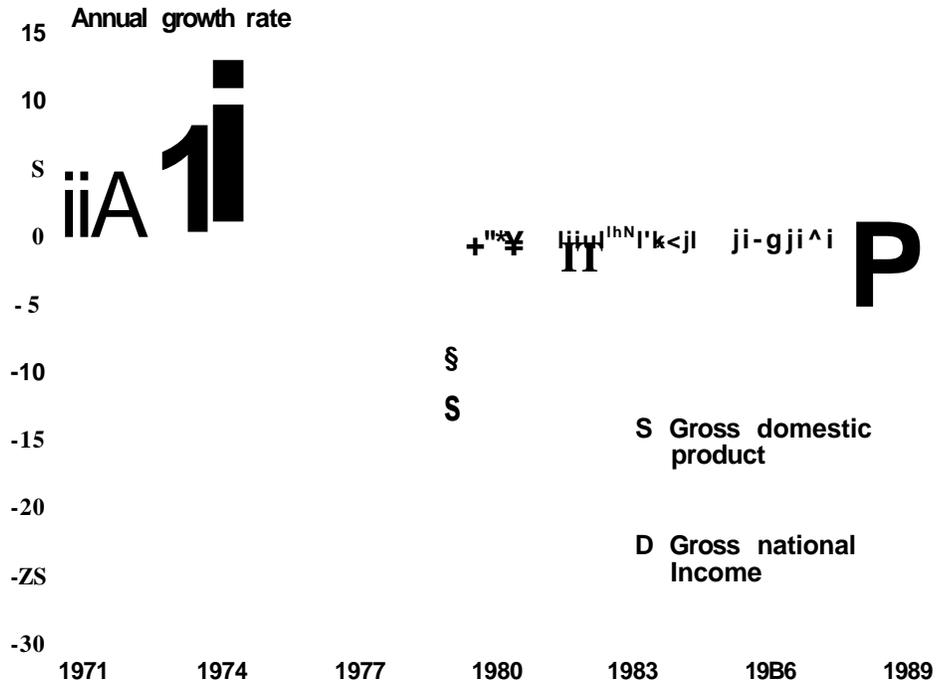
functioning of the economy, were peculiar to Nicaragua. An appreciable impact was also had by the absence of a sustainable macroeconomic approach and of a precise policy definition of relations between the government and the private sector. All this was reflected in persistent declines in the product, in serious external stagnation and in huge fiscal deficits. These imbalances were clearly reflected in the intensive acceleration of inflation, which could be described as explosive in 1988.

For a time, the authorities tried to stifle the effects of the economic imbalances through the use of price controls and complex and costly subsidy and multiple-exchange-rate mechanisms. In 1988, when these attempts failed and military tension weakened, policies were redirected towards correcting relative prices and reducing the fiscal deficit. The public sector's need for loans was still tremendous, however, and this, together with the short-term effects of the measures taken in respect of prices and the exchange rate policy, caused inflation to soar.

During 1989, the economy policy gave priority to reducing the fiscal imbalance and improving the incentives for producing goods tradeable abroad, although in some cases the attempt to achieve these two objectives gave rise to conflict. Agricultural exports, in particular, received large subsidies through a lowering of the prices of their inputs and, indirectly, through the granting of credits with negative interest rates. In any case, central government expenditure declined sharply, so much as that its share in the GDP dropped from between 45% and 50% to only 24%. The fall in outflows was general, being reflected in the military budget and other areas of government and in current expenditure as well as investment. A drop was also experienced in transfers to public enterprises, whose

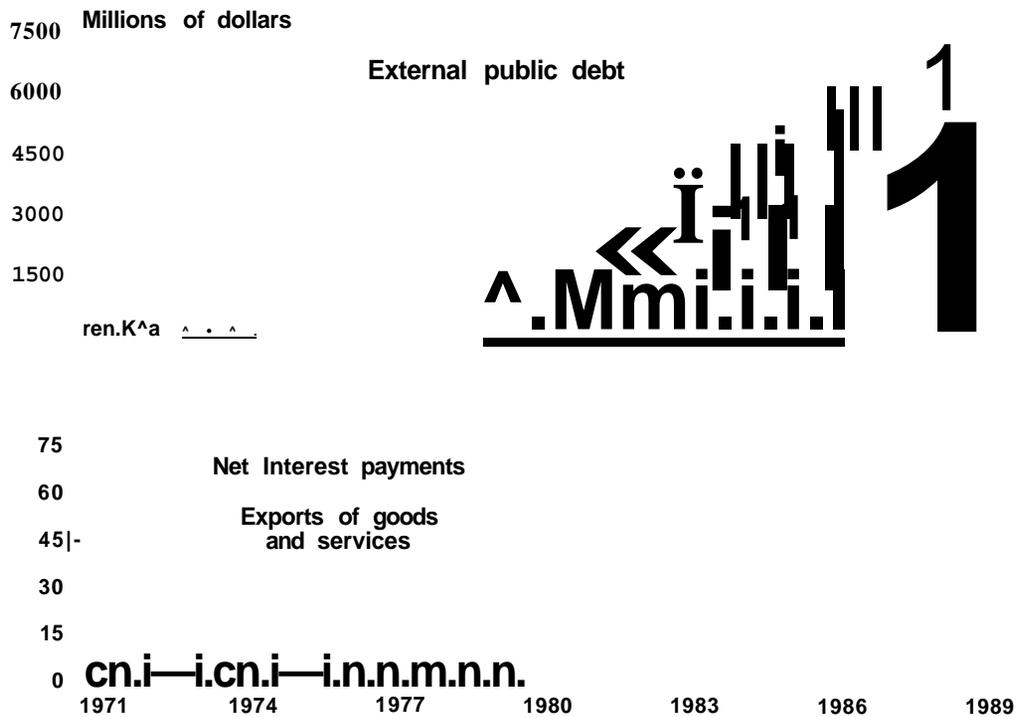
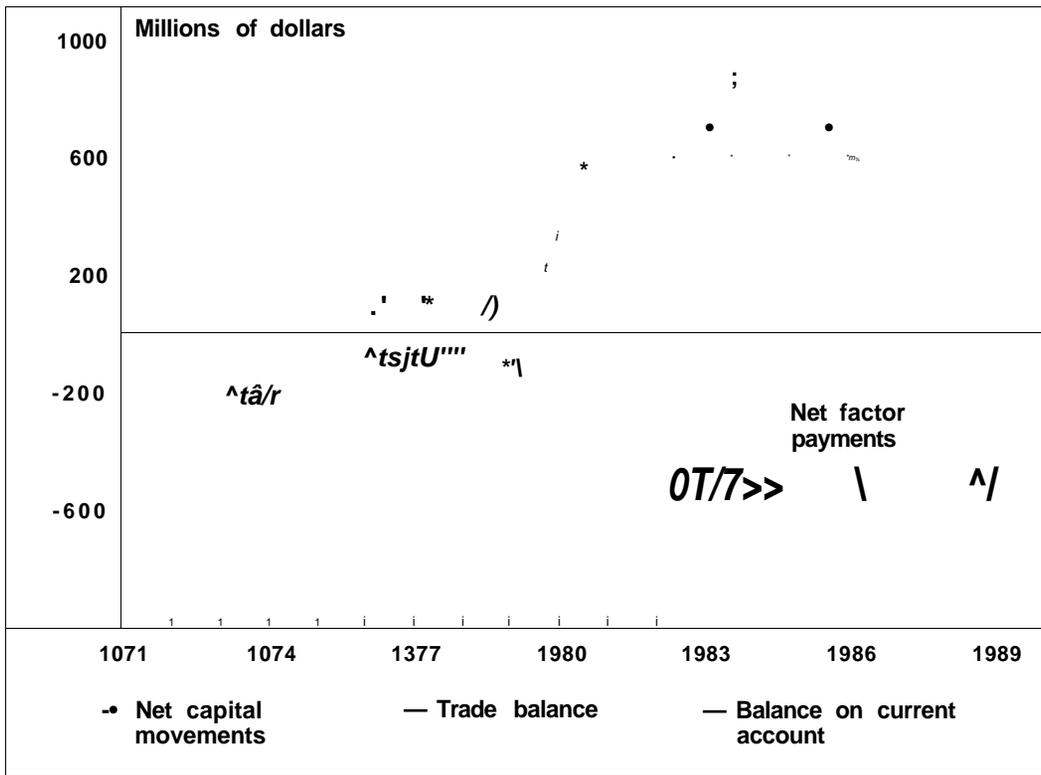
Figure 1

NICARAGUA: MAIN ECONOMIC INDICATORS



Year	Consumer prices (Variations from December to December)
1971	~1000
1974	~1000
1977	~1000
1980	~1000
1983	~1000
1986	~1000
1989	~1000

Figure 1 (concluded)



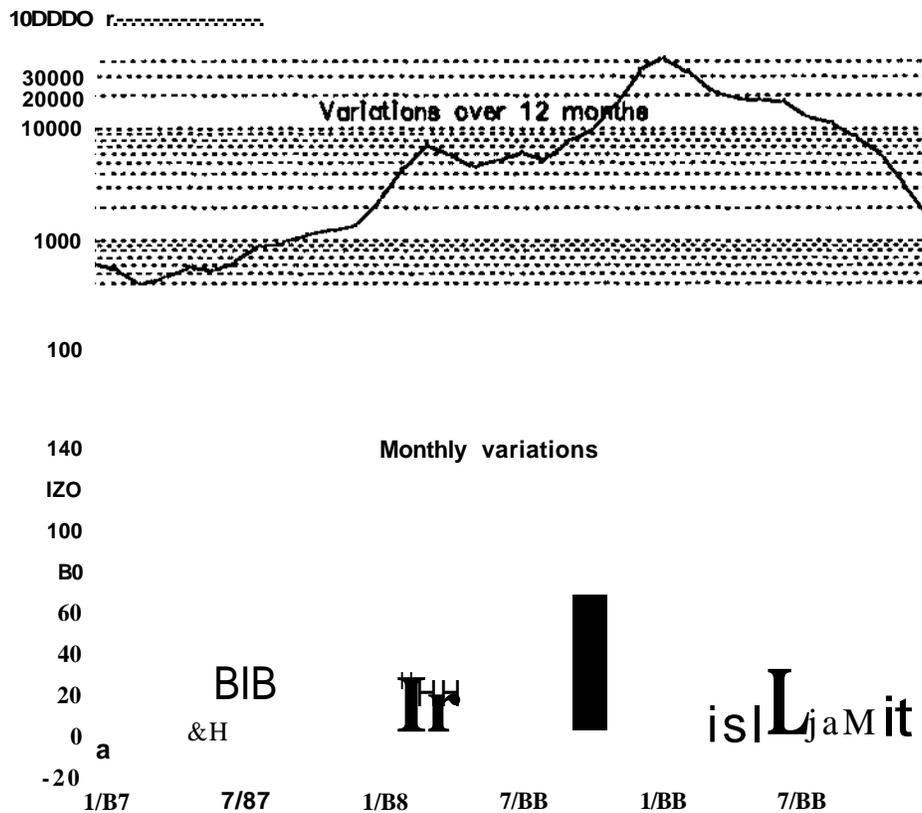
Source: ECLAC, on the basis of official figures.

administration was reorganized in such a way as to give them a greater say in their management.

The share of capital flows from abroad in the GDP was under 29%, the lowest figure since 1983. This decline was only partially offset by higher unrequited official transfers. This, along with the lack of reserves, intensified the external restraint, and the need to adjust the current account became urgent. In any case, the exchange policy aimed at sustaining the relative prices of exportable goods through frequent devaluations; likewise, norms concerning the liquidation of foreign exchange were modified, making the funds generated by sales abroad freely available to exporters. These measures stimulated the activity of the export sectors, helping to reduce the trade balance.

Given the efforts to strengthen exports, the exchange rate was not used as a means of holding down inflation. A similar criterion was applied in respect of the price policy under which the prices of some products were liberalized so that in the sectors concerned wages could be determined by mutual agreement, without government intervention. Thus, the policy for controlling inflation was based on fiscal and monetary instruments. In actual fact, the money supply grew much more slowly than it had the preceding year. Nevertheless, monetary expansion was still considerable, money in circulation increasing by over 2 000%, as a result primarily of credit extended by the Central Bank to local governments and various government entities. The demand for cash holdings increased throughout the year, but far from enough to

Figure 2
NICARAGUA: CONSUMER PRICE INDEX
(Percentages)



Source: ECLAC, on the basis of official figures.

absorb the liquidity generated. Thus the increase in the money supply proved in practice to be compatible with the even more rapid variation in prices (average monthly variation, 27%).

The year 1989 saw either the disappearance or a slackening off of hyperinflation, supply constraints and the decline in real wages, factors which had worked together the year before to produce a sharp drop in the product. Nevertheless, the level of production continued to decline, although at a lower rate and with important exceptions, including agriculture and basic services.

As the year ended, however, the progress obtained seemed fragile. The rate of inflation was still high and seemed bound to remain so. Tax pressures, on the other hand, continued to

decrease gradually, reflecting the weakness of the tax apparatus and causing a drop in the real wages paid by the public sector and in the investments made in that sector, and this situation was becoming difficult to sustain. At the same time, the decline in reserves and the difficulties in obtaining external credit raised questions about financing the deficit on current account. The prolonged and severe contraction of the product limited the possibilities for an eventual adjustment based on a reduction of total spending. Nevertheless, it had proved impossible to strike a new macroeconomic balance; the outlook for the economy appeared to depend not only on the magnitude and the direction of the domestic effort, but also on developments at the international level.

Table 1
NICARAGUA: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^d
Indexes (1980=100)								
Basic economic indicators								
Gross domestic product at market prices	.04.5	109.3	107.6	103.2	102.2	101.4	90.4	87.8
Gross national income	99.2	101.4	103.0	97.2	97.5	98.1	89.5	86.0
Population (millions of inhabitants)	3.0	3.1	3.2	3.3	3.4	3.5	3.6	3.7
Per capita gross domestic product	97.9	99.1	94.3	87.4	83.7	80.3	69.1	64.9
Public sector deficit/GDP	13.6	30.0	24.8	23.4	18.0	16.4	25.8	5.2
Rate of under-utilization of labour ^c	19.9	18.9	20.6	20.9	22.1	24.4	26.5	32.1
Growth rates								
Short-run economic indicators								
Gross domestic product	-0.8	4.6	-1.6	-4.1	-1.0	-0.7	-10.9	-2.9
Per capita gross domestic product	-4.0	1.2	-4.8	-7.3	-4.3	-4.0	-13.9	-6.1
Gross national income	-2.0	2.2	1.6	-5.6	0.3	0.7	-8.7	-4.0
Consumer prices (December to December)	22.2	32.9	50.2	334.3	747.4	1 347.2	33 602.6	1 689.9
Real wages and salaries		-12.9	-5.9	-30.0	-63.9	-31.4	-64.5	25.0
Current value of exports of goods and services	-19.2	5.4	-8.5	-18.5	-16.3	10.8	-15.6	24.7
Current value of imports of goods and services	19.9	9.1	2.3	1.8	-8.7	4.4	-4.3	-11.1
Terms of trade (goods and services)	-4.5	-3.1	26.2	-4.9	10.1	-9.2	5.8	-8.2
Millions of dollars								
External sector								
Trade balance (goods and services)	-379	-430	-490	-587	•563	-568	-581	-418
Net payments of profits and interest	186	209	239	257	245	208	151	153
Balance on current account	-557	-635	-727	-827	•799	-766	-732	-571
Balance on capital account	593	653	974	846	605	504	562	511
Variation in net international reserves	82	93	128	16	•196	-262	-170	-60
Disbursed external public debt ^e	3 139	3 788	4 362	4 936	5 760	6 270	7 220	7 570

Source: ECLAC, on the basis of official figures.

^a Preliminary figures. Percentages. ^c Open unemployment and its equivalent in terms of underemployment expressed as a fraction of the labour force. Total average monthly wage received by workers registered with the Nicaraguan Social Security and Welfare Institute. ^e Short, medium- and long-term debt.

Table 2
NICARAGUA: EVOLUTION OF REAL GROSS NATIONAL INCOME

	Indexes(1980 = 100)			Percentage breakdown			
	1987	1988	1989*	1980	1987	1988	1989*
Gross domestic product (a + b + c + d)	98.1	89.5	86.0	94.1	91.0	93.2	92.2
a) Gross domestic product	101.4	90.4	87.8	100.0	100.0	100.0	100.0
b) Terms-of-trade effect				-	0.3	1.0	-0.2
c) Net factor payments abroad	164.9	117.6	111.4	-6.0	-9.8	-7.8	-7.6
d) Net private transfers from abroad	618.7			0.1	0.5		

Source: ECLAC, on the basis of official statistics.

^a Preliminary figures.

Table 3
NICARAGUA: TOTAL SUPPLY AND DEMAND

	Indexes(1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989*	1980	1989*	1986	1987	1988	1989*
Total supply	100.2	90.7	84.2	143.8	137.9	-2.8	-1.4	-9.4	-7.2
Gross domestic product at market prices	101.4	90.4	87.8	100.0	100.0	-1.0	-0.7	-10.9	-2.9
Imports of goods and services	97.3	91.6	76.1	43.8	37.9	-6.8	-3.0	-5.9	-16.9
Total demand	100.2	90.7	84.2	143.8	137.9	-2.8	-1.4	-9.4	-7.2
Domestic demand	107.5	98.9	88.3	119.9	120.6	-0.3	-2.9	-8.0	-10.7
Gross domestic investment	133.6	134.0	122.6	16.8	23.4	-1.2	-1.5	0.3	-8.5
Gross fixed investment	132.6	130.3	105.1	14.6	17.5	-6.1	1.0	-1.8	-19.3
Construction	122.8	114.1	97.0	5.5	6.1	-	7.0	-7.0	-15.0
Machinery and equipment	138.6	140.0	110.1	9.1	11.4	-8.8	-2.0	1.0	-21.4
Changes in stocks	140.0	159.1	238.5	2.2	6.0				
Total consumption	103.2	93.1	82.7	103.1	97.2	-0.1	-3.2	-9.8	-11.2
General government	249.2	246.7	182.3	19.7	41.0	4.0	5.0	-1.0	-26.1
Private	68.7	56.8	59.2	83.4	56.2	-2.9	-9.3	-17.3	4.2
Exports of goods and services	63.8	50.0	63.5	23.9	17.3	-22.5	13.5	-21.6	27.0

Source: ECLAC, on the basis of official figures.

^a Preliminary figures. ^b 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 4
**NICARAGUA: ORIGIN, COMPOSITION AND FINANCING
 OF GROSS DOMESTIC INVESTMENT**
(As percentages of the gross domestic product)[&]

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Gross domestic investment	20.2	21.0	21.6	22.3	22.3	22.1	24.9	23.4
Gross domestic saving	6.3	5.8	-3.2	-6.5	-7.5	-4.8	-6.2	2.8
Net income from factor services	-8.2	-9.2	-11.4	-12.5	-12.3	-9.8	-7.8	-7.6
Terms-of-trade effect	-2.8	-3.7	1.3	0.3	1.6	0.3	1.0	-0.2
Unrequited private transfers	0.4	0.2	0.1	0.8	0.4	0.5	-	-
Gross national saving	-4.5	-7.0	-13.2	-18.0	-17.8	-13.9	-13.0	-5.0
External saving	24.7	28.0	34.7	40.3	40.1	36.0	37.9	28.5

Source: ECIAC, on the basis of official data.

^a At market prices, in constant 1980 dollars, at adjusted exchange rate.

^b Preliminary figures.

Table 5
**NICARAGUA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC
 ACTIVITY, AT 1980 MARKET PRICES**

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product	101.4	90.4	87.7	100.0	100.0	-1.0	-0.7	-10.9	-2.9
Goods	100.8	81.1	79.0	52.5	47.3	-2.7	-1.8	-19.5	-2.6
Agriculture	94.7	84.8	87.1	23.2	23.0	-8.8	-3.2	-10.5	2.7
Mining	68.4	62.5	88.3	0.7	0.8	31.5	-7.9	-8.6	41.2
Manufacturing	104.6	74.5	69.3	25.6	20.2	2.1	-1.6	-28.8	-7.0
Construction	122.9	114.3	97.2	2.9	3.2		7.0	-7.0	-15.0
Basic services	96.2	98.3	102.0	7.9	9.1	3.6	3.2	2.2	3.8
Electricity, gas and water	113.7	108.1	121.9	2.1	2.9	11.5	7.2	-5.0	12.8
Transport, storage and communications	89.7	94.7	94.7	5.7	6.2	0.4	1.4	5.6	
Other services	103.4	101.1	96.6	39.6	43.6	0.5	0.1	-2.3	-4.5
Commerce, restaurants and hotels	93.1	88.9	86.3	18.9	18.6	0.4	-0.4	-4.5	-3.0
Financial institutions, insurance and business services	98.2	96.9	93.0	7.1	7.5	0.1	2.6	-1.3	-4.0
Ownership of dwellings	106.5	104.9	97.6	3.7	4.2	-	5.0	-1.5	-7.0
Community, social and personal services	120.5	120.1	112.7	13.6	17.5	0.7	-0.5	-0.3	-6.2
Government services	137.6	138.9	129.3	8.7	12.8	2.0	-0.5	0.9	-6.9

Source: ECIAC, on the basis of figures supplied by the Ministry of Planning and the Budget.

^a Preliminary figures.

^b Includes the livestock sector, forestry and fishing.

Table 6
NICARAGUA: INDICATORS OF AGRICULTURAL PRODUCTION

	1985	1986	1987	1988	1989 ^a	Growth rates			
						1986	1987	1988	1989 ^a
Production indexes (1980 = 100)	1073	97.9	94.7	84.8	87.1	-8.8	-3.3	-10.5	2.7
Crop farming	114.6	103.2	104.2	92.5	96.2	-9.9	1.0	-11.2	4.0
Livestock	100.5	94.0	82.2	75.5	75.6	-6.5	-12.6	-8.2	0.1
Forestry	84.8	89.1	100.0	104.6	107.7	5.1	12.2	4.6	3.0
Fishing	60.8	51.7	63.1	45.9	46.9	-15.0	22.1	-27.3	2.2
Production of main crops									
For export									
Ginned cotton	1409	1109	992	689	570	-21.3	-10.6	-30.5	-17.3
Cotton seed	2 056	1703	1500	1127	750	-17.2	-11.9	-24.9	-33.5
Coffee for export	1029	812	916	860	928	-21.1	12.8	-6.1	7.9
Sugar cane	55 772	52 418	42 517	40 512	50 235	-6.0	-18.9	-4.7	24.0
Bananas	2 499	2228	2 380	2096	2293	-10.8	6.8	-11.9	9.4
Havana tobacco	13	13	12	8	14	1.6	-8.7	22.4	75.0
Blonde tobacco	45	51	43	27	31	13.3	-15.7	-12.8	14.8
Sesame	67	86	83	70	320	28.4	-3.5	-13.6	357.1
For domestic consumption									
Maize	4 387	4 555	5 650	6 308	6 083	3.8	24.0	11.6	-3.6
Milled rice	1801	1738	1583	1450	1371	-3.5	-8.9	-8.4	-5.4
Beans	1154	1146	1071	1021	1262	-0.7	-6.5	-4.7	23.6
Sorghum	2 639	3 246	3 375	2 475	2 259	23.0	4.0	-26.7	-8.7
Soya	121	183	220	145	194	51.2	20.2	-34.1	33.8
Indicators of livestock production									
Slaughtering									
Beef cattle ⁰	359	302	197	266	340	-15.9	-34.8	35.0	27.8
Pigs ^c	228	242	321	250	160	6.1	32.6	-	-36.0
Poultry ^d	22 600	22 600	26 900	22900	12 000	-	19.0	-14.9	-47.6
Other products									
Milk ^e	42 900	49 000	47 000	45 000	43 429	14.2	-4.1	-4.3	-3.5
Eggs ^f	20 900	23 000	23 000	18 000	10 000	10.0	-	-18.3	-46.8

Source: ECLAC, on the basis of figures supplied by the Ministry of Planning and the Budget.

^a Preliminary figures. Thousands of quintals. ^c Thousands of head Thousand of pounds. ^e Thousands of gallons. Thousands of dozens.

Table 7
NICARAGUA: INDICATORS OF FISHERY PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates			
					1986	1987	1988	1989 ^a
Production indexes (1980=100)	51.7	63.1	45.9	46.9	-15.0	22.1	-273	12
Shellfish catch ^b								
Shrimp	1816	1282	2137	2100	-20.5	-29.4	66.7	-1.7
Lobster	603	1531	467	908	-16.9	153.9	-69.5	94.4
Fish catch ^b			604	2348				<u>288.5</u>

Source: ECLAC, on the basis of figures supplied by the Ministry of Planning and the Budget.
Preliminary figures. Thousands of pounds.

Table 8
NICARAGUA: INDICATORS OF MINING PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates			
					1986	1987	1988	1989 ^a
Production indexes (1980 = 100) ^b	74.2	68.4	62.4	883	30.7	-7.8	-8.8	41.5
Production of some major minerals								
Metallic								
Gold ⁰	29	31	28	44	17.1	6.9	-9.7	57.1
Silver ^c	21	29	18	33	-31.0	38.1	-37.9	83.3
Non-metallic								
Sand ^d	504	626	522	381	27.9	24.2	-16.6	-27.0
Lime ^e	49	34	39	27	-17.2	-30.6	14.7	-30.8
Calcium carbonate ^e	37	25	35	10	29	-32.4	40.0	-71.4
Chemical lime ^e	88	75	71	66	17.1	-14.8	-5.3	-7.0
Bentonite ^e	87	78	85	41	13.5	-10.3	9.0	-51.8
Gypsum	20	7	6	8	143.2	-65.0	-14.3	33.3

Source: ECLAC, on the basis of figures supplied by the Ministry of Planning and the Budget.

^a Preliminary figures. Added value indexes. Thousands of troy ounces. Thousands of cubic metres.
^e Thousands of quintals. ^f Thousands of tons.

Tale 9

NICARAGUA: INDICATORS OF MANUFACTURING PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates			
					1986	1987	1988	1989 ^a
Production indexes (1980 = 100)	1063	104.6	77.0	70.6	1.9	-1.6	-26.4	-8.3
Food	94.2	89.2	85.6	73.0	-2.7	-5.3	-4.0	-14.7
Beverages	107.6	111.4	81.3	83.9	-0.4	3.5	-27.0	3.2
Tobacco	114.9	113.5	84.0	81.3	4.7	-1.2	-26.0	-3.2
Textiles	184.7	189.7	115.7	125.9	21.1	2.7	-39.0	8.8
Clothing	89.5	111.2	48.9	26.0	12.3	24.2	-56.0	-46.8
Leather	61.0	52.2	33.4	51.3	•23.7	-14.4	-36.0	53.6
Footwear	57.1	50.9	31.6	26.4	•10.2	-10.9	-37.9	-16.5
Wood	65.2	102.3	85.9		5.3	56.9	-16.0	
Furniture	85.5	99.3	83.4	45.1	11.9	16.1	-16.0	-45.9
Paper	360.4	416.5	295.7	302.2	45.6	15.6	-29.0	2.2
Printed material	179.2	174.0	92.2	82.4	-6.1	-2.9	-47.0	-10.6
Chemicals	109.8	104.6	69.0	88.4	-2.9	-4.7	-34.0	28.1
Petroleum products	83.6	82.3	79.8		5.2	-1.6	-3.0	
Rubber	133.0	93.5	23.4	25.9	8.4	-29.7	-75.0	10.7
Non-metallic products	125.0	139.7	97.8	83.5	6.7	11.8	-30.0	-14.6
Metal products	148.6	150.9	155.4	94.9	11.7	1.5	3.0	-38.9
Machinery and domestic articles	116.7	147.8	130.1	77.0	18.2	26.6	-12.0	-40.8
Transport equipment	150.3	118.3	85.2	48.6	4.5	-21.3	-28.0	-43.0
Plastics and other	106.3	119.3	58.5	55.2	-5.3	12.2	-51.0	-5.6
Other indicators of manufacturing production								
Electricity consumption by industry ^b	283.0	304.0	256.0	273.0	-5.0	7.4	-15.8	6.6
Employment ⁰	85.0	86.2	90.3	...	-	14	4.8	

Source: ECIAC, on the basis of figures supplied by the Banco de Nicaragua.

^a Preliminary figures. On the basis of figures at 1958 prices. Number of persons paying Social Security.

Table 10
NICARAGUA: PUBLIC SERVICE ELECTRICITY SUPPLY AND DEMAND

	Thousands of M W h				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Total supply	1194	1298	1203	1315	1.8	8.7	-7.3	9.3
Gross generation	1134	1226	1118	1290	15.0	8.1	-8.8	15.4
Hydroelectric	285	394	387	535	11.1	38.2	-1.8	38.2
Steam	583	573	513	361	41.5	-1.7	-10.5	-29.6
Geothermal	260	237	190	381	-13.7	-8.8	-19.8	100.5
Diesel and other	7	21	28	13	-59.4	200.0	33.3	-53.6
Gross imports	60	72	84	25	-67.9	20.0	16.7	-70.2
Total demand	1194	1298	1203	1315	1.8	8.7	-7.3	9.3
Domestic consumption	973	1045	952	1048	-0.6	7.4	-8.9	10.1
Residential	300	324	330	315	-0.8	8.0	1.9	-4.5
Commercial	71	86	83	186	2.3	21.1	-3.5	124.1
Industrial	283	304	256	274	-5.0	7.4	-15.8	7.0
Government	114	123	105	71	2.8	7.9	-14.6	-32.4
Public lighting	19	19	18	20	-13.2	-	-5.3	11.1
Irrigation	118	119	91	107	7.5	0.8	-23.5	17.6
Pumping	68	70	69	75	2.1	2.9	-1.4	8.7
Exports		4	2	21				
Losses ^b	221	248	249	246	13.8	12.2	0.4	-1.2
Other indicators								
Ratio of losses/total supply ^c	18.5	19.1	20.7	18.7				
Consumption of fuel oil for electricity generation ^d	1158	1196	1139	748	40.9	3.3	-4.8	-34.3

Source: ECLAC, on the basis of figures supplied by the Nicaraguan Energy Institute and the Ministry of Planning and the Budget.

^a Preliminary figures.

^b Refers to transmission and distribution losses.

^c Percentages.

^d Thousands of barrels.

Table 11
NICARAGUA: EMPLOYMENT TRENDS

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Percentages									
Rate of participation	48.1	48.2	48.2	48.2	48.3	48.3	48.4	48.4	48.5
Rate of under-utilization	16.0	19.9	18.9	20.6	20.9	22.1	24.4	26.5	32.1
Growth rates									
Total employed ^c	6.6	-1.1	4.9	1.6	3.2	1.2	0.7	0.7	-4.2
Primary sector	7.2	-5.1	7.5	0.7	11.5	8.3	-0.5	-1.1	2.5
Secondary sector	3.4	-14.9	5.8	-	-3.7	-	2.9	4.6	-5.3
Industry	3.1	-14.0	4.7	-	-5.6	-	1.2	4.7	
Construction	6.7	-12.5	7.1	6.7	6.3	-	11.8	5.3	
Mining	-	-20.0	-	-25.0	-	-	-	-	
Tertiary sector	7.2	7.0	3.0	2.6	-1.3	-2.9	1.6	1.3	-10.2
Commerce	6.4	-12.8	1.0	-1.9	2.0	-7.8	1.1	-	
Central government	12.5	7.4	12.1	15.4	1.3	1.3	1.3	-	
Transport and communications	8.3	7.7	-	-3.6	-14.8	-4.3	-	-	
Financial institutions	12.5	-	-	55.6	7.1	13.3	-5.9	-	
Energy and water	-	-	16.7	-	14.3	-	-	-	
Services	5.6	23.3	1.8	-1.2	-3.6	-2.5	2.6	3.1	

Source: ECLAC, on the basis of figures supplied by the Ministry of Planning and the Budget.

^a Preliminary figures. ^b Open unemployment plus its equivalent in terms of underemployment expressed as a percentage of the economically active population. ^c Full-time posts. Estimates by crop and area sown.

^e Estimates according to the Nicaraguan Social Security and Welfare Institute.

Table 12
NICARAGUA: MAIN FOREIGN TRADE INDICATORS (GOODS)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Growth rates								
Exports FOB								
Value	-20.1	5.6	-10.0	-21.8	-18.0	19.3	-20.3	24.3
Volume	-14.4	15.0	-23.0	-16.8	-20.7	15.0	-21.5	27.1
Unit value	-6.7	-8.2	16.8	-6.0	3.4	3.8	1.5	-2.3
Imports FOB								
Value	-21.6	7.6	2.8	0.1	-9.2	1.0	-2.2	-11.8
Volume	-20.4	13.3	11.6	-1.0	-7.1	-5.2	-4.1	-17.7
Unit value	-1.5	-5.1	-7.9	1.1	-2.3	6.6	2.0	7.1
Terms of trade	-5.7	-3.6	25.3	-8.6	5.7	-2.7	-0.5	-8.4
Indexes (1980 = 100)								
Purchasing power of exports of goods	87.1	96.5	93.2	70.8	59.4	66.4	51.9	60.4
Volume of exports	102.3	117.7	90.6	75.4	59.8	68.7	53.9	68.6
Volume of imports	87.7	99.4	110.9	109.8	102.0	96.7	92.7	76.3
Terms of trade (FOB/FOB)	85.7	82.9	105.2	97.8	103.5	100.8	100.3	91.5

Source: ECLAC, on the basis of figures supplied by the Ministry of the Economy, Industry and Trade.

^a Preliminary figures.

Table 13
NICARAGUA: EXCHANGE RATES
(Annual and quarterly averages)

	Nominal exchange rate (new córdobas per dollar)			Index of adjusted real official exchange rate ^c (1985 = 100)	Index of effective real exchange rate ^a (1985 = 100)		Par- allel
	Official	Para Ue ia	offidal"		Official		
					Exports	Imports	
1980-1989				142.3	164.7	160.4	30.0
1980	0.010	0.018		283.0	359.8	366.3	26.1
1981	0.010	0.026		249.5	280.0	282.7	29.2
1982	0.010	0.028		203.9	216.9	208.4	23.8
1983	0.010	0.028		157.3	163.5	157.4	18.0
1984	0.010			118.9	117.8	118.1	
1985	0.026	0.652		100.0	100.0	100.0	100.0
1986	0.066	1.337		30.4	37.0	33.7	28.9
1987	0.07	6.77	12.40	7.7	10.2	9.0	22.4
1988	270	709	844	106.6	146.8	131.6	11.8
1989	15 937	19 640	19 621	165.5	215.0	196.6	10.2
1987							
I	0.07	2.66	3.93	19.2	25.3	22.4	36.2
II	0.07	4.83	7.67	7.2	9.7	8.5	25.1
III	0.07	7.83	12.00	2.7	3.5	3.2	15.0
IV	0.07	11.75	26.00	1.5	2.1	1.9	13.4
1988							
I	8	16	91	62.7	89.3	78.7	6.5
II	35	35	188	100.7	142.3	126.0	5.3
III	157	390	410	132.1	175.2	158.8	16.6
IV	880	2 397	2 685	130.8	180.3	162.8	18.7
1989							
I	3 523	4 832	5 185	109.3	147.0	135.1	7.7
II	10 199	12 425	13 094	170.6	220.1	197.1	10.2
III	21446	25 589	25 000	180.5	227.2	210.6	10.4
IV	28 579	35 715	35 204	201.7	265.8	243.6	12.6

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, *International Financial Statistics*.

^a Value of sales in authorized exchange offices. Value of sales on the unauthorized free market. ^c Index of real exchange rate of Nicaraguan currency with respect to the United States dollar. Corresponds to the average index of the real exchange rate of the córdoba with respect to the currencies of Nicaragua's main trading partners, weighted according to their relative participation of Nicaragua's exports or imports as the case may be. The weightings are based on the average figure for the period 1983-1987. These calculations have been made primarily on the basis of wholesale price indexes and, in the case of Nicaragua, the consumer price index. For the methodology and sources used, see the Statistical Appendix to the *Economic Survey of Latin America*, 1981.

Table 14
NICARAGUA: EXPORTS OF GOODS, FOB

	Millions of dollars			breakdown			Growth rates		
	1987	1988	1989*	1980	1989*	1986	1987	1988	1989*
Total	295	235	292	100.0	100.0	-18.0	19.4	-203	243
Central America	22	16	27	6.5	9.2	-33.3	37.5	-27.3	68.8
Rest of world	273	219	265	93.5	90.8	-17.7	18.2	-19.8	21.0
Main traditional exports	243	188	212	82.2	72.6		19.7	-22.6	12.8
Ginned cotton	46	53	28	17.8	9.6	-51.6	4.5	15.2	-47.2
Coffee	133	85	90	44.5	30.8	-6.8	20.9	-36.1	5.9
Sugar	20	5	17	6.9	5.8	142.9	17.6	-75.0	240.0
Meat	15	19	41	2.0	14.0	-54.5	200.0	26.7	115.8
Shellfish	12	9	12	3.6	4.1	30.8	33.3	-25.0	33.3
Sesame	3	2	3	0.9	1.0	-60.0	50.0	-33.3	50.0
Bananas	14	15	21	6.5	7.2	-	-12.5	-	40.0
Other	52	47	80	17.8	27.4		18.2	-9.6	70.2

Source: ECIAC, on the basis of figures supplied by the Ministry of the Economy, Industry and Trade.

^a Preliminary figures.

Table 15
NICARAGUA: VOLUME OF EXPORTS OF MAIN PRODUCTS

	1985	1986	1987	1988	1989*	Growth rates			
						1986	1987	1988	1989*
Cotton ^b	1457	1069	1107	757	540	-26.6	3.6	-31.6	-28.7
Coffee ^b	868	673	814	674	740	-22.5	21.0	-17.2	9.8
Sugar ^b	1250	1540	1090	751	1693	23.2	-29.2	-31.1	125.4
Meat	.0 204	5 769	15 000	21000	53 000	-43.5	160.0	40.0	152.4
Shrimp, lobsters, etc. ^a	2 581	1868	2 204	2 318	2 348	-27.6	18.0	5.2	1.3
Sesame	122	58	68	57	67	-52.5	17.2	-16.2	17.5
Bananas	4 465	4 321	3 986	3 859	4000	-3.2	-7.8	-3.2	3.7
Gold ^c		28	27	32	40		-3.6	18.5	25.0
Silver ^e			27	20	32			-25.9	60.0

Source: ECIAC, on the basis of figures supplied by the Ministry of Foreign Trade.

^a Preliminary figures.

^b Thousands of quintals.

^c Thousands of pounds.

^e Thousands of 42-pound boxes.

^c Troy ounces.

Table 16
NICARAGUA: IMPORTS OF GOODS, CIF

	Millions of dollars			Percentage breakdown		Growth rates	
	1987	1988	1989 ^a	1980	1989 ^a	1988	1989 ^a
Total	824	808	711	100.0	100.0	-1.9	-12.0
Central America				33.9			
Rest of world				66.1			
Consumer goods	124	134	120	29.0	16.9	8.1	-10.4
Durable				24.2			
Non-durable				4.8			
Raw materials and intermediate goods	458	414	354	58.6	49.8	-9.6	-14.5
Petroleum and fuels	138	121	115	19.6	16.2	-1.6	-5.0
Other	335	293	239	39.0	33.6	-12.5	-18.4
For agriculture	104	100	90	7.0	12.7	-3.8	-10.0
For manufacturing	193	162	125	28.0	17.6	-16.1	-22.8
For construction	38	23	23	3.3	3.2	-39.5	0.0
Miscellaneous	-	8	1	0.7	0.1		-87.5
Capital goods	242	260	237	12.4	33.3	7.4	-8.8
For agriculture	28	35	25	2.7	3.5	25.0	-28.6
For manufacturing	142	114	97	6.9	13.6	-19.7	-14.9
For transport	72	112	115	2.8	16.2	55.6	2.7

Source: ECLAC, on the basis of figures provided by the Ministry of the Economy, Industry and Trade.

^a Preliminary figures.

Table 17
NICARAGUA: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-557	-635	-727	-827	-799	-766	-732	-571
Trade balance	-379	-430	-490	-587	-563	-568	-581	-418
Exports of goods and services	447	471	431	351	294	326	275	343
Goods FOB	406	429	386	301	247	295	235	292
Real services	41	42	45	50	47	31	40	51
Transport and insurance	15	14	10	15	13	15	12	15
Travel	20	13	13	14	13	10	10	4
Imports of goods and services	826	901	921	938	857	894	856	761
Goods FOB	723	778	800	800	727	734	718	633
Real services	103	123	122	138	130	160	138	128
Transport and insurance	55	55	58	91	86	90	80	64
Travel	20	15	12	11	10	5	5	2
Factor services	-186	-209	-239	-257	-245	-208	-151	-153
Profits	-5	-1	-1	-5	-	-	-	-
Interest received	9	7	5	2	1	1	2	7
Interest paid and due	87	-211	-242	-253	-246	-209	-153	-160
Labour and property	-3	-3	-	-	-	-	-	-
Unrequited private transfer payments	8	4	2	16	9	10	-	-
Balance on capital account	593	653	974	846	605	504	562	511
Unrequited official transfer payments	43	76	88	68	106	114	130	169
Long-term capital	473	660	481	790	605	377	414	430
Direct investment	-	-	-	-	-	-	-	-
Portfolio investment	-	-	-	-	-	-	-	-
Other long-term capital	473	653	479	790	605	377	414	430
Official sector ^c	479	618	473	792	609	526	446	430
Loans received	548	928	637	956	941	803	534	817
Amortization payments	-67	-298	-158	-164	-332	-277	-88	-387
Commercial banks ^c	25	27	20	5	9	-148	-32	-
Loans received	38	37	29	22	15	-	18	-
Amortization payments	-13	-11	-9	-17	-6	-	-50	-
Other sectors ^c	-30	8	-14	-7	-14	-1	-	-
Loans received	17	45	15	10	8	-	-	-
Amortization payments	-47	-37	-28	-17	-21	-1	-	-
Short-term capital	65	5	395	-149	113	53	188	-38
Official sector	80	11	394	167	51	5	7	-49
Commercial banks	6	6	-33	-5	22	4	17	-
Other sectors	-21	-13	34	-312	40	44	164	11
Errors and omissions (net)	11	-87	10	138	-219	-40	-170	-50
Global balance	35	18	247	19	-194	-262	-170	-60
Total variation in reserves (- sign indicates an increase)	282	-93	-128	-16	196	262	170	60
Monetary gold	-3	-18	-14	-5	54	-	-	-
Special Drawing Rights	-1	1	-	-	-	-	-	-
IMF reserve position	-	-	-	-	-	-	-	-
Foreign exchange assets	-59	-86	-134	-6	150	-	-	-
Other assets	-14	16	24	3	-8	-	-	-
Use of IMF credit	-5	-5	-5	-9	-	-	-	-

Source: 1980-1986 ECLAC, on the basis of information provided by the International Monetary Fund. 1987-1989, ECLAC on the basis of official data.

Preliminary figures. Includes other non-factor services. Includes net loans granted and other assets and

Table 18
NICARAGUA: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Millions of dollars								
External public debt	3 139	3 788	4 362	4 936	5 760	6 270	7 220	7 570
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 ^c	455	375	347	598	614	490	286	286
Debt servicing	203	103	79	68	32	25	11	12
Principal	59	40	28	23	13	12	5	8
Interest payments	144	63	51	45	19	13	6	4
Percentages								
Ratios ^e								
Total external debt/exports of goods and services	702.6	804.2	1012.5	1405.3	1 958.5	1923.3	2625.5	2207.0
Debt servicing/ exports of goods and services	45.4	21.8	18.3	19.4	10.9	7.7	4.0	3.5
Net interest payments /exports of goods and services	39.8	43.4	55.0	71.6	83.3	63.8	54.9	44.6
Debt servicing/disbursements	44.6	27.4	22.8	11.3	5.2	5.1	3.8	4.2

Source: ECIAC, on the basis of figures supplied by the Central Bank of Nicaragua.

^a Preliminary figures. ^b End-year balances. ^c Refers to long-term debt. Amortization payments on the long-term debt. ^e All ratios refer to the external public debt. Correspond to the net balance-of-payments figure.

Table 19
NICARAGUA: CONSUMER PRICES IN THE
MANAGUA METROPOLITAN AREA

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
December to December variation								
Consumer price index	22.2	32.9	50.2	334.3	747.4	1347.3	33 602.6	1 689.9
Food, beverages and tobacco	23.9	45.1	58.6	386.9	955.6	1 422.2	18 504.8	1 826.4
Variation between annual averages								
Consumer price index	24.8	31.0	35.4	219.5	681.6	912.0	14 295.3	4 771.1
Food, beverages and tobacco	29.1	41.5	41.6	246.7	887.0	990.7		3 947.9

Source: ECLAC, on the basis of figures provided by the Ministry of Planning and the Budget.

^a Preliminary figures.

Table 20
NICARAGUA: WAGES

	1983	1984	1985	1986	1987	1988	1989 ^b
Córdoba							
Average annual wage	40	51	114	322	2 235	113 592	6 975 564
Indexes (1985 = 100)							
Average annual nominal wage	35.1	44.7	100.0	282.5	1961	99 642	6118 916
Consumer price index	23.1	31.3	100	781.6	7909	1 138 574	55 461 272
Real wages	151.9	142.9	100	36.1	24.8	8.8	11.0
Growth rates							
Wages							
Nominal	14.3	27.5	123.5	182.5	591.4	4 982.4	6 040.9
Real ^d	-12.9	-5.9	-30.0	-63.9	-31.4	-64.5	25.0

Source: ECIAC, on the basis of figures supplied by the Ministry of Planning and the Budget.

^a Refers to the total average monthly wage received by workers registered with the Nicaraguan Social Security and Welfare Institute. During 1988 (June and from September to December) there were variations in nominal wages; during 1989, monthly variations occurred. ^b Preliminary figures. ^c Excluding incentives. ^d Deflated on the basis of the consumer price index.

Table 21
NICARAGUA: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of new córdobas				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
1. Current income	141	747	65 817	3 553 293	281.1	429.8	8 710.8	5 298.7
Tax revenue	121	663	59 908	3 303 844	278.1	447.9	8 935.9	5 414.9
Direct	31	159	11660	830 632	287.5	412.9	7 233.3	7 023.8
Indirect	90	504	48 248	2 473 212	275.0	460.0	9 473.0	5 026.0
On foreign trade	12	61	14 576	669 564	300.0	408.3	23 795.1	4 493.6
Non-tax revenue	20	84	5909	249 449	300.0	320.0	6 934.5	4 121.5
2. Current expenditure	188	1063	128 668	4 082 958	261.5	465.4	12 004 J	3 073.3
Wages and salaries	37	175	11927	561 786	236.4	373.0	6 715.4	4 610.2
Other current expenditure	151	888	116 741	3 521 172	268.3	488.1	13 046.5	2 916.2
3. Current savings (1-2)	<i>A/</i>	-316	-62 851	-529 665	213 J	572.3	19 789.6	742.7
4. Capital expenditure	30	127	19 783	432 155	150.0	323.3	15 477.2	2 084.5
Real investment	18	95	11803	226 642	100.0	427.8	12 324.2	1 820.2
Other capital expenditure	12	32	7 980	205 513	300.0	166.7	24 837.5	2 475.4
5. Total expenditure (2+4)	218	1 190	148 451	4 515113	240.6	445.9	12 374.9	2 941.5
6. Fiscal deficit (or surplus) (1-5)	-77	443	-82 634	-961820	185.2	475.3	18 5533	1064.0
7. Financing of the deficit	77	443	82 634	961 820				
Net domestic financing	69	430	76 870	32 879				
Credit received	70	432	76 880	46 590				
Amortization payments	1	2	10	13 711				
Sale of bonds								
Net external financing	1	-1	4 740	383 176				
Credit received	1	1	4 744	383 190				
Amortization payments	-	2	4	14				
Sale of bonds								
Other sources		14	1 024	545 765				
Ratios (percentages)								
Current savings/capital expenditure	-156.7	-248.8	-317.7	-122.6				
Fiscal deficit/total expenditure	35.3	37.2	55.7	21.3				
Tax revenue/GDP	27.8	24.6	18.7	17.7				
Total expenditure/GDP	50.0	44.1	46.4	24.2				
Fiscal deficit/GDP	18.0	16.4	25.8	5.2				
Domestic financing/deficit	89.6	97.1	93.0	3.4				
External financing/deficit	1.3	-0.2	5.7	39.8				

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

^a Preliminary figures. Donations.

Table 22
NICARAGUA: MONETARY INDICATORS

	End-of-year balances (billions of new córdobas)			Growth rates	
	1987	1988	1989 ^a	1988	1989 ^a
Money (Mi)	1238	141 970	3 150 550	11368	2 119
Currency outside banks	730	66 984	1 619 842	9 076	2318
Current account deposits	508	74 986	1 530 708	14 661	1941
Factors of expansion					
Net international reserves					
Domestic credit	1241	236 868	10 325 843	18 987	4 259
To public sector	887	190 561	8 778 171	21384	4 506
Central government (net)	418	68 274	2348 965	16 233	3 340
Public institutions	469	122 287	6 429 206	25 974	5157
To private sector	354	46 307	1 547 672	12 981	3 242
Factors of absorption					
Quasi-money	99	24 661	1 511 595	24 710	6 029
(savings and time deposits)	95	9 438	525 584	9 793	5 469
Other items (net)	4	15 223	986 011	380 475	6 377
Monetary multipliers					
Coefficients					
MI/GDP		0.22	0.09		
Velocity of circulation: GDP/MI		4.47	11.33		

Source: ECLAC, on the basis of figures supplied by the Central Bank of Nicaragua.

^a Preliminary figures.

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The year 1989 saw a continuation of the severe recession experienced during the two previous years and which was particularly pronounced in 1988. The backdrop to this recession was a serious political crisis which entered a period of "wait and see" during the first half of the year (while the electoral process was underway) and then worsened leading eventually to foreign military intervention. Against this background, the gross domestic product again fell, this time slightly (-0.8%), following the 16% drop in 1988. As a consequence of this, in the last two years alone per capita gross domestic product fell so sharply that it was almost 20% less than in 1980.

The recession brought about a slight drop in prices (-0.2%), while in the area of foreign trade a favourable trade balance was maintained which was, however, lower than that of the previous year, due to a strong surge in imports. On the other hand, the outflow of capital also declined so that the loss of international reserves was again slight (see table 1 and figure 1).

The recessionary impact on the activities of the domestic market, particularly in construction, was made worse by the decline in the volume of operations recorded in some international services such as banking, transport and tourism, which contributed to the maintenance of the high unemployment level. On the other hand, the slight drop in the general level of prices brought about by the recession kept real wages steady.

Private consumption rose by 9.6%, although the absolute level, following the sharp contraction of 1988, remained far below the level recorded two years previously. Two factors were responsible for this: on the one hand, a temporary but marked increase in liquidity as the national banking system opened up some possibilities for withdrawing funds which had remained frozen following the

drastic measures adopted the previous year, and, on the other, the use by the middle classes of some liquid resources that had been maintained in reserve. At the same time, the precarious situation of the finances of the Government, whose deficit increased to 6.2% of gross domestic product, led the authorities to continue to apply a spending policy that was extremely rigorous and selective as regards the use of resources. As a result, a further, albeit quite small, drop took place in government consumption. The process of capital formation thus continued to weaken to the point where the coefficient of fixed investment barely exceeded 9%, after being over 24% in 1980.

The measures of economic pressure applied by the United States since the previous year, particularly the freezing of public funds and the blocking of the inflow of remittances, greatly reduced the inflow of foreign exchange. This, together with the low liquidity of the banking system, particularly of the National Bank of Panama, led to a reduction in the means of payment which followed upon the decline registered in the two previous years. The Government attempted to moderate the restrictive effects of these measures on public finances, by issuing promissory notes which were used as a substitute for money, thus permitting the administration to keep on functioning.

As a consequence of the electoral process, the indicators of economic performance showed a rapid recovery during the first half of the year, due to the influence of the favourable expectations regarding the likely course of political events. However, both at the domestic and international levels, a series of events occurred which belied these expectations. The annulment of the election results and the expiration of the constitutional term of the Government led firstly to the formation of a provisional government in September and,

Figure 1

PANAMA: MAIN ECONOMIC INDICATORS

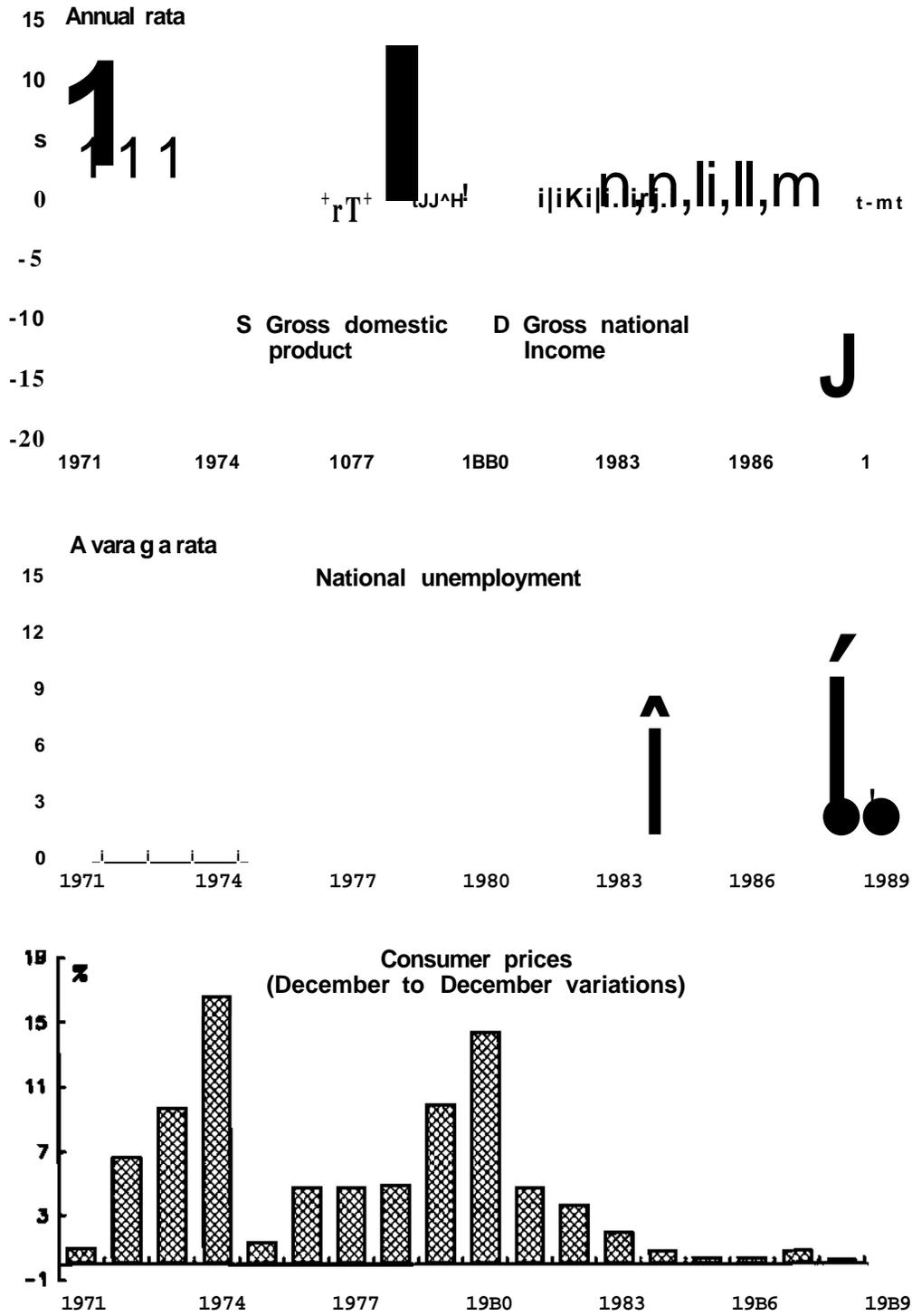
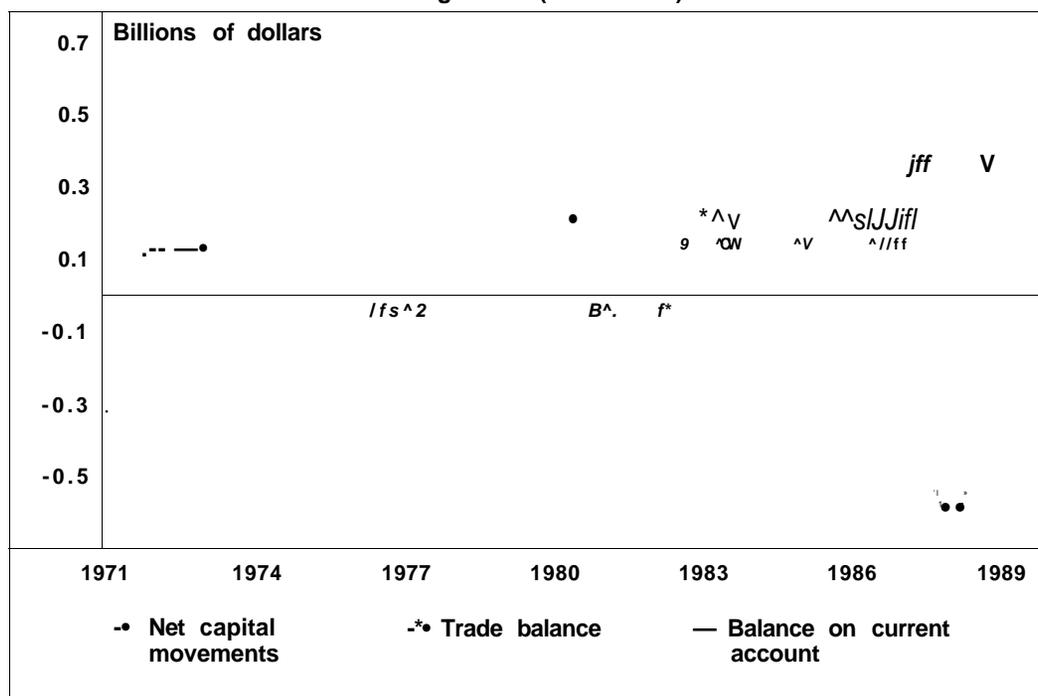


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

later, to a series of political and military developments culminating in the invasion of Panamanian territory and the installation of a new Government.

