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PRELIMINARY OVERVIEW OF THE ECONOMY OF LATIN AMERICA AND THE CARIBBEAN 1990

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In the midst of great difficulties, Latin America and the Caribbean are still trying to put a definitive end to the crisis that has been overwhelming them for nearly a decade now. They base their hopes on the results of the profound irreversible structural changes taking place in the countries of the region. However, the region's recovery of the path to development still remains an elusive goal: the burden of the debt overhang and the transfer of resources abroad is still excessive; investment processes are taking a long time to renew themselves; the purchasing power of broad segments of the population is depressed; fiscal structures remain fragile and the degrees of freedom for economic policy are limited. Stagnation, inflation and the severe cumulative deterioration in living conditions bear witness to the difficulty with which the processes of structural change are advancing, the time they will require in order to crystallize and the enormous magnitude of the obstacles they face. These problems are exacerbated by an insufficiency of foreign capital, a weakness in the markets for major exports, and trade restrictions.

In 1990 the region's level of economic activity fell slightly. With this, the long-term growth rate —between 1980 and 1990— dropped to barely 1.2% a year, and per capita output continued to decline and now stands at a level 10% lower than that of a decade ago.

This performance has been decisively influenced by the escalation of inflationary pressures and the drastic stabilization programmes applied to control them, which came to the forefront against a background of external constraints. In most of the countries of the region trade balances have continued to be positive, and in a great number of cases, part of the burden of the external debt on the balance of payments, has taken the form of an accumulation of arrears in its servicing.

Inflationary processes, the curbing of aggregate demand and fiscal adjustments have had the combined result, with few exceptions, of heightening the deterioration of real wages, increasing open unemployment and aggravating underemployment.

The hyperinflationary processes that began to manifest themselves last year in a number of countries were contained through stringent stabilization measures. In these countries, the monthly inflation rates dropped to between 5% and 15%. However, the average level of inflation in the region —already extremely high— increased still further. In 1990, inflationary pressures also increased in other countries of the region, even in the small, export-oriented economies which traditionally have shown relative price stability.

These pressures, which had already been felt in the first half of the year, were exacerbated by the sudden rise in the international price of oil. The impact of this event on the level of domestic prices in the months of September and October represented, in some cases, a serious complication for ongoing stabilization programmes.

Disturbances in the world oil market as a result of the Gulf crisis during the last months of 1990 increased the value of net exports from the region as a whole by over US$4 billion, thus warding off a threatened downturn. The higher income of the oil-exporting countries, especially Mexico and Venezuela, widely surpassed the increased cost of satisfying demand for imported oil, which had to be borne mainly by Brazil, Chile and the small, non-petroleum-exporting countries. However, since the value of the region's imports was already showing a considerable upward trend prior to the events that disturbed the oil market, the merchandise trade balance of Latin America and the Caribbean fell (from the US$30 billion it had reached in 1989) to US$26 billion.

The maintenance of large merchandise trade surpluses was another serious reason for concern regarding the development prospects of the region's economies. Indeed, these surpluses are largely used to effect the continued transfer of resources to international financial markets. The net transfer of resources abroad declined in 1990, although it is still excessively high (around US$19 billion). To a large extent, the reduced net outflow is due to direct investments and short-term capital attracted by a limited number of countries, and to the decline in international interest rates. But it also stems from the fact that arrears on the external debt service of many countries of the region rose in comparison to the previous year; in fact, the net transfer of financial resources from the region would be considerably higher if it were not for the debt servicing arrears into which most countries have fallen. Arrears-based financing undoubtedly introduces serious elements of uncertainty in the macroeconomic policy environment, but it is the path that a large number of countries have been obliged to take; it has been impossible for them to service the debt fully, in view of the destabilizing effects that such a policy would produce on their fragile public finances and tight monetary markets, or on already insufficient inflows of foreign exchange.

The net outward flow of financial resources to which Latin America and the Caribbean have been subjected for nearly a decade imposes a two-fold requirement on the economies: to generate permanently large trade surpluses, and to create fiscal surpluses in order to meet the financial burden of the public external debt. The required trade surpluses have been produced, either through contraction of the level of economic activity and/or through efforts to export. It has been more difficult to achieve the fiscal adjustments needed to provide States with enough resources beyond their immediate budgetary requirements.

Most of the nations of the region are currently carrying out or consolidating large-scale fiscal adjustments, which involve a profound reorganization of their public structures. Between 1989 and 1990, a considerable number of countries have made adjustments in their fiscal deficits which have amounted to over 3% of their GDP. The effort has been enormous; however, hidden inflationary pressures continue to exist in those cases where macroeconomic stability is resting on precarious foundations. This occurs where the financial burden of the debt —both external and domestic— on public finances is excessive, and where difficulties exist in covering it with taxation of private resources; where there is a recession in economic activity; where the consequences of the monetization of huge foreign-exchange surpluses are being felt; or where underlying distortions exist in domestic relative prices.

It is true, in general, that the countries whose Governments can directly tap domestic resources to finance the transfer abroad (as for example in cases of State ownership of major export-oriented activities, such as oil production or mining) have advanced more rapidly in the fiscal adjustments required to service the external debt. On the other hand, in countries where this is not so, fiscal adjustment has become much more difficult, since the Government cannot obtain enough domestic resources to acquire the foreign-exchange surplus to be transferred abroad.

Obviously, some economies of the region have made more progress than others towards the consolidation of their structural reforms and are on a better footing to initiate sustained growth. It should be noted, however, that the transformation processes currently in progress, which are aimed at promoting growth based on more open and competitive participation in the world economy, find themselves at a particularly vulnerable point, where a recession in the industrialiazed countries, protectionist pressures, the persistence of the problem of the debt overhang or sudden disturbances in external markets could undermine the advances that have cost so much to achieve.

Even worse, for many countries of the region, the consolidation of structural changes, the achievement of economic recovery and progress towards social equity may be only distant illusions. If public sectors cannot manage to stabilize their finances to support their social and development policies; if businessmen do not find room —in international markets or at home as a result of domestic recovery— in which to display their initiative and investment capacity; and if workers do not feel that improvements are being made in their standards of living to make up for the already high social cost of adjustment, then the prolongation of the crisis will delay the achievement of these development goals still further.

I. SUMMARY

According to preliminary ECLAC estimates, in 1990 the gross domestic product (GDP) of the region as a whole declined slightly in relation to 1989 (-0.5%), a year when it had expanded by only 1.5%. Per capita GDP consequently declined for the third year running, this time by 2.6%, and receded to levels already reached in 1977 and 1983.

This overall situation was mainly the result of two factors: the recessions experienced by the four economies which have been suffering from severe macroeconomic instability over the last few years, and the demand-curbing policies applied by other countries in their efforts to control inflationary pressures. The level of economic activity continued to fall in Argentina (-2%), Nicaragua (-5.5%) and Peru (-5%), and Brazil entered into a recession (-4%). Barbados, the Dominican Republic, Guyana, Haiti and Honduras also recorded declines in GDP. Growth slackened (to rates of between 2% and 3%) in Bolivia, Chile, Guatemala, Jamaica, Mexico and Paraguay, as well as in Costa Rica (3.5%), while virtually no growth occurred in the economies of Cuba, Panama, Trinidad and Tobago, and Uruguay. The only counterweights to these poor performances were the economic results of the oil-exporting countries that maintained their growth rates —such as Colombia (3.5%)— or emerged from recessions of the preceding year —such as Ecuador (1.5%) and Venezuela (4.5%).

As a consequence of the sluggish economic activity, the per capita GDP fell in 13 countries and showed near zero growth in another eight. Only Colombia, Costa Rica and Venezuela raised their per capita GDP by 1% or more, and in the case of Venezuela, the increase represented a recovery of no more than a very small part of the ground lost the year before.

Those countries that were in economic recessions continued to feel the effects of sharp upswings in inflation and of the stabilization measures applied in order to control them. Cases in which growth rates declined were also, however, related to programmes that were already being implemented or that were launched in 1990 in an attempt to achieve macroeconomic stability. In fact, by the end of the year the great majority of the countries of the region were subject to severe controls on aggregate demand, which in some cases has been held down to extremely depressed levels.

The countries of the region are either making enormous fiscal adjustments or are consolidating those carried out in earlier years, and as part of this effort they are taking thorough-going steps to accomplish the difficult task of restructuring their public sectors. Between 1989 and 1990 a large number of countries have made adjustments in their public accounts in an order of magnitude ranging from 3% to 6% of GDP. In 1990, Argentina, Brazil, Peru and Uruguay mounted determined efforts to slash their fiscal deficits; Bolivia, Ecuador, Mexico, Nicaragua and Venezuela struggled to hold their deficits down to the levels they achieved earlier; while in Chile, the non-financial public sector continued to record a surplus.

The scale of these fiscal adjustments was partially determined by the extent to which the enormous burden of external debt service has pushed public accounts out of balance. In many cases the adjustments now under way have, despite their magnitude, done nothing more than restore a limited capacity to service the public external debt. The weight of the external debt also led, in some instances, to the accumulation of public domestic debt in various forms. This has not only placed an additional burden on the public accounts, but has also made it difficult to manage liquidity in a way that would be supportive of stabilization efforts. Hence, in certain cases it has become necessary to undertake drastic financial reforms in order to re-establish some manoeuvering room for monetary policy.

The build-up of inflationary pressures was a widespread phenomenon in 1990. While the rate of price increases skyrocketed in those economies which suffer from chronically high inflation, most of the other countries in the region registered annual rates close to or higher than 25%. As a result, the average annual increase in consumer prices, weighted by population, reached a record level of nearly 1 500%.

Almost all of the economies in which high inflation is a chronic problem were bordering on hyperinflation during the first half of 1990. Monthly rates of consumer price increases peaked at 96% in Argentina and 84% in Brazil (both in March), 126% in Nicaragua (in May) and 397% in Peru (in August) (in the last case, the figure includes the effect of liberalization measures adopted at the beginning of the month). These episodes were the outcome of accelerating inflationary trends which were in turn the result, *inter alia*, of the inability to contain the public deficit (which was exacerbated, in some cases, by the financial burden of the domestic debt) and uncertainty as to the future course of the economy, which in turn sparked a rush to convert assets into hard currencies. As late as the end of November, when stabilization measures had already been in place for several months, the 12-month rate of price increases was 1 800% in Argentina, almost 2 400% in Brazil, over 8 500% in Nicaragua and 8 300% in Peru. Uruguay did not see inflationary spirals of this magnitude, but the rate of price increases did continue to climb, reaching a peak annual level of 130%.

In those countries which have recently been experiencing high inflation and are implementing stabilization programmes, the rate of price increases remained high, ranging between 30% and 75% annually. In Mexico, an outbreak of inflation raised the annual rate to 30%. The situation was the opposite in Venezuela, where, thanks to the stabilization programme launched the year before, inflation slowed, although the 12-month rate was still over 30%. Ecuador and the Dominican Republic once again registered high rates of inflation. However, whereas the rate was brought down slightly (to 48% annually) in Ecuador, in the Dominican Republic an inflationary surge pushed the annual rate of price increases above 70%.

Mounting inflationary pressures were also observed in countries which had moderate rates of inflation for a number of years. The annual variation in prices climbed from 26% to 31% in Colombia, from 10% to 22% in Costa Rica, from 21% to 29% in Chile, from 20% to 50% in Guatemala, from 11% to 25% in Honduras, and from 29% to 43% in Paraguay.

In 1990 the external sector did not act as a constraint on most countries in terms of their effective import capacity, inasmuch as they maintained or expanded their exports, deferred the service on their external debt or received an inflow of capital. Indeed, in some cases the demand for imports remained depressed either because the country was in a recession or because steps had been taken to check the expansion of aggregate demand. In these instances, inflationary trends or domestic adjustments were the main factors bringing about a recession, or a stagnation, of economic activity. Nonetheless, the backdrop for these trends and adjustments was still, in many cases, the external constraint represented by an import capacity that continues to be restricted by an outward transfer of resources and the instability of short-term capital flows.

In 1990 a further decrease was witnessed in the large trade surplus which the region as a whole has maintained since the onset of the crisis. This occurred despite the favourable influence, in net terms, exerted during the latter part of the year by trends in the world oil market arising out of the problems in the Persian Gulf.

The sudden, sharp rise in oil prices on the international market, beginning in August, had far-reaching implications for Latin America and the Caribbean. For the region as a whole, in the short term each one-dollar rise in the price of petroleum causes an increase of US$106 million in the value of its monthly exports and of nearly US$38 million in the value of its imports.

The value of regional exports in 1990 has risen by US$4.8 billion, owing solely to the effect of the higher oil prices recorded as from August. Venezuela and Mexico have been the principal benefactors; the price increase has brought them an additional US$2.5 billion and US$1.8 billion, respectively. In the cases of Colombia and Ecuador, additional income from higher oil prices has been in the neighbourhood of US$300 million and US$200 million. Venezuela has moreover, been in a position to expand its petroleum earnings by means of increased shipments, which have brought in an additional US$1.2 billion, raising its total increased earnings from exports of hydrocarbons to US$3.7 billion.

The crisis in the world oil market has also had the effect of increasing the value of regional imports by US$1.9 billion. Of this total, US$1.2 billion corresponds to Brazil; US$230 million, to Chile; US$120 million to the Dominican Republic; US$50 million to Uruguay and US$200 million to the Central American countries as a whole. Although all oil-importing countries have been affected, the Dominican Republic, Haiti, Chile, Paraguay, Honduras, Nicaragua, Panama and Uruguay have, in that order, been those which have suffered the greatest damage in relative terms because of the importance of oil imports to their economic activity.

On account of the net positive effect of the situation in the world oil market, the value of merchandise exports from Latin America and the Caribbean was able to rise by 7%, to a total of nearly US$120 billion. Nevertheless, the growth rate of exports declined for the second consecutive year.

In the oil-exporting countries, the expansion of merchandise exports (by nearly US$9 billion) was accompanied by the reduction of US$500 million in net outflows in profit remittances and interest payments and an increase of US$1.7 billion in net inflow of capital. Thus, these countries increased their capacity to import, or to accumulate reserves, by a figure of close to US$11 billion —equivalent to 28% of the preceding year's value of their imports.

On the other hand, the value of the exports of the non-oil-exporting countries fell slightly (-2%) owing primarily to the contraction (-11%) recorded in Brazil; the exports of the other countries increased significantly in many cases. However, since profit remittances and outstanding interest payments remained at about the same level as the preceding year, their share of exports of goods and services increased somewhat, rising to 30%.

The value of imports in Latin America and the Caribbean continued to rise, this time by 14%, bringing the total to US$93 billion. Half of that increase corresponded to the expansion of imports in Mexico, but nearly all the other countries increased their imports significantly. This caused the merchandise trade surplus to fall from nearly US$30 billion to US$26 billion. Since this reduction was greater than the drop in net profit remittances and interest payments, the merchandise trade surplus amounted to only 71% of that outflow, by comparison with 80% the preceding year.

The flow of profit remittances and interest payments by the countries of the region fell slightly (by US$600 million), owing to the combined effect of the decline in international interest rates and debt reduction secured by some countries with the creditor banks. In view of the reduction of the merchandise surplus, however, the current account deficit grew to US$10 billion.

This deficit was financed by net capital inflows amounting to close to US$18 billion —higher than the inflow registered the preceding year (US$10 billion). Most of that increase is attributable to new inflows into

Chile and Mexico and also to the re-entry of short-term private capital to Argentina, Panama and Peru. Venezuela, on the other hand, significantly increased its net outflow of capital. Another significant factor in the increase in the net inflow of capital corresponds to the increase in the volume of arrears which the countries of the region were forced to incur in their external debt servicing in 1990.

Since the net inflow of capital was greater than the deficit on current account, the reserves of the countries of the region continued to recover, this time by close to US$8 billion. On the other hand, the increase in the net inflow of capital, coupled with the marginal decrease in outflows in profit remittances and interest payments, had the effect of significantly reducing the net transfer of resources abroad, which fell to US$19 billion. This fall in the transfer of financial resources was experienced both in the oil-exporting and the non-oil-exporting countries. Nevertheless, the transfer still represents 10% and 16% of the value of exports of goods and services, respectively, of the oil- and non-oil exporting nations.

The nominal external debt of the region rose to US$423 billion after having decreased slightly the preceding year. The factor which contributed most to the rise in the debt was that it was impossible for the majority of the countries to meet their servicing obligations, so that in 1990 arrears amounting to US$11 billion were incurred. Other contributing factors included the devaluation of the dollar (which increases that part of the debt which is denominated in currencies other than the dollar) and the fact that a few countries which have managed to project an image of solvency had access to significant amounts of voluntary capital. Less important in 1990 were, some contractionary factors, including in particular, the various types of operations for reducing the debt and the elimination of short-term lines of credit in some countries.

The region's debt/exports coefficient fell slightly, to 292%. The coefficient accrued interest to exports experienced a more significant fall —from 29% to 26%—; however, it remained high and far above levels traditionally regarded as acceptable.

In 1990 the region's fifth round of renegotiations of the external debt with private banks continued, primarily within the general framework established by the Brady Plan. Four agreements for reducing the debt were implemented or agreed to in principle —those with Mexico, Costa Rica, Venezuela and Uruguay. Two other countries —Chile and Jamaica— signed more traditional debt rescheduling agreements. At the same time seven official bilateral debt rescheduling exercises were carried out within the framework of the Club of Paris, some of which included more favourable terms. As for the debt with multilateral bodies, the problem of arrears in their servicing persisted, although in some cases new mechanisms emerged to regularize payments. All in all, the international debt strategy continued to show serious deficiencies regarding its objective of eliminating the problem of debt overhang.

II. MAIN TRENDS

1. Production and employment

With the vast majority of its economies subject to rigorous domestic adjustment programmes, the region's gross domestic product fell by 0.5%, thereby intensifying the negative impact of the weak economic performance of the previous two years on employment and living conditions. (See table 2.) This resulted in a further contraction of 2.6% in the per capita product reaching the 1983 level —which was itself 10% less than the 1980 figure— thereby cancelling out the modest recovery that had been made following the crisis. (See table 3.)

A significant number of countries recorded declines in their gross domestic product which fell for the third straight year in Peru (-5.0%), Argentina (-2.0%) and Guyana (-1.5%) and for the seventh year in a row in Nicaragua (-5.5%). This panorama was further compounded by the recession in economic activity in Brazil (-4.0%), and falling production in the Dominican Republic (-4.0%), Barbados (-3.0%), Haiti (-2.0%) and Honduras (-1.0%). Another group of countries posted rates of economic growth lower than those of the previous year. The most notable of these was Chile, whose economy grew by 2.0% following its 9.0% increase of the previous year; more limited declines were registered in Costa Rica, Guatemala, Jamaica, Mexico, Paraguay and Uruguay. These economies, accounting for 90% of the regional product, registered declines or a slowing down in their rate of growth. On the other hand, Colombia and El Salvador, improved their economic performance while Ecuador, Panama, Venezuela and Trinidad and Tobago recovered totally or partially from the previous contraction of their economies. In Bolivia and Cuba, finally, the product continued to expand at the modest rates of previous years.

In view of the high rates of population growth in the region, the performances described above have been extremely modest or negative in terms of per capita product. As a result, half of the countries showed declines in this indicator of well-being; of the other half, only the economies of Colombia and Venezuela grew by more than 1%. The poor performance of most of the region's economies during the 1980s meant that in 1990 only a small number of countries managed to increase their per capita product over the 1980 level: Cuba (31% with respect to the total social product), Colombia (16%), Chile (9%), Barbados (8%) and Jamaica (2%). At the other extreme, the greatest declines in per capita product during the 1980-1990 period were recorded in Nicaragua (-41%), Peru (-30%), Guyana (-28%), Argentina (-24%), Bolivia (-23%), Haiti (-22%), Venezuela (-20%) and Guatemala and Panama (-18%).

The sluggish production in the region in 1990 was reflected in a widespread increase in urban unemployment rates. Only Chile experienced a decline in the rate of unemployment while the rate remained virtually unchanged in Mexico; in the remaining countries, the rate of open unemployment increased. (See table 4.)

In *Argentina*, gross domestic product fell by 2.0% thereby accumulating a total decline of 9% over the last three years. Exports were once again the only component of aggregate demand which expanded, despite the rapid real appreciation of the currency from March onward; this result was possible thanks to the increase in the supply of agricultural products and the export orientation of some industrial branches. On the other hand, investment again declined, reaching a level which will probably be insufficient to cover amortization payments on installations and equipment. The increase in agricultural production was caused by the expansion of the area under cultivation and favourable weather conditions. The level of manufacturing activity, on the other hand, fell for the fourth consecutive year, this time by nearly 7%; during the first quarter, the product of the sector was negatively affected by the impact on domestic demand of the conversion into foreign bonds of deposits in the financial system, the upsurge in inflation in February and the new stabilization programme introduced in March. During the following months, activity gradually normalized; despite the low levels of the product, some signs of recovery were evident. By the end of the year, domestic demand for industrial products was higher than at the beginning of the period and while exports of manufactures maintained their previous levels, there was uncertainty as to how they would be affected by the sharp drop in the real exchange rate. Construction again declined, further reducing the contribution of this sector to the generation of the product. The lower rate of production in urban activities affected employment with unemployment increasing to nearly 9%.

In *Brazil*, the application of a rigorous stabilization programme from March onward, which, among others involved the freezing of two thirds of financial assets, led to a reduction of 4% in the 1990 gross domestic product. Production was severely affected by the economic measures, with a sharp decline in the level of activity in April, followed by a brief period of adaptation to the new conditions. Although a slight recovery was initiated towards the middle of the year, the restrictive monetary policy adopted to control the upsurge in inflation kept production levels low. The fall in real wages seriously affected the levels of domestic demand; enterprises, which had acquired stocks before March, were forced to meet their financial requirements by liquidating their stocks to the detriment of production. At the same time, total fixed capital formation contracted sharply as a result of the reduction to the barest minimum of public sector capital formation while in the private sector it was paralyzed by high interest rates and unfavourable expectations regarding economic recovery. This evolution of effective demand had the greatest impact on construction and on industries producing consumer durables —especially automobiles— and capital goods, which have a significant weight in the manufacturing product. On the other hand, the over-valuation of the national currency during most of the year discouraged exports of manufactures, which were also affected by strikes in the iron and steel and the automobile industries and by difficulties in obtaining credit. All these factors combined caused a fall in manufacturing production by more than 8%. The situation was further complicated by the decline in agricultural production, a slowing down in construction, and stagnation in other urban activities. The impact of the stabilization programme on the level of employment led initially to a sharp decline, but later on employment stabilized.

In *Peru*, the persistent low levels of domestic demand registered since 1989 deteriorated even more as a result of the adjustment programme introduced in August and led to a decrease in gross domestic product for the third year in a row. After an accumulated decrease of 18% in the two previous years GDP fell by another 5%. In such a context, investment continued to be weak. The first two quarters witnessed a slight recovery in relation to the very low indices of 1989. However, total production in the third quarter was 18% lower than in the same period of the previous year, the impact of the adjustment programme on domestic demand being so great that in the first month of its implementation, economic activity was virtually paralyzed. The wage freeze decreed from October onward kept domestic demand down with industrial manufacturing oriented towards the domestic market declining considerably. Agricultural production again fell, this time very significantly, as a consequence of drought, the sharp rise in the price of inputs and the limited agricultural credit available. Fishing activity declined as a result of the restrictions introduced for the conservation of resources, while mining production was adversely affected by labour conflicts and the activities of subversive groups.

In *Colombia*, gross domestic product rose again, this time by 3.5%. As in the previous year, mining was the most dynamic sector, while the industrial and agricultural sectors also recorded significant growth. Industrial production (not including the processing of coffee) rose by 5.6% during the first seven months of the year, whereas almost no growth had been recorded during the same period of the previous year. Construction had its worst year for a long time, with negative figures being recorded, partly due to a halt in the construction of low-income housing. Despite greater growth, the downward trend in open unemployment was reversed and this indicator again rose to over 10% in the urban sector of the country.

Growth in *Mexico* (2.5%) was somewhat lower than in the previous year. The continuation of the stabilization programme kept down domestic demand, while exports, particularly of non-petroleum products, and the favourable investment climate, mainly for foreign investment —based on the improved exchange rate situation, moderation of the interest rates and economic deregulation— served to push up total demand. Although the reduction in the transfer of resources abroad offered a greater margin of manoeuvre for economic policy, the maintenance of the adjustment programme continued to affect the demand for consumer goods and related industrial activities. Industrial production slackened, particularly in the first half of the year. Shrinking domestic demand, limited installed capacity in certain sectors producing intermediate goods and the effects of trade liberalization, caused the rate of increase in the manufacturing sector to fall from 6% to 2%. In-bond assembly activities, on the other hand, expanded markedly and its generation of foreign exchange increased by 25%. The construction sector expanded for the second straight year thanks to investments in infrastructure and the industrial sector, while agriculture, after two years of decline, recorded a very modest growth, thanks to favourable weather conditions. Mining and petroleum production also increased; events in the Gulf have increased the demand for petroleum but the possibilities for increased production are limited in the short term.

In *Chile*, economic activity slackened markedly compared with the growth registered in previous years. Gross domestic product grew by 2.0% within the context of an economic adjustment programme aimed at controlling the over-expansion of consumption and thus reducing the inflationary pressures observed towards the end 1989. The new administration established a restrictive monetary policy involving increases in real interest rates, and this rapidly limited the expansion of consumer demand. The slow decline in domestic price rises, together with the contraction in the money supply, prolonged the situation of recession, and only towards the end of year were there signs of reactivation. Against this background, manufacturing stagnated after having grown by 10% in 1989. Construction and mining also slackened notably, with the latter activity actually declining in absolute terms. Fishery activity, declined too, by over 7% for reasons of biological origin, but transport grew as a result of the operations of some major foreign investment projects. As far as aggregate demand was concerned, although consumption was contained as a result of the restrictive policy, investment grew to nearly 20% of the gross domestic product, with a substantial foreign component. Exports also continued to show high growth rates, especially in the case of non-copper products. As a result, there was a slight expansion in employment and the rate of unemployment reached a 6.6%, being slightly less than the 1989 level.

Venezuela experienced a significant recovery in economic activity after the fall suffered in 1989 as a result of the application of a severe adjustment programme. The growth rate achieved (4.5%) was partly due to the substantial increase in petroleum activity after the outbreak of the Persian Gulf crisis. Venezuela gradually expanded its oil production as from September, in line with OPEC's objective of offsetting the drop in the world supply of crude petroleum. In domestic demand for goods and services, public investment represented the main growth factor. There was a reactivation of non-petroleum production (especially of tradeable goods), with a growth rate of 4.0%. The private manufacturing sector and construction showed the strongest recovery. Public investment increased in spite of a delay in the approval and implementation of the central government's additional investment plan. In this respect expenditure by the petroleum industry on construction work and the purchase of capital goods were particularly important. Private consumption also showed signs of recovery. The open unemployment rate gradually went down as the level of activity recovered, and after increasing in the first half of the year as a result of the stagnation of production and the termination of the previous prohibition of the dismissal of personnel, the unemployment rate fell to 10% in the third quarter.

In *Uruguay*, the gross domestic product grew by only 0.5%, with a decline of 0.2% in the per capita product. As a result production has stagnated for three consecutive years. The further increase in the physical volume of exports was offset by the decline in domestic demand, and particularly of consumption. The improvement of the competitiveness of the Uruguayan economy with neighbouring countries because of the devaluations of the respective local currencies *vis-à-vis* the dollar led to an increase in exports of goods to Brazil and in purchases by tourists visiting Uruguay, thus rapidly reversing the situation which had prevailed the previous year. On the other hand, the instability of the neighbouring economies and the acceleration of domestic inflation affected domestic demand. Against the background of great uncertainty, private investment remained at the low levels of previous years (less than 10% of GDP), while the deterioration in real wages and the policy of restricting public expenditure helped to keep down private consumption and both, current and capital government expenditures. Manufacturing, construction and commerce were the sectors mostly affected by the fall in domestic demand, while there was a contraction in fishery activity because of the decline in catches and the increase in labour conflicts. The other sectors of the economy made up for these declines, in particular, an important role continued to be played by financial, housing and personal loan services. As a result of the above, unemployment rose to just over 9% of the economically active population.

In *Ecuador*, the gross domestic product grew by around 1.5%. The Middle East oil crisis had no significant effect on petroleum activity, because of problems connected with production and storage capacity. Agricultural activity increased because of the unusually large increase in banana production for export, but there were declines in the output of cocoa, coffee and rice because of drought in the early months of the year. Shrimp farming ran into problems because of the shortage of larvae and the appearance of a bacteria which affected the growth of these crustaceans. The slight recovery in the industrial and construction product was achieved against the background of the continuation of the adjustment and stabilization process applied since the year before and which kept down consumer demand. The construction sector was affected by restrictions on public investment. In these circumstances, the unemployment rate remained at about the same level as the year before.

The gross domestic product of *Bolivia* registered a moderate increase of 2.5%, which has been the average growth rate since the implementation of the stabilization programme in 1985. This result was influenced by the drop in capital formation. From a sectoral point of view, mining and manufacturing continued to be the most dynamic areas of activity, while the contribution of the construction sector to economic growth fell considerably. The increase in sales to neighbouring countries —which had substantial changes in their exchange rates— also contributed to increase the product. The agricultural sector suffered a further decline because of the effects of a prolonged drought. In *Paraguay*, the slackening of the growth rate to 3.0% from the figure of 5.9% registered the year before was due to the limited growth of agricultural activity caused by the effects of the excessive rains on the crops.

