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Contents

This volume is a preliminary version of the analysis of the current economic situation in Latin America in 1972, normally appearing in the Economic Survey of Latin America. In the present case, the date of preparation has had to be brought forward; this means that in the majority of cases only provisional estimates, subject to revision, have been available. However, it has been considered necessary to present this summary of recent economic trends in Latin America as a whole and in each of the countries, since the Fifteenth Session of ECLA will evaluate the present economic situation of the region. The restriction as regards the provisional nature of the data used, which employed estimates available on 28 February 1972, should be borne in mind. The final version of the Economic Survey will include this information revised in the light of the new figures which the Governments will provide and will be completed with the publication of special studies.

I. OUTSTANDING ASPECTS OF THE EVOLUTION OF THE LATIN AMERICAN ECONOMY IN 1972 ^{1/}

1. General trends

The sharp volte-face in the trends of external trade is probably the main feature of 1972. While the performance for 1971 has been distinctly poor compared with, for example, average figures for the period 1965-1970, a review of the evolution of trade over the year showed a considerable expansion, from whatever standpoint this may be measured. Regional exports, (excluding Cuba and the Caribbean) at current prices increased by 13.9 per cent, in comparison with 2.6 per cent in 1971 and 6 per cent in the period 1965-1970. Imports in turn grew by 12.2 per cent, an increase on the already appreciable percentages for the two periods already mentioned (10.9 per cent in 1971 and 9.9 per cent in 1965-1970). In real terms, i.e., at constant prices, the increase in exports was considerably less, but still significant at 5.4 per cent in 1972 compared with 0.4 per cent in 1971. A slightly slower growth rate of 6.1 per cent in 1972 was registered for imports, compared with 6.5 per cent in 1971.

There is little doubt but that the dynamic recovery in external trade is due to the parallel slant which appeared in the central economies, and snatched them from the 1971 marasmus resulting from the financial and exchange crisis. This has not yet been efficacious to check further contraction, and forecast a dynamic forward movement this year.

On the other hand, it seems obvious that other forces are at work within the external trade process, e.g., the persistent inflation in the industrialized economies (reflected in the higher prices of the region's imports) and some inelasticity in the supply of commodities in the face of noticeable increases in demand, leading to improved current prices for regional exports. The important element here is that many observers tend to think that this situation of imbalance could well last some time, thus strengthening the prices of raw materials and basic inputs in the near future.

^{1/} The country studies do not include the Cuban economy for want of sufficient data comparable with those on other countries.

The changes registered in external trade had no major repercussions on the behaviour of the gross domestic product; as in 1971, the growth of the GDP was not affected by the results of the external sector. It would seem that longer periods are necessary for the results of these two aspects of the economy to have any greater effect on each other.

During 1972, the gross domestic product grew by 6.7 per cent for the whole of the region (19 countries); this percentage was greater than the average for 1965-1970 and the 1971 rate; the provisional estimates for the English-speaking Caribbean countries do not seem to alter these results to any significant extent (see table 1). This average, however, conceals substantial differences in country trends. If Brazil is excluded, with an estimated growth rate of 1.4 per cent, the overall growth rate for the rest of the countries considered drops to 5.3 per cent and of the 19 countries for which data are available, 11 lie below the minimum laid down in the International Development Strategy. If population growth is taken into consideration, it may be observed that the per capita product for the group of countries as a whole increased by approximately 3.5 per cent; if Brazil is not counted, this rate drops to 2.3 per cent.

Gross domestic investment increased its growth rate during the last two years, and increased from 6.6 per cent during 1965-1970 to 8.9 per cent in 1971 and 11.2 per cent in 1972. In 1972, the increase in total consumption was less than that for the period 1965-1971; within this growth a tendency for public consumption to increase may be noticed (see table 2).

A sectoral analysis shows that in 1972 agriculture and mining grew very little, while manufacturing, construction, basic services and other services expanded at rates higher than the regional average (see table 3).

Agriculture grew by 1.7 per cent i.e., its growth rate was less than that of the population and below that obtained in previous years. The decline in Argentina, Chile, Peru and Uruguay, and the stagnation in Mexico were influential in this result. Of the countries under consideration the rate increased by more than 5 per cent in only four. Mining remained at a standstill (with 0.5 per cent growth). This total, which includes petroleum, was considerably influenced by the decline of 13.7 per cent in Venezuela. In contrast to the slow growth of these sectors is the high growth rate achieved in industry (9 per cent), reflecting both the speeding up in Brazil (14 per cent), and the fact that one-half of the remaining countries under consideration - including Argentina and Mexico - achieved a growth rate of more than 7 per cent; furthermore, only six of

/these countries

these countries had a growth rate of less than 6 per cent. Most rapid growth was in the construction sector (9.5 per cent), with rates of more than the average of eight of the nineteen countries considered. Lastly, basic services expanded by 6.8 per cent and other services by 7.2 per cent.

From another viewpoint, the analysis of the evolution of consumer prices gives four groupings of countries (see table 4). The first comprises four countries with active inflation, which in 1971 was relatively under control, fluctuating between 20 and 35 per cent - but which in 1972 flared up again in three of them. In Argentina, Uruguay and Chile rates of inflation varied between 58 and 78 per cent, while there was a slight decrease in inflation in Brazil. The second group includes countries with moderate inflation, varying in 1971 between 4 and 9 per cent, and rising in 1972 from 6.5 to 14 per cent. Next come the ten countries with relative stability, which continued to be stable, with slight variations. Lastly, there is a fourth group of three countries - Dominican Republic, Paraguay and Trinidad and Tobago - traditionally stable, but whose prices rose over the last year by between 9 and 11 per cent.

2. Trends in the external sector

In 1972, the current value of the Latin America's exports of goods and services rose by 13.4 per cent, considerably more than the 4 per cent recorded in 1971. This new trend was mainly attributable to the growth rates of over 20 per cent in six countries (Brazil, Ecuador, El Salvador, Nicaragua, Paraguay and the Dominican Republic); in another nine countries expansion stood between 7 and 20 per cent. Eight countries, on the other hand, either showed no change or, in two cases (Uruguay and especially Chile), actually registered a decline (see table 5).

Imports continued to rise at the high rate, averaging around 10 per cent annually, that has been maintained since the middle of the 1960's; the increase for 1972 was 12 per cent. The more striking factors within last year's general pattern were the increases of over 20 per cent in Brazil and Chile and, at the opposite end of the scale, the reduction that took place in four countries.

Although the region's trade deficit dropped slightly between 1971 and 1972, the increase in net payments of profits and interest pushed up the deficit on current account of Latin America as a whole by about 200 million dollars to over 4,900 million dollars. The deficits of Chile, Peru and Venezuela were particularly high.

/Despite the

Despite the size of the region's deficit on current account, its total incoming and outgoing payments in 1972 left a surplus of some 2,660 million dollars thanks to a net inflow of non-compensatory capital estimated at slightly over 7,570 million dollars (excluding Chile). The major factor in this trend was Brazil's balance-of-payments figures, as will be seen from the aforementioned table.

Except for petroleum, most products suffered a drop in prices during 1971. The situation was reversed in 1972, with the general price index going up by 12 per cent and affecting all products with the sole exception of fishmeal and copper (see table 6). The trend of the most important products is indicated below.

Sugar: During the first 11 months of 1972, the price of sugar on the free market rose by 63 per cent and on the United States market by almost 6 per cent, owing mainly to the fact that world production in 1971-1972 was 72 million metric tons which, because it was below world consumption, provoked a reduction in stocks. The end of 1973 will see the expiry of the International Sugar Agreement (regulating exports on the residual free market) and of the Sugar Agreement of the British Commonwealth which is of the utmost importance for the English-speaking Caribbean countries.

Coffee: Coffee prices recovered substantially in 1972 following the drop in 1971, thanks largely to the sales policy adopted by most of the producing countries upon breakdown of negotiations to modify the ceiling prices fixed by the Council of the International Coffee Organization. The difficulties that arose in operating the coffee agreement, caused mainly by the resistance of the major importing countries to a modification of the ceiling prices despite the devaluation of the dollar and the increase in prices in the developed countries, made it impossible to establish export quotas for the period January/September 1973. This threatens the very existence of the agreement, which expires in September of this year.

Cocoa: Cocoa prices rose by 20 per cent in 1972, after falling in 1970 and 1971. Following lengthy negotiations, it is anticipated that the International Cocoa Agreement will enter into force in April 1973, provided it is ratified by five exporting countries representing 80 per cent or more of total exports, and a number of importing countries representing 70 per cent of total imports. The Agreement establishes floor and ceiling prices of 23 and 32 dollar cents per pound and basic

/export quotas

export quotas that include Brazil (12.7 per cent), Dominican Republic (3 per cent) and Mexico (1.7 per cent). These provisions do not apply to producers of fine or aroma cocoa, which include Ecuador, Jamaica, Panama, Trinidad and Tobago and Venezuela. The Agreement also provides for a buffer stock of a maximum capacity of 250,000 tons.

Wheat. The price of wheat rose on the world market, mainly as a result of poor harvests, particularly in the Soviet Union. Bad weather also affected harvests in western Europe, the United States and Canada.

Bovine meat. In 1971, bovine meat prices fluctuated around 42 dollar cents per pound on the New York market, but in 1972 they rose to a high of 52 dollar cents in September, subsequently tapering off slightly. These movements are the result of seasonal factors, but over the medium and long-term a disequilibrium is being created owing to limitations on the supply side. This had led to the elimination of tariffs in Europe and of import quotas in the United States. The producer countries have taken measures to expand exports, notably Argentina and Uruguay, which have periodically placed bans on domestic consumption.

Cotton. For the third year in succession, the prices of Latin American cotton increased, with rises in Mexican (1 per cent), Brazilian (4.1 per cent) and Peruvian (2.4 per cent) cottons. Despite the high level of production in the period 1971-1972 (55 million bales by the 16 mayor producers), prices rose because stocks had been run down to a very low level.

Wool. After showing a downward trend for several years, wool prices rose in Australia and New Zealand and also in Argentina and Uruguay. This would appear to be attributable to a drop in world production, a decline in stocks and an increase in demand.

Petroleum. The price of petroleum rose in 1972 in all the countries members of the Organization of Petroleum Exporting Countries. In Venezuela, income and fiscal revenue per barrel increased, although the volume exported decreased.

/Copper.

Copper. The price of copper continued to fall in 1972. On the London market, for example, it fell from an average of close to 49 dollar cents per pound in 1971, to below 47 in October 1972. The countries members of the Intergovernmental Council of Copper Exporting Countries (CIPEC) set up a committee in November 1972 to draw up regulations for applying joint protection measures.

Tin. Tin prices on the London market rose from 1.58 dollars in 1971 to 1.72 in the last quarter of 1972, while on the New York market the figures were 1.67 and 1.80 per pound respectively. In mid-1972 the situation appears to have stabilized, with a total production of 191,000 metric tons in the preceding 12 months, compared with consumption of 188,000 tons over the same period. In order to guard against supply surpluses, the International Tin Council decided in October 1972 to increase the financial resources of the buffer stock.

3. Intra-regional trade

During 1972, intra-regional trade expanded by 20 per cent. In 1970 and 1971 the average increase was about 6.6 per cent. As a result, the share of intra-regional trade in total Latin American exports rose from 13.6 per cent in 1971 to 14.5 per cent in 1972, even though total exports also recorded a substantial gain, which was not the case in 1971 (see table 7).

The vast majority of the countries of the region participated in the increase in the value of trade. There was not much change during the year in the percentage share of each country in intra-regional trade, Argentina continuing to account for about one-fifth of the total, followed by Brazil with 17 per cent, and then Chile, Venezuela and Mexico with shares ranging between 7.6 and 10 per cent.

There were, however, appreciable changes in the total value of trade in certain countries, which meant that their balances on intra-regional trade fluctuated wildly and even changed from deficit to surplus, or vice versa. The most striking change recorded was in Argentina, which moved from a deficit of 13 million dollars in 1971 to a surplus of 173 million in 1972, owing to the upsurge in its exports to Brazil and Chile. In contrast, Chile's deficit, which stood at 86 million dollars in 1971, increased to 247 million dollars owing the growth of imports in 1972, mainly from Argentina, Brazil and Bolivia. Colombia raised its surplus from 7.6 to 61 million dollars, attributable to a rise in exports to Peru, Argentina and Chile. Brazil's deficit on intra-regional trade rose from 9 to 56 million dollars, that of Peru from 27 to 78 million, while Bolivia's

/balance moved

balance moved from a deficit of 0.3 million to a surplus of 32.7 million, owing to the increase in its exports to Argentina, Brazil, Peru, and in particular Chile (see table 1).

The largest surpluses in 1972 were recorded in Argentina and Venezuela (both around the 173 million mark), while Chile had far and away the highest deficit in the region (247 million dollars), and this without considering for lack of information, its trade with Cuba which rose substantially in 1972. The ratio between intra-regional trade balances and the value of such trade, which had fallen from 0.17 to 0.15 between 1970 and 1971, rose to 0.23 in 1972., which would indicate that the trade gap between the various countries has widened.

While the total value of intra-regional trade rose by 20 per cent in 1972, that of the countries of the Andean Group expanded by 48 per cent, coming close to accounting for 10 per cent of the region's trade. Meanwhile, trade within LAFTA grew by 22 per cent (with the Andean Group countries included) and trade within the Central American Common Market by 15.6 per cent (see table 8).

/Table 1

Table 1

LATIN AMERICA: GROWTH OF THE GROSS DOMESTIC PRODUCT AT FACTOR COST

(Annual growth rates)

Countries	1965-1970	1971	1972 <u>a/</u>
Argentina	4.0	3.8	4.1
Bolivia	6.3	3.8	6.0
Brazil	7.5	11.3	10.4
Colombia	5.8	5.5	6.5
Costa Rica	6.9	4.0	5.0
Chile	3.8	8.3	3.4 <u>b/</u>
Ecuador	6.2	8.6	11.8
El Salvador	4.7	3.3	4.5
Guatemala	5.7	5.8	6.0
Haiti	1.8	5.7	5.1
Honduras	5.8	5.7	2.2
Mexico	6.9	3.7	6.3
Nicaragua	4.4	5.7	5.0
Panama	7.4	8.6	6.9
Paraguay	4.1	4.5	4.8
Peru	3.6	6.0	5.9
Dominican Republic	6.6	7.9	8.0 <u>b/</u>
Uruguay	2.2	-0.6	-
Venezuela	3.9	4.4	4.5
Latin America (excluding Cuba and the Caribbean)	5.7	6.2	6.7
Latin America (excluding Cuba, the Caribbean and Brazil)	5.2	4.5	5.3
Barbados	5.8	1.5	-4.2
West Indies Associated States	9.9 <u>d/</u>	9.3	8.0
Guyana	4.9	4.6	-1.8
Jamaica	5.2	1.1	1.0
Trinidad and Tobago	3.2	3.1	3.5

Source: ECLA, on the basis of official statistics.

a/ Provisional figures.

b/ Provisional estimates on the basis of partial data, subject to revision.

c/ Calculated at current prices.

d/ Figure for period 1967-1970.

/Table 2

Table 2

LATIN AMERICA: TOTAL SUPPLY AND DEMAND

	Millions of dollars at 1960 prices				Structure (percentages)			Annual growth rates (percentages)		
	1965	1970	1971	1972a/	1965	1970	1971	1965-1970	1971	1972a/
Total supply	120 760.2	161 894.7	172 161.6	183 660.4	108.2	110.4	110.4	6.0	6.2	6.6
Gross domestic product	110 858.9	146 639.1	155 918.0	166 424.9	100.0	100.0	100.0	5.7	6.2	6.7
Imports b/	9 902.0	15 255.6	16 243.6	17 235.5	8.9	10.4	10.4	9.0	6.5	6.1
Total demand	120 760.2	161 894.7	172 161.6	183 660.4	108.2	110.4	110.4	6.0	6.3	6.6
Exports b/	11 950.5	14 910.8	14 964.7	15 777.2	10.8	10.2	9.6	4.5	0.4	5.4
Gross domestic investment	20 606.5	28 338.1	30 857.9	34 317.4	18.6	19.3	19.8	6.6	8.9	11.2
Total consumption	88 203.9	118 645.8	126 339.0	133 565.8	79.5	80.9	81.0	6.1	6.5	5.7
General Government	10 167.2	12 795.2	14 726.3	15 762.4	9.2	9.4	9.4	6.3	6.7	7.0
Private	78 036.7	104 850.6	111 612.7	117 803.4	70.4	71.5	71.6	6.1	6.4	5.5

Source: ECLA, on the basis of official statistics.

Note: 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 1960 prices by deflation, using price indexes calculated by ECLA for the purpose.

a/ Provisional figures.

b/ Goods and services, excluding factor payments.

Table 3

LATIN AMERICA: EVOLUTION OF THE MAIN SECTORS OF ECONOMIC ACTIVITY

(Annual growth rates)

Sector	Agriculture		Mining		Manufacturing		Construction		Basic services		Other services	
	1965-1970	1971-1972	1965-1970	1971-1972	1965-1970	1971-1972	1965-1970	1971-1972	1965-1970	1971-1972	1965-1970	1971-1972
Country												
Argentina	0.4	-2.6	4.4	8.9	7.4	2.0	5.0	6.2	7.6	11.7	4.3	4.0
Bolivia	0.2	4.0	2.0	11.0	4.2	9.1	6.4	2.8	6.7	1.8	8.1	4.1
Brazil	3.0	11.4	4.1	10.6	11.2	...	10.3	11.3	14.1	10.7	15.0	12.0
Colombia	4.8	2.4	5.6	1.5	2.5	-6.0	6.4	8.0	9.0	12.3	7.0	8.2
Costa Rica	5.0	4.5	2.7	9/	9/	9/	9.59/	6.09/	5.59/	4.8	7.0	7.5
Chile	3.0	5.1	-0.3	4.9	1.7	-	3.6	12.9	2.8	0.7	2.0	4.1
Ecuador	2.9	3.5	4.3	4.8	12.8	9/	6.5	11.6	23.29/	11.6	-13.5	9.4
El Salvador	3.7	3.4	4.0	0.7	-	-	5.7	2.9	4.5	1.0	5.8	4.2
Guatemala	4.7	6.0	5.8	1.3	5.9	5.6	8.2	5.4	6.0	3.0	5.6	5.7
Haiti	1.3	6.4	3.0	5.0	17.8	2.1	4.4	6.0	8.7	1.4	10.3	3.7
Honduras	4.3	9.4	2.0	9.8	1.4	2.7	7.3	6.0	2.0	9.4	0.8	2.3
Mexico	2.7	2.9	0.3	7.2	1.5	4.5	8.8	4.2	7.6	9.8	1.1	3.7
Nicaragua	1.5	5.0	2.3	-0.5	-16.4	-4.2	9.6	7.4	7.5	5.2	2.6	7.4
Panama	4.0	4.2	3.8	6.2	11.0	4.0	9.6	8.3	7.7	9.1	17.8	7.5
Paraguay	1.7	4.0	4.5	-5.3	...	10.0	5.6	3.3	4.0	8.3	10.4	5.6
Peru	2.4	0.4	-4.6	2.2	-2.8	3.6	5.8	8.8	7.0	0.7	18.1	9.1
Dominican Republic	4.4	5.4	6.9	6.3	-5.5	...	11.7	6.6	...	13.5	...	8.5
Uruguay	0.7	-0.3	-2.9	9/	9/	9/	2.49/	-1.99/	1.79/	2.0	-	-0.2
Venezuela	5.8	3.7	3.5	1.39/	-6.39/	-13.79/	5.39/	5.19/	6.99/	3.9	8.7	9.6
Latin America (excluding Cuba and the Caribbean)	2.7	4.7	1.7	4.4	0.8	0.5	7.3	7.4	9.0	8.6	9.5	6.8
Latin America (excluding Cuba, the Caribbean and Brazil)	2.6	1.9	0.7	4.1	0.3	...	6.4	6.0	7.1	8.5	9.1	6.1
												5.8

Source: ECLA on the basis of official statistics.

a/ Includes electricity, gas and water, and transport and communications.

b/ Includes commerce and finance, ownership of dwellings, public administration and defence, and other services.

c/ Mining is included in manufacturing.

d/ Basic services included in other services.

e/ Including all petroleum activity.

f/ Including oil refining.

Table 4

LATIN AMERICA: MOVEMENTS IN CONSUMER PRICES INDEXES ACCORDING TO MAGNITUDE

	Annual variation				Number of months on which data available
	1961-1965	1970	1971	1972 ^{a/}	
1. Active inflation					
Argentina	23.0	19.4	34.7	58.5	12 months
Brazil (Sao Paulo)	62.0	28.0	21.1	18.8	11 months
Chile	26.5	26.0	20.1	77.8	12 months
Uruguay	29.5	60.0	23.9	76.4	12 months
2. Moderate inflation					
Barbados	1.8	5.1	7.5	11.8	12 months
Bolivia	5.1	6.0	3.7	6.6	12 months
Colombia	12.4	10.0	9.1	14.3	12 months
Ecuador	4.0	4.7	8.3	8.0	10 months
Peru	9.2	9.8	6.8	7.2	12 months
3. Relative stability					
Costa Rica	2.2	2.4	3.0	4.2	10 months
El Salvador	0.2	1.1	0.3	0.8	10 months
Guatemala	0.2	1.5	-0.6	0.6	11 months
Guyana	1.8	2.6	2.1	3.9	9 months
Haiti	3.8	1.6	10.3	0.7	7 months
Honduras	2.6	1.7	1.8	3.1	10 months
Jamaica	2.9	5.3	6.8	5.0	10 months
Mexico	1.8	3.5	3.3	5.4	12 months
Panama	0.8	1.6	1.8	4.4	6 months
Venezuela	1.4	1.5	2.7	3.3	10 months
4. Relative stability with sharp increase in prices over the past year					
Dominican Republic	2.6	1.0	2.3	9.1	10 months
Paraguay	5.1	1.3	4.9	10.7	12 months
Trinidad and Tobago	2.3	3.8	3.4	9.4	11 months

Source: Official statistics and International Monetary Fund.

^{a/} Calculations based on a comparison of the average index for the period available in 1972 with that of the same period in 1971. The periods on which data are available are indicated in the last column.