The military operations that accompanied the invasion led to the loss of human lives and the destruction of dwellings; among the latter, the most significant occurred in the district known as Barrio Chorrillos in Panama City, situated near to a military base destroyed

during operations, which affected an estimated 10 000 to 15 000 people. In the general chaos that reigned for several days in December and until the new authorities took over the Government, looting and pillaging of business places took place causing some damage to infrastructural works in many commercial areas in the two main cities of the country, Panama City and Col

Table 1
PANAMA: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Indexes (1980 = 100)								
Basic economic indicators								
Gross domestic product at market prices	109.1	109.0	108.6	113.8	117.7	120.3	100.4	99.5
Gross national income	106.4	110.8	112.2	120.8	126.5	124.5	104.3	104.5
Population (millions of inhabitants)	2.0	2.1	2.1	2.2	2.2	2.3	2.3	2.4
Per capita gross domestic product	104.4	102.1	99.5	102.1	103.4	103.3	84.5	82.2
Public-sector deficit/GDP ^{be}				2.2	1.9	0.4	4.2	6.2
Unemployment rate	8.4	9.7	10.1	12.3	10.5	11.8	16.3	16.0
Growth rates								
Short-run economic indicators								
Gross domestic product	4.9	-0.1	-0.4	4.8	3.5	2.0	-16.4	-0.8
Per capita gross domestic product	2.7	-2.2	-2.6	2.6	1.3	-0.1	-18.2	-2.8
Gross national income	1.6	4.1	1.2	7.6	4.7	-1.6	-16.2	0.1
Consumer prices								
(December to December)	3.7	2.0	0.9	0.4	0.4	0.9	0.3	-0.2
Real wages and salaries	-4.0	15.8	-1.6	-1.0	0.1	-1.5	-0.4	0.1
Current value of exports of goods and services								
	-3.0	-17.6	-0.2	12.1	11.4	1.7	-5.8	8.8
Current value of imports of goods and services								
	-7.8	-27.2	7.7	8.8	6.9	3.4	-17.7	21.4
Terms of trade (goods and services)	-7.4	14.0	3.1	1.1	16.1	-4.2	5.0	6.2
Millions of dollars								
External sector								
Trade balance (goods and services)	•124	255	42	141	300	247	650	344
Net payments of profits and interest	-37	-126	-73	-46	28	97	-26	8
Balance on current account	•152	311	74	147	233	92	641	291
Balance on capital account	136	-323	-158	-264	-173	-129	-647	-300
Variation in net international reserves	-9	-3	-70	-157	30	-85	12	9
Disbursed public external debt ^e	2 820	3 392	3 644	3 642	3 835	3 731	3 771	3 814

Source: ECLAC, on the basis of official figures.
Preliminary figures. Percentages.
Minimum wages and salaries in Panama City.

^d Includes the central government. Excludes debt amortization payments.
^e Corresponds to the contractual debt of the public sector.

Table 2
PANAMA: EVOLUTION OF REAL GROSS NATIONAL INCOME

	Indexes (1980 = 100)			Percentage breakdown			
	1987	1988	1989 ^a	1980	1987	1988	1989 ^a
Gross national income (a + b + c + d)	124.5	104.3	104.5	97.2	100.7	101.1	102.0
a) Gross domestic product	120.1	100.4	99.5	100.0	100.0	100.0	100.0
b) Terms-of-trade effect				-	-0.2	-2.4	-2.3
c) Net inflow of factors from abroad	19.5	-36.1	-36.4	-3.2	-0.5	1.1	1.2
d) Net private transfers received from abroad	434.3	559.4	755.2	0.4	15	2.3	3.1

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 3
PANAMA: TOTAL SUPPLY AND DEMAND

	Indexes(1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total supply	111.4	87.3	91.6	148.8	136.8	2.0	02	-21.6	4.8
Gross domestic product at market prices	120.1	100.4	99.5	100.0	100.0	3.5	2.0	-16.4	-0.8
Imports of goods and y services	93.4	60.6	75.2	48.8	36.8	-1.6	-4.5	-35.1	24.1
Total demand	111.4	87.3	91.6	148.8	136.8	2.0	0.2	-21.6	4.8
Domestic demand	113.2	80.9	84.9	103.4	88.2	0.8	1.1	-28.5	4.9
Gross domestic investment	87.5	36.1	33.4	27.7	9.3	8.6	2.4	-58.8	-7.5
Gross fixed investment	99.7	47.1	38.1	24.3	9.3	9.7	0.2	-52.8	-19.0
Construction	88.4	46.3	36.0	15.9	5.7	16.6	2.2	-47.6	-22.3
Machinery and equipment	120.9	48.5	42.2	8.5	3.6	1.8	-2.3	-59.9	-13.1
Public	31.8	24.2	37.0	9.9	3.7	-11.6	-31.3	-23.9	53.1
Private	146.4	62.8	38.9	14.4	5.6	16.2	7.6	-57.1	-38.1
Changes in stocks	-0.5	-43.2	-0.9	3.4	-				
Total consumption	97.3	103.8	75.7	78.9	-1.1	0.7	-20.6	6.6	
General government	141.7	114.4	113.7	19.1	21.8	8.5	5.0	-19.2	-0.6
Private	116.2	91.6	100.4	56.6	57.0	-4.4	-0.9	-21.2	9.6
Exports of goods and services	107.1	102.0	106.8	45.4	48.6	4.9	-2.0	-4.8	4.7

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

^a Preliminary figures. Figures on imports and exports of goods and services were taken from balance-of-payments data expressed in dollars at current prices, which were converted to constant 1980 dollars using unit price indexes calculated by ECLAC for that purpose.

Table 4
PANAMA: ORIGIN AND FINANCING OF GROSS DOMESTIC INVESTMENT

(As percentage of the gross domestic product)³

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Gross domestic investment	26.6	21.1	18.9	19.2	20.1	20.2	10.0	9.3
Gross domestic saving	24.9	23.7	15.6	18.1	21.7	22.7	26.6	21.1
Net income from factor services	-3.4	0.1	-3.2	-1.2	-1.1	-0.5	1.1	1.2
Terms-of-trade effect	-2.6	-2.2	1.4	1.7	3.1	-0.2	-2.4	-2.3
Unrequited private transfers	0.9	1.0	2.3	2.7	2.4	1.5	2.3	3.1
Gross national saving	19.8	22.5	16.1	21.3	26.2	23.5	27.7	23.1
External saving	6.8	-1.4	2.8	-2.2	-6.1	-3.3	-17.7	-13.8

Source: ECLAC, on the basis of official figures.

^a At market prices, in constant 1980 dollars, at adjusted exchange rate.

^b Preliminary figures.

Table 5
PANAMA: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY AT 1980 MARKET PRICES

	Indexes(1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product	120.1	100.4	99.5	100.0	100.0	3.5	2.0	-16.4	-0.8
Goods	1023	77.4	77.8	26.5	20.7	1.5	3.8	-24.4	0.5
Agriculture	123.3	114.0	116.8	9.0	10.6	-2.2	7.4	-7.5	2.4
Mining	87.1	54.8	38.6	0.2	0.1	4.1	8.1	-37.0	-29.6
Manufacturing	104.4	80.0	84.2	10.0	8.5	2.2	3.7	-23.4	5.3
Construction	73.9	29.0	21.6	7.3	1.6	7.5	-2.7	-60.7	-25.8
Basic services	143.4	1323	122.9	23.4	29.0	2.9	4.7	-7.8	-7.1
Electricity, gas and water	146.5	142.6	137.6	3.2	4.4	5.9	7.0	-2.7	-3.5
Transport, storage and communications	142.9	130.6	120.6	20.2	24.5	2.4	4.3	-8.6	-7.7
Other services	122.7	103.2	104.7	52.0	54.7	4.2	0.3	-15.9	1.5
Commerce, restaurants and hotels	95.0	71.3	73.9	17.4	12.9	1.6	-4.7	-24.9	3.6
Financial establishments, insurance, real estate and business services	137.4	120.1	119.0	14.1	16.9	6.6	2.7	-12.6	-0.9
Ownership of dwellings	124.4	125.4	125.8	7.0	8.8	3.9	4.1	0.8	0.3
Personal, community and social services	136.0	118.5	120.9	20.5	24.9	4.2	1.9	-12.9	2.0
Government services	135.4	131.2	129.6	12.5	16.3	2.5	2.7	-3.1	-1.2
Adjustments for bank services	181.6	144.9	137.9	4.1	5.7	4.6	1.8	-20.2	-4.8
Import duties	140.9	54.4	63.0	2.2	1.4	17.2	-6.4	-61.4	15.7

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.

^a Preliminary figures.

Table 6
PANAMA: INDICATORS OF AGRICULTURAL PRODUCTION

	1985	1986	1987	1988	1989 ^a	Growth rates			
						1986	1987	1988	1989 ^a
Index of agricultural production (1980 = 100)	116.9	111.9	121.3	115.1	116.9	-4.3	8.4	-5.1	1.6
Crop farming	113.5	104.4	114.8	107.3	108.4	-8.0	10.0	-6.5	1.0
Stock-raising	125.8	130.5	138.8	137.1	140.1	3.7	6.4	-1.2	2.2
Forestry	112.0	110.0	108.0	88.0	94.0	-1.8	-1.8	-	6.8
Production of main crops									
For export									
Bananas	1067	907	1251	1081	1095	-15.0	37.9	-13.6	1.3
Sugar cane	2 007	1760	1660	1454	1457	-12.3	-5.7	-12.4	0.2
Coffee	11	9	11	12		-18.2	22.2	9.1	
For domestic consumption									
Rice	175	187	181	180	183	6.9	-3.2	-0.6	1.7
Maize	71	96	93	98	93	35.2	-3.1	5.4	-5.1
Beans	3	4	4	3	4	51.7	-9.1	-20.0	34.4
Tobacco	1	1	2	1		7.7	7.1	-20.0	
Indicators of stock-raising production									
Stocks ^c									
Cattle	1447	1430	1410	1423		-1.2	-1.4	0.9	
Pigs	208	250	229	221		20.2	-8.4	-3.5	
Poultry ^a	5 789	6 659	7 236	6 201		15.0	8.7	-14.3	
Slaughtering ^c									
Cattle	295	296	289	257	270	0.3	-2.4	-11.1	5.1
Pigs	156	176	177	150	150	12.8	0.6	-15.3	-
Poultry	17 602	20 242	24 705	20 418	17 459	15.0	22.0	-17.4	-14.5
Other products									
Milk ^f	94	111	113	107	111	18.1	1.8	-5.3	3.7
Eggs ^f	192	206	233	207	150	7.3	13.1	-11.2	-27.5

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.

^a Preliminary figures. Thousands of tons. ^c Thousands of heads. 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. ^e Millions of litres. Millions of units.

Table 7
PANAMA: INDICATORS OF FISHERY PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates		
					1987	1988	1989 ^a
Index of fishery production (1980 = 100)	112.2	79.8	56.4	693	-28.9	-293	22.9
Shrimp	125.3	73.5	56.7	68.5	-41.3	-22.9	20.8
Fish	50.7	78.4	44.9	78.1	54.6	-42.7	73.9
Other ^b	101.6	134.7	72.0	61.1	32.6	-46.5	-15.1
Catch ^c							
Shrimp ^d	7.2	4.2	3.2	3.9	-41.4	-22.8	20.8
Lobster	0.5	0.6	0.3		32.6	-46.6	
Fish	92.9	143.5	82.2	143.0	54.5	-42.7	73.9
Industrial production ^c							
Fish oil	14.5	13.8	5.6	16.9	-5.1	-59.4	202.6
Fish meal	17.1	31.4	20.3	30.6	83.5	-35.4	51.0
For export							
Fresh or frozen shrimps	8.6	6.9	6.1	7.5	-19.6	-12.0	24.2
Canned sardines	9.4	21.0	10.8	18.5	123.5	-48.6	71.0
Fish meal	11.2	10.2	3.1	13.4	-8.9	-70.0	337.6
Fish oil							

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office; the Ministry of Commerce and Industry, and the Ministry of Agricultural Development, Bureau of Marine Resources.

^a Preliminary figures. ^b Principally shell fish and other mollusks. ^c Thousands of tons. ^d Excludes production in hatcheries.

Table 8
PANAMA: INDICATORS OF MANUFACTURING PRODUCTION

	1986	1987	1988	1989 ^a	Percentage breakdown (1988) ^b	Growth rates			
						1986	1987	1988	1989 ^a
Index of manufacturing production (1981 = 100)	105.2	112.8	85.5	90.1	100.0	2.7	12	-24.2	5.4
Food, beverages and tobacco	100.2	107.5	93.8	99.3	55.6	1.6	13	-12.7	5.9
Textiles, clothing and leather products	121.9	117.9	82.9	84.8	4.8	5.4	-3.3	-29.7	2.3
Wood, furniture and fittings	101.6	94.0	42.8	55.6	1.4	1.0	-7.5	-54.5	29.9
Paper, printing and publishing	101.3	96.6	81.7	86.9	8.1	-4.7	-4.6	-15.4	6.4
Chemicals and petroleum products	110.2	130.9	102.7	106.7	22.4	-1.1	18.8	-21.5	3.9
Non-metallic minerals	95.4	102.6	40.9	40.2	2.7	21.2	7.5	-60.1	-1.7
Basic metal industries	76.1	116.5	39.0	36.7	0.5	13.6	53.1	-66.5	-5.9
Metal products	133.1	142.6	76.5	78.3	4.0	5.6	7.1	-46.4	2.4
Other manufactures	142.4	136.4	92.9	113.2	0.5	10.6	-4.2	-31.9	21.9
Production of some important manufactures									
Sugar ^c	131.0	115.1	100.0	101.8		-13.5	-12.1	-13.1	1.8
Beer ^u	92.5	101.4	87.1	104.2		16.1	9.6	-14.1	19.6
Carbonated beverages	88.6	96.5	78.3			6.9	8.9	-18.9	
Evaporated, condensed and powdered milk ^c	22.2	20.8	18.6	21.7		15.6	-6.3	-10.6	16.7
Cigarettes ^e	872.8	825.6	670.9	636.8		-	-5.4	-18.7	-5.1
Footwear	2 595	2 472	1417			2.5	-4.7	-42.7	
Other indicators of manufacturing production									
Industrial consumption of electricity ^g	267.6	305.5	247.0	255.0		6.0	14.2	-19.1	3.2
Employment	64.2	72.5	61.9	65.1		-3.6	12.9	-14.6	5.2

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office.

^a Preliminary figures. ^b On the basis of current values of the gross value of production. ^c Thousands of tons.

^d Millions of litres. ^e Millions of units. ^f Thousands of pairs. ^g Thousands of MWh. ^h Thousands of persons, according to the household survey.

Table 9
PANAMA: CONSTRUCTION INDICATORS

	1985	1986	1987	1988	1989 ^a	Growth rates			
						1986	1987	1988	1989 ^a
Area constructed									
(thousands of m ²)	484	678	780	131	55	40.1	15.0	-83.2	-58.0
Residential	341	481	610	79	20	41.1	26.8	-87.0	-74.7
Value of structures^c									
(millions of balboas)	143	J	181.7	2012	452	212	26.8	10.7	-77.5
Production of selected building materials									
Cement ^d	308	337	383	170	109	9.4	13.6	-55.6	-35.9
Employment ^{e,f}	33.3	34.6	35.4	21.9	21.6	3.9	2.3	-38.1	-1.4

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office.
^a Preliminary figures. ^b Corresponds to the area constructed, according to building permits requested in the District of Panama only. ^c Nationwide, based on records of building permits granted. ^d Thousands of tons. ^e According to the household survey taken in August.

Table 10
PANAMA: INDICATORS OF ELECTRICITY PRODUCTION AND CONSUMPTION

	Thousands MWh					Growth rates			
	1985	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Total supply	2 407	2 714	2 855	2 705	2 691	12.8	5J!	-5.3	-0.5
Net generation	2 377	2 547	2 624	2 524	2 563	7.2	3.0	-3.8	1.5
Gross generation	2 411	2 578	2 663	2 548		6.9	3.3	-4.3	
Hydroelectric	1918	2088	2025	2193	2182	8.9	-3.0	8.3	-0.5
Steam	312	339	423	272	307	8.7	24.8	-35.7	12.9
Diesel	147	120	176	59	74	-18.4	46.7	-66.5	25.4
Minus: in-house services	34	31	39	24		-8.8	25.8	-38.5	
Imports		92	105	78	128		14.1	-25.7	64.1
Purchases from other systems	30	75	126	103		150.0	68.0	-18.3	
Total demand	2 407	2 714	2 855	2 705	2 691	12.8	5J!	-5.3	-0.5
Domestic consumption	1944	2111	2 283	2114	2 083	8.6	8.1	-7.4	-1.5
Residential	560	607	663	655	615	8.5	9.2	-1.2	-6.1
Commercial	610	648	678	606		6.2	4.7	-10.7	
Industrial	252	268	305	247	255	6.0	14.1	-19.1	3.2
Public and others	522	588	637	606		12.6	8.3	-4.9	
Exports	1	79	18	40	59		-77.2	122.2	47.5
Transmission and distribution losses	462	524	554	551	549	13.4	5.7	-0.5	-0.4
Other indicators									
Coefficient of losses/ total supply	19.2	19.3	19.4	20.4	20.4				
Consumption of Bunker oil as industrial input ^c	1020	1018	1326	.	.	-0.2	30.3	.	.
Installed capacity ^d	853	849	844	904	...	-0.5	-0.6	7.1	

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).

^a Preliminary figures. ^b Percentages. ^c Thousands of barrels. ^d MW.

Table 11
PANAMA: INDICATORS OF SELECTED SERVICES

	1985	1986	1987	1988	1989 ^a	Growth rates			
						1986	1987	1988	1989 ^a
Millions of balboas at 1970 prices									
Gross domestic product									
Transport, storage and communication services	513	525	548	501	462	2.4	4.4	-8.6	-7.8
Pipelines and other water transport services	157	138	148	123	79	-12.5	7.5	-16.7	-35.8
Panama Canal Commission	177	186	188	193	187	5.1	0.9	2.8	-3.1
Colón Free Zone	64	80	88	75	83	24.2	10.6	-14.8	10.7
Other	114	122	124	110	113	7.0	1.6	-11.3	2.7
Financial services	283	301	310	274	268	6.4	2.9	-11.6	-2.2
Banking	59	63	64	48	45	7.9	1.0	-24.2	-6.8
Insurance	15	17	17	14	12	14.0	-3.5	-15.2	-14.3
Ownership of dwellings	140	146	152	153	153	3.8	4.2	0.7	0.1
Other	69	75	78	59	57	8.6	3.4	-24.0	-3.9
Commerce and tourism	251	255	243	183	189	1.6	-4.8	-24.7	3.3
Wholesale	91	92	91	71	75	1.5	-2.1	-21.5	5.6
Retail	125	127	119	84	86	1.8	-6.8	-29.2	2.4
Restaurants and hotels	36	36	34	28	29	0.8	-5.0	-17.6	3.6
Millions of balboas									
Other indicators									
Total deposits of national banking system	24 324	26 666	18 079	8 248	7 830	9.6	-32.2	-54.4	-5.1
Interbank deposits ^c	16 612	17 495	10 526	2 960	2 789	5.3	-39.8	-71.9	-5.8
By foreigners	5 193	6 118	4 691	2 877	2 481	17.8	-23.3	-38.7	-13.8
By citizens	2 519	3 053	2 862	2 411	2 560	21.2	-6.3	-15.8	6.2
Tourism									
Expenditure by tourists and in-transit travellers	208	205	188	168		-1.4	-8.3	-10.6	
Tourists	315	316	281	208		0.3	-11.1	-26.0	
Hotel capacity ^e	2 878	2 909	3 119	3 072		1.1	7.2	-1.5	

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office, and the National Banking Commission.

^a Preliminary figures. ^b Year-end balances. ^c Includes operations between local banks. ^d Thousands of persons. ^e Rooms in luxury and first-class hotels in Panama City, at the end of the period.

Table 12
 PANAMA: PANAMA CANAL, TRAFFIC AND INCOME ^a

	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
1986	139.9	322.7
October	12.0	27.1
November	12.9	29.5
December	12.5	28.8
1987	149.0	329.7
January	12.0	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	14.0	29.7
November	12.6	28.7
December	12.6	28.3
1988	156.6	339.3
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
December	12.3	29.4
1989	151.4	325.6
January	12.4	28.2
February	11.8	25.9
March	13.4	27.9
April	12.7	28.5
May	12.4	24.4
June	12.1	25.3
July	12.9	26.6
August	14.0	27.5
September	12.6	25.6
October	14.1	32.0
November	13.2	29.4
December	12.0	26.1

Source: ECLAC, on the basis of official figures.

^a The yearly totals correspond to the period between October of the preceding year and September of the current year.

Table 13
PANAMA: EMPLOYMENT AND UNEMPLOYMENT

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Participation rates								
Economically active population/ population aged 15 and over	53.7	56.1	56.1	56.9	55.6	57.7	56.9	58.0
Thousands of persons								
Unemployed population	51.5	64.2	68.8	88.2	75.7	91.1	127.8	131.4
Urban	35.7	42.8	45.5	63.2	51.3	63.9		
Rural	15.8	21.4	23.3	25.0	24.4	27.2		
Metropolitan area	35.6	44.4	48.5	63.3	51.7	63.8	95.5	95.0
Rest of country	15.9	19.8	20.3	24.9	24.0	27.3	32.3	36.4
Unemployment rates								
National	8.4	9.7	10.1	12.3	10.5	11.8	16.3	16.0
Urban	10.3	11.5	11.8	15.7	12.7	14.3		
Rural	5.9	7.4	7.8	8.0	7.7	8.4		
Metropolitan area	10.1	11.7	12.4	15.6	12.6	14.1	21.1	20.0
Rest of country	6.1	7.0	7.0	8.1	7.8	8.6	9.8	10.6

Source: ECEAC, on the basis of figures from household surveys, *Estadística panameña*, August 1988, *Boletín N° 3*, 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.

^a Preliminary figures. ^b 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 14
**PANAMA: MAIN INDICATORS OF FOREIGN
 TRADE IN GOODS ^a**

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Growth rates								
Exports FOB								
Value	5.1	-30.5	0.6	17.1	19.8	5.3	-5.6	15.8
Volume	10.2	-33.0	-3.2	17.6	3.7	9.1	-14.3	10.0
Unit value	-13.9	3.8	4.0	-0.4	15.5	-3.5	10.1	5.3
Imports FOB								
Value	8.2	-23.8	8.1	8.8	6.5	5.2	-17.5	26.2
Volume	5.4	-17.2	8.3	11.0	14.4	2.8	-19.1	27.7
Unit value	3.0	7.9	-0.1	1.9	-7.0	2.3	2.0	-1.2
Terms of trade (FOB/CIF)	-12.1	12.8	3.2	1.6	23.7	-5.4	8.4	6.4
Indexes (1980 = 100)								
Purchasing power of exports	101.1	76.3	76.3	91.1	116.9	120.7	112.1	131.3
Quantum of exports	121.4	81.3	78.7	92.5	96.0	104.8	89.8	98.8
Quantum of imports	97.9	81.0	87.7	97.4	111.4	114.6	92.7	118.3
Terms of trade (FOB/CIF)	83.3	93.9	96.9	98.4	121.7	115.1	124.9	132.9

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office.

^a Includes commercial operations in the free zones and re-exports. Preliminary figures.

Table 15
PANAMA: IMPORTS OF GOODS

	Millions of dollars			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total (FOB)	3 059	2 525	3 185	100.0	100.0	4.8	4.8	-17.5	26.1
Free zones	1901	1813	2389	57.0	75.0	4.6	4.6	-4.6	31.8
Colón Free Zone	1848	1764	2342		73.5	4.0	4.0	-4.5	32.8
Panama Canal									
Commission	53	49	47		1.5	32.5	32.5	-7.5	-4.1
Into de country (FOB value)	1158	712	796	43.0	25.0	4.9	4.9	-38.5	11.8
Into de country (CIF value)									
by economic destination	1308	795	965	100.0	30.3	2.6	2.6	-39.2	21.4
Consumer goods	123	93	121	8.0	3.8	-3.9	-3.9	-24.4	30.1
Food products	123	93	121	8.0	3.8	-3.9	-3.9	-24.4	30.1
Intermediate goods and other									
consumer goods	927	568	728	77.0	22.9	2.5	2.5	-38.7	28.2
Crude oil	174	94	102	28.2	3.2	64.2	64.2	-46.0	8.5
Other consumer and									
intermediate goods	753	474	626	48.8	19.7	-5.6	-5.6	-37.1	32.1
Capital goods	258	134	116	15.0	3.6	6.2	6.2	-48.1	-13.4

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office. Preliminary figures. Includes adjustments in content.

Table 16
PANAMA: EXPORTS OF GOODS, FOB

	Millions of dollars			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total ^b	2 471	2 323	2 701			21.3	4.9	-6.0	16.3
Colón Free Zone (re-exports) ^c	2135	2 040	2 404			23.6	5.3	-4.4	17.8
Domestically-produced goods	336	283	297			8.6	2.8	-15.8	4.9
Total domestically-produced goods	336	283	297	100.0	100.0	8.6	2.8	-15.8	4.9
Main traditional exports	210	179	192	81.9	64.6	-8.9	2.4	-14.8	7.3
Bananas	86	77	82	17.6	27.6	-10.3	22.9	-10.5	6.5
Shrimp	66	52	63	12.5	21.2	13.3	-2.9	-21.2	21.2
Sugar	17	6	10	18.7	3.4	-25.9	-15.0	-64.7	66.7
Fish meal and oil	7	5	8	4.8	2.7	-76.9	133.3	-	60.0
Coffee beans	18	20	11	2.8	3.7	87.5	-40.0	11.1	-45.0
Clothing	16	19	18	2.8	6.1	27.3	14.3	18.8	-5.3
Main non-traditional exports	26	25	20	6.3	6.7	10.0	-21.2	-3.8	-20.0
Cardboard boxes	2	2	2	0.8	0.7	100.0	-	-	-
Prepared cattle hides	8	8	7	0.6	2.4	50.0	-11.1	-	-12.5
Fruit extracts	2	1		0.4		100.0	-	-50.0	
Leaf tobacco	2	2	2	0.4	0.7	-33.3	-	-	-
Rum	2	3	2	1.1	0.7	-	-	50.0	-33.3
Processed shellfish	1	2	2	0.2	0.7	-50.0	-66.7	100.0	-
Medicines	5	6	5	0.4	1.7	25.0	-	20.0	-16.7
Cosmetics	2	1		0.3		100.0	-	-50.0	
Cocoa butter and paste	2	-		0.4		-	-33.3	-	
Rest	100	79	85	11.8	28.6	93.5	12.4	-21.0	7.6

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office.
^a Preliminary figures. Differs from balance-of-payments figures due to adjustments in content and value. ^c Does not include adjustments in content. Does not include re-exports of goods cleared through customs.

Table 17
PANAMA: EXPORT VOLUMES OF MAIN PRODUCTS

	Thousands of net tons					Growth rates			
	1985	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Re-exports from free zones	174.1	2173	231.0	210.7	...	24.8	63	-8.8	...
Exports of domestically-produced products									
Petroleum products	36.3	-	-	-	-	-	-	-	-
Bananas ^c	37.8	32.3	37.4	32.2	32.6	-14.5	15.8	-13.9	13
Shrimp	7.7	8.6	6.9	6.1	7.5	11.4	-19.6	-12.3	24.2
Sugar	84.4	61.3	52.5	29.4	35.3	-27.3	-14.4	-44.0	20.1
Fish meal	35.4	9.4	21.0	10.8	18.5	-73.5	123.5	-48.6	71.0
Fish oil	29.4	11.2	10.2	3.1	13.4	-61.9	-8.9	-70.0	337.6
Coffee beans	5.5	7.6	7.6	9.2	6.0	37.7	0.5	21.6	-35.5
Clothing	0.4	0.5	0.6	0.7	0.8	29.9	9.3	20.0	4.7
Cardboard boxes	2.5	3.8	3.2	3.7	2.9	54.3	-15.7	14.5	-20.8
Prepared cattle hides	2.7	4.5	4.5	4.0	3.5	63.1	-0.5	-10.7	-13.6
Fruit extracts	0.4	1.1	0.9	0.5		154.3	-22.1	-44.3	
Leaf tobacco	0.8	0.7	0.8	0.7	0.9	-6.2	6.5	-10.4	28.7
Banana pulp	5.9	5.9	-	-	-	-	-	-	-
Rum ^d	0.8	1.1	1.2	1.6	1.1	27.5	-10.0	34.0	-28.0

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office.
^a Preliminary figures. ^b Thousands of gallons. ^c Thousands of boxes ^d thousands of litres.

Table 18
PANAMA: EXTERNAL TRADE BALANCE (GOODS AND SERVICES)
(Millions of dollars)

	1984	1985	1986	1987	1988	1989 ^a
Balance	5	109	269	226	622	318
Total balance (goods)	-860	-789	-574	-588	-202	-484
Balance of the free zones	158	149	211	234	227	15
Domestic balance	-1018	-938	-785	-822	-429	-499
Balance of services	865	898	843	814	824	802
Exports	2 908	3 268	3 644	3 716	3 492	3 807
Total goods (FOB)	1649	1942	2333	2471	2323	2 701
Free zones (or re-exports)	1391	1641	2006	2135	2 040	2 404
Domestically-produced goods	258	301	327	336	283	297
Services (non-factor)	1259	1326	1311	1245	1169	1106
Imports	2 903	3 159	3 375	3 490	2 870	3 489
Total goods (FOB)	2 509	2 731	2 907	3 059	2 525	3 185
Free zones	1233	1492	1795	1901	1813	2 389
To the country	1276	1239	1112	1158	712	796
Services (non-factor)	394	428	468	431	345	304

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office.
^a Preliminary figures. ^b Differs from the balance-of-payment figures due to adjustments in content and value.
^c Includes adjustments in content. ^d Does not include re-exports of goods cleared through customs.

Table 19
PANAMA: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-152	311	74	147	233	92	641	291
Trade balance	-124	255	42	141	300	247	650	344
Exports of goods and services	3 580	2 951	2 945	3 300	3 675	3 737	3 520	3 829
Goods FOB	2411	1676	1686	1974	2366	2 492	2 352	2 723
Real services	1169	1276	1259	1326	1309	1245	1169	1106
Transport and insurance	633	717	689	707	665	649	630	581
Travel	174	172	189	208	205	188	168	157
Imports of goods and services	3 703	2 696	2 903	3 159	3 375	3 489	2 870	3 485
Goods FOB	3 045	2321	2 509	2 731	2 907	3 059	2 525	3 185
Real services	659	375	394	428	468	431	345	300
Transport and insurance	479	203	223	219	248	222	161	142
Travel	81	71	67	73	83	90	88	81
Factor services	27	116	64	36	-40	-106	18	-18
Profits	-46	-81	-32	-114	-70	-66	-56	-42
Interest received	5 826	4 326	3 592	3 007	2 459	1988	887	980
Interest paid and owing	-5 743	-4 119	-3 487	-2 847	-2 417	-2 019	-805	-946
Labour and property	-10	-10	-9	-9	-12	-10	-9	-10
Unrequited private transfer payments	-55	-60	-32	-31	-27	-49	-26	-35
Balance on capital account	136	-323	-158	-264	-173	-129	-647	-300
Unrequited official transfer payments	101	104	144	140	122	114	112	108
Long-term capital	1199	412	259	-253	55	16	148	
Direct investment	3	72	10	59	-62	58	-36	
Portfolio investment	352	63	59	-183	66	-71	255	
Other long-term capital	845	278	190	-128	51	29	-71	
Official sector ^c	368	162	102	31	124	60	42	
Loans received	553	232	287	60	155	965	43	
Amortization payments	-183	-70	-180	-30	-29	-905	-1	
Commercial banks ^c	256	204	115	-127	-100	-8	-103	
Loans received	256	221	115	-127	-100	-8	-103	
Amortization payments	-	-17	-	-	-	-	-	
Other sectors ^c	221	-88	-26	-32	28	-22	-9	
Loans received	334	143	161	87	105	39	34	
Amortization payments	-114	-233	-175	-117	-78	-64	-43	
Short-term capital	-1123	-275	-187	102	23	263	312	
Official sector	5	-	2	-5	3	1	-1	
Commercial banks	-630	-149	-83	-175	-16	356	373	
Other sectors	-499	-126	-106	282	36	-94	-60	
Errors and omissions (net)	-40	-564	-374	-253	-374	-522	-1219	
Global balance	-15	-12	-84	-117	60	-37	-5	-9
Total variation in reserves (-sign indicates an increase)	9	3	70	157	-30	85	-12	
Monetary gold	-	-	-	-	-	-	-	
Special Drawing Rights	-1	4	-	-13	12	1	-	
IMF reserve position	0	-9	9	-	-	-	-	
Foreign exchange assets	20	-100	-19	131	-84	91	5	
Other assets	-	-	-	-	-	-	-	
Use of IMF credit	-10	109	79	39	43	-7	-18	

Source: 1982-1988, ECLAC, on the basis of figures from the International Monetary Fund. 1989: ECLAC, on the basis of figures from the Comptroller-General of the Republic.

¹ Preliminary figures. ^c Including other non-factor services. Including net loans granted and other assets and liabilities. Equals total variation in reserves (of opposite sign) plus counterpart items.

Table 20
PANAMA: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Millions of dollars								
External public debt	2 820	3 392	3 644	3 642	3 835	3 731	3 771^c	3 814
Central government	2050	2175	2264	2266	2377	2399	2444	2458
Decentralized sector	770	1217	1380	1376	1459	1332	1327	1356
Disbursements	769	807	561	209	402	599	68	57
Services	614	517	613	511	496	945	53	16
Principal	282	235	308	212	209	703	28	14
Interest ^d	332	282	305	299	287	242	25	2
Interest ^e	5 743	4119	3 487	2847	2 418	2123	770	946
Percentages								
Servicing/disbursements	79.8	64.1	109.3	244.5	123.4	157.8	77.9	28.1
External public debt/exports of goods and services	78.8	114.9	123.7	110.4	104.4	99.8	107.1	99.6
Services/exports of goods and services	17.2	17.5	20.8	15.5	13.5	25.3	15	0.4

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, National Accounting Office, Public Debt Section.

^a Preliminary figures. ^b Year-end balances. Refers to the contractual debt, excluding interest arrears. ^c 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 it 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 millions higher, but this would not represent a real increase in resources. Refers to the external public debt. ^e Corresponds to the "interest paid" entry on the current account of the balance of payments.

Table 21
PANAMA: THE EXTERNAL PUBLIC DEBT ^a
(Millions of dollars)

	Total	Official sources	Private sources
Balance as of 31 December 1986	3 835	1643	2 192
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			
Balance as of 31 December 1987	3 731	1522	2 209
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			
Balance as of 31 December 1988	3 771	1597	2 174
Inflows	56.9	9.0	47.9
Loans received	35.3		35.3
Adjustments	21.6	9.0	12.6
Outflows	16.3	1.1	15.2
Amortization payments	14.2	1.1	13.1
Interest payments	2.1		2.1
Commissions and other costs	-		
Adjustments of interest and commissions	-		
Balance as of 31 December 1989 ^b	3 814	1604	2 209

Source: ECIAC, on the basis of figures supplied by the Comptroller-General of the Republic, National Accounting Office, Public Debt Section.

^a Medium- and long-term public-sector contractual debt. Includes the central government and decentralized enterprises and agencies. Preliminary figures.

Table 22
PANAMA: EVOLUTION OF DOMESTIC PRICES

	1982	1983	1984	1985	1986	1987	1988 ^o	1989 ^o
Variation from December to December								
Consumer price index	3.7	2.0	0.9	0.4	0.4	0.9	0.3	-0.2
Food	4.9	1.3	1.3	-0.8	2.2	1.5	0.3	-0.2
Variation between annual averages								
Consumer price index	4.2	2.1	1.6	1.1	-0.1	1.0	0.3	-0.1"
Food	5.9	2.3	1.5	0.3	0.4	2.5	0.1	-1.3^d

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office.

¹ 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. " Preliminary figures. Corresponds to a nine-month average, not including March, April and May.

Table 23
PANAMA: WAGES

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balboas per year								
Average wages and salaries (by sector and region)								
Republic								
Public sector	4 296	4 700	4 858	5 096	5 146	5 416		
Canal Zone	15 260	15 390	15 884	16 590	17 782	17 556	18 091	
Colón Free Zone			3 092	3 187	3 781	4 123	3 754	
Banana-producing areas (and Puerto Armuelles)	4 080	4 247	4 353	4 481	4 651	4 709		
District of Panama and San Miguelito								
Wholesale commercial enterprises	6 444	6 726	6 744	6 830	6 920	6 808	6 565	6 552
International banking centre	7 575	8 519	8 778 ^o	9 037	9 279	9 448		
Manufacturing	4 548	4 695	4 968	5 049	5 177	5 301	4 903	5 273
Minimum wages and/or salaries								
Panama City	1900	2 246 ^d	2 246	2 246	2 246	2 246	2 246	2 246
Rest of country	1440	1699 ^d	1699	1699	1699	1699	1699	1699
Growth rates								
Nominal								
Average wages and salaries (by sector and region)								
Republic								
Public sector	4.6	9.4	3.4	4.9	1.0	5.2		
Canal Zone	20.3	0.9	3.2	4.4	7.2	-1.3	3.0	
Banana-producing areas (and Puerto Armuelles)	-5.9	4.1	2.5	2.9	3.8	1.2		
District of Panama and San Miguelito								
Wholesale commercial enterprises	3.8	4.4	0.3	1.3	1.3	-1.6	-3.6	-0.2
International banking centre	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	-7.5	7.5
Minimum wages and/or salaries								
Panama City	-	18.2	-	-	-	-	-	-
Rest of country	-	18.0	-	-	-	-	-	-
Real ⁰								
Commercial enterprises								
(Panama City)	-0.4	2.2	-1.3	0.2	1.4	-2.6	-3.9	-0.1
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	-7.9	7.6
Minimum wage (Panama City)	-4.0	15.8	-1.6	-1.0	0.1	1.5	-0.4	0.1

Source: ECIAC, 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.

⁰ Preliminary figures. ^o Does not include salaries of foreign personnel. ^a ECLAC estimates due to lack of data.

¹ As from February. ^e Deflated by the consumer price index for Panama City.

Table 24
PANAMA: COMPOSITION OF THE INTERNATIONAL BANKING CENTRE '

	1983	1984	1985	1986	1987	1988	1989 ^b
Number of banks							
Total	125	120	120	115	119	110	111
Official	2	2	2	2	2	2	2
Under general licence ^c	68	68	67	67	70	64	63
Panamanian	14	16	15	16	17	18	17
Under international licence	43	39	38	33	32	30	28
Panamanian	1	1	1	1	1	1	1
As field offices ^d	12	11	13	13	15	14	18
Millions of balboas							
Total assets of the international banking centre ' V	42 786	37 988	38 970	40 351	31 413	14 885	15 395
Assets of the national banking system^c	30 102	27 827	28 293	30 918	22 177	11 593	11 174
Panamanian banks	2 326	2 716	3 118	3 776	3 568	3 278	3 448
Official	1 591	1 739	1 823	2 077	1 879	1 990	2 178
Private	735	977	1 295	1 699	1 689	1 288	1 270
Foreign banks	27 776	25 111	25 175	27 142	18 609	8 315	7 726

Source: ECLAC, on the basis of figures supplied by the National Banking Commission and Banco Nacional de Panama.
^a At 31 December of each year. ^b Preliminary figures. ^c Foreign and national banks authorized to carry out banking operations both in Panama and abroad. ^d Foreign and national banks whose Panamanian offices are authorized to carry out banking transactions with external entities only. ^e Foreign banks authorized only to establish field offices in Panama.

Table 25
PANAMA: CONSOLIDATED BALANCE OF THE NATIONAL BANKING SYSTEM

	Year-end balance (millions of balboas)					Growth rates			
	1985	1986	1987	1988	1989 ^b	1986	1987	1988	1989 ^b
Assets	28 292	30 918	22177	11593	11174	93	-283	-47.7	-3.6
Liquid	8 482	9 852	6864	2 359	1182	16.2	-303	-65.6	-49.9
Cash	249	202	249	184	204	-18.9	23.3	-26.1	10.9
Other liquid assets									
Domestic	1115	1249	928	361	230	12.0	-25.7	-61.1	-36.3
External	7118	8 401	5 687	1814	1448	18.0	-32.3	-68.1	-20.2
Deposits in banks									
Demand deposits	707	725	737	247	256	2.5	1.7	-66.5	3.6
Time deposits	7 526	8 925	5 878	1928	1422	18.6	-34.1	-67.2	-26.2
Investments	18349	19 494	14144	8170	8301	62	-27.4	-42.2	1.6
Credit portfolio	17198	17 235	11733	7 701	7 422	0.2	-31.9	-34.4	-3.6
Domestic	3 923	4 189	4 363	3906	3 853	6.8	4.2	-10.5	-1.4
External	13 275	13 046	7 370	3 795	3 569	-1.7	-43.5	-48.5	-6.0
Securities	1151	2 259	2411	469	879	96.3	6.7	-80.5	87.4
Other assets	1461	1572	1169	1064	991	7.6	-25.6	-9.0	-6.9
Liabilities and capital^c	27100	29 695	21289	11169	10 914	9.6	-283	-47.5	-23
Demand deposits	1480	1955	1738	1278	1423	32.1	-11.1	-26.5	113
Private citizens	414	458	448	299	297	10.6	-2.2	-33.3	-0.7
Official entities	223	265	260	450	620	18.8	-1.9	73.1	37.8
Foreign individuals	322	458	459	274	247	42.2	0.2	-40.3	-9.9
Foreign banks	521	774	571	255	259	48.6	-26.2	-55.3	1.6
Time and savings deposits	21652	23 487	15 453	6 546	6147	8.5	-34.2	-57.6	-6.1
Private citizens	1882	2 329	2154	1661	1643	23.8	-7.5	-22.9	-1.1
Foreign individuals	4 871	5 660	4 232	2 603	2 234	16.2	-25.2	-38.5	-14.2
Foreign banks	14 899	15 498	9 067	2 282	2 270	4.0	-41.5	-74.8	-0.5
Obligations	1070	1051	1104	1008	1087	-1.8	5.0	-8.7	7.8
Other liabilities, capital and reserves	2 898	3 202	2 994	2 337	2 257	10.5	-6.5	-21.9	-3.4

Source: ECLAC, on the basis of figures supplied by the National Banking Commission, Banco Nacional de Panamá and the Comptroller-General of the Republic, Statistics and Census Office.

^a Refers to all the banks which operate under general licence in the country. Preliminary figures. ^c Excluding operations between local banks.

Table 26
PANAMA: CREDITS BY THE NATIONAL BANKING SYSTEM, BY ECONOMIC ACTIVITY

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Millions of balboas								
Total	28 626	24 061	15172	14 347	17185	16185	8 837	8 577
Domestic	5 187	4 658	6 042	6 489	7166	7 503	3 586	2 781
Public sector	640	551	1804	2 091	2 251	2 037	1008	1008
Private sector	4 547	4107	4 238	4 398	4 915	5 466	2 578	1773
Agriculture	159	155	158	147	148	146	90	76
Stock-raising	102	78	94	67	71	84	42	23
Fishing	10	16	29	11	16	26	4	2
Commerce	2 936	2393	2466	2 680	2 897	3 280	1537	1122
Industry	594	585	561	539	525	586	360	261
Housing	188	188	356	391	517	504	195	97
Other construction	199	192	161	117	130	161	53	45
Personal consumption	244	346	294	323	459	435	202	124
Non-profit organizations	3	6	8	4	2	1	1	-
Other (by difference)	112	148	111	119	150	243	94	23
External	23 439	19 403	9130	7 858	10 019	8 682	5 251	5 796
Growth rates								
Total	-1.7	-15.9	-36.9	-5.4	19.8	-5.8	-45.4	-2.9
Domestic	7.8	-102	29.7	7.4	10.4	4.7	-52.2	-22.4
Public sector	30.6	-13.9	227.4	15.9	7.7	-9.5	-50.5	-
Private sector	5.2	-9.7	3.2	3.8	11.8	11.2	-52.8	-31.2
Agriculture	43.2	-2.5	19	-7.0	0.7	-1.4	-38.4	-15.6
Stock-raising	-3.8	-23.5	20.5	-28.7	6.0	18.3	-50.0	-45.2
Fishing	-61.5	60.0	81.3	-62.1	45.5	62.5	-84.6	-50.0
Commerce	7.9	-18.5	3.1	8.7	8.1	13.2	-53.1	-27.0
Industry	-7.8	-1.5	-4.1	-3.9	-2.6	11.6	-38.6	-27.5
Housing	-11.3	-	89.4	9.8	32.2	-2.5	-61.3	-50.3
Other construction	9.9	-3.5	-16.1	-27.3	11.1	23.8	-67.1	-15.1
Personal consumption	41.8	-15.0	9.9	42.1	-5.2	-53.6	-38.6	-
Non-profit organizations	200.0	100.0	33.3	-50.0	-50.0	-50.0	-	-
Other (by difference)	-8.2	32.1	-25.0	7.2	26.1	62.0	-61.3	-75.5
External	-3.6	-17.2	-52.9	-13.9	27.5	-13.3	-39.5	10.4

Source: ECLAC, on the basis of figures supplied by the National Banking Commission and reports from the Banco Nacional de Panama.

^a Preliminary figures.

Table 27
PANAMA: SHORT-TERM BANK INTEREST RATES^a

	1984	1985	1986	1987	1988	1989 ^b
Nominal						
Deposits						
Prime rate (New York)	12.04	9.93	8.35	8.21	9.32	10.92
LIBOR (London), dollar deposits, six months	11.29	8.64	6.85	7.30	8.13	9.28
Loans ^c						
Loans for agriculture and fishing	10.60	11.05	10.90	9.33	9.74	
Loans for commerce	13.60	12.18	10.73	10.60	11.01	
Loans for industry	13.84	12.73	10.81	11.20	10.82	
Loans for housing ^e	12.69	11.64	10.98	10.69	11.06	
Loans for consumption	13.25	11.80	10.30	10.60	10.72	
Maximum local market reference rate (LMRR)	13.73	13.25	12.00	12.00	13.00	
Real^f						
Deposits						
Prime rate	10.82	10.37	28.99	6.72	17.30	9.71
LIBOR rate	10.08	9.08	27.20	5.82	16.02	8.09
Loans (LMRR)	12.49	13.70	33.33	10.45	21.24	

Source: ECLAC, on the basis of figures from the National Banking Commission and the International Monetary Fund.
^a Average for the period. Preliminary figures. ^c For loans under one year. ^d According to Law 20/80 the National Banking Commission fixed a discount for agricultural loans of between 3 and 4 points over the average reference rate, for which banking entities are compensated. ^e 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). ^f Deflated by the wholesale price index.

Table 28
PANAMA: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of balboas				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
1. Current income	1043	1087	603	564	5.7	<i>43</i>	-44.5	-6.5
Tax revenue	753	790	443	410	9.4	4.8	-43.9	-7.4
Direct	385	402	232	178	6.2	4.4	-42.2	-23.3
Indirect	368	388	211	232	12.9	5.3	-45.6	10.1
On foreign trade	154	148	54	64	18.9	-4.2	-63.2	17.6
Non-tax income	289	298	160	154	-2.8	3.0	-46.1	-4.0
2. Current expenditure	1033	1039	763	798	5.9	0.6	-26.6	4.6
Salaries and wages	437	460	451	431	3.2	5.3	-2.0	-4.4
Other	596	579	312	367	8.1	-2.9	-46.1	17.6
Operating expenses	123	121	91	90	2.1	-1.4	-25.0	-1.1
Current transfers	112	138	110	116	1.9	23.1	-20.1	5.5
Debt interest and costs	362	320	111	161	12.4	-11.5	-65.3	45.0
3. Current savings (1-2)	9	48	-160	-234				
4. Capital expenditure	105	72	29	47	-10.2	-31.7	-59.5	62.1
Real investment	89	61	26	39	-9.1	-31.7	-57.4	50.0
Other ^b	15	11	3	8	-15.8	-31.8	-71.4	166.7
5. Total expenditure (2+4)	1138	1111	792	845	42	-2.4	-28.7	6.7
6. Fiscal deficit (or surplus) (1-5)	-96	-23	-189	-281				
7. Financing of deficit								
Net domestic financing	383	480	207	283				
Credit received	110	155	18	10				
Less: amortization	98	156	65	89				
Bond placements	1	-	1					
Other sources ^c	370	481	253	362				
Net external financing	287	-457	-19	-2				
Credit received	92	20	1	-				
Less: amortization	379	477	19	2				
Ratios (percentages)								
Current saving/capital expenditure	8.8	67.5	-550.3	-497.9				
Fiscal deficit/current expenditure	9.3	2.2	24.7	35.2				
Fiscal deficit/total expenditure	8.4	2.1	23.8	33.3				
Income revenue/GDP	14.6	14.9	9.8	9.1				
Total expenditure/GDP	22.1	20.9	17.5	18.8				
Fiscal deficit/GDP	1.9	0.4	4.2	6.2				
Domestic financing/deficit	-400.2	-2 060.1	-109.8	-100.7				
External financing/deficit	300.2	1960.1	9.8	0.7				

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic and the Ministry of Planning and Economic Policy.

^a Preliminary figures. Excludes expenditure for amortization of the debt ^c Corresponds to the total for the year, including amortization of the external debt.

PARAGUAY

The Paraguayan economy continued to expand at a satisfactory rate in 1989 for the third year in a row, this time under the impetus of exports, in the framework of the policy change made by the new authorities at the beginning of the year. The 6% growth brought the per capita gross domestic product back to 1980 levels and increased the exportable supply, so that, for the first time in the decade, a surplus was obtained on the current account. The inflation which broke out in the middle of the year was brought under control by a less lax monetary play in a context of near equilibrium in the public sector (see table 1 and figure 1).

The economic policy was largely recast when the political leadership was changed in February. The new authorities set out to gradually correct price imbalances and distortions caused primarily by an exchange policy based on the use of differential rates and geared in favour of imports and financial payments by the public sector, of farm inputs and of some private investments. One aim of his exchange policy had been to keep public expenditure and inflation from rising by containing prices and public-service rates, although at the cost of losing export earnings and granting implicit subsidies.

The main economic measure was the liberalization of the exchange rate in February in order to achieve transparency in the external and fiscal accounts and to eliminate one of the sources of the quasi-fiscal deficit. At the same time, the system of appraising official values for setting minimum prices for the sale of exports was abolished, thereby encouraging exporters to declare their overseas sales. The tariff system was simplified, resulting in an increase in the fiscal income derived from foreign trade. Since revenues from indirect domestic taxes also rose, real fiscal income grew by a third, making it possible to finance a considerable increase in expenditure. Thus the central

government's accounts showed surpluses since government deposits in the Central Bank increased significantly. This gradual adjustment did not, however, have an immediate effect on the means of payment, which continued to expand as a result of the accumulation of reserves, generating inflationary pressures that were a determining factor in the acceleration of prices during the first half of the year.

Economic activity in general increased. The most dynamic sectors were agriculture (8%) and manufacturing, commerce and basic services (6%). Real wages tended to rise -especially in the basic services- but, according to the yearly survey, unemployment also rose during the season with the smallest incidence of farm activity. Higher employment in agriculture probably generated more intense fluctuations than usual in the average level of employment. On the other hand, however, employment was affected by the severe constraints imposed on capital formation in the public sector.

The physical volume of exports grew by 26%, becoming the principal stimulus of demand and bringing the share of overseas sales in the product up to 25%, twice the share reached at the beginning of the decade. The expansion of public expenditure for consumption (10%) was also significant. On the other hand, gross investment plummeted owing to a lack of external financing and the reformulation of public investment projects.

Since the value of exports increased far more than that of imports, both the trade balance and the balance on current account ended in surplus after a decade of continuous deficits. Arrears in servicing the external debt worked in combination with an inflow of short-term capital to prevent a negative transfer of capital like that of the previous year.

