

Economic Commission for Latin America and the Caribbean

ECONOMIC PANORAMA OF LATIN AMERICA 1990

ARGENTINA

BRAZIL

COLOMBIA

CHILE

ECUADOR

MEXICO

PERU

URUGUAY

VENEZUELA



United Nations

September 1990

Santiago, Chile

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Notes and explanation of symbols

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

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

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

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

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

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

A slash (/) indicates a crop year or fiscal year, e.g., 1969/1979.

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

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

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

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

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LATIN AMERICA

In 1990 most of the countries of the region were still immersed in the same crisis which they had been trying to cope with for most of the previous decade, and which had consigned them to a position somewhere between recession and inflation or, in some cases, a perverse combination of the two.

Despite the spectacular external adjustment effected in the past few years, the region's level of economic activity will once again fall. Although the highest inflation rates have been contained, and in some countries the increase in prices has been relatively stabilized, fiscal adjustments are reaching unprecedented proportions and production and employment have been affected. The accumulated social costs of inflation, stabilization programmes, the outward transfer of resources and fiscal adjustments have manifested themselves in a 13% drop in per capita consumption compared to 1980, which however does not even fully reflect the deterioration in the living conditions of large population groups.

Uneven economic performance

The recessive panorama which characterized the 1980s persisted in 1990. It is estimated that regional output will fall by nearly 1% following six years of unsteady recovery. Per capita GDP will thus deteriorate for the third year running, this time by some 3% (table 1). This regional aggregate trend masks the uneven performance of economies having different structural characteristics and going through different phases of their stabilization and fiscal restructuring processes.

On the one hand, Argentina, Brazil and Peru, economies with patterns of very high inflation that have verged on hyperinflation, are registering significant contractions in their levels of activity and drastic reductions in their fiscal deficits, in the framework of strict stabilization programmes. Uruguay, also suffering from high inflation, has been able to shrink its fiscal deficit this year, but economic activity has virtually stagnated.

On the other hand, Ecuador, Mexico and Venezuela, oil-exporting countries that had already put stabilization programmes into effect and sharply reduced their public deficits, showed either zero growth or only negligible increases in output in the first half of the year, a situation which will only be marginally improved by the unexpected petroleum earnings of the second half.

Colombia and Chile, whose inflation patterns had remained moderate over the past decade, witnessed a recent acceleration of price increases. In the case of Colombia, this did not prevent an expansion of over 3% in output. In Chile, however, the resurgence of inflation led to the adoption of policies aimed at curbing demand, resulting in a rapid slowdown in the rate of growth.

The economies of Bolivia, Costa Rica, Guatemala, Paraguay and the Dominican Republic continued their expansion at rates between 3% and 4%, with in some cases very marked upward trends in the inflation rate; Nicaragua and Panama, for their part, seemed to be on the road to recovery from very depressed levels of economic activity.

Inflation and fiscal adjustments

Runaway inflation, or the danger of its resurgence, dominate the concerns of governments and economic agents throughout the region. For this reason, nearly all countries have had to implement stabilization policies.

In the early months of 1990, the economies of Argentina, Nicaragua and Peru were again on the brink of hyperinflation, and Brazil's economy joined this list in March (figure 1). Price increases in Argentina, after having already reached runaway proportions in late 1989, rose to an annual rate of over 20 000%. The relaxation of the restrictions on liquidity imposed the previous December furnished the impetus for a run on the dollar; as a result of subsequent measures, including limiting public sector financing to available cash flows, expectations were reversed and the price of the dollar stabilized, bringing down monthly inflation rates, that until August had ranged between 10% and 15%. In Brazil, where inflationary pressures gradually raised the rate of price increases in March to roughly 6 600% on an annual basis, the new government adopted a programme based on the freezing of financial assets and a severe fiscal adjustment, which resulted in a sharp drop in the monthly rate to 12% in August. In Peru, runaway prices, fed by monetary emission related to finance the national treasury, soared to an annualized rate of 3 000% in July. The fiscal adjustment and price and exchange deregulation measures adopted by the new government led to a quintupling of the price level in August, but should result in a drastic downturn in the inflation rate in the ensuing months. In Nicaragua it is also expected that the deregulation measures adopted by the government newly installed in February, which pushed the annual inflation rate up to about 3 200%, will result in a decline in the rate of price increases.

In Uruguay, the traditionally high inflation rate has been rising above 100% annually, despite fiscal adjustment efforts. Ecuador, which is still applying its stabilization programme, has met with growing difficulties in trying to bring the inflation rate down below 50% annually (figure 2).

Almost without exception, the countries with moderate inflation, where prices were increasing at an annual rate of between 10% and 30% in late 1989, witnessed more intense upward pressures on prices during the early months of 1990. The annualized rate rose from 17% to 20% in Bolivia; from 26% to 29% in Colombia; from 10% to 19% in Costa Rica; from 21% to 26% in Chile; from 20% to nearly 40% in Guatemala; and from 20% to 27% in Mexico. In Venezuela, the severe stabilization programme put into effect the previous year reduced the monthly inflation to less than 2%, but this rate has been gaining headway, rising above 3% in both July and August.

Prevailing anti-inflationary policies are based on making substantial reductions in fiscal deficits—as in the case of the stabilization programmes in Argentina, Brazil, Peru and Uruguay—or on keeping this deficit at previously controlled levels, as in Chile, Ecuador, Mexico and Venezuela. The fiscal adjustments made in 1989 and 1990 were of considerable magnitude, in most countries amounting to approximately 3% to 7% of GDP over the two-year period.

Despite this enormous effort, basic inflationary pressures continue. Some of them can be observed in public finances, due to the fact that resources must still be transferred abroad. Cost pressures are also being felt because of the very nature of the inflationary processes and subsequent adjustments, and because of the recession in the level of economic activity.

The turnaround in the transfer of resources that has been going on since 1982, when the overindebtedness in most countries of the region reached crisis proportions, has imposed a two-fold requirement since that time: the constant generation of enormous trade surpluses and the capturing by governments of extra resources to meet the financial burden of the external debt.

Trade surpluses have been obtained either through recession or efforts to export. The fiscal adjustments required in order to provide governments with enough resources beyond their immediate needs so that they can transfer them abroad have proven to be more difficult or illusive. Public spending has been cut, in some cases to levels that will be difficultly sustainable in future. Tax reforms have been used to increase resources, although on occasion this has been achieved only temporarily. However, the difficulties encountered in mobilizing the necessary resources have resulted in a sizeable domestic public debt or inflationary money creation.

In general, countries where the public sector owns the main export activities—such as Chile, Mexico or Venezuela—and the government therefore obtains resources directly for transfer abroad, have progressed more quickly towards the required fiscal adjustment, although their paths have been marked by the vicissitudes of the international market price for their primary export product. On the other hand, in countries such as Argentina, Brazil or Uruguay, where the main export industries are in the hands of the private sector, the difficulties of fiscal adjustment have been compounded by the State's relative inability to obtain, at the domestic level, the resources that will allow it to acquire a foreign exchange surplus to be transferred abroad.

The difficulty of reducing public expenditure and increasing tax revenues in sufficient quantities to enable the public sector to cope with the persistent reversal of the flow of resources frequently led governments to resort to inflationary financing or various forms of domestic indebtedness, at the cost of intensifying pressures on public finances. Soaring inflation has in itself eroded real tax revenues and further weakened tax collection. Hyperinflationary processes have ultimately shrunk the real size of the monetary base, which is rapidly expanding in nominal terms, to a point where there is no real possibility of collecting the inflationary tax. Domestic public debt—in countries such as Argentina, Brazil or Mexico—has added a heavy burden to public budgets and has become one of the elements that feed back into inflation; insofar as public securities and time deposits have had to be deposited at very high interest rates or on very short terms, they have enlarged the fiscal deficit and have become quasi-substitutes for money, rapidly augmenting total liquidity. This is why the most recent stabilization programmes—in Argentina and Brazil—have had to recur to converting this mass of secondary liquidity into foreign securities in the former case, and freezing it in the latter.

However, even in cases where significant progress has been made towards fiscal adjustment, or where restrictive monetary policies have been put into effect, inflationary pressures on the cost side persist. Some appear to be associated with steps taken under adjustment and stabilization programmes, such as the raising of exchange rates, deregulation of prices, correction of public-sector tariffs and reduction of State subsidies, whose effects in some cases are still being felt because of the inertia of indexing mechanisms. Other pressures are attributable to the swelling financial costs brought about by high domestic interest rates. In addition, the underuse of installed capacity as a result of recessions sometimes leads to an increase in unit costs. In other cases, the very suddenness and scope of relative price and wage adjustments in various productive sectors and social strata, due to the alternation of mounting inflation and stabilization programmes, cause pressures to be exerted, as soon as the opportunity arises, for readjusting wages or profit margins.

The confluence of these cost pressures with demand pressures originating in fiscal difficulties has resulted in extreme situations, such as the Argentine and Peruvian hyperinflations, where a crisis of confidence in the manoeuvrability of economic policy, together with rapidly rising expectations, unleashed runs on the dollar and a temporary repudiation of local currency in the first months of the year.

The trade balance and the oil crisis

At mid-year, Latin America and the Caribbean posted a healthy trade balance. The region's annualized merchandise trade surplus approached US\$24 billion, 20% less than the previous year. This regional surplus was accounted for mainly by the substantial surpluses of Argentina, Brazil, Colombia, Chile and Venezuela, although most of the countries in the region recorded positive trade balances equal to or higher than those of the previous year. Only in Mexico was a trade deficit further increased, while in Peru a surplus was transformed into a deficit.

The trade surplus recorded in the first six months of the year was due to the fact that the value of exports was much higher (exports of Argentina soared while Brazilian exports declined considerably) than that of imports. The modest increase in the latter was accounted for by a few countries, among them Chile, Mexico and Peru.

The effects of the Persian Gulf crisis on the international petroleum market will most certainly have an impact on the trade balance of the region. Each dollar increase in the price of a barrel of oil represents for the region as a whole additional annual export earnings of approximately US\$1.3 billion and, concomitantly, an increase of nearly US\$500 million in imports.

A plausible scenario is that as long as abnormal conditions remain, the production quotas allocated by OPEC will be redistributed in order to make up for most of the shortfall in the crude normally shipped from Iraq and Kuwait, and that for the remainder of the year the international prices of crude will be somewhat lower than the prices quoted in early September. In such a scenario, the value of regional exports in 1990 will be increased by a further US\$3 billion. Nearly two thirds of this amount will be due to higher prices, while the increase in the volume of petroleum exports will net some US\$1.3 billion, which will be earned mainly by Venezuela. In turn, the value of the region's imports will rise by more than US\$1 billion, with most of this increase being accounted for by Brazil, Chile and the countries of Central America. This will bring the end of year value of exports from Latin America and the Caribbean to nearly US\$115 billion and the merchandise trade surplus to approximately US\$26 billion (table 2).

For its part, the interest payable in 1990 will be reduced by some US\$3 billion as a result of the drop of nearly half a percentage point in the interest rates payable on current debt; the nearly 5% reduction in the nominal value of the commercial bank debt; and the cuts in interest rates provided for in the agreements which Costa Rica, Mexico and Venezuela have reached with their creditor banks.

Even so, the trade surplus is still less than the net outflow of profits and accrued interest. This means that the current account deficit of the region as a whole will continue to be in the US\$10 billion range even though that of the petroleum-exporting countries will be reduced by half. Since it is estimated that net capital inflows from abroad will be at least equal to their 1989 level, the net transfer of resources abroad will be reduced to some US\$22 billion, which still represents 20% of merchandise exports and cancels out most of the region's favourable trade balance.

The debt burden

The overwhelming burden of the external debt continues to give rise to the accumulation of considerable arrears in its servicing. The Brady Plan is being implemented parsimoniously, thereby giving rise to doubts as to whether it can effectively contribute to restoring the creditworthiness of the majority of the countries in the region. Indeed,

the factor which has had the greatest impact this year on the problem of the debt has been exogenous: the increase in petroleum prices. This can provide Mexico and Venezuela with extra needed resources to add to the relatively modest relief which they obtained under the agreements reached within the framework of the Brady Plan. On the other hand, the deterioration in the terms of trade for the non-oil-exporting countries may strengthen their arguments for a more substantial reduction of their debt or of its servicing.

The region's external debt (US\$408 billion at the end of 1989) is expected to show a slight increase (around 1%) this year. The debt/export ratio (3 to 1 in 1989) is therefore likely to show a marginal decline. This improvement will be accounted for by the oil-exporting countries, whose sales are benefiting from the recent petroleum price hike.

The increase in the value of the external debt is the net result of the impact of opposing factors. The main reason for the expansion in the size of the debt is probably the very fact of its overwhelming servicing burden, which continues to give rise to considerable delays in the payments of the majority of countries to all categories of creditors, particularly the private banks. In fact, the accumulation of arrears in 1990 could be well over US\$10 billion. Also, the sharp drop in the value of the dollar in international markets will serve to further expand the debt, by increasing the value of the loans denominated in European currencies. In addition, net flows of new financing continue to be inadequate. Only a few isolated loans were obtained on private credit markets. For their part, net disbursements of multilateral financing agencies were somewhat more than US\$3 billion during the first half of the year.

The Brady Plan, moreover, has not fulfilled expectations with respect to the rapid reduction of the debt of the countries of Latin America and the Caribbean. During the course of 1990, Costa Rica, Mexico and Venezuela signed agreements with the commercial banks within the framework of the Plan. Of these, however, only Costa Rica managed to significantly reduce the nominal amount of its debt, by the equivalent of 19% of its total external obligations. While some of the options provided for under the other two agreements made it possible to reduce bank debt (by almost US\$7 billion in the case of Mexico and US\$2 billion in the case of Venezuela), the impact on the respective total balances was negligible. This is due, on the one hand, to the decision of a number of banks to grant fresh loans, and, on the other hand, to the need to contract new official loans to finance the guarantees of interest and principal payments on the new instruments for which the old bank debt was exchanged.

The evolution of the debt was also affected by contractive factors, such as the programmes of privatization of public enterprises adopted by a number of countries, under which bank debt is retired as part of the financing of these operations. The largest debt reduction using this mechanism (between US\$5 and US\$7 billion) could take place in Argentina, if that government manages to conclude the sale of the State telephone company and the national airline. Sizeable debt/equity swaps could also take place in Costa Rica, Mexico and Venezuela, under the impetus of the new agreements concluded with the private banks, and in Chile, one of the pioneers of this initiative. Finally, bank debts in a number of countries are being reduced as a result of the informal repurchasing of such debt on the secondary market.

If international interest rates were to remain stable for the remainder of the year, the accrued interest on the region's debt (US\$38 billion in 1989) could be reduced to US\$35 billion. The interest paid/export earnings co-efficient would thus decline from 28% to 25%. An even sharper drop is expected for the petroleum-exporting economies, on account both of the reduction in interest payments provided for under the agreements with Mexico and Venezuela, and of the increase in the exports of these countries.

The drop in the interest accrued on the external debt is due to two principal causes. Firstly, international interest rates have declined; by way of example, the LIBOR average

for the first eight months was 8.5% compared with 9.3% for 1989. Secondly, the agreements reached within the framework of the Brady Plan altered the conditions of payment of a fraction of the region's debt, since Costa Rica, Mexico and Venezuela succeeded in reducing both their bank debt and the applicable interest rates. The new agreement between Mexico and the commercial banks will in 1990 make possible a net saving of the order of 10% of the total remittances originally programmed under this head. For its part, the Venezuelan agreement will result in a net reduction of approximately 9% of the interest payments on the external debt. The Costa Rican agreement, meanwhile, should represent for that country a net saving of one third of its interest payments.

Several important initiatives were launched during the year with respect to the problem of the external debt. In June, the member governments of the Latin American Economic System (SELA) approved a regional proposal which stressed, among other things, the urgent need to secure a substantial reduction of the medium and long-term debt with the private banks and to convert the remainder into long-term bonds, with guarantees of payment financed by the debtor countries themselves. It also urges that new mechanisms be sought to alleviate the official debt burden and establishes criteria for the management of the problem of the intraregional debt.

A new formula was applied this year to assist countries that were far behind in the servicing of their multilateral debt. Guyana and Honduras received government loans to finance their arrears with multilateral lending agencies thus making them eligible once again to benefit from the regular credit programmes offered by these institutions.

It should be noted, finally, that in June the United States government announced its so-called "Initiative for the Americas", which provides for the reduction and rescheduling of the debt owed to the United States government by the countries of Latin America and the Caribbean, as well as the possibility of servicing a part of the debt in local currency. With this initiative, the United States joins the number of European countries that have already admitted the possibility of writing off a part of the official bilateral debt of the developing nations. Although this type of loan represents a tiny fraction (3%) of the region's total debt owing to the United States, it is of major significance to countries such as El Salvador (35%), Dominican Republic (24%), Jamaica (20%), Haiti (19%), Bolivia (15%), Honduras (14%), and Costa Rica (13%).

Table 1
LATIN AMERICA: GROSS DOMESTIC PRODUCT

| | Annual growth rates | | | | Cumulative variation 1981-1990 | |
|---|---------------------|------|------|-------------------|-----------------------------------|----------|
| | 1987 | 1988 | 1989 | 1990 ^a | GDP | GDP/cap. |
| Latin America | 3.1 | 0.9 | 1.4 | -0.7 | 12.0 | -10.1 |
| Oil-exporting countries ^b | 2.4 | 2.1 | 0.1 | 2.1 | 13.6 | -10.3 |
| Non-oil exporting countries ^c | 3.5 | 0.0 | 2.4 | -2.7 | 10.7 | -10.0 |

Source: ECLAC, on the basis of official data.

^a Preliminary estimates subject to revision.

^b Bolivia, Colombia, Ecuador, Mexico, Peru, and Venezuela.

^c Argentina, Brazil, Costa

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

Table 2
LATIN AMERICA: BALANCE OF PAYMENTS
(Billions of dollars)

| | Latin America | | | Oil-exporting countries ^b | | | Non-oil-exporting countries ^c | | |
|---|---------------|-------|-------------------|---|------|-------------------|---|------|-------------------|
| | 1988 | 1989 | 1990 ^a | 1988 | 1989 | 1990 ^a | 1988 | 1989 | 1990 ^a |
| Balance on current account ^d | -12.1 | -9.5 | -9.4 | -12.2 | -5.7 | -3.4 | 0.1 | -3.8 | -6.0 |
| Trade balance (goods) | 25.5 | 29.7 | 26.0 | 1.7 | 8.8 | 8.5 | 23.8 | 20.9 | 17.5 |
| Exports | 101.3 | 111.0 | 115.0 | 41.6 | 48.3 | 52.5 | 59.7 | 62.7 | 62.5 |
| Imports | 75.8 | 81.3 | 89.0 | 39.9 | 39.5 | 44.0 | 35.9 | 41.8 | 45.0 |
| Net payments | | | | | | | | | |
| Services | 3.7 | 2.3 | 2.0 | 0.6 | -0.3 | -0.5 | 3.1 | 2.6 | 2.5 |
| Profits and interest | 33.9 | 36.9 | 33.4 | 13.3 | 14.8 | 12.4 | 20.6 | 22.1 | 21.0 |
| Balance on capital account ^e | 3.9 | 10.5 | ... | 0.4 | 6.8 | ... | 3.4 | 3.7 | ... |
| Global balance | -8.2 | 1.0 | ... | -11.8 | 1.1 | ... | 3.5 | -0.1 | ... |

Source: ECLAC, on the basis of official data.

^a Preliminary estimates subject to revision.

^b Bolivia, Colombia, Ecuador, Mexico, Peru and Venezuela.

^c Argentina, Brazil,

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

^d Excluding private transfers.

^e Including official transfers.

Table 3
LATIN AMERICA: PRICES OF MAIN EXPORT PRODUCTS
(Current dollars)

| | Annual averages | | | | | Growth rates | | | | Cumulative variation |
|------------------------------|-----------------|-------|-------|-------|-------------------|--------------|-------|-------|-------------------|----------------------|
| | 1970-1980 | 1987 | 1988 | 1989 | 1990 ^a | 1987 | 1988 | 1989 | 1990 ^b | 1990/1980 |
| Raw sugar ^c | 12.8 | 6.8 | 10.2 | 12.8 | 14.5 | 11.5 | 50.0 | 25.5 | 13.3 | 13.3 |
| Coffee (mild) ^c | 121.8 | 112.3 | 135.1 | 107.0 | 88.0 | -41.7 | 20.3 | -20.8 | -17.8 | -27.8 |
| Cocoa ^c | 86.3 | 90.6 | 72.1 | 56.5 | 55.2 | -3.4 | -20.4 | -21.6 | -2.3 | -36.0 |
| Bananas ^c | 11.8 | 26.5 | 24.6 | 20.4 | 31.1 | 19.9 | -7.2 | -17.1 | 52.3 | 163.3 |
| Wheat ^d | 125.1 | 115.0 | 146.0 | 170.0 | 156.0 | - | 27.0 | 16.4 | -8.2 | 24.7 |
| Corn ^d | 109.2 | 91.8 | 126.2 | 133.5 | 131.9 | -9.9 | 37.5 | 5.8 | -1.2 | 20.8 |
| Beef ^c | 82.2 | 108.2 | 114.2 | 116.5 | 114.8 | 13.9 | 5.5 | 2.0 | -1.5 | 39.7 |
| Fish meal ^d | 354.7 | 383.0 | 544.0 | 408.0 | 392.0 | 19.3 | 42.0 | -25.0 | -3.9 | 10.5 |
| Soya ^d | 232.4 | 216.0 | 304.0 | 275.0 | 247.0 | 3.8 | 40.7 | -9.5 | -10.2 | 6.3 |
| Cotton ^c | 61.2 | 76.1 | 63.4 | 75.9 | 79.0 | 43.9 | -16.7 | 19.7 | 4.1 | 29.1 |
| Wool ^c | 131.5 | 183.3 | 207.5 | 191.5 | 172.7 | 23.8 | 13.2 | -7.7 | -9.8 | 31.3 |
| Copper ^c | 69.6 | 80.8 | 117.9 | 129.4 | 116.4 | 29.7 | 45.9 | 9.8 | -10.1 | 67.2 |
| Tin | 3.9 | 3.1 | 3.3 | 3.9 | 2.9 | 19.2 | 6.5 | 19.4 | -25.3 | -24.5 |
| Iron ore ^d | 17.6 | 22.1 | 22.3 | 24.3 | 25.9 | 2.3 | 0.9 | 9.0 | 6.6 | 47.2 |
| Lead ^c | 25.3 | 27.1 | 29.8 | 30.6 | 38.3 | 47.3 | 10.0 | 2.7 | 25.0 | 51.2 |
| Zinc ^c | 29.7 | 42.4 | 60.2 | 82.0 | 76.6 | 11.6 | 42.0 | 36.2 | -6.6 | 157.9 |
| Bauxite ^{df} | 103.5 | 164.8 | 164.8 | ... | ... | -0.2 | ... | ... | ... | ... |
| Crude petroleum ^g | | | | | | | | | | |
| Saudi Arabia | 10.0 | 16.3 | 12.8 | 16.2 | 18.1 ^h | 30.4 | -21.5 | 26.6 | 11.7 | 81.0 |
| Ecuador | ... | 18.0 | 15.2 | 17.6 | 21.0 ^h | 20.0 | -15.6 | 15.8 | 19.3 | ... |
| Mexico | ... | 16.6 | 12.9 | 15.2 | 15.7 ^h | 27.7 | -22.3 | 17.8 | 3.3 | ... |
| Venezuela | 10.1 | 16.2 | 12.3 | 15.7 | 12.9 ⁱ | 29.6 | -24.1 | 27.6 | -17.8 | 27.7 |
| Brent | ... | 18.3 | 15.0 | 18.2 | 18.0 | 29.6 | -18.4 | 21.4 | -1.0 | ... |

Source: UNCTAD, *Monthly Commodity Price Bulletin*, Supplements 1960-1984 and June 1990; International Monetary Fund, *International Financial Statistics*, Yearbooks 1981 and July 1990; Petroleum Intelligence Weekly, 1984-1990, several volumes; Energy Economics Research Limited, *Oil and Energy Trends*, April 1989. ECLAC, on the basis of official data.

Note: Raw sugar, FOB, Caribbean ports, for export to free market. Coffee (mild), ex-port New York. Cocoa, average daily prices (future), New York/London. Central American bananas, CIF, North Sea ports. Cotton, Mexican M 1-3/32", CIF North Europe. Wool, clean, combed, 48's quality, United Kingdom. Beef, frozen and boned, every origin, United States ports. Fish meal, every origin, 64-65% protein, CIF Hamburg. Wheat, FOB United States, #2, Hard Red Winter. Corn, United States, #3, yellow, CIF Rotterdam. Soya, United States, #2, yellow, in bulk, CIF Rotterdam. Copper, tin, lead and zinc, in-cash quotations of the London Metal Stock Market. Iron ore, Liberia, C 61 % Fe, CIF North Sea ports. Bauxite, Guyana (Baltimore). Petroleum: Saudi Arabia, Heavy-27 (U.S. Gulf Coast); Ecuador, East-30 (U.S. Gulf Coast); Mexico Maya Heavy-22 (U.S. Gulf Coast); Venezuela, Tia Juana-22 (Caribbean). United Kingdom: Brent Blend 38 API, FOB United Kingdom ports.

^a Average January-June. ^b Average January-June with respect to 1989 average. ^c Cents per pound. ^d Dollars per metric ton. ^e Dollars per pound. ^f 1988, average January-May. ^g Dollars per barrel. ^h Average January-March.

ⁱ Average January-July.

Table 4
LATIN AMERICA: DEBT, TRANSFER AND IMPACT
(GDP coefficient)

| | Total external debt | Transfer | | Impact | | |
|-------------------|---------------------|----------------------|--------------------|--------|---------------------------|-----------------------|
| | | Interest and profits | Net capital inflow | Total | Gross domestic investment | GDP growth per capita |
| 1973-1981 | 38 | -2.9 | 5.5 | 2.6 | 22.6 | 2.1 |
| 1982-1988 | 55 | -5.1 | 1.4 | -3.7 | 17.0 | -0.7 |
| 1989 | 48 | -4.3 | 1.3 | -3.0 | 16.2 | -0.7 |
| 1990 ^a | 47 | -3.7 | | | | -2.8 |

Source: ECLAC, estimates on the basis of official information. These estimates are but orders of magnitude, since they are quite sensitive to how peso output is valued in dollars.

^a Preliminary estimates.

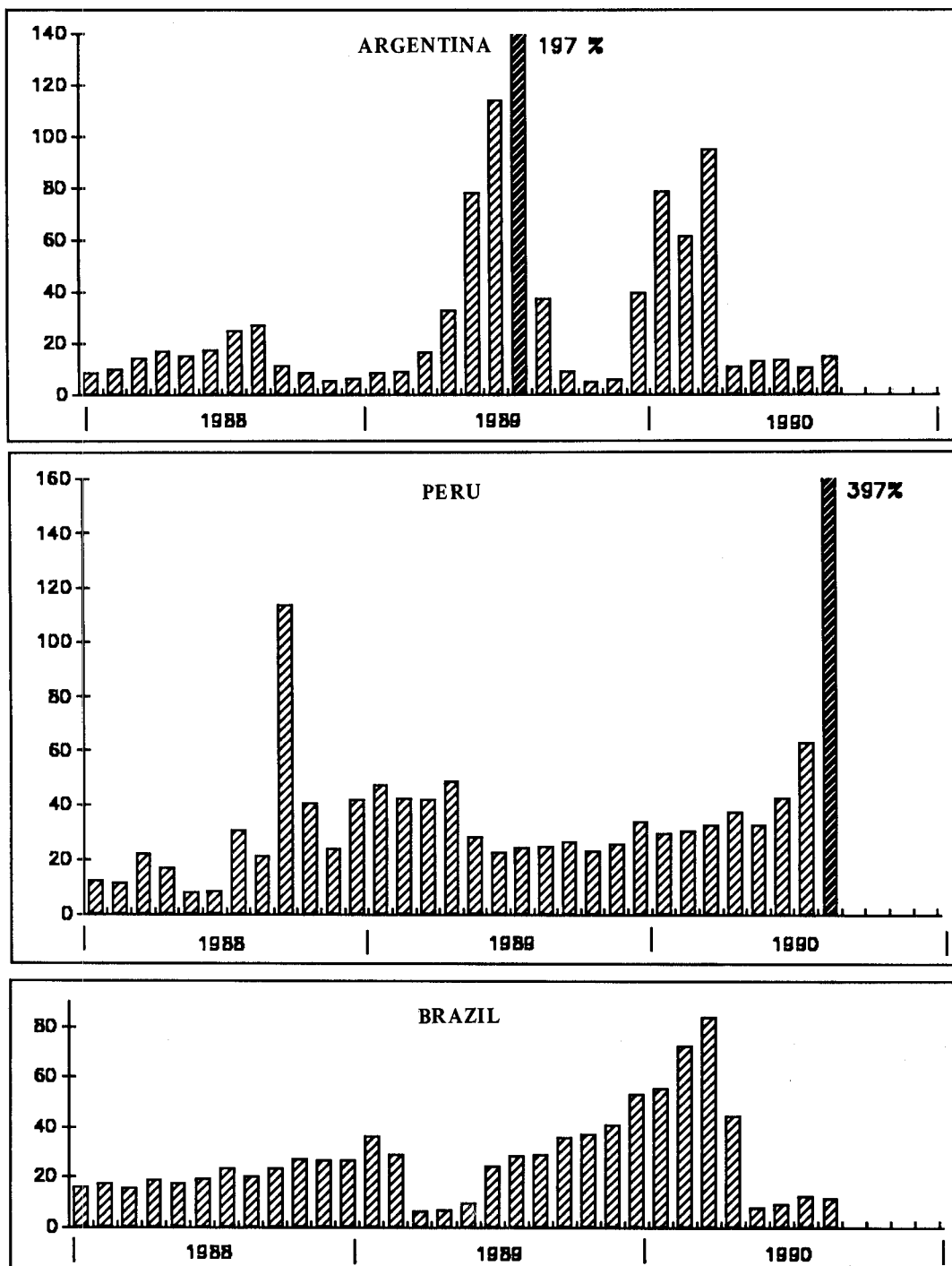
Table 5
LATIN AMERICA: VALUE OF THE EXTERNAL DEBT IN THE SECONDARY MARKET
(Percentage of nominal value)

| | 1988 | | | 1989 | | | 1990 | | |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | January | June | December | January | June | December | January | June | August |
| Argentina | 32 | 25 | 21 | 20 | 13 | 13 | 12 | 13 | 13 |
| Bolivia | 11 | 11 | 10 | 10 | 11 | 11 | 11 | ... | ... |
| Brazil | 46 | 51 | 41 | 37 | 31 | 22 | 25 | 24 | 21 |
| Colombia | 65 | 65 | 57 | 56 | 57 | 64 | 60 | 64 | 63 |
| Costa Rica | 15 | 11 | 12 | 13 | 14 | 17 | 18 | ... | ... |
| Chile | 61 | 60 | 56 | 60 | 61 | 59 | 62 | 65 | 68 |
| Ecuador | 35 | 27 | 13 | 13 | 12 | 14 | 14 | 16 | 16 |
| Guatemala | 57 | ... | ... | ... | ... | ... | ... | ... | ... |
| Honduras | 22 | 22 | 22 | 22 | 17 | 20 | 21 | ... | ... |
| Mexico | 50 | 51 | 43 | 40 | 40 | 36 | 37 | 45 | 44 |
| Nicaragua | 4 | 2 | 2 | 2 | 1 | 1 | 1 | ... | ... |
| Panama | 39 | 24 | 21 | 19 | 10 | 12 | 19 | 12 | 12 |
| Peru | 7 | 6 | 5 | 5 | 3 | 6 | 6 | 4 | 4 |
| Dominican Republic | 23 | 20 | 22 | 22 | 22 | 13 | 13 | 17 | 16 |
| Uruguay | 59 | 60 | 60 | 60 | 57 | 50 | 50 | 49 | 49 |
| Venezuela | 55 | 55 | 41 | 38 | 37 | 34 | 35 | 46 | 46 |
| Average ^a | 45.1 | 45.4 | 37.7 | 35.2 | 31.9 | 28.0 | 29.5 | 33.3 | 32.4 |

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

^a Weighted by the bank debt.

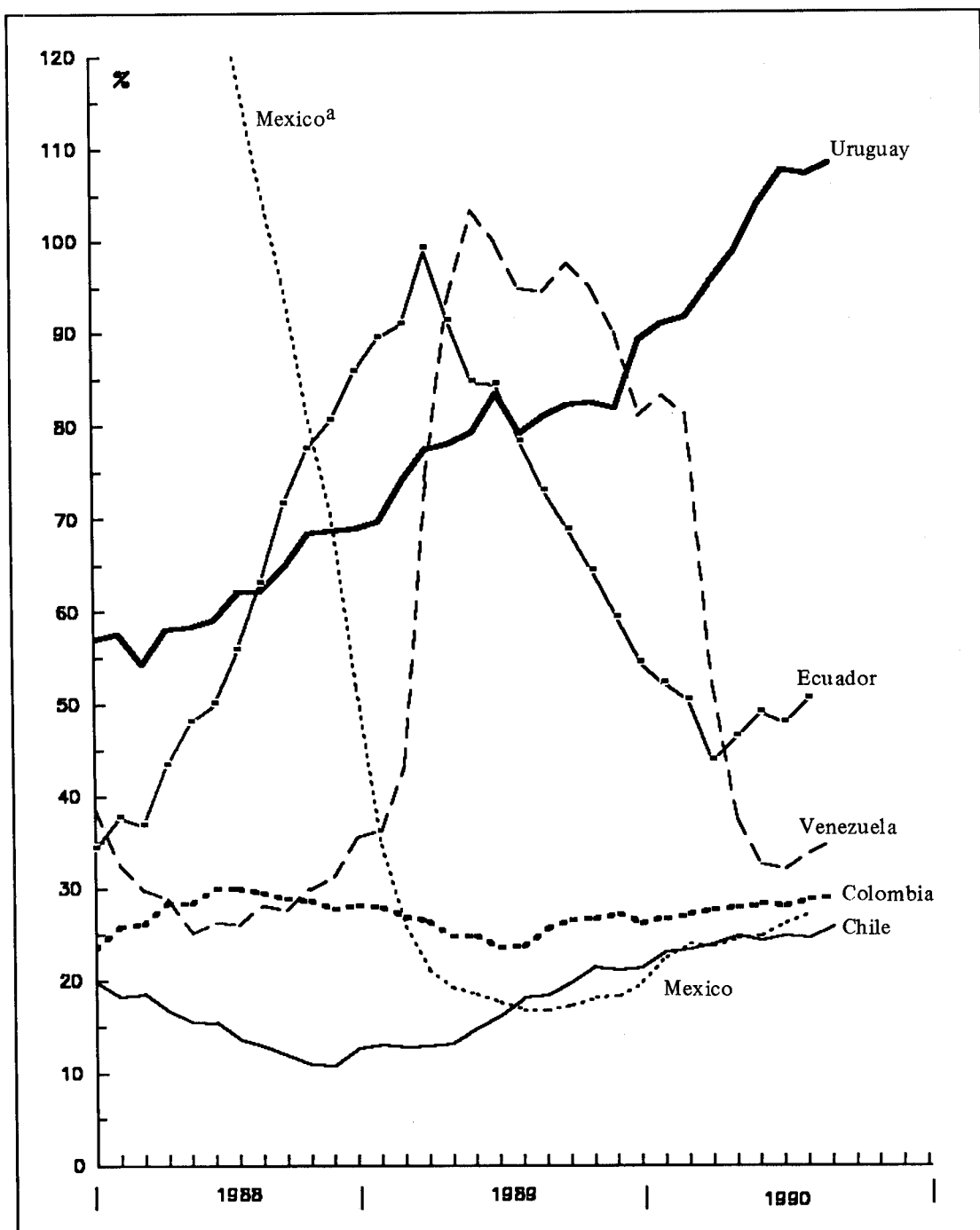
Figure 1
MONTHLY VARIATIONS IN THE CONSUMER PRICE INDEX IN
ARGENTINA, BRAZIL AND PERU
(Percentages)



Source: ECLAC, on the basis of official data.

Figure 2

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



Source: ECLAC, on the basis of official data.

^aExcluding the period January-June 1988, during which inflation decreased from 176.9 to 135.8%.

ARGENTINA

During the first half of 1990 the Argentine economy showed high rates of increase in prices, a new episode of hyperinflation, a further drop in output and a rise in the favourable foreign trade surplus to unprecedented levels. The fact that public expenditure was made to depend on available finance made it necessary to effect a pronounced, abrupt fiscal adjustment.

The conversion of fixed-term deposits into long-term dollar-denominated securities (BONEX) at the end of 1989 resulted in a period of severe illiquidity at the beginning of 1990; subsequently, the exchange rate began to soar anew, and prices again began to exhibit hyperinflationary characteristics, so much so that the monthly variation in the consumer price index in the first quarter was nearly 80%. At the beginning of March, the government announced new fiscal adjustment measures designed to tighten the financial management of the Treasury. The rapid expansion of demand for money made it possible to decompress the foreign exchange market. In the second quarter, the growth rate of the consumer price index fell to a monthly average of 13%, with relative prices fluctuating very sharply; in particular, the real rate of exchange used for foreign trade, which had reached a very high level in February (similar to the rates observed during the hyperinflation in 1989), fell dramatically.

