1998-1999

SUMMARY

Economic survey

OF LATIN AMERICA
AND THE CARIBBEAN

UNITED NATIONS

CEPAL
ECLAC

Notes

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 full stop (.) is used to indicate decimals.
The word “dollars” refers to United States dollars, unless otherwise specified.

ECONOMIC SURVEY OF LATIN AMERICA AND THE CARIBBEAN 1998-1999

SUMMARY

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ECLAC

ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN

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CONTENTS

Foreword

This Summary of the *Economic Survey of Latin America and the Caribbean, 1998-1999* is the first chapter of the *Survey,* and is being published simultaneously in Spanish and English. It provides an assessment of the region's economy during 1998 and the first half of 1999. The summary also presents a brief overview of the regional chapters of the *Survey*: the external sector, macroeconomic policy, activity levels, inflation, employment, saving and investment. It is accompanied by a statistical appendix containing 13 tables taken from the regional chapters, with data series through 1998.

Wide distribution of the summary is intended to serve the purpose previously performed by the *Economic Panorama of Latin America*, a publication that appeared in September of each year between 1985 and 1996. Thus, it provides information on economic trends in the region during the first half of the year within the context of the previous year's performance.

The full edition of the *Survey* will be published in Spanish in August and in English in September. It will be accompanied by a CD-ROM containing tables corresponding to the country and regional analyses.

I Summary

1. Introduction

The international financial crisis that began in Asia in mid-1997 hit the economies of Latin America and the Caribbean more heavily than originally anticipated. Following the region's excellent performance in 1997, when gross domestic product (GDP) grew by 5.4%, growth in 1998 fell back to 2.3%, owing in part to external shocks of two types, namely, those stemming from the international financial crisis and those originating in a series of natural disasters. Much of this decline occurred in the second half of the year. In the first six months of 1999, nearly all Latin American countries were either reporting a sharp slowdown in economic growth, or else were in full-blown recession. Nonetheless, the signs are that there will be a recovery in the third and fourth quarters of 1999. According to ECLAC projections, regional GDP will shrink slightly for the first time in the 1990s, and will only start to grow again in 2000.

The behaviour of the external sector was at once cause and effect of the growth performance. Whereas the value of exports fell in 1998 for the first time in over 10 years, imports lost momentum but still continued to expand; as a result, the region's current account deficit grew from an average of 3.4% of GDP in 1997 to 4.5% in 1998. This was partly due to a steep deterioration in the terms of trade. The trade gap widened, and foreign capital became scarcer and more expensive.

Faced with the possibility of significant external imbalances, many governments and central banks decided to adjust their economies by restricting fiscal expenditure and raising interest rates. To begin with, there was a tendency to avoid using devaluation as a way to alter relative prices, despite the negative implications this would have for growth. Later, however, the policy stance began to change as the authorities opted for more active exchange-rate management. The combination of slower growth and some degree of currency depreciation is expected to bring the current account deficit back down to about 3.5% of GDP in 1999.

Capital flows were not sufficient to cover the deficit in 1998, so external accounts were balanced by drawing down reserves and by making greater use of funds from the International Monetary Fund (IMF). Not surprisingly, weaker portfolio investment was the main reason for smaller foreign capital inflows overall, which dropped from a record US$ 85 billion in 1997 to

US$ 68 billion in 1998. While foreign direct investment held steady at around US$ 60 billion, bonds, bank loans and share purchases all fell steeply. In 1999, total capital inflows are expected to approach 1998 levels, and, given a reduction in current account deficits, it will probably not be necessary to draw on reserves again.

Prices have been kept under control, partly as a result of slower growth, but also because of an apparent slowdown in the inertia of inflation. Despite a weakening of local currencies and a series of supply-side disturbances, average inflation in the region will be around 10% in 1999, a level similar to that of the two preceding years. The fact that inflation has remained low has had a positive impact on real wages, which rose on average by 1% in 1998 among countries for which data are available, although almost half of them experienced increases of over 2%. Nonetheless, following the upturn in 1997, employment has begun to decline, with the average rate of unemployment rising from 7.5% in the first half of 1998 to 8.5% a year later, its highest level of the decade.

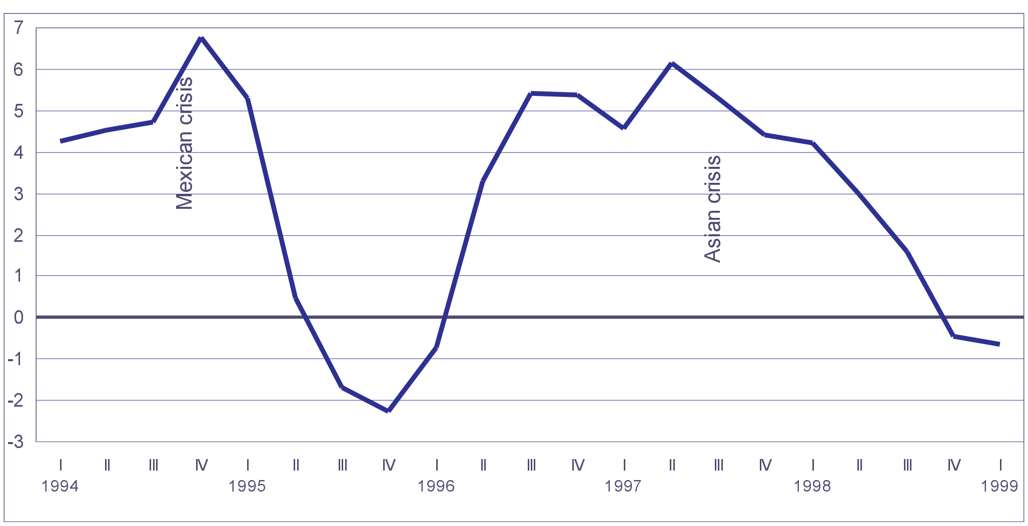
Brazil is the country that has attracted the most attention throughout this entire period, for both positive and negative reasons. The shock waves from the international financial crisis buffeted the region as the *real* came under speculative attack, first in October 1997 and then again in August 1998. As the Government decided on both occasions to raise interest rates, in order to defend the currency and secure the gains already achieved on the inflation front, growth in the Brazilian economy plummeted in 1998, causing spillover effects in many neighbouring countries. Initially, several observers had expected that the sharp devaluation of the *real* in January 1999 would lead to substantially higher inflation and produce an economic contraction of around 4% to 5%. The fact that the Brazilian economy has posted much better results than anticipated, in terms of both economic activity and inflation, has also aroused more optimistic expectations for the rest of the region.

The 1998-1999 downswing has affected the South American countries much more than the rest of the region. Mexico, Central America and many parts of the Caribbean have come through relatively unscathed thanks to their close links with the still booming United States market; their maquila sectors acted as a special source of buoyancy and job creation. The smaller economies also depend less on portfolio flows, and this to a large extent has protected them from the volatility of the international financial market. On the other hand, given that South America has stronger ties

Figure I.1

LATIN AMERICA AND THE CARIBBEAN: QUARTERLY GROSS DOMESTIC PRODUCT

(As percentages of variation with respect to the same quarter of the previous year)



Source: ECLAC, on the basis of official figures.

both with Europe, where growth was slow, and with Asia, where economic activity contracted, it was hit by negative trade shocks that compounded the financial crisis. Intra-regional trade, of great importance in South America, also contracted; prices of raw materials fell substantially, and volume of exports of these products grew more slowly than in previous years.

Macroeconomic policy in the region has been put to the test on many occasions over the past two years, with governments having to face difficulties on several fronts. In general, policy makers have performed satisfactorily, often taking unpopular decisions in order to preserve hard-won gains on the inflation front and elsewhere. Nonetheless, in taking such decisions, they have tended to rely on high interest rates and have been reluctant to let their currencies weaken; as a result, the measures taken have often exacerbated the problems they were intended to overcome. Given the evidence that crises are more frequent in the increasingly globalized world economy and in the more open economies of the region today, the tools that have been used to deal with these crises will need to be appraised in the months to come, to see whether better responses could be offered next time.

The exchange rate is an area of special concern, as it is the most controversial aspect of current macroeconomic policy, and one which has very significant ramifications in other policy domains. Although a more thorough analysis is needed, and there may be individual exceptions, the events of this decade (like those of earlier periods) are evidence that great caution is needed when an overvalued currency is used to control inflation.

As events have shown, prolonged use of such a policy nearly always leads to higher current account deficits. An overvalued currency discourages exports, especially of non-traditional products, thereby perpetuating a country's dependence on primary products, which are especially vulnerable to price fluctuations. At the same time, with more open economies, imports are encouraged and the trade gap widens. In the financial sphere, a policy of exchange-rate appreciation encourages a preference for borrowing in hard currency, and this puts constraints on future policy-making. Apart from this, overvaluation at some point is bound to generate expectations of devaluation, thereby promoting speculation against the currency.

It is important, however, to bear in mind the context in which this policy was implemented. For all the other polices to work and produce investments to boost growth in the future, it was essential to bring down inflation, which had risen to three-, four- and even five-digit levels. Apart from this, the huge capital inflows that had characterized the first half of the 1990s made it extremely difficult to avoid overvaluation, even in cases where this was not an explicit policy aim.

Nonetheless, the new low-inflation climate existing in most countries of Latin America and the Caribbean at the end of the 1990s provides an opportunity to reconsider the use of different policy tools. In particular, it is now possible to move towards more flexible exchange-rate regimes; this would help to reduce current account deficits by promoting exports and discouraging imports, and allow more manoeuvring room in controlling the volatility of capital flows. It would also permit faster growth, which in turn would help to reduce unemployment and poverty, although growth alone cannot be expected to solve these problems.

Several governments have taken measures of this kind; Mexico and Brazil are the two best examples, having moved from semi-fixed to floating exchange rates. Other countries have taken less drastic steps by either devaluing or widening the bands in which their currencies float. At the same time, some analysts and national economic authorities are looking beyond the concept of fixed exchange-rate schemes and have begun to discuss abandoning local currencies altogether. One possibility would be to adopt the United States dollar as the circulating currency, but this requires solving the problem of lender of last resort. Another alternative would be to adopt regional or subregional currencies, as a Latin American equivalent of the euro. Whatever one's opinion may be on the possible long-term advantages of this model, including the trade-offs between greater monetary stability and loss of demand-management tools, most of the region's governments feel that the time is not ripe for going down one of these paths.

Of course, exchange-rate policy is but one of the issues —albeit a very important one— on the policy agenda for the next few years, and it needs to be considered in the light of other macroeconomic tools, paying special attention to the matter of coordination. Furthermore, the goals of macroeconomic policy need to be extended beyond controlling inflation to include objectives such as raising domestic saving rates, promoting and diversifying exports, reducing the debt ratio and controlling volatility. Each of these measures would help towards achieving the growth with equity to which every government aspires.

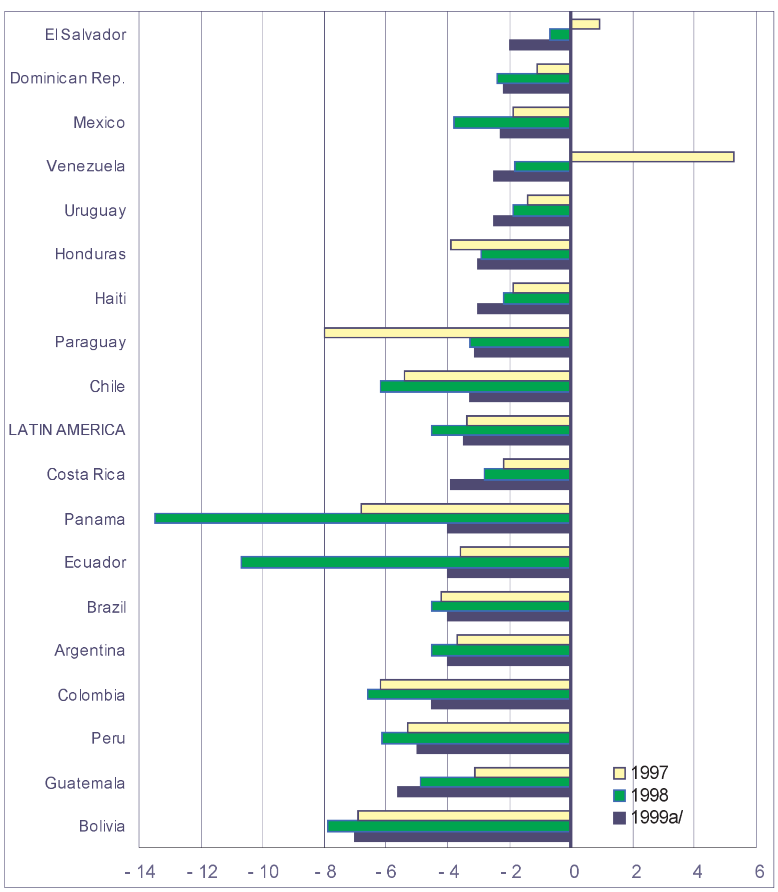
2. The external sector

The crisis that erupted in Asia in 1997 was transmitted to the region through the external sector, and had a negative impact on merchandise trade and capital flows. On the trade front, its main manifestations were an abrupt fall in commodity prices, which fell to unprecedentedly low levels, and a slowdown in export demand in many countries. These factors led to a fall in unit values of exports and a reduction in the growth of export volumes, respectively, which in some countries was compounded by the destruction of export crops by catastrophic weather conditions. The overall result was a contraction of regional export earnings (by nearly 2%) for the first time since 1986.