Figure 1

PARAGUAY: MAIN ECONOMIC INDICATORS

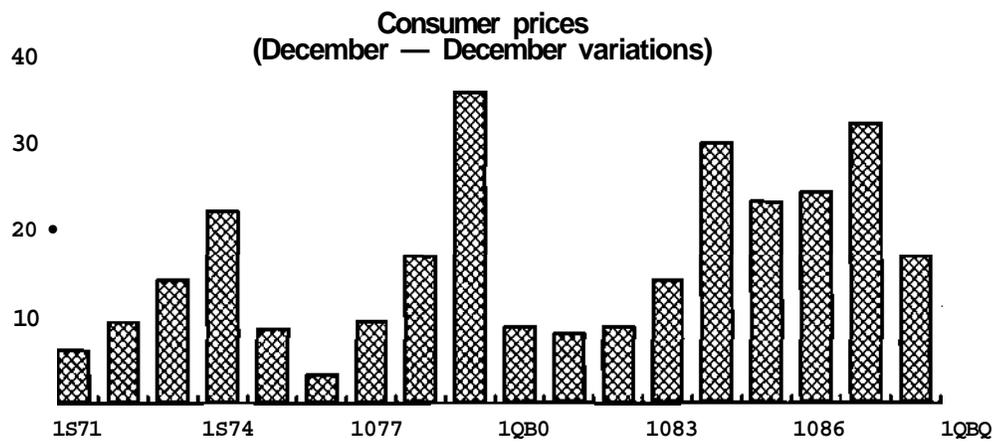
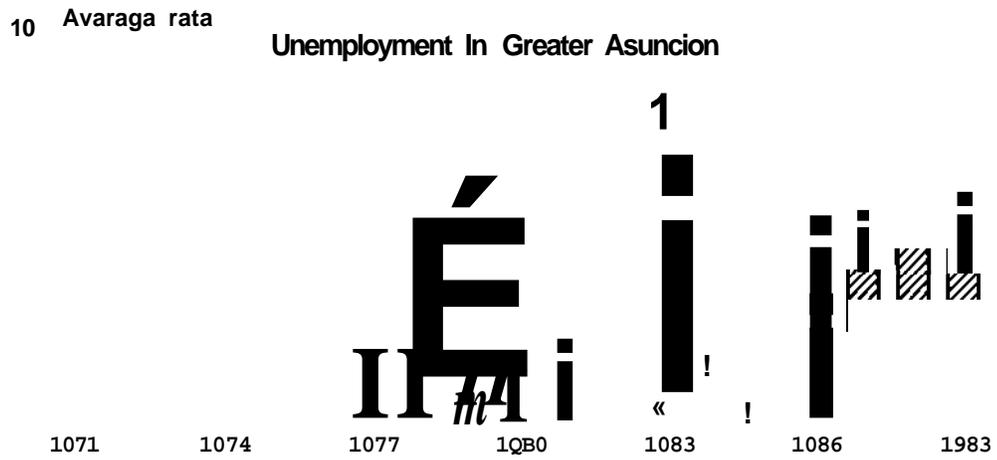
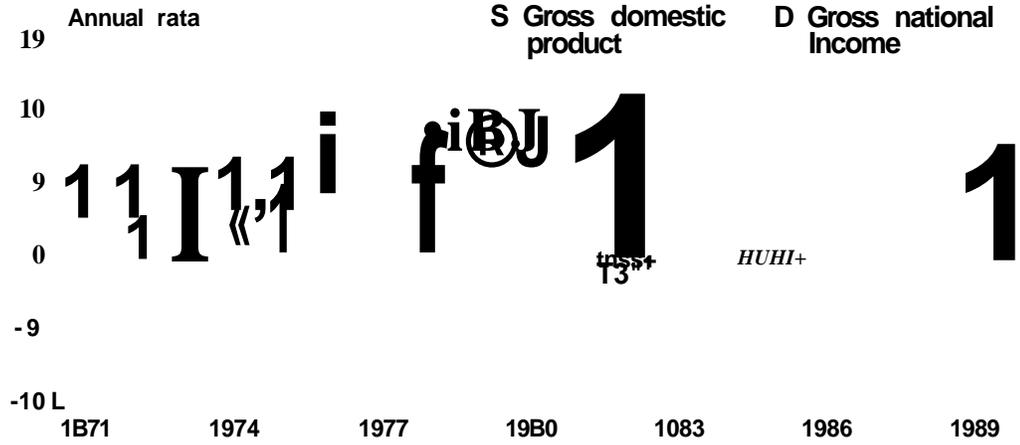
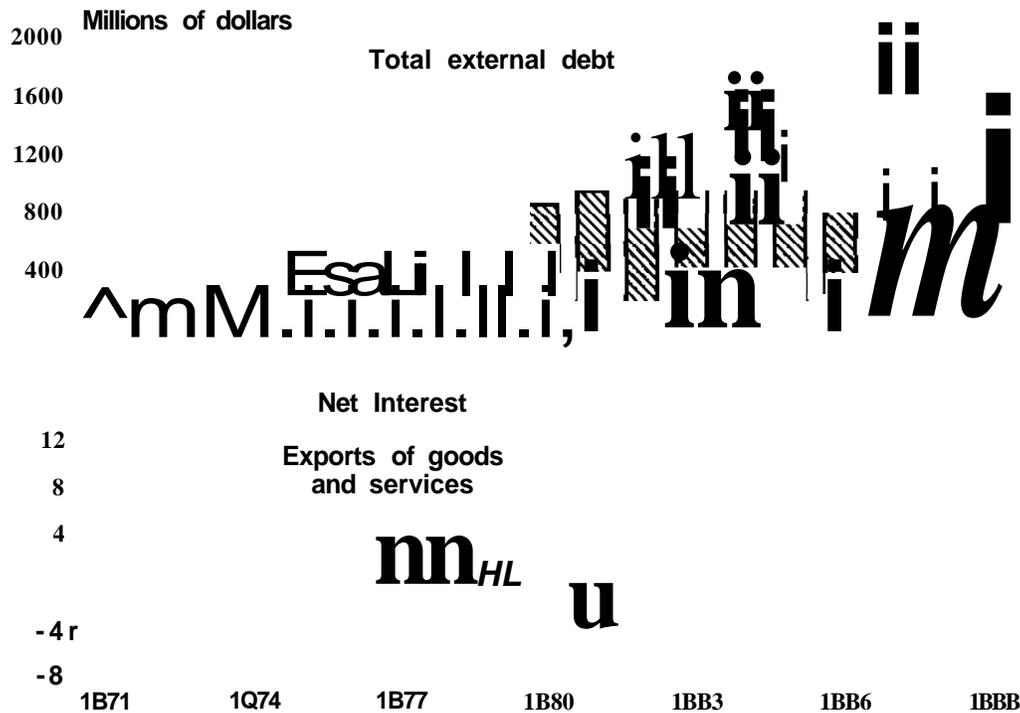
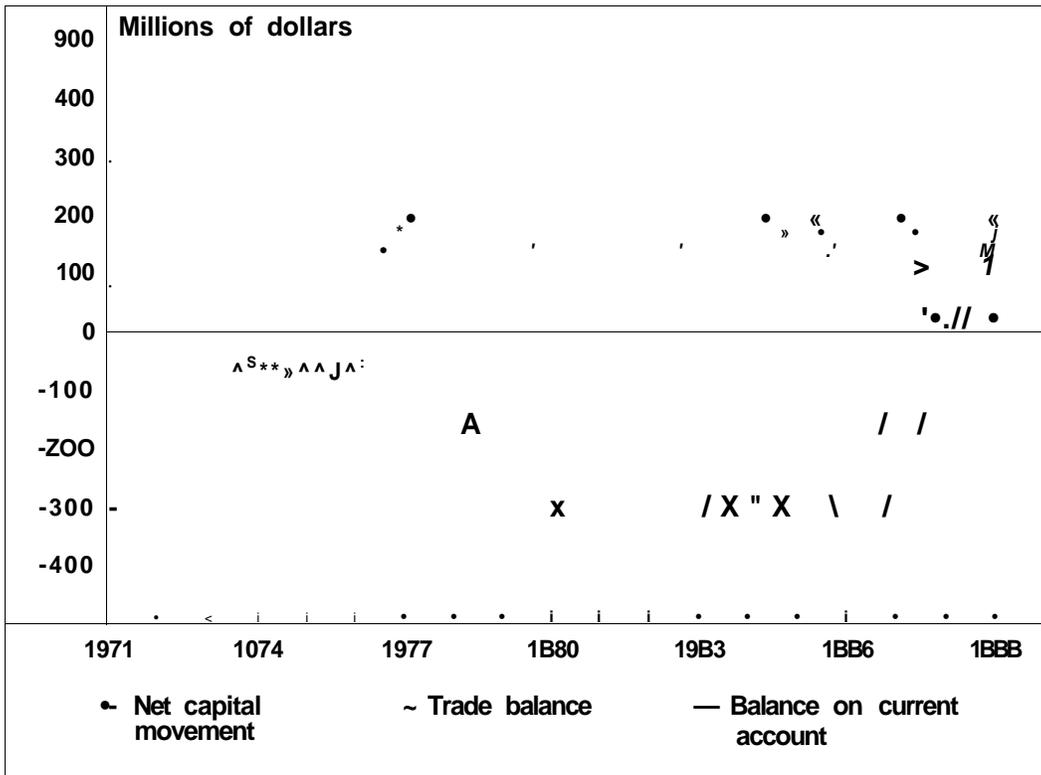


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

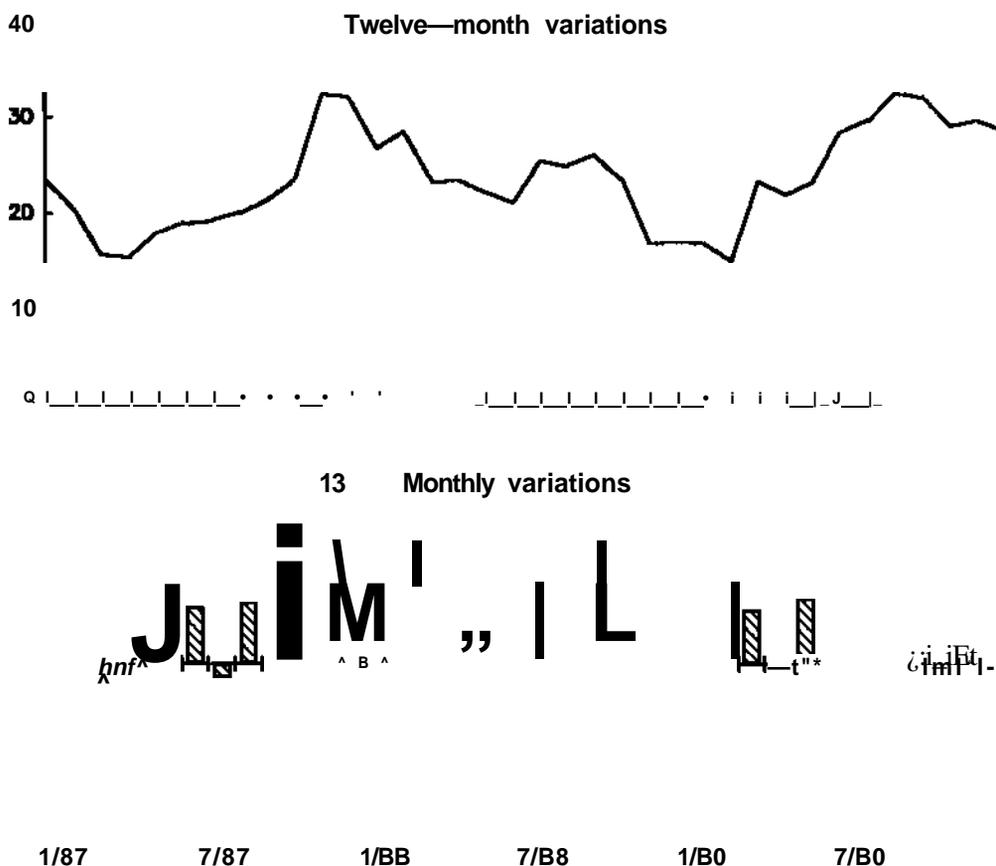
The Central Bank's international reserves grew by US\$ 200 million as opposed to the deterioration observed between 1981 and 1988 (with the one exception of 1987), a period in which the accumulated decline was some US\$550 million.

The liberalization of the exchange rate resulted in an increase of 20% in the price of the dollar, which had previously been set in the official market. The exchange rate continued to rise in the months following the liberalization, reaching its highest level in August. It dropped abruptly in September, rising again slightly towards the end of the year. By December the guarani had depreciated by 21% with respect to December of the preceding year.

The external debt with Brazil was renegotiated in such a way that the burden of servicing it was reduced, and at the end of the year, preparations were being made for conversations with the Paris Club. Considerable arrears had accumulated, however, since some payments were held back until the results of the renegotiations and conversations became known. On the other hand since exports increased substantially, the ratio of external debt servicing to exports dropped to less than one to ten.

The expansion of the monetary base was very much attributable to the increase in international reserves. That and the easy credit granted by the Central Bank to the private sector during the first half of the year were

Figure 2
PARAGUAY: CONSUMER PRICE INDEX
(Percentages)



Source: ECLAC, on the basis of official figures.

largely responsible for the increase in liquidity. Thus, the monetary base grew by 27%, a bit less than the price index, while total liquidity increased by 60%. Domestic credit to the non-financial public sector contracted considerably when this sector substantially increased its deposits in the Central Bank and reduced its debts. The greater part of the expansion of the monetary base took place between January and May, when it grew by

41%, a trend that was later offset by tight credit and, from October on, by higher interest rates.

The price index rose sharply, showing an increase of 29% during the year (as opposed to 17% in 1988). Greater discipline in credit and monetary matters during the second half of the year stopped the trend towards rapid price rises near the end of the year, with the result that the monthly variation in prices was less than 1% during the October-December quarter.

Table 1
PARAGUAY: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Indexes (1980 = 100)								
Basic economic indicators								
Gross domestic product at market prices	107.9	104.7	108.1	112.5	112.1	117.2	125.1	132.7
Gross national income	108.9	104.0	112.7	114.7	102.2	112.4	126.0	135.8
Population (millions of inhabitants)	3.4	3.5	3.6	3.7	3.8	3.9	4.0	4.2
Per capita gross domestic product	101.1	95.0	95.0	95.9	92.7	94.0	97.5	100.4
Global balance of central government/GDP ^b	-1.7	-4.3	-1.0	-1.5	0.6	-0.2	0.7	1.2
Money (M1)/GDP ^b						7.8	8.4	7.9
Real effective exchange rate	81.1	73.6	85.5	92.9	104.6	150.5	158.7	206.1
Unemployment rate ^c	5.6	8.3	7.3	5.1	6.1	5.5	4.7	6.1
Growth rates								
Short-run economic indicators								
Gross domestic product	-0.8	-3.0	3.2	4.0	-0.3	4.5	6.7	6.1
Per capita gross domestic product	-4.0	-6.0	-	0.9	-3.3	1.4	3.6	3.1
Gross national income	-1.6	-4.5	8.3	1.8	-10.9	9.9	12.1	7.8
Consumer prices								
December to December	8.9	14.1	29.8	23.1	24.1	32.0	16.9	28.7
Real wages and salaries	-2.7	-7.1	-3.5	-2.2	-4.4	12.3	7.7	5.6
Current value of exports of goods and services	11.2	-24.7	66.4	40.9	-27.2	20.8	16.9	25.1
Current value of imports of goods and services	8.7	-33.2	49.7	19.4	-20.9	2.7	5.8	11.2
Terms of trade (goods and services) ^e	-12.9	-4.3	56.1	-14.4	-35.1	36.9	9.8	4.5
Millions of dollars								
External sector								
Trade balance (goods and services)	•445	-245	-289	-178	-210	-72	30	189
Factor services *	65	-9	-38	-55	-160	-152	-67	-7
Balance on current account	•378	-253	-325	-231	-369	-223	-34	183
Balance on capital account	316	200	311	122	241	260	-103	24
Variation in international reserves	-65	-56	-17	-135	-87	50	-135	212
Disbursed gross external debt	1203	1469	1654	1772	1855	2 043	2 002	2 027

Source: ECLAC, on the basis of official figures.

^a Preliminary figures. ^b Percentages. ^c Annual average rate in Greater Asunción. ^d Real wages of workers in Greater Asunción. ^e 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.

[§] Includes unrequited private transfer payments. Medium- and long-term public and State-guaranteed private debt.

Table 2
PARAGUAY: EVOLUTION OF REAL GROSS NATIONAL INCOME

	Indexes(1980 = 100)			Percentage breakdown			
	1987	1988	1989 ^a	1980	1987	1988	1989 ^a
Gross national income (a + b + c + d)	112.4	126	135.8	99.9	95.8	100.6	102.2
a) Gross domestic product	117.2	125.1	132.7	100.0	100.0	100.0	100.0
b) Terms-of-trade effect				-	-0.5	2.0	2.2
c) Net factor payments from abroad				-0.1	-3.7	-1.4	.
d) Net private transfers from abroad	74.2	74.2	32.3	0.1	-	-	-

Source: ECLAC, on the basis of official statistics.

^a Preliminary figures.

Table 3
PARAGUAY: TOTAL SUPPLY AND DEMAND

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total supply	121.6	127.9	137.0	120.7	124.5	-83	4.4	5.2	7.1
Gross domestic product at market prices	117.2	125.1	132.7	100.0	100.0	-0.3	4.5	6.7	6.1
Imports of goods and services	143.0	141.7	157.7	20.7	24.5	-30.3	3.7	-0.9	11.2
Total demand	121.6	127.9	137.0	120.7	124.5	-8.5	4.4	5.2	7.1
Domestic demand	111.2	118.8	122.3	106.8	98.4	-7.8	5.4	6.8	2.9
Gross domestic investment	90.2	93.8	84.8	28.8	18.4	3.7	6.7	3.9	-9.6
Gross fixed investment	87.6	90.9	81.1	27.2	16.6	3.1	6.3	3.7	-10.8
Construction	85.6	87.9	90.4	16.1	11.0	1.0	2.0	2.6	3.0
Machinery and equipment	90.6	95.3	67.4	11.1	5.7	6.4	12.7	5.1	-29.2
Public	144.3	149.6	69.0	4.6	2.4	11.5	-3.8	3.7	-53.9
Private	76.2	79.0	83.5	22.6	14.2	-0.2	10.7	3.7	5.7
Changes in stocks	136.6	145.6	151.2	1.5	1.7				
Total consumption	118.9	128.0	136.1	78.0	80.0	-10.5	5.0	7.6	6.3
General government	138.7	143.3	158.0	6.2	7.4	2.2	10.0	3.3	10.3
Private	117.2	126.7	134.2	71.8	72.6	-11.5	4.5	8.1	5.9
Exports of goods and services	201.9	198.3	250.1	13.9	26.2	-10.4	0.2	-1.8	26.1

Source: ECLAC, on the basis of official figures and figures supplied by the International Monetary Fund.

^a Preliminary figures. ^b 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 ECLAC for the purpose.

Table 4
PARAGUAY: ORIGIN, COMPOSITION AND FINANCING OF GROSS DOMESTIC INVESTMENT
*(As percentages of the gross domestic product)**

	1982	1983	1984	1985	1986	1987	1988	1989 ^o
Gross domestic investment	25.9	21.8	21.5	20.9	21.7	22.1	21.6	18.4
Gross domestic saving	16.6	16.6	8.3	12.3	21.2	20.9	20.2	20.0
Net income from factor services	1.5	-0.2	-1.1	-1.6	-4.0	-3.7	-1.4	-
Terms-of-trade effect	-0.6	-0.5	5.1	3.5	-4.9	-0.5	2.0	2.2
Unrequited private transfers	-	.	0.1	0.1	-	.	-	-
Gross national saving	17.5	15.8	12.4	14.2	12.3	16.7	20.8	22.2
External saving	8.4	6.0	9.1	6.6	9.4	5.5	0.7	-3.9

Source: ECLAC, on the basis of official figures.

usted exchange rate. ^b Preliminary figures.

Table 5
PARAGUAY: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT 1980 MARKET PRICES

	Indexes (1980 = 100)			breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product	117.2	125.1	132.7	100.0	100.0	-0.1	4.5	6.7	6.1
Goods	114.3	124.8	133.3	52.5	52.7	-3.8	5.4	9.2	6.8
Agriculture	120.0	134.5	144.8	29.5	32.1	-6.0	7.0	12.1	7.7
Mining	136.6	146.9	155.4	0.4	0.5	11.9	6.0	7.5	5.8
Manufacturing	107.7	114.0	120.8	16.5	15.0	-1.4	3.5	5.8	5.9
Construction	103.0	105.7	110.1	6.1	5.1	1.0	2.0	2.6	4.2
Basic services	138.2	148.2	156.4	6.5	7.7	7.1	6.0	12	5.6
Electricity, gas and water	162.7	177.0	188.8	2.3	3.3	10.2	7.6	8.8	6.7
Transport, storage and communications	124.9	132.5	138.8	4.2	4.4	5.0	5.0	6.1	4.8
Other services	117.6	121.8	128.2	41.0	39.6	3.0	12	3.5	5.3
Commerce, restaurants and hotels	115.1	119.8	127.0	25.0	23.9	3.3	3.4	4.1	6.0
Financial institutions, insurance, real estate and business services	122.0	124.2	126.9	7.0	6.7	2.7	3.0	1.8	2.1
Ownership of dwellings	104.9	107.0	108.5	2.7	2.2	2.0	2.0	2.0	1.4
Community, social and personal services	121.0	125.3	132.6	9.0	9.0	2.5	2.6	3.6	5.8
Government services	137.3	139.3	157.9	3.4	4.1	2.0	2.0	1.5	13.3

Source: ECLAC, 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.

^a Preliminary figures. ^b Including livestock, forestry and fishing.

Table 6
PARAGUAY: INDICATORS OF AGRICULTURAL PRODUCTION

	Millions of guaraníes at 1982 prices				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Total^b	192.3	205.8	230.3	249.8	-6.1	7.0	11.9	8.5
Crop farming	110.9	121.6	141.9	157.6	-12.4	9.6	16.7	11.1
Stock raising	60.6	62.1	63.8	66.6	2.0	2.5	2.7	4.4
Forestry	20.8	22.1	23.5	24.3	11.7	6.3	6.3	3.4
Thousands of tons								
Production of the main items								
Cotton	312	244	540	630	-32.2	-21.8	121.3	16.7
Rice	60	104	96	87	27.7	73.3	-7.7	-9.4
Sweet potatoes	189	113	116	106	-10.4	-40.2	2.7	-8.6
Sugar cane	2100	3 170	2 500	3 599	-9.9	51.0	-21.1	44.0
Maize	450	917	1009	1165	-1.1	103.8	10.0	15.5
Cassava	1582	1028	1079	1199	-10.0	-35.0	5.0	11.1
Beans	36	19	48	48	-29.4	-47.2	152.6	-
Soya	700	1170	1320	1615	-28.6	67.1	12.8	22.3
Wheat	233	280	305	432	66.4	20.2	8.9	41.6
Bananas ^c	17	16	15	11	-5.6	-5.9	-6.3	-26.7
Coconuts	369	406	418	460	10.1	10.0	3.0	10.0
Oranges	1360	1291	1161	1173	-5.0	-5.1	-10.1	1.0
Pineapples	26	27	26	19	4.0	3.8	-3.7	-26.9
Tung	145	130	104	108	-9.9	-10.3	-20.0	3.8
Cattle ^e	550	564	578	612	2.0	2.5	2.5	5.9
Pigs ^e	1788	1798	1889	1903	0.4	0.6	5.1	0.7
Poultry ^e	7 210	7884	8 617	6 457	42.5	9.3	9.3	-25.1
Round logs	2 095	2197	2 304	2118	20.3	4.9	4.9	-8.1
Firewood	2 911	2 977	3 045	3 122	0.9	2.3	2.3	2.5

Source: ECLAC, on the basis of data supplied by the Central Bank of Paraguay and the Ministry of Agriculture.

^a Preliminary figures. ^b Includes hunting and fishing. ^c Thousands of bunches. ^d Millions of units. ^e Thousands of heads.

Table 7
PARAGUAY: NOMINAL AND REAL PRODUCER PRICES OF THE MAIN CROPS
(Indexes 1980=100)

	Rice	Cotton	^ f ¹ potatoes	Maize	Cassava	Soya	S u g a r cane	Coconuts	Wheat
Nominal prices									
1970	29.6	22.9	21.4	25.0	23.1	25.3	24.6	37.5	38.0
1979	103.7	84.7	85.7	106.3	76.9	136.8	82.3	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	206.3	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	148.3	375.0	225.0
1986	311.0	245.8	271.4	381.3	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	327.3
1988	466.7	463.8	392.9	612.5	346.2	878.9	400.0	775.0	380.0
1989	544.4	681.0	557.1	943.8	361.5	984.2	592.0	875.0	480.0
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
1989	544.4	681.0	557.1	943.8	361.5	984.2	592.0	875.0	480.0
I	611.1	508.5	550.0	510.6	346.2	1000.0	440.0	875.0	440.0
II	419.6	681.0	690.7	625.0	346.2	991.1	640.0	792.5	440.0
III	519.6	737.1	485.7	423.1	369.2	943.7	640.0	875.0	560.0
IV	617.4		500.0	385.6	384.6	1 052.6	640.0	982.5	560.0
Real prices^a									
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	129.3	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	114.3	72.4	126.7	116.4
1984	127.1	125.5	81.7	156.5	64.9	193.3	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
1989	105.3	131.7	107.7	182.5	69.9	190.3	114.5	169.2	92.8
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
1989	105.3	131.0	107.7	182.5	69.9	190.3	114.5	169.2	92.8
I	132.5	110.2	119.2	110.7	75.0	216.8	95.4	189.7	95.4
II	86.0	139.6	141.5	128.1	70.9	203.1	131.2	162.4	90.2
III	94.7	134.3	88.5	77.1	67.3	171.9	116.6	159.4	102.0
IV	108.2	-	87.6	67.6	67.4	184.4	112.1	172.1	98.1

Source: ECIAC, on the basis of data supplied by the Ministry of Agriculture, Department of Agricultural Marketing and Economics and the Central Bank of Paraguay.

^aThe annual averages may not coincide with the quarterly averages owing to differences in the frequency of the observations or errors in rounding. ^b Calculated by deflating the nominal prices by the consumer price index, the base year of which is 1980.

Table 8
PARAGUAY: INDICATORS OF MANUFACTURING PRODUCTION

	Indexes(1982= 100)					Growth rates			
	1985	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Total	102.7	101.7	106.9	114.9	119.0	-1.0	5.1	7.5	3.6
Foodstuffs	111.9	122.2	122.2	117.1	123.4	9.2	-	-4.2	5.4
Beverages	95.3	96.1	99.7	99.5	107.6	0.8	3.7	-0.2	8.1
Tobacco	120.9	109.3	153.0	156.7	169.4	-9.6	40.0	2.4	8.1
Textiles	162.8	110.9	91.2	189.1	194.4	-31.9	-17.8	107.3	2.8
Clothing	128.1	105.3	105.3	119.4	123.5	-17.8	-	13.4	3.4
Footwear	100.8	103.8	103.8	105.8	107.5	3.0	-	1.9	1.6
Wood, except furniture	83.2	84.8	95.4	100.3	105.6	1.9	12.5	5.1	5.3
Furniture	128.3	131.2	131.2	128.2	125.5	2.3	-	-2.3	-2.1
Paper and paper products	97.4	111.9	111.9	118.2	119.0	14.9	-	5.6	0.7
Printing and publishing	100.2	91.9	91.9	100.3	101.1	-8.3	-	9.1	0.8
Leather and skins, except footwear	78.5	100.0	103.0	106.5	107.1	27.4	3.0	3.4	0.6
Chemical industry	127.1	99.6	125.2	110.4	112.3	-21.6	25.7	-11.8	1.7
Other chemical products	153.6	124.0	124.0	128.6	131.6	-19.3	-	3.7	2.3
Petroleum products	84.0	85.9	101.8	130.8	135.5	2.3	18.5	28.5	3.6
Plastic products	123.9	102.0	102.0	124.8	118.7	-17.7	-	22.4	-4.9
Non-metallic mineral products	86.7	112.9	132.1	135.5	135.5	30.2	17.0	2.6	-
Iron and steel industry	164.3	153.3	935.4	1081.0	1405.0	-6.7	510.2	15.6	30.0
Non-ferrous metals industry	118.9	121.3	124.9	131.3	130.1	2.0	3.0	5.1	-0.9
Metal products, excluding machinery	125.3	112.1	115.4	110.2	113.5	-10.5	2.9	-4.5	3.0
Machinery, domestic appliances and transport equipment	149.7	135.9	133.6	127.0	132.0	-9.2	-1.7	-4.9	3.9
Other	139.0	116.8	120.3	112.9	117.2	-16.0	3.0	-6.2	3.8
Handicrafts	96.0	81.4	77.0	78.4		-15.2	-5.4	1.8	

Source: ECLAC, on the basis of data supplied by the Central Bank of Paraguay.
^a Preliminary figures.

Table 9
**PARAGUAY: INDICATORS OF ELECTRIC POWER CAPACITY, GENERATION
 AND CONSUMPTION**

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Installed potential ^b	274.1	274.1	274.1	274.4	274.4	274.4	274.4	274.4	228.2
Hydroelectricity	190.0	190.0	190.0	190.0	190.0	190.0	190.0	190.0	190.0
Thermal plants	84.1	84.1	84.1	84.4	84.4	84.4	84.4	84.4	38.2
Electric power generation ^c									
Gross	720.4	916.0	793.0	1 056.0	1259.2	1642.6	1 736.0	2 094.7	2 201.5
Net	716.8	912.7	790.5	1 053.5	1256.5	1 639.7	1733.7	2 092.8	2 199.5
Net imports of electric power ^c	103.0	-40.0	202.0	34.3	-47.8	18	2.1	2.6	2.6
Domestic electric power supply ^c									
Gross	824.0	876.0	995.0	1090.4	1 211.4	1644.4	1738.1	2 097.3	2 204.1
Net	819.8	872.6	992.5	1 087.7	1208.8	1641.5	1 735.8	2 095.4	2 202.1
Domestic consumption of electricity ^c									
Residential ^c	751.7	800.6	827.2	907.3	999.9	1110.0	1275.9	1509.7	
Industrial	390.7	473.9	492.2	540.7	565.7	637.5	701.9	799.1	
Other ^g	300.1	253.3	260.1	286.1	343.4	374.8	464.7	593.1	
	56.7	70.0	72.4	80.5	86.6	97.7	109.2	117.5	
Percentage of population supplied with electricity	31.5	37.7	39.5	41.2	42.8	45.5	47.4	49.4	52.0

Source: National Electricity Administration (ANDE), *Compilación estadística 1960-1981*, Asunción, 1982, and other statistics also supplied by ANDE.

^a Preliminary figures. ^b Thousands of kW. ^c Millions of kWh. ^d Excluding sales to Brazil of Paraguayan power from Itaipú. ^e Includes "commercial" consumption (new category provided for in schedule of charges No. 4 of 1/8/1984). ^f Includes "undefined" (new category provided for in schedule of charges No. 4 of 1/8/1984).

^g Includes "government" and "municipal" consumption, "electricity for tramways", "public lighting", and, as from 1985, "rural consumption" (new category provided for in schedule of charges No. 4 of 1/8/1984).

Table 10
PARAGUAY: OPEN UNEMPLOYMENT RATES
 (Percentages)

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Whole country	4.6	9.4	13.8	8.3	8.3	12.8	11.6	8.5	9.2
Asunción ^c	2.2 ^a	5.6	8.3 ^e	7.3 ^f	5.1 ^g	6.1 ^h	5.5	4.7	6.1

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 by ECLAC.

^a Preliminary figures. ^b Estimates by the Central Bank of Paraguay. ^c 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, Ñenby, Luque, Limpio and Mariano Roque Alonzo. ^d First half of year.

^e Average for the months of September, October and November. ^f Average for the months of August, September and October. ^g Average for the months of November and December. ^h Average for the months of June, July and August. For 1988: average for the third quarter.

Table 11
PARAGUAY: REGISTERED EXPORTS OF GOODS, FOB ^a

	Millions of dollars				Percentage breakdown		Growth rates			
	1986	1987	1988	1989 ^b	1980	1989 ^b	1986	1987	1988	1989 ^b
Total	233	353	510	1009	100.0	100.0	-23.5	52.0	44.3	97.8
Main traditional exports	94	113	117	294	42.5	29.1	73.2	19.9	3.9	151.3
Livestock products	44	36	40	120	1.4	11.9	546.3	-18.4	11.7	200.0
Wood	18	25	16	32	21.4	3.2	81.5	42.1	-36.2	100.0
Oils	13	15	13	41	5.5	4.1	-31.5	16.6	-15.5	215.4
Tobacco	5	10	6	2	3.3	0.2	-9.7	81.0	-39.1	-66.7
Quebracho extract	4	5	4	7	1.4	0.7	-6.5	40.0	-24.1	75.0
Other	10	21	38	92	9.5	9.1	18.9	113.0	78.9	142.1
Main non-traditional exports	139	241	393	715	57.5	70.9	-44.5	73.7	63.2	81.9
Cotton fibre	81	101	209	304	34.1	30.1	-43.1	25.0	107.0	45.5
Soya beans	44	123	154	383	13.6	38.0	-56.3	179.9	25.4	148.7
Oilcake and expellers	9	13	28	24	7.1	2.4	37.1	42.6	124.0	-14.3
Fruit and vegetables	5	5	2	4	2.7	0.4	430.5	-14.2	-55.6	100.0

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

^a Includes only exports figuring in the foreign exchange registers of the Central Bank.

^b Preliminary figures.

Table 12
PARAGUAY: MAIN EXTERNAL GOODS TRADE INDICATORS

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Growth rates									
Exports (FOB)									
Value	-0.4	-0.6	-17.7	10.8	-10.2	76.8	22.7	18.2	31.9
Volume	-7.5	14.7	-9.7	-12.4	13.0	139.2	-8.6	-	27.0
Unit value	7.6	-13.3	-8.9	26.5	-20.6	-26.1	34.2	18.2	3.9
Imports (FOB)									
Value	14.4	-7.9	-22.5	17.7	-20.5	42.6	5.8	-4.4	10.0
Volume	13.3	-7.1	-18.2	49.4	-14.9	29.0	8.8	-8.8	11.4
Unit value	1.0	-0.9	-5.2	-21.2	-6.6	10.6	-2.7	4.9	-1.3
Terms of trade	5.6	-12.9	-4.3	56.1	-14.4	-35.1	36.9	9.8	4.5
Indexes (1980 = 100)									
Purchasing power of exports	97.7	97.6	84.4	115.4	111.6	173.2	216.7	237.9	315.7
Volume of exports	92.5	106.1	95.8	84.0	94.9	227.0	207.5	207.5	263.5
Volume of imports	113.3	105.2	86.0	128.5	109.4	141.1	153.5	140.0	155.9
Terms of trade FOB/CIF	105.6	92.0	88.1	137.5	117.6	76.3	104.4	114.7	119.8

Source: ECLAC, on the basis of official figures. As from 1986 onward, these figures include unregistered external trade (Central Bank and ECLAC estimates), they differ from those given in tables 11 and 16.

^a Preliminary figures.

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Table 13
PARAGUAY; OFFICIAL EXCHANGE RATES
(Guaraníes per dollar at the end of each period)

	1983	1984	1985	1986	1987	1988	1989			
							II	III	IV	
Exports of goods	160	228	320	483	550	550	1 007	1 146	1 248	1 209
Imports of goods										
Public sector	144	170	242	240	240	320	1 007	1 146	1 248	1 209
Private sector	147	313	515	626	886	928	1 007	1 146	1 248	1 209
Consumer goods										
Staple goods										
Wheat	143	240	240	240	240	320	1 007	1 146	1 248	1 209
Other	342	382	648	626	886	928	1 007	1 146	1 248	1 209
Intermediate goods										
Petroleum and petroleum products	143	240	240	400	400	400	1 007	1 146	1 248	1 209
Agricultural inputs	160	240	240	550	550	550	1 007	1 146	1 248	1 209
Capital goods	342	382	648	626	886	928	1 007	1 146	1 248	1 209
Factor services										
Public sector	126	160	160	240	320	360	1 007	1 146	1 248	1 209
Private sector										
State-guaranteed	126	160	160	240	320	360	1 007	1 146	1 248	1 209
Non-State-guaranteed	342	382	648	626	886	928	1 007	1 146	1 248	1 209
Capital account										
Public sector	126	160	160	240	320	360	1 007	1 146	1 248	1 209
Private sector										
State-guaranteed	126	160	160	240	320	360	1 007	1 146	1 248	1 209
Non-State-guaranteed										
Transactions of binational entities	342	382	648	626	886	928	1 007	1 146	1 248	1 209
Parallel market	143	240	240	240	240	320	1 007	1 146	1 248	1 209
Source: ECIAC, on the basis of official data.	342	382	648	626	886	928	1 007	1 146	1 248	1 209

Table 14
PARAGUAY: EXCHANGE RATES
(Annual and quarterly averages)

	Exchange rates (guaraníes per dollar)			Indexes of the real effective exchange rate' (1985 = 100)			
	Official		Parallel ⁰	Official		Parallel	
	Exports	Imports ^c		Exports	Imports	Exports	Imports
1970-1979				121.9	93.8	66.6 ^e	68.3 ^e
1980-1989				122.1	94.7	85.6 ^f	80.8 ^f
1980	126	126	135	107.6	87.8	59.5	60.2
1981	126	126	149	87.4	72.3	53.3	54.7
1982	142	137	203	87.3	67.2	64.3	63.7
1983	158	146	316	79.2	58.9	81.7	81.6
1984	222	245	383	92.0	82.3	81.8	82.3
1985	312	387	605	100.0	100.0	100.0	100.0
1986	388	474	701	112.6	98.5	104.9	93.1
1987	606	624	800	161.9	115.4	110.2	94.6
1988	717	728	928	170.8	119.0	114.4	97.1
1989	1123	1096		221.8	145.4		
1987							
I	565	569	715	158.3	110.3	103.3	88.6
II	569	595	783	158.5	115.2	112.5	97.0
III	620	628	818	163.0	114.9	110.9	95.8
IV	669	705	882	167.8	121.0	114.1	96.9
1988							
I	631	678	890	155.3	114.0	113.0	95.7
II	667	718	890	168.8	124.0	116.2	98.3
III	754	701	930	173.5	111.3	110.4	94.4
IV	814	815	1003	185.6	126.8	118.0	99.8
1989							
I»	965	856		215.2	133.9		
II	1077	1077		211.0	141.2		
III	1251	1251		230.5	154.3		
IV	1200	1200		230.6	152.3		

Source: ECLAC, on the basis of data supplied by the Central Bank of Paraguay and the International Monetary Fund.

^a 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. ^b As from 1982 the average exchange rate was used. ^c As from 1982 the average exchange rate for imports authorized by the Central Bank was used. Selling rate. ^e Average for 1973-1979. ^f Average for 1980-1988. ^g As from March 1989 relates to the free floating exchange rate.

Table 15
**PARAGUAY: EVOLUTION OF THE EXTERNAL PRICES
 OF THE MAIN EXPORT PRODUCTS**
(Indexes 1980=100)

	Soya beans*		Soya oil ^c		Cotton ^d		Wood ^e	
	Nominal	Real ^f	Nominal	Real ^b	Nominal	Real ^b	Nominal	Real ^f
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	89.1	74.7	80.4	77.3	83.4	87.3	94.0
1983	95.3	106.1	88.1	98.1	90.0	100.2	83.1	92.5
1984	95.3	108.9	121.1	138.4	85.3	97.5	78.7	89.9
1985	76.0	87.2	95.7	109.7	65.6	75.2	77.7	89.1
1986	70.3	70.0	57.4	57.1	56.1	55.8	87.6	87.2
1987	73.0	64.9	69.0	61.4	80.8	71.9	107.7	95.8
I	67.5	62.8	62.9	58.6	69.3	64.5	102.0	95.0
II	77.7	71.2	74.1	67.9	87.4	80.0	106.3	97.3
III	74.8	68.6	81.2	74.4	86.3	79.1	109.4	100.3
IV	81.4	70.9	80.5	70.1	75.3	65.6	115.3	100.4
1988	102.7	85.8	77.5	64.7	67.3	56.2	114.1	95.2
I	86.2	73.9	68.9	59.1	73.2	62.8	114.6	98.3
II	102.3	84.1	77.5	63.7	70.1	57.7	116.5	95.8
III	115.7	97.9	89.9	76.1	61.9	52.4	108.8	92.0
IV	105.8	85.7	73.8	59.8	64.1	52.0	116.4	94.4
1989	92.9	77.8	72.3	60.5	80.6	67.5	119.0	99.9
I	105.7	87.4	70.9	58.7	69.0	57.1	113.8	94.1
II	99.7	84.3	76.1	64.4			113.9	96.4
III	83.9	70.9	70.3	59.4	88.0	74.4	119.1	100.7
IV ^f	82.5	67.8	71.4	58.8	87.2	71.7	125.7	103.3

Source: ECLAC, on the basis of UHCTAD, *Monthly Commodity Price Bulletin*, various volumes, and the International Monetary Fund.

^a United States, No. 2, yellow, CIF, Rotterdam. ^b All origins, raw oil, FOB, ex-works, Netherlands. ^c Mexican medium grade, CIF, Northern Europe. ^d Tropical, wholesale price, United Kingdom. ^e The nominal prices were deflated by the export prices of the industrialized countries. ^f The real values were deflated by the index of export prices for the month of October.

Table 16
PARAGUAY: REGISTERED IMPORTS OF GOODS, FOB

	Millions of dollars				Percentage breakdown		Growth rates			
	1986	1987	1988	1989 ^b	1980	1989 ^b	1986	1987	1988	1989 ^b
Total	509	517	494	613	100.0	100.0	15.2	1.6	-4.5	24.0
Consumer goods	133	134	159	165	29.4	26.9	12.6	0.9	18.8	3.8
Non-durable	100	99	127	132	22.8	21.5	2.4	-0.4	27.8	4.0
Foodstuffs	17	9	12	19	4.6	3.1	-14.1	-47.3	33.8	58.3
Beverages and tobacco	34	42	50	42	7.7	6.9	35.5	22.6	20.1	-16.0
Other ^f	49	49	65	71	10.5	11.6	-7.1	-	33.2	9.4
Durable ^d	33	34	32	33	6.6	5.4	61.0	4.7	-7.0	3.1
Automobiles	11	16	19	20	3.5	3.3	14.8	45.1	18.1	5.3
Electric appliances	22	18	13	13	3.1	2.1	102.4	-15.9	-29.0	-
Intermediate goods	142	140	124	134	32.3	21.9	-6.5	-1.4	-11.5	7.8
Fuels and lubricants	97	103	92	105	25.1	17.1	-15.4	6.0	-10.5	14.1
Other ^e	45	38	32	29	7.2	4.7	20.6	-17.1	-14.2	-10.3
Capital goods	195	198	162	255	38.3	41.6	40.6	1.5	-18.3	57.4
Machinery, equipment and motors	164	152	113	198	15.5	32.3	60.8	-7.1	-25.6	75.2
Transport equipment and accessories	20	32	33	38	14.5	6.2	-6.1	62.4	4.7	14.2
Other ^g	12	14	16	19	2.7	3.1	-25.6	18.3	9.0	20.9
Unclassified	39	45	49	59	5.6	9.6	17.5	15.2	8.5	20.4

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

^a 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. ^c Includes paper, cardboard and products thereof, pharmaceuticals and chemicals and textiles and textile manufactures. Includes jeeps and pickups. ^e 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. ^f Excludes automobiles, jeeps and pickups. ^g Includes agricultural implements and accessories, hardware and live cattle.

Table 17
PARAGUAY: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-378	-253	-325	-231	-369	-223	-34	183
Trade balance	-445	-245	-289	-178	-210	-72	30	189
Exports of goods and services	617	464	772	1088	792	956	1118	1399
Goods FOB	396	326	361	324	573	704	832	1097
Real services	220	138	411	764	218	252	286	302
Transport and insurance	2	2	2	8	3	3	19	21
Travel	59	49	96	105	148	121	114	100
Imports of goods and services	1062	709	1061	1266	1002	1029	1088	1210
Goods FOB	711	551	649	516	736	779	744	819
Real services	350	157	412	750	266	250	343	391
Transport and insurance	106	75	98	72	145	158	204	226
Travel	42	44	44	47	48	51	59	75
Factor services	65	-9	-38	-55	-160	-152	-67	-7
Profits	-13	-39	-49	-49	-79	-74	-14	36
Interest received	122	63	70	79	58	18	64	4
Interest paid	-83	-66	-78	-90	-146	-118	-137 ^c	-126 ^d
Labour and ownership	39	33	19	5	8	22	20	33
Unrequited private transfer payments	2	1	2	2	1	2	2	1
Balance on capital account	316	200	311	122	241	260	-103	24
Unrequited official transfer payments	4	5	7	6	10	25	33	14
Long-term capital	265	289	219	121	212	20	-2	91
Direct investment	37	5	5	1	32	14	11	
Portfolio investment	-8	3	-	8	-	-	-	-
Other long-term capital	236	281	214	112	181	7	-13	91
Official sector ^e	60	139	127	109	137	-19		64
Loans received	83	162	150	137	185	52	121 ^f	211 ^g
Amortization payments	-22	-23	-23	-28	-48	-71	-104 ^h	-147 ⁱ
Commercial banks ^e	11	7	32	15	6	17	-11	26
Loans received	16	10	40	20	14	22	2	59
Amortization payments	-6	-3	-9	-5	-8	-6	-13	-33
Other sectors ^e	165	135	55	-11	37	9	-19	
Loans received	217	168	109	59	102	118	77	
Amortization payments	-52	-33	-53	-71	-64	-109	-96	
Short-term capital	73	-2	67	-54	-3	141	7	88
Official sector	10	23	97	-48	-37	6		
Commercial banks	1	15	-5	14	-21	-16		
Other sectors	62	-40	-26	-20	55	151		
Errors and omissions (net)	-26	-92	18	49	21	73	-141	-169
Global balance ^j	-62	-53	-14	-109	-128	37	-137	206
Total variation in reserves (- sign indicates an increase)	65	56	17	135	87	-50	135	-212
Monetary gold	-	-	-	-	-	-	-	-
Special Drawing Rights	-9	-6	-3	-8	-9	-12	-	-
IMF reserve position	-1	-3	2	-3	4	3	-	-
Foreign exchange assets	77	68	13	145	92	-41	-	-
Other assets	-2	-3	4	1	-	-	-	-
Use of IMF credit	-	-	-	-	-	-	-	-

Source: 1982-1986, ECLAC, on the basis of data supplied by the International Monetary Fund. 1987-1989, ECLAC, on the basis of data supplied by the Central Bank of Paraguay.

Note: In 1984 and 1985, the figures shown against "Real services" include trade in "Goods" (exports and imports) which was covered by the real services account maintained by the Central Bank of Paraguay.

* Preliminary figures. Includes other factor services. ^e Includes US\$202 million in unpaid interest. ^d Includes US\$40.5 million in unpaid interest. ^c Includes net loans granted and other assets and liabilities. Includes US\$32.9 and US\$202 million in arrears in external debt servicing (amortization and interest payments, respectively). * Includes US\$121.2 and US\$40.5 million in arrears in external debt servicing (amortization and interest payments, respectively), and interest on overdue payments. Includes US\$32.9 million in arrears in external debt servicing. ^f Includes US\$1212 million in arrears in external debt servicing. ^j Equals total variation in reserves (of opposite sign) plus counterpart items.

Table 18
PARAGUAY: TOURISM INDICATORS

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Number of tourists (thousands) ^{b c}	302.1	267.1	178.4	147.8	292.0	262.7	370.7	303.2	284.2	278.7
from:										
Argentina	132.6	122.5	56.9	47.1	141.3	107.2	155.7	116.2	109.6	114.0
Brazil	104.8	92.1	93.8	70.3	97.6	93.4	124.5	67.0	67.9	71.3
United States	3.3	4.3	3.9	3.5	7.5	6.2	7.8	10.1	8.8	8.8
Japan	3.9	2.5	10	19	2.7	2.8	3.4	4.9	4.4	3.7
Uruguay	3.9	7.5	5.4	3.1	10.2	4.6	18.4	25.3	19.9	15.3
Other countries	53.6	38.2	17.9	22.1	32.7	40.9	60.9	79.7	73.6	65.5
Average stay (days)	3.3	3.3	3.3	3.3	3.0	3.0	3.0	4.7	4.7	4.7
Average expenditure (dollars)*	300	300	330	332	330	399	400	400	400	400
Total expenditure (millions of dollars) ^d	90.7	80.2	59.0	49.0	96.3	105.0	148.3	121.3	113.7	111.5 ^e
Number of rooms	2 750	2 769	3 076	3 177	3 280	3 302	3 892	4 159	4 383	4 569
Number of beds	6 329	6 243	6 806	6 985	6 938	7 075	8 206	9 219	9 646	10 025
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	405.5
Of beds	43.2	38.7	23.7	19.1	34.6	30.5	32.0	28.1	29.8	27.0

Source: ECIAC, on the basis of data supplied by the Department of Tourism, Ministry of Public Works and Communications and the Central Bank.

^a Preliminary figures. The total number of tourists is calculated on the basis of tourist cards, and includes only persons over 12 years of age. ^b The distribution of the tourists by country of origin is calculated on the basis of hotels registers. For 1972, the distribution refers to the nationality of the tourists; subsequently, it refers to their last point of departure. ^c From balance-of-payments data. ^d Estimate by the Department of Tourism. Refers to hotels, motels, hostels and boarding houses regarded by the Department of Tourism as being of "tourist level".

Table 19
PARAGUAY: DIRECT EFFECTS OF THE ITAIPU AND YACYRETA BINATIONAL ENTITIES ON THE BALANCE OF PAYMENTS^a
(Millions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Current account^c									
Total	-377	-378	-253	-262	-167	-369	-223	-34	191
Binational entities	212	150	144	85	44	44	66	28	88
Itaipú	139	126	127	61	37	27	30	13	45
Yacyretá	73	24	17	24	7	17	36	15	43
Remainder	-589	-528	-397	-347	-211	-413	-289	-62	103
Capital account									
Total	420	316	200	248	58	241	260	-103	16
Binational entities	237	184	160	112	70	45	79	64	88
Itaipú	159	159	143	87	55	27	30	24	45
Yacyretá	78	25	17	25	15	18	49	40	43
Remainder	183	132	40	136	-12	196	181	-167	-72
Global balance									
Total	43	-62	-53	-14	-109	-128	37	-137	207
Binational entities	449	338	304	197	114	89	145	92	176
Itaipú	298	289	270	148	92	54	60	37	90
Yacyretá	151	49	34	49	22	35	85	55	86
Remainder	-406	-400	-357	-211	-223	-217	-108	-229	31
International reserves									
Total	810	687	684	669	578	427	477	342	554
Binational entities ^c	1667	2 001	2 305	2 502	2 616	2 705	2 850	2 942	3 118
Itaipú	1285	1570	1840	1988	2 080	2 134	2 194	2 231	2 321
Yacyretá	382	431	465	514	536	571	656	711	797
Remainder	-857	-1314	-1621	-1833	-2 038	-2 278	-2373	-2 600	-2 564

Source: ECIAC, on the basis of data supplied by the Central Bank of Paraguay.

^a 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 Itaipú 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 17), the original source of which is the Central Bank of Paraguay. Preliminary figures. ^c As from May 1984, a new series on external trade in goods and non-factor services was prepared. See note b of table 17. Equals gross international assets of the Central Bank of Paraguay. ^e Shows the accumulated effects on the global balance of payments.

Table 20
PARAGUAY: TOTAL EXTERNAL INDEBTEDNESS
(Millions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Gross disbursed external debt	948	1203	1469	1654	1772	1855	2 043	2 002	2 027 ^e
Public sector	797	1030	1298	1503	1627	1825	2 010	1969	1995
Non-financial	670	868	1116	1291	1396	1598	1757		
Central government	317	369	502	621	749	886	979	997	686
State enterprises	353	499	614	670	647	712	778	97 ^f	1100
Financial	127	162	182	212	231	227	253		209
Private sector	151	173	171	151	145	30	33	33	32
Gross external debt service ^e	169	163	125	146	184	350	426	336	251 ^f
Principal	87	80	59	85	104	172	268	199	139
Interest	82	83	66	61	80	178	159	137	112
As a percentage of exports ^g									
Gross disbursed external debt	170.8	195.0	316.6	214.2	162.9	234.2	213.7	179.1	144.9
External debt service	30.5	26.4	26.9	18.9	16.9	44.2	44.6	30.1	17.9
Principal	15.7	13.0	12.7	11.0	9.5	21.7	28.0	17.8	9.9
Interest	14.8	13.5	14.2	7.9	7.4	22.5	16.6	12.3	8.0

Source: ECLAC, on the basis of data supplied by the Central Bank of Paraguay and the International Monetary Fund.

^a Preliminary figures. ^b Medium- and long-term public and State-guaranteed private debt; end-year balances; does not include interest on arrears of payment. ^c Includes the equivalent of US\$121 million in exchange rate adjustments in respect of conversion of other currencies. ^d Includes the financial public sector. ^e Refers to debt service due and not to that actually paid. ^f Mature debts with the Bank of Brazil were refinanced. ^g Refers to exports of non-factor goods and services.

Table 21
PARAGUAY: DOMESTIC PRICE TRENDS

	1982	1983	1984	1985	1986	1987	1988	1989
n between annual averages								
Consumer price index ^a	6.8	13.5	20.3	25.2	31.7	21.8	23.0	26.0
Food	3.5	17.1	28.9	27.6	43.5	23.9	23.8	20.4
Housing	8.4	3.6	7.0	17.4	13.8	19.0	19.8	33.8
Clothing	6.0	20.8	26.7	32.8	32.8	18.0	21.8	24.6
Miscellaneous expenses	9.4	17.2	20.0	26.3	13.8	21.9	24.5	30.0
Wholesale price index	3.5	32.9	28.3	23.4	45.1	11.9	27.1	21.9
Agricultural products	3.5	39.7	18.6	12.8	64.0	-1.1	35.3	18.0
Index of implicit prices of the gross domestic product ^c	5.2	14.4	27.0	25.2	31.6	30.3	29.5	
Variation from December to December								
Consumer price index ^a	8.9	14.1	29.8	23.1	24.1	32.0	16.9	28.7
Food	5.4	19.4	42.5	22.3	34.9	42.3	9.8	22.4
Housing	6.4	2.7	15.9	13.0	11.7	22.0	24.6	35.7
Clothing	15.5	20.9	32.2	34.9	21.7	22.1	19.9	29.8
Miscellaneous expenses	14.0	17.0	25.4	28.5	19.4	26.8	23.3	32.8
Wholesale price index	-6.8	32.9	43.8	16.3	28.1	19.7	33.7	26.1
Agricultural products	•15.7	39.7	39.1	9.5	28.8	12.6	52.6	20.0

Source: Central Bank of Paraguay.

^a Base year: 1980.

^b Base year: 1972.

^c At market prices. Base year: 1982.