Output slumped again in response to the resurgence of hyperinflation at the beginning of the year (table 1). Although the downward trend in the level of activity was reversed in the second quarter, it is estimated that economic growth remained lower than that recorded the previous year, when the recession was already severe, with employment, wages and imports reacting accordingly. Thus, the rate of unemployment in Greater Buenos Aires reached an all-time high of close to 9% (table 5). Real wages fell rapidly during the early months of the year, subsequently settling at the same low levels as those recorded in mid-1989. As for the trade surplus, it reached the unprecedented level of US\$4 billion during the first half of the year, as a result of a 23% rise in exports and an 18% contraction in imports (table 6).

The so-called "Bonex Plan" caused the exchange rate to fall very sharply early in January. The forced long-term refinancing of financial liabilities at a time when the demand for money had stopped contracting and inflationary pressures refused to yield, resulted in a steep rise in interest rates and a drop in the levels of economic activity. Liquidity rapidly recovered as authorization was given for funds to be withdrawn. Soaring prices appreciably eroded the real value of public utility rates, and they were therefore subjected to sweeping adjustments at the beginning of February—a decision which, although intended to improve the financial situation of the public enterprises, was interpreted as a sign that inflation was about to flare up again. These expectations and the increased money supply gave fresh impetus to a fall in the exchange rate and brought on the reappearance of behaviour which is typical of hyperinflation: the prices of many goods and services were dollarized, the supply of goods was reduced and real money holdings decreased. At the end of February, the expectations prevailing in the markets were that the austral would depreciate rapidly.

The government reacted to this threatened outbreak of hyperinflation by taking fiscal measures. Some of these measures had an immediate effect on spending or tax collection. Others served rather as signals of the direction in which policy was moving. Such indicators included the announcement concerning the application of a "cash flow rule" in the area of fiscal management, whereby payments would be adjusted to available income (table 9). The resulting turnaround in expectations caused the dollar to plummet in the foreign exchange market (table 11). After a marked increase during the first part

of March, price increases began to slow down notably. At the same time, the situation of high real interest rates and declining output reappeared.

The economic strategy applied since March differed significantly from previous attempts at stabilization in a number of respects. This time the authorities did not "anchor" nominal variables, nor did they come forth with a programme in the usual sense. Rather, efforts were focused more on the management of public sector balances and on the regulation of liquidity via unannounced interventions in the foreign exchange market. At the same time, the government tried to instill the belief that its reform policies were proceeding in an orderly manner. Indeed, significant privatization operations were carried out during the period; in addition to the effects for which they were primarily intended, these operations played an important role as signals for short-term market trends.

Fiscal revenue recovered during the second quarter, making it possible to reprogramme spending to some extent, while the primary cash surplus fluctuated around US\$110 million per month. These results of the Treasury operations and the disappearance of the quasi-fiscal deficit meant that government financing became less important as a source of expansion of the monetary base; the performance during the first half of the year, viewed in annual terms, has probably cut the public sector deficit in half, bringing it down to about 4% of the product. At the same time, the nominal demand for money grew, primarily because larger real holdings were desired after the negligible levels to which they had fallen in February and March.

The extraordinarily high trade surplus and the perception that interest rates were higher than the expected depreciation of the currency led to a situation in which too much foreign exchange was available. Government purchases were very high, causing an appreciable increase in reserves and hence in the money supply. Sharp fluctuations were observed in the exchange rate, after a slight downturn following the initial revaluation; at the end of July the price of the dollar was lower than at the end of February.

Although in situations of hyperinflation stabilization of the exchange rate usually brings price increases to an abrupt halt, in the case of Argentina this phenomenon was not so clearly observed (table 7). Beginning in March, the behaviour of the economy with respect to inflation had its own special characteristics: the type of behaviour associated with hyperinflation became less marked, and there was no widespread return to mechanical systems of indexation, but the inflation of the past began to be taken into account again in some transactions, and prices still showed significant increases, with relative values fluctuating markedly. The prices of certain food items and, in particular, the cost of services, increased tremendously in real terms, and as a counterpart the relative value of foreign currency sharply deteriorated.

At the beginning of September, due to persistently high rates of inflation, a harder line was taken in monetary and fiscal policy, tighter controls were applied to public enterprises, and the official domestic debt (close to US\$8 billion) was consolidated into a 10-year bond in readjustable national currency.

Figure 1
ARGENTINA: QUARTERLY EVOLUTION OF THE
MAIN ECONOMIC INDICATORS

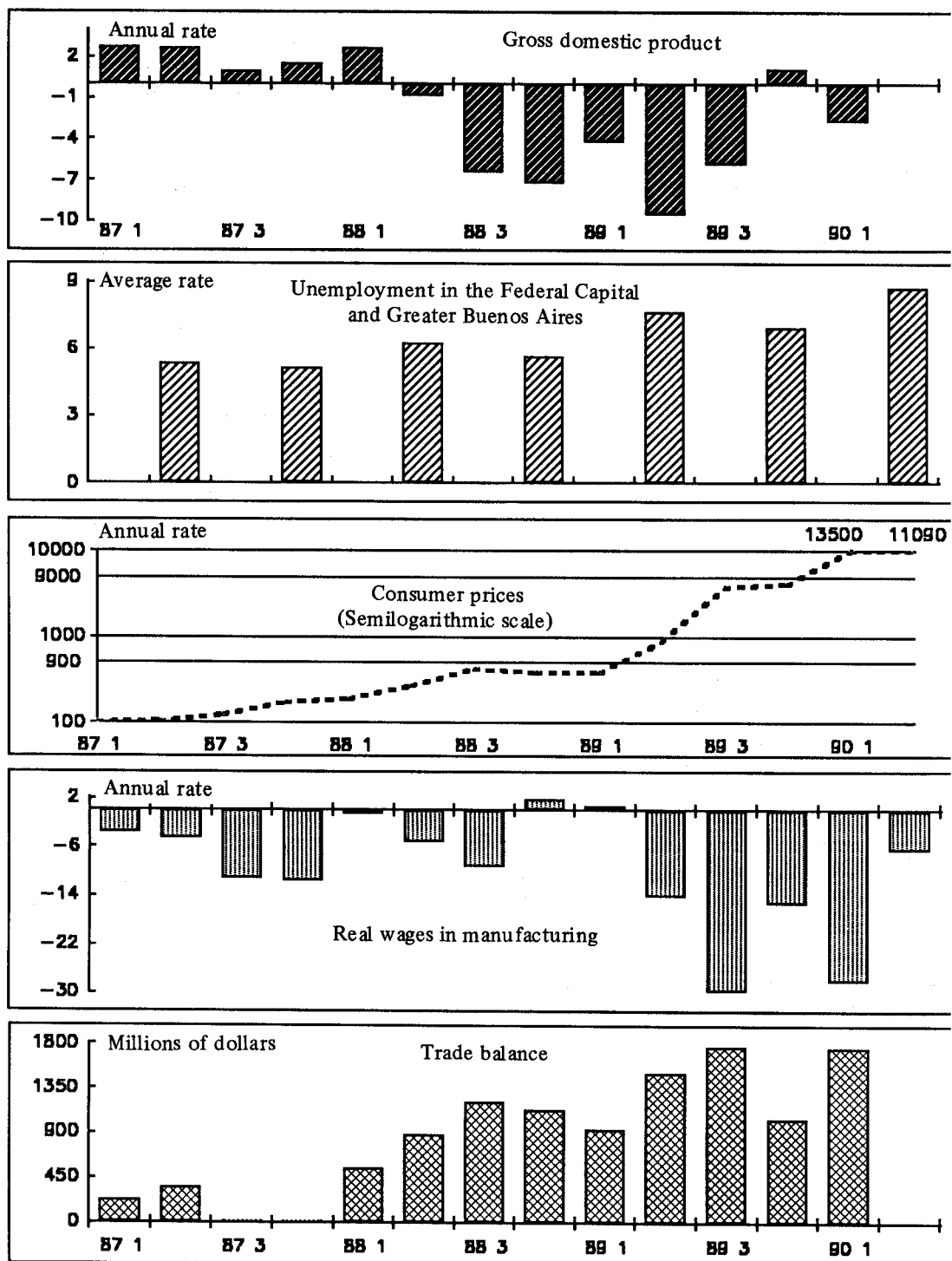


Table 1
ARGENTINA: GROSS DOMESTIC PRODUCT
(Percentage variations)^a

| | 1989 | | | | | 1990 ^b |
|--|-------------|-------------|-------------|------------|-------------|-------------------|
| | I | II | III | IV | Year | I |
| Total | -4.2 | -9.5 | -5.8 | 1.2 | -4.6 | -2.7 |
| Agriculture, hunting, forestry and fisheries | -11.2 | -19.2 | 1.8 | 20.1 | -2.0 | 15.0 |
| Mining | 4.4 | 2.7 | -0.9 | 6.7 | 3.1 | - |
| Manufacturing | -4.9 | -12.8 | -9.4 | -3.0 | -7.7 | -14.0 |
| Construction | -24.7 | -35.2 | -37.9 | -30.9 | -32.1 | -34.0 |
| Electricity, gas and water | 0.5 | 3.3 | -5.4 | -2.3 | -1.1 | -1.0 |
| Trade | -2.7 | -13.2 | -11.5 | -6.0 | -8.2 | } -1.6 |
| Transport | -5.8 | -9.2 | -3.1 | 4.5 | -3.4 | |
| Financial institutions, insurance, real estate | 2.3 | 0.8 | -6.2 | -7.0 | -2.5 | |
| Community, social and personal services | 1.1 | 1.1 | 1.2 | 1.3 | 1.2 | |

Source: Central Bank.

^a With respect to the same period in the preceding year. ^b Estimated figures.

Table 2
ARGENTINA: CROP FARMING PRODUCTION
(Thousands of tons)

| | Seasons | | | Percentage variation | |
|------------------------------|------------------|------------------|-------------------------------|----------------------|-------|
| | 1987/1988 (1) | 1988/1989 (2) | 1989/1990 (3) ^a | (2/1) | (3/2) |
| Cereals | | | | | |
| Maize | 9 200 | 4 260 | 5 250 | -53.7 | 23.2 |
| Sorghum | 3 200 | 1 360 | 2 040 | -57.5 | 50.0 |
| Wheat | 9 000 | 8 360 | 10 000 | -7.1 | 19.6 |
| Rice | 415 | 490 | 500 | 18.1 | 2.0 |
| Oilseeds | | | | | |
| Sunflower | 2 915 | 3 100 | 3 800 | 6.3 | 22.6 |
| Linseed | 535 | 446 | 477 | -16.6 | 7.0 |
| Peanuts (peeled) | 274 | 190 | 230 | -30.7 | 21.1 |
| Soya beans | 9 900 | 6 250 | 10 800 | -36.9 | 72.8 |
| Vegetables and pulses | | | | | |
| Potatoes | 2 859 | 2 209 | 2 900 | -22.7 | 31.3 |
| Tomatoes | 654 | 682 | 710 | 4.3 | 4.1 |
| Pumpkins | 370 | 390 | 350 | 5.4 | -10.3 |
| Beans | 172 | 125 | 230 | -27.3 | 84.0 |
| Industrial crops | | | | | |
| Cotton | 849 | 619 | 810 | -27.1 | 30.9 |
| Sugar cane | 13 939 | 10 629 | 13 000 | -23.7 | 22.3 |
| Tobacco | 72 | 81 | 75 | 12.5 | -7.4 |
| Tea | 134 | 210 | 190 | 56.7 | -9.5 |
| Yerba mate | 381 | 454 | ... | 19.2 | ... |
| Wine grapes | 3 304 | 2 975 | 3 000 | -10.0 | 0.8 |
| Fruit | | | | | |
| Peaches | 260 | 250 | 260 | -3.8 | 4.0 |
| Lemons | 517 | 489 | 550 | -5.4 | 12.5 |
| Apples | 940 | 891 | 980 | -5.2 | 10.0 |
| Oranges | 650 | 681 | 700 | 4.8 | 2.8 |
| Pears | 211 | 224 | 210 | 6.2 | -6.3 |
| Grapefruit | 176 | 155 | 175 | -11.9 | 12.9 |

Source: ECLAC, on the basis of official data.

^a Provisional figures.

Table 3
ARGENTINA: INDUSTRIAL GROSS PRODUCT ^a
(Unseasoned)

| | Index 1970 = 100 | Percentage variation | | |
|-----------------|---------------------|----------------------|------------------------|-------------------|
| | | Quarter ^b | 12 months ^c | Year ^d |
| 1988 | | | | |
| I | 107.0 | 1.1 | - | - |
| II | 104.2 | -2.6 | -5.6 | -2.9 |
| III | 97.7 | -6.2 | -11.3 | -5.7 |
| IV | 95.2 | -2.6 | -10.0 | -6.7 |
| 1989 | | | | |
| I | 94.1 | -1.2 | -12.1 | -12.1 |
| II | 90.7 | -3.6 | -13.0 | -12.5 |
| III | 88.9 | -2.0 | -9.0 | -11.4 |
| IV | 92.4 | 3.9 | -2.9 | -9.4 |
| 1990 | | | | |
| I ^e | 80.9 | -12.4 | -14.0 | -14.0 |
| II ^f | 81.6 | 0.9 | -10.0 | -12.1 |

Source: Central Bank.

^a At constant 1970 factor prices. Unseasoned. ^b With respect to the preceding quarter. ^c With respect to the same quarter of the preceding year. ^d Average cumulative index with respect to the same period in the preceding year. ^e Provisional figures.

^f Estimated figures.

Table 4
ARGENTINA: GROSS FIXED INVESTMENT
(1970 value australes)

| | 1989 | | | | | 1990 ^a | | Percentage variation |
|-------------------------|--------------|------------|------------|------------|------------|-------------------|--------------|-------------------------|
| | I | II | III | IV | Year | I | 1989 | 1990 |
| | | | | | | | | I |
| Total | 1 023 | 874 | 854 | 839 | 898 | 716 | -26.1 | -30.0 |
| Construction | 590 | 497 | 458 | 454 | 500 | 388 | -28.4 | -34.0 |
| Public | 210 | 161 | 130 | 143 | 161 | 84 | -41.3 | -60.0 |
| Private | 380 | 336 | 328 | 311 | 339 | 304 | -20.1 | -20.0 |
| Machinery and equipment | 433 | 377 | 396 | 385 | 398 | 328 | -23.0 | -24.0 |

Source: ECLAC, on the basis of figures from the Central Bank.

^a Estimated figures.

Table 5
ARGENTINA: UNEMPLOYMENT IN MAIN URBAN AREAS
(Percentages)

| | 1986 ^a | | 1987 | | 1988 | | 1989 | | 1990 |
|---|-------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | May | October | May | October | May | October | May | October | May |
| Total ^b | 4.8 | 5.2 | 6.0 | 5.8 | 6.5 | 6.1 | 8.1 | 7.1 | ... |
| Federal Capital and Greater Buenos Aires | 4.8 | 4.4 | 5.4 | 5.2 | 6.3 | 5.7 | 7.7 | 7.0 | 8.8 |
| Córdoba | 6.4 | 5.1 | 4.9 | 5.5 | 5.0 | 6.0 | 8.8 | 7.3 | ... |
| Mendoza | 4.9 | 3.3 | 3.6 | 3.1 | 4.7 | 4.0 | 4.4 | 4.1 | ... |
| Rosario | 6.8 | 7.2 | 7.3 | 8.3 | 7.8 | 7.4 | 14.2 | 7.3 | ... |
| Tucumán ^c | 13.6 | 12.5 | 15.1 | 9.7 | 11.3 | 10.1 | 12.6 | 13.4 | ... |

Source: National Institute of Statistics and Censuses.

^a The surveys were performed in June and November in Greater Buenos Aires and in May and October in the remaining cities.

^b Unemployment rate aggregate of Greater Buenos Aires, Córdoba, Mendoza, Rosario, Tucumán and a number of medium and large cities.

^c Province of Tucumán, including rural areas.

Table 6
ARGENTINA: TRADE BALANCE

| | Millions of dollars | | | | | | Percentage variation ^a | | | | | |
|-------------------|---------------------|-------|---------|-------|---------------|-------|-----------------------------------|------|---------|-------|---------------|------|
| | Exports | | Imports | | Trade balance | | Exports | | Imports | | Trade balance | |
| | Month | Year | Month | Year | Month | Year | Month | Year | Month | Year | Year | Year |
| 1989 | | | | | | | | | | | | |
| January | 691 | 691 | 369 | 369 | 322 | 322 | 29.4 | 29.4 | -13.8 | -13.8 | 203.8 | |
| February | 677 | 1 368 | 345 | 714 | 332 | 654 | 16.9 | 22.9 | 8.8 | -4.2 | 77.7 | |
| March | 749 | 2 117 | 454 | 1 168 | 295 | 949 | 23.6 | 23.2 | 8.4 | 0.3 | 71.0 | |
| April | 735 | 2 852 | 353 | 1 521 | 382 | 1 331 | 18.4 | 21.9 | -20.1 | -5.3 | 81.3 | |
| May | 865 | 3 717 | 308 | 1 829 | 557 | 1 888 | 7.6 | 18.2 | -36.8 | -12.6 | 79.6 | |
| June | 946 | 4 663 | 373 | 2 202 | 573 | 2 461 | 8.5 | 16.1 | -22.0 | -14.4 | 70.3 | |
| July | 1 041 | 5 704 | 349 | 2 551 | 692 | 3 153 | 15.2 | 15.9 | -28.6 | -16.6 | 69.5 | |
| August | 931 | 6 635 | 323 | 2 874 | 608 | 3 761 | -9.3 | 11.6 | -31.4 | -18.6 | 55.7 | |
| September | 841 | 7 476 | 355 | 3 229 | 486 | 4 247 | 13.5 | 11.8 | -28.7 | -19.9 | 59.7 | |
| October | 726 | 8 202 | 312 | 3 541 | 414 | 4 661 | 23.9 | 12.8 | -25.2 | -20.4 | 64.8 | |
| November | 695 | 8 897 | 296 | 3 837 | 399 | 5 060 | -15.3 | 9.9 | -36.2 | -21.9 | 58.9 | |
| December | 595 | 9 492 | 364 | 4 201 | 231 | 5 291 | -42.5 | 4.0 | -11.9 | -21.1 | 39.0 | |
| 1990 ^b | | | | | | | | | | | | |
| January | 763 | 763 | 386 | 386 | 377 | 377 | 10.4 | 10.4 | 4.6 | 4.6 | 17.1 | |
| February | 788 | 1 551 | 227 | 613 | 561 | 938 | 16.4 | 13.4 | -34.2 | -14.1 | 43.4 | |
| March | 1 152 | 2 703 | 303 | 916 | 849 | 1 787 | 53.8 | 27.7 | -33.3 | -21.6 | 88.3 | |
| April | 1 001 | 3 704 | 277 | 1 193 | 724 | 2 511 | 36.2 | 29.9 | -21.5 | -21.6 | 88.7 | |
| May ^c | 1 026 | 4 730 | 301 | 1 494 | 725 | 3 236 | 18.6 | 27.3 | -2.3 | -18.3 | 71.4 | |
| June ^c | 1 000 | 5 730 | 310 | 1 804 | 690 | 3 926 | 5.7 | 22.9 | -16.9 | -18.1 | 59.5 | |

Source: National Institute of Statistics and Censuses.

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

^b Provisional figures.

^c Estimated figures.

Table 7
ARGENTINA: PRICE INDEXES
(Percentage variations)

| | Domestic price index | | | | | | Wholesale price index | | | | | |
|-----------|----------------------|---------|---------|-------|-------|----------|-----------------------|---------|---------|-------|-------|----------|
| | 1989 | | | 1990 | | | 1989 | | | 1990 | | |
| | Month | Year | 12Ms. | Month | Year | 12Ms. | Month | Year | 12Ms. | Month | Year | 12Ms. |
| January | 8.9 | 8.9 | 387.0 | 79.2 | 79.2 | 8 165.4 | 6.9 | 6.9 | 407.2 | 61.6 | 61.6 | 8 188.1 |
| February | 9.6 | 19.4 | 383.3 | 61.6 | 189.5 | 12 085.7 | 8.4 | 15.9 | 385.0 | 87.9 | 203.6 | 14 265.6 |
| March | 17.0 | 39.7 | 392.8 | 95.5 | 466.1 | 20 263.4 | 18.9 | 37.8 | 396.1 | 71.3 | 420.0 | 20 594.3 |
| April | 33.4 | 86.3 | 460.6 | 11.4 | 530.5 | 16 904.4 | 58.0 | 117.8 | 570.8 | 7.4 | 458.4 | 13 965.8 |
| May | 78.5 | 232.4 | 764.6 | 13.6 | 616.3 | 10 724.5 | 104.5 | 345.3 | 1 012.7 | 7.8 | 502.3 | 7 321.3 |
| June | 114.5 | 613.0 | 1 472.0 | 13.9 | 715.9 | 5 648.3 | 133.5 | 939.7 | 1 994.2 | 8.3 | 552.2 | 3 341.8 |
| July | 196.6 | 2 015.0 | 3 611.4 | 10.8 | 804.2 | 2 047.7 | 209.1 | 3 113.7 | 5 077.8 | 3.9 | 577.4 | 1 056.5 |
| August | 37.9 | 2 815.8 | 3 909.1 | 15.3 | 942.5 | 1 697.1 | 8.5 | 3 385.9 | 4 157.1 | | | |
| September | 9.4 | 3 088.6 | 3 825.3 | | | | 2.5 | 3 473.5 | 4 001.1 | | | |
| October | 5.6 | 3 267.0 | 3 702.9 | | | | 1.5 | 3 527.7 | 3 881.3 | | | |
| November | 6.5 | 3 486.6 | 3 731.9 | | | | 1.8 | 3 591.7 | 3 800.8 | | | |
| December | 40.1 | 4 923.8 | 4 923.8 | | | | 48.6 | 5 386.4 | 5 386.4 | | | |

Source: National Institute of Statistics and Censuses.

Table 8
ARGENTINA: INDEX OF INDUSTRIAL REAL WAGES^a
(Index 1983 = 100)

| | Index ^b | | | | | Percentage variation 1990/1989 | | |
|-----------|--------------------|-------|-------|------|-------------------|--------------------------------|-------------------|-------------------|
| | 1986 | 1987 | 1988 | 1989 | 1990 | Month | Year ^c | 12Ms ^d |
| January | 95.6 | 89.8 | 86.0 | 87.9 | 67.6 | -21.3 | -23.1 | -23.1 |
| February | 80.1 | 74.8 | 75.3 | 80.2 | 56.9 | -15.8 | -25.9 | -29.1 |
| March | 98.7 | 99.5 | 102.0 | 95.9 | 65.5 | 15.1 | -28.0 | -31.7 |
| April | 113.2 | 103.6 | 94.3 | 94.5 | 80.3 ^e | 22.6 | -24.6 | -15.0 |
| May | 117.5 | 102.6 | 103.6 | 83.1 | 78.3 ^e | -2.5 | -21.1 | -5.8 |
| June | 95.2 ^f | 104.7 | 96.5 | 75.4 | 76.4 ^e | -2.4 | -17.8 | 1.3 |
| July | 116.7 | 104.4 | 93.5 | 66.2 | | | | |
| August | 119.7 | 97.3 | 94.6 | 65.0 | | | | |
| September | 112.4 | 107.5 | 92.6 | 66.6 | | | | |
| October | 119.3 | 105.0 | 94.6 | 75.2 | | | | |
| November | 110.6 | 96.7 | 103.1 | 90.9 | | | | |
| December | 103.4 | 92.1 | 99.7 | 85.9 | | | | |

Source: National Institute of Statistics and Censuses.

^a Real average monthly wage for industrial workers, excluding bonuses.

^b Index of nominal wages deflated by consumer price index.

^c Percentage variation in the cumulative average index, with respect to the same period of the preceding year.

^d Percentage variation with respect to the same month of the preceding year.

^e Estimated figures.

^f This figure is affected by an important decrease of the working hours, due to strikes.

Table 9
ARGENTINA: NATIONAL TREASURY INCOME AND EXPENDITURE

| | Billions of australes | | | | | Percentage variation ^a | | |
|-------------------|-----------------------|---------|---------|--|---------|-----------------------------------|----------|----------|
| | Expenditure | | Deficit | Financing by Central Bank ^b | | Expenditure | | |
| | Current income | Total | | | | Current income | Total | |
| 1989 | | | | | | | | |
| January | 6.2 | 7.7 | 0.2 | 1.5 | 0.7 | 357.2 | 200.4 | -56.0 |
| February | 9.3 | 18.5 | 2.7 | 9.2 | -4.3 | 670.0 | 780.8 | 489.2 |
| March | 7.4 | 13.5 | 1.3 | 6.1 | 1.9 | 283.0 | 360.8 | 170.4 |
| April | 4.5 | 13.2 | 1.7 | 8.7 | -4.9 | 107.2 | 361.6 | 410.2 |
| May | 28.4 | 24.8 | 2.1 | -3.5 | -47.9 | 850.6 | 603.5 | 356.2 |
| June | 62.2 | 64.5 | 6.6 | 2.3 | -11.5 | 1 827.7 | 1 465.2 | 2 573.8 |
| July | 96.8 | 154.2 | 13.7 | 57.3 | -78.6 | 2 587.9 | 2 913.0 | 4 051.6 |
| August | 198.4 | 257.4 | 39.0 | 59.1 | -46.7 | 4 830.5 | 5 086.8 | 6 065.8 |
| September | 253.0 | 280.6 | 35.3 | 27.6 | 27.1 | 6 824.1 | 5 061.3 | 8 671.0 |
| October | 257.1 | 259.0 | 43.0 | 1.9 | 25.5 | 8 294.3 | 5 260.7 | 37 740.8 |
| November | 289.4 | 299.1 | 27.9 | 9.7 | -181.0 | 6 797.6 | 5 606.5 | 2 213.4 |
| December | 307.6 | 365.1 | 20.0 | 57.5 | -255.5 | 5 423.7 | 3 112.2 | 706.4 |
| 1990 ^c | | | | | | | | |
| January | 566.4 | 445.1 | 26.0 | -121.4 | -323.5 | 9 001.3 | 5 676.7 | 13 139.6 |
| February | 740.9 | 644.7 | 64.5 | -96.2 | 27.7 | 7 878.2 | 3 385.2 | 2 279.8 |
| March | 1 365.5 | 1 568.7 | 406.1 | 203.2 | -428.4 | 18 443.3 | 11 556.3 | 30 431.8 |
| April | 1 779.4 | 1 489.0 | 148.3 | -290.4 | -536.6 | 39 150.7 | 11 173.7 | 8 601.2 |
| May | 2 257.2 | 2 236.8 | 299.8 | -20.4 | 1 253.7 | 7 858.9 | 8 901.6 | 14 185.6 |
| June | 2 584.6 | 2 709.9 | 505.7 | 125.3 | 736.9 | 4 056.2 | 4 101.3 | 7 511.1 |

Source: Tesorería General de la Nación.

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

^b Includes: Central Bank credits (those under item Use of External Financing of National Government), Utilization of the Unified Fund of Official Accounts and Net Variation of Regulated and Free short term.

^c Cifras preliminares.

Table 10
ARGENTINA: INTEREST RATES ^a

| | Nominal | | | Real | | |
|-----------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | Bank | | Non-bank ^d | Bank | | Non-bank ^{df} |
| | Deposit ^b | Lending ^c | | Deposit ^{be} | Lending ^{cf} | |
| 1989 | | | | | | |
| January | 11.5 | 14.8 | 10.6 | 2.4 | 7.4 | 3.5 |
| February | 14.9 | 20.3 | 19.3 | 4.8 | 11.0 | 10.1 |
| March | 18.7 | 24.8 | 21.6 | 1.5 | 5.0 | 2.3 |
| April | 33.1 | 39.9 | 50.5 | -0.2 | -11.5 | -4.7 |
| May | 70.4 | 106.8 | 149.0 | -4.5 | 1.1 | 21.8 |
| June | 82.9 | 130.0 | 137.5 | -14.7 | -1.5 | 1.7 |
| July | 17.4 | 43.3 | 32.2 | -60.4 | -53.6 | -57.2 |
| August | 12.9 | 18.1 | 12.3 | -18.1 | 8.8 | 3.5 |
| September | 6.9 | 11.2 | 6.7 | -2.3 | 8.5 | 4.1 |
| October | 7.5 | 9.1 | 5.5 | 1.8 | 7.5 | 3.9 |
| November | 7.9 | 12.8 | 9.1 | 1.3 | 10.8 | 7.2 |
| December | 23.6 | 38.5 | 59.3 | -11.8 | -6.8 | 7.2 |
| 1990 | | | | | | |
| January | 35.4 | 73.7 | 87.0 | -24.4 | 7.5 | 15.7 |
| February | 34.9 | 58.3 | 147.0 | -16.5 | -15.8 | 31.5 |
| March | 44.5 | 79.3 | 139.4 | -26.1 | 4.7 | 39.8 |
| April | 10.8 | 25.4 | 12.1 | -0.5 | 16.8 | 4.4 |
| May | 7.6 | 18.0 | 10.7 | -5.3 | 9.5 | 2.7 |
| June | 9.3 | 19.4 | 16.9 | -4.0 | 10.2 | 7.9 |
| July | 8.8 | 18.2 | 10.9 | -1.8 | 13.8 | 6.7 |

Source: ECLAC, on the basis of data from the Central Bank and other sources.

^a Equivalent monthly rates (percentages). ^b Up to the end of December 1989, proof rates on time deposits. As of January 1990, proof rates on savings deposits. ^c Rate applied by the Banco de la Nación Argentina for discount of 30-day notes. ^d Present rate for inter-company 7-days transactions with BONEX guarantee. ^e Related to the consumer price index (general level) corresponding to the month of the effective date of the deposits. ^f Related to the wholesale price index (general level) corresponding to the month of the execution of the loans.

Table 11
ARGENTINA: EXCHANGE RATE

| | Exchange rate (Australas per dollar) | | | | Adjusted real exchange rate (Index 1985 = 100) ^a | | | |
|-----------|---|---------|------------------------|---------|--|-------|------------------------|-------|
| | Commercial ^b | | Financial ^c | | Commercial ^b | | Financial ^c | |
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 |
| January | 16.9 | 1 680.0 | 16.9 | 1 680.0 | 80.3 | 100.0 | 80.3 | 100.0 |
| February | 18.2 | 3 581.5 | 25.0 | 3 581.5 | 79.8 | 113.1 | 109.9 | 113.1 |
| March | 19.2 | 4 798.1 | 41.1 | 4 798.1 | 71.2 | 88.3 | 152.8 | 88.3 |
| April | 56.2 | 4 941.1 | 62.2 | 4 941.1 | 133.3 | 84.5 | 147.6 | 84.5 |
| May | 118.9 | 5 006.0 | 118.8 | 5 006.0 | 138.8 | 79.8 | 138.7 | 79.8 |
| June | 210.8 | 5 277.0 | 401.4 | 5 277.0 | 105.1 | 77.5 | 200.2 | 77.5 |
| July | 567.7 | 5 340.7 | 644.3 | 5 340.7 | 91.5 | 69.9 | 103.9 | 69.9 |
| August | 655.0 | | 665.7 | | 96.8 | | 98.4 | |
| September | 655.0 | | 651.1 | | 94.7 | | 94.1 | |
| October | 655.0 | | 701.6 | | 93.5 | | 100.2 | |
| November | 655.0 | | 883.8 | | 91.9 | | 124.0 | |
| December | 1 114.7 | | 1 324.5 | | 105.5 | | 125.4 | |

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

^a Index of nominal exchange rate deflated by the wholesale price index and adjusted by the United States wholesale price index.

^b Exchange rate for imports. Official exchange rate up to 4 August 1988. Free exchange rate from August 4 1988 through February 6 1989. Special exchange rate from 6 February through 5 April 1989; simple average of the official and free exchange rates average from 5 to 17 April; from 17 April through 30 May, free exchange rate. From 30 May to 20 December, uniformed exchange rate; as of 20 December 1989, free exchange rate. ^c Standing from 15 October 1987 through 19 May 1989, and from 20 December, free market exchange rates. Other observations relate to parallel market quotations.

BRAZIL

The evolution of the Brazilian economy underwent a profound change during the first eight months of the year as a result of the severe measures applied by the government which took office in March. The freeze on financial assets immediately brought liquidity down to one third and rendered less urgent the financial needs of the government stemming from the constant readjustment of its domestic debt. Prices and wages were also frozen, and special taxes established. From a situation bordering on hyperinflation in the first quarter, in which the productive capacity was fully utilized and the level of employment was high, the country entered a recessive phase after a precipitous drop in the rate of price increase and an extreme shortage of liquidity, with a concomitant rise in unemployment and decline in real wages.

The monthly rate of inflation, which had reached 84% in March, fell to 8% in May, but later began to rise again, reaching 12% in August. It is likely that the annualized growth rate of output, which was 5% at the end of the first quarter, will show a drop greater than 4% for 1990 as a whole, and that the level of investment will fall by close to 10%. The rate of unemployment, which at the beginning of the year registered the lowest annual average in the decade (3.4%), had already risen to 5% in the second quarter; and the suspension of the automatic monthly readjustments caused real losses in wages, which had a marked effect on demand.

After three abortive attempts to stabilize prices under the preceding government, the new authorities decided to apply a drastic adjustment programme which decreased liquidity dramatically by restructuring the country's financial assets and sought to bring about an immediate reduction in the State's financial requirements. The plan was based on a monetary reform by virtue of which bank deposits of every sort as well as the Federal Government's public debt securities issued in the country's former currency were retained for 18 months in the Central Bank. Initially, the exceptions to this freeze on assets were very limited, since holders were allowed to convert only very small amounts of their assets into the new currency. Moreover, an *ad hoc* tax was applied to these conversion transactions, making it possible to raise additional tax revenue equivalent to over 1% of the GDP.

Prices were frozen at the level at which they had stood on 12 March, under a scheme which would be replaced by new control mechanisms as of May. After the readjustment granted in March, wages were also subject to indexation rules compatible with the anti-inflation goals. The only commitment the government made was to continue improving the minimum wage in real terms.

In the external sector, the programme provided for the floating of the exchange rate applicable to authorized transactions, thus eliminating the obligation on the Central Bank to maintain a given exchange rate. At the same time, it was announced that external trade would be liberalized through an appreciable cut in customs tariffs and the reduction of non-tariff mechanisms within the framework of a strategy to promote industrial modernization and greater competitiveness.

In order to restructure the public finances, the government decided not only to apply a special tax on currency conversion transactions but also to suspend tax incentives and subsidies, intensify measures against tax evasion, raise the rates of taxation on farm income, exports and capital gains, and impose new taxes. In order to cut expenditure, it proceeded to eliminate or reduce the size of government bodies, dismissing 100 000 civil servants. In addition, after authorizing real increases in the rates charged by State enterprises, it suspended the transfer of further resources to them and announced a sweeping privatization programme. As a result of these measures, it is

hoped that the operational fiscal deficit, which had reached 9%, will be turned into a surplus.

At first, the programme brought production to a halt while the economic agents adjusted to the new liquidity conditions. Thus, manufacturing output in April was 30% lower than in the same month of the preceding year (table 1). Because of this, the economic authorities were forced to increase the possibilities for converting assets to new cruzeiros and to allow special financing for the payment of wages. Authorization for the payment of taxes in the old currency retained by the Central Bank and for the purchase of nearly US\$2 billion by the Bank on the foreign exchange market caused the growth rate of the means of payment (M₄) to rise to 107% at the end of April, bringing liquidity to a level equivalent to two thirds of that prevailing prior to the application of the programme.

The recovery of liquidity and the payment of wages for March resulted in a partial rebound of consumption: a phenomenon attributable not only to the increase in real purchasing power resulting from the price freeze but also to the uncertainty which prevailed in connection with financial assets. This behaviour jeopardized the achievement of the initial targets of the programme with respect to inflation, since the monthly rate of price variation (excluding the effect of readjustments prior to the application of the programme) went up from 3% in April to nearly 10% in June (table 4).

To cope with this resurgence of inflation, the authorities decided to free prices and to introduce free wage negotiations, eliminating the automatic periodic readjustments applied on the basis of the previous rate of inflation. The government also put new, unindexed securities with longer maturities on the financial market and began to apply a tight monetary policy. Thanks to the real increase in income and the drop in financial expenditure, the cash flow of the National Treasury became positive in April, which even made it possible to redeem government securities. In a subsequent step to stem the rise in inflation, the Central Bank put a 9% ceiling on the expansion of money supply in the second half of the year, considering that the instruments of monetary policy (bank reserves, rediscounts and open market transactions) had recovered their effectiveness.