In general, the countries of the Central American Common Market suffered a reduction in their growth rates as a result of the fall in the prices of their export products and the negative impact of the oil price rises. The exception was *El Salvador*, where the growth rate of the economy recovered to 3.0% thanks to the significant rise in agricultural production: the favourable performance of this sector, the most important in the economy, made up for the slower growth of other activities which were mostly affected by the increased cost of imports due to the substantial exchange rate adjustments. The economic growth of *Guatemala* was less than in 1989 and reached only 3.0%, partly because of the low investment growth caused by the uncertainty of impeding elections and the slow growth of domestic consumption. The agricultural sector continued to expand, especially in those branches producing for export, but the overall growth rate was lower as a result of the drop in coffee prices; the manufacturing product, for its part, again grew slowly, the most noteworthy items being the increase in subcontracting activities and the export of clothing, wood and wickerwork products and processed vegetables.

Costa Rica, too, suffered a decline in its growth rate, which fell to 3.5% because the drop in the terms of trade was accompanied by a sharp contraction in unilateral transfer payments from abroad. In *Honduras*, it is estimated that the gross domestic product will suffer a slight drop of 1.0% this year. The agricultural product maintained a modest rate of increase, since the banana crop harvest was affected by labour conflicts, while both public and private construction activity suffered a sharp drop because of the shortage of foreign exchange and the rise in the cost of inputs because of the rise in the exchange rate; there were also signs of a recession in the services sector. The change of administration in *Nicaragua* involved a turnaround in economic policy, and the stabilization programme applied further intensified the existing recession, so that the gross domestic product fell for the seventh year in succession, this time by 5.5%. All sectors of production declined markedly, with the biggest fall being registered in construction and mining. The rise in unemployment and further deterioration in real wages adversely affected the standard of living and led to numerous labour conflicts. The modest growth of the product in *Panama* (1.0%), achieved after two years of contraction, was made possible by the growth in agricultural activity (especially in banana production and stock raising), while the construction sector showed signs of reactivation as a result of the reconstruction projects. Recovery was very slow, however, in industrial, banking and external trade sectors, and even in the transport sector, which was affected by the lower level of activity in the Panama Canal.

Recession was the keynote of the Caribbean countries, most of which were affected by the unfavourable world economic conditions. Thus, the growth rate of *Jamaica* dropped to only 2.0% compared to a 6.3% recorded in 1989; there was an interruption in the sustained growth achieved in the past by *Barbados*, falling back to a figure of -3.0%, while the *Dominican Republic* suffered a decline in absolute terms of 4.0% because the external impact was accompanied by the effects of a domestic adjustment process which, by raising the exchange rate and the prices and charges for public services and imposing wage controls, led to a depression of domestic demand. In *Trinidad and Tobago*, however, the oil price rises halted six years of continuous decline and gave rise to a modest 0.5% growth rate. In *Cuba*, economic activity was affected by the virtual disappearance of trade with some Eastern European countries and the difficulties in economic relations with the Soviet Union due to the domestic problems of the latter country. This led to a deterioration in the supply of raw materials, spare parts and petroleum. The total social product thus grew by 1.0% against a background of stringent austerity measures designed to improve the efficiency of utilization of the country's material resources, especially energy. At the sectoral level, agricultural and construction activities were responsible for most of the increase in the product, while the sectors whose growth rates declined most were industry and transport. Finally, in *Haiti* the political events, together with problems due to the drop in coffee prices and the effects of the stabilization plan, caused a drop of 2% in the product. This contraction was observed in most of the sectors producing for the domestic market and even in some export branches, however some consumer industries such as foodstuffs and beverages and industries producing footwear for export were able to register some growth

2. Inflation and wages

In 1990 there was a widespread increase in rates of inflation, which in some countries reached levels bordering on hyperinflation. Therefore, rigorous stabilization policies were put into effect throughout Latin America and the Caribbean. This year only a few countries were exceptions to this trend and experienced moderate inflation; with the exception of Panama, Barbados, Bolivia, Haiti and Trinidad and Tobago, the countries of the region showed price increases very close to or higher than 25% per year. The influence of those countries which came close to hyperinflation during the first half of the year, caused the rise of average regional consumer price index for the fourth consecutive year, from close to 1 200% in 1989 to 1 500% in 1990. (See table 5.) This result was, however, derived from considerably differentiated performances among the countries and within the year. In particular, the measures adopted in some cases where inflation was the most acute decelerated the rise in prices abruptly with the result that the region's rate of inflation stood at less than 200% a year during the last quarter. In these circumstances, the high rates of price increase generally exceeded wage increases. (See table 6.)

Nearly all economies with chronically high inflation came close to hyperinflation or actually experienced it in 1990. The cumulative increase in consumer prices in 12 months reached a maximum of 20 000% in Argentina (March), 6 600% in Brazil (April), 8 500% in Nicaragua (October) and 12 400% in Peru (August) although, in the latter case it incorporates the effect of a series of measures designed to produce a stabilizing impact. In Uruguay, the rate of price increase was on the rise, but the maximum (130% a year) was much lower than in the countries listed above.

Although performances differed, all but one of the economies which had recently experienced high inflation maintained high rates of price increase, which fluctuated between 30% and 70% a year. In Mexico, after the successful result shown the preceding years, there was an upsurge in inflation which brought the annual increase up over 30%. In Venezuela, on the other hand, thanks to the severe stabilization programme implemented the preceding year, the rate of inflation decelerated; however, it too was higher than 30% in 1990. Ecuador and the Dominican Republic continued to show the high price variations observed since 1988, but while Ecuador recorded a slight reduction bringing the rate down somewhat lower than 50% a year, the Dominican Republic experienced a marked increase which caused domestic prices to rise by over 70%. The exception within this group of countries is Bolivia, where inflation remained below 20% a year.

The upward trend in inflation was also observed in countries which for a number of years had recorded moderate rates of inflation. The annual rate climbed from 26% to 31% in Colombia, from 10% to 22% in Costa Rica, from 21% to 29% in Chile, from 20% to 50% in Guatemala, from 11% to 25% in Honduras and from 29% to 43% in Paraguay. Countries with low rates of inflation were few. Haiti and Trinidad and Tobago, for their part, recorded annual rates of price increase of about 10%. Panama continued to show the tiny variations observed since 1984, while in Barbados prices rose by only 2%.

Thus, with respect to inflation, two different types of behaviour might be noted. First, there were those economies which managed to reduce the extremely high inflation pressure although still experiencing high rates of monthly inflation. Secondly, there was a large group of countries which recorded rates of price increase considerably higher than normally experienced. The situation which prevailed in many countries at the end of the year, however, gives rise to questions concerning the persistence of the most recent rates of inflation. In some cases, especially in the Central American subregion, the tremendous price increase recorded in 1990 could be caused by a once a time increase in inflation, resulting primarily from exchange rate revisions effected after many years of immobility, or from the effect of the increase in the price of petroleum, which need not necessarily be interpreted as an indication of permanent transition to a higher level of inflation. On the contrary, in countries with high rates of inflation, the rapid deceleration of prices in recent months (although in some cases rates amounting to 15% a month were still maintained) came with notable recessions and significant reductions in the real exchange rate. In those cases, marked monetary austerity (characterized by high real interest rates), the liberalization of the exchange rate and inflationary inertia in the short term have resulted in a revaluation of local currencies; although its constribution to the achievement of anti-inflationary objectives, this combination has weakened export strategies.

The decline in the real exchange rate of some large countries affected the anti-inflationary measures taken by their smaller neighbours via a rise in their aggregate demand. This was true for Bolivia, Paraguay and Uruguay, which faced a rapid increase in purchases by visitors from Argentina, Brazil and Peru during the second half of the year.

The increased severity of inflationary pressure has led to the implementation of new programmes of strict fiscal adjustments or to a broadening off the existing ones. The exertion of greater tax pressure, the widespread rise in the prices of public sector goods and services, the application of more rigorous control over tax collecting mechanisms and the reduction in public expenditure made it possible, in many countries, to narrow the financial gap in the public sector and consequently to reduce its demand for bank loans. Moreover, in some cases where episodic experiences of hyperinflation were recorded, fiscal operations have begun to be managed from a cash flow perspective, with expenses paid up to the value of the monthly income earned; thus, an attempt has been made to manage monetary expansion apart from the credit needs of the public sector. This strategy was accompanied by delays in the servicing of both the domestic and the external debt, which led to involuntary financing by the creditors and eventually to an increase in the already high public-sector debt. However, the inflationary pressures related to money supply exceeding public demand are still present, now as a result of the conversion into national currency of the private sector's huge external trade surpluses which by far outweight the small real monetary base left after the very high inflation. On the one hand, when the monetary authority acquires all the foreign currency which the private sector is disposed to exchange, the result is a monetary expansion higher than that which would satisfy the reduced demand for money, and this can end in a further resurgence of inflation. On the other hand, when the Central Bank withdraws from the market, the real exchange rate tends to fall below the levels needed to stimulate export flows. Under such circumstances, even the substantial external and fiscal adjustments already applied which have been accompanied by recessive situations, were insufficient to solve the problem of price instability in most of the countries of Latin America.

Outbreaks of hyperinflation were responsible for rigorous stabilization programmes in the four countries with chronically high inflation. In *Argentina*, prices rose by close to 1 350% during 1990 (1 830% in the 12 months prior to November), although towards the end of the year inflation had fallen markedly; while in the first quarter of the year, the average variation in the consumer price index came close to 80% a month, the rises in October and November averaged 7% a month. The switch from hyperinflation to a pattern of lower, although still high, inflation was due to tougher fiscal and monetary policies and was accompanied by intensive movements in relative prices. In particular, the real exchange rate fell abruptly —a fall which was offset by a rapid rise in prices of private-sector services.

At the end of 1989, a rapid outflow of domestic assets in exchange for foreign currency occurred, which put an end to the stabilization programme. In response, the authorities decided to convert fixed term deposits above a certain minimum to long-term, government bonds valued in dollars. This measure meant that the public sector sharply reduced its eligible, short-term debts and in particular reserves paid for out of deposits; at the same time, a sharp decrease in the volume of financial assets in national currency occurred. An immediate effect was a sudden excess of available foreign currency, which pushed the exchange rate towards revaluation. Inflation slackened off for some weeks while liquidity was rapidly restructured. At the beginning of February a considerable rise of public services rates, the increased money supply and rising expectations of inflation brought pressure on the exchange rate. Behaviour typical of hyperinflation was again observed: prices were expressed in dollars, the supply of goods was restricted and real monetary holdings fell markedly. In order to deal with this further upsurge of inflationary tendencies, measures were adopted to strengthen the management of the Treasury and reduce monetary expansion. It was decided that the finances of public enterprises would be administered through a single fund supervised by the Ministry of the Economy, purchases from and payments to suppliers were suspended, subsidies were reduced and rediscounts were effected. The announcement of these measures effectively detained capital flight ; quotations on the dollar fell and prices decelerated. Although government earnings remained relatively low, the Treasury obtained primary surpluses in the second and third quarters. Up until June the demand for money recovered from the low levels experienced previously, which decompressed the foreign exchange market. The Central Bank purchased foreign currency in abundance, increasing its reserves, while the exchange rate showed a slight tendency to rise. Although prices decelerated, the average rate of inflation in the second quarter was 13% a month.

In August inflation exceeded 15% as a consequence of an acceleration in the adjustment of public services rates and the upward trend in the exchange rate, which was accompanied by a reduction in the primary surplus of the Treasury and a slackening in the demand for real monetary balances. In order to cope with this, the authorities decided to take additional measures to refinance State debts and make the management of public-sector funds more strictly, especially for public enterprises. A sizeable increase in the prices of public sector goods and services and a strict monetary programme were also announced. As had happened previously, the weakening of the money supply had an impact on the exchange rate, which fell by 10% between August and November in nominal terms. After a period during which prices continued to rise with some intensity, inflation fell to close to 7.5% in October and to 6% in November.

The difference in the behaviour of domestic prices and of the exchange rate caused marked fluctuations in the real exchange rate. During the periods of hyperinflation in 1989 and the beginning of 1990, many transactions were expressed in dollars, but generally speaking, domestic prices fluctuated more than the value of foreign currency and, in particular, were less flexible downwards. Thus, while the real value of the dollar (in terms of the consumer price index) was high during the first quarter, in November it fell below the range of variation experienced in recent years. As for real wages, they recorded a significant drop at the beginning of the year and recovered later on; towards the end of 1990, real remunerations in manufacturing were lower than their historical averages but exceeded the low levels experienced during periods of hyperinflation.

In *Brazil*, the rate of inflation for the year was about 1 800%. Although prices rose by 2 360% in the year ending in November, that rise includes an increase of 54% in December 1989. The yearly rate, like the rate shown the preceding year, conceals enormous changes which occurred during the year. In the first quarter, the economy approached a situation of hyperinflation with a price increase of 84% in March, a highly indexed economy and a large fiscal deficit which was covered by issuing new government securities at increasingly high interest rates, which caused a continual rise in the financing needs of the public sector. The new Government, which took office in March, immediately applied Draconian stabilization plan based primarily on the freezing of two thirds of the financial assets, the creation of a new currency (the cruzeiro) and the restructuring of public finances. At the same time, prices and wages were frozen, a floating exchange rate was established and monetary correction was eliminated. The freezing of government bonds, by deferring their redemption for 18 months, and the capitalization of the interest caused an immediate reduction in the financing needs of the public sector. Similar results were obtained from the creation of new taxes, including a special tax on money conversion operations; the rise in existing taxes; the suspension of fiscal incentives and subsidies and the intensification of the struggle against tax evasion. In order to reduce public expenditure, government agencies were eliminated and staff reductions were announced. All these measures were aimed at drastically reducing the fiscal deficit (a surplus in the public accounts was even foreseen), breaking inertial inflation and reversing expectations.

The results of the plan were immediate and inflation dropped in April as a consequence of the extreme shortage of liquidity. At the same time, production was paralyzed while the economic agents were adapting to the new liquidity conditions, the result being an increase in unemployment and a slump in real wages. In the face of the severity of the recession, the economic authorities chose to increase opportunities for converting financial assets into cruzeiros, in particular for purposes of paying taxes and financing the payment of wages. These measures, together with the massive purchase of dollars by the Central Bank, caused the monetary base to expand by over 150%. Increased liquidity and the prevailing uncertainty with regard to financial assets facilitated the recovery of consumer expenditure but also caused a resurgence of inflation, which in June reached a 10% monthly rate. In view of these results, the authorities lifted price controls, re-established free wage negotiations and introduced new non-indexed government securities while at the same time implementing a rigid monetary policy and maintaining a floating exchange rate in the market. The latter, in the context of high commercial surplus caused the value of the cruzeiro to appreciate, which was attenuated by the purchase of dollars by the Central Bank, making the management of the monetary policy more complicated.

In the second half of the year, the battle against inflation became more arduous. The growth rate of prices was gradually rising, reaching close to 17% a month at the end of the year showing a tendency to increase. Much of the difficulty in reducing the inflation was related to the oligopolistic structure of certain markets for manufactures, which made it possible to maintain high profit margins; on the other hand, the recent opening up of trade did not yet reduce the margins of intermediation. In this context, the Central Bank tried to maintain a strict monetary policy, although with large fluctuations, which resulted in a strongly fluctuating interest rate. In addition, the anti-inflationary policy encountered difficulties due to the weakness of the financial system, which forced the Central Bank to intervene in support of some banking institutions. On the other hand, the recession began to affect the collection of taxes. The further rise in inflation caused a return of indexation on an informal basis, especially with respect to private sector remunerations and financial transactions, indexation being facilitated by the great experience of enterprises and banks with it. Even so, the average real wage paid by manufacturing seems to have contracted by over 10%. The rate of exchange began to soar in the last two months of the year as a result of the sudden reduction in trade balances. Although this marked devaluation has made it possible to increase competitiveness, it has accelerated inflation, especially in a context of increasing indexation.

In *Peru* also, hyperinflation and its control dominated the economic scene in 1990. The change of government in the middle of the year marked a division between two notably different periods. The rate expressed in yearly terms observed during the first six months came close to 5 000%, but the result of the severe adjustment programme implemented by the new administration was that, after a strong initial impact, a rate of 200% in yearly terms was recorded in the period from September through November. The average rate of inflation during the 12 months prior to November reached 8 300%, with a downward trend caused by the stabilization programme so a lower rate was recorded in December.

Up to July, the persistence of fiscal imbalances, causing a marked monetary expansion and the distortion of relative prices and, in particular, the low levels of the exchange rate, controlled tariffs and prices, gave rise to unfavourable expectations and to a rate of inflation which averaged 38% a month and showed a tendency to rise. Within this framework, production remained depressed while international reserves fell owing to the fact that the exchange rate incentives which had benefited imports since the preceding year were maintained. Beginning in April, however, the devaluation of the exchange rate accelerated, nearly doubling every month and causing the trade balance to become favourable.

In August, the new authorities of the country began to apply a severe stabilization and internal adjustment programme. Price controls were lifted, causing prices rises between 200% and 300%, while the price of gasoline rose by 3 000% and public service rates were readjusted between 1 000% and 2 000%. In the fiscal area, tax exemptions were abolished; the sales tax was reduced with the intention of increasing tax earnings, through a decrease in the high degree of tax evasion, and a cash flow availability criterion was applied to expenditure. On the other hand, trade tariff rates were lowered. Differentiated exchange rates were eliminated, and the exchange rate was liberalized, the immediate effect of which was an increase in the exchange rate at the beginning of August and a reduction later on. The Central Bank intervened in the foreign exchange market in order to keep the value of the inti from rising caused by increased availability of foreign currency due to the surplus trade balance and the inflow of private capital from abroad in response to the high rate of interest in local currency. All these measures caused the consumer price index to rise by 397% in August and fall to less than 10% a month in the final months of the year. The wage policy sought to soften the fall in real income during the first months of the adjustment, but later on a wage freeze designed to reduce inflationary pressures was announced; at the same time bilateral negotiations were held between wage-earners and employers. The average real wage seems to have remained at the low levels of the preceding year, which were much below those recorded at the beginning of the 1980s. Since the severe adjustment restricted the demand for credit on part of both the public and the private sector, the monetary expansion which began in August was in great part a response to the extraordinarily high accumulation of reserves: during the first three months of the programme, the Central Bank increased its international reserves by US$700 million.

Since 1985, *Nicaragua* has recorded an exceedingly high rate of inflation, which in 1990 rose again, this time to 8 500% a year. As in the previous cases, the adoption of anti-inflationary measures made it possible to reduce the rate of price increase during the final part of the year, although in 1990 the monthly rate of inflation still came close to 30%. The stabilization programme adopted the preceding year caused the annual variation of prices to fall from 33 600% in 1988 to 1 700% in 1989. The set of measures put into practice by the new Government in mid-1990 caused substantial changes, the country went from a centrally planned system to a market economy system. The new programme included the privatization of enterprises, changes in fiscal policy and a monetary reform. A new unit of account—the córdoba oro— was established at dollar parity, and the assets and liabilities in the financial system were converted to it. The fiscal policy envisaged the reduction of subsidies, the indexing of public service rates and taxes by expressing them in the new currency, changes in the system of taxation and reductions in trade tariffs. In addition, marked devaluations were effected for purposes of unifying the exchange rate system; as a result, the average rate of exchange increased by a factor of 20 between April and September, and then doubled between September and November. In this scenario, prices increased very rapidly, the monthly rate of increase rising from 43% in April to 126% in May and 120% in June. During the second half of the year, the rate of variation of domestic prices gradually eased off, although towards the end of the year it was still considerably high.

In *Uruguay*, inflation rose to 130% a year in spite of a successful fiscal adjustment which cut the overall public sector deficit in half (3% of GDP). The combination of a significant rise in earnings (10%) and a contraction in expenditure (-5%) brought the accounts of the non-financial public sector into balance, causing the creation of money through loans to government to fall off considerably. Moreover, this became negative since financing was obtained by issuing government securities in foreign currency. Despite that, the means of payment more than doubled during the year owing primarily to the requirements of the quasi-fiscal deficit maintained by the Central Bank for interest payments (3% of GDP). The increase in the demand of visitors from neighbouring countries due to the revaluation of the exchange rate in those countries, and the impact of the rise in the price of petroleum were also responsible for increasing domestic prices. Finally, the prevailing widespread practice of indexing constituted a factor of inertia which had a significant effect on the expectations of those who dictated price movements. This was particularly true of the wage revision system in the private sector, which was based on adjustments made every four months in line with the rate of inflation shown during the same period the preceding year. These adjustments began to be made on a quarterly basis upon the entry into effect of a "trigger" clause for determining the wage adjustment once the rise in prices reached a certain level. In spite of this mechanism, the average real wage fell by 4%. Since public sector remunerations were adjusted in line with expected inflation, which resulted to be lower than the actual inflation, and on the basis of the finances available to the Government, the gap observed in the real wage pattern of both sectors widened.

Most countries which recently recorded high rates of inflation continued to apply the stabilization programmes initiated in past years, with different results: in two of them, the annual rate of price increase fell; in another two, it rose and in another two it remained practically constant.

In *Venezuela*, a significant deceleration of the rate of inflation was observed as a result of the progress achieved in the restoration of the basic macroeconomic balances. The increase in the consumer price index in the 12 months ending in October was 32%, compared to an 81% at the end of the preceding year. The decline is explained in part by the slackening of the pressures linked to the adjustments effected in relative prices, including the exchange rate, which had brought inflation to historically high levels in 1989. The financial policy remained generally cautious, although the recent increase in petroleum earnings presented some problems in the management of monetary variables. In the first part of the year, some deterioration was noted in the fiscal accounts as a consequence of the unfavourable operational results of some non-petroleum State enterprises and the lag in effecting the scheduled increase in the domestic price of petroleum products. In addition, a large share of the fiscal losses ascribable to the partial exchange rate guarantee provided for the payment of letters of credit with respect to imports carried out under the old multiple exchange-rate system, had been passed along to 1990. In July, in order to deal with this situation, it was decided to increase the price of gasoline by 35%, but by stages over a six-month period in order to avoid a repetition of the violent social protests to which the increase of nearly 100% in February 1989 had given rise. Efforts to restructure public enterprises were also increased, as was the implementation of the trade tariff reductions programme, especially the part relating to farm commodities in order to increase their supply. For the purpose of keeping the growth of monetary aggregates during the first few months of the year from having adverse consequences on inflation and the foreign exchange market, the authorities took measures in May and June to drain liquidity from the banking system, by increasing the legal minimum deposit and by offering higher interest rates for the system's financial instruments. In addition, the general rate of rediscount was raised from about 33% to about 43% early in July. The brighter outlook for the external sector as of August, however, produced an inflow of private capital, and in September, the Central Bank allowed the yield from its short-term documents to fall sharply in order to prevent a revaluation of the exchange rate. The increase in foreign exchange earnings, together with a rise in domestic fiscal expenditure, led to an expansion in the monetary base and in liquidity, which was greater than planned and was reflected in a higher demand for financial assets expressed in national currency. In the final months of the year, public finances were favoured by the higher earnings from petroleum exports, which nearly succeeded in eliminating the fiscal deficit. In view of the temporary nature of this additional income, the Government moved ahead with plans to retain a large share of that income in a stabilization fund for purposes of keeping public expenditure from increasing excessively.

In *Ecuador,* inflation fell slightly, to a little less than 50%, within a framework of more restrictive monetary and wage policies and a reduction in the fiscal deficit. The moderate increase in the exchange rate and the gradual liberalization of external trade were also influenced by this trend. The monetary expansion resulting from a rise in the level of international reserves was partly absorbed by an increase in bank reserves; in addition tighter controls were applied to the repayment of the private external debt, which had previously been converted into national currency. The increase in the price of petroleum as a result of the Gulf crisis, and the decision to keep the payment of interest on the external debt at 30% of the amount owed, relieved the pressure on the public accounts. It was also decided that some of the additional income obtained as a result of developments in the Gulf should be used to support the external debt rescheduling agreements, but with most of the surplus going into a stabilization fund created to revitalize production.

In *Mexico,* inflation rose to a yearly rate of 30%, after having slowed down from 159% in 1987 to 20% in 1989. The rate of increase in domestic prices accelerated in the first months of the year, following various tariff and price adjustments for public services and basic foods, which coincided with a more relaxed monetary policy. The continuation of the Social Pact for Stability and Economic Growth (PECE), in force since the previous year —although with an increased degree of flexibility in the management of its instruments—, the decline in the rate of devaluation to 12% annually, and the maintenance of a cautious fiscal policy all helped to bring about a significant decrease in the inflation rate during the second half of the year to a level similar to that registered at the end of 1989. Fiscal adjustment remained a prime objective in the battle against inflation. The public sector deficit was again reduced, and a large primary surplus resulted; in particular, the central Government's financial imbalance contracted from 5% of the GDP in 1989 to less than 3% in 1990. The reduction of transfer payments abroad, as a result of the renegotiation of the external debt —which in turn enhanced the authorities' ability to manage the domestic debt—, together with the favourable situation of the petroleum market in the later months of the year, supported the performance of public finances and thus relieved the inflationary pressures stemming from debt financing. The lower level of credit needed for the public sector helped to lower the real interest rate; in turn, the reduction in public spending on interest freed resources that could then be used for subsidies, including those for basic food consumption.

Inflation surged again in the *Dominican Republic.* Following the slowdown from 58% to 42% in 1989, prices rose by more than 70% in 1990. The increase in oil prices had a severe impact on this economy, raising domestic prices and simultaneously eroding external accounts. Thus, in August, prices of some products and services provided by the public sector rose dramatically, in particular the prices of gasoline (80%) and fuel oil (125%). In addition, successive devaluations drove up the price of the official dollar by around 80%, while by the end of the year the dollar's value on the informal market was 13% higher than the official rate; the transfer of this increase to domestic prices was one of the main reasons for the inflationary surge.

In *Bolivia,* the rigorous stabilization programme of recent years remained in force; thus, the price variation over the 12 months ending in November stayed at about 17%, representing a similar inflation rate to that recorded in 1989. However, the effect of the less competitive exchange rates in neighbouring countries introduced an additional pressure on aggregate domestic demand, resulting in a rise in the rate of price variation in the second half of the year. Although monetary and fiscal policies remained much the same as in previous years, the enhancement of Bolivia's competitiveness with its neighbours —all of whose exchange rates revolved in real terms— raised demand for goods and services and hence led to higher rates of domestic price increases. These rates, after rising at an annualized rate of 5% in the first five months, showed an upward trend of 25% annually in the second half of 1990.

Six countries, which had registered moderate inflation rates in recent years, saw an increase, in some cases very sharp, in the rate of variation in their domestic prices. In five of them, the price variation in 1990 ranged between 25% and 30%, while in the other inflation significantly exceeded these levels.

In *Colombia,* prices rose by somewhat over 30%, a slightly higher rate than that of the preceding three years, when it had hovered around 26%. This inflationary pressure coincided with a proportionate expansion of the money supply, stemming mainly from the increase in international reserves, since public accounts played a less expansive role with the fiscal deficit shrinking. In view of the fact that local currency devaluation exceeded the inflation rate, the exchange rate became increasingly competitive. Urban wages generally moved upward with the increase in domestic prices.

In *Chile*, annual inflation rose to slightly under 30%, despite the adoption, against a backdrop of fiscal balance, of a tight monetary policy, which rapidly curbed the excessive domestic demand that had significantly raised the rate of price increases by the end of 1989. However, the inflationary inertia implicit in the indexation of certain contracts and the cost pressures related to high domestic interest rates, together with the increase in the value-added tax, the rise in the minimum wage and subsequently the upsurge in oil prices, all delayed the attenuation of the inflation rate. In the first months of 1990, the new Central Bank authorities raised real interest rates —which were already at annual levels of 12%— with the aim of holding down the rapid expansion of domestic demand, which had reached 13% in 1989. The higher real interest rates paid, which reached a peak of 16.5% in March, made it easier to sell Central Bank paper, particularly long-term instruments, thereby improving the maturities profile of the Bank's liabilities. This stimulated the inflow of foreign currency through swap operations, which resulted in a steady increase in international reserves and a less competitive exchange rate. The expansion of money resulting from the above, led to successive reductions in domestic credit in order to maintain the restrictive effect of the monetary policy. The Central Bank modified its regulations concerning income from swaps, together with its procedures for selling its paper and the interest rates thereon; these measures held back the inflow of foreign currency beginning in the second quarter and led to a lowering of interest rates as from October. However, the real interest rates paid until that time and the massive inflow of short-term capital held down the price of the dollar for most of the year, leading to a strong accumulation of international reserves. The public sector participated in this adjustment by reducing real expenditure and making substantially higher payments on its debt with the Central Bank than were legally required. Even when tax revenues contracted, the favourable international price of copper made it possible to achieve fiscal balance. However, although the tight monetary policy and high interest rates quickly reduced the levels of aggregate domestic demand and production, the inflation rate was more difficult to bring down than expected. In particular, a certain amount of inflationary inertia and the impact of oil prices —which added some five percentage points to the consumer price index— delayed the expected slowdown in price rises until the end of the year.

Inflation rose in *Paraguay* (to 43% annually), mainly owing to the monetary expansion stemming from the rising amount of credit to the private sector and the significant increase in international reserves. This latter increase was largely due to the appreciation of the exchange rate in both Argentina and Brazil in the second half of the year, which augmented the number of purchases made by tourists from both countries and exacerbated inflationary pressures. This situation also had an impact on the exchange rate, which remained virtually unchanged. Exchange-rate stability in turn became a factor in relieving the pressures on domestic prices resulting from the expansion of the money supply. In mid-October, measures were adopted to restrict the size of discounts and to raise interest rates; the bank rate also was liberalized.

