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HAITI

This preliminary version of the Economic Survey of Latin America, 1979, is being distributed in 27 separate parts: an Introduction of a general nature, bearing the symbol E/CEPAL/R.227, and 26 Addenda to this document, each containing a study of the economic development of a country of the region. These Addenda will not appear in alphabetical order, but in order of completion. The complete Survey will be published in the usual printed version when the comments arising out of this preliminary version have been collected.

HAITI

1. Recent economic trends: Introduction and summary

Haiti's economic growth rate decreased in 1979 with respect to the previous year, when it had partially recovered from the effects of the intense drought of 1977,^{1/} and the gross domestic product increased by only 1.9%: the second lowest rate in the past decade. The per capita product decreased by 0.5% to US\$ 126 at 1970 prices: only US\$ 14 more than the amount recorded in 1970.^{2/} Due to the sharp deterioration in the terms of trade, total gross income increased by barely 0.4% (see table 1).

This situation resulted from the combination of circumstances which arose in 1979 and a change in the favourable trends which had been developing since the start of the decade, such as the rapid growth of public investment, the dynamism of the external sector and growing international financial co-operation.

The weak growth rate of the product played an important role in the decreased dynamism of the agricultural sector and of construction. In the agricultural sector, production of almost all principal export crops decreased, while the completion of large highway and electrical projects undertaken in the past reduced public expenditure on construction. Although industrial production recovered somewhat, supported by the revival of assembly industries, and even though the public services sector grew also as a partial consequence of administrative expansion, these improvements were not enough to make up for the drops mentioned above.

Although there was a big increase in exports of non-traditional products, the current value of exports of goods and services decreased by 2.5% due to reductions in both the price and the volume of sales of coffee, cocoa, sisal

^{1/} Unless otherwise indicated, all the information and comments appearing in this report refer to the Haitian fiscal year, which ends on 30 September.

^{2/} Haiti is the only Latin American country in the group of the 30 least developed countries in the world, which contains 21 from Africa and 8 from Asia.

and essential oils. This was the first instance since 1970 of such an adverse performance, and was due as much to structural problems in the agricultural sector as to the drop in international prices. Imports of goods and services, for their part, increased slightly more than 9%, a figure much lower than the average rate achieved in 1973-1978, when the current value of imports of goods and services tripled. Because of the contrasting development of exports and imports, the balance-of-payments current account deficit increased from US\$ 81 to US\$ 110 million, but a net inflow of capital and grants amounting to US\$ 126 million enabled the net international reserves to be increased by US\$ 16 million.

At the end of September 1979, the external public debt came to nearly US\$ 230 million: nearly 18% more than in the previous year. However, thanks to credits granted to Haiti on extremely favourable terms and the remission of some bilateral loans during the year, the servicing of the external debt represented only a slight burden (5%) on income from exports of goods and services, and was perhaps the lowest debt service cost in the whole of Latin America in 1979.

During the year, the Government put into effect fiscal and tariff reforms, accompanied by administrative changes, which allowed current income to be greatly increased. Moreover, since the Government reduced its capital expenditure too, the fiscal deficit declined by 25%.

In recent years, international financial support in the form of official transfer payments and medium- and long-term loans has helped to check the growth rate of the deficit caused by the accelerated execution of public works projects, principally in the transport, electric power and agricultural sectors. Unfortunately, this ambitious investment plan was not accompanied by a significant increase in private investment, thus reducing the dynamic effect it had been expected to have on economic activity as a whole.

After a period of several years in which the growth rate of consumer prices had gone down, an inflationary rise of nearly 10% was observed; this was mainly due to steep increases in food prices, since gifts of food were greatly reduced in 1979 and international grain prices rose.

2. Trends in economic activity

(a) Global supply and demand trends

In 1977 and 1978, global demand for goods and services increased by around 4%, stimulated in the first year by an extremely vigorous expansion of external purchases, and in the second by the recovery in the gross domestic product. In 1979, however, the combined effect of the decrease of nearly 2% in the volume of imports (basically due to lower investment) and the limited growth of the domestic product resulted in an expansion of global supply by only slightly more than 1% with respect to the previous year (see table 2).

Global demand also changed substantially. Between 1970 and 1978, the dynamism of gross fixed investment, whose share in the gross domestic product doubled from 7% to 14%, had helped to counteract the irregular behaviour both of exports and of total consumption. In 1979, however, the lower growth rate of public investment strongly affected construction and, consequently, levels of employment, so that the growth rate of global demand also slowed appreciably.

The above-mentioned dynamism of public investment was mainly directed at broadening the country's productive and economic base in three strategic areas: roads, electric power, and agricultural development. This capital formation effort (supported mainly by external financial aid) led to a rise in the public investment coefficient from 1.5% in 1970 to 11% in 1978. In 1979, however, when the highway project in the south of the country and the thermal electric power station at Port-au-Prince, inter alia, were completed, gross fixed investment declined by 5% and preliminary calculations indicate that real public investment decreased by 8%, mainly because of insufficient programming of new projects.

Private investment, for its part, is estimated to have increased by 5%, a higher rate than in the previous year. It went mainly to some activities producing goods for domestic consumption (food, leather, textiles and building materials) and to the assembly of imported parts and components exclusively for re-export: an activity which has been greatly expanded. The construction of private dwellings also increased somewhat.

On the other hand, real exports of goods and services decreased by 4% because of the low volumes of sales of nearly all traditional products (coffee, sisal, essential oils, bauxite and cement), which were not offset by the increased output of the assembly industries or the revenue from tourism.

(b) Growth of the main sectors

In 1979, the gross domestic product increased by only 1.9%. Agriculture, which is the hub of the economy, increased by only 2% and construction, an activity which had grown rapidly in previous years, declined to such an extent that it achieved only a similar growth rate. This deceleration was not counteracted by the higher growth rate of some basic services and of industry (see table 3).

(i) Agriculture. This sector represents nearly 45% of the gross domestic product and generates around 60% of total exports. Furthermore, nearly three-quarters of the population lives in rural areas.

The development of agriculture is obstructed by both structural and conjunctural factors. The shortage of land and its splitting up into small plots, the use of outmoded traditional techniques, low productivity and unemployment are outstanding among the structural factors, while the main conjunctural problem is the instability of prices and markets. Only crops destined for industrial processing, such as tomatoes and mangoes, seem to enjoy stable prices and a sure market, but their relative share in the sector is very small.^{3/}

Since the early 1970s, the expansion of agricultural output (an average of 1.9% per year) has failed to keep pace with the average population growth of 2.4% per year, and in 1979 this situation continued to worsen, since agricultural output

^{3/} The prices of subsistence crops are subject to the fluctuations of market forces and have almost always been higher than the corresponding international prices. The prices paid to producers of export crops, on the other hand, are well below the FOB value, although in the cases of sugar and cotton there is an official pricing policy. Transport problems and the lack of roads in rural areas make it difficult to develop such crops for urban consumption.

increased by only 2%: a lower rate than that in the previous crop year, and less than the population growth in the same period. Consequently, in spite of the adequate rainfall which benefited the harvests of cereals destined for domestic consumption, national demand could not be fully met and it was necessary to import food. Moreover, although detailed statistical data are not available, everything would seem to indicate that there was a severe drop in production for the external market too in 1979.

The 1979 harvest of coffee - a crop which provides income for one and a half million people, makes up nearly one-third of the total value of total exports and occupies one-fifth of the cultivated area - was the lowest for the past 20 years (485,000 60-kg bags). This downward trend in production has been noticeable since 1976 and is due to various causes, predominant among which is the pricing policy.