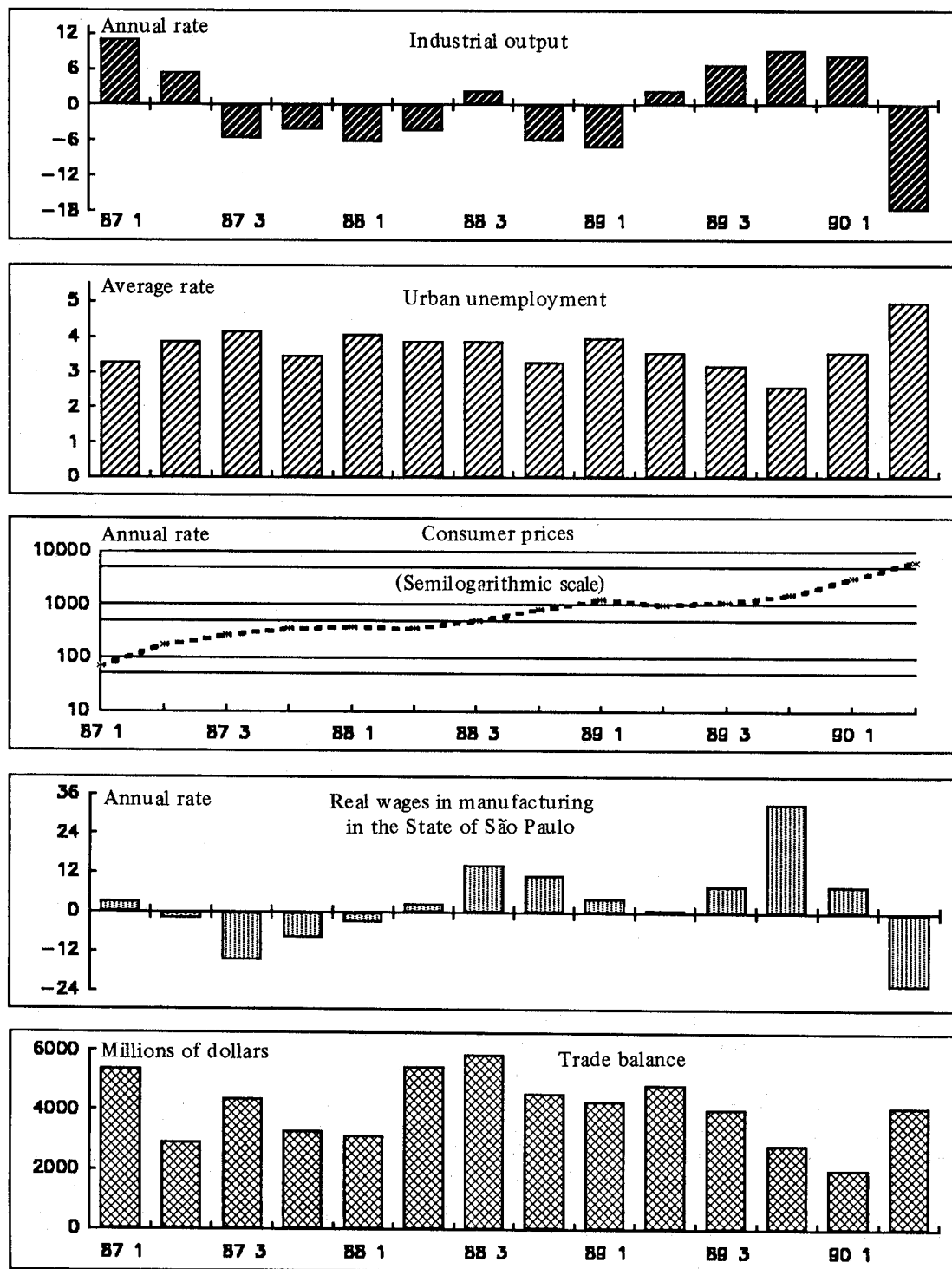
In the external sector, the establishment of a floating exchange rate in the context of a high trade surplus caused a decline in the real exchange rate, although this was cushioned by massive purchases of dollars by the Central Bank. In July, owing to the fact that imports had begun to be liberalized and exports had stagnated, the exchange rate began to rise without any major intervention on the part of the Central Bank, so that its nominal value in July was 80% higher than in March. The real exchange rate, however, continued to be far below the average levels of 1989 and stood in fact at the lowest levels for the past 10 years (table 8).

During the first seven months of the year, the lag in the exchange rate caused exports to fall by 10% and imports to increase at a similar rate, although the rise in imports really represented a slowdown, since they had grown by more than 25% in 1989. As a result, the accumulated trade surplus fell by over 28% (table 5).

The moratorium on servicing the external debt was maintained throughout the period under review, and the interest arrears accumulated since payments were suspended in July 1989 exceeded US\$7 billion. However, discussions were initiated with external creditors and with the International Monetary Fund with a view to arranging the restructuring of the country's liabilities, although the economic authorities noted that payment of the external debt must be along lines compatible with the achievement of the country's macroeconomic targets, especially as regards the fiscal accounts, in order not to undermine the stabilization programme.

Figure 1

**BRAZIL: QUARTERLY EVOLUTION OF THE
MAIN ECONOMIC INDICATORS**



Source: ECLAC, on the basis of official data.

Table 1
BRAZIL: INDUSTRIAL PRODUCTION

| | IBGE (National index) | | | | FIESP Index for the State of São Paulo | | | |
|-----------|-----------------------|----------------------|---------------------|-------------------|--|----------------------|---------------------|-------------------|
| | Index 1981 = 100 | Percentage variation | | | Index 1978 = 100 | Percentage variation | | |
| | | Month ^a | 12 Ms. ^b | Year ^c | | Month ^a | 12 Ms. ^b | Year ^c |
| 1988 | | | | | | | | |
| December | 106.0 | -7.6 | -3.2 | -3.6 | 127.1 | 3.5 | -0.5 | -0.3 |
| 1989 | | | | | | | | |
| January | 102.9 | -2.9 | -2.3 | -2.3 | 120.5 | -5.2 | -5.0 | -5.0 |
| February | 94.5 | -8.2 | -10.0 | -6.1 | 116.0 | -3.7 | -8.8 | -6.9 |
| March | 108.4 | 14.7 | -9.6 | -7.4 | 130.5 | 12.5 | -6.4 | -6.7 |
| April | 106.7 | -1.6 | -2.3 | -6.1 | 126.8 | -2.8 | -3.6 | -6.0 |
| May | 119.4 | 11.9 | 5.3 | -3.8 | 138.0 | 8.8 | 1.8 | -4.4 |
| June | 131.0 | 9.7 | 4.5 | -2.3 | 141.3 | 2.4 | 2.0 | -3.3 |
| July | 134.8 | 2.9 | 7.9 | -0.7 | 143.0 | 1.2 | 3.4 | -2.3 |
| August | 143.6 | 6.5 | 7.9 | 0.5 | 149.1 | 4.3 | 6.0 | -1.2 |
| September | 134.5 | -6.3 | 5.0 | 1.1 | 142.8 | -4.2 | 4.1 | -0.6 |
| October | 138.4 | 2.9 | 13.3 | 2.3 | 143.2 | 0.3 | 0.1 | -0.5 |
| November | 127.3 | -8.0 | 11.0 | 3.1 | 149.4 | 4.3 | 21.7 | 1.3 |
| December | 110.2 | -13.4 | 4.0 | 3.2 | 151.8 | 1.6 | 19.4 | 2.7 |
| 1990 | | | | | | | | |
| January | 119.7 | 8.6 | 16.3 | 16.3 | 128.0 | -15.7 | 6.2 | 6.2 |
| February | 104.5 | -12.7 | 10.6 | 13.6 | 125.3 | -2.1 | 8.0 | 7.1 |
| March | 106.5 | 1.9 | -1.8 | 8.1 | 118.9 | -5.1 | -8.9 | 1.4 |
| April | 77.2 | -27.5 | -27.6 | -1.1 | 98.5 | -17.2 | -22.3 | -4.7 |
| May | 106.8 | 38.3 | -10.6 | -3.2 | 117.1 | 18.9 | -15.1 | -7.0 |
| June | 110.8 | 3.7 | -15.4 | -5.6 | 125.5 | 7.2 | -11.2 | -7.7 |

Source: ECLAC, on the basis of figures from the Brazilian Geographical and Statistical Institute (IBGE) and Industrial Federation of the State of São Paulo, (FIESP).

^a Variation with respect to the previous month. ^b Variation with respect to the same month of the preceding year. ^c Cumulative variation with respect to the same period in the preceding year.

Table 2
BRAZIL: MANUFACTURING SECTOR EMPLOYMENT AND REAL WAGE
LEVELS IN THE STATE OF SÃO PAULO

| | Index 1978 = 100 | | | | Percentage variation | | | | | | | | | |
|-----------|------------------|-------|------------------------|-------|----------------------|-------|--------|-------|-----------|-------|-------------------|------|--------|-------|
| | | | | | Employment | | | | Real wage | | | | | |
| | Employment | | Real wage ^a | | Month | | 12 Ms. | | Month | | Year ^b | | 12 Ms. | |
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 |
| January | 103.3 | 107.2 | 182.5 | 190.0 | -0.1 | -8.7 | -2.8 | 3.8 | -3.9 | -14.0 | 13.3 | 4.1 | 13.3 | 4.1 |
| February | 103.1 | 106.6 | 166.1 | 190.3 | -0.2 | -0.6 | -3.6 | 3.4 | -9.0 | 0.2 | 5.8 | 9.1 | -1.4 | 14.6 |
| March | 103.2 | 93.7 | 170.5 | 180.9 | 0.1 | -12.1 | -3.5 | -9.2 | 2.6 | -4.9 | 4.4 | 8.1 | 1.7 | 6.1 |
| April | 103.4 | 80.3 | 184.0 | 145.2 | 0.2 | -14.3 | -3.5 | -22.3 | 7.9 | -19.7 | 4.4 | 0.5 | 4.4 | -21.1 |
| May | 104.0 | 92.7 | 185.1 | 135.7 | 0.6 | 15.4 | -3.4 | -10.9 | 0.6 | -6.5 | 3.5 | -5.2 | 0.2 | -26.7 |
| June | 104.9 | 101.5 | 174.9 | 142.5 | 0.9 | 9.5 | -2.4 | -3.2 | -5.5 | 5.0 | 2.5 | -7.4 | -2.3 | -18.5 |
| July | 105.7 | 101.9 | 187.4 | 160.4 | 0.8 | 0.4 | -1.3 | -3.6 | 7.1 | 12.6 | 3.0 | -8.4 | 6.2 | -14.4 |
| August | 106.9 | | 195.6 | | 1.1 | | -0.3 | | 4.4 | | 3.9 | | 10.1 | |
| September | 107.8 | | 189.9 | | 0.8 | | -0.3 | | -2.9 | | 4.5 | | 8.6 | |
| October | 108.0 | | 204.1 | | 0.2 | | 0.1 | | 7.5 | | 5.4 | | 13.1 | |
| November | 112.6 | | 234.8 | | 4.3 | | -0.1 | | 15.0 | | 7.1 | | 23.6 | |
| December | 117.4 | | 220.9 | | 4.3 | | -2.6 | | -5.9 | | 8.0 | | 16.3 | |

Source: ECLAC, on the basis of figures from the Industrial Federation of the State of São Paulo (FIESP).

^a Nominal wages deflated by the consumer price index of São Paulo (ICV-SP). ^b Percentage variation of the cumulative average index with respect to the same period of the preceding year.

Table 3
BRAZIL: RATES OF OPEN UNEMPLOYMENT
(Percentages)

| | Total ^a | Rio de Janeiro | São Paulo | Belo Horizonte | Porto Alegre | Salvador | Recife |
|-----------|--------------------|----------------|-----------|----------------|--------------|----------|--------|
| 1989 | | | | | | | |
| January | 3.9 | 2.9 | 4.9 | 4.2 | 3.0 | 5.4 | 5.7 |
| February | 4.0 | 3.0 | 4.5 | 4.0 | 3.5 | 4.0 | 5.6 |
| March | 4.2 | 3.2 | 4.5 | 4.2 | 3.4 | 5.1 | 6.9 |
| April | 3.9 | 3.2 | 4.3 | 4.0 | 3.0 | 4.5 | 5.8 |
| May | 3.4 | 2.6 | 3.6 | 3.7 | 2.8 | 4.0 | 5.3 |
| June | 3.4 | 2.7 | 3.6 | 3.1 | 2.6 | 4.6 | 5.0 |
| July | 3.2 | 2.5 | 3.1 | 3.2 | 2.6 | 4.3 | 6.1 |
| August | 3.2 | 2.8 | 3.2 | 3.0 | 2.1 | 4.5 | 5.5 |
| September | 3.2 | 2.6 | 3.3 | 3.0 | 2.1 | 5.1 | 5.3 |
| October | 3.0 | 2.7 | 2.9 | 3.0 | 2.1 | 4.2 | 5.1 |
| November | 2.5 | 2.6 | 2.1 | 3.0 | 1.8 | 3.2 | 3.9 |
| December | 2.4 | 2.5 | 2.0 | 2.4 | 2.0 | 3.8 | 3.5 |
| 1990 | | | | | | | |
| January | 3.3 | 3.2 | 3.1 | 3.3 | 2.5 | 4.5 | 5.1 |
| February | 3.4 | 3.0 | 3.6 | 3.9 | 2.5 | 4.4 | 4.8 |
| March | 4.0 | 3.5 | 4.1 | 4.4 | 3.4 | 4.5 | 6.0 |
| April | 4.8 | 3.9 | 5.1 | 4.6 | 4.5 | 5.9 | 6.1 |
| May | 5.3 | 4.4 | 5.5 | 5.5 | 4.3 | 6.5 | 7.0 |
| June | 4.9 | 3.8 | 5.4 | 4.7 | 4.2 | 5.5 | 6.6 |

Source: Geographical and Statistical Institute Foundation (FIBGE).

^a Weighted by the labour force of each Metropolitan Area.

Table 4
BRAZIL: PRICE INDEXES
(Percentage variation)

| | Domestic availability March 1986 = 100 | | | | | | National consumer price index March 1986 = 100 | | | | | |
|-----------|---|---------|---------|-------|-------|---------|---|---------|---------|-------|-------|---------|
| | 1989 | | | 1990 | | | 1989 | | | 1990 | | |
| | Month | Year | 12 Ms. | Month | Year | 12 Ms. | Month | Year | 12 Ms. | Month | Year | 12 Ms. |
| | | | | | | | | | | | | |
| January | 36.6 | 36.6 | 1 203.8 | 71.9 | 73.0 | 2 271.0 | 36.6 | 36.6 | 1 112.5 | 56.1 | 56.1 | 1 622.7 |
| February | 11.8 | 52.7 | 1 139.2 | 71.7 | 195.2 | 3 540.9 | 29.1 | 76.4 | 1 227.0 | 72.8 | 169.7 | 2 773.1 |
| March | 4.2 | 59.1 | 993.0 | 81.3 | 435.1 | 6 233.8 | 6.9 | 88.5 | 1 122.8 | 84.3 | 397.2 | 4 852.3 |
| April | 5.2 | 67.3 | 855.2 | 11.3 | 495.6 | 6 604.8 | 7.3 | 102.3 | 999.9 | 44.8 | 619.9 | 6 582.4 |
| May | 12.8 | 88.7 | 801.3 | 9.1 | 549.8 | 6 386.0 | 9.9 | 122.4 | 926.8 | 7.9 | 676.5 | 6 456.6 |
| June | 26.8 | 139.3 | 845.8 | 9.0 | 608.9 | 5 476.5 | 24.8 | 177.6 | 972.3 | 9.6 | 751.3 | 5 654.0 |
| July | 37.9 | 230.0 | 973.0 | 13.0 | 701.1 | 4 469.4 | 28.8 | 257.4 | 1 012.5 | 12.9 | 861.1 | 4 946.2 |
| August | 36.5 | 350.2 | 1 091.7 | | | | 29.3 | 362.3 | 1 092.5 | 12.0 | 976.2 | 4 263.8 |
| September | 38.9 | 525.4 | 1 216.3 | | | | 36.0 | 527.3 | 1 207.3 | | | |
| October | 39.7 | 773.7 | 1 341.4 | | | | 37.6 | 758.8 | 1 311.1 | | | |
| November | 44.3 | 1 160.7 | 1 525.0 | | | | 41.4 | 1 123.8 | 1 476.1 | | | |
| December | 49.4 | 1 783.5 | 1 783.6 | | | | 53.6 | 1 764.9 | 1 764.9 | | | |

Source: ECLAC, on the basis of figures from the Getulio Vargas Foundation and IBGE.

Table 5
BRAZIL: TRADE BALANCE
(Millions of dollars)

| | Exports FOB | | | Imports FOB | | | Trade balance | | |
|---------------------------|-------------|--------|-----------------------------------|-------------|--------|-----------------------------------|---------------|-------|-----------------------------------|
| | 1989 | 1990 | Percentage variation ^a | 1989 | 1990 | Percentage variation ^a | 1989 | 1990 | Percentage variation ^a |
| Monthly data | | | | | | | | | |
| January | 2 753 | 2 291 | -16.8 | 1 136 | 1 632 | 43.7 | 1 617 | 659 | -59.2 |
| February | 2 280 | 1 978 | -13.2 | 1 212 | 1 210 | -0.2 | 1 068 | 768 | -28.1 |
| March | 2 820 | 2 231 | -20.9 | 1 200 | 1 630 | 35.8 | 1 620 | 601 | -62.9 |
| April | 2 407 | 2 580 | 7.2 | 1 084 | 1 334 | 23.1 | 1 323 | 1 246 | -5.8 |
| May | 2 835 | 3 228 | 13.9 | 1 469 | 1 503 | 2.3 | 1 366 | 1 725 | 26.3 |
| June | 3 691 | 2 525 | -31.6 | 1 503 | 1 352 | -10.0 | 2 188 | 1 173 | -46.4 |
| July | 3 213 | 3 064 | -4.6 | 1 773 | 1 639 | -7.6 | 1 440 | 1 425 | -1.0 |
| August | 3 369 | | | 1 910 | | | 1 459 | | |
| September | 2 953 | | | 1 805 | | | 1 148 | | |
| October | 2 747 | | | 1 720 | | | 1 027 | | |
| November | 2 568 | | | 1 595 | | | 973 | | |
| December | 2 763 | | | 1 893 | | | 870 | | |
| Cumulative figures | | | | | | | | | |
| January | 2 753 | 2 291 | -16.8 | 1 136 | 1 632 | 43.7 | 1 617 | 659 | -59.2 |
| February | 5 033 | 4 269 | -15.2 | 2 348 | 2 842 | 21.0 | 2 685 | 1 427 | -46.9 |
| March | 7 853 | 6 500 | -17.2 | 3 548 | 4 472 | 26.0 | 4 305 | 2 028 | -52.9 |
| April | 10 260 | 9 080 | -11.5 | 4 632 | 5 806 | 25.3 | 5 628 | 3 274 | -41.8 |
| May | 13 095 | 12 308 | -6.0 | 6 101 | 7 309 | 19.8 | 6 994 | 4 999 | -28.5 |
| June | 16 786 | 14 833 | -11.6 | 7 604 | 8 661 | 13.9 | 9 182 | 6 172 | -32.8 |
| July | 19 999 | 17 897 | -10.5 | 9 377 | 10 300 | 9.8 | 10 622 | 7 597 | -28.5 |
| August | 23 368 | | | 11 287 | | | 12 081 | | |
| September | 26 321 | | | 13 092 | | | 13 229 | | |
| October | 29 068 | | | 14 812 | | | 14 256 | | |
| November | 31 636 | | | 16 407 | | | 15 229 | | |
| December | 34 399 | | | 18 300 | | | 16 099 | | |

Source: CACEX and FUNCEX.

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

Table 6
BRAZIL: STRUCTURE OF IMPORTS, FOB

| | Millions of dollars | | | Percentage breakdown | | Percentage variation | |
|------------------------|---------------------|------------------------|--------------|------------------------|--------------|----------------------|-------------------|
| | 1989 | 1989 (January-June) | 1990 | 1989 (January-June) | 1990 | 1989 | 1990 ^a |
| Total | 18 300 | 7 606 | 8 661 | 100.0 | 100.0 | 10.8 | 13.9 |
| Petroleum ^b | 3 754 | 1 590 | 1 531 | 20.9 | 17.7 | -9.9 | -3.7 |
| Other | 14 546 | 6 014 | 7 130 | 79.1 | 82.3 | 18.0 | 18.6 |
| Consumer good | 2 625 | 947 | 1 913 | 12.5 | 22.1 | 89.4 | 102.0 |
| Intermediate goods | 10 822 | 4 623 | 4 076 | 60.8 | 47.1 | 4.4 | -11.8 |
| Capital goods | 4 853 | 2 034 | 2 672 | 26.8 | 30.9 | 5.2 | 31.4 |

Source: ECLAC, on the basis of figures from the External Trade Center of Studies Foundation.

^a January-June 1990 with respect to the same period of the preceding year.

^b Includes minerals.

Table 7
BRAZIL: STRUCTURE OF EXPORTS, FOB

| | Millions of dollars | | | Percentage breakdown | | Percentage variation | |
|------------------------------------|---------------------|------------------------|---------------|------------------------|--------------|----------------------|-------------------|
| | 1989 | 1989 (January-June) | 1990 | 1989 (January-June) | 1990 | 1989 | 1990 ^a |
| Total | 34 599 | 16 786 | 14 833 | 100.0 | 100.0 | 2.4 | - 11.6 |
| Basic products | 9 599 | 4 190 | 3 859 | 25.0 | 26.0 | 2.1 | - 7.9 |
| Coffee beans | 1 610 | 897 | 466 | 5.3 | 3.1 | -19.4 | -48.0 |
| Iron ore | 2 163 | 1 078 | 1 212 | 6.4 | 8.2 | 18.3 | 12.4 |
| Soya meal | 2 136 | 823 | 695 | 4.9 | 4.7 | 5.5 | -15.6 |
| Tobacco | 512 | 221 | 167 | 1.3 | 1.1 | 0.2 | -24.4 |
| Other | 3 178 | 1 171 | 1 319 | 7.0 | 8.9 | 4.7 | 12.6 |
| Industrial products | 24 400 | 12 403 | 10 756 | 73.9 | 72.5 | 1.3 | -1 |
| Semimanufactures | 5 806 | 2 946 | 2 322 | 17.6 | 15.7 | 18.7 | - 21.2 |
| Manufactures | 18 594 | 9 457 | 8 435 | 56.3 | 56.9 | -3.1 | -10.8 |
| Transport equipment | 3 774 | 1 812 | 1 506 | 10.8 | 10.2 | 11.4 | -16.9 |
| Mach., boilers and mechanical app. | 1 183 | 963 | 937 | 5.7 | 6.3 | -16.4 | -2.7 |
| Mach., and elec. app. | 971 | 516 | 462 | 3.1 | 3.1 | 13.0 | -10.5 |
| Footwear | 1 312 | 692 | 539 | 4.1 | 3.6 | 12.3 | -22.1 |
| Orange juice | 1 019 | 449 | 891 | 2.7 | 6.0 | -10.9 | 98.4 |
| Steel manufactures | 1 610 | 982 | 814 | 5.9 | 5.5 | -26.3 | -17.1 |
| Other | 8 725 | 4 043 | 3 286 | 24.1 | 22.2 | 34.4 | -18.7 |
| Other products | 393 | 192 | 218 | 1.1 | 1.5 | 30.1 | 13.5 |

Source: Bank of Brazil.

^a January-June 1990 with respect to the same period of the preceding year.

Table 8
BRAZIL: EXCHANGE RATE

| | Official exchange rate (Cruzados per dollar) | | | | Adjusted real exchange rate ^a Index March 1986 = 100 | | | |
|-----------|---|--------|-------------------|-------------------|--|-------|-------|-------|
| | 1987 | 1988 | 1989 ^b | 1990 ^b | 1987 | 1988 | 1989 | 1990 |
| January | 15.67 | 77.60 | 0.90 | 14.31 | 79.47 | 88.01 | 88.88 | 69.14 |
| February | 18.16 | 91.40 | 1.00 | 23.66 | 81.26 | 87.95 | 76.85 | 65.86 |
| March | 20.93 | 107.60 | 1.00 | 37.50 | 81.87 | 89.48 | 72.91 | 56.55 |
| April | 23.74 | 125.20 | 1.02 | 49.35 | 77.38 | 88.04 | 69.82 | 51.30 |
| May | 30.78 | 151.40 | 1.10 | 53.55 | 82.00 | 91.00 | 68.95 | 51.84 |
| June | 39.44 | 178.30 | 1.33 | 57.98 | 83.72 | 90.42 | 66.62 | 51.24 |
| July | 44.93 | 215.80 | 1.91 | 67.84 | 93.03 | 88.57 | 74.21 | 53.09 |
| August | 47.13 | 267.40 | 2.48 | | 91.83 | 91.13 | 74.11 | |
| September | 49.80 | 326.20 | 3.27 | | 91.82 | 89.73 | 72.05 | |
| October | 53.41 | 408.80 | 4.51 | | 90.43 | 88.46 | 72.42 | |
| November | 59.29 | 526.20 | 6.24 | | 89.11 | 89.80 | 70.86 | |
| December | 67.48 | 666.60 | 9.26 | | 88.78 | 88.91 | 68.65 | |

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

^a Index of the nominal exchange rate deflated by the consumer price index and adjusted by the United States wholesale price index.

^b Expressed in the new currency denominated "cruzado novo"; 1 cruzado novo = 1 000 cruzados.

Table 9
BRAZIL: MONEY SUPPLY AND MONETARY BASE
(Percentage variation)

| | Money supply | | | | Monetary base ^a | | | |
|---------------------|-------------------|---------|------------------------|---------|----------------------------|---------|------------------------|----------|
| | Year ^b | | 12 Months ^c | | Year ^b | | 12 Months ^c | |
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 |
| January | 17.3 | 14.8 | 776.2 | 1 353.0 | 13.2 | 19.1 | 714.6 | 1 850.5 |
| February | 23.4 | 124.4 | 734.6 | 2 599.5 | 35.5 | 107.6 | 949.0 | 2 742.7 |
| March | 40.4 | 494.2 | 733.4 | 6 180.5 | 58.8 | 407.7 | 754.8 | 5 830.4 |
| April | 93.2 | 722.7 | 712.4 | 6 220.9 | 80.1 | 763.3 | 801.9 | 8 788.3 |
| May | 102.1 | 1 008.8 | 788.4 | 8 041.7 | 140.6 | 1 266.7 | 944.6 | 10 434.2 |
| June | 130.2 | 1 033.0 | 767.0 | 7 203.4 | 178.9 | 1 141.0 | 1 012.8 | 8 153.8 |
| July | 154.0 | 1 036.9 | 777.2 | 6 529.2 | 203.1 | 1 029.5 | 997.7 | 6 810.9 |
| August ^d | 197.8 | | 825.0 | | 258.3 | 1 000.6 | 1 102.4 | 5 597.3 |
| September | 303.6 | | 868.8 | | 374.2 | | 1 108.8 | |
| October | 453.6 | | 935.9 | | 513.9 | | 1 106.6 | |
| November | 687.7 | | 1 101.1 | | 893.4 | | 1 543.7 | |
| December | 1 384.2 | | 1 384.2 | | 1 754.7 | | 1 754.7 | |

Source: Central Bank.

^a Defined as the sum of the monetary liabilities of the monetary authorities: currency outside banks, deposits of commercial banks and current account deposits. The monetary authorities include not only the Central Bank but also the Banco do Brasil, which plays an important role as a development bank. ^b With respect to December of the preceding year. ^c With respect to the same month of the preceding year. ^d 1990 figures stand up to August 3.

Table 10
BRAZIL: MONTHLY INTEREST RATES
(Percentages)

| | Deposits | | | | | | Loans | | | |
|-----------|------------------------|------|----------------|------|------------------|------|-----------------|-------------------|-------------------|------|
| | Open market operations | | Deposits bonds | | Savings deposits | | Working capital | | Consumer credit | |
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 |
| January | 22.7 | 63.5 | 22.7 | 64.3 | 22.9 | 56.9 | 29.5 | 89.4 ^a | 40.0 ^b | 95.0 |
| February | 19.0 | 80.4 | 19.0 | 78.6 | 19.0 | 73.6 | ^c | 93.4 ^a | 25.0 | 90.0 |
| March | 19.7 | 34.7 | 20.4 | 34.6 | 20.4 | 85.2 | 22.4 | 61.6 ^a | 26.6 | 63.0 |
| April | 10.6 | 22.1 | 11.5 | 2.7 | 11.5 | 0.5 | 16.8 | 27.3 ^a | 25.3 | 40.0 |
| May | 10.5 | 7.8 | 11.4 | 4.8 | 10.5 | 5.9 | 16.1 | 11.6 | 25.0 | 22.0 |
| June | 25.8 | 9.1 | 27.3 | 8.3 | 25.5 | 10.2 | 21.7 | 13.4 | 26.3 | 20.0 |
| July | 31.5 | 14.1 | 33.2 | 13.0 | 29.4 | 11.3 | 35.3 | 17.5 | 39.5 | 27.0 |
| August | 33.2 | | 35.5 | | 30.0 | | 40.0 | | 43.4 | |
| September | 37.4 | | 38.6 | | 36.6 | | 42.0 | | 45.0 | |
| October | 44.1 | | 47.6 | | 38.3 | | 52.0 | | 60.0 | |
| November | 45.9 | | 48.4 | | 42.1 | | 55.0 | | 65.0 | |
| December | 69.9 | | 64.2 | | 54.3 | | 70.0 | | 78.0 | |

Source: ECLAC, on the basis of official data.

^a Very short term.

^b January, only two weeks included, since there were no transactions during the second half.

^c No transactions registered.

COLOMBIA

During the first half of the year, economic activity continued to grow at the same moderate rate as in the previous year, thus permitting a slight increase in per capita gross domestic product despite the sharp decline in the international price of coffee and the deterioration of the domestic security situation. The annualized rate of inflation in August was 29%: i.e., slightly higher than the rate registered at the end of 1989, while the public deficit, which in the previous year had amounted to some 2.5% of the product, showed an upward tendency in the first four months of 1990. The increase in petroleum prices in August as a result of the conflict in the Persian Gulf improved the prospects of the Colombian economy for 1990 and will probably lead to a higher trade surplus and a lower public deficit.

The effects of the sharp fall in coffee prices in mid-1989 were offset by the increase in the volume of coffee exports (for which even stocks were drawn upon) and by the favourable trends in the rest of external sales. Thanks to the skillful management of the coffee stabilization fund, the impact on public finances and earnings of producers was absorbed without any major upheavals.

The most noteworthy performances during the year were in industry, which grew by 5% in the first half of the year, and in the mining sector, within which iron ore mining grew by 23% and petroleum extraction by 11%, the latter increase being due to the lower incidence of sabotage against pipelines. Agricultural activity continued to increase, both as a result of higher production of the items of mass consumption covered by the Selective Supply Plan and expansion in coffee production. The construction sector, however—particularly housing—continued to be depressed. Open unemployment in the major cities continued to rise until it stood at nearly 11% in June, but real wages remained stable and farm income improved as a result of bigger harvests and the policy of support prices. Despite the deterioration from March onwards in real average wages, at mid-year they still had the same purchasing power as the year before, and in some unionized sectors collective agreements were being made for salary increases of over 30% per year.

The growth of the economy was based on export activities, stimulated by the higher real exchange rate and the improvement in the international markets for certain products, while domestic demand maintained its growth rate. There were no major variations in the investment rate, which represented 15% of GDP in 1989, but surveys made by private bodies detected some improvement in the medium-term expectations of businesses.

The upswing in inflation was fuelled by the higher real exchange rate (table 5). Thanks to the good yield of crops, food price increases were less than the average despite the increase in support prices and the increase of approximately 14% in May in the prices of the goods subject to government price controls, which, although few in number, are nevertheless of some importance in the family shopping basket. In the face of this rise in inflation, the new government announced in August that it would intensify efforts to contain inflation.

There was a slight increase in the monetary aggregates in the first half of the year due to the expansion in the international reserves: in preparing the budget coffee prices had been underestimated, while the value of imports fell. The increase in the monetary base was curbed by restrictions on domestic credit and the expansion of open market operations. The authorities sought to curtail the expansion in the money supply by slightly raising nominal interest rates so that they would maintain their real levels, while at the same time stimulating an increase in quasi-money.

Exports grew rapidly in the first half of the year. The impact of the failure of the coffee agreement was strongly felt, but it was compensated by a substantial increase (57% up to July, according to export registers) in the volume of coffee exported, so that coffee earnings declined by only 12%. Moreover, despite the drop in the international price of crude petroleum in the first half of the year, the value of oil exports continued to increase. There were also increases in the values of mineral exports (with the exception of ferro-nickel, whose price fell significantly) and sales of industrial products, which were stimulated by the higher real exchange rate.

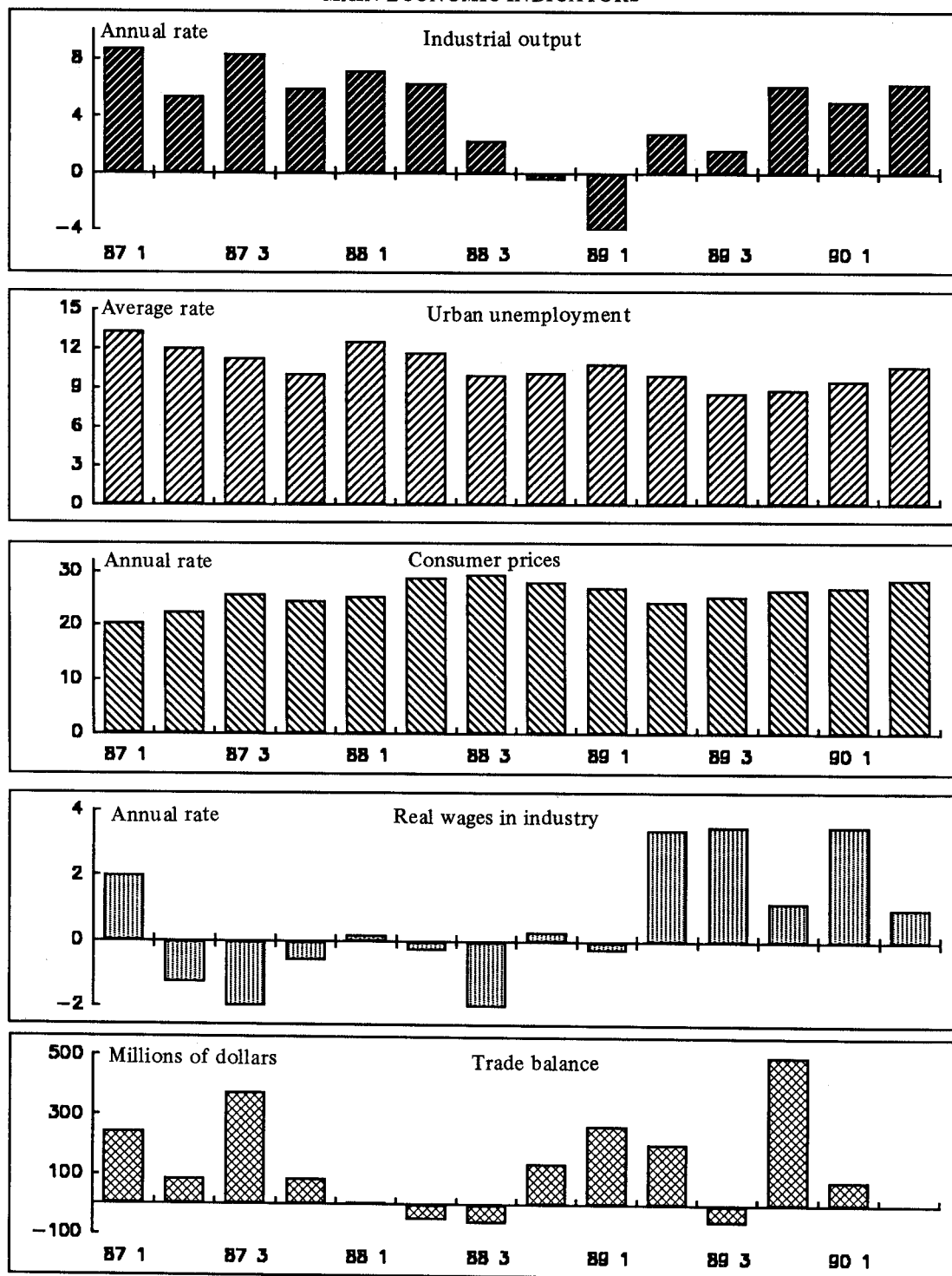
The value of imports declined once again, apparently because of the excessive stocks that had been accumulated since late 1988. During the first half of the year, the outgoing government transferred nearly 900 items subject to prior licensing (about 15% of the value of external purchases) to the free import régime and relaxed the treatment of the remainder. However, the change of government heightened expectations that the process of trade liberalization would be speeded up, and this may have been another factor that hindered the growth of imports.

In the light of the evolution of external trade and the foreseeable effects of the conflict in the Persian Gulf on the price of petroleum, it can be assumed that the trade surplus will be higher. Thus, regardless of the rise in net interest payments on the external debt, a substantial surplus on current account would be obtained. This would make it possible to meet external debt servicing commitments despite the adverse capital flows. The strategy in this respect has continued to be based on obtaining credits to meet these commitments on time without the need to renegotiate, after the maturity profile reached its peak in 1989.

There was a slight increase in the real fiscal account deficit in the first four months of the year due to lower revenues and higher debt interest payments. Contrary to what occurred in previous years, external credit was mainly used to finance this gap.

Figure 1

COLOMBIA: QUARTERLY EVOLUTION OF THE
MAIN ECONOMIC INDICATORS



Source: ECLAC, on the basis of official data.