This problem was compounded by a scarcity of external financing, which led many countries to take steps to curb the growth of imports, which was already becoming unmanageable. External purchases slowed down abruptly in terms of value, although in view of the lower prices of imports, volumes did not react strongly until the second half of 1998.

As a result, the trend towards larger current account deficits persisted through most of 1998, and the

Figure I.2
LATIN AMERICA AND THE CARIBBEAN: CURRENT ACCOUNT BALANCE
(As a percentage of GDP)



Source: ECLAC, on the basis of figures from national sources and the International Monetary Fund.
[a] Preliminary estimates.

region's aggregate shortfall for the year as a whole grew to US$ 89 billion. As a percentage of GDP, the regional deficit rose from 3.4% to 4.5% (see figure I.2), a ratio only comparable to that of the early 1980s. As capital inflows were insufficient to bridge the gap, the region ended 1998 with an overall balance-of-payments deficit of US$ 21 billion, with Brazil accounting for nearly US$ 18 billion of this total. The deficit was covered, in equal proportions, by drawing down reserves and by using IMF loans and other types of emergency financing.

Although the widening trade gap was the main cause of the deterioration on current account, where deficits were spread among all the countries of the region, higher interest payments and profit repatriation also played a part. These outlays amounted to 2.5% of regional GDP, although in some countries, such as Chile, Costa Rica, Dominican Republic, Mexico and, especially, Ecuador, they were much higher. Interest payments grew only moderately despite an expansion of the external debt stock, since international interest rates came down. On the other hand, a further rise in current transfers made it possible to reduce current account deficits in several Central American and Caribbean countries, where such transfers are substantial.

The deterioration of the current account began to level off in several countries in late 1998, and the trend has strengthened in 1999. Thus, in this year, the regional deficit is expected to narrow to some US$ 75 billion (3.5% of GDP), and, provided the current international climate remains stable, it should be possible to finance it without using reserves.

Weaker exports compound the slow adjustment of imports

The change in conditions from the previous year led to a significant fall in external trade in the region as a whole, albeit from the particularly high levels resulting from the 1997 expansion, one of the largest in recent decades. This, however, did not immediately alter the trend towards a larger regional trade deficit. The difference was that previously the widening gap between imports and exports had been caused by an import boom, whereas in 1998, it was mainly the result of weaker exports. A lengthy adjustment in imports was needed for the gap to begin to narrow.

These general results were representative of most of the South American countries, plus Nicaragua and Panama, all of which suffered in various ways from the international crisis and weather-related disasters. On the whole, these countries earned less from their exports, and had to substantially curtail imports. In several cases, the value of external purchases fell sharply in 1998.

In contrast to these results, another group of countries (comprising most of the Central American and Caribbean countries, and, to a lesser extent, Mexico) performed well. These countries saw a continuation of upward trends in export volumes and foreign purchases, and even in the terms of trade (except in El Salvador and Guatemala, where they fell slightly, and in Mexico). A decisive factor in these countries' performance was their ability to take advantage of the relative robustness of the United States market, thanks particularly to the steady growth of the maquila industry. Despite the differences between these two groups, all countries shared a feature in common: a general deterioration in their 1998 trade balances.

The shrinking of regional export values was heavily influenced by a slowdown in the most dynamic component of the region's trade, namely, intra-regional trade. In 1998, the value of trade between the countries of the Latin American Integration Association (LAIA) broke a 12-year rising trend to fall by 6%, although trade within the Southern Common Market (Mercosur) declined by much less than this (0.5%). In contrast, intra-zonal exports in the Central American Common Market increased by 9%, in keeping with the generally expansionary tone of trade in that subregion; even so, intra-zonal trade expanded by less than total sales in these countries.

In the first quarter of 1999, commodity prices continued to slide, although the steepest falls had already taken place, and by the end of the quarter, some prices were showing signs of recovery. The price of oil, in particular, rose sharply on the back of a new agreement by the Organization of Petroleum Exporting Countries (OPEC) to limit supplies. In most of the region's larger economies, the slowdown in exports noted in the second half of 1998 intensified, and in the first quarter of the following year, merchandise export values in Argentina, Brazil, Ecuador, Paraguay and Uruguay plunged by between 15% and 25% from their still high levels of the same period a year earlier. Paraguay and Uruguay also suffered the full impact of the sharp devaluation of the Brazilian *real* in early 1999.

Colombia and Chile also saw their merchandise exports slip, but to a lesser extent. The damage caused to exports by the hurricanes in Central America became more evident; for example, coffee sales by Central American countries fell sharply in the October 1998-May 1999 harvest period. On the other hand, Costa Rica saw a new increase in total export earnings, as did

Mexico also, and this had a decisive effect on the regional aggregate.

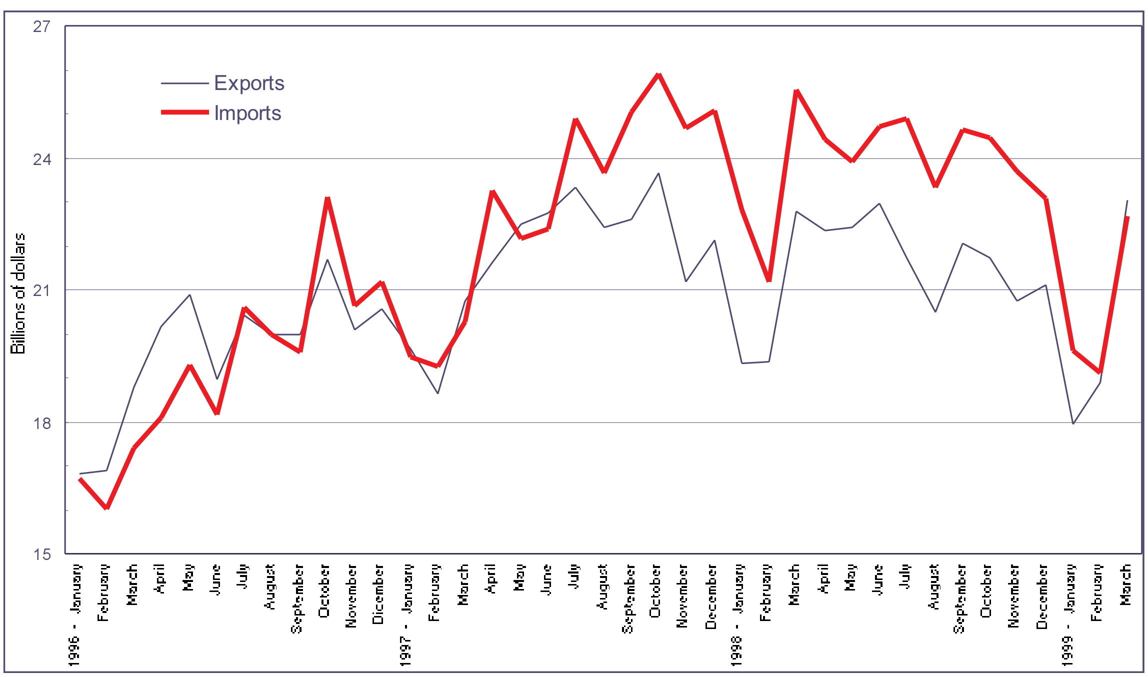
Imports displayed the same tendency as in the final months of the previous year, as the adjustment intensified. In general, purchases in the early months of 1999 were sharply down from the same period a year earlier. Among countries for which data are available, there were sharp cutbacks, ranging between 10% and 40%, in Colombia, Ecuador, Paraguay, Chile, Argentina, Peru, Brazil and Uruguay (in that order). On the other hand, some Central American countries, such as Costa Rica and El Salvador, maintained their levels of foreign purchases or even managed to increase them, as did Mexico, whose sharp increase was reflected in a rise in the regional aggregate (see figure I.3).

Along with a continuation of the cutback in imports, forecasts for the rest of 1999 point to some easing of the slump in exports, although a marked improvement is unlikely. High levels of commodity stocks, accumulated as a result of the imbalance between supply and demand in recent years, persist on world markets. The upturn in demand for such products is likely to be restrained by weak growth in the world economy for the second year running, which the United Nations expects to be below 2%. The most positive influence on the demand side relates to the incipient recovery expected in the economies of South East Asia, which bottomed out in 1998. On the other hand, the likely contraction of the region's economies will probably produce the opposite effect, since it will have an adverse impact on the large intra-regional trade sector.

Capital inflows fall

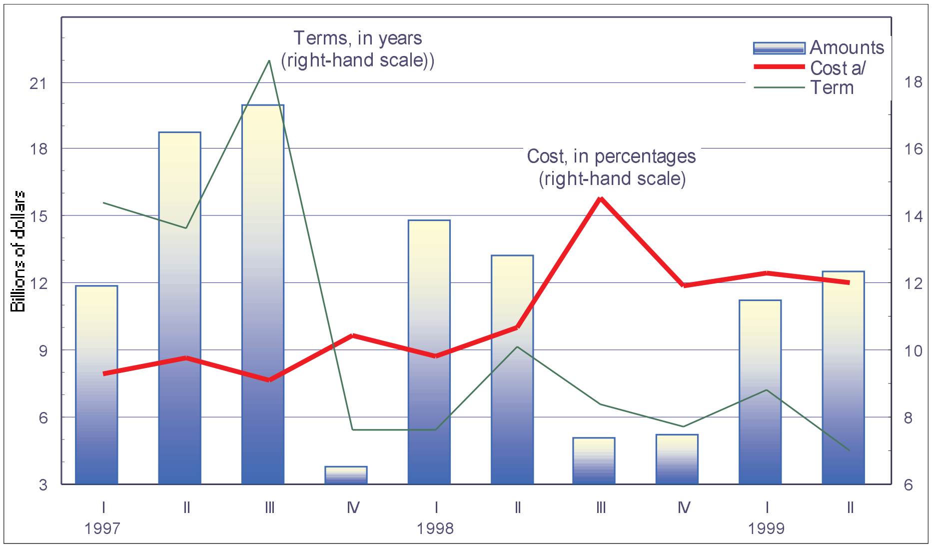
Capital inflows fell from the record level of US$ 85 billion in 1997 to US$ 68 billion in 1998, owing to the international financial crisis. The trend in early 1999 suggests that autonomous capital inflows will remain close to 1998 levels. Compensatory capital will also be used, particularly in Brazil, but the amount is not yet known.

Figure I.3
LATIN AMERICA AND THE CARIBBEAN: TRADE IN GOODS[a]
(Billions of dollars)



Source: ECLAC, on the basis of official figures.
[a] Includes Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela.

Figure I.4
LATIN AMERICA AND THE CARIBBEAN: INTERNATIONAL BOND ISSUES



Source: ECLAC, on the basis of figures from official sources, the World Bank and the International Monetary Fund.
[a] Sum of the average spread for bond issues plus the yield of long-term United States Treasury bonds. [b] Preliminary estimates.

Throughout 1996 and until September 1997, plentiful amounts of capital flowed towards the countries of Latin America and the Caribbean. Following the worsening of the Asian crisis in October 1997, however, external financing for the region became scarcer and more expensive. This phenomenon occurred in four stages, beginning in the fourth quarter of 1997, when the cost of external financing rose and short-term capital inflows diminished. During the second phase, in the first two quarters of 1998, the volume of capital inflows picked up, but their cost was high in comparison with the first three quarters of 1997.

The third phase began in August 1998, with the repercussions of the Russian debt moratorium affecting all the Latin American countries. This led to a shortage of capital, particularly in respect of the more volatile capital flows, and a further rise in the cost of external financing. Brazil was one of the countries most seriously affected, and required an international financial assistance package under which disbursements began in December 1998. The fourth phase began in mid-February 1999 with a modest recovery of capital inflows in a somewhat more favourable international context; however, the cost of external financing remains burdensome for several countries and even for the region as a whole (see figure I.4).

Net inflows of all types of external capital except foreign direct investment (FDI), decreased. The latter remained plentiful, and financed two thirds of the region's balance-of-payments current account deficit for 1998. Half of all foreign direct investment went to Brazil, while other countries of the region experienced diminished inflows, albeit in relation to exceptionally high levels in 1997, as in the cases of Colombia, Mexico and Venezuela; however, some of the smaller economies, including Costa Rica and the Dominican Republic, successfully attracted a considerable volume of FDI. Unlike the case in previous years, in 1998 and the first half of 1999, the main destination of FDI seems to have been the acquisition of private assets, particularly in South America.

There was a considerable drop in bond financing, from US$ 54 billion in 1997 to US$ 38 billion in 1998; leaving out amortization, the level for 1998 was only US$ 13 billion. Inflows from bond issues remained highly concentrated in Argentina, Brazil and Mexico. The activity was at its most intense in the first half of 1998 and from March 1999 onwards. Financing conditions deteriorated, especially following the Russian moratorium in August 1998; from then until October of the same year, Latin American governments and enterprises avoided issuing debt.