Table 5

LATIN AMERICA: BALANCE OF PAYMENTS BY COUNTRY AND BY PRINCIPAL ITEMS

(Millions of dollars)

Country	Exports of goods and services		Percent age variation	Imports of goods and services		Percent age variation	Net remittances of interest and profits		Balance on current account		Balance of payments before compensatory financing	
	1971	1972	1972	1971	1972	1972	1971	1972	1971	1972	1971	1972
Argentina	1 965.0	2 131.0	8.4	2 221.0	2 163.0	-2.6	192.0	205.0	-449.0	-238.0	-527.0	-215.0
Bolivia	205.4	222.7	8.4	226.1	244.5	8.1	24.7	28.5	-44.6	-48.8	-2.4	10.9
Brazil	3 277.0	4 430.0	35.2	4 209.0	5 250.0	24.7	517.0	605.0	-1 442.0	-1 415.0	639.0	2 300.0
Colombia	984.0	1 175.0	19.4	1 252.0	1 211.0	-4.1	178.0	187.0	-449.0	-217.0	-15.0	170.0
Chile	1 086.0	977.0	-10.0	1 193.0	1 440.0	20.7	112.0	137.0	-219.0	-600.0	-238.5	...
Ecuador	268.4	354.5	32.1	470.7	480.0	2.0	35.0	53.0	-232.0	-170.5	-30.3	54.6
Mexico	3 225.0	3 765.0	16.7	3 374.0	3 974.0	17.8	764.0	840.0	-867.0	-1 014.0	182.0	250.0
Paraguay	89.1	110.8	24.4	109.1	115.2	5.6	10.0	11.4	-26.2	-13.3	2.8	10.2
Peru	1 081.0	1 106.0	2.3	1 045.0	1 132.0	8.3	104.0	134.0	-58.0	-152.0	-84.0	82.0
Uruguay	252.7	250.8	-0.8	302.9	269.7	-11.0	25.0	29.5	-75.8	-49.0	-23.9	-3.2
Venezuela	3 328.0	3 365.0	1.1	2 561.0	2 961.0	15.6	693.0	589.0	-8.0	-270.0	444.0	234.0
Haiti	64.3	67.3	4.7	78.6	80.5	2.4	3.9	4.4	-5.1	-3.6	8.1	8.5
Panama	410.3	446.8	8.9	461.8	491.4	6.4	27.1	35.1	-82.1	-81.7	6.9	4.9
Dominican Republic	294.9	387.0	31.2	414.1	421.0	1.7	28.8	35.2	-131.7	-57.7	10.1	5.7
Costa Rica	286.8	336.8	17.4	381.9	405.1	6.1	22.0	26.8	-113.3	-90.7	10.6	4.6
El Salvador	252.1	312.0	23.8	291.0	313.8	7.8	10.2	11.7	-33.0	-1.0	-5.5	25.1
Guatemala	344.3	396.4	15.1	371.1	393.1	5.9	38.6	43.5	-39.7	-12.9	13.2	42.5
Honduras	209.4	220.7	5.4	219.6	214.3	-2.4	21.8	23.3	-29.0	-13.6	0.3	8.0
Nicaragua	224.7	276.1	22.9	243.8	254.4	4.3	29.4	34.5	-45.6	-9.4	4.3	15.1
Barbados	95.0	102.8	8.2	157.5	182.8	16.1	3.6	3.7	-61.6	-79.0	2.4	1.4
Guyana	150.7	155.5	3.2	152.7	164.9	8.0	16.5	18.0	-19.0	-27.9	6.5	7.7
Jamaica	544.6	591.0	8.5	631.3	675.0	6.9	102.7	108.0	-163.2	-167.0	26.3	47.2
Trinidad and Tobago	652.2	694.2	6.4	727.4	809.5	11.3	61.1	70.0	-134.2	-183.0	20.8	-11.2
Latin America (excluding Cuba)	19 290.9	21 874.5	13.4	21 094.6	23 636.2	12.0	3 020.4	3 234.6	-4 728.1	-4 915.1	384.7	2 660.0

Source: 1971: IMF, Balance of Payments Yearbook, vol. 24; 1972: ECLA estimates.

Table 6

PRICE INDEXES OF MAJOR LATIN AMERICAN EXPORTS ON THE WORLD MARKET

(1963=100)

Commodity	1967	1968	1969	1970	1971	1972*
<u>Food, beverages and tobacco</u>	<u>92</u>	<u>90</u>	<u>103</u>	<u>118</u>	<u>107</u>	<u>125</u>
<u>Tropical zone</u>	<u>89</u>	<u>90</u>	<u>100</u>	<u>119</u>	<u>108</u>	<u>126</u>
Sugar a/	24	25	41	44	54	88
b/	89	92	96	99	104	111
Bananas	93	89	88	96	102	105
Cocoa	100	124	164	122	97	117
Coffee c/	111	110	120	160	131	150
d/	106	108	114	142	125	143
Tobacco	...	...	...	...	...	...
<u>Temperate zone</u>	<u>112</u>	<u>96</u>	<u>120</u>	<u>105</u>	<u>104</u>	<u>114</u>
Beef	121	...	...	...	...	...
Maize	101	94	100	112	111	126
Wheat	107	98	98	98	100	102
<u>Agricultural raw materials</u>	<u>95</u>	<u>97</u>	<u>97</u>	<u>101</u>	<u>106</u>	<u>130</u>
Linseed oil	98	111	112	107	93	101
Cotton e/	105	106	97	105	121	122
f/	100	102	88	100	122	127
g/	118	127	117	123	124	127
Hides	121	129	148	144	144	272
Quebracho extract	115	122	135	151	153	160
Fish meal	107	111	133	148	133	132
Wool h/	83	72	74	64	55	83
i/	56	55	59	59	62	120
<u>Metals</u>	<u>142</u>	<u>148</u>	<u>174</u>	<u>172</u>	<u>145</u>	<u>151</u>
Copper	170	183	227	220	168	167
Tin	135	125	137	144	140	158
Iron ore	988	98	98	101	105	110
Lead	131	138	166	171	145	182
Zinc	131	124	135	138	146	188
<u>Petroleum and petroleum products</u>	<u>91</u>	<u>92</u>	<u>90</u>	<u>89</u>	<u>112</u>	<u>122</u>
Crude	91	91	...	...	...	...
Petroleum products	91	94	...	...	...	...
<u>Total, excluding petroleum and petroleum products</u>	<u>102</u>	<u>103</u>	<u>114</u>	<u>125</u>	<u>115</u>	<u>132</u>
<u>Total 21 products</u>	<u>98</u>	<u>92</u>	<u>106</u>	<u>113</u>	<u>114</u>	<u>128</u>

Source: ECLA, on the basis of official statistics.

Note: Prices quoted in currencies other than the dollar have been adjusted in line with the new monetary parities. The products affected are: Bananas, adjusted in accordance with the revaluation of the deutschmark on 26 October 1969 and in line with the fluctuations since March 1971; Maize, Wheat, Linseed oil, Hides, Tin, Lead and Zinc, which are quoted in pounds sterling and have been adjusted to take account of the devaluation of the pound on 18 November 1967 and the fluctuations since March 1971.

a/ Excludes exports to the United States. b/ Exports to the United States. c/ Santos (Brazil).

d/ Manizales (Colombia). e/ Matamoros (Mexico). f/ Sao Paulo (Brazil). g/ Pima (Peru).

h/ Montevideo (Uruguay). i/ Buenos Aires (Argentina).

* Preliminary.

/Table 7

Table 7

TOTAL INTER-LATIN AMERICAN TRADE, 1972 a/

(CIF value of imports in millions of dollars at current prices)

Origin		Importing country																	Total
Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Mexico	Paraguay	Peru	Uruguay	Venezuela	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	Panama	Dominican Republic	Total	
-	23.1	183.2	17.4	50.2	2.9	18.4	20.8	25.4	6.4	25.0	-	-	-	-	-	4.0	-	376.8	
17.4	-	7.6	1.1	3.1	0.1	1.0	-	4.1	0.3	-	-	-	-	-	0.2	1.4	-	36.3	
234.4	9.0	-	6.0	23.6	3.5	46.8	5.2	14.4	11.1	49.9	-	-	-	-	0.1	26.9	-	430.9	
14.6	1.0	8.7	-	10.1	16.4	18.3	0.4	10.8	2.0	9.5	0.8	-	-	-	-	6.0	0.1	98.7	
189.4	19.5	57.4	25.5	-	8.7	29.1	2.4	10.5	6.4	9.1	-	-	-	-	-	1.7	-	359.7	
2.0	-	1.6	18.2	3.2	-	2.8	-	3.0	-	11.4	-	-	-	-	-	-	-	42.2	
23.8	0.3	28.8	2.2	6.6	0.6	-	1.3	15.0	2.8	39.7	2.0	1.0	2.0	0.2	0.1	14.9	1.7	143.0	
8.5	-	10.8	0.1	0.5	0.1	0.7	-	-	1.0	0.1	-	-	-	-	-	0.3	-	22.1	
15.8	16.1	8.2	66.8	8.2	11.0	14.7	0.1	-	0.5	20.1	-	-	-	-	0.4	3.9	-	165.8	
26.5	-	35.9	0.2	3.1	0.2	1.9	1.0	0.6	-	0.4	-	-	-	-	-	-	0.5	70.3	
13.1	-	27.5	9.0	3.8	0.2	48.8	-	2.3	0.2	-	0.1	0.1	-	-	0.2	3.9	0.4	109.6	
1.1	-	1.0	3.5	-	0.1	11.0	-	0.3	-	10.6	-	28.9	33.7	1.1	31.6	3.7	-	126.6	
0.3	-	2.6	0.9	-	0.2	5.8	-	0.6	-	14.0	12.6	-	44.6	-	12.5	4.0	0.1	98.2	
0.7	-	0.7	1.7	-	0.1	13.0	-	0.2	-	2.3	14.1	49.5	-	1.2	8.1	0.7	-	92.3	
0.2	-	0.1	1.9	-	-	3.2	-	0.1	-	11.8	5.7	-	8.8	-	5.9	1.0	-	38.7	
0.8	-	0.2	1.0	-	0.1	4.2	-	0.1	-	12.2	20.5	16.7	20.2	2.9	-	5.6	-	84.5	
1.0	-	-	4.5	0.3	0.3	4.3	-	0.4	-	57.2	7.6	1.1	2.4	0.8	1.5	-	-	81.4	
0.1	-	0.4	-	-	-	4.7	-	-	-	9.4	-	0.1	0.2	3.9	0.6	1.3	-	20.7	
549.7	69.0	374.7	160.0	112.7	44.5	228.7	31.2	87.8	30.7	282.7	63.4	97.4	111.2	10.1	61.2	79.3	2.8	2 397.8	

Source: Official foreign trade statistics.

a/ Estimates on the basis of incomplete data. Excludes Cuba, Haiti and the CARIFTA countries, for lack of information.

Table 8

TRADE BETWEEN MEMBER COUNTRIES OF LAFTA, CACM AND THE ANDEAN GROUP

Trade between member countries of:	1969			1970			1971a/			1972b/		
	Millions of dollars CIF	Percentage of inter-Latin American total	Millions of dollars CIF	Percentage of inter-Latin American total	Millions of dollars CIF	Percentage of inter-Latin American total	Millions of dollars CIF	Percentage of inter-Latin American total	Millions of dollars CIF	Percentage of inter-Latin American total	Millions of dollars CIF	Percentage of inter-Latin American total
LAFTA	1 301.4	74.2	1 350.9	72.1	1 459.2	73.1	1 782.5	74.3				
MCCA	249.0	14.2	299.2	16.0	275.6	13.8	318.6	13.3				
Andean Group	90.8	5.2	137.3	7.3	160.0	8.0	237.4	9.9				
<u>Inter-Latin American total c/</u>	<u>1 754.2</u>	<u>100.0</u>	<u>1 874.1</u>	<u>100.0</u>	<u>1 994.2</u>	<u>100.0</u>	<u>2 397.8</u>	<u>100.0</u>				

Sources: ECLA, on the basis of official statistics.

a/ Provisional figures.

b/ Estimates.

c/ Trade between the countries of the Andean Group is also included in LAFTA. The intra-regional total also includes (in addition to the countries which are members of the sub-regional groups mentioned) Haiti, Panama and the Dominican Republic. No data were available for Cuba, and the data for CARIFTA were taken into consideration.

II. TRENDS BY COUNTRIES 1/

ARGENTINA 2/

The moderate economic growth rate recorded in previous years (4.1 per cent) continued in 1972 and was the result of unequal sectoral trends. Public investment increased, while agriculture declined and consumption remained at the same level. Between December 1971 and December 1972 the cost of living rose by 64.1 per cent and real wages declined. In the external sector, exports increased by 7.3 per cent, which is mainly attributable to non-traditional products. In contrast, imports dropped by 1.5 per cent, there being a significant increase in capital goods and a reduction in the remaining items. The balance of payments showed a deficit of 200 million dollars, with a negative balance of 230 million dollars on current account.

The goods-producing sectors grew at a rate of 4.4 per cent, and services by 3.6 per cent. A particularly striking feature in the former is the 7.6 per cent expansion of manufacturing, which was adversely affected by the slow growth of consumption but was stimulated by exports. The agricultural sector declined by 4.4 per cent, owing to the smaller output of cereals and oilseeds, which was not offset by the greater activity in livestock production. In services, there was a 9.1 per cent increase in electricity, gas and water.

Consumption remained at the same level (0.3 per cent), with significant reductions in non-durable and semi-durable final consumer goods - particularly food and beverages, and clothing - which would appear to reflect the decline in real wages. On the other hand, there were increases in the consumption of motor vehicles, toilet preparations, pharmaceutical products and household articles, the demand for which comes largely from the medium- and high-income sectors.

1 The relevant figures are shown in Part One, tables 3 and 4.

2/ The information contained in this note is based on advance data from the Informe Económico for 1972 issued by the Ministry of Finance.

Gross domestic investment rose by 14 per cent. Under this head, fixed investment grew by 7.4 per cent, with a decline in construction (1.6 per cent) and an increase in equipment (11.3 per cent). There was a notable increase in stocks, which seems to be the result, first, of the lower level of consumption and, secondly, of the desire to cover against possible price increases.

The Treasury deficit was 4,754 million pesos, or 82.9 per cent more than the 1971 figure, which raised the deficit-expenditure ratio from 0.20 to 0.23.

Table 1

ARGENTINA: TOTAL SUPPLY AND DEMAND

	Millions of pesos at 1960 prices				Structure (percentages)			Annual growth rates		
	1965	1970	1971	1972 a/	1965	1970	1971	1965-1970	1971	1972a/1970
<u>Total supply</u>	13 633	16 556	17 284	17 791	109.2	109.6	110.2	108.9	4.0	4.4 2.2
Gross domestic product	12 469	15 105	15 689	16 332	100.0	100.0	100.0	100.0	4.0	3.8 4.1
Imports b/	1 164	1 451	1 595	1 459	9.3	9.6	10.2	8.9	4.5	9.9 -8.5
<u>Total demand</u>	13 633	16 556	17 284	17 291	109.2	109.6	110.2	108.9	4.0	4.4 2.2
<u>Exports b/</u>	1 342	1 707	1 567	1 504	10.8	11.3	10.0	9.2	4.9	-8.2 -4.0
Gross domestic investment	2 432	3 213	3 789	4 319	19.5	21.3	24.2	26.4	5.8	17.9 14.0
Gross fixed investment	2 168	3 207	3 520	3 780	17.4	21.2	22.4	23.1	8.2	9.8 7.4
Public	850	...	...	...	6.8	...	...	...	...	...
Private	1 318	...	...	...	10.6	...	...	...	...	...
Construction	854	1 387	1 414	1 437	6.8	9.2	9.0	8.8	10.2	1.9 1.6
Public	286	540	608	690	2.3	3.6	3.9	4.2	13.6	13.6
Private	568	847	806	747	4.6	5.6	5.1	4.6	8.3	-4.8 -7.2
Machinery and equipment	1 314	1 820	2 106	2 343	10.5	12.0	13.4	14.3	6.8	15.7 11.3
<u>Total consumption</u>	9 859	11 636	11 928	11 968	79.1	77.0	76.0	73.3	3.4	2.5 0.3
General government	911	1 010	1 010	992	7.3	6.7	6.4	6.1	2.1	- -1.8
Private	8 948	10 626	10 918	10 976	71.8	70.3	69.6	67.2	3.5	2.7 0.5

Source: For 1965-1971, Central Bank of Argentina; for 1972, ECLA estimates based on data from Ministry of Finance, Anticipo del informe económico del año 1972.

a/ Provisional figures.

b/ Goods and services, excluding factor payments.

Table 2

ARGENTINA: BALANCE OF PAYMENTS

(Millions of dollars)

	1966- 1970	1970	1971	1972 a/
<u>Current account</u>				
Exports of goods and services	1 780.2	2 021.0	1 965.0	2 131.0
Goods FOB	1 562.0	1 773.0	1 710.0	1 868.0
Services	218.2	248.0	255.0	263.0
Imports of goods and services	-1 622.8	-2 015.0	-2 221.0	-2 163.0
Goods FOB	-1 157.2	-1 466.0	-1 644.0	-1 600.0
Services	-465.6	-549.0	-577.0	-563.0
Net external investment income	-142.4	-141.0	-192.0	-205.0
Net private transfer payments	-1.4	-1.0	-1.0	-1.0
Balance on current account	13.6	-136.0	-449.0	-238.0
<u>Capital account</u>				
Net external financing (a+b+c+d+e)	-13.6	136.0	449.0	238.0
(a) Net external non-compensatory capital	93.8	130.0	259.0	
Direct investment	3.8	5.0	11.0	
Long and medium-term loans	321.2	493.0	589.0	
Amortization payments	-232.6	-307.0	-391.0	-24.0
Short-term liabilities	4.2	-59.0	52.0	
Official transfer payments	-2.8	-2.0	-2.0	
(b) Domestic non-compensatory capital or assets	-37.6	-54.0	-27.0	
(c) Errors and omissions	84.6	281.0	-357.0	
(d) Allocation of SDRs	11.8	59.0	47.0	47.0
(e) Net compensatory movements (increase -)	-166.2	-280.0	527.0	215.0
Balance-of-payments loans, trade arrears, IMF position and other liabilities of the monetary authorities	63.2	-	136.0	...
Amortization payments	-134.6	-120.0	-	...
Foreign exchange (increase -)	-38.6	-84.0	270.0	...
Gold (increase -)	-44.4	-17.0	65.0	...
SDRs (increase -)	-11.8	-59.0	56.0	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

a/ Estimates based on data supplied by the Central Bank of Argentina.

/Barbados

BARBADOS

On the basis of preliminary indicators, the gross domestic product of Barbados during 1972 is estimated at approximately 320 million dollars at current factor cost 1/. This represents an increase of 7 per cent over the 1971 figure and compares unfavourably with the average annual increases of nearly 10 per cent during the period 1966-1971. This drop in the rate of growth is attributable primarily to reduced activity in the main production sectors.

The sugar sector in Barbados includes both cultivation and manufacture of sugar and by-products. The gross product of this sector is estimated to have increased slightly during 1972 to 24.3 million dollars, just over 1 per cent above the 1971 level; thus the sugar industry continues to experience the depressed conditions which have been apparent since 1967. Sugar output for 1972 was approximately 111,000 tons, a decline of more than 17 per cent over the 1971 figure of 135,000 tons. However, the average price of sugar in external markets was higher than in 1971, and this compensated for the fall in output. The marginal increase in the product of this sector during 1972 is therefore attributable to favourable prices.

There are several domestic problems associated with decreased output, the most obvious being indiscriminate burning of sugar-cane, labour shortages, particularly at harvest time, and insufficient rainfall. To these may be added the fact that there is still uncertainty regarding what will happen to the sugar market after the expiry of the Commonwealth Sugar Agreement in 1974, now that the United Kingdom has become a member of the European Economic Community.

Construction is estimated to have improved marginally on its 1971 performance (less than 2 per cent increase), while the growth rate in manufacturing and domestic agriculture appears to have been lower than in 1971.

1/ Values in East Caribbean dollars at the rate of two to the United States dollar. As a consequence of the United States currency devaluation the rate of exchange fixed by Barbados was US\$ 1.00 = EC\$ 1.84; but the floating of the pound sterling has since resulted in a further depreciation below the 1 : 2 ratio.

The services sectors also grew at slower rates than in recent years, but are estimated to have performed better than the other sectors. Government activity, though not increasing by as much as in recent years, continues to stimulate the economy through the impact of its substantial purchasing power and spending on capital projects. Based on indicated increases in the number of visitors, the contribution of tourism to the economy is also estimated to have been higher than in 1971.

The increase in the level of retail prices, estimated at almost 12 per cent during 1972, appears to have eliminated the modest growth in value terms. Indications, therefore, are that real growth was negative.

In the external sector, the extremely large deficit on merchandise trade, amounting to more than 183 million dollars in 1971, is expected to be higher when final figures for 1972 become available. But improved earnings from tourism should, to some extent, improve the services sector of the balance of payments.

Table 1

BARBADOS: GROSS DOMESTIC PRODUCT

(Current factor cost)

Sector	1967 a/	1970 a/	1971 a/	1972 b/	Sectorial growth rate		
					1967-1969	1971 a/	1972 b/
Sugar	35.1	27.1	24.0	24.3	-10.5	-11.4	1.3
Domestic agriculture	12.7	13.2	14.0	...	1.6	6.1	...
Manufacturing	18.6	27.6	29.8	...	9.7	8.0	...
Construction	16.4	27.5	28.0	...	12.0	1.8	...
Distribution	39.2	71.2	83.9	...	17.0	17.8	...
Government	25.8	42.7	47.3	50.0	12.3	16.8	6.0
Transportation and public utilities	14.6	20.9	24.4	...	8.7	16.7	...
Rent of dwellings	7.3	11.1	12.2	...	7.8	9.9	...
Services	19.5	32.2	34.8	...	17.7	8.1	...
<u>Total</u>	<u>189.2</u>	<u>273.5</u>	<u>298.4</u>	<u>320.0</u>	<u>8.1</u>	<u>9.1</u>	<u>7.2</u>

Sources: Economic Survey, 1971; Economic Planning Unit, Barbados.

a/ Provisional.

b/ ECLA'S Preliminary estimates.