Although coffee is a product which generally provides a good level of income, the surcharges in Haiti are unnecessarily high. It is estimated that the small producer receives less than one-half of the FOB sale price, because the tariff on exports of coffee beans and the high marketing margin are largely passed on to the farmer.^{4/} Although the Haitian Institute for the Promotion of Coffee and Other Export Goods (IHPCADE) is attempting to improve coffee quality and output (in 1979, it rehabilitated approximately 2,800 hectares of coffee-growing land and built 100 km of access roads), it would seem that a suitable system of prices to the producer would be a better production incentive. It should be added, moreover, that the export duty acts indirectly as a subsidy to local consumption, and thus decreases the amounts available for export.

Sugar cane is the second most important agricultural product, and part of the sugar output has traditionally been destined for export. Haiti is a member of the International Sugar Agreement and, as a small exporter, is authorized to

^{4/} Production is concentrated in the hands of small producers who are totally dependent on a very few marketing enterprises, as is also the case with other agricultural products. There are estimated to be a total of 384,000 coffee growers selling their harvests to 820 buyers, who in turn take charge of transport to one of the 113 buying centres in the cities, which finally sell the coffee to one of the 23 exporters.

export up to 70,000 tons per year over and above its quota, but domestic consumption has grown rapidly, and in recent years Haiti has become a net importer. Domestic consumption is estimated to absorb 75% of production, so that only 25% is left to be refined in the four industrial sugar mills, whose idle capacity is calculated at two-thirds of their production potential. Unfortunately, reliable production and refining figures for 1979 are not available. Some factors which limit production are the low prices fixed on the domestic market (US\$ 11 per ton for unmilled sugar cane, regardless of sucrose content, which discourages improvement in sugar cane quality) and the export tax which, as in the case of coffee, falls ultimately on the producer, considerably reducing his margin of earnings.

All of these circumstances have led to the neglect of irrigation canals and the abandonment of sugar cane cultivation in the Cul de Sac plain where the soil, moreover, has been growing increasingly salty: a condition it is financially impossible to correct at present sugar prices.

Sisal production reached some 8,000 tons, of which 6,000 were exported in 1979, partly in the form of industrial products.

Haiti is the world's principal producer of vetiver and balm; however, the current trend towards importing crude essences rather than refined ones has depressed both the price and the demand for these products. Despite this trend, an attempt is currently being made to improve the grade of processing (aerosols) in order to compete on the final perfume market. The possibility is also being explored of producing other essences for the industry, ylang-ylang for example.

At the end of 1970, numerous outbreaks of African swine fever occurred, starting in the vicinity of the Artibonite river and rapidly spreading throughout the country. This illness caused recorded losses estimated at between US\$ 20 and 30 million, and had serious repercussions on the standard of living of rural inhabitants, since pig-breeding is one of their most common forms of investment.

As regards other forms of livestock-raising, the demographic explosion and the proliferation of very small holdings have limited the growth of these.

/(ii) Mining.

(ii) Mining. This activity maintained its low relative importance in the gross domestic product as its output stagnated after three years of continuous decline. The output of bauxite, all of which is exported and is currently the principal mining activity, declined from 624,000 tons in 1970 to 610,000 tons in 1979 after having reached a peak of 770,000 tons in 1972 (see table 4).

With regard to energy resources, the search for petroleum has so far been unsuccessful except for the discovery of a small asphalt deposit at Massaga. Preliminary feasibility studies on the Maissade lignite deposit could lead to the installation of a 50-MW capacity thermal electric plant; another lignite deposit at Camp-Perrin, although less commercially viable, would enable charcoal consumption in this region to be replaced, thus arresting deforestation and erosion.

(iii) Industry. The relative dynamism of the manufacturing sector, supported by the assembly and building materials industries, together with construction activity, succeeded in offsetting the weak role of agriculture and the negative contribution of mining to the growth of gross domestic product in recent years. In 1979, the industrial sector recovered from a biennium of extremely slow growth, and production expanded by nearly 5%.

The establishment in 1979 of the National Industrial Promotion Office should make it possible to co-ordinate the activities of investors and determine Haiti's industrial potential so as to identify and evaluate industrial projects. This Office, together with the Agricultural and Industrial Development Institute (IDAI), will have the additional objectives of seeking sources of financing while a development bank is being founded and promoting small and medium-sized industrial enterprises in rural areas.

According to provisional figures from the Haitian Statistical Institute, the production of consumer goods destined for the domestic market developed favourably in 1979 because of increased use of installed capacity. The most dynamic industry was the detergent industry, the output of which increased by 62%; taken together with previous increases, this meant that its output more
/than doubled

than doubled between 1976 and 1979. The carbonated beverage and footwear industries also performed well during this period, recording increases of 59% and 11%, respectively, in 1979.

Other industries declined, however. Local production of cotton textiles has been going down steadily and the volume at present is nearly insignificant, because of the rapid growth of the clothing industry based on imported inputs, which are of higher quality and uninterrupted availability, both in the case of the making-up industry producing for export and the firms producing for the domestic market. A similar situation is to be observed in the case of the industry producing raw materials for footwear.

Cement production decreased by 12% due to upheavals in production as from March 1979 and a drop in the public sector's construction programmes which the increase in the construction of private housing was not able to alleviate. In 1979, moreover, exportable surpluses of cement decreased considerably. Finally, the production of furniture, mainly for export, was affected by difficulties in wood supplies.

In 1979, the growth rate of the industries assembling imported parts and components for export accelerated, mainly because of the unstable political situation of some Central American countries, which led to the transfer of some assembly firms to Haiti. External sales under this heading exceeded those of the previous year by nearly 40%, thanks to the relative recovery of the United States economy in 1978 and the first half of 1979; indeed, in the latter year these sales surpassed those of coffee and became the leading item in the external sector. This industry has been growing thanks to various factors, among which are an abundant supply of cheap, unskilled but dexterous manpower, the proximity of the North American market, the lack of exchange controls, and a policy of 10-year fiscal exemptions. Available partial indicators do not allow the importance of these new industries in national manufacturing to be fully appreciated, but their share in total industries value added is estimated at 25%. The number of enterprises set up is approximately 300, of which nearly two-thirds belong to Haitian entrepreneurs.

/Between 1971

Between 1971 and 1978, the assembly industries created some 20,000 jobs (above all for female labour), while modern factories directed towards the domestic market built during the 1970s created only 3,000 new jobs. Furthermore, the assembly industries have considerable indirect effects on consumption, since the labour force employed in them supports some 80,000 persons, while the wages that these industries pay are higher than those in the rest of local manufacturing. Between September 1977 and October 1979, the minimum legal daily wage received by an unskilled worker rose from the equivalent of US\$ 1.60 to US\$ 2.20.

Over 90% of these firms are located in the capital, and the rest are in the industrial park near the airport. Another industrial park which has not yet begun operating has been set up in the country's second largest city, Cap-Haïtien. Specific information on the investments made is not available, since the Ministry of Trade and Industry records only the initial amount declared by the employer in order to qualify for the fiscal exemptions, and not the investment actually made.^{5/}

Nevertheless, problems arose in re-exporting some articles during 1979. Sales of clothing and underwear to the United States were limited and in January 1980 were made the subject of a bilateral agreement on voluntary restrictions through "global ceilings". In 1979, sales under this heading reached nearly US\$ 16 million. From 1980 onwards, certain types of sports equipment will be affected by the "competitive need" formula because in 1979 Haiti's exports of these items exceeded a figure equivalent to 50% of total United States purchases of the same type of goods in 1978.^{6/} Finally, electronic

^{5/} On this basis, the fixed assets per person employed would come to an average of US\$ 2,300, but if the real rather than the promised investment is considered, the fixed assets would be around US\$ 340 in clothing manufacture and US\$ 700 in electronics. See Jean-Robert Estime, La sous-traitance internationale en Haïti, November, 1970.