Table 22
PARAGUAY: WAGE TRENDS

	Indexes (1980 = 100)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Nominal								
Wages of manual workers in Asunción								
General	235.4	322.1	426.8	567.8	26.0	36.8	32.5	33.0
Manufacturing	238.2	327.3	443.2	555.3	28.2	37.4	35.4	25.3
Construction	257.7	379.1	519.6	650.2	33.1	47.1	37.0	25.1
Electricity, gas and water	268.2	375.2	463.1	695.3	21.4	39.9	23.4	50.1
Transport, storage and communications	211.8	278.7	353.8	534.1	20.7	31.6	26.9	51.0
Commerce	268.5	382.6	528.0	652.0	32.8	42.5	38.0	23.5
Other services	304.1	433.8	589.3	735.2	31.6	42.6	35.8	24.8
Average agricultural daily wages								
With meals	205.8	287.5			29.7	39.7		
Without meals	189.8	282.6			33.7	48.9		
Minimum legal wages								
Asunción and Puerto Stroessner	297.2	409.7	556.3	705.8	43.7	37.8	35.8	26.9
Other cities	296.5	408.6			43.7	37.8		
Agriculture	295.1	406.7	551.0		43.7	37.8	35.5	
Real¹								
Wages of manual workers in Asunción								
General	85.9	96.5	103.9	109.8	•4.4	12.3	7.7	5.6
Manufacturing	86.9	98.1	107.9	107.4	•2.7	12.8	10.1	-0.5
Construction	94.0	113.6	126.5	125.7	1.0	20.8	11.4	-0.7
Electricity, gas and water	97.9	112.4	112.8	134.4	•7.9	14.9	0.3	19.2
Transport, storage and communications	77.3	83.5	86.2	103.3	•8.4	8.0	3.2	19.9
Commerce	98.0	114.6	128.6	126.1	0.8	17.0	12.2	-1.9
Other services	111.0	130.0	143.5	142.1	•0.1	17.1	10.4	-1.0
Average agricultural daily wages								
With meals	75.1	86.1			•1.6	14.7		
Without meals	69.3	84.7			1.5	22.2		
Minimum legal wages								
Asunción and Puerto Stroessner	108.3	122.6	135.2	136.5	8.7	13.2	10.3	1.0
Other cities	108.2	122.4			9.1	13.1		
Agriculture	107.7	121.8	134.2		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.

¹ Preliminary figures. ² Average for June and December. ³ The nominal values were deflated by the consumer price index.

Table 23
PARAGUAY: CENTRAL GOVERNMENT FINANCIAL OPERATIONS

	Billions of guaraníes				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Current income	143.1	202.4	263.5	456.6	29.8	41.5	30.2	73.3
Tax revenue	122.5	174.6	227.5	396.8	29.8	42.5	30.3	74.4
Direct taxes	29.0	44.6	53.1		28.1	53.9	19.1	
On income	20.7	34.9	41.7		31.2	68.1	19.7	
On capital	8.2	9.7	11.4		20.8	18.3	17.3	
Indirect taxes	64.5	89.2	115.1		33.0	38.3	29.0	
On external trade	22.9	32.6	42.5		29.7	42.2	30.5	
Imports	22.0	30.8	40.4		32.0	40.1	31.1	
Exports	0.9	1.8	2.1		-8.9	93.0	19.2	
On domestic commerce	41.6	56.6	72.6		34.9	36.1	28.2	
Other	29.0	40.8	59.3		24.7	40.6	45.3	
Non-tax income	20.5	27.8	36.0	59.8	29.6	35.2	29.6	66.1
Current expenditure	119.8	160.8	196.7	360.8	22.7	34.3	22.3	83.4
Consumption	65.5	95.2	110.9	185.1	8.6	45.3	16.5	66.9
Wages and salaries	47.1	63.8	79.0	141.2	15.4	35.5	23.8	78.7
Goods and non-personal services	18.4	31.4	31.9	43.9	27.8	70.7	1.6	37.6
Interest payments	9.7	19.9	23.7	39.5	44.8	105.2	19.0	66.8
Transfers	29.2	34.5	42.6	94.4	12.6	18.3	23.5	121.5
To the private sector	21.3	26.2	30.9	56.5	2.4	23.0	18.0	82.8
To the public sector	7.9	8.3	11.7	37.9	60.4	5.6	41.0	223.9
Other	15.4	11.2	19.5	41.9	100.0	-27.3	74.1	114.9
Saving	233	41.6	66.8	95.8	84.3	78.4	60.7	43.4
Capital income	0.8	-	0.1	1.6	34.5	-100	-	1180.0
Capital expenditure	13.4	43.6	42.9	41.2	-61.4	225.4	-1.6	-4.0
Capital formation	10.7	27.7	39.8	34.3	-64.1	159.8	43.7	-13.8
Transfers								
To the public sector	2.7	3.3	1.6	3.3	105.8	23.3	-51.5	106.2
Other	3.1	12.6	1.5	3.6	-	306.5	-88.1	140.0
Total expenditure	133.2	204.4	239.6	402.0	0.7	53.5	17.2	67.8
Global balance	10.7	-2.0	24.0	56.2	-150.0	-118.8	-1 292.9	133.8
					As a percentage of the global balance			
Financing (net)	-10.7	2.0	-24.0	-56.2	-100.0	-100.0	-100.0	-100.0
Domestic (net)	-13.2	-0.9	-11.5	-37.7	-123.4	44.7	-47.8	-67.1
Banks	6.5	9.7	12.6	-0.5	60.7	-481.4	52.4	-0.9
Central Bank	6.5	9.7	12.6	-0.5	60.7	-481.4	52.4	-0.9
Rest of banking system	-	-	-	-	-	-	-	-
Financial investment	-	-	-	-	-	-	-	-
Other ^b	10.1	15.8	17.8	103.2	94.4	-784.1	74.1	183.6
Variation in liquid assets	-29.8	-26.4	-41.9	-140.5	-278.5	1310.2	-174.3	-250.0
External (net)	2.5	2.9	-12.5	-18.5	23.1	-143.9	-52.1	-32.9
Disbursements	10.9	22.0	14.0	16.9	101.6	-1 091.8	58.2	30.1
Amortization payments	-8.4	-19.1	-26.5	-35.4	-78.5	947.9	-110.3	-63.0

Source: Ministry of Finance, Technical Secretariat for Planning, Budget Department, and International Monetary Fund.

^a Preliminary figures. Includes supplier credits, issue and amortization of bonds and amortization of commitments carried over from previous years.

Table 24
PARAGUAY: SUBSIDIES TO THE PUBLIC SECTOR

	Millions of guaraníes			Growth rates			As a percentage of GDP		
	1987	1988	1989	1987	1988	1989	1987	1988	1989
Exchange subsidy									
1. For servicing the external public debt	61446	42109	23 555	68.7	-31.5	-44.1	2.5	1.3	0.5
2. For imports by public institutions ^c	17 850	25 956	13 944	152.8	45.4	-46.3	0.7	0.8	0.3
3. Total (1+2)	79 296	68 065	37 499	82.4	-14.2	-44.9	3.2	2.1	0.8
Credit subsidy									
4. In respect of the rate of interest of the minimum portfolio	6 632	17 599	24 151	27.1	165.4	37.2	0.3	0.5	0.5
5. In respect of the rate of inflation ^e	13 610	8 836	25 831	9.0	-35.1	192.3	0.5	0.3	0.6
Total subsidy									
(3 + 4)	85 928	85 664	61650	76.5	-0.3	-28.0	3.4	2.6	1.3
(3 + 5)	92 906	76 901	63 330	66.0	-17.2	-17.6	3.7	2.4	1.4

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

^a 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 its external debt. ^c 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. 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. ^e 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 25
PARAGUAY: MONETARY BALANCE OF THE CENTRAL BANK OF PARAGUAY

	Year-end balances, in billions of guaraníes				Growth rates			
	1986	1987	1988	1989	1986	1987	1988	1989
I. Net international reserves (in millions of dollars)	132.8 397.5	212.2 437.3	248.2 304.1	500.1 426.8	17.6 -17.0	59.8 10.0	17.0 -30.5	101.5 40.4
II. Net domestic credit	130.6	148.7	179.0	80.8	66.8	13.9	20.4	-54.9
1. Non-financial public sector	57.0	80.2	85.5	-30.3	22.1	40.7	6.6	-135.4
a. Central government	26.9	26.7	11.6	-51.9	10.7	-0.7	-56.6	-547.4
Credits	40.4	50.1	60.7	58.1	21.0	24.0	21.2	-4.3
Deposits	13.5	23.4	49.1	110.0	48.4	73.3	109.8	124.0
b. Public entities ^a	30.1	53.5	73.9	21.6	34.4	77.7	38.1	-70.8
Credits	37.9	64.7	89.8	94.1	27.2	70.7	38.8	4.8
Deposits	7.8	11.2	15.9	72.5	5.4	43.6	42.0	356.0
2. Banking sector	73.6	68.5	93.5	111.1	132.9	-6.9	36.5	18.8
a. National Development Bank	22.2	22.6	30.3	45.8	94.7	1.8	34.1	51.2
b. Private commercial banks	51.3	45.9	63.2	65.3	154.0	-10.5	37.7	3.3
III. Capital and reserves	21.2	24.3	35.1	31.9	9.8	14.6	44.4	-9.1
IV. Other net assets and liabilities	-41.1	-49.6	-37.7	-98.3	44.7	20.7	-24.0	160.7
Assets	29.8	38.4	41.5	161.3	20.6	28.9	8.1	288.7
Liabilities	70.9	88.0	79.2	259.6	33.5	24.1	-10.0	227.8
V. Monetary base (I + II-III + IV)	201.2	286.9	354.4	450.7	40.1	42.6	23.5	27.2
1. Notes and coins issued	92.1	128.3	159.3	229.9	32.3	39.3	24.2	44.3
In banks	7.6	8.7	10.2	13.7	8.6	14.5	17.2	34.3
Outside banks	84.5	119.6	149.1	216.2	35.0	41.5	24.7	45.0
2. Deposits in the								
Central Bank of Paraguay	109.1	158.6	195.0	220.8	47.4	45.4	23.0	13.2
Legal cash reserve	93.5	144.3	181.0	215.3	32.6	54.3	25.4	19.0
Bank deposits	15.6	14.3	14.0	5.5	345.7	-8.3	-2.1	-60.7

Source: ECLAC, on the basis of official figures supplied by the Central Bank of Paraguay.

^a Includes the Livestock Fund.

Table 26
PARAGUAY: FACTORS OF VARIATION OF THE MONETARY BASE
(Annual flows in billions of guaraníes)

	1984	1985	1986	1987	1988	1989
I. Effective variation, in national currency, of net international reserves ^a	-19.9	-8.9	-27.3	19.3	-108.7	143.8
(Variation in millions of dollars)	-108.5	-37.7	-81.7	39.8	-133.2	122.7
(Average implicit exchange rate for net international reserves)	183.0	235.6	334.1	485.3	816.2	1171.7
II. Effective net domestic credit	43.6	36.5	99.5	78.2	174.9	9.9
A. Exchange rate effect ^c	24.2	27.2	47.2	60.1	144.6	108.1
B. Registered net domestic credit	19.4	9.3	52.3	18.1	30.3	-98.2
1. Central government	4.5	3.9	2.6	-0.2	-15.1	-63.5
2. Public entities	1.9	10.9	7.7	23.4	20.4	-52.3
3. Banking sector	13.0	-5.5	42.0	-5.1	25.0	17.6
III. Other	-1.0	-4.2	-14.6	-11.6	13	-57.4
Variation in the monetary base	22.7	23.4	57.6	85.8	67.5	96.3

Source: Central Bank of Paraguay.

^a Increase in dollars, valued at the average implicit exchange rate for the net international reserve at the end of each year.

^b Result of dividing the net international reserve balances in national currency of the Central Bank of Paraguay by the balances in dollars.

^c 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 27
**PARAGUAY: CREDIT PROGRAMME, SECTORAL ALLOCATION OF CREDIT TO
 THE PRIVATE SECTOR**

	Year-end balance in millions of guaraníes				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Commercial banks								
Total	160.7	203.5	260	374.8	36.7	26.7	27.8	44.2
Agriculture	58.5	67.6	92.5	128.8	211.5	15.6	36.8	39.2
Crop farming	53.5	58.2	81.1	112.9	346.8	8.9	39.3	39.2
Stock raising	5.0	9.4	11.4	15.9	-26.1	87.0	21.0	39.5
Industry	31.9	44.9	53.0	68.6	-8.5	40.9	18.0	29.4
Manufacturing	31.8	44.8	52.9	67.6	-8.5	41.0	18.0	27.8
Construction	0.1	0.1	0.1	1	32.2	4.7	24.5	900.0
Commerce (domestic)	50.6	64.6	86.2	120.6	15.3	27.7	33.4	39.9
Exports	14.2	17.8	15.9	40	-5.8	24.9	-10.5	151.6
Other	5.5	8.6	12.4	16.8	10.9	57.7	44.2	35.5
National Development Bank								
Total	64.0	74.0	89.1	120.1	38.1	15.5	20.5	34.8
Agriculture	50.7	59.6	69.4	94.9	42.1	17.5	16.5	36.7
Crop farming	49.0	57.7	67	91.7	42.7	17.7	16.1	36.9
Stock raising	1.7	1.9	2.4	3.2	27.7	10.7	29.2	33.3
Industry	9.4	11.6	14	20.7	18.4	23.5	20.2	47.9
Manufacturing	9.4	11.6	14	20.7	18.4	23.5	20.2	47.9
Construction	-	-	-	-	-	-	-	-
Commerce (domestic)	3.3	2.1	5.2	4.1	56.1	-35.8	148.0	-21.2
Exports	0.4	0.4	0.1	-	7.1	22.1	-76.8	-
Other	0.3	0.2	0.4	0.4	-9.1	-19.8	75.9	-
Total								
Total ^b	267.1	333.2	422.3	594.3	49.3	24.7	26.7	40.7
Agriculture	125.1	146.7	188.2	262.5	80.3	17.3	28.3	39.5
Crop farming	102.6	116.0	148.1	204.6	121.0	13.1	27.6	38.1
Stock raising	22.5	30.7	40.1	57.9	-2.1	36.4	30.7	44.4
Industry	67.8	92.8	113.9	149.9	58.1	36.8	22.8	31.6
Manufacturing	41.4	56.6	66.9	88.3	-3.5	36.8	18.1	32.0
Construction	26.4	36.1	47	61.6		36.7	30.0	31.1
Commerce (domestic)	53.9	66.7	91.4	124.7	17.1	23.8	37.0	36.4
Exports	14.6	18.2	16	40	-5.5	24.8	-12.1	150.0
Other	5.7	8.8	12.8	17.2	9.6	54.2	45.4	34.4

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

^a Preliminary figures.

Includes the Livestock Fund

Includes the savings and loan system for housing.

Table 28
PARAGUAY: MONETARY BALANCE

	End-year balances (millions of ' guaraníes)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Monetary base	201 113	286 885	354 300	450 700	40.1	42.6	23.5	27.2
Money (Mi)	151 918	233 297	313 700	425 100	27.8	53.6	34.5	35.5
Currency outside banks	84 475	119 565	149 094	216 192	34.9	41.5	24.7	45.0
Demand deposits	67 443	113 732	164 578	208 900	19.9	68.6	44.7	26.9
Factors of expansion (net)	331 489	450 534	542 359	869 900	27.6	35.9	20.4	60.4
International reserves (net)	140 583	225 124	263 479	655 400	23.7	60.1	17.0	148.7
Other net external operations	-19 108	-20 082	-19 774	-29 500	14.8	5.1	-1.5	49.2
Domestic credit (net)	210 014	245 492	298 654	245 000	28.9	16.9	21.7	-18.0
Public sector	54 394	77 066	76 699	-46 600	22.0	41.7	-0.5	-160.8
Central government	26 937	26 666	11 625	-5 190	10.5	-1.0	-56.4	-546.5
Credits	40 396	50 101	60 684	58 100	20.7	24.0	21.1	-4.3
Deposits	13 459	23 435	49 059	110 000	48.1	74.1	109.3	124.2
Rest of public sector	27 457	50 400	65 074	6 300	36.0	83.6	29.1	-90.3
Credits	35 211	61 591	80 946	78 800	27.6	74.9	31.4	-2.7
Deposits	7 754	11 191	15 872	72 500	4.7	44.3	41.8	356.8
Private sector	224 406	276 494	349 916	494 300	37.3	23.2	26.6	41.3
Other items (net)	-68 786	-108 068	-127 961	-203 700	52.4	57.1	18.4	59.2
Quasi-money (M2)	179 571	217 237	228 687	444 800	27.3	21.0	5.3	94.5
In national currency	164 867	200 628	210 707	266 400	24.4	21.7	5.0	26.4
Time deposits	134 393	173 210	182 959	239 400	28.0	28.9	5.6	30.8
Other deposits	30 474	27 418	27 748	27 000	10.8	-10.0	1.2	-2.7
In foreign currency	14 704	16 609	17 980	178 400	73.0	13.0	8.3	892.2
Percentages								
Monetary multipliers								
Mi/Monetary base	75.5	81.3	88.5	94.3				
M2/Monetary base	164.8	157.0	153.1	193.0				
Coefficients of liquidity ^c								
M1/GDP		7.8	8.4	7.9				
M2/GDP		16.4	15.5	14.4				

Source: Central Bank of Paraguay.

³ Preliminary figures. ^a Equals share of foreign-currency quasi-money in M2. Calculated on the basis of the average monthly balances of Mi and M2.

PERU

The domestic recession which had hit the Peruvian economy the year before increased in severity in 1989 (-11%), bringing down the per capita product to a level 25% below that recorded at the start of the 1980s and prompting a further decrease in gross national income. At the same time, the rate of price increases remained high throughout the year, with a 12-month inflation rate as of December of 2 800%, while real wages and salaries dropped to just half of their already low 1988 level.

The slowdown in economic activity led to a drop in imports and permitted the country to generate a larger supply of exportables. The result was such a sharp turnaround in the trade balance of goods and services that the country marked up a record surplus of US\$1.15 billion, whereas in 1988 it had registered a deficit of almost US\$510 million.

The jump in the variation between average annual price levels (from 670% to 3 500%) reduced the money supply by half in real terms as the monetary authorities pursued a policy aimed at curbing the expansion of the means of payment. This, in turn, resulted in a decrease in the tax burden as measured in terms of GDP and limited the public sector's possibilities of resorting to inflationary financing, thereby forcing it to make deep cuts in spending (see table 1 and figure 1).

Fiscal and financial imbalances and distortions in the system of relative prices, which had been a problem since 1986, were exacerbated by frequent changes in economic policy, the persistence of terrorism and the approach of Peru's presidential elections. The continued downturn in expectations was one of the factors that helped to perpetuate the high monthly inflation rates which had been generated by the September 1988 adjustment. In their turn, these rates, which fluctuated between 23% and 49%, reinforced the

recessionary process set in motion by the steep drop in domestic demand.

The failure to raise nominal wages and salaries enough to adjust them fully for inflation and the increase in unemployment caused total wages to plummet, resulting in a severe decrease in private consumption. Since public expenditure also decreased in real terms, total consumption shrank by around 16%. Both public and private gross capital formation fell even more, owing to the gloomy economic outlook, the tense social and political situation and the financial constraints affecting State enterprises.

The contraction of domestic demand was reflected in a marked decline in the volume of imports. At the same time, a significant upturn was seen in the volume of agricultural and mining exports and the country's exports of manufactures grew considerably, thanks to the fact that some of the domestic-market surpluses generated by the slump in internal demand were sold on external markets. The expansion in the volume of exports was accompanied by a slight rise in the prices brought by the Peru's main export products, but the terms of trade for goods nevertheless worsened somewhat due to an increase in the unit value of imports (see table 2).

Since the value of exports rose substantially while the value of imports plunged, the 1989 trade balance yielded a surplus, after having shown a deficit in each of the three preceding years. The deficit on current account was thus the smallest of the entire decade, even if the book value of the interest due on the external debt principal, which the country ceased to service in 1984, is included in the calculations.

The net outward transfer of resources was negative after having been positive during the previous three years, and the surplus of over US\$900 million recorded on the global external balance made it possible for Peru to build up

Figure 1

PERU: MAIN ECONOMIC INDICATORS

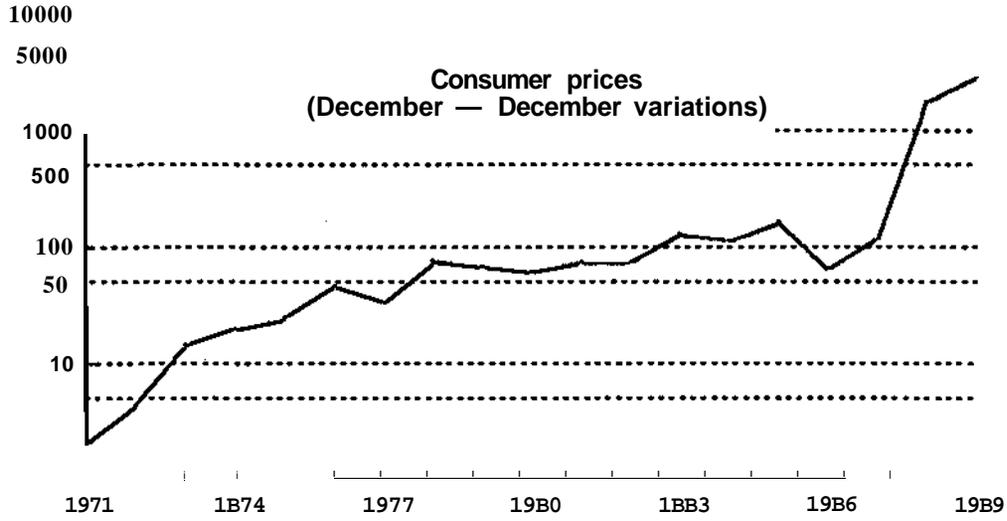
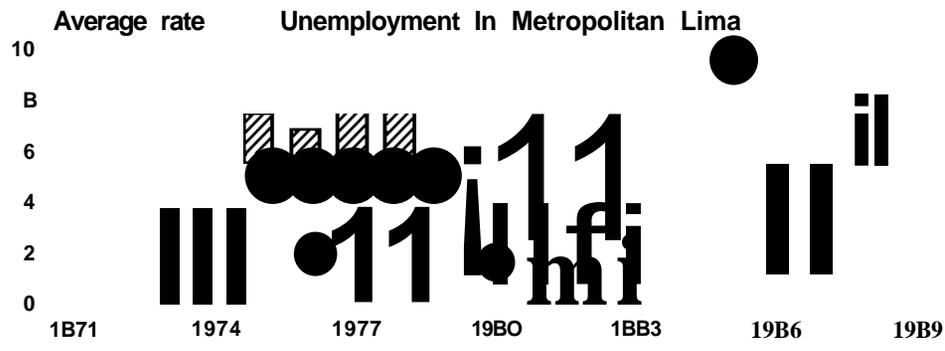
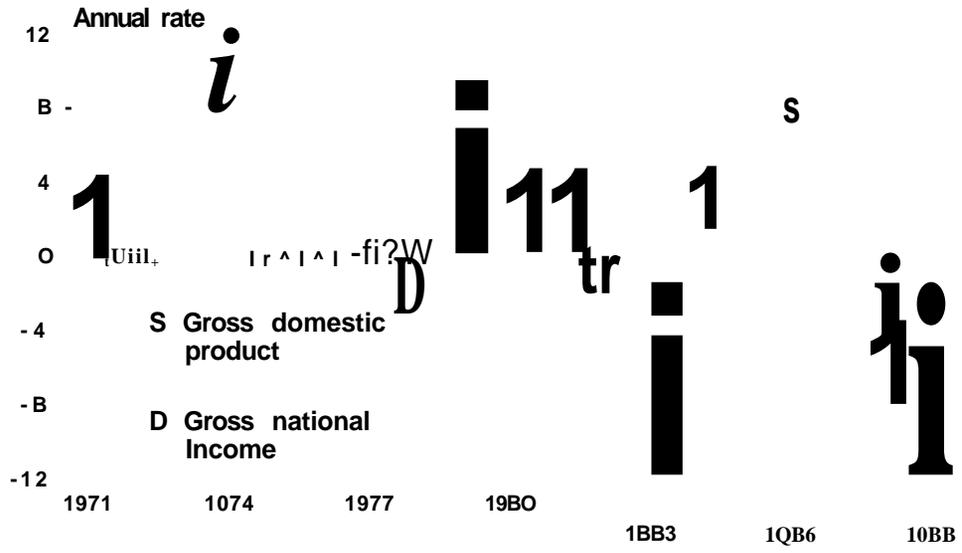
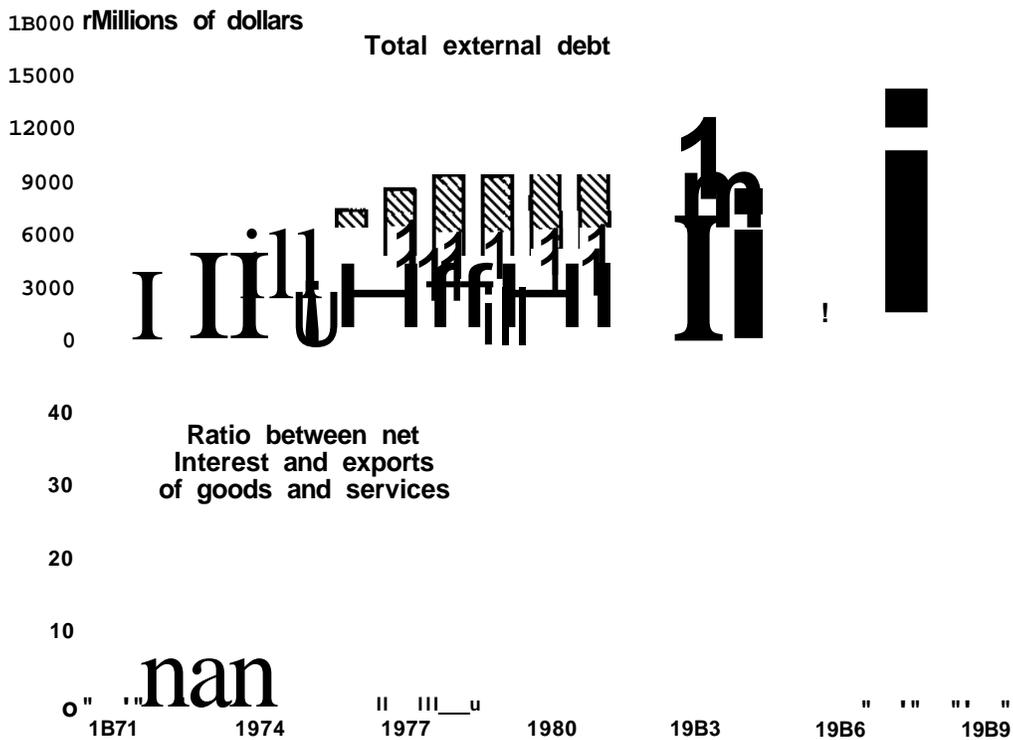
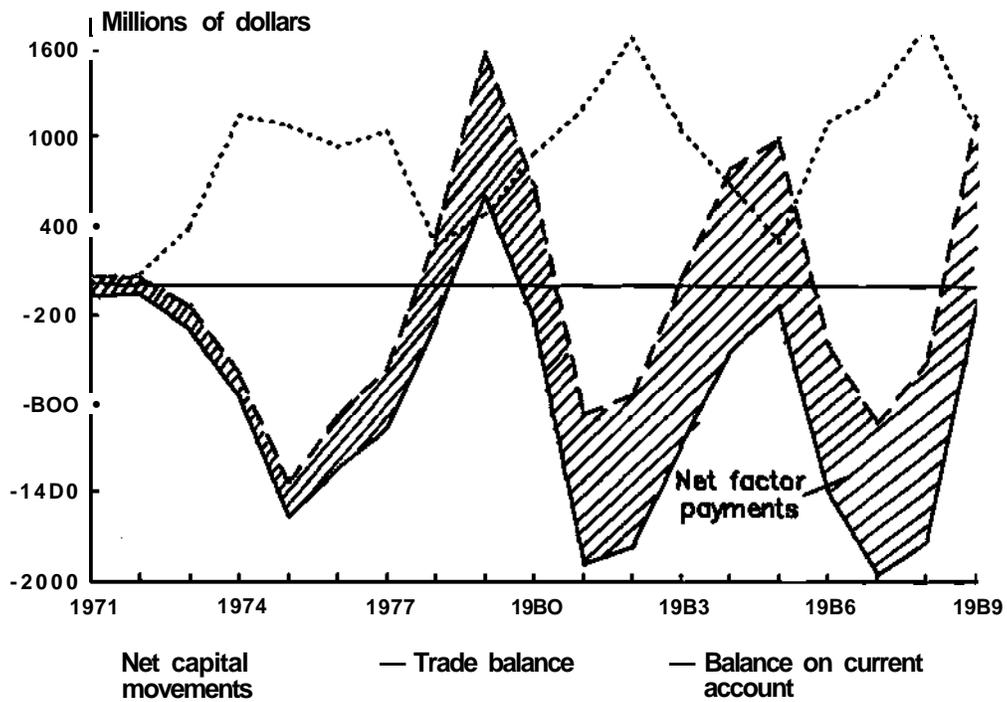


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

its net international reserves to more than US\$600 million.

The recession continued to have an especially strong effect on secondary sectors supplying the domestic market, whose level of activity appears to have touched bottom midway through the year, after which it began to show signs of a recovery during the final quarter. In 1989, however, the recession also spread to the agricultural sector, which was hurt by a dwindling supply of credit in real terms and by difficulties in obtaining imported inputs. The fishery sector was the only activity that continued to expand, although the mining sector did make a partial recovery thanks to the resumption of normal operations at the country's metal ore mines following a long strike in 1988.

The informal sector of the economy continued to expand. This led, both directly and indirectly, to a decrease in tax receipts, as well as heightening the distortions arising in the measurement of macroeconomic variables, production, employment, remunerations, external trade and exchange operations, etc., since these measurements cover only the formal sector.

The steep drop in production for the domestic market and the growth of the informal sector reduced the level of taxable corporate profits, while the speed-up in inflation further eroded tax revenues. The indexation of tax debts, which was instituted in order to mitigate the effect of delays in their collection, failed to prevent government income from falling below 5% of GDP. Since, in addition, the monetary base shrank in real terms, revenues from the so-called "inflation tax" also decreased sharply.

All of these factors forced the Government to cut its spending even further; nevertheless, the reduction was not large enough to prevent the Government's financial deficit from deepening. The non-financial public sector's deficit did diminish, however, thanks to the improved performance of public enterprises. These firms sharply cut back not only their wage bills and investment, even in restocking, but also their outlays for maintenance, which resulted in a deterioration in public services.

The acceleration of inflation dampened the demand for money, with the result that the ratio

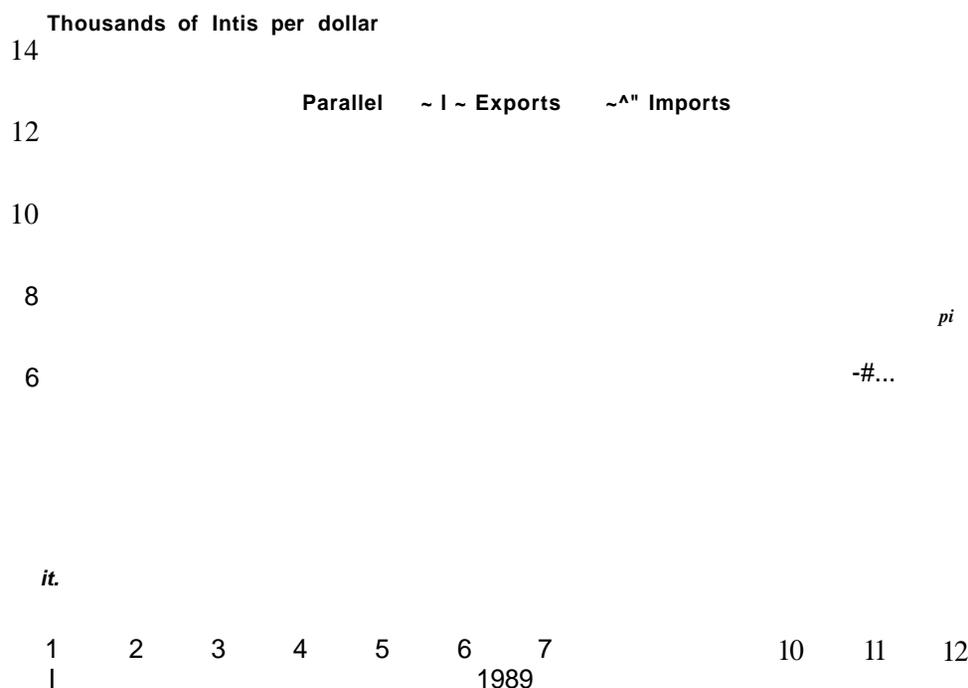
between M_1 and the GDP fell to just slightly more than one-half its 1988 level (from 10% to 5.5%). Additions to the money supply came chiefly from the increases in international reserves and in agricultural credit. Although the preference for hoarding foreign exchange continued, the temporary rise in real interest rates on deposits attracted small savers to the formal financial system, thereby prompting an increase in quasi-money in real terms. Nonetheless, as a reflection of the very limited coverage of the formal financial intermediation system, the ratio between total liquidity (M_2) and the gross domestic product was the lowest to be recorded in the 1980s.

This trend was related to the fact that the steps taken in September 1988 to correct what had by then become inordinately severe economic disequilibria were both insufficient and had come too late. These measures were supplemented in November with others which, as was also true of those adopted in September, were part of a gradualistic approach to the problem. Be that as it may, by that time the country's zigzagging economic policy had caused economic agents to lose faith in government action.

In an attempt to check inflationary expectations, early in 1989 the government made an advance announcement that the exchange rate, the minimum wage and gasoline prices would be modified. However, the timetable for these readjustments was abandoned just a few weeks later, which only chipped away further at the credibility of its economic policy. Nonetheless, during the first quarter periodic readjustments in controlled prices and the exchange rate were indeed decreed, and foreign-currency operations were liberalized to some extent. Thus, there was some improvement in prices and public rates and charges in real terms, and the high levels of fiscal subsidies were reduced. This contributed to such a significant decrease in the public-sector deficit that during this period the need for internal financing was virtually eliminated.

The corrections made in controlled prices and the enormous jump in the cost of education seen in March and April, which was to some extent attributable to changes in the method of measurement, brought the average monthly

Figure 2
PERU: EXCHANGE RATES, 1989



rate of inflation for the first four months of the year to 45%, while the average monthly rate for the preceding four months had been over 50%. In consequence, real wages and salaries fell by 60% during the 12-month period ending in April. This severe reduction in purchasing power had a serious impact on production for the domestic market.

The increase in inflation and the deepening of the recession during the first quarter were accompanied by a 6.5% decrease in employment in the Lima metropolitan area; in the manufacturing sector, the drop was more than 11%.

Meanwhile, the trade balance began to respond favourably. The recession's depressive effect on the volume of imports was strengthened in February when the parallel exchange rate began to be applied to almost all of the imports which had until then been valued at the official exchange rate. As for exports, in the early months of the year there was a widespread increase in the volume of external

sales coupled with an upward trend in the prices of copper, petroleum and coffee. In addition, at the same time that the average exchange rate for exports improved, the 6% tax on exports was lifted and imports of inputs for use by firms which exported manufactures were exempted from tariffs.

As a reflection of these trends and policy decisions, the foreign exchange market experienced a steady expansion of supply and a decline in imports. Consequently, the various exchange rates in existence began to converge, with a steep drop being observed in the real value of the dollar on the parallel market, which also received an exceptionally large inflow of foreign exchange. Thus, by March the differential between the average official and parallel exchange rates was less than 10%.

The monetary base was not subject to any expansionary pressure from the public sector during this period, since its demand for credit was negligible. Instead, the increase in primary money came mainly from external sources. In

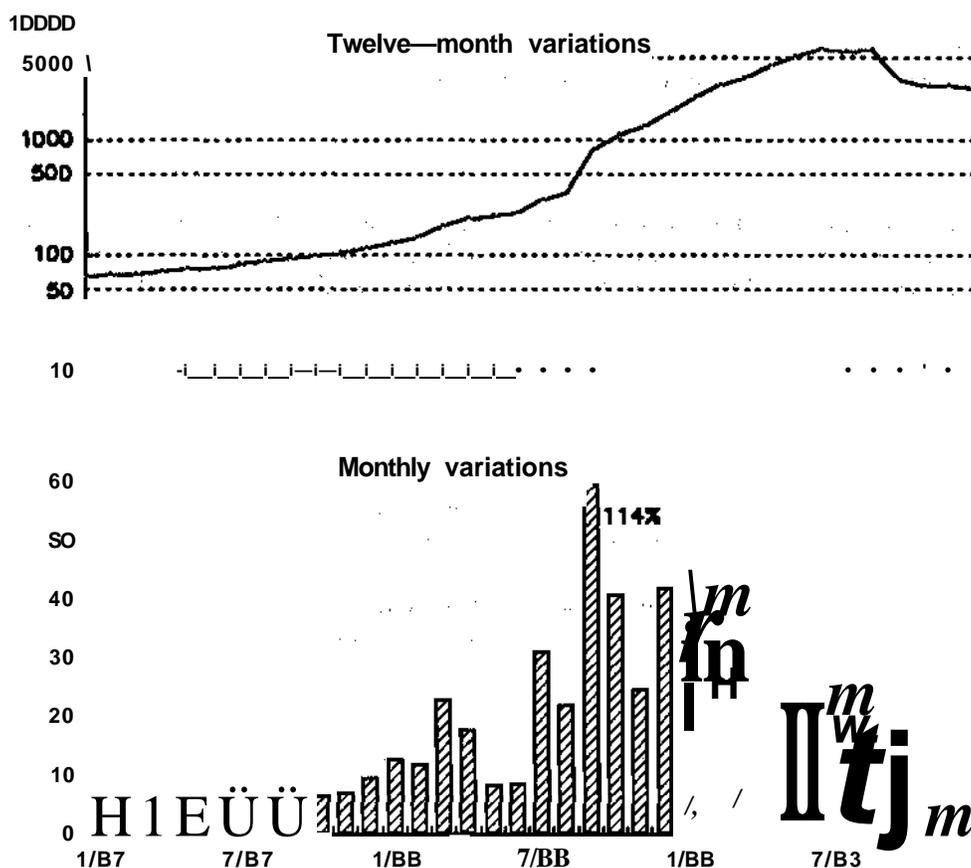
the financial system, credit to the private sector grew in real terms, thus potentially pressuring the foreign exchange market, since real interest rates on deposits continued to be markedly negative despite the nominal readjustment made in March. Expectations of an increase in the exchange rate were finally borne out in May.

A changeover of economic authorities in April brought with it a shift in the direction of economic policy. One particularly notable change was that the rate of price adjustments in staple foods and public services slowed considerably. As a result of this and of the inflow of foreign exchange, which kept the parallel exchange rate low in real terms, the

rate of inflation between May and November fell to a monthly average of 25%. However, the real decrease in prices and public rates and charges made it necessary for the Government to resume granting subsidies to State enterprises, which added to the public deficit. Owing to the steep decrease in real tax revenues and in income from other domestic sources, in combination with the insufficient supply of external financing, the Treasury was forced to take out loans from the Central Reserve Bank.

The export boom was the factor that allowed the country to build up its net international reserves, which continued to climb until November, when they reached US\$745 million.

Figure 3
PERU: CONSUMER PRICE INDEX
(Percentages)



Source: ECLAC, on the basis of official figures.

Figure 4
PERU: MEANS OF PAYMENT (M1)

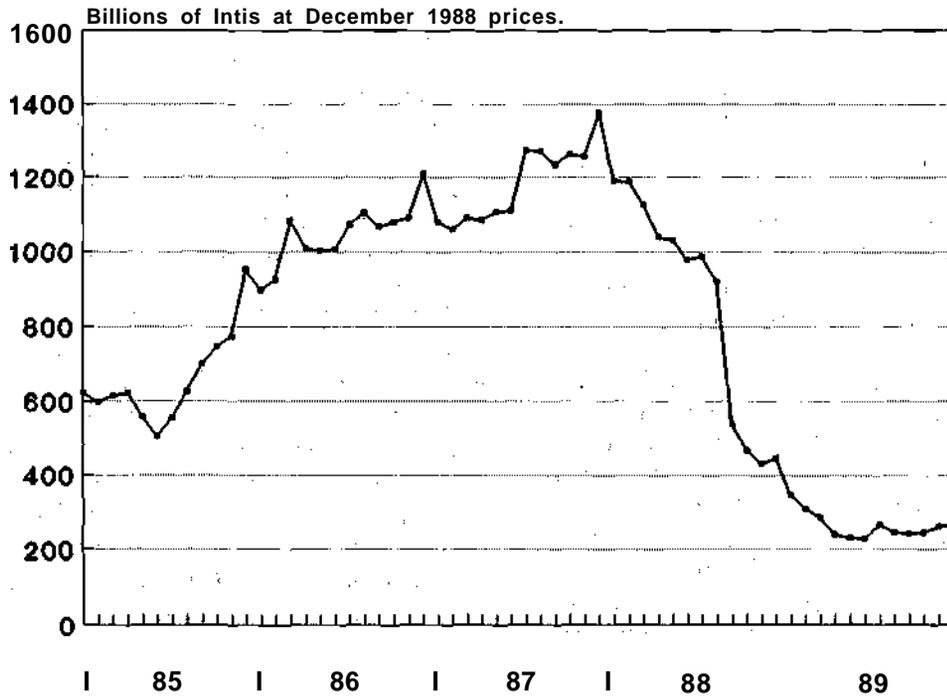
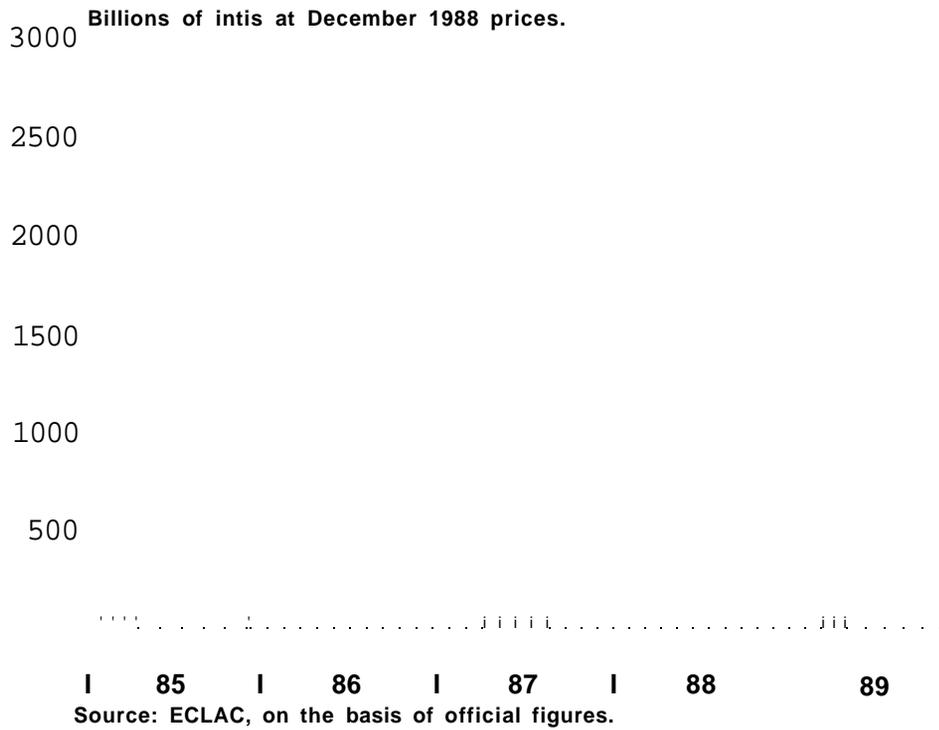


Figure 5
PERU: MONETARY RESOURCES (M2)



Their expansion prompted a turnabout in government policy midway through the year, based on the hypothesis that the country's reserves could be used to buttress a reactivation of the economy. Accordingly, an attempt was made to return part of their lost purchasing power to workers by raising wages by more than the inflation rates of the preceding months. In September the authorities once again resorted to an overvaluation of the inti and in October they authorized the reapplication of the official exchange rate to most imports and lowered the interest rate on loans.

These measures succeeded in boosting production slightly, but at the cost of a rapid expansion in imports over and above the increased purchasing undertaken by the public sector in order to ensure the availability of needed supplies for the population. Since at the same time the growth rate of exports slackened, the trade balance was considerably worse in the fourth quarter and, as a result, net international reserves began to fall off sharply towards the end of the year.

The expansion of the monetary base during the first two quarters was chiefly a consequence of the growth of export earnings, although in the second quarter the flow of credit to the public sector also began to be a factor in this respect. In the final quarter, external additions to the stock of money were virtually nil, owing to the impact which the unfavourable trade balance had on the exchange situation. The main factors of monetary expansion during the last quarter were credit flows to the public sector and to agriculture.

The nominal interest rate, which was readjusted in March, continued to be negative

in real terms during the following two months. After the monthly rate of inflation began to drop in May, however, this situation was reversed and the average nominal interest rate stayed quite close to the rate of price increases up to November. This acted as an incentive for local-currency savings and time deposits, which rose by 27% in real terms during the year. As the parallel market rate remained low, in the second and third quarters the rate of return on local-currency deposits was higher than that of dollar holdings.

The severity of the recession and the fact that the interest rate was so close to the rate of inflation choked off the demand for credit to almost nothing midway through the second quarter, throwing some financial institutions into serious operational difficulties. At this point the Government authorized the banking system to deposit up to 25% of its callable reserves in national bonds, which pay a positive real rate of interest. This allowed the Government to sell securities to the banks while at the same time providing them with higher profits, although at the cost of releasing bank reserves. Nevertheless, this expedient will certainly place a heavy financial burden on fiscal accounts in the future, since the face value of these bonds is indexed to domestic inflation.

Be this as it may, the slowdown in the expansion of liquid assets in nominal terms which occurred during the second half of the year helped to ease the pressure on the parallel exchange rate, and the average real parallel rate for 1989 was thus not even one-half as high as it had been the year before.

Table 1
PERU: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Index (1980 = 100)								
Basic economic indicators								
Gross domestic product at market prices	104.6	92.0	96.5	98.6	107.2	115.8	106.5	94.9
Gross national income	100.1	89.3	92.0	92.6	103.6	115.2	106.5	93.9
Population (in millions of inhabitants)	18.2	18.7	19.2	19.7	20.2	20.7	21.3	21.8
Per capita gross domestic product	99.3	85.1	86.9	86.6	91.8	96.7	86.7	75.3
Non-financial public-sector deficit/GDP								
	9.3	9.8	6.1	2.5	5.1	6.7	7.5	5.3
Money (M1)/GDP	4.7	4.2	4.0	4.2	6.0	6.3	4.1	1.9
Real effective exchange rate	77.7	89.1	88.9	105.5	88.1	78.1	87.4	54.7
Unemployment rate ^c	6.6	9.0	8.9	10.1	5.4	4.8	7.9	7.9
Growth rates								
Short-run economic indicators								
Gross domestic product	0.3	-12.0	4.8	2.2	8.7	8.0	-8.0	-10.9
Per capita gross domestic product	-2.3	-14.3	2.2	-0.4	6.0	5.3	-10.3	-13.1
Gross national income	-2.2	-10.8	3.0	0.7	11.9	11.2	-7.6	-11.8
Consumer prices								
December to December	72.9	125.1	111.5	158.3	62.9	114.5	1 722.3	2 775.8
Real salaries	9.2	-14.4	-8.0	-8.4	22.0	3.9	-25.2	-46.3
Real wages	2.2	-16.6	-15.3	-15.2	30.4	7.9	-27.1	-43.7
Current value of exports of goods and services								
	1.4	-8.6	2.5	-0.8	-11.2	6.7	2.8	22.2
Current value of imports of goods and services								
	-1.4	-23.5	-17.8	-7.9	34.5	20.6	-7.3	-19.9
Terms of trade (goods and services)								
	-9.6	13.1	-5.4	-8.0	4.9	13.5	9.9	-3.5
Millions of dollars								
External sector								
Trade balance (goods and services)	-743	39	787	996	-394	-941	-508	1150
Factor services	1034	1132	1223	1132	1007	1017	1226	1273
Balance on current account	-1776	-1091	-437	-136	-1402	-1959	-1 734	-123
Balance on capital account	1688	1058	692	296	1113	1295	1766	1051
Variation in international reserves								
	-57	10	318	98	-436	-850	-74	928
Total external debt	11465	12 445	13 338	13 721	14 477	15 373	16 493	16 720

Source: ECLAC, on the basis of official figures.

¹ Preliminary figures. Percentages. In the Lima metropolitan area.

Table 2
PERU: GROSS NATIONAL INCOME

	Indexes(1980 = 100)			Percentage breakdown			
	1987	1988	1989*	1980	1987	1988	1989*
Gross national income (a + b + c + d)	115.2	106.5	93.9	95.6	95.0	95.5	94.6
a) Gross domestic product	115.8	106.5	94.9	100.0	100.0	100.0	100.0
b) Terms-of-trade effect				-	-0.5	1.0	0.6
c) Net external factor income	117.3	131.8	128.7	-4.4	-4.5	-5.5	-6.0
d) Net private transfers from abroad							

Source: ECIAC, on the basis of official figures.

* Preliminary figures.

Table 3
PERU: TOTAL SUPPLY AND DEMAND

	Indexes(1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989*	1980	1989*	1986	1987	1988	1989*
Total supply	116.5	106.0	92.1	119.3	115.8	12.5	9.5	-9.0	-13.1
Gross domestic product at market prices	115.8	106.5	94.9	100.0	100.0	8.7	8.0	-8.0	-10.9
Imports of goods and services	119.7	103.4	77.9	19.3	15.8	38.5	17.7	-13.6	-24.7
Total demand	116.5	106.0	92.1	119.3	115.8	12.5	9.5	-9.0	-13.1
Domestic demand	124.0	113.6	93.3	96.8	95.2	19.2	12.9	-8.4	-17.9
Gross domestic investment	93.1	82.5	63.1	27.5	18.3	32.8	28.1	-11.4	-23.6
Gross fixed investment	92.8	82.4	65.2	23.5	16.1	18.3	18.6	-11.2	-20.9
Construction	117.9	111.2	93.3	12.6	12.4	22.5	18.9	-5.6	-16.1
Machinery and equipment	63.7	49.0	32.6	10.9	3.7	10.3	18.0	-23.1	-33.5
Variation in stocks	94.9	83.1	50.4	4.0	2.1				
Total consumption	136.3	126.0	105.3	69.3	76.9	16.4	9.4	-7.6	-16.5
General government	110.0	97.3	76.4	11.2	9.0	3.4	5.9	-11.6	-21.5
Private	141.3	131.5	110.8	58.1	67.9	18.7	10.0	-7.0	-15.7
Exports of goods and services	83.9	73.2	87.2	22.5	20.7	-12.8	-8.2	-12.7	19.1

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

* Preliminary figures. ^b 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 figures using unit value indexes calculated by ECIAC for that purpose.

Table 4
PERU: ORIGIN AND FINANCING OF GROSS DOMESTIC INVESTMENT
*(As a percentage of the gross domestic product)**

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Gross domestic investment	29.3	20.4	17.5	15.3	18.6	22.1	21.3	18.3
Gross domestic saving	29.8	21.9	24.2	24.8	19.5	18.4	18.0	23.1
Net income from factor services	-4.7	-5.9	-6.3	-5.8	-4.9	-4.5	-5.5	-6.0
Terms-of-trade effect	-3.8	-1.3	-2.6	-4.4	-2.8	-0.5	1.0	0.6
Unrequited private transfers	-	-	-	-	-	-	-	-
Gross national saving	21.3	14.7	15.3	14.6	11.8	13.5	13.6	17.7
External saving	8.0	5.7	2.3	0.7	6.8	8.6	7.7	0.6

Source: ECLAC, on the basis of official figures.

" At market prices expressed in constant 1980 dollars based on the adjusted exchange rate.

Preliminary figures.

Table 5
PERU: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT 1980 MARKET PRICES

	Indexes(1980 = 100)			Percentage breakdown			Growth rates		
	1987	1988	1989*	1980	1989*	1986	1987	1988	1989*
Gross domestic product	115.8	106.5	94.9	100.0	100.0	8.7	8.0	-8.0	-10.9
Goods	111.4	103.4	93.6	51.3	50.7	7.9	7.4	-7.2	-9.5
Agriculture	129.6	139.9	135.8	10.2	14.6	6.2	5.1	7.9	-2.9
Mining	89.6	74.2	75.4	15.2	12.0	-4.5	-3.0	-17.2	1.7
Manufacturing industry	117.3	105.2	86.4	20.2	18.4	15.6	12.8	-10.4	-17.8
Construction	115.8	109.4	92.0	5.7	5.6	21.3	17.7	-5.5	-15.9
Basic services	121.5	115.9	104.8	7.5	8.3	9.5	9.7	-4.6	-9.6
Electricity, gas and water	131.5	131.5	122.8	0.9	1.1	17.5	7.8	-	-6.6
Transport, storage and communications	120.2	113.9	102.4	6.6	7.2	8.4	10.0	-5.3	-10.1
Other services	124.2	112.7	99.2	40.5	42.3	9.7	7.7	-9.3	-12.0
Commerce, restaurants and hotels	118.5	104.5	91.1	17.8	17.1	14.2	9.9	-11.8	-12.8
Financial establishments, insurance, real estate and business services	125.6	116.8	106.5	9.9	11.1	5.6	8.2	-7.0	-8.8
Ownership of dwellings	114.6	116.0	117.3	2.0	2.5	2.9	3.5	1.3	1.1
Community, social and personal services	131.1	120.9	104.6	12.8	14.1	7.6	4.9	-7.8	-13.5
Government services	135.8	127.3	103.7	7.7	8.4	8.4	4.8	-6.2	-18.5
Adjustments for banking services	154.6	139.9	123.0	2.0	2.6	12.6	1.6	-9.5	-12.1
Import duties	86.2	71.1	47.3	2.7	1.3	12.3	15.5	-17.6	-33.5

Source: ECLAC, on the basis of official figures, reweighted according to the 1980 price structure at current prices. Therefore, the figures shown here do not necessarily coincide with those published by the countries based on their calculations at constant prices.

¹ Preliminary figures. Include stock raising, forestry and fishery.