Table 2
BARBADOS: IMPORTS, EXPORTS AND VISIBLE TRADE BALANCE
(Thousands of dollars)

Year	Imports	Exports			Visible trade balance
		Total	Domestic	Re-exports	
1968	168 025	80 230	59 647	20 583	- 87 795
1969	194 553	74 255	57 356	16 898	-120 298
1970	235 005	78 080	61 040	17 040	-156 925
1971 <u>a/</u>	260 516	76 862	62 573	15 290	-183 654
1972 (Jan- June)	133 914	...	...	...	...

Source: Economic Survey, 1971; Economic Planning Unit, Barbados.
a/ Provisional.

BOLIVIA

In 1972 the Bolivian economy showed signs of recovering the rapid rate of growth which it had temporarily lost in 1971, since the gross domestic product increased by 6 per cent, which, although slightly below the rate of 6.3 per cent maintained between 1965 and 1970, was an improvement on the increase of only 3.8 per cent recorded in 1971. This improvement was due mainly to the combination of several positive factors, namely, the recovery of tin prices from the depressed levels of 1971; the continued growth of the production of crude petroleum which was initiated in 1970; the beginning of exports of natural gas to Argentina; the upswing in the construction of dwellings, and the expansion of activities in several branches of industry as a result of national production of raw materials and better preventive action against smuggling. These factors, along with others, gave rise to general dynamism in most sectors. Only in agriculture and transport and communications was the growth rate lower than that of the gross product.

This dynamism, however, provoked serious stresses in the economic system. Thus, the increased real demand for imports in the first eight months of the year caused severe pressure on the country's scanty foreign exchange resources, which had been adversely affected by the cessation of foreign aid and the difficulties experienced in exporting petroleum from Bolivian fields. Furthermore, central government revenue did not increase in proportion with expenditure and transfers to the rest of the public sector. As a result, inflationary pressures and the strain on the balance of payments grew more intense.

In order to deal with the situation, the Government devalued the Bolivian peso from 11.88 to 20 per dollar and made changes in the national budget. As these and other measures were taken in the last quarter of 1972, however, their full effect has not yet become evident.

In the external sector, most of 1972 was marked by a downward trend in the country's international reserves, but this trend was reversed by the devaluation of the peso in October. The negative balance on the current account was slightly greater than in 1971 because of the increase of imports over exports. The inflow of capital was so large that it easily covered this deficit, however, leaving a surplus which improved the position of the monetary authorities by 10.9 million dollars.

Table 1

BOLIVIA: TOTAL SUPPLY AND DEMAND

	Millions of pesos at 1960 prices				Structure (percentages)				Annual growth rates (percentages)		
	1965	1970	1971	1972 a/	1965	1970	1971	1972a/	1965- 1970	1971	1972a/ 1971
Total supply	7 412.2	2 834.2	10 246.2	10 769.0	131.8	128.6	129.1	128.0	5.8	4.2	5.1
Gross domestic product	5 623.2	7 644.8	7 936.1	8 412.3	100.0	100.0	100.0	100.0	6.3	3.8	6.0
Imports b/	1 789.1	2 189.4	2 310.1	2 356.7	31.8	28.6	29.1	28.0	4.1	5.5	2.0
Total demand	7 412.3	2 834.2	10 246.2	10 769.0	131.8	128.6	129.1	128.0	5.8	4.2	5.1
Exports b/	886.8	1 472.1	1 468.3	1 447.0	15.8	19.3	18.5	17.2	10.7	-0.3	-1.5
Gross domestic investment	1 126.8	1 457.3	1 447.3	1 477.7	20.0	19.1	18.2	17.6	5.3	-0.7	2.1
Gross fixed investment	970.7	1 292.1	1 406.1	1 505.9	17.3	16.9	17.7	17.9	5.9	8.8	7.1
Public	402.1	816.8	...	...	7.2	10.7	...	...	15.2	...	...
Private	568.6	475.3	...	...	10.1	6.2	...	...	-3.5	...	...
Total consumption	5 398.7	6 904.8	7 330.6	7 844.3	96.0	90.2	92.4	93.2	5.0	6.2	7.0
General government	650.0	827.7	862.7	892.9	11.6	10.8	10.9	10.6	4.9	4.2	3.5
Private	4 748.7	6 077.1	6 467.9	6 951.4	84.4	79.5	81.5	82.6	5.1	6.4	7.5

Source: For 1965-1971, ECLA, on the basis of data supplied by the Ministry of Planning and Co-ordination; for 1971, ECLA estimates based on global figures from the same source, broken down with partial information.

Note: The figures for exports and imports of goods and services were taken from the balance of payments tables expressed in dollars at current prices, which were converted to constant 1960 values by deflation, using price indexes calculated by ECLA for the purpose.

a/ Preliminary.

b/ Goods and services, excluding factor payments.

Table 2

BOLIVIA: BALANCE OF PAYMENTS

(Millions of dollars)

	1966-1970	1970	1971	1972 a/
<u>Currents account</u>				
Exports of goods and services	176.5	210.5	205.4	222.7
Goods FOB	163.9	195.7	190.3	207.4
Services	12.6	14.8	15.1	15.3
Imports of goods and services	-199.1	-210.7	-226.1	-224.5
Goods FOB	-158.3	-166.2	-176.7	-192.3
Services	-40.8	-44.5	-49.4	-52.2
Net external investment income	-18.5	-23.8	-24.7	-28.5
Net private transfer payments	1.0	1.5	0.8	1.5
Balance on current account	-40.3	-22.5	-44.6	-48.8
<u>Capital account</u>				
Net external financing (a+b+c+d+e)	40.3	22.5	44.6	48.8
a) External non-compensatory capital	47.5	40.2	58.7	55.8
Direct investment	-11.7	2.1	2.2	
Long- and medium-term loans	65.6	51.4	64.2	
Amortization payments	-17.0	-20.1	-21.5	
Short-term liabilities	1.1	4.4	9.6	
Official transfer payments	9.5	2.4	4.2	
b) Domestic non-compensatory capital or assets	-1.9	-3.4	0.9	
c) Errors and omissions	-6.0	-15.8	-21.4	
d) Allocation of SDRs	1.0	4.9	4.0	3.9
e) Net compensatory movements (increase -)	-0.3	-3.4	2.4	-10.9
Balance-of-payments loans, trade arrears, IMF position and other liabilities of monetary authorities	5.2	2.2	15.2	...
Amortization payments	-2.7	-	-4.0	...
Foreign exchange (increase -)	-0.8	0.1	-7.0	...
Gold (increase -)	-1.4	-3.0	-1.8	...
SDRs (increase -)	-0.6	-2.7	-	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

a/ ECLA estimates based on official statistics.

BRAZIL

The process of rapid economic expansion begun in 1968 was maintained in 1972, when the gross domestic product increased, according to preliminary estimates, by 10.4 per cent - only slightly less than in 1971. The outstanding feature was the performance of the external sector, where there was an increase of 38 per cent in exports of goods, as against an increase of almost 30 per cent in imports. The deficit on the merchandise account came to 220 million dollars, and the deficit on the current account amounted to 1,415 million dollars, but this was more than covered by an abundant inflow of capital which gave a final balance of payments surplus of 2,300 million dollars and brought total international reserves to 4,000 million dollars.

Industrial growth, which exceeded that of the previous year, was due to the dynamism of the motor vehicle, metal products and machinery, chemical, electrical equipment and communications industries. Textiles and clothing, in contrast, grew only slowly, but production of beverages, foodstuffs and tobacco increased more rapidly than in the previous year.

In agriculture, the upward trend of previous years in the production of soya beans, cotton and fruits was maintained, but there was a drop in output of products such as wheat, coffee, cocoa and potatoes.

Up to October, loans by the banking system to the private sector had increased by about 30 per cent over the total for the corresponding period the year before. Monetary issues were not used to finance the public deficit, and as in 1971 the surplus recorded by the national exchequer in September amounted to 2,000 million dollars. During 1972 the minimum wage was increased by 20 per cent, while the cost of living index in Guanabara rose by about 14 per cent.

Several projects considered to be of a strategic nature were initiated or made substantial progress in 1972, which marked the beginning of the implementation of the 1972-1974 National Development Plan. Thus, construction work continued on the Trans-Amazonia Highway, which is being built with the aim of promoting national integration and expanding the economic frontier.

In the field of agricultural policy, minimum prices continued to be set for a number of products, and financing for the modernization of agriculture in the southeast and south was stepped up, while work began

/on the

on the selection of latifundia in Pernambuco, Ceais and Paraiba for expropriation and distribution among the peasants. In order to modernize the marketing and distribution of agricultural products, "export corridors" were set up. These involve the improvement of harbour, rail and road services, with a consequent reduction of costs: a typical example is the sugar terminal at Recife.

Industrial policy is closely linked with the promotion of exports of manufactures. In order to improve international competitiveness and modernize the industrial sector, the Government has encouraged the merging of existing enterprises in Brazil and has authorized the importation of complete industrial plants intended basically to produce goods for export.

Table 1

BRAZIL: TOTAL SUPPLY AND DEMAND

	Millions of cruzeiros at 1960 prices				Percentage share			Annual growth rates		
	1965	1970	1971 a/	1972 a/	1965	1970	1971 a/	1965-1970	1971 a/	1972 a/
<u>Total supply</u>	3 577.2	5 264.7	5 892.4	6 531.2	104.1	166.7	107.2	8.0	11.9	10.8
Gross domestic product	3 434.7	4 936.3	5 494.1	6 065.5	100.0	100.0	100.0	7.5	11.3	10.4
Imports b/	142.5	328.4	398.3	465.7	4.1	6.7	7.2	18.2	21.3	16.9
<u>Total demand</u>	3 577.2	5 264.7	5 892.4	6 531.2	104.1	166.7	107.2	8.0	11.9	10.8
Exports b/	196.0	309.0	396.1	397.6	5.7	6.3	6.1	9.5	8.8	18.3
Gross domestic investment	621.5	892.2	1 061.7	1 250.0	18.1	18.1	19.3	7.5	19.0	17.7
Gross fixed investment	488.4	912.2	1 041.7	...	14.2	18.5	19.9	13.3	14.2	...
Construction	242.7	336.1	364.3	...	7.1	6.8	6.6	6.7	8.4	...
Machinery and equipment	245.7	576.1	677.4	...	7.2	11.7	12.4	16.6	17.6	...
Total consumption	2 759.7	4 063.5	4 494.6	4 883.6	80.3	82.3	81.8	8.0	10.6	8.7
General government	394.3	579.7	623.2	698.0	11.5	11.7	11.3	8.0	7.5	12.0
Private	2 365.4	3 483.8	3 871.4	4 185.6	68.8	70.6	70.5	8.1	11.1	8.1

Source: 1965-1971: ECLA estimates on the basis of official statistics supplied by the National Accounts Centre of the Fundação Getúlio Vargas; 1972: ECLA estimates on the basis of global figures supplied by the same source, separated from partial figures.

Note: 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 1960 values by deflation, using price indexes calculated by ECLA for the purpose.

a/ Provisional figures.

b/ Goods and services, excluding factor payments.

Table 2

BRAZIL: BALANCE OF PAYMENTS

(Millions of dollars)

	1966- 1970	1970	1971	1972 ^{a/}
<u>Current account</u>				
Exports of goods and services	2 283.8	3 063.0	3 277.0	4 430.0
Goods FOB	2 065.2	2 739.0	2 876.0	3 980.0
Services	218.6	329.0	401.0	450.0
Imports of goods and services	-2 360.4	-3 297.0	-4 209.0	-5 250.0
Goods FOB	-1 819.8	-2 507.0	-3 250.0	-4 200.0
Services	-540.6	-790.0	-959.0	-1 050.0
Net external investment income	-330.4	-428.0	-517.0	-605.0
Net private transfer payments	25.4	13.0	7.0	10.0
Balance on current account	-381.6	-644.0	-1 442.0	-1 415.0
<u>Capital account</u>				
Net external financing (a+b+c+d+e)	381.6	644.0	1 442.0	1 415.0
(a) Net external non-compensatory capital	749.2	1 222.0	211.8	3 668.0
Direct investment	164.8	195.0	225.0	
Long and medium-term loans	832.8	1 143.0	1 564.0	
Amortization payments	-398.4	-479.0	-530.0	
Short-term liabilities	129.4	354.0	854.0	
Official transfer payments	20.6	8.0	4.0	
(b) Domestic non-compensatory capital or assets	-56.0	-41.0	-156.0	72.0
(c) Errors and omissions	-8.6	38.0	72.0	
(d) Allocation special drawing rights	11.8	59.0	47.0	47.0
(e) Net compensatory movements (increase -)	-314.8	-634.0	-639.0	-2 300.0
Balance-of-payments loans, trade arrears, IMF position and other liabilities of the monetary authorities	33.6	1.0	30.0	...
Amortization payments	-176.0	-101.0	-115.0	...
Foreign exchange (increase -)	-131.6	-367.0	-506.0	...
Gold (increase -)	-28.4	-105.0	-	...
Special drawing rights (increase -)	-12.4	-62.0	-48.0	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

a/ Estimates, on the basis of official statistics.

COLOMBIA

Colombia's domestic product, which had been growing at the rate of 5.7 per cent since the mid-1960's, grew by 6.5 per cent in 1972, thanks to the excellent results obtained from agriculture and manufacturing and to the boom in exports.

Agriculture made a striking recovery: its growth rate rose from 2.7 per cent in 1971 to 5.6 per cent in 1972. Manufacturing maintained its previous favourable trend, with an increase of 9 per cent. Added to this was the exceptional expansion of about 24 per cent in the value of exports, favoured by the high world market prices and the larger supply of exportable goods during the year.

The remaining sectors of production - except for construction - grew at the same rate as the overall economy; basic services rose by 8.2 per cent and commerce by 6.7 per cent.

In contrast with the notable expansion of exports of goods, which rose from 756 million dollars in 1971 to 936 million in 1972, imports declined somewhat, which led to a reduction of 232 million dollars in the current account deficit and a rise of 170 million dollars in international reserves.

In spite of the production increase, the domestic supply of goods and services rose by only a little more than 3 per cent, partly because of the drop of 6 per cent (in quantum terms) in the supply of imported goods and services, and partly because of the sharp increase of 11 per cent in external demand, also at constant prices. On the other hand, capital formation rose by 5.8 per cent, with the public sector presumably increasing at a higher rate.

One of the Government's main concerns during the year was to curb the inflationary pressures which had been making themselves felt since 1971. That year the price index rose by 14.7 per cent for wage-earners and by 12.6 per cent for those employed on a salary basis. In 1972 both indexes went up by a rate of about 14 per cent, which tapered off somewhat towards the end of the year.

/Various factors

Various factors contributed to the increase in domestic prices, one of the most important being the rise in domestic demand, stimulated by the monetary expansion, which was not satisfied by the domestic supply of goods. Moreover, by December the means of payment had increased by 24.4 per cent (compared with 11 per cent in 1971), and bank credit by 17.2 per cent. This whole process was also influenced by the extraordinary expansion of international reserves and the generally high world market prices.

Table 1

COLOMBIA: TOTAL SUPPLY AND DEMAND

	Millions of pesos at 1960 prices				Percentage share				Annual growth rates			
	1965	1970	1971a/	1972a/	1965	1970	1971a/	1972a/	1965-1970	1971	1972a/	
<u>Total supply</u>	37 738.4	51 312.0	54 112.3	55 482.2	112.1	115.2	115.2	112.9	6.3	5.4	4.4	
Gross domestic product	33 659.8	44 523.5	46 972.3	50 025.5	100.0	100.0	100.0	100.0	5.8	5.5	6.5	
Imports	4 078.6	6 788.5	7 140.0	6 456.7	12.1	15.2	15.2	12.9	10.7	5.2	-9.6	
<u>Total demand</u>	37 738.4	51 312.0	54 112.3	56 482.2	112.1	115.2	115.2	112.9	6.3	5.4	4.4	
Exports	4 802.2	6 268.1	6 587.6	7 311.4	20.2	14.1	14.0	14.6	5.5	5.1	11.0	
Gross domestic investment	6 005.8	8 872.0	8 774.4	9 213.1	17.8	19.9	18.7	18.4	8.1	-1.1	5.0	
Gross fixed investment	5 158.3	7 922.1	8 072.6	8 540.8	15.3	17.8	17.2	17.1	9.0	1.9	5.8	
Construction	3 034.0	4 839.2	...	...	9.0	10.9	...	...	9.8	...	...
Machinery and equipment	2 124.3	3 082.9	...	...	7.3	6.9	...	...	7.7	...	...
Total consumption	26 930.4	36 171.9	38 750.3	...	80.0	81.2	82.5	...	6.1	7.1	...	
General government	2 161.2	3 021.1	3 271.9	...	6.4	6.8	7.0	...	6.9	8.3	...	
Private	24 769.2	33 150.8	35 478.4	...	73.6	74.4	75.5	...	6.0	7.0	...	

Source: 1965-1971: ECLA estimates on the basis of official statistics supplied by the Central Bank of Colombia; 1972: ECLA estimates on the basis of global figures from the same source.

Note: 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 1960 values by deflation, using price indexes calculated by ECLA for the purpose.

a/ Provisional figures.

b/ Goods and services, excluding factor payments.

Table 2
COLOMBIA: BALANCE OF PAYMENTS

(Millions of dollars)

	1966- 1970	1970	1971	1972 a/
<u>Current account</u>				
Exports of goods and services	808.0	1 000.0	984.0	1 175.0
Goods FOB	632.2	788.0	756.0	936.0
Services	175.8	212.0	228.0	239.0
Imports of goods and services	-905.6	-1 149.0	-1 252.0	-1 201.0
Goods FOB	-633.6	-802.0	-878.0	-816.0
Services	-272.0	-347.0	-374.0	-385.0
Net external investment income	-125.6	-180.0	-178.0	-187.0
Net private transfer payments	1.8	-1.0	-3.0	-4.0
Balance on current account	-221.4	-330.0	-449.0	-217.0
<u>Capital account</u>				
Net external financing (a+b+c+d+e)	221.4	330.0	449.0	217.0
a) Net external non-compensatory capital	266.8	405.0	382.0	370.0
Direct investment	45.8	43.0	40.0	
Long- and medium-term loans	225.4	308.0	279.0	
Amortization payments	-90.6	-121.0	-132.0	
Short-term liabilities	59.8	138.0	164.0	
Official transfer payments	26.4	37.0	31.0	
b) Domestic non-compensatory capital or assets	-9.6	-36.0	-10.0	
c) Errors and omissions	-5.4	-18.0	45.0	
d) Allocation SDRs	4.2	21.0	17.0	17.0
e) Net compensatory movements (increase-)	-34.6	-42.0	15.0	-170.0
Balance-of-payments loans, trade arrears, IMF position and other liabilities of the monetary authorities	68.6	42.0	53.0	...
Amortization payments	-79.8	-87.0	-42.0	...
Foreign exchange (increase-)	-24.0	2.0	10.0	...
Gold (increase-)	0.6	1.0	3.0	...
SDRs (increase-)	-	-	-9.0	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

a/ Estimates, on the basis of official statistics.

/COSTA RICA

COSTA RICA

Costa Rica's economic situation improved in 1972. According to preliminary information, the gross domestic product increased by an estimated 5 per cent, which is 1 per cent more than the rate recorded in 1971, although it does not compare favourably with the annual rate of 6.9 per cent recorded between 1965 and 1970.

The increase in the growth rate of the gross domestic product achieved in 1972 was due entirely to the expansion of service activities. The growth rate for basic services attained 7.5 per cent, while that for other services amounted to 5.2 per cent, compared with increases of 6.2 per cent and 4.2 per cent, respectively, in 1971. The considerable increase in exports undoubtedly helped to give impetus mainly to commercial and transport activities; the growth rate of the sectors producing goods declined from 6.7 per cent in 1965-1970 to 5.5 per cent in 1971 and 4.2 per cent in 1972, this loss of dynamism being shared, generally speaking, by all the production sectors.

In the external sector, the faster growth of exports and the very modest increase in imports, together with exchange control measures and their repercussions, resulted in the current account deficit being 20 per cent less than in 1971, with a continued improvement in the net international reserves position of the country.

The growth of exports by about 18 per cent (at 1960 prices) was due to the larger volumes of goods sold, since the unit values remained at levels similar to those of 1971. As in that year, most of the exports consisted of traditional agricultural products. Because of the difficult situation of the Central American Common Market and problems of competition affecting manufacturing, Costa Rica's sales within the sub-region were not very satisfactory.

As a result of the moderate expansion of domestic demand and the restrictions imposed, imports grew less than the year before (5.1 per cent in 1972 as against 7.2 per cent in 1971), and there was a change in their structure in that the relative importance of consumer goods fell, while there was a corresponding rise in the share of raw materials and capital goods.

Capital formation in the private sector continued to grow only slowly (by about 4 per cent), while public investment, which had reached quite high levels in 1971, grew by only 5 per cent on account of the completion of many of the projects which had been under way.

In the field of economic policy, the exchange restrictions imposed in 1971 in respect of imports from the rest of the world remained in force. Joint agreements were concluded with the other members of the Central American Common Market, and fiscal reform providing for incentives for manufacturing was put into effect. The increase in the amount of credit granted to the private sector by the national banking system was less than in 1971.

Table 1

COSTA RICA: TOTAL SUPPLY AND DEMAND

	Millions of colones at 1960 prices				Structure (percentages)				Annual growth rate (percentages)		
	1965	1970	1971	1972a/	1965	1970	1971	1972a/	1965-1970	1971	1972a/
Total supply	5 033.7	7 344.2	7 701.9	8 088.7	132.6	138.1	132.2	133.3	7.2	4.2	5.0
Gross domestic product	3 797.5	5 318.9	5 531.7	5 808.3	100.0	100.0	100.0	100.0	6.9	4.0	5.0
Imports b/	1 236.2	2 025.3	2 170.2	2 280.4	32.6	38.1	39.2	39.3	10.4	7.2	5.1
Total demand	5 033.7	7 344.2	7 701.9	8 088.7	132.6	138.1	132.2	133.3	7.2	4.6	5.0
Exports b/	135.7	1 355.9	1 525.9	1 816.1	19.4	25.5	27.6	31.3	13.0	12.5	19.0
Gross domestic investment	1 045.7	1 386.6	1 407.1	1 297.2	27.5	26.1	25.4	22.3	5.8	1.5	-7.8
Gross fixed investment	830.3	1 132.4	1 220.6	1 272.4	21.9	21.3	22.1	21.9	6.4	7.8	4.2
Public	220.0	251.9	304.9	320.1	5.8	4.7	5.5	5.5	2.8	21.0	5.0
Private	610.3	880.5	915.7	952.3	16.1	16.6	16.6	16.4	7.6	4.0	4.0
Total consumption	3 252.3	4 601.7	4 768.9	4 975.4	85.6	86.5	86.2	85.7	7.2	3.6	4.3
General government	499.2	718.7	777.6	828.1	13.1	13.5	14.1	14.3	7.6	8.2	6.5
Private	753.1	3 883.0	3 991.3	4 147.3	72.5	73.0	72.2	71.4	7.1	2.9	3.9

Source: For 1968-1971: ECLA, on the basis of official figures; for 1971: ECLA estimates on the basis of preliminary official figures.