Table 1
COLOMBIA: INDUSTRIAL PRODUCTION ^a

| | Index 1980 = 100 | | | Percentage variation | | | | | |
|-----------|------------------|-------|-------|----------------------|--------------------|-------------------|-------|--------------------|-------------------|
| | | | | 1989 | | | 1990 | | |
| | 1988 | 1989 | 1990 | Month | 12Ms. ^b | Year ^c | Month | 12Ms. ^b | Year ^c |
| January | 105.9 | 106.1 | 108.3 | -8.9 | 0.2 | 0.2 | -9.5 | 2.1 | 2.1 |
| February | 125.3 | 119.6 | 126.7 | 12.7 | -4.5 | -2.4 | 17.0 | 5.9 | 4.1 |
| March | 128.5 | 118.3 | 140.8 | -1.1 | -7.9 | -4.4 | 11.1 | 19.0 | 9.2 |
| April | 123.5 | 129.5 | 128.0 | 9.5 | 4.9 | -2.0 | -9.1 | -1.2 | 6.4 |
| May | 132.8 | 132.0 | 140.9 | 1.9 | -0.6 | -1.7 | 10.1 | 6.7 | 6.5 |
| June | 127.2 | 132.8 | 134.1 | 0.6 | 4.4 | -0.7 | -4.8 | 1.0 | 5.5 |
| July | 125.9 | 128.7 | | -3.1 | 2.2 | -0.2 | | | |
| August | 135.0 | 134.4 | | 4.4 | -0.4 | -0.3 | | | |
| September | 131.2 | 135.6 | | 0.9 | 3.4 | 0.1 | | | |
| October | 126.9 | 138.4 | | 2.1 | 9.1 | 1.0 | | | |
| November | 128.6 | 137.2 | | -0.9 | 6.7 | 1.6 | | | |
| December | 116.5 | 119.7 | | -12.8 | 2.7 | 1.7 | | | |

Source: National Bureau of Statistics (DANE).

^a Except coffee thrash.

^b With respect to the same month of the preceding year.

^c With respect to the same period of the preceding year.

Table 2
COLOMBIA: INDICATORS OF ECONOMIC ACTIVITY
(January-June)

| | 1988 | 1989 | 1990 | Percentage variation | |
|-----------------------------------|---------|---------|---------|----------------------|-------|
| | | | | 1989 | 1990 |
| Mining | | | | | |
| Crude oil ^a | 62.8 | 69.3 | 77.3 | 10.4 | 11.5 |
| Gold ^b | 454.7 | 475.3 | 458.4 | 4.5 | -3.6 |
| Silver ^b | 99.4 | 111.3 | 101.8 | 12.0 | -8.5 |
| Iron ore ^c | 317.7 | 270.2 | 333.8 | -15.0 | 23.5 |
| Manufacturing | | | | | |
| Sugar ^{c d} | 649.5 | 686.1 | 607.4 | 5.6 | -11.5 |
| Cement ^{c d} | 3 064.2 | 3 252.2 | 2 631.8 | 6.1 | -19.1 |
| Steel ingots ^{c d} | 166.3 | 133.8 | 183.8 | -19.5 | 37.4 |
| Assembled vehicles ^{d e} | 29.9 | 27.1 | 19.4 | -9.4 | -28.4 |
| Construction ^f | 4 279.6 | 3 801.7 | 3 364.8 | -11.2 | -11.5 |

Source: Banco de la República and National Bureau of Statistics (DANE).

^a Millions of barrels.

^b Thousands of troy ounces.

^c Thousands of tons.

^d January-May for 1990.

^e Thousands

^f Thousands of square metres.

Table 3
COLOMBIA: RATE OF UNEMPLOYMENT

| | 1988 | | | | 1989 | | | | 1990 | |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|-------------|
| | March | June | Sept. | Dec. | March | June | Sept. | Dec. | March | June |
| Total | 12.6 | 11.7 | 10.0 | 10.2 | 10.9 | 10.0 | 8.6 | 8.9 | 9.6 | 10.7 |
| Bogotá | 12.2 | 11.0 | 9.2 | 9.5 | 9.8 | 8.5 | 7.4 | 6.3 | 8.0 | 10.3 |
| Barranquilla | 13.2 | 11.0 | 9.1 | 12.1 | 13.3 | 11.3 | 11.1 | 9.6 | 11.2 | 11.2 |
| Cali | 11.9 | 12.4 | 10.7 | 9.6 | 10.7 | 11.5 | 7.6 | 11.6 | 10.9 | 9.7 |
| Medellín | 14.4 | 13.4 | 11.9 | 11.8 | 13.0 | 12.1 | 12.0 | 12.0 | 11.0 | 12.7 |

Source: ECLAC, on the basis of figures from the National Bureau of Statistics (DANE).

Table 4
COLOMBIA: PRICE INDEX
(Percentage variation)

| | Consumer prices index | | | | | | Wholesale price index | | | | | |
|-----------|-----------------------|------|-------|-------|------|-------|-----------------------|------|-------|-------|------|-------|
| | 1989 | | | 1990 | | | 1989 | | | 1990 | | |
| | Month | Year | 12Ms. | Month | Year | 12Ms. | Month | Year | 12Ms. | Month | Year | 12Ms. |
| January | 2.8 | 2.8 | 27.9 | 3.3 | 3.3 | 26.7 | 4.2 | 4.2 | 30.0 | 3.8 | 3.8 | 25.2 |
| February | 3.3 | 6.3 | 27.0 | 3.7 | 7.1 | 27.1 | 2.5 | 6.8 | 29.5 | 3.0 | 6.9 | 25.8 |
| March | 2.5 | 8.9 | 26.5 | 2.9 | 10.2 | 27.6 | 2.5 | 9.4 | 29.0 | 2.6 | 9.7 | 26.0 |
| April | 2.5 | 11.6 | 24.8 | 2.8 | 13.3 | 28.0 | 2.5 | 12.1 | 28.7 | 1.8 | 11.7 | 25.1 |
| May | 1.8 | 13.6 | 24.9 | 2.0 | 15.5 | 28.2 | 1.6 | 13.9 | 28.7 | 2.3 | 14.2 | 26.0 |
| June | 1.4 | 15.2 | 23.6 | 2.0 | 17.7 | 29.0 | 1.8 | 15.9 | 27.8 | 1.3 | 15.7 | 25.4 |
| July | 1.5 | 17.0 | 23.8 | 1.4 | 19.4 | 28.7 | 1.9 | 18.2 | 27.7 | 1.4 | 17.4 | 24.7 |
| August | 1.4 | 18.6 | 25.7 | 1.6 | 21.3 | 28.9 | 2.0 | 20.6 | 28.7 | | | |
| September | 1.4 | 20.2 | 26.5 | | | | 1.1 | 21.9 | 28.6 | | | |
| October | 1.6 | 22.2 | 26.6 | | | | 1.1 | 23.2 | 27.7 | | | |
| November | 1.8 | 24.3 | 27.1 | | | | 1.2 | 24.6 | 27.4 | | | |
| December | 1.4 | 26.1 | 26.1 | | | | 0.8 | 25.6 | 25.6 | | | |

Source: National Institute of Statistics (INE).

Table 5
COLOMBIA: EXCHANGE RATE

| | Official exchange rate (Pesos per dollar) | | | | Adjusted real exchange rate ^a (Index 1985 = 100) | | | |
|-----------|--|-------|-------|-------|--|-------|-------|-------|
| | 1987 | 1988 | 1989 | 1990 | 1987 | 1988 | 1989 | 1990 |
| January | 221.0 | 265.8 | 339.6 | 440.1 | 101.3 | 102.5 | 108.0 | 115.1 |
| February | 224.8 | 270.9 | 346.8 | 451.7 | 101.4 | 100.5 | 107.2 | 113.5 |
| March | 229.0 | 276.9 | 354.1 | 463.4 | 100.8 | 100.1 | 107.5 | 112.9 |
| April | 233.2 | 283.5 | 361.8 | 479.2 | 101.1 | 99.4 | 108.0 | 113.4 |
| May | 237.4 | 289.9 | 369.9 | 491.6 | 102.0 | 100.6 | 109.1 | 114.5 |
| June | 241.4 | 296.4 | 377.9 | 502.4 | 103.0 | 101.4 | 109.6 | 114.5 |
| July | 245.0 | 302.4 | 385.7 | 513.1 | 103.7 | 102.3 | 110.1 | 115.6 |
| August | 249.4 | 308.4 | 393.4 | | 105.4 | 104.8 | 110.2 | |
| September | 252.8 | 314.9 | 401.8 | | 105.6 | 106.3 | 111.3 | |
| October | 255.9 | 321.1 | 410.6 | | 105.2 | 106.8 | 112.2 | |
| November | 258.7 | 327.0 | 419.8 | | 104.4 | 107.4 | 112.8 | |
| December | 262.1 | 333.3 | 429.3 | | 103.7 | 107.8 | 114.0 | |

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

^a Index of the nominal exchange rate, deflated by the consumer price index and adjusted by the United States wholesale price index.

Table 6
COLOMBIA: INDEX OF AVERAGE REAL SALARIES ^a
(Percentage variation)

| | 1989 | | | 1990 | | |
|-----------|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| | Month ^b | Year ^c | 12Ms. ^d | Month ^b | Year ^c | 12Ms. ^d |
| January | -2.4 | -2.4 | -2.3 | 0.8 | 0.8 | 3.4 |
| February | 1.8 | -0.6 | 0.3 | 2.9 | 3.7 | 4.5 |
| March | 0.3 | -0.3 | 1.2 | -1.5 | 2.2 | 2.6 |
| April | 1.0 | 0.7 | 3.1 | -0.7 | 1.5 | 0.9 |
| May | -0.6 | 0.1 | 3.2 | -0.7 | 0.8 | 0.8 |
| June | 0.5 | 0.6 | 4.0 | | | |
| July | -0.1 | 0.5 | 5.3 | | | |
| August | 0.2 | 0.7 | 3.4 | | | |
| September | -1.2 | -0.5 | 1.5 | | | |
| October | 0.6 | 0.1 | 2.0 | | | |
| November | -0.2 | -0.1 | 1.2 | | | |
| December | 0.2 | 0.1 | 0.1 | | | |

Source: National Bureau of Statistics (DANE).

Note: Total industrial sector, except coffee thrash.

^a Index December 1986 = 100.

^b Month variation.

^c Cumulative year.

^d With respect to the same month of the preceding year.

Table 7
COLOMBIA: BALANCE OF PAYMENTS
(Millions of dollars)

| | January-July | | | Percentage variation | |
|--|--------------|-------|-------|----------------------|------|
| | 1988 | 1989 | 1990 | 1989 | 1990 |
| Balance on current account | -19 | 292 | 596 | - | - |
| Trade balance (goods) | 87 | 126 | 517 | 45 | 310 |
| Exports (FOB) | 2 119 | 2 426 | 2 635 | 14 | 9 |
| Coffee | 816 | 803 | 811 | -2 | 1 |
| Other | 1 303 | 1 623 | 1 824 | 25 | 12 |
| Imports | 2 032 | 2 300 | 2 118 | 13 | -8 |
| Purchases of gold | 241 | 221 | 218 | -8 | -1 |
| Balance on services and other transactions | -413 | -151 | -277 | -63 | 83 |
| Net interest | -629 | -673 | -691 | 7 | 3 |
| Other | 216 | 522 | 414 | 142 | -21 |
| Oil and mining explorations | 66 | 96 | 138 | 45 | 44 |
| Balance on capital account | 464 | -623 | -511 | - | -18 |
| Valuation adjustments | 8 | -55 | -82 | -788 | 49 |
| Global balance | 453 | -386 | 2 | - | - |

Source: ECLAC, on the basis of official information.

Table 8
COLOMBIA: NET INTERNATIONAL RESERVES
(Millions of dollars)

| | Amount | | | Absolute variation | | | | | |
|-----------|--------|-------|-------|----------------------|------|------|-------------------|------|------|
| | | | | Quarter ^a | | | Year ^b | | |
| | 1988 | 1989 | 1990 | 1988 | 1989 | 1990 | 1988 | 1989 | 1990 |
| March | 3 227 | 3 447 | 3 872 | -223 | -363 | 5 | -223 | -363 | 5 |
| June | 3 970 | 3 325 | 3 884 | 743 | -122 | 12 | 520 | -485 | 17 |
| September | 3 673 | 3 265 | | -297 | -60 | | 223 | -545 | |
| December | 3 810 | 3 867 | | 137 | 602 | | 360 | 57 | |

Source: Banco de la República.

^a With respect to the preceding quarter.

^b With respect to December of the preceding year.

Table 9
COLOMBIA: NATIONAL GOVERNMENT INCOME AND EXPENDITURE
(January-June)

| | Billions of pesos | | | Percentage variation | |
|-----------------------------------|-------------------|--------|-----------------|----------------------|------|
| | 1988 | 1989 | 1990 (April) | 1989 | 1990 |
| Current income (net) ^a | 485.7 | 655.4 | 532.9 | 34.9 | ... |
| Total payments | 579.9 | 788.8 | 707.8 | 36.0 | ... |
| Operating expenditure | 418.2 | 554.0 | 499.0 | 32.5 | ... |
| Interest payments on debt | 55.9 | 97.5 | 94.3 | 74.4 | ... |
| Investment | 103.7 | 135.2 | 114.5 | 30.4 | ... |
| Other payments | 2.1 | 2.1 | - | - | - |
| Deficit | -94.2 | -133.4 | -174.9 | 41.6 | ... |
| Financing | 94.2 | 133.4 | 174.9 | 41.6 | ... |
| Net external credit | -61.2 | -71.4 | 77.5 | 16.7 | - |
| Net domestic credit | 155.4 | 204.8 | 97.4 | 31.8 | ... |
| Reduction in cash holdings | - | - | - | - | - |

Source: ECLAC, on the basis of figures supplied by the Banco de la República.

^a Actual transactions.

Table 10
COLOMBIA: INTEREST RATES ON 90-DAY DEPOSIT CERTIFICATES

| | Projected nominal rate ^a | | | | Effective weighted rate ^b | | | |
|-----------|-------------------------------------|------|------|------|--------------------------------------|------|------|------|
| | 1987 | 1988 | 1989 | 1990 | 1987 | 1988 | 1989 | 1990 |
| March | 25.7 | 29.1 | 27.9 | 28.8 | 30.4 | 35.3 | 33.5 | 34.8 |
| June | 26.0 | 29.9 | 27.9 | 29.3 | 30.8 | 36.5 | 33.5 | 35.5 |
| September | 25.9 | 26.9 | 27.3 | | 30.7 | 32.1 | 32.7 | |
| December | 28.3 | 26.7 | 28.2 | | 34.2 | 31.8 | 34.0 | |

Source: Banco de la República.

^a Comparable with the corresponding weighted effective rate. Bogotá.

^b Based on the value of deposits in banks and financial corporations in

CHILE

Control of the upsurge in inflation observed in 1989 was the prime objective of economic policy in the first half of 1990. The restrictive monetary management, in a context of balanced fiscal accounts, put an end to the over-expansion of private demand and caused a rapid fall in the growth rates of domestic activity and imports, but the reduction of inflation met with more resistance than had been expected. The external current account improved appreciably, permitting a significant increase in the international reserves.

The excessive growth of domestic demand (13% in real terms in 1989) led to the adoption in January of measures designed to relieve the consequent pressure on prices and on the balance of payments. The new Central Bank authorities raised real interest rates by nearly two points, thus recovering the capacity to sell securities (especially long-term ones), and this measure also brought about an improvement in the maturity structure of the Bank's commitments. However, the higher interest rates stimulated the inflow of foreign exchange under swap operations, thus helping to increase the net international reserves and exerting downward pressure on the exchange rate. This led to an expansion of the monetary base, making necessary successive reductions in the level of domestic credit in order to maintain the contractive effect of the monetary policy.

The new government which took office in mid-March decided to complement the existing adjustment process with a strict fiscal policy. It therefore introduced tax reforms in order to finance the planned increase in social expenditure and secure greater equity in the distribution of the tax burden. The Value Added Tax was raised from 16% to 18%, while the tax on company profits was increased from 10% to 15%. These increases, which were scheduled to be of a temporary nature, extending only up to 1994, provided the authorities with extra resources equivalent to 1.5% of the GDP. The continued high price of copper and the reduction of the government's voluntary payments to the Central Bank also helped to keep the public sector budget in balance.

The substantial rise in interest rates (table 15) and the stability of the exchange rate encouraged a large increase in the inflow of short-term capital. This, together with the substantial inflow of direct foreign investment, made it more difficult to manage the monetary situation, and the result was that domestic credit contracted more than liquidity. This led to the adoption of measures to discourage swaps, which were henceforth limited to operations carried out with foreign exchange deriving from capital investments or external credits with a term of over 360 days. As a result, the money supply shrank abruptly, and at the end of August the private-sector means of payment (M_{1A}) showed a decline of 20% in real terms compared with December 1989.

The rise in real interest rates was reflected in a marked slackening in levels of activity, with the annual growth rate of GDP dropping from 10% in the third quarter of 1989 to less than 1% in the second quarter of 1990. The most seriously affected sector was manufacturing, whose growth rate went down from 15% per year in the third quarter of 1989 to -3% in the second quarter of 1990. On average, however, the level of the GDP in the first half of 1990 was almost 3% higher than in the corresponding period of the previous year, with a substantial increase in activity in the transport sector, a 3.5% rise in construction, and virtually no change in agriculture, mining and industry. In the fishery sector, for its part, the sudden decrease in catches led to a drop of over 7% in the level of activity (table 1).

In line with the slackening of activity, the unemployment rate rose slowly from the minimum registered in January, so that the July level was equal to that for the same period of the previous year (table 6). Real wages, for their part, showed an increase of 2% in the first seven months of the year (table 8).

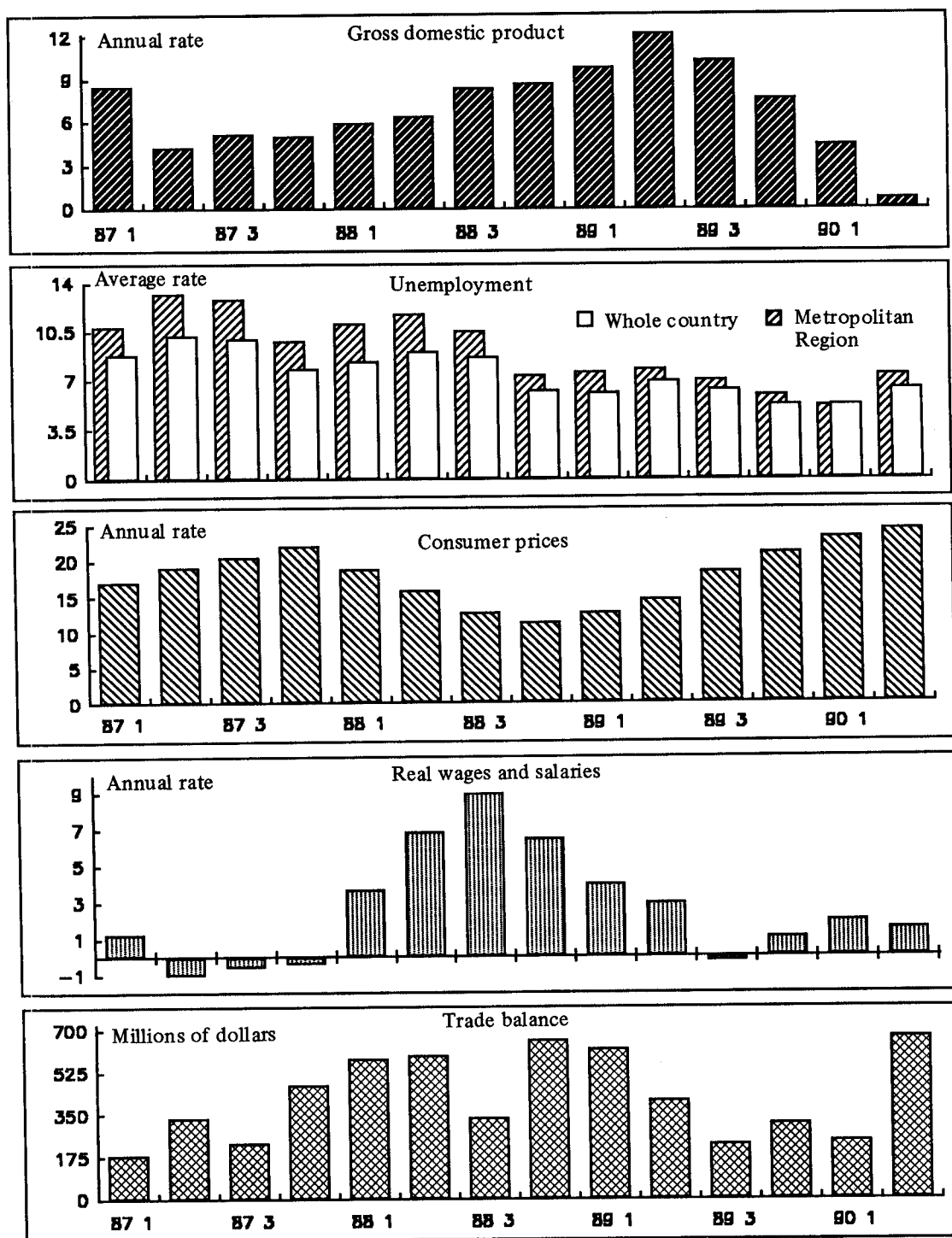
The rate of price rises continued to fluctuate around 25% per year, which, although below the rate for the last quarter of the previous year (an annualized rate of 30%) was nevertheless double the record minimum registered at the end of 1988. The sharp monetary restriction was reflected mainly in the contraction in credit, with liquidity reacting more slowly. The high nominal interest rates of over 40% per year incorporated into the expectations of the economic agents responsible for setting prices, so that the adjustment took place mainly through a reduction in real demand. The increase in the Value Added Tax and in the minimum wage also represented cost factors which exerted upward pressures on the price index during the second quarter (table 7).

In spite of the 10% decline in real terms in the price of the dollar in the first seven months of the year, the trade surplus accumulated up to July came to US\$1 050 million: 3% more than at the same date in 1989. This surplus was due to annual increases of 9% in total exports (15% in non-copper exports) and 10% in imports. The growth rate of the latter went down to a third of that registered the previous December, but imports of capital goods continued to expand at a rate of nearly 28% (table 12). The balance-of-payments capital account registered large inflows. Direct foreign investment doubled in the first seven months of the year, with some US\$690 million entering the country under the terms of Decree-Law 600. The boom in foreign investment and the 25% increase in domestic production of capital goods during the first half of the year made possible an investment rate equivalent to over 20% of the GDP, which, if maintained, would represent the highest level for the last quarter of a century.

As at July, the global balance-of-payments surplus came to over US\$1 200 million: over seven times more than the corresponding figure for the year before. This enabled the net reserves at that date to rise to nearly US\$4 150 million: 41% more than in December 1989 and more than covering the value of the imports for the first seven months of the year (table 13). Over the same period, debt reduction operations amounted to US\$710 million, so that the total debt redeemed since 1985 came to US\$9.7 billion.

In mid-August, and again in early September, steps were taken to ease the monetary policy so as to reduce real interest rates and support the restoration of aggregate demand. The Central Bank lowered the bank rate by half a percentage point and expanded the line of credit to the commercial banking system, thus tending to increase the liquidity existing at the end of August. The rise in world petroleum prices will affect both prices and the balance of payments: a 40% rise would add two or three percentage points to the price index and mean bigger foreign exchange outlays of the order of US\$100 million. Against this background, the Chilean economy may be expected in 1990 to display a growth rate close to 2%, a balanced fiscal situation, inflation of a little over 25%, a rate of expansion of employment close to the growth rate of the product, and a trade surplus similar to that of the previous year, with an increase of some US\$1.4 billion in the international reserves. In addition, the high investment coefficient gives grounds for expecting a substantial increase in production capacity.

Figure 1
CHILE: QUARTERLY EVOLUTION OF THE
MAIN ECONOMIC INDICATORS



Source: ECLAC, on the basis of official data.

Table 1
CHILE: GROSS DOMESTIC PRODUCT
(Percentage variation)^a

| | 1989 | | | | | 1990 ^b | | |
|-------------------------------|------------|-------------|-------------|------------|-------------|-------------------|------------|------------|
| | I | II | III | IV | Year | I | II | I Sem. |
| Total | 9.8 | 12.2 | 10.3 | 7.6 | 10.0 | 4.4 | 0.8 | 2.6 |
| Agriculture | 1.4 | 5.5 | 2.6 | 2.5 | 3.1 | 2.2 | -2.2 | 0.1 |
| Fishing | 33.7 | 21.7 | 19.3 | 9.9 | 22.1 | -12.6 | -1.7 | -7.3 |
| Mining | 5.3 | 12.0 | 11.0 | 5.5 | 8.4 | 3.7 | -0.9 | 1.3 |
| Industry | 11.5 | 14.8 | 9.1 | 5.1 | 10.0 | 4.2 | -3.2 | 0.4 |
| Electricity, gas and water | 7.5 | 8.0 | -0.4 | 3.9 | 4.7 | 4.7 | 1.8 | 3.2 |
| Construction | 13.7 | 10.0 | 16.7 | 10.5 | 12.7 | 5.5 | 1.5 | 3.5 |
| Commerce | 15.0 | 17.0 | 12.3 | 12.1 | 14.0 | 3.2 | 1.9 | 2.5 |
| Transport | 14.6 | 18.0 | 15.1 | 10.3 | 14.4 | 11.2 | 12.1 | 11.6 |
| Other | 8.2 | 9.4 | 10.0 | 7.5 | 8.8 | 5.1 | 2.0 | 3.5 |

Source: Central Bank.

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

^b Provisional figures.

Table 2
CHILE: CROP-FARMING PRODUCTION
(Crop years)

| | Thousands of metric quintals ^a | | | | Percentage variation | | | |
|------------|---|--------|--------|--------|----------------------|-------|-------|-------|
| | 1987 | 1988 | 1989 | 1990 | 1987 | 1988 | 1989 | 1990 |
| Wheat | 18 741 | 17 342 | 17 655 | 17 169 | 15.3 | -7.5 | 1.8 | -2.8 |
| Oats | 1 275 | 1 569 | 1 645 | 2 055 | 2.5 | 23.1 | 4.8 | 24.9 |
| Barley | 483 | 816 | 851 | 915 | -45.2 | 68.9 | 4.3 | 7.5 |
| Rye | 48 | ... | ... | ... | -44.2 | ... | ... | ... |
| Rice | 1 470 | 1 623 | 1 852 | 1 360 | 16.0 | 10.4 | 14.1 | -26.6 |
| Maize | 6 172 | 6 609 | 9 385 | 8 232 | -14.4 | 7.1 | 42.0 | -12.3 |
| Beans | 812 | 998 | 730 | 871 | -9.0 | 22.9 | -26.9 | 19.3 |
| Lentils | 247 | 201 | 78 | 83 | -14.8 | -18.6 | -61.2 | 6.4 |
| Chickpeas | 148 | 76 | 42 | 60 | 66.3 | -48.6 | -44.7 | 42.9 |
| Peas | 52 | ... | ... | ... | 8.3 | ... | ... | ... |
| Potatoes | 7 269 | 9 282 | 8 816 | 8 288 | -8.1 | 27.7 | -5.0 | -6.0 |
| Field peas | 24 | ... | ... | ... | -20.0 | ... | ... | ... |
| Sunflower | 396 | 489 | 319 | 273 | -27.2 | 23.5 | -34.8 | -14.4 |
| Rape | 951 | 1 226 | 1 129 | 532 | -2.1 | 28.9 | -7.9 | -52.9 |
| Sugar beet | 26 495 | 24 872 | 28 097 | 23 265 | 0.4 | -6.1 | 13.0 | -17.2 |
| Lupin | 133 | ... | ... | ... | 37.1 | ... | ... | ... |
| Tobacco | 83 | 104 | 105 | 144 | 5.1 | 25.3 | 1.0 | 37.1 |

Source: National Statistics Institute (INE).

^a Metric quintal = 100 kg.

Table 3
CHILE: MINING PRODUCTION

| | Copper ^a | Molybdenum ^b | Silver ^b | Gold ^c | Iron Ore ^{ad} | Iron Ore ^{ae} | Coal ^a | Petroleum ^f | Natural-gas ^g |
|---|---------------------|-------------------------|---------------------|-------------------|------------------------|------------------------|-------------------|------------------------|--------------------------|
| 1989 | | | | | | | | | |
| January | 118 | 1 021 | 41 | 1 643 | 639 | 353 | 179 | 122 | 364 |
| February | 120 | 1 307 | 37 | 1 503 | 669 | 316 | 183 | 106 | 326 |
| March | 130 | 1 377 | 49 | 1 948 | 677 | 215 | 181 | 114 | 366 |
| April | 130 | 1 251 | 41 | 1 555 | 769 | 377 | 163 | 106 | 353 |
| May | 139 | 1 345 | 41 | 1 528 | 725 | 386 | 188 | 102 | 354 |
| June | 124 | 1 664 | 33 | 1 565 | 860 | 362 | 168 | 101 | 351 |
| July | 138 | 1 727 | 38 | 1 346 | 824 | 356 | 193 | 103 | 366 |
| August | 140 | 1 571 | 36 | 1 541 | 927 | 380 | 183 | 105 | 363 |
| September | 138 | 1 385 | 40 | 1 859 | 815 | 368 | 173 | 106 | 349 |
| October | 146 | 1 459 | 39 | 1 734 | 1 017 | 368 | 135 | 110 | 362 |
| November | 149 | 1 384 | 51 | 1 826 | 704 | 369 | 163 | 104 | 335 |
| December | 149 | 1 174 | 45 | 1 934 | 660 | 398 | 187 | 103 | 348 |
| 1990 | | | | | | | | | |
| January | 132 | 948 | 54 | 1 685 | 820 | 380 | 226 | 100 | 366 |
| February | 110 | 804 | 44 | 1 390 | 749 | 347 | 201 | 92 | 321 |
| March | 130 | 997 | 55 | 1 783 | 653 | 373 | 221 | 102 | 355 |
| April | 123 | 1 254 | 54 | 2 136 | 598 | 319 | 216 | 98 | 355 |
| May | 133 | 1 249 | 57 | 1 994 | 761 | 383 | 176 | 99 | 356 |
| June | | | | | | | | 94 | 351 |
| Percentage variation (January-May) | | | | | | | | | |
| 1990/89 | -1.4 | -16.6 | 26.3 | 9.9 | 2.9 | 9.4 | 16.3 | -10.1 | -0.5 |

Source: National Statistics Institute (INE).

^a Thousands of metric tons.

^b Metric tons.

^c Kilogrammes.

^d Crude iron ore.

^e Pellets.

^f Thousands of cubic

metres.

^g Millions of cubic metres.

Table 4
CHILE: INDUSTRIAL OUTPUT
(Percentage variation)

| | SOFOFA^a | | | | | | INE | | |
|-----------|---------------------------|---------------------|-------------------|--------------------|---------------------|-------------------|--------------------|---------------------|-------------------|
| | Production | | | Sales | | | Production | | |
| | Month ^b | 12 Ms. ^c | Year ^d | Month ^b | 12 Ms. ^c | Year ^d | Month ^b | 12 Ms. ^c | Year ^d |
| 1989 | | | | | | | | | |
| January | -8.2 | 17.2 | 17.2 | -9.5 | 13.9 | 13.9 | -6.8 | 10.0 | 10.0 |
| February | -7.8 | 13.3 | 15.3 | -11.2 | 5.8 | 10.0 | -14.0 | 6.0 | 8.1 |
| March | 23.8 | 15.4 | 15.3 | 31.8 | 16.1 | 12.2 | 28.2 | 12.1 | 9.6 |
| April | 2.5 | 18.0 | 16.0 | -11.7 | 8.5 | 11.3 | -2.8 | 11.4 | 10.1 |
| May | 4.1 | 17.4 | 16.3 | 8.7 | 19.3 | 12.9 | 4.9 | 10.7 | 10.2 |
| June | -0.5 | 16.3 | 16.3 | -3.4 | 13.8 | 13.1 | -0.8 | 10.9 | 10.3 |
| July | 0.4 | 14.4 | 16.0 | 1.8 | 12.6 | 13.0 | -0.5 | 5.4 | 9.6 |
| August | 1.1 | 13.1 | 15.6 | 10.5 | 22.3 | 14.2 | 2.5 | 5.8 | 9.1 |
| September | -10.0 | 7.6 | 14.7 | -14.2 | 6.1 | 13.3 | -10.4 | 0.7 | 8.1 |
| October | 8.2 | 21.2 | 15.4 | 12.0 | 21.7 | 14.1 | 12.3 | 12.9 | 8.6 |
| November | -2.4 | 5.2 | 14.3 | 3.3 | 10.0 | 13.7 | -2.8 | 2.9 | 8.0 |
| December | -6.6 | 3.0 | 13.1 | -5.5 | 3.6 | 12.7 | -3.0 | 0.6 | 7.4 |
| 1990 | | | | | | | | | |
| January | -2.6 | 6.4 | 6.4 | -6.7 | 6.9 | 6.9 | -2.3 | 4.8 | 4.8 |
| February | -11.3 | 2.3 | 4.5 | -13.0 | 4.7 | 5.8 | -14.6 | 4.6 | 4.7 |
| March | 23.7 | 2.2 | 3.6 | 26.3 | 0.3 | 3.7 | 28.5 | 4.9 | 4.8 |
| April | -1.5 | -1.8 | 2.1 | -5.8 | 6.8 | 4.5 | -6.9 | 0.2 | 3.6 |
| May | 8.2 | 1.3 | 2.0 | 2.3 | 0.8 | 3.7 | 3.5 | -1.1 | 2.6 |
| June | -5.5 | -3.0 | 1.0 | -5.0 | -0.7 | 2.9 | -3.3 | -3.4 | 1.5 |
| July | 5.2 | 1.6 | 1.2 | 1.3 | -1.2 | 2.3 | 2.8 | -0.2 | 0.6 |

Source: National Statistics Institute (INE); Sociedad de Fomento Fabril (SOFOFA).

^a Figures represent variations of 1980=100 index.

^b Variation with respect to the preceding month.

^c Variation with respect to the

same month of the preceding year.

^d Cumulative variation with respect to the same period of the preceding year.

Table 5
**CHILE: BUILDING PERMITS APPROVED AND STARTED IN PUBLIC AND PRIVATE SECTOR.
COUNTRY TOTAL**

| | Total construction | | | | Housing | | | | | |
|-----------|---------------------------|-------|------------------------|-------|---------|-------|---------------------------|-------|------------------------|-------|
| | Surface area ^a | | Variation ^b | | Number | | Surface area ^a | | Variation ^b | |
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1990 | 1990 |
| January | 302.8 | 719.1 | -44.2 | 137.5 | 3 227 | 9 269 | 205.7 | 570.0 | 187.2 | 177.1 |
| February | 387.6 | 453.4 | -14.5 | 69.8 | 5 962 | 6 119 | 307.4 | 328.8 | 67.5 | 75.2 |
| March | 619.3 | 590.6 | -2.7 | 34.6 | 10 652 | 8 131 | 494.0 | 452.8 | 18.5 | 34.2 |
| April | 486.6 | 562.6 | 6.5 | 29.5 | 5 015 | 7 556 | 309.2 | 415.2 | 25.0 | 34.2 |
| May | 526.1 | 384.2 | 11.0 | 16.7 | 6 723 | 3 338 | 410.8 | 209.3 | 9.0 | 14.4 |
| June | 809.1 | | 19.6 | | 9 507 | | 574.9 | | | |
| July | 501.1 | | 17.5 | | 6 390 | | 389.6 | | | |
| August | 615.1 | | 20.8 | | 8 619 | | 510.9 | | | |
| September | 485.1 | | 19.6 | | 5 529 | | 319.3 | | | |
| October | 596.5 | | 22.6 | | 7 729 | | 450.6 | | | |
| November | 637.2 | | 21.5 | | 8 450 | | 492.0 | | | |
| December | 570.1 | | 17.8 | | 6 088 | | 362.6 | | | |

Source: National Statistics Institute (INE).

^a Thousands of square metres. ^b Cumulative percentage variation with respect to the same period of the preceding year.

Table 6
**CHILE: UNEMPLOYMENT RATE
(Quarterly average)**

| Quarters ending in: | 1988 | | 1989 | | 1990 | |
|---------------------|---------------------|-------------|---------------------|-------------|---------------------|-------------|
| | Metropolitan Region | Nation-wide | Metropolitan Region | Nation-wide | Metropolitan Region | Nation-wide |
| January | 9.8 | 7.7 | 7.3 | 5.9 | 5.2 | 5.0 |
| February | 10.8 | 8.3 | 7.3 | 5.9 | 4.8 | 5.0 |
| March | 11.1 | 8.4 | 7.6 | 6.2 | 5.2 | 5.3 |
| April | 11.5 | 8.6 | 7.8 | 6.4 | 6.1 | 5.6 |
| May | 11.7 | 8.7 | 8.1 | 6.8 | 6.8 | 6.1 |
| June | 11.8 | 9.1 | 7.9 | 7.0 | 7.5 | 6.5 |
| July | 11.2 | 9.1 | 7.2 | 6.7 | 7.6 | 6.7 |
| August | 11.0 | 9.0 | 7.4 | 6.7 | | |
| September | 10.6 | 8.7 | 7.1 | 6.4 | | |
| October | 9.7 | 8.0 | 7.5 | 6.4 | | |
| November | 8.3 | 7.1 | 6.8 | 5.9 | | |
| December | 7.4 | 6.3 | 6.0 | 5.3 | | |

Source: National Statistics Institute (INE).