Table 6
PERU: INDICATORS OF AGRICULTURAL PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates			
					1986	1987	1988	1989 ^a
Index of agricultural production (1979 = 100)	112.1	117.8	123.6	119.2	4.0	5.1	4.9	-3.6
Thousands of tons								
Production of main crops								
Raw cotton	303.7	202.0	282.3	321.5	4.5	-33.5	39.8	13.9
Rice	725.9	1168.6	1129.3	1091.5	-17.4	61.0	-3.4	-3.3
Coffee	95.9	98.2	99.3	105.6	5.8	2.4	1.1	6.3
Sugar cane	6 276.8	6 073.9	5 948.1	6 332.6	-14.4	-3.2	-2.1	6.5
Beans	53.9	56.8	52.6	55.8	16.7	5.4	-7.4	6.1
Soft maize	231.7	210.6	263.1	224.5	9.1	-9.1	24.9	-14.7
Hard maize	644.6	698.6	645.1	785.3	32.7	8.4	-7.7	21.7
Potatoes	1 657.5	1 707.1	2 108.1	1 690.5	6.5	3.0	23.5	-19.8
Sorghum	37.9	23.8	31.8	36.6	64.1	-37.2	33.6	15.1
Soya	3.9	6.3	6.0	2.7	85.7	61.5	-4.8	-55.0
Wheat	121.0	130.5	152.7	159.3	31.2	7.9	17.0	4.3
Production of the main livestock products								
Poultry meat	229.7	281.0	296.7	205.4	14.3	22.3	5.6	-30.8
Mutton	16.9	18.6	19.2	20.0	-1.7	10.1	3.2	4.2
Pork	59.2	65.0	73.5	73.4	10.7	9.8	13.1	-0.1
Beef	90.3	107.3	116.5	111.8	-10.9	18.8	8.6	-4.0
Eggs	95.1	97.2	118.2	95.8	22.1	2.2	21.6	-19.0
Fresh milk	819.3	830.0	849.5	802.3	1.3	1.3	2.3	-5.6

Source: Ministry of Agriculture.

^a Preliminary figures.

Table 7
PERU: INDICATORS OF FISHERY PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates			
					1986	1987	1988	1989 ^a
Index of fishery production (1979 = 100)	140.8	124.6	146.0	153.5	30.0	-11.5	17.2	5.1
Thousands of tons								
Deep-sea fishing	5 530	4 548	6 598	6636	34.5	-17.8	45.1	0.6
For direct human consumption	534	578	538	630	4.2	8.4	-7.0	17.1
Fresh fish	218	221	225	243	20.1	1.0	2.0	8.0
For freezing	71	60	122	187	-60.1	-15.7	104.4	53.3
For canning	212	265	157	168	69.0	24.8	-40.7	7.0
For drying and salting	33	34	33	32	18.4	3.0	-1.7	-3.0
For fish-meal	4 996	3 969	6 060	6 006	38.9	-20.5	52.7	-0.9
Anchoveta	3 482	1764	2 701	3 712	312.4	-49.3	53.1	37.4
Other species	1514	2 205	3 359	2 294	-45.0	45.7	52.3	-31.7
Inland fishing	32	36	39	43	16.3	11.7	8.0	10J
Fresh fish *	15	16	21	23	9.0	8.3	30.7	9.5
For drying and salting	17	20	18	20	23.4	14.7	-10.2	11.1

Source: Ministry of Fisheries.

^a Preliminary figures. ^J Including river shrimp.

Table 8
PERU: INDICATORS OF MINING PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates			
					1986	1987	1988	1989 ^a
Index of mining production (1979 = 100)	103.3	101J	82.5	86.5	-3.5	-2.0	-18.6	4.9
Thousands of tons								
Main metal-mining products								
Copper	397	406	298	364	-0.8	2.3	-26.6	22.1
Iron ore	4 908	5 019	4189	4 399	2.1	2.3	-16.5	5.0
Silver ^b	1926	2 055	1552	1840	0.6	6.7	-24.5	18.6
Lead	194	204	149	192	-7.9	4.9	-27.0	29.1
Zinc	598	613	485	598	-1.7	2.5	-20.8	23.1
Millions of barrels								
Hydrocarbons								
Petroleum	64.8	59.7	51.7	47.6	-5.8	-7.8	-13.4	-8.0
Petroleum, by production zones								
Coast	13.2	12.3	10.6	10.0	-3.1	-7.4	-13.3	-5.8
Continental shelf	9.8	9.2	8.6	7.5	-3.1	-6.0	-6.6	-12.4
Eastern region	41.8	38.3	32.5	30.1	-7.2	-8.4	-15.1	-7.5

Source: Ministry of Energy and Mines.

^a Preliminary figures. ^b Kilogrammes.

Table 9
PERU: INDICATORS OF MANUFACTURING PRODUCTION

	Index (1979 = 100)				Growth rates			
	1986	1987	1988	1989 ^b	1986	1987	1988	1989 ^b
Total manufacturing production	114.2	129.9	112.4	90.8	18.1	13.7	-13.5	-19.2
Fish meal	141.2	119.2	163.4	158.0	35.6	-15.6	37.1	-33
Food, beverages and tobacco	124.1	141.4	124.9	98.5	23.2	13.9	-11.7	-21.1
Food	106.5	119.1	115.3	95.4	11.2	11.8	-3.2	-17.3
Beverages	171.2	207.2	166.9	118.9	48.2	21.0	-19.4	-28.8
Tobacco	107.8	98.0	74.3	70.2	19.4	-9.1	-24.2	-5.5
Textiles and clothing	114.6	124.8	117.6	105.2	83	8.9	-5.8	-10.5
Textiles	120.8	133.7	126.9	115.0	7.5	10.7	-5.1	-9.4
Leather and footwear	65.0	38.5	32.3	22.9	8.9	-40.8	-16.1	-29.1
Paper, printing and publishing	96.8	114.5	113.3	58.3	10.5	18.3	-1.0	-48.5
Paper and paper products	80.1	96.4	94.2	49.1	22.1	20.3	-2.3	-47.9
Chemical products	120.8	141.6	124.5	90.2	22.8	17.2	-12.1	-27.6
Industrial chemicals	123.2	137.0	125.1	91.5	20.2	11.2	-8.7	-26.9
Other chemicals	115.5	150.5	130.4	82.2	35.7	30.3	-13.4	-37.0
Petroleum refining	119.8	130.7	128.5	113.1	3.0	9.1	-1.7	-12.0
Rubber products	115.4	126.9	103.6	87.4	15.4	10.0	-18.4	-15.6
Plastic products	134.2	151.4	113.3	79.0	34.7	12.8	-25.2	-30.3
Non-metallic mineral products	107.3	138.6	134.3	87.7	35.1	29.2	-3.1	-34.7
Glass and glass products	110.4	136.0	126.3	73.9	43.0	23.2	-7.1	-41.5
Non-metallic mineral articles	101.1	137.1	128.3	86.7	33.6	35.6	-6.4	-32.4
Basic metal products	94.3	97.7	75.9	84.0	-3.3	3.6	-2.23	10.7
Iron and steel	116.8	140.0	110.5	81.9	26.0	19.9	-21.1	-25.9
Non-ferrous metals	88.6	86.7	67.0	84.5	-10.2	-2.1	-22.7	26.1
Metal products and machinery	118.6	151.0	104.4	62.6	43.6	27.3	-30.9	-40.0
Simple metal articles	105.5	150.7	94.9	52.4	42.8	42.8	-37.0	-44.8
Non-electrical machinery	101.3	109.9	85.2	52.7	75.9	8.5	-22.5	-38.1
Electrical machinery	138.4	171.0	124.6	79.2	32.1	23.6	-27.1	-36.4
Transport equipment	114.8	146.9	97.3	55.3	54.7	28.0	-33.8	-43.2

Source: Ministry of Industry, Trade, Tourism and Integration.

^a Index of physical volume of production; annual averages. ¹ Preliminary figures.

Table 11
PERU: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-1776	-1091	-437	-136	-1402	-1959	-1734	-123
Trade balance	-743	39	787	996	-394	-941	-508	1150
Exports of goods and services	4 077	3 728	3 820	3 790	3 365	3 591	3 692	4 512
Goods FOB	294	3 017	3 149	2 977	2 529	2 661	2 696	3 546
Real services	783	711	671	813	835	931	996	966
Transport and insurance	293	262	206	257	294	313	296	326
Travel	252	209	209	300	324	316	388	360
Imports of goods and services	4 820	3 689	3 033	2 794	3 759	4 532	4 200	3 362
Goods FOB	3 721	2 723	2141	1808	2 582	3 178	2 752	2 029
Real services	1097	966	892	986	1177	1354	1447	1333
Transport and insurance	525	447	379	293	429	543	512	424
Travel	205	191	181	266	320	336	379	430
Factor services	-1034	-132	-1223	-1132	-1007	-1017	-1226	-1273
Profits	-118	-137	-53	-74	-33	-41	-43	-17
Interest received	109	115	158	133	94	67	43	73
Interest paid and interest due ^c	-1025	-1110	-1328	-1191	-1068	-1043	-1226	-1329
Labour and property	-	-	-	-	-	-	-	-
Unrequited private transfer payments	-	-	-	-	-	-	-	-
Balance on capital account	1688	1058	692	296	1113	1295	1766	1051
Unrequited official transfer payments	167	220	159	134	150	180	157	155
Long-term capital	1136	1237	-129	-618	-1194	-1237	-1255	-871
Direct investment	48	38	-88	-1	20	32	44	35
Portfolio investment	-	-	-	-	-	-	-	-
Other long-term capital	1088	1199	-41	-617	-1214	-1270	-1300	-906
Official sector	930	1284	73	-493	-1145	-1107	-1035	-940
Loans received	2 043	2 555	1513	902	493	335	251	300
Amortization payments	-1112	-1292	-1441	-1336	-1456	-1279	-1149	-1240
Commercial banks	-	-	-	-	-	-	-	-
Loans received	-	-	-	-	-	-	-	-
Amortization payments	-	-	-	-	-	-	-	-
Other sectors	158	-85	-114	-124	-69	-163	-265	34
Loans received	378	131	100	44	35	300	142	
Amortization payments	-221	-217	-214	-168	-104	-463	-409	
Short-term capital	790	-520	1215	1084	2125	2 405	2 973	2 076
Official sector ^c	54	213	1423	1397	1983	1851	2 495	2 076
Commercial banks	-279	55	-7	20	12	-39	15	-
Other sectors	1016	-788	-201	-333	130	592	464	-
Errors and omissions (net)	-404	122	-552	-305	32	-52	-109	-309
Global balance	-88	-34	255	159	-290	-663	32	928
Total variation in reserves (- sign indicates an increase)	57	-10	-318	-98	436	850	-74	
Monetary gold	-	-	-	-	-	-80	-81	
Special Drawing Rights	-22	32	-22	23	-	-	-	
IMF reserve position	-	-	-	-	-	-	-	
Foreign exchange assets	-119	-48	-246	-232	435	886	77	
Other assets	-65	-43	-28	84	-27	-71	-27	
Use of IMF credit	262	48	-22	26	27	115	-43	

Source: 1982-1988, ECLAC, on the basis of figures provided by the International Monetary Fund; 1989, ECLAC on the basis of official figures.

^a Preliminary figures. Includes other non-factor services. ^c Includes interest on overdue payments on debt principal, as calculated by ECLAC in the amount of US\$56 million in 1984, US\$128 million in 1985, US\$187 million in 1986, US\$301 million in 1987, US\$452 million in 1988 and US\$636 million in 1989. Includes loans granted and other assets and liabilities. ^e Includes counterpart entries for the same years as indicated in note ^c. Equals the total variation in reserves (of opposite sign) plus counterpart items.

Table 12
PERU: MAIN INDICATORS OF FOREIGN TRADE IN GOODS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Growth rates								
Exports FOB								
Value	1.3	-8.4	4.4	-5.5	-15.0	5.2	1.3	31.5
Volume	17.3	-20.8	16.3	4.8	-10.6	-5.6	-15.3	29.2
Unit value	-13.6	15.6	-10.2	-9.8	-5.0	11.5	19.7	1.8
Imports								
Value	-2.1	-26.8	-21.4	-15.6	42.8	23.1	-13.4	-26.3
Volume	2.5	-24.3	-14.8	-9.8	44.6	20.5	-17.6	-28.7
Unit value	-4.5	-3.4	-7.7	-6.4	-1.2	2.1	5.1	3.4
Terms of trade	-10.0	19.2	-4.0	-3.7		8.5	13.6	-1.6
Indexes (1980 = 100)								
Purchasing power of exports	84.2	79.5	88.7	89.6	77.1	78.9	75.9	96.5
Volume of exports	105.8	83.8	97.4	102.2	91.3	86.2	73.0	94.3
Volume of imports	121.7	92.2	78.5	70.9	102.4	123.5	101.7	72.5
Terms of trade FOB/CIF	79.6	94.8	91.1	87.7	84.4	91.5	104.0	102.3

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 13
PERU: EXPORTS OF GOODS, FOB

	Millions of dollars				Percentage breakdown		Growth rates			
	1986	1987	1988	1989*	1980	1989*	1986	1987	1988	1989*
Total	2 531	2 605	2 694	3 546	100.0	100.0	-15.0	2.9	3.4	31.6
Traditional products	1886	1889	1938	2 556	78.7	72.1	-16.7	0.2	2.6	31.9
Fish meal	206	229	364	432	4.9	12.2	74.6	11.2	59.0	18.7
Crop-farming products	336	177	167	231	5.8	6.5	49.3	-47.3	-5.6	38.3
Cotton	39	19	30	64	1.8	1.8	-23.5	-51.3	57.9	113.3
Sugar	22	15	16	20	0.3	0.6	-4.3	-31.8	6.7	25.0
Coffee	275	143	121	147	3.6	4.1	82.1	-48.0	-15.4	21.5
Mining products	1034	1152	1189	1571	44.9	44.3	-11.0	11.4	3.2	32.1
Copper	449	516	608	815	19.3	23.0	-5.7	14.9	17.8	34.0
Iron ore	60	58	59	53	2.4	1.5	-21.1	-3.3	1.7	-10.2
Refined silver	107	93	60	94	8.0	2.7	-23.6	-13.1	-35.5	56.7
Lead ^b	172	251	202	215	9.8	6.1	-14.9	45.9	-19.5	6.4
Zinc	246	234	260	394	5.4	11.1	-8.2	-4.9	11.1	51.5
Petroleum and petroleum products	232	274	166	217	20.3	6.1	-64.0	18.1	-39.4	30.7
Other ^c	78	57	52	105	2.7	3.0	-31.6	-26.9	-8.8	101.9
Non-traditional products	645	716	756	990	21.3	27.9	-9.7	11.0	5.6	31.0
Agricultural	72	87	97	113	1.8	3.2	-22.6	20.8	11.5	16.5
Textiles	232	257	258	337	5.9	9.5	-4.9	10.8	0.4	30.6
Fisheries	111	103	96	130	3.1	3.7	-10.5	-7.2	-6.8	35.4
Metal products and machinery	24	22	25	26	1.4	0.7	-20.0	-8.3	13.6	4.0
Chemicals	55	61	73	93	2.2	2.6	19.6	10.9	19.7	27.4
Iron and steel products	79	114	137	176	2.1	5.0	-8.1	44.3	20.2	28.5
Non-metallic minerals	13	12	13	19	1.5	0.5	-18.8	-7.7	8.3	46.2
Other ^d	59	60	57	96	3.5	2.7	-21.3	1.7	-5.0	68.4

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of Peru.

^a Preliminary figures. ^b Includes silver content. ^c Includes mainly gold and minor metals.

Includes mainly gold and silver jewellery, lumber and paper, hides and skins and handicraft items.

Table 14
**PERU: VALUE, VOLUME AND PRICES OF MAIN
EXPORT PRODUCTS^a**

	1985	1986	1987	1988	1989 ^b	Growth rates		
						1987	1988	1989 ^b
Fish meal								
Value	118	206	229	364	432	11.2	59.0	18.7
Volume	508	716	742	825	1152	3.6	11.2	39.6
Price ^o	232.6	287.7	308.2	441.9	375.5	7.1	43.4	-15.0
Cotton								
Value	51	39	19	30	64	-51.3	57.9	113.3
Volume	624	474	190	218	707	-59.9	14.7	224.3
Price ^e	82.6	81.5	103.2	136.7	91.4	26.6	32.5	-33.1
Sugar								
Value	23	22	15	16	20	-31.8	6.7	25.0
Volume	64	55	33	36	43	-40.0	9.1	19.4
Price [*]	16.8	18.4	20.6	20.2	20.9	12.0	-1.9	3.5
Coffee								
Value	151	275	143	121	147	-48.0	-15.4	21.5
Volume	60	74	71	49	76	-4.1	-31.0	55.1
Price ^e	115.9	170.8	92.7	114.3	88.2	-45.7	23.3	-22.8
Copper								
Value	476	449	516	608	815	14.9	17.8	34.0
Volume	363	347	351	283	307	1.2	-19.4	8.5
Price ^f	593	58.7	66.5	97.3	120.6	13.3	46.3	23.9
Iron ore								
Value	76	60	58	59	53	-3.3	1.7	-10.2
Volume ^g	5	4	4	5	4	2.4	4.7	-11.1
Price ^h	14.6	14.4	13.7	13.1	13.4	-4.9	-4.4	2.3
Refined silver								
Value	10	107	93	60	94	-13.1	-35.5	56.7
Volume ⁱ	23	19	14	9	17	-27.2	-34.5	83.5
Price ^j	6.3	5.6	6.7	6.6	5.7	19.6	-1.5	-13.6
Lead								
Value	202	172	251	202	215	45.9	-19.5	6.4
Volume	174	136	146	111	211	7.4	-24.0	90.1
Price ^f	52.7	57.4	78.3	82.8	46.2	36.4	5.7	-44.2
Zinc								
Value	268	246	234	260	394	-4.9	11.1	51.5
Volume	459	477	427	395	549	-10.5	-7.5	39.0
Price ^f	26.4	23.4	24.9	29.9	32.6	6.4	20.1	9.0
Petroleum and petroleum products								
Value	645	232	274	166	217	18.1	-39.4	30.7
Volume ^k	27.1	21.6	17.8	15.5	15.2	-17.6	-12.9	-1.9
Price ^l	23.9	10.8	15.4	10.7	14.2	42.6	-30.5	32.7

Source: Central Reserve Bank of Peru.

^a Values in millions of dollars and volumes in thousands of tons, unless otherwise indicated; prices as indicated.

^b Preliminary figures. ^c Dollars per ton. ^d Thousands of quintals. ^e Dollars per quintal. ^f U.S. cents per pound. ^g Millions of long ton. ^h Dollars per long ton. ⁱ Millions of troy ounces. ^j * Dollars per troy ounce. ^k Millions of barrels. ^l Dollars per barrel.

Table 15
PERU: IMPORTS OF GOODS, FOB

	Millions de dollars			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	3 068	2 750	2 029	100.0	100.0	43.7	18.2	-10.4	-26.2
Public sector	1027	960	834	43.8	41.1	14.5	27.6	-6.5	-13.1
Private sector	2 041	1 790	1 195	56.2	58.9	62.4	14.0	-12.3	-33.2
Consumer goods	405	276	248	12.5	12.2	237.5	7.1	-31.9	-10.1
Public sector	153	127	119	4.0	5.9	1190.9	7.7	-17.0	-6.3
Private sector	252	149	129	8.5	6.4	133.7	6.8	-40.9	-13.4
Intermediate goods	1450	1584	1107	37.9	54.6	47.7	16.7	9.2	-30.1
Public sector	497	638	526	13.6	25.9	16.9	43.6	28.4	-17.6
Private sector	953	946	581	24.3	28.6	64.4	6.4	-0.7	-38.6
Capital goods	923	687	520	35.2	25.6	36.4	21.3	-25.6	-24.3
Public sector	143	66	105	13.8	5.2	-6.5	-9.5	-53.8	59.1
Private sector	780	621	415	21.4	20.5	55.0	29.4	-20.4	-33.2
Miscellaneous items and adjustments	290	203	154	14.4	7.6	-27.1	34.9	-30.0	-24.1
Public sector	234	129	84	12.4	4.1	-30.0	47.2	-44.9	-34.9
Private sector	56	74	70	2.0	3.4	-17.6	-	32.1	-5.4
Imports of principal foodstuffs ^c	414	418	359	13.3	17.7	89.2	7.3	1.0	-14.1
Wheat	92	111	140	4.6	6.9	9.6	-19.3	20.7	26.1
Maize and sorghum	36	55	23	2.1	1.1	3.1	9.1	52.8	-58.2
Dairy products	60	53	35	1.4	1.7	127.3	20.0	-11.7	-34.0
Soya	50	99	33	0.7	1.6	21.2	25.0	98.0	-66.7
Meat	81	45	11	0.4	0.5	453.8	12.5	-44.4	-75.6
Rice	36	5	68	3.0	3.4		16.1	-86.1	1260.0
Sugar	59	50	49	1.0	2.4		28.3	-15.3	-2.0

Source: Central Reserve Bank of Peru.

^a Preliminary figures. ^b Defence matériel, non-monetary gold and other imports. or intermediate goods, as applicable.

^c Items included under consumer

Table 16
PERU: EXCHANGE RATES
 (Yearly and quarterly averages)

	Nominal exchange rates (intis per dollar)		Index of real effective exchange rate ^a (1985 = 100)				
			Exports			Imports	
			A	B	C	A	B
1970-1979			73.3	86.8		75.3	89.3
1980-1989			81.2	95.5	77.5	81.1	95.0
1980	0.29		94.8	106.1	77.0	99.5	111.4
1981	0.42		82.4	87.4	62.6	84.6	89.6
1982	0.70		73.7	89.5	56.6	74.6	90.6
1983	1.63		84.5	92.2	72.6	85.1	92.8
1984	3.47		84.3	87.5	77.9	85.5	88.8
1985	10.97		100.0	100.0	100.0	100.0	100.0
1986	14.59		83.5	91.3	67.1	82.9	90.7
1987	21.8	20.4	74.0	95.2	56.7	68.5	87.8
1988	156.9	176.8	82.9	116.6	90.9	73.7	102.3
1989	3 483	3 461	51.9	89.0	113.7	57.0	96.5
1987							
I	17.0	16.9	75.0	89.1	56.2	73.6	87.4
II	18.7	18.2	71.7	89.1	56.6	68.7	85.3
III	22.1	19.8	69.9	92.9	53.4	61.6	81.9
IV	29.4	26.5	79.4	109.6	60.7	70.1	96.7
1988							
I	44.1	36.9	85.3	122.6	65.8	70.0	100.5
II	74.0	44.5	95.8	142.9	82.9	56.6	84.6
III	152.4	141.4	83.7	112.0	95.0	77.5	103.6
IV	357.1	484.3	66.8	88.9	120.0	90.6	120.5
1989							
I	1031	1209	67.1	87.9	135.9	79.6	104.2
II	2 083	2 343	50.7	91.1	118.0	60.5	108.7
III	3 414	3 580	42.7	85.5	103.8	44.6	89.3
IV	7 407	6 713	47.1	91.5	97.0	43.1	83.7

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of Peru and the International Monetary Fund, *International Financial Statistics*.

Note: The following indexes were used for purposes of deflation: A: The consumer price index. B: Domestic products sub-index of the wholesale price index. C: Average wages in the Lima metropolitan area.

^a Corresponds to the average of the indexes of the real exchange rate for the inti *vis-à-vis* the currencies of Peru's main trading partners, weighted according to the relative significance of exports to or imports from these countries, as appropriate. 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 information on the methodology used, see the statistical appendix to the *Economic Survey of Latin America*, 1981. From 1987 onward the weighted average exchange rates for exports and imports are shown. These rates were used to calculate the respective indexes of the real effective exchange rate.

Table 17
PERU: EXCHANGE RATE ACCORDING TO CATEGORY OF TRANSACTION
(Intis per dollar, quarterly averages)

	1988			1989				
	II	III	IV	II	III	IV		
Average exchange rate for exports	44.1	74.0	152.4	357.1	1030.6	2 082.6	3 413.9	7 406.8
Traditional exports	43.4	73.7	152.1	357.1	1027.9	2 077.6	3 403.3	7170.6
Non-priority non-traditional exports	45.5	73.9	152.1	357.1	1027.9	2 077.6	3 403.3	7170.6
Priority non-traditional exports	53.7	92.0	174.9	357.1	1212.9	2 433.0	4161.7	8 419.7
Average exchange rate for imports	36.8	44.5	141.4	484 J	1209.2	2 343 2	3 579.7	6 713.0
Consumer goods				412.3	1054.0	2106.5	3 420.9	5 803.2
Inputs				386.2	1090.6	2 302.4	3 552.4	5 870.3
Capital goods				713.4	1563.5	2 608.3	3 757.6	9109.3
Memorandum item:								
Single Exchange Market (SEM)	33.0	33.0	92.2	357.1	921.2	1883.1	3 271.0	4 589.5
Financial market (FM) ^a	68.4	75.0	140.4	353.2	1207.1	2 210.0	3 540.5	9 380.6

Source: Central Reserve Bank of Peru.

^a From August 1987 onward, corresponds to the Foreign Currency Banking Certificates quotation.

Table 18
PERU: 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 ⁸	SDR ^b	Foreign currency assets ^c	Total	IMF	Other ^d	Total		
1980	432	44	2079	2 555	561	716	1277	1278	27.6
1981	432	40	1351	1823	445	606	1051	772	19.2
1982	432	61	1536	2 029	707	426	1133	896	22.0
1983	432	27	1616	2 075	698	521	1219	856	23.0
1984	432	46	1810	2 288	690	495	1185	1103	28.9
1985	451	51	1972	2 474	727	364	1091	1383	36.5
1986	469	56	1583	2108	755	487	1242	866	25.7
1987	545	65	861	1471	870	520	1390	81	2.3
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 ^c	619	62	767	1448	827	968	1795	-347	-8.6
1989									
I	627	60	1022	1709	798	962	1760	-51	
II	666	58	1230	1954	770	838	1608	346	
III	625	59	1430	2114	784	681	1465	649	
IV ^c	703	61	1318	2 082	792	679	1471	611	13.5

Source: Central Reserve Bank of Peru.

^a Gold held by banks, either in vault or in deposits abroad, and the country's gold contribution to the International Monetary Fund (IMF), at a book value below the market price. ^b Special Drawing Rights. ^c Foreign-currency demand and term deposits in foreign correspondent banks and other international assets such as World Bank bonds, contributions to the Andean Reserve Fund and deposits in local banks. ^d Mainly short-term liabilities with foreign banks and balances with the Latin American Integration Association (ALADI). Preliminary figures.

Table 19
PERU: EXTERNAL DEBT
(Millions of dollars at end of period)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Total external debt	11465	12 445	13 338	13 721	14 477	15 373	16 493	16 720
Medium/long-term	9197	10 925	11976	12 629	13 200	14 017	14 744	15 243
Public sector ^c	6 825	8 256	9648	10 462	11068	11747	12 465	12 965
Central Reserve Bank	707	1089	862	825	788	870	827	792
Private sector	1665	1580	1466	1342	1344	1400	1452	1486
Short-term	2268	1520	1362	1092	1277	1356	1749	1477
Public and private enterprises	1842	1134	978	760	789	837	781	831
Banking system	426	386	384	332	488	519	968	646
Central Reserve Bank	39	23	66	63	148	217	650	330
Banco de la Nación	178	255	212	143	157	169	182	177
Other banks	209	108	106	126	183	133	136	139
Medium/long-term public external debt by creditor source								
Total	6 825	8 256	9 648	10 462	11068	11747	12 465	12 965
Official agencies and governments	1195	1321	1508	1793	1942	2 070	2 281	2 491
International agencies	949	1106	1305	1426	1530	1725	1908	2 070
Socialist countries	925	1076	1070	1026	987	1022	1040	959
Suppliers	1770	2 347	2793	3107	3 347	3 544	3 759	3 910
International banking system	986	2406	2972	3110	3 262	3 386	3 477	3 535

Source: Central Reserve Bank of Peru

^a Preliminary figures. Up to 1982, includes adjustment for variations in the exchange rates of foreign currencies.

^c Central government and public enterprises. ^d Commercial and financial credits with or without banking system guarantee.

Table 20
PERU: EXTERNAL DEBT SERVICE ^a
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^o
Service on total debt ^c	2107	1336	2 889	2 708	2 616	2 692	2 370	2 077
Paid ^d	2107	1336	1204	1031	744	568	308	429
Not paid	-	-	1685	1677	1872	2124	2 062	1648
Principal	1166	525	1655	1497	1558	1700	1555	1291
Paid	1166	525	521	441	221	116	43	79
Not paid	-	-	1134	1056	1337	1584	1512	1212
Interest	1496	750	1161	984	799	664	684	598
Paid ^o	941	811	610	363	264	172	134	162
Not paid	-	-	551	621	535	540	550	436
Regularizations			73	227	236	279	131	188
Public sector	1496	750	2348	2 294	2 295	2386	2149	1832
Paid ^d	1496	750	663	617	495	422	158	225
Not paid	-	-	1685	1677	1800	1964	1991	1607
Principal	945	308	1441	1329	1453	1591	1492	1240
Paid	945	308	307	273	154	79	14	36
Not paid	-	-	1134	1056	1299	1512	1478	1204
Interest	551	442	834	738	606	516	526	425
Paid	551	442	283	117	105	64	13	22
Not paid	-	-	551	621	501	452	513	403
Regularizations			73	227	236	279	131	167
Memorandum item: Payments in kind			46	160	111	94	11	105
Coefficients ^f								
TDS/X	51.7	35.8	75.6	71.5	77.7	75.0	64.2	46.0
TDSP/X	51.7	35.8	31.5	27.2	22.1	15.8	8.3	9.5
PDS/X	36.7	20.1	61.5	60.5	68.2	66.4	58.2	40.6
PDSP/X	36.7	20.1	17.4	16.3	14.7	11.8	4.3	5.0
i/x	23.1	21.8	30.4	26.0	23.7	18.5	18.5	13.3
IP/X	23.1	21.8	16.0	9.6	7.8	4.8	3.6	3.6

Source: Central Reserve Bank of Peru.

^a Includes debt payments in kind. ^b Preliminary figures. ^c 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. includes regularization. ^d Includes interest on the short-term debt. Symbols: TD = total debt; X = exports of goods and services; TDS = total debt service; TDSP = total debt service paid; PDS = public debt service; PDSP = public debt service paid; i = guess interest on the total debt; IP = gross interest actually paid on total debt.

Table 21
PERU: EXTERNAL CREDITS, BY SOURCE¹
(Millions of dollars)

	1983	1984	1985	1986	1987	1988	1989 ^b
Total	1925	785	515	339	145	587	255
Govemmmments	176	255	189	128	97	287	63
International banking system	606					23	
International agencies	463	232	214	85		20	94
Socialist countries	16	1	10	33	22	45	98
Suppliers	564	297	102	93	26	212	

Source: Central Reserve Bank of Peru, on the basis of information supplied by the Ministry of Economic Affairs and Finance, Department of Public Credit.

^a Medium- and long-term. Preliminary figures.

Table 22
PERU: DOMESTIC PRICE TRENDS^a
(Percentages)

	1982	1983	1984	1985	1986	1987	1988	1989
Variation from December to December								
Consumer price index	72.9	125.1	111.5	158.3	62.9	114.5	1722J	2 775.8
Food ^b	72.1	135.8	102.0	153.7	60.2	89.9	1568.8	2 355.5
Wholesale price index	64.2	136.5	115.6	166.4	37.3	72.4	1877.1	1917.9
Imported products	63.5	83.6	140.6	157.9	21.8	52.9	1991.8	2 393.4
Agricultural products	47.7	300.3	105.7	182.9	26.2	46.0	1820.8	1096.8
Manufactures	64.2	75.7	143.5	156.1	21.4	53.5	2 004.9	2 484.2
Domestic products	64.5	153.2	109.9	168.6	41.2	76.6	1855.5	1822.4
Agricultural products	54.0	135.1	104.1	158.2	86.8	84.4	934.9	2 279.8
Manufactures	70.8	163.6	112.7	172.9	21.2	71.5	2 525.5	1 690.8
i between annual averages								
Consumer price index	64.5	111.1	110.2	163.4	77.9	85.8	666.9	3 498.6
Food ^b	52.9	125.7	106.3	149.7	85.1	65.6	535.5	2 706.2
Wholesale price index	56.3	113.1	120.1	173.9	60.3	51.5	627.8	2 510.3
Imported products	54.2	82.5	114.4	175.8	50.9	28.9	595.7	3 092.5
Agricultural products	31.0	212.6	133.4	187.6	68.9	25.5	382.8	2 494.0
Manufactures	55.2	77.8	113.2	175.0	49.6	29.2	612.6	3 124.7
Domestic products	57.0	122.9	121.6	173.5	62.7	56.8	634.1	2 403.0
Agricultural products	48.3	109.3	108.6	130.3	128.1	73.2	354.1	2 433.2
Manufactures	62.2	130.7	128.5	193.5	38.7	47.2	832.8	2 391.5

Source: National Institute of Statistics.

Metropolitan Lima Includes food, beverages and tobacco.

Table 23
PERU: REAL AVERAGE WAGES

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Remunerations								
(Index: 1979 = 100)								
Private sector								
Metropolitan Lima								
Salaries ^c	118.4	101.3	93.2	85.4	104.2	108.3	81.0	43.5
Wages ^d	105.9	88.3	74.8	63.5	82.8	89.3	65.1	36.6
Legal minimum income ^e	97.3	99.5	77.3	67.9	71.1	75.2	66.7	32.2
Central government	116.5	84.2	74.0	58.9	613	69.4	59.5	32.5
Growth rates								
Private sector								
Metropolitan Lima								
Salaries	9.2	-14.4	-8.0	-8.4	22.0	3.9	-25.2	-46.3
Wages	2.2	-16.6	-15.3	-15.2	30.4	7.9	-27.1	-43.7
Legal minimum income	-7.5	2.3	-22.3	-12.2	4.7	5.8	-11.3	-51.7
Central government	-83	-27.7	-12.1	-20.4	4.1	13.2	-143	-453

Source: Ministry of Labour and Social Development and National Institute of Statistics.

Note: The figures for salaries and wages prior to 1986 have been readjusted due to changes in the survey methodology.

^a Preliminary figures. ^b Survey of establishments with 10 or more workers. ^c Intis per month ^d Intis per day. ^e Annual average for Metropolitan Lima. From August 1985 onward, the legal minimum income applies to the whole country.

Table 24
PERU: CENTRAL GOVERNMENT OPERATIONS

	Billions of intis			Growth rates			Percentages of GDP ^a	
	1987	1988	1989 ^b	1987	1988	1989 ^b	1988	1989 ^b
A. Total income	66.4	406.2	7 469.6	46.5	511.2	1 738.9	92	5.4
1. Current income	66.4	406.2	7 469.6	47.0	511.2	1 738.9	92	5.4
a. Tax revenue	61.9	371.6	7 132.5	51.8	499.9	1 819.3	8.4	5.2
Income tax	13.1	86.8	1256.6	33.2	561.5	1 347.2	2.0	0.9
Wealth tax	2.8	22.5	331.9	33.7	716.5	1 373.5	0.5	0.2
Foreign trade taxes	14.3	74.1	1396.4	52.1	417.7	1 785.1	1.7	1.0
Excise taxes (Fuels)	34.7	205.2	4 057.7	63.3	491.9	1 877.3	4.7	2.9
Other tax revenue	1.9	8.7	1 032.1	62.4	350.1	11 812.7	0.2	0.7
Credit documents ^c	-4.8	-25.7	-942.3	64.2	430.9	3 567.3	-0.6	-0.7
b. Non-tax revenue	4.5	34.6	337.1	1.9	668.5	874.9	0.8	0.2
2. Capital income								
B. Total expenditure	108.3	526.0	12 326.1	84.4	394.0	2 243.5	11.9	8.9
1. Current expenditure	91.2	457.3	9 901.0	91.1	404.0	2 064.9	10.4	12
Remunerations	30.0	112.3	2 517.2	103.1	275.7	2 141.7	2.5	1.8
Goods and services	5.0	15.7	465.7	48.1	283.5	2 864.9	0.4	0.3
Transfers	21.5	83.9	2156.6	110.5	287.2	2 470.8	1.9	1.6
Interest	13.1	98.5	1 361.9	50.5	650.3	1282.2	2.2	1.0
Domestic debt	6.5	36.0	508.4	220.8	456.0	1 312.7	0.8	0.4
External debt	6.7	62.5	853.5	-0.7	839.3	1264.7	1.4	0.6
Defence	1.7	146.9	3 399.6	102.4	575.4	2 213.9	3.3	2.5
2. Capital expenditure	17.1	68.6	2 425.1	55.6	340.5	3 434.0	1.6	1.8
Gross capital formation	10.4	9.0	502.1	24.2	8.7	5 453.2	0.2	0.4
Transfers	5.0	58.6	1 914.9	95.5	1 165.3	3168.0	1.3	1.4
Other	1.8	1.0	8.1	1 761.7	-36.2	725.9	-	-
Saving on current account (A1-B1)	-24.8	-51.1	-2 431.4				-12	-1.8
Overall result (A-B)	-41.9	-119.8	-4 856.5				-2.7	-3.5

Source: Central Reserve Bank of Peru.

^a The GDP figures used in these calculations correspond to the nominal GDP as calculated by the National Institute of Statistics for national accounts (base 1979). Preliminary figures. Primarily tax rebates on non-traditional exports, tax capitalization and tax payment promissory notes. Primarily property income, fines and pension deductions.

Table 25
PERU: CONSOLIDATED NON-FINANCIAL PUBLIC SECTOR DEFICIT AND FINANCING

	Billions of intis				Percentage breakdown			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Economic deficit	18.7	49.8	329.3	7 360.5	100.0	100.0	100.0	100.0
Central government	13.4	42.3	119.8	4 856.5	71.7	84.9	36.4	66.0
Public enterprises	6.6	8.6	187.6	2 314.7	35.5	17.4	57.0	31.4
Rest of public sector	-1.3	-1.1	21.9	189.3	-7.2	-2.3	6.7	2.6
Net financing	18.7	49.8	329.3	7 360.5	100.1	100.0	100.0	100.0
Medium- and long-term								
External financing	7.5	11.8	91.7	1328.7	40.4	23.8	27.9	18.1
Short-term external financing	1.7	-0.9	-12.2	83.3	9.2	-1.8	-3.7	1.1
Domestic financing	9.4	38.8	249.8	5 948.5	50.5	78.0	75.8	80.8
Financial system	8.8	33.0	85.6	2 502.4	47.3	66.2	26.0	34.0
Deposits frozen in the Central Reserve Bank	-	-	-3.4	-6.1	-	-	-1.0	-0.1
Bonds ^b	0.2	-0.3	2.8	314.7	1.1	-0.6	0.8	4.3
Other and discrepancies ^c	0.4	6.2	164.8	3 137.5	2.1	12.5	50.0	42.6
	Deficit as ,percentage/GDP							
Total deficit	5.1	6.7	7.5	5.5				
Central government	3.7	5.7	2.7	3.5				
Public enterprises	1.8	1.2	4.3	1.7				
Rest of public sector	-0.4	-0.2	0.5	0.1				

Source: Central Reserve Bank of Peru.

^a Preliminary figures. Bonds placed with the rest of the financial system and with the private sector. ^c Includes arrears in payments to suppliers. See footnote a of table 24.

Table 26
PERU: MONETARY BALANCE

	Year-end balances (billions of intis)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Monetary base	37.3	78.7	423.8	7 987.7	68.9	111.0	438.2	1784.6
Money (Mi)	31.0	75.5	446.4	7 601.7	107.2	143.9	491.3	1602.9
Currency outside banks	16.2	41.8	256.9	5 396.2	100.0	158.2	515.1	2 000.5
Demand deposits	14.8	33.7	189.5	2 205.5	115.8	128.3	461.8	1063.9
Factors of expansion (net)	70.1	149.2	1 022.3	22 003.8	64.4	113.0	585.1	2 052.4
Net international reserves	12.1	2.7	-158.8	3 215.2				
Other external operations (net)	-5.4	-10.9	-47.9	-143.9				
Net domestic credit	63.4	157.4	1 229.0	18 932.5	109.7	148.2	680.6	1 440.5
Public sector	13.4	54.2	211.8	4 139.4	202.8	306.0	290.5	1 854.4
Central government	17.7	57.0	229.8	5 153.0	148.3	221.9	303.2	2 142.4
Rest of public sector	-4.3	-2.8	-18.0	-1 013.6				
Private sector	57.8	118.2	697.7	12 447.0	74.2	104.4	490.2	1 684.0
Other items (net)	-7.8	-15.0	319.5	2 346.1	634.3			
Quasi-money	39.1	73.7	575.9	14 402.1	413	88.5	681.1	2 400.8
In national currency	31.1	58.8	250.2	9 584.3	111.0	89.0	325.3	3 730.7
In foreign currency	8.0	14.9	325.7	4 817.8	-38.2	86.2	2 089.3	1 379.2
(in millions of dollars)	573	451	651	916				
Percentages								
Monetary multipliers								
Mi/Monetary base	82.9	95.9	105.3	95.2				
M2/Monetary base	187.8	189.5	241.2	275.5				
Liquidity coefficients ^c								
M1/GDP	6.0	6.3	4.1	1.9				
M2/GDP	12.4	12.5	6.7	4.6				
Dollarization coefficient	11.4	10.0	31.9	21.9				

Source: Central Reserve Bank of Peru.

^a Preliminary figures. ^b Referred to as "primary money" in Peru. ^c The figures used for M1 and M2 correspond to the annual average of monthly balances. Equivalent to the proportion of M2 represented by foreign-currency quasi-money.

Table 27
PERU: SELECTED COMMERCIAL BANK INTEREST RATES

	1986	1987	1988	1989	1989			
					II	III	IV	
Rates on loans^a								
Loans for terms of 360 days or less	40.6	36.3	175.1	1208.7	979.5	1355.2	1355.2	1 145.1
(as of end of period)	40.0	32.0	791.6	934.9	1355.2	1355.2	1355.2	934.9
Loans for terms of 361-539 days	45.6	44.7	193.1	1341.1	1090.4	1501.2	1501.2	1271.6
(as of end of period)	45.0	41.0	885.0	1041.9	1501.2	1501.2	1501.2	1041.9
Nominal rates on deposits								
Savings deposits	20.7	23.0	142.9	836.6	689.3	916.8	916.8	823.5
(as of end of period)	20.7	27.7	575.9	730.2	916.8	916.8	916.8	730.2
Deposits for 90-180 days	29.3	30.8	160.6	1 132.2	908.8	1 255.2	1 255.2	1 109.7
(as of end of period)	29.0	30.1	735.6	964.2	1 255.2	1 255.2	1 255.2	964.2

Source: Central Reserve Bank of Peru.

^a Includes the effect of compounding interest. Since 1986 lenders have been permitted to charge commissions of up to 4% (annual effective rate) on consumer loans. ^b Maximum rates.

DOMINICAN REPUBLIC

In 1989, the Dominican Republic's gross domestic product grew by a little over 4%, so that it was possible to end the decade with a slight increase in the per capita product. On the other hand, the external accounts deteriorated considerably and inflation remained high.

Thus, the merchandise trade deficit widened and there were greater delays in external debt disbursements, giving rise to a sharp decline in external financing and a steady loss of reserves that provoked a serious external payments crisis. Prices were directly affected by expectations of devaluation and (in the last quarter) changes in foreign exchange regulations that limited foreign exchange sales at the official rate only to essential commodities. As a result, the increase in the consumer price index came to over 40%, which, although lower than the previous year, was still very high in terms of the historical levels for the country. These imbalances brought fiscal policy back into the centre of attention and led to a slackening of the expansive public investment policy implemented in the previous biennium. Although the public sector deficit nevertheless increased, the central government's cash situation improved as a result of considerable delays in servicing its debt. Considerable losses were also registered by the public enterprises (see table 1 and figure 1).

The administration that took office in 1986 aimed to reverse the virtual stagnation of the economy brought about by sharp changes in the terms of trade. To this end, it implemented a strategy based on vigorous promotion of public investment and development of the country's comparative advantages. The expansion in public investments was to be financed by improving current central government saving and reducing the deficit of State enterprises through higher public charges, while at the external level, the international reserves would be drawn down and external debt payment

commitments would be delayed. The vigorous application of this policy led to a doubling of the level of public investment between 1986 and 1988. In the following year, although the growth rate of public investment declined, such investments still grew by 11%; moreover, since private capital formation and consumption also increased rapidly, considerable fiscal and foreign exchange imbalances were registered.

The growth in the gross domestic product in 1989 was mainly due to the dynamism of the construction sector -which benefitted directly from the public investment policy and the considerable expansion in tourist hotel capacity- and the finance sector. Communications and some agricultural activities also performed well. In contrast, export agriculture declined as a result of the steady deterioration in the sugar sector, which was affected by a process of reconversion. Performance within the manufacturing sector was mixed; many enterprises faced difficulties caused by dearer imported inputs and interruptions in power supply. The energy crisis that affected the country during the year had serious consequences for many sectors of production and also adversely affected the fiscal and external accounts. Finally, another important element which has characterized the evolution of the productive sector in recent years has been the poor spread within the country of the benefits from the production of goods and services for export in the duty-free zones, since apart from some agroindustrial enterprises the rest of the economy has benefitted little from its dynamism.

The poor performance of the external accounts during the decade has been affected by dissimilar movements in trade flows, considerable fluctuations in the terms of trade, and the external debt burden. In 1989, exports grew considerably (23%), thanks to the marked dynamism of real services (mainly tourism)

which accounted for over 55% of total earnings; the slight increase in exports of goods was due to sales of ferronickel and, to a lesser extent, sugar. For their part, imports expanded at the same rate as exports as a result of higher domestic demand and forward purchases caused by expectations of a possible change in the foreign exchange regulations. Consequently, the already high trade deficit worsened, but was offset to a large extent by

higher real services surplus. Finally, the smaller outlays on external debt interest payments slightly reduced the current account deficit. However, there was a steady loss in reserves, compounded by the flight of capital. Petroleum imports had to be paid for in advance as a result of the suspension of commercial credits for this purpose. This brought on the payments crisis and, at the end of the year, the Government implicitly scrapped the official exchange rate

Figure 1

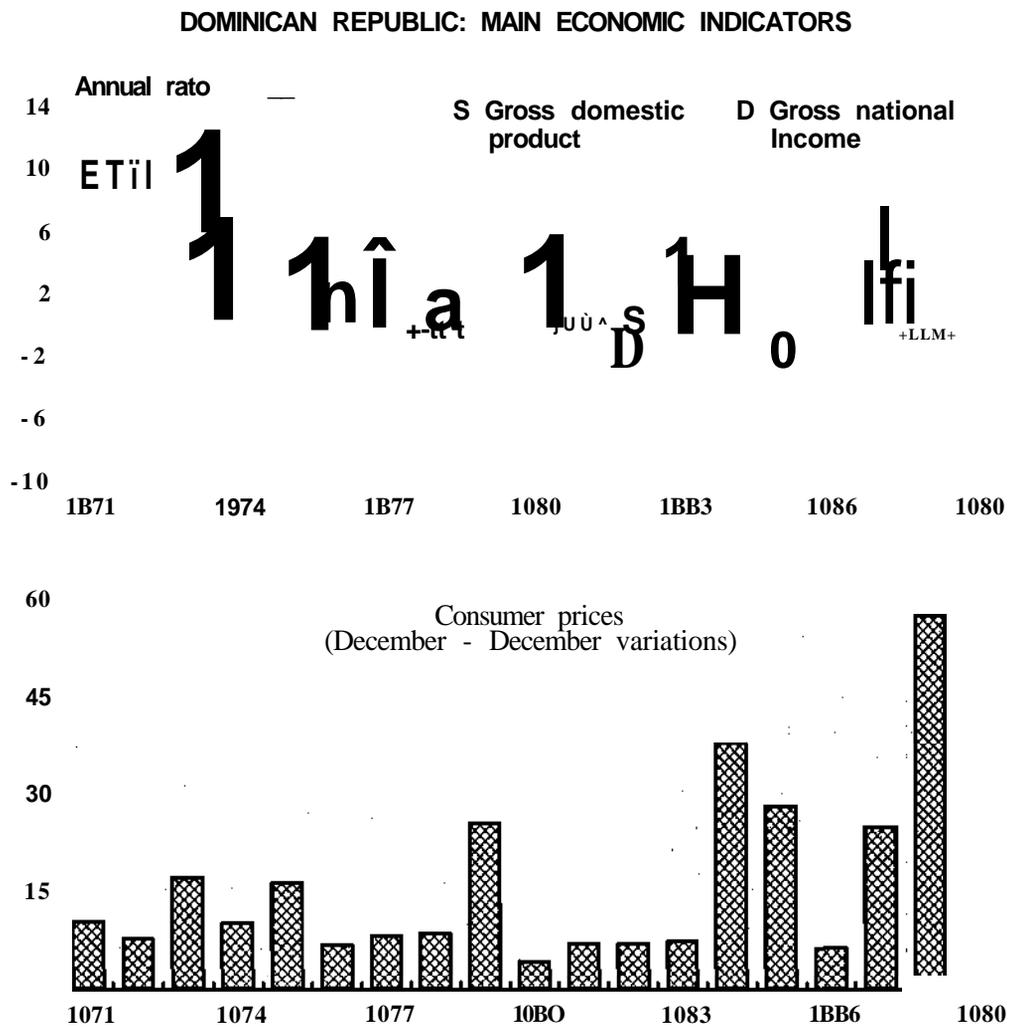
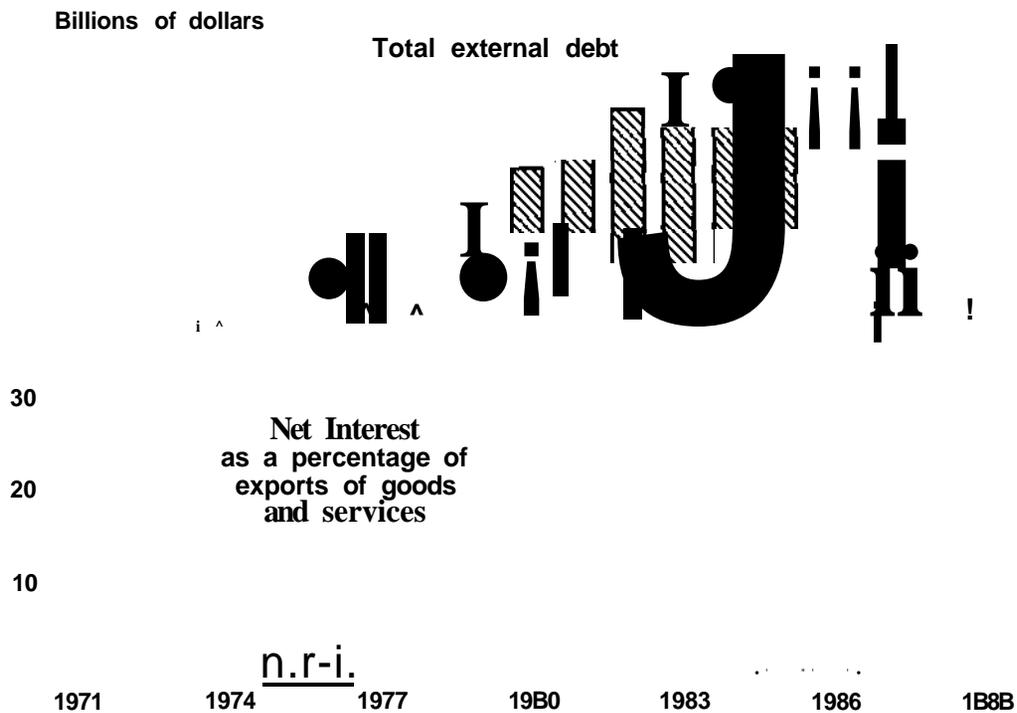
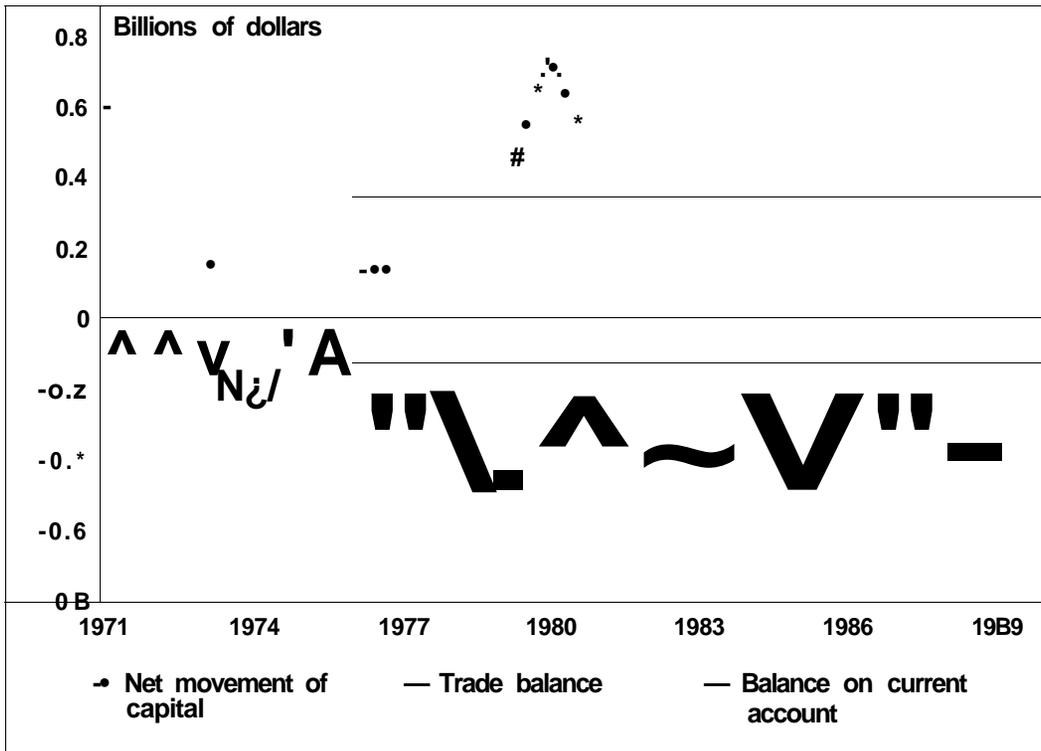


Figure 1 (concluded)



Source; ECLAC, on the basis of official figures.

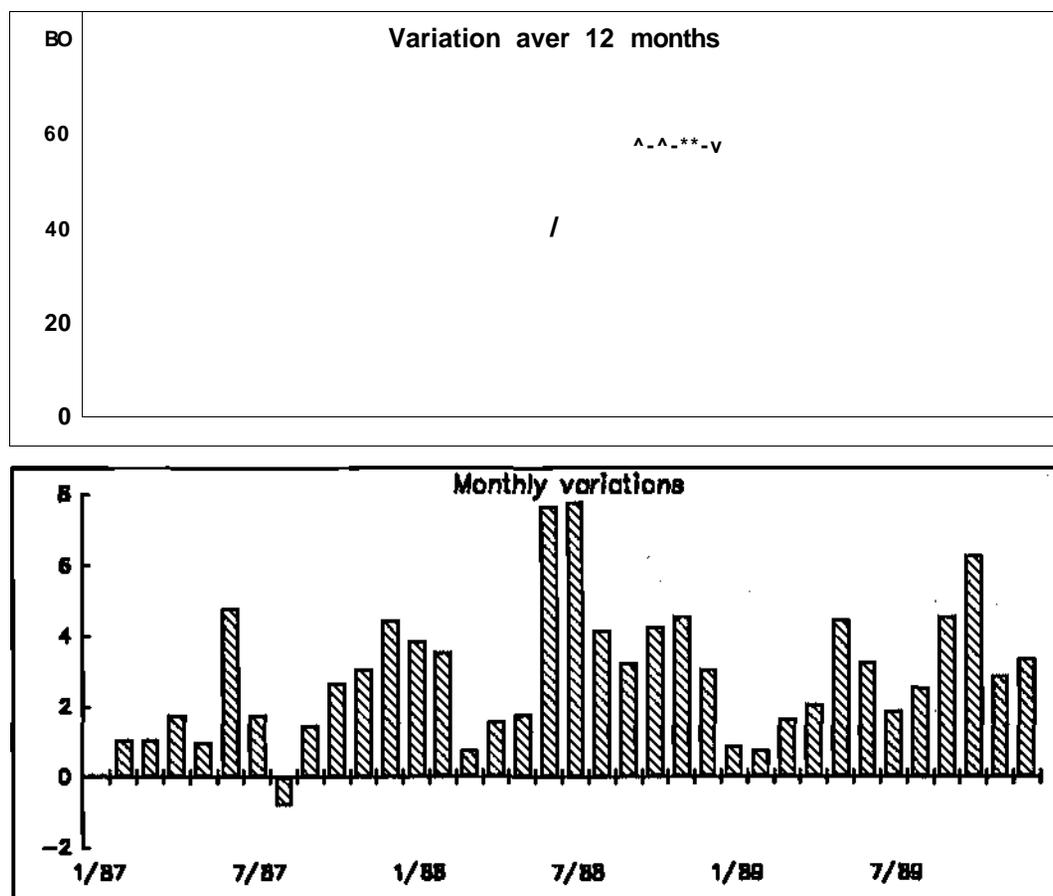
when it announced that only imports of fuels and essential commodities would be paid for from the reserves; all other imports would be financed on a free foreign exchange market that was initially established with an average spread of 25% over the official market rate.