Note: 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 1960 values by deflation, using price indexes calculated by ECLA for the purpose.

a/ Provisional figures.

b/ Goods and services, excluding factor payments.

Table 2
COSTA RICA: BALANCE OF PAYMENTS

(Millions of dollars)

	1966- 1970	1970	1971	1972 ^{a/}
<u>Current account</u>				
Exports of goods and services	210.2	280.1	286.8	336.8
Goods FOB	173.9	231.0	230.7	275.0
Services	36.3	49.1	56.1	61.8
Imports of goods and services	-254.7	-346.5	-381.9	-405.1
Goods FOB	-207.5	-286.8	-315.3	-335.0
Services	-47.2	-59.7	-66.6	-70.1
Net foreign investment income	-17.4	-20.0	-22.0	-26.8
Net private transfer payments	4.1	3.4	3.8	4.4
Balance on current account	-57.8	-83.0	-113.3	-90.7
<u>Capital account</u>				
Net external financing (a + b + c + d + e)	57.8	83.0	113.3	90.7
(a) Net non-compensatory external capital	64.6	79.1	137.1	91.9
Direct investment	17.1	26.4	20.8	
Long and medium-term loans	44.6	42.2	49.2	
Amortization payments	-23.8	-19.2	-19.7	
Short-term liabilities	22.7	27.2	83.6	
Official transfer payments	4.0	2.5	3.2	
(b) Domestic non-compensatory capital and assets	-9.1	-5.9	-1.9	3.4
(c) Errors and omissions	8.1	-3.4	-14.7	
(d) Allocation of SDRs	0.8	4.2	3.4	
(e) Net compensatory movements (increase -)	-6.6	9.0	-10.6	-4.6
Balance-of-payments loans, trade arrears, IMF position and other liabilities of the monetary authorities	11.7	1.7	8.8	...
Amortization payments	-18.4	-4.2	-5.0	...
Foreign exchange (increase -)	1.6	15.7	-20.2	...
Gold (increase -)	-1.5	-4.0	5.7	...
SDRs (increase -)	-	-0.2	0.1	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

^{a/} Estimates based on official statistics.

CHILE

During 1972, the process of change in the structure of ownership initiated in November 1970 continued its course, while the gross domestic product expanded by some 3.4 per cent.

According to preliminary official estimates, the agricultural product declined slightly, down by 0.3 per cent, reflecting a drop of 0.8 per cent in crop-farming, an increase of 3.7 per cent in stock-farming, and a drop of 30 per cent in fisheries. Mining activities appear to maintain production at the 1971 level, with increases in large-scale copper mining (3.7 per cent) and small- and medium-scale mining (2.3 per cent), and a decline in iron, coal and nitrate production. Manufacturing, according to the index prepared by the National Institute of Statistics, recorded an increase of 2.8 per cent, with growth being slow in foodstuffs and textiles, and more rapid in chemicals and the basic metal industries, while there was a downturn in production of electrical appliances, apparatus and articles. Construction grew by 2 per cent, basic services by 3.7 per cent (with a high rate of growth in electricity, gas and water, and a rate of only 2 per cent in transport and communications), while miscellaneous services grew by 4.8 per cent.

In the external sector, according to preliminary estimates that are subject to revision, the value of merchandise exports amounted to 867 million dollars, 10 per cent less than in 1971. This is attributable in the main to the drop in the value of copper exports. Moreover, the structure of the destination of exports has changed particularly from 1970 onwards. For example, the share of exports to the United States and Canada fell from 34.5 to 9.1 per cent of the total between 1964 and 1971, while that of exports to western Europe grew from 9.2 to 14.2 per cent. The share of exports to other Latin American countries grew from 9.2 per cent to 14.2 per cent over the same period, while that of exports to eastern Europe rose from 0.4 to 3.0 per cent, and to the rest of the world from 17.1 to 20.7 per cent. In 1972, the FOB value of merchandise exports amounted to 1,183 million dollars, an increase of 23.6 per cent over 1971, one of the main factors being the increase in import prices. Between 1970 and 1972 important changes also occurred in the structure of the origin of imports. There were significant increases in the share of imports from Latin America (from 20.6 to 38.7 per cent), eastern Europe (from 0.5 to 7.0 per cent) and Africa, Asia and Oceania (from 9.1 to 15.2 per cent), while the share of imports to the United States and Canada fell (from 38.2 to 12.5 per cent), as did that of imports from western Europe (from 31.6 to 26.5 per cent).

/The current

The current account deficit in the balance of payments was approximately 600 million dollars, substantially more than in 1971. During the year the external debt was renegotiated, and payments in the amount of slightly over 400 million dollars were deferred.

Current fiscal revenue dropped by close to 12 per cent at constant prices over 1971, while current expenditure rose by 11 per cent at constant prices. As a result, the current account deficit more than doubled. In the capital account, investment dropped by some 25 per cent, and amortization payments by 36 per cent. Between January and the end of November 1972, the money supply in the private sector expanded by 99.8 per cent, and the total money supply by 119.9 per cent. With regard to credit policy, most credit was granted by the Central Bank to the State, the decentralized agencies and public enterprises.

Consumer prices rose by 77.8 per cent over 1971 in terms of annual averages, and by 163.4 per cent between December 1971 and December 1972. For 1971, these figures were 20.1 and 22.1 per cent respectively.

With respect to employment, data from the National Planning Office (ODEPLAN) indicate that the annual average rate of unemployment fell from 6.1 per cent in 1970 to 4.6 in 1971 and 4.0 in 1972.

The main aim of economic policy was to continue with the process of transferring to the State the ownership or control of certain activities considered of key importance. With this end in view, activities continued to build up the area of public ownership of the economy - with an increase in the number of industries either requisitioned or placed under State management particularly in the industrial sector - and to speed up the agrarian reform.

Table 1
CHILE: BALANCE OF PAYMENTS
(Millions of dollars)

	1966- 1970	1970	1971 a/	1972 a/
<u>Current account</u>				
Exports of goods and services	1 115.4	1 267.0	1 086.0	977.0
Goods FOB	988.8	1 124.0	985.0	867.0
Services	126.6	143.0	101.0	110.0
Imports of goods and services	-1 016.2	-1 202.0	-1 193.0	-1 440.0
Goods FOB	-792.4	-928.0	-957.0	-1 183.0
Services	-223.8	-274.0	-236.0	-257.0
Net external investment income	-198.8	-179.0	-112.0	-137.0b/
Net private transfer payments	3.0	-	-	-
Balance on current account	-96.6	-114.0	-219.0	-600.0
<u>Capital account</u>				
Net external financing (a + b + c + d + e)	96.6	114.0	219.0	...
(a) Net external non-compensatory capital	226.6	235.0	}	...
Direct investment	33.6	19.0		...
Long and medium-term loans	303.4	380.0		...
Amortization payments	-139.8	-140.0		...
Short-term liabilities	25.4	-24.0		...
Official transfer payments	4.0	-		...
(b) Domestic non-compensatory capital and assets	-12.2	-7.0	}	...
(c) Errors and omissions	-28.4	-46.0		...
(d) Allocation of SDRs	4.2	21.0		16.7
(e) Net compensatory movements (increase-)	-93.6	-89.0	298.5	...
Balance-of-payments loans, trade arrears, IMF position and other liabilities of the monetary authorities	41.4	5.0	103.0	...
Amortization payments	-82.2	-73.0	-20.0	...
Foreign exchange (increase-)	-45.2	8.0	239.5	...
Gold (increase-)	-3.2	-7.0	-4.2	...
SDRs (increase-)	-4.4	-22.0	-19.8	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

a/ Estimates based on official statistics.

b/ The payment of interest on the debt refers to accrued values. The difference between this value and the sum paid should appear as capital inflow.

ECUADOR

In the last few years the new petroleum activities have altered Ecuador's pattern of development and opened up fresh economic prospects. During 1972 the gross domestic product grew by about 11.3 per cent, as a result of the expansion of mining, to which the larger output of petroleum contributed directly and which, together with manufacturing, grew by 23.2 per cent. In particular, the completion of the 500-kilometre oil pipeline between the oilfields and the port of Esmeraldas enabled exports of petroleum to be initiated in the middle of August, at the rate of some 180,000 barrels a day. Manufacturing activity was also intensified mainly by the demand created by the development of petroleum and by the fiscal incentives which have been established. Services, including basic services, stepped up their activities by about 15 per cent. Only agriculture did not participate in the general dynamic trend and continued to grow slowly, though at a somewhat higher rate than in previous years.

The salient development was a radical change in the level of exports of goods, which rose from 244 million dollars in 1971 to 323 million in 1972, mainly because of the sales of petroleum, amounting to nearly 60 million dollars. In addition, the sales of traditional export products, which represent two-thirds of the total, increased by 9 per cent owing to favourable external prices. Other export commodities, including a number of manufactures, once again increased sharply, this time by around 24 per cent. With the virtual stagnation of imports, in contrast to the notable expansion of exports, the trade deficit was reduced from 108 to 28 million dollars between 1971 and 1972. When petroleum began to be exported, however, net remittances of profits and interest rose by 18 million dollars, and the final result was that the current account showed a deficit of 170.5 million dollars, or some 60 million dollars less than in 1971. Added to this there was a net inflow of non-compensatory capital totalling 220 million dollars (23 million more than in 1971), so that international reserves showed a net increase of 55 million dollars. It will be remembered that in 1971 they had dropped by 30 million dollars.

A restrictive policy was followed with respect to public expenditure with the purpose of reducing the Treasury deficit which had been increasing in recent years and which was estimated at around 1,900 million sucres. An external loan of 40 million dollars was obtained to help finance it. In the last few months the State also obtained income from taxes and royalties on petroleum exports, which is estimated to have amounted to 35 million dollars.

/Domestic demand

Domestic demand increased by only about 6 per cent in 1972 (as against 11.5 per cent in 1971), despite the substantial growth of the product. This was due to the drop in imports at constant prices and the considerable expansion of exports, contrary to what happened the year before. Capital formation, moreover, suffered the effects of the completion of the oil pipeline, and government consumption expenditure was affected by the restrictive measures that were put into force.

The consumer price index in Quito and Guayaquil increased by 7.9 per cent respectively in 1972, compared with 8.4 and 9.8 per cent respectively in 1971. The increase in the money supply was 17.8 per cent in 1972, as against 12.9 per cent in 1971.

Table 1

ECUADOR: TOTAL SUPPLY AND DEMAND

	Millions of sucres at 1960 prices				Percentage share			Annual growth rates		
	1965	1970	1971 a/	1972 a/	1965	1970	1971a/ 1972a/	1965-1970	1971 a/	1972 a/
<u>Total supply</u>	20 612	29 005	32 473	35 135	118.8	123.6	127.0	7.1	12.0	8.2
Gross domestic product	17 351	23 468	25 580	28 521	100.0	100.0	100.0	6.2	9.0	11.5
Imports	3 268	5 537	6 893	6 614	18.8	23.6	27.0	11.1	24.5	14.0
<u>Total demand</u>	20 612	29 005	32 473	35 135	118.8	123.6	127.0	7.1	12.0	8.2
Exports	3 659	4 060	4 675	5 743	21.1	17.3	18.3	2.1	15.1	22.8
Gross domestic investment	2 328	4 368	6 115	6 158	13.4	18.6	24.0	13.4	40.0	0.7
Gross fixed investment	2 008	3 900	...	...	11.6	16.6	...	14.2	...	...
Public	778	1 224	...	...	4.5	5.2	...	9.5	...	...
Private	1 230	2 676	...	...	7.1	11.4	...	16.8	...	...
Construction	1 431	2 477	...	...	8.2	10.6	...	11.6	...	...
Machinery and equipment	577	1 423	...	...	3.3	6.1	...	19.8	...	...
Total consumption	14 632	20 577	21 683	23 234	84.3	87.7	84.7	7.1	5.4	7.2
General government	2 503	3 525	3 507	3 037	14.4	15.0	13.8	7.0	-0.5	-13.4
Private	12 129	17 052	18 176	20 197	69.9	72.7	70.9	7.1	6.6	11.1

Source: 1965-1970, ECLA estimates on the basis of official figures supplied by the Central Bank of Ecuador; 1971 and 1972, ECLA estimates on the basis of official figures supplied by the Planning Board.

Note: 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 1960 values by deflation using price indexes calculated by ECLA for the purpose.

a/ Provisional figures.

b/ Goods and services, excluding factor payments.

Table 2

EQUADOR: BALANCE OF PAYMENTS

(Millions of dollars)

	1966- 1970	1970	1971	1972 a/
<u>Current account</u>				
Exports of goods and services	224.6	256.1	268.4	354.5
Goods FOB	205.5	232.8	244.3	323.2
Services	19.1	23.3	24.1	31.3
Imports of goods and services	-280.9	-361.1	-470.7	-480.0
Goods FOB	-209.6	-262.3	-352.7	-350.8
Services	-71.3	-98.8	-118.0	-129.2
Net external investment income	-27.8	-33.5	-35.0	-53.0
Net private transfer payments	4.7	5.4	5.3	8.0
Balance on current account	-79.4	-133.1	-232.0	-170.5
<u>Capital account</u>				
Net external financing (a + b + c + d + e)	79.4	133.1	232.0	170.5
(a) Net external non-compensatory capital	78.7	125.9	188.4	221.6
Direct investment	44.9	90.0	156.5	
Long-and medium-term loans	40.7	49.8	46.8	
Amortization payments	-15.6	-20.4	-24.6	
Short-term liabilities	1.1	-1.8	2.0	
Official transfer payments	7.6	8.3	7.7	3.5
(b) Domestic non-compensatory capital or assets	-0.3	4.7	-1.0	
(c) Errors and omissions	3.4	2.2	10.8	
(d) Allocation special drawing rights	0.8	4.2	3.5	3.5
(e) Net compensatory movements (increase-)	-3.2	-3.9	30.3	-54.6
Balance-of-payments loans, trade arrears, IMF position and other liabilities of the monetary authorities	11.3	22.9	20.8	...
Amortization payments	-6.5	-6.5	-11.0	...
Foreign exchange (increase-)	-5.9	-21.3	23.3	...
Gold (increase-)	-2.1	1.1	0.4	...
Special drawing rights (increase-)	-	-0.1	-3.2	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

a/ Estimates on the basis of official statistics.

EL SALVADOR

According to preliminary information, the gross domestic product grew by around 4.5 per cent in 1972. This represents a recovery from the rate of 3.3 per cent recorded in 1971 and a return to the levels attained in the period 1965-1970.

The expansion in production activities was due primarily to the vigorous growth in external demand, which increased 19 per cent after having remained unchanged for three years. This improvement was attributable above all to exports to countries outside the sub-region. Sales of sugar and cotton were particularly good, while there was a recovery in sales of coffee on the traditional markets. In addition, there was a considerable increase in public investment for the second year in succession and a moderate increase in exports to the Central American Common Market. The effect of these factors was attenuated, however, as in the other Central American countries, by adverse weather conditions which affected the production of basic grain crops and by the cautious attitude maintained by the private sector in view of the critical phase through which the Central American Common Market is passing.

The biggest contribution to the increased product came from the traditional branches of export agriculture (coffee and cotton) and the production of sugar cane. There was also a substantial increase in construction activities, but production levels in domestic agriculture fell and the production of manufactures for the domestic market grew only slightly. The manufacturing sector continued to be dependent on exports to the Central American areas, and this resulted in a sluggish rate of development of the industrial product which contrasted sharply with the expansion process of the mid-1960's.

The noteworthy increase in exports and the more modest increase in imports recorded in 1972 meant that the current account deficit of the balance of payments was smaller. Indeed, the account was almost balanced, and the inflow of non-compensatory capital led to a strengthening of the country's international reserves. Unlike 1971, when exports of goods practically stagnated, such exports increased rapidly in 1972, more because of the larger volumes exported (+13.5 per cent, the increase being particularly great in the case of traditional agricultural products) than because of an increase in average prices (+3.8 per cent).

About 310 million dollars was received from this source. It may be noted that, since the crisis in the Central American Common Market, El Salvador has been trying to find new markets, especially for its manufactures.

In contrast with the big rise (14.6 per cent) in imports of goods and services in 1971, imports rose more moderately in 1972 (7.8 per cent). It is possible that this more moderate increase may be due to the fact that in 1971 stocks were perhaps built up beyond the levels actually required by the economy.

Net inflows of capital were similar to those recorded in 1971. With the virtual balance achieved on the current account, the deficit on which was reduced from 33 million dollars in 1971 to 1 million dollars in 1972, this resulted in an increase of 25 million dollars in net international reserves.

Current central government saving continued to increase (by 22.4 per cent) in 1972, and together with the internal and external financing received this helped to maintain the dynamism of capital formation expenditure. The credits granted were assigned mostly to long-term needs, to the agricultural and industrial sectors, and to various new activities, rather than to short-term financing.

Table 1

EL SALVADOR: TOTAL SUPPLY AND DEMAND

	Millions of colones at 1960 prices					Percentage share		Annual growth rates		
	1965	1970	1971 <u>a/</u>	1972 <u>a/</u>	1965	1970	1971 <u>a/</u>	1972 <u>a/</u>	1955-1970	1971 <u>a/</u> 1972 <u>a/</u>
<u>Total supply</u>	2 532.3	2 078.2	2 234.2	2 390.0	123.1	123.1	126.0	126.3	4.0	5.1 4.8
Gross domestic product	1 977.4	2 486.0	2 568.0	2 683.6	100.0	100.0	100.0	100.0	4.7	3.3 4.5
Imports b/	554.9	592.9	666.9	706.4	28.1	23.8	26.0	26.3	1.3	12.5 5.9
<u>Total demand</u>	2 532.3	2 078.2	2 234.2	2 390.0	123.1	123.8	126.0	126.3	4.0	5.1 4.8
Exports b/	530.3	541.2	549.6	653.3	26.8	21.8	21.4	24.3	0.4	1.6 18.9
Gross domestic investment	307.0	302.8	338.8	337.9	15.5	12.2	13.2	12.6	-0.3	11.9 -0.3
Gross fixed investment	296.3	277.8	298.8	319.9	15.0	11.2	11.6	11.9	-1.3	7.6 7.1
Public	83.6	68.7	82.4	94.8	4.2	2.8	3.2	3.5	-3.8	19.9 15.0
Private	212.7	209.1	216.4	225.1	10.8	8.4	8.4	8.4	-0.3	3.5 4.0
Construction	116.5	126.1	...	...	5.9	5.1	...	...	1.6	...
Machinery and equipment	179.8	151.7	...	...	9.1	6.1	...	...	3.3	...
Total consumption	1 695.0	2 234.9	2 346.5	2 398.8	85.7	89.9	91.4	89.4	5.7	5.0 2.2
General government	166.3	229.3	240.2	250.0	8.4	9.2	9.4	9.3	6.6	4.8 4.1
Private	1 528.7	2 005.6	2 106.3	2 148.8	77.3	80.7	82.0	80.1	5.6	5.1 2.0

Source: 1965-1971, ECLA estimates on the basis of official statistics supplied by the Central Reserve Bank; 1972, ECLA estimates on the basis of official statistics.

Note: 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 1960 values by deflation using price indexes specially calculated by ECLA for the purpose.

a/ Provisional figures.

b/ Goods and services, excluding factor payments.

Table 2
EL SALVADOR: BALANCE OF PAYMENTS
(Millions of dollars)

	1966-1970	1970	1971	1972 a/
<u>Current account</u>				
Exports of goods and services	229.3	250.0	252.1	312.0
Goods FOB	208.1	229.1	227.8	285.0
Services	21.2	20.9	24.3	27.0
Imports of goods and services	-252.1	-253.8	-291.0	-313.8
Goods FOB	-198.6	-194.7	-227.3	-245.0
Services	-53.5	-59.1	-63.7	-68.8
Net external investment income	-8.3	-8.8	-10.2	-11.7
Net private transfer payments	8.4	12.4	16.1	12.5
Balance on current account	-22.7	-0.2	-33.0	-1.0
<u>Capital account</u>				
Net external financing (a+b+c+d+e)	22.7	0.2	33.0	1.0
a) Net external non-compensatory capital	25.1	14.7	27.7	22.4
Direct investment	7.4	3.7	7.0	
Long- and medium-term loans	15.7	8.7	13.8	
Amortization payments	-4.5	-6.8	-10.7	
Short-term liabilities	3.3	7.2	16.5	
Official transfer payments	3.2	1.9	1.1	3.7
b) Domestic non-compensatory capital or assets	-1.8	-6.0	-1.0	
c) Errors and omissions	-3.1	-0.3	-2.9	
d) Allocation SDRs	0.8	4.2	3.7	3.7
e) Net compensatory movements (increase -)	1.7	-12.4	5.5	-25.1
Balance-of-payments loans, trade arrears, IMF position and other liabilities of the monetary authorities	11.5	1.1	13.4	...
Amortization payments	-8.0	-12.1	-7.5	...
Foreign exchange (increase -)	-2.7	1.1	1.7	...
Gold (increase -)	0.9	-2.5	0.1	...
SDRs (increase -)	-	-	-2.2	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

a/ Estimates, on the basis of official statistics.

WEST INDIES ASSOCIATED STATES

According to preliminary estimates, the gross domestic product at current factors cost grew by approximately 8 per cent in 1972, less than in 1971 (9.3 per cent) and in the period 1967-1971 (9.8 per cent).