In April 1999, there was a sharp upturn in the volume of bond issues and an improvement in financing conditions; seven governments of the region —four in South America and three in Central America— issued bonds on international financial markets for a total of US$ 10 billion. The average term for these issues was eight years, and the average spread was 550 basis points (5.5%) over United States Treasury yields (5.0%); thus, in April 1999, the annualized cost of this financing was 10.5%.

There was a significant decline in bank lending in the second half of 1998 and the first quarter of 1999. These international banking flows were seriously affected by the Russian moratorium, and have recovered much more slowly than bond placements. Lending to Brazil was very limited, particularly in the third quarter of 1998, and there was some reduction in lending to Chile, Colombia and Venezuela during the same period. In most Latin American countries, short-term lending continued to focus mostly on foreign trade transactions, and was not restricted, except in the case of Brazil in the first two months of 1999.

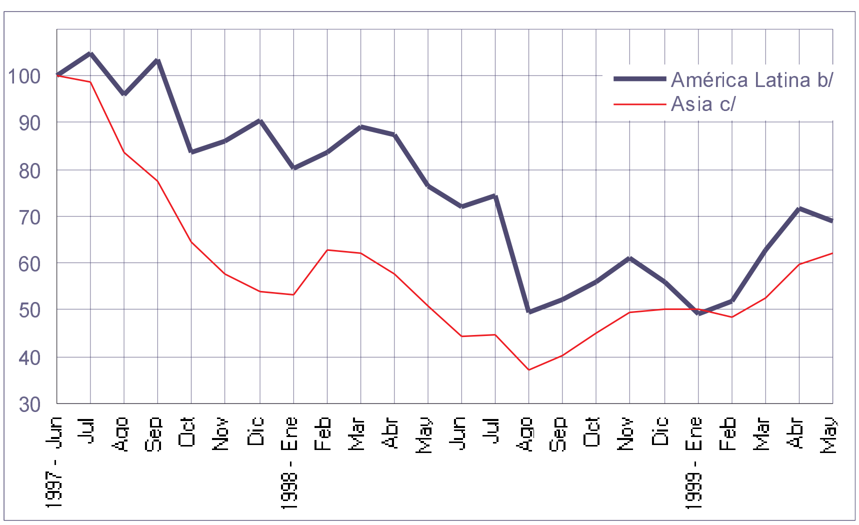
In 1998, share capital accounted for an outflow from the region in the order of US$ 5 billion, with the largest amounts being withdrawn from Brazil, and Chile, Mexico and Peru also experiencing considerable outflows. Unlike the case in previous years, there were almost no issues of American Depository Receipts (ADRs). This took place against the background of an extraordinary slump in stock market equity values. Between June 1997 and September 1998, there was a cumulative fall of 45% in the regional share price index expressed in dollars, and the region's principal stock markets suffered widespread losses. From October 1998 onwards, share prices began to recover, despite continuing fluctuations, but as of June 1999, they still had not returned to the levels of late 1996 (see figure I.5).

In 1999, foreign direct investment will represent the main source of capital inflows to the region; it may even come close to the unusually high 1998 figure of US$ 60 billion. Bond issues are also expected to come close to 1998 levels. On the other hand, financing from multilateral agencies is expected to be greater than before, particularly for certain countries such as Argentina and Brazil. This support is particularly important in the current situation, given the increasing difficulty of obtaining external financing. In addition, the International Monetary Fund (IMF) is expected to continue in 1999 to disburse the resources for Brazil envisaged in the 1998 financial assistance programme.

Figure I.5

LATIN AMERICA AND THE CARIBBEAN: STOCK EXCHANGE DOLLAR-DENOMINATED PRICE INDEXES [a]

(Indexes, June 1997 = 100)



Source: ECLAC, on the basis of figures from the International Finance Corporation.
[a] Values at month's end. [b] Includes 331 companies from Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela. [c] Includes 1077 companies from China, India, Indonesia, Korea, Malasia, Philippines, Pakistan, Sri Lanka, Thailand and Taiwan, Province of China.

3. Macroeconomic policy and reform

Given the complexity of the external situation, national macroeconomic management teams were severely put to the test in 1998 and the first quarter of 1999. The improvement in external conditions observed in the second quarter of 1999 should make their task less difficult for the second half of the year.

The situation created by the international financial crisis highlighted the vulnerability of the region in relation to external capital flows and the limited manoeuvring room allowed in national macroeconomic policy for dealing with financial and trade liberalization. Extremely cautious policies have therefore prevailed, particularly in the monetary sphere, in those countries that have high external or fiscal deficits, or where balances in those areas had deteriorated as a result of falling export prices.

This was particularly true of certain South American countries and, to a lesser extent, Mexico. These countries were forced to hold down growth in domestic demand because of the shortage of external capital. Macroeconomic policies in the Central American and Caribbean countries did not have to undergo similar adjustments. As mentioned above, the makeup of their external trade, their orientation towards North America and their still embryonic financial markets generally sheltered them from the more direct consequences of the international crisis.

The fiscal situation remains difficult

The fiscal situation in 1998 brought to light certain problems of coordination in the use of the fiscal, monetary and exchange-rate tools of macroeconomic policy. Owing to the scarcity of current receipts caused by the crisis in that year, spending policies had to be kept as austere as possible, but efforts to limit the deficit were hindered by the direct and indirect effects of monetary and exchange-rate policies. In particular, the high interest rates needed in order to defend exchange rates increased the financial cost of servicing domestic public debt. In late 1998, this was compounded by the tax-revenue implications of the economic slowdown, which will continue to affect Government finances in 1999.

The non-financial public sector deficit rose to an average of 2.4% of GDP in the countries of the region, some of which ended 1998 with very high deficits —over 6% of GDP in Brazil, Ecuador and Venezuela. The mediocre performance of public-sector saving, which fell to the lowest levels recorded in the 1990s, and loss of access to domestic and external financial markets made it more difficult to finance capital spending. Public-sector investment declined for the second year in a row, particularly in the larger economies.

The impact of the fall in government saving capacity was magnified by two other factors. The first was a gradual reduction in public-sector borrowing capacity. Although the current public debt situation is not a serious problem in most of the countries of the region, the growing debt servicing burden reduces their ability to enter into new financial commitments and limits the flexibility of fiscal policy. In 1998, the cost of interest on public debt averaged about 3% of GDP in the countries of the region. Secondly, the need to refinance large amounts of debt from time to time restricted the governments' financial manoeuvring room, especially when —as was the case during part of 1998— external financing was practically impossible to obtain.

The outlook for 1999 does not suggest that there will be any reduction in fiscal imbalances in most of the countries of the region. Levels of economic activity were still low in the first two quarters, hindering efforts to improve tax receipts, particularly in South America. Recovering commodity prices should, however, provide greater income for exporting countries, particularly the oil-producing ones. In a number of Caribbean and Central American countries, as well as in Colombia, Ecuador and Peru, the need for reconstruction work following natural disasters will push spending upwards. The servicing of public debt will continue to weigh heavily on public sector finances, especially where the external debt burden has been worsened by the effects of devaluation.

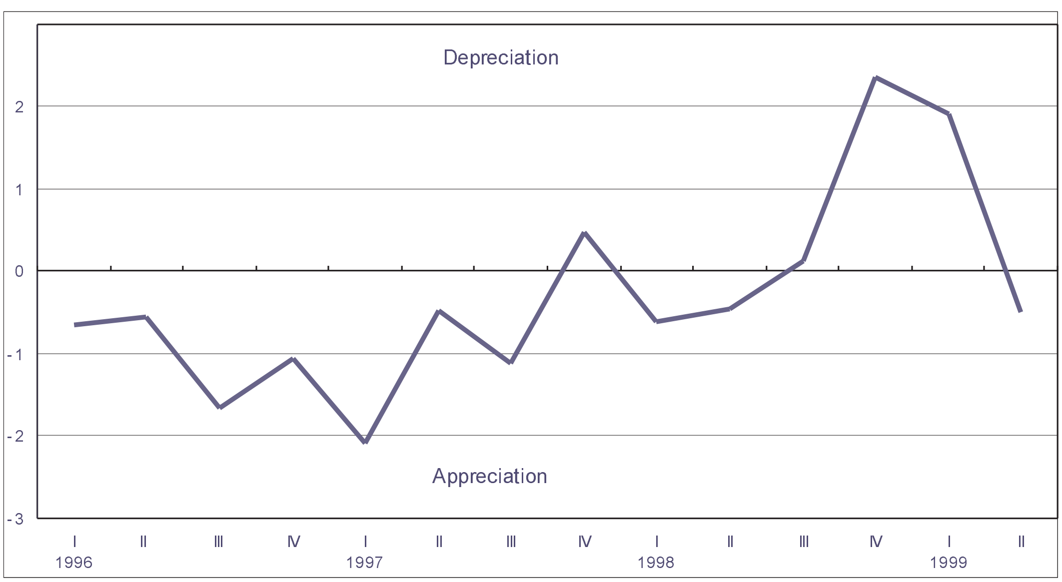
Foreign exchange policy becomes more flexible

Initially, exchange-rate policy was not used for adjusting relative prices or to reduce pressure from internal demand on external accounts. There were various reasons for this reticence. Firstly, in early 1998, the external disturbances originating in Asia were not expected to last. Secondly, there was a reluctance to jeopardize the progress in cutting inflation that had in many cases been achieved by using some kind of nominal exchange-rate anchor. Thirdly, when the external situation became highly volatile in the second half of 1998, and uncertainty prevailed on foreign-exchange markets, monetary authorities sought to limit the rate of devaluation in order to avoid the danger of overshooting. Lastly, they tried not to worsen the vulnerability of the financial sector; it is worth recalling that private external debt has increased significantly in recent years, leaving many enterprises exposed to exchange-rate risk.

Nonetheless, increasing current account deficits in the course of the year and the episodes of capital flight which characterized the moments of greatest uncertainty on foreign-exchange markets (US$ 23.5 billion were lost in September alone) put pressure on the international reserves of many countries, particularly Brazil, but also Chile, Colombia, Peru and Venezuela. Taking the year as a whole, losses of external assets totalled more than US$ 10 billion (US$ 7.7 billion in Brazil alone), and the amount financed through IMF loans and other emergency financing was even greater. This foreign-exchange drain forced several countries to adopt greater exchange-rate flexibility. Those which had been controlling short-term capital inflows (Chile and Colombia) loosened the restrictions and modified their exchange-rate band systems. Brazil was able to defend its exchange rate, albeit at the cost of a heavy loss of reserves and with the help of an international aid package. This did not suffice, however, to avoid the devaluation of the *real* in January 1999. The Ecuadorian sucre was also devalued, owing to both external difficulties and domestic problems.

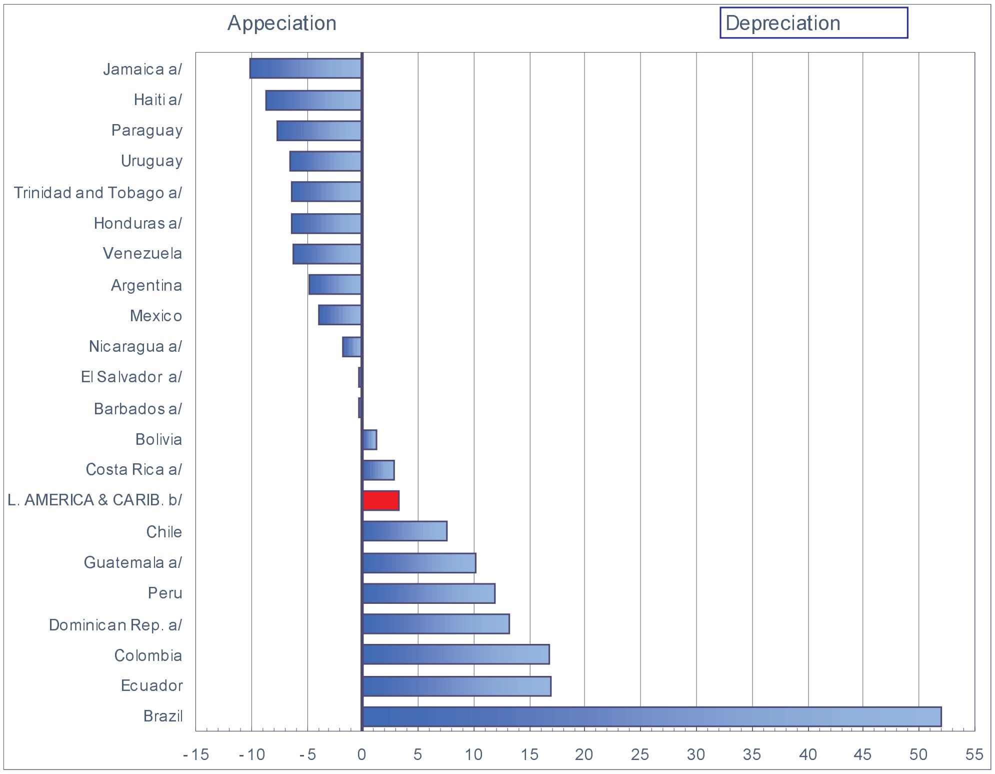
With moderate and declining rates of inflation, these devaluations entailed a real depreciation of national currencies, ending the steady appreciation which had been occurring since 1988, and was only briefly interrupted at the time of the Mexican crisis in 1994. This process of appreciation, which had already begun to slow down in 1997, gave way to depreciation as of the third quarter of 1998 (see figure I.6). This new trend, which seemed to be slowing in the second quarter of 1999 thanks to the improving economic outlook in the region, brought about an average annual depreciation at the regional level of slightly over 1.5% in the first half of 1999. During that period, the annual rate of depreciation exceeded 10% in five countries: Brazil, Colombia, the Dominican Republic, Ecuador and Peru (see figure I.7). The trend may continue in the second half of 1999,

Figure I.6
LATIN AMERICA AND THE CARIBBEAN: QUARTERLY VARIATIONS IN THE REAL EXCHANGE RATE
(Simple average)



Source: ECLAC, on the basis of official figures.
Note: Higher figures indicate depreciation of the national currency.