Table 7
**CHILE: PRICE INDEX
(Percentage variation)**

| | Consumer price index | | | | | | Wholesale price index | | | | | |
|-----------|----------------------|------|--------|-------|------|--------|-----------------------|------|--------|-------|------|--------|
| | 1989 | | | 1990 | | | 1989 | | | 1990 | | |
| | Month | Year | 12 Ms. | Month | Year | 12 Ms. | Month | Year | 12 Ms. | Month | Year | 12 Ms. |
| January | 1.1 | 1.1 | 13.1 | 2.5 | 2.5 | 23.1 | 1.0 | 1.0 | 6.2 | 1.6 | 1.6 | 23.5 |
| February | 0.1 | 1.2 | 12.8 | 0.3 | 2.8 | 23.3 | 2.2 | 3.3 | 9.1 | -0.1 | 1.5 | 20.7 |
| March | 1.9 | 3.2 | 12.9 | 2.4 | 5.3 | 23.9 | 1.4 | 4.7 | 9.9 | 0.5 | 2.0 | 19.5 |
| April | 1.0 | 4.2 | 13.2 | 1.8 | 7.2 | 24.8 | 1.9 | 6.7 | 10.8 | 1.5 | 3.5 | 19.1 |
| May | 2.0 | 6.3 | 14.8 | 1.5 | 8.8 | 24.3 | 2.3 | 9.2 | 12.5 | 0.7 | 4.2 | 17.2 |
| June | 1.8 | 8.2 | 16.2 | 2.2 | 11.2 | 24.8 | 1.8 | 11.1 | 12.9 | 1.9 | 6.2 | 17.4 |
| July | 1.8 | 10.1 | 18.1 | 1.7 | 13.0 | 24.6 | 2.0 | 13.4 | 14.7 | 3.8 | 10.2 | 19.4 |
| August | 1.0 | 11.2 | 18.4 | 2.0 | 15.3 | 25.8 | 2.1 | 15.8 | 17.8 | 2.4 | 12.9 | 19.7 |
| September | 2.1 | 13.6 | 19.7 | | | | 1.9 | 18.1 | 19.2 | | | |
| October | 2.9 | 16.9 | 21.4 | | | | 2.6 | 21.2 | 21.1 | | | |
| November | 1.7 | 18.9 | 21.1 | | | | 1.5 | 22.9 | 23.1 | | | |
| December | 2.1 | 21.4 | 21.4 | | | | -0.1 | 22.8 | 22.8 | | | |

Source: National Statistics Institute (INE).

Table 8
CHILE: INDEX OF REAL WAGES AND SALARIES

| | Index of real wages and salaries ^a (December 1982 = 100) | | | Percentage variation | | | | | |
|-----------|--|-------|-------|----------------------|-------------------|---------------------|-------|-------------------|---------------------|
| | 1988 | 1989 | 1990 | 1989 | | | 1990 | | |
| | | | | Month | Year ^b | 12 Ms. ^c | Month | Year ^b | 12 Ms. ^c |
| January | 98.0 | 101.6 | 104.5 | 1.1 | 3.7 | 3.7 | 0.7 | 2.8 | 2.8 |
| February | 98.6 | 102.8 | 104.4 | 1.2 | 4.0 | 4.3 | - | 2.2 | 1.6 |
| March | 98.2 | 102.2 | 103.7 | -0.6 | 4.0 | 4.1 | -0.7 | 2.0 | 1.5 |
| April | 98.7 | 103.3 | 104.5 | 1.1 | 4.2 | 4.7 | 0.8 | 1.8 | 1.2 |
| May | 99.8 | 103.1 | 105.2 | -0.2 | 4.0 | 3.3 | 0.6 | 1.8 | 2.0 |
| June | 101.8 | 102.8 | 104.6 | -0.3 | 3.5 | 1.0 | -0.6 | 1.8 | 1.7 |
| July | 103.0 | 102.8 | 105.6 | 0.0 | 2.9 | -0.2 | 1.0 | 1.9 | 2.8 |
| August | 103.3 | 103.1 | | 0.3 | 2.5 | -0.2 | | | |
| September | 102.7 | 102.3 | | -0.8 | 2.2 | -0.4 | | | |
| October | 101.4 | 100.8 | | -1.5 | 1.9 | -0.6 | | | |
| November | 101.1 | 101.7 | | 0.9 | 1.8 | 0.6 | | | |
| December | 100.5 | 103.7 | | 2.0 | 1.9 | 3.2 | | | |

Source: National Statistics Institute (INE).

^a Index of nominal wages and salaries deflated by the consumer price index.

^b Percentage variation in the cumulative average index

with respect to the same period of the preceding year.

^c With respect to the same month of the preceding year.

Table 9
CHILE: EXCHANGE RATE

| | Nominal exchange rate on the banking market (pesos per dollar) | | | | Adjusted real exchange rate (Index 1985 = 100) ^a | | | |
|-----------|--|--------|--------|--------|--|-------|-------|-------|
| | 1987 | 1988 | 1989 | 1990 | 1987 | 1988 | 1989 | 1990 |
| January | 204.50 | 243.70 | 247.10 | 296.76 | 94.81 | 97.98 | 92.67 | 94.24 |
| February | 206.00 | 240.00 | 245.80 | 292.46 | 94.30 | 96.21 | 92.50 | 92.18 |
| March | 207.80 | 243.30 | 249.60 | 296.70 | 93.75 | 95.98 | 92.77 | 91.15 |
| April | 211.50 | 241.90 | 251.40 | 296.40 | 93.88 | 95.50 | 93.16 | 89.31 |
| May | 212.50 | 245.20 | 252.40 | 297.00 | 93.66 | 97.01 | 92.33 | 88.30 |
| June | 218.20 | 248.30 | 261.70 | 296.79 | 95.75 | 98.47 | 93.81 | 86.58 |
| July | 224.10 | 248.30 | 272.80 | 297.04 | 97.39 | 98.72 | 95.95 | 85.23 |
| August | 224.60 | 245.60 | 276.70 | 303.68 | 96.32 | 97.05 | 95.83 | 85.74 |
| September | 225.20 | 245.70 | 280.20 | | 94.77 | 96.28 | 95.28 | |
| October | 229.30 | 247.10 | 282.80 | | 94.47 | 95.47 | 93.73 | |
| November | 233.80 | 246.40 | 288.40 | | 94.66 | 93.56 | 93.60 | |
| December | 235.30 | 244.60 | 294.60 | | 94.88 | 91.67 | 94.25 | |

Source: ECLAC, on the basis of figures supplied by the Central Bank of Chile and the International Monetary Fund, *International Financial Statistics*, August 1989.

^a Index of the nominal exchange rate deflated by the consumer price index and adjusted by the wholesale price index of the United States.

Table 10
CHILE: TRADE BALANCE

| | Millions of dollars | | | | | | Percentage variation ^a | | | | |
|-----------|---------------------|-------|----------------|-------|------------------|-------|-----------------------------------|------|---------|------|------------------|
| | Exports FOB | | Imports FOB | | Trade balance | | Exports | | Imports | | Trade balance |
| | Month | Year | Month | Year | Month | Year | Month | Year | Month | Year | Year |
| 1988 | | | | | | | | | | | |
| December | 799 | 7 052 | 474 | 4 833 | 325 | 2 219 | 25.4 | 35.0 | 50.5 | 21.0 | 80.4 |
| 1989 | | | | | | | | | | | |
| January | 650 | 650 | 499 | 499 | 151 | 151 | 24.5 | 24.5 | 28.3 | 28.3 | 13.5 |
| February | 611 | 1 261 | 414 | 913 | 197 | 348 | 19.8 | 22.2 | 35.7 | 31.6 | 3.0 |
| March | 800 | 2 061 | 525 | 1 438 | 275 | 623 | 25.6 | 23.5 | 33.9 | 32.4 | 6.9 |
| April | 683 | 2 744 | 508 | 1 946 | 175 | 798 | 7.6 | 19.1 | 52.1 | 37.0 | -9.7 |
| May | 707 | 3 451 | 481 | 2 427 | 226 | 1 024 | 31.9 | 21.5 | 15.1 | 32.0 | 2.2 |
| June | 641 | 4 092 | 631 | 3 058 | 10 | 1 034 | 14.9 | 20.4 | 64.3 | 37.6 | -12.1 |
| July | 560 | 4 652 | 582 | 3 640 | -22 | 1 012 | -0.2 | 17.5 | 50.4 | 39.5 | -25.0 |
| August | 771 | 5 423 | 636 | 4 276 | 135 | 1 147 | 48.3 | 21.1 | 38.0 | 39.3 | -18.6 |
| September | 640 | 6 063 | 523 | 4 799 | 117 | 1 264 | 25.0 | 21.5 | 29.1 | 38.1 | -16.6 |
| October | 692 | 6 755 | 522 | 5 321 | 170 | 1 434 | 22.5 | 21.6 | 20.0 | 36.1 | -12.9 |
| November | 674 | 7 429 | 605 | 5 926 | 69 | 1 503 | -3.3 | 18.8 | 34.7 | 35.9 | -20.6 |
| December | 651 | 8 080 | 576 | 6 502 | 75 | 1 578 | -18.5 | 14.6 | 21.5 | 34.5 | -28.9 |
| 1990 | | | | | | | | | | | |
| January | 624 | 624 | 662 | 662 | -38 | -38 | -4.0 | -4.0 | 32.7 | 32.7 | - |
| February | 669 | 1 293 | 527 | 1 189 | 142 | 104 | 9.5 | 2.5 | 27.3 | 30.2 | -70.1 |
| March | 703 | 1 996 | 566 | 1 755 | 137 | 241 | -11.6 | -3.2 | 7.8 | 22.0 | -61.3 |
| April | 848 | 2 844 | 571 | 2 326 | 277 | 518 | 25.8 | 3.6 | 12.4 | 19.5 | -35.1 |
| May | 813 | 3 657 | 575 | 2 901 | 238 | 756 | 12.9 | 6.0 | 19.5 | 19.5 | -26.2 |
| June | 673 | 4 330 | 515 | 3 416 | 158 | 914 | 4.0 | 5.8 | -18.4 | 11.7 | -11.6 |
| July | 732 | 5 062 | 603 | 4 019 | 129 | 1 043 | 29.6 | 8.8 | 3.6 | 10.4 | 3.1 |

Source: Central Bank.

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

Table 11
CHILE: STRUCTURE OF EXPORTS (FOB)
(Millions of dollars)^a

| | Mining products | | | | Agricultural and marine products | | Industrial goods | | Percentage variation ^b | |
|-----------|-----------------|------|--------|-------|--|------|---------------------|------|--------------------------------------|------------|
| | Total | | Copper | | 1989 | 1990 | 1989 | 1990 | Copper | Non-Copper |
| | 1989 | 1990 | 1989 | 1990 | | | | | | |
| January | 387 | ... | 356 | 261 | 106 | ... | 157 | ... | -26.8 | 23.5 |
| February | 688 | ... | 609 | 506 | 222 | ... | 351 | ... | -16.9 | 20.6 |
| March | 1 073 | ... | 956 | 753 | 410 | ... | 578 | ... | -21.3 | 12.5 |
| April | 1 372 | ... | 1 210 | 1 110 | 587 | ... | 786 | ... | -8.3 | 13.1 |
| May | 1 764 | ... | 1 561 | 1 476 | 668 | ... | 1 020 | ... | -5.5 | 15.4 |
| June | 2 059 | ... | 1 820 | 1 803 | 726 | ... | 1 308 | ... | -1.0 | 11.3 |
| July | 2 384 | ... | 2 122 | 2 152 | 772 | ... | 1 496 | ... | 1.4 | 15.1 |
| August | 2 855 | ... | 2 552 | ... | 832 | ... | 1 736 | ... | ... | ... |
| September | 3 272 | ... | 2 930 | ... | 863 | ... | 1 927 | ... | ... | ... |
| October | 3 701 | ... | 3 320 | ... | 895 | ... | 2 158 | ... | ... | ... |
| November | 4 128 | ... | 3 706 | ... | 941 | ... | 2 360 | ... | ... | ... |
| December | 4 473 | ... | 4 021 | ... | 994 | ... | 2 613 | ... | ... | ... |

Source: Central Bank.

^a Cumulative figures.

^b Variation in cumulative value with respect to the same period of the preceding year.

Table 12
CHILE: STRUCTURE OF IMPORTS (CIF)
(Millions of dollars)^a

| | Goods | | | | | | | | | | | | |
|-----------|-------------------|------|------------|------|--------------------|-------|-----------------|------|-----------------------|-------|--------------------------------------|------|------|
| | Consumer products | | | | Intermediate goods | | | | Cap- ital goods | | Percentage variation ^b | | |
| | Total | | Foodstuffs | | Total | | Fuels and lubr. | | | | | | |
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | Con. | Int. | Cap. |
| | | | | | | | | | | | | | |
| January | 71 | 102 | 9 | ... | 314 | 375 | 60 | ... | 162 | 233 | 43.5 | 19.4 | 43.9 |
| February | 132 | 179 | 17 | ... | 585 | 672 | 101 | ... | 287 | 431 | 35.6 | 15.0 | 50.3 |
| March | 224 | 267 | 26 | ... | 919 | 1 040 | 154 | ... | 440 | 595 | 19.1 | 13.2 | 35.3 |
| April | 289 | 349 | 35 | ... | 1 274 | 1 378 | 238 | ... | 575 | 793 | 20.8 | 8.2 | 37.9 |
| May | 368 | 426 | 51 | ... | 1 599 | 1 766 | 311 | ... | 707 | 960 | 15.8 | 10.5 | 35.9 |
| June | 459 | 497 | 62 | ... | 1 995 | 2 067 | 380 | ... | 912 | 1 153 | 8.4 | 3.6 | 26.3 |
| July | 542 | 580 | 69 | ... | 2 382 | 2 423 | 489 | ... | 1 080 | 1 378 | 6.9 | 1.7 | 27.6 |
| August | 633 | | 75 | | 2 810 | | 581 | | 1 269 | | | | |
| September | 722 | | 82 | | 3 138 | | 637 | | 1 424 | | | | |
| October | 823 | | 90 | | 3 459 | | 662 | | 1 585 | | | | |
| November | 958 | | 101 | | 3 780 | | 722 | | 1 787 | | | | |
| December | 1 054 | | 111 | | 4 111 | | 813 | | 1 980 | | | | |

Source: Central Bank.

^a Cumulative figures.

^b Percentage variation in cumulative value with respect to the same period of the preceding year.

Table 13
CHILE: NET INTERNATIONAL RESERVES ^a
(Millions of dollars)

| | Amount | | | Absolute variation | | | |
|-----------|--------|-------|-------|--------------------|-------------------|-------|-------------------|
| | | | | 1989 | | 1990 | |
| | 1988 | 1989 | 1990 | Month | Year ^b | Month | Year ^b |
| January | 1 670 | 2 731 | 2 956 | 181 | 181 | 13 | 13 |
| February | 1 820 | 2 800 | 3 157 | 69 | 250 | 201 | 214 |
| March | 1 817 | 2 755 | 3 217 | -45 | 205 | 60 | 274 |
| April | 2 054 | 2 631 | 3 269 | -124 | 81 | 52 | 326 |
| May | 1 986 | 2 906 | 3 536 | 275 | 356 | 267 | 593 |
| June | 2 105 | 2 663 | 3 792 | -243 | 113 | 256 | 849 |
| July | 2 227 | 2 662 | 4 148 | -1 | 112 | 356 | 1 205 |
| August | 2 140 | 2 623 | | -39 | 73 | | |
| September | 2 025 | 2 583 | | -40 | 33 | | |
| October | 1 955 | 2 700 | | 117 | 150 | | |
| November | 1 945 | 2 937 | | 237 | 387 | | |
| December | 2 550 | 2 943 | | 6 | 393 | | |

Source: Central Bank.

^a Foreign exchange holdings (including monetary gold, SDR, reserve position in the IMF, foreign exchange, the net balance on reciprocal credit agreements) less obligations arising from IMF and short-term credits.

^b With respect to December of the preceding year.

Table 14
CHILE: MONETARY AGGREGATES

| | E | D1 | M1 | Dg | Dp | M2 | CN | CE |
|---|------|------|------|-------|------|------|------|------|
| Percentage variations ^a | | | | | | | | |
| 1989 | | | | | | | | |
| January | 30.9 | 26.2 | 38.9 | 8.4 | 10.4 | 29.4 | 21.6 | 14.8 |
| February | 28.1 | 14.9 | 36.9 | -16.3 | 11.2 | 30.0 | 21.4 | 18.1 |
| March | 30.3 | 16.4 | 37.0 | -15.8 | 11.0 | 29.1 | 22.4 | 22.8 |
| April | 31.9 | 45.1 | 36.1 | 67.2 | 11.8 | 30.2 | 21.1 | 30.5 |
| May | 28.1 | 50.9 | 33.3 | 86.9 | 11.2 | 29.1 | 21.6 | 30.8 |
| June | 38.1 | 45.6 | 25.5 | 86.9 | 16.4 | 30.6 | 22.1 | 31.4 |
| July | 28.6 | 47.7 | 28.0 | 92.8 | 21.1 | 33.1 | 23.9 | 28.2 |
| August | 18.7 | 35.0 | 24.8 | 61.6 | 21.8 | 32.7 | 26.0 | 23.1 |
| September | 23.6 | 34.4 | 26.1 | 58.3 | 16.5 | 25.9 | 30.1 | 21.1 |
| October | 17.9 | 24.6 | 11.5 | 61.7 | 11.1 | 21.7 | 31.2 | 15.6 |
| November | 13.8 | 25.7 | 15.8 | 52.4 | 16.6 | 25.7 | 34.6 | 13.5 |
| December | 22.5 | 17.4 | 20.9 | 9.3 | 40.1 | 28.7 | 36.3 | 10.1 |
| 1990 | | | | | | | | |
| January | 19.3 | 5.6 | 19.0 | -18.4 | 37.3 | 27.5 | 36.4 | 7.0 |
| February | 21.4 | 2.7 | 7.1 | -7.6 | 38.7 | 25.5 | 35.2 | 8.4 |
| March | 22.2 | 7.2 | 13.0 | -7.8 | 38.7 | 28.3 | 34.9 | 5.9 |
| April | 23.9 | 9.4 | 20.6 | -12.7 | 39.7 | 30.9 | 33.3 | 4.5 |
| May | 26.4 | 3.8 | 17.2 | -15.8 | 44.3 | 23.6 | 31.9 | 2.5 |
| June | 17.4 | 1.8 | 17.8 | -20.3 | 43.5 | 25.4 | 30.4 | 1.4 |
| July | 11.2 | -6.7 | 9.8 | -31.8 | 42.1 | 24.0 | | |
| August ^b | 21.3 | -1.1 | 2.9 | -9.1 | 38.6 | 20.3 | | |

Source: Central Bank.

Note: E = Money issue; D1 = M1 + Dg = Total money supply; M1 = Private sector money supply; Dg = Public sector money supply; Dp = Private sector term deposits; M2 = M1 + Dp; CN = Local currency loans; CE = Foreign currency loans.

^a With respect to the same month of the preceding year. ^b August 16.

Table 15
CHILE: BANK INTEREST RATES
(Percentages)

| | Nominal rates ^a | | Real rates | | | |
|-------------|----------------------------|------------------|--|------------------|--------------------------------------|-------|
| | Short-term deposits | Short-term loans | Non-readjustable operations ^a | | Readjustable operations ^b | |
| | | | Short-term deposits | Short-term loans | Deposits | Loans |
| 1989 | | | | | | |
| January | 2.03 | 2.56 | 0.92 | 1.44 | 5.29 | 8.11 |
| February | 1.38 | 2.22 | 1.28 | 2.12 | 5.45 | 8.16 |
| March | 0.99 | 1.50 | -0.89 | -0.39 | 5.67 | 8.42 |
| April | 2.04 | 2.50 | 1.03 | 1.49 | 5.72 | 8.29 |
| May | 1.54 | 2.07 | -0.45 | 0.07 | 5.84 | 8.63 |
| June | 2.28 | 2.73 | 0.47 | 0.91 | 6.33 | 8.83 |
| July | 2.24 | 2.75 | 0.43 | 0.93 | 6.66 | 9.03 |
| August | 2.10 | 2.61 | 1.09 | 1.59 | 6.85 | 9.42 |
| September | 1.78 | 2.36 | -0.31 | 0.25 | 7.46 | 9.94 |
| October | 2.62 | 3.08 | -0.27 | 0.17 | 8.62 | 11.06 |
| November | 3.10 | 3.59 | 1.38 | 1.86 | 8.57 | 11.53 |
| December | 2.43 | 2.95 | 0.32 | 0.83 | 8.84 | 11.70 |
| 1990 | | | | | | |
| January | 2.99 | 3.51 | 0.48 | 0.99 | 10.55 | 13.62 |
| February | 3.15 | 3.82 | 2.84 | 3.51 | 11.79 | 14.85 |
| March | 1.97 | 2.56 | -0.42 | 0.16 | 13.32 | 16.50 |
| April | 2.95 | 3.43 | 1.13 | 1.60 | 11.73 | 15.32 |
| May | 2.61 | 3.10 | 1.09 | 1.58 | 10.97 | 15.10 |
| June | 2.37 | 2.86 | 0.18 | 0.67 | 9.49 | 13.96 |
| July | 2.86 | 3.33 | 1.19 | 1.66 | 9.23 | 13.32 |

Source: Central Bank.

^a Average monthly rates. ^b Annual rates.

ECUADOR

The gradual adjustment process instituted in August 1988 ran up against difficulties in the first half of 1990. Annualized inflation continued at around 50%, in a scenario characterized by a growing fiscal deficit and greater-than-planned monetary expansion. Foreign trade remained at levels similar to those of 1989, while domestic demand continued to be checked by depressed real wages and sluggish investment. In this framework, total output was unable to recover from the previous year's stagnation. However, the rise in oil prices in the second half of the year could improve the trade balance and help to rectify the imbalance in the fiscal accounts.

Inflation, which had dropped to an annual rate of 44% in March, began to rise again, reaching 50% in July. In the first quarter, food prices pushed the overall inflation level up. The following months witnessed the impact of the deterioration in fiscal accounts and the easing of monetary control, factors which were to some extent mitigated by good harvests for domestic consumption and the steady drop in the price of rice. The dismantling of price controls proceeded on course, so that by the beginning of the second half of the year only about a dozen products were still subject to control.

The restrictiveness of the previous year's monetary policy had contributed to the drop in the inflation rate. This policy had been expected to be more relaxed in 1990, but the increase in monetary aggregates went far beyond what had been programmed. Expansion rates were similar to those of price rises, since public sector deposits in the Central Bank did not increase as expected.

As greater liquidity led to accelerated inflation and a soaring free-market exchange rate, measures began to be taken in April to counteract the monetary expansion. To this end, bank reserve requirements were raised; public sector deposits were sterilized by withdrawing them from the commercial banking system; and Central Bank credit to the financial system was temporarily suspended. These measures produced an increase in the effective interest rate. In addition, the interest rate on certain official loans to industry was raised in July. On the other hand, although the free-market exchange rate did not fluctuate significantly, the gap between it and the regulated-market rate began to widen slowly but surely as from February, reaching 14% in July, its highest point since March 1989.

The foreign trade balance improved, but only slightly. On the export side, the drop in the prices of oil, shrimps and coffee was offset by the vigorous recovery of sales of bananas and certain non-traditional manufactured exports, and, beginning in the second quarter, the recovery of shrimp sales. As for imports, during the first half of the year they registered a slight drop compared to the same period of 1989.

In July the requirement for prior deposits for imports, which had been in effect since March 1988, was eliminated; the period of time in which exporters may redeem foreign currency was extended from 90 to 150 days, and the annual limit for reconversion of external debt was increased from US\$50 million to US\$150 million.

As part of the trade reform process, maximum customs duties were reduced from 260% to 90% in mid-June, thereby likewise reducing their dispersion. Tariffs on imports of luxury goods, clothing, electronic products and vehicles were cut significantly, although restrictions on automobile imports remained in effect. At the same time, some formerly exempt imports of intermediate goods and spare parts for industry and agriculture began to be subject to a 5% tariff. This process took place against the background of a moderate rise in the real exchange rate.

Negotiations with foreign creditors to restructure debt service payments continued. After debts with creditor governments had been rescheduled, discussions were resumed

with the private banking system, although an agreement does not seem to be in the offing in the short term. Obligations to multilateral creditors continued to be fulfilled on time. Consequently, and also as a result of the lower net capital inflow, the net international reserves fell moderately until June (table 4).

The deterioration of international oil prices during the first half of the year had a heavy impact on the fiscal accounts. A price of US\$16.25 per barrel had been budgeted for the exportable quota of around 65 million barrels assigned to Ecuador by OPEC, but the average price during the first half of the year was only US\$14.75. Thus, fiscal income from the petroleum sector dropped by about 130 million sucres. The fiscal deficit target agreed with the IMF was raised from 1.8% to 2.1% of GDP, despite which a severe cutback had to be made in government spending and investments. The rise in crude oil prices on world markets resulting from the Persian Gulf crisis could help to reduce this deficit significantly. The domestic price of fuels remained virtually stable in real terms during the first half of the year, although it continued to be low in internationally comparative terms.

In the framework of the ongoing public administration reform, austerity standards were set for personnel expenditures. Drinking water utilities were brought under municipal control, on the understanding that their rates would be subject to the course of development of their operating costs. On the other hand, the financial position of public enterprises in general showed some improvement.

In the agricultural sector, the harvest yield was satisfactory as regards the production of commodities for both domestic consumption and for export, despite the emergence of certain financing problems. Oil production remained within the OPEC-agreed quota, i.e., at the same level as in 1989. In order to provide an incentive to investments for the purpose of increasing the known crude oil reserves, the petroleum policy was modified in early July, with new areas being opened up to participation by foreign companies. The fisheries sector, for its part, showed signs of reactivation, as did construction, but manufacturing remained depressed.

Table 1
ECUADOR: TRADE BALANCE

| | Millions of dollars | | | | | | Percentage variation ^a | | | |
|-----------|---------------------|-------|-------------|-------|---------------|------|-----------------------------------|-------|---------|-------|
| | Exports FOB | | Imports CIF | | Trade balance | | Exports | | Imports | |
| | Month | Year | Month | Year | Month | Year | Month | Year | Month | Year |
| 1989 | | | | | | | | | | |
| January | 203 | 203 | 167 | 167 | 36 | 36 | 14.0 | 14.0 | 8.8 | -10.5 |
| February | 181 | 384 | 146 | 313 | 35 | 71 | -14.2 | -1.3 | 9.4 | -18.3 |
| March | 177 | 561 | 184 | 497 | -7 | 64 | -25.0 | -10.2 | 24.4 | -19.1 |
| April | 197 | 758 | 167 | 664 | 30 | 94 | 23.1 | -3.4 | 40.6 | -30.4 |
| May | 198 | 956 | 137 | 801 | 61 | 155 | -3.9 | -3.5 | 14.2 | -33.7 |
| June | 215 | 1 171 | 162 | 963 | 53 | 208 | -8.1 | -4.4 | -8.3 | -29.7 |
| July | 203 | 1 374 | 145 | 1 108 | 58 | 266 | 30.1 | -0.5 | 2.4 | -29.5 |
| August | 193 | 1 567 | 191 | 1 299 | 2 | 268 | 27.0 | 2.2 | 19.6 | -27.5 |
| September | 205 | 1 772 | 148 | 1 447 | 57 | 325 | 25.0 | 4.4 | 8.3 | -27.9 |
| October | 186 | 1 958 | 151 | 1 598 | 35 | 360 | 21.6 | 5.8 | 8.9 | -25.7 |
| November | 219 | 2 177 | 140 | 1 738 | 79 | 439 | 33.5 | 8.1 | -12.8 | -23.2 |
| December | 177 | 2 354 | 123 | 1 861 | 54 | 493 | -1.1 | 7.3 | -9.9 | -23.4 |
| 1990 | | | | | | | | | | |
| January | 193 | 193 | 161 | 161 | 32 | 32 | -4.9 | -4.9 | -3.6 | -3.6 |
| February | 177 | 370 | 140 | 301 | 37 | 69 | -2.2 | -3.6 | -4.1 | -3.8 |
| March | 217 | 587 | 144 | 445 | 73 | 142 | 22.6 | 4.6 | -21.7 | -10.5 |
| April | 160 | 747 | 188 | 633 | -28 | 114 | -18.8 | -1.5 | 12.6 | -4.7 |
| May | 219 | 966 | 158 | 791 | 61 | 175 | 10.6 | 1.0 | 15.3 | -1.2 |

Source: Central Bank of Ecuador.

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

Table 2
ECUADOR: STRUCTURE OF EXPORTS^a
(Millions of dollars)

| | Primary | | | | | | Industrialized | | Percentage variation ^b | | | |
|-----------|---------|------|-------|------|---------|------|----------------|------|-----------------------------------|------|---------|------|
| | Total | | Oil | | Non-oil | | | | Pr | Oil | Non-oil | In |
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | | | | |
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | | | | |
| January | 176 | 164 | 88 | 85 | 88 | 79 | 27 | 29 | -6.8 | -3.4 | -10.2 | 7.4 |
| February | 329 | 314 | 160 | 167 | 169 | 147 | 55 | 55 | -4.6 | 4.4 | -13.0 | 0.0 |
| March | 480 | 503 | 234 | 261 | 246 | 242 | 81 | 84 | 4.8 | 11.5 | -1.6 | 3.7 |
| April | 649 | 638 | 334 | 311 | 315 | 327 | 109 | 110 | -1.7 | -6.9 | 3.8 | 0.9 |
| May | 815 | 831 | 415 | 409 | 400 | 422 | 141 | 135 | 2.0 | -1.4 | 5.5 | -4.3 |
| June | 1 009 | 988 | 504 | 473 | 505 | 515 | 163 | 158 | -2.1 | -6.2 | 2.0 | -3.1 |
| July | 1 190 | | 591 | | 599 | | 185 | | | | | |
| August | 1 352 | | 652 | | 700 | | 216 | | | | | |
| September | 1 527 | | 740 | | 787 | | 245 | | | | | |
| October | 1 683 | | 826 | | 857 | | 275 | | | | | |
| November | 1 872 | | 943 | | 929 | | 304 | | | | | |
| December | 2 026 | | 1 033 | | 993 | | 328 | | | | | |

Source: Central Bank of Ecuador.

Note: Pr = Primary. In = Industrialized.

^a Cumulative figures. ^b With respect to the same period of the preceding year.

Table 3
ECUADOR: IMPORTS STRUCTURE^a
(Millions of dollars)^b

| | Consumer goods | | Fuels and lubricants | | Raw materials | | Capital goods | | Percentage variation ^c | | | |
|-----------|----------------|------|----------------------|------|---------------|------|---------------|------|-----------------------------------|-------|------|-------|
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | Cg | Fl | Rm | Cap.g |
| January | 11 | 14 | 4 | 9 | 80 | 88 | 71 | 51 | 23.0 | 109.3 | 9.6 | -28.5 |
| February | 21 | 24 | 8 | 18 | 167 | 163 | 117 | 98 | 16.3 | 125.0 | -2.5 | -16.4 |
| March | 38 | 40 | 14 | 29 | 263 | 239 | 181 | 139 | 3.7 | 107.1 | -8.9 | -23.0 |
| April | 64 | 58 | 18 | 36 | 341 | 343 | 240 | 196 | -9.9 | 100.0 | 0.7 | -18.3 |
| May | 78 | 74 | 22 | 44 | 426 | 414 | 273 | 258 | -4.5 | 100.0 | -2.9 | -5.5 |
| June | 93 | | 30 | | 520 | | 317 | | | | | |
| July | 110 | | 35 | | 594 | | 365 | | | | | |
| August | 132 | | 44 | | 699 | | 419 | | | | | |
| September | 146 | | 48 | | 785 | | 462 | | | | | |
| October | 159 | | 58 | | 854 | | 521 | | | | | |
| November | 275 | | 68 | | 921 | | 569 | | | | | |
| December | 286 | | 76 | | 981 | | 610 | | | | | |

Source: Central Bank of Ecuador.

^a Classified by economic purpose.

^b Cumulative figures.

^c With respect to the same period of the preceding year.

Table 4
ECUADOR: NET INTERNATIONAL RESERVES

| | Millions of dollars ^a | | | Absolute variations | | | |
|-----------|----------------------------------|------|------|---------------------|-------------------|--------------------|-------------------|
| | | | | 1989 | | 1990 | |
| | 1988 | 1989 | 1990 | Month ^b | Year ^c | Month ^b | Year ^c |
| March | -229 | -92 | 203 | 137 | 84 | 295 | .. |
| June | -276 | -111 | 193 | 165 | 65 | 82 | -10 |
| September | -265 | - | | 265 | 176 | | |
| December | -176 | 203 | | 379 | 379 | | |

Source: Central Bank of Ecuador.

^a Monthly balances.

^b With respect to the same month of the preceding year.

^c With respect to December of the preceding year.

Table 5
ECUADOR: EXCHANGE RATES

| | Average exchange rate (Sucre per dollar) | | | | Adjusted real exchange rate (Index 1985 = 100) ^a | | | |
|-----------|---|-------|------------|-------|--|-------|------------|-------|
| | Free | | Controlled | | Free | | Controlled | |
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 |
| January | 439.3 | 657.2 | 534.6 | 687.7 | 138.5 | 142.0 | 139.2 | 122.8 |
| February | 450.0 | 669.9 | 530.4 | 691.2 | 134.6 | 137.7 | 131.1 | 117.4 |
| March | 460.4 | 702.1 | 517.1 | 733.6 | 127.2 | 138.3 | 118.1 | 119.4 |
| April | 471.3 | 719.4 | 505.3 | 781.6 | 127.8 | 135.3 | 113.2 | 121.5 |
| May | 497.8 | 734.9 | 529.4 | 820.8 | 134.4 | 134.9 | 118.1 | 124.5 |
| June | 522.6 | 750.3 | 540.6 | 849.1 | 136.0 | 134.0 | 116.3 | 125.3 |
| July | 535.9 | 785.8 | 571.4 | 897.1 | 137.5 | 136.4 | 121.1 | 128.6 |
| August | 549.5 | | 578.5 | | 136.7 | | 118.9 | |
| September | 563.7 | | 585.2 | | 134.2 | | 115.1 | |
| October | 585.2 | | 605.9 | | 136.1 | | 116.4 | |
| November | 609.8 | | 656.6 | | 137.5 | | 122.3 | |
| December | 632.6 | | 657.5 | | 139.4 | | 119.7 | |

Source: ECLAC, on the basis of figures from the Central Bank of Ecuador.

^a Index of the nominal exchange rate deflated by the consumer price index and adjusted by the United States wholesale price index.

Table 6
ECUADOR: CONSUMER PRICE INDEX
(Percentage variation)

| | 1989 | | | 1990 | | |
|-----------|-------|------|-----------|-------|------|-----------|
| | Month | Year | 12 months | Month | Year | 12 months |
| January | 5.3 | 5.3 | 89.4 | 3.7 | 3.7 | 52.0 |
| February | 5.8 | 11.4 | 90.9 | 4.6 | 8.5 | 50.2 |
| March | 9.0 | 21.4 | 99.1 | 4.2 | 13.1 | 43.6 |
| April | 2.7 | 24.7 | 91.3 | 4.5 | 18.2 | 46.2 |
| May | 1.1 | 26.0 | 84.6 | 2.9 | 21.7 | 48.9 |
| June | 3.4 | 30.3 | 84.3 | 2.5 | 24.8 | 47.7 |
| July | 1.4 | 32.1 | 78.2 | 3.2 | 28.7 | 50.3 |
| August | 2.6 | 35.5 | 72.8 | | | |
| September | 4.8 | 42.0 | 68.7 | | | |
| October | 2.6 | 45.7 | 64.2 | | | |
| November | 3.1 | 50.3 | 59.2 | | | |
| December | 2.6 | 54.2 | 54.2 | | | |

Source: National Institute of Statistics and Censuses (INEC).

Table 7
ECUADOR: MONETARY AGGREGATES
(Percentage variation)^a

| | Money supply (M1) | | | | Monetary base | | | |
|-----------|-------------------|------------------|------------------------|-------------------|-------------------|-------------------|------------------------|-------------------|
| | Year ^b | | 12 months ^c | | Year ^b | | 12 months ^c | |
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 |
| March | -0.8 | -0.8 | 48.9 | 38.1 | -3.1 | -2.6 | 50.3 | 44.5 |
| June | 8.6 | 10.3 | 40.3 | 40.3 | 7.8 | 12.1 | 56.0 | 49.4 |
| August | 12.2 | 6.7 ^d | 40.1 | 32.8 ^d | 14.7 | 21.6 ^e | 46.6 | 57.1 ^e |
| September | 16.0 | | 40.4 | | 23.1 | | 45.3 | |
| December | 38.1 | | 38.1 | | 43.7 | | 43.7 | |

Source: Central Bank of Ecuador.

^a Percentage variation calculated with respect to balances at the end of each month. ^b With respect to December of the preceding year.

^c With respect to the same month of the preceding year. ^d August 9, 1990. ^e August 24, 1990.