Agriculture continued to decline. Sugar production dropped markedly and other agricultural export products declined to a slightly lesser extent, with the exception of banana output which apparently maintained 1971 levels. Agriculture for domestic consumption maintained, generally speaking, its levels of production. In some sectors, the production of root crops, fruits and vegetables increased, mainly in response to the stimulus of the Agricultural Marketing Protocol to the CARIFTA Agreement. The value added for the Government sector appears to have repeated in 1972 the notable rate of increase recorded during 1970 and 1971. Construction, closely linked with public expenditure and tourism, increased in 1972, owing to housing and construction programmes in the public sector and to the increase in the availability of hotels for the tourist industry. The services sector grew substantially in 1972, at a rate similar to that registered for the Government, construction and tourism. The output of the manufacturing sector, of little relative importance, apparently did not achieve a very high rate of growth, although it did achieve a wider variety of output thanks to some new industries.

As regards the external sector, it is estimated that the deficit on the balance of trade increased by 210 million East Caribbean dollars (one East Caribbean dollar is worth 50 cents of one United States dollar) to around 235 million dollars in 1972, although the value of exports appears to have recovered slightly after the decline registered in 1971. Imports continued to increase significantly, especially imports of construction materials and other manufacturing goods; over the last few years there has been no significant variation in their structure or origin.

Table 1

WEST INDIES ASSOCIATED STATES: GROSS DOMESTIC PRODUCT AT CURRENT FACTOR COST

(Millions of East Caribbean dollars)

Sector	1967	1970 a/	1971 a/	1972	Annual percentage change		
					1967 1971	1970	1971
Export agriculture	32.8	32.9	32.2	...	-0.5	-12.7	-2.1
Other agriculture, livestock and fishing	23.2	26.4	26.8	...	3.7	6.0	1.5
Mining and manufacturing	8.0	10.3	11.1	...	8.5	2.0	7.9
Construction	25.0	39.9	42.4	...	14.2	31.4	9.9
Distribution	27.7	41.8	44.8	...	12.8	19.1	7.2
Transport, storage and communication	9.4	14.1	15.0	...	12.4	22.6	6.4
Services (incl. hotels, finance and insurance)	26.1	39.0	46.4	...	15.5	15.0	19.0
Hotels	(8.2)	(15.8)	(18.7)	...	(22.9)	(21.5)	(18.4)
Ownership of dwellings	15.8	18.6	19.6	...	5.6	7.5	5.4
Government	37.3	50.6	60.1	...	12.7	21.9	18.8
<u>Total</u>	<u>205.3</u>	<u>273.0</u>	<u>298.0</u>	<u>322.0 b/</u>	<u>9.8</u>	<u>12.9</u>	<u>9.3</u>
							<u>8.0 b/</u>

a/ Provisional.

b/ Estimate.

Table 2

WEST INDIES ASSOCIATED STATES: EXPORTS OF SELECTED ITEMS

(Thousands of EC dollars)

Commodity	Unit	1969		1970		1971		1972	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Bananas	Tons	175 783	27 203	130 199	19 035	141 081	22 142	35 662.3 a/	7 085.7 a/
Cocoa	Tons	4 465	6 224	2 389	4 474	2 835	3 655		
Arrowroot	Tons	2 090	1 071	2 290	1 356	1 494	929		
Nutmegs and mace	Tons	1 570	5 554	1 905	3 978	1 949	3 898		
Sweet potatoes b/	Thousands of pounds	5 385	485	2 474	223	2 837	245		
Sugar	Tons	35 382	7 812			29 885	7 760		
Copra	Tons	3 649	1 344	2 997	1 210	1 304	564		
Citrus	Tons	2 603	459	1 657	283	2 909	1 253		
Lime juice c/	Gallons	175 637	784	109 800 d/	539	147 500	481		
Coconut oil	Thousands of pounds	3 663	1 118	5 467	1 750	5 737	1 810		
Cotton (Sea Island variety)	Pounds	93 300	114	232 000	289	44 632	41		
Lime oil	Pounds	34 657	413	19 700	308	24 000	394		

Source: Official trade reports of member territories, and data supplied ECLA.

a/ Data for full year Dominica only.

b/ Values estimated by ECLA on the basis of unit cost to main purchasing countries.

c/ Raw and concentrated lime juice.

d/ Excludes negligible quantities exported from Grenada.

GUATEMALA

The gross domestic product increased by 6 per cent, slightly more than in 1971 and during the period 1965-1970. In contrast to the previous year, when domestic demand generated the dynamic impulses, 1972 dynamism was due to the recovery of exports. Private investment increased by 5.3 per cent (in 1971 it had increased by 9.8 per cent), with the cutting down on inducements as a result of the problems of the Central American Common Market; public investment, however, continued to increase (by 8 per cent), while consumer expenditure increased by 5.6 per cent.

Agriculture grew at a rate of around 6 per cent, as a result of the increase in production aimed at satisfying external and livestock demand; the growth rate of production for domestic consumption, however, (mainly basic seed crops) declined substantially on account of the drought which affected all Central America.

The performance of the manufacturing sector may be considered relatively satisfactory, since it increased its growth rate from 5.4 per cent in 1971 to 6 per cent in 1972, although the growth rates of before the Common Market crisis have not yet been caught up on; increased domestic demand probably contributed to strengthening its growth.

Following its virtual stagnation, construction activity recovered in 1972 and expanded by 5.6 per cent. The change in destination of private investment contributed to this, more resources being given over to the construction of buildings and dwellings, while public capital expenditure maintained its dynamism. The electricity sector achieved a growth rate of 10.6 per cent; to increase the possibilities of electricity programming, the State acquired the Empresa Eléctrica de Guatemala S.A., whose sales account for 79 per cent of national totals.

As regards public finance, earnings continued to increase slowly, while total expenditure, and particularly expenditure on financial investment, expanded substantially and were 50 per cent up on previous levels.

Increase Government capital expenditure had a financial parallel in the increase of net public credit granted by the banks from 58.7 to 92.5 million quetzals (up till September), while the increased dynamism of domestic supply took the form of an acceleration of resources to finance the requirements of the private sector. The balance of assets in the banking system increased by 17 per cent; the money supply increased by 10.9 per cent in comparison with 7.3 per cent in 1971.

/In the

In the external sector, the dynamic performance of exports and the slight increase in imports, meant that the substantial improvement in the trade balance contributed to reducing the deficit of the current account from 40 to 13 million dollars; this, plus inflows of capital, resulted in an increase of 42 million dollars in international reserves. Exports of goods recovered from the 1971 decline, owing to the favourable conditions of the traditional international markets, and reached 334 million dollars worth (15.4 per cent up on 1971). Imports of goods, however, registered a poor growth, but purchases of consumer goods and raw materials increased, while the growth of capital goods declined.

Table 1

GUATEMALA: TOTAL SUPPLY AND DEMAND

	Millions of quetzales at 1960 prices				Structure (percentages)			Annual growth rate (percentages)		
	1965	1970	1971	1972a/	1965	1970	1971	1972a/ 1965-1970	1971	1972a/
<u>Total supply</u>	1 589.4	2 098.8	2 199.7	2 323.2	117.9	117.7	116.6	116.2	5.7	5.6
Gross domestic product	1 347.9	1 783.2	1 886.1	1 999.3	100.0	100.0	100.0	100.0	5.7	6.0
Imports	241.5	315.6	313.6	323.9	17.9	17.7	16.6	16.2	5.5	3.3
<u>Total demand</u>	1 589.4	2 098.8	2 199.7	2 323.2	117.9	117.7	116.6	116.2	5.7	5.6
Exports	226.8	307.3	307.2	345.3	16.8	17.2	16.3	17.2	6.3	12.4
Gross domestic investment	158.7	204.1	234.2	227.6	11.8	11.4	12.4	11.5	5.2	2.8
Gross fixed investment	150.5	198.5	216.5	229.1	11.2	11.1	11.5	11.7	5.7	5.8
Public	31.2	38.6	41.0	44.3	2.3	2.2	2.2	2.5	4.3	8.0
Private	119.3	159.9	175.5	184.8	8.9	9.0	9.3	9.2	6.0	5.3
Construction	61.8	62.0	62.5	...	4.6	3.5	3.3	...	0.1	...
Machinery and equipment	88.7	136.5	154.0	...	6.6	7.6	8.2	...	9.0	...
<u>Total consumption</u>	1 203.9	1 587.4	1 658.3	1 750.9	89.3	89.1	87.9	87.5	5.7	5.6
General government	91.4	126.1	117.1	124.6	6.8	7.1	6.2	6.2	6.6	6.4
Private	1 112.5	1 461.3	1 541.2	1 625.7	82.5	81.9	81.7	81.3	5.6	5.5

Source: 1965-1971: ECLA estimates based on figures supplied by the Banco de Guatemala; 1972: ECLA estimates.

Note: The figures for exports and imports of goods and services were taken from the balance of payments data expressed in dollars at current prices, which were converted to constant 1960 values by deflation, using price indexes calculated by ECLA for the purpose.

a/ Preliminary figures.

b/ Goods and services, excluding factor payments.

Table 2
GUATEMALA: BALANCE OF PAYMENTS
(Millions of dollars)

	1966- 1970	1970	1971	1972 <u>a/</u>
<u>Current account</u>				
Exports of goods and services	282.8	350.8	344.3	396.4
Goods FOB	246.0	298.3	290.5	335.1
Services	36.8	52.5	53.8	61.3
Imports of goods and services	-295.7	-335.4	-371.1	-393.1
Goods FOB	-234.7	-266.6	-292.1	-307.1
Services	-61.0	-68.8	-79.0	-86.0
Net external investment income	-26.0	-33.1	-38.6	-43.5
Net private transfer payments	11.1	17.9	25.7	27.3
Balance on current account	-27.8	0.2	-39.7	-12.9
<u>Capital account</u>				
Net external financing (a+b+c+d+e)	27.8	-0.2	39.7	12.9
(a) Net external non-compensatory capital	46.4	46.1	60.9	51.6
Direct investment	20.5	22.5	22.8	
Long- and medium-term loans	63.9	71.7	79.9	
Amortization payments	-40.4	-46.9	-46.1	
Short-term liabilities	1.0	-1.3	5.2	
Official transfer payments	1.4	0.1	-0.9	
(b) Domestic non-compensatory capital or assets	-11.8	-18.5	-1.0	3.8
(c) Errors and omissions	-4.1	-12.1	-10.9	
(d) Allocation SDRs	0.8	4.2	3.9	
(e) Net compensatory movements (increase -)	-3.5	-19.9	-13.2	-42.5
Balance-of-payments loans, trade arrears, deferred payments, IMF position and other liabilities of the monetary authorities	9.7	3.4	5.0	...
Amortization payments	-9.5	-11.5	-4.0	...
Foreign exchange (increase -)	-3.6	-9.6	-5.5	...
Gold (increase -)	0.3	-0.2	-2.9	...
SDRs (increase -)	-0.4	-2.0	-5.8	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

a/ Estimates based on official statistics.

/GUYANA

GUYANA 1/

According to the preliminary information available, the gross domestic product is estimated to have increased by 2 per cent at current prices in 1972. This rate compares unfavourably with the average increase of 6.6 per cent recorded in the period 1968-1970 and especially with the 9.3 per cent increase recorded in 1971. Indeed, the gross domestic product is estimated to have declined by around 2 per cent, bearing in mind that in the period up to September 1972 domestic prices increased by 3.9 per cent compared with the same period in 1971.

These meagre results are attributable to the poor performance of the main sectors of the economy, particularly agriculture, where production declined by 4.3 per cent. Manufacturing and mining showed no real improvement in production over 1971, mining being moreover adversely affected by unstable external demand, and output of rice and sugar cane, which accounts for a substantial part of agricultural production, was severely affected by adverse weather conditions in 1972. The government and construction sectors showed lower growth rates than those recorded in 1971, but together with the services sector they helped to offset the poor results of the main activities.

As regards expenditure, there was only a slight increase of 1.6 per cent in fixed capital formation in 1972. This was due to the contrasting behaviour of private and public investment, the first of which dropped by 29 per cent, while public investment increased by about the same percentage. Stocks decreased by 15 per cent. The final result was that total investment showed a mere 0.7 per cent increase.

Both private and public consumption increased by around 6 per cent in 1972, as in 1971.

Guyana's export trend is determined by the output of the main agricultural commodities, bauxite and alumina, and by the conditions prevailing on external markets. Thus, in 1972 favourable external prices for some important export commodities compensated to some extent for the scanty increase in domestic output.

Preliminary figures indicate that imports in the first eight months of 1972 increased twice as much as the percentage increase in exports, so there might well be only a slight trade surplus at the end of the year. Even so, final balance-of-payments surplus is expected to be greater than the 11.6 million dollars recorded in 1971.

1/ Unless otherwise indicated, all values are expressed in Guyana dollars, which are equivalent to 50 United States cents.

Table 2

GUATEMALA: BALANCE OF PAYMENTS

(Millions of dollars)

	1966- 1970	1970	1971	1972 <u>a/</u>
<u>Current account</u>				
Exports of goods and services	282.8	350.8	344.3	396.4
Goods FOB	246.0	298.3	290.5	335.1
Services	36.8	52.5	53.8	61.3
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<u>Capital account</u>				
Net external financing (a+b+c+d+e)	27.8	-0.2	39.7	12.9
(a) Net external non-compensatory capital	46.4	46.1	60.9	51.6
Direct investment	20.5	22.5	22.8	
Long- and medium-term loans	63.9	71.7	79.9	
Amortization payments	-40.4	-46.9	-46.1	
Short-term liabilities	1.0	-1.3	5.2	
Official transfer payments	1.4	0.1	-0.9	
(b) Domestic non-compensatory capital or assets	-11.8	-18.5	-1.0	
(c) Errors and omissions	-4.1	-12.1	-10.9	
(d) Allocation SDRs	0.8	4.2	3.9	3.8
(e) Net compensatory movements				
(increase -)	-3.5	-19.9	-13.2	-42.5
Balance-of-payments loans, trade arrears, deferred payments, IMF position and other liabilities of the monetary authorities	9.7	3.4	5.0	...
Amortization payments	-9.5	-11.5	-4.0	...
Foreign exchange (increase -)	-3.6	-9.6	-5.5	...
Gold (increase -)	0.3	-0.2	-2.9	...
SDRs (increase -)	-0.4	-2.0	-5.8	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

a/ Estimates based on official statistics.

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Preliminary figures indicate that imports in the first eight months of 1972 increased twice as much as the percentage increase in exports, so there might well be only a slight trade surplus at the end of the year. Even so, final balance-of-payments surplus is expected to be greater than the 11.6 million dollars recorded in 1971.

1/ Unless otherwise indicated, all values are expressed in Guyana dollars, which are equivalent to 50 United States cents.

Table 1

GUYANA: GROSS DOMESTIC PRODUCT AT CURRENT FACTOR COST BY SECTORS OF ACTIVITY
(Millions of Guyana dollars)

Sectors	1968	1970	1971a/ 1972b/	Annual growth rates	
				1968-1970	1971a/ 1972b/
Agriculture	68.8	79.9	91.5	7.8	14.5
Sugar-cane	(35.4)	(42.8)	(55.7)	(10.0)	(52.1)
Rice	(12.7)	(13.2)	(11.2)	(2.0)	(-37.5)
Fishing c/	5.0	5.1	5.4	1.0	5.9
Forestry	5.5	5.1	5.1	-3.7	-
Mining	79.5	88.7	96.5	5.7	8.8
Manufacturing	49.1	56.9	60.9	7.7	7.0
Sugar processing	(12.4)	(15.0)	(17.6)	10.0	(-1.7)
Rice processing	(4.2)	(3.8)	(3.2)	-4.9	(-43.7)
Transport and Communications	25.9	27.7	29.1	3.4	1.5
Construction	30.0	36.8	40.1	10.8	9.0
Commerce	51.3	53.5	54.7	2.2	2.2
Rent of dwellings	38.3	44.9	47.9	8.3	6.7
Financial and other services					4.6
Government	51.9	61.9	72.6	9.2	17.3
Total	405.3	460.5	503.8	6.6	21.2

Source: Economic Survey 1969 and information provided by the Statistical Bureau, Guyana.

a/ Provisional.

b/ Preliminary estimates.

c/ Figures do not agree with those previously published because of adjustment to exclude activities of foreign-owned shrimp trawlers not registered locally.

Table 2
GUYANA: EXPORTS OF SELECTED PRODUCTS
(Millions of Guyana dollars)

Products	1969	1970	1971	1971 ^a	1972 ^a
Bauxite and alumina	120.3	138.6	136.6	110.7	107.3
Sugar, rum and molasses	89.6	79.3	102.8	76.3	80.7
Rice	19.7	18.0	21.3	16.9	19.5
Timber	2.5	2.4	6.5	1.9	2.4
Shrimps	7.6	8.8	8.7	5.6	6.3
Diamonds	3.8	3.4	2.4	1.6	1.5

Source: External Trade Reports, and data supplied by statistical Bureau, Guyana.

^a/ January to October, except for timber, shrimps and diamonds, where figures are for January to August.

HAITI

The Haitian economy in 1972 continued the process of recovery begun during the last two years. According to preliminary estimates, the gross domestic product expanded by 5.1 per cent, comparing favourably with the annual average of 1.8 per cent registered in the five-year period 1965-1970. This question was particularly due to the speeded up growth of the manufacturing and basic services sectors; the external sector also evolved favourably, owing to increasing tourism, and to the transfers and flows of non-compensatory capital. Central Government income increased by 10 per cent during 1972.

In 1972, the growth rate of services was greater than that of the goods-producing sectors, which grew faster than the annual average of 1.8 per cent recorded in the second half of the 1960's, but did not reach the increase of 6.6 per cent recorded for 1971. This was partly due to the weakening of primary activities. The agricultural product increased by 3 per cent, compared with 6.4 per cent in 1971, reflecting the decline in the coffee harvest but also the good maize, rice, beans, potato and tapioca harvests, and good harvests in the majority of export crops (cotton, cocoa, sisal and basic oils). Exports of raw and refined sugar, despite the growing demand, reached 23,000 short tons.

Mining activities grew less (2.1 per cent) than during previous periods. This may be partly explained by the cessation of copper production at the end of 1971.

In the production of goods, manufactures and construction maintained their upward trend, manufactures increasing by 8.7 per cent and construction by 21.2 per cent. The low cost of land and labour, together with the exceptional fiscal incentives, attracted foreign capital towards small industry. The evolution of construction was even more dynamic, since it received a sharp boost both from the public sector for work on infrastructure projects and from the private sector, especially in the construction of hotels.

Basic services expanded by 8.8 per cent and there was also significant progress in the other services, thanks to the expansion of tourism and manufacturing and a growing import capacity.

/In the

In the external sector the trading balance continued to be negative, increasing from 9 to 11 million dollars between 1971 and 1972. This deficit illustrates the relative stagnation of exports in the face of import requirements for consumer and capital goods. Exports of goods, which had increased by 20.8 per cent in 1971, decreased by 1.7 per cent in 1972, but maintained relatively high levels in comparison with previous years. This result derived from a decline in coffee sales, the cessation of copper production and the stagnation of exports of bauxite. The growth rate of imports dropped from 17.2 per cent to 2.3 per cent between 1971 and 1972.

The capital account more than covered the deficit on the current account producing a surplus, increased by the allocation to Haiti of 2.6 million dollars worth of special drawing rights. This increased international reserves in 1972 to 8.5 million dollars, similar to figures for 1971.

Table 1
HAITI: TOTAL SUPPLY AND DEMAND

	Millions of gourdes at 1960 prices			Percentage share			Annual growth rates		
	1965	1970	1971	1972a/	1965	1970	1971	1972a/	1965-1970
Total supply	1 891.5	2 059.0	2 190.6	2 275.7	118.6	118.0	118.7	17.3	1.7
Gross domestic product	1 594.5	1 745.5	1 845.5	1 939.6	100.0	100.0	100.0	100.0	1.8
Imports b/	297.0	313.5	345.1	336.1	18.6	18.0	18.7	17.3	1.1
Total demand	1 891.5	2 059.0	2 190.6	2 275.7	118.6	118.0	118.7	17.3	1.7
Exports b/	206.5	217.5	272.5	275.0	13.0	12.5	14.8	14.2	1.1
Gross domestic investment	107.7	132.7	143.2	156.1	6.7	7.6	7.8	8.0	4.3
Gross fixed investment	...	...	...	...	...	...	...	...	...
Construction c/	48.3	52.4	57.8	...	3.0	3.0	3.1	...	1.7
Machinery and equipment c/	59.4	80.3	85.4	...	3.7	4.6	4.7	...	6.2
Total consumption	1 577.3	1 703.8	1 774.9	1 844.6	98.9	97.9	96.1	95.1	1.6
General government	129.4	137.6	141.7	148.1	8.1	7.9	7.7	7.6	1.2
Private	1 447.9	1 571.2	1 633.2	1 696.5	90.8	90.0	88.4	87.5	1.7

Sources: 1965-1971, ECLA estimates on the basis of official statistics supplied by CONADEP; 1972, ECLA estimates on the basis of partial data.

Note: 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 1960 values by deflation using price indexes calculated by ECLA for the purpose.

a/ Provisional figures.

b/ Goods and services, excluding factor payments.

c/ Including variation in stocks.

Table 2
HAITI: BALANCE OF PAYMENTS
(Millions of dollars)

	1966- 1970	1970	1971	1972a/
<u>Current account</u>				
Exports of goods and services	46.5	52.9	64.3	67.3
Goods FOB	35.8	39.0	47.1	46.3
Services	10.7	13.9	17.2	21.0
Imports of goods and services	-60.5	-69.5	-78.6	-80.5
Goods FOB	-42.4	-47.7	-55.9	-57.2
Services	-18.1	-21.8	-22.7	-23.3
Net external investment income	-3.4	-3.6	-3.9	-4.4
Net private transfer payments	12.2	15.0	13.1	14.0
Balance on current account	-5.2	-5.2	-5.1	-3.6
<u>Capital account</u>				
Net external financing (a + b + c + d + e)	5.2	5.2	5.1	3.6
(a) Net external non-compensatory capital	6.8	9.8	8.3	
Direct investment	1.6	2.8	3.4	
Long and medium-term loans	0.8	1.2	2.6	
Amortization payments	-1.0	-1.3	-1.3	
Short-term liabilities	0.6	0.2	-2.2	10.1
Official transfer payments	4.8	6.9	+5.8	
(b) Domestic non-compensatory capital or assets	-2.2	-2.6	-3.4	
(c) Errors and omissions	1.1	-0.9	6.3	
(d) Allocation SDRs	0.5	2.5	2.0	2.0
(e) Net compensatory movements (increase -)	-1.0	-3.6	-8.1	-8.5
Balance-of-payments loans, trade arrears, IFF position and other liabilities of the monetary authorities	2.0	0.3	-	...
Amortization payments	-2.4	-2.9	-2.2	...
Foreign exchange (increase -)	-0.5	-0.9	-2.9	...
Gold (increase -)	-0.1	-	-2.0	...
SDRs (increase -)	-	-0.1	-1.0	...

Source: IMF, Balance of payments Yearbook, vols. 23 and 24.

a/ Estimates on the basis of official statistics.

HONDURAS

During 1972 the gross domestic product grew by a little over 2 per cent, which means a deterioration with respect to the annual rate of approximately 5.8 per cent at which it had been growing since 1965.

The agricultural sector as a whole increased by 2 per cent, which is lower than the rate for the previous year and even that for the period 1965-1970. Adverse weather conditions largely cancelled out the efforts that had been made to improve the production of cotton, coffee and bananas, among the agricultural export commodities, and of rice and maize among those grown for domestic consumption. Livestock production was also affected, its growth being barely 3 per cent.

The growth of manufacturing was only 2 per cent, which is much lower than the rates of 7.3 per cent recorded in the five years 1965-1970 and 6 per cent in 1971. The processing industries and those producing intermediate goods (especially chemical products, textiles, timber and non-metallic mineral products) seem to have grown faster than the sector as a whole; in contrast, the sectors producing traditional consumer goods showed little dynamism.

The services producing sectors, except for the generation of electric power, also reflect the weakness of the basic production sectors and the effects of the scant dynamism of foreign trade.

As regards the evolution of overall demand, the volume of exports grew more slowly, while investment expenditure by the public sector deteriorated further, as did private consumption. Private investment showed a slight recovery.

In the external sector, preliminary estimates indicate a relatively favourable trend compared with 1971, since the current account deficit was reduced from 29 to 14 million dollars. This smaller adverse balance is attributable to a further reduction in the value of imports (for the second consecutive year) and a rise in the value of exports of goods, although at a lower rate than that attained in 1971. The most striking developments among the main export items are the deterioration in banana sales and the significant increase in external sales of coffee and timber (22.6 per cent and 32.3 per cent, respectively). As regards other less important products, exports of meat grew more slowly, while cotton exports increased considerably to a value of 1.5 million dollars, or three times the sales effected in 1971.

/The value

The value of imports of durable consumer goods, non-metallic intermediate products, capital goods and building materials declined in absolute terms, while purchases of non-durable consumer goods increased.

The net inflow of long-term capital declined for the second year in succession and there was an increase in liabilities, which are partially associated with the maintenance of levels of economic activity. The net international reserves rose by 8 million dollars, partly owing to the allocation of special drawing rights to a value of 2.6 million dollars.

Table 1

HONDURAS: TOTAL SUPPLY AND DEMAND

	Millions of lempiras at 1960 prices				Structure (percentages)				Annual growth rate (percentages)		
	1965	1970	1971a/	1972a/	1965	1970	1971a/	1972a/	1965-1970	1971a/	1972a/
Total supply	1 175.4	1 642.2	1 667.5	1 675.0	130.4	138.1	132.1	129.8	7.0	1.1	0.4
Gross domestic product	901.4	1 194.4	1 262.2	1 290.0	100.0	100.0	100.0	100.0	5.8	5.7	2.2
Imports b/	274.0	454.8	405.3	385.0	30.4	38.1	32.1	29.8	10.7	-10.9	-5.0
Total demand	1 175.4	1 642.2	1 667.5	1 675.0	130.4	138.1	132.1	129.8	7.0	1.1	0.4
Exports b/	216.2	292.8	314.8	333.3	24.0	24.5	24.9	25.8	6.3	7.5	5.9
Gross domestic investment	148.7	262.1	206.2	206.8	16.5	21.9	16.3	16.0	12.0	-21.3	0.3
Gross fixed investment	131.5	224.1	221.4	210.3	14.6	18.8	17.5	16.3	11.3	-1.2	-5.0
Public	19.3	68.0	61.0	48.8	2.1	5.7	4.8	3.8	28.6	-10.3	-20.0
Private	112.2	156.1	160.4	161.5	12.5	13.1	12.7	12.5	6.3	2.8	0.7
Total consumption	810.5	1 094.3	1 146.5	1 134.9	89.9	91.7	90.9	88.0	6.2	4.8	-1.2
General government	85.2	123.3	131.4	133.4	9.5	10.3	10.4	10.3	7.7	6.6	1.5
Private	725.3	971.0	1 015.1	1 001.5	80.5	81.3	80.4	77.7	6.0	4.5	-1.3

Source: 1965-1971: ECLA estimates based on figures supplied by the Central Bank of Honduras; 1972: ECLA estimates based on official statistics.

Note: The figures for exports and imports of goods and services were taken from the balance of payments data expressed in dollars at current prices, which were converted to constant 1960 values by deflation, using price indexes calculated by ECLA for the purpose.

a/ Preliminary figures.

b/ Goods and services, excluding factor payments.

Table 2
HONDURAS: BALANCE OF PAYMENTS
(Billions of dollars)

	1966- 1970	1970	1971	1972 ^{a/}
<u>Current account</u>				
Exports of goods and services	181.5	196.5	209.4	220.7
Goods FOB	166.0	178.2	189.5	200.0
Services	15.5	18.3	19.9	20.7
Imports of goods and services	-200.5	-244.3	-219.6	-214.3
Goods FOB	-166.5	-203.4	-177.5	-172.5
Services	-34.0	-40.9	-42.1	-41.8
Net external investment income	-20.2	-22.6	-21.8	-23.3
Net private transfer payments	2.1	2.9	3.0	3.3
Balance on current account	-37.1	-67.5	-29.0	-13.6
<u>Capital account</u>				
Net external financing (a + b + c + d + e)	37.1	67.5	29.0	13.6
(a) Net external non-compensatory capital	36.4	57.6	32.6	19.0
Direct investment	9.7	8.4	6.4	
Long and medium-term loans	20.1	38.4	32.1	
Amortization payments	-4.1	-5.6	-8.6	
Short-term liabilities	7.0	12.7	-0.8	
Official transfer payments	3.7	3.7	3.5	
(b) Domestic non-compensatory capital or assets	-2.5	-2.9	-4.5	2.6
(c) Errors and omissions	2.7	0.9	-1.5	
(d) Allocation SDRs	0.6	3.2	2.7	
(e) Net compensatory movements (increase -)	-0.1	8.7	-0.3	-8.0
Balance-of-payments loans, trade arrears, IMF position and other liabilities of the monetary authorities	1.1	-	1.2	...
Amortization payments	-1.4	-0.9	-	...
Foreign exchange (increase -)	0.5	5.1	1.2	...
Gold (increase -)	-0.3	4.7	-	...
SDRs (increase -)	-	-0.2	-2.7	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

^{a/} Estimates based on official statistics.

JAMAICA 1/

On the basis of preliminary indicators, Jamaica's gross domestic product at current factor cost is estimated to have grown by 7 per cent, or nearly the same rate as in 1971. Using the 6 per cent increase in retail prices during the year as an approximate deflator, it is estimated that the real gross domestic product grew by almost 1 per cent.

First estimates - at current prices - indicate that the value added by the agricultural sector increased by 7.8 per cent, the contribution made by sugar rose mainly because of the increase in external prices, but the performance of other agricultural export commodities was less satisfactory. In agriculture for domestic consumption, the output of part of the livestock sector and root crops and vegetables increased sharply. Mining grew by 3.8 per cent, which is significantly lower than the rates recorded since 1968 and reflects the general weakness of the international market for bauxite and alumina, and the fact that output appears to be catching up with capacity. Manufacturing grew by over 7 per cent, with increases in chemical products, food, beverages, tobacco and sugar; on the other hand, the increases in textiles, cement and steel were smaller than in 1971. The government sector has increased its influence in recent years and grew by about 9 per cent. Commerce increased by 8 per cent, and other services at a higher rate than the economy as a whole; of special significance is tourism, which is the second largest earner of foreign exchange, accounting for an estimated 15 million dollars in 1972. Like most of the CARIFTA countries, Jamaica is characterized by a large deficit in its visible trade. In 1971 imports totalled 458.7 million dollars and exports 285.8 million, resulting in a deficit of 172.9 million dollars. Preliminary data for the period January-September 1972 show exports at approximately 232 million dollars and imports at around 357 million, which leaves a deficit balance of about 125 million dollars. Since imports tend to grow faster than exports in the latter part of each year, the deficit for 1972 will probably exceed the 1971 figure.

In the balance of payments for the period 1968-1972 merchandise trade reflected a deficit, and so did the current account despite increasing receipts from tourism, government transactions and private transfers. Capital inflows exceeded the current account deficit in each of these years, except 1969. Subsequently, however, capital inflows declined, and the overall deficit for 1972 is expected to be 50 million dollars.

1/ Unless otherwise stated, the values are expressed in Jamaican dollars. Prior to devaluation of the United States dollar in December 1971, 1 Jamaican dollar was equivalent to 1.20 United States dollar.

Owing to the outward-directed nature of Jamaica's economy, it has been greatly affected by external events. In 1972, besides the usual problems of instability of some external markets and the deterioration in the terms of trade, the country had to face the recent international monetary crisis. The upshot was that the Jamaican dollar was not devalued at the same time as the United States dollar in December 1971, but was floated together with the pound sterling as from mid-1972.

Table 1
JAMAICA: GROSS DOMESTIC PRODUCT AT CURRENT FACTOR COST
(Millions of Jamaica dollars)

	1969	1970 _{a/}	1971 _{a/}	1972 _{b/}	1970	1971 _{a/}	1972 _{b/}
Total agriculture	77.0	79.9	86.1	92.8	3.9	7.8	7.8
Export agriculture	(26.9)	(27.2)	(28.4)	...			
Domestic agriculture	(50.1)	(52.7)	(57.7)	...			
Mining, quarrying and refining	124.7	159.7	173.1	179.7	28.1	8.4	3.8
Manufacturing	121.3	128.8	135.7	145.7	6.2	5.4	7.4
Construction and installation	105.3	114.0	117.9	...	8.3	3.4	
Distributive trades	109.4	120.1	130.2	140.6	9.8	8.4	8.0
Government	81.3	94.9	101.7	110.8	16.7	7.2	8.9
Electricity, gas and water	12.9	14.0	15.3	311.1	7.8	10.1	8.2
Transportation, communication and storage	63.2	68.8	75.1		8.9	9.2	
Ownership of dwellings	24.8	25.1	25.6		1.2	1.2	
Financial institutions	45.4	47.9	53.3		5.5	11.3	
Miscellaneous	103.5	111.2	118.2		7.4	6.3	
<u>Total</u>	<u>868.9</u>	<u>964.5</u>	<u>1 032.2</u>	<u>1 104.5</u>	<u>11.0</u>	<u>7.0</u>	<u>7.0</u>

Source: National Income and Product, 1970 and 1971, Department of Statistics, Jamaica.

a/ Preliminary.

b/ ECLA estimates.

Table 2
JAMAICA: BALANCE OF PAYMENTS, 1960-1972
(Millions of Jamaica dollars)

	1968	1969	1970	1971	Jan-June 1971	Jan-June 1972 ^{a/}
<u>Merchandise</u>						
Exports FOB	209.2	243.2	285.1	287.6	158.9	149.5
Imports FOB	276.9	317.6	374.3	394.3	190.9	199.5
<u>Net balance on merchandise</u>	-67.7	-74.4	-89.2	-106.7	-32.0	-50.0
<u>Services (Net)</u>						
Transport (including freight)	-31.3	-45.9	-54.9	-57.8	...	...
Merchandise insurance	-3.2	4.7	4.8	8.2	...	...
Foreign travel	62.8	65.4	66.7	77.2	43.3	42.1
Investment income	-61.0	-72.5	-81.8	-85.6	-35.3	-37.8
Government Transactions	7.7	8.6	9.6	10.6	...	...
Non-merchandise insurance	-11.5	-10.8	-10.4	-11.4	...	...
Other services	7.8	10.0	9.8	7.6	-20.5	-21.3
<u>Net balance on services</u>	-28.7	-40.5	-56.2	-51.2	-12.5	-17.0
<u>Net Balance on Goods and Services</u>	-96.4	-114.9	-145.4	-157.9	-44.5	-67.0
<u>Transfer payments (net)</u>						
Private	13.3	14.7	21.8	21.8	...	...
Government	-3.1	-2.8	-3.6	-4.5	...	...
<u>Net transfer payments</u>	10.2	11.9	18.2	17.3	8.6	9.0
<u>Balance on current account</u>	-86.2	-103.0	-127.2	-140.6	-35.9	-58.0
<u>Capital movements (net)</u>	114.4	87.1	134.1	157.4	78.4	39.5
Government external borrowing	12.6	10.3	-1.2	6.8	-2.9	0.5
Retroactive claims	-2.3 ^{b/}	...	...	...	...	...
Unidentified flows	-3.5	...	...	...	...	...
Identified private capital	107.6	97.4	135.3	150.6	81.3	39.0
<u>Total current and capital transactions</u>	28.2	-4.7	6.9	16.8	42.5	-18.5
Allocation of SDRs	...	...	...	4.7	4.7	4.7
<u>Total (deficit -)</u>	<u>28.2</u>	<u>-4.7</u>	<u>6.9</u>	<u>21.5</u>	<u>47.2</u>	<u>-13.8</u>

Source: Economic Survey 1971, Central Planning Unit and Bank of Jamaica Bulletin.

a/ Estimated.

b/ The revenue due Government consequent on the revaluation of bauxite and alumina exports.

MEXICO

The gross domestic product rose by 6.3 per cent in 1972, owing to an appreciable increase in public spending and a comparatively smaller increase in exports. Total supply grew at a slightly faster pace than the product, because of the sharp rise in imports. Notable on the demand side was the substantial increase in public investment (22 per cent at constant prices) and current spending. At the same time, there was a sizable rise in exports of goods and services, stimulated in part by improvements in world prices for several primary products. The growth of consumption, in contrast, was comparatively slow.

The agricultural sector as a whole expanded by 0.3 per cent, the result of a contraction in: crop-farming (down by 2.5 per cent), and increases in stock-farming (5.2 per cent), forestry (0.5 per cent) and fisheries (10.1 per cent). Crop-farming suffered from bad weather, which led to a marked downturn in production for domestic consumption and a normal increase in output of export items.

Manufacturing grew by 7.6 per cent, with notable increases in the chemicals, steel, non-metallic minerals, foodstuffs, beverages and tobacco industries. Growth was more moderate, however, in the textiles, clothing, footwear, consumer durables and capital goods industries.

Mining activities suffered a slight setback (down by 1 per cent), while petroleum production improved and the electric power sector continued to expand rapidly, although somewhat more slowly than the average recorded in the period 1967-1971.

In the external sector, the value of exports increased substantially (21 per cent), mainly accounted for by manufactures. Revenue from tourism and border transactions continued to rise rapidly and even surpassed the level of previous years. At the same time, there was an increase of 18 per cent in imports of goods and services, which was partly attributable to the reactivation of economic activity. Imports of consumer articles showed the highest increases (99 per cent), followed by capital goods (24.5 per cent) and raw materials (13 per cent). Outflows of foreign exchange in respect of payment of services continued to expand fairly rapidly. Overall, trade in goods and services showed a deficit of over 200 million dollars, and, if payments in respect of interest and profits on foreign capital are added in, the current account deficit rises to more than 1,000 million dollars.

/Inflows of

Inflows of capital exceeded the 1971 level. Net inflows of long-term capital amounted to some 712 million dollars, and this, added to the inflow of short-term capital and allocations of special drawing rights (50 million dollars), gave an overall balance-of-payments surplus of 250 million dollars, which again helped to swell international reserves.

In general terms, public finance, monetary and credit policy managed to infuse renewed momentum into the economy and to finance the increase in Government spending within a context of monetary and exchange stability. Current income appears to have risen by 20 per cent over 1971, while current expenditure rose by 40 per cent. As a result, public sector saving contracted considerably. Capital expenditure rose rapidly, producing a deficit on the consolidated public sector account almost three times that recorded in 1971.

Price rises were held down below the 1971 level. The wholesale price index for Mexico City grew by 5.3 per cent between January and December 1972, while the national average consumer price index rose by 5.1 per cent between December 1971 and December 1972.

Table 1

MEXICO: TOTAL SUPPLY AND DEMAND

	Millions of pesos at 1960 prices				Structure (percentages)			Annual growth rates (percentages)			
	1965	1970	1971a/	1972a/	1965	1970	1971a/	1972 a/	1965-1970	1971a/	1972a/
Total supply	233.5	251.1	341.2	364.2	110.3	111.6	111.0	111.4	7.2	3.1	6.7
Gross domestic product	212.3	236.6	307.5	326.9	100.0	100.0	100.0	100.0	6.9	3.7	6.3
Imports b/	21.2	34.5	33.7	37.3	10.0	11.6	11.0	11.4	10.2	-2.3	10.7
Total demand	233.5	331.1	341.2	364.2	110.0	111.6	111.0	111.4	7.2	3.1	6.7
Exports b/	21.9	28.4	29.9	32.9	10.3	9.6	9.7	10.1	5.3	5.3	10.0
Gross domestic investment	42.0	62.6	...	...	19.8	21.1	...	...	8.3	...	...
Gross fixed investment	37.2	57.0	57.3	63.6	17.5	19.2	18.6	19.4	8.9	0.5	11.0
Public	12.1	19.4	17.7	21.6	5.7	6.5	5.7	6.6	9.9	-8.8	22.0
Private	25.1	37.6	39.6	42.0	11.8	12.7	12.9	12.8	8.4	5.3	6.1
Total consumption	169.6	240.1	254.0a/	267.7a/	79.9	80.9	82.7a/	81.2a/	7.2	3.4a/	5.4a/
General government	...	...	...	...	...	...	...	...	...	...	...
Private	...	...	...	...	...	...	...	...	...	...	...

Sources: 1965-1971: ECLA estimates based on figures supplied by the Banco de México S.A.; 1972: ECLA estimates based on preliminary figures.

Note: 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 1960 values by deflation, using price indexes calculated by ECLA for the purpose.

a/ Preliminary figures.

b/ Goods and services, excluding factor payments.

c/ Including changes in stocks.

Table 2

MEXICO: BALANCE OF PAYMENTS

(Millions of dollars)

	1966- 1970	1970	1971	1972a/
<u>Current account</u>				
Exports of goods and services	2 525.0	2 977.0	3 225.0	3 765.0
Goods FOB	1 292.4	1 399.0	1 490.0	1 815.0
Services	1 232.6	1 578.0	1 735.0	1 950.0
Imports of goods and services	-2 668.8	-3 347.0	-3 374.0	-3 974.0
Goods FOB	-1 915.4	-2 392.0	-2 341.6	-2 833.0
Services	-753.4	-955.0	-1 032.4	-1 141.0
Net external investment income	-546.0	-687.0	-764.0	-840.0
Net private transfer payments	10.4	22.0	46.0	35.0
Balance on current account	-679.4	-1 035.0	-867.0	-1 014.0
<u>Capital account</u>				
Net external financing (a+b+c+d+e)	-679.4	1 035.0	867.0	1 014.0
a) Net external non-compensatory capital	665.6	912.0	649.0	1 225.0
Direct investment	237.8	352.0	349.0	
Long- and medium-term loans	855.2	928.0	874.0	
Amortization payments	-525.6	-577.0	-600.0	
Short-term liabilities	97.2	210.0	31.0	
Official transfer payments	1.0	-1.0	-5.0	1 225.0
b) Domestic non-compensatory capital or assets	-22.6	-86.0	-27.0	
c) Errors and omissions	66.2	239.0	387.0	
d) Allocation SDRs	9.0	45.0	40.0	39.0
e) Net compensatory movements (increase-)	-38.8	-75.0	-182.0	-250.0
Balance-of-payments loans, trade arrears, deferred payments, IMF position and other liabilities of the monetary authorities	6.4	-	-	...
Amortization payments	-4.2	-	-	...
Foreign exchange (increase-)	-11.4	4.0	-171.0	...
Gold (increase-)	-20.0	-31.0	29.0	...
SDRs (increase-)	-9.6	-48.0	-40.0	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

a/ Estimates, based on official statistics.

/NICARAGUA

NICARAGUA

In addition to the loss of human lives, the earthquake that virtually wiped out the city of Managua at the end of 1972 caused enough damage to housing, trade, industry and the urban infrastructure to disrupt seriously the country's activities. Preliminary estimates put the damage at around 800 million dollars. The international community demonstrated its solidarity at the seventh extraordinary meeting of the Committee of the Whole of ECLA when it offered the most extensive and determined collaboration in the reconstruction work by granting the maximum financial and technical aid that the Governments and institutions could afford.

Independently of the effect of the earthquake, the gross domestic product expanded by an estimated 5 per cent, less than the year before. The main factors in this trend derived from the external sector, where there was sharp increase in exports of traditional products, particularly cotton, sugar, beef, shrimp and lobster. Exports of manufactures to the regional market were also up.

Imports, on the other hand, grew more slowly, as a result of which the trade balance showed a surplus and the deficit on current account was reduced considerably. This, along with a larger inflow of non-compensatory capital, brought about an increase in foreign exchange reserves of about 15 million dollars, for the third year in succession.

The productive sectors that were mainly responsible for the increase in supply were the manufacturing industry (7.5 per cent) and the basic services sector. By contrast, agricultural production rose only by 2.3 per cent owing to a sharp decline in output for domestic consumption (13 per cent) and a drop in coffee production. The principal reason for this trend was the prolonged drought in 1972. The 1971/1972 cotton output, however, was 24 per cent higher than in the previous crop year and livestock production was up by an estimated 10 per cent.

Owing to the small expansion of imports and the modest growth of the product, supply increased by no more than 4 per cent in 1972. As regards domestic demand, there was a drop in the rate of investment - 9 per cent in the case of public investment. Partly because of the restrictions imposed on public expenditure, total consumption rose by 2.2 per cent.

/Table 1

Table 1

NICARAGUA: TOTAL SUPPLY AND DEMAND

	Millions of cordobas at 1960 prices				Percentage share		Annual growth rates		
	1965	1970	1971	1972 a/	1965	1970	1971	1972 a/ 1970	1972 a/
<u>Total supply</u>	5 416.4	6 611.0	7 016.4	7 305.8	132.4	130.5	131.0	129.2	4.1
Gross domestic product	4 090.0	5 065.4	5 356.2	5 624.0	100.0	100.0	100.0	100.0	4.4
Imports b/	1 326.4	1 545.6	1 660.2	1 681.8	32.4	30.5	31.0	29.9	3.1
<u>Total demand</u>	5 416.4	6 611.0	7 016.4	7 305.8	132.4	130.5	131.0	129.2	4.1
Exports b/	1 158.3	1 249.8	1 308.7	1 583.1	28.3	24.7	24.4	28.1	1.5
Gross domestic investment	853.3	966.5	1 003.3	913.0	20.9	19.1	18.7	16.2	2.5
Gross fixed investment	758.9	846.6	879.8	842.8	18.6	16.7	16.2	14.9	2.2
Public	178.5	215.4	278.9	253.8	4.4	4.3	5.0	4.3	3.8
Private	580.4	631.2	600.9	589.0	14.2	12.5	11.2	10.5	1.7
Total consumption	3 404.8	4 394.7	4 704.4	4 809.7	83.2	86.7	87.9	85.6	5.2
General government	331.4	441.8	443.0	447.4	8.1	8.7	8.3	8.0	5.9
Private	3 073.4	3 952.9	4 261.4	4 362.3	75.1	78.1	79.6	77.6	5.1

Source: 1965-1971: ECLA estimates on the basis of official statistics supplied by the Central Bank of Nicaragua; 1972: ECLA estimates.

Note: 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 1960 values by deflation, using price indexes calculated by ECLA for the purpose.

a/ Provisional figures.

b/ Goods and services, excluding factor payments.

Table 2

NICARAGUA: BALANCE OF PAYMENTS

(Millions of dollars)

	1966-1970	1970	1971	1972 a/
<u>Current account</u>				
Exports of goods and services	190.5	215.2	224.7	276.1
Goods FOB	157.4	177.8	186.3	236.0
Services	33.1	37.4	38.4	40.1
Imports of goods and services	-220.1	-231.4	-243.8	-254.4
Goods FOB	-165.1	-177.7	-189.3	-198.0
Services	-55.0	-53.7	-54.5	-56.4
Net external investment income	-22.6	-29.1	-29.4	-34.5
Net private transfer payments	2.9	2.9	2.9	3.4
Balance on current account	-49.3	-42.4	-45.6	-9.4
<u>Capital account</u>				
Net external financing (a+b+c+d+e)	49.3	42.4	45.6	9.4
(a) Net external non-compensatory capital	48.4	53.0	50.2	21.6
Direct investment	14.0	15.0	12.1	
Long- and medium-term loans	32.7	41.4	34.4	
Amortization payments	-7.0	-10.2	-12.4	
Short-term liabilities	5.3	3.6	12.4	
Official transfer payments	3.4	3.2	3.7	
(b) Domestic non-compensatory capital or assets	-2.3	-2.7	-5.4	
(c) Errors and omissions	0.9	-1.0	2.2	
(d) Allocation SDRs	0.6	3.2	2.9	2.9
(e) Net compensatory movements (increase -)	1.7	-10.1	-4.3	-15.1
Balance-of-payments loans, trade arrears, IMF position and other liabilities of the monetary authorities	8.4	10.7	4.9	...
Amortization payments	-7.8	-13.8	-	...
Foreign exchange (increase -)	2.1	-4.0	-6.5	...
Gold (increase -)	-0.8	-2.0	-	...
SDRs (increase -)	-0.2	-1.0	-2.7	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

a/ Estimates on the basis of official statistics.

PANAMA

The Panamanian economy showed the same rapid growth in 1972 that it has enjoyed for over ten years. Gross domestic product was up by almost 7 per cent, slightly less than in 1971 (8.6 per cent) and than the annual average of 7.7 per cent for the five-year period 1965-1970.

This was due to a number of factors. On the supply side, there was a general drop in the growth rate of all goods-producing sectors. The 7.9 per cent increase in production in these sectors in 1971 fell to 6.3 per cent in 1972. On the other hand, basic and other services continued to expand at a rate of over 7 per cent.

The economy's slower growth was particularly noticeable in agricultural production, which rose by a mere 3.8 per cent; fishing production fared exceptionally ill, with a drop in production of 14.8 per cent, and live-stock production increased only moderately. The crop-farming sector also registered a modest growth, owing to a prolonged drought mainly affecting cereals. Production of manufactures was likewise down on 1971 (7.7 per cent compared with 8.3 per cent).

As regards external trade, exports of goods were up by 12.5 per cent thanks partly to high prices on external markets. The sale of goods and services to the Canal Zone maintained the gradual upward trend of slightly over 6 per cent that it has shown for the past few years. Imports, on the other hand, rose by only 6.4 per cent, leaving a deficit on current account of over 80 million dollars.

Capital formation continued to support the expansion of production, thanks to the rapid expansion that has taken place since 1965 - 18 per cent annually and a somewhat lower 9.6 per cent in 1972. Last year's slower growth was more apparent in public investment (up by 7.1 per cent) than in private (10.5 per cent).

The relative decline in domestic production in 1972 compared with 1971, combined with the smaller increase in imports, affected consumption expenditure which, with a growth rate of 7 per cent in both government and private consumption, was down on the exceptional increase recorded in recent years (11 per cent in 1971).

Table 1

PANAMA: TOTAL SUPPLY AND DEMAND

	Millions of balboas at 1960 prices				Structure (percentages)			Annual growth rate (percentages)		
	1965	1970	1971 e/	1972 e/	1965	1970	1971 e/	1972 e/	1965-1970	1971e/ 1972e/
Total supply	867.4	1 295.5	1 397.2	1 484.2	140.5	144.8	143.2	142.2	8.4	7.2
Gross domestic product	617.3	894.5	971.6	1 038.6	100.0	100.0	100.0	100.0	7.7	8.6
Imports b/	250.1	401.0	426.3	445.6	40.5	44.8	43.9	42.9	9.9	6.3
Total demand	867.4	1 295.5	1 397.2	1 484.2	140.5	144.8	143.2	142.2	8.4	7.2
Exports b/	221.2	347.2	350.3e/	365.2	35.8	38.8	36.1e/	35.2	9.1	0.9e/
Gross domestic investment	112.8	242.2	263.5	287.5	18.3	27.1	27.1	27.7	16.5	8.8
Gross fixed investment	97.1	221.9	244.8	268.3	15.7	24.8	25.2	25.8	18.0	10.3
Public	21.7	59.0	63.7	68.2	3.5	6.6	6.6	6.6	22.0	8.0
Private	75.4	162.9	181.1	200.1	12.2	18.2	18.6	19.2	16.7	11.2
Construction	51.3	112.5	...	...	8.3	12.6	...	...	17.0	...
Machinery and equipment	45.8	109.4	...	...	7.4	12.2	...	...	19.0	...
Total consumption	533.4	706.1	784.1e/	831.5	86.4	78.9	80.7e/	80.0	5.8	11.0e/
General government	67.0	102.4	112.6	120.5	10.9	11.4	11.6	11.6	8.9	10.0
Private	466.4	603.7	671.5e/	711.0	75.6	67.5	69.1e/	68.5	5.3	11.2e/

Sources: 1965-1971: ECLA estimates based on figures supplied by the Dirección de Estadísticas y Censo, Contraloría General de la República; 1972:

ECLA estimates based on preliminary official figures.

Note: 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 1960 values by deflation, using indexes calculated by ECLA for the purpose.

a/ Preliminary figures.

b/ Goods and services, excluding factor payments.

c/ Provisional estimate subject to revision.

Table 2

PANAMA: BALANCE OF PAYMENTS

(Millions of dollars)

	1966- 1970	1970	1971	1972 _{a/}
<u>Current account</u>				
Exports of goods and services	320.0	383.3	410.3	446.8
Goods FOB	118.5	130.3	136.4	153.5
Services	201.5	253.0	396.7	293.3
Imports of goods and services	-333.2	-422.7	-461.8	-491.4
Goods FOB	-262.4	-331.0	-359.0	-385.0
Services	70.8	-91.7	-102.8	-106.4
Net external investment income	-25.3	-32.0	-27.1	-35.1
Net private transfer payments	-5.6	-3.7	-3.5	-2.0
Balance on current account	-44.1	-75.1	-82.1	-81.7
<u>Capital account</u>				
Net external financing (a+b+c+d+e)	44.1	75.1	82.1	81.7
a) Net external non-compensatory capital	117.6	270.9	266.9	81.9
Direct investment	16.2	33.4	15.7	
Long and medium-term loans	40.6	109.6	124.9	
Amortization payments	-8.8	-25.8	-33.4	
Short-term liabilities	62.2	146.2	152.5	
Official transfer payments	7.4	7.5	7.2	-173.2
b) Domestic non-compensatory capital or assets	-56.0	-128.3	-128.3	
c) Errors and omissions	-17.6	-65.3	-8.6	
d) Allocation SDRs	0.9	4.7	3.9	3.8
e) Net compensatory movements (increase -)	-0.8	-6.9	-6.9	-4.0
Balance-of-payments loans, trade arrears, IMF position and other liabilities of the monetary authorities	1.8	-	1.0	...
Amortization payments	-0.8	-1.7	-4.4	...
Foreign exchange (increase -)	-	-	-	...
Gold (increase -)	-1.2	-2.0	-3.8	...
SDRs (increase -)	-0.6	-3.2	0.3	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

a/ Estimates based on official statistics.

b/ In the absence of a central banking system, compensatory financing relates only to operations with the IMF and to the position with respect to SDRs. Therefore, the balance of payments prior to compensation does not reflect the country's net external position.

/PARAGUAY

PARAGUAY

In 1972 the gross domestic product rose by 4.8 per cent. This rate of increase was similar to that of the previous year, but it represented an improvement over the slow growth rates recorded in the period 1965-1970.

The economic results in 1972 were due mainly to expansion in construction activities (10 per cent) and basic services (5.6 per cent), since the rates of increase recorded by agriculture and industry were below the growth rate of the overall product.

The increase of 4.7 per cent in agricultural production achieved in 1972 was fairly markedly superior to the growth rates recorded in the period 1965-1970. Crop farming production increased by 5 per cent despite adverse weather conditions, but livestock farming, much of whose production of beef was aimed at external markets, increased by only 4 per cent.

It is estimated that production of manufactures increased by around 4 per cent, particularly noteworthy increases being achieved in the production of such items as cotton textiles, sugar and quebracho extract.

External demand, however, was the main factor in generating a satisfactory growth rate in Paraguayan economic activity. The value of exports of goods rose from 67 million dollars in 1971 to 88 million in 1972 - an increase of 31 per cent. This unusually large expansion was due both to a significant increase of the order of 15 per cent in the volume of goods exported and to an increase in the unit values of sales. The biggest increases in exports were in meat and oilseeds, but there were also significant increases in exports of timber, cotton, hides, etc.

Imports of goods and services grew much less than exports (5.6 per cent), thus leading to an appreciable reduction in the current account deficit, which, in conjunction with the net inflow of capital, resulted in a rise of 10 million dollars in the country's international reserves.

As regards the fiscal situation, the 1972 deficit was almost double that of the previous year. Domestic prices rose by 10.7 per cent, which represents a heightening of inflationary pressures, since they increased only 4.9 per cent in 1971 and the average annual increase over the period 1965-1970 was a bare 1.3 per cent. Finally, during 1972 there was an increase in the amount of credit made available to basic export industries and agriculture.

Table 1

PARAGUAY: TOTAL SUPPLY AND DEMAND

	Millions of guaraníes at 1960 prices				Structure (percentages)				Annual growth rate (percentages)		
	1965	1970	1971	1972 a/	1965	1970	1971	1972 a/	1965-1970	1971	1972a/
Total supply	53 933.2	66 892.4	69 856.5	72 690.5	119.1	118.0	117.8	117.0	4.4	4.4	4.1
Gross domestic product	45 298.6	56 697.6	59 292.5	62 138.5	100.0	100.0	100.0	100.0	4.6	4.5	4.8
Imports b/	8 634.6	10 194.8	10 564.0	10 552.1	19.1	18.0	17.8	17.0	3.3	3.6	-0.1
Total demand	53 933.2	66 892.4	69 856.5	72 690.6	119.1	118.0	117.8	117.0	4.4	4.4	4.1
Exports b/	6 785.6	8 851.3	8 731.2	9 692.0	15.0	15.6	14.7	15.6	5.5	-1.4	11.0
Gross domestic investment	6 676.8	8 261.7	8 661.8	9 155.5	14.7	14.6	14.6	14.7	4.4	4.8	5.7
Gross fixed investment	6 251.0	8 045.9	8 306.8	8 921.5	13.8	14.2	14.0	14.4	5.2	3.2	7.4
Public c/	939.1	2 212.3	2 296.3	...	2.1	10.7	10.7	...	18.7	3.8	...
Private c/	5 737.7	6 049.4	6 365.5	...	12.7	3.9	3.9	...	1.1	5.2	...
Construction	2 807.0	4 131.0	4 544.7	...	6.2	7.3	7.7	...	8.1	10.0	...
Machinery and equipment	3 444.0	3 914.9	3 762.1	...	7.6	6.9	6.3	...	2.6	-3.9	...
Total consumption	40 470.8	49 779.4	52 463.5	53 843.1	89.3	87.8	88.5	86.7	4.2	5.4	2.6
General government	2 814.1	5 005.5	5 110.7	5 238.5	6.2	8.8	8.6	8.4	12.2	2.1	2.5
Private	37 656.7	44 773.9	47 352.8	48 604.6	83.1	79.0	79.9	78.3	3.6	5.8	2.6

Sources: 1965-1971: ECLA estimates based on figures supplied by the Central Bank of Paraguay; 1972: ECLA estimates based on preliminary figures from the same source.

Note: 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 1960 values by deflation, using price indexes calculated by ECLA for the purpose.

a/ Preliminary figures.

b/ Goods and services, excluding factor payments.

c/ Including changes in stocks.

Table 2
PARAGUAY: BALANCE OF PAYMENTS
(Millions of dollars)

	1966-1970	1970	1971	1972 ^{a/}
<u>Current account</u>				
Exports of goods and services	72.1	89.3	89.1	110.8
Goods FOB	54.9	65.3	66.5	87.5
Services	17.2	24.0	22.6	23.3
Imports of goods and services	-95.5	-101.1	-109.1	-115.2
Goods FOB	-72.1	-76.6	-83.0	-87.5
Services	-23.4	-24.5	-26.1	-27.7
Net external investment income	-6.3	-9.8	-10.0	-11.4
net private transfer payments	2.1	1.9	3.8	2.5
Balance on current account	-27.6	-19.7	-26.2	-13.3
<u>Capital account</u>				
Net external financing (a+b+c+d+e)	27.6	19.7	26.2	13.3
(a) Net external non-compensatory capital	32.5	32.9	31.1	21.5
Direct investment	3.4	3.8	7.1	
Long- and medium- term loans	27.2	22.6	26.3	
Amortization payments	-5.3	-6.5	-9.8	
Short-term liabilities	4.4	9.7	3.7	
Official transfer payments	2.8	3.3	3.8	
(b) Domestic non-compensatory capital or assets	-3.6	-2.3	-3.3	
(c) Errors and omissions	-0.7	-5.0	-0.8	
(d) Allocation SDRs	0.5	2.5	2.0	2.0
(e) Net compensatory movements (increase -)	-1.1	-8.4	-2.8	-10.2
Balance-of-payments loans, trade arrears, IMF position and other liabilities of the monetary authorities	0.3	-	0.1	...
Amortization payments	-0.2	-0.6	-0.1	...
Foreign exchange (increase -)	-0.6	-4.3	-0.8	...
Gold (increase -)	-0.1	-1.0	-	...
SDRs (increase -)	-0.5	-2.5	-2.0	...

Sources: IMF, Balance of Payments Yearbook, vols. 23 and 24.

^{a/} Estimates based on official statistics.

/PERU

PERU

The Peruvian economy continued to expand satisfactorily in 1972, with an increase of 5.9 per cent in the gross domestic product - similar to that of 1971 and considerably higher than the average of 3.6 per cent for the period 1965-1970.

The general trend, therefore, was favourable, despite the levelling off of agricultural production as a result of bad weather and the sharp 56 per cent drop in the anchoveta catch owing to natural causes. By contrast, the mining sector managed to recover from the problems that beset it in 1971 and raised production by 3.6 per cent, thus taking advantage of the revival of external demand. The manufacturing industry likewise increased its value added by 7.6 per cent (less than the 8.8 per cent of 1971) in spite of a sharp decline in industrial activities connected with fishing.

As to external trade, exports of goods were up by 2.6 per cent. The drop in production of fish meal and fish oil did not affect exports since accumulated stock were used to meet the emergency. Exports of agricultural products, including sugar, rose by 10.8 per cent and benefitted from favourable external prices; exports of the mining sector increased by a similar percentage (12.2 per cent in volume and 6.3 per cent in unit value).

Imports rose by 17.9 per cent, as a result of which the trade surplus dropped from 125 million dollars in 1971 to 80 million in 1972 and the current account of the balance of payments closed with a deficit of 152 million dollars, three times higher than that of the previous year. Thanks to a large inflow of non-compensatory capital during the year, the monetary authorities nonetheless managed to boost that their net foreign exchange reserves by 82 million dollars.

Economic growth was further encouraged by the expansionist policy adopted in respect of public expenditure and by an increase in external financing deriving from the sustained development of the economy in recent years and the discovery of petroleum on the continental shelf and in the Amazon basin.

Table 1
PERU: TOTAL SUPPLY AND DEMAND

	Millions of soles at 1960 prices				Structure (percentages)		Annual growth rate (percentages)		
	1965	1970	1971	1972 a/	1965	1970	1971	1972a/	1972a/
Total supply	98 282	116 915	123 118	129 693	126.1	125.9	125.2	124.5	5.3
Gross domestic product	77 914	92 889	98 347	104 149	100.0	100.0	100.0	100.0	5.9
Imports b/	20 368	24 026	24 771	25 544	26.1	25.9	25.2	24.5	3.1
Total demand	98 282	116 915	123 118	129 693	126.1	125.9	125.2	124.5	5.3
Exports b/	17 009	19 881	18 415	18 432	21.8	21.4	18.7	17.7	0.1
Gross domestic investment	17 452	15 390	16 564	17 061	22.4	16.6	16.8	16.4	3.0
Gross fixed investment	15 636	15 965	17 253	...	20.1	17.2	17.5	...	...
Public	5 381	6 166	6 779	...	6.9	6.6	6.9	...	...
Private	10 255	9 799	10 474	...	13.2	10.6	10.6	...	...
Construction	6 151	6 421	7 596	...	7.9	6.9	7.7	...	...
Machinery and equipment	9 485	9 544	9 657	...	12.2	10.3	9.8	...	...
Total consumption	63 821	81 644	88 139	94 200	81.9	87.9	89.7	90.4	6.9
General government	7 569	8 648	9 361	9 632	9.7	9.3	9.5	9.2	2.9
Private	56 252	72 996	78 778	84 568	72.2	78.6	80.1	81.2	7.3

Sources: 1965-1971: ECLA estimates based on data supplied by the Banco Central de Reserva; 1972: ECLA estimates based on preliminary figures from the same source.

Note: 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 1960 values by deflation, using price indexes calculated by ECLA for the purpose.

a/ Preliminary figures.

b/ Goods and services, excluding factor payments.

Table 2

PERU: BALANCE OF PAYMENTS

(Millions of dollars)

	1966- 1970	1970	1971	1972 <u>a/</u>
<u>Current account</u>				
Exports of goods and services	1 012.6	1 223.0	1 081.0	1 106.0
Goods FOB	859.0	1 034.0	889.0	912.0
Services	153.6	189.0	192.0	194.0
Imports of goods and services	-972.4	-971.0	-1 045.0	-1 132.0
Goods FOB	-730.0	-699.0	-764.0	-832.0
Services	-242.4	-272.0	-281.0	-300.0
Net external investment income	-148.6	-133.0	-104.0	-134.0
Net private transfer payments	9.6	26.0	10.0	8.0
Balance on current account	-98.8	145.0	-58.0	-152.0
<u>Capital account</u>				
Net external financing (a+b+c+d+e)	98.8	-145.0	59.0	152.0
(a) Net external non-compensatory capital	142.4	-4.0	6.0	221.0
Direct investment	-8.4	-76.0	12.0	
Long- and medium-term loans	255.0	+293.0	231.0	
Amortization payments	-126.8	-197.0	-228.0	
Short-term liabilities	-6.6	-80.0	-38.0	
Official transfer payments	29.2	56.0	29.0	221.0
(b) Domestic non-compensatory capital or assets	42.8	231.0	-21.0	
(c) Errors and omissions	-36.4	-89.0	-24.0	
(d) Allocation SDRs	2.8	14.0	13.0	13.0
(e) Net compensatory movements (increase -)	-52.8	-257.0	84.0	-82.0
Balance-of-payments loans, trade arrears, deferred payments, IMF position and other liabilities of the monetary authorities	22.8	21.0	18.0	...
Amortization payments	-15.8	-27.0	-23.0	...
Foreign exchange (increase -)	-62.6	-253.0	-109.0	...
Gold (increase -)	5.6	-24.0	-3.0	...
SDRs (increase -)	-2.8	-14.0	-17.0	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

a/ Estimates based on official statistics.

/DOMINICAN REPUBLIC

DOMINICAN REPUBLIC

In 1972, the economy of the Dominican Republic continued the process of recovery that began in 1969. Preliminary estimates indicate that the gross domestic product increased by about 8 per cent, an improvement on the average of 6.6 per cent for the period 1965-1970 and on the 7.9 per cent for 1971.

Agricultural production rose by slightly less than 7 per cent, thanks to excellent crops of products destined for the domestic market and export alike. Sugar production, for example, was up by more than 6.9 per cent on 1971's bumper crop. There were also increases in the production of tobacco (6.7 per cent) and cocoa (53.8 per cent); coffee production, on the other hand, rose by a bare 1.1 per cent.

Mining production showed a great improvement, owing in part to the larger output of ferro-nickel by a new enterprise that began operating at the end of 1971. For the first half of the year, moreover, indicators pointed to a 17 per cent growth of exports of bauxite.

Manufacturing production in 1972 appears to have responded to the sharp increase in sugar output, together with the expansion of the cement and dairy products industries and the installation of an oil refinery.

For the second year in succession, the final balance of the external sector showed an improvement in foreign exchange reserves, thanks to the trend of exports which grew by 31.2 per cent as a result of the high prices prevailing on external markets, especially for sugar. Revenue was also up from the provision of services and from tourism (9.8 per cent). Imports of goods and services, meanwhile, only rose by 1.7 per cent, thus reducing the balance-of-payments deficit on current account from 132 million dollars in 1971 to 58 million dollars. This, in addition to an inflow of external capital - including 4.6 million dollars in special drawing rights - ultimately produced an increase in international reserves.

Table 1

DOMINICAN REPUBLIC: TOTAL SUPPLY AND DEMAND

	Millions of pesos at 1960 prices				Structure (percentages)			Annual growth rate (percentages)		
	1965	1970	1971	1972 a/	1965	1970	1971	1965-1970	1971	1972 a/
<u>Total supply</u>	914.5	1 366.1	1 492.4	1 573.2	120.4	130.5	132.2	8.4	9.2	5.4
Gross domestic product	759.8	1 046.5	1 129.1	1 219.4	100.0	100.0	100.0	6.6	7.9	8.0
Imports	154.7	319.6	363.3	353.8	20.4	30.5	32.2	15.6	13.7	-2.6
<u>Total demand</u>	914.5	1 366.1	1 492.4	1 573.2	120.4	130.5	132.2	8.4	9.2	5.4
Exports	121.7	182.1	196.7	235.7	16.0	17.4	17.4	8.4	8.0	19.8
Gross domestic investment	94.6	254.8	275.2	295.8	12.5	24.3	24.4	22.0	8.0	7.5
Gross fixed investment	94.2	...	...	...	12.4	...	...	...	...	...
Construction	61.7	113.1	134.8	...	8.1	10.8	11.9	12.9	19.2	...
Machinery and equipment	32.9	141.7	140.4	...	4.3	13.5	12.5	33.9	-0.9	...
Total consumption	698.2	929.2	1 020.5	1 041.7	91.9	88.8	90.4	5.9	9.8	2.1
General government	106.5	98.1	103.0	...	14.0	9.4	...	-1.6	5.0	...
Private	591.7	831.1	917.5	...	77.9	79.4	...	7.1	10.5	...

Source: 1965-1971: ECLA estimates based on figures supplied by the Central Bank of the Dominican Republic; 1972: ECLA estimates which are subject to revision, based on part-year data provided by the United States Department of Agriculture.

Note: The figures for exports and imports were taken from the balance of payments data expressed in dollars at current prices, which were converted to constant 1960 values by deflation, using price indexes calculated by ECLA for the purpose.

a/ Preliminary figures.

b/ Goods and services, excluding factor payments.

Table 2

DOMINICAN REPUBLIC: BALANCE OF PAYMENTS

(Millions of dollars)

	1966-1970	1970	1971	1972 ^{a/}
<u>Current account</u>				
Exports of goods and services	206.7	261.6	294.9	387.0
Goods FOB	171.1	213.5	243.0	330.0
Services	35.6	48.1	51.9	57.0
Imports of goods and services	-273.2	-351.5	-414.1	-421.0
Goods FOB	-203.1	-266.8	-311.1	-310.0
Services	-70.1	-84.7	-103.0	-111.0
Net external investment income	-22.1	-26.0	-28.8	-35.2
Net private transfer payments	7.6	8.7	16.3	11.5
Balance on current account	-81.0	-107.2	-131.7	-57.7
<u>Capital account</u>				
Net external financing (a+b+c+d+e)	81.0	107.2	131.7	57.7
a) Net external non-compensatory capital	63.1	93.2	111.9	58.8
Direct investment	23.2	69.0	68.8	
Long and medium-term loans	46.5	42.1	44.8	
Amortization payments	-8.9	-20.5	-25.3	
Short-term liabilities	-0.5	1.8	22.5	
Official transfer payments	2.8	0.8	1.1	4.6
b) Domestic non-compensatory capital or assets	10.4	19.6	21.0	
c) Errors and omissions	5.1	-14.5	4.3	
d) Allocation SDRs	1.1	5.4	4.6	4.6
e) Net compensatory movements (increase -)	1.3	3.5	-10.1	-5.7
Balance-of-payments loans, trade arrears, deferred payments, IMF position and other liabilities of the monetary authorities	18.5	22.7	36.5	...
Amortization payments	-20.0	-23.5	-22.9	...
Foreign exchange (increase -)	3.7	7.1	-23.7	...
Gold (increase -)	-0.9	-2.8	-	...
SDRs (increase -)	-	-	-	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

^{a/} Estimates based on official statistics.

TRINIDAD AND TOBAGO

In 1972 there was a notable increase in general economic activity, reflected in a rise of around 11.5 per cent in the gross domestic product at current factor cost. This is appreciably higher than the increase of 6.9 per cent achieved in the previous year and the annual rate of increase recorded between 1968 and 1970.

Domestic price, however, also rose rapidly during the year (by about 8 per cent), which reduced the real growth of the gross product to around 3.3 per cent.

The main factors in the increase in the product were the marked recovery shown by the mining sector, accompanied by a sharp rise in manufacturing, both measures at current prices. Mining activities were boosted by an increase of about 10 per cent in output of petroleum from the new marine deposits off the east coast. Output of manufactures rose by almost 11 per cent, a notable component being the rise in the motor-vehicle assembly industry, whose output rose from 7,026 units in 1971 to a little over 11,000 units in 1972.

Construction activities maintained the high rate of growth recorded in 1971, as did general government and financial services. Agriculture, in contrast, barely managed to achieve a growth rate of 2.5 per cent at current prices, although this does nevertheless represent some progress over the almost complete stagnation of recent years. The incomplete information available indicates increases of the order of 8 per cent in the production of sugar cane, 9 per cent in that of cocoa and close to 40 per cent in the production of citrus fruits. Coffee production, however, dropped by about 25 per cent, and production of vegetables and beef also fell.

In the external sector, imports continued to increase much more rapidly than exports, although this trend is reversed if imports of crude petroleum refined and re-exported in the form of petroleum products are excluded. It is estimated that total merchandise imports rose by 10 per cent during the year, raising the estimated trade deficit from 249 million TT dollars ^{1/} in 1971 to 250 million in 1972.

^{1/} In 1972, the Trinidad and Tobago dollar was equivalent to around 50 United States dollar cents.

Table 1
TRINIDAD AND TOBAGO: GROSS DOMESTIC PRODUCT AT FACTOR COST

	Millions of TT dollars (current prices)			Annual growth rates (per cent)			
	1968	1970a/	1971a/	1972a/	1968-1970	1971	1972
Agriculture	127.0	128.5	130.0	134.5	0.6	1.2	3.5
Mining & refining of petroleum, asphalt and gas	366.0	350.6	349.0	386.0	-2.2	-0.5	10.6
Manufacturing	260.0	313.8	333.0	369.0	9.8	6.1	10.8
Construction	65.0	73.5	89.0	106.0	6.3	21.1	19.1
Transport and Distribution	273.0	304.3	321.0	347.0	5.7	5.3	8.1
Public utilities	89.0	87.2	93.5	102.5	-1.0	7.2	9.6
Government	162.0	188.2	218.0	251.8	7.8	15.8	15.5
Ownership of dwellings	55.5	60.5	64.5	72.0	4.4	6.6	11.6
Banking and finance	47.0	56.2	67.0	82.0	9.3	19.2	22.4
Other services	79.0	98.5	111.5	130.0	11.7	13.2	16.6
Total	1 523.5	1 661.8	1 776.5	1 980.8	4.4	6.9	11.5

Source: Draft Third Five Year Plan 1969-1973 and ECLA estimates.

a/ ECLA provisional estimates.

Table 2

TRINIDAD AND TOBAGO: TOTAL TRADE AND PETROLEUM TRADE
UNDER PROCESSING AGREEMENT
(Millions of TT dollars)

Year	Imports			Exports		
	Total	Petroleum under processing agreement	Net	Total	Petroleum under processing agreement	Net
1968	856.5	456.4	400.1	945.7	447.6	498.1
1969	968.5	486.5	422.0	950.3	446.9	503.4
1970	1 087.0	529.9	557.1	963.3	476.1	487.2
1971	1 314.2	623.2	691.0	1 040.2	573.6	466.6
1972 (Jan-Sept)	1 086.8	502.6	584.0	808.9	357.8	451.1
1972 a/	1 445.0	670.0	775.0	1 067.2	477.0	590.2

Source: Overseas trade reports of Trinidad and Tobago.

a/ Estimate.

URUGUAY

In 1972 the Uruguayan economy failed to recover from the adverse results of the previous year. The gross domestic product remained at the same level as a result of the 2.9 per cent decline in agricultural output, due mainly to a drop of 11 per cent in crop farming. Manufacturing was able to raise its production by 1.7 per cent thanks to the recovery in the textile and meat industries. Construction was the only dynamic activity in 1972, with an increase of 7.6 per cent, while services in general registered no major changes.

Inflationary pressures intensified during the year owing to the devaluation of the currency. The consumer price index rose by 95 per cent over 1971, whereas wages went up by less than 50 per cent, which meant a sharp drop in real wages. The Treasury deficit was 17 per cent higher than expenditure. The increase in the money supply lagged behind the rise in domestic prices, i.e., 45 per cent in relation to the previous year.

The trade balance was stabilized as a result of the restrictions imposed on imports (mainly capital and luxury goods). This caused an appreciable reduction in the current account deficit compared with 1971. Nevertheless, the inflow of non-compensatory capital was not enough to prevent a drop of some 3.2 million dollars in the Central Bank's net international reserves.

As regards foreign exchange policy, two markets were established which began operating in March 1972: the commercial market for foreign trade and public sector operations, which operates through the Central Bank; and the financial market for other items, which operates through the commercial banking system. The first is governed by a system of small periodical devaluations introduced by the Government in order to bring the value of dollar into line with domestic price fluctuations. At the end of 1971 the currency was devalued from 250 to 370 pesos to the dollar, and on 2 March, when the new exchange system started operating, it was devalued again to 500 pesos to the dollar. By the end of 1972 the dollar stood at 720 pesos. In the financial market the dollar fluctuated according to supply and demand, and the Central Bank could operate in it if this was considered to be necessary.

Table 1

URUGUAY: TOTAL SUPPLY AND DEMAND

	Millions of pesos at 1960 prices				Structure (percentages)				Annual growth rate (percentages)			
	1965	1970	1971	1972a/	1965	1970	1971	1972a/	1965-1970	1971	1972a/	1972a/
<u>Total supply</u>	15 929.3	18 629.1	18 562.4	18 099.2	112.2	119.6	118.6	115.6	3.4	-1.4	-2.4	-2.4
Gross domestic product	14 114.9	15 738.2	15 655.0	15 655.0	100.0	100.0	100.0	100.0	2.2	-0.6	-	-
Imports b/	1 814.4	3 090.9	2 907.4	2 444.2	12.9	19.6	18.6	15.6	11.2	-5.9	-16.0	-16.0
<u>Total demand</u>	15 929.3	18 829.1	18 562.4	18 099.2	112.2	119.6	118.6	115.6	3.4	-1.4	-2.4	-2.4
Exports b/	3 071.7	2 775.2	2 511.8	2 235.9	21.8	17.6	16.0	14.3	-2.0	-9.5	-11.0	-11.0
Gross domestic investment	1 496.2	2 057.5	2 005.0	1 874.7	10.6	13.1	12.8	12.0	6.6	-2.6	-6.5	-6.5
Gross fixed investment	1 566.7	2 109.9	1 962.0	1 844.3	11.1	13.4	12.5	11.8	6.1	-7.0	-6.0	-6.0
Construction	900.3	1 059.7	1 059.7	...	6.4	6.7	6.8	...	3.3	-	...	...
Machinery and equipment	666.4	1 133.2	962.0	...	4.7	7.2	6.1	...	11.2	-15.1	...	...
<u>Total consumption</u>	11 361.4	13 996.4	14 045.6	13 988.6	80.5	88.9	89.7	89.4	4.3	0.4	-0.4	-0.4
General government	1 460.0	1 905.0	2 048.7	2 048.7	10.3	12.1	13.1	13.1	5.5	7.5	-	-
Private	9 901.4	12 091.4	11 996.9	11 939.9	70.2	76.8	76.6	76.3	4.1	-0.8	-0.5	-0.5

Sources: 1965-1971: ECLA estimates based on figures supplied by the Central Bank of Uruguay; 1972: ECLA estimates based on part-year data from the same source.

Note: The figures for exports and imports of goods and services were taken from the balance of payments data expressed in dollars at current prices, which were converted to constant 1960 values by deflation, using price indexes calculated by ECLA for the purpose.

a/ Preliminary figures.

b/ Goods and services, excluding factor payments.

Table 2

URUGUAY: BALANCE OF PAYMENTS

(Millions of dollars)

	1966- 1970	1970	1971	1972 ^{a/}
<u>Current account</u>				
Exports of goods and services	249.2	280.5	252.7	250.8
Goods FOB	190.7	224.1	196.8	188.3
Services	41.5	56.4	55.9	62.5
Imports of goods and services	-225.8	-300.2	-302.9	-269.7
Goods FOB	-156.3	-196.7	-203.0	-184.7
Services	-69.5	-103.5	-99.0	-85.0
Net external investment income	-23.2	-22.0	-25.0	-29.5
Net private payments	-0.1	-0.4	-0.6	-0.6
Balance on current account	0.1	-42.1	-75.8	-49.0
<u>Capital account</u>				
Net external financing (a+b+c+d+e)	-0.1	42.1	75.8	49.0
(a) Net external non-compensatory capital	27.4	14.2	85.1	38.5
Direct investment	-	...	...
Long- and medium-term loans	30.0	40.0	133.1	
Amortization payments	-15.0	-18.3	-18.8	
Short-term liabilities	4.1	-13.1	-38.1	
Official transfer payments	8.3	5.6	8.9	
(b) Domestic non-compensatory capital or assets	0.7	16.8	-5.3	
(c) Errors and omissions	-24.7	-26.5	-41.3	
(d) Allocation SDRs	1.8	9.2	7.4	7.3
(e) Net compensatory movements (increase -)	-5.3	28.4	29.9	3.2
Balance-of-payments loans, trade arrears, IMF position and other liabilities of the monetary authorities	37.3	38.7	33.0	...
Amortizations payments	-43.2	-23.2	-10.6	...
Foreign exchange (increase -)	2.6	13.1	-6.1	...
Gold (increase -)	-2.0	-0.1	13.6	...
SDRs (increase -)	0.0	-0.1	0.0	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

^{a/} Estimates based on official statistics (Central Bank of Uruguay).

VENEZUELA

The rate of growth achieved by the Venezuelan economy in 1972 was similar to that of the previous year and hence higher than the average rate for the preceding five years. Thus, the gross domestic product increased by 4.5 per cent in 1972, as against 4.4 per cent in 1971 and 3.9 per cent for the period 1965-1970.

The agricultural sector expanded by about 3.5 per cent, the increase being very slight (0.5 per cent) in crop farming and moderate (6 per cent) in livestock production. Production of crude petroleum was 1,178.5 million barrels, with a daily average of 3.22 million barrels, so that the drop in production by the end of 1972 was 9.3 per cent compared with the previous year. The production of petroleum products likewise fell (by 11 per cent), so that the decline in production for the petroleum sector as a whole was approximately 9.8 per cent. The production figures for the rest of the mining sector also fell on account of the reduced volume of iron ore mined. Manufacturing grew by 7 per cent, which exceeded the rates recorded both in 1971 (5.1 per cent) and over the period 1965-1970 (annual average 5.3 per cent). Construction activity grew very markedly (17 per cent), while basic services and other services both exceeded the average for the economy as a whole, turning in rates of 9.6 and 6.5 per cent, respectively.

The total supply of goods and services was 5.2 per cent greater than in 1971 because of the 10 per cent increase in the volume of imports. The utilization of this supply displayed some significant changes in 1972: thus, gross domestic investment was a dynamic component, as in the previous year, and grew by 11.6 per cent, while final consumption expenditure increased by 7.4 per cent. The volume of goods and services exported, in contrast, dropped by 6.8 per cent.

In the external sector, the scanty increase in the value of exports during 1972, plus the larger increase in imports, led to a current account deficit of the order of 270 million dollars. The net inflow of non-compensatory capital from abroad (470 million dollars), however, gave a substantial balance of payments surplus of 230 million dollars, although this was a good deal less than in 1971.

As regards price trends, there was a certain tendency towards rises in the level of domestic prices. Thus, the consumer price index for the metropolitan area of Caracas rose 3.3 per cent between January and

/October 1972

October 1972 compared with the same period in 1971, while the wholesale price index rose 3.4 per cent in the first nine months of 1972 compared with the same period of 1971.

Finally, it may be noted that the monthly average of monetary liquidity (money in the hands of the public) increased by 20 per cent in 1972, the increase in quasi-money (24.1 per cent) being greater than that in money proper (16.9 per cent).

Table 1

VENEZUELA: TOTAL SUPPLY AND DEMAND

	Millions of bolívares at 1960 prices				Structure (percentages)				Annual growth rates (percentages)		
	1965	1970	1971	1972 ^{a/}	1965	1970	1971	1972 ^{a/}	1965-	1971	1972 ^{a/}
									1970		
<u>Total supply</u>	41 522.5	50 106.7	52 379.9	55 087.7	113.6	113.7	113.8	114.5	3.8	4.5	5.2
Gross domestic product	36 547.8	44 076.3	46 041.8	48 113.7	100.0	100.0	100.0	100.0	3.9	4.4	4.5
Imports ^{b/}	4 974.7	6 030.4	6 338.1	6 974.0	13.6	13.7	13.8	14.5	3.9	5.1	10.0
<u>Total demand</u>	41 522.5	50 106.7	52 379.9	55 087.7	113.6	113.7	113.8	114.5	3.8	4.5	5.2
Exports ^{b/}	9 926.8	11 099.7	10 498.9	9 786.8	27.2	25.2	22.8	20.3	2.3	-5.4	-6.8
Gross domestic investment	6 386.1	7 184.2	7 795.1	...	17.5	16.3	16.9	...	2.7	8.5	...
Gross fixed investment	5 432.6	6 499.0	7 308.1	8 250.0 ^{c/}	14.9	14.7	15.9	17.1 ^{c/}	3.6	12.4	12.9 ^{c/}
Public	1 616.8	2 362.5	2 878.5	...	4.4	5.4	6.3	...	7.9	21.8	...
Private	3 815.8	4 136.5	4 429.6	...	10.4	9.4	9.6	...	1.6	7.1	...
Construction	3 667.0	4 561.5	5 027.7	5 800.0 ^{c/}	10.0	10.3	10.9	12.1 ^{c/}	4.5	10.2	15.0 ^{c/}
Machinery and equipment	1 775.6	1 937.5	2 280.4	2 450.0 ^{c/}	4.9	4.4	5.0	5.1 ^{c/}	1.8	17.7	7.5 ^{c/}
<u>Total consumption</u>	25 209.6	31 822.8	34 085.9	36 600.9	63.0	72.2	74.1	76.1	4.8	7.1	7.4
General government	4 577.9	6 364.4	7 235.6	7 742.0 ^{c/}	12.5	14.4	15.7	16.1 ^{c/}	6.8	13.7	7.0 ^{c/}
Private	20 631.7	25 458.4	26 850.3	28 858.9	56.5	57.8	58.3	60.0	4.3	5.5	7.5

Sources: For 1965-1971: ECLA, on the basis of official figures supplied by the Central Bank; for 1972: ECLA estimates based on overall statistics supplied by COMEFIAN and broken down on the basis of incomplete information.

Note: 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 1960 values by deflation, using price indexes calculated by ECLA for the purpose.

^{a/} Preliminary figures.

^{b/} Goods and services, excluding factor payments.

^{c/} Provisional estimate based on incomplete data, subject to revision.

Table 2
VENEZUELA: BALANCE OF PAYMENTS, 1966-1972
(Millions of dollars)

	1966- 1970	1970	1971	1972a/
<u>Current account</u>				
Exports of goods and services	2 691.0	2 845.0	3 328.0	3 365.0
Goods FOB	2 531.2	2 658.0	3 128.0	3 146.0
Services	159.8	187.0	200.0	219.0
Imports of goods and services	-2 015.8	-2 313.0	-2 561.0	-2 961.0
Goods FOB	-1 533.8	-1 780.0	-1 985.0	-2 328.0
Services	-482.0	-533.0	-576.0	-633.0
Net external investment income	-659.0	-556.0	-693.0	-589.0
Net private transfer payments	-81.0	-86.0	-82.0	-85.0
Balance on current account	-64.8	-110.0	-3.0	-270.0
<u>Capital account</u>				
Net external financing (a+b+c+d+e)	64.8	110.0	8.0	270.0
a) Net external non-compensatory capital	180.2	152.0	218.0	469.0
Direct investment	51.2	-25.0	12.0	
Long-and medium-term loans	134.0	168.0	260.0	
Amortization payments	-31.8	-35.0	-81.0	
Short-term liabilities	30.8	50.0	30.0	
Official transfer payments	-4.0	-6.0	-3.0	
b) Domestic non-compensatory capital or assets	-23.8	-69.0	66.0	
c) Errors and omissions	-49.2	74.0	133.0	
d) Allocation of SDRs	8.4	42.0	35.0	35.0
e) Net compensatory movements (increase-)	-50.8	-89.0	-444.0	-234.0
Balance-of-payments loans, trade arrears, IMF position and other liabilities of the monetary authorities	0.4	2.0	8.0	...
Amortizations payments	-15.8	-4.0	-	...
Foreign exchange (increase-)	-18.4	-30.0	-416.0	...
Gold (increase-)	-7.4	-9.0	-1.0	...
SDRs (increase-)	-9.6	-48.0	-35.0	...

Source: IMF, Balance of Payments Yearbook, vols. 23 and 24.

a/ Estimates, based on official statistics.