Figure I.7
LATIN AMERICA AND THE CARIBBEAN: REAL EFFECTIVE EXCHANGE RATE
(Annual variation at first quarter 1999)



Source: ECLAC, on the basis of official figures.
Note: An increase in the index indicates a depreciation of national currency.
[a] First quarter. [b] Simple average.

as domestic interest rates decline in those countries experiencing recession.

Monetary policy plays a key role in adjustment efforts

In a situation in which fiscal policy did not help hold down domestic demand, and governments preferred not to resort to devaluations, much of the burden of the adjustment made necessary during 1998 by the worldwide crisis was borne by monetary policy. In the region as a whole, monetary growth tended to slow because of the decline in international reserves and domestic credit. Real interest rates rose again, reversing the downward movement observed since 1996. This regional trend was particularly strong in South America; the countries of Central America and the Caribbean, less hard hit by the worldwide crisis, adopted more relaxed monetary policies.

The main effect of monetary restrictions was on means of payment, since no drastic fall in deposits was observed. The stability of financial saving in the region (except in countries affected by banking crises, such as Ecuador, Jamaica and Paraguay) was one of the key factors which helped to limit the negative impact of external disturbances. Real interest rates tended to rise in most countries, although at different times, with the largest increases taking place in the countries that were most affected by the international crisis or where the authorities took more drastic steps in response to pressure on foreign-exchange markets.

This monetary policy was generally successful in that the main short-term goals were achieved, particularly that of preventing the world financial crisis from destabilizing foreign exchange markets and producing inflationary outbreaks. Nevertheless, the high interest rates needed in order to accomplish this were very costly for a number of countries, either because of the recession in the real economy or because of the fragile state of the fiscal and banking sectors.

To correct such recessionary biases, somewhat more expansionary macroeconomic policies were adopted in the first half of 1999, although they remained cautious owing to conditions at the international level. The swift normalization of international and regional financial markets following the Brazilian devaluation and the improved outlook for external trade generally allowed some relaxation of monetary austerity. On the foreign-exchange markets, the trend towards devaluation was reversed towards the end of the first quarter, allowing more leeway for cutting domestic interest rates (see figure I.8). In many economies, interest rates have returned to the levels of early 1998. This has given rise to hopes of a revival of domestic economic activity following almost nine months of recession in the larger South American economies.

Structural reforms continue despite the crisis

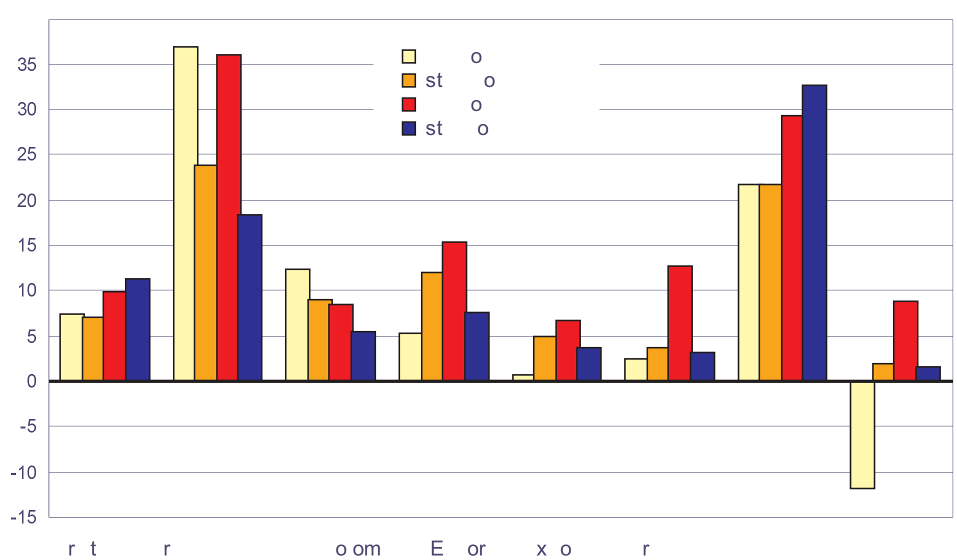
The disturbances afflicting the region's economies did not halt structural reforms, although they did affect them to some extent. Privatizations continued in those countries where the process had begun only recently. Since Brazil was one of them, receipts in 1998 rose to a record level of US$ 42 billion; 85% of that amount was accounted for by Brazil, thanks to the sale of one enterprise, Telebrás. Other countries also carried out significant privatizations; these, however, involved smaller amounts in absolute terms. El Salvador, Guatemala and Panama sold State-owned enterprises for amounts which represented between 7% and 8% of GDP. Most of the sales in the region took place in the telecommunications (60%) and electric power sectors (30%).

The process continued in 1999 with, among others, the sale of a 15% stake in the Argentine company Yacimientos Petrolíferos Fiscales (YPF) for more than US$ 2 billion and of the Brazilian firm Comgas de São Paulo for US$ 1 billion. Nevertheless, economic difficulties in Brazil and Ecuador early in the year led to the postponement of a number of privatization projects,

Figure I.8

LATIN AMERICA AND THE CARIBBEAN: ANNUALIZED REAL INTEREST RATES

(End of period)



Source: ECLAC, on the basis of official figures.

and it is highly unlikely that the 1998 levels will be matched. Nonetheless, considerable headway is being made in granting private-sector concessions for the building and operation of infrastructure projects (including roads, railways, metro systems, ports, airports, sewerage networks and postal services).

The transfer to the private sector of State-owned productive assets has increasingly drawn attention to institutional weaknesses in the region. Consequently, reforms designed to improve the efficiency of the State and strengthen its supervisory and regulatory capabilities have become more and more important. Argentina, Mexico and Peru opened up their telecommunications sectors to competition in 1998, several years after they were privatized. In Chile, weaknesses in the regulation of the electric power sector became apparent when a drought disrupted power supplies and forced the Government to take legislative measures to strengthen the regulatory framework. Improved awareness of the problem recently led countries such as Brazil and Colombia to liberalize the electric power and telecommunications sectors, once they had established regulations to ensure competition.

A number of countries, including Ecuador, Paraguay and Jamaica, continued to suffer from the financial crisis. Efforts to establish regulatory frameworks and strengthen the financial system were continued, and contingency measures were taken to increase liquidity in countries that had been most affected.

The impact of the crisis was also felt in the area of trade reforms. Faced with worsening trade balances, several countries considered taking moderate steps to restrict imports. The devaluations in Brazil in January 1999 and in Ecuador in March 1999 led some countries —including Argentina, Bolivia, Colombia, Ecuador and Mexico— to implement such measures, but these did not call into question the trade liberalization which had characterized the 1990s. This process continued either unilaterally, as in Chile and Panama, or in the context of existing free trade agreements or regional integration schemes, under which further steps were taken towards the liberalization of trade within the region.

4. Domestic economic performance

Growth slows down sharply in the region

Economic growth slowed considerably in the countries of Latin America and the Caribbean in 1998 (2.3%), marking a three-percentage-point decline in comparison with the previous year, when the region had recorded its strongest performance in 25 years. This reversal of the latest cycle of regional economic expansion (which had begun in late 1995 with the recovery from the Mexican crisis) occurred in the second half of 1997. From this moment on —and, especially, from the second quarter of 1998— there were signs of a slowdown (see figure I.1). Thanks, however, to the strong momentum that had built up, growth in the region continued into the first half of 1998. Once this inertial effect had worn off, recessionary trends —stemming from the international financial crisis and the tighter macroeconomic policies adopted to deal with it— prevailed, culminating, by year-end, in negative growth.

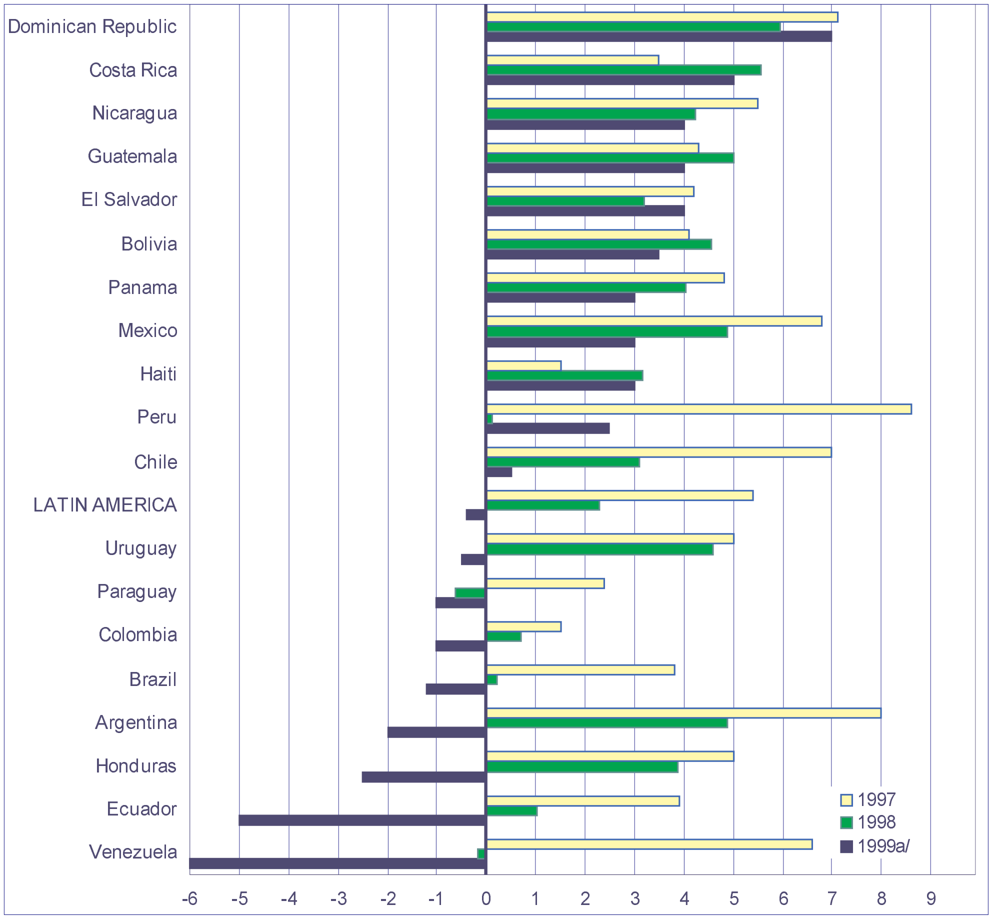
This poor performance lasted into the first half of 1999, so that only slight growth is expected for the current year. Since most countries of the region have high population growth rates, per capita regional GDP increased by a mere 0.7% in 1998, and is expected to contract in 1999. This setback will mean that the overall improvement in per capita GDP for the decade will be barely 15%.

This gloomy picture is partly due to poor economic results in most of the South American countries, particularly, Argentina, Brazil, Chile, Colombia, Paraguay, Peru and Venezuela, where GDP growth fell by between 3 and 7 percentage points compared with the levels recorded in 1997. Given the size of Brazil’s economy, that country’s weak growth of just 0.2% accounts to a large extent for the modest rate of growth at the regional level. Indeed, leaving out Brazil, the figure for the region would have been 3.5%. Generally speaking, the Central American and Caribbean countries, which were less hard hit by the global financial crisis,

Figure I.9

LATIN AMERICA AND THE CARIBBEAN: GROSS DOMESTIC PRODUCT

(Annual growth rates)



Source: ECLAC, on the basis of official figures.
[a] Preliminary estimates.

posted stronger growth. The two most buoyant economies were Costa Rica, with 5.5% GDP growth, a significant improvement over its 1997 performance, and the Dominican Republic (see figure I.9).

The overall unfavourable trend in the terms of trade had a significant impact on national income in all countries, with regional growth in this indicator averaging only 1.2% in 1998. The most dramatic case was that of Venezuela, where national income plunged by nearly 8%, following the sharp fall in oil prices and the downturn in activity levels. On the other hand, income in the Dominican Republic and the Central American countries expanded at a higher rate than GDP, since the slump in the price of oil, an input imported in vast quantities by these countries, worked to their advantage.