^{6/} During the civil year 1978, imports from Haiti (US\$ 18.8 million) represented 77% of the total external purchases under this heading made by the United States.

This is an example of the lack of coherence in the economic co-operation policies of certain industrialized countries towards less developed countries, since while flexible norms are applied in furnishing financial resources, restrictive measures are imposed on trade which do not take account of their effects on the economies of the countries it is aimed to help. Thus, such measures contradict the strategy of developing non-traditional exports which is recommended by the industrialized countries.

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articles are showing strong dynamism, and so far have not been subject to restrictive practices.

(iv) The energy sector. The electricity sector has developed greatly during this decade, and is the only area where real public expenditure has always exceeded budgeted expenditure. Between 1974 and 1979, investment on electricity represented nearly 15% of total public investment, and as a result installed capacity increased from 35 MW in 1970 to 116 MW in 1979. This increased power is almost entirely due to the opening of two large complexes: the Péligre hydroelectric station (47 MW) and the Drouet thermal-diesel station (25 MW).^{7/} The output of electricity doubled between 1970 and 1979, but most of this increase was for the capital, whose consumption was multiplied by 2.5 during the same period. It is estimated that Port-au-Prince, where about 12% of the country's population of 5.7 million is concentrated, currently absorbs 85% of the total generation of 264 GWh, compared with 73% in 1970. In the provinces, on the other hand, consumption has increased only from 31 GWh to 40 GWh in the present decade. The numerous failures of local plants and the low level of urban income in the provinces have played an important role in this low growth rate. Currently, 43% of all electrical energy is of hydroelectric origin, almost exclusively from Péligre, the remaining 57% being generated in diesel stations. The autonomous enterprise Electricité d'Haïti is responsible for producing and distributing electrical energy in the country; however, large modern firms produce their own electricity in diesel plants (their installed capacity is estimated at 20 MW) and most assembly industries in Port-au-Prince have emergency generating sets of their own. Among the diesel stations, the one at Drouet is the largest; the rest of the electricity generated in thermal stations comes from a collection of more than 20 units of low capacity scattered among a few provincial cities, since the rural areas are still isolated from the distribution networks.

^{7/} The Drouet diesel station (planned before the petroleum crisis of 1973) and, subsequently, the one of Varreux are designed to meet the need to complement Péligre's output, since during the dry season the flow of the water accumulated in the dam allows only a maximum power of 20 MW to be generated, and in periods of great drought, such as 1977, the situation becomes even more serious. However, the continuous rise in the cost of importing hydrocarbons, and in particular diesel fuel (as shown in table 8 below), raise doubts about the economic viability of a new thermal diesel plant such as the one at Varreux, especially when it reaches maximum capacity in 1984-1985.

3. The external sector

(a) Merchandise trade

A 10% increase in the value of imports of goods and a similar decrease in exports characterized Haiti's trade in 1979.

For the first time since 1973, the decrease in the value of exports was due to a drop in the volume exported (-12%). The downward trend prevailing throughout almost the whole of the 1970s thus continued and was not offset by an increase in the unit value, which grew only 2% in 1979.

Although much lower than in previous years (except 1978), there was an increase in imports due to a rise of 12% in prices and a decrease (for the second year running) of slightly more than 1% in volume (see table 5).

The terms of trade again worsened (by approximately 9% in 1979) due to the deterioration during the year of the prices of the principal exportable agricultural products and a rise in the prices of manufactured goods. The index of the purchasing power of exports dropped by 20% because of the lower volume of external sales and the higher prices of imported products.

(i) Exports. In 1979, income from exports of goods declined by 7% (see table 6). The total value of traditional export products decreased by nearly 28%, but this drop was partially offset by the dynamic behaviour of non-traditional exports (assembled goods and handicrafts), so that a sharper decline was prevented.

Coffee remained the principal agricultural export product, despite the fact that the harvest was severely reduced in 1979. The current value of external sales of coffee beans decreased as a result of drops of 7% in price and 32% in volume.^{8/} Cocoa sales declined by nearly 6% due to an 11% decrease in the volume, which was not counteracted by the 7% price increase.

^{8/} Whereas in 1978 coffee exports came to 332,000 60-kilo bags, only 226,000 bags were sold abroad in 1979, and even then only thanks to the fact that part of the 1979/1980 harvest was exported in August and September 1979. It must be recalled that in Haiti, stocks cannot be held while waiting for international prices to stabilize or improve. There are no facilities for storing large volumes, and the pressing need for foreign currency forces immediate sales, despite the fact that the problem of low prices on the international market was compounded during the year by the drop in the dollar's value.

After having increased by 52% in 1978 because of better international prices and the larger volume exported, exports of essential oils (vetiver and balm) declined sharply (-31%) in 1979 as a result of a 14% fall in volume and a 17% price drop.

On the other hand, the value of beef exports, which go entirely to the United States, increased by 82% because in 1979 that country suspended the quotas that had been established under the 1964 meat import Act.

No sugar was exported in 1979, mainly because of increased local consumption and the adverse effects of domestic pricing policy. Throughout a large part of the year, the Government prohibited sisal exports and simultaneously applied a guaranteed pricing policy in order to prevent smuggling and stimulate production in local factories of cord and of other handicraft articles which use this product as an input.

In spite of the fact that the volume of bauxite exported declined again, a price increase of 8% allowed the value of external sales to increase by nearly 5%.

Among non-traditional exports, handicrafts and re-exports of parts imported and assembled in the country are the most important. The volume of sales of these items grew by 34% and 23%, respectively, and the prices of assembly products increased by nearly 14%, thus becoming the principal export item in 1979. In contrast, the average unit price of handicraft products decreased by an average of 4%.

(ii) Imports. Between 1973 and 1977, the value of imports of goods nearly tripled and their volume increased by 80%. Increasing cereal purchases aimed at supplementing the production deficits caused by the structural problems of Haitian agriculture mentioned earlier and by the droughts of 1975 and 1977 played a leading role in this rapid expansion. Secondly, the increase in average urban income led, especially in Port-au-Prince, to an increase in demand for consumer goods, both durable and non-durable, which local industry could not meet. Finally, the public investment programme aimed at the construction of major highway and energy infrastructure projects required greater purchases of machinery and heavy equipment (see table 7).

/Preliminary data

Preliminary data indicate that in 1979 imports of non-durable consumer goods (food, beverages, oils) and motor vehicles, electronic goods and electrical household appliances increased once again. Purchases of raw materials and inputs for the assembly industries also showed dynamic growth.

The value of imports of petroleum products increased more than sixfold between 1972 and 1978, this increase being due to the 87% rise in volume and especially the 240% jump in the average unit price (see table 8). The share of petroleum products in total imports of goods is still relatively low compared with other Caribbean countries: it increased from 6% at the beginning of the 1970s to only 11% in 1978 and 1979. In spite of the fact that almost all the increases in import prices have been passed on to consumers, in recent years gasoline consumption has increased 9/ as a result of the rapid growth of the number of motor vehicles, while diesel fuel consumption has risen due to the greater commercial and domestic demand for electricity. The demand for kerosene is still low and the increased prices to the consumer in 1973 and 1974 limited its use, consequently limiting imports in later years. These price rises, however, led to a setback in the trend towards the use of kerosene or liquefied gas by the lower income strata instead of charcoal, so that deforestation is again taking place and thus extending a process which in the last ten years has reduced the forested area from 12% to 9%.

(b) Revenue from tourism

Revenue from tourism - a sector with great potential in the medium term - is estimated to have increased in 1979 by nearly 24% to a total of US\$ 46 million, or approximately a quarter of the value of exports of goods and services. Tourists arriving on cruise ships and remaining less than one day in Port-au-Prince continued to predominate (two-thirds of the total). During the year the public sector began work costing US\$ 2 million to expand and improve the international airport, these efforts involving not only the lengthening of the runway to accomodate large aircraft but also the expansion of the passenger and cargo terminals. A campaign to develop tourism abroad was also inaugurated,

9/ Between December 1978 and February 1980, the price to the public of a gallon of gasoline rose from the equivalent of US\$ 0.97 to US\$ 1.85. However, the fact that the use of motor vehicles is relatively recent still allows savings to be made in gasoline consumption.

with the opening of tourist offices in Paris and Cali and the consolidation of those in Toronto and New York. The private sector cautiously began to increase hotel capacity and to modernize existing facilities, taking advantage of the tourism law in 1972, in response to the recent installation of two international hotel consortia in Port-au-Prince.

Due to these initiatives, and despite the fact that in 1978 and 1979 the outgoings under the head of tourism were double those of previous years, the positive net balance came to US\$ 33 million in 1979, compared with US\$ 25 million the year before.

(c) The current account position and its financing

The merchandise account showed a deficit of US\$ 89 million, 65% greater than in 1978. This may largely be explained by the lower volume of exports and the higher prices of imports of goods. With services included, the trade deficit totalled US\$ 128 million.

The net balance of private transfer payments was US\$ 32 million, 10% higher than the previous year. This surplus was the result of outward transfers of US\$ 43 million as against an inflow of US\$ 75 million entering the country: a structure which has remained stable for the past four years. Since the surplus was higher than the payments of profits and interest on foreign capital, the current account deficit was reduced to US\$ 110 million, equal to 56% of exports of goods and services (see table 9).

In recent years, the growing current account deficit has been more than offset by the inflow of official transfer payments and medium- and long-term loans on concessionary terms. In 1979, a change in the form of external financing took place. The industrialized countries considerably increased their official transfer payments (by 36% with respect to 1978) and decreased loans to the public sector, the latter, however, being amply compensated by the external absorption of the private sector. Moreover, in order partially to deal with the problems caused by the droughts in 1975 and 1977, official loans and transfers greatly surpassed the current account deficit. Thus, the country has been accumulating reserves since 1976. Furthermore, in the first quarter of 1979 an allocation of US\$ 16.3 million was received from the Trust Fund of the International Monetary Fund,^{10/} together with an allocation of Special Drawing

^{10/} In October 1978, the International Monetary Fund (IMF) approved an expanded services agreement which will allow Haiti to make purchases from that institution equivalent to 32.2 million Special Drawing Rights (SDRs) over the next three years.

Rights equivalent to US\$ 2.4 million. The increase in private investment during 1979 was largely due to the installation of various assembly factories which moved to Haiti from Central America.

(d) The external public debt

At the end of September, external public debt totalled US\$ 229 million (see table 10). Its growth rate (18%) was the lowest since 1973, principally due to the fact that the main public infrastructure programmes were drawing to a close. Consequently, there was also a decline in the inflow of external credit, which totalled only US\$ 34 million, compared with US\$ 40 million the previous year and US\$ 60 million in the fiscal year 1976/1977.

Loans from multilateral institutions continued to predominate in the structure of the debt: in 1978 they made up 79% of the total and were directed mainly at broadening the productive base. As one of the least developed countries, Haiti was able to obtain these credits on very favourable terms.

Bilateral loans have been losing ground recently, and in 1978 they constituted only 21% of the total external credits, compared with 72% in 1974.

Although the external debt increased nearly fivefold between 1973 and 1979, its servicing represented only 5% of exports of goods and services and thus followed the downward trend of the past five years. The decrease in 1979 came about because in the two preceding years, old loans were repaid in full and some industrialized market economy countries released Haiti from its debts.

4. Prices, wages and income

After three years of declining inflation rates, especially in 1970, when consumer prices dropped by nearly 3%, the average index of these prices in Port-au-Prince rose again by nearly 10% in 1979 (see table 11). Domestic prices, which in the past had grown less rapidly than those of imports, increased at almost the same rate in this year.

The increase in food prices was strongly influenced by the cutback in international food donations, an important share of which had gone onto

/market at

market at lowered prices.^{11/} This increase accentuated the deterioration of the already precarious economic situation of low-income families.

From September to September, the food price index rose by 30%. This is far higher than the average rate of increase of food prices, and may largely be explained by a decline in supply at the end of the fiscal year. External purchases could not entirely offset this decline, since international cereal prices had risen at that time. After October, food prices decreased slightly, but still remained at levels higher than the average for the third quarter. The average housing price index increased by around 14%, although that for clothing declined by more than 5%.

The rises in hydrocarbon prices had little influence on the behaviour of the consumer price index, since it is estimated that an increase of 10% in the prices of petroleum products leads to an increase of 0.15% in prices as a whole. This is due, among other factors, to the low coefficient of industrialization (12%).

Only partial information is available on the evolution of real income and wages. Farmers who depend upon their harvests of export crops and make up a considerable proportion of the total number of agricultural workers (one-third of all peasants are estimated to live entirely on income from coffee sales) saw their income decline because of drops in production and prices, with the result that no improvements were to be observed in the precarious level of rural existence.

Salaries and wages of government officials were increased during the year, but on average the adjustment between January 1974 and September 1979 is estimated to have been only 40%, whereas consumer prices in Port-au-Prince increased by nearly 90%.

^{11/} Cereal imports compete strongly with the national product, since almost all the prices of products for domestic consumption are much higher than those of imports. It is estimated that, as regards the food donations made after the 1977 drought, 50% to 70% of the emergency assistance was sold on the local market, which brought down domestic prices and led to the decline in output of some agricultural items in 1978.

The legal minimum daily wage, which the great majority of the work force does not receive, increased in October 1979 from the equivalent of US\$ 1.60 to US\$ 2.20.^{12/} These increases widened still further the great gap between average income in urban centres and in rural areas (where more than three-quarters of the population lives).

The problem of employment continued to be extremely serious; it is estimated that open and concealed unemployment in Haiti affects approximately 60% of the economically active population.^{13/}

5. Monetary and fiscal policy

(a) Monetary policy

The Haitian economy has a low level of monetization. In the period 1976-1978, the monetary liquidity coefficient was somewhat less than 7%. In 1979, money in circulation increased by nearly 22%, while prices rose by 21%.

As from the first quarter of 1979, the National Bank of the Republic of Haiti limited the expansion of credit, forcing the banks to maintain cash reserves equalling 30% and increasing interest rates to 11% for loans of more than one year. As a result, the growth rates of credits to the private sector and to official entities decreased in 1979, although the share in total domestic credit of credit for the private sector continued to increase (52% in 1976 and 56% in 1979); most of this went to assembly factories to finance their purchases of raw materials. Finally, among the factors of expansion, net international reserves reached a total of 195 million gourdes, exceeding the figure for the previous year by 70% (see table 12).

As regards the liabilities of the banking system, long-term external loans showed a growth rate similar to that for 1978. On the other hand, the growth rate of quasi-money declined because of the resurgence of inflation, which checked the growth of savings deposits by the urban middle class.

^{12/} In the free zone of Port-au-Prince, the legal minimum for an unskilled worker may total US\$ 3 for 10 hours of work per day, if additional benefits are included. Even so, this wage is the lowest in the entire Caribbean area.

^{13/} See ILO, Haiti: Problèmes de main-d'oeuvre et d'emploi, Geneva, 1976.

During the year institutional reforms were carried out in the banking field. Since 1947, the National Bank of the Republic of Haiti (BNRH) had been playing the double role of commercial and reserve bank, but in recent years the opening in the country of a dozen or so branches of both international and Haitian banks took away the justification for BNRH's commercial activities, and moreover the fiscal and budgetary reform of 1978 mentioned below called for the establishment of a central body. Therefore, in August 1979 BNRH disappeared and two new entities, with clearly defined functions, were created: the National Credit Bank (BNC), a commercial bank with an initial capital of 25 million gourdes, and the Bank of the Republic of Haiti (BRH), which will act solely as a central bank.

(b) Fiscal policy

In August 1978, a law initiating a five-year programme of fiscal and tax reform was enacted. It was aimed at improving the collection and use of revenue from taxes and duties by abolishing the extra-budgetary sector, simplifying the fiscal system, improving financial and budgetary management and strengthening and centralizing control over public spending. The application of these measures also required certain institutional and administrative changes.

As from November 1978, the operational and development budgets were combined into one and special uses of some fiscal revenues were also abolished. At the end of the 1978/1979 fiscal year, almost all fiscal revenue went to a sole entity, the Customs and Tax Administration, and was deposited in a single account of the Public Treasury. In this way, the Régie des Tabacs et des Allumettes monopoly, for instance, could no longer receive fiscal income on its own account. With this first step in the reform, the public sector's large number of current accounts in BNRH were reduced, and the movements of the remaining accounts were combined. An effort is also being made to simplify public accounting, both in the Treasury and in Ministries and official entities. For the first time, the 1970/1980 budget combined all fiscal income and almost all current expenditure and investment by the Government into a single unit.

The next steps in the years to come include: (i) the consolidation and combination of many duties in order to simplify the tax structure; (ii) increased control over the income of professionals and the value of export and import invoices; (iii) improvement of the procedures for controlling and managing public funds; (iv) requiring all Ministries and public entities to submit monthly reports on their financial status to the Ministry of Finance and Economic Affairs, and (v) increasing import duties on some types of motor vehicles and luxury and non-essential items.

On the institutional and administrative side, the reform led to the establishment of the two banks mentioned above and of the Ministries of Planning; Mining and Energy Resources; and Youth and Sport. Progress was also made in consolidating the national economic planning and management system, for which, inter alia, regional planning offices were opened in Les Cayes and Cap-Haitien and integral regional projects were included, for the first time, in the third five-year plan covering the period 1981-1985.

The application of the fiscal and tax reform caused some upsets in the course of the fiscal year 1978/1979. Because of the reforms it is impossible to make a strict comparison between the results for this year and previous years, since the 1979 income includes items which had not been included in the budget before.

In 1979, current income increased by 37% and current expenditure by nearly 19%. Including capital outflows on real investment and amortization payments on the public debt, total expenditure remained at the same level as in the preceding year, but a fiscal deficit of US\$ 92 million, representing 45% of expenditure, was generated. Three-quarters of this deficit was financed by transfer payments and loans from abroad (see table 13).

The improvement in current income was due to a 52% rise in global tax revenue; direct and indirect taxes other than those on external trade are estimated to have increased by 81%. The application of the reform enabled the revenue from these taxes in 1979 to reach a figure of 295 million gourdes - of which 114 million were due entirely to the reforms made - compared with

160 million the preceding year. Thus, for the first time these taxes exceeded those on foreign trade as the principal source of tax revenue. A 6% drop in foreign trade tax revenue had been predicted because of the decline in the price and volume of coffee exports, but the improved control and the abolition of the assignment of para-State bodies to special accounts led to an increase of 25%, or an additional 50 million gourdes. Among the main factors which made this increase possible, mention may be made of the reform whereby the Treasury, through the Customs Administration, now receives the full amount of the coffee tax, which meant an additional income of 14 million gourdes in 1979. The Treasury also recovered fiscal income amounting to 11 million gourdes from the Régie des Tabacs et des Allumettes, a further 18 million from the IDAI special investment account and, finally, 7 million which had previously been included directly in the development budget. In short, there was a notable improvement in the machinery for collecting taxes on foreign trade.

The growth of current expenditure was caused by increases both in wages and operating costs as a result of the creation of new Ministries and other public entities. Thus, the share of current expenditure in total expenditure increased from 30% in 1978 to 35% in 1979.

Expenditure from the development budget had been the most dynamic item until 1978; it had remained somewhat independent of current income and expenditure, and consequently had generated a growing fiscal deficit. In 1979, the decrease in real investment and the significant increase in current savings brought about by higher income led to a reduction of the fiscal deficit by nearly 25% with respect to the preceding year. External assistance which covered 75% of the deficit compared with 62% the preceding year, was of increased importance in financing it. This situation contrasted with the lower domestic contribution which financed the remainder of the deficit (see table 13).

In the first four years of the 1976-1980 five-year plan, disbursed public investment increased by 50%; 38% of this investment went to transport (especially the construction of the Cap Haitien-Les Cayes trunk highway, which was completed in early 1980) 14% to agriculture and 12% to electricity (expenditure on the Drouet and Varreux stations and improvements in the

/distribution system).

distribution system). These three sectors absorbed two-thirds of public investment, despite the fact that agriculture's ability to absorb resources is limited, which explains its low share. Even so, public investment in agriculture was not in keeping with the pressing need to improve production and standards of living in rural areas. On the other hand, only slightly more than 6% and less than 5% were allocated to investment in health and education, respectively, although it should be noted that these sectors are partially served by international non-governmental institutions which largely complement the Government's action.

In the period 1976-1979, more than 60% of public investment expenditure was financed by external resources. It should be noted, however, that in 1979 disbursed investment declined by 8.5% due to a 12% drop in the inflow of external resources and a 3% reduction in domestic financing (see table 14).^{14/}

	1976	1977	1978	1979	1980	1981
December price index						
- industrial producer	112.8	112.9	113.1	113.2	113.3	113.4
- variation between annual averages	14.9	13.1	12.3	11.5	10.7	9.9
Money	37.0	31.4	26.2	21.4	16.7	12.1
Current income of government	11.1	12.2	13.3	14.4	15.5	16.6
Total expenditures of government	24.2	25.2	26.3	27.4	28.5	29.6
Fixed capital formation of government	13.0	13.5	14.0	14.5	15.0	15.5
of government (%)	41.8	53.6	53.2	52.9	52.6	52.3
Millions of dollars						
External sector						
Trade balance (goods and services)	-12	-25	-32	-45	-55	-65
Balance on current account	-25	-32	-42	-55	-65	-75
Variation in net international reserves	-11	-15	-22	-32	-45	-65
Disbursed multilateral debt	36	35	34	33	32	31

Source: ICPA, on the basis of official data.
 14/ All the figures shown relate to fiscal years (October to September).
 15/ Preliminary figures.
 16/ These figures have been calculated on the basis of the original figures, which may differ

^{14/} In the 1979 operating plan, the total value of the programmes budgeted was 3.5% less than in 1978, and the degree of implementation was only 80%. Moreover, the administrative reform caused internal departmental problems.

Table 1

HAITI: MAIN ECONOMIC INDICATORS(a)

	1974	1975	1976	1977	1978	1979(b)
A. Basic economic indicators						
Gross domestic product at factor cost (millions of dollars at 1970 prices)	618	632	665	674	700	713
Population (millions of inhabitants)	5.04	5.16	5.28	5.40	5.53	5.67
Per capita gross domestic product (dollars at 1970 prices)	123	122	126	125	127	126
B. Short-run economic indicators						
	<u>Growth rates (c)</u>					
Gross domestic product	4.3	2.2	5.3	1.3	3.9	1.9
Per capita gross domestic product	2.0	-0.1	2.9	-1.1	1.5	-0.5
Gross income (d)	4.5	2.6	7.1	4.6	3.8	0.4
Terms of trade	4.3	6.4	29.8	52.1	-3.7	-8.8
Current value of exports of goods and services	17.7	14.6	32.9	24.7	16.3	-2.5
Current value of imports of goods and services	33.5	20.5	31.5	23.6	13.4	9.4
Consumer price index						
September-September	13.8	13.5	3.3	5.2	1.8	20.9
Variation between annual averages	14.9	13.5	3.3	5.2	1.8	20.9
Money	34.0	7.4	26.2	8.4	25.1	21.7
Current income of government	7.3	9.2	26.7	25.6	15.1	37.1
Total expenditure of government	24.3	40.2	35.0	19.2	26.3	-0.1
Fiscal deficit/total expenditure of government (e)	41.6	55.5	58.3	56.0	59.9	45.0
C. External sector						
	<u>Millions of dollars</u>					
Trade balance (goods and services)	-42	-56	-72	-88	-95	-128
Balance on current account	-36	-42	-47	-69	-81	-110
Variation in net international reserves	-11	-13	12	12	13	16
Disbursed public external debt	56	79	94	154	195	229

Source: CEPAL, on the basis of official data.

(a) All the figures shown relate to fiscal years (October to September).

(b) Preliminary figures.

(c) The growth rates have been calculated on the basis of the original figures, which may differ from those shown here because of rounding off.

(d) Gross domestic product plus terms-of-trade effect.

(e) Percentage.

Table 2

HAITI: TOTAL SUPPLY AND DEMAND

	Millions of gourdes at 1970 prices			Percentage breakdown		Growth rates		
	1977	1978(a)	1979(b)	1970	1979(a)	1977	1978(a)	1979(b)
Total supply	3 591	3 755	3 801	115.4	121.5	3.4	4.5	1.3
Gross domestic product at market prices	2 956	3 072	3 130	100.0	100.0	1.3	3.9	1.9
Imports of goods and services (c)	635	683	671	15.4	21.5	14.6	7.5	-1.6
Total demand	3 591	3 755	3 801	115.4	121.5	3.4	4.5	1.3
Domestic demand	3 333	3 455	3 513	103.6	112.3	5.1	3.7	1.7
Gross fixed investment	402	434	412	7.0	13.2	10.5	8.0	-5.0
Public	304	332	305	1.5	9.7	26.3	9.2	-8.1
Private	98	102	107	5.5	3.5	-20.3	4.1	5.0
Total consumption (d)	2 931	3 021	3 101	96.6	99.1	4.4	3.0	2.7
Exports of goods and services (c)	258	300	288	11.8	9.2	-14.2	16.1	-3.9

Source: 1970-1977, CEPAL calculations on the basis of figures provided by the Haitian Statistical Institute; 1978-1979, CEPAL estimates on the basis of partial data from the same source.

- (a) Preliminary figures.
 (b) Estimates.
 (c) The figures for exports and imports of goods and services were taken from balance-of-payments data expressed in dollars at current prices, which were converted to constant 1970 values using price indexes calculated by CEPAL for the purpose.
 (d) Including changes in stocks.

Table 3

HAITI: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT FACTOR COST

	Millions of gourdes at 1970 prices			Percentage breakdown		Growth rates		
	1977	1978(a)	1979(b)	1970	1979(b)	1977	1978(a)	1979(b)
Agriculture	1 166	1 223	1 248	50.8	43.9	-0.4	4.9	2.0
Mining	41	37	37	1.7	1.3	-4.7	-9.8	-
Manufacturing	329	335	350	9.8	12.3	2.8	1.8	4.5
Construction	119	126	129	2.3	4.5	8.2	5.9	2.0
<u>Subtotal goods</u>	<u>1 655</u>	<u>1 721</u>	<u>1 764</u>	<u>64.6</u>	<u>62.1</u>	<u>0.7</u>	<u>4.0</u>	<u>2.4</u>
Electricity, gas and water	48	51	51	1.3	1.8	2.2	6.4	1.5
Transport, storage and communications	74	81	86	2.4	3.0	5.7	9.1	6.5
<u>Subtotal basic services</u>	<u>122</u>	<u>132</u>	<u>137</u>	<u>3.7</u>	<u>4.8</u>	<u>4.3</u>	<u>8.0</u>	<u>4.6</u>
Commerce, financial institutions and insurance	328	337	...	10.9	...	2.8	3.0	...
Real estate (c)	233	237	...	9.9	...	2.2	1.7	...
Community, social and personal services (d)	347	360	...	10.9	...	5.8	3.7	...
<u>Subtotal other services</u>	<u>908</u>	<u>934</u>	...	<u>31.7</u>	<u>33.1</u>	<u>3.8</u>	<u>2.9</u>	...
<u>Gross domestic product (e)</u>	<u>2 689</u>	<u>2 794</u>	<u>2 847</u>	<u>100.0</u>	<u>100.0</u>	<u>1.3</u>	<u>3.9</u>	<u>1.9</u>

Source: 1970-1977, CEPAL calculations on the basis of figures supplied by the Haitian Statistical Institute; 1978-1979, CEPAL estimates on the basis of partial data from the same source.

- (a) Preliminary figures.
 (b) Estimates.
 (c) Refers to ownership of dwellings only.
 (d) Also including restaurants, hotels and business services.
 (e) As the individual activities and the totals were calculated independently, the sum of the former does not correspond exactly with the latter.

Table 4

HAITI: MAIN INDICATORS OF PRODUCTION

	Volumes				Growth rates		
	1976	1977	1978	1979(a)	1977	1978	1979(a)
<u>Mining production</u>							
Bauxite (thousands of tons)	739	739	624	610	-	-15.6	-2.2
<u>Manufacturing output</u>							
Flour (thousands of tons)	67.7	80.3	69.0	83.1	18.6	-14.1	20.4
Sugar (thousands of tons)	47.6	49.8	47.1	...	4.6	-5.4	...
Carbonated beverages (millions of bottles)	40.2	43.9	50.0	79.3	9.2	13.9	58.6
Cigarettes (millions)	718	782	908	972	8.9	16.1	7.0
Fats (thousands of tons)	2.1	2.4	2.4	2.6	14.3	-	8.3
Edible oil (thousands of tons)	14.1	12.4	14.6	14.8	-12.0	17.7	1.4
Soap (thousands of tons)	7.7	9.5	10.1	10.9	23.4	6.3	7.9
Detergents (thousands of kilos)	209	232	330	534	11.0	42.2	61.8
Footwear (thousands of pairs)	219	335	351	389	53.0	4.8	10.8
Cement (thousands of tons)	232	232	247	218	-	6.5	-11.7
Cotton textiles (millions of yards)	2.4	1.4	1.6	0.5	-41.7	14.3	-68.8
<u>Electricity output</u>							
Electricity (millions of KW)	173	160	284	271	-7.5	77.5	-4.6

Source: Ministry of Commerce and Industry.

(a) Preliminary figures.

Table 5

HAITI: MAIN FOREIGN TRADE INDICATORS

	1974	1975	1976	1977	1978(a)	1979(b)
	<u>Growth rates</u>					
<u>Exports of goods</u>						
Value	25.6	13.8	39.3	24.0	13.8	-10.2
Volume	-7.4	-4.4	0.2	-24.5	10.4	-12.1
Unit value	35.8	19.1	38.9	64.1	3.1	2.0
<u>Imports of goods</u>						
Value	41.4	25.6	30.8	26.3	4.5	10.0
Volume	8.7	12.1	22.4	17.0	-2.3	-1.4
Unit value	30.0	12.0	7.0	8.0	7.0	11.6
Terms of trade	4.3	6.4	29.8	52.1	-3.7	-8.8
	<u>Indexes (1970 = 100)</u>					
Terms of trade	90	95	124	188	181	165
Purchasing power of exports of goods	109	111	145	166	177	142

Source: 1974-1978, CEPAL, on the basis of official data from the Haitian Statistical Institute;
1979, CEPAL estimates.

(a) Preliminary figures.

(b) Estimates.

Table 6

HAITI: VALUE AND BREAKDOWN OF EXPORTS OF GOODS, FOB

	Millions of dollars				Percentage breakdown		Growth rates		
	1976	1977	1978	1979(a)	1970	1979(a)	1977	1978	1979(a)
	Total (b)	<u>111.3</u>	<u>138.4</u>	<u>157.0</u>	<u>146.3</u>	<u>100.0</u>	<u>100.0</u>	<u>24.3</u>	<u>13.4</u>
Main products	<u>81.7</u>	<u>99.8</u>	<u>107.1</u>	<u>77.3</u>	<u>69.6</u>	<u>52.8</u>	<u>22.2</u>	<u>7.3</u>	<u>-27.8</u>
Coffee	44.0	63.7	62.3	39.3	35.2	26.9	44.8	-2.2	-36.9
Cocoa and cocoa products	3.0	4.6	7.2	6.8	2.5	4.6	53.3	56.5	-5.6
Sugar (c)	2.0	0.4	2.8	-	7.5	-	-80.0	600.0	-
Sisal and sisal products (d)	2.5	2.8	3.2	2.7	4.2	1.8	13.9	12.0	-15.4
Essential oils	8.2	6.4	9.7	6.7	6.1	4.6	-22.0	51.6	-30.9
Bauxite	18.3	17.3	17.2	18.0	13.0	12.3	-5.5	-0.6	4.6
Cement	2.4	3.1	3.0	0.7	-	0.5	29.2	-3.2	-76.7
Meat	1.3	1.5	1.7	3.1	1.1	2.1	15.4	10.7	80.9
Products of the free zone (net)	<u>22.7</u>	<u>25.1</u>	<u>30.2</u>	<u>42.2</u>	<u>6.5</u>	<u>28.8</u>	<u>10.6</u>	<u>20.3</u>	<u>39.7</u>
Other products (e)	<u>6.9</u>	<u>13.5</u>	<u>19.7</u>	<u>26.8</u>	<u>23.9</u>	<u>18.4</u>	<u>95.6</u>	<u>45.9</u>	<u>36.0</u>

Source: Ministry of Commerce and Industry and information from the General Customs Administration.

- (a) Preliminary figures.
 (b) The totals do not coincide with the figures given in the balance of payments because of the adjustments normally made in the values of the latter.
 (c) Including molasses.
 (d) Exclusively cords and ropes.
 (e) Comprising handicrafts and other agricultural products.

Table 7

HAITI: IMPORTS OF GOODS, CIF

	Millions of dollars				Percentage breakdown		Growth rates		
	1976	1977	1978(a)	1979(b)	1970	1979(b)	1977	1978(a)	1979(b)
Total (c)	201.0	208.2	220.0	244.2	100.0	100.0	3.6	5.7	11.0
Consumer goods	102.7	94.3	84.8	103.4	38.3	42.3	-8.2	-10.1	21.9
Foodstuffs	43.5	38.0(d)	39.0	45.4	11.2	18.6	-12.6	2.6	16.4
Beverages and tobacco	3.6	3.3	4.1	4.9	2.7	2.0	-8.3	24.2	19.5
Oils and fats	15.0	16.7	13.4	17.9	6.7	7.3	11.3	-19.8	33.6
Others	40.6	36.3	28.3	35.2	17.7	14.4	-10.6	-22.0	24.4
Intermediate goods	63.3	73.7	86.3	97.2	41.8	39.8	16.4	17.1	12.6
Fuels	17.1	23.6	25.1	28.2	5.6	11.5	38.0	6.4	12.4
Raw materials	7.5	6.9	10.0	12.1	3.9	5.0	-8.0	44.9	21.0
Chemical products	14.8	16.0	20.6	18.9	10.4	7.7	8.1	28.8	-8.3
Inputs for industry	23.9	27.2	30.6	38.0	21.9	15.6	13.8	12.5	24.2
Capital goods (e)	35.0	40.2	48.9	43.6	20.0	17.9	14.9	21.6	-10.8

Source: General Customs Administration, and Ministry of Commerce and Industry, Quarterly Bulletin No. 15.

(a) Preliminary figures.

(b) Estimates.

(c) The totals do not coincide with the figures given in the balance of payments because of the adjustments normally made in the values of the latter.

(d) Does not include food donations received because of the drought that affected agricultural production in 1977.

(e) Including consumer durables.

Table 8

HAITI: IMPORTS OF NON-MINERAL FUELS(a)

	1972	1973	1974	1975	1976	1977	1978
	(Thousands of tons)						
Total	101	91	134	111	141	185	189
Gasoline	24	27	33	27	30	38	45
Kerosene	5	3	6	2	3	4	7
Diesel oil	69	57	90	77	104	139	133
Natural gas	1	1	2	2	2	2	2
Lubricants	2	2	2	3	2	2	2
	(Thousands of dollars)						
Total	3 827	4 190	12 317	12 796	16 410	22 807	24 154
Gasoline	988	1 541	4 194	3 738	4 374	6 262	6 955
Kerosene	172	160	542	270	396	626	985
Diesel oil	2 041	1 910	6 650	7 359	10 293	14 205	14 175
Natural gas	112	99	260	239	402	511	533
Lubricants	515	481	669	1 190	944	1 204	1 506
	(Dollars per ton)						
Total	37.8	46.2	92.0	115.3	116.5	123.1	127.8
Gasoline	41.2	57.5	126.0	136.4	145.5	165.8	155.7
Kerosene	35.4	46.9	83.5	126.7	124.6	137.6	146.5
Diesel oil	29.4	33.2	73.5	96.0	99.2	102.4	106.6
Natural gas	108.4	95.9	145.6	156.0	210.2	265.3	239.4
Lubricants	244.9	252.0	369.2	370.7	479.3	527.2	614.0

Source: General Customs Administration.

(a) Due to rounding, the sum of the partial figures does not always equal the total.

Table 9

HAITI: BALANCE OF PAYMENTS
(Millions of US dollars)

	1974	1975	1976	1977	1978	1979(a)
Current account						
Exports of goods and services	92	105	140	174	202	197
Goods FOB (b)	70	80	111	138	157	141
Services	22	25	29	36	45	56
Transport	1	1	1	1	3	3
Travel	19	22	25	30	37	46
Imports of goods and services	134	161	212	262	297	325
Goods FOB (b)	96	121	158	200	209	230
Services	38	40	54	62	88	95
Transport	22	26	37	40	50	53
Travel	5	4	5	6	12	13
Net payments of profits and interest on foreign capital	-6	-7	-7	-12	-15	-14
Profits	-5	-6	-6	-8	-9	-8
Interest	-1	-1	-1	-4	-6	-6
Net private transfer payments	12	21	32	31	29	32
Balance on current account	-36	-42	-47	-69	-81	-110
Capital account						
Net external financing (a+b+c+d+e)	36	42	47	69	81	110
a) Long-term capital	9	25	34	55	50	63
Direct investment (net)	8	3	8	8	10	15
Private sector	6	-	1	-13	-	13
Loans	6	-	1	-	-	13
Amortization payments	-	-	-	-13	-	-
Official sector	-5	22	25	60	40	35
Loans	2	26	29	60	40	35
Amortization payments	-7	-4	-4
b) Short-term capital (net)	2	-12	-10	-7	5	10
Private sector	5	-4	-7	-1	2	3
Official sector	5	-	-	-	6	10
Errors and omissions	-8	-8	-3	-6	-3	-3
c) Allocation of Special Drawings Rights (SDRs)						
d) Official transfer payments	14	16	35	33	39	53
e) International reserves (minus sign indicates and increase)	11	13	-12	-12	-13	-16
Use made of IMF credit	4	10	1	-5	-8	-10
Other liabilities	-	-	-	-	-	-
Monetary gold	-	-	-	-	-	-
Special Drawing Rights	1	-	1	-	-3	-3
IMF reserve position	2	-	-	-	-3	-3
Foreign exchange and other assets	4	3	-14	-7	1	...

Source: 1974-1978, International Monetary Fund, *Balance of Payments Yearbook*, vol. 30, 1979, CEPAL, on the basis of official data.

- (a) Preliminary figures.
(b) Including non-monetary gold.

Table 10

HAITI: INDICATORS OF EXTERNAL INDEBTEDNESS(a)
(Millions of dollars)

	1974	1975	1976	1977	1978	1979
Total external public debt	56	79	94	154	195	229
Service of external debt	6	8	11	12	14	10
Amortization payments	5	6	9	8	9	7
Interest payments	1	2	2	4	5	3
Service of external public debt, as a percentage of total exports of goods and services	6.6	7.4	7.4	6.8	7.1	5.0

Source: 1974-1975, International Monetary Fund; 1976-1979, Bank of the Republic of Haiti.

(a) Balance of the disbursed debt with a term of more than one year as at 30 September of each year.

Table 11

HAITI: CONSUMER PRICE INDEX
(Annual growth rates)

	1974	1975	1976	1977	1978	1979
	<u>Variation from September to September</u>					
General	13.8	13.5	3.3	5.2	1.8	20.9
Food	10.5	19.5	-0.2	8.2	-1.4	30.0
	<u>Variations between annual averages</u> (fiscal years)					
General	14.9	18.0	9.4	7.4	-2.9	9.7
Food	13.6	16.6	12.3	7.3	-2.9	9.9

Table 12

HAITI: MONETARY BALANCE

	Balance at end of September of each year (millions of gourdes) (a)				Growth rates		
	1976	1977	1978	1979(b)	1977	1978	1979(b)
<u>Money</u>	371	402	503	612	8.4	25.1	21.7
Currency outside banks	187	212	273	348	13.4	28.8	27.5
Demand deposits	184	190	230	264	3.3	21.0	14.8
<u>Factors of expansion</u>	960	1 236	1 597	1 953	28.8	29.2	22.3
Foreign assets (net)	-25	43	114	195		165.1	71.1
Domestic credit	985	1 193	1 483	1 758	21.1	24.3	18.5
Government (net)	327	364	433	517	11.3	19.0	19.4
Official entities	150	192	235	271	28.0	22.4	15.3
Private sector	508	637	815	970	25.4	27.9	19.0
<u>Factors of absorption</u>	589	834	1 094	1 341	41.6	31.2	22.6
Quasi-money (savings and time deposits)	412	531	660	744	28.9	24.3	12.7
Long-term foreign borrowing	136	249	341	458	83.1	36.9	34.3
Other items (net) (c)	41	54	93	139	31.7	72.2	49.5

Source: Bank of the Republic of Haiti. Series revised after the initiation of the fiscal reform.

(a) Parity with the United States dollar is 5 gourdes per dollar.

(b) Preliminary figures.

(c) Includes allocations of Special Drawing Rights and allocations from the IMF trust fund.

Table 13

HAITI: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Balance at end of September of each year (millions of gourdes) (a)				Growth rates		
	1976	1977	1978	1979(b)	1977	1978	1979(b)
1. <u>Current income</u>	285	358	412	565	25.6	15.1	37.1
<u>Tax revenue</u>	235	299	355	539	27.2	18.7	51.8
Direct and indirect	87	106	160	295	21.8	50.9	81.4
On foreign trade	148	193	195	244	30.4	1.0	25.1
2. <u>Current expenditure</u>	232	272	299	355	17.2	9.9	18.7
Wages	130	147	180	207	13.1	22.4	15.0
3. <u>Saving on current account (1-2)</u>	53	86	113	210	62.3	31.4	85.8
4. <u>Capital expenditure</u>	451	542	729	672	20.2	34.5	-7.8
Real investment	437	535	720	659	22.4	34.6	-8.5
Debt amortization payments	14	7	9	13	-50.0	28.6	44.4
5. <u>Total expenditure (2+4)</u>	683	814	1 028	1 027	19.2	26.3	-0.1
6. <u>Fiscal deficit (1-5)</u>	-398	-456	-616	-462
7. <u>Financing of deficit</u>	398	456	616	462	14.6	35.1	-25.0
<u>External financing</u>	314	362	386	351	15.3	6.6	-9.1
Grants (c)	170	157	196	177	-7.6	24.8	-9.7
Loans	144	205	190	174	42.4	-7.3	-8.4
<u>Domestic financing</u>	84	94	230	111	11.9	144.7	-51.7

Source: CEPAL, on the basis of data supplied by the Bank of the Republic of Haiti and data obtained directly from the Treasury.

(a) One dollar equals 5 gourdes.

(b) Estimates.

(c) Excludes grants under PL.480 (Title I) and grants from non-governmental organizations.

Table 14

HAITI: DISTRIBUTION OF PUBLIC DEVELOPMENT EXPENDITURE, BY SECTORS OF ACTIVITY(a)
(Millions of gourdes)(b)

	At end of September of each year			
	1976	1977	1978	1979(c)
Total	437	535	720	659
Agriculture	41	59	113	120
Industry and mining	10	10	22	12
Energy	26	117	99	47
Transport	204	197	278	213
Telecommunications	33	18	14	24
Tourism	1	-	3	2
Health	13	31	46	55
Drinking water	33	10	3	7
Education	16	21	30	43
Community development	45	53	84	97
Urban development and housing	1	-	1	6
Other uses	14	19	27	33
Domestic financing	150	174	252	245
External financing	287	361	468	414

Source: Ministry of Planning, Annual Plan for the years 1978-1979 and 1979-1980 (Port-au-Prince, September 1979).

- (a) Including both fixed capital formation and purchases of non-personal goods and services by the Government.
- (b) Five gourdes equal one US dollar.
- (c) Estimates based on the ratio of actual expenditure to budgeted expenditure, by sectors, in the two preceding fiscal years.