Inflation soared to unusually high levels in most of the Central American countries. In addition to the specific circumstances of each economy that contributed to these processes, the effect of the increase in oil prices was a common factor that heightened inflationary pressures in all of them.

In *Costa Rica,* after the significant downturn in the inflation rate the previous year (from 25% to 10%), it returned in 1990 to its 1988 level (22%). The widening of the fiscal deficit, stemming from the fact that expenditures rose more rapidly than income, together with the increase in the devaluation rate against a background of a weaker balance-of-payments position and the effects of the rise in oil prices, combined to accelerate the upward trend in domestic prices, which varied at about 2% monthly.

Inflation also worsened in *Guatemala,* where in the 12 months ending in October consumer prices soared by 50%, representing an all-time high for this country. Inflation, in a context influenced by the national elections held in November, was aggravated by the instability of the exchange market, which led to a depreciation of over 50% in the value of local currency against the dollar, the monetary expansion stemming from the increased fiscal deficit and the impact of the increase in oil prices. This inflationary process showed signs of accelerating towards the end of the year.

In *Honduras,* the annual growth rate of domestic prices rose to around 25%, which was also a historical high. This rate was affected by the modification of the exchange system —which included the elimination of the ratio of two lempiras to the dollar that had been in effect for decades— and the creation of an interbank market. The rise in the price of fuels, as in other Central American countries, was another highly significant factor in the unusual increase in prices in 1990.

In *El Salvador,* inflation was estimated to be running at about the level of the year before; however, tight monetary and credit policies beginning in the second quarter, and the improvement in the situation of public finances, reduced the rate of variation of prices during the second half of the year. The establishment of a free exchange market contributed to a growing formalization of external transactions; it also helped lead to the dollarization of the import process, which had previously been arranged informally with neighbouring countries, and this brought on a rise in domestic prices. The effect on prices of the 20% increase in the nominal exchange rate was partly offset by the continuation of the tariff deregulation programme, which reduced the tariff ceiling from 55% to 35%.

The price index exceeded 10% annually in *Haiti,* another unusual occurrence. The flair-up of inflation coincided with a marked depreciation of local currency on the parallel market, whose quotation rate rose 45% above the official exchange rate. In

Trinidad and Tobago prices also rose by an annual rate of over 10%.

3. The external sector

a) The international context

In 1990 the performance of the Latin American and Caribbean economies was strongly influenced by events in the international economy which had an impact both on the region's export markets and on the cost and volume of external financing.

One factor was that the growth rate of the industrialized economies slowed for the second year in a row, falling to an annual rate of 2.5% as compared to 3.3% in 1989 and 4.3% in 1988. Although, thanks to the growth of Germany's and Japan's economies, the performance of the developed countries was not as poor as had been predicted, the region was relatively worse off because the slowdown in economic activity was mostly concentrated in the important North American market; the United States and Canada saw the growth rates of their economies slacken from nearly 2.5% and 3% in 1989, respectively, to just 1% in 1990.

As was to be expected, world trade was affected by the sluggishness of the industrialized economies, and this situation was reflected in the continuation, with some exceptions, of the persistent downturn in commodity prices. The average prices of coffee, wheat, soya, wool, copper and tin fell in 1990, while those of sugar, bananas, cotton, iron ore and lead rose (see table 12). Overall, the average price index for commodities other than petroleum showed a decrease of around 8%, whereas the prices of manufactured exports by the developed countries climbed by almost 5%. The average prices for hydrocarbons in 1990 went up by 29% due to the crisis in the Persian Gulf.

In an effort to counteract inflationary pressures, most of the developed countries continued to apply restrictive monetary policies, which raised their interest rates. The United States was one of the exceptions, as it continued to follow an expansionary policy, and consequently interest rates in dollars slipped by an average of one percentage point. (See figure 14.) Since over half of the region's debt is subject to floating interest rates, and the bulk of it is denominated in dollars, the decline in the cost of credit in United States dollars provided a measure of relief for the region. However, the serious financial difficulties experienced by commercial banks in the United States and, to a lesser extent, in Japan and the United Kingdom (due to the large volume of questionable loans granted in their home markets) have hindered the renegotiation of the region's debt and the mobilization of fresh funds.

Many of these trends in the world economy are likely to be aggravated by the Persian Gulf crisis. By sparking a steep rise in oil prices, it has dimmed the prospects for growth in the world economy and for an expansion of international trade, while at the same time bolstering inflationary pressures.

b) The impact of the Gulf crisis on Latin America's trade balance

The outbreak of the Persian Gulf crisis in August gave rise to severe disturbances in the international oil market. As a result of this event, the average price of petroleum shot up in August and then continued to climb during the following two months; indeed, on some days in October the price hovered around US$40 per barrel. It subsequently began to decline, as oil production was increased in order to take the place of the shipments formerly made by Kuwait and Iraq.

Oil production by the OPEC member countries amounted to 23.2 million barrels per day in July; in August the suspension of shipments from Kuwait and Iraq caused the effective production of these countries to plummet to 18.5 million barrels (20% less than the month before). Thanks to the redistribution of production quotas undertaken by OPEC soon thereafter and to the ability of some of its member countries to expand their production in the short term, the total volume of crude oil production climbed to 22.4 million barrels per day by November, which was equivalent to 97% of the July level. As a result, oil prices were below US$30 per barrel in December, although they were still far higher than they had been before the crisis. A return to pre-crisis price levels has been thwarted by the instability of the Persian Gulf zone and the threat of an armed conflict. In any event, the prevailing prices in the first half of December were very high in real terms as well; indeed the only period during which prices had risen above this level was between 1979 and 1981, following the second oil shock.

Thus, the average price of petroleum in 1990 was 29% higher than the 1989 average. This mean price was, however, a reflection of wide swings during the year, since in the first seven months the price was lower (-2%) than the average level of the preceding year, whereas in the last five months it was 70% higher. Similar trends, although they varied in some respects, were seen in the prices of the types of hydrocarbons that are most representative of the region. In the case of Venezuela, whose production includes a large proportion of the heavier grades of crude oil that is marketed on the basis of contracts in which the prices are set by the State petroleum company, prices also soared after August. But the increase in the country's average 1990 prices over those of 1989 was smaller because between January and July they had fallen more than the average index for world markets.

The sudden, steep rise in oil prices on the international market from August onward had far-reaching repercussions on the trade balances of the countries of Latin America and the Caribbean. For the region as a whole, in the short term each US$1.00 increase in the price of petroleum raises the value of its exports by US$106 million per month and the value of its imports by nearly US$38 million. The countries which benefit the most from an increase in oil prices are: Venezuela (US$55 million per month for each one-dollar increase in the price of petroleum), Mexico (US$38 million), Colombia (US$6 million) and Ecuador (US$5 million). The non-oil-exporting countries, however, feel the full weight of its negative impact. Among these countries, those particularly affected are: Brazil (whose petroleum imports jump by US$21 million per month for each one-dollar increase in oil prices), Chile (US$4 million per month), Uruguay (US$1 million), and the Central American countries taken together (whose imports climb by almost US$3 million for each one-dollar rise in price). The trade balances of Argentina and Peru are not greatly affected in the short term, since these countries are almost self-sufficient in petroleum and export very little of it. Bolivia is a large exporter of natural gas, but the price of this product lags somewhat behind variations in oil prices, since it has contract exports to Argentina via a natural gas pipeline. (See figure 3.)

The value of the region's net petroleum exports rose from US$13.7 billion in 1989 to US$18.5 billion in 1990, for an increase of 35%. The oil-exporting countries as a group increased their net exports of hydrocarbons by US$6.6 billion, which was equivalent to nearly 14% of their merchandise exports and to 2% of their gross domestic product. In contrast, the non-oil-exporting countries, taken as a whole, recorded a US$1.9 billion increase in their net imports of hydrocarbons, which represented 3% of their merchandise exports. (See table 10.)

The country which benefited the most from this new state of affairs was Venezuela, whose net petroleum exports climbed by US$4.4 billion, which represented an increase of 34% in its merchandise exports and was equivalent to 9% of its GDP. This increase was a consequence both of the higher price levels and of an increase in its shipments. The value of Mexico's petroleum exports rose by US$1.5 billion, which was equivalent to nearly 7% of its exports. Ecuador and Colombia saw the value of their oil exports increase by amounts equivalent to approximately 12% and 7% of their merchandise exports, respectively.

Among the net oil-importing countries of South America, Brazil registered an increase of US$1.2 billion in the value of its oil imports, which was equal to more than 3% of the total value of its merchandise exports. Chile, Paraguay and Uruguay had to absorb increases in their oil imports equivalent to around 2% of their merchandise exports. The Central American and Caribbean countries were severely affected by the changed situation in the world oil market, since the additional value of their petroleum imports represented significant proportions of the value of their merchandise exports: 9% in Haiti; 6% in El Salvador and 4% in Honduras; 3% in Guatemala; and over 1% in Costa Rica and Panama. The situation of the Dominican Republic in this respect was particularly striking, inasmuch as the increase in the value of its petroleum imports represented 13% of the value of its exports of goods in 1989 and 2.5% of its GDP. In the case of Nicaragua, the added value of its oil imports was equivalent to nearly 12% of its meagre exports, but less than 1% of its GDP. (See table 10.)

On the other hand, the shutdown of the Iraqi and Kuwaiti markets had little effect on Latin American exports. Brazil is the largest exporter to those markets, but in recent years its sales have only represented around 2% of its total exports. In the case of Guatemala, such sales account for over 3% of its exports, but the remaining countries' exports to those markets are negligible and, in some cases, are limited to no more than sporadic transactions.

The only country in the region which imports any significant amount from these Middle-Eastern countries is Brazil, for which they have represented more than 10% of its total imports in recent years. Nonetheless, these imports have been composed almost entirely of crude oil (representing one-third of Brazil's total imported supply of petroleum) and the country was able to replace them with other sources of supply.

c) Foreign trade and the terms of trade

The value of the region's merchandise exports climbed by slightly less than 7% to nearly US$120 billion. This marked a further slowdown in the growth rate, which had been 10% in 1989 and had averaged 14% annually in 1987 and 1988. Moreover, the expansion of exports in 1990 was chiefly a result of the increase in their unit value (4.6%), since the volume of exports rose by only 2%. (See table 8.)

The growth of exports was quite widespread, with 15 countries recording an increase and only four countries (Brazil, Dominican Republic, Haiti and Peru) showing a decrease in their external sales. The oil-exporting countries saw the value of their exports expand by 18%, primarily as a result of the rise in oil prices. The unit value of the exports of this group of countries climbed by 12%, whereas their volume rose by nearly 6%. In contrast, the non-oil-exporting countries registered a drop (-2%) in the value of their exports as a consequence of a decrease in volume, inasmuch as their unit value remained virtually unchanged. This decline was wholly attributable to the steep decrease in Brazil's exports, since the rest of the countries in this group exhibited significant increases.

The value of exports from the oil-exporting countries rose to US$57 billion. Venezuela showed the greatest expansion in its external sales (36%), whose amount increased from US$13 billion in 1989 to US$18 billion in 1990. Because of higher oil prices and the raising of Venezuela's OPEC quota by 500 000 barrels a day, average monthly oil exports grew from US$810 million in 1989 to US$850 million in January-July 1990 and to over US$1.6 billion in the last five months of the year. The value of goods exported from Colombia, Ecuador and Mexico also registered significant upward trends (between 12% and 15%), but the greater income represented by these exports resulted mainly from higher oil prices, since the increase in volumes of oil exported by these three countries was only marginal on account of their limited capacity to expand production in the short term. In Colombia, non-petroleum exports also showed strong growth, owing to the good performance of coal and non-traditional exports and to the fact that the volume of coffee exports rose by 38%, significantly offsetting the drop in their price. In Mexico, the Persian Gulf crisis reversed the unfavourable trend in exports, the growth of which had slowed down abruptly in the first seven months of the year —expanding at a rate of only 2% annually— due to a drop in the value of oil exports because of the continued downward trend in the prices of hydrocarbons. From August onward, however, the situation changed completely: oil exports grew from US$600 million a month between January and July to nearly US$1 billion in the last five months. In turn, non-petroleum exports rose by 8%, especially agricultural products (34%), while exports of manufactures expanded by only 4%. In Ecuador, the rise in exports was mainly due to oil, since non-petroleum exports were adversely affected by the fall in the real exchange rate and the loss of competitiveness of shrimp exports; only banana exports showed any expansion, and this was due to better international prices. In Bolivia, exports also increased, although those of hydrocarbons grew only moderately. The rise in oil prices had practically no impact on gas —the main component of Bolivian hydrocarbon exports—, which is exported exclusively to Argentina by pipeline. The expansion stemmed from non-traditional exports and greater exported volumes of minerals, which offset the fall in prices, especially that of tin. In Peru, the value of exports declined (-8%), mainly because of a fall in the prices and exported volumes of fish meal, copper and coffee. The value of oil exports did not increase significantly, owing to a drop in volumes. Moreover, non-traditional exports were affected by the loss of competitiveness of the exchange rate.

Argentina stood out among the South American non-oil-exporting countries with its 15% export growth, amounting to an unprecedented figure of US$11 billion dollars. This result was due to the greater volume of agricultural exports; non-traditional industrial exports increased only slightly. Exports from Paraguay also rose considerably, thanks to greater volume, since unit values shrank by 2%. On the other hand, exports from Chile and Uruguay grew more moderately. Chile's external sales continued to show an upward trend (4.5%), but it represented a considerably lower rate of growth than in previous years. This situation was mainly due to the minimal increase in the value of copper exports (1%), which was affected by the fall in international copper prices. Exports of other products remained buoyant (8%), despite the fall in the competitiveness of the exchange rate, which was very sharp against the dollar, but much less so in relation to the basket of its buyers' currencies. Uruguay's exports rose by 2%, as a result of opposing phenomena. On the one hand, changes in exchange rate policies in Argentina and Brazil brought about a substantial reversal in the terms of trade, favouring exports to these two neighbouring countries, and, on the other hand, the lower price of wool reduced the amount of income from traditional sectors.

The considerable drop in the value of Brazil's exports (-11%) corresponded to a severe decline in exported volumes (-13%), slightly attenuated by the 2% increase in unit value. This fall-off was due, among other factors, to the loss of competitiveness of the exchange rate during most of 1990, difficulties in the marketing of soya and a reduction in the number of shipments

—owing to labour conflicts— from subsectors such as iron and steel and the automotive industry. Moreover, the situation of external debt servicing arrears, in which the country has found itself since mid-1989, has made it increasingly difficult to finance exports, with the resulting negative impact on new sales abroad.

The Central American and Caribbean countries for which information is available showed a significant increase (8%) in the value of their exports, despite the downturn in coffee prices, one of the important export items for these countries. This favourable performance was widespread, since nearly all the countries expanded their exports; the exceptions were Haiti and the Dominican Republic, whose sales declined by 12% and 18%, respectively. El Salvador was able to raise the value of its exports by 15%, owing to the more than 50% rise in exported volumes of coffee, which fully offset the drop in prices, and the near doubling of the value of sugar sales. Guatemala's exports also expanded significantly (10%), stimulated by sugar and certain non-traditional products, which were favoured by the sharp devaluation registered during the year. Nicaragua and Panama increased their exports as a result of the political changes that occurred in these countries, which led to the lifting of the embargoes imposed by the United States on both countries in the last few years. In Nicaragua, despite the significant increase, exports continued well below the levels registered at the end of the 1970s. Meanwhile, Costa Rica, showed only a moderate rise in external sales (close to 4%), on account of the negative impact of the drop in international coffee prices. In Honduras, there was only a slight increase in exports (2%) since in addition to the decline in the price of coffee, the exported volume of bananas fell as a result of labour conflicts.

The value of Latin American and Caribbean merchandise imports increased by 14%, reaching nearly US$93 billion. This upturn was due to a growth of 7.5% in volume and of 6% in unit values. The rise in the latter, however, was somewhat greater in the non-oil-exporting countries, which were affected by higher oil prices. Although half of this increase corresponded to the upswing in exports from Mexico, the expansion was widespread; only three countries reduced their external purchases: Argentina, Haiti and the Dominican Republic. (See table 7.)

In the oil-exporting countries, imports rose by 18%, but this growth was influenced by various factors. Peru registered the biggest increase (39%), mainly because the official exchange rate for imports was subsidized during the first months of the year, in a context of inflationary acceleration. In Mexico there was also a strong upsurge (22%), owing to the appreciation of the local currency, the liberalization of the economy and subsequently the new situation on the international petroleum market; thus the expansive trend observed since 1987 continued. Imports of capital goods showed the most growth, spurred on by efforts to modernize productive sectors and the preference for foreign machinery and equipment. Venezuela's imports showed an expansion of 11%, as it recovered from the sharp drop registered the previous year owing to the adjustment and stabilization plan; nevertheless they remained far below the level reached in 1988. In Colombia, imports increased by 10%, primarily because of the growth (by over 5%) of manufacturing, which helped to bring about a significant recovery after the virtual stagnation of the previous year.

In the non-oil-exporting countries of South America, Brazil's increase in imports (by over 9%) stood out, despite the country's severe economic recession. This was mainly due to the rise in oil prices, which represented approximately two-thirds of the expansion in imports. This growth was also influenced, however, by the fall in the competitiveness of the exchange rate, although its impact on demand for imports was mitigated by a reduction in stocks, stemming from high domestic interest rates and greater preference for liquidity on the part of the economic agents following the stringent adjustment plan applied in March. Lastly, the trade liberalization measures implemented in 1990 may have had some impact, although not enough time has passed for them to have exerted their full influence. In Argentina, the low level of economic activity for the third year running, together with a very low volume of investment, continued to curb demand for imports; these decreased by nearly 5%, thus continuing the downward trend that began in 1987.

In the Central American and Caribbean countries for which information is available, imports rose by 14%, primarily owing to higher oil prices. In Nicaragua and Panama, the increase was associated with the change in the political situation, which resulted in the granting of economic assistance by the United States. Moreover, importation in Panama began to be regularized following the serious disturbances of the previous few years.

Since the rise in the unit value of imports was somewhat higher than that registered for exports, the terms of trade for the region as a whole declined by a little more than 1% in 1990. This was in addition to previous downturns, especially the sharp drop that occurred in 1981-1982, bringing the terms of trade index for Latin America and the Caribbean to a level that is 21% lower than in 1980. (See table 11.)

The above occurred despite the higher oil prices in the latter months of the year. Since this price increase widely exceeded the rises in prices of imported manufactures, the terms of trade of the oil-exporting countries improved by 6%. On the other hand, in the non-oil-exporting countries, the terms of trade deteriorated as a result of a combination of lower international prices for most of the commodities they export, higher prices for imported manufactures and a marked increase in the price of imported oil. (See figure 11.)

The purchasing power of exports for the region as a whole grew only slightly (less than 1%). This variation, however, concealed opposing trends in the oil-exporting countries and in the other economies. In the oil-exporting countries the sharp increase in the international price of petroleum and the greater number of shipments of Venezuelan crude raised the purchasing power of this group by 12%. Venezuela registered an expansion of 30%, while the other countries in the group increased their purchasing power by between 6% and 9%, with the exception of Peru, which saw a 13% drop. On the other hand, the purchasing power of exports from the non-oil-exporting countries declined by nearly 8%, mainly as a result of the deterioration in their terms of trade, but also because of the reduced volume exported, due to the fall in shipments from Brazil. In contrast, the purchasing power of exports of Argentina, Nicaragua, Panama and Paraguay registered increases of approximately 10%. (See table 13.)

d) The current account of the balance-of-payments and its financing

As the increase in the value of imports was much higher than that of exports, the merchandise trade surplus declined after three years of vigorous expansion. Thus, after increasing from US$18.6 billion in 1986 to US$21.3 billion in 1987, US$24.6 billion in 1988 and US$29.9 billion in 1989, it fell to US$26.2 billion in 1990. (See table 14.)

This decline in the region's positive trade balance was due mainly to the sharp fall in Brazil's trade surplus from US$16.1 billion in 1989 to US$10.5 billion in 1990. Peru's trade surplus shrank from US$1.4 billion to US$300 million, and those of Chile, Paraguay and Uruguay also declined, while there were significant increases in the deficits of Costa Rica, Mexico (by US$1.8 billion), Panama and the Dominican Republic. These adverse effects were offset only by the considerable increases in the surpluses of Argentina (US$1.6 billion), Colombia (US$250 million), Ecuador (US$320 million) and Venezuela (nearly US$4 billion).

In 1990, Latin America's net outlays with respect to profit remittances and accrued interest payments came to US$36.8 billion, US$600 million less than the previous year. This slight decline was concentrated in the oil-exporting countries, since in the other economies net payments of profit remittances and accrued interest declined by only US$70 million. Moreover, the sharp decline in the trade surplus for the region as a whole meant that it covered only 72% of these net factor payments, compared with 80% in the previous year.

The net factor payments of the group of oil-exporting countries went down partly because a large part of the total external debt of most of these countries bears floating interest rates and thus benefited from the one percentage point reduction in the LIBOR (London Interbank Offer Rate). Moreover, as the result of an agreement under the Brady Plan, the interest rate charged on Mexico's bank debt was reduced. Finally, there was also a greater inflow of foreign exchange related to the accrued interest earned on the sharp increase in the international reserves of almost all the oil-exporting countries.

The non-oil-exporting countries with a high percentage of floating rate bank obligations in their total debts also benefited as a result of the decline in international interest rates. Meanwhile, Argentina and Chile, thanks to the considerable expansion in their international reserves, increased their foreign exchange income from accrued interest earnings. On the other hand, there was no decline in Brazil's net factor payments even though it had a high proportion of bank debt. This was because of higher outlays for profit remittances, which had been suspended the previous year, and the fact that earnings from interest receipts shrank owing to the decline in the international reserves. The significant fall of 14% in Costa Rica's net factor payments, was mainly due to the implementation of the country's new agreement under the Brady Plan, which reduced the servicing charges on bank debt. There were increases in the net payments for profit remittances and interest by various Central American and Caribbean countries, due largely to the fact that most of their external debt was contracted at fixed interest rates and therefore could not benefit from the reduction in the LIBOR.

As the decline in the trade surplus was greater than the decline in total payments of profits and interest, the current account deficit of Latin America and the Caribbean as a whole rose from US$7.2 billion to over US$10 billion, thus reversing the previous year's situation, when it had declined by US$4 billion. (See table 15.)

The deterioration in the current account position was the result of contrasting trends in the economies of the region. Among the oil-exporting countries, the deficits of Mexico and Peru grew significantly to US$6.3 billion and US$1.6 billion, respectively. In contrast, Venezuela more than doubled its previous year's surplus to US$6 billion —more than a third of the value of its exports of goods; Colombia also increased its surplus, while Ecuador reduced its deficit. The current account deficit of all the non-oil-exporting countries for which information is available grew from US$2.9 billion in the previous year to US$7.8 billion. This was basically due to the fact that Brazil's surplus of US$1.4 billion deteriorated into a deficit of US$4.2 billion and the deficits of the Central American and Caribbean countries increased by US$700 million; only Argentina managed to turn a deficit of US$1.3 billion into a surplus of US$300 million. (See table 15.)

The region's capital account had a positive balance of US$18 billion, 75% higher than the surplus for 1989. However, this increase was the result of very dissimilar country trends. On the one hand, Mexico and Chile registered considerable inflows of voluntary capital, while Venezuela's net capital outflows increased considerably. On the other hand, in many countries the apparent inflows really corresponded to arrears in the payment of interest on their debt (forced capital inflows), since the inflow of voluntary capital into those countries has been virtually nil.

Mexico recorded a positive capital account balance of US$8.6 billion; almost 50% higher than that of 1989, which had already been considered extremely high in the regional context. Apart from direct foreign investments of about US$3 billion, this increase was due to the issue of bonds and other securities worth nearly US$2 billion that were sold —often with special guarantees— on the international capital markets. There was also considerable repatriation of capital and a considerable inflow of short-term credits. Chile, too, received considerable inflows of direct investment (about US$600 million) and short-term credits, while Argentina, Panama and Peru also recorded significant inflows of private short-term capital. As for Venezuela, its capital account deficit widened considerably as a result of the outlays it had to make to meet guarantees resulting from the debt reduction agreement signed under the Brady Plan, the elimination of short-term lines of credit, and transactions relating to foreign oil sales. As the net inflow of capital was about 75% higher than the current account deficit, the region's global balance-of-payments surplus came to US$7.7 billion, nearly three times that of the previous year. Consequently, the international reserves of the majority of the countries of the region increased, with the biggest rises (around US$2 billion) being recorded in Argentina, Chile, Mexico and Venezuela. In contrast, however, there were significant declines in the reserves of Brazil and several Central American and Caribbean countries. Brazil suffered a considerable drain on its reserves despite arrears in foreign interest payments; this contrasted with what happened in the two previous years, when US$3.6 billion of foreign exchange was accumulated.

The net transfer of financial resources from the region declined substantially in 1990 to nearly US$19 billion. In addition, the ratio between total transfers abroad and the value of the region's exports of goods and services declined considerably, from 20% to less than 13%: the lowest proportion since 1982. (See table 16.) This was mainly because of higher inflows of capital and, to a much smaller extent, the decline in the net payments of accrued interest and profit remittances. This decline in the transfers abroad was observed in both oil-exporting and non-oil-exporting countries. In the latter group of countries the transfers declined more, standing at 16% of exports of goods and services. However, this was partly due to the fact that the arrears accumulated by these countries in the servicing of their debt during the year was higher than in the previous year, so that the total amount of unpaid interest (recorded as capital inflows) was also higher. Another major reason for the decline in outward transfers was the inflow of short-term capital, which, however is easily reversible. Among the oil-exporting countries, Venezuela's capital outflows offset much of the substantial inflow of capital into Mexico. Finally, it should be noted that the transfers of resources by the multilateral lending agencies were very low or negative in 1990.

4. The external debt

a) Main trends

In 1990 the total external debt of Latin America and the Caribbean increased by 3.5% to US$423 billion, after having fallen slightly the year before. (See table 17.) The expansion in the region's external commitments —which in any event was negative in real terms— was due to various factors. On the one hand, a large number of countries were overwhelmed by their foreign debt and could not continue servicing it; thus arrears grew by US$11 billion, bringing the total arrear build up by the region to nearly US$30 billion. On the other hand, a few countries which have managed to project an image of creditworthiness gained access to a significant amount of voluntary loans from international finance markets. Another factor which had an important influence on the increase in the indebtedness of certain countries was the strong devaluation of the United States currency on international markets, which caused the dollar value of debts contracted in yens and European currencies to rise. At the same time, there were also some factors which tended to diminish debts during the year, connected with various types of debt reduction operations and, in the case of certain countries, with the elimination of short-term lines of credit.

Arrears were the main reason for the growth (in most cases by between 5% and 7%) in the total indebtedness of Argentina, Brazil, Paraguay, Guatemala, Honduras, Nicaragua, Panama, Peru, Ecuador and the Dominican Republic. (See table 17.) The Brazilian debt was also one of those most heavily affected by the devaluation of the United States dollar on international markets. At the same time, however, these factors tending to increase the Brazilian commitments were partly offset by some informal debt reduction operations and by the loss of lines of trade credit. It is also worth noting that the external indebtedness of Argentina would have gone down if account had been taken this year of the US$7 billion in securities recently retired through the privatization of the National Telephone Company (ENTEL) and the State airline Aerolíneas Argentinas.

The moderate increase in Mexico's external commitments (0.8%) partly reflects a relatively new and encouraging phenomenon in the region: the renewed access to voluntary loans on international financial markets, which more than offset the effect of some debt reduction operations. As already noted, Mexico was rather successful in securing financial resources from abroad in 1990, especially with regard to the placement of around US$2 billion worth of bonds and other securities. In the case of Chile, the new loans it received —which more than offset the reduction of US$1 billion through the conversion of debts into assets denominated in national currency— included the first voluntary loan (for US$20 million) received from the private banking system since 1982. In addition to private loans, during the first three quarters of the year these two countries (but especially Mexico) were also receiving positive net disbursements from the international finance agencies.

Another item worthy of note is the purchase by the Mexican Government of over US$3 billion of United States Treasury zero-coupon bonds. These served to guarantee future payments of principal on the 30-year bonds (with a total value of US$35 billion) into which the country's bank debt was converted as part of the Brady Plan. Thanks to this operation, the principal of these new commitments could to some extent be considered as already prepaid.

Costa Rica was the only country which registered a marked reduction in its total indebtedness during 1990. This decline of more than 21% was the result of a repurchase of bank debt —explained in greater detail below— carried out under the Brady Plan. (See table 17.) Meanwhile, Venezuela, which was another country that placed bonds on the international markets in 1990, registered a slight decline in its total debt due to the elimination of short-term lines of credit.

For the region as a whole, there was a reduction for the second year running in the ratio between interest due and exports of goods and services, which went down from 29% in 1989 to 26% in 1990. (See table 18.) The reduction in this ratio was due mainly to the expansion in the region's exports of goods and services. Although this ratio has shown a substantial downward trend over the years it continues, however, to be quite high and well above the levels normally considered to be acceptable.

This evolution of the overall ratio for the region concealed dissimilar trends between the oil-exporting and non-oil-exporting countries. Thus, in the case of the first-named countries, the significant increase in their exports of petroleum, together with a slight reduction in the amount of interest due, led to a decline in the interest/exports ratio from 28% to 23%. Thanks to the developments in the oil market, all the countries in this group participated in this reduction of the interest/exports ratio except Peru, where the ratio rose from 29% to 32% because of the increase in the amounts owed on the debt and the drop in that country's exports. (See table 18.)

In the case of the non-oil-exporting countries, this ratio remained at around 30%, although it went down substantially in Argentina and Costa Rica. (See table 18.) In the case of Argentina, there was some reduction in the amount of interest due, but the main reason for the decline in the coefficient was the large increase in the country's exports, which brought this ratio down by almost 10 percentage points. However, even with this reduction the coefficient still stood at 42%, which is an extraordinarily burdensome level and indeed is the second highest in the region after Nicaragua. In the case of Costa Rica, the drop in this ratio from 19% to 16% was the result of the good performance of exports, together with a reduction in the amount of interest due under the Brady Plan for debt reduction.

On the other hand, as a result of the drop in their exports and the increase in the amount of interest due, both Brazil and the Dominican Republic registered increases of four percentage points in the ratio between interest due and exports.

The other indicator of the burden of external commitments —the ratio between the total debt and exports— went down slightly in 1990 from 304% to 292%. (See table 19.) Once again, this change concealed different trends between the oil-exporting and non-oil-exporting countries. Thus, in the case of the former, the large increase in this group's exports, together with a moderate rate of expansion of the debt (except for Venezuela, which actually registered a slight reduction), led to a decline in the ratio from 279% to 243%. It may be noted that in the case of Venezuela the ratio fell below 200% for the first time since the beginning of the crisis. Peru, on the other hand, once again registered a debt/export ratio of over 400%. (See table 19.)

In the non-oil-exporting countries, in contrast, the mentioned ratio increased from 327% to 344%. It should be noted that this increase was heavily influenced by Brazil, whose figures in this respect increased from 306% in 1989 to 351% this year because of expansion of the debt on the one hand and the marked drop in exports on the other. Haiti, Honduras and the Dominican Republic also registered an increase in their debt/exports ratio. The rest of the countries in this group registered some reduction in this indicator. The fall was especially marked in the case of Costa Rica, where it went down from 207% to 155% as a result of the reduction of that country's bank debt under the Brady Plan and the growth in its exports. This meant that in 1990 Costa Rica registered the second lowest debt/exports ratio in the whole region. (See table 19.)

b) Renegotiation of the debt

i) *Debt with commercial banks.* The fifth round of renegotiation of the external debt with private banks continued in 1990, mostly within the general framework established by the Brady Plan. Mexico, which initiated the round in July 1989 with a first agreement for the reduction of the debt and its servicing, reached a final agreement in January 1990. Costa Rica, which signed an agreement in principle with its creditor banks in October 1989, and Venezuela which reached a preliminary agreement in March 1980, also finalized programmes for reducing their debt in May and December 1990, respectively. Finally, in October, Uruguay, in conjunction with its bank Steering Committee, announced a Brady-like plan, which should begin to take concrete form before the end of the year. Two other countries of the region signed agreements on the restructuring of their debt in 1990, but outside the Brady Plan framework. Chile decided not to work within the formula proposed by the Brady Plan, favouring instead a conventional rescheduling agreement with fresh resources; the country signed an agreement to renegotiate its bank debt in December. Finally, in September Jamaica also arranged a simple rescheduling of its foreign bank liabilities.

The agreement reached by Mexico with its creditor banks involved US$48 billion of medium-term debt. The creditor institutions were offered the following three options for managing the pending debt: 1) to convert it into a 30-year single maturity par bond with a fixed interest rate of 6.25%; 2) to exchange it, with a discount of 35%, for a bond with a single maturity of 30 years and a floating interest rate of 0.81% over LIBOR and 3) to reschedule the principal over a 15-year period at an interest rate of 0.81% over LIBOR, combined with the granting of fresh money in an amount equivalent to 25% of the rescheduled debt, to be disbursed over a three-year period with a 15-year amortization schedule and of an interest rate of 0.81% over LIBOR. (See table 21.)

The discount and par bonds offered included special guarantees on 100% of the principal and 18 months of interest payments (renewable); these guarantees were acted upon with the purchase of a 30-year United States Treasury zero-coupon bond and with the creation of a guarantee fund with blocked deposits, respectively. The Mexican securities also benefited from a claw back clause which envisaged an increase in the payments on the bonds, up to a maximum of 3% a year beginning in 1996, if the price of oil exports exceed US$14 per barrel in real terms.

The banks responded to the Mexican offer by assigning 47% of the eligible debt to the par bond; 41% to the discount bond, and 12% to the option to reschedule combined with fresh money; thus, the country will receive US$1.2 billion in new loans over the next three years. (See table 21.) This form of distribution was very different from that originally envisioned by the bank Steering Committee. It had been expected that 20% of the debt would be converted into discount bonds and 60% into par bonds, with the remaining 20% being exchanged under the option involving fresh money and rescheduling. The difference between the two forms of distribution reflected the great reluctance of the banks to undertake new commitments in Latin America. A role was also played by new interpretations in the application of tax and accounting rules in the countries where the banks were located, which made the discount bonds more attractive to some institutions.

Slightly more than US$7 billion was required to finance the special guarantees under the agreement. Mexican international reserves provided US$1.3 billion of that amount, and the rest came from loans from IMF, the World Bank and the Government of Japan. (See table 21.)

The second agreement within the Brady Plan was signed by Costa Rica, and its terms were very different from those reached by Mexico. Costa Rica had been in a state of *de facto moratorium* since 1986 and entered into negotiations with considerable cumulative arrears in its interest payments. The agreement encompassed the renegotiation of US$1.6 billion, US$1.2 billion of which corresponded to principal and US$400 million to cumulative arrears.

The agreement was reached on the understanding that the main mechanism for reducing the debt would be a direct buy-back by the Government in the secondary market at a price of US$0.16. The remainder of the debt, including the arrears associated with it, would be converted into bonds on the basis of a formula designed to motivate broad participation by the banks in the repurchase offer. Thus, banks disposed to sell 60% or more of their overdue portfolio would be able to convert the remainder of the debt into 20-year bonds at a fixed interest rate of 6.25% and with a special 12-month renewable guarantee on interest payments, provided for by creating a fund with blocked deposits; no special guarantee was offered on the principal, however. In contrast, banks selling less than 60% of their portfolio would receive longer-term bonds (25 years) at a fixed interest rate of 6.25% with no guarantee on interest payments. (See table 21.)

Special treatment was given to the conversion of the arrears associated with the unsold debt because overdue interest payments were a very sensitive issue in the negotiations. In other buy-back transactions, including that negotiated by Bolivia in 1988, the banks cancelled arrears associated with the redeemed debt. This has been a fairly common practice when dealing with debt servicing problems. However, in view of the widespread incidence of arrears in interest payments on the region's foreign liabilities, and the existence of the Brady Plan, banks took care not to set precedents unfavourable to them.

Thus, the creditors insisted that Costa Rica's arrears should be accounted for in the agreement and that amounts not subject to the buy-back should receive special treatment. For that purpose, the agreement specified that arrears in interest payments that were not repurchased should be settled by a cash payment equivalent to 20% of their value, with the balance converted into 15-year bonds (with no grace period) at a commercial interest rate of 0.81% over LIBOR. Incentives similar to those referred to above were also introduced; thus, only banks which repurchased 60% or more of their portfolio would receive a special guarantee on the interest payments related to these bonds, that guarantee being good for three years and renewable. (See table 21.)

Although the agreement provided for relatively tougher treatment for arrears in interest payments, it is worth noting that the operation possibly entailed implicit cancelation of part of the debt involved. Voluntary buy-backs are normally effected at a price which is at least equal to the current value of the debt in the secondary market. In the case of Costa Rica, however, the agreed price of US$0.16 was lower than the market value of the country's debt, which, during the negotiations, fluctuated between 18 and 19 US cents.

Costa Rica followed the example set by the Mexican agreement by providing the bonds with a claw back clause. In the case of Costa Rica, the country agreed to increase its payments once GDP becomes 20% higher than that recorded in 1989. The additional yearly payment has a ceiling of 4% until the bonds associated with the interest payments in arrears reach maturity; from that time on, additional servicing may not exceed 2% a year.

The response of the banks to the Costa Rican offer was quite favourable in that roughly 62% of the bank debt was retired in the repurchase operation. The remaining debt was converted into bonds, being distributed nearly equally between the instruments with and without special guarantees on interest payments. The agreement had cost implications for Costa Rica of approximately US$230 million. External financing commitments were arranged with a broad network of sources not traditionally regarded as participants in the Brady Plan, including USAID, Taiwan, Canada and Holland; loans also were arranged with the World Bank and the International Monetary Fund. (See table 21.)

It is important to note that the agreement encountered last minute obstacles due to problems with the International Monetary Fund. In the middle of an election year, the country was unable to meet the fiscal targets of the adjustment programme agreed to with the Fund. Consequently, the Fund decided to retain those resources earmarked for financing the debt reduction agreement, which activated cross conditionality, thereby also paralysing the disbursements of the World Bank and some bilateral sources of financing. Agreement was finally reached with the banks only because of the mobilization of emergency loans from the Governments of Venezuela and Mexico.

The Venezuelan agreement was characterized by a large number of options offered to the banks. In response to the growing differences between the banks with regard to their capacity and willingness to reduce the servicing of the debt, the Steering Committee apparently became fragmental during the negotiations, with the member banks forming decentralized groups to discuss options which would best fit with their own particular portfolio strategy. The result was the creation of five main options to deal with US$19.9 billion in medium-term debt.

The first option was to exchange the former debt, at a discount of 30%, for a 30-year single-maturity bond with an interest rate of 0.81% above LIBOR. The second option consisted in a par bond, also with a 30-year period of maturity, but with a fixed interest rate of 6.25%. The third option offered was a par bond with a 17-year amortization period and an interest rate lower than the market rate, for a period of five years. The fourth option involved a direct buy-back on the secondary market at a price of US$0.45. The fifth and final option was to reschedule the debt for a 17-year period, at an interest rate of 0.875% over LIBOR, combined with a promise of fresh resources equivalent to 20% of the debt subject to rescheduling. (See table 21.)

The par and discount bonds carried a special guarantee on 100% of the principal and on 14 months of interest payments (renewable). The temporary interest-rate reduction bonds, however, carried a special renewable guarantee on only 12 months of interest payments. In addition, the par and discount bonds also included a claw back clause which is to enter into effect in 1996. Under the terms of this clause, payments to bond holders will increase —up to a maximum additional payment equivalent to 3% per annum— if the price of oil exports rises above US$20.50 per barrel in real terms.

The options that proved to be the most attractive to the banks were the par bonds, which absorbed 37% of the eligible debt, and the rescheduling of debt combined with new money, which was applied to 30% of the debt. The options providing for a direct reduction of debt principal were selected for only 16% of the eligible claims. (See table 21.)

Around US$2.3 billion will be required to finance this agreement. Although the financial plan has not yet been finalized, it is expected that the necessary resources will be obtained from loans by the World Bank, the International Monetary Fund and the Government of Japan, as well as from the country's international reserves.

The Brady scheme applied in the case of Uruguay involves: 1) a direct buy-back of debt at 56 cents on the dollar; 2) an offer of par bonds with a single maturity of 30 years at a fixed interest rate of 6.75%; and 3) a rescheduling of debt principal combined with new money amounting to 20% of the claims assigned to this last option. (See table 21.)

As in the cases of Mexico and Venezuela, the par bonds will carry special guarantees, on 100% of the principal and on 18 months of interest payments, with provision being made for the renewal of the guarantees on interest. A claw back clause linked to the prices of a number of Uruguayan export products (adjusted for price movements of imported oil) is also to be included and will provide for the possibility of a higher payments beginning in 1996. The cost of financing this agreement will be determined by the way the banks select among the various options.

The Chilean agreement stood out from among the others in that the authorities chose not to make use of the Brady Plan's debt reduction schemes. Instead, Chile adopted a more conventional financial plan providing for the rescheduling of debt principal combined with commitments of new money. One of the reasons why it opted for a more traditional package was its desire to obtain relief from its debt service quickly and avoid the uncertainties of protracted and complicated negotiations over debt reduction options and their financing.

The plan for rescheduling the debt principal involves the restructuring of US$4.6 billion of bank debt over a new average repayment period of 13 years. (See table 21.) The interest rates on the eligible debt, however, are to remain unchanged. It is expected that the new repayment schedule will lower Chile's disbursements for debt amortization in the period 1991-1994 by US$1.9 billion.

The agreement also calls for the provision of fresh resources. Under this plan, Chile will undertake a US$320 million bond issue which will be subscribed by a "club" of commercial banks interested in maintaining a long-term relationship with the country. This club loan represents an innovative departure from the usual procedure for requesting fresh funds as part of a debt rescheduling package; in effect, the mobilization of new money is not to be prorated among all the creditor banks participating in the debt restructuring. In view of the fact that the bond issue comes close to being a market operation, the borrowing terms are relatively more onerous than is usual in a rescheduling package: an amortization period of five years and an interest rate of 1.5% over LIBOR.

The agreement obtained by Chile also extends the retiming of the payment of interest which had been agreed to in previous debt renegotiation rounds. Under this agreement, interest would be paid yearly instead of half-yearly as it usually is. It is estimated that with the retiming, interest payments of a little over US$200 million for the period 1991-1993 will be deferred. Finally, the Chilean agreement created greater flexibility regarding certain restrictive clauses in the loan agreements; the country, *inter alia,* now has more possibilities for repurchasing its debt paper circulating at a discount in the secondary debt market.

Another country which opted for a traditional rescheduling was Jamaica which rescheduled US$48 million in payments falling due over the next two years. While it did not seek fresh money, the interest rate on all of its outstanding medium-term debt was reduced from 1.25% to 0.81% over LIBOR.

In 1990 Brazil began negotiations to reduce the burden of its bank debt. The negotiating position of the Government of Brazil had several novel aspects, one of the most important of which was the attempt to define its capacity to pay in terms of public sector finances. This strategy attempted to turn attention to the serious fiscal restriction affecting the country, and away from the traditional reference to the liquidity, often transitory, of the balance of payments. Some difficulties have been encountered in the negotiations with bankers due to disagreement over the prior handling of arrears of interest payments on the bank debt, which have accumulated to over US$8 billion.

Bolivia is another country which has had difficulty in its negotiations with the banks. In 1988-1989, the Government repurchased US$470 million of its bank debt, almost 70% of the total, at 11 cents to the dollar. The resources to finance two repurchase operations were obtained through grants from interested governments. In order to pay off the remaining US$226 million, the country has made offers to 70 banks to repurchase its debt at 11 cents on the dollar, or to exchange it for investment bonds. These creditors, however, continued to show great reluctance to sell their overdue portfolios to Bolivia.

The year 1990 witnessed a number of important developments as regards national programmes of conversion of debt into local currency. Chile, a pioneer in this area, converted nearly US$1 billion (US$600 million under its Chapter 19 sub-programme and US$400 million under Chapter 18), in comparison with the US$2.4 billion which it converted in 1989. Mexico, for its part, reactivated its programme of debt-for-equity swaps; in two auctions it converted US$3.5 billion of bank debt, much of it being the Brady bonds issued in the debt reduction operation. It is estimated that in Venezuela these operations encompassed nearly US$700 million worth of debt. Finally, Argentina converted nearly US$7 billion worth of debt into share capital as part of its privatization of ENTEL and Aerolíneas Argentinas.

ii) *Official bilateral debt.* New developments also occurred in the area of official bilateral debt. During the year, the Paris Club undertook seven debt reschedulings in Latin America and the Caribbean. In two cases, Bolivia and Guyana, the so-called "Toronto Terms" were for the first time applied to debtors of the region. These special conditions __reserved for low-income countries__ offer creditors three options. Two of them involve a reduction in the present value of the debt, through the writing off of one third of the maturities subject to rescheduling, or a reduction in the applicable rate of interest. The third option is a longer-term rescheduling (25 years) of the debt covered by the agreement. (See table 22.)

At the same time, two other countries of the region —Honduras and El Salvador— benefited from the new "Houston Terms", for low middle-income developing countries agreed upon in September 1990 by the Governments of the Group of Seven. (See table 22.) The conditions include a rescheduling of payments of principal over periods longer than the traditional ones: 20 years for concessionary and 15 years for non-concessionary debt. Under the new terms debt may also be converted into local currency through swaps of debt for nature, equity, education, etc.

Another new initiative with respect to official bilateral debt is contained in the Enterprise for the Americas Initiative, announced by the United States Government in June 1990. This initiative provides for the reduction and rescheduling of the debt of the countries of Latin America and the Caribbean owed to that Government, as well as the possibility of servicing a part of it in local currency. One component of the programme —the reduction of the debt owed under the PL-480 agricultural programme— received the authorization of the United States Congress in October of this year. The Initiative reinforces the one organized for the region by Canada under which the official debt of the Governments of the English-speaking Caribbean to Canada may be forgiven. Even though the official debt owed to the United States constitutes a tiny fraction (3%) of the region's total debt, it represents a significant part of the debt of countries such as El Salvador (35%), the Dominican Republic (24%), Jamaica (20%), Haiti (19%), Bolivia (15%), Honduras (14%) and Costa Rica (13%).

Note should also be taken of the efforts of the Governments of Latin America to tackle the problem of their debts to neighbouring countries. Early this year, Brazil and Bolivia reached an agreement under which the latter will be able to purchase Brazilian external debt on the secondary market (being quoted at 26 cents to the dollar in November) and to exchange it at face value for Bolivian debt owing to Brazil. Bolivia will thus be able to pay off its US$300 million debt owing to Brazil at a cost of about US$78 million. The Bolivian Government has already written down more than US$100 of its debt in this way. A similar agreement exists between Brazil and Paraguay, which has enabled this latter country to reduce its debt by more than US$100 this year.

iii) *Multilateral debt.* The serious problem of arrears in the servicing of the debt owed to multilateral organizations persisted during the year. By the end of the year, in Latin America and the Caribbean alone four countries were behind in their payments to the International Monetary Fund, five to the World Bank and seven to the Inter-American Development Bank.

With regard to the problem of arrears to the multilateral agencies, a number of interesting mechanisms have been developed to bring such payments up to date. In June, Guyana succeeded in eliminating arrears on its outstanding multilateral debt thanks to the formation of a "support group" comprising 10 donor countries (Canada, France, the Federal Republic of Germany, Italy, Japan, Sweden, Trinidad and Tobago, the United Kingdom, the United States and Venezuela). The group mobilized nearly US$150 million for Guyana, an amount that enabled the country to pay off its arrears to the International Monetary Fund, the World Bank and the Caribbean Development Bank. Having brought its payments up to date, the country then qualified to enter into multilateral adjustment programmes and thereby gained renewed access to fresh disbursements from these institutions; this, in turn, permitted it to service the bilateral debt contracted in the rescue operation. Also in June a similar programme was implemented in Honduras: Mexico, Venezuela, Japan and the United States organized a bridging loan of US$246 million which permitted the country to pay off its arrears with the International Monetary Fund and to the World Bank.

Note should also be taken of the new "rights" policy, introduced in May of this year, by the International Monetary Fund. The programme offers a mechanism that permits countries with long overdue arrears on the servicing of their debt to that institution to progressively secure refinancing for their arrears. In order to do so, the country would have to agree on a shadow adjustment programme with the Fund —which would include as a condition renewed servicing of the debt owing to that organization and to the World Bank— before the spring of 1991. This then gives the debtor country the opportunity to accumulate refinancing "rights" with the Fund, while at the same time meeting the quarterly targets of the informal adjustment programme agreed upon. Such "rights" could be accumulated over a period of three years. Upon the successful completion of the programme, the country would pay off its arrears to the IMF through a bridging loan arranged by a group of interested governments. At this point, the rights accumulated with the Fund would be converted into disbursable resources that would be an integral part of the first tranche of the subsequent formal adjustment programme with that body. This would permit the country to repay the bridging loan. One candidate in Latin America for the new "rights" policy of IMF is Peru, which has recommenced the servicing of its debt to the Fund (as well as to the World Bank and to the IDB) and which in December was negotiating an informal adjustment programme with that institution.

iv) *Successes and limitations of the renegotiation process.* 1990 witnessed a number of positive developments with respect to the official handling of Latin America's debt; these include the signing of a significant number of new agreements within the framework of the Brady Plan, the introduction of the Toronto and Houston terms in the Paris Club reschedulings, the debt reduction component included in the Bush Initiative and the emergence of mechanisms to deal with arrears in the servicing of the multilateral debt. Nevertheless, and despite these useful developments, it is clear that the strategy being applied to the debt problem has serious shortcomings, which call into question its effectiveness.

The resource base of the Brady Plan is so tight that its capacity to contribute to the restoration of the finances of the majority of the countries of the region is rather doubtful. Indeed, this year, the development which has had the greatest impact on the debt problem has been exogenous in nature: the increase in the price of petroleum. This may provide Mexico and Venezuela with an unexpected windfall to reinforce the relatively modest relief which they obtained in their agreements under the Brady Plan. On the other hand, the deterioration in the terms of trade for non-oil-exporting countries may strengthen their arguments for a more significant reduction in their debt or in the cost of its servicing.

Of the agreements so far reached, only Costa Rica secured a significant reduction in the nominal amount of its debt, equivalent to 20% of its total external obligations. Although the agreements of Mexico and Venezuela included options which reduced the nominal bank debt (by almost US$7 billion for Mexico and by approximately US$2 billion for Venezuela), the effect on total balances was minimal. This was due, on the one hand, to the fact that some banks decided to avoid losses by opting for the granting of fresh loans; and, on the other hand, to the need to contract new official loans to finance the guarantee for the payment of interest and principal on the new instruments which were exchanged for the old bank debt. The estimated net savings on the payment of interest on the external debt made possible by the two agreements was also modest: about 10% of the total remittances originally programmed under this head. In the recent debt reduction agreement for Uruguay, although still not concluded, a similar impact is anticipated. The Costa Rican agreement was more robust in this respect, permitting net savings of a third of scheduled interest payments. Nevertheless, the financial burden on the country increased with respect to the payments made when its structural adjustment programme was financed by a unilateral restriction on the servicing of the debt.

The limited scope of the debt reduction programmes is not due to the behaviour of the debtor countries. In fact, within the voluntary framework established by the Brady Plan, each country negotiated the best possible agreement given the public financing available for debt reduction, and public institutional pressure exerted on the banks to reduce their claims. These considerations highlight the two most serious shortcomings of the Plan: i) the volume of public resources allocated to the financing of debt reduction schemes is very limited, and ii) the degree of public institutional pressure on the banks for a significant reduction of the debt is weak.

III. FINAL REFLECTIONS

1. This overview is being prepared at the end of the first year of a new decade. As noted in our own past publications, the previous decade was marked by severe setbacks and shortcomings in the economic and social fields, for most of the countries of Latin America and the Caribbean but it also brought with it some important lessons and some concrete progress. Thus, we have termed the 1980s not only "the lost decade" from the point of view of development, but also the decade of "painful learning".[1]

2. As a result of this learning process, there is now a growing consensus in the region on the general direction that development policies and strategies should take and even on their content and scope. In other words, there would appear to be an increasingly clear awareness of the priorities that Latin America and the Caribbean should pursue in order to attain development. Our own Secretariat's views in this respect are contained in the presentation made at the twenty-third session of ECLAC in May of this year with the title of *Changing Production Patterns with Social Equity*. This view of the situation is widely shared by the authorities of many countries, to judge from the response that this document has received in the region.

3. In this context, the first thing that can be said about the management of economic policy during the year which is just ending is that, perhaps as never before, the governments and societies of the region have made the most strenuous efforts to progress in the correction of short-term macroeconomic imbalances and, in the medium term, to remodel their productive structures and solve the mass of outstanding social problems. Beyond any doubt, the vast majority of the countries have shouldered their responsibilities and have themselves striven to promote, or in some cases to consolidate, stabilization and adjustment programmes with these aims in mind.

4. Despite this tremendous effort and the considerable social sacrifices it has involved, the economic performance of the region in 1990 was still manifestly unsatisfactory, as may be gathered from the preceding paragraphs. This poor performance gives rise to two reflections.

5. Firstly, it is an eloquent illustration of how complex and difficult a matter it is to promote recovery in a context of financial stability and increasing social equity. As noted in the above-mentioned document *Changing Production Patterns with Social Equity*, "the complexity and magnitude of the task at hand call for a more or less lengthy period of learning and adaptation".[2] In other words, now that a systematic and coherent effort to overcome the daunting obstacles to development encountered in the previous decade is firmly under way, it is abundantly clear that even in the best possible circumstances the period needed to attain these objectives will be relatively long and will generally involve important social sacrifices and costs.

6. Secondly, as also noted in the above document, "the countries need a certain amount of leeway in their external sector in order for their efforts to bear fruit".[3] Although during most of 1990 the world economy continued to grow at an acceptable rate —albeit below that registered in 1989— the problems characteristic of the external situation in the previous decade still persisted: over-indebtedness, depressed prices of most of the region's export commodities, protectionist pressures, and scant access to fresh external financing. All this seriously compromises the sustainability of the adjustment programmes now under way.

7. Furthermore, the oil-importing countries of the region were severely prejudiced by the events taking place in the Persian Gulf as from August, and all the nations of the region without exception are now facing the prospect of a slowdown in economic activity in the United States of America and the current uncertainty about the trade negotiations within the Uruguay Round.

[1] ECLAC, Changing Production Patterns with Social *Equity (LC/G.1601), Santiago, Chile, March 1990, p. 11.*
[2] *Ibid.*, p. 13.
[3] *Ibid.*, pp. 13-14.

These elements, together with the persistence of the recessionary trends that characterized the region in 1990, give cause for concern about the outlook for 1991. Although a potentially promising development took place during the year in the shape of a proposal designed to strengthen economic co-operation between the United States of America and the countries of our region —the "Enterprise for the Americas"— the implementation of this initiative will take time, at least in the trade aspects, which are its central element.

8. In short, the economic performance of the region in 1990 once again underlines the seriousness of the obstacles standing in the way of the development of the Latin American and Caribbean countries. Even those economies which have made most progress in adapting to the new and changing circumstances of the world economy have had to sacrifice growth objectives in order to give greater priority to the control of inflation; but at least these economies can look forward to gradual recovery in the years to come. Other countries, however, may well need more time to overcome their complex problems, even if they press on with their efforts at stabilization and modernization of production. Indeed, all the countries of the region will once again have to grapple with the uncertainty surrounding the external environment, especially in the fields of trade and finance. Moreover, their success will also depend to a large extent on the speed with which the already long-standing problem of the debt overhang is solved.

TABLES AND FIGURES

Table 1

LATIN AMERICA AND THE CARIBBEAN: MAIN ECONOMIC INDICATORS [a]

Indicators	1983	1984	1985	1986	1987	1988	1989	1990[b]
Gross domestic product at market prices (index, base year 1980=100)	96.4	99.7	103.2	107.0	110.3	111.3	113.0	112.4
Population (millions of inhabitants)	381.8	390.3	398.8	407.4	416.1	424.9	433.7	442.6
Per capita gross domestic product (index, base year 1980=100)	90.0	91.1	92.2	93.6	94.5	93.3	92.8	90.4
Growth rates								
Gross domestic product	-2.7	3.5	3.5	3.7	3.1	0.9	1.5	-0.5
Per capita gross domestic product	-4.8	1.2	1.2	1.5	0.9	-1.2	-0.6	-2.6
Consumer prices [c]	130.5	184.7	274.1	64.5	198.5	778.8	1 161.0	1 491.5
Terms of trade (goods)	1.3	6.6	-4.4	-10.3	-0.8	-1.1	3.3	-1.2
Purchasing power of exports of goods	11.1	13.4	-4.6	-11.3	7.9	7.9	5.9	0.7
Current value of exports of goods	0.1	11.5	-5.9	-15.5	14.5	13.8	10.1	6.8
Current value of imports of goods	-28.5	3.9	-0.2	2.6	12.7	13.7	6.4	13.9
Billions of dollars								
Exports of goods	87.5	97.7	91.8	77.6	88.9	101.0	111.2	118.8
Imports of goods	56.0	58.2	58.1	59.7	67.2	76.4	81.3	92.6
Trade balance (goods)	31.5	39.5	33.7	17.9	21.7	24.6	29.9	26.2
Net payments of profits and interest	34.5	37.3	35.3	32.7	31.4	34.3	37.4	36.8
Balance on current account [d]	-7.3	-1.0	-3.6	-17.4	-10.8	-11.2	-7.2	-10.2
Net movement of capital [e]	2.9	10.4	3.0	9.9	15.1	5.5	10.1	17.9
Global balance [f]	-4.4	9.4	-0.6	-7.5	4.3	-5.7	2.9	7.7
Total gross external debt [g]	356.7	373.5	383.5	399.4	426.0	417.9	417.5	422.6
Net transfer of resources [h]	-31.6	-26.9	-32.3	-22.8	-16.3	-28.8	-27.3	-18.9

Source: ECLAC, on the basis of official figures.

[a] The figures for the gross domestic product and consumer prices refer to the group of countries included in table 2, except Cuba (23 countries) and in table 5, respectively. The data on the external sector relate to the 19 countries mentioned in the table on the balance of payments of Latin America and the Caribbean. [b] Preliminary estimates, subject to revision. [c] 1983-1989: corresponds to the variation from December to December; 1990: see note a in table 5. [d] Includes net unrequited private transfer payments. [e] Includes long- and short-term capital, unrequited official transfer payments, and errors and omissions. [f] Corresponds to the variation in international reserves (of opposite sign) plus counterpart items. [g] See the notes to the table "Latin America and the Caribbean: Total disbursed external debts". [h] Corresponds to net inflow of capital, less net payments of profits and interest.

Table 2

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

	Annual growth rates								Cumulative variation
	1983	1984	1985	1986	1987	1988	1989	1990[a]	1981-1990[a]
Latin America and the Caribbean[b]	**-2.7**	**3.5**	**3.5**	**3.7**	**3.1**	**0.9**	**1.5**	**-0.5**	**12.4**
Oil-exporting countries	**-3.7**	**2.8**	**2.3**	**0.1**	**2.5**	**2.2**	**0.3**	**2.5**	**14.6**
Bolivia	-4.5	-0.6	-1.0	-2.5	2.6	3.0	2.7	2.5	-1.4
Colombia	1.9	3.8	3.8	6.9	5.6	3.7	3.4	3.5	42.4
Ecuador	-1.2	4.8	4.8	3.4	-9.5	15.4	-0.3	1.5	24.3
Mexico	-4.2	3.6	2.6	-3.8	1.7	1.3	3.0	2.5	15.2
Peru	-12.0	4.8	2.2	8.7	8.0	-8.0	-10.9	-5.0	-9.9
Trinidad and Tobago	19.8	-1.4	-1.4	-2.0	-6.4	-3.7	-1.3	0.5	2.2
Venezuela	-5.5	-1.5	-0.1	6.9	5.1	6.1	-7.1	4.5	5.2
Non-oil-exporting countries[b]	**-1.8**	**4.1**	**4.5**	**6.6**	**3.5**	**0.0**	**2.5**	**-2.8**	**10.8**
South America	**-2.1**	**4.4**	**4.9**	**7.0**	**3.5**	**0.0**	**2.4**	**-3.0**	**10.8**
Argentina	2.6	2.4	-4.4	6.0	2.1	-2.8	-4.5	-2.0	-13.3
Brazil	-3.4	5.1	8.4	7.5	3.7	0.0	3.6	-4.0	17.2
Chile	-2.4	5.7	2.1	5.5	4.9	7.6	9.3	2.0	29.0
Guyana	-9.9	2.2	1.1	0.2	0.7	-2.9	-5.1	-1.5	-24.6
Paraguay	-3.0	3.2	4.0	-0.3	4.5	6.7	5.9	3.0	36.4
Uruguay	-6.0	-1.3	0.2	7.8	6.4	0.2	1.3	0.5	-0.9
Central America and the Caribbean[b]	**1.2**	**1.1**	**-0.3**	**2.3**	**4.2**	**-0.4**	**3.1**	**0.2**	**10.8**
Barbados	0.4	3.6	1.0	5.1	3.2	3.0	4.5	-3.0	10.6
Cuba [c]	4.9	7.2	4.6	1.2	-3.9	2.5	1.0	1.0	44.2
Haiti	0.6	0.4	0.4	1.0	-0.3	-0.2	0.5	-2.0	-5.8
Jamaica	1.9	-0.8	-5.4	2.2	6.7	1.1	6.3	2.0	17.2
Panama	-0.1	-0.4	4.8	3.5	2.0	-16.0	-0.7	1.0	1.0
Dominican Republic	5.0	0.3	-1.9	3.1	7.7	1.1	4.6	-4.0	23.1
Central American Common Market	**0.0**	**1.9**	**0.0**	**1.7**	**3.3**	**2.0**	**2.9**	**1.8**	**8.8**
Costa Rica	2.7	7.8	0.7	5.3	4.5	3.3	5.5	3.5	25.4
El Salvador	0.6	2.3	1.8	0.5	2.7	1.5	1.1	3.0	-1.7
Guatemala	-2.7	0.0	-0.6	0.3	3.6	4.0	3.8	3.0	9.0
Honduras	-0.1	2.5	2.0	4.7	4.5	4.9	2.3	-1.0	20.4
Nicaragua	4.6	-1.6	-4.1	-1.0	-0.7	-10.9	-2.9	-5.5	-17.3

Source: ECLAC, on the basis of official figures.

[a] Preliminary estimates, subject to revision. [b] Does not include Cuba. [c] Refers to total social product.

Table 3
LATIN AMERICA AND THE CARIBBEAN: GROWTH OF PER CAPITA GROSS DOMESTIC PRODUCT

	Annual growth rates								Cumulative variation
	1983	1984	1985	1986	1987	1988	1989	1990[a]	1981-1990[a]
Latin America and the Caribbean[b]	**-4.8**	**1.2**	**1.2**	**1.5**	**0.9**	**-1.2**	**-0.6**	**-2.6**	**-9.6**
Oil-exporting countries	**-6.0**	**0.4**	**-0.1**	**-2.2**	**0.2**	**-0.1**	**-2.0**	**0.2**	**-9.4**
Bolivia	-6.9	-3.1	-3.4	-4.9	0.1	0.5	0.2	0.2	-23.3
Colombia	-0.2	1.7	1.7	4.8	3.5	1.7	1.4	1.7	16.2
Ecuador	-3.9	2.0	2.1	0.7	-11.8	12.5	-2.8	-1.0	-4.6
Mexico	-6.5	1.2	0.2	-5.9	-0.6	-0.9	0.8	0.4	-8.4
Peru	-14.3	2.1	-0.3	6.0	5.3	-10.3	-13.1	-7.3	-30.2
Trinidad and Tobago	17.7	-3.1	-3.1	-3.7	-8.1	-5.3	-2.9	-1.0	-13.8
Venezuela	-8.1	-4.2	-2.8	4.0	2.3	3.3	-9.5	1.9	-19.9
Non-oil-exporting countries[b]	**-3.9**	**1.9**	**2.3**	**4.4**	**1.5**	**-2.0**	**0.5**	**-4.6**	**-9.8**
South America	**-4.1**	**2.3**	**2.8**	**4.9**	**1.5**	**-1.9**	**0.5**	**-4.8**	**-9.1**
Argentina	1.2	1.0	-5.7	4.6	0.8	-4.1	-5.7	-3.2	-24.3
Brazil	-5.6	2.8	6.1	5.2	1.5	-2.1	1.5	-5.9	-5.5
Chile	-4.1	3.9	0.4	3.7	3.2	5.8	7.5	0.2	9.2
Guyana	-10.8	1.4	0.4	0.0	0.6	-2.9	-5.1	-1.7	-27.9
Paraguay	-6.0	0.0	0.9	-3.3	1.4	3.6	2.9	0.1	0.4
Uruguay	-6.6	-1.9	-0.4	7.2	5.8	-0.4	0.7	-0.2	-6.7
Central America and the Caribbean[b]	**-1.2**	**-1.3**	**-2.6**	**-0.2**	**1.7**	**-2.8**	**0.6**	**-2.2**	**-13.0**
Barbados	0.4	3.2	0.6	5.1	2.8	3.0	4.1	-3.0	8.0
Cuba[c]	3.9	6.2	3.5	0.2	-4.8	1.4	0.0	0.4	31.6
Haiti	-1.2	-1.5	-1.5	-1.0	-2.2	-2.2	-1.6	-4.0	-22.3
Jamaica	0.2	-2.4	-6.8	0.9	5.4	-0.1	5.1	0.8	1.9
Panama	-2.2	-2.6	2.6	1.3	-0.1	-17.7	-2.7	-1.2	-18.3
Dominican Republic	2.5	-2.0	-4.1	0.8	5.3	-1.1	2.4	-5.8	-2.2
Central American Common Market	**-2.6**	**-0.7**	**-2.7**	**-1.0**	**0.4**	**-0.8**	**0.0**	**-1.0**	**-17.2**
Costa Rica	-0.3	4.8	-2.1	2.4	1.7	0.6	2.8	1.0	-5.0
El Salvador	-0.3	1.3	0.5	-1.2	0.8	-0.5	-1.1	0.6	-15.3
Guatemala	-5.4	-2.8	-3.3	-2.6	0.7	1.0	0.9	0.1	-18.0
Honduras	-3.6	-1.2	-1.5	1.3	1.2	1.7	-0.8	-3.8	-14.2
Nicaragua	1.2	-4.8	-7.3	-4.3	-4.0	-13.9	-6.1	-8.8	-40.8

Source: ECLAC, on the basis of official figures. The population data used in the calculations for this table correspond to previously unpublished estimates prepared by the Latin American Demographic Centre.
[a] Preliminary estimates, subject to revision. [b] Does not include Cuba. [c] Refers to total social product.

Table 4
LATIN AMERICA AND THE CARIBBEAN: URBAN UNEMPLOYMENT
(Average annual rates)

	1982	1983	1984	1985	1986	1987	1988	1989	1990[a]
Argentina[b]	5.3	4.7	4.6	6.1	5.6	5.9	6.3	7.8	8.6
Bolivia[c]	8.2	8.5	6.9	5.8	7.0	7.2	6.7	7.0	7.0
Brazil[d]	6.3	6.7	7.1	5.3	3.6	3.7	3.8	3.3	4.3
Colombia[e]	9.1	11.7	13.4	14.0	13.8	11.7	11.5	9.6	10.2
Costa Rica[f]	9.9	8.5	6.6	6.7	6.7	5.9	5.5	3.8	5.4
Chile[g]	20.0	19.0	18.5	17.0	13.1	11.9	10.2	7.2	6.6
Ecuador[h]	6.3	6.7	10.5	10.4	12.0	12.0	12.3	14.3	...
Guatemala[h]	6.0	9.9	9.1	12.0	14.2	12.1	9.6	7.2	14.0
Honduras[i]	9.2	9.5	10.7	11.7	12.5	11.4	12.0	13.0	13.8
Mexico[j]	4.2	6.6	5.7	4.4	4.3	3.9	3.5	2.9	2.8
Panama[k]	10.1	11.7	12.4	15.6	12.6	14.1	21.1	20.0	20.8
Paraguay[l]	5.6	8.3	7.3	5.1	6.1	5.5	4.7	6.1	7.0
Peru[m]	6.6	9.0	8.9	10.1	5.4	4.8	7.9	7.9	...
Uruguay[n]	11.9	15.5	14.0	13.1	10.7	9.3	9.1	8.6	9.2
Venezuela[o]	7.8	11.2	14.3	14.3	12.1	9.9	7.9	9.7	10.6

Source: ECLAC and PREALC, on the basis of official figures.
[a] Preliminary figures. [b] National urban, April and October average; 1990: October. [c] National, official estimates. [d] Metropolitan areas of Rio de Janeiro, São Paulo, Belo Horizonte, Porto Alegre, Salvador and Recife. Twelve-month average; 1990: January-September average. [e] Bogotá, Barranquilla, Medellín and Cali. Average for March, June, September and December; 1985: average for March, July, September; 1986: average for April, June, September and December; 1990: three-quarter average. [f] National urban, average for March, July and November; 1984: March and November average; 1986: March and July average; 1987: July. From 1987 onward the figures are not strictly comparable with the data for preceding years due to the methodological changes which accompanied the introduction of the new series of multi-purpose household surveys. [g] Greater Santiago, four-quarter average. As from August 1983, the data refer to the Santiago metropolitan area. As from October 1985, the figures are not strictly comparable with those for preceding periods due to changes in the make-up and size of the samples; 1990: three-quarter average. [h] Country total, official estimates. [i] Country total, official estimates; 1986: urban labour force survey; 1987: March, Central District; 1989 and 1990: estimates. [j] Metropolitan areas of Mexico City, Guadalajara and Monterrey. As from 1983, refers to urban unemployment, four-quarter average; 1990: three-quarter average. [k] Metropolitan Region; 1980: data from the population census of that year; 1990: estimates. [l] Asunción, Fernando de la Mora, Lambaré and the urban areas of Luque and San Lorenzo, annual average; 1983: average for September, October and November; 1984: average for August, September and October; 1985: average for November and December; from 1987 on, household surveys taken in July of each year. [m] Metropolitan Lima; from 1985 onward, official estimates. [n] Montevideo; four-quarter average; 1990: January-September average. [o] National urban, two-semester average; 1984 and 1985: national; 1986: second semester; 1987: first semester; 1990: Country total, three-quarter average.

Table 5
LATIN AMERICA AND THE CARIBBEAN: CONSUMER PRICES
(December-December variations)

	1982	1983	1984	1985	1986	1987	1988	1989	1990[a]
Latin America and the Caribbean	**84.6**	**130.5**	**184.7**	**274.1**	**64.5**	**198.5**	**778.8**	**1 161.0**	**1 491.5**
Argentina	209.7	433.7	688.0	385.4	81.9	174.8	387.7	4 923.8	1 832.5[b]
Barbados	6.9	5.5	5.1	2.4	-0.5	6.3	4.4	6.5	1.9[c]
Bolivia	296.5	328.5	2 177.2	8 170.5	66.0	10.7	21.5	16.6	17.8[b]
Brazil	97.9	179.2	203.3	228.0	58.4	365.9	993.3	1 764.9	2 359.9[b]
Colombia	24.1	16.5	18.3	22.3	21.0	24.0	28.2	26.1	31.0[b]
Costa Rica	81.7	10.7	17.3	11.1	15.4	16.4	25.3	10.0	22.4[d]
Chile	20.7	23.6	23.0	26.4	17.4	21.5	12.7	21.4	29.4[b]
Ecuador[e]	24.3	52.5	25.1	24.4	27.3	32.5	85.7	54.2	48.3[d]
El Salvador	13.8	15.5	9.8	30.8	30.3	19.6	18.2	23.5	19.9[d]
Guatemala	-2.0	15.4	5.2	31.5	25.7	10.1	11.0	20.2	50.1[f]
Haiti	4.9	11.2	5.4	17.4	-11.4	-4.1	8.6	10.9	13.2[f]
Honduras	8.8	7.2	3.7	4.2	3.2	2.7	6.7	11.4	25.3[f]
Jamaica	7.0	16.7	31.2	23.9	10.5	8.4	8.8	17.2	...
Mexico	98.8	80.8	59.2	63.7	105.7	159.2	51.7	19.7	30.2[b]
Nicaragua	22.2	35.5	47.3	334.3	747.4	1 347.4	33 602.6	1 690.0	8 500.0[d]
Panama	3.7	2.0	0.9	0.4	0.4	0.9	0.3	-0.2	0.8[f]
Paraguay	4.2	14.1	29.8	23.1	24.1	32.0	16.9	28.5	42.7[d]
Peru	72.9	125.1	111.5	158.3	62.9	114.5	1 722.6	2 776.6	8 291.5[b]
Dominican Republic[g]	7.2	7.7	38.1	28.4	6.5	25.0	57.6	41.2	75.9[d]
Trinidad and Tobago	10.8	15.4	14.1	6.6	9.9	8.3	12.1	9.3	10.8[d]
Uruguay	20.5	51.5	66.1	83.0	76.4	57.3	69.0	89.2	129.8[b]
Venezuela	7.3	7.0	18.3	5.7	12.3	40.3	35.5	81.0	32.2[d]

Source: International Monetary Fund, International Financial Statistics, November 1989, and information provided by the countries.
[a] Figures correspond to the variation in prices during the twelve-month period ending in the month indicated for each country. [b] Corresponds to the variation between November 1989 and November 1990. [c] Corresponds to the variation between August 1989 and August 1990. [d] Corresponds to the variation between October 1989 and October 1990. [e] Up to 1982, corresponds to the variation in the consumer price index for the city of Quito; from 1983 onward, corresponds to the variation in the national total. [f] Corresponds to the variation between September 1989 and September 1990. [g] Up to 1982, coresponds to the variation in the consumer price index for the city of Santo Domingo; from 1983 onward, corresponds to the variation in the national total.

Table 6
LATIN AMERICA AND THE CARIBBEAN: REAL AVERAGE WAGES

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990[a]
	Annual average indexes (1980 = 100)									
Argentina [b]	89.4	80.1	101.5	129.5	107.2	108.1	99.6	95.7	81.5	68.3
Brazil										
Rio de Janeiro[c]	108.5	121.6	112.7	105.1	112.7	121.8	102.4	107.1	107.2	85.5
São Paulo [d]	104.7	107.2	94.0	96.7	120.4	150.7	143.2	152.1	163.9	139.6
Colombia [e]	101.3	104.7	110.1	118.1	114.6	120.1	119.2	117.7	119.1	120.1
Costa Rica [f]	88.3	70.8	78.5	84.7	92.2	97.8	89.2	85.2	85.7	...
Chile [g]	108.9	108.6	97.1	97.2	93.5	95.1	94.7	101.0	102.9	104.7
Mexico [h]	103.5	102.2	80.7	75.4	76.6	72.3	72.8	72.1	75.8	...
Peru [i]	101.8	110.2	93.4	87.2	77.6	97.5	101.3	76.1	41.5	43.9
Uruguay [j]	107.1	106.5	84.5	71.1	68.1	71.9	75.4	76.3	76.3	72.8
	Percentage variation [k]									
Argentina	-10.6	-10.4	26.7	27.6	-17.2	0.8	-7.9	-3.9	-14.8	-15.3
Brazil										
Rio de Janeiro	8.5	12.1	-7.3	-6.7	7.1	8.1	-16.0	4.6	0.1	-7.4
São Paulo	4.7	2.4	-12.3	2.9	24.4	25.2	-5.0	6.2	7.8	-10.3
Colombia	1.3	3.4	5.2	7.3	-3.0	4.8	-0.7	-1.3	1.2	1.5
Costa Rica	-11.7	-19.8	10.9	7.8	9.1	6.1	-9.7	-4.5	0.6	...
Chile	9.1	-0.2	-10.7	0.1	-3.8	1.7	-0.3	6.6	1.9	1.6
Mexico	3.5	0.9	-22.7	-6.6	1.6	-5.6	0.7	0.9	5.1	...
Peru	1.8	8.3	-15.2	-6.6	-11.0	25.6	3.9	-24.9	-45.5	3.3
Uruguay	7.1	-0.6	-20.7	-15.9	-4.2	5.6	4.9	1.2	-	-3.6

Source: ECLAC, on the basis of official figures.
[a] Preliminary figures. [b] Average total wages in manufacturing. Twelve-month average; 1990: January-May average. [c] Average wages in basic industry, deflated by the CPI for Rio de Janeiro. Twelve-month average; 1990: January-July average. [d] Wages in manufacturing in the State of São Paulo, deflated by the cost-of-living index for the city of São Paulo. Twelve-month average; 1990: January-September average. [e] Wages of manual workers in manufacturing; 1990: January-April average. [f] Average remunerations declared by persons covered by the social security system. [g] Average remunerations of wage-earners in non-agricultural sectors. Twelve-months average; 1990: January-September average. [h] Average wages in manufacturing; twelve-months average; 1989: January-October average. [i] Wages of private-sector manual workers in Metropolitan Lima; 1990: average of February, April and June. [j] Index of average real wages. Twelve-month average; 1990: January-September average. [k] With respect to the same period of the preceding year.

Table 7
LATIN AMERICA AND THE CARIBBEAN: URBAN REAL MINIMUM WAGES

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990[a]
	Annual average indexess (1980 = 100)									
Argentina [b]	97.8	97.8	136.9	167.7	117.1	111.1	122.3	95.6	69.9	...
Brazil [c]	106.0	106.8	95.9	87.4	88.9	89.0	72.6	68.7	72.1	54.1
Colombia [d]	98.9	103.6	107.9	113.5	109.4	114.2	113.0	109.9	110.7	114.4
Costa Rica [e]	90.4	85.9	99.3	104.4	112.2	118.7	117.9	114.6	119.4	...
Chile [f]	115.7	117.2	94.2	80.7	76.4	73.6	69.1	73.9	79.8	86.9
Ecuador [g]	86.2	75.9	63.6	62.8	60.4	65.0	61.4	53.1	47.0	37.7
Mexico [h]	101.9	92.7	76.6	72.3	71.1	64.9	61.7	55.2	50.8	44.3
Paraguay [i]	103.9	101.9	94.2	93.8	99.6	108.3	122.6	135.2	136.5	128.4
Peru [j]	85.0	79.6	80.6	62.3	54.4	56.4	59.7	52.0	25.1	24.1
Uruguay [k]	102.3	103.9	88.6	88.8	93.2	88.5	90.3	84.5	78.0	70.6
Venezuela [l]	86.2	78.5	73.9	66.5	96.8	90.4	108.7	89.5	77.8	58.5
	Percentage variation [m]									
Argentina	-2.2	-	40.0	22.5	-30.2	-5.1	10.1	-21.8	-26.9	...
Brazil	6.0	0.8	-10.2	-8.9	1.7	0.1	-18.4	-5.4	4.9	-24.4
Colombia	-1.1	4.8	4.2	5.2	-3.6	4.4	-1.1	-2.7	0.7	-1.6
Costa Rica	-9.6	-5.0	15.6	5.1	7.5	5.8	-0.7	-2.8	4.2	...
Chile	15.7	1.3	-19.6	-14.3	-5.3	-3.7	-6.1	6.9	8.0	8.8
Ecuador	-13.8	-11.9	-16.2	-1.3	-3.8	7.6	-5.6	-13.5	-11.5	-21.3
Mexico	1.9	-9.0	-17.4	-5.6	-1.7	-8.7	-4.9	-10.5	-7.9	-12.8
Paraguay	3.9	-1.9	-7.6	-0.4	6.2	8.7	13.2	10.3	1.0	-5.9
Peru	-15.0	-6.4	1.3	-22.7	-12.7	3.7	5.9	-12.9	-51.7	-5.1
Uruguay	2.3	1.6	-14.7	0.2	5.0	-5.0	2.0	-6.4	-7.7	-8.7
Venezuela	-13.8	-8.9	-5.9	-10.0	45.6	-6.6	20.2	-17.7	-13.1	-24.4

Source: ECLAC, on the basis of official figures.
[a] Preliminary figures. [b] National minimum wage; 1990: not applicable. [c] Minimum wage for the city of Rio de Janeiro, deflated by the corresponding CPI; 1990: January-October average. [d] Minimum wage for upper urban sectors; 1990: January-June average. [e] National minimum wage. [f] Minimum income; 1990: January-October average. [g] General minimum official living wage; 1990: January-July average. [h] Minimum wage in Mexico City, deflated by the corresponding CPI; 1990: January-October average. [i] Minimum wage in Asunción; 1990: January-October average. [j] Minimum wage in Metropolitan Lima for non-agricultural activities; 1990: January-October average. [k] National minimum wage for persons over 18 years of age; 1990: January-October average. [l] National minimum wage for non-agricultural activities; 1990: January-August average. [m] With respect to the same period of the preceding year.

Table 8
LATIN AMERICA AND THE CARIBBEAN: EXPORTS OF GOODS, FOB
(Indexes 1980 = 100 and annual growth rates)

	Value				Unit value				Volume			
	Index	Rates			Index	Rates			Index	Rates		
	1990[a]	1988	1989	1990[a]	1990[a]	1988	1989	1990[a]	1990[a]	1988	1989	1990[a]
Latin America and the Caribbean	**134**	**13.8**	**10.1**	**6.8**	**83**	**4.1**	**7.5**	**4.6**	**162**	**9.1**	**2.5**	**2.0**
Oil-exporting countries	**125**	**-1.3**	**16.9**	**18.2**	**75**	**-6.7**	**11.4**	**12.0**	**167**	**5.8**	**4.9**	**5.6**
Bolivia	85	4.6	33.4	11.2	92	-0.7	10.7	3.0	93	5.4	20.5	8.0
Colombia	169	-5.6	12.8	11.8	93	4.5	1.7	4.0	182	-9.7	10.9	7.5
Ecuador	107	9.0	6.9	14.9	64	-9.4	8.7	13.0	169	20.3	-1.6	1.7
Mexico	168	-0.4	10.7	14.3	71	-6.3	9.2	11.0	237	6.2	1.3	3.0
Peru	83	1.1	31.6	-8.2	97	19.7	1.8	1.0	86	-15.5	29.3	-8.9
Venezuela	93	-3.4	28.9	36.1	73	-13.6	20.6	21.0	127	11.9	6.9	12.4
Non-oil-exporting countries	**144**	**27.1**	**5.3**	**-2.0**	**92**	**12.8**	**5.3**	**-0.2**	**157**	**12.9**	**0.0**	**-1.7**
South America	**154**	**31.6**	**4.9**	**-3.4**	**91**	**13.6**	**5.6**	**0.0**	**169**	**15.8**	**-0.7**	**-3.3**
Argentina	137	43.6	4.8	14.9	91	14.6	12.1	-1.0	151	25.3	-6.5	16.0
Brazil	152	28.9	1.8	-11.3	91	10.7	3.9	2.0	167	16.4	-1.9	-13.1
Chile	179	35.0	14.6	4.5	90	28.5	4.3	-7.0	199	5.0	9.8	12.4
Paraguay	319	18.2	31.9	16.2	102	18.2	3.9	-2.0	313	0.0	27.0	18.7
Uruguay	154	18.8	13.8	2.3	99	9.7	7.3	-5.0	156	8.3	6.1	7.6
Central America and the Caribbean	**104**	**2.7**	**8.5**	**8.0**	**97**	**10.1**	**2.2**	**-1.9**	**107**	**-6.7**	**6.2**	**10.0**
Costa Rica	137	6.7	12.0	3.6	88	6.4	-3.5	-3.0	155	0.2	16.1	6.8
El Salvador	53	3.6	-18.6	14.7	68	15.8	-2.2	-6.0	78	-10.6	-16.8	22.0
Guatemala	83	9.8	6.8	10.4	76	8.5	-6.0	-5.0	110	1.2	13.6	16.1
Haiti	74	-14.1	0.5	-11.6	83	-8.6	-10.7	-8.0	89	-6.1	12.5	-4.1
Honduras	116	5.8	8.3	2.4	97	8.3	0.7	-5.0	120	-2.4	7.5	7.9
Nicaragua	71	-20.1	22.9	10.3	92	1.5	-2.3	-3.0	78	-21.3	25.9	13.9
Panama	144	-5.6	15.8	19.7	128	10.1	5.3	5.0	113	-14.3	10.0	14.0
Dominican Republic	79	25.6	3.5	-17.7	102	29.8	18.9	-8.0	78	-3.2	-13.0	-10.6

Source: ECLAC.
[a] Preliminary estimates.

Table 9
LATIN AMERICA AND THE CARRIBEAN: IMPORTS OF GOODS, FOB
(Indexes 1980 = 100 and annual growth rates)

	Value				Unit value				Volume			
	Index	Rates			Index	Rates			Index	Rates		
	1990[a]	1988	1989	1990[a]	1990[a]	1988	1989	1990[a]	1990[a]	1988	1989	1990[a]
Latin America and the Caribbean	**102**	**13.7**	**6.4**	**13.9**	**104**	**5.4**	**4.0**	**5.9**	**98**	**7.9**	**2.5**	**7.5**
Oil-exporting countries	**117**	**31.6**	**-2.1**	**18.4**	**104**	**7.0**	**4.2**	**5.4**	**113**	**23.0**	**-6.0**	**12.3**
Bolivia	145	-8.6	23.5	13.7	101	6.8	1.8	5.0	144	-14.4	21.3	8.4
Colombia	117	19.1	0.7	10.3	106	3.8	5.6	5.5	111	14.7	-4.6	4.5
Ecuador	77	-21.4	4.9	1.6	94	6.9	4.6	5.5	81	-26.5	0.3	-3.6
Mexico	151	54.6	23.9	21.9	106	7.4	3.2	5.5	142	44.0	20.0	15.4
Peru	96	-12.3	-23.3	38.8	95	5.1	3.4	5.0	101	-16.6	-25.8	32.2
Venezuela	73	36.2	-40.9	10.9	102	5.8	3.8	5.0	71	28.7	-43.1	5.5
Non-oil-exporting countries	**90**	**-1.4**	**16.0**	**9.5**	**104**	**4.0**	**3.7**	**6.3**	**87**	**-5.2**	**12.0**	**3.1**
South America	**82**	**-0.5**	**16.9**	**8.0**	**105**	**4.4**	**4.2**	**6.5**	**79**	**-4.7**	**12.1**	**1.4**
Argentina	39	-9.1	-21.1	-4.8	120	8.4	5.9	5.0	33	-16.2	-25.5	-9.3
Brazil	87	-3.0	25.2	9.4	104	3.7	5.0	7.0	84	-6.4	19.2	2.3
Chile	129	21.0	34.5	8.4	104	4.8	5.8	7.0	124	15.4	27.1	1.3
Paraguay	155	-4.4	10.0	28.2	83	4.9	-1.3	7.0	187	-8.8	11.4	19.9
Uruguay	76	3.0	2.2	11.8	99	2.9	6.8	7.0	77	0.1	-4.3	4.4
Central America and the Caribbean	**121**	**-3.9**	**13.6**	**13.7**	**103**	**2.8**	**2.0**	**5.8**	**118**	**-6.5**	**11.5**	**7.5**
Costa Rica	129	2.7	23.4	12.9	105	4.1	4.1	6.0	123	-1.4	18.4	6.4
El Salvador	124	3.0	5.6	9.2	123	3.3	5.7	7.0	101	-0.4	0.0	2.1
Guatemala	109	6.0	6.0	7.1	98	3.6	-1.5	5.0	111	2.3	7.6	2.0
Haiti	80	-8.8	-0.7	-9.6	111	0.0	1.6	6.0	72	-8.8	-2.3	-14.6
Honduras	108	2.6	5.2	6.8	120	1.7	5.9	6.0	90	0.8	-0.7	0.8
Nicaragua	78	-2.2	-24.1	15.6	112	1.5	7.7	8.0	70	-3.7	-24.5	7.0
Panama	141	-17.5	26.2	32.5	97	2.0	-0.9	7.0	146	-19.1	27.2	23.9
Dominican Republic	126	1.0	22.1	-2.5	98	2.3	5.1	5.0	129	-1.2	16.2	-7.2

Source: ECLAC.
[a] Preliminary estimates.

Table 10
LATIN AMERICA AND THE CARIBBEAN: NET EXPORTS OF PETROLEUM AND PETROLEUM PRODUCTS

	Net exports of petroleum and petroleum products[a] (millions of dollars)			Increase in net exports of petroleum and petroleum products as a percentage of	
	1989	1990[b]	Absolute variation	Merchandise exports [c]	Gross domestic product[c]
Latin America and the Caribbean	**13 686**	**18 464**	**4 778**	**4.3**	**0.6**
Oil-exporting countries	**20 250**	**26 891**	**6 641**	**13.7**	**2.0**
Bolivia	-	-	-	-	-
Colombia	1 399	1 814	415	6.9	0.9
Ecuador	1 147	1 422	275	11.7	2.6
Mexico	7 876	9 368	1 492	6.6	0.8
Peru	60	77	17	0.5	0.1
Venezuela	9 768	14 210	4 442	34.2	9.0
Non-oil-exporting countries	**-6 564**	**-8 427**	**-1 863**	**-3.0**	**-0.4**
South America	**-5 412**	**-6 948**	**-1 536**	**-2.8**	**-0.3**
Argentina	-48	-62	-14	-0.1	-
Brazil	-4 248	-5 454	-1 206	-3.5	-0.3
Chile	-816	-1 048	-232	-2.9	-0.9
Paraguay	-108	-139	-31	-2.8	-0.9
Uruguay	-192	-247	-55	-3.4	-0.6
Central America and the Caribbean	**-1 152**	**-1 479**	**-327**	**-4.1**	**-0.8**
Costa Rica	-72	-92	-20	-1.5	-0.4
El Salvador	-96	-123	-27	-5.5	-0.5
Guatemala	-120	-154	-34	-3.0	-0.4
Haiti	-60	-77	-17	-9.4	-1.1
Honduras	-144	-185	-41	-4.2	-0.8
Nicaragua	-120	-154	-34	-11.7	-0.7
Panama	-108	-139	-31	-1.1	-0.7
Dominican Republic	-432	-555	-123	-13.3	-2.5

Source: ECLAC, on the basis of official figures.
[a] Exports of petroleum and petroleum products less imports of petroleum and petroleum products. A minus sign indicates net imports of petroleum and petroleum products. [b] Preliminary estimates. [c] Of 1989.

Table 11
LATIN AMERICA AND THE CARIBBEAN: TERMS OF TRADE (GOODS), FOB/FOB
(Indexes: 1980 = 100, growth rates and percentage variations)

	Indexes				Growth rates					Cumulative variation
	1987	1988	1989	1990[a]	1986	1987	1988	1989	1990[a]	1981-1990[a]
Latin America and the Caribbean	**79**	**78**	**80**	**79**	**-10.3**	**-0.8**	**-1.1**	**3.3**	**-1.2**	**-20.6**
Oil-exporting countries	**73**	**63**	**68**	**72**	**-27.5**	**5.8**	**-12.7**	**6.8**	**6.3**	**-28.1**
Bolivia	92	86	93	91	-8.6	-2.7	-7.1	8.7	-1.9	-8.8
Colombia	92	93	89	88	29.9	-23.1	0.8	-3.8	-1.4	-11.9
Ecuador	72	61	63	67	-24.9	-1.4	-15.2	3.8	7.2	-32.6
Mexico	69	60	64	67	-25.6	5.7	-12.8	5.8	5.3	-33.1
Peru	95	108	106	102	-3.8	9.1	13.8	-1.6	-4.1	1.7
Venezuela	66	54	62	72	-51.2	21.7	-18.4	16.1	15.2	-28.4
Non-oil-exporting countries	**85**	**93**	**94**	**88**	**10.0**	**-6.3**	**8.3**	**1.6**	**-6.0**	**-11.6**
South America	**84**	**92**	**93**	**87**	**7.8**	**-5.8**	**8.7**	**1.4**	**-6.1**	**-12.8**
Argentina	72	76	80	76	-10.1	-1.9	5.6	6.0	-5.6	-24.4
Brazil	87	92	91	87	16.0	-10.7	6.7	-1.1	-4.6	-12.9
Chile	83	101	100	87	8.8	4.4	22.7	-1.5	-13.1	-13.4
Paraguay	113	127	134	123	-33.2	38.1	12.7	5.2	-8.4	22.5
Uruguay	106	113	114	101	16.4	2.8	6.6	0.4	-11.2	0.8
Central America and the Caribbean	**95**	**102**	**102**	**95**	**23.1**	**-12.1**	**7.0**	**0.1**	**-7.0**	**-5.3**
Costa Rica	97	99	91	84	20.6	-9.0	2.3	-7.4	-8.3	-16.2
El Salvador	61	68	63	55	28.1	-31.6	12.1	-7.4	-12.1	-44.8
Guatemala	85	89	85	77	30.0	-21.2	4.7	-4.6	-9.5	-23.1
Haiti	108	99	87	75	25.6	9.3	-8.6	-12.1	-13.1	-24.8
Honduras	90	95	91	81	23.1	-11.5	6.5	-4.9	-10.4	-18.8
Nicaragua	101	101	92	82	6.7	-2.7	-0.1	-9.3	-10.2	-17.8
Panama	118	127	135	132	24.2	-5.7	7.9	6.1	-1.8	32.3
Dominican Republic	82	105	118	104	14.7	-12.6	26.8	13.1	-12.4	3.6

Source: ECLAC
[a] Preliminary estimates.

Table 12
LATIN AMERICA AND THE CARIBBEAN: PRICES OF MAIN EXPORT COMMODITIES
(Dollars at current prices)

	Annual averages					Percentage variation				
	1970	1985	1988	1989	1990[a]	1987	1988	1989	1990[a]	1990/1980
Unrefined sugar [c]	3.7	4.1	10.2	12.8	13.4	11.5	50.0	25.5	4.7	-53.3
Coffee (mild) [c]	52.0	145.6	135.1	107.0	89.3	-41.7	20.3	-20.8	-16.5	-42.1
Cocoa [c]	30.6	102.3	72.1	56.5	57.0	-3.4	-20.4	-21.6	0.9	-51.7
Bananas [c]	7.9	18.4	24.6	20.4	30.8	19.9	-7.2	-17.1	51.0	62.9
Wheat [d]	55.0	138.0	146.0	170.0	144.0	-	27.0	16.4	-15.3	-18.2
Maize [d]	66.2	126.6	126.2	133.5	129.8	-9.9	37.5	5.8	-2.8	-13.7
Beef [c]	59.2	97.7	114.2	116.5	115.3	13.9	5.5	2.0	-1.0	-8.4
Fish meal [d]	197.0	280.0	544.0	408.0	395.0	19.3	42.0	-25.0	-3.2	-21.6
Soya beans [d]	121.0	225.0	304.0	275.0	248.0	3.8	40.7	-9.5	-9.8	-16.2
Cotton [c]	30.7	61.7	63.4	75.9	81.5	43.9	-16.7	19.7	7.4	-13.5
Wool [c]	54.5	141.0	207.5	191.5	165.8	23.8	13.2	-7.7	-13.4	-14.9
Copper [c]	64.3	64.4	118.2	129.4	121.8	29.7	45.9	9.5	-5.9	23.3
Tin [e]	1.7	5.4	3.3	3.9	2.8	19.2	6.5	19.2	-27.7	-62.7
Iron ore [d]	12.5	22.0	22.3	24.3	26.1	2.3	0.9	9.0	7.4	-2.6
Lead [c]	13.8	17.8	29.8	30.6	38.6	47.3	10.0	2.7	26.1	-6.4
Zinc [c]	15.3	40.4	60.2	82.0	78.0	11.6	42.0	36.2	-4.9	108.6
Bauxite [df]	42.4	164.3	164.8	-	-	-0.2	-	-	-	-
Crude petroleum [g]										
Saudia Arabia	1.3	25.8	12.8	16.2	19.3	30.4	-21.5	26.6	19.2	-32.7
Ecuador	-	26.6	15.2	17.6	20.3	20.0	-15.6	15.8	15.3	-41.8
Mexico	-	24.1	12.9	15.2	15.6 [h]	27.7	-22.3	17.8	2.6	-48.0
Venezuela	1.7	25.9	12.3	15.7	15.7 [h]	29.6	-24.1	27.6	0.0	-43.1
Brent	-	27.3	15.0	18.2	22.3 [h]	29.6	-18.4	21.4	22.7	-

Source: UNCTAD, Monthly Commodity Price Bulletin 1960-1984 and October 1989: International Monetary Fund, International Financial Statistics, Yearbooks, 1981 and November 1990; Petroleum Intelligence Weekly, 1980-1990, various issues; Energy Economics Research Limited, *Oil and Energy Trends*, April 1989; ECLAC, on the basis of official data.

Note: **Unrefined sugar**, FOB, Caribbean ports, for exports to the free market. **Coffee**, mild arábica, ex-dock New York. **Cocoa beans**, average of daily prices (futures), New York/London. Central American **bananas**, CIF North Sea ports. **Cotton**, Mexican M 1-3/32", CIF Northern Europe. **Wool**, clean, combed, grade 48". United Kingdom. **Beef**, frozen and deboned, all sources, United States ports. **Fish meal**, all sources, 64-65% protein, CIF Hamburg. **Wheat**, FOB, United States, No. 2, Hard Red Winter. **Maize**, United States, No. 3, yellow, CIF Rotterdam. **Soya beans**, United States, No. 2, yellow bulk, CIF Rotterdam. **Copper, tin, lead and zinc**, spot cash prices on the London Metal Exchange. **Iron ore**, Liberia, C 61 % Fe, CIF North Sea ports. **Bauxite**, Guyana (Baltimore). **Petroleum**: Saudi Arabia: Heavy-27 (U.S. Gulf Coast); Ecuador: Oriente-30 (U.S. Gulf Coast); Mexico: Maya Heavy-22 (U.S. Gulf Coast); Venezuela: Tía Juana-22 (Caribbean). United Kingdom: Brent Blend 38 API, FOB United Kingdom ports.

[a] January-September average. [b] January-September average as compared to average for 1989. [c] US cents per pound. [d] Dollars per metric ton. [e] Dollars per pound. [f] 1988: January-May average. [g] Dollars per barrel. [h] January-October average.

Table 13

LATIN AMERICA AND THE CARIBBEAN: PURCHASING POWER OF EXPORTS OF GOODS

(Indexes: 1980=100, growth rates and percentage variations)

	Indexes				Growth rates					Cumulative variation
	1987	1988	1989	1990[a]	1986	1987	1988	1989	1990[a]	1981-1990[a]
Latin America and the Caribbean	**109**	**118**	**125**	**125**	**-11.3**	**7.9**	**7.9**	**5.9**	**0.7**	**25.3**
Oil-exporting countries	**100**	**93**	**105**	**117**	**-22.5**	**14.2**	**-7.2**	**13.0**	**11.7**	**16.8**
Bolivia	58	57	74	78	-9.0	-4.4	-2.4	30.4	6.0	-21.8
Colombia	151	138	147	156	59.3	1.4	-9.1	7.1	6.0	56.1
Ecuador	97	98	101	110	-20.5	-10.4	1.3	2.6	8.9	9.9
Mexico	144	134	143	155	-24.4	22.9	-7.3	7.1	9.1	55.2
Peru	79	76	96	84	-14.0	2.3	-3.9	27.2	-13.1	-16.2
Venezuela	60	54	68	88	-41.3	17.6	-8.9	25.3	29.6	-12.0
Non-oil-exporting countries	**119**	**144**	**146**	**135**	**0.6**	**2.9**	**21.3**	**1.4**	**-7.8**	**35.0**
South America	**126**	**157**	**157**	**144**	**-1.9**	**4.2**	**25.1**	**-0.2**	**-8.5**	**44.0**
Argentina	79	104	103	113	-20.9	-13.3	31.7	-1.0	9.4	12.5
Brazil	143	177	172	143	-0.9	7.3	23.9	-2.9	-17.0	42.8
Chile	124	160	172	168	15.9	10.7	28.6	7.8	-2.4	68.2
Paraguay	217	238	316	343	54.3	25.1	9.8	32.7	8.7	243.1
Uruguay	131	151	161	154	44.4	0.4	15.3	6.7	-4.5	53.5
Central America and the Caribbean	**90**	**90**	**96**	**97**	**16.0**	**-4.2**	**0.0**	**6.0**	**2.5**	**-2.1**
Costa Rica	116	118	127	124	21.6	-0.8	2.3	7.5	-2.3	24.2
El Salvador	51	51	39	42	20.2	27.8	0.0	-23.1	7.3	-58.2
Guatemala	68	71	77	81	6.4	-9.9	5.0	7.9	5.2	-19.3
Haiti	89	76	75	62	-17.2	6.8	-15.1	-1.3	-16.9	-37.9
Honduras	92	95	98	94	19.9	-7.3	3.5	2.3	-3.4	-5.7
Nicaragua	67	52	60	65	-13.7	7.4	-21.8	15.4	9.0	-34.6
Panama	121	112	131	147	28.3	3.3	-7.1	17.1	11.9	46.9
Dominican Republic	82	100	98	77	3.8	-6.4	22.6	-1.5	-21.8	-23.1

Source: ECLAC.

[a] Preliminary estimates.

Table 14

LATIN AMERICA AND THE CARIBBEAN: TRADE BALANCE (GOODS)

(Millions of dollars)

	Exports of goods FOB			Imports of goods FOB			Trade balance (goods)		
	1988	1989	1990[a]	1988	1989	1990[a]	1988	1989	1990[a]
Latin America and the Caribbean	**101 043**	**111 198**	**118 760**	**76 395**	**81 293**	**92 555**	**24 648**	**29 905**	**26 205**
Oil-exporting countries	**41 427**	**48 406**	**57 210**	**40 489**	**39 655**	**46 955**	**938**	**8 751**	**10 255**
Bolivia	543	724	805	591	730	830	-48	-6	-25
Colombia	5 343	6 029	6 740	4 516	4 548	5 015	827	1 481	1 725
Ecuador	2 202	2 354	2 705	1 614	1 693	1 720	588	661	985
Mexico	20 566	22 765	26 030	18 898	23 410	28 510	1 668	-645	-2 480
Peru	2 691	3 542	3 250	2 790	2 140	2 970	-99	1 402	280
Venezuela	10 082	12 992	17 680	12 080	7 134	7 910	-1 998	5 858	9 770
Non-oil-exporting countries	**59 616**	**62 792**	**61 550**	**35 906**	**41 638**	**45 600**	**23 710**	**21 154**	**15 950**
South America	**196**	**54 741**	**52 855**	**26 195**	**30 602**	**33 050**	**26 001**	**24 139**	**19 805**
Argentina	9 134	9 573	11 000	4 900	3 864	3 680	4 234	5 709	7 320
Brazil	33 773	34 392	30 500	14 605	18 281	20 000	19 168	16 111	10 500
Chile	7 052	8 080	8 445	4 833	6 502	7 050	2 219	1 578	1 395
Paraguay	831	1 097	1 275	745	819	1 050	86	278	225
Uruguay	1 404	1 599	1 635	1 112	1 136	1 270	292	463	365
Central America and the Caribbean	**7 420**	**8 051**	**8 695**	**9 711**	**11 036**	**12 550**	**-2 291**	**-2 985**	-3 855
Costa Rica	1 181	1 323	1 370	1 279	1 577	1 780	-98	-254	-410
El Salvador	611	497	570	967	1 021	1 115	-356	-524	-545
Guatemala	1 073	1 146	1 265	1 413	1 498	1 605	-340	-352	-340
Haiti	180	181	160	284	282	255	-104	-101	-95
Honduras	893	967	990	917	964	1 030	-24	3	-40
Nicaragua	236	290	320	718	545	630	-482	-255	-310
Panama	2 352	2 723	3 260	2 525	3 185	4 220	-173	-462	-960
Dominican Republic	894	924	760	1 608	1 964	1 915	-714	-1 040	-1 155

Source: 1988 and 1989: ECLAC, on the basis of figures supplied by the International Monetary Fund; the 1989 figures for Brazil, El Salvador, Guatemala, Nicaragua and Dominican Republic are ECLAC estimates; 1990: ECLAC, on the basis of official figures. The figures for Paraguay have been adjusted by ECLAC to include estimates of unregistered trade.

[a] Preliminary ECLAC estimates. The figures have been rounded to the nearest ten or five.

Table 15
LATIN AMERICA AND THE CARIBBEAN: BALANCE OF PAYMENTS
(Millions of dollars)

	Net services payments[a]			Net payments of profits and interest[c]			Balance on current account[d]			Net movement of capital[e]			Global balance[f]		
	1988	1989	1990[b]	1988	1989	1990[b]	1988	1989	1990[b]	1988	1989	1990[b]	1988	1989	1990[b]
Latin America and the Caribbean	**3 733**	**2 268**	**2 635**	**34 330**	**37 407**	**36 815**	**-11 217**	**-7 238**	**-10 215**	**5 526**	**10 094**	**17 880**	**-5 691**	**2 856**	**7 665**
Oil-exporting countries	**243**	**-693**	**-560**	**13 300**	**15 174**	**14 655**	**-11 344**	**-4 335**	**-2 400**	**1 096**	**5 640**	**7 325**	**-10 248**	**1 305**	**4 925**
Bolivia	127	160	200	264	255	260	-427	-399	-485	384	295	640	-43	-104	155
Colombia	201	350	560	1 790	2 117	1 980	-189	42	230	382	352	65	193	394	295
Ecuador	227	222	185	999	1 068	1 055	-638	-629	-245	651	822	515	13	193	270
Mexico	-2 584	-2 683	-3 415	7 262	8 157	7 855	-2 613	-5 603	-6 330	-4 025	5 782	8 585	-6 638	179	2 255
Peru	371	386	500	1 222	1 274	1 350	-1 692	-258	-1 570	1 702	852	1 720	10	594	150
Venezuela	1 901	872	1 410	1 763	2 303	2 155	-5 785	2 512	6 000	2 002	-2 463	-4 200	-3 783	49	1 800
Non-oil-exporting countries	**3 490**	**2 961**	**3 195**	**21 030**	**22 233**	**22 160**	**127**	**-2 903**	**-7 815**	**4 430**	**4 454**	**10 555**	**4 557**	**1 551**	**2 740**
South America	**4 402**	**4 162**	**4 550**	**19 541**	**20 916**	**20 725**	**2 230**	**-627**	**-4 805**	**2 047**	**2 065**	**7 855**	**4 277**	**1 438**	**3 050**
Argentina	722	587	820	5 127	6 422	6 200	-1 615	-1 292	300	3 476	-56	1 700	1 861	-1 348	2 000
Brazil	3 019	2 777	3 000	12 084	12 155	12 300	4 173	1 425	-4 200	-2 461	471	3 050	1 712	1 896	-1 150
Chile	644	773	595	1 918	1 950	1 780	-281	-1 087	-920	1 107	1 656	2 880	826	569	1 960
Paraguay	37	57	200	87	40	115	-35	182	-85	-106	23	295	-141	205	210
Uruguay	-20	-32	-65	325	349	330	-12	145	100	31	-29	-70	19	116	30
Central America and the Caribbean	**-912**	**-1 201**	**-1 355**	**1 489**	**1 317**	**1 435**	**-2 103**	**-2 276**	**-3 010**	**2 383**	**2 389**	**2 700**	**280**	**113**	**-310**
Costa Rica	-15	-54	-10	352	342	295	-394	-503	-655	636	648	475	242	145	-180
El Salvador	0	-17	-30	118	141	140	-273	-406	-350	253	344	410	-20	-62	60
Guatemala	121	170	165	177	99	110	-497	-424	-415	355	483	395	-142	59	-20
Haiti	102	102	95	27	26	20	-170	-169	-150	195	182	155	25	13	5
Honduras	79	84	85	261	265	250	-347	-331	-350	361	302	390	14	-29	40
Nicaragua	100	65	70	262	210	235	-845	-530	-615	889	465	480	44	-65	-135
Panama	-814	-796	-865	-26	2	80	641	298	-195	-647	-248	140	-6	50	-55
Dominican Republic	-485	-755	-865	318	232	305	-218	-211	-280	341	213	255	123	2	-25

Source: 1988 and 1989: ECLAC, on the basis of figures supplied by the International Monetary Fund; the 1989 figures for Brazil, El Salvador, Guatemala, Nicaragua and Dominican Republic are ECLAC estimates; 1990: ECLAC, on the basis of official figures.

[a] Does not include net payments of profits and interest. [b] Preliminary ECLAC estimates. The figures have been rounded to the nearest ten or five. [c] Includes interests due. [d] Includes net unrequited private transfer payments, which were of a significant level in 1990 in the following countries: Brazil, Colombia, El Salvador, Guatemala, Mexico and the Dominican Republic. [e] Includes short- and long-term capital, unrequited official transfer payments, and errors and omissions. [f] Corresponds to the variation in international reserves (of opposite sign) plus counterpart items.

Table 16

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

(Billions of dollars and percentages)

	Net capital inflow (1)	Net payments of profits and interest (2)	Transfer of resources (3) = (1)-(2) (3)	Exports of goods and services (4)	Transfer of resources/ exports of goods and services (5) = (3)/(4) (5)[a]
			Latin America and the Caribbean		
1975	14.3	5.6	8.7	41.1	21.2
1976	17.9	6.8	11.1	47.3	23.5
1977	17.2	8.2	9.0	55.9	16.1
1978	26.2	10.2	16.0	61.3	26.1
1979	29.1	13.6	15.5	82.0	18.9
1980	32.0	18.9	13.1	104.9	12.5
1981	39.8	28.5	11.3	113.2	10.0
1982	20.1	38.8	-18.7	103.0	-18.2
1983	2.9	34.5	-31.6	102.4	-30.9
1984	10.4	37.3	-26.9	113.8	-23.6
1985	3.0	35.3	-32.3	109.0	-29.6
1986	9.9	32.7	-22.8	94.7	-24.1
1987	15.1	31.4	-16.3	108.1	-15.1
1988	5.5	34.3	-28.8	122.8	-23.5
1989	10.1	37.4	-27.3	136.4	-20.0
1990[b]	17.9	36.8	-18.9	147.1	-12.8
			Oil-exporting countries		
1975	6.4	2.3	4.1	20.8	19.7
1976	6.7	2.9	3.8	23.1	16.5
1977	8.2	3.1	5.1	25.8	19.8
1978	9.9	4.1	5.8	29.3	19.8
1979	12.3	5.8	6.5	41.9	15.5
1980	13.4	8.3	5.1	54.6	9.3
1981	17.6	12.2	5.4	59.2	9.2
1982	3.8	17.2	-13.4	55.7	-24.1
1983	-4.7	14.9	-19.6	54.0	-36.3
1984	-2.7	16.3	-19.0	59.5	-31.9
1985	-2.7	15.3	-18.0	55.0	-32.7
1986	2.6	13.4	-10.8	44.5	-24.3
1987	4.8	13.0	-8.2	52.6	-15.6
1988	1.1	13.3	-12.2	53.8	-22.7
1989	5.6	15.2	-9.6	62.6	-15.3
1990[b]	7.3	14.7	-7.4	73.0	-10.1
			Non-oil-exporting countries		
1975	7.9	3.3	4.6	20.3	22.7
1976	11.2	3.9	7.3	24.2	30.2
1977	9.0	5.1	3.9	30.1	13.0
1978	16.3	6.1	10.2	32.0	31.9
1979	16.8	7.8	9.0	40.1	22.4
1980	18.6	10.6	8.0	50.3	15.9
1981	22.2	16.3	5.9	54.0	10.9
1982	16.3	21.6	-5.3	47.3	-11.2
1983	7.6	19.6	-12.0	48.4	-24.8
1984	13.1	21.0	-7.9	54.3	-14.5
1985	5.7	20.0	-14.3	54.0	-26.5
1986	7.3	19.3	-12.0	50.2	-23.9
1987	10.3	18.4	-8.1	55.5	-14.6
1988	4.4	21.0	-16.6	69.0	-24.1
1989	4.5	22.2	-17.7	73.8	-24.0
1990[b]	10.6	22.2	-11.6	74.1	-15.7

Source: 1975-1989: ECLAC, on the basis of figures supplied by the International Monetary Fund; 1990: ECLAC, on the basis of national figures.

[a] Percentages. [b] Preliminary estimates.

Table 17

LATIN AMERICA AND THE CARIBBEAN: TOTAL DISBURSED EXTERNAL DEBT[a]

(Year-end balances in millions of dollars and growth rates)

	Year-end balance in millions of dollars						Annual growth rates				
	1985	1986	1987	1988	1989	1990[b]	1979-1981	1982-1983	1984-1988	1989	1990[b]
Latin America and the Caribbean	**383 543**	**399 429**	**426 024**	**417 924**	**417 525**	**422 645**	**23.0**	**11.1**	**3.3**	**-0.1**	**3.4**
Oil-exporting countries	**172 113**	**177 343**	**184 061**	**184 388**	**176 703**	**177 200**	**24.8**	**10.7**	**2.3**	**-4.2**	**1.5**
Bolivia[c]	3 294	3 536	4 162	4 066	3 490	3 700	13.3	9.4	5.1	-14.2	6.0
Colombia	14 063	14 987	15 663	16 434	16 249	17 200	28.0	16.0	7.5	-1.1	5.9
Ecuador	8 110	9 076	10 217	10 574	11 039	11 700	21.0	18.3	7.5	4.4	6.0
Mexico	97 800	100 500	102 400	100 400	95 100	95 900[d]	30.2	11.9	1.4	-5.3	0.8
Peru	13 721	14 477	15 373	16 493	16 720	17 700	1.0	13.8	5.8	1.4	5.9
Trinidad and y Tobago	1 763	1 870	2 048	2 150	2 098	...	29.3	16.3	8.6	-2.4	...
Venezuela[e]	33 362	32 897	34 198	34 271	32 007	31 000	25.1	4.0	-0.3	-6.6	-3.1
Non-oil-exporting countries	**211 430**	**222 086**	**241 963**	**233 536**	**240 822**	**245 445**	**21.5**	**11.5**	**4.1**	**3.1**	**4.8**
South America	**182 835**	**191 751**	**209 825**	**200 303**	**206 254**	**214 365**	**21.9**	**10.9**	**3.7**	**3.0**	**5.2**
Argentina	49 326	51 422	58 324	58 473	63 314	67 500[f]	41.9	12.4	5.3	8.3	6.6
Brazil	105 126	111 045	121 174	113 469	115 096	121 000	14.4	10.1	3.1	1.4	5.1
Chile	20 403	20 716	20 660	17 638	16 252	16 865	30.5	7.6	1.0	-7.9	3.8
Guyana	1 308	1 477	1 736	2 391	2 570	...	28.1	17.8	19.9	7.5	...
Paraguay	1 772	1 853	2 043	2 002	2 027	2 100	12.3	24.5	6.4	1.2	3.6
Uruguay	4 900	5 238	5 888	6 330	6 995	6 900	35.9	21.2	6.7	10.5	-1.4
Central America and the Caribbean	**28 595**	**30 335**	**32 138**	**33 233**	**34 568**	**31 080**	**18.7**	**16.1**	**6.1**	**4.0**	**1.8**
Costa Rica	3 742	3 922	4 194	4 100	3 800	2 985	12.8	14.7	3.0	-7.3	-21.4
El Salvador	1 980	1 928	1 880	1 913	2 169	2 210	17.7	8.4	0.2	13.4	1.9
Guatemala	2 694	2 674	2 700	2 599	2 732	2 835	19.0	24.8	3.8	5.1	3.8
Haiti[c]	600	696	752	778	811	840	21.0	21.7	7.1	4.2	3.6
Honduras	2 794	3 018	3 105	3 338	3 351	3 560	17.5	16.7	9.1	0.4	6.2
Jamaica	3 355	3 590	4 014	4 002	4 035	...	22.6	14.9	6.5	0.8	...
Nicaragua[c]	4 936	5 760	6 270	7 220	8 080	8 550	27.1	21.5	13.8	11.9	5.8
Panama[g]	4 774	4 935	5 324	5 400	5 500	5 800	13.3	14.2	4.2	1.9	5.5
Dominican Republic	3 720	3 812	3 899	3 883	4 090	4 300	24.2	14.0	3.2	5.3	5.1

Source: ECLAC, on the basis of official figures.
[a] Includes debt owed to the International Monetary Fund. [b] Preliminary figures. The 1990 totals do not include the debt of Trinidad and Tobago, Guyana and Jamaica; the debts of these same countries were excluded from the 1989 totals which were used in calculating the annual growth rates. [c] Public-sector debt. [d] This figure does not include around US$3.3 billion in United States Treasury zero-coupon bonds that were purchased by the Government of Mexico in order to guarantee the principal of bonds issued by that government, which constitutes an asset. If this amount is deducted from the external debt principal, then the net amount of this debt is US$92.6 billion . [e] Total debt according to figures supplied by official sources and international financial institutions. [f] Does not include the retirement of external debt associated with the privatization of Aerolíneas Argentinas and ENTEL (the national telephone company) because these operations have not yet been recorded in the country's accounts. Their inclusion would result in a reduction of around US$7 billion (including related arrears) in the debt. [g] According to World Bank figures.

Table 18

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

(Percentages)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990[a]
Latin America and the Caribbean	**21.7**	**30.0**	**41.1**	**36.2**	**36.6**	**35.8**	**36.7**	**30.3**	**29.1**	**28.6**	**26.4**
Oil-exporting countries	**18.6**	**25.8**	**34.9**	**31.2**	**33.0**	**32.6**	**33.9**	**27.8**	**29.1**	**27.5**	**22.8**
Bolivia	25.0	34.6	43.4	39.8	49.8	46.8	42.1	38.4	41.0	30.2	26.3
Colombia	11.8	21.8	25.9	26.7	22.8	28.9	20.5	20.5	20.9	21.7	19.5
Ecuador	18.1	22.7	30.3	29.9	33.3	25.7	29.7	32.2	33.1	33.9	29.5
Mexico	30.2	37.2	47.6	37.5	37.2	37.2	38.3	29.7	29.9	28.6	24.3
Peru	18.5	24.2	25.1	29.8	34.8	31.4	31.7	29.0	33.2	29.4	31.7
Venezuela	8.1	12.7	21.0	21.6	23.9	26.4	34.2	25.9	29.0	25.8	18.0
Non-oil-exporting countries	**25.3**	**34.8**	**48.9**	**42.1**	**40.8**	**39.3**	**39.4**	**32.7**	**29.1**	**29.7**	**30.2**
South America	**27.7**	**37.6**	**53.2**	**45.4**	**43.8**	**41.9**	**42.5**	**34.7**	**30.2**	**31.3**	**31.9**
Argentina	22.0	35.5	53.6	58.4	57.6	51.1	50.9	51.0	42.3	51.2	42.4
Brazil	34.1	40.4	57.1	43.5	39.6	40.0	42.4	33.1	29.4	29.2	33.3
Chile	19.3	38.8	49.5	38.9	50.1	43.5	37.9	26.4	21.7	19.0	17.9
Paraguay	13.6	14.8	13.6	14.4	10.2	8.3	18.5	12.4	12.3	8.6	7.5
Uruguay	11.0	12.9	22.4	24.8	34.8	34.2	24.7	24.8	23.8	27.7	25.2
Central America and the Caribbean	**12.0**	**16.9**	**21.0**	**20.6**	**19.8**	**20.3**	**20.4**	**19.8**	**20.0**	**16.3**	**16.7**
Costa Rica	18.0	28.0	36.1	33.1	26.6	24.9	21.8	21.3	22.0	19.4	15.6
El Salvador	5.9	7.8	12.0	11.9	12.3	11.1	10.1	10.9	9.5	15.8	14.3
Guatemala	5.3	7.6	7.9	8.7	12.3	14.9	17.4	13.6	13.9	8.5	9.9
Haiti	2.1	2.6	2.4	2.4	5.2	5.4	5.1	6.0	8.2	8.4	8.0
Honduras	10.6	14.4	22.4	16.3	15.9	16.1	19.5	18.3	19.6	18.5	18.7
Nicaragua	24.3	37.4	41.8	43.5	57.9	78.3	88.5	75.6	96.7	60.8	61.8
Dominican Republic	19.9	19.1	22.7	24.5	18.0	18.7	18.9	20.4	18.7	11.3	15.0

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

Table 19
LATIN AMERICA AND THE CARIBBEAN: TOTAL DISBURSED EXTERNAL DEBT AS A PERCENTAGE OF EXPORTS OF GOODS AND SERVICES [a]

(Percentages)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990[b]
Latin America and the Caribbean	**222**	**257**	**325**	**349**	**328**	**352**	**426**	**396**	**339**	**304**	**292**
Oil-exporting countries	**189**	**225**	**269**	**302**	**281**	**310**	**395**	**346**	**339**	**279**	**243**
Bolivia	227	262	327	370	392	458	530	640	606	403	389
Colombia	128	199	232	303	239	314	233	230	244	221	209
Ecuador	144	180	198	277	261	246	345	416	399	386	363
Mexico	244	288	337	346	322	357	459	371	346	289	258
Peru	207	239	281	334	349	362	429	428	447	370	416
Venezuela	148	153	183	219	202	218	347	299	310	227	161
Non-oil-exporting countries	**260**	**295**	**396**	**405**	**382**	**398**	**455**	**446**	**338**	**327**	**344**
South America	**281**	**311**	**417**	**423**	**394**	**407**	**476**	**461**	**339**	**327**	**348**
Argentina	275	329	475	485	481	491	610	717	528	538	499
Brazil	323	315	418	413	363	379	460	431	314	306	351
Chile	188	311	370	390	456	457	405	327	213	171	167
Paraguay	152	171	195	316	214	163	234	213	179	145	143
Uruguay	140	183	276	324	362	391	349	381	359	351	338
Central America and the Caribbean	**141**	**189**	**261**	**288**	**299**	**330**	**331**	**342**	**334**	**323**	**313**
Costa Rica	184	229	285	312	294	307	281	289	253	207	155
El Salvador	97	174	209	211	218	219	188	207	203	276	253
Guatemala	61	96	144	184	203	232	229	238	205	212	200
Haiti	95	154	149	190	190	178	238	235	283	303	336
Honduras	147	180	259	270	282	309	299	320	328	307	316
Nicaragua	369	464	703	761	947	1 433	2 005	1 932	2 642	2 342	2 250
Dominican Republic	171	169	260	267	258	281	271	250	222	191	205

Source: ECLAC, on the basis of official figures.
[a] Calculated on the basis of the external debt figures given in table 17 and the corresponding data on exports of goods and services.
[b] Preliminary estimates.

Table 20
LATIN AMERICA AND THE CARIBBEAN: PRICES OF EXTERNAL DEBT PAPER ON THE SECONDARY MARKET

(As a percentage of face value)

	1988			1989			1990		
	January	June	December	January	June	December	January	June	November
Argentina	32	25	21	20	13	13	12	13	17
Bolivia	11	11	10	10	11	11	11	...	...
Brazil	46	51	41	37	31	22	25	24	26
Colombia	65	65	57	56	57	64	60	64	65
Costa Rica	15	11	12	13	14	17	18	...	...
Chile	61	60	56	60	61	59	62	65	73
Ecuador	35	27	13	13	12	14	14	16	20
Honduras	22	22	22	22	17	20	21	...	...
Jamaica	33	38	40	40	41	40	40	44	...
Mexico	50	51	43	40	40	36	37	45	43
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	...
Uruguay	59	60	60	60	57	50	50	49	55
Venezuela	55	55	41	38	37	34	35	46	49
Average [a]	45.1	45.4	37.7	35.2	31.9	28.0	29.5	33.3	34.7

Source: United Nations, Department of International Economic and Social Affairs (DIESA), on the basis of offer prices compiled by Salomon Brothers, High Yield Department.
[a] Weighted according to the level of bank debt.

Table 21

LATIN AMERICA AND THE CARIBBEAN: FIFTH ROUND OF EXTERNAL DEBT RENEGOTIATIONS, COMMERCIAL BANKS

(1989/1990)

1. MEXICO

Eligible bank debt: US$48 billion
Terms of the fourth round of rescheduling:
- Interest rate: 0.81% over LIBOR
- Amortization period: 20 years
- Grace period: 7 years

CONVERTION OPTIONS AND THEIR DISTRIBUTION

Available options	Effective distribution of eligible debt (billions of dollars)	Terms and conditions	Face value of new claims (billions of dollars)
(a) Discount bonds	19.7	Discount: 35% Repayment period: 30 years Grace: 29 years Interest: 0.81% over LIBOR Claw back: to begin in 1996[a]	12.8
(b) Par bonds	22.6	Discount: 0% Repayment period: 30 years Grace: 29 years Interest: 6.25%, fixed Claw back: to begin in 1996[a]	
(c) Rescheduling of debt principal together with		Repayment period: 15 years Grace: 8 years Interest: 0.81% over LIBOR	
new lending [b]		Repayment period: 15 years Grace: 7 years Interest: 0.81% over LIBOR	1.4 (First year: 0.75) (Second year: 0.346) (Third year: 0.346)

FINANCING OF AGREEMENT

Coverage	Cost (in billions of dollars)	Financing (in billions of dollars)
Par and discount bonds: guarantee on 100% of the principal and 18 months of interest, renewable, through the purchase of a zero-coupon bond and the creation of blocked deposits, respectively.	7.3	3.7 in World Bank and IMF loans 2.1 in loans from the Government of Japan 1.3 Mexican international reserves 0.2 from other sources

Table 21 (continued 1)

2. COSTA RICA

Eligible debt:[c] US$1.2 billion of principal
US$0.4 billion of interest arrears

Terms of the third round of rescheduling:[d]
- Interest rate: 1.63% over LIBOR
- Amortization period: 10 years
- Grace period: 3 years

CONVERSION OPTIONS AND THEIR DISTRIBUTION

Available options	Effective distribution of eligible debt (billions of dollars)	Terms and conditions	Face value of new claims (billions of dollars)
(a) Direct buy-backs	1.0	16 cents on the dollar	-
(b) "A" bonds[e]	0.29[f]		0.29
(i) Principal	0.24	Repayment period: 20 years Grace: 10 years Interest: 6.25%, fixed Claw back: to begin once GDP is 20% greater than 1989 GDP[g]	
(ii) Arrears	0.05	20% in cash, with the balance payable in: Period: 15 years Grace: - Interest: 0.81% over LIBOR	
(c) "B" bonds [h]	0.29[f]		0.29
(i) Principal	0.23	Repayment period: 25 years Grace: 15 years Interest: 6.25%, fixed Claw back: to begin once GDP is 20% greater than 1989 GDP[g]	
(ii) Arrears	0.06	20% in cash, with the balance payable in: Period: 15 years Grace: - Interest: 0.81% over LIBOR	

FINANCING OF AGREEMENT

Coverage	Cost (in billions of dollars)	Financing[i] (in billions of dollars)
Buy-back of US$1.0 billion at 16 cents on the dollar	0.23	0.06 in World Bank and IMF loans
"A" bonds, special guarantees provided through the creation of blocked deposits:		0.06 from United States (USAID) 0.04 from Taiwan 0.07 from other sources
(i) Principal: 12 months of interest, renewable		
(ii) Arrears: 36 months of interest, renewable		

Table 21 (continued 2)

3. VENEZUELA[j]

Eligible bank debt: US$19.9 billion[k]
Terms of the fourth round of rescheduling:
- Interest rate: 0.88% over LIBOR
- Amortization period: 14 years
- Grace period: -

CONVERSION OPTIONS AND THEIR DISTRIBUTION

Available options	Effective distribution of eligible debt (billions of dollars)	Terms and conditions	Face value of new claims (billions of dollars)
(a) Discount bonds	1.8	Discount: 30% Repayment period: 30 years Grace: 29 years Interest: 0.81% over LIBOR Claw back[l]: to begin in 1996	1.3
(b) Par bonds	7.4	Repayment period: 30 years Grace: 29 years Interest: 6.75%, fixed Claw back[l]: to begin in 1996	7.4
(c) Bonds with reduction of interest charges for a limited period	2.9	Repayment period: 17 years Grace: 7 years Interest: 5%, fixed: years 1-2 6%, fixed: years 3-4 7%, fixed: year 5 0.875% over LIBOR: years 6-17	2.9
(d) Direct buy-backs	1.4	45 cents on the dollar	-
(e) Rescheduling of principal,[m] together with	6.0	Repayment period: 17 years Grace: 7 years Interest: 0.875% over LIBOR	6.0
New money bonds [n]		Repayment period: 15 years Grace: 7 years Interest:[o] 0.935% over LIBOR	
(f) Not yet determined	0.4	...	...

FINANCING OF AGREEMENT

Coverage	Cost (in billions of dollars)	Financing (in billions of dollars)
Direct buy-back of US$1.4 billion at 45 cents on the dollar	2.3	...
Par and discount bonds: guarantee on 100% of the principal and 14 months of interest, renewable, through the purchase of a zero-coupon bond and the creation of blocked deposits, respectively.		
Bonds with a reduction of interest charges for a limited period: 12 months of interest, renewable up to year 6, through the creation of blocked deposits.		

4. URUGUAY[j]

Eligible bank debt: US$1.7 billion
Terms of the fourth round of rescheduling:
- Interest rate: 0.88% over LIBOR
- Amortization period: 17 years
- Grace period: 3 years

CONVERSION OPTIONS AND THEIR DISTRIBUTION[j]

Available options	Effective distribution of eligible debt[p] (billions of dollars)	Terms and conditions	Face value of new claims (billions of dollars)
(a) Direct buy-backs	...	56 cents on the dollar	...
(b) Par bonds	...	Repayment period: 30 years Grace: 29 years Interest: 6.75%, fixed Claw back: linked to export prices of wool, beef, rice and oils[q]	...
(c) Rescheduling of principal, together with	...	Repayment period: 16 years Grace: 7 years Interest: 0.875% over LIBOR	...
new lending[r]		Repayment period: 15 years Grace: 7 years Interest: 1% over LIBOR	...

FINANCING OF AGREEMENT

Coverage	Cost (in billions of dollars)	Financing (in billions of dollars)
Buy-back at 56 cents on the dollar	...	...
Par bonds: guarantee on 100% of the principal and 18 months of interest, renewable, through the purchase of a zero-coupon bond and the creation of blocked deposits, respectively.		

5. CHILE

Eligible bank debt: US$4.6 billion
Terms of the fourth round of rescheduling:
- Interest rate: 0.81% over LIBOR
- Amortization period: 15 years
- Grace period: 6 years

RESCHEDULING AND NEW MONEY [s]

Component	Amount (in billions of dollars)	Terms
Rescheduling of debt principal	4.6	Repayment period:[t] 13 years Grace:[t] 5 years Interest:[t] 0.83% over LIBOR
New money		
(a) Bonds	0.3[u] (0.2 en 1991) (0.1 en 1992)	Repayment period: 5 years Grace: 2 years Interest: 1.5% over LIBOR
(b) Retiming	0.2[v]	...

6. JAMAICA

Eligible bank debt: US$0.3 billion
Terms of the fourth round of rescheduling:
- Interest rate: 1.25% over LIBOR
- Amortization period: 9.9 years
- Grace period: 4 years

RESCHEDULING AND REDUCTION OF INTEREST RATE

Component	Amount (in billions of dollars)	Terms
Rescheduling of principal	0.05	Repayment period: ... Grace: ... Interest: 0.81% over LIBOR
Reduction of interest rate	0.25	Interest: 0.81% over LIBOR

Cuadro 21 (concluded)

Source: ECLAC, on the basis of official figures.

[a] The agreement contains a claw-back clause which provides bond holders with higher payments if the price of oil exports rises above US$14 per barrel in real terms. The readjustment is, however, subject to an annual ceiling of 3% of the value of the bonds.

[b] New lending is equivalent to 25% of the eligible debt assigned to this option.

[c] The eligible debt originally totalled US$1.8 billion. However, informal repurchasing of promissory notes on the secondary market in 1989/1990 reduced the available stock of debt to only US$1.6 billion.

[d] Costa Rica did not take part in the fourth round of debt renegotiations and continued its moratorium on the servicing of bank debt.

[e] For banks which bought back 60% or more of their claims on the eligible debt outstanding, the balance is converted into "A" bonds.

[f] Corresponds to the balance of eligible debt that was not repurchased.

[g] The claw-back clause will enter into effect when Costa Rica's GDP rises to a level 20% above that of its 1989 GDP. The annual readjustment may not, however, exceed 4% of the outstanding value of the bonds. Upon the maturity of the bonds involved in the refinancing of arrears, the ceiling will drop to 2% annually.

[h] For banks which bought back less than 60% of their claims on the eligible debt outstanding, the balance is converted into "B" bonds.

[i] Due to difficulties in reaching the targets of the IMF adjustment programme, the Fund, the World Bank and some governments did not release the funds pledged for the financing of the agreement. The Government of Costa Rica was able to finalize the agreement thanks to the mobilization of emergency bridging loans by Mexico and Venezuela.

[j] Preliminary data.

[k] The amount of eligible debt originally announced was US$20.5 billion, but due to informal buy-backs and other conversions, the effective eligible debt ultimately amounted to US$19.9 billion.

[l] Refers to a clause which permits bond holders to receive a higher debt service from 1996 on. The clause enters into force when the price of Venezuelan oil rises above US$20.50 per barrel in real terms. The increased payments may not, however, exceed 3% per year.

[m] The principal is rescheduled via its transformation into a debt conversion bond.

[n] Equivalent to 20% of the rescheduled debt.

[o] Weighted average of two interest rates applying to new money bonds: 1% over LIBOR (40%) and 0.875% over LIBOR (60%).

[p] The banks have not yet selected among the available options.

[q] Detailed information on the claw-back clause is not yet available.

[r] New lending will be equivalent to 20% of the rescheduled debt.

[s] Chile's debts did not enter into a Brady-style reduction scheme, and the programme therefore involved a rescheduling of debt principal plus new lending. Chile also made its contracts more flexible in order to facilitate and streamline the management of its debt; these modifications included provisions designed to increase the possibility of repurchasing debt in the secondary market.

[t] Weighted average of obligations having different repayment terms and conditions.

[u] This is a club loan; in other words, the new money is being subscribed by a small group of creditor banks interested in participating in the Chilean bond issue.

[v] Provides for annual rather than semi-annual interest payments. This measure thereby postpones US$205 million of disbursements by Chile in the years 1991-1993.

Table 22
LATIN AMERICA AND THE CARIBBEAN: FIFTH ROUND OF EXTERNAL DEBT RESCHEDULING, PARIS CLUB
(1989/1990)

Country	Date	Restructured maturities		Percentage of service restructured		Terms [a] (years)	
		Months	Amount (millions of dollars)	Interest	Principal	Amortization	Grace
Trinidad and Tobago	1/89	14	209	-	100	9.4	4.9
Guyana	5/89	14	195	100	100	19.4	9.9
Costa Rica	5/89	14	182	100	100	9.4	4.9
Mexico	5/89	10	2 400	100	100	9.6	6.1
Ecuador	10/89	14	397	100	100	9.4	5.9
Argentina	12/89	15	2 450	100	100	9.3	5.8
Bolivia	3/90	24	276	100	100	Toronto terms[b]	
Jamaica	4/90	18	179	100	100	9.3	4.8
Trinidad and Tobago	4/90	13	110	-	100	9.5	5
Guyana	9/90	35	...	100	100	Toronto terms[b]	
Honduras	9/90	11	...	100	100	14.6[c]	8
El Salvador	9/90	13	...	100	100	14.4[c]	7.9
Panama	11/90	17	...	100	100	9.25	4.8

Source: 1989: ECLAC, on the basis of official figures; 1990: UNCTAD, Money, Financing and Banking Division.
[a] Interest rates were renegotiated bilaterally. [b] Under an agreement reached among creditor countries at the Toronto Summit meeting of June 1988, special terms and conditions are to be granted to low-income developing countries. In these cases, the creditor country may choose among three options: i) forgiveness of one-third of the debt subject to restructuring and the rescheduling of the remainder over a 14-year period with 8 years of grace; ii) the rescheduling of the eligible debt over a 25-year period with 14 years of grace; or iii) the reduction of the interest rate by 3.5 points or 50%, whichever is less, and the rescheduling of debt over a 14-year period with 8 years of grace. For further information see UNCTAD, *Trade & Development Report, 1989*, Geneva, 1989. [c] The longer repayment periods are a reflection of what are known as the "Houston Terms" for lower middle-income countries, which were agreed upon at the Houston Summit meeting in 1990.

Figure 1

LATIN AMERICA AND THE CARIBBEAN: MAIN ECONOMIC INDICATORS

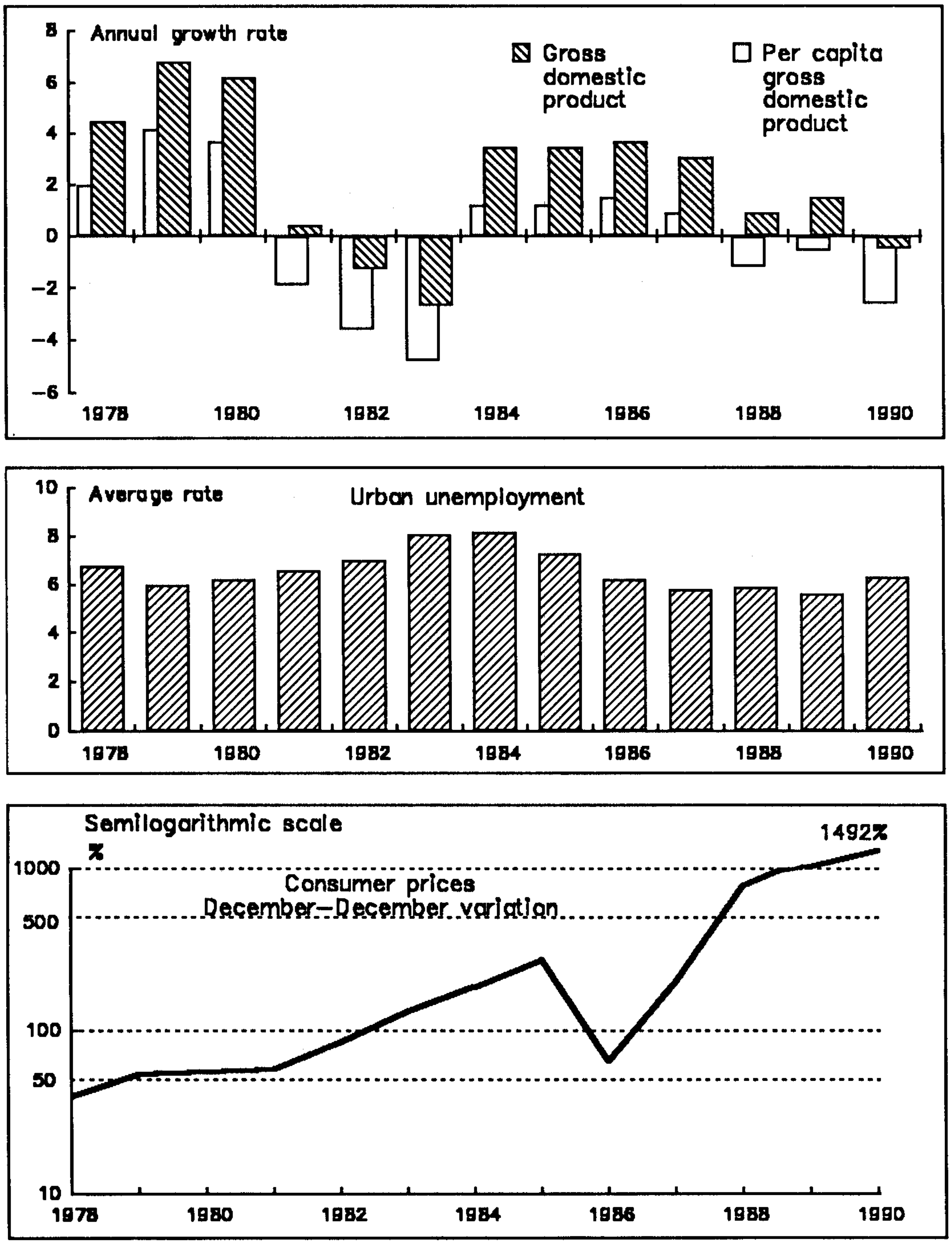
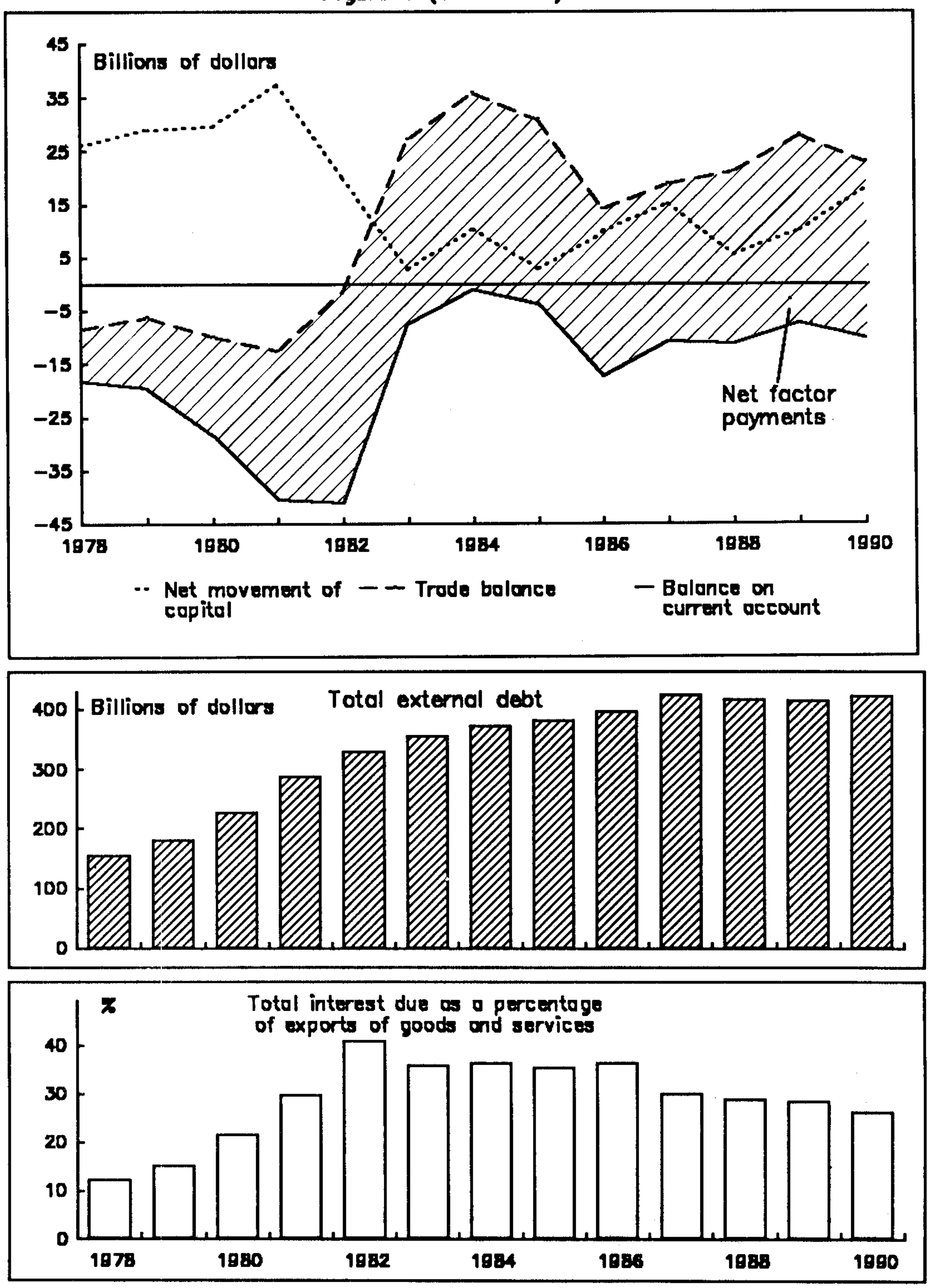
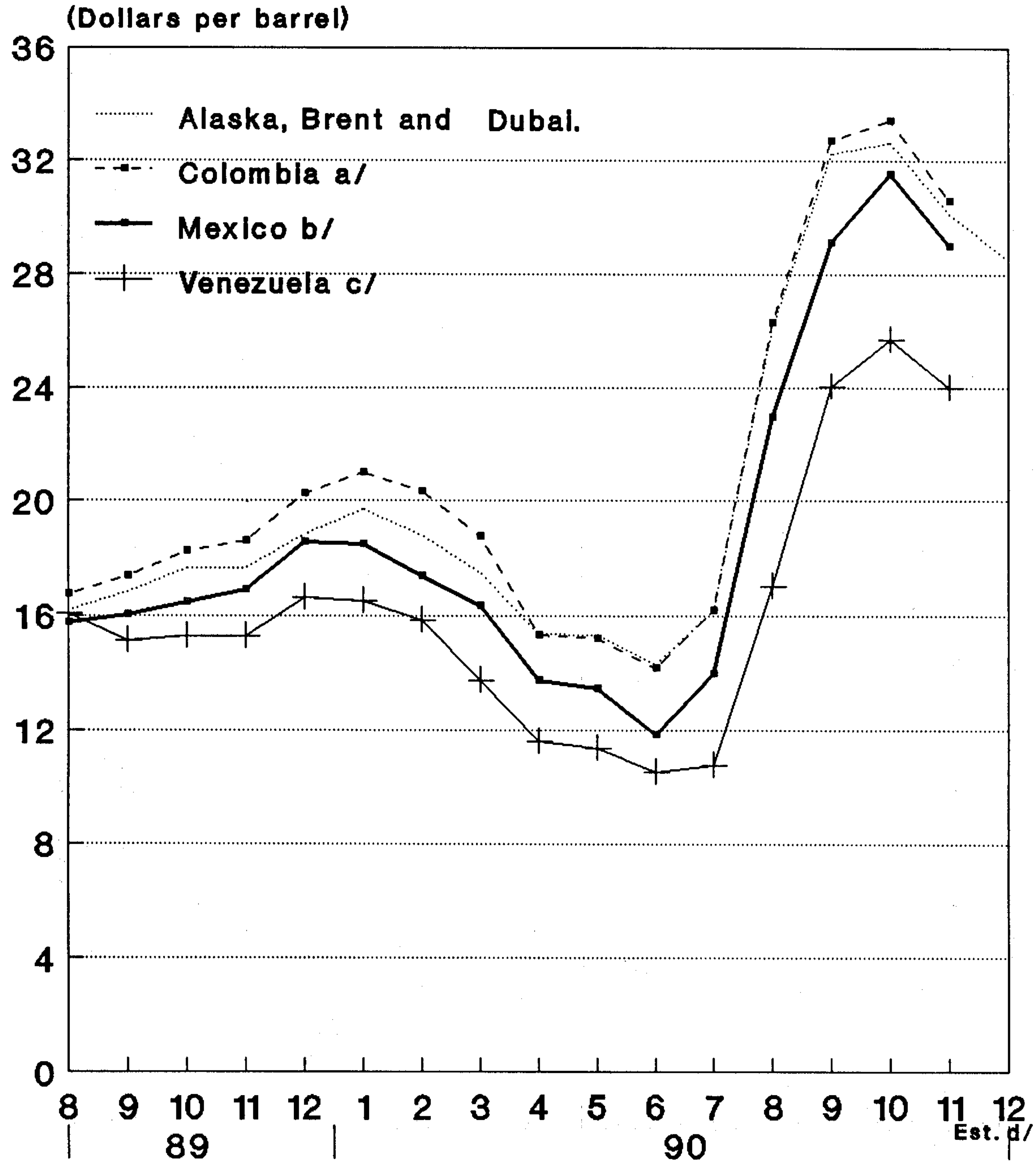


Figure 1 (conclusion)



Source: ECLAC, on the basis of official data.

Figure 2
CRUDE OIL PRICES
(Monthly averages)



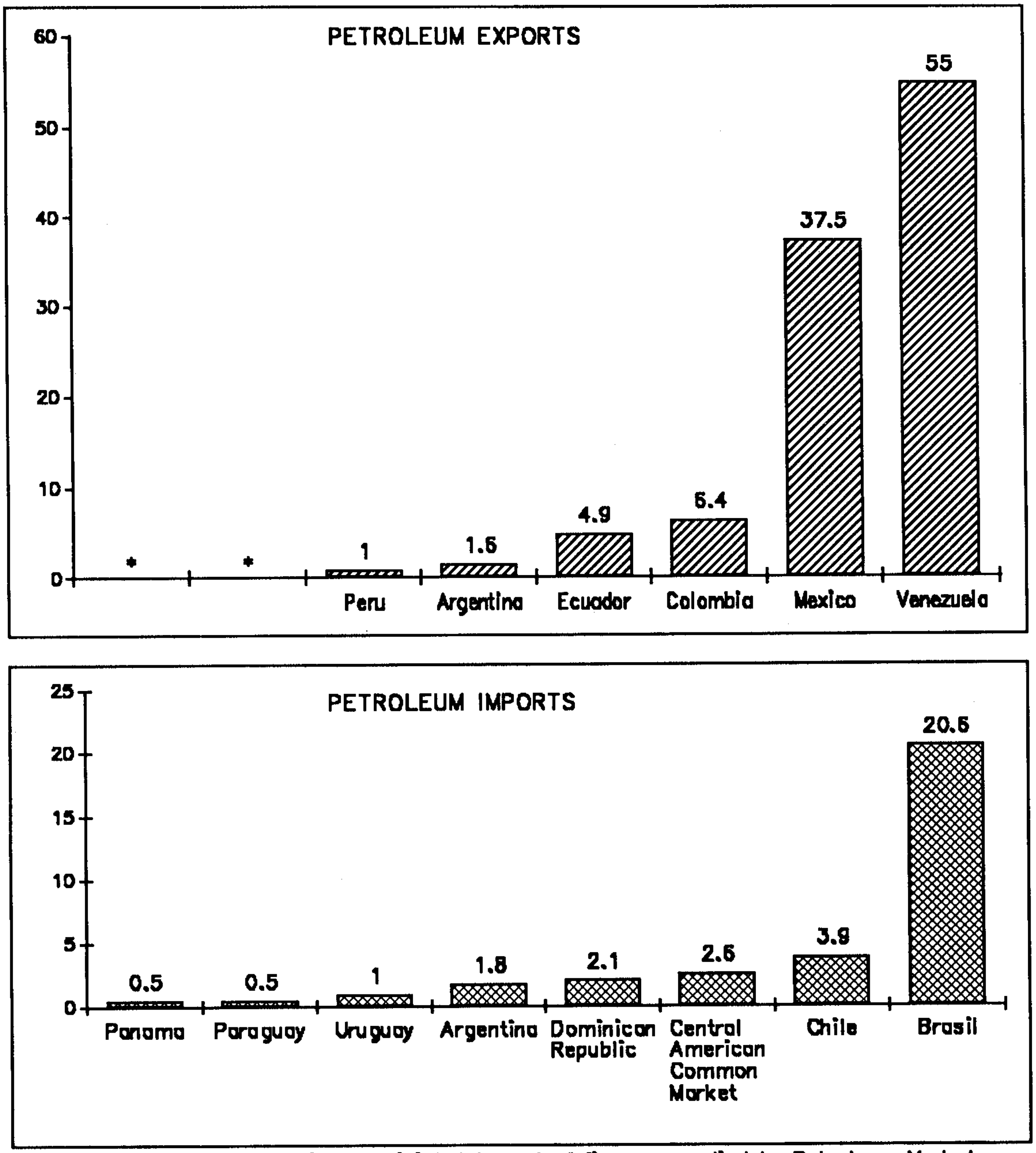
Source: IMF and Petroleum Market Intelligence.

a/ C. Limón 30. b/ Isthmus 34 and Maya 22. c/ Tia Juana 22. d/ 1 to 14. Est.

Figure 3

LATIN AMERICA: ESTIMATED MONTHLY EFFECT OF EACH ONE-DOLLAR RISE IN PRICE OF PETROLEUM PER BARREL a/

(Millions of dollars)

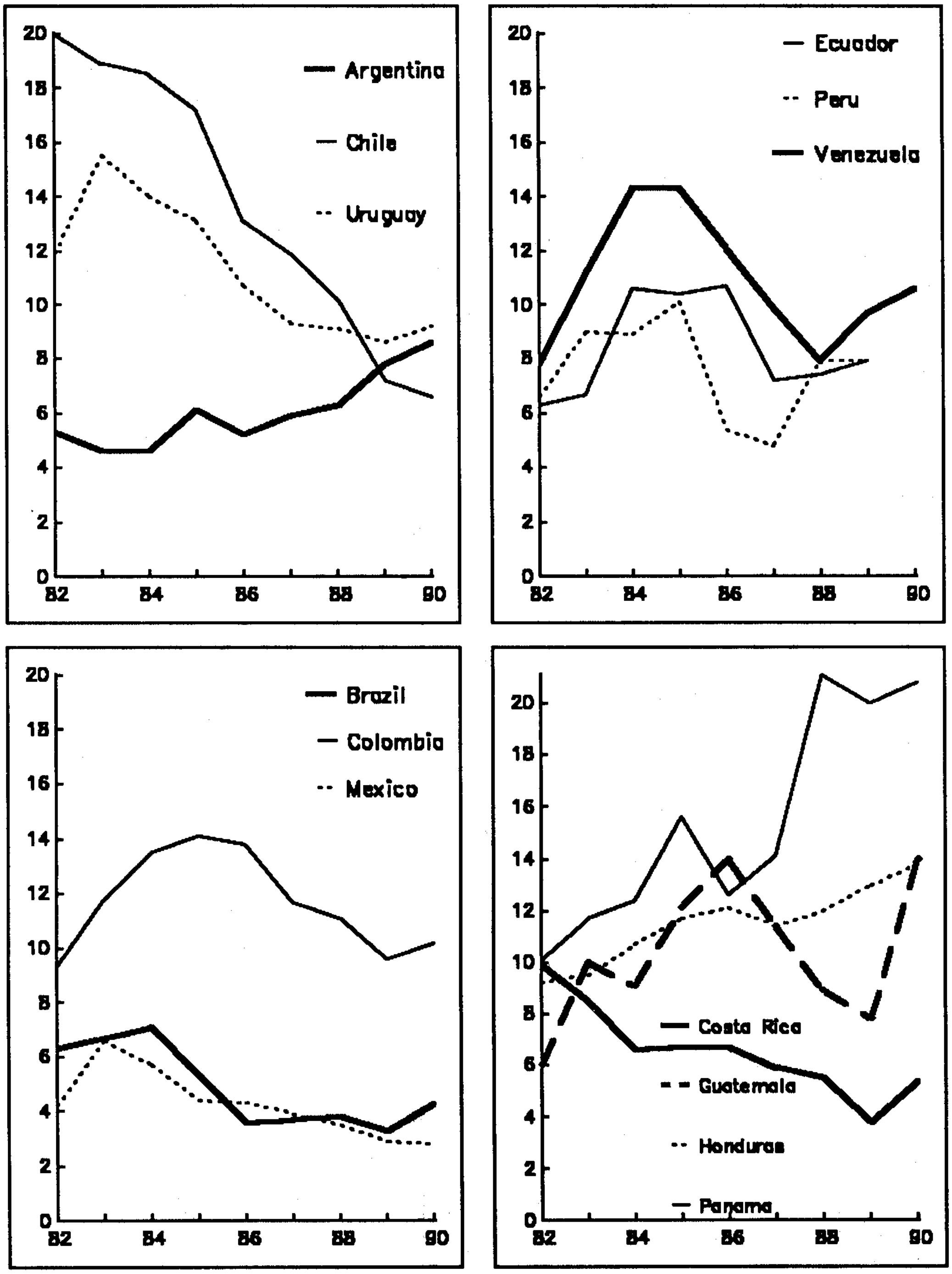


Source: ECLAC, on the basis of official data and of figures supplied by Petroleum Market Intelligence.

a/ Assuming the same volume as in 1989.

Figure 4

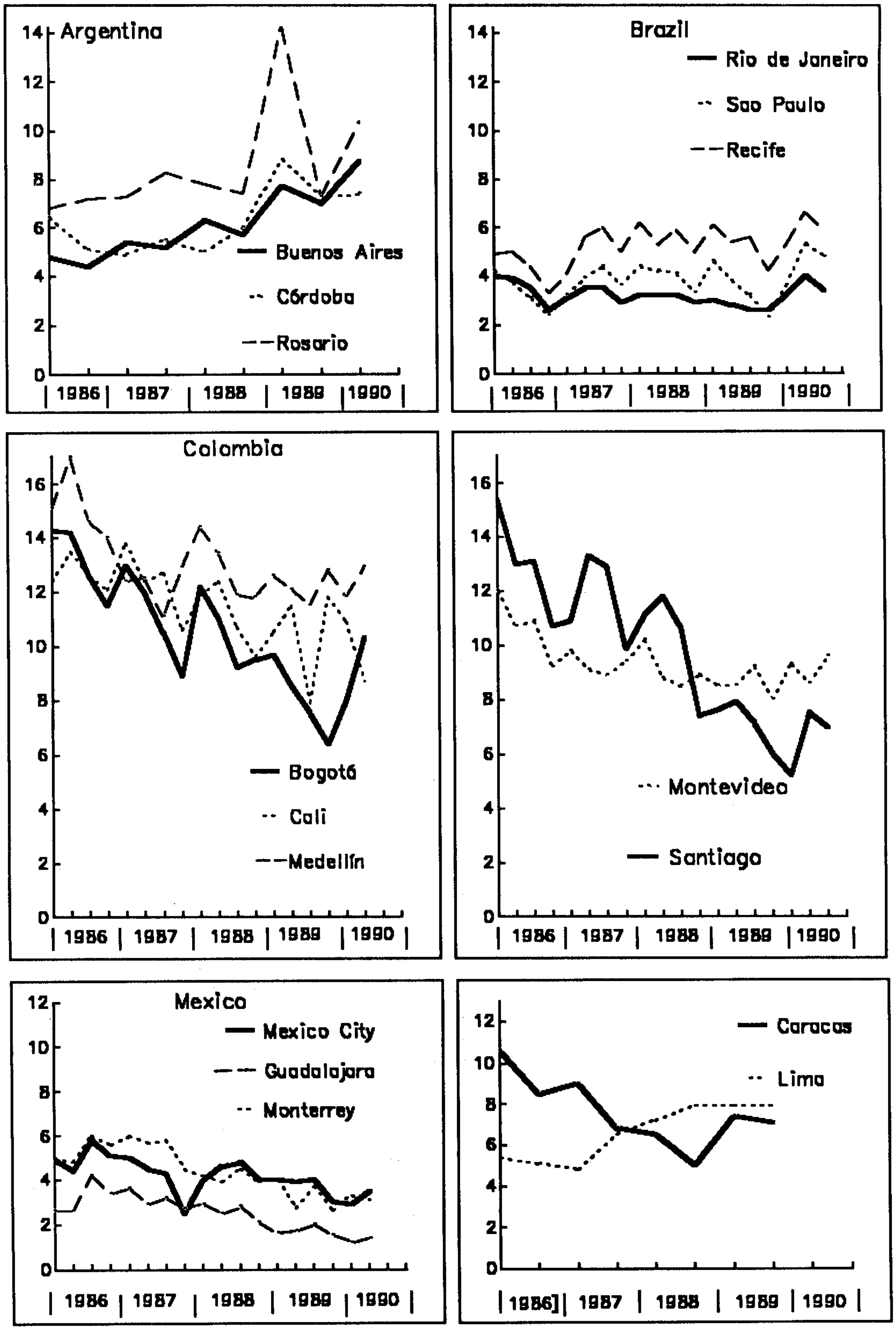
LATIN AMERICA (SELECTED COUNTRIES): URBAN UNEMPLOYMENT
(Annual average rates)



Source: ECLAC, on the basis of official data.

Figure 5

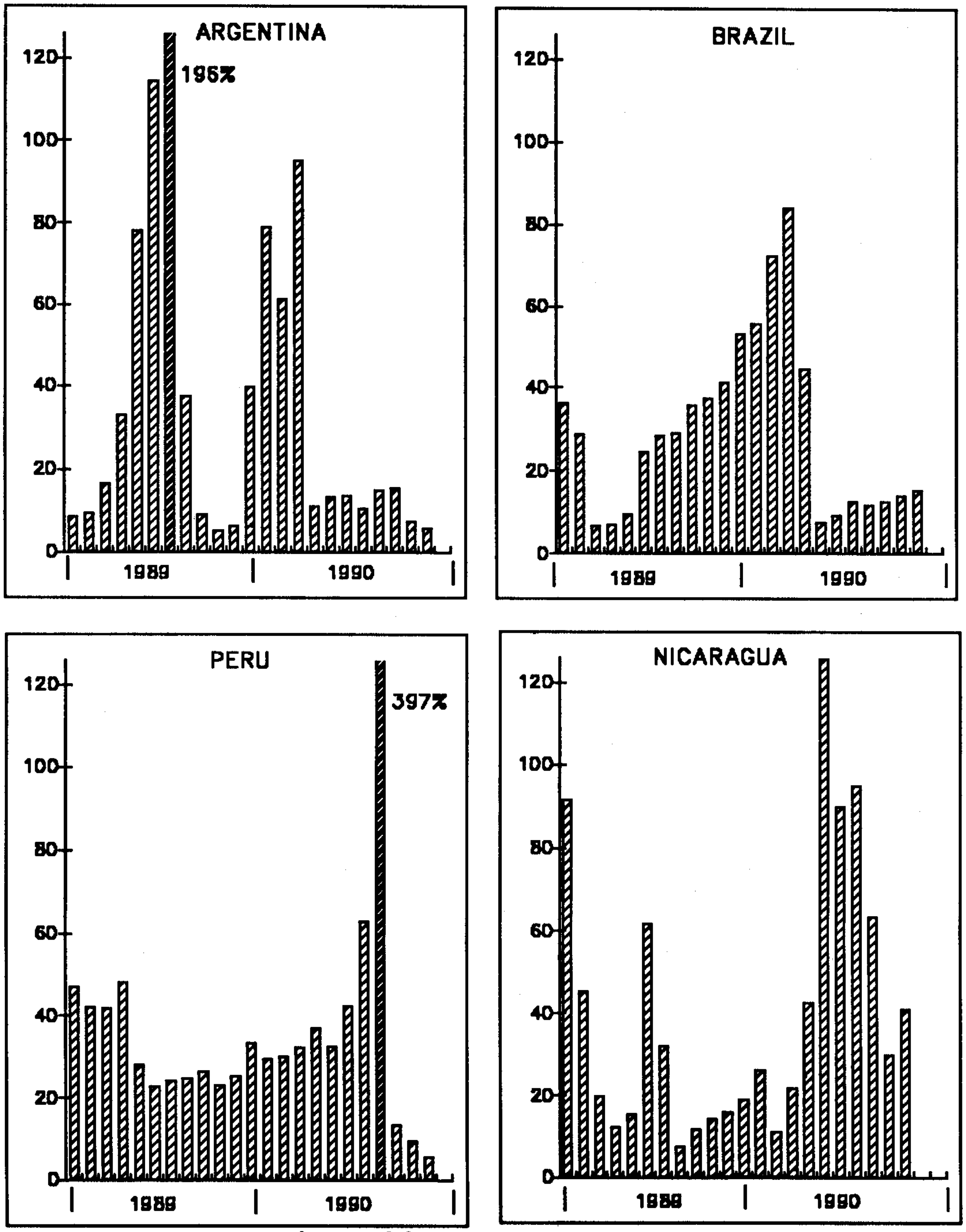
LATIN AMERICA: UNEMPLOYMENT IN SOME PRINCIPAL CITIES



Source: ECLAC, on the basis of official data.

Figure 6

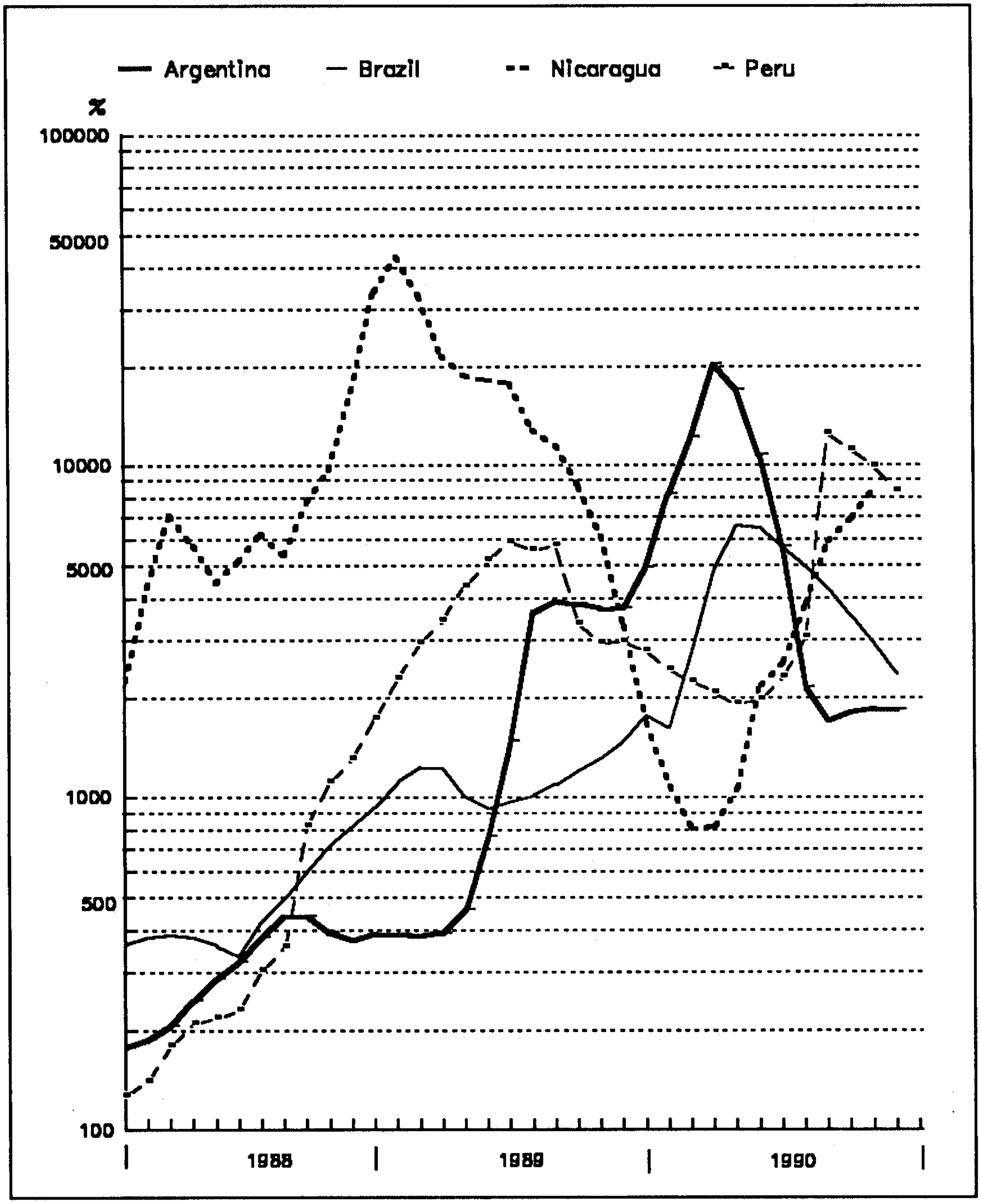
MONTHLY VARIATIONS IN THE CONSUMER PRICE INDEX IN ARGENTINA, BRAZIL, NICARAGUA AND PERU
(Percentages)



Source: ECLAC, on the basis of official data.

Figure 7

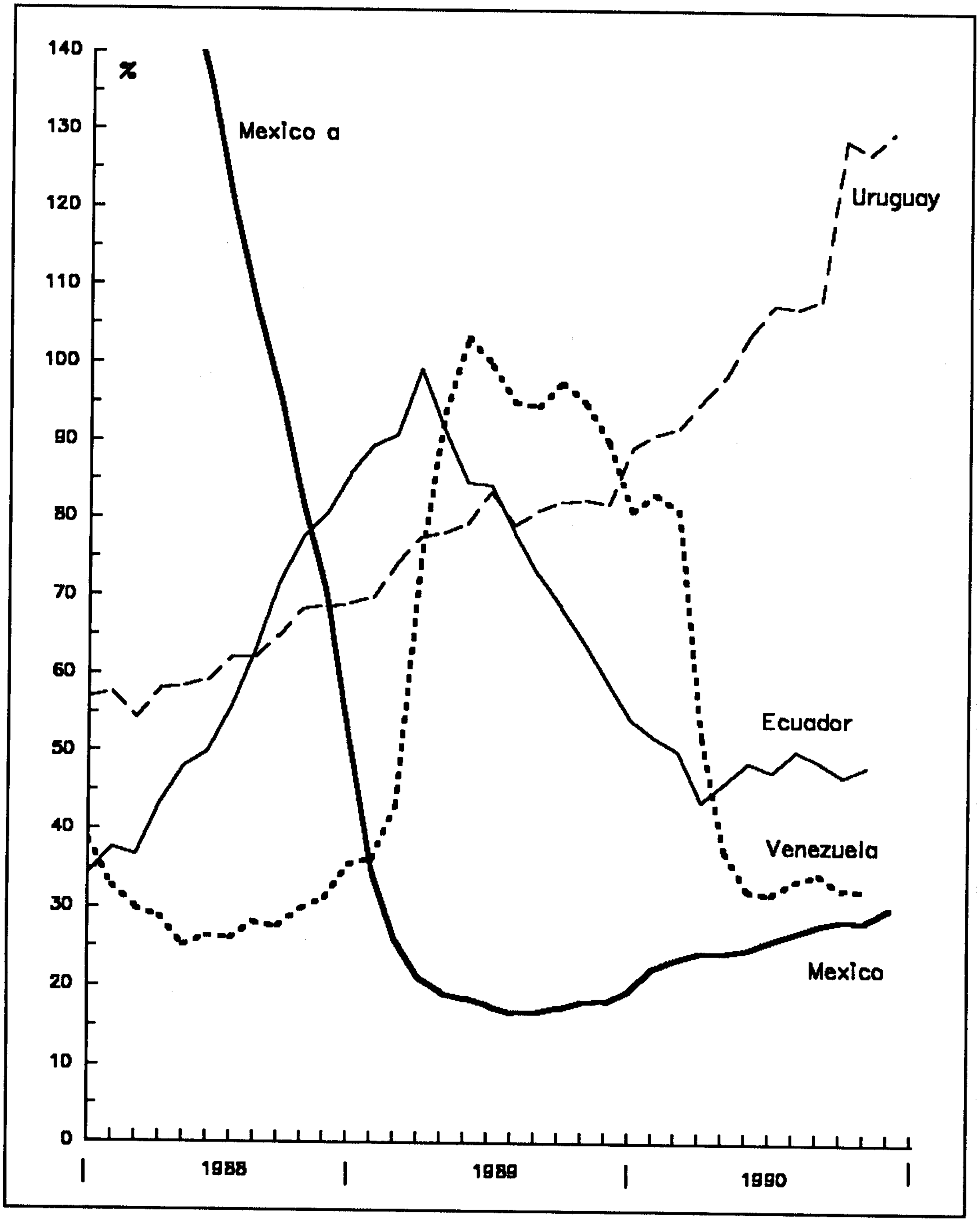
LATIN AMERICA (SELECTED COUNTRIES) : TWELVE-MONTH VARIATIONS IN THE CONSUMER PRICE INDEX



Source: ECLAC, on the basis of official data.

Figure 8

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

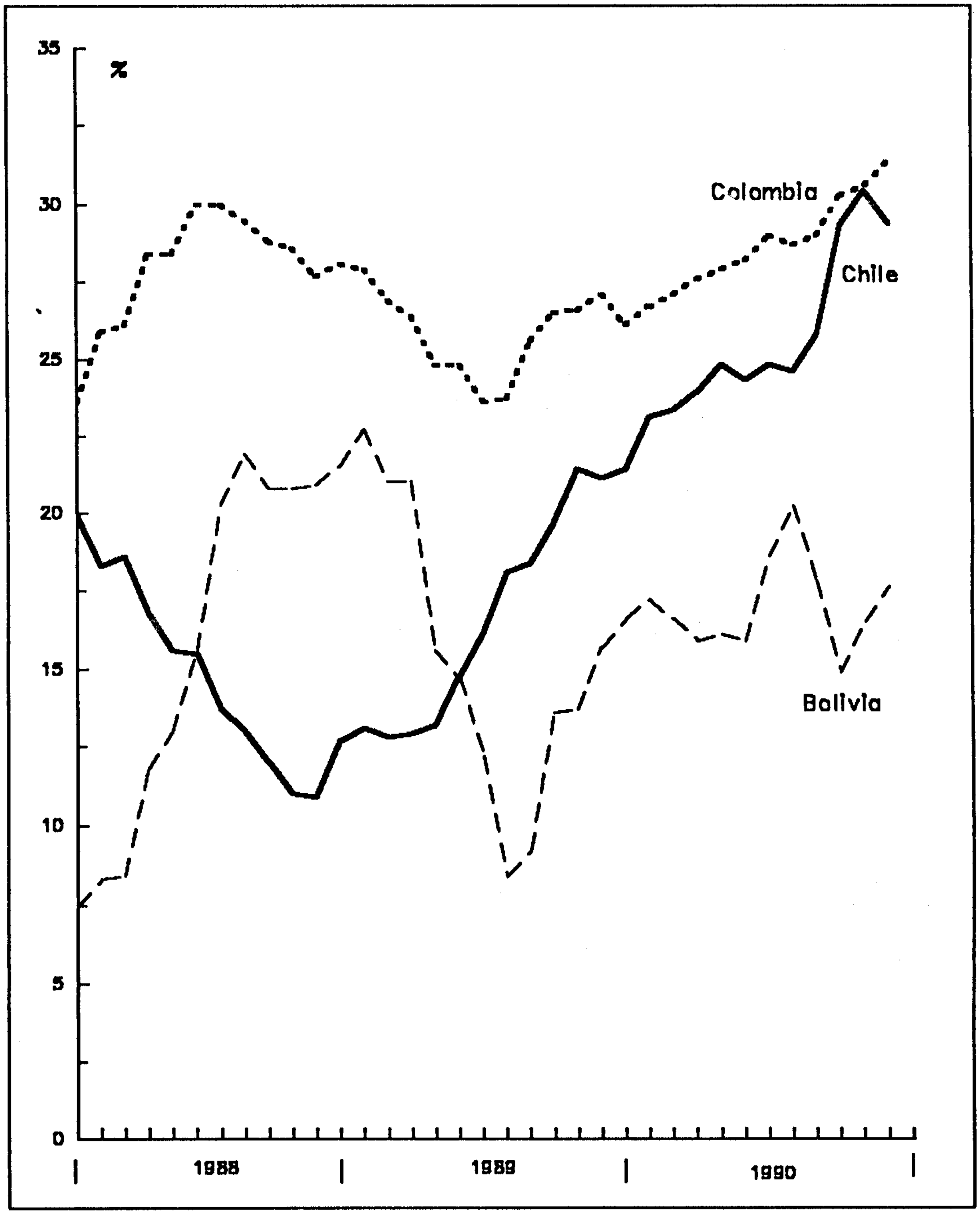


Source: ECLAC, on the basis of official data.

a Excluding the period January–June 1988, when inflation dropped from 175.9% to 135.8%.

Figure 9