Since the middle of the 1980s, the Dominican Republic's economy has been undergoing an inflationary cycle related to the devaluations and the sustained growth in domestic demand. These forces came into play again in 1989, and thus, as from April and particularly during the last quarter, the growth rate of the consumer price index increased notably after having slackened at the beginning of the year. In 1989, the exchange rate support policy seems to have been less effective than in

the past in containing price increases, since a considerable proportion of the domestic prices tended to follow the evolution of the parallel dollar in view of expectations that the exchange rate parity would not be maintained. Price increases were particularly high in the case of goods with imported inputs, whereas prices of services increased at a more modest rate.

The worsening of the external and internal imbalances was also reflected in the public sector accounts. Current central government cash saving improved as a result of the fact that expenditures fell more than revenues in real terms (see table 18). However, this was merely the result of considerable delays in the servicing of the internal and external public debt: if the money that should have been spent

Figure 2
DOMINICAN REPUBLIC: CONSUMER PRICE INDEX
(Percentages)



Source: ECLAC, on the basis of official data.

on servicing the debt is added to the deficit of the public enterprises, this gives a non-financial public sector deficit equivalent to some 6% of the gross domestic product, which is higher than in previous years.

The monetary authorities focused their attention primarily on foreign exchange policy and on controlling the expansion of domestic credit. Although it proved possible to keep down loans to the central government during part of the year, there was some expansion in credit to the private sector. In view of this, the Central Bank raised rediscount rates and introduced quantitative restrictions on commercial loans. At the same time, the operating losses of the central bank increased considerably as a result of the foreign exchange controls, and

these losses constituted a quasi-fiscal deficit on top of that of the non-financial public sector.

At the end of the year, the difficulties on the foreign exchange market still persisted, and expectations were not very promising, especially since there were no negotiations underway on the external debt. Although it may be assumed that the prospect of joining the African, Caribbean and Pacific States (ACP) under the Lomé Convention would permit greater access to the European Common Market and to possible sources of financing in the long run, it will not immediately ease the severe external difficulties facing the country, which limit the growth strategy implemented by the authorities.

³ These countries are given preferential treatment by the countries of the European Community. The Dominican Republic's application to accede to the fourth Lomé Convention was supported by the ACP States in October 1989.

Table 1
DOMINICAN REPUBLIC: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Indexes (1980=100)								
Basic economic indicators								
Gross domestic product at market prices	105.3	110.6	110.8	108.8	112.3	120.3	122.1	127.3
Gross national income	103.2	109.2	113.3	103.1	110.4	112.5	116.2	126.4
Population (millions of inhabitants)	6.0	6.1	6.2	6.4	6.5	6.7	6.9	7.0
Per capita gross domestic product	100.3	102.9	100.6	96.6	97.4	102.0	101.3	103.3
Money (Mi)/GDP ^b	8.0	8.1	8.5	8.1	11.9	13.7	13.3	11.4
Real effective exchange rate (official)	107.1	112.5	154.1	126.7	108.5	129.4	151.3	112.3
Growth rates								
Short-term economic indicators								
Gross domestic product	1.3	5.0	0.3	-1.9	3.1	7.1	1.6	4.2
Per capita gross domestic product	-1.1	2.5	-2.0	-4.1	0.8	4.7	-0.7	1.9
Gross national income	-2.6	5.7	3.8	-9.0	7.1	1.9	3.3	8.8
Consumer prices (December-December)	7.1	7.7	38.0	28.3	6.5	25.0	57.6	41.2
Real minimum wage	-7.1	-6.5	1.7	-2.4	7.2	-2.2	3.9	-11.0
Current value of exports of goods and services	-24.5	8.8	10.3	-3.4	6.4	10.5	12.2	22.8
Current value of imports of goods and services	-15.6	2.8	-1.3	0.2	4.8	19.3	1.2	23.0
Terms of trade (goods and services)	-20.9	8.4	13.3	-30.4	18.6	-15.1	4.5	14.7
Millions of dollars								
External sector								
Trade balance (goods and services)	-393	-336	-187	-238	-228	-395	-229	-286
Net payments of profits and interest	255	297	241	226	250	306	318	232
Balance on current account	-458	-438	-223	-222	-236	-441	-218	-212
Balance on capital account	312	301	321	266	286	308	341	177
Variation in net international reserves	-160	-147	84	14	29	-173	138	-52
Total disbursed external debt	2 966	3 313	3 536	3 720	3 812	3 899	3 883	4 090

Source: ECLAC, on the basis of official figures.

* Preliminary figures. Percentages.

Table 2
DOMINICAN REPUBLIC: EVOLUTION OF GROSS REAL NATIONAL INCOME

	Indexes(1980 = 100)			Percentage breakdown			
	1987	1988	1989 ^a	1980	1987	1988	1989 ^a
Gross national income (a + b + c + d)	112.5	116.2	126.4	98.8	92.4	94.0	98.2
a) Gross domestic product	120.3	122.1	127.3	100.0	100.0	100.0	100.0
b) Terms-of-trade effect				-	-7.0	-6.2	-2.7
c) Net factor income from abroad	117.3	118.4	82.2	-4.3	-4.2	-4.2	-2.8
d) Net private transfers from abroad	138.2	169.8	150.4	3.1	3.6	4.3	3.7

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 3
DOMINICAN REPUBLIC: TOTAL SUPPLY AND DEMAND

	Indexes(1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total supply	117.5	118.5	126.6	129.8	129.1	4.6	8.4	0.9	6.8
Gross domestic product at market prices	120.3	122.1	127.3	100.0	100.0	3.1	7.1	1.6	4.2
Imports of goods and services	108.0	106.3	124.3	29.8	29.1	10.9	13.5	-1.6	16.9
Total demand	117.5	118.5	126.6	129.8	129.1	4.6	8.4	0.9	6.8
Domestic demand	107.6	107.5	116.4	110.1	100.7	7.3	4.6	-0.1	8.3
Gross domestic investment	130.7	139.5	160.4	24.9	31.3	11.6	39.5	6.7	15.0
Gross fixed investment	134.9	146.5	169.4	23.6	31.4	11.4	38.9	8.6	15.6
Construction	166.2	179.3	205.2	14.6	23.6	15.0	43.2	7.9	14.4
Machinery	83.9	93.1	111.1	9.0	7.9	2.3	26.8	11.0	19.3
Public	470.7	551.2	611.9	5.2	25.0	46.3	125.1	17.1	11.0
Private	40.0	32.2	44.3	18.4	6.4	-8.3	-38.9	-19.5	37.8
Changes in stocks	51.3	4.8	-11.1	1.2	-0.1				
Total consumption	100.9	98.1	103.6	85.2	69.4	6.2	-4.4	-2.7	5.6
General government	122.1	133.7	120.3	7.6	7.2	7.2	-17.7	9.5	-10.0
Private	98.8	94.6	102.0	77.6	62.2	6.1	-2.5	-4.2	7.7
Exports of goods and services	172.4	180.0	183.0	19.7	28.4	-5.1	23.8	4.4	1.7

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

^a Preliminary figures. ^b 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 unit value indexes calculated by ECIAC for this purpose.

Table 4
DOMINICAN REPUBLIC: ORIGIN AND FINANCING OF GROSS
DOMESTIC INVESTMENT

(As percentage of the gross domestic product)¹¹

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Gross domestic investment	19.1	20.3	19.8	19.2	20.8	27.0	28.4	31.3
Gross domestic savings	15.9	16.4	15.6	22.3	20.0	28.6	31.5	30.6
Net income from factor services	-3.5	-4.3	-3.5	-3.4	-3.9	-4.2	-4.2	-2.8
Terms-of-trade effect	-2.2	-1.0	1.4	-6.7	-2.7	-7.0	-6.2	-2.7
Unrequited private transfer payments	2.6	2.9	3.0	3.7	3.7	3.6	4.3	3.7
Gross national savings	12.8	13.9	16.5	15.8	17.1	21.0	25.5	28.8
External savings	6.3	6.4	3.3	3.3	3.6	6.1	2.9	2.5

Source: ECLAC, on the basis of official figures.

* At market prices in constant 1980 dollars at the adjusted exchange rate.

^b Preliminary figures.

Table 5
DOMINICAN REPUBLIC: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY,
AT 1980 MARKET PRICES

	Indexes(1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product	120.2	122.1	127.2	100.0	100.0	3.1	7.1	1.6	4.2
Goods	119.9	119.1	<u>113.2</u>	48.0	47.0	2.8	12.6	-0.6	4.7
Agriculture	112.3	110.8	113.2	20.2	17.9	-0.5	2.9	-1.3	2.2
Mining	120.9	112.5	116.5	5.3	4.9	-11.1	25.9	-7.0	3.5
Manufacturing	115.1	110.9	112.9	15.3	13.6	7.0	10.7	-3.6	1.9
Construction	150.6	164.6	187.8	7.2	10.7	15.5	34.1	9.3	14.1
Basic services	119.9	120.2	125.0	5.9	5.8	3.3	9.4	0.2	4.0
Electricity, gas and water	141.7	137.0	125.5	0.5	0.4	5.6	10.7	-3.3	-8.4
Transport, storage and communications	118.1	118.8	124.9	5.5	5.4	3.1	9.2	0.6	5.2
Other services	120.7	125.5	130.2	46.1	47.1	3.5	1.7	4.0	3.7
Commerce, restaurants and hotels	109.4	106.6	108.8	15.8	13.5	3.1	2.7	-2.5	2.0
Financial establishments, insurance, real estate and business services	141.6	153.2	162.0	12.0	15.2	6.3	5.7	8.2	5.8
Ownership of dwellings	110.8	113.0	113.2	8.4	7.5	1.1	2.3	2.0	0.2
Community, social and personal services	116.8	123.7	127.9	18.3	18.4	1.8	-2.0	5.9	3.4
Government services	114.5	118.6	122.2	8.3	8.0	-5.9	2.3	3.6	3.0

Source: ECLAC, 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.

* Preliminary figures.

Table 6
DOMINICAN REPUBLIC: INDICATORS OF AGRICULTURAL PRODUCTION

	1985	1986	1987	1988	1989 ^a	Growth rates			
						1986	1987	1988	1989 ^a
Index of agricultural value added (1970 = 100)	154.1	153.3	157.6	155.6	159.0	-0.5	2.8	-1.3	<i>II</i>
Crop farming	135.3	134.1	138.9	135.5	136.6	-0.9	3.6	-2.4	0.8
For export	111.7	109.1	112.9	113.0	109.7	-2.3	3.5	0.1	-2.9
For domestic consumption	153.2	153.2	158.7	152.6	157.0	-	3.6	-3.8	2.9
Stock-raising	188.1	187.3	190.9	191.0	199.6	-0.4	1.9	0.1	4.5
Fishing and forestry	243.9	251.8	258.0	265.1	269.1	3.2	2.5	2.8	1.5
Production of main crops									
For export									
Sugar cane	8 419	8 208	8 525	8 375	7 856	-2.5	3.9	-1.8	-6.2
Tobacco	31	26	29	28	30	-16.1	10.3	-3.4	7.1
Coffee	132	137	134	136	129	3.8	-2.0	1.5	-5.1
Cocoa	35	36	39	41	42	5.0	6.8	5.1	2.4
For domestic consumption									
Rice	494	487	515	460	462	-1.4	5.7	-11.0	0.3
Maize	91	59	48	47	49	-35.2	-18.6	-2.1	4.3
Beans	48	49	52	53	54	2.1	6.1	1.9	1.9
Pigeon peas	26	27	21	34	40	3.8	-22.2	61.9	17.6
Peanuts	43	47	44	33	35	9.3	-6.4	-25.0	6.1
Sweet potatoes	71	76	72	71	73	7.0	-5.3	-1.4	2.8
Cassava	135	143	143	157	159	5.9	-	9.8	1.3
Tomatoes	165	170	173	163	173	3.0	1.8	-5.8	6.1
Bananas ^c	1180	1091	1180	1206	1242	-7.5	8.2	2.2	3.0
Indicators of stock-raising production									
Slaughtering									
Beef	74	77	78	79	81	4.1	1.3	1.3	2.5
Pork	7	8	9	9	8	14.3	12.5	-	-11.1
Poultry	81	83	87	86	90	2.5	4.8	-	4.7
Eggs ^c	408	416	433	428	454	2.0	4.1	-1.2	6.1
Milk production ^d	368	327	304	308	330	-11.1	-7.0	1.3	7.1

Source: ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

* Preliminary figures. ^b Thousands of tons. ^c Millions of units. ^d Millions of litres.

Table 7
DOMINICAN REPUBLIC: INDICATORS OF MINING PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates			
					1986	1987	1988	1989 ^a
Indexes of value added in mining (1970 = 100)	526.2	662.6	616.6	638.0	-11J	25.9	-6.9	3.5
Production of the main minerals								
Ferronickel	58	86	77	82	-13.4	48.3	-10.5	6.5
Gold ^c	286	251	204	172	-13.1	-12.2	-18.7	-15.7
Silver ⁰	1356	1093	1420	700	-14.2	-19.4	29.9	-50.7

Source: ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

* Preliminary figures. ^b Thousands of tons. ^c Thousands of troy ounces.

Table 8
DOMINICAN REPUBLIC: INDICATORS OF MANUFACTURING PRODUCTION

	1986	1987	1988	1989 ^a	Growth rates			
					1986	1987	1988	1989 ^a
Index of manufacturing production (1970 = 100)	219.9	243.4	234.7	238.9	6.9	10.7	-3.6	1.8
Foodstuffs, beverages and tobacco	205.5	227.1	220.5	216.0	6.4	10.5	-2.9	-2.0
Foodstuffs	180.6	197.9	175.9	171.3	4.2	9.6	-11.1	-2.6
Sugar and sugar products	91.2	97.0	88.2	84.2	-2.9	6.4	-9.1	-4.6
Other foodstuffs	245.4	271.0	239.4	237.4	6.3	10.4	-11.7	-0.9
Beverages	334.9	382.6	408.8	427.1	13.8	14.2	6.8	4.5
Tobacco	192.1	203.8	233.0	231.0	4.0	6.1	14.3	-0.9
Other manufacturing industries	264.5	302.1	307.5	328.5	8.2	14.2	1.8	6.8
Production of some major manufactures								
Raw sugar	814	866	777	729	-2.2	6.4	-10.3	-6.2
Refined sugar	80	86	81	87	-9.1	7.5	-5.8	7.4
Hulled coffee ^b	69	67	68	65	4.5	-2.9	1.5	-4.4
Wheat flour ^o	5192	5645	4902	4940	11.3	8.7	-13.2	0.8
Rum ^d	29	34	32	33	20.8	17.2	-7.1	4.1
Beer ^d	109	121	144	151	5.8	11.0	18.6	4.9
Cigarettes ⁶	204	216	247	246	4.1	5.9	14.4	-0.4
Cement	939	1187	1222	1271	-5.8	26.4	3.0	4.0
Other indicators of manufacturing production								
Consumption of electricity by industry	693.7	764.3	748.5	686.4	10.3	10.2	-2.1	-8.3

Source: ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

* Preliminary figures. ^b Thousands of tons. ^c Thousands of quintals. ^d Millions of litres. ^e Millions of packages of 20. ^f Millions of kWh.

DOMINICAN REPUBLIC

Table 9
DOMINICAN REPUBLIC: MAIN FOREIGN TRADE INDICATORS (GOODS)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Growth rates								
Exports FOB								
Value	-35.4	2.3	10.6	-14.9	-2.2	-1.5	25.6	3.4
Volume	-7.6	10.0	2.2	0.7	-9.3	8.2	-3.2	-13.0
Unit value	-30.0	-7.0	8.2	-15.5	7.8	-8.9	29.8	18.9
Imports FOB								
Value	-13.4	1.7	-1.7	2.3	5.1	17.7	1.1	22.1
Volume	-11.9	16.6	0.8	3.1	11.8	12.9	-1.2	16.2
Unit value	-1.7	-12.8	-2.5	-0.8	6.5	4.3	2.3	5.0
Terms of trade								
FOB/CIF	-29.2	5.1	9.8	-14.8	14.5	-13.4	26.6	13.1
Indexes (1980 = 100)								
Purchasing power of exports	75.4	87.1	97.8	83.9	87.1	81.5	99.9	98.3
Volume of exports	93.1	102.4	104.7	105.4	95.6	103.4	100.1	87.1
Volume of imports	78.8	91.9	92.7	95.6	106.8	120.6	119.1	138.5
Terms of trade	80.9	85.1	93.4	79.6	91.1	78.8	99.8	112.9

Source: ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

^a Preliminary figures.

Table 10
DOMINICAN REPUBLIC: EXPORTS OF GOODS, FOB

	Millions of dollars			Percentage breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989*	1986	1987	1988	1989*
Total	711	890	924	100.0	100.0	-12	-1.5	25.1	3.8
Main traditional exports	542	710	760	87.6	82.2	-6.0	-0.5	31.0	7.0
Raw sugar	127	123	159	30.2	17.2	-15.5	-5.1	-3.0	28.8
Furfural	20	18	21	2.2	2.2	29.3	-6.3	-10.7	15.3
Molasses	13	12	12	1.6	1.3	13.9	17.1	-9.3	2.1
Coffee	63	67	64	5.4	6.9	31.0	-43.9	5.6	-3.9
Cocoa	66	64	48	5.3	5.2	1.4	12.7	-3.0	-25.2
Tobacco	14	18	14	3.6	1.5	5.5	-23.7	30.9	-22.5
Ferronickel	115	309	372	10.5	40.3	-35.5	48.1	168.6	20.4
Gold and silver	120	98	70	27.0	7.6	-1.6	7.4	-18.3	-28.8
Bauxite	4	2	1	1.9	0.1	-	-	-58.5	-45.8
Main non-traditional exports	169	180	164	12.4	17.8	11.6	-4.5	6.0	-8.6
Chemical fertilizers	6	7	5	2.0	0.5	18.0	-6.9	16.7	-28.6
Beef	17	27	19	0.3	2.1	41.7	-7.5	58.8	-29.6
Coconut emulsion	5	7	7	0.6	0.8	2.2	21.3	40.0	-
Tinned pigeon peas	6	10	10	0.5	1.1	28.3	8.3	66.7	-
Taro	5	5	4	0.3	0.4	82.8	-48.1	-	-20.0
Other	130	124	119	8.7	12.9	8.6	1.1	-7.1	3.0

Source: ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

^a Preliminary figures.

Table 11
DOMINICAN REPUBLIC: VOLUME OF EXPORTS OF MAIN PRODUCTS

	Thousands of tons					Growth rates				
	1985	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a	
Raw sugar	655.2	449.2	553.1	513.9	492.8	-31.4	23.1	-7.1	-4.1	
Furfural	28.1	34.6	35.6	32.6	40.0	23.1	2.9	-8.4	22.7	
Molasses	150.5	164.5	184.6	179.2	180.3	9.3	12.2	-2.9	0.6	
Coffee (unroasted)	30.2	30.4	29.7	27.2	30.4	0.7	-2.3	-8.4	11.8	
Cocoa	31.3	35.9	38.9	46.7	40.0	14.7	8.4	20.1	-14.3	
Tobacco	13.9	15.5	10.9	15.1	9.0	11.5	-29.7	38.5	-40.4	
Ferronickel	67.9	53.9	78.4	82.9	78.0	-20.6	45.5	5.7	-5.9	
Gold and silver alloy	1909.3	1641.7	1343.6	1623.2	868.2	-14.0	-18.2	20.8	-46.5	

Source: ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

^a Preliminary figures. Troy ounces.

Table 12
DOMINICAN REPUBLIC: IMPORTS OF GOODS, FOB

	Millions of dollars				U.S. \$ @		Growth rates			
	1986	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	1352	1592	1609	1964	100.0	100.0	5.1	17.7	1.1	22.1
Consumer goods	392				22.6		543			
Durables	97				8.0					
Foodstuffs	86				8.2					
Other	209				6.4					
Raw materials and intermediate goods	657				613		-20.0			
Petroleum and fuels	254	378	333	427	30.0	21.7	-40.5	48.8	-11.9	28.2
Other	403				31.2		2.1			
Capital goods	303				16.1		443			

Source: ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

^a Preliminary figures.

Table 13
DOMINICAN REPUBLIC: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-458	-438	-223	-222	-236	-441	-218	-212
Trade balance	-393	-336	-187	-238	-228	-395	-229	-286
Exports of goods and services	1142	1242	1370	1323	1408	1556	1746	2143
Goods FOB	768	785	868	738	722	711	893	924
Real services	374	457	501	584	686	845	852	1219
Transport and insurance	21	27	29	36	34	36	36	51
Travel	266	320	371	451	506	568	616	894
Imports of goods and services	1535	1578	1557	1560	1636	1952	1975	2 429
Goods FOB	1257	1279	1257	1286	1352	1592	1608	1964
Real services	277	299	300	274	284	360	367	465
Transport and insurance	138	150	127	121	125	175	171	230
Travel	87	88	89	83	90	95	102	136
Factor services	-255	-297	-241	-226	-250	-306	-318	-232
Profits	-	-	-	-	-	-	-	-
Interest received	4	7	6	22	17	12	8	10
Interest paid or due	-259	-304	-247	-248	-267	-318	-326	-242
Labour and property	-	-	-	-	-	-	-	-
Unrequited private transfer payments	190	195	205	243	242	260	328	306
Balance on capital account	312	301	320	266	286	308	341	177
Unrequited official transfer payments	15	20	60	114	29	95	91	84
Long-term capital	283	558	294	186	142	59	248	266
Direct investment	-1	48	68	36	50	89	106	110
Portfolio investment	-	-	-	-	-	-	-	-
Other long-term capital	285	510	226	149	92	-29	142	156
Official sector ⁰	302	576	237	161	92	-29	142	156
Loans received	416	698	273	203	220	153	314	279
Amortization payments	-113	-122	-36	-41	-128	-174	-169	-123
Commercial banks ^c	-	9	-2	-	-	-	-	-
Loans received	1	11	-	-	-	-	-	-
Amortization payments	-1	-2	-2	-	-	-	-	-
Other sectors ^c	-18	-75	-9	-12	-	-	-	-
Loans received	41	16	20	7	-	-	-	-
Amortization payments	-58	-92	-30	-19	-	-	-	-
Short-term capital	44	-289	-63	-191	-51	142	-129	-173
Official sector	162	-165	-114	-81	-43	81	-129	-
Commercial banks	-46	-235	-22	-110	-7	60	-	-
Other sectors	-73	110	73	-	-	-	-	-
Errors and omissions (net)	-30	13	30	157	166	11	130	-
Global balance	-146	-136	97	44	51	-133	122	-35
Total variation in reserves (- sign indicates an increase)	160	147	-84	-14	-29	173	-138	52
Monetary gold	16	13	22	-	-	-	-	-
Special Drawing Rights	1	-	-	-31	32	-	-	-
IMF reserve position	0	-8	8	-	-	-	-	-
Foreign exchange assets	95	-34	-91	-55	-68	194	-72	-
Other assets	-	-	2	-3	-	-	-	-48
Use made of IMF credit	48	176	-25	75	7	-21	-66	100

Source: 1982-1988: ECIAC, on the basis of data supplied by the International Monetary Fund. 1989: ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

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

Table 14
DOMINICAN REPUBLIC: EXCHANGE RATES
(Annual and quarterly averages)

	Nominal exchange rate (pesos per dollar)	Indexes of real effective exchange rate ^a (1985 = 100)	
		Exports	Imports
1970-1979		75.7	92.3
1980-1989		94.8	97.9
1980	1.26	78.9	102.2
1981	1.28	78.8	92.1
1982	1.46	84.5	82.6
1983	1.60	88.8	82.8
1984	2.74	121.6	115.9
1985	3.11	100.0	100.0
1986	2.90	85.6	85.2
1987	3.85	102.1	100.6
1988	6.11	119.4	123.6
1989	6.34	88.6	94.2
1987			
I	3.17	89.7	85.8
II	3.59	98.5	95.9
III	3.89	102.3	101.3
IV	4.73	117.9	119.4
1988			
I	5.22	118.4	121.7
II	6.43	138.1	142.6
III	6.46	117.3	121.0
IV	6.34	103.7	109.2
1989			
I	6.34	99.7	106.3
II	6.34	93.6	97.2
III	6.34	85.0	91.0
IV	6.34	76.1	82.3

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

^a 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 those 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 15
DOMINICAN REPUBLIC: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Millions of dollars								
Total external debt								
Balances	2 966	3 313	3 536	3 720	3 812	3 899	3 883	4 090
Interest ^c	259	304	247	248	258	318	326	242
Percentages								
Total external debt/exports of goods and services	259.7	266.7	258.3	281.2	270.7	250.5	222.5	190.8
Net interest /exports of goods and services	22.3	23.9	17.6	17.1	17.7	19.6	18.2	10.8

Source: ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.
^a Preliminary figures. ^b Total public and State-guaranteed private external debt. ^c Corresponds to the "interest paid or due" entry of the balance-of-payments current account. Corresponds to the net item of the balance of payments.

Table 16
DOMINICAN REPUBLIC: DOMESTIC PRICES

	1982	1983	1984	1985	1986	1987	1988	1989
Variation December to December								
Consumer price index	7.1	7.7	38.0	28.3	6.5	25.0	57.6	41.2
Food, beverages and tobacco	9.5	4.0	38.0	36.2	9.4	30.6	69.6	36.7
Housing	4.7	12.3	25.0	17.2	7.0	17.3	41.9	45.0
Wearing apparel and footwear	11.6	20.6	68.9	38.1	4.8	21.6	68.3	50.5
Other	2.9	7.2	46.1	18.4	-1.6	19.0	30.1	49.9
Variation between annual averages								
Consumer price index	7.6	6.9	24.4	37.5	9.7	15.9	44.4	45.4
Food, beverages and tobacco	7.9	6.5	21.9	39.3	15.3	20.7	53.3	48.2
Housing	9.4	8.2	21.5	21.2	9.2	13.2	34.5	38.0
Wearing apparel and footwear	9.6	14.4	46.9	57.3	15.5	12.0	44.2	60.7
Other	3.9	4.1	27.5	36.7	1.8	7.2	27.4	36.1

Source: ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

Table 17
DOMINICAN REPUBLIC: EVOLUTION OF MINIMUM WAGES

	1982	1983	1984	1985	1986	1987	1988 ^a	1989 ^b
Pesos								
Nominal ^c	125	125	158	213	250	283	425	550
Indexes (1980 = 100)								
Nominal	100.0	100.0	126.7	170.0	200.0	226.7	340.0	440.0
Real	86.4	80.8	82.2	80.2	86.0	84.1	87.4	77.8
Growth rates								
Nominal	.	—	26.7	34.2	17.6	13.3	50.0	29.4
Real	-7.1	-6.5	1.7	-2.4	7.2	-2.2	3.9	-11.0

Source: ECLAC, on the basis of official figures.

^a Increased to 500 pesos in July. ^b Increased to 700 pesos in October.

^c Minimum wage for employees and workers

of large private sector enterprises.

Table 18
DOMINICAN REPUBLIC: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of pesos				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
1. Current income	2 148	2 878	4 428	5 785	30.7	34.0	53.9	30.6
Tax revenue	2 013	2 522	3 840	5 236	31.8	25.3	52.3	36.4
Direct	454	593	916	1 367	24.4	30.6	54.5	49.2
Indirect	834	738	960	1 186	42.3	-11.5	30.1	23.5
On foreign trade	691	1 143	1 826	2 346	26.8	65.4	59.8	28.5
Other taxes	34	48	138	337	9.7	41.2	187.5	144.2
Non-tax revenue	135	356	588	549	16.4	163.7	65.2	-6.6
2. Current expenditure	1 609	1 471	2 128	2 544	14.9	-8.6	44.7	19.5
Wages and salaries	696	677	965	1 191	13.5	-2.7	42.5	23.4
Current transfers	578	446	747	790	39.3	-22.8	67.5	5.8
Other expenditures	335	348	416	563	-9.9	3.9	19.5	35.3
3. Credit deficit (-) or surplus (+) (1-2)	539	1 407	2 300	3 241				
4. Capital expenditure	617	1 806	2 318	3 013	39.3	192.7	283	30.0
Real investment	232	1 223	1 628	2 124	77.1	427.2	33.1	30.5
Capital transfers	327	535	547	643	36.3	63.6	2.2	17.6
Other capital expenditure	58	48	143	246	-19.4	-17.2	197.9	72.0
5. Total expenditure (2+4)	2 226	3 277	4 446	5 557	20.8	47.2	35.7	25.0
6. Fiscal deficit (-) or surplus (+) (1-5)	-78	-399	-18	227				
7. Financing of deficit	78	399	18	-227				
Net domestic financing	-266	202	-336	-287				
External financing	344	197	354	60				
Loans received	161	143	221	212				
Less amortization payments	22	11	-	213				
Other sources	205	65	133	61				
Ratios (percentages)								
Current saving/capital expenditure	87.4	77.9	85.0	101.9				
Tax revenue/GDP	12.8	13.0	13.6	12.4				
Total expenditure/GDP	13.3	14.9	13.7	11.9				
Fiscal deficit/GDP	-0.5	-2.1	-0.1	0.5				

Source: ECLAC, on the basis of figures supplied by the Ministry of Finance and the Central Bank of the Dominican Republic.

^a Preliminary figures. Includes extraordinary domestic income.

Table 19
DOMINICAN REPUBLIC: MONETARY INDICATORS

	End-year balances (millions of pesos)				Growth rates		
	1986	1987	1988	1989 ^a	1987	1988	1989 ^a
Total assets							
(factors of expansion)	4 630	3 654	5 797	6 842	-21.1	58.6	18.0
Net international reserves	-830	-2 086	-1956	-2178			
External assets	1548	1763	2 981	2286	13.9	69.1	-23.3
Short-term external liabilities	-2 378	-3 849	-4 937	-4 464			
Domestic credit	5 460	5 740	7 753	9 020	5.1	35.1	16.3
To central government (net)	958	1063	856	808	11.0	-19.5	-5.6
To private sector	2 570	3100	4 230	5 761	20.6	36.5	36.2
Other	1932	1577	2667	2 451	-18.4	69.1	-8.1
Total liabilities and capital	4 630	3 654	5 797	6 842	-21.1	58.6	18.0
Money supply (Mi)	2 492	3 095	4 521	5 644	24.2	46.1	24.8
Currency outside banks	938	1318	1856	2683	40.5	40.8	44.6
Demand deposits	1554	1777	2 665	2 961	14.4	50.0	11.1
Absorption factors	2138	559	1276	1198	-73.9	128.3	-6.1
Quasi-money	2326	2374	3 381	4684	2.1	42.4	38.5
Saving deposits	856	1073	1534	^b	25.4	43.0	^b
Time deposits	1440	1267	1749	4 246	-12.0	38.0	142.8
Special deposits	30	34	98	438	13.3	188.2	346.9
Medium- and long-term external loans	3 547	5 536	7 802	8 208	56.1	40.9	5.2
Other (net)	-3 735	-7351	-9 907	-11 694			
Ratios							
Mi/Monetary base ^c	1.56	1.59	1.57	1.56			
GDP/Mi	8.38	7.29	7.52	8.74			
Mi/GDP	0.12	0.14	0.13	0.11			

Source: ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

^a Preliminary figures. Includes savings and time deposits. Monetary base with respect to Mi.

Table 20
**DOMINICAN REPUBLIC: LOANS GRANTED
 BY COMMERCIAL BANKS**

	End-year balances (millions of pesos)				Percentage breakdown		Growth rates			
	1986	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	3 277	3 958	4 982	6 641	100.0	100.0	47.0	20.8	25.9	33.3
Agriculture	279	567	616	807	7.3	12.2	41.6	103.2	8.6	31.0
Sugar industry	141	36	28	-	2.4	-	200.0	-74.5	-22.2	
Manufacturing	830	969	1277	1943	30.7	29.3	40.9	16.7	31.8	52.2
Construction	158	170	378	652	5.9	9.8	88.1	7.6	122.4	72.5
Commerce	425	491	1135	1714	14.1	25.8	70.7	15.5	131.2	51.0
Public sector	833	983	1065	1160	19.2	17.5	21.8	18.0	8.3	8.9
Imports	84	104	-	-	6.7	-	16.7	23.8		
Exports	232	240	-	-	4.2	-	60.0	3.4		
Other	295	398	483	365	9.5	5.5	81.0	34.9	21.4	-24.4

Source: ECLAC, on the basis of figures provided by the Central Bank of the Dominican Republic.

^a Preliminary figures. ^b Since 1987 loans to agroindustry are also included.

URUGUAY

The Uruguayan economy grew by 1% in 1989 after virtually stagnating the year before. Its trade balance amounted to 5% of the product, thus giving rise to a favourable current account balance of almost 2% of the product. A larger public-sector financial imbalance and less demand for liquidity helped to speed up inflation, which, measured according to the variation of consumer prices, bordered on 90% for the year. The size of the fiscal deficit (more than 6% of the product) and the positive balance on current account show that private savings greatly exceeded private investment (see table 1 and figure 1).

The economic programme formulated at the beginning of the year began in a situation of stagnating production and rising inflation (which had reached 70%), a fiscal imbalance of around 5% of the product, and an unstable subregional context, this latter a most important factor since Argentina and Brazil account for two-fifths of Uruguay's foreign trade. At the same time, international interest rates were tending to rise, simultaneously affecting the public budget and the balance of payments, while the external indebtedness of the public sector represented more than twice the country's exports and half of the product.

In this context, the basic objectives of the economic policy were to lower the non-financial public sector deficit to 3.6% of the product -a gap that would be financed in equal parts with external and domestic resources- and keep the level of international reserves unchanged. It was hoped that these goals would make it possible to reduce inflation to an annual rate of 50%, bearing in mind that at the end of 1988 the monetary base was barely more than 5% of the product and economic growth of the order of 4% was projected. However, several of these hypotheses proved to be wrong, while some domestic policies veered from the original programme.

Firstly, the economic instability of the neighbouring countries continued to present considerable problems to the Uruguayan economy. Relative price levels *vis-à-vis* Argentina and Brazil oscillated greatly in terms of the respective national currencies on the free market, and this caused abrupt changes in trade flows, with different effects according to the sectors involved. Thus, the net balance of trade with Argentina was unfavourable, influenced by Uruguayans travelling there to shop on a scale which became considerable, especially during the second and third quarters. The trade balance with Brazil, on the other hand, turned out to be favourable, owing to the doubling of exports to that country.

The persistent drought in extensive areas of the country during most of the year caused serious damage. Stock-raising and hydroelectric power were the most affected sectors. The repercussions on stock-raising will continue to be felt for a considerable time, since the drought made it necessary to alter the structure of the herds. However, the need to reduce the number of animals on impoverished land led to a substantial increase in beef exports and stimulated the manufacture of food products.

Secondly, the expectations of economic agents suffered a pronounced deterioration. The political debate prior to the general elections in November raised doubts about the future of the economic policy, and the economic climate was also affected by the brusque changes in relative prices with Argentina. Since there were imbalances between national-currency interest rates and the corresponding rates calculated on the basis of the foreign-currency rate and the devaluation expected by the economic agents, the persistent process of using the dollar as the basis of the Uruguayan economy was further stimulated. Thus, the velocity of circulation of

Figure 1

URUGUAY: MAIN ECONOMIC INDICATORS

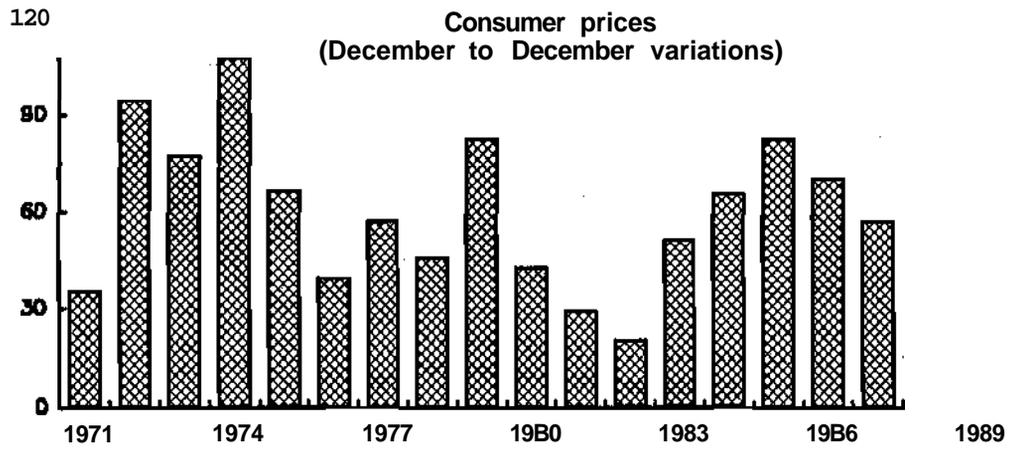
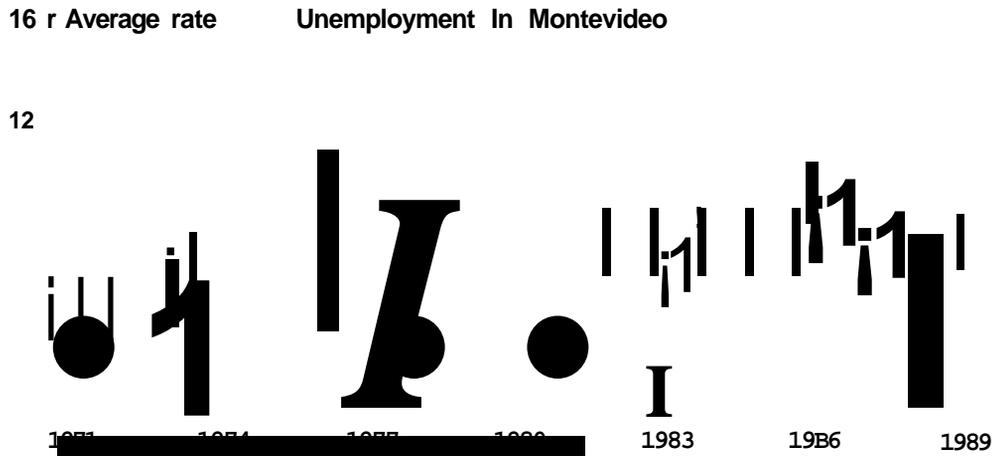
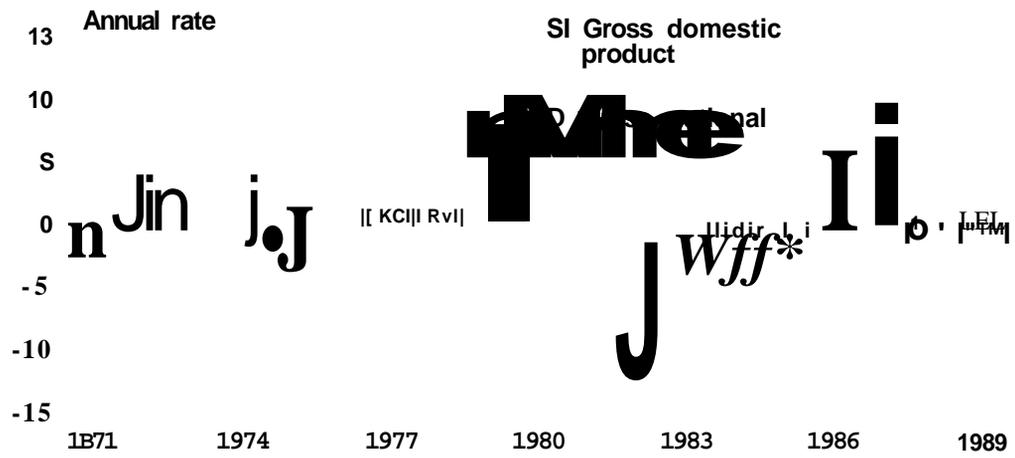
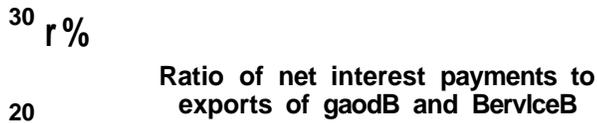
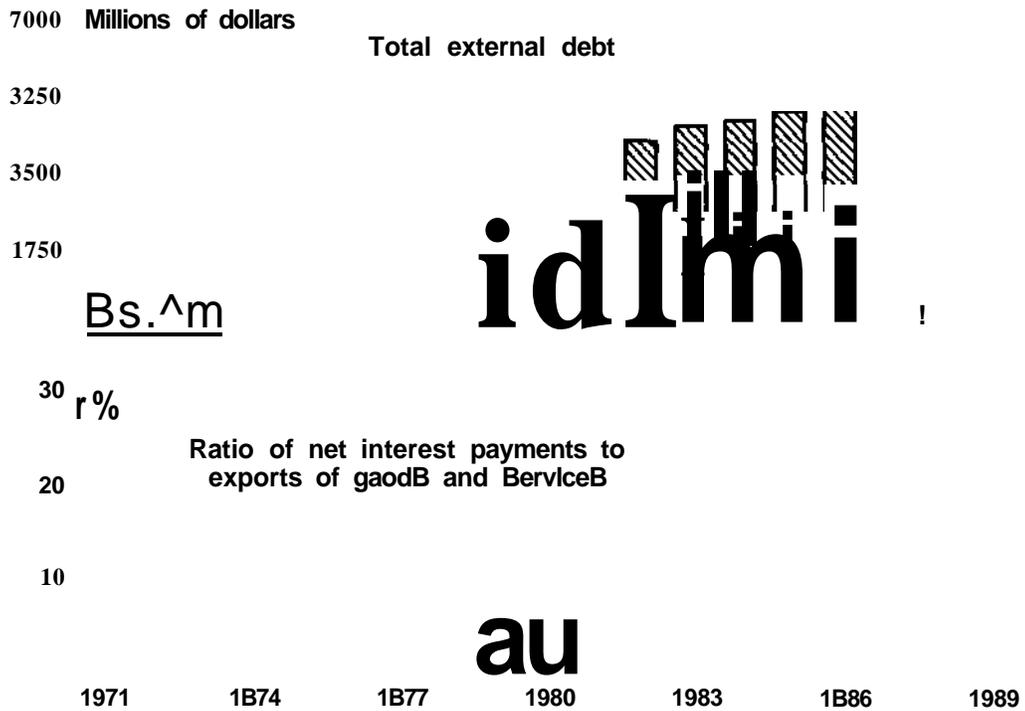
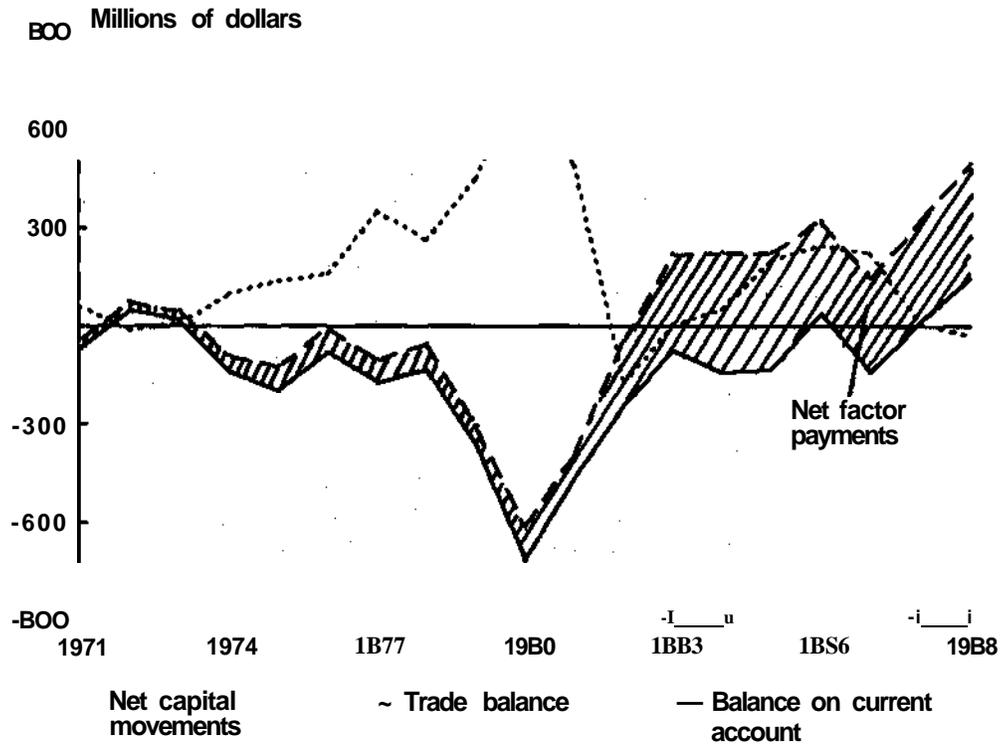


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

money taken as a hypothesis in the programme at the beginning of the year was amply surpassed, particularly during the first six months.

In these circumstances, domestic demand grew by less than 1% and the physical volume of exports increased by almost 6%, so that they amounted for close to 30% of the product. The rapid drop in dollar prices in Argentina in mid-year gave Uruguayan travellers more purchasing power and thus increased their real income. This phenomenon stimulated the expansion of private consumption, but, as a counterpart, had a decisive impact on the increase in the physical volume of imports. At the same time, the political uncertainty and the effects of the drought, which caused a thinning of the herds, further slowed gross investment, which declined to a mere 8% of the product, while fixed capital formation diminished by only 1%.

Domestic saving remained at the low levels of the last two years, around one-eighth of the product, and this, together with the gain from the terms of trade, made it possible to finance the scanty capital formation, the almost five and a half percent of the product allocated for keeping up interest payments on the external debt, and a significant increase in reserves.

The slight expansion of the product was based mainly on services, since the production of goods continued to stagnate in general terms, albeit with marked sectoral differences. Within services, banking once more proved to be the most dynamic sector, owing to its off-shore operations for clients from the subregion.

In spite of the increase in national income, real wages contracted, although only slightly, for the first time in the last five years. However, while the real wages of public employees declined, those in the private sector increased. Thus, in the four-year period 1986-1989 public sector employees received a real increase of only 1%, while real wages in the private sector grew by 21%. The unemployment rate, for its

part, continued to decline registering an annual average of 8.6%, and in December it reached the lowest level (8%) of the decade.

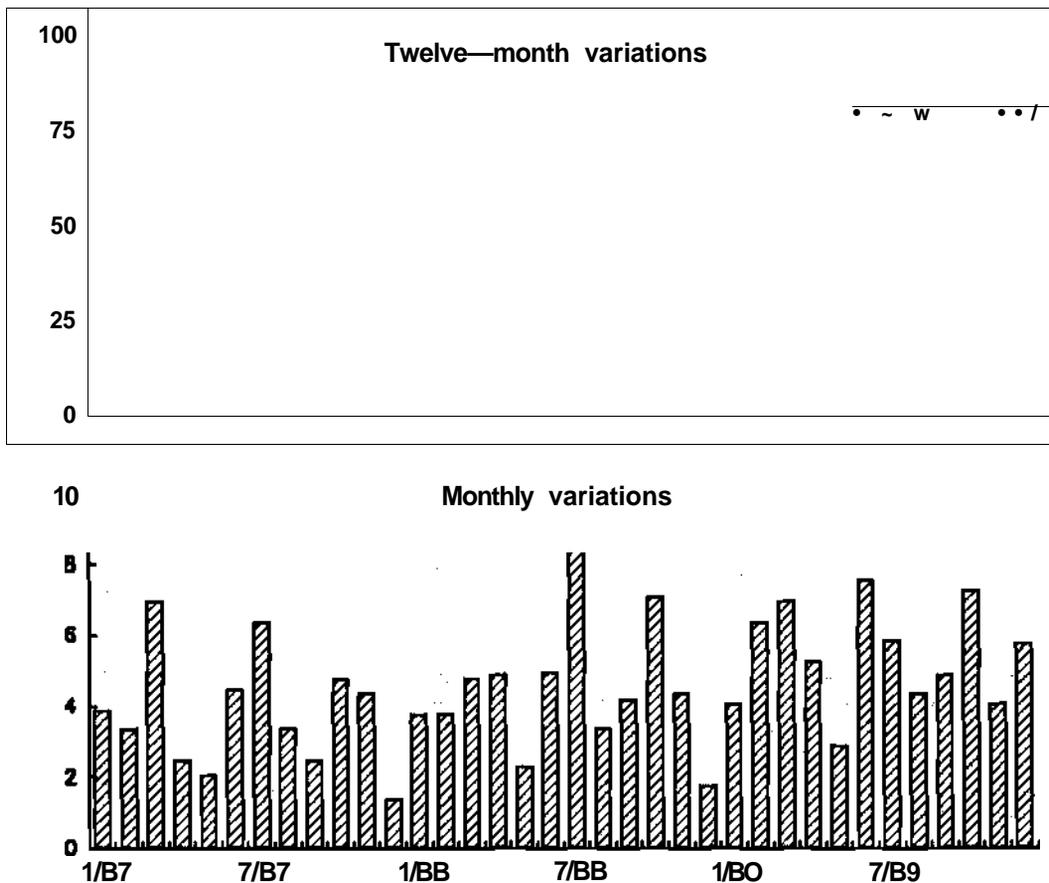
Inflation accelerated in the first part of 1989 and again towards the end of the period, so that the annual variation in the price index reached nearly 90%: the highest level since 1985. The greater financial demands made by the central government on the monetary authority, the contraction of demand for local currency and a generalized passive indexation of the economy, in the framework of a dirty float of the exchange rate which kept the rate of devaluation around 80% annually, were the main reasons why inflation speeded up once again. On the other hand, the shift in private consumption towards the Argentine market and the greater supply of beef were elements that moderated the price rises.

The favourable evolution of the terms of trade and the big increase in beef sales abroad resulted in a trade surplus of almost US\$500 million, equivalent to a quarter of all exports. This surplus easily exceeded the net factor payments (US\$350 million), even though these increased owing to the combined effect of more debt and the rise in international interest rates. The positive balance on current account was reflected in an increase in reserves, but the capital account showed a deficit of US\$30 million, due to outflows of private capital and an increase in credits to buyers in the rest of the world. The net transfer of resources to the exterior thus rose to almost 5% of the product, further worsening the trend already observed the previous year.

The public sector accounts continued to deteriorate. The quasi-fiscal deficit was more than 3% of the product and represented half of the total fiscal imbalance, the other half being attributable to the deficit of the central government, whose income contracted by more than 8% in real terms, while its expenditures remained the same. It may be noted that the consolidated balance of public enterprises once again showed a slight surplus.

'The quasi-fiscal deficit is mainly related to the interest on the external debt originating in commitments contracted as a result of the acquisition by the Central Bank of portfolios of delinquent debts from banks with financial problems. It also includes the nominal payment of interest on the domestic debt in local currency for an amount approximately equivalent to 1% of the product.'

Figure 1
URUGUAY: CONSUMER PRICE INDEX
(Percentages)



Source: ECLAC, on the basis of official figures.

The financing of the central government deficit was substantially distinct from that of previous years. During the triennium 1986-1988, net sales of public securities had been sufficient to meet the financial needs of the Government, thus helping to bring about a contraction in the means of payment. In 1989, however, financing with public securities only covered a little over half of the deficit, obliging the central government to have recourse to bank credit for a sum slightly above 1% of the product.

Added to the greater monetary impact of the fiscal deficit was a sharp drop in the demand for money, which led to a contraction in the main monetary aggregates in real terms (-12% for money and -18% for quasi-money). The annual average ratio between money and the product was thus around 5%, reducing once again the taxable base of the "inflation tax". On the other hand, deposits in foreign currency grew by more than US\$1 billion (38% of the balances at the beginning of the year) owing largely to deposits by non-residents.

Table 1
URUGUAY: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Indexes (1980 = 100)								
Basic economic indicators								
Gross domestic product at market prices	91.2	85.8	84.7	84.8	91.4	97.3	97.5	98.7
Gross national income	89.4	79.2	76.3	74.8	85.8	93.3	94.7	97.3
Population (millions of inhabitants)	2.95	2.97	2.99	3.01	3.03	3.04	3.06	3.08
Per capita gross domestic product	90.1	84.2	82.5	82.2	88.1	93.2	92.8	93.5
Public sector deficit/GDP				7.1	5.0	4.0	4.5	6.1
Money (M1)/GDP (annual average)	8.4	6.6	Ū	5.7	5.7	5.4	5.5	5.0
Real effective exchange rate	106.0	141.9	130.8	130.9	132.0	130.9	145.3	149.1
Rate of unemployment ^c	11.9	15.5	14.3	13.0	10.8	9.3	8.9	8.6
Growth rates								
Short-run economic indicators								
Gross domestic product	-10.1	-6.0	-1.3	0.2	7.8	6.4	0.2	1.3
Per capita gross domestic product	-10.6	-6.6	-1.9	-0.4	7.2	5.8	-0.4	0.7
Gross national income	-11.8	-11.5	-3.6	-2.0	14.7	8.8	15	2.7
Consumer prices								
December to December	20.5	51.5	66.1	83.0	70.7	57.3	69.0	89.2
Real wages and salaries	-0.3	-20.7	-9.0	14.1	5.8	4.7	15	-0.4
Current value of exports of goods and services	-9.6	-8.2	-8.6	-2.8	19.7	3.2	13.9	13.2
Current value of imports of goods and services	-24.4	-24.7	-10.7	-3.2	14.2	19.1	2.8	3.9
Terms of trade (goods and services)	19	-11.9	-3.7	-8.3	19.3	4.8	5.7	6.5
Millions of dollars								
External sector								
Trade balance (goods and services)	-48	217	222	220	320	142	318	494
Net payments of profits and interest	197	288	362	351	278	281	306	349
Balance on current account	-245	-71	-139	-131	42	-139	12	145
Balance on capital account	-172	4	53	201	246	221	6	-31
Variation in international reserves (net)	-497	-104	-55	21	221	5	45	-120
Gross external debt	4 238	4 572	4 671	4 900	5 238	5 888	6 330	6 785
Net external debt	1 790	2 523	2 964	2 911	2 631	2 788	3 166	3 190

Source: ECIAC, on the basis of official figures.