Table 8
ECUADOR: GENERAL MINIMUM MONTHLY WAGES
(Index December 1987=100)

| | Nominal minimum wages | | | | Real minimum wage | | | | |
|----------|-----------------------|--------|-------|-------|-------------------|------|----------------------|-------------------|--------------------|
| | Sucres | | Index | | Index | | Percentage variation | | |
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | Month | Year ^a | 12Ms. ^b |
| February | 22 000 | 32 000 | 151.7 | 220.7 | 73.3 | 71.0 | -4.4 | -3.7 | -3.2 |
| April | 22 000 | 32 000 | 151.7 | 220.7 | 65.5 | 65.2 | -4.3 | -1.8 | -0.5 |
| June | 27 000 ^c | 32 000 | 186.2 | 220.7 | 76.9 | 61.7 | -2.5 | -8.3 | -19.8 |
| July | 27 000 ^c | 32 000 | 186.2 | 220.7 | 75.9 | 59.8 | -3.1 | -10.2 | -21.2 |
| August | 27 000 ^c | 32 000 | 186.2 | 220.7 | 74.0 | | | | |
| October | 27 000 ^c | | 186.2 | | 68.8 | | | | |
| December | 27 000 ^c | | 186.2 | | 65.0 | | | | |

Source: ECLAC, on the basis of official data.

^a Percentage variation of the cumulative average index with respect to the same period of the preceding year. ^b With respect to the same month of the preceding year. ^c Corresponding to the public sector, the minimum wage for private sector is 30 000 sucres.

MEXICO

During the first half of 1990, the main lines of the Pact for Stability and Economic Growth (PECE), which had been in effect since 1989, continued to be applied, although its instruments were managed more flexibly. A tight fiscal policy was maintained, but the monetary policy was relaxed, in a context of trade liberalization. Within this framework a resurgence of inflation occurred, since the rate of price variation in annual terms rose from 17% in January to 27% in July, accompanied by a slight decline in the growth rate of the economy (figure 1). The public sector again showed a considerable primary surplus, although its financing needs remained at a level representing close to 15% of expenditure. On the other hand, the surplus in the balance-of-payments capital account made up for the larger current account deficit, and a small increase in reserves was noted.

The performance in the second half of the year will depend greatly on the effects of the present crisis in the Middle East. If the international price of oil remains high, the balance of payments is bound to improve; the effect this may have on the fiscal deficit, the level of activity and inflation will, however, depend on what proportion of the increased economic surplus the authorities decide to transfer to the domestic economy in the short run.

The adjustment in public sector tariffs and basic commodity prices introduced in late 1989 and early 1990 was accompanied by significant monetary expansion and caused the rate of variation of domestic prices to exceed the forecasts. Thus, the inflation rate envisaged for the entire year had already been reached in June, while the rise in the level of prices in the 12 months prior to August amounted to 27% (table 4). The upsurge in inflation was accompanied by a decline—to nearly 15% annually—in the rate of currency devaluation; a substantial drop in interest rates, both nominal and real, although this was more marked in the case of the latter; and a drop of about 10% in minimum wages (table 5).

The growth rate of GDP fell in the first half of the year to about 2%, as part of a trend which had already begun towards the end of the previous year, when certain policies designed to keep demand from overexpanding had been adopted. The slowdown was most acute in manufacturing, whose growth—8% annually in the second and third quarters of 1989—fell to roughly 2% in the first half of 1990 (table 1). The agricultural, mining and construction sectors experienced an upturn, while the electricity sector maintained its high growth rates. Estimates prior to the outbreak of the Middle East crisis indicated that the product would grow slightly less than in 1989. Nevertheless, the rate of open unemployment remained much the same as that of the preceding months.

Private investment recovered substantially. Some repatriated capital was invested in providing equipment to enterprises, many of them in the process of modernization in response to trade liberalization. At the same time, public investment experienced an upturn after having decreased by close to one third over the past five years.

Public finances remained subject to rigorous controls. During the first half of the year, the public sector's financial needs with respect to expenditure showed no variation; as for the primary balance, it showed as high a surplus as the previous year (some 8% of GDP). Both the income and the expenditure of the non-financial public sector grew in real terms (table 10). This was due first to an increase in compliance with tax obligations, and second to the drop in interest rates, which reduced spending. The increased resources available were used for subsidies (including basic food subsidies) and to cover capital outlay. The issue of the privatization of public enterprises was high on the list of the government's concerns; particularly outstanding in this connection, were the actions associated with the reprivatization of commercial banks and the sale of the telephone

company and the Cananea mining company.

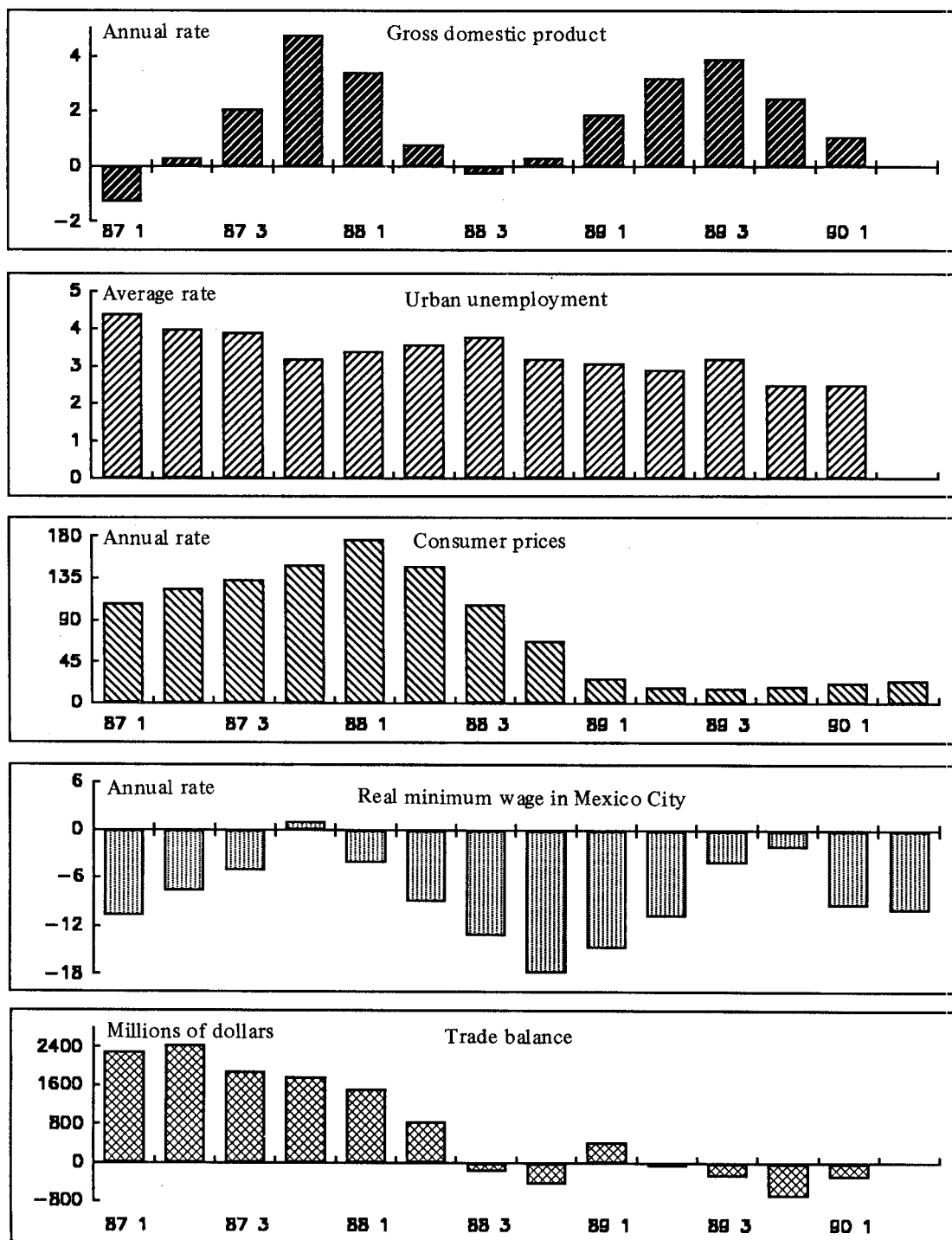
The deficit in the balance of trade in goods continued to expand owing to the fact that the growth rate of imports (16%) again exceeded that of exports (1%) (table 6). The favourable balance of trade in services, which was largely attributable to the growth of the subcontracting industry, reduced the overall trade deficit. The current account deficit widened again, however, reaching US\$3.5 billion in the first seven months of the year. The positive net capital balance during this period allowed for an increase of US\$200 million in international reserves. The rise in the price of oil is expected to lessen the current account deficit during the second half of the year.

The average real exchange rate in the first half of the year was approximately 4% lower than that of the same period in 1989, since the rate of devaluation dropped to 15% and the domestic inflation rate rose to over 25% (table 9).

The money supply remained at the high level recorded towards the end of 1989, when a rapid acceleration in money supply (M_1) was observed; in the 12 months prior to April this variable had risen by 50% —twice the rate of inflation during the same period—, with the result that liquidity expanded substantially (table 11). The funds attracted by the financial system, in both its banking and non-banking components, increased rapidly in real terms, which made it possible to extend more credit to the private sector. Nominal and real interest rates fell, but domestic rates, once the effects of devaluation are taken into account, were very much higher than international market rates. Thus, the average cost of raising capital dropped from 52% in June 1989 to 35% a year later. During that period, the real interest rate on deposits fell by over 25% annually, to under 10% (table 12), but the average rate paid during the first half of the year for Treasury Certificates (41% annually) was equivalent to an interest rate of 23% annually in dollars.

The crisis in the Middle East will foreseeably have various effects on the Mexican economy. On the one hand, the persistent rise in the international price of crude will bring in an estimated additional US\$1 billion during the final months in the year —a figure equivalent to 4% of the value of Mexican imports. Since petroleum production capacity cannot be expanded in the short term, there are no grounds for hope that this will have a significant impact on the sector's output. The increase in fiscal earnings, which will add to the primary surplus, may be, either alternatively or complementarily, accumulated as a reserve in a buffer fund, used to reduce liabilities or to finance an increase in public spending. In the latter case, GDP is likely to grow slightly more than it did the previous year.

Figure 1
MEXICO: QUARTERLY EVOLUTION OF THE
MAIN ECONOMIC INDICATORS



Source: ECLAC, on the basis of official data.

Table 1
MEXICO: QUARTERLY GROSS DOMESTIC PRODUCT^a
(1980 = 100)

| | 1989 | | | | | 1990 ^b | |
|---|------------|------------|------------|------------|------------|-------------------|------------|
| | I | II | III | IV | Year | I | I+II |
| Total | 1.9 | 3.2 | 3.9 | 2.5 | 2.9 | 1.1 | 2.1 |
| Agriculture, forestry, and fishing | -2.2 | -3.1 | -3.8 | -2.9 | -3.1 | 1.2 | 1.1 |
| Mining | -2.3 | -2.9 | 1.8 | -0.1 | -0.9 | 2.1 | 2.1 |
| Manufacturing | 5.0 | 8.9 | 8.2 | 1.8 | 6.0 | 0.6 | 2.2 |
| Construction | 0.3 | 3.0 | 3.5 | 5.4 | 3.0 | 2.7 | 5.2 |
| Electricity, gas and water | 6.6 | 8.4 | 10.0 | 6.9 | 8.0 | 7.1 | 6.2 |
| Trade (restaurants and hotels) | 1.8 | 2.8 | 4.2 | 4.0 | 3.2 | 0.3 | 1.6 |
| Transport, storing and communications | 4.2 | 5.7 | 7.2 | 7.3 | 6.1 | 3.4 | 4.6 |
| Financial services, insurance and real estate | 1.5 | 2.0 | 1.9 | 2.6 | 2.0 | 2.3 | 2.3 |
| Community services, social and private | 0.2 | 0.9 | 1.9 | 1.5 | 1.1 | 0.3 | 0.7 |

Source: ECLAC, on the basis of official information.

^a Percentage variation with respect to the same period of the preceding year.

^b Provisional.

Table 2
MEXICO: PRODUCTION BY SECTORS
(Percentage variation)^a

| | Total | Mining | Manufactures | | | | Con- struction | Elec- tricity |
|-----------|-------|--------|------------------|----------|---------|---------|-------------------|------------------|
| | | | Total | Consump. | Interm. | Capital | | |
| 1989 | | | | | | | | |
| January | -2.1 | -9.2 | -1.2 | -3.3 | -4.6 | 25.0 | -2.1 | 7.1 |
| February | 0.7 | -7.0 | 2.1 | 1.4 | -0.8 | 18.5 | -0.9 | 6.8 |
| March | 1.2 | -4.9 | 2.9 | 3.1 | 0.0 | 15.1 | -1.5 | 6.9 |
| April | 3.1 | -3.4 | 4.7 | 4.6 | 2.2 | 16.3 | -0.7 | 6.8 |
| May | 4.0 | -4.1 | 5.8 | 5.6 | 3.6 | 15.3 | 2.4 | 7.3 |
| June | 4.6 | -4.4 | 6.5 | 6.4 | 4.2 | 15.5 | 2.7 | 7.8 |
| July | 5.1 | -3.4 | 7.0 | 7.0 | 4.7 | 15.5 | 3.1 | 8.0 |
| August | 5.3 | -3.0 | 7.1 | 7.2 | 5.1 | 12.7 | 3.4 | 8.5 |
| September | 5.2 | -2.1 | 6.9 | 7.2 | 4.9 | 10.7 | 2.5 | 8.5 |
| October | 5.1 | -2.0 | 6.8 | 7.0 | 5.0 | 10.7 | 2.1 | 8.3 |
| November | 5.0 | -1.7 | 8.2 | 6.8 | 4.9 | 9.6 | 2.2 | 8.2 |
| December | 4.5 | -1.5 | 7.4 | 6.0 | 4.5 | 8.3 | 1.7 | 8.1 |
| 1990 | | | | | | | | |
| January | 11.7 | 13.5 | 11.0 | 14.5 | 11.5 | -6.4 | 8.6 | 6.7 |
| February | 6.7 | 7.5 | 6.0 | 7.7 | 5.9 | -4.0 | 6.2 | 7.1 |
| March | 7.5 | 6.0 | 7.3 ^b | 8.2 | 7.4 | 0.3 | 7.5 | 7.0 |
| April | 5.2 | 4.6 | 4.5 ^b | 5.2 | 4.5 | -1.2 | 6.7 | 6.6 |
| May | ... | ... | 4.8 ^b | ... | ... | ... | ... | ... |
| June | ... | ... | 5.1 ^b | ... | ... | ... | ... | ... |

Source: ECLAC, on the basis of figures supplied by the Banco de México.

^a Variations in average cumulative index with respect to the same period of the preceding year.
opinions.

^b Estimates based on surveys businessmen

Table 3
MEXICO: RATES OF OPEN UNEMPLOYMENT
(Quarterly average)

| | 1989 | | | | 1990 | | | |
|-----------|----------------------|-------------|-------------|-----------|----------------------|-------------|-------------|-----------|
| | Average of 16 cities | Mexico City | Guadalajara | Monterrey | Average of 16 cities | Mexico City | Guadalajara | Monterrey |
| January | 3.5 | 4.4 | 1.6 | 3.8 | 2.6 | 3.0 | 1.3 | 2.9 |
| February | 3.0 | 3.7 | 2.0 | 4.2 | 2.4 | 2.7 | 1.3 | 3.4 |
| March | 2.9 | 3.7 | 1.3 | 3.3 | 2.4 | 2.9 | 1.0 | 3.5 |
| April | 3.0 | 4.1 | 1.4 | 2.5 | | | | |
| May | 3.0 | 3.8 | 2.6 | 2.3 | | | | |
| June | 2.8 | 3.7 | 1.2 | 3.2 | | | | |
| July | 3.1 | 3.9 | 2.1 | 3.3 | | | | |
| August | 3.1 | 3.7 | 2.3 | 3.9 | | | | |
| September | 3.3 | 4.3 | 1.6 | 3.8 | | | | |
| October | 2.7 | 3.3 | 1.4 | 2.9 | | | | |
| November | 2.4 | 2.8 | 1.9 | 2.4 | | | | |
| December | 2.3 | 3.0 | 1.3 | 2.4 | | | | |

Source: ECLAC, on the basis of figures supplied by the Banco de México and the Ministry of Programming and Budget.

Table 4
MEXICO: PRICE INDEX
(Percentage variation)

| | Consumer price index | | | | | | Wholesale price index | | | | | |
|-----------|----------------------|------|--------|-------|------|--------|-----------------------|------|--------|-------|------|--------|
| | 1989 | | | 1990 | | | 1989 | | | 1990 | | |
| | Month | Year | 12 Ms. | Month | Year | 12 Ms. | Month | Year | 12 Ms. | Month | Year | 12 Ms. |
| January | 2.4 | 2.4 | 34.6 | 4.8 | 4.8 | 22.5 | 3.9 | 3.9 | 24.3 | 3.0 | 3.0 | 17.1 |
| February | 1.4 | 3.8 | 25.9 | 2.3 | 7.1 | 23.9 | 1.3 | 5.2 | 19.0 | 1.7 | 4.8 | 17.7 |
| March | 1.1 | 4.9 | 21.1 | 1.8 | 8.9 | 23.7 | 0.7 | 6.0 | 17.7 | 1.8 | 6.6 | 18.8 |
| April | 1.5 | 6.5 | 19.2 | 1.5 | 10.8 | 24.5 | 1.2 | 7.2 | 16.1 | 2.4 | 9.1 | 20.2 |
| May | 1.4 | 8.0 | 18.5 | 1.7 | 12.7 | 24.8 | 1.4 | 8.7 | 15.1 | 2.2 | 11.5 | 21.2 |
| June | 1.2 | 9.3 | 17.6 | 2.2 | 15.2 | 26.1 | 0.7 | 9.4 | 14.3 | 2.7 | 14.5 | 23.6 |
| July | 1.0 | 10.4 | 16.8 | 1.8 | 17.3 | 27.1 | 0.7 | 10.2 | 13.7 | | | |
| August | 1.0 | 11.5 | 16.9 | | | | 0.7 | 11.0 | 13.2 | | | |
| September | 1.0 | 12.5 | 17.3 | | | | 0.6 | 11.7 | 13.9 | | | |
| October | 1.5 | 14.2 | 18.1 | | | | 1.1 | 12.9 | 13.5 | | | |
| November | 1.4 | 15.7 | 18.2 | | | | 1.5 | 14.5 | 15.4 | | | |
| December | 3.4 | 19.7 | 19.7 | | | | 3.1 | 18.1 | 18.1 | | | |

Source: ECLAC, on the basis of figures supplied by the Banco de México.

Table 5
MEXICO: NOMINAL AND REAL WAGES IN MEXICO CITY

| | Minimum wages | | | | Real minimum wages | | | | |
|-----------|---------------|-------|---------------------|-------|---------------------|------|----------------------|-------------------|--------------------|
| | Pesos | | Index 1978 = 100 | | Index 1978 = 100 | | Percentage variation | | |
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | Month ^a | Year ^b | 12Ms. ^c |
| January | 7 834 | 9 139 | 7 570 | 8 831 | 46.9 | 43.1 | -5.7 | -8.1 | -8.1 |
| February | 7 834 | 9 139 | 7 570 | 8 831 | 46.3 | 41.9 | -2.8 | -8.8 | -9.5 |
| March | 7 834 | 9 139 | 7 570 | 8 831 | 45.9 | 41.1 | -1.9 | -9.3 | -10.5 |
| April | 7 834 | 9 139 | 7 570 | 8 831 | 45.0 | 40.6 | -1.2 | -9.5 | -9.8 |
| May | 7 834 | 9 139 | 7 570 | 8 831 | 44.3 | 40.0 | -1.5 | -9.5 | -9.7 |
| June | 7 834 | 9 139 | 7 570 | 8 831 | 43.6 | 39.1 | -2.3 | -9.6 | -10.3 |
| July | 8 306 | | 8 026 | | 45.6 | | | | |
| August | 8 306 | | 8 026 | | 45.2 | | | | |
| September | 8 306 | | 8 026 | | 45.0 | | | | |
| October | 8 306 | | 8 026 | | 44.2 | | | | |
| November | 8 306 | | 8 026 | | 43.5 | | | | |
| December | 9 139 | | 8 831 | | 45.7 | | | | |

Source: ECLAC, on the basis of figures supplied by the National Minimum Wage Commission and the Banco de México.

^a With respect to the preceding month.

^b Percentage variation of the average cumulative index with respect to the same period of the preceding year.

^c With respect to the same month of the preceding year.

Table 6
MEXICO: TRADE BALANCE

| | Millions of dollars | | | | | | Percentage variation ^a | | | | |
|-----------|---------------------|--------|-------------|--------|---------|--------|-----------------------------------|------|---------|------|---------|
| | Exports FOB | | Imports FOB | | Balance | | Exports | | Imports | | Balance |
| | Month | Year | Month | Year | Month | Year | Month | Year | Month | Year | Year |
| 1989 | | | | | | | | | | | |
| January | 1 752 | 1 752 | 1 664 | 1 664 | 88 | 88 | 4.8 | 4.8 | 48.8 | 48.8 | -84.1 |
| February | 1 706 | 3 458 | 1 685 | 3 349 | 21 | 109 | -2.9 | 0.8 | 40.7 | 44.6 | -90.2 |
| March | 1 949 | 5 407 | 1 625 | 4 974 | 324 | 433 | 6.4 | 2.5 | 14.5 | 33.1 | -71.8 |
| April | 1 938 | 7 345 | 2 125 | 7 099 | -187 | 246 | 8.4 | 4.2 | 52.0 | 38.2 | -87.1 |
| May | 2 093 | 9 438 | 2 041 | 9 140 | 52 | 298 | 12.0 | 5.7 | 31.3 | 36.6 | -86.7 |
| June | 2 093 | 11 531 | 2 043 | 11 183 | 50 | 348 | 17.4 | 7.6 | 25.1 | 34.4 | -85.4 |
| July | 1 854 | 13 385 | 1 821 | 13 004 | 33 | 381 | 10.8 | 8.1 | 14.2 | 31.1 | -84.6 |
| August | 1 890 | 15 275 | 1 997 | 15 001 | -107 | 274 | 3.3 | 7.5 | 9.3 | 27.7 | -88.9 |
| September | 1 796 | 17 071 | 2 011 | 17 012 | -215 | 59 | 21.4 | 8.8 | 15.5 | 26.2 | -97.3 |
| October | 1 956 | 19 027 | 2 240 | 19 252 | -284 | -225 | 27.6 | 10.4 | 28.7 | 26.4 | ... |
| November | 1 727 | 20 754 | 1 950 | 21 202 | -223 | -448 | 0.0 | 9.5 | 0.1 | 23.5 | ... |
| December | 2 011 | 22 765 | 2 209 | 23 411 | -198 | -646 | 18.0 | 10.2 | 27.7 | 23.8 | ... |
| 1990 | | | | | | | | | | | |
| January | 1 976 | 1 976 | 2 057 | 2 057 | -81 | -81 | 12.8 | 12.8 | 23.6 | 23.6 | ... |
| February | 1 877 | 3 853 | 1 889 | 3 946 | -12 | -93 | 10.0 | 11.4 | 12.1 | 17.8 | ... |
| March | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| June | ... | 11 678 | ... | 12 986 | ... | -1 308 | ... | 1.3 | ... | 16.1 | ... |

Source: ECLAC, on the basis of figures from the Banco de México.

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

Table 7
MEXICO: STRUCTURE OF EXPORTS
(Cumulative values in millions of dollars)

| | Non-petroleum | | | | | | | | | | Percentage variation ^a | |
|-----------|---------------|-------|--------|-------|--------------|------|---------------------|------|--------------|-------|-----------------------------------|-----------|
| | Petroleum | | Total | | Agricultural | | Extract. industries | | Manufactures | | | |
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | Petroleum | Non-petr. |
| January | 613 | 753 | 1 139 | 1 223 | 161 | 195 | 59 | 46 | 919 | 982 | 22.8 | 7.4 |
| February | 1 174 | 1 366 | 2 284 | 2 487 | 366 | 410 | 100 | 115 | 1 818 | 1 962 | 16.4 | 8.9 |
| March | 1 852 | ... | 3 555 | ... | 550 | ... | 150 | ... | 2 855 | ... | ... | ... |
| April | 2 544 | 2 484 | 4 801 | 5 065 | 724 | 780 | 210 | 206 | 3 867 | 4 078 | -2.4 | 5.5 |
| May | 3 216 | ... | 6 222 | ... | 856 | ... | 269 | ... | 5 097 | ... | ... | ... |
| June | 3 887 | 3 465 | 7 644 | 8 213 | 988 | ... | 329 | ... | 6 327 | ... | -10.9 | 7.4 |
| July | 4 534 | | 8 851 | | 1 143 | | 376 | | 7 332 | | | |
| August | 5 148 | | 10 127 | | 1 283 | | 429 | | 8 415 | | | |
| September | 5 800 | | 11 271 | | 1 394 | | 463 | | 9 414 | | | |
| October | 6 492 | | 12 535 | | 1 469 | | 505 | | 10 561 | | | |
| November | 6 974 | | 13 780 | | 1 587 | | 559 | | 11 634 | | | |
| December | 7 876 | | 14 889 | | 1 754 | | 605 | | 12 530 | | | |

Source: ECLAC, on the basis of figures from the Banco de México.

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

Table 8
MEXICO: STRUCTURE OF IMPORTS
(Cumulative figures)

| | Millions of dollars | | | | | | Percentage variation ^a | | |
|-----------|---------------------|-------|--------------------|-------|---------------|-------|-----------------------------------|----------------------------|------------------|
| | Consumer goods | | Intermediate goods | | Capital goods | | | | |
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | Con- sumer goods | Inter- mediate goods | Capital goods |
| January | 176 | 291 | 1 150 | 1 305 | 338 | 461 | 65.3 | 13.5 | 36.4 |
| February | 378 | 581 | 2 297 | 2 511 | 674 | 854 | 53.7 | 9.3 | 26.7 |
| March | 641 | ... | 3 335 | ... | 998 | ... | ... | ... | ... |
| April | 899 | 1 182 | 4 818 | 5 106 | 1 382 | 1 813 | 31.5 | 6.0 | 31.2 |
| May | 1 230 | ... | 6 166 | ... | 1 744 | ... | ... | ... | ... |
| June | 1 562 | 2 001 | 7 515 | 8 112 | 2 106 | 2 873 | 28.1 | 7.9 | 36.4 |
| July | 1 834 | | 8 695 | | 2 475 | | | | |
| August | 2 140 | | 10 012 | | 2 849 | | | | |
| September | 2 419 | | 11 307 | | 3 286 | | | | |
| October | 2 781 | | 12 726 | | 3 745 | | | | |
| November | 3 030 | | 14 013 | | 4 159 | | | | |
| December | 3 499 | | 15 143 | | 4 769 | | | | |

Source: ECLAC, on the basis of figures from the Banco de México.

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

Table 9
MEXICO: EXCHANGE RATE

| | Official exchange rate (Pesos per dollar) | | | | Adjusted real exchange rate (Index 1985 = 100) ^a | | | |
|-----------|--|-------|------------|-------|--|------|------------|------|
| | Free | | Controlled | | Free | | Controlled | |
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 |
| January | 2 315 | 2 700 | 2 257 | 2 656 | 74.8 | 74.2 | 88.1 | 88.2 |
| February | 2 343 | 2 730 | 2 309 | 2 675 | 75.0 | 73.1 | 89.3 | 86.5 |
| March | 2 372 | 2 759 | 2 342 | 2 715 | 75.7 | 72.4 | 90.2 | 86.1 |
| April | 2 403 | 2 789 | 2 375 | 2 745 | 76.1 | 72.0 | 90.8 | 85.6 |
| May | 2 435 | 2 820 | 2 408 | 2 775 | 76.5 | 71.9 | 91.4 | 85.4 |
| June | 2 465 | 2 847 | 2 441 | 2 802 | 76.3 | 70.8 | 91.3 | 84.2 |
| July | 2 495 | | 2 472 | | 76.4 | | 91.4 | |
| August | 2 526 | | 2 503 | | 76.2 | | 91.2 | |
| September | 2 556 | | 2 533 | | 76.6 | | 91.7 | |
| October | 2 587 | | 2 564 | | 76.6 | | 91.7 | |
| November | 2 617 | | 2 594 | | 76.4 | | 91.5 | |
| December | 2 648 | | 2 624 | | 75.0 | | 89.8 | |

Source: ECLAC, on the basis of figures supplied by the Banco de México and the International Monetary Fund, *International Financial Statistics*.

^a Index of nominal exchange rate deflated by the consumer price index and adjusted by the United States wholesale price index.

Table 10
MEXICO: MAIN OPERATIONS OF THE CONSOLIDATED PUBLIC SECTOR
(Cumulative values in billions of pesos)

| | Income | | | Expenditure | | | Deficit |
|-----------------------------------|--------|-----------|-------|-------------|-----------|-------|---------|
| | Total | Fed. Gov. | PEMEX | Total | Fed. Gov. | PEMEX | |
| 1989 | | | | | | | |
| March | 34.8 | 21.7 | 7.7 | 38.4 | 25.7 | 8.0 | 5.9 |
| June | 72.2 | 44.7 | 16.3 | 81.3 | 54.5 | 16.8 | 11.0 |
| September | 111.7 | 69.5 | 24.7 | 129.2 | 86.9 | 26.2 | 16.8 |
| December | 150.8 | 92.0 | 34.2 | 177.6 | 117.6 | 36.2 | 25.3 |
| 1990 | | | | | | | |
| March | 46.0 | 28.0 | 11.4 | 51.2 | 34.4 | 12.0 | 7.5 |
| Percentage variation ^a | | | | | | | |
| 1989 | | | | | | | |
| March | 25.6 | 40.0 | 0.0 | 3.2 | -2.7 | 8.1 | -40.4 |
| June | 26.9 | 39.7 | 3.8 | 6.0 | 0.9 | 19.1 | -45.3 |
| September | 25.6 | 40.4 | 6.0 | 11.7 | 10.4 | 18.6 | -43.8 |
| December | 27.3 | 40.5 | 14.4 | 14.7 | 13.8 | 24.4 | -40.5 |
| 1990 | | | | | | | |
| March | 32.2 | 29.0 | 48.1 | 33.3 | 33.9 | 50.0 | 27.1 |

Source: ECLAC, on the basis of figures from the Banco de México.

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

Table 11
MEXICO: MONETARY AGGREGATES
(Balance at the end of period)

| | Billions of pesos | | | | | Percentage variation ^a | | | | |
|-----------|-------------------|------|-------|-------|-------|-----------------------------------|------|------|------|------|
| | Monetary base | M1 | M2 | M3 | M4 | Monetary base | M1 | M2 | M3 | M4 |
| 1988 | | | | | | | | | | |
| December | 20.8 | 22.3 | 87.4 | 122.3 | 134.4 | 40.6 | 58.1 | 42.2 | 65.5 | 63.7 |
| 1989 | | | | | | | | | | |
| January | 20.0 | 20.2 | 85.6 | 124.3 | 137.0 | 28.8 | 50.6 | 41.6 | 63.0 | 61.7 |
| February | 20.2 | 20.4 | 80.0 | 127.8 | 140.6 | 29.0 | 40.0 | 24.0 | 52.7 | 47.7 |
| March | 20.7 | 20.7 | 79.3 | 131.3 | 144.4 | 29.2 | 32.8 | 13.3 | 43.2 | 38.9 |
| April | 17.4 | 20.8 | 80.7 | 136.2 | 148.7 | -7.7 | 23.7 | 13.0 | 39.0 | 35.6 |
| May | 16.9 | 21.3 | 85.7 | 140.8 | 153.7 | -13.2 | 26.4 | 15.5 | 39.1 | 36.0 |
| June | 17.8 | 22.1 | 93.5 | 147.6 | 160.6 | -10.7 | 19.7 | 23.5 | 42.4 | 39.3 |
| July | 18.5 | 22.8 | 94.9 | 155.4 | 169.0 | -4.3 | 22.4 | 25.3 | 51.0 | 47.5 |
| August | 16.6 | 22.3 | 94.0 | 155.7 | 171.3 | -10.6 | 15.7 | 26.0 | 49.2 | 48.5 |
| September | 16.1 | 23.1 | 97.9 | 157.6 | 174.4 | -5.4 | 26.2 | 26.3 | 48.2 | 48.6 |
| October | 17.7 | 24.5 | 103.8 | 164.7 | 182.6 | 1.3 | 25.8 | 29.9 | 48.1 | 49.3 |
| November | 19.4 | 26.0 | 106.9 | 169.2 | 187.7 | 7.1 | 25.9 | 36.3 | 46.2 | 48.3 |
| December | 23.0 | 31.3 | 125.0 | 182.5 | 202.2 | 10.6 | 40.1 | 43.0 | 49.3 | 50.5 |
| 1990 | | | | | | | | | | |
| January | 19.9 | 28.0 | 119.5 | 182.0 | 202.4 | -0.6 | 38.3 | 39.7 | 46.4 | 47.7 |
| February | 19.9 | 28.7 | 118.1 | 186.7 | 207.3 | -1.8 | 40.3 | 47.7 | 46.2 | 47.5 |
| March | 20.6 | 29.3 | 120.8 | 192.4 | 214.6 | -0.2 | 41.9 | 52.4 | 46.6 | 48.6 |
| April | 21.4 | 31.1 | 126.5 | 200.9 | 223.1 | 23.3 | 49.6 | 56.9 | 47.5 | 50.1 |

Source: ECLAC, on the basis of figures supplied by the Banco de México.

Note: M1 = Money plus national and foreign currency checking accounts. M2 = M1 plus negotiable bank paper with a term of up to one year and bank loans. M3 = M2 plus non-negotiable bank paper with a term of up to one year (Treasury Certificates, Federal Government Bonds, Development Bonds and Commercial paper). M4 = M3 plus long-term financial instruments (over one year), Petroleum Bonds, etc.

^a With respect to the same month in the preceding year.

Table 12
MEXICO: INTEREST RATES ON DEPOSITS
(Percentages)

| | Average cost of procuring funds | | | Time deposits (30 to 85 days) | | | Treasury Certificates (90 days) | | |
|-----------|---------------------------------|------|------|-------------------------------|------|-------------------|---------------------------------|--------------|-------------------|
| | 1988 | 1989 | 1990 | 1988 | 1989 | 1990 | 1988 | 1989 | 1990 |
| January | 122.5 | 49.4 | 42.1 | 123.4 | 31.1 | 32.6 | 155.7 | 50.6 | 40.3 |
| February | 135.9 | 48.7 | 44.9 | 123.5 | 31.1 | 32.6 | 153.9 | 49.4 | 43.1 |
| March | 117.2 | 47.3 | 47.2 | 72.5 | 31.1 | 32.9 | 78.3 | 48.8 | 45.2 |
| April | 81.0 | 46.9 | 47.2 | 51.2 | 31.1 | 32.5 | 54.5 | 51.4 | 44.1 |
| May | 60.6 | 49.2 | 42.6 | 43.8 | 31.1 | 29.5 | 44.8 | 53.9 | 38.0 |
| June | 46.8 | 52.0 | 35.2 | 31.8 | 31.1 | 27.2 ^a | 33.0 | 55.0 | 33.7 ^a |
| July | 40.7 | 51.5 | | 31.1 | 31.9 | | 32.5 | ^b | |
| August | 39.9 | 38.1 | | 31.1 | 29.4 | | 32.5 | 36.3 | |
| September | 39.9 | 35.2 | | 31.1 | 29.2 | | 32.5 | 35.7 | |
| October | 40.0 | 37.4 | | 31.1 | 30.4 | | 32.5 | 39.2 | |
| November | 41.7 | 39.5 | | 31.1 | 31.7 | | ^b | 40.0 | |
| December | 45.5 | 40.1 | | 31.1 | 32.5 | | 51.5 | 40.3 | |

Source: ECLAC, on the basis of figures from the Banco de México.

^a From 1 to 17 June. ^b Unquoted rates.

PERU

The Peruvian economy continued to be dogged by the recession from which it had been suffering since 1988, with extremely high monthly rates of inflation. The monetary base expanded at a rate of almost 2 000% annually, mainly in order to finance the growing fiscal deficit. The uncertainty caused by the erratic effects of the economic measures turned into expectations of a drastic adjustment, in view of the imminent change of government and the scant leeway available to the monetary authorities, and upsurge in inflation that took place as from June triggered a run on the dollar. When the new government took office, however, economic policy underwent a radical change designed to restore the basic equilibriums.

Up until June the average monthly variation in prices was 35% (27% during the previous half year), but in July expectations of changes in economic policy pushed the rate up to 63%. Through monthly readjustments it had been possible to maintain the real wage levels of the previous half year, but from July onward these levels began to decline. However, the rise in public expenditure in real terms and the increase in stocks helped total output to grow by almost 6% during the first half of the year in relation to the same period of 1989, when the recession was at its height.

Fiscal policy was not able to avoid a worsening of the crisis, and the deficit of the non-financial public sector during the first half of the year rose to 7.6% of GDP (compared with 3.7% during the corresponding period of 1989) because the central government deficit increased more than fourfold. Central government expenditure rose from 8.9% to 11.2% of GDP, while interest payments on the domestic debt more than trebled, to the point where they absorbed some 75% of second-quarter government income. Total fiscal income in the first half of the year represented only 4.5% of GDP (compared with 7.3% for the same period of 1989), due to the lower revenue earned from income tax, import duties and, particularly, taxes on fuel: a decline which was not offset by the increase in the rates of various taxes. The indexation of some tariffs brought the deficit of the public enterprises down to 0.7% of GDP, however, compared with 1.8% in the first half of 1989.