The decline in the terms of trade and in foreign capital inflows, combined with the effect of macroeconomic policies geared towards restraint of domestic demand, account for the low levels of consumption and investment, and a smaller increase in export volumes. In 1998, economic activity in the region also suffered supply shocks, in particular those caused by the intense drought or heavy rains associated with the El Niño weather pattern (or its counterpart, La Niña), which resulted mainly in loss of agricultural output, disruptions in cold water fisheries and damage to the infrastructure. Hurricanes George and Mitch, which battered countries in Central America and the Caribbean, caused massive losses, although their impact on the level of activity will be felt more keenly in 1999.

Investment and national saving lose momentum

In 1998, the growth of total investment fell sharply in most countries of the region, owing to the negative impact of the international crisis. In Argentina and Mexico, it slowed considerably, and gross investment declined in Brazil, Chile, Colombia, Guatemala, Paraguay, Peru and Venezuela. On the other hand, some of the smaller countries, including Bolivia, Costa Rica, Dominican Republic, Haiti and Uruguay, were unaffected, and even recorded increases in gross capital formation.

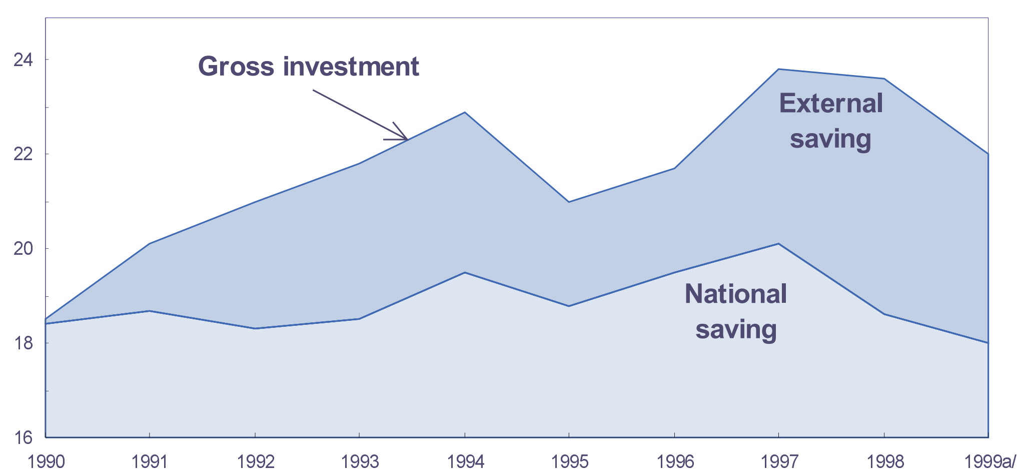
The postponement of major projects was reflected in lower public investment, while the rise in interest rates put a damper on private investment, especially in the case of small and medium-sized enterprises. The increase in financial costs in local currency and the higher exchange-rate risk involved in foreign borrowing had an effect on both fixed investment and inventory levels. Nevertheless, private investment was boosted in several countries by foreign direct investment, which continued to play a dynamic role through new injections of capital in energy projects, manufacturing and services. In some countries, productive capital stock and transport and communications infrastructure were damaged in natural disasters

The role of external saving in investment financing increased considerably, by more than one percentage point of GDP; in fact, this was a widespread phenomenon which occurred in 15 of the 19 economies for which data were available. The national saving rate declined to just under 19%, returning to the levels of the early 1990s, after having stood at around 20% for two years (see figure I.10). This decline was due in part to the unimpressive fiscal outturn, since public saving fell to its lowest level of the decade. These fiscal imbalances and the resulting decline in national saving may be a reflection of the deterioration in the terms of trade in 1998, which had caused regional income to decline by 1% of GDP. This effect was particularly pronounced in Chile, Ecuador and Venezuela; however, the situation was favourable in Central America and the Caribbean.

Figure I.10

LATIN AMERICA AND THE CARIBBEAN: SAVING AND INVESTMENT RATIOS

(As a percentage of GDP in dollars at constant 1995 prices)



Source: ECLAC, on the basis of official figures.
[a] Preliminary estimates.

Prices become more stable

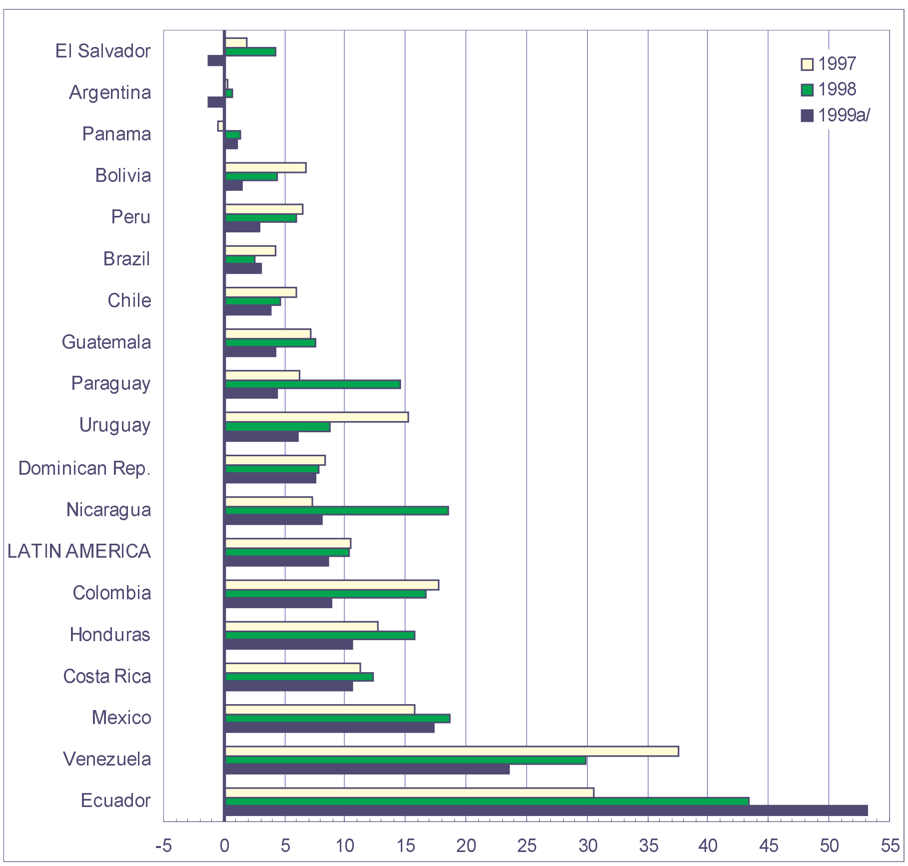
Inflation in Latin America and the Caribbean stabilized at around 10% in 1998, having dropped sharply over the previous four years; price increases in the last biennium were at the lowest level in 50 years. In the first half of 1999, average inflation for the region fell further, with the 12-month variation to June 1999 amounting to less than 9%, although it could rise in the second half of 1999. The case of Brazil is particularly interesting: despite the steep devaluation in mid-January, prices rose very little —just slightly more than the 1998 rate of 2.5%. This slowdown in the rate of inflation, even after authorities had stopped using the exchange-rate as an anchor, is a key factor in the success of the country's macroeconomic adjustment. On other occasions during the period, movements triggered by prices, whether exchange-rate adjustments or supply shocks, did not generate widespread or lasting inflationary trends. This rapid abatement in domestic price increases shows that the inertial effects of inflation —in particular price indexation— are on the wane in the region.

The positive trend in prices was a general pattern in the region, since 14 of the 22 countries under review recorded single-digit annual inflation in 1998. In 1999, two other countries also achieved this, while, in Argentina and El Salvador, prices actually fell. In 1998, six other countries posted inflation of between 10% and 20%, but in the two remaining countries, it was well over 20%: nearly 30% in Venezuela and more than 40% in Ecuador (see figure I.11).

Figure I.11

LATIN AMERICA AND THE CARIBBEAN: CONSUMER PRICES

(Twelve-month variations)



Source: ECLAC, on the basis of official figures.
[a] To June 1999.

In three countries (Ecuador, Nicaragua and Paraguay), prices rose more steeply in 1998 than in the previous year. In Ecuador, inflation was up by 13 percentage points with respect to 1997; it more than doubled the 1997 figure in Nicaragua, reaching 18%, and in Paraguay, prices rose by nearly 15%, eight points more than in 1997. In the first half of 1999, however, the latter two countries were able to reverse this unfavourable trend, rolling inflation rates back to less than 10%.

In 1998, domestic price movements in the economies of the region were influenced, in one way or another, by a number of factors, including the financial problems affecting the global economy, which called into question the counter-inflationary strategy based on a nominal exchange-rate anchor. Up to now, although these problems have posed serious difficulties for the foreign-exchange market and for monetary- and fiscal-policy management in some countries, they have not had any immediate impact on inflation. Restrictive monetary policies adopted by most of the countries affected and the recessionary trends that have been emerging since the fourth quarter of 1998 have also helped to keep price increases at their current low levels, even in cases where there has been a sharp devaluation. The fall in international prices for imported commodities, especially oil, also contributed to this generally favourable performance.

A series of supply shocks had an adverse effect on inflation in 1998, in particular the catastrophic weather conditions experienced in the region since the second half of 1997. These caused serious shortages in mass consumption products and inflationary surges on domestic markets, but price rises have tended to be reversed once supplies have returned to normal on domestic markets, without leaving signs of major inertial effects on the underlying inflationary trend.

Unemployment rises

The economic slowdown was reflected in worsening labour-market conditions throughout the region, interrupting the improvement observed in the previous year. Unemployment rose from 7.3% to 8.0%, its highest level in 15 years, owing to the imbalance between a strong expansion in labour supply —the result of an increase in the overall participation rate— and weak job creation. This regional trend is, however, largely attributable to Brazil's poor performance; elsewhere in South America, the main indicators only started to weaken towards the end of 1998. The job situation improved in comparison with the previous year in a third group of countries —comprising Mexico, Central America and the Caribbean— with the strongest rally observed in Mexico.

Job creation rates, especially for wage-earners, dropped substantially in comparison with 1997, when the recovery in economic growth had significantly boosted the demand for labour. Employment rose by a mere 2.0% (compared with 3.1% in 1997) and the number of wage-paying jobs went up by 1.9% (compared with 2.7% in 1997). Against this background, the majority of new jobs had to come from the informal sector. An analysis by sector reveals a further contraction in agricultural employment and weak growth in manufacturing. New jobs were concentrated in construction and, above all, in tertiary activities, with financial services, corporate services and property management —which grew strongly— accounting for a significant proportion, while commerce and social, community and personal services also made a strong contribution.

Beyond these general regional trends, the employment situation varied considerably from one country to another. In almost all the southern countries, rising unemployment and sluggish job creation coincided with a strong expansion in the role of the informal sector and a stagnation or a fall in real wages. Some of these countries saw their employment situation worsen, especially in late 1998 and early 1999, while Brazil, Colombia and Ecuador have been struggling with a worsening labour situation since 1997, if not earlier (see figure I.12a).

In contrast with these trends, Mexico and the Central American and Caribbean countries performed fairly well. Less seriously weakened by unfavourable economic conditions outside of the region, and benefiting from the strength of the United States economy, these countries generally achieved economic growth above the regional average; they were able to reduce unemployment, attain high rates of job creation and record certain improvements in terms of job quality indicators. Moreover, wage-paying jobs accounted for a higher share of new jobs as a result of stronger labour demand; again, unlike the situation in the South American economies, there was a relatively strong increase in job creation, even in the manufacturing sector.