^a Preliminary figures. ^b Average annual rate in Montevideo. ^c Percentages.

Table 2
URUGUAY: EVOLUTION OF GROSS NATIONAL INCOME

	Indexes(1980 = 100)			Percentage breakdown			
	1987	1988	1989 ^a	1980	1987	1988	1989 ^a
Gross national income (a + b + c + d)	93.3	94.7	97.3	98.6	94.6	95.8	97.2
a) Gross domestic product	97.3	97.5	98.7	100.0	100.0	100.0	100.0
b) Terms-of-trade effect				,	-0.8	0.7	2.7
c) Net foreign factor payments	317.7	336.6	377.2	-1.4	-4.7	-4.9	-5.4
d) Net private transfer from abroad							

Source: ECLAC, on the basis of official statistics.

^a Preliminary figures.

Table 3
URUGUAY: TOTAL SUPPLY AND DEMAND

	Indexes (1980 = 100)				Percentage breakdown		Growth rates			
	1986	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total supply	85.6	91.9	92.0	933	130.5	123.4	10.8	73	0.2	14
Gross domestic product at market prices	91.4	97.3	97.5	98.7	100.0	100.0	7.8	6.4	0.2	13
Imports of goods and services	66.5	74.1	74.2	75.7	30.5	23.4	26.4	11.4	0.1	2.0
Total demand	85.6	91.9	92.0	933	130.5	123.4	10.8	73	0.2	14
Domestic demand	77.1	86.6	85.7	86.1	108.8	95.0	10.7	12.4	-1.1	0.6
Gross domestic investment	40.7	50.4	51.7	46.3	17.3	8.1	4.2	23.9	2.5	-10.4
Gross fixed investment	41.6	49.8	51.8	51.1	16.7	8.7	12.6	19.6	4.0	-1.3
Construction	42.1	47.4	49.0		11.4	5.9	5.6	12.6	3.5	
Machinery	40.5	54.9	57.6		5.3	2.7	32.4	35.5	5.0	
Variation in stocks	16.7	68.6	49.1	-82.3	0.6	-0.5				
Total consumption	84.0	93.5	92.1	93.7	91.5	86.8	11.3	11.3	-1.5	1.7
General government	110.2	110.7	111.2	113.2	12.5	14.3	4.3	0.5	0.5	1.8
Private	79.9	90.8	89.1	90.6	79.0	72.5	13.0	13.7	-1.9	1.7
Exports of goods and services	128.3	118.1	124.0	129.3	21.7	28.4	11.0	-7.9	5.0	4.3

Source: ECLAC, on the basis of figures provided by the Central Bank of Uruguay.

^a Preliminary figures. ^b 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 ECLAC for the purpose.

Table 4
**URUGUAY: ORIGIN AND FINANCING OF GROSS
 DOMESTIC INVESTMENT**

(As percentages of the gross domestic product)³

	1982	1983	1984	1985	1986	1987	1988	1989 ^o
Gross domestic investment	14.2	9.6	9.9	8.0	7.7	9.0	9.2	8.1
Gross domestic saving	13.5	17.2	18.4	18.6	16.0	12.1	13.6	13.2
Net income from factor services	-3.3	-5.4	-6.7	-6.4	-5.2	-4.7	-4.9	-5.4
Terms-of-trade effect	-0.1	-3.6	-4.4	-6.6	-2.2	-0.8	0.7	2.7
Unrequited private transfers								
Gross national saving	10.1	8.2	7.3	5.6	8.5	6.7	9.4	10.4
External saving	4.0	1.3	2.6	2.4	-0.8	2.3	-0.2	-2.3

Source: ECLAC, on the basis of official data.

: adjusted exchange rate. ^b Preliminary figures.

Table 5
**URUGUAY: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY,
 AT 1980 MARKET PRICES**

	Indexes(1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989*	1980	1989*	1986	1987	1988	1989*
Gross domestic product	97.3	97.5	98.7	100.0	100.0	7.8	6.4	0.2	1.3
Goods ^b	91.0	89.2	89.1	45.7	41.2	9.7	10.0	-2.0	-0.1
Agriculture ^c	104.1	104.7	106.2	10.6	11.4	4.3	2.6	0.5	1.4
Manufacturing	94.0	90.5	88.6	28.7	25.8	12.1	12.4	-3.7	-2.1
Construction	47.9	49.7	55.6	5.0	2.8	5.3	10.1	3.9	11.7
Basic services	106.3	109.6	108.8	7.2	8.0	8.6	8.2	3.2	-0.8
Electricity, gas and water	135.0	145.3	127.5	1.4	1.8	4.1	16.0	7.6	-12.3
Transport, storage and communications	99.3	100.9	104.3	5.8	6.1	10.0	5.9	1.7	3.3
Other services	102.0	103.7	106.4	47.1	50.8	6.2	3.2	1.6	2.7
Commerce, restaurants and hotels	85.1	84.8	85.6	20.2	17.6	12.0	6.1	-0.3	1.0
Financial institutions, insurance, real estate and business services	117.1	123.1	129.3	11.7	15.3	2.0	2.0	5.1	5.0
Ownership of dwellings	107.4	107.9	108.4	6.9	7.6	1.7	0.5	0.5	0.5
Community, social and personal services	113.0	113.9	116.6	15.2	17.9	4.7	1.3	0.8	2.4

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 on the basis of calculations at constant prices.

Preliminary figures.

Includes mining.

Includes livestock, forestry and fishing.

Tableó
URUGUAY: INDICATORS OF AGRICULTURAL PRODUCTION

	Indexes (1980 = 100)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Gross domestic product	101.5	104.1	104.7	106.2	43	2.6	0.5	14
Index of physical volume of production								
Crop-farming	833	943	93.6	98.7	-1.9	13.2	-0.7	5.4
Cereals	78.5	95.1	103.3	139.3	-7.9	21.1	8.6	34.8
Oilseeds	72.5	68.1	63.9	63.3	33.8	-6.1	-6.2	-0.9
Sugar-bearing crops	65.5	55.9	69.5	75.3	37.3	-14.7	24.3	8.3
Root crops and tubers	60.3	82.9	50.4	52.5	-20.9	37.5	-39.2	4.2
Wine grapes	124.3	138.5	138.5	99.3	16.3	11.4	-28.3	
Other	97.6	101.5	100.6	110.6	0.1	4.0	-0.9	9.9
Stock-raising	107.9	106.0	106.6	105.2	7.7	-1.8	0.6	-13
Beef cattle	96.6	89.0	92.6	76.4	12.9	-7.9	4.0	-17.5
Other animals	83.2	86.8	97.2	93.5	17.5	4.3	12.0	-3.8
Wool	133.1	131.2	119.4	141.3	6.1	-1.4	-9.0	18.3
Milk	117.1	120.5	125.2	127.6	4.1	2.9	3.9	1.9
Poultry and beekeeping	83.5	95.5	103.9	107.7	-6.2	14.4	8.8	3.7
Fisheries	112.1	107.1	79.5	91.2	-1.9	-4.5	-25.7	14.6

Source: ECLAC, on the basis of official figures.

^a Preliminary figures.

Table 7
URUGUAY: INDICATORS OF MANUFACTURING PRODUCTION

	Index (1982== 100)			Percentage breakdown		Growth rates		
	1987	1988	1989 ^a	1982	1989 ^a	1987	1988	1989 ^a
Index of manufacturing production	117.4	113.1	110.7	100.0	100.0	11.1	-3.7	-2.1
Food	87.0	93.5	95.8			-4.6	7.5	2.5
Other food industries	100.7	153.7	143.2'	22.6	29.2	13.8	52.6	-6.8
Beverages	98.0	93.7	95.9	5.5	4.8	8.4	-4.4	2.3
Tobacco	90.6	93.1	100.3	3.4	3.1	11.0	2.8	7.7
Textiles	156.5	149.5	142.3	7.8	10.0	1.0	-4.5	-4.8
Clothing	141.8	117.4	132.8	4.6	5.5	7.6	-17.2	13.1
Leather	95.8	82.7	98.1	3.0	2.7	4.5	-13.7	18.6
Footwear	119.6	107.6	107.3	1.4	1.4	11.8	-10.0	-0.3
Paper	150.4	145.9	138.0	1.9	2.4	3.2	-3.0	-5.4
Printing and publishing	117.2	99.5	95.1	2.2	1.9	14.2	-15.1	-4.4
Industrial chemicals	172.3	177.8	196.8	2.1	3.7	21.2	3.2	10.7
Other chemicals	108.8	112.4	97.8	5.2	4.6	-1.3	3.3	-13.0
Petroleum refining	81.7	82.6	81.3	16.4	12.0	15.7	1.1	-1.6
Rubber	176.6	180.0	158.9	2.1	3.0	13.4	1.9	-11.7
Plastic	142.2	112.5	114.6	1.6	1.7	14.9	-20.9	1.9
Pottery, earthenware and china	233.2	266.3	305.2	0.6	1.7	32.7	14.2	14.6
Glass	176.2	123.3	112.4	0.9	0.9	24.2	-30.0	-8.8
Other non-metallic mineral products	77.8	79.3	84.9	2.5	1.9	35.8	1.9	7.1
Basic ferrous metals	118.8	115.6	115.5	1.3	1.4	18.8	-2.7	-0.1
Basic non-ferrous metals	145.1	148.3	145.3	0.2	0.3	7.6	2.2	-2.0
Metal products	134.7	120.0	112.8	3.9	4.0	19.5	-10.9	-6.0
Electrical machinery, equipment and supplies	123.9	108.8	102.2	2.4	2.2	15.5	-12.2	-6.1
Transport equipment	195.1	172.9	143.0	6.2	8.0	54.2	-11.4	-17.3
Scientific, professional and other equipment	108.8	129.7	132.6	-	-	5.2	19.2	2.2
Other manufacturing industries	154.5	138.1	121.0	2.2	2.4	16.5	-10.6	-12.4

Source: Central Bank of Uruguay.

^a Preliminary figures.

Table 8
URUGUAY: RATE OF ACTIVITY, EMPLOYMENT AND UNEMPLOYMENT
IN MONTEVIDEO
(Percentages)

Rate of	At end of											
	1987				1988				1989			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Activity	60.5	60.0	60.9	59.7	61.2	58.6	58.9	58.7	59.3	60.1	59.5	60.0
Employment	54.3	54.5	55.8	53.8	55.2	53.8	53.3	54.0	54.2	54.4	54.4	55.4
Unemployment	10.2	9.1	8.3	9.9	9.8	8.3	9.5	8.0	8.6	9.5	8.6	7.7

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

Note: The values correspond to the months of the quarterly averages.

Table 9
URUGUAY: RATE OF UNEMPLOYMENT IN MONTEVIDEO, BY
BRANCH OF ACTIVITY AND QUARTERS
(Percentages)

Branch of activity	At end of							
	1988				1989			
	I	II	III	IV	I	ii	III	IV
Manufacturing	8.9	7.3	9.1	8.8	9.0	9.2	8.5	7.4
Construction	6.4	13.1	9.9	8.6	5.4	14.2	12.3	8.2
Commerce	9.7	9.3	8.9	7.4	8.8	8.2	7.3	6.9

Source: ECIAC, on the basis of data from the Department of Statistics and Censuses.

Note: The values correspond to the middle months of the quarterly averages.

Table 10
URUGUAY: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-245	-71	-139	-131	42	-139	12	145
Trade balance	-48	217	222	220	320	142	318	494
Exports of goods and services	1537	1411	1289	1253	1500	1547	1763	1995
Goods FOB	1256	1156	925	854	1088	1182	1405	1599
Real services	281	255	365	399	412	365	358	396
Transport and insurance	81	71	69	68	71	73	72	89
Travel	106	90	210	235	258	208	203	228
Imports of goods and services	1585	1194	1067	1033	1180	1405	1445	1501
Goods FOB	1038	740	732	675	815	1080	1112	1136
Real services	547	455	335	357	365	325	332	364
Transport and insurance	116	85	80	89	100	102	102	109
Travel	304	259	154	162	174	129	138	167
Factor services	-197	-288	-362	-351	-278	-281	-306	-349
Profits	-	-	-	-	-	-	-	-
Interest received	147	63	87	77	93	103	115	203
Interest paid	-344	-350	-449	-428	-371	-384	-420	-552
Labour and property	-	-	-	-	-	-	-	-
Unrequited private transfer payments	-	-	-	-	-	-	-	-
Balance on capital account	-172	4	53	201	246	221	6	-31
Unrequited official transfer payments	10	11	10	11	25	8	21	8
Long-term capital	515	643	42	60	137	80	-25	34
Direct investment	-14	6	3	-8	-4	5	-2	-
Portfolio investment	-7	-16	18	96	86	13	37	50
Other long-term capital	536	653	20	-29	55	62	-60	-16
Official sector ^c	423	329	46	-23	44	49	-40	-29
Loans received	456	531	90	21	74	152	92	80
Amortization payments	-29	-198	-43	-44	-30	-102	-131	-109
Commercial banks ^c	-5	37	-1	-5	-1	6	1	-6
Loans received	1	43	-	-	-	6	2	9
Amortization payments	-2	-9	-1	-1	-1	-	-1	-15
Other sectors ^c	118	287	-25	-1	12	7	-21	19
Loans received	182	346	62	30	39	48	17	51
Amortization payments	-64	-58	-87	-31	-27	-40	-38	-32
Short-term capital	567	-394	123	-134	-156	203	219	-28
Official sector	83	41	43	125	5	174	142	80
Commercial banks	240	-67	37	-148	-69	-14	174	37
Other sectors	244	-368	43	-111	-92	43	-96	-145
Errors and omissions (net)	-1264	-256	-121	265	239	-70	-210	-45
Global balance	-417	-67	-86	70	288	82	19	114
Total variation in reserves								
(- sign indicates an increase)	497	104	55	-21	-221	-5	-45	-120
Monetary gold	85	52	-8	-6	-1	-3	-2	1
Special Drawing Rights	41	-2	-1	-10	3	-56	38	6
IMF reserve position	33	-10	10	-	-	-	-	-
Foreign exchange assets	240	-79	64	-30	-310	8	-40	-189
Other assets	3	2	5	-103	42	49	42	168
Use of IMF credit	96	141	-15	127	45	-3	-83	-106

Source: 1982-1988, ECLAC, on the basis of figures provided by the International Monetary Fund; 1989, ECLAC, on the basis of official data.

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

Table 11
URUGUAY: MAIN FOREIGN TRADE INDICATORS (GOODS)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Growth rates								
Exports FOB								
Value	2.2	-8.0	-20.1	-7.7	27.4	8.7	18.8	13.8
Volume	12.6	3.0	-21.9	-0.6	25.5	-2.9	8.3	6.1
Unit value	-9.3	-10.7	2.3	-7.1	15	12.0	9.7	7.3
Imports FOB								
Value	-34.8	-28.8	-1.0	-7.8	20.6	32.6	3.0	2.2
Volume	-31.5	-20.9	3.9	-10.2	38.2	21.7	0.1	-4.3
Unit value	-4.8	-10.0	-4.7	2.7	-12.7	8.9	2.9	6.7
Terms of trade	-5.0	-1.1	6.6	-9.4	15.0	3.5	6.4	0.6
Indexes (1980 = 100)								
Purchasing power of exports	117.9	120.1	100.0	90.1	130.1	130.6	150.6	160.7
Volume of exports	129.0	132.9	103.9	103.3	129.6	125.8	136.2	144.6
Volume of imports	62.2	49.2	51.1	45.9	63.5	77.3	77.3	74.0
Terms of trade (FOB/CIF)	91.4	90.3	96.3	87.3	100.4	103.9	110.6	111.2

Source: ECLAC, on the basis of data provided by the Central Bank of Uruguay.

^a Preliminary figures.

Table 12
URUGUAY: EXCHANGE RATES

	Nominal exchange rates (pesos per dollar)	Indexes of effective real exchange rate (1985 = 100)			
		Exports		Imports	
		A	B	A ^b	A ^c
1970-1979		96.6		85.8	97.5
1980-1989		98.2	75.0	95.8	97.7
1980	9	82.4	46.4	89.8	87.4
1981	11	76.6	36.9	83.2	80.5
1982	14	83.3	38.2	89.1	86.0
1983	35	109.2	75.2	113.1	110.9
1984	56	100.0	93.5	103.3	102.2
1985	101	100.0	100.0	100.0	100.0
1986	152	101.2	90.5	91.7	97.3
1987	227	101.5	86.5	87.9	95.2
1988	359	112.5	92.0	98.4	106.9
1989	606	115.4	91.0	101.6	110.7
1987					
I	192	100.6	86.2	87.5	94.6
II	213	104.8	88.3	90.8	98.4
III	236	97.0	84.6	83.9	90.9
IV	266	103.6	87.0	89.2	96.8
1988					
I	299	111.6	90.0	96.5	104.7
II	336	116.6	94.6	101.3	110.1
III	376	109.3	92.4	96.3	104.8
IV	426	112.5	91.1	99.3	108.1
1989					
I	479	117.0	92.9	104.3	113.7
II	549	108.9	87.8	93.8	102.2
III	645	112.6	90.6	98.8	107.7
IV	750	123.2	92.9	109.5	119.4

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

Note: A: Deflated by the wholesale price index.

B: Deflated by the index of average nominal wages.

^a Corresponds to the average of the real exchange rate indexes 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 used in these calculations whenever possible. For information on the methodology and sources used, see the Statistical Appendix to the *Economic Survey of Latin America*, 1981. ^b Includes the main petroleum-exporting countries. ^c Excludes the main petroleum-exporting countries.

Table 13
URUGUAY: EXPORTS OF GOODS FOB

	Millions of dollars			Percentage breakdown		Growth rates		
	1987	1988	1989 ^a	1980	1989 ^a	1987	1988	1989 ^a
Total	1189	1404	1599	100.0	100.0	9.4	18.1	13.9
Traditional	392	539	593	39.3	37.1	-2.5	37.5	10.0
Non-traditional	797	865	1006	60.7	62.9	16.4	8.5	16.3
Principal sections								
Live animals and animal products	255	274	392	24.8	24.5	-13.3	7.5	43.1
Beef	125	140	197	14.7	12.3	-23.8	12.0	40.7
Mutton	6	11	26	1.3	1.6	-72.7	83.3	136.4
Other	124	123	169	8.8	10.6	14.8	-0.8	37.4
Plant products	99	159	168	10.1	10.5	-25.6	60.6	5.7
Rice	53	90	87	6.1	5.4	-32.1	69.8	-3.3
Other	46	69	81	4.1	5.1	-16.4	50.0	17.4
Fats and oils	4	7	7	1.7	0.4	-50.0	75.0	
Food products, beverages and tobacco	35	38	49	3.0	3.1	-2.8	8.6	28.9
Mineral products	4	4	7	1.1	0.4	-20.0	-	75.0
Plastic and rubber manufactures	30	31	46	1.9	2.9	50.0	3.3	48.4
Hides, skins and leather products	198	210	235	13.5	14.7	33.8	6.1	11.9
Hides and skins	83	105	129	3.8	8.1	12.2	26.5	22.9
Leather products	57	61	64	4.9	4.0	58.3	7.0	4.9
Furs and fur products	57	44	42	4.8	2.6	54.1	-22.8	-4.5
Textiles and textile manufactures	383	492	485	28.9	30.3	22.0	28.5	-1.4
Unwashed wool	76	105	90	9.6	5.6	33.3	38.2	-14.3
Washed wool	30	32	25	2.2	1.6	3.4	6.7	-21.9
Tops	135	212	174	8.2	10.9	18.4	57.0	-17.9
Other	142	143	197	8.8	12.3	24.6	0.7	37.8
Footwear and other	11	11	14	1.9	0.9	22.2		27.3
Chemicals and related products	77	84	100	~	6.3	54.0	9.1	19.0
Other	85	95	10		0.6	34.9	11.8	-89.9

Source: ECIAC, on the basis of data provided by the Central Bank of Uruguay.

^a Preliminary figures.

Table 14
URUGUAY: FOREIGN TRADE BY GEOGRAPHICAL
AND ECONOMIC ZONES

	Exports				Imports			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
The Americas	51.9	46.4	39.8	50.2	60.0	58.4	59.7	62.0
ALADI	38.7	30.2	26.9	36.9	50.3	48.6	50.4	50.8
Argentina	8.2	9.5	7.1	4.9	14.2	13.7	15.2	15.6
Brazil	27.2	17.2	16.3	27.7	24.4	24.4	26.1	25.8
Mexico	0.7	0.8	1.3	1.8	7.4	7.5	5.2	5.9
Other	2.8	2.6	2.2	2.6	4.3	2.9	3.8	3.5
United States	11.9	14.8	11.1	11.1	8.4	7.9	7.9	9.6
Rest of the region	1.2	1.4	1.8	2.2	1.2	1.8	1.5	1.5
Europe	32.6	36.8	36.6	30.9	25.6	25.5	28.4	23.4
EEC	25.9	28.1	26.7	22.7	19.9	21.0	20.9	19.9
Germany	9.1	10.3	8.2	7.6	7.6	8.1	6.4	6.2
Other EEC countries	16.8	17.8	18.1	15.1	12.3	12.9	14.5	13.7
Eastern Europe	4.5	5.8	8.4	6.6	1.8	1.0	3.1	1.4
Other European countries	2.3	3.0	1.9	1.6	4.0	3.5	4.4	2.1
Rest of world	15.5	16.8	23.6	18.9	14.3	16.1	11.9	14.6
Africa	1.5	1.6	1.3	1.2	2.7	5.4	2.1	2.4
Asia	10.7	8.7	14.1	8.3	5.9	6.2	6.4	6.2
Middle East	2.8	5.0	7.6	8.3	5.3	4.0	3.3	5.6
Other countries	0.5	1.4	0.7	1.2	0.5	0.5	0.1	0.4

Source: ECIAC, on the basis of data from the Central Bank of Uruguay.

* Preliminary figures.

Table 15
URUGUAY: IMPORTS OF GOODS, CIF

	Millions of dollars					Growth rates		
	1987	1988	1989 ^a	breakdown		1987	1988	1989 ^a
				1980	1989 ^a			
Total	1142	1177	1196	100.0	100.0	3L3	3.1	1.6
Consumer goods	132	155	152	10.8	12.7	59.7	17.8	-1.9
Durable	56	77	77		6.4	110.5	37.0	-
Non-durable	75	78	75		6.3	35.4	3.4	-3.8
Raw materials and intermediate goods	857	841	888	74.3	74.2	24.9	-1.8	5.6
Petroleum and fuels	167	155	197	27.5	16.5	5.5	-7.1	27.1
Other	690	686	691	46.8	57.8	30.7	-0.5	0.7
Capital goods	154	182	155	14.9	13.0	51.2	18.3	-14.8

Source: ECIAC, on the basis of data provided by the Central Bank of Uruguay.

* Preliminary figures.

Table 16
URUGUAY: INDICATORS OF EXTERNAL INDEBTEDNESS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Gross external debt	4 238	4 572	4 671	4900	5 238	5 888	6 330	6 785
Public debt	2 705	3 197	3 135	3 551	3 829	4 228	4 239	4 313
Financial sector	1 088	1 565	1497	1629	1716	1803	1 650	1 562
Non-financial sector	1617	1632	1638	1922	2113	2 425	2 589	2 751
Private debt not guaranteed by the State ^b	1550	1392	1508	1349	1410	1660	2 091	2 472
External debt (net)	790	2 523	2964	2911	2 631	2788	3 166	3 190
Public	851	655	1928	2 085	1862	1977	2197	2 279
Private	939	869	1036	826	769	860	969	912
Debt service	512	536	545	598	497	582	630	693
Principal	168	186	96	170	126	198	210	141
Interest	344	350	449	428	371	384	420	552
As percentages of exports of goods and services ^c								
Debt service	39.3	41.2	42.3	47.7	33.1	37.5	35.7	34.7
Public external debt	206.3	244.6	245.4	283.4	255.3	272.1	240.4	216.2
Gross external debt	325.2	351.7	362.4	391.1	349.2	378.9	359.0	340.1
External debt (net)	137.4	194.1	230.0	232.3	175.4	179.4	179.6	159.9

Source: ECIAC, on the basis of data provided by the Central Bank of Uruguay.

^a Preliminary figures. includes deposits of non-residents and reserve liabilities of commercial banks. ^c Gold sales excluded.

Table 17
URUGUAY: PUBLIC-SECTOR COMMITMENTS IN FOREIGN
CURRENCY

(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Gross external debt of the public sector	2 687	3 180	3 162	3 550	3 828	4 227	4 239	4 313
Foreign currency commitments with the resident private sector	561	759	1 035	1 206	1 381	1 480	1 732	2 235
Central Bank	166	422	513	566	605	611	690	872
With private banks	166	422	513	553	579	581	620	789
With the non-banking private sector				.13	26	30	70	83
Banco de la República	207	199	262	399	466	568	685	891
With private banks	206	198	262	399	465	567	685	891
With the non-banking private sector								
Banco Hipotecario	139	66	99	132	135	148	174	256
With private banks	72							
With the non-banking private sector	67	66	99	132	135	148	174	256
Non-financial public sector	47	71	159	107	174	151	183	216
Total public sector commitments in foreign currency	3 249	3 939	4 198	4 757	5 209	5 707	5 971	6 548

Source: Data prepared by the Central Bank of Uruguay.

^a Preliminary figures.

Table 18
URUGUAY: DOMESTIC PRICES
(Percentage growth rates)

	1983	1984	1985	1986	1987	1988	1989
December-December variation							
Consumer price index	51.5	66.1	83.0	70.7	57.3	69.0	89.2
Food	59.7	77.5	72.2	91.9	42.2	73.3	82.7
Wholesale price index							
Imported products	78.2	75.8	77.6	10.6	87.2	50.1	88.2
Domestic products	73.8	84.0	74.2	66.9	57.2	60.5	80.7
Agricultural products	118.6	90.3	41.1	108.5	39.3	66.2	69.7
Manufactures	62.9	82.0	85.5	56.1	63.5	58.9	84.1
Construction index	38.8	65.8	93.3	71.1	74.9	58.9	99.7
Variation between annual averages							
Consumer price index	49.6	55.3	72.1	76.5	63.5	62.2	80.4
Food	54.2	68.4	63.1	91.6	59.7	58.0	80.6
Wholesale price index							
Imported products	129.9	59.6	77.0	28.6	62.1	60.9	70.0
Domestic products	73.4	77.4	76.7	67.2	63.2	57.4	73.2
Agricultural products	89.0	90.1	53.8	83.7	67.7	48.8	74.1
Manufactures	69.2	73.5	84.2	62.6	61.8	60.2	72.9
Construction index	46.6	51.9	88.7	71.5	77.7	59.2	85.4

Source: ECLAC, on the basis of data from the Central Bank of Uruguay and the Department of Statistics and Censuses.

Table 19
URUGUAY: EVOLUTION OF WAGES^a
(Variation between annual averages)

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Nominal wages	18.3	18.3	41.0	99.3	86.7	71.3	64.1	80.3
Public sector	18.6	16.9	35.3	99.4	83.0	64.3	62.6	74.2
Private sector	17.8	20.0	47.5	99.3	89.2	76.8	65.2	84.6
Real wages	-0.3	-20.7	-9.0	14.1	5.8	4.7	1.5	-0.4
Public sector	-0.1	-21.6	-12.9	14.1	3.7	0.5	0.5	-3.6
Private sector	-0.7	-19.7	-5.0	14.9	7.3	7.9	2.2	1.9

Source: Data prepared by the Department of Statistics and Censuses.

^a Calculated on the basis of the minimum increases decreed by the Government up to October 1980 and wages actually paid thereafter. ^b Preliminary figures.

Table 20
URUGUAY: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Billions of new pesos				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
1. Current income	149.9	270.9	456.7	753.6	95.2	80.7	68.6	65.0
Tax revenue	135.8	250.1	419.2	700.0	98.5	84.2	67.6	67.0
Direct	21.2	44.0	74.8	114.3	103.8	107.5	70.0	52.8
Indirect	90.3	166.4	281.5	487.5	55.7	84.3	69.2	73.2
On external trade	24.3	39.7	62.9	98.2	138.2	63.4	58.4	56.1
Other	14.1	20.8	37.5	53.6	67.9	47.5	80.3	42.9
2. Current expenditure	146.8	262.0	453.8	807.7	75.6	78.5	73.2	78.0
Remunerations	51.1	88.2	153.3	273.1	87.2	72.6	73.8	78.1
Social security	42.1	78.8	142.5	251.2	58.9	87.2	80.8	76.3
Interest payments on public debt	16.8	25.4	44.5	95.6	60.0	51.2	75.2	114.8
Other expenditure	36.8	69.6	113.5	187.8	90.7	89.1	63.1	65.5
3. Current savings (1-2)	3.1	8.9	2.9	-54.1				
4. Capital expenditure	14.4	31.0	56.8	110.7	84.6	115.3	83.2	94.9
5. Total expenditure (2+4)	161.2	293.0	510.6	918.4	76.4	81.8	74.3	79.9
6. Fiscal deficit (or surplus) (1-5)	-113	-22.1	-53.9	-164.8				
7. Financing of deficit	113	22.1	53.9	164.9				
a) Credit received (net)	-7.5	-13.1	-40.0	69.6				
b) Net sales of securities	20.6	32.0	88.7	90.6				
c) External loans	-2.1	3.8	5.4	6.5				
d) Other sources	0.3	-0.6	-0.2	-1.8				
Ratios								
Current savings/capital expenditure	21.5	28.7	5.1	-48.9				
Fiscal deficit/total expenditure	7.0	7.5	10.6	17.9				
Tax revenue/GDP	13.6	14.2	14.7	14.5				
Total expenditure/GDP	16.4	16.7	17.9	17.7				
Fiscal deficit/GDP	1.2	1.3	1.9	3.2				

Source: ECLAC, on the basis of data supplied by the Office of the Accountant-General.

^a Preliminary figures.

Table 21
URUGUAY: CENTRAL GOVERNMENT INCOME AND EXPENDITURE IN REAL VALUES
(Growth rates)

	1986	1987	1988	1989*
Current income	10.6	10.6	3.9	-8.5
Internal taxes	6.4	17.2	4.7	-6.8
On production and transactions	2.3	13.3	5.9	-5.5
Value added tax	5.0	15.5	15.3	-6.2
Fuel tax	-8.7	10.6	-6.2	-1.8
Tobacco tax	-10.9	-2.3	1.4	-1.9
Income tax	35.4	32.0	10.8	-29.8
Net wealth tax	21.9	17.2	-4.1	5.3
Less: documents received	7.0	11.5	17.5	-13.1
Taxes on external trade	30.6	3.1	-2.3	-13.6
Import taxes	33.2	-2.2		-17.8
Export taxes	20.0	-30.1		5.6
Customs and other duties	18.2	237.5		-0.2
Other income	15.9	-22.4	7.3	-20.7
Current expenditure	-0.5	9.2	3.7	-1.3
Remunerations	6.0	5.6	7.2	-1.3
Social security contributions and transfers	-9.9	14.5	11.5	-2.3
Purchase of goods and services	29.0	10.6	-6.8	-9.8
Interest payments on public debt	-9.6	-7.6	8.3	19.1
Other	-17.4	27.0	-19.5	-6.0
Investments	4.4	31.9	12.9	8.0
Total expenditure		11.2	7.5	-0.3

Source: ECIAC, on the basis of data supplied by the Office of the Accountant-General.
 * Preliminary figures.

Table 22
URUGUAY: STRUCTURE OF CENTRAL GOVERNMENT EXPENDITURE
(Percentages)

	1980	1986	1987	1988	1989*
Total	100.0	100.0	100.0	100.0	100.0
Remunerations	31.8	30.1	30.0	29.7	
Contributions and transfer to the social security system	63.5	26.2	26.9	27.9	27.4
Transfers to public bodies	5.3	6.2	5.7	6.0	5.6
Non-personal expenditure	16.6	15.8	15.7	13.6	12.3
Interest payments on public debt	2.2	10.4	8.6	8.7	10.4
Capital expenditure	12.1	8.9	10.6	11.1	12.1
Other	0.3	0.8	2.3	2.6	2.5

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. Includes: advances, subsidies, grants and National Housing Fund.

Table 23
URUGUAY: MONETARY INDICATORS

	End-of-year balance (billions of new pesos)					Growth rates			
	1985	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Money (Mi)	40.2	71.0	118.7	194.6	324.9	76.6	67.2	63.9	67.0
Currency outside banks	23.4	43.0	76.4	125.7	214.6	84.2	77.6	64.5	70.7
Demand deposits	16.9	28.0	42.3	68.3	110.3	66.0	51.2	61.5	61.5
Savings and time deposits	62.3	93.1	140.3	217.8	330.2	49.6	50.6	55.3	51.6
M ₂	102.5	164.2	259.0	412.4	655.1	60.2	57.7	59.2	58.9
Foreign-currency deposits	203.1	364.4	622.7	1230.1	3 013.9	79.4	70.9	97.5	145.0
M3	305.6	528.6	881.7	1 642.5	3 669.0	73.0	66.8	86.3	123.4
Coefficients									
M1/GDP	5.7	5.7	5.4	5.5	5.0				
M2/GDP	14.8	13.6	12.1	11.8	10.3				
M3/GDP	43.9	42.5	40.2	44.1	51.1				

Source: ECLAC, on the basis of data supplied by the Central Bank of Uruguay.
* Preliminary figures.

Table 24
URUGUAY: EVOLUTION OF THE MAIN MONETARY AGGREGATES
(Percentage variations over 12 months)

	Current values		Prices	Constant values	
	M _i	M ₂		M _i	M ₂
	(1)	(2)	(3)	(4 = 1/3)	(5 = 2/3)
1988					
December	63.9	58.9	69.0	97.0	94.0
1989					
February	64.4	60.0	73.8	94.6	92.1
April	61.4	57.0	78.1	90.6	88.2
June	58.2	56.6	83.5	86.2	85.3
August	67.2	59.3	81.0	92.3	88.0
October	71.0	59.7	81.5	93.7	87.5
December	67.0	58.9	89.2	88.2	84.0

Source: ECLAC, on the basis of figures provided by the Central Bank of Uruguay.

Table 25
URUGUAY: FACTORS OF CREATION OF THE MONETARY BASE
Adjusted balances^a

	Variation (millions of N\$)	Percentage of issue at 31.12.1988
Restricted monetary base	115 726	72.9
Non-BCU issue	112 841	71.1
Current account deposits in private banks	2 885	1.8
Factors of expansion		
Credit to the non-financial public sector	63 591	40.1
Quasi-fiscal deficit	161 449	101.8
Net international reserves	86 522	54.5
Refinancing of the external debt	41723	26.3
Other net accounts	33 233	21.0
Factors of contraction		
Credit to the private sector	-24 781	-15.6
Interbank movements	-134 000	-84.5
Banco de la República deposits in local currency	-76 458	-48.2
Monetary Regulation Notes	-35 553	-22.4

Source: ECLAC, on the basis of data from the Central Bank of Uruguay, Press Bulletin.

^a These are based on appraisal of the variations in the foreign currency balances, at the exchange rate for each operation. The adjusted balances thus exclude the exchange effect.

Table 26
URUGUAY: INTEREST RATES IN LOCAL AND FOREIGN CURRENCY
(Annual percentages)

	Rates in local currency		Rates in foreign currency	Exchange rate (monthly variation)	Arbitrage rate	Ratio
	Private banks ^a	BCU ^b				
	(1)	(2)	(3)	(4)	(5) ^c	(6 = 2/5)
1987						
IV	66.8	72.0	6.2	4.1	72.0	1.00
1988						
I	65.0	73.0	5.7	4.4	77.2	0.98
II	66.4	74.0	6.0	3.7	63.9	1.06
III	68.4	74.0	6.1	3.9	67.9	1.04
IV	73.6	81.0	6.5	4.2	74.5	1.04
1989						
I	76.0	83.0	7.0	4.6	83.6	1.00
II	85.0	89.0	7.8	5.7	109.7	0.90
III	91.2	94.0	6.5	4.9	89.1	1.03
IV	100.0	6.7	5.1	93.8	1.07	

Source: ECIAC, on the basis of data supplied by the Central Bank of Uruguay.

^a Rate for deposits. ^b Monetary Regulation Notes. ^c Equals the annualization of the nominal rate of devaluation by the internal rate in foreign currency.

VENEZUELA

The most influential event in terms of Venezuela's economic performance in 1989 was the newly-installed government's implementation of a stringent adjustment and stabilization programme in February in an attempt to diminish the major macroeconomic imbalances which had arisen as a consequence of the steady expansion of domestic demand in past years. The measures provided for by this programme prompted a steep increase in the rate of inflation (which later slowed, however), a severe downturn in economic activity and, in combination with the effect of the increase in international oil prices, a large trade surplus.

The sharp contraction of domestic demand, which was reflected in decreases in both consumption (-18%) and investment (-40%), affected almost all sectors of the economy except the oil industry, some mining and metallurgical activities (mainly those geared to the export market) and certain types of service suppliers, most of which were in the informal sector of the economy. As a result, the Venezuelan economy went into a deep recession, and a record drop in the product (-8%) was recorded following three years during which the product's average annual growth rate had been over 5%. Consumer prices climbed at the uncustomarily rapid rate of 81% between December 1988 and December 1989, which caused real income to fall, but inflation slowed during the second half of the year to an average monthly rate of 2%. Meanwhile, the country's external accounts showed a striking turnaround, with the 1988 trade deficit of almost US\$3 billion giving way to a trade surplus of just under US\$5 billion in 1989, while the current account yielded a surplus (of over US\$2.3 billion) for the first time since 1985 (see table 1 and figure 1).

The initial programme drawn up by the authorities, which had the backing of an extended arrangement with the International

Monetary Fund and two World Bank structural adjustment loans, provided for a traditional policy approach to the control of aggregate demand, along with a number of measures aimed at achieving monetary and fiscal restraint, as well as a devaluation and the decontrol of domestic prices. It also included a number of compensatory programmes to mitigate the effects of these measures on the most disadvantaged social groups, which were to be launched at the same time as a structural adjustment programme providing for the lifting of trade restrictions, tax reforms and a reorganization of public enterprises. During the greater part of the year the main thrust of the government's short-term policy proved to be the reduction of inflation, which soared to unprecedented levels following the elimination of price controls and the violent protests which jolted the country's major cities towards the end of February. However, inflation gradually eased during the second half of the year, primarily owing to the implementation of highly restrictive monetary and fiscal policies. The steep rise in interest rates (which were positive during the second half of 1989 in real terms), in combination with the Central Bank's move to step up its operations in order to absorb excess liquidity, helped to hold the money supply in check, with the result that its level remained virtually steady in nominal terms throughout the year. The authorities' fiscal policy, for its part, turned out to have a much stronger contractive effect than had originally been foreseen. Government income and that of the public sector as a whole were boosted by the effect of the more than 130% devaluation of the exchange rate applying to petroleum exports and by the substantial readjustments in public rates and charges which were instituted at the same time as the devaluation. Meanwhile, although current government expenditure rose due to the higher

Figure 1

VENEZUELA: MAIN ECONOMIC INDICATORS

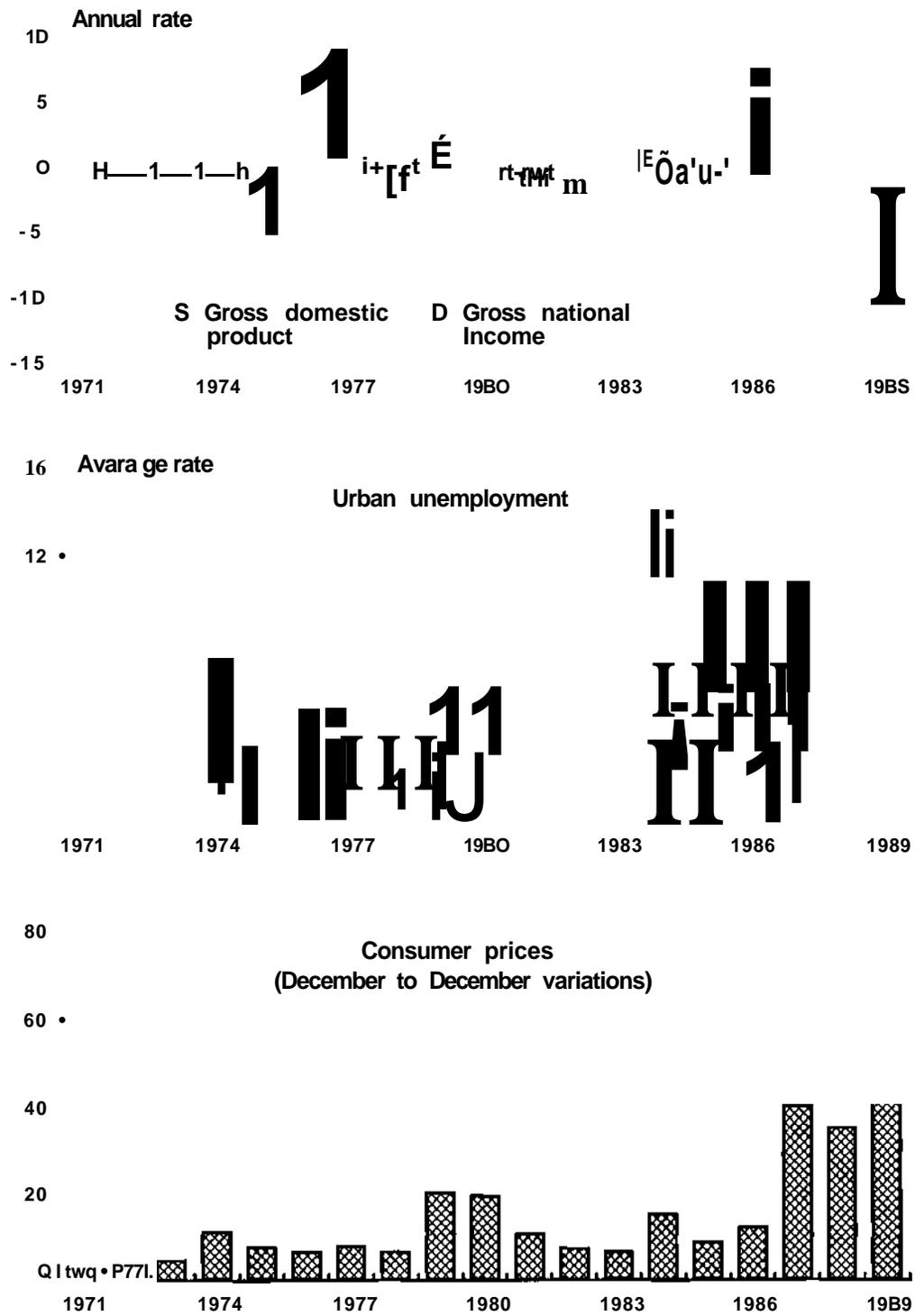
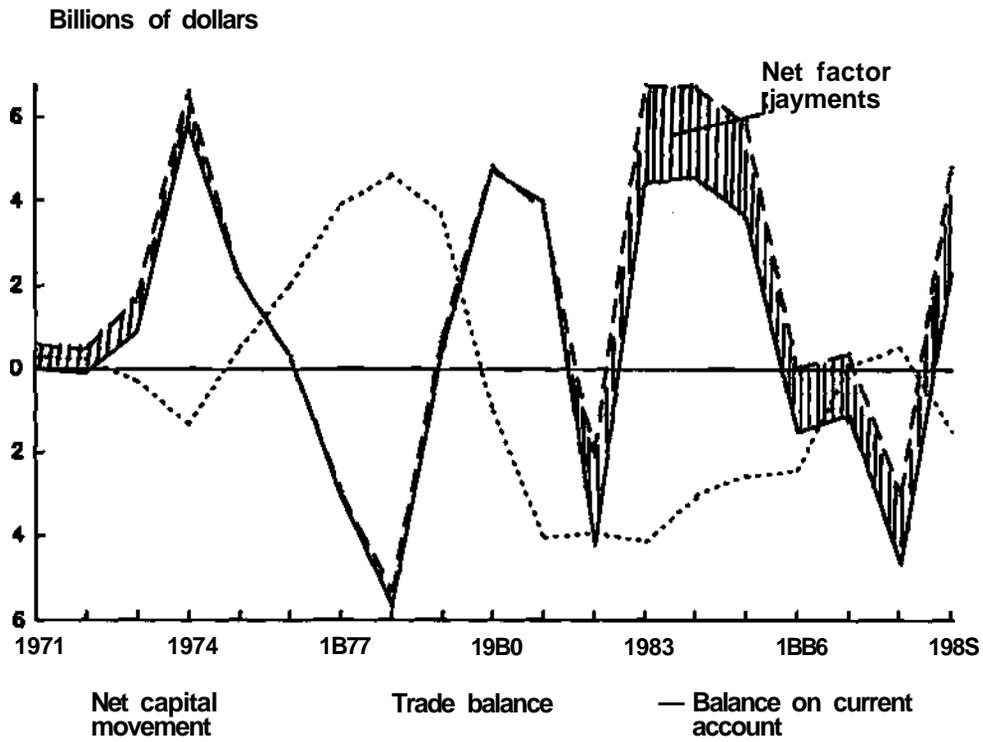
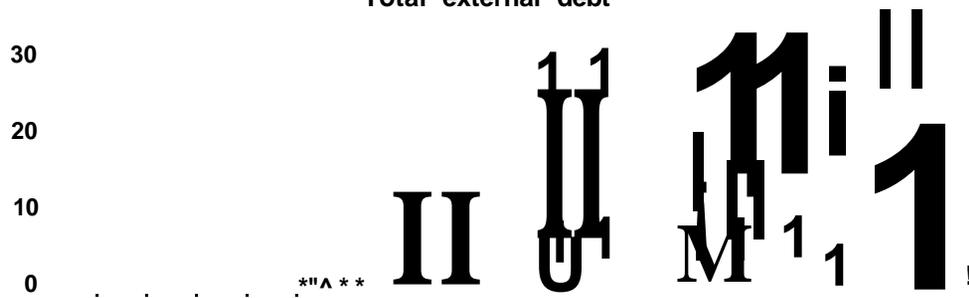


Figure 1 (concluded)



40 Billions of dollars Total external debt



16 - X	Net Interest				— r —						
10	Exports of goods and services										
4											
-2	UU		Uuu ^u uu								
-B	1970	1973	1976	1979	1982	1989	1988				

Source: ECLAC, on the basis of official data.

cost in local currency of interest payments and to the across-the-board wage adjustment granted in February, capital expenditure fell by almost 60% owing to the postponement of congressional approval of a number of investment programmes. Consequently, the accounts of the public sector as a whole showed a deficit equivalent to only 1% of the gross domestic product, which was far less than both the deficit recorded in 1988 (10%) and the 4% level specified in the programme agreed upon with the International Monetary Fund.

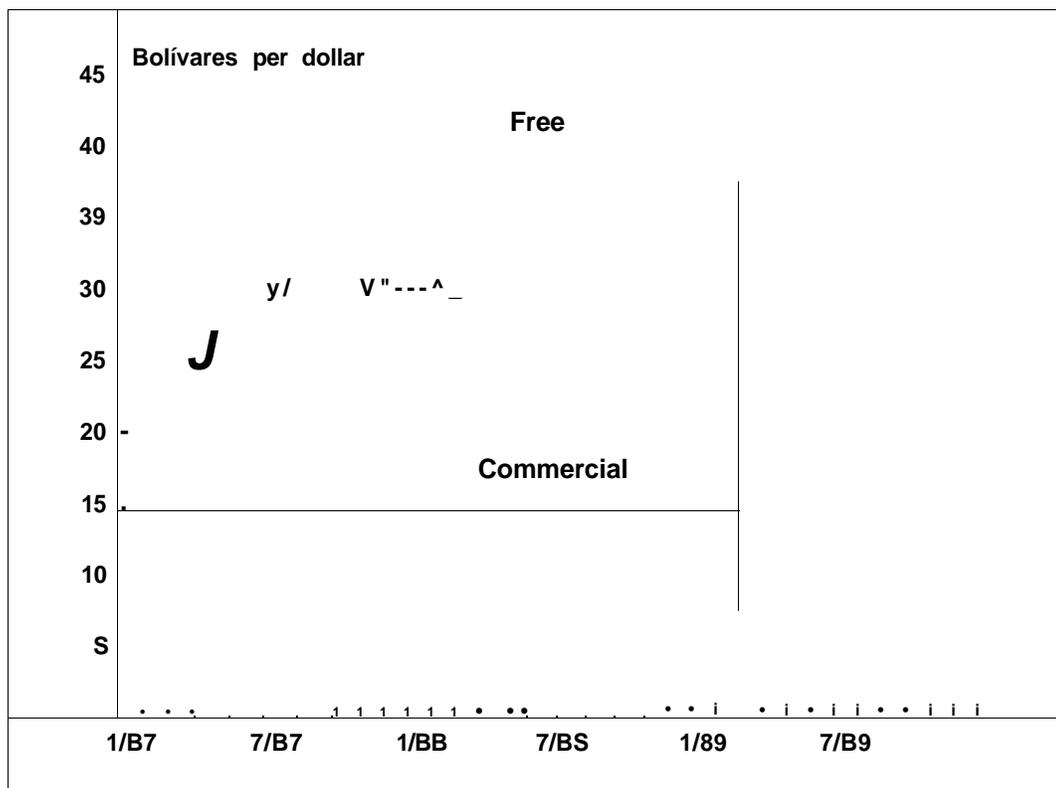
Although it took some time to implement, the government's social policy permitted the incorporation of various measures aimed at lessening the adjustment's impact on the most disadvantaged sectors of the population. On the one hand, a number of specific assistance programmes were launched during the second half of the year, while on the other hand, an

official ban on the dismissal of blue- and white-collar workers was imposed for a period of nine months in order to reduce the domestic recession's effect on employment levels, and this was followed, towards the end of the year, by an emergency public employment plan. Even so, the urban unemployment rate climbed from 8% to 10% between 1988 and 1989. At the same time, the nominal wage adjustments granted in March were largely swallowed up by inflation, with the result that the real minimum urban wage fell by over 13% and the real average wage dropped by more than 25%.

In sharp contrast to the recessionary situation on the domestic front, the country's external accounts showed a remarkable improvement, with the trade balance going from a deficit of almost US\$3 billion in 1988 to a surplus of just slightly less than US\$5 billion, which was the largest recorded since 1985.

Figure 2

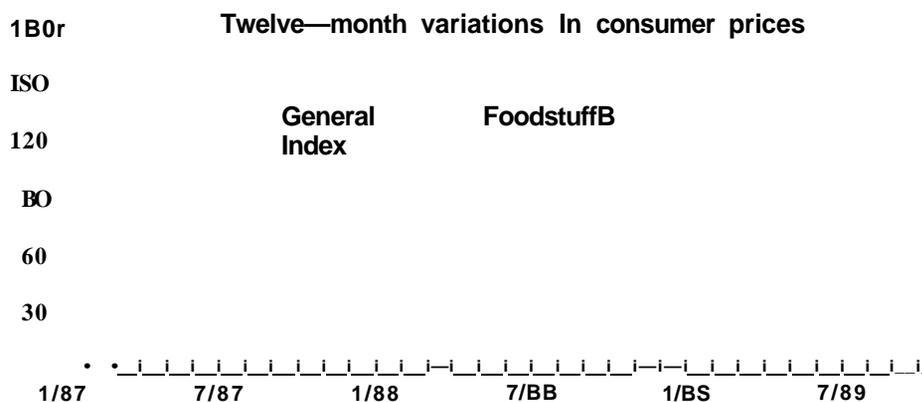
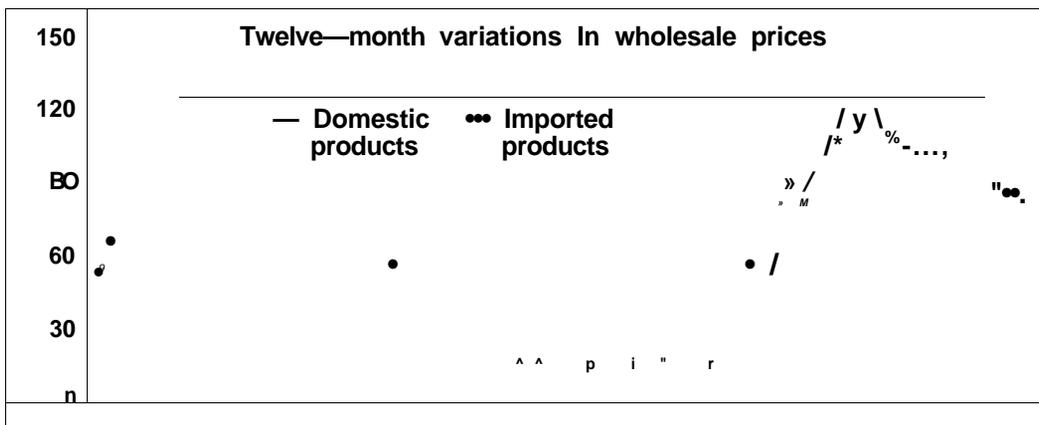
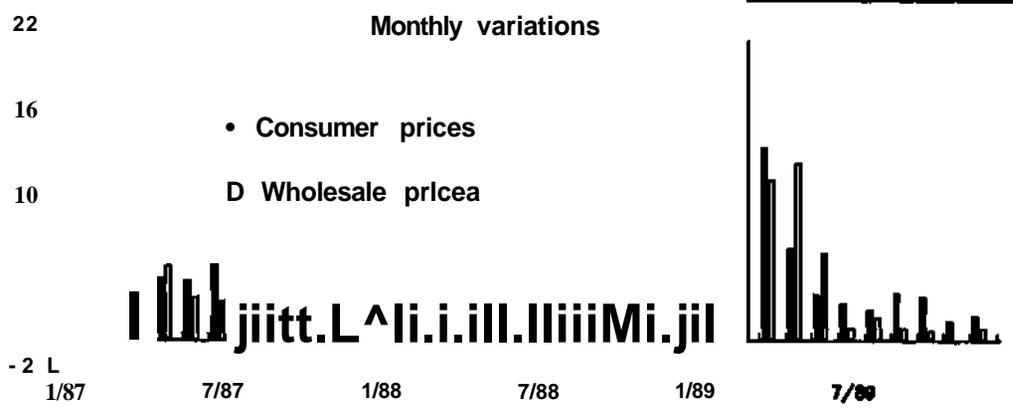
VENEZUELA: EVOLUTION OF THE EXCHANGE RATE



Source: ECLAC, on the basis of official data.

Figure 3

VENEZUELA: DOMESTIC PRICES
(Percentages)



Source: ECLAC. on the basis of official data.

Both the expansion of exports and the drop in imports were contributing factors in this respect. Exports were boosted by the substantial increase in international oil prices, which pushed up earnings from the sale of hydrocarbons by 20%, as well as by the effects that the devaluation and the slump in domestic demand had on the level of non-traditional exports. As a result, exports amounted to nearly US\$13 billion, which was a 26% increase over the preceding year. For their part, merchandise imports, which had soared to US\$11.6 billion in 1988, began to decrease steeply in March and totalled just US\$7.1 billion (-39%) for the year as a whole. Some of the factors which clearly played a part in this reduction were the modification of the exchange rate and the slowdown of domestic activity, as well as the fact that agents were able to draw upon the large inventories they had built up in 1988.