The deficit for the first six months was financed primarily by domestic credit (6.5% of GDP as against 1.2% in the corresponding period of 1989). Almost all the increase in the monetary base was due to Central Bank credits to the public sector and to agricultural activities. The rate of expansion of M_1 speeded up during the second quarter, while the real level of quasi-money continued to decline in the face of negative real interest rates, despite the readjustments of nominal interest rates carried out between January and July. As a result of this, total liquidity (M_2) in national currency fell to 3% of GDP for the 12-month period ending in June (compared to the 4.1% average for 1989).

At the same time, the external accounts suffered a sharp reverse reflected in a loss of net international reserves of over US\$460 million in the Central Bank and over US\$200 million in the rest of the banking system. The current account balance for the first six months of the year showed a deficit of almost US\$670 million, in contrast with a surplus of US\$340 million in the corresponding period of the previous year. This was attributable to the turnaround in the trade balance, due in particular to the increase in imports.

The value of exports fell by almost 15%, on account of the drop in prices of the main export products and the decline in the volumes of oil and copper exported. Imports rose by some 60% to a value of nearly US\$990 million during the first quarter: a figure higher than those recorded in periods of economic boom (1986-1987). Against a backdrop of recession, such a performance can only be attributed to the exchange rate policy applied since September 1989. Indeed, in order to achieve economic recovery and reduce

inflation, imports were encouraged: firstly, the official exchange rate began to be overvalued, and secondly, the proportion of imports paid for at the official exchange rate was increased from 48% in September to 70% in October 1989. Faced with the sharply worsening trade balance, however, this policy was abandoned in March.

The parallel exchange rate began to climb in real terms in February owing to the move away from national currency in the face of surging inflation and the certainty that the new government would radically alter the exchange rate system. The very sharp rise of this rate in late June (more than 50% in a single week) led to a reduction in liquidity through the increase in compulsory marginal bank reserves and the increase in the percentage of foreign currency which exporters received in the form of freely disposable certificates. However, the imminent change in economic policy led to a run on the dollar, whose value on the open market in the first days of August increased to more than three times its level of early July and was over five times the official exchange rate.

The new government began to implement its economic programme two weeks after taking office. Basically, it freed prices and sought to reduce the public deficit by eliminating subsidies. Thus, it was decided that public prices and charges should cover operating costs plus a certain profit margin. As a result, gasoline prices were raised by 3 000% and public service charges were readjusted by between 1 000% and 2 000%.

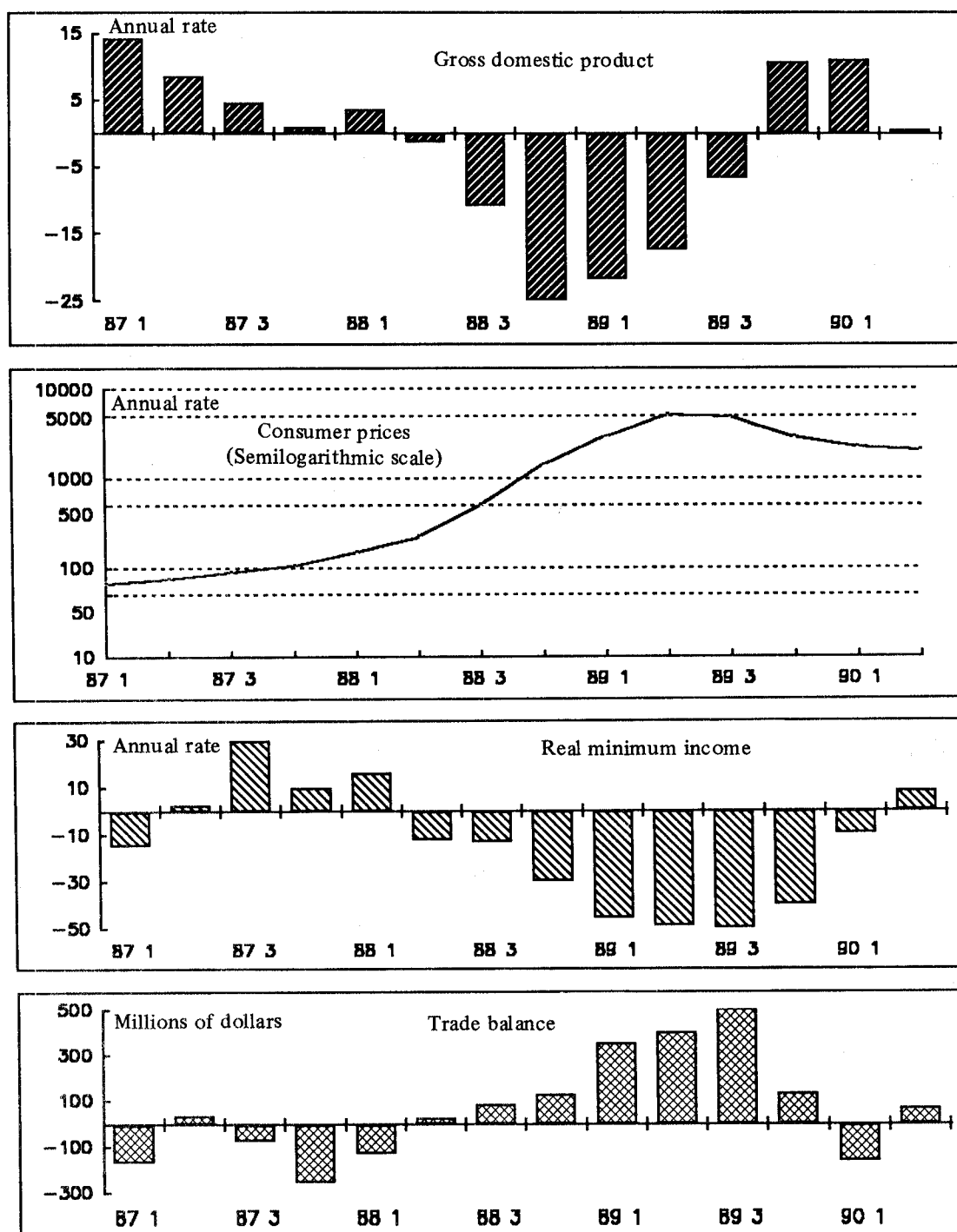
In response, private sector prices rose in line with the increases in fuel prices and the maximum prices set for other goods, which had gone up by between 600 and 700% compared with the previous official prices and by 200-300% compared with the black market prices. This gave rise to such distortions in the relative price structure that transactions came to a virtual standstill. Wage-earners were granted a one-time compensatory payment equivalent to their wages for the month of July; subsequently the minimum wage was raised by 300% and the wages of public employees by 100%. This set of measures led to a sharp contraction in demand, causing a reduction in the initial price increases, including some public tariffs and fuel prices (with the exception of gasoline). The rise in the consumer price index for August was 397% and the accumulated 12-month variation was nearly 12 400%. In order to alleviate the effects on the lower-income strata, a social compensation programme was announced.

It was hoped that the readjustment in fuel prices, half of which was to be used to finance public expenditure, would be the determining factor in bringing down the fiscal deficit. The sales tax was reduced from 18% to 14% and import tariffs brought down to a minimum of 10% and a maximum of 50%, while in both cases all exemptions were eliminated. The government imposed an additional installment of the tax on net worth and a special tax on insurance coverage. At all events, it was determined that fiscal expenditure would be adjusted to the actual availability of cash flows.

The exchange rate fell back slightly after having been set free. At the same time the system of multiple rates was abolished and the financial system authorized to maintain deposits in foreign currency.

The system of prior import licenses was also abolished and the list of prohibited imports was limited to those goods considered luxuries. In addition, a temporary tax of 10% was imposed on the FOB value of exports, restricting prior financing facilities to small and medium-sized exporters. The percentages of tax returns (CERTEX) for exported goods were also reduced.

Figure 1
PERU: QUARTERLY EVOLUTION OF THE
MAIN ECONOMIC INDICATORS



Source: ECLAC, on the basis of official data.

Table 1
PERU: GROSS DOMESTIC PRODUCT

| | Index 1979 = 100 ^a | | | | | | Percentage variation | | | |
|--------------|-------------------------------|--------------|--------------|-------------|--------------|--------------|----------------------|-------------|------------|------------|
| | 1989 | | | | 1990 | | 1989 | 1990 | | |
| | I | II | III | IV | I | II | | I | II | I+II |
| Total | 92.6 | 104.6 | 102.5 | 97.1 | 103.0 | 105.2 | -10.3 | 11.2 | 0.6 | 5.6 |
| Agriculture | 88.9 | 164.4 | 149.8 | 90.1 | 90.9 | 147.9 | -2.1 | 2.2 | -10.0 | -5.7 |
| Fishing | 213.7 | 259.6 | 149.0 | 143.2 | 250.1 | 204.3 | 9.2 | 17.0 | -21.3 | -4.0 |
| Mining | 78.2 | 73.0 | 76.8 | 79.9 | 73.2 | 74.3 | 2.0 | -6.4 | 1.8 | -2.4 |
| Electricity | 136.1 | 138.0 | 140.1 | 145.5 | 143.3 | 134.2 | -7.3 | 5.3 | -2.8 | 1.2 |
| Manufactures | 88.5 | 87.1 | 92.5 | 97.3 | 103.9 | 93.1 | -17.6 | 17.4 | 6.9 | 12.2 |
| Construction | 87.4 | 89.9 | 109.1 | 124.0 | 119.1 | 121.5 | -14.4 | 36.3 | 35.2 | 35.7 |
| Commerce | 94.8 | 98.7 | 84.0 | 85.7 | 109.8 | 96.2 | -13.7 | 15.8 | -2.5 | 6.5 |
| Other | 99.2 | 110.8 | 109.5 | 105.0 | 109.0 | 110.9 | -10.4 | 9.9 | 0.1 | 4.7 |

Source: ECLAC, on the basis of figures supplied by the National Institute of Statistics and the Central Reserve Bank of Peru.

^a Quarterly averages.

Table 2
PERU: AGRICULTURAL PRODUCTION

| | Thousands of metric tons | | | | | | Percentage variation ^a | | | |
|--------------------------|--------------------------|-------|-------|-------|-------|-------|-----------------------------------|-------|-------|-------|
| | 1989 | | | | 1990 | | 1989 | 1990 | | |
| | I | II | III | IV | I | II | | I | II | I+II |
| | | | | | | | | | | |
| Crop-farming production | | | | | | | | | | |
| Potatoes | 344 | 910 | 198 | 239 | 319 | 462 | -19.8 | -7.3 | -49.2 | -37.7 |
| Rice | 89 | 341 | 583 | 78 | 83 | 487 | -3.3 | -6.7 | 42.8 | 32.6 |
| Cotton | 20 | 147 | 129 | 26 | 8 | 127 | 13.8 | -60.0 | -13.6 | -19.2 |
| Maize | 203 | 271 | 359 | 177 | 173 | 188 | 11.2 | -14.8 | -30.6 | -23.8 |
| Sugar | 1 502 | 1 287 | 1 745 | 1 799 | 1 566 | 1 235 | 6.5 | 4.3 | -4.0 | 0.4 |
| Coffee | 6 | 77 | 22 | - | 8 | 50 | 6.3 | 33.3 | -35.1 | -30.1 |
| Wheat | 1 | 27 | 96 | 35 | 2 | 23 | 4.3 | 100.0 | -14.8 | -10.7 |
| Stock-raising production | | | | | | | | | | |
| Poultry | 43 | 47 | 54 | 62 | 65 | 65 | -30.8 | 51.2 | 38.3 | 44.4 |
| Beef | 24 | 30 | 32 | 26 | 28 | 32 | -4.0 | 16.7 | 6.7 | 11.1 |
| Pork | 19 | 19 | 17 | 19 | 18 | 17 | -0.1 | -5.3 | -10.5 | -7.9 |
| Mutton | 5 | 5 | 5 | 5 | 5 | 7 | 4.2 | 0.0 | 40.0 | 20.0 |
| Milk | 222 | 206 | 188 | 186 | 220 | 202 | -5.6 | -0.9 | -1.9 | -1.4 |
| Eggs | 23 | 24 | 24 | 25 | 22 | 22 | -19.0 | -4.3 | -8.3 | -6.4 |

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of Peru.

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

Table 3
PERU: INDUSTRIAL PRODUCTION

| | Index 1979=100 | | | Percentage variation | | | | | |
|-----------|----------------|-------|-------|----------------------|---------------------|-------------------|-------|---------------------|-------------------|
| | 1988 | 1989 | 1990 | 1989 | | | 1990 | | |
| | | | | Month | 12 Ms. ^a | Year ^b | Month | 12 Ms. ^a | Year ^b |
| January | 120.5 | 89.5 | 105.4 | 2.1 | -25.7 | -25.7 | -0.8 | 17.8 | 17.8 |
| February | 129.8 | 81.0 | 98.3 | -9.5 | -37.6 | -31.9 | -6.7 | 21.4 | 19.5 |
| March | 134.5 | 88.0 | 99.6 | 8.6 | -34.6 | -32.8 | 1.3 | 13.2 | 17.3 |
| April | 122.0 | 85.2 | 87.4 | -3.2 | -30.2 | -32.2 | -12.2 | 2.6 | 13.7 |
| May | 120.7 | 84.3 | 96.7 | -1.1 | -30.2 | -31.8 | 10.6 | 14.7 | 13.9 |
| June | 125.8 | 87.7 | 90.9 | 4.0 | -30.3 | -31.5 | -6.0 | 3.6 | 12.1 |
| July | 112.1 | 88.3 | | 0.7 | -21.2 | -30.2 | | | |
| August | 113.3 | 84.4 | | -4.4 | -25.5 | -29.7 | | | |
| September | 105.4 | 95.7 | | 13.4 | -9.2 | -27.7 | | | |
| October | 94.9 | 101.1 | | 5.6 | 6.5 | -24.9 | | | |
| November | 81.5 | 98.5 | | -2.6 | 20.9 | -22.0 | | | |
| December | 87.7 | 106.3 | | 7.9 | 21.2 | -19.2 | | | |

Source: ECLAC, on the basis of figures supplied by the Ministry of Industry, Foreign Commerce, Tourism, and Integration. Office of Sectorial Statistics.

^a With respect to the same month of the preceding year. ^b Of the average cumulative index of the same period of the preceding year.

Table 4
PERU: EMPLOYMENT LEVELS IN THE LIMA METROPOLITAN AREA
(Index 1979=100)^a

| | Total | | | Manufacturing | | | Commerce | | | Services | | |
|-----|-------|------|------|---------------|------|------|----------|------|------|----------|-------|-------|
| | 1988 | 1989 | 1990 | 1988 | 1989 | 1990 | 1988 | 1989 | 1990 | 1988 | 1989 | 1990 |
| I | 102.2 | 95.6 | 93.9 | 98.0 | 86.9 | 86.3 | 97.3 | 91.9 | 89.1 | 111.0 | 112.1 | 111.8 |
| II | 101.9 | 93.0 | 91.7 | 97.2 | 83.4 | 83.3 | 97.6 | 88.2 | 88.8 | 111.4 | 111.7 | 110.0 |
| III | 101.6 | 92.9 | | 96.4 | 84.0 | | 96.3 | 86.5 | | 112.3 | 111.2 | |
| IV | 98.5 | 94.5 | | 91.1 | 86.0 | | 94.9 | 87.8 | | 112.3 | 112.1 | |

Source: ECLAC, on the basis of figures supplied by the Ministry of Labour and Social Production. General Employment Administration.

^a Quarterly averages.

Table 5
PERU: CONSUMER PRICE INDEX
(Percentage variation)

| | 1988 | | | 1989 | | | 1990 | | |
|-----------|-------|---------|---------|-------|---------|---------|-------|---------|----------|
| | Month | Year | 12 Ms. | Month | Year | 12 Ms. | Month | Year | 12 Ms. |
| January | 12.8 | 12.8 | 127.0 | 47.3 | 47.3 | 2 280.7 | 29.8 | 29.8 | 2 433.9 |
| February | 11.8 | 26.1 | 140.4 | 42.5 | 109.9 | 2 933.1 | 30.5 | 69.5 | 2 221.2 |
| March | 22.6 | 54.6 | 179.8 | 42.0 | 198.1 | 3 414.0 | 32.6 | 124.8 | 2 068.4 |
| April | 17.6 | 82.3 | 209.5 | 48.6 | 343.1 | 4 329.4 | 37.3 | 208.7 | 1 903.1 |
| May | 8.5 | 97.8 | 217.2 | 28.6 | 469.9 | 5 149.9 | 32.8 | 309.9 | 1 968.1 |
| June | 8.8 | 115.3 | 229.7 | 23.1 | 601.2 | 5 836.0 | 42.6 | 484.4 | 2 296.4 |
| July | 30.9 | 181.8 | 302.1 | 24.6 | 773.6 | 5 548.9 | 63.2 | 854.0 | 3 039.9 |
| August | 21.7 | 243.0 | 355.8 | 25.1 | 992.0 | 5 704.3 | 397.0 | 4 641.2 | 12 377.8 |
| September | 114.1 | 634.4 | 816.8 | 26.9 | 1 286.0 | 3 339.4 | | | |
| October | 40.6 | 932.4 | 1 111.8 | 23.3 | 1 608.3 | 2 915.0 | | | |
| November | 24.4 | 1 184.5 | 1 307.1 | 25.8 | 2 049.7 | 2 949.8 | | | |
| December | 41.9 | 1 722.0 | 1 722.0 | 33.8 | 2 775.3 | 2 775.3 | | | |

Source: ECLAC, on the basis of figures supplied by the National Institute of Statistics of Peru.

Table 6
PERU: REAL REMUNERATIONS
(Index: 1988=100)

| | Private sector | | General government | | Legal minimum wage | | Percentage variation ^a | | |
|-----------|----------------|------|--------------------|------|--------------------|------|-----------------------------------|-------------------|---------------------|
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | Month ^b | Year ^c | 12 Ms. ^d |
| January | | | 84 | 40 | 58 | 47 | 2.2 | -19.0 | -19.0 |
| February | 61 | 53 | 75 | 41 | 53 | 49 | 4.3 | -13.5 | -7.5 |
| March | | | 71 | 42 | 50 | 48 | -2.0 | -10.6 | -4.0 |
| April | 47 | 51 | 61 | 40 | 41 | 48 | 0.0 | -5.0 | 17.1 |
| May | | | 47 | 39 | 45 | 50 | 4.2 | -2.0 | 11.1 |
| June | 47 | 46 | 38 | 38 | 47 | 46 | -8.0 | -2.0 | -2.1 |
| July | | | 44 | | 49 | 45 | -2.2 | -2.9 | -8.2 |
| August | 49 | | 47 | | 49 | | | | |
| September | | | 44 | | 48 | | | | |
| October | 54 | | 61 | | 47 | | | | |
| November | | | 46 | | 45 | | | | |
| December | 51 | | 39 | | 46 | | | | |

Source: ECLAC, on the basis of figures supplied by the National Institute of Statistics.

^a Of legal minimum wage. ^b With respect to the preceding month. ^c Percentage variation in average cumulative index with respect to the same period of the preceding year. ^d With respect to the same month of the preceding year.

Table 7
PERU: EXCHANGE RATE
(Period average)

| | Intis per dollar | | | | Adjusted real rate ^a (Index 1985=100) | | | |
|-----------|------------------|--------|-------------|---------|---|------|-------------|------|
| | Official | | Free market | | Official | | Free market | |
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 |
| January | 655 | 5 804 | 1 897 | 13 003 | 50.6 | 18.4 | 129.1 | 36.4 |
| February | 909 | 7 219 | 1 419 | 13 572 | 49.6 | 17.5 | 68.1 | 29.0 |
| March | 1 200 | 9 664 | 1 305 | 18 464 | 46.4 | 17.6 | 44.4 | 29.6 |
| April | 1 536 | 13 548 | 1 738 | 27 740 | 40.2 | 18.0 | 40.1 | 32.4 |
| May | 1 947 | 19 259 | 2 800 | 39 247 | 39.9 | 19.3 | 50.5 | 34.7 |
| June | 2 166 | 27 580 | 3 176 | 71 932 | 36.0 | 19.3 | 46.4 | 44.4 |
| July | 2 671 | 44 215 | 3 002 | 122 048 | 35.6 | 19.0 | 35.2 | 46.3 |
| August | 3 268 | | 3 364 | | 34.6 | | 31.4 | |
| September | 3 874 | | 4 879 | | 32.4 | | 35.9 | |
| October | 4 268 | | 5 814 | | 29.0 | | 34.8 | |
| November | 4 537 | | 9 355 | | 24.5 | | 44.5 | |
| December | 4 963 | | 13 990 | | 20.1 | | 49.9 | |

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of Peru and the International Monetary Fund.

^a Index of the nominal exchange rate deflated by the consumer price index and adjusted by the United States wholesale price index.

Table 8
PERU: TRADE BALANCE

| | Millions of dollars | | | | | | Percentage variation ^a | | | |
|------|---------------------|-------|-------------|-------|---------------|-------|-----------------------------------|-------|---------|-------|
| | Exports FOB | | Imports FOB | | Trade balance | | Exports | | Imports | |
| | Quart | Year | Quart | Year | Quart | Year | Quart | Year | Quart | Year |
| 1988 | | | | | | | | | | |
| I | 623 | 623 | 722 | 722 | -99 | -99 | 7.8 | 7.8 | -3.2 | -3.2 |
| II | 727 | 1 350 | 691 | 1 413 | 36 | -63 | 7.1 | 7.4 | 8.0 | 1.9 |
| III | 710 | 2 060 | 764 | 2 177 | -54 | -117 | -0.4 | 4.6 | -3.3 | 0.0 |
| IV | 634 | 2 694 | 573 | 2 750 | 61 | -56 | -0.2 | 3.4 | -35.8 | -10.4 |
| 1989 | | | | | | | | | | |
| I | 838 | 838 | 484 | 484 | 354 | 354 | 34.5 | 34.5 | -33.0 | -33.0 |
| II | 924 | 1 762 | 521 | 1 005 | 403 | 757 | 27.1 | 30.5 | -24.6 | -28.9 |
| III | 929 | 2 691 | 423 | 1 428 | 506 | 1 263 | 30.8 | 30.6 | -44.6 | -34.4 |
| IV | 849 | 3 540 | 712 | 2 140 | 137 | 1 400 | 33.9 | 31.4 | 24.3 | -22.2 |
| 1990 | | | | | | | | | | |
| I | 825 | 825 | 988 | 988 | -163 | -163 | -1.6 | -1.6 | 104.1 | 104.1 |
| II | 680 | 1 505 | 609 | 1 597 | 71 | -92 | -26.4 | -14.6 | 16.9 | 58.9 |

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of Peru, and the Institute of Foreign Trade.

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

Table 9
PERU: STRUCTURE OF EXPORTS, FOB

| | Millions of dollars | | | | | | Percentage variation ^a | | | |
|-------------------------------------|---------------------|-----|-----|-----|------|-----|-----------------------------------|-------|-------|-------|
| | 1989 | | | | 1990 | | 1989 | 1990 | | |
| | I | II | III | IV | I | II | | I | II | I+II |
| Total | 838 | 924 | 929 | 849 | 825 | 680 | 31.4 | -1.6 | -26.4 | -14.6 |
| Traditional | 630 | 680 | 670 | 564 | 553 | 456 | 31.2 | -12.2 | -32.9 | -23.0 |
| Mining | 348 | 441 | 393 | 394 | 379 | 257 | 32.3 | 8.9 | -41.7 | -19.4 |
| Petroleum and petroleum by-products | 59 | 60 | 46 | 52 | 50 | 38 | 30.5 | -15.3 | -36.7 | -26.1 |
| Agricultural | 58 | 44 | 83 | 54 | 25 | 37 | 43.8 | -56.9 | -15.9 | -39.2 |
| Fishery prod. | 134 | 105 | 124 | 48 | 87 | 115 | 12.7 | -35.1 | 9.5 | -15.5 |
| Other | 31 | 30 | 24 | 16 | 12 | 9 | 103.2 | -61.3 | -70.0 | -65.6 |
| Non-traditional | 208 | 244 | 259 | 285 | 272 | 224 | 31.7 | 30.8 | -8.2 | 9.7 |

Source: ECLAC, on the basis of figures supplied by the Ministry of Economics and Finance, the Statistical Office and the Institute of Foreign Trade.

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

Table 10
PERU: STRUCTURE OF IMPORTS, FOB

| | Millions of dollars | | | | | | Percentage variation ^a | | | |
|-------------------------------|---------------------|-----|-----|-----|------|-----|-----------------------------------|-------|-------|-------|
| | 1989 | | | | 1990 | | 1989 | 1990 | | |
| | I | II | III | IV | I | II | | I | II | I+II |
| Total | 484 | 521 | 423 | 712 | 988 | 609 | -22.2 | 104.1 | 16.9 | 58.9 |
| Consumer goods | 39 | 76 | 29 | 106 | 204 | 46 | -10.5 | 423.1 | -39.5 | 117.4 |
| Intermediate | | | | | | | | | | |
| Inputs | 272 | 268 | 232 | 330 | 451 | 292 | -30.1 | 65.8 | 9.0 | 37.6 |
| Capital goods | 137 | 141 | 131 | 174 | 280 | 213 | -25.2 | 104.4 | 51.1 | 77.3 |
| Miscellaneous and adjustments | 36 | 36 | 31 | 102 | 53 | 58 | -23.8 | 47.2 | 61.1 | 54.2 |

Source: ECLAC, on the basis of figures supplied by the Central Bank of Peru, and the Institute of Foreign Trade.

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

Table 11
PERU: CENTRAL BANK INTERNATIONAL RESERVES
(Millions of dollars)

| | Net international reserves | | | | Available reserves ^a | | | |
|-----------|----------------------------|------|------|------|---------------------------------|-------|-------|-------|
| | 1987 | 1988 | 1989 | 1990 | 1987 | 1988 | 1989 | 1990 |
| March | 820 | -194 | -213 | -37 | 1 848 | 867 | 1 140 | 1 099 |
| June | 790 | -180 | 176 | -143 | 1 769 | 854 | 1 375 | 1 041 |
| September | 533 | -293 | 450 | | 1 480 | 960 | 1 494 | |
| December | 43 | -352 | 357 | | 1 183 | 1 042 | 1 458 | |

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of Peru.

^a Deposits in foreign exchange, plus holdings in gold and silver, and other net assets.

Table 12
PERU: MONETARY AGGREGATES

| | Billions of intis ^a | | | | | | Percentage variation ^b | | |
|-------------------------------|--------------------------------|-------|--------|--------|--------|--------|-----------------------------------|-------|-------|
| | 1989 | | | | 1990 | | 1989 | 1990 | |
| | I | II | III | IV | I | II | | I | II |
| Monetary base | 817 | 1 850 | 4 866 | 7 982 | 15 530 | 40 946 | 1 784 | 1 801 | 2 113 |
| Liquidity | 2 428 | 5 552 | 12 061 | 22 662 | 39 030 | 89 442 | 2 117 | 1 507 | 1 511 |
| Local currency | 1 591 | 3 651 | 8 816 | 17 862 | 29 207 | 67 158 | 2 490 | 1 736 | 1 739 |
| Money | 850 | 1 602 | 3 385 | 7 738 | 13 652 | 32 669 | 1 634 | 1 506 | 1 939 |
| Quasi-money | 741 | 2 049 | 5 431 | 10 124 | 15 555 | 34 489 | 3 946 | 1 999 | 1 583 |
| Foreign currency ^c | 837 | 1 901 | 3 245 | 4 800 | 9 823 | 22 284 | 1 374 | 1 074 | 1 072 |

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of Peru.

^a Figures at end of period.

^b With respect to the same period of the preceding year.

^c Intis equivalent.

Table 13
PERU: CENTRAL GOVERNMENT INCOME AND EXPENDITURE
(Billions of intis)

| | January-June | | |
|------------------------------------|--------------|-----------|------------------------|
| | 1989 | 1990 | 1990/1989 ^a |
| Current income | 1 758.3 | 25 763.2 | 1 365.2 |
| Current expenditure | 1 764.5 | 56 863.2 | 3 122.6 |
| Savings on current account | -6.2 | -31 100.0 | - |
| Capital expenditure | 413.5 | 7 730.5 | 1 769.5 |
| Surplus or deficit (-) | -419.7 | -38 830.5 | 9 152.0 |
| Financing | 419.7 | 38 830.5 | 9 152.0 |
| External | 180.1 | 5 148.5 | 2 758.7 |
| Disbursements | 791.5 | 15 572.7 | 1 867.5 |
| Amortization payments | 611.4 | 10 424.2 | 1 605.0 |
| Domestic | 239.6 | 33 682.0 | 13 957.6 |
| Credits (Central Reserve Bank) | 8.4 | 26 756.1 | - |
| Credits (others in banking system) | -144.6 | -10.7 | - |
| Bonds | 15.2 | -1 096.1 | - |
| Other and residual | 360.6 | 8 032.7 | 2 127.6 |

Source: Central Reserve Bank of Peru.

^a Percentage variation.

URUGUAY

The implementation of a major fiscal adjustment, as a basic instrument of anti-inflationary policy, was the principal goal of the government which took office in March. The results obtained during the first half of the year show a rapid decline in the non-financial public sector deficit, even though a high inflation rate, in excess of 100% per annum, persisted against a background of stagnation in production. The trade balance continued to show a sizeable surplus, which was lower than the level of transfers abroad since the drop in international reserves during the first half of the year was approximately US\$80 million.

In the early months of the year, the Uruguayan economy was marked by rising inflation, stagnant production, a high public sector deficit and surpluses in the trade balance and on current account. The new government's economic policy was aimed at rapidly closing the fiscal gap in order to dampen official demand for bank credits and therefore slow down monetary expansion. To this end, higher taxes were introduced and central government expenditure cut back. Simultaneously, negotiations continued with the international banking system, aimed at reaching an agreement within the framework of the Brady Plan that would reduce outflows for interest payments on approximately one-third of the external public debt. In this respect, some progress was made towards reaching agreement with the International Monetary Fund, on the basis of an 18-month financial programme designed to reduce the public sector deficit to the equivalent of 2.5% of GDP and inflation to an annual 30%.

The size of the non-financial public sector imbalance rapidly decreased. The Central Bank deficit, in contrast, appears to have increased, on account of the heavier impact of interest paid on the larger volumes of Monetary Regulation Certificates in circulation. The nominal amount of such instruments during the first half of the year doubled, while the interest rate they earned increased. The contraction of the real central government deficit was in response both to the increase in taxation (tax revenue rose by 5%) and to the reduction in expenditure (-7%).

In order to hold down inflation, a change was also implemented in the wage adjustment mechanism to counter the inertial effects of automatic indexation, based on previous inflation, which is used in the great majority of domestic transactions. As of June, the government adopted its projections of expected inflation as a basic criterion for the adjustment of wages. At any rate, it was established that the subsequent adjustment would include a correction for any excess inflation above the 15% anticipated for the four-month period. This norm was obligatory for the public sector and recommended to the private sector.

Inflation nevertheless remained high; the consumer price index rose to 110% in the 12-month period prior to August, much higher than the 90% registered in late 1989 (table 3). Inertial factors seemed to have been the principal cause for the acceleration of inflation during the June-August quarter, a period in which the demand for money continued to decline. The same effect was produced by the termination of the deflationary impact of lower prices in dollars for goods acquired in neighbouring countries, after the latter had implemented their own exchange adjustment programmes.

The sharp increase in prices in the second quarter led to a drop in real wages, whose level in January-July was 4% lower than for the same period in 1989 (table 4). Average private sector wages rose by 18% in nominal terms in the two-month period June-July; taking into account the fact that workers with less bargaining power must have received the increment recommended by the government, it may be assumed that the rest of this sector agreed to wage packages above the official guideline. Since the economy is

operating in general under a free-market régime, this could have resulted in price adjustments higher than the anticipated variation.

The gross domestic product for the first quarter was practically the same as for the corresponding period of 1989. The construction sector and the sector comprising financial, government, personal and business services were the only ones which recorded any growth (both of around 2%); manufacturing remained stagnant while the other sectors contracted (table 1). Unemployment rose slightly in the first half of the year, during which it reached an average of almost 9% (table 2).

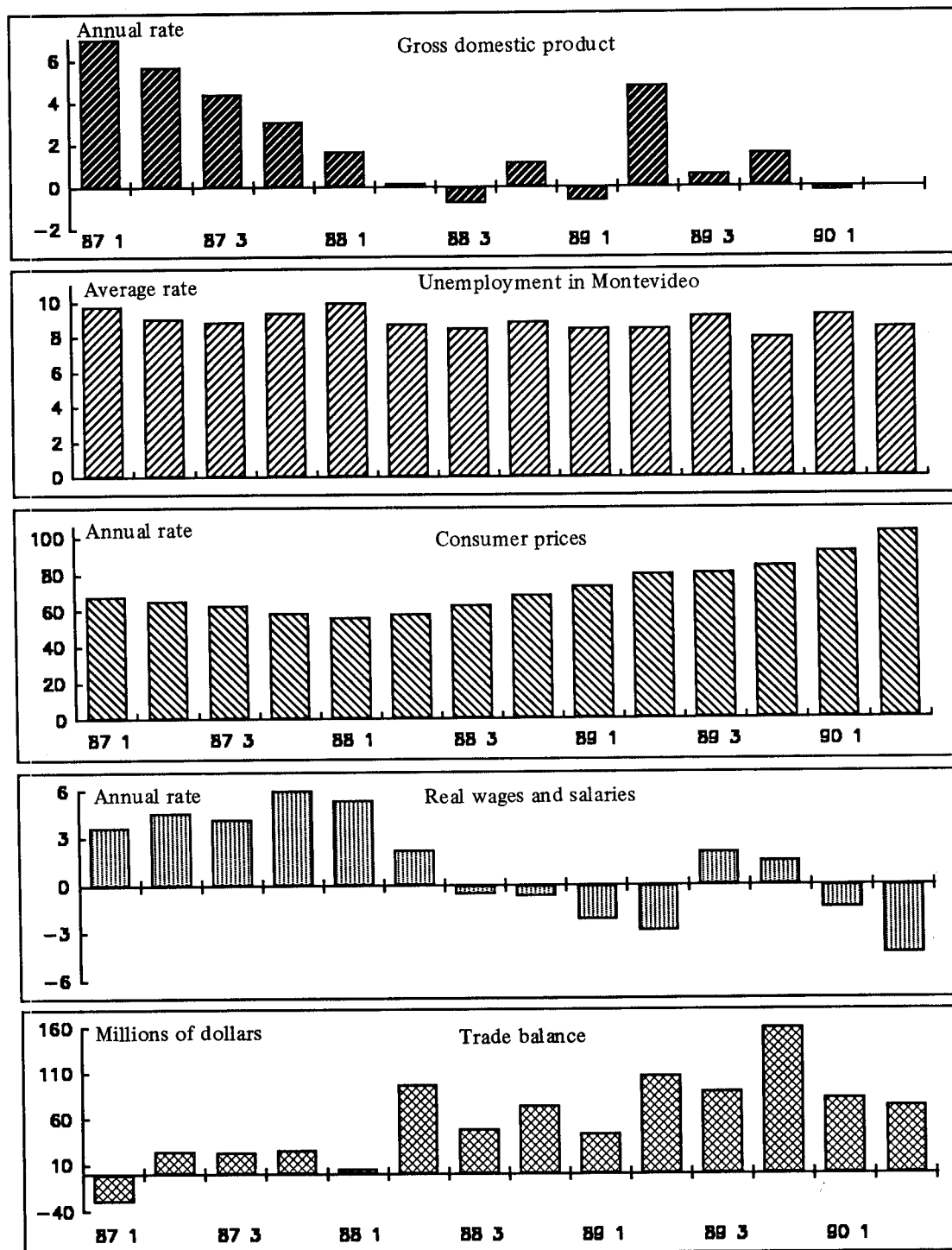
Significant changes occurred in the international situation as it affected Uruguay. At the subregional level, of great importance to the country, the Argentine and Brazilian economic authorities introduced substantial modifications in their monetary and exchange policies. These changes led to a turnaround in the terms of trade determined by the value of the dollar on the free market of each country, which significantly enhanced Uruguay's competitiveness *vis-à-vis* its neighbours. In the rest of the world market, the drop in the price of wool and the rise in petroleum prices are highly unfavourable developments which will erode the progress achieved on the trade-balance front.

The surplus in the trade balance had grown during the first half of the year: the surplus accumulated during the 12-month period ending in June approached US\$450 million (5.5% of GDP). Exports continued to increase markedly (14%), while imports rose more gradually owing to the virtual stagnation of domestic production (table 6). The buoyancy of Uruguayan exports continued to be based on demand from Europe (a 39% increase and 42% of the total) and from Brazil (an 18% increase and 21% of the total). From another standpoint, this vigorous expansion was sustained by non-traditional exports, which rose by 25% during the first half of the year in comparison with an increase of only 3% in traditional exports.

During the first six months the value of the dollar changed rather more slowly than domestic prices. Although the exchange rate system is free and floating, the high volume of transactions in the official banking system liken it to a system of sliding parity. However, the drop in real exchange rates in Argentina and Brazil and the subsequent decline in the value of the dollar against other strong currencies helped to enhance the country's competitiveness. On the monetary front, the persistence of high inflation rates continued to depress demand for money and quasi-money; thus, in the year ending June, money (M_1) contracted by 11% and savings and term deposits by 25%. In contrast, the rise (8%) in foreign currency deposits continued, bringing their level at 30 June to US\$4 billion (50% of GDP). As a result, and within the operations of the off-shore market in the country, the commercial banks increased their international reserves by US\$260 million.