The first months of 1999 witnessed a further decline in the employment situation, in keeping with the slowdown in economic activity. Stagnation or reduction in the employment rate during the first half of the year pushed up unemployment in Brazil, Chile, Colombia, Ecuador, Uruguay and Venezuela, in some cases to levels considerably higher than those recorded for the same period of the preceding year. Of the larger econo-

Figure I.12a
LATIN AMERICA AND THE CARIBBEAN: URBAN EMPLOYMENT RATE
(Working population as a percentage of the working-age population, first half of each year)

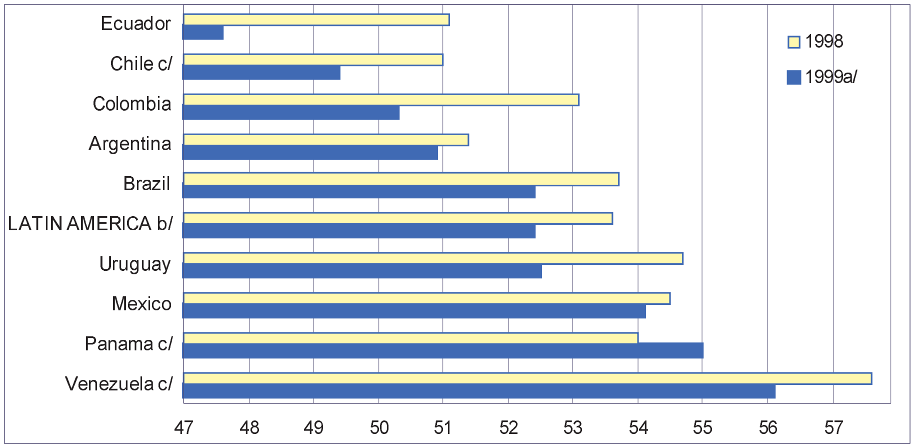
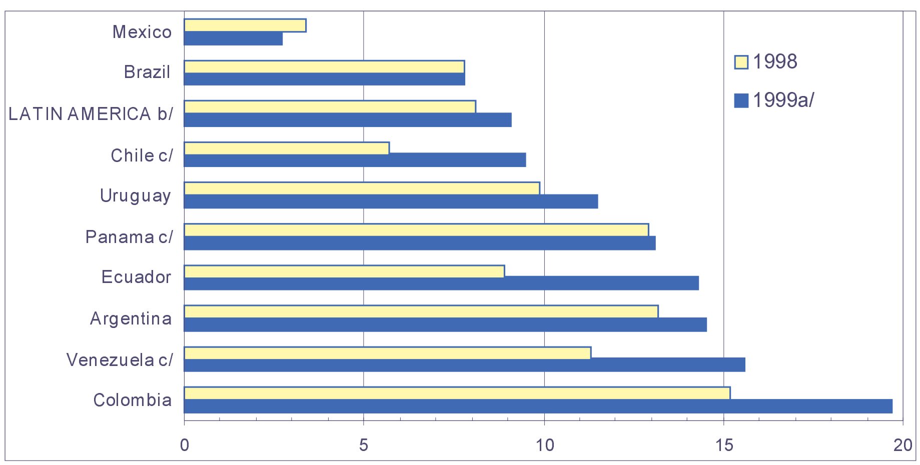


Figure I.12b
LATIN AMERICA AND THE CARIBBEAN: URBAN UNEMPLOYMENT RATE
(As a percentage of the economically active population, first half of each year)



Source: ECLAC, on the basis of official figures.
[a] Preliminary figures. [b] Weighted average. [c] Nationwide.

mies in the region for which information was available, only Mexico had a lower unemployment rate than in the same period of 1998, although, here again, employment dipped slightly in the first half of 1999, and job creation in the formal sector declined (see figure I-12b). Nevertheless, towards the end of the first half-year, unemployment showed signs of falling in Brazil, as the outlook for growth improved.

Real wages are maintained

As already noted for the previous year, the trend in real wages varied slightly between countries. The deterioration in the labour market came late in the year, and was not sufficient to have a decisive influence in raising nominal wages. Moreover, the slower rise in consumer prices helped to protect the purchasing power of nominal wages, with real wages increasing moderately, so that the regional weighted average was 0.7%. This virtual stagnation was due mainly to the situation in the major South American economies, where the purchasing power of wage income rose by over 2% in half the countries of the region.

The steepest increases occurred in Bolivia, where inflation fell significantly in the second half-year; in Costa Rica, where economic growth picked up; in Nicaragua, where public-sector wages rose sharply, and in Venezuela, where real wages have been recovering from the heavy losses sustained between 1992 and 1996. Real wages also increased in Mexico, following a downswing that lasted several years. At the other end of the spectrum, the most notable declines were recorded in Ecuador, where there was a surge in inflation, and in Guatemala (-3.8%), where purchasing power fell for the first time in seven years. In the other countries for which data were available, real wages did not vary substantially.

Statistical appendix

Table A - 1
LATIN AMERICA AND THE CARIBBEAN: MAIN ECONOMIC INDICATORS

	1991	1992	1993	1994	1995	1996	1997	1998[a]
	Indices 1995=100							
Gross domestic product	87.4	90.2	93.7	99.0	100.0	103.6	109.2	111.7
Per capita gross domestic product	93.7	95.0	96.9	100.7	100.0	101.9	105.6	106.5
	Annual growth rates							
Gross domestic product	3.8	3.2	3.8	5.7	1.0	3.6	5.4	2.3
Per capita gross domestic product	1.9	1.3	2.0	3.9	-0.7	1.9	3.7	0.8
Consumer prices [b]	199	414	877	333	25.8	18.2	10.4	10.3
Terms of trade	1.4	-1.8	0.0	4.4	0.8	1.9	2.2	-5.3
	Percentages							
Urban unemployment rate	5.8	6.2	6.2	6.3	7.2	7.7	7.3	8.0
	Percentages of gross domestic product [c]							
Balance of payments								
Goods and services trade balance	0.4	-1.2	-1.5	-1.8	-0.7	-0.6	-1.7	-2.7
Balance on current account	-1.5	-2.7	-3.3	-3.3	-2.2	-2.1	-3.4	-4.5
Balance on capital and financial account[d]	1.9	3.9	4.3	2.6	1.8	3.6	4.3	3.5
Global balance	0.4	1.2	1.1	-0.6	-0.5	1.5	0.9	-1.1
Total disbursed external debt	39.3	37.7	38.0	35.7	37.0	35.4	33.5	37.2

Source: ECLAC, on the basis of official figures.
[a] Preliminary data. [b] December-to-December variation. [c] Estimates on the basis of dollar figures at current prices.
[d] Includes errors and omissions.

Table A - 2
LATIN AMERICA AND THE CARIBBEAN: GROSS DOMESTIC PRODUCT
(Annual growth rates on the basis of dollars at constant 1995 prices)

	1991	1992	1993	1994	1995	1996	1997	1998[a]	1991-1998
Latin America and the Caribbean [b]	**3.8**	**3.2**	**3.8**	**5.7**	**1.0**	**3.6**	**5.4**	**2.3**	**3.6**
Subtotal (19 countries) [b]	**3.8**	**3.2**	**3.9**	**5.8**	**1.0**	**3.6**	**5.4**	**2.4**	**3.6**
Argentina	10.0	8.9	5.8	8.3	-3.1	4.4	8.0	4.9	5.8
Bolivia	5.4	1.7	4.2	4.8	4.7	4.5	4.1	4.6	4.2
Brazil	1.0	-0.3	4.5	6.2	4.2	2.9	3.8	0.2	2.8
Chile	7.3	11.0	6.6	5.1	9.1	6.9	7.0	3.1	7.0
Colombia	1.6	3.9	4.5	6.3	5.4	2.1	1.5	0.7	3.2
Costa Rica	2.2	7.1	5.8	4.3	2.2	-0.5	3.5	5.5	3.7
Ecuador	5.0	3.0	2.2	4.4	3.0	2.3	3.9	1.0	3.1
El Salvador	2.8	7.3	6.4	6.0	6.2	1.8	4.2	3.2	4.7
Guatemala	3.7	4.9	4.0	4.1	5.0	3.0	4.3	5.0	4.3
Haiti	0.1	-13.8	-2.2	-8.3	5.0	2.8	1.5	3.2	-1.7
Honduras	2.7	5.8	7.1	-1.9	3.7	3.8	5.0	3.9	3.7
Mexico	4.2	3.7	1.7	4.6	-6.2	5.2	6.8	4.9	3.0
Nicaragua	-0.3	0.8	-0.4	4.0	4.5	5.0	5.5	4.2	2.9
Panama	9.0	8.2	5.3	3.1	1.9	2.7	4.8	4.0	4.9
Paraguay	2.5	1.7	4.0	3.0	4.5	1.1	2.4	-0.6	2.3
Peru	2.5	-0.9	5.7	13.6	8.6	2.3	8.6	0.1	5.0
Dominican Republic	0.8	6.4	2.0	4.3	4.5	6.8	7.1	6.0	4.7
Uruguay	2.9	7.4	3.1	5.5	-2.0	5.0	5.0	4.6	3.9
Venezuela	10.5	7.0	-0.4	-3.7	5.9	-0.4	6.6	-0.2	3.1
Subtotal - Caribbean [c]	**1.8**	**0.9**	**0.5**	**3.3**	**2.5**	**3.2**	**2.0**	**2.0**	**2.0**
Antigua and Barbuda	4.1	1.0	3.5	4.8	-4.3	5.5	4.6	2.8	2.7
Barbados	-3.5	-5.4	1.0	3.6	2.5	5.1	3.0	4.4	1.3
Belize	3.4	8.9	4.0	1.6	3.5	1.0	4.0	1.6	3.5
Dominica	2.6	3.0	2.2	2.1	2.3	2.9	2.7	3.5	2.7
Grenada	3.7	1.0	-1.1	3.4	3.0	3.2	4.7	5.0	2.9
Guyana	10.2	11.2	3.1	17.7	2.4	9.2	6.1	-1.3	7.2
Jamaica	0.3	2.5	1.8	1.9	1.7	-0.5	-2.3	-0.7	0.6
Saint Kitts and Nevis	3.4	3.6	6.7	3.3	3.1	5.5	6.3	4.0	4.5
Saint Vincent and the Grenadines	1.6	6.7	2.4	-2.6	7.8	1.7	3.2	5.5	3.2
Saint Lucia	-2.0	7.3	0.4	1.9	0.7	0.5	0.9	2.9	1.6
Suriname	4.4	-1.9	-8.5	-4.0	-1.7	20.7	3.6	0.0	1.3
Trinidad and Tobago	3.5	-1.1	-1.2	4.2	4.1	4.0	4.2	3.6	2.6

Source: ECLAC, based on official figures expressed in dollars at constant 1995 prices.
[a] Preliminary estimate. [b] Excluding Cuba. [c] Based on figures at factor cost.

Table A - 3

LATIN AMERICA AND THE CARIBBEAN: PER CAPITA GROSS DOMESTIC PRODUCT

(Annual growth rates)

	1991	1992	1993	1994	1995	1996	1997	1998[a]	1991-1998
Latin America and the Caribbean [b]	**1.9**	**1.3**	**2.0**	**3.9**	**-0.7**	**1.9**	**3.7**	**0.8**	**1.8**
Subtotal (19 countries) [b]	**1.9**	**1.4**	**2.1**	**3.9**	**-0.7**	**1.9**	**3.7**	**0.7**	**1.8**
Argentina	8.5	7.5	4.4	6.9	-4.4	3.0	6.6	3.6	4.4
Bolivia	2.9	-0.8	1.7	2.2	2.2	2.0	1.7	2.1	1.8
Brazil	-0.6	-1.8	3.0	4.7	2.7	1.4	2.4	-1.1	1.3
Chile	5.6	9.1	4.8	3.5	7.4	5.3	5.5	1.7	5.3
Colombia	-0.3	1.9	2.5	4.2	3.4	0.1	-0.4	-1.2	1.3
Costa Rica	-0.9	3.7	2.5	1.1	-0.6	-3.2	0.8	3.0	0.8
Ecuador	2.7	0.7	-0.1	2.1	0.8	0.2	1.8	-0.9	0.9
El Salvador	0.9	5.1	4.2	3.7	4.0	-0.3	2.0	1.1	2.6
Guatemala	1.1	2.2	1.3	1.4	2.2	0.3	1.6	2.3	1.6
Haiti	-2.0	-15.4	-4.0	-9.9	3.1	0.9	-0.4	1.3	-3.5
Honduras	-0.4	2.7	4.0	-4.7	0.7	0.9	2.1	1.1	0.8
Mexico	2.2	1.8	-0.1	2.8	-7.8	3.4	5.1	3.2	1.2
Nicaragua	-3.0	-2.1	-3.3	1.0	1.5	2.1	2.6	1.4	0.0
Panama	6.9	6.2	3.4	1.3	0.1	0.9	3.1	2.3	3.0
Paraguay	-0.4	-1.1	1.3	0.4	1.7	-1.6	-0.2	-3.2	-0.4
Peru	0.6	-2.6	4.0	11.6	6.8	0.5	6.7	-1.6	3.1
Dominican Republic	-1.2	4.3	0.0	2.4	2.7	4.9	5.3	4.2	2.8
Uruguay	2.2	6.6	2.4	4.7	-2.7	4.3	4.3	3.8	3.2
Venezuela	7.9	4.6	-2.7	-5.8	3.7	-2.5	4.4	-2.2	0.8
Subtotal - Caribbean [c]	**0.9**	**0.1**	**-0.4**	**2.4**	**1.6**	**2.3**	**1.2**	**1.1**	**1.2**
Antigua and Barbuda	2.5	-0.6	1.4	2.7	-5.7	4.0	3.6	2.8	1.3
Barbados	-3.8	-6.2	0.7	2.8	2.1	4.7	2.6	3.6	0.7
Belize	0.7	6.2	1.5	-1.3	1.1	-1.8	1.7	-1.1	0.8
Dominica	2.6	3.0	2.2	2.1	2.3	2.9	2.7	3.5	2.7
Grenada	3.5	0.8	-1.3	3.2	2.8	2.8	4.3	4.5	2.6
Guyana	9.5	10.4	2.1	16.5	1.5	8.2	5.0	-2.3	6.2
Jamaica	-0.5	1.6	0.9	1.0	0.8	-1.4	-3.2	-1.6	-0.3
Saint Kitts and Nevis	3.9	4.1	7.3	3.8	3.6	5.5	6.3	4.0	4.8
Saint Vincent and the Grenadines	0.7	5.8	1.5	-3.5	6.8	0.8	2.3	4.5	2.3
Saint Lucia	-3.3	5.9	-0.9	0.6	-0.6	-0.8	-0.5	1.5	0.2
Suriname	3.8	-2.0	-8.7	-4.3	-2.2	20.1	3.1	-0.7	0.8
Trinidad and Tobago	2.7	-1.9	-1.9	3.3	3.4	3.4	3.6	3.1	1.9

Source: ECLAC, based on official figures expressed in dollars at constant 1995 prices.
[a] Preliminary estimate. [b] Excluding Cuba. [c] Based on figures at factor cost.

Table A - 4

LATIN AMERICA AND THE CARIBBEAN: FINANCING OF GROSS CAPITAL FORMATION [a]

(As percentages of GDP, in dollars at constant 1995 prices)

	1990	1991	1992	1993	1994	1995	1996	1997	1998[b]
1. Gross domestic saving	20.5	20.7	20.3	20.8	21.3	20.3	21.0	21.8	21.4
2. Factor income	-2.5	-2.3	-2.2	-2.4	-2.3	-2.4	-2.5	-2.6	-2.9
3. Current transfers	0.7	0.7	0.8	0.8	0.8	0.9	0.8	0.8	0.9
4. Terms-of-trade effect	-0.3	-0.4	-0.6	-0.7	-0.3	-	0.2	0.2	-0.7
5. Gross national saving (1 + 2 + 3 + 4)	18.4	18.7	18.3	18.5	19.5	18.8	19.5	20.1	18.6
6. External saving	0.1	1.4	2.7	3.3	3.4	2.2	2.2	3.7	5.0
7. Gross capital formation (5+ 6)	18.5	20.1	21.0	21.7	22.9	21.0	21.7	23.9	23.7

Source: ECLAC, based on official figures expressed in dollars at constant 1995 prices.

[a] In the calculations of domestic saving and national saving, in the case of Argentina it was assumed that gross capital formation was equal to gross fixed capital formation. The same assumption was also applied in the case of Brazil for the period 1997-1998.

[b] Preliminary data.

Table A - 5

LATIN AMERICA AND THE CARIBBEAN: GROSS FIXED CAPITAL FORMATION

(As percentages of GDP, in dollars at constant 1995 prices)

	1990	1991	1992	1993	1994	1995	1996	1997	1998[a]
Latin America and the Caribbean [b]	**18.2**	**18.4**	**19.1**	**19.4**	**20.5**	**19.1**	**19.3**	**21.3**	**21.5**
Argentina	11.9	14.1	17.1	18.7	20.8	18.0	18.8	22.0	22.5
Bolivia	13.2	15.0	16.6	16.3	14.2	15.5	16.6	20.9	25.3
Brazil	21.3	20.2	18.9	19.2	20.3	20.5	20.3	21.3	20.8
Chile	19.2	17.7	19.5	21.7	21.6	23.9	24.5	25.4	25.1
Colombia [c]	13.7	12.9	13.9	17.0	19.8	19.8	18.1	23.2	21.6
Costa Rica	20.1	17.3	19.4	22.5	20.0	19.1	18.0	20.4	23.7
Ecuador	17.7	18.5	18.9	18.6	18.5	18.6	18.5	18.5	19.4
El Salvador	12.5	14.1	15.3	16.6	17.6	18.7	16.3	16.8	17.2
Guatemala	11.6	11.7	14.4	15.0	14.1	14.5	13.7	15.9	16.8
Haiti [d]	12.0	11.5	8.0	7.6	7.7	13.8	13.2	12.8	13.4
Honduras	19.2	18.7	22.5	28.5	29.0	24.0	23.9	26.0	30.0
Mexico	19.0	20.3	21.9	20.8	21.6	16.2	18.0	20.6	21.8
Nicaragua	20.9	19.5	22.4	21.2	24.3	26.1	30.8	31.6	32.2
Panama	7.8	13.6	17.9	24.0	24.6	26.0	24.6	28.0	30.6
Paraguay	23.2	24.0	22.2	22.1	22.4	23.1	22.8	22.0	20.9
Peru	17.0	17.0	17.7	18.8	21.7	23.8	22.3	24.1	24.0
Dominican Republic	19.0	16.8	19.7	23.0	22.2	22.1	22.7	25.2	30.4
Uruguay	8.1	9.7	10.6	12.0	11.6	11.0	11.4	11.6	12.4
Venezuela	14.3	17.7	21.4	20.2	17.1	16.5	15.3	17.5	16.5

Source: ECLAC, based on official figures expressed in dollars at constant 1995 prices.
[a] Preliminary data. [b] Includes variation in inventories for Haiti. Also includes variations in inventories for Colombia in 1997 and 1998. [c] In 1997 and 1998, includes variations in inventories. [d] Includes variations in inventories.

Table A - 6

LATIN AMERICA AND THE CARIBBEAN: URBAN UNEMPLOYMENT

(Average annual rates)

	1980	1985	1990	1992	1993	1994	1995	1996	1997	1998[a]
Latin America and the Caribbean	6.2	7.3	5.9	6.2	6.2	6.3	7.2	7.7	7.3	8.0
Argentina										
Urban areas [b]	2.6	6.1	7.4	7.0	9.6	11.5	17.5	17.2	14.9	12.9
Barbados										
Total nationwide [c]	...	...	14.7	23.0	24.3	21.9	19.7	14.3	12.2	11.8
Bolivia										
Departmental capitals	...	5.8	7.3	5.4	5.8	3.1	3.6	3.8	4.4	...
Brazil										
Six metropolitan areas	6.3	5.3	4.3	5.8	5.4	5.1	4.6	5.4	5.7	7.6
Chile										
Total nationwide [d]	10.4	15.3	7.8	6.7	6.5	7.8	7.4	6.4	6.1	6.4
Colombia [c]										
Seven metropolitan areas	10.0	13.9	10.5	10.2	8.6	8.9	8.8	11.2	12.4	15.3
Costa Rica										
Total urban	6.0	6.7	5.4	4.3	4.0	4.3	5.7	6.6	5.9	5.4
Cuba										
Total nationwide	...	...	...	6.1	6.2	6.7	7.9	7.6	6.8	6.5
Ecuador [c]										
Total urban	5.7	10.4	6.1	8.9	8.9	7.8	7.7	10.4	9.3	11.5
El Salvador										
Total urban	...	...	10.0	8.2	8.1	7.0	7.0	7.5	7.5	7.9
Guatemala [e]										
Total nationwide	2.2	12.1	6.0	1.5	2.5	3.3	3.7	3.7	5.0	5.9
Honduras										
Total urban	8.8	11.7	7.8	6.0	7.0	4.0	5.6	6.5	6.4	5.2
Jamaica [c]										
Total nationwide	...	...	15.3	15.7	16.3	15.4	16.2	16.0	16.5	15.5
Mexico										
Urban areas [b]	4.5	4.4	2.7	2.8	3.4	3.7	6.2	5.5	3.7	3.2
Nicaragua										
Total nationwide	...	3.2	7.6	14.4	17.8	17.1	16.9	16.0	14.3	12.2
Panama [c]										
Metropolitan region	9.9	15.6	20.0	17.5	15.6	16.0	16.6	16.9	15.4	15.0
Paraguay										
Asunción metropolitan area [f]	4.1	5.2	6.6	5.3	5.1	4.4	5.3	8.2	6.9	7.2
Peru										
Lima metropolitan area	7.1	10.1	8.3	9.4	9.9	8.8	8.2	8.0	9.2	8.4
Dominican Republic [c]										
Total nationwide	...	...	...	20.3	19.9	16.0	15.8	16.5	15.9	14.3
Trinidad and Tobago										
Total nationwide [c]	...	...	20.1	19.7	19.8	18.4	17.2	16.3	15.0	14.2
Uruguay										
Total urban [g]	...	...	8.5	9.0	8.3	9.2	10.3	11.9	11.5	10.1
Venezuela										
Total nationwide	6.0	13.1	10.4	7.8	6.6	8.7	10.3	11.8	11.4	11.2

Source: ECLAC, on the basis of official figures.
[a] Preliminary data. [b] Represents a high and growing number of urban areas. [c] Includes hidden unemployment. [d] The figure in the 1985 column is for 1984. [e] Official estimates. [f] From 1994 on, figures refer to total urban unemployment.
[g] Figures for 1980 and 1985 refer to unemployment in Montevideo.

Table A - 7
LATIN AMERICA AND THE CARIBBEAN: CONSUMER PRICES
(December-to-December percentage variations)

	1991	1992	1993	1994	1995	1996	1997	1998	1999[a]
Latin America and the Caribbean	**199.6**	**414.2**	**877.3**	**333.1**	**25.8**	**18.2**	**10.4**	**10.3**	**8.6**
Argentina	84.0	17.6	7.4	3.9	1.6	0.1	0.3	0.7	-1.3
Barbados	8.1	3.4	- 1.0	0.5	3.4	1.8	3.6	1.4[b]	...
Bolivia	14.5	10.5	9.3	8.5	12.6	7.9	6.7	4.4	1.5
Brazil	475.8	1 149.1	2 489.1	929.3	22.0	9.1	4.3	2.5	3.1
Chile	18.7	12.7	12.2	8.9	8.2	6.6	6.0	4.7	3.8
Colombia	26.8	25.1	22.6	22.6	19.7	21.6	17.7	16.7	8.9
Costa Rica	25.3	17.0	9.0	19.9	22.6	13.9	11.2	12.4	10.6
Ecuador	49.0	60.2	31.0	25.4	22.8	25.6	30.6	43.4	53.1
El Salvador	9.8	20.0	12.1	8.9	11.4	7.4	1.9	4.2	-1.3
Guatemala	10.2	14.2	11.6	11.6	8.6	10.9	7.1	7.5	4.3
Haiti	6.6	16.1	44.4	32.2	24.8	14.6	15.6	7.4	7.9[c]
Honduras	21.4	6.5	13.0	28.9	26.8	25.3	12.7	15.7	10.6
Jamaica	80.2	40.2	30.1	26.9	25.5	15.8	9.2	7.9	7.5[c]
Mexico	18.9	11.9	8.0	7.1	52.1	27.7	15.7	18.6	17.4
Nicaragua	865.6	3.5	19.5	14.4	11.1	12.1	7.3	18.5	8.1
Panama	1.6	1.6	1.0	1.3	0.8	2.3	- 0.5	1.4	1.1[c]
Paraguay	11.8	17.8	20.3	18.3	10.5	8.2	6.2	14.6	4.5
Peru	139.2	56.7	39.5	15.4	10.2	11.8	6.5	6.0	2.9
Dominican Republic	7.9	5.2	2.8	14.3	9.2	4.0	8.4	7.8	7.5
Trinidad and Tobago	2.3	8.5	13.4	5.5	3.8	4.3	3.5	6.5[b]	...
Uruguay	81.3	59.0	52.9	44.1	35.4	24.3	15.2	8.7	6.0
Venezuela	31.0	31.9	45.9	70.8	56.6	103.2	37.6	29.9	23.5

Source: ECLAC, on the basis of information from official national institutions.
[a] Variation July 1998 to June 1999. [b] Variation December 1997 to November 1998. [c] Variation February 1998 to January 1999.

Table A - 8

LATIN AMERICA AND THE CARIBBEAN: NON-FINANCIAL PUBLIC SECTOR ACCOUNTS

(Percentages of GDP) [a]

	Total revenue		Current income		Tax revenue		Total expenditure		Current expenditure		Financial result	
	1997	1998[b]	1997	1998[b]	1997	1998[b]	1997	1998[b]	1997	1998[b]	1997	1998[b]
Latin America and the Caribbean	23.3	22.8	21.9	21.7	13.9	14.5	24.7	25.3	18.9	19.7	-1.4	-2.4
Argentina	17.2	16.6	17.0	16.5	17.0	15.4	18.6	17.8	17.4	16.7	-1.4	-1.2
Bolivia	30.3	30.9	28.9	29.6	12.8	14.0	33.7	34.9	26.5	28.6	-3.4	-4.0
Brazil	28.9	32.1	24.9	27.5	13.4	15.4	34.1	40.2	31.1	36.6	-6.1	-8.0
Chile	32.0	31.0	31.1	30.3	17.9	17.7 [c]	31.2	31.7	25.0	25.6	0.8	-0.7
Colombia	33.6	33.5	31.6	31.4	19.5	20.1	36.7	37.2	24.4	26.3	-3.1	-3.7
Costa Rica	29.8	30.0	29.7	30.1	16.5	17.0	31.3	31.1	25.7	25.6	-1.5	-1.1
Ecuador	23.8	20.3	23.8	20.3	9.1	9.8	26.3	26.5	20.0	20.6	-2.6	-6.2
El Salvador	15.6	16.3	15.4	15.5	10.8	11.2	17.4	18.3	13.5	14.5	-1.7	-2.0
Guatemala [c]	9.1	10.4	9.0	10.4	8.5	9.6	10.6	12.8	6.5	8.1	-1.5	-2.4
Haiti [c]	9.1	8.9	9.1	8.9	9.1	8.9	11.2	11.4	9.8	9.3	-2.0	-2.4
Honduras [c]	17.5	18.9	16.8	18.5	14.1	16.8	20.3	22.2	16.1	16.9	-2.8	-3.4
Mexico	23.0	20.6	15.8	14.3[c]	9.8	10.5 [c]	23.6	21.8	15.1	14.2[c]	-0.6	-1.2
Nicaragua	39.2	40.6	33.6	37.1	27.3	30.1	40.9	39.5	26.1	26.8	-1.8	1.1
Panama [c]	19.2	18.9	18.4	18.2	12.0	12.0	19.6	23.3	17.0	19.5	-0.4	-4.5
Paraguay	21.1	21.2	20.7	21.0	11.8	11.1 [c]	20.7	21.0	14.1	15.1	0.4	0.2
Peru [c]	14.2	14.0	14.1	13.8	12.0	12.0	15.0	14.9	11.7	12.0	-0.9	-0.9
Dominican Republic [c]	16.1	16.2	15.9	15.8	14.8	15.0	15.4	15.2	11.2	11.3	0.8	1.0
Uruguay	32.0	32.6	32.0	32.6	18.4	18.6	33.2	33.1	29.3	28.7	-1.2	-0.6
Venezuela	31.9	21.0	28.1	20.8	10.1	11.0	29.3	27.6	17.9	17.6	2.6	-6.6

Source: ECLAC, on the basis of official figures.

[a] Calculated on the basis of figures in the local currency at current prices. [b] Preliminary data. [c] Refers to central government.

Table A - 9
LATIN AMERICA AND THE CARIBBEAN: EXPORTS AND IMPORTS OF GOODS [a]

(Indices: 1995 = 100)

	Exports [b]			Imports [b]		
	Value	Unit value	Volume	Value	Unit value	Volume
1985	42.5	93.0	45.7	28.0	77.8	36.0
1986	36.4	78.8	46.2	28.7	78.0	36.8
1987	41.9	83.8	50.0	32.6	84.5	38.6
1988	48.6	84.4	57.6	38.0	87.4	43.5
1989	53.9	85.7	62.9	41.2	91.8	44.9
1990	59.3	90.5	65.5	46.6	95.1	49.0
1991	59.7	87.3	68.4	54.8	90.4	60.6
1992	64.5	87.9	73.4	67.3	92.4	72.8
1993	70.9	86.0	82.4	75.1	90.6	82.9
1994	82.5	91.9	89.8	89.3	92.6	96.4
1995	100.0	100.0	100.0	100.0	100.0	100.0
1996	111.6	101.1	110.4	110.9	99.2	111.8
1997	124.3	99.7	124.7	131.8	95.8	137.6
1998 [c]	122.2	91.1	134.2	138.6	92.4	150.0

Source: ECLAC, on the basis of figures from the International Monetary Fund and national sources.
[a] Covers 17 Spanish-speaking countries, plus Brazil and Haiti. [b] The indices shown here for FOB unit values and for volumes do not necessarily coincide with indices for these variables calculated on the basis of national accounts due to differences in methodologies and coverage. [c] Preliminary data.

Table A - 10

LATIN AMERICA AND THE CARIBBEAN: EXPORTS OF GOODS [a]

(Rate of variation of index, 1995=100)

	Value			Unit value			Volume		
	1996	1997	1998[b]	1996	1997	1998[b]	1996	1997	1998[b]
Latin America and the Caribbean	**11.6**	**11.4**	**-1.7**	**1.1**	**-1.4**	**-8.6**	**10.4**	**13.0**	**7.6**
Argentina	13.6	9.9	-0.8	6.0	-5.6	-9.0	7.2	16.4	9.0
Bolivia	8.7	3.0	-5.4	10.0	-1.1	-9.2	-1.2	4.1	4.3
Brazil	2.7	10.9	-3.5	3.0	1.5	-8.1	-0.3	9.2	5.0
Chile	-3.9	9.9	-11.9	-16.4	-0.7	-17.6	14.9	10.7	6.8
Colombia	4.0	10.2	-5.8	0.6	1.5	-12.0	3.4	8.5	7.0
Costa Rica	8.4	15.2	27.5	-5.4	3.9	-1.9	14.6	10.9	30.1
Ecuador	11.1	7.4	-20.1	8.1	1.5	-15.5	2.8	5.8	-5.5
El Salvador	7.8	35.0	1.5	-4.4	5.9	-5.9	12.8	27.5	7.9
Guatemala	3.5	16.3	9.0	-9.0	6.0	-2.6	13.7	9.8	11.9
Haiti	11.2	21.0	45.7	-4.0	6.0	-2.1	15.8	14.1	48.8
Honduras	11.4	13.1	8.8	-9.9	19.3	-2.9	23.7	-5.2	12.0
Mexico	20.7	15.0	6.4	0.6	-2.1	-4.0	20.0	17.4	10.9
Nicaragua	27.1	5.2	-12.9	-6.8	2.5	-0.9	36.4	2.6	-12.1
Panama	-4.3	14.6	-4.7	-1.9	2.1	0.0	-2.4	12.3	-4.7
Paraguay	-9.7	-11.6	-9.4	10.1	2.1	-9.9	-18.0	-13.4	0.6
Peru	5.5	15.5	-16.0	-2.2	1.6	-17.1	7.9	13.7	1.4
Dominican Republic	7.2	13.9	8.1	-0.8	1.3	-4.0	8.1	12.4	12.6
Uruguay	14.0	14.1	1.4	-2.2	-1.9	0.2	16.6	16.3	1.2
Venezuela	24.2	0.0	-26.0	12.5	-8.0	-27.0	10.4	8.7	1.4

Source: ECLAC, on the basis of figures from the International Monetary Fund and national sources.
[a] The indices shown here for FOB unit values and for volumes do not necessarily coincide with indices for these variables calculated on the basis of national accounts due to differences in methodologies and coverage. [b] Preliminary data.

Table A - 11
LATIN AMERICA AND THE CARIBBEAN: IMPORTS OF GOODS [a]
(Rate of variation of index, 1995=100)

	Value			Unit value			Volume		
	1996	1997	1998[b]	1996	1997	1998[b]	1996	1997	1998[b]
Latin America and the Caribbean	**10.9**	**18.8**	**5.2**	**-0.8**	**-3.4**	**-3.5**	**11.8**	**23.1**	**9.0**
Argentina	18.5	28.2	3.1	-2.3	-5.9	-4.6	21.3	36.2	8.1
Bolivia	11.8	20.2	7.0	-1.5	-4.4	-4.5	13.5	25.7	12.1
Brazil	7.3	15.1	-6.2	2.0	-4.1	-6.0	5.2	20.0	-0.2
Chile	12.6	10.4	-4.5	0.3	-4.5	-4.5	12.3	15.6	0.0
Colombia	-0.6	12.9	-5.0	-3.1	-7.5	-4.5	2.6	22.0	-0.6
Costa Rica	5.8	13.9	27.3	-0.3	-2.0	-5.0	6.1	16.2	34.1
Ecuador	-9.3	26.8	10.3	-1.4	-0.6	-5.0	-8.0	27.6	16.0
El Salvador	-4.8	16.3	5.5	0.3	-4.9	-5.1	-5.1	22.2	11.2
Guatemala	-5.0	22.9	19.8	1.8	-2.0	-2.0	-6.7	25.5	22.2
Haiti	-3.6	2.7	25.2	2.8	-2.0	-5.9	-6.2	4.8	33.1
Honduras	12.0	15.9	14.6	-2.9	-4.1	-4.9	15.4	20.8	20.6
Mexico	23.5	22.8	14.1	-2.1	-1.3	-1.6	26.1	24.4	15.9
Nicaragua	17.0	30.7	1.4	1.4	-2.7	-5.5	15.4	34.3	7.3
Panama	-3.0	13.8	4.3	-2.0	-5.9	-0.1	-1.0	20.9	4.4
Paraguay	-2.4	-4.4	-18.8	-0.3	-4.5	-5.6	-2.1	0.1	-14.0
Peru	1.6	8.5	-4.1	1.3	-5.0	-4.6	0.3	14.2	0.5
Dominican Republic	10.8	15.3	14.9	1.6	-3.1	-6.5	9.1	19.0	22.9
Uruguay	15.7	11.5	2.8	1.1	-1.7	-6.3	14.4	13.4	9.7
Venezuela	-17.7	30.3	7.8	-2.7	-5.0	-1.5	-15.4	37.1	9.5

Source: ECLAC, on the basis of figures from the International Monetary Fund and national sources.
[a] The indices shown here for FOB unit values and for volumes do not necessarily coincide with indices for these variables calculated on the basis of national accounts due to differences in methodologies and coverage. [b] Preliminary data.

Table A - 12

LATIN AMERICA AND THE CARIBBEAN: TERMS OF TRADE FOR GOODS, FOB/FOB

(Indices: 1995 = 100)

	1991	1992	1993	1994	1995	1996	1997	1998[a]
Latin America and the Caribbean	**96.6**	**95.1**	**95.0**	**99.2**	**100.0**	**101.9**	**104.1**	**98.5**
Argentina	103.9	102.6	106.0	106.1	100.0	108.5	108.9	103.9
Bolivia	112.4	92.0	88.3	102.5	100.0	111.7	115.6	109.9
Brazil	71.2	74.2	79.9	91.5	100.0	101.0	106.8	104.6
Chile	83.2	82.1	75.3	87.1	100.0	83.4	86.6	74.8
Colombia	99.1	87.9	91.0	104.9	100.0	103.8	114.0	104.9
Costa Rica	76.6	81.0	84.5	93.9	100.0	94.9	100.6	103.9
Ecuador	121.7	116.3	106.4	108.9	100.0	109.6	111.9	99.6
El Salvador	70.6	61.1	63.7	81.0	100.0	95.1	106.1	105.1
Guatemala	84.2	83.8	87.6	94.9	100.0	89.4	96.7	96.1
Haiti	97.8	92.9	94.1	96.8	100.0	93.4	101.1	105.3
Honduras	86.9	82.2	90.3	92.1	100.0	92.8	115.4	118.0
Mexico	107.0	104.1	104.9	102.9	100.0	102.8	102.0	99.5
Nicaragua	98.3	71.9	81.3	95.5	100.0	91.9	96.9	101.5
Panama	82.2	104.0	106.8	110.1	100.0	100.1	108.6	108.6
Paraguay	86.7	79.4	87.2	105.1	100.0	110.5	118.1	112.6
Peru	86.8	95.0	89.1	95.7	100.0	96.5	103.2	89.7
Dominican Republic	102.8	96.2	87.6	92.3	100.0	97.7	102.0	104.8
Uruguay	98.2	96.2	94.6	94.7	100.0	96.7	96.4	103.1
Venezuela	119.3	110.4	104.2	103.1	100.0	115.6	112.0	83.0

Source: ECLAC.
[a] Preliminary data.

Table A - 13
LATIN AMERICA AND THE CARIBBEAN: BALANCE OF PAYMENTS
(As percentages of gross domestic product) [a]

	Balance of goods and services		Balance on current account		Balance on capital and financial accounts [b]		Overall balance	
	1997	1998[c]	1997	1998[c]	1997	1998[c]	1997	1998[c]
Latin America and the Caribbean	-1.7	-2.7	-3.4	-4.5	4.3	3.5	0.9	-1.1
Argentina	-1.9	-2.3	-3.7	-4.5	4.7	5.7	1.0	1.2
Bolivia	-8.1	-9.9	-6.9	-7.9	8.4	7.6	1.4	-0.3
Brazil	-2.4	-2.3	-4.2	-4.5	3.2	2.3	-1.0	-2.3
Chile	-2.1	-3.9	-5.4	-6.2	9.6	3.3	4.2	-2.9
Colombia	-4.4	-4.6	-6.2	-6.6	6.5	5.0	0.2	-1.6
Costa Rica	-1.4	-0.9	-2.2	-2.8	4.4	1.4	2.2	-1.4
Ecuador	1.6	-6.5	-3.6	-10.7	3.9	8.7	0.3	-2.1
El Salvador	-10.5	-12.9	0.9	-0.7	2.4	3.3	3.2	2.6
Guatemala	-5.7	-8.5	-3.1	-4.9	4.7	6.2	1.6	1.3
Haiti	-16.0	-15.1	-1.9	-2.2	2.9	3.2	1.0	1.0
Honduras	-5.9	-7.1	-3.9	-2.9	8.4	5.9	4.6	2.9
Mexico	-0.1	-2.1	-1.9	-3.8	5.3	4.3	3.5	0.5
Nicaragua	-36.7	-39.8	-40.3	-37.8	40.6	29.5	0.3	-8.4
Panama	-3.8	-9.2	-6.8	-13.5	10.7	8.4	3.9	-5.0
Paraguay	-9.0	-4.5	-8.0	-3.3	5.9	3.8	-2.0	0.6
Peru	-3.8	-4.8	-5.3	-6.1	6.3	2.7	1.1	-3.4
Republica Dominicana	-4.8	-9.0	-1.1	-2.4	1.7	2.7	0.6	0.2
Uruguay	-0.8	-1.4	-1.4	-1.9	3.4	3.6	2.0	1.7
Venezuela	7.7	0.0	5.3	-1.8	-1.6	-1.9	3.7	-3.7

Source: ECLAC, on the basis of figures from the International Monetary Fund and official sources.
[a] Estimates based on figures expressed in dollars at current prices. [b] Includes errors and omissions. [c] Preliminary data.