The current account went from a deficit of almost US\$4.7 billion to a surplus of US\$2.3 billion -the first since 1985. On the other hand, however, the modest surplus recorded on the capital account in 1988 gave way to a deficit in 1989, since the increase in medium- and long-term credit flows was more than offset by

outlays corresponding to the repayment of short-term debts of both the official sector (bridging loans received in 1988 and the early months of 1989) and the private sector (mainly letters of credit obtained the year before to pay for more than US\$3.2 billion in imports). Thanks to the size of the surplus on current account, however, the Central Bank was able to increase its international reserves by about US\$740 million to a year-end total of more than US\$7.4 billion.

Venezuela's total external debt shrank by over US\$2 billion to a level of US\$32 billion as a result of the fact that the increase represented by fresh multilateral credits was more than offset by the reduction in the short-term debt. This, in conjunction with the sharp increase in exports, led to an improvement in most of the coefficients relating to the country's debt burden. Finally, after remaining at a standstill for the first nine months of the year, negotiations concerning the restructuring of the external commercial debt progressed to the point where, at the end of September, a US\$600 million bridging loan was disbursed to cover part of the country's accumulated arrears in interest payments.

¹ In March 1990 these negotiations culminated in an announcement that an agreement in principle had been reached regarding the restructuring of the debt which included a fairly long list of options.

Table 1
VENEZUELA: MAIN ECONOMIC INDICATORS

	1983	1984	1985	1986	1987	1988	1989 ^a
Indexes (1980 = 100)							
Basic économie indicators							
Gross domestic product at market prices	92.4	91.1	91.2	97.2	100.7	106.5	97.9
Gross national income	87.0	88.1	87.1	74.5	83.3	83.0	74.8
Population (millions of inhabitants)	16.4	16.9	17.3	17.8	18.3	18.8	19.2
Per capita gross domestic product	84.7	81.2	79.2	82.1	82.8	85.3	76.4
Fiscal deficit/GDP	2.2	2.7 ^b	2.1 ^b	0.5	0.6	7.3	0.6
Public sector deficit/GDP				1.5	3.7	9.9	1.1
Money (M1)/GDP	19.0	16.8	14.8	16.7	15.5	15.2	10.5
Real exchange rate (Index 1980 = 100)	91.4	100.3	94.2	106.0	132.9	137.5	138.4
Urban unemployment rate ^c	10.5	14.3	14.3	12.1	9.9	7.8	9.7
Growth rates							
Short-run economic indicators							
Gross domestic product	-5.5	-1.5	0.2	6.5	3.6	5.8	-8.1
Per capita gross domestic product	-8.1	-4.2	-2.5	3.7	0.9	3.1	-10.4
Gross national income	-5.3	1.3	-1.1	-14.5	11.9	-0.5	-9.9
Consumer prices ^c							
December to December	7.0	15.6	9.1	12.7	40.3	35.5	81.0
Real wages and salaries	-1.6	-5.0	-9.9	1.4	-12.9	-11.3	-26.4
Current value of exports of goods and services	-9.8	5.3	-6.4	-35.3	11.7	-1.0	26.0
Current value of imports of goods and services	•53.7	9.4	-2.6	4.0	8.1	29.9	-34.6
Terms of trade (goods and services)	6.9	11.2	-4.8	-51.4	21.3	-18.6	17.2
Millions of dollars							
External sector							
Trade balance (goods and services)	6 752	6 738	5 934	36	400	-2 969	4 825
Net payments of profits and interest	2113	2 022	2137	1470	1375	1570	2364
Balance on current account	4 451	4 598	3 694	-1505	-1103	-4 661	2 437
Balance on capital account	•4122	-3 044	-2 577	-2 430	80	564	-1484
Variation in net international reserves	283	1775	817	-4 190	-1248	-4 038	740
External debt	34 712	33 862	33 362	32 897	34 198	34 271	32 007

Source: ECLAC, on the basis of official data.

^a Preliminary figures. Fiscal surplus. ^c Percentages. Average for the two half-years. ^e 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: EVOLUTION OF GROSS NATIONAL INCOME

	Indexes (1980 == 100)			Percentage breakdown			
	1987	1988	1989*	1980	1987	1988	1989*
Gross national income (a + b + c + d)	83.3	83.0	74.8	99.8	82.7	77.7	76.2
a) Gross domestic product	100.7	106.5	97.9	100.0	100.0	100.0	100.0
b) Terms-of-trade effect				-	-14.3	-19.2	-19.3
c) Net factor payments from abroad	^37.8	-471.1	-645.2	0.6	-2.8	-2.9	-4.3
d) Net private transfers from abroad	32.0	29.1	29.9	-0.8	-0.3	-0.2	-0.3

Source: ECLAC, on the basis of official statistics.

* Preliminary figures.

Table 3
VENEZUELA: TOTAL SUPPLY AND DEMAND

	Indexes(1980 = 100)			Percentage breakdown		Growth rates			
	1987	1988	1989*	1980	1989*	1986	1987	1988	1989*
Total supply	94.8	103.2	88.6	129.8	117.5	5.8	3.9	8.8	-14.2
Gross domestic product at market prices	100.7	106.5	97.9	100.0	100.0	6.5	3.6	5.8	-8.1
Imports of goods and services	75.1	92.0	57.4	29.8	17.5	2.9	5.1	22.5	-37.7
Total demand	94.8	103.2	88.6	129.8	117.5	5.8	3.9	8.8	-14.2
Domestic demand	94.5	101.5	77.5	90.5	71.6	-1.9	10.2	7.5	-23.7
Gross domestic investment	77.9	89.8	53.8	24.7	13.6	5.7	14.1	15.2	-40.2
Gross fixed investment	69.1	75.2	52.6	25.2	13.6	8.9	0.5	8.9	-30.0
Construction	53.0	56.7	39.7	15.0	6.1	6.8	2.0	7.0	-30.1
Machinery and equipment	92.8	102.5	71.7	10.2	7.5	10.6	-0.7	10.4	-30.0
Public	99.2			2.7		19.0	9.9		
Private	65.5			22.6		7.4	-1.0		
Changes in stocks	-341.4	-602.1	-	-0.5	-				
Total consumption	100.7	105.9	86.4	65.8	58.1	-3.8	9.1	5.2	-18.4
General government	110.1	122.1	124.0	13.8	17.5	5.4	3.4	11.0	1.5
Private	98.2	101.6	76.5	51.9	40.6	-6.4	11.0	3.5	-24.8
Exports of goods and services	95.5	107.0	114.0	39.4	45.8	24.3	-8.2	12.0	6.6

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

* Preliminary figures. The figures for exports and imports of goods and services were obtained from the 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 4
VENEZUELA: ORIGIN AND FINANCING OF GROSS DOMESTIC INVESTMENT
(As percentages of the gross domestic product)³

	1982	1983	1984	1985	1986	1987	1988	1989 ^b
Gross domestic investment	27.5	12.3	17.0	17.5	17.4	19.1	20.8	13.6
Gross domestic saving	25.9	28.3	31.4	30.9	37.6	34.2	34.6	41.9
Net income from factor services	-2.8	-4.7	-4.8	-5.0	-3.2	-2.8	-2.9	-4.3
Terms-of-trade effect	-2.3	-1.0	1.6	0.5	-20.1	-14.3	-19.2	-19.3
Unrequited private transfers	-1.1	-0.4	-0.3	-0.2	-0.2	-0.3	-0.2	-0.3
Gross domestic saving	19.7	22.2	27.9	26.2	14.1	16.9	12.3	18.2
External saving	7.8	-9.9	-10.9	-8.7	3.3	2.3	8.5	-4.6

Source: ECLAC, on the basis of official data.

^a At market prices, in constant 1980 dollars, at adjusted exchange rate.

^b Preliminary figures.

Table 5
VENEZUELA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT 1980 MARKET PRICES

	Indexes(1980 = 100)			breakdown		Growth rates			
	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988		1989^{a}
Gross domestic product	100.7	106.5	97.9	100.0	100.0	6.5	3.6	5.8	-8.1
Goods	97.6	103.1	96.9	52.0	51.5	8.0	4.1	5.9	-6.3
Agriculture	125.4	131.2	123.6	5.7	7.2	8.1	4.0	4.6	-5.7
Mining	88.0	92.5	92.5	24.5	23.1	9.0	6.0	5.1	-
Manufacturing	117.3	125.4	113.5	16.2	18.8	7.1	2.5	6.9	-9.5
Construction	54.6	59.3	41.5	5.7	2.4	6.2	2.4	8.7	-30.1
Basic services	109.2	117.9	113.2	10.9	12.6	5.1	7.9	8.0	-4.0
Electricity, gas and water	158.1	169.8	171.6	1.0	1.8	5.7	5.4	7.4	1.1
Transport, storage and communications	104.1	112.6	107.2	9.9	10.9	5.0	8.3	8.1	-4.8
Other services	114.8	121.4	114.3	39.7	46.3	5.7	4.3	5.8	-5.8
Commerce, restaurants and hotels	108.9	114.8	97.4	8.2	8.2	3.4	4.3	5.4	-15.1
Financial institutions, insurance, real estate and business services	127.0	135.3	126.0	14.9	19.2	7.0	4.9	6.5	-6.9
Ownership of dwellings	121.2	125.7	122.1	9.3	11.7	7.7	3.1	3.7	-2.9
Community, social and personal services	106.7	112.2	112.2	16.6	19.0	5.4	3.5	5.2	-
Government services	104.5	109.4	111.0	11.8	13.4	4.1	2.5	4.6	1.5
Adjustments				-2.6		9.2			

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.

^a Preliminary figures.

Table 6
VENEZUELA: INDICATORS OF AGRICULTURAL PRODUCTION

	1980	1986	1987	1988	1989 ^a	Percentage breakdown		Growth rates		
						1985 ^b	1986	1987	1988	1989 ^a
Index of agricultural production^c	100.0	115.0	118.8	125.6	114.9	100.0	4.6	3.3	5.7	-8.5
Crop farming	100.0	114.7	120.2	126.1	118.0	42.4	9.6	4.8	4.9	-6.4
Stock raising	100.0	117.6	120.8	128.4	114.1	53.9	2.9	2.7	6.3	-11.1
Forestry	100.0	113.8	106.0	119.5		1.2	1.8	-6.9	12.7	
Fisheries	100.0	121.1	115.1	123.0	123.1	2.5	8.0	-5.0	6.9	0.1
Production of the main crops^d										
For export										
Cocoa	15	12	13	14	14	0.4	10.1	5.0	7.9	2.5
Coffee	58	66	70	71	73	3.1	2.8	6.0	1.1	2.2
For domestic consumption										
Cereals	1547	2 251	2 418	2 485	1830	10.7	23.5	7.4	2.8	-26.4
Pulses	39	47	49	51	53	0.7	6.6	4.1	3.5	5.1
Fibers and oilseeds	280	325	324	358	348	2.7	8.7	-0.3	10.7	-3.0
Root crops and tubers	602	618	650	671	694	3.2	1.3	5.2	3.2	3.3
Fruit	2 034	2 252	2 295	2 442	2 530	8.5	1.4	1.9	6.4	3.6
Vegetables	365	335	358	385	421	2.7	7.0	6.9	7.5	9.4
Other	5 041	7 392	8 078	8 379	7 861	5.5	28.7	9.3	3.7	-6.2
Indicators of stock-raising production										
Slaughtering ^e										
Cattle ^f	1663	1759	1743	1798	1875	13.6	2.3	-0.9	3.2	4.2
Pigs ^g	1776	2 392	2 510	2 547	1873	7.8	6.2	4.9	1.5	-26.4
Sheep	125	129	132	134	139	0.1	1.6	2.3	1.7	3.6
Poultry ^g	159	214	226	251	204	9.8	4.9	5.6	11.1	-18.6
Other products										
Milk ^h	1311	1580	1598	1715	1503	13.3	3.1	1.1	7.3	-12.4
Eggs for consumption ⁱ	2 034	2139	2 270	2 490	2147	5.1	-4.7	6.1	9.7	-13.8
Volume of fishery products	177	305	291	271	273	2.4	6.6	-4.6	-6.9	1.5

Source: ECLAC, on the basis of statistics supplied by the Ministry of Agriculture and the Central Bank of Venezuela.

^a Preliminary figures. Values at 1968 prices. ^c Index at constant prices 1980 = 100. Thousands of tons.

^e Thousands of head. ^f Includes changes in number of livestock. ^g Millions of head. ^h Millions of litres.

ⁱ Millions of units.

Table 7
VENEZUELA: MAIN INDICATORS OF THE PETROLEUM INDUSTRY

	1975	1980	1985	1986	1987	1988	1989 ^a	Growth rates				
								1985	1986	1987	1988	1989 ^a
Crude petroleum ^{b c}												
Production	856.4	793.4	613.6	653.6	621.0	697.1	694.1	-7.0	6.5	-5.0	12.3	-0.4
Exports	537.3	472.6	301.7	346.3	372.7	355.9	359.5	-17.5	14.8	7.6	-4.5	1.0
Refined petroleum ^c												
Production	317.0	326.8	344.0	339.8	292.0	383.5	326.4	4.4	-1.2	-14.1	31.3	-14.9
Exports	224.1	213.5	199.4	213.6	178.8	227.8	230.7	5.5	7.1	-16.3	27.4	1.3
Domestic consumption	90.2	140.7	129.9	136.9	140.2	141.5	128.9	-0.6	5.4	2.4	0.9	-8.9
Use of installed capacity												
Extraction		87.1	65.2	68.6	64.4	67.5	68.8					
Refining capacity	55.8	62.7	67.6	68.6	60.7	75.4	71.9					
Reserves												
Proven	18.4	19.7	54.5	55.5	58.1	58.5	59.1		1.8	4.6	0.7	1.0
Theoretical life ⁶	21.5	24.8	88.7	85.6	87.5	84.0	85.0		-3.5	2.2	-4.0	1.2
Gas ^h												
Gross production	38.0	35.5	33.0	36.3	36.2	38.5	37.9	1.3	10.0	-0.3	6.4	-1.6
Domestic consumption	9.3	14.4	16.8	17.9	17.3	17.4	11.3	0.6	6.5	-3.4	0.6	-35.1
Average price ⁱ	11.25	26.44	25.89	12.82	16.32	13.51	16.87	-3.1	-50.5	27.3	-17.2	24.9
Crude		25.63	24.67	11.52	15.43	12.83	16.04	-2.7	-53.3	33.9	-16.9	25.0
Petroleum products		28.21	27.75	14.92	18.18	14.57	18.16	-5.4	-46.2	21.8	-19.9	24.6
Sales income	39.0	80.8	88.9	69.4	113.4	138.0	433.0	-7.4	-21.9	63.5	21.7	213.8
External	37.3	78.3	78.3	57.4	101.0	125.4	405.9	-8.7	-26.7	76.0	24.1	223.8
Domestic	1.7	2.5	10.6	12.0	12.5	12.5	27.1	17.7	13.2	4.2	-0.1	116.7
Profits of petroleum enterprise ^{jk}	3.7	14.8	10.6	8.2	20.8	14.8	94.9	-28.5	-22.9	154.7	-18.2	542.6
Gross fixed investment ^y	14	9.8	11.0	15.0	16.7	25.6	47.9	0.5	36.4	11.3	53.4	87.2

Source: ECLAC, on the basis of figures provided by the Ministry of Energy and Mines and by Petr6leos de Venezuela, S.A.

^a Preliminary figures. ^b Including condensate. ^c Millions of barrels. ^d Corresponds to domestic and industrial consumption, including that of the petroleum industry. ^e Percentage. ^f Billions of barrels. ^g In years.

^h Calculated by dividing total reserves by crude oil production in the corresponding year.

ⁱ Dollars per barrel. ^j Billions of bol6vares. ^k After deduction of tax.

Table 8
VENEZUELA: INDICATORS OF NON-PETROLEUM MINING ACTIVITY

	1980	1986	1987	1988	1989 ^e	Growth rates			
						1986	1987	1988	1989 ^a
Indexes of mining production ^b (1980= 100)	100.0	102.4	128.5	162.4	140.3	16.0	25.5	26.4	-13.6
Production of some important minerals									
Iron ore ^c									
Production	16.0	16.9	17.8	18.9	18.2	14.3	5.5	3.8	-3.9
Exports	11.7	10.0	11.7	12.3	14.4	11.0	16.7	5.1	17.1
Coal ^d	39	57	238	1070		36.9	319.1	281.5	
Gold ⁶	430	2 494	3 416	3 502		15.6	37.0	2.5	
Diamonds	666	212	113	128	255	-1.7	-46.7	33.7	98.3

Source: ECLAC, on the basis of statistics provided by the Ministry of Energy and Mines and the Central Bank of Venezuela.

^a Preliminary figures. ^b Value of the sector's production at 1984 prices. ^c Millions of tons.
 tons. ^eKilogrames. ^fThousands of metric carats.

Table 9
VENEZUELA: INDICATORS OF MANUFACTURING PRODUCTION

	1980	1986	1987	1988	1989 ^a	Growth rates				
						1985	1986	1987	1988	1989 ^a
Index of manufacturing production	100.0	109.9	112.7	117.1	100.6	0.4	10.0	2.5	3.9	-14.1
Foodstuffs, beverages and tobacco	100.0	106.7	104.7	119.2	106.6	-2.2	0.9	-1.9	13.8	-10.6
Textiles, clothing and leather goods	100.0	117.0	110.8	126.3	117.0	-0.5	6.2	-5.3	14.0	-7.4
Wood and furniture	100.0	79.6	70.0	83.3	49.3	-0.6	14.5	-12.1	19.0	-40.8
Paper, printing and publishing	100.0	139.2	145.2	166.7	121.9	-5.7	10.0	4.3	14.8	-26.9
Chemicals	100.0	108.8	118.2	126.7	108.7	9.5	5.6	8.6	7.2	-14.2
Non-metallic mineral products	100.0	130.7	126.6	127.0	117.9	9.5	17.7	-3.1	0.3	-7.2
Basic metal industries	100.0	76.5	77.4	81.6	74.3	-13.8	30.3	1.2	5.4	-8.9
Metal products, machinery and equipment	100.0	102.4	89.2	98.1	71.7	1.6	17.3	-12.9	10.0	-26.9
Other manufacturing industries	100.0	73.5	51.1	69.8	53.6	-11.4	4.0	-30.5	36.6	-23.2
Production of some industrial products										
Public enterprises										
Iron ore		16 851	17 782	18 321	17 653	12.9	14.3	5.5	3.0	-3.6
Steel	1784	3 402	3 722	3 461	2 623 ^d	9.3	23.4	9.4	-5.8	-5.7 ^e
Aluminium	156	419	428	413	367 ^d	4.7	4.0	5.3	-3.4	28.0 ^e
Ammonia	439	630	638	640	478 ^d	-14.3	28.6	1.3	0.4	11.3 ^e
Sulphuric acid	114	164	197	172	113 ^d	-1.3	5.1	20.1	-12.8	-4.2 ^e
Urea	276	542	623	760		-31.5	72.1	14.9	22.1	
Private sector										
Sugar	323	542	712	492	609 ^d	17.5	18.6	7.7	-29.3	7.4 ^e
Cement	111	138	141	146	124	-2.0	23.7	10.1	3.5	-15.1
Vehicle tires ^g	3 483	5 017	5 447	5 203	4177	51.4	11.0	8.6	-4.9	-19.7
Passenger vehicles ^h	111	150	111	123	26	17.8	21.8	-26.0	10.8	-78.9
Employment	752	878	978	1061	1032	6.3	11.1	11.4	8.5	-2.7

Source: ECLAC, on the basis of statistics supplied by the Central Bank of Venezuela and various industrial enterprises.

Preliminary figures. ^a Excluding public enterprises. Indicates the value of output deflated by the corresponding producer price index 1980=100. Thousands of tons. January-October. ^d Variation between January and October in comparison with the same period of the previous year. Billions of sacks. ^e Thousands of units.

¹ Thousands of persons.

Table 10
VENEZUELA: INDICATORS OF CONSTRUCTION ACTIVITY

	1980	1986	1987	1988	1989 ^a	Growth rates			
						1986	1987	1988	1989 ^a
Index of sectoral production^b (1980 = 100)	100.0	533	54.6	593	41.5	2.9	43	8.6	-30.0
Housing construction									
Total area ^c									
Private sector	4 662	2 906	3 281	2 961	1 650	21.0	12.9	-9.8	-44.3
Number of dwellings									
Total	77.1	120.1	117.3	106.0	32.9	152.8	-2.3	-9.6	-69.0
Public sector ^e	40.0	91.7	86.4	84.3	18.9	274.3	-5.8	-2.4	-77.6
Private sector	37.1	28.4	30.9	26.9	14.0	23.8	8.6	-12.9	-48.0
Indicators of activity									
Consumption of cement ^f	100.0	87.7	96.5	103.1	60.8 ^g	23.7	10.0	6.8	-22.9
Domestic sales of hardware and building materials ^h	100.0	75.4	93.9	127.7	84.2 ⁱ	21.6	24.5	36.0	-32.0
Loans granted ^j									
To builders	...	549	417	1442	251	78.6	-24.1	245.8	-82.6
To purchasers	...	3 685	4 323	4 063	2 378	6.8	17.3	-6.0	-41.5
Employment^l	434	420	470	505	465	19.8	12.1	7.4	-7.9

Source: ECLAC, on the basis of information provided by the Construction Fund and the Central Bank of Venezuela.

^a Preliminary figures. ^b Value of the sector's production at 1984 prices. ^c Housing construction permits granted. ^d Thousands of square metres. ^e Thousands of units. ^f In addition to dwellings, includes low-income building plots for gradual urban development. ^g Index 1980 = 100. ^h January-September average. ⁱ Percentage variation with respect to the same period of the previous year. ^j In the Caracas Metropolitan Area. ^k Index in real terms, 1980 = 100, January-September average. ^l January-June. ^m Percentage variation with respect to the same period of the previous year. ⁿ Millions of bolívares. ^o Thousands of persons.

Table 11
VENEZUELA: INDICATORS OF SERVICE ACTIVITIES

	1980	1986	1987	1988	1989 ^a	Growth rates				
						1985	1986	1987	1988	1989 ^a
Electrical energy										
Installed capacity ^b	7.7	18.0	17.8	17.7	17.8	26.3	22.4	-1.1	-0.4	0.5
Generation ^c	32.4	46.1	50.2	53.2	54.3	8.4	7.2	8.9	6.0	2.1
Total consumption ^c	27.7	37.0	39.8	42.4	45.6	8.0	3.2	7.6	6.5	7.6
Transport										
Freight moved										
By air	113	59	56	60	64	5.9	12.2	-5.1	6.8	6.7
By sea	7900	6 583	7 808	9 708	8 760	6.7	-16.8	18.6	24.3	-9.8
Commerce										
Index of sales ^e	100.0	109.6	109.8	121.7	78.8 ^f	4.3	13.0	0.2	10.8	-29.8
Tourism ^g										
Visitors	430	527	615	692		15.2	96.2	16.7	12.5	
Employment										
Total services sector	2 704	3 199	3 372	3 587	3 723	2.9	4.2	5.4	6.4	3.8
Commerce ^h	1062	1346	1406	1526	1604	7.1	6.8	4.5	8.5	5.1

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 to the Congress, 1989.

^a Preliminary figures. ^b Millions of kWh. ^c Billions of kWh. ^d Thousands of tons. ^e In the Caracas Metropolitan Area. Index in real terms, 1988. January-October average. ^f January-June average. ^g Number of visitors entering the country. Includes excursionists and transit passengers. Thousands of persons. ^h Including financial activities.

Table 12
VENEZUELA: EVOLUTION OF EMPLOYMENT AND UNEMPLOYMENT

	1986	1987	1988	1989 ^a	Percentage breakdown		Growth rates		
					1980	1989 ^a	1987	1988	1989 ^a
Labour force (thousands of persons)	6064	6268	6512	6778			3.4	3.9	4.1
Net participation rate (percentage)	56.1	56.2	56.7	57.5					
Thousands of persons									
Employment	5396	5694	6033	6154	100.0	100.0	5.5	6.0	2.0
Primary sector	898	872	878	872	16.2	14.2	-2.9	0.3	-0.7
Agricultural activities	837	814	814	811	14.7	13.2	-2.7	-	-0.4
Hydrocarbons, mines and quarries	62	58	64	61	1.5	1.0	-6.6	14.1	-4.7
Secondary sector	1354	1512	1630	1560	26.7	25.3	11.7	7.8	-4.3
Manufacturing	878	978	1061	1032	16.2	16.8	11.4	8.5	-2.7
Construction	420	470	505	465	9.3	7.6	12.1	7.8	-7.9
Electricity, gas, water and sanitary services	56	64	64	63	1.2	1.0	13.5	0.7	-1.6
Tertiary sector	3143	3308	3527	3723	57.0	60.5	5.2	6.6	5.6
Commerce ^c	1346	1406	1526	1604	22.9	26.1	4.5	8.5	5.1
Transport, storage and communications	339	357	373	388	7.4	6.3	5.3	4.5	4.0
Other services	1458	1546	1623	1726	26.7	28.0	6.0	5.2	6.3
Percentages									
Open unemployment									
Nationwide total	11.0	9.1	7.3	9.2					
Previously employed	9.7	8.0	6.5	8.3					
Seeking work for the first time	1.3	1.1	0.8	0.9					
Rural areas	6.4	5.9	4.6	5.8					
Urban areas	12.1	9.9	7.8	9.7					
Caracas Metropolitan Area	9.6	7.9	5.9	7.3					
Unemployment by economic sector	9.7	8.0	6.5	5.3					
Manufacturing	10.9	8.0	6.4	9.9					
Construction	23.3	19.5	15.3	21.7					
Commerce ^c	9.1	7.6	5.9	7.0					
Other services	7.0	5.2	4.4	5.0					

Source: ECLAC, on the basis of data from household surveys conducted by the Central Statistical Office (OCEI).

^a Preliminary figures. Labour force as a percentage of the population aged 15 years and over. ^c Includes financial institutions.

Table 13
VENEZUELA: EVOLUTION OF THE EXCHANGE RATE
(Annual and quarterly averages)

	Nominal exchange rate (bolívars per dollar)		Indexes of the real effective exchange rate ^{a b} (1985 = 100)	
	Trade rate	Free	Exports	Imports
1970-1979			118.4	115.9
1980-1989			114.2	116.4
1980	4.29	4.29	106.2	108.9
1981	4.29	4.29	96.2	97.9
1982	4.29	4.29	89.1	90.0
1983	5.72	10.59	97.1	97.2
1984	7.38	13.51	106.5	106.3
1985	7.50	13.97	100.0	100.0
1986	7.82	20.26	112.6	115.0
1987	14.50	27.86	141.1	145.3
1988	14.50	33.80	145.7	151.0
1989	33.34	39.07	147.0	152.2
1987				
I	14.50	23.07	151.5	155.6
II	14.50	27.03	146.3	150.7
III	14.50	30.70	134.9	138.6
IV	14.50	30.62	131.6	136.3
1988				
I	14.50	29.77	135.1	140.3
II	14.50	31.40	137.9	143.1
III	14.50	36.52	154.1	159.0
IV	14.50	37.52	155.7	161.4
1989				
I	14.50	37.42	101.3	104.8
II	37.62	37.62	166.8	172.1
III	37.80	37.80	147.0	153.0
IV	43.45	43.45	173.0	178.8

Source: ECLAC, on the basis of information provided by the International Monetary Fund, *International Financial Statistics* and the Central Bank of Venezuela.

^a Corresponds 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, published by ECLAC. ^b As from 1983, the exchange rate used corresponds to the exchange rate weighted on the basis of the foreign exchange movements recorded by the Central Bank of Venezuela.

Table 14
VENEZUELA: MAIN FOREIGN TRADE INDICATORS

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Growth rates									
Exports FOB									
Value	4.8	-18.2	-10.8	8.7	-7.4	-37.8	15.8	-3.2	26.4
Volume	-1.3	-13.6	-1.5	4.6	-5.6	25.8	-8.2	12.1	4.8
Unit value	6.2	-5.3	-9.4	4.0	-2.0	-50.5	26.1	-13.6	20.6
Imports FOB									
Value	11.5	12.0	-52.8	13.3	3.7	4.4	12.3	31.1	-38.3
Volume	8.3	8.9	-43.3	22.2	0.9	3.0	8.3	22.9	-40.0
Unit value	2.9	2.9	-16.8	-7.3	2.8	1.4	3.8	6.7	2.8
Terms of trade	2.7	-8.1	6.9	11.2	-4.8	-51.4	21.3	-18.6	17.2
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	60.1
Purchasing power of exports of goods	101.3	80.4	84.7	98.5	88.6	54.1	60.3	55.0	67.6
Purchasing power of exports of goods and services	100.0	80.5	82.6	91.7	84.9	54.2	59.0	55.1	66.1
Volume of exports	98.7	85.2	84.0	87.8	82.9	104.3	95.8	107.4	112.6
Volume of imports	108.3	117.9	66.9	81.8	82.5	84.9	91.9	113.0	67.8

Source: ECLAC, on the basis of official figures.

^a Preliminary figures. ^b Volume of exports of goods or of goods and services, as appropriate, adjusted by the corresponding terms-of-trade index.

Table 15
VENEZUELA: IMPORTS OF GOODS, CIF

	Millions of dollars				Percentage breakdown		Growth rates			
	1986	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^b
Total	7 666	8 710	11 476	5 523	100.0	100.0	5.0	13.6	31.8	-31.5
Consumer goods	1 169	1 203	1 522	743	23.8	13.5	-6.0	2.9	26.5	-24.7
Foodstuffs and beverages	116	173	163	57	8.2	1.0	-32.9	49.1	-5.8	-43.7
Other consumer goods	1 053	1 030	1 359	686	15.6	12.4	-1.6	-2.2	31.9	-22.5
Durables	602	626	865	435	7.8	7.9	15.1	4.0	38.2	-20.8
Non-durables	451	404	494	251	7.8	4.5	-17.6	-10.4	22.3	-25.4
Raw materials and intermediate goods	3 034	3 987	5 145	2 566	34.5	46.5	-9.7	31.4	29.0	-31.3
Raw materials	2 634	3 562	4 635	2 296	28.4	41.6	-12.4	35.2	30.1	-31.4
For industry	2 465	3 328	4 322	2 124	26.3	38.5	-14.4	35.0	29.9	-32.1
For agriculture	169	234	313	172	2.7	3.1	35.2	38.5	33.8	-22.0
Fuels and lubricants	180	158	161	76	1.6	1.4	-10.9	-12.2	1.9	-38.0
Building materials	220	267	349	194	4.5	3.5	43.8	21.4	30.7	-26.3
Capital goods	3 463	3 520	4 809	2 214	41.4	40.1	28.3	1.6	36.6	-33.9
Machinery and tools	1 877	2 089	3 119	1 684	26.7	30.5	21.4	11.3	49.3	-20.7
Transport equipment	1 586	1 431	1 690	530	14.6	9.6	37.6	-9.8	18.1	-56.7

Source: ECLAC, on the basis of data provided by the Central Statistical Office (OCEI).

^a January-September. ^b January-September in comparison to the same period of the preceding year.

Table 16
VENEZUELA: EXPORTS OF GOODS, FOB

	Millions of dollars				Percentage breakdown		Growth rates			
	1986	1987	1988	1989 ^a	1980	1989 ^a	1986	1987	1988	1989 ^a
Total	8 535	10 437	10 082	12 935	100.0	100.0	-41.8	223	-3.4	283
Main traditional exports	7 224	9 088	8 311	9 997	95.9	773	-45.7	25.8	-8.5	203
Petroleum	7 049	8 927	8 158	9 844	94.9	76.1	-46.4	26.6	-8.6	20.7
Iron ore	109	123	118		0.8		0.9	12.8	-4.1	-100.0
Main non-traditional exports	1311	1349	1771	2 938	4.1	22.7	-3.8	2.9	313	65.9
Public sector	579	753	978		2.7		-25.4	30.1	29.9	
Aluminium	349	523	680	688	2.1	5.3	-31.7	49.9	30.0	1.2
Steel	177	220	207		0.6		-7.8	24.3	-5.9	
Other	53	10	91		-		-27.4	-81.1	810.0	
Private sector	732	596	793	214	1.4	1.7	24.7	-18.6	33.1	-73.0
Agricultural products	183	64	49	180	0.3	1.4	34.6	-65.0	-23.4	267.3
Cement	38	27	24	34		0.3	-25.5	-28.9	-11.1	41.7
Other	511	505	720				27.8	-1.2	42.6	

Source: ECLAC, on the basis of official figures.

^a Preliminary figures. ^b Also includes coffee and cocoa.

Table 17
VENEZUELA: BALANCE OF PAYMENTS
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989 ^a
Balance on current account	-4 222	4 451	4 598	3 694	-1505	-1103	-4 661	2 437
Trade balance	-2 077	6 752	6 738	5 934	36	400	-2 969	4 825
Exports of goods and services	17 557	15 842	16 680	15 612	10 097	11 279	11 169	14 071
Goods FOB	16 332	14 570	15 841	14 660	9 123	10 567	10 234	12 935
Real services ^b	1225	1270	839	952	976	712	935	1136
Transport and insurance	664	673	433	396	338	352	395	500
Travel	309	310	358	416	443	309	347	370
Imports of goods and services	19 634	9 090	9 942	9 678	10 061	10 880	14 138	9 246
Goods FOB	13 584	6 409	7 260	7 530	7 863	8 832	11 581	7 145
Real services ^b	6 050	2 681	2 681	2 148	2 199	2 048	2 556	2 101
Transport and insurance	1524	930	1152	973	1043	1142	1419	875
Travel	2 925	1073	1063	597	543	388	458	400
Factor services	-1530	-2113	-2 022	-2137	-1470	-1375	-1570	-2 255
Profits	-401	-188	-155	-106	-109	-111	-141	-89
Interest received	2 565	1500	2154	1913	1769	1411	1574	1642
Interest paid or due	-3 694	-3 425	-4 011	-3 952	-3 143	-2 674	-3 012	-3 818
Labour and property	-	-	-10	8	13	-	9	10
Unrequited private transfers	-615	-187	-119	-102	-72	-128	-124	-133
Balance on capital account	-3 940	-4122	-3 044	-2 577	-2 430	80	564	-1484
Unrequited official transfers	-24	-24	-29	-26	34	-22	-31	-33
Long-term capital	3 156	283	-1301	-1204	-1422	-1444	-1445	-1367
Direct investment	253	86	18	68	16	21	22	208
Portfolio investment	1582	201	-129	-	-	-	-	-
Other long-term capital	1321	-3	-1190	-1272	-1438	-1465	-1466	-1575
Official sector ^c	1293	329	-1014	-813	-1225	-667	-763	-1525
Loans received	2 741	1259	398	225	198	654	653	1044
Amortization payments	-1492	-827	-1376	-1009	-1380	-1234	-1365	-2 569
Commercial banks ^c	-	-	38	-49	-	-	-	-
Loans received	-	-	-	-	-	-	-	-
Amortization payments	-	-	-	-	-	-	-	-
Other sectors ^c	29	-332	-214	-410	-214	-798	-703	-50
Loans received	1284	505	39	97	48	23	3	50
Amortization payments	-1068	-702	-274	-	-305	-825	-726	-100
Short-term capital	-4 684	-4114	-1802	-996	148	1315	1744	-8
Official sector	-18	-17	24	23	68	31	876	
Commercial banks	1256	-583	-267	-446	-41	56	2131	
Other sectors	-5 923	-3 514	-1559	-574	121	1228	-1263	
Errors and omissions (net)	-2388	-268	87	-350	-1190	233	296	
Global balance^e	-8 162	329	1554	1117	-3 935	-1023	-4 0%	953
Total variation in reserves (- sign indicates an increase)	7 635	-283	-1775	-817	4 190	1248	4 038	-740
Monetary gold	-	-	-	-	-	-	-	-
Special Drawing Rights	5	87	-22	-120	-114	-148	682	
IMF reserve position	-113	-166	106	-6	16	131	631	
Foreign exchange assets	1695	-960	-1383	-1207	3 908	493	1485	
Other assets	6 048	756	-476	517	380	772	1240	
Use of IMF credit	-	-	-	-	-	-	-	

Source: 1982-1988: ECLAC, on the basis of data supplied by the International Monetary Fund. 1989: ECLAC, on the basis of data supplied by the Central Bank of Venezuela.

^a Preliminary figures. ^b Includes other non-factor services. ^c Includes net loans granted and other assets and liabilities. ^d Includes special financing in the amount of US\$1852 million and errors and omissions. ^e Equals total variation in reserves (of opposite sign).

Table 18
VENEZUELA: OFFICIAL INTERNATIONAL RESERVES
(Millions of dollars)

	Central Bank ⁸					Venezuelan Investment Fund	Total official reserves
	Total	Foreign exchange	Gold	SDR	iMF ^b		
At the end of:							
1980	7 025	5 572	484	344	625	1483	8 508
1981	8 619	7 051	484	445	639	2 452	11071
1982	10 039	5 408	3 439	440	752	1521	11560
1983	11149	6 439	3 439	353	918	589	11838
1984	12 489	7864	3 439	375	811	1254	13 743
1985	13 750	8 997	3 439	496	818	1748	15 498
1986	9 858	5 008	3 439	609	802	1827	11685
1987	9 376	4 509	3 439	757	671	1681	11057
1988	6 671	3 115	3 439	76	41	828	7 423
1989 ^c	7 411	3 921	3 439	47	4	965	8 376

Source: ECLAC, on the basis of information provided by the Central Bank of Venezuela and the International Monetary Fund.

^a Includes the reserves of the Venezuelan Investment Fund which are administered by the Central Bank. Reserve position.
^c Preliminary figures.

Table 19
VENEZUELA: CENTRAL BANK FOREIGN EXCHANGE RECEIPTS AND OUTLAYS
(Millions of dollars)

	Receipts			Outlays					Balance	Operating reserves of the Central Bank ^d	Net international reserves ^d
	Petroleum	Other ⁸	Total	Imports ^b	External debt		Other ^c	Total			
					Public	Private					
1982	18 984	6 895	25 879	13 584	2 923	1 839	9 075	27 421	-1542	3 645 ^e	10 039 ^e
1983	13 335	3 425	16 760	8 019	4 770	625	2 045	15 459	1301	5 346	11 149
1984	14 212	3 069	17 281	7 664	5 218	382	2 707	15 971	1310	6 858	12 489
1985	12 404	3 180	15 584	6 725	4 258	809	2 559	14 351	1233	8 210	13 750
1986	7 625	2 927	10 552	5 951	3 996	1 087	3 481	14 515	-3 963	4 237	9 858
1987	9 083	3 858	12 941	6 308	3 367	1 481	2 462	13 618	-677	3 518	9 376
1988	8 503	5 144	13 647	9 905	3 511	1 214	1 624	16 254	-2 607	2 044	6 671
1989 ^f	9 601	5 240	14 841	5 267	2 910	188	4 879	13 244	1597	3 184	7 411
1988											
I	1 869	1 310	3 179	1 935	1 010	390	490	3 825	-646	2 730	8 683
II	2 213	1 844	4 057	2 557	740	331	555	4 183	-126	2 769	8 501
III	2 070	1 038	3 108	3 201	653	245	252	4 351	-1243	2 526	7 442
IV	2 351	952	3 303	2 212	1 108	248	327	3 895	-592	2 044	6 671
1989 ^f											
I	2 097	1 653	3 750	2 026	513	141	905	3 585	165	2 307	6 794
II	2 664	1 113	3 777	1 502	634	5	1 865	4 006	-229	2 247	6 464
III	2 439	1 274	3 713	1 263	870	32	916	3 081	632	2 974	7 061
IV	2 401	1 200	3 601	476	893	10	1 193	2 572	1 029	3 184	7 411

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

^a Includes receipts from the Venezuelan Investment Fund. ^b Imports of goods and services. Includes foreign currency expenditure by Petróleos de Venezuela S.A. and under agreements. Excludes imports at the free market exchange rate.

^c Includes Central Bank sales of foreign exchange on the free market. ^d Position at the end of the period, including adjustments on account of changes in exchange rates of Special Drawing Rights and reserve currencies with respect to the US dollar. ^e Includes the effect of the centralization of the foreign-exchange assets of the petroleum industry.

^f Preliminary figures.

Table 20
VENEZUELA: INDICATORS OF EXTERNAL INDEBTEDNESS

	1975	1980	1984	1985	1986	1987	1988	1989 ^a
Millions of dollars								
Total external debt	5 700	29 608	33 862	33 362	32 897	34 198	34 271	32 007
External public debt		17 692	28 717	26 971	25 887	26 090	25 601	26 815
External private debt		11 916	5 145	6 391	7 010	8 108	8 670	5 192
Total external debt servicing	...	3 475	5 661	4 961	4 828	4 733	5 103	4 783
Principal		1 862	1 650	1 009	1 685	2 059	2 091	965
Interest		1 613	4 011	3 952	3 143	2 674	3 012	3 818
External public debt servicing	295	2 126	5 151	4 249	3 987	3 354	3 560	2 910
Principal	240	1 171	2 378	1 009	1 380	1 234	1 365	585
Interest	55	955	2 773	3 240	2 607	2 120	2 195	2 325
Percentages								
Ratios								
Total external debt/exports of goods and services	60.9	148.3	203.0	213.7	325.8	303.2	301.5	227.5
Debt servicing/exports of goods and services	3.2	17.4	33.9	31.8	47.8	42.0	47.9	34.0
Net interest payments/exports of goods and services ^c	-7.3	-3.3	11.1	13.1	13.6	11.2	14.9	16.8

Source: ECLAC, on the basis of data supplied by the Central Bank of Venezuela and international financial agencies.

* Preliminary figures. ^b Estimates based on the relevant balance-of-payments entries. ^c A minus sign indicates that the net balance between interest received and interest paid is positive.

Table 21
VENEZUELA: DOMESTIC PRICE TRENDS

	1981	1982	1983	1984	1985	1986	1987	1988	1989 ^a
December to December variation									
Consumer price index	11.0	7.8	7.0	15.6	9.1	12.7	40.3	35.5	81.0
Food	12.9	6.9	10.6	31.1	19.1	17.9	60.5	52.1	102.9
Wholesale price index	17.4	6.2	10.7	23.8	12.9	18.8	48.1	17.0	106.2
By origin:									
Imported products	14.2	5.6	10.8	21.9	10.2	10.4	59.2	21.6	81.7
Domestic products	19.4	6.6	10.9	24.9	14.6	23.4	43.8	15.0	117.6
By sector:									
Agricultural products	13.9	3.2	20.0	20.2	24.7	32.0	49.9	22.3	43.9
Manufactures	10.1	6.2	8.9	24.0	9.8	13.0	48.0	16.5	112.4
Building materials	6.1	12.6	10.5	35.7	9.5	10.9	26.5	18.8	103.1
Variation between annual averages									
Consumer price index	16.0	9.7	6.3	12.2	11.4	11.6	28.1	29.5	84.5
Food	18.5	9.7	7.8	17.2	22.4	19.2	41.5	39.9	125.8
Wholesale price index	13.8	8.0	7.0	17.5	18.2	15.7	45.6	19.3	97.6
By origin:									
Imported products	11.9	7.3	6.0	17.8	15.3	9.2	66.2	16.8	89.8
Domestic products	15.0	8.6	7.5	17.3	19.9	19.4	37.7	20.5	101.0
By sector:									
Agricultural products	19.8	5.3	14.2	16.3	21.6	33.0	49.4	23.9	40.9
Manufactures	11.9	8.4	5.4	17.7	16.8	10.0	45.3	18.9	102.7
Building materials	10.9	12.8	4.1	29.4	19.3	9.3	28.5	9.5	108.4

Source: ECIAC, on the basis of information provided by the Central Bank of Venezuela.

^a Preliminary figures. ^b Consumer price index for the Caracas Metropolitan Area.

Table 22
VENEZUELA; INCOME TRENDS

	1985	1986	1987	1988	1989 ^a	Growth rates				
						1986	1987	1988	1989 ^a	
In bolívares at current prices										
Minimum wage										
Urban	1375	1500	2 400	2 600	3 767	9.1	60.0	8.3	44.9	
Rural	1200	1200	1800	1950	2 408		50.0	8.3	23.5	
Average income per employed person ^c										
Urban	2 901	3 283	3 665	4 206	5 709	13.2	12.8	14.8	35.7	
Rural	1512	1641	2 047	2 421	3 327	8.5	28.2	18.3	37.4	
In bolívares at 1985 prices ^d										
Minimum wage										
Urban	1375	1284	1544	1270	1104	-6.6	20.2	-17.7	-13.1	
Rural	1200	1027	1158	953	706	-14.4	12.8	-17.7	-25.9	
Average income per employed person ^c										
Urban	2 901	2 942	2 563	2 273	1 673	14	-12.9	-11.3	-26.4	
Rural	1512	1470	1431	1308	975	-2.7	-2.7	-8.6	-25.5	

Source: ECLAC, on the basis of information provided by the Central Statistical Office (OCEI), the Central Bank of Venezuela and the Ministry of Labour.

^a Preliminary figures. ^b Monthly wages (annual averages). ^c Monthly income (annual averages). ^d 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, in the case of other incomes, by the general consumer price index for the Caracas Metropolitan Area.

Table 23
VENEZUELA: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Billions of bolívares				Growth rates				
	1986	1987	1988	1989 ^a	1985	1986	1987	1988	1989 ^a
1. Current income	101.0	150.6	160.3	293.9	8.7	-6.4	49.1	6.4	833
Petroleum income	42.9	66.2	91.6	217.0	2.6	-30.9	54.3	38.4	136.9
Income tax	32.5	47.6	67.0	150.1	3.7	-39.1	46.5	40.8	124.0
Royalties	10.4	18.7	24.6	66.9	-3.4	19.0	79.8	31.6	172.0
Other tax revenue	46.0	69.9	53.7	58.6	6.5	34.1	52.0	-23.2	9.1
Direct	14.3	23.6	25.7	25.1	23.6	14.7	65.0	8.9	-2.3
Indirect	31.4	46.2	28.0	33.5	-1.6	45.6	47.1	-39.4	19.6
Customs	5.0	9.8	12.4	13.5	43.0	25.2	96.0	26.5	8.9
Exchange profits	16.7	24.7	2.2	-	-22.5	50.1	47.9	-91.1	-
Other	9.7	11.7	13.4	20.1	34.8	50.5	20.6	14.5	50.0
Other non-tax income	123	14.5	15.0	18.3	77.0	4.9	17.9	3.4	22.0
2. Current expenditure	72.2	112.4	161.9	259.5	12	2.1	55.7	44.0	603
Remunerations	24.2	31.7	40.9	63.0	-0.9	20.0	31.0	29.0	54.0
Interest payments	12.7	24.8	23.6	50.3	10.6	6.0	95.3	-4.8	113.1
Current transfers	30.3	46.4	47.1	89.1	13.9	-18.8	53.1	1.5	89.2
Other current expenditure	5.0	9.5	50.3	57.0	-10.4	17.2	90.0	429.5	13.3
3. Current savings (1-2)	28.7	38.2	-1.7	34.4					
4. Capital expenditure	31.1	42.0	61.9	42.6	25.3	27.5	35.0	47.4	-31.2
Real investment	9.5	26.7	41.6	17.0	-10.7	163.6	181.1	55.8	-59.1
Other capital expenditure	21.6	15.3	20.3	25.6	30.7	3.8	-29.2	32.7	26.1
5. Total expenditure (2+4)	1033	154.4	223.8	302.1	11.2	53	49.5	44.9	35.0
6. Fiscal deficit (-) or surplus (+)(1-5)	-23	-3.8	-63.6	-8.2					
Financing of deficit (or use of surplus)									
Domestic	2.3	3.8	63.6	8.2					
Central Bank ^c	9.5	1.5	64.5	25.7					
Sale of securities	-	17.6	0.5	11.4					
Amortization	14.3	14.7	14.0	21.3					
Variation in reserves (- sign indicates an increase)	-7.5	-13.3	-2.8	-10.1					
Other ^d	-1.8	-9.6	13.5	-27.3					
External financing	4.5	7.9	39.3	30.5					
Disbursements	-7.2	2.3	-0.9	-17.5					
Amortization	-	10.3	9.5	5.6					
	-7.2	-8.0	-10.4	-23.1					

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

^a Preliminary figures. ^b Includes technology tax. ^c Includes 10 billion bolívares in 1987 and 500 million in 1988 in respect of the liquidation of Fococam. ^d Includes agricultural debt, administrative debt, variation in the Amortization Fund, liquidation of assets and other sources of domestic financing.

Table 24
VENEZUELA: CONSOLIDATED PUBLIC SECTOR INCOME AND EXPENDITURE

	Billions of bolívares				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Total income	1393	189.0	209.2	423.8	•52	35.7	10.7	102.6
Current income	137.6	186.2	208.8	423.8	-5.3	35.3	12.1	103.0
Central government	55.8	56.9	68.8	66.9		19	20.9	-2.7
PDVSA	48.4	90.0	99.9	293.5		86.0	11.0	193.9
Other public enterprises	11.7	21.1	22.1	39.0		80.5	4.8	76.4
Other current income	21.7	18.2	18.0	24.4		-16.1	-1.0	35.2
Capital income	1.7	2.8	0.4	-	0.3	62.4	-85.4	-100.0
Total expenditure	163.4	214.2	295.7	438.9	9.8	31.1	38.1	48.4
Current expenditure	94.6	120.5	173.6	279.6	-0.4	27.4	44.0	61.1
On consumption	30.3	42.6	55.1	84.8	-3.9	40.5	29.5	53.8
Transfers	20.7	46.0	46.7	80.2	-14.4	122.3	1.4	72.0
Interest	18.6	28.0	28.5	69.8	37.6	50.6	1.9	144.5
Exchange rate subsidy		3.9	21.9	30.6			455.1	39.8
Other current expenditure	25.0		21.4	14.2				-33.7
Capital expenditure	68.8	93.7	122.1	159.3	27.0	36.2	30.4	30.5
Capital formation	54.0	87.2	115.8	153.7	39.1	61.5	32.8	32.7
Other capital expenditure	14.8	6.5	6.3	5.7	-2.8	-56.3	-2.1	-10.1
Deficit (-) or surplus (+)	-24.1	-25.2	-86.5	-15.1				
Percentage of GDP	1.5	3.7	9.9	1.1				

Source: ECLAC, on the basis of information provided by the Central Bank of Venezuela and the Central Office of the Budget (OCEPRE).

^a Preliminary figures.

Table 25
VENEZUELA: COEFFICIENTS RELATING TO FISCAL MANAGEMENT

	1970	1975	1980	1983	1984	1985	1986	1987	1988	1989 ^a
Petroleum income/current income	60.1	77.4	72.3	56.5	61.0	57.6	42.5	44.0	57.3	73.8
Customs revenue/indirect tax revenue	41.9	35.3	53.2	14.6	12.8	13.2	12.0	33.1	49.0	33.7
Interest/current expenditure	2.3	1.6	10.4	11.3	14.7	30.5	24.2	22.1	14.6	19.4
Current savings/capital expenditure	79.0	104.2	97.7	71.7	156.3	165.5	108.7	91.0	-2.7	80.8
Fiscal deficit (-) or surplus (+)/total expenditure	-6.1	2.2	-0.8	8.1	12.3	15.7	2.3	-2.5	-28.4	-2.7
Petroleum income/GDP	11.0	26.8	17.8	14.0	14.8	13.4	8.7	9.8	10.5	15.5
Total expenditure/GDP	19.4	33.9	24.9	26.9	21.6	21.1	20.9	22.9	25.6	21.6
Fiscal deficit (-) or surplus (+)/GDP	-1.2	0.7	-0.2	2.2	2.7	2.1	0.5	-0.6	-7.3	-0.6

Source: ECLAC, on the basis of information provided by the Central Bank of Venezuela and the Central Office of the Budget (OCEPRE).

^a Preliminary figures.

Table 26
VENEZUELA: DOMESTIC INTEREST RATES

	1984	1985	1986	1987	1988	1989 ^b	1989 ^c			
							II	III	IV	
Nominal										
Short-term bank rates:										
Deposits	12.6	10.5	8.9	8.9	9.0	30.2	16.7	31.6	35.8	32.1
Loans ^e	14.9	13.7	12.7	12.6	12.7	34.1	18.3	34.0	38.1	39.3
Mortgage rates										
Deposits	13.2	11.4	10.0	9.9	10.0	29.8	16.1	31.2	34.6	33.0
Loans ^g	14.6	14.2	13.4	12.5	13.0	22.5	14.2	25.1	26.7	26.6
Real^h										
Short-term bank rates:										
Deposits	-2.6	1.3	-3.4	-22.4	-19.6	-28.1	-54.5	-45.4	-1.0	4.2
Loans ^e	-0.6	4.2		-19.7	-16.8	-25.9	-53.9	-44.5	0.7	9.9
Mortgage rates										
Deposits	-2.1	2.1	-2.4	-21.7	-18.8	-28.3	-54.8	-45.6	-1.8	4.9
Loans ^g	-0.9	4.7	0.6	-19.8	-16.6	-32.3	-55.5	-48.1	-7.6	2.5

Source: ECLAC, on the basis of information provided by the Central Bank of Venezuela.

^a Average annual rates. ^b Preliminary figures. ^c Annual rates, based on quarterly averages. Preliminary figures.
^d On term deposits with commercial banks. ^e On commercial banks loans and discounts. ^f On saving certificates in denominations from 5 000 bolívares upwards and terms from 30 to 180 days in mortgage banks. ^g Loans for housing construction and purchase. ^h Deflated by the variation in the consumer price index for the Caracas Metropolitan Area.

Table 27
VENEZUELA: **MONETARY INDICATORS**

	Year-end balances (billions of bolívares)				Growth rates			
	1986	1987	1988	1989 ^a	1986	1987	1988	1989 ^a
Money (Mi)	95.0	127.2	157.3	171.3	22.7	33.9	23.7	8.9
Currency outside banks	18.6	24.7	31.1	40.2	15.9	32.8	25.9	29.3
Current account deposits	76.4	102.5	126.2	131.1	24.4	34.2	23.1	3.9
Liquidity (M ₂)	234.6	277.7	328.4	463.8	21.7	18.4	18.3	41.2
Factors of expansion								
Net international reserves	91.6	113.1	87.7	305.6	6.9	23.5	-22.5	248.5
Domestic credit	142.0	184.4	269.7	369.1	34.7	29.9	46.3	36.9
To public sector	-18.2	-33.3	-15.5	43.1	-6.7	83.0	-53.5	-378.1
Central government (net)	-19.4	-34.8	-16.7	4.7	-7.3	79.4	-52.0	-128.1
Public institutions	1.3	1.5	26.6	38.4	-14.6	15.4	1 673.3	44.4
To private sector	152.5	209.5	273.3	313.3	29.1	37.4	30.5	14.6
Factors of absorption								
Quasi-money (savings and time deposits)	119.4	150.5	170.6	278.4	3.5	26.0	13.4	63.2
Other items (net)	-120.4	-146.4	-142.2	-67.5				
Coefficients								
Monetary multipliers								
Mi/monetary base	1.66	1.99	2.14	1.91				
M2/monetary base	4.39	4.69	4.89	4.89				
Velocity of circulation								
GDP/M1	5.98	6.47	6.59	9.51				

Source: ECLAC, on the basis of information provided by the Central Bank of Venezuela and the International Monetary Fund.

^a Preliminary figures. ^b Annual averages.



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