Figure 1

URUGUAY: QUARTERLY EVOLUTION OF THE
MAIN ECONOMIC INDICATORS



Source: ECLAC, on the basis of official data.

Table 1
URUGUAY: GROSS DOMESTIC PRODUCT
(Percentage variation)^a

| | 1989 ^b | | | | | 1990 ^b |
|----------------------------|-------------------|------------|------------|------------|------------|-------------------|
| | I | II | III | IV | Year | I |
| Total | -0.7 | 4.8 | 0.6 | 1.6 | 1.5 | -0.1 |
| Agriculture | -1.9 | 7.7 | -3.9 | 1.5 | 1.0 | -3.2 |
| Fishing | 7.1 | -2.0 | 49.1 | 11.1 | 14.6 | -13.1 |
| Manufacturing | -5.2 | 6.3 | -7.8 | -1.2 | -2.1 | - |
| Electricity, gas and water | -15.1 | -18.5 | -8.7 | -6.0 | -12.2 | -3.5 |
| Construction | 6.0 | 24.8 | 12.4 | 5.3 | 11.7 | 2.2 |
| Commerce | -3.2 | 5.4 | 3.6 | -1.3 | 1.2 | -5.5 |
| Transport ^c | -3.0 | 5.3 | 4.7 | 3.6 | 2.8 | -1.9 |
| Other | 3.4 | 3.0 | 4.1 | 4.1 | 3.6 | 2.4 |

Source: Central Bank.

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

^b Provisional figures.

^c Includes storage.

Table 2
URUGUAY: UNEMPLOYMENT RATE
(Quarterly averages)

| Quarter ending in: | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|--------------------|------|------|------|------|------|------|
| January | 13.2 | 10.8 | 9.0 | 9.9 | 8.0 | 7.7 |
| February | 13.3 | 11.2 | 8.9 | 10.3 | 7.9 | 8.3 |
| March | 13.7 | 12.0 | 9.8 | 10.2 | 8.5 | 9.3 |
| April | 13.4 | 12.3 | 10.2 | 9.8 | 8.6 | 9.4 |
| May | 13.2 | 12.0 | 9.9 | 9.4 | 9.1 | 9.6 |
| June | 13.2 | 10.7 | 9.1 | 8.8 | 8.5 | 8.6 |
| July | 13.7 | 11.2 | 9.1 | 8.3 | 9.5 | 8.5 |
| August | 13.3 | 11.3 | 8.7 | 7.8 | 8.8 | |
| September | 13.6 | 10.9 | 8.9 | 8.5 | 9.2 | |
| October | 13.0 | 10.0 | 8.3 | 9.5 | 8.7 | |
| November | 12.7 | 9.6 | 8.8 | 9.8 | 8.3 | |
| December | 12.0 | 9.2 | 9.4 | 8.9 | 8.0 | |

Source: Department of Statistics and Censuses.

Table 3
URUGUAY: PRICE INDEX
(Percentage variation)

| | Consumer price index | | | | | | Wholesale price index | | | | | |
|-----------|----------------------|------|--------|-------|------|--------|-----------------------|------|--------|-------|------|--------|
| | 1989 | | | 1990 | | | 1989 | | | 1990 | | |
| | Month | Year | 12 Ms. | Month | Year | 12 Ms. | Month | Year | 12 Ms. | Month | Year | 12 Ms. |
| January | 4.1 | 4.1 | 69.5 | 5.1 | 5.1 | 91.0 | 4.7 | 4.7 | 64.0 | 6.2 | 6.2 | 83.3 |
| February | 6.4 | 10.8 | 73.8 | 6.9 | 12.3 | 91.8 | 4.4 | 9.3 | 67.5 | 6.6 | 13.3 | 87.2 |
| March | 7.0 | 18.5 | 77.5 | 9.0 | 22.3 | 95.4 | 5.9 | 15.8 | 69.4 | 10.8 | 25.5 | 96.0 |
| April | 5.3 | 24.7 | 78.1 | 7.0 | 30.9 | 98.7 | 3.7 | 20.0 | 70.2 | 3.4 | 29.8 | 95.5 |
| May | 2.9 | 28.2 | 79.3 | 5.6 | 38.3 | 103.9 | 3.8 | 24.5 | 72.5 | 7.5 | 39.6 | 102.6 |
| June | 7.6 | 38.1 | 83.5 | 9.6 | 51.5 | 107.6 | 7.6 | 34.0 | 79.4 | 8.1 | 50.9 | 103.4 |
| July | 5.9 | 46.2 | 79.1 | 5.6 | 60.0 | 107.0 | 6.8 | 43.1 | 74.4 | 5.7 | 59.6 | 101.4 |
| August | 4.4 | 52.6 | 81.0 | 5.6 | 69.0 | 109.4 | 5.0 | 50.3 | 76.2 | 4.6 | 66.9 | 100.6 |
| September | 4.9 | 60.1 | 82.2 | | | | 6.1 | 59.4 | 76.1 | | | |
| October | 7.3 | 71.8 | 82.5 | | | | 3.9 | 65.6 | 73.1 | | | |
| November | 4.1 | 78.8 | 81.9 | | | | 2.5 | 69.7 | 69.7 | | | |
| December | 5.8 | 89.2 | 89.2 | | | | 6.5 | 80.7 | 80.7 | | | |

Source: Department of Statistics and Censuses.

Table 4
URUGUAY: INDEX OF REAL WAGES AND SALARIES

| | Index: Dec. 1985 = 100 ^a | | | Percentage variation | | | | | |
|-----------|-------------------------------------|-------|-------|----------------------|-------------------|--------------------|-------|-------------------|--------------------|
| | 1988 | 1989 | 1990 | 1989 | | | 1990 | | |
| | | | | Month | Year ^b | 12Ms. ^c | Month | Year ^b | 12Ms. ^c |
| January | 107.5 | 105.4 | 102.9 | -2.7 | -1.9 | -1.9 | -4.5 | -2.4 | -2.4 |
| February | 109.8 | 107.9 | 109.0 | 2.4 | -1.8 | -1.7 | 5.9 | -0.7 | 0.9 |
| March | 111.3 | 108.0 | 104.8 | 0.1 | -2.2 | -3.0 | -3.8 | -1.5 | -3.0 |
| April | 107.2 | 103.6 | 100.2 | -4.1 | -2.5 | -3.4 | -4.4 | -1.9 | -3.3 |
| May | 105.8 | 100.7 | 95.5 | -2.7 | -2.9 | -4.8 | -4.7 | -2.5 | -5.2 |
| June | 106.1 | 105.5 | 100.4 | 4.7 | -2.6 | -0.6 | 5.1 | -2.9 | -4.8 |
| July | 105.8 | 109.8 | 96.0 | 4.1 | -1.7 | 3.8 | -4.4 | -4.3 | -12.5 |
| August | 103.7 | 105.8 | | -3.6 | -1.2 | 2.1 | | | |
| September | 101.1 | 101.7 | | -3.9 | -1.0 | 0.5 | | | |
| October | 104.7 | 106.7 | | 4.9 | -0.7 | 1.9 | | | |
| November | 109.4 | 112.9 | | 5.8 | -0.4 | 3.2 | | | |
| December | 108.3 | 107.7 | | -4.6 | -0.4 | -0.6 | | | |

Source: Department of Statistics and Censuses.

^a Index of nominal wages and salaries deflated by the consumer price index.

^b Variations in average cumulative index as compared to

the same period of the preceding year.

^c With respect to the same month of the preceding year.

Table 5
URUGUAY: EXCHANGE RATE

| | Average official exchange rate (Pesos per dollar) | | | | Adjusted real exchange rate ^a (Index Dec. 1985 = 100) | | | |
|-----------|--|-------|-------|---------|---|------|------|------|
| | 1987 | 1988 | 1989 | 1990 | 1987 | 1988 | 1989 | 1990 |
| January | 184.2 | 286.4 | 460.1 | 832.3 | 80.7 | 83.1 | 83.1 | 82.0 |
| February | 191.1 | 297.6 | 476.5 | 880.3 | 81.3 | 83.3 | 81.3 | 80.8 |
| March | 197.9 | 310.1 | 496.9 | 934.1 | 78.9 | 83.1 | 79.8 | 78.6 |
| April | 205.1 | 322.8 | 521.3 | 1 014.9 | 80.3 | 83.1 | 80.1 | 79.6 |
| May | 212.4 | 335.1 | 547.1 | 1 087.8 | 82.1 | 84.9 | 82.2 | 81.2 |
| June | 218.6 | 347.4 | 574.1 | 1 149.4 | 80.9 | 84.5 | 79.9 | 78.1 |
| July | 226.2 | 359.8 | 604.5 | 1 205.5 | 79.4 | 81.1 | 79.4 | 77.7 |
| August | 234.0 | 374.9 | 643.2 | 1 253.7 | 79.5 | 81.9 | 80.5 | |
| September | 244.0 | 390.6 | 677.9 | | 80.9 | 81.9 | 81.1 | |
| October | 253.9 | 406.8 | 711.3 | | 80.6 | 79.7 | 79.5 | |
| November | 264.2 | 425.7 | 749.4 | | 80.4 | 80.0 | 80.5 | |
| December | 274.6 | 444.0 | 786.1 | | 82.4 | 82.5 | 80.0 | |

Source: ECLAC, on the basis of figures supplied by the Central Bank and the International Monetary Fund, *International Financial Statistics*.
^a Index of the nominal exchange rate deflated by the consumer price index and adjusted by the United States wholesale price index.

Table 6
URUGUAY: TRADE BALANCE

| | Millions of dollars | | | | | | Percentage variation ^a | | | |
|-----------|---------------------|---------|-------------|---------|---------------|-------|-----------------------------------|------|---------|------|
| | Exports FOB | | Imports CIF | | Trade balance | | Exports | | Imports | |
| | Month | Year | Month | Year | Month | Year | Month | Year | Month | Year |
| 1989 | | | | | | | | | | |
| January | 80.0 | 80.0 | 84.4 | 84.4 | -4.4 | -4.4 | 58.4 | 58.4 | -3.0 | -3.0 |
| February | 95.5 | 175.5 | 88.0 | 172.4 | 7.5 | 3.1 | -12.2 | 10.2 | 30.8 | 11.7 |
| March | 115.3 | 290.8 | 74.0 | 246.4 | 41.3 | 44.4 | 23.3 | 15.0 | -20.6 | -0.4 |
| April | 128.5 | 419.3 | 90.7 | 337.1 | 37.8 | 82.2 | 4.7 | 11.7 | 20.3 | 4.4 |
| May | 146.4 | 565.7 | 110.7 | 447.8 | 35.7 | 117.9 | 8.6 | 10.9 | -6.7 | 1.4 |
| June | 134.6 | 700.3 | 100.3 | 548.1 | 34.3 | 152.2 | 16.0 | 11.8 | 22.2 | 4.7 |
| July | 149.4 | 849.7 | 105.0 | 653.1 | 44.4 | 196.6 | 27.3 | 14.3 | 17.3 | 6.5 |
| August | 146.3 | 996.0 | 136.9 | 790.0 | 9.4 | 206.0 | 2.0 | 12.3 | 4.3 | 6.1 |
| September | 142.2 | 1 138.2 | 105.9 | 895.9 | 36.3 | 242.3 | 21.2 | 13.3 | -1.8 | 5.1 |
| October | 113.5 | 1 251.7 | 99.8 | 995.7 | 13.7 | 256.0 | 23.2 | 14.1 | 8.4 | 5.4 |
| November | 120.6 | 1 372.3 | 90.2 | 1 085.9 | 30.4 | 286.4 | 35.2 | 15.7 | -13.4 | 3.6 |
| December | 226.5 | 1 598.8 | 110.1 | 1 196.0 | 116.4 | 402.8 | 3.6 | 13.8 | -14.3 | 1.6 |
| 1990 | | | | | | | | | | |
| January | 90.0 | 90.0 | 88.5 | 88.5 | 1.5 | 1.5 | 12.5 | 12.5 | 4.9 | 4.9 |
| February | 100.1 | 190.1 | 106.8 | 195.3 | -6.7 | -5.2 | 4.8 | 8.3 | 21.4 | 13.3 |
| March | 195.9 | 386.0 | 107.9 | 303.2 | 88.0 | 82.8 | 69.9 | 32.7 | 45.8 | 23.1 |
| April | 151.8 | 537.8 | 87.2 | 390.4 | 64.6 | 147.4 | 18.1 | 28.3 | -3.9 | 15.8 |
| May | 106.5 | 644.3 | 96.1 | 486.5 | 10.4 | 157.8 | -27.3 | 13.9 | -13.2 | 8.6 |
| June | 128.3 | 772.6 | 115.4 | 601.9 | 12.9 | 170.7 | -4.7 | 10.3 | 15.1 | 9.8 |
| July | 146.6 | 919.2 | 99.7 | 701.6 | 46.9 | 217.6 | -1.9 | 8.2 | -5.0 | 7.4 |

Source: Central Bank.

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

Table 7
URUGUAY: STRUCTURE OF EXPORTS
(Millions of dollars)

| | Traditional exports | | | | Non-traditional exports | | | | Percentage variation ^a | | | |
|-----------|---------------------|-------|-------|-------|-------------------------|---------|-------|-------|-----------------------------------|------|-------|------|
| | 1989 | | 1990 | | 1989 | | 1990 | | 1989 | | 1990 | |
| | Month | Year | Month | Year | Month | Year | Month | Year | T | NT | T | NT |
| January | 46.5 | 46.5 | 41.6 | 41.6 | 33.5 | 33.5 | 48.4 | 48.4 | 63.2 | 51.6 | -10.5 | 44.5 |
| February | 45.3 | 91.8 | 41.5 | 83.1 | 50.2 | 83.7 | 58.7 | 107.1 | 19.2 | 1.7 | -9.5 | 28.0 |
| March | 57.9 | 149.7 | 88.0 | 171.1 | 57.4 | 141.1 | 107.9 | 215.0 | 24.1 | 6.7 | 14.3 | 52.4 |
| April | 58.4 | 208.1 | 58.4 | 229.5 | 70.1 | 211.2 | 93.3 | 308.3 | 19.1 | 5.2 | 10.3 | 46.0 |
| May | 62.6 | 270.7 | 50.3 | 279.8 | 83.8 | 295.0 | 56.2 | 364.5 | 17.1 | 5.7 | 3.4 | 23.6 |
| June | 62.9 | 333.6 | | | 71.6 | 366.6 | | | 20.7 | 4.8 | | |
| July | 53.4 | 387.0 | | | 96.0 | 462.6 | | | 23.2 | 7.7 | | |
| August | 56.3 | 443.3 | | | 90.0 | 552.6 | | | 20.8 | 6.2 | | |
| September | 28.6 | 471.9 | | | 113.6 | 666.2 | | | 19.0 | 9.6 | | |
| October | 20.4 | 492.3 | | | 93.1 | 759.3 | | | 17.2 | 12.2 | | |
| November | 30.4 | 522.7 | | | 90.2 | 849.5 | | | 16.4 | 15.3 | | |
| December | 70.2 | 592.9 | | | 156.3 | 1 005.8 | | | 10.0 | 16.2 | | |

Source: Central Bank.

Note: T = Traditional exports. NT = Non-traditional exports.

^a Cumulative figures with respect to the same period of the preceding year.

Table 8
URUGUAY: STRUCTURE OF IMPORTS

| | Millions of dollars ^a | | | Percentage variation ^b | | |
|------|----------------------------------|---------------|-------|-----------------------------------|---------------|-------|
| | Petroleum | Capital goods | Other | Petroleum | Capital goods | Other |
| 1989 | | | | | | |
| I | 27.0 | 38.1 | 181.2 | 24.4 | -21.0 | 2.0 |
| II | 79.6 | 78.2 | 390.1 | 60.8 | -4.3 | -0.6 |
| III | 154.8 | 116.9 | 624.0 | 36.5 | -2.3 | 0.8 |
| IV | 197.3 | 155.2 | 843.3 | 27.3 | -14.3 | 0.3 |
| 1990 | | | | | | |
| I | 43.5 | 44.4 | 215.3 | 61.1 | 16.5 | 18.8 |

Source: Central Bank.

^a Cumulative figures.

^b With respect to the same period of the preceding year.

Table 9
URUGUAY: NET INTERNATIONAL RESERVES
(Millions of dollars)

| | Amount ^a | | | | Variation in total reserves | | | |
|-----------------------|---------------------|-------------------|-------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|
| | Total | | Central Bank | | Quarter ^d | | Year ^e | |
| | 1989 ^b | 1990 ^c | 1989 ^b | 1990 ^c | 1989 ^b | 1990 ^c | 1989 ^b | 1990 ^c |
| | | | | | | | | |
| March | 1 617 | 2 076 | 1 012 | 968 | 312 | 442 | 294 | 156 |
| June | 1 776 | 2 095 | 1 034 | 915 | 358 | 303 | 453 | 175 |
| September | 1 850 | | 1 042 | | 445 | | 527 | |
| December | 1 969 | | 1 071 | | 646 | | 646 | |
| December ^c | 1 920 | | 997 | | | | | |

Source: Central Bank.

^a Balance at the end of period. ^b Gold valued at US\$ 327.92 troy ounce. ^c Gold valued at US\$ 299.54 troy ounce. ^d With respect to the same quarter of the preceding year. ^e With respect to December of the preceding year.

Table 10
URUGUAY: FISCAL INDICATORS

| | Billions of new Uruguayan pesos ^a | | | | | | Percentage variation ^b | | |
|-----------|--|-------------|---------|--------|-------------|---------|-----------------------------------|-------------|---------|
| | 1989 | | | 1990 | | | 1990/1989 | | |
| | Income | Expenditure | Balance | Income | Expenditure | Balance | Income | Expenditure | Balance |
| March | 150.5 | 172.7 | -22.2 | 289.9 | 324.8 | -34.9 | 92.6 | 88.1 | - |
| June | 322.9 | 375.1 | -52.2 | 677.4 | 688.5 | -11.1 | 109.8 | 83.6 | - |
| September | 517.3 | 619.0 | -101.8 | | | | | | |
| December | 753.6 | 918.4 | -164.8 | | | | | | |

Source: Department of Statistics and Censuses.

^a Cumulative figures. ^b With respect to the same month of the preceding year.

Table 11
URUGUAY: MONETARY AGGREGATES

| | M1 | DP | M2 | DE | M3 |
|--|-------|-------|-------|---------|---------|
| Billions of new Uruguayan pesos^a | | | | | |
| 1989 | | | | | |
| December | 333.8 | 328.9 | 662.7 | 3 013.9 | 3 676.6 |
| 1990 | | | | | |
| February | 340.5 | 351.2 | 691.7 | 3 511.1 | 4 202.8 |
| April | 361.0 | 387.8 | 748.8 | 4 118.0 | 4 866.8 |
| June | 405.9 | 433.1 | 839.0 | 4 674.8 | 5 513.8 |
| Percentage variation^b | | | | | |
| 1989 | | | | | |
| December | 71.5 | 51.0 | 60.7 | 145.6 | 124.2 |
| 1990 | | | | | |
| February | 78.1 | 42.9 | 58.3 | 147.1 | 126.2 |
| April | 83.4 | 47.1 | 62.6 | 153.8 | 133.6 |
| June | 83.9 | 54.4 | 67.4 | 142.1 | 126.7 |

Source: Central Bank.

Note: M1 = Money supply (currency outside banks plus deposits in checking account). DP = Time deposits in local currency.

M2 = M1 + DP. DE = Deposits in foreign currency. M3 = M2 + DE.

^a Balance at the end of period. ^b With respect to the same month of the preceding year.

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The severe adjustment programme imposed on the Venezuelan economy, which had resulted in an 8% decline in the gross domestic product in 1989, was relaxed during the first half of 1990; this permitted a slight recovery in the level of activity, although a certain surge in inflation was noted. However, the crisis that broke out in the Middle East in August opened up brighter prospects for the Venezuelan economy.

Indeed, the crisis brought about a considerable increase in oil prices on the international market. Venezuela also benefited from the expansion of the OPEC export quota for crude oil in order to make up for the cut-off of supplies from Iraq and Kuwait; as a result Venezuela's monthly earnings from the sales of hydrocarbons will probably increase by close to US\$600 million (about US\$7 billion in annual terms). This new situation will be accompanied not only by an increase in the trade surplus, but also by a higher level of activity and a lower fiscal deficit. The extent of these effects will depend on how much the higher oil earnings actually amount to and the proportion of such earnings that the authorities plough back into the domestic economy.

There were no major changes in the economic policy, which maintained the thrust of the adjustment programme initiated in 1989; notwithstanding an initial acceleration in inflation, the programme had restored macroeconomic balances during the second half of 1989, resulting in a clear reduction in the fiscal deficit, a considerable surplus in the balance of trade in goods and a slowdown in prices. The authorities then gradually began to apply the structural reforms called for by the adjustment. Thus, tariff liberalization continued at an even faster rate, and the initial measures with respect to the reform and possible privatization of some State enterprises were outlined. The government also came to an agreement with its creditors to restructure and reduce the public external debt, within the framework of the Brady Plan, through an offer of five alternative options to creditor banks.

The Venezuelan economy remained virtually stagnant during the first quarter, but later began to show signs of recovery fueled by certain export-oriented sectors (table 2). As mentioned above, this trend could be reinforced in the last few months of the year.

The recovery in the level of activity in the first half of the year was not widespread. Indeed, depressed private demand and delays in the implementation of public investment plans continued to have an adverse effect on construction. Manufacturing, on the other hand, began to show encouraging signs of recovery although these were concentrated in the more export-oriented subsectors such as metal products and petrochemicals. As a result of the higher OPEC export quota allocated to Venezuela, crude oil production and exports increased at the beginning of the year. The impact of this increase was, however, counteracted by the slight decline in international oil prices in the first quarter, during which the persistence of a number of technical problems in various refineries also limited the sales of refined products.

The monthly average inflation rate increased steadily from April onwards from 2% in the first quarter to over 3% in July and August. Among the factors responsible for this upsurge were the higher fiscal deficit, the rise in domestic prices for fuels and transport, the inelastic supply of agricultural products and the depletion of stocks. The 12-month variation in the consumer price index reached 34% in July, one third of the figure registered in May 1989, when it was at its peak (table 3).

The higher fiscal deficit was caused by the substantial rise in current expenditure as a result of higher wages and interest payments on the public debt, while fiscal revenues remained relatively stagnant. Public investment programmes were delayed by the Congress, but there was an increase in losses by public enterprises, which swelled the

public sector deficit as a whole to 4% of GDP. This gap could shrink considerably if the current situation on the international oil market continues.

The expansionary impact of the fiscal deficit on monetary aggregates was strengthened from March onwards by the widening of the differential (from 30-45 to 10-60%) between the minimum and maximum limits established for domestic interest rates. Borrowing rates thus fell to a barely positive level in real terms, but this decrease boosted bank liquidity instead of raising credit demand and consequently triggered unwanted pressures on domestic prices. The Central Bank tried, with only partial success, to contain such pressures by expanding its liquidity absorption operations.

The trade balance, for its part, has continued to be amply positive, and is likely to go on increasing rapidly in the last few months of 1990. However, in the first part of the year, tremendous pressures were unleashed on the foreign exchange market that forced the Central Bank to intervene repeatedly in order to maintain the stability of the bolívar. The sum total of such disbursements and of those used to settle pending commitments absorbed a considerable portion of the trade surplus earned in the first half of the year. Even so, international reserves reached US\$7.8 billion in June, the highest level in the past two years (table 5).

Earnings from petroleum exports in the first half of the year totalled nearly US\$5 billion, a figure which was slightly lower than that recorded in the immediately preceding period. Petroleum exports could increase in the latter half of the year by about US\$2 billion, bringing their annual total to US\$12 billion, if the situation on the petroleum market keeps the average price of Venezuelan exports at around US\$22 a barrel, and if the volume of shipment rises by 25%. Non-traditional exports, which had more than doubled between the first and last quarters of 1989, remained above US\$1 billion during the first quarter of the year, but declined slightly in the second quarter as a result of lower prices for iron and aluminium and the adverse impact of the reduction in the export bonus from 30% to 15% beginning in March.

Imports rose by barely US\$1.4 billion in the first quarter; this was mainly attributable to the postponement of purchases in expectation of the tariff reduction announced for May. Thus, the trade surplus rose to over US\$2 billion. The capital account registered a deficit because interest arrears on the public external debt were regularized, and a portion of pending short-term commitments, such as commercial letters of credit and official bridge loans contracted in 1988 and 1989, were settled.

Table 1
VENEZUELA: PETROLEUM PRODUCTION AND EXPORTS

| | Production | | Exports | | |
|-------------------|-------------------------|-------------------------------|---------------------|---------------------|---------------------|
| | Crude oil ^{ab} | Pet. by-products ^a | Volume ^a | Prices ^c | Income ^d |
| 1987 | 1 704 | 798 | 1 518 | 16.32 | 757 |
| 1988 | 1 813 | 945 | 1 650 | 13.51 | 670 |
| 1989 | 1 862 | 901 | 1 624 | 16.87 | 845 |
| 1990 ^e | 1 982 | 923 | 1 713 | 17.10 | 880 |
| 1989 | | | | 14.60 | 699 |
| I | 1 826 | 993 | 1 600 | 16.10 | 888 |
| II | 1 825 | 883 | 1 686 | 16.30 | 813 |
| III | 1 875 | 827 | 1 666 | 20.50 | 980 |
| IV | 1 923 | 902 | 1 578 | | |
| 1990 | | | | 17.10 | 880 |
| I | 1 982 | 923 | 1 713 | | |

Source: ECLAC, on the basis of figures supplied by the Central Bank.
^a Thousands of barrels per day. ^b Includes condensed. ^c Dollars per barrel. Average price for total exports (crude oil and petroleum by-products). ^d Millions of dollars. Monthly average. ^e January-March average.

Table 2
VENEZUELA: INDICATORS OF ECONOMIC ACTIVITY
(Monthly averages)

| | 1988 | 1989 | 1990 ^a | 1989 | | | | 1990 | |
|---------------------------------------|--------|-------|-------------------|-------|-------|-------|-------|-------|------------------|
| | | | | I | II | III | IV | I | II ^b |
| Iron ore production ^c | 1 527 | 1 471 | 1 592 | 1 510 | 1 407 | 1 480 | 1 487 | 1 621 | 1 549 |
| Aluminium production ^c | 35 | 45 | 49 ^d | 41 | 45 | 46 | 48 | 48 | 51 ^e |
| Steel production ^c | 309 | 283 | 290 ^d | 322 | 275 | 271 | 262 | 283 | 312 ^e |
| Petrochemical production ^c | 192 | 181 | 202 ^d | 201 | 153 | 179 | 189 | 197 | 216 ^e |
| Fertilizers production ^c | 94 | 86 | 91 ^d | 96 | 73 | 92 | 83 | 89 | 98 ^e |
| Cement shipments ^f | 10 179 | 7 619 | 6 478 | 8 951 | 8 244 | 6 929 | 6 350 | 6 342 | 6 681 |
| Tire production ^g | 434 | 348 | 331 | 345 | 420 | 381 | 246 | 342 | 316 |
| Automobile sales ^g | 10 274 | 2 165 | 2 509 | 2 800 | 1 615 | 1 353 | 2 892 | 2 162 | 3 030 |

Source: ECLAC, on the basis of figures from the Ministry of Energy and Mines, the Latin American Institute of Iron Ore and Steel, and Veneconomía, S.A.
^a January-May average. ^b April-May average. ^c Thousands of tons. ^d January-April average. ^e April. ^f Thousands of 60-kilo bags. ^g Thousands of units.

Table 3
VENEZUELA: CONSUMER PRICE INDEX
(Percentage variation)^a

| | 1988 | | | 1989 | | | 1990 | | |
|-----------|-------|------|--------|-------|------|--------|-------|------|--------|
| | Month | Year | 12 Ms. | Month | Year | 12 Ms. | Month | Year | 12 Ms. |
| January | 0.4 | 0.4 | 38.6 | 1.1 | 1.1 | 36.4 | 2.4 | 2.4 | 83.2 |
| February | -1.9 | -1.5 | 32.6 | 3.2 | 4.3 | 43.5 | 1.9 | 4.3 | 81.1 |
| March | -0.1 | -1.6 | 29.8 | 21.3 | 26.5 | 74.2 | 1.8 | 6.2 | 52.0 |
| April | 2.0 | 0.4 | 28.8 | 13.5 | 43.6 | 93.8 | 2.6 | 9.0 | 37.4 |
| May | 1.4 | 1.8 | 25.2 | 6.4 | 52.7 | 103.3 | 2.5 | 11.7 | 32.4 |
| June | 5.0 | 6.9 | 26.3 | 3.2 | 57.6 | 99.8 | 2.8 | 14.8 | 31.9 |
| July | 5.1 | 12.3 | 26.1 | 2.5 | 61.5 | 94.9 | 3.9 | 19.3 | 33.7 |
| August | 2.4 | 14.9 | 28.0 | 2.2 | 65.0 | 94.5 | 3.2 | 23.2 | 35.0 |
| September | 1.7 | 16.9 | 27.5 | 3.3 | 70.4 | 97.6 | | | |
| October | 4.4 | 22.0 | 29.9 | 3.0 | 75.5 | 95.0 | | | |
| November | 4.0 | 26.9 | 31.3 | 1.3 | 77.9 | 90.0 | | | |
| December | 6.8 | 35.5 | 35.5 | 1.7 | 81.0 | 81.0 | | | |

Source: ECLAC, on the basis of figures from the Central Bank of Venezuela.
^a In the Caracas metropolitan area.

Table 4
VENEZUELA: CENTRAL BANK FOREIGN EXCHANGE RECEIPTS AND OUTLAYS
(Millions of dollars)

| | Receipts | | | Outlays | | | | | Balance |
|------|-----------|--------------------|--------|-------------------|---------------|-------|--------------------|--------|---------|
| | Petroleum | Other ^a | Total | Imp. ^b | External debt | | Other ^c | Total | |
| | | | | | Publ. | Priv. | | | |
| 1988 | 8 503 | 5 144 | 13 647 | 8 686 | 3 511 | 1 214 | 2 843 | 16 254 | -2 607 |
| 1989 | 10 140 | 4 035 | 14 175 | 5 300 | 2 910 | 190 | 4 173 | 12 573 | 1 602 |
| 1989 | | | | | | | | | |
| I | 2 097 | 1 653 | 3 750 | 1 533 | 513 | 141 | 1 398 | 3 585 | 165 |
| II | 2 664 | 1 113 | 3 777 | 1 135 | 634 | 5 | 2 232 | 4 006 | -229 |
| III | 2 439 | 1 256 | 3 695 | 1 800 | 870 | 12 | 399 | 3 081 | 614 |
| IV | 3 940 | 13 | 2 953 | 832 | 893 | 32 | 144 | 1 901 | 1 052 |
| 1990 | | | | | | | | | |
| I | 2 641 | 981 | 3 622 | 1 460 | 1 290 | - | 940 | 3 690 | -68 |

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

^a Includes receipts from the Venezuela Investment Fund and short-term financing received by the Central Bank. ^b Imports of goods and services. Including expenditure in foreign exchange of *Petróleos de Venezuela* and agreements. Excludes imports at the free exchange rate. ^c Includes Central Bank sales of foreign exchange on the free market and, starting on 1989, amortization of bridge-loans received by the Central Bank.

Table 5
VENEZUELA: NET INTERNATIONAL RESERVES
(Millions of dollars)

| At the end of: | 1986 | 1987 | 1988 | 1989 | 1990 |
|----------------|--------|-------|-------|-------|-------|
| March | 13 443 | 9 536 | 8 683 | 6 794 | 7 339 |
| June | 12 612 | 9 270 | 8 501 | 6 464 | 7 810 |
| September | 11 367 | 9 469 | 7 442 | 7 061 | |
| December | 9 858 | 9 376 | 6 671 | 7 411 | |

Source: ECLAC, on the basis of data supplied by the Central Bank of Venezuela and the International Monetary Fund.

Table 6
VENEZUELA: FREE EXCHANGE RATE
(Bolívaes per dollar)

| | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|-----------|------|------|------|------|------|------|
| January | 13.5 | 17.3 | 23.2 | 30.0 | 37.4 | 43.3 |
| February | 13.3 | 18.9 | 22.9 | 29.7 | 38.9 | 43.1 |
| March | 13.1 | 19.1 | 23.1 | 29.7 | 36.0 | 44.9 |
| April | 12.9 | 19.3 | 24.7 | 29.4 | 37.5 | 45.3 |
| May | 13.2 | 20.1 | 28.5 | 31.7 | 38.2 | 47.0 |
| June | 14.0 | 17.6 | 27.9 | 33.2 | 37.2 | 47.9 |
| July | 14.2 | 19.7 | 29.1 | 36.2 | 36.8 | |
| August | 14.4 | 19.8 | 31.4 | 36.4 | 38.0 | |
| September | 14.6 | 20.5 | 31.7 | 37.0 | 38.7 | |
| October | 14.6 | 23.6 | 31.9 | 36.7 | 42.9 | |
| November | 15.1 | 23.8 | 29.5 | 37.3 | 44.5 | |
| December | 14.9 | 23.6 | 30.5 | 39.3 | 43.0 | |

Source: ECLAC, on the basis of data supplied by the Central Bank of Venezuela and the International Monetary Fund.

Table 7
VENEZUELA: MONETARY AGGREGATES
(Percentage variation)^a

| | Monetary base | | | | | | M2 | | | | | |
|-----------|---------------|--------|-------|--------|-------|--------|-------|--------|-------|--------|-------|--------|
| | 1988 | | 1989 | | 1990 | | 1988 | | 1989 | | 1990 | |
| | Month | 12 Ms. | Month | 12 Ms. | Month | 12 Ms. | Month | 12 Ms. | Month | 12 Ms. | Month | 12 Ms. |
| January | -5.1 | 19.8 | 0.8 | 28.7 | -7.6 | 22.3 | -1.7 | 27.8 | 1.6 | 19.4 | 1.3 | 38.1 |
| February | 0.3 | 21.7 | 3.2 | 32.3 | 9.3 | 29.5 | 0.6 | 26.6 | 1.8 | 20.9 | 3.7 | 40.6 |
| March | 1.7 | 20.9 | -6.9 | 21.1 | 4.0 | 44.8 | 1.2 | 27.1 | -0.3 | 19.1 | 5.0 | 48.1 |
| April | -1.2 | 14.4 | -2.9 | 19.0 | 8.9 | 62.5 | 1.0 | 25.6 | -2.3 | 15.2 | 4.4 | 58.4 |
| May | 4.5 | 23.1 | 3.4 | 17.8 | | | 2.7 | 27.3 | 2.5 | 14.9 | 1.4 | 56.6 |
| June | 1.0 | 20.9 | -5.1 | 10.6 | | | 1.0 | 26.1 | 2.1 | 16.2 | | |
| July | -0.9 | 20.7 | 5.7 | 17.9 | | | 0.8 | 26.1 | 4.0 | 19.9 | | |
| August | 1.1 | 18.1 | 4.3 | 21.6 | | | - | 24.7 | 4.2 | 24.9 | | |
| September | -1.6 | 15.7 | 9.2 | 34.9 | | | -0.5 | 23.0 | 3.5 | 29.9 | | |
| October | 3.2 | 14.4 | 0.1 | 30.8 | | | -0.5 | 18.2 | 4.8 | 36.9 | | |
| November | 9.1 | 19.6 | 5.0 | 25.9 | | | 5.1 | 19.8 | 5.2 | 37.1 | | |
| December | 8.0 | 21.2 | 14.5 | 33.4 | | | 4.9 | 15.5 | 6.0 | 38.6 | | |

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

Table 8
VENEZUELA: CENTRAL GOVERNMENT INCOME AND EXPENDITURE
(Billions of bolívares)

| | Income | Expenditure | Balance | Financing | | |
|------|--------|-------------|---------|-----------------|------------------------------------|-------------------------------|
| | | | | Domestic credit | Variation in reserves ^a | Reserves balance ^b |
| 1988 | | | | | | |
| I | 44.7 | 40.5 | 4.2 | 2.2 | -6.4 | 33.6 |
| II | 39.2 | 47.1 | -7.9 | -2.1 | 10.0 | 23.6 |
| III | 35.2 | 46.2 | -11.1 | -0.7 | 11.7 | 11.9 |
| IV | 41.3 | 42.0 | -0.7 | 2.6 | -1.9 | 13.8 |
| 1989 | | | | | | |
| I | 34.0 | 39.4 | -5.4 | 9.6 | -4.2 | 18.6 |
| II | 74.8 | 65.9 | 9.0 | -6.5 | -2.4 | 20.6 |
| III | 81.5 | 76.1 | 5.3 | 9.6 | -14.9 | 35.5 |
| IV | 103.6 | 88.9 | 14.7 | -8.6 | -6.1 | 41.1 |
| 1990 | | | | | | |
| I | 111.5 | 123.4 | -11.9 | -0.6 | 12.5 | 28.6 |

Source: ECLAC, on the basis of data supplied by the Central Bank of Venezuela and the International Monetary Fund.
^a (-) means increase. Does not include adjustments. ^b Balance at end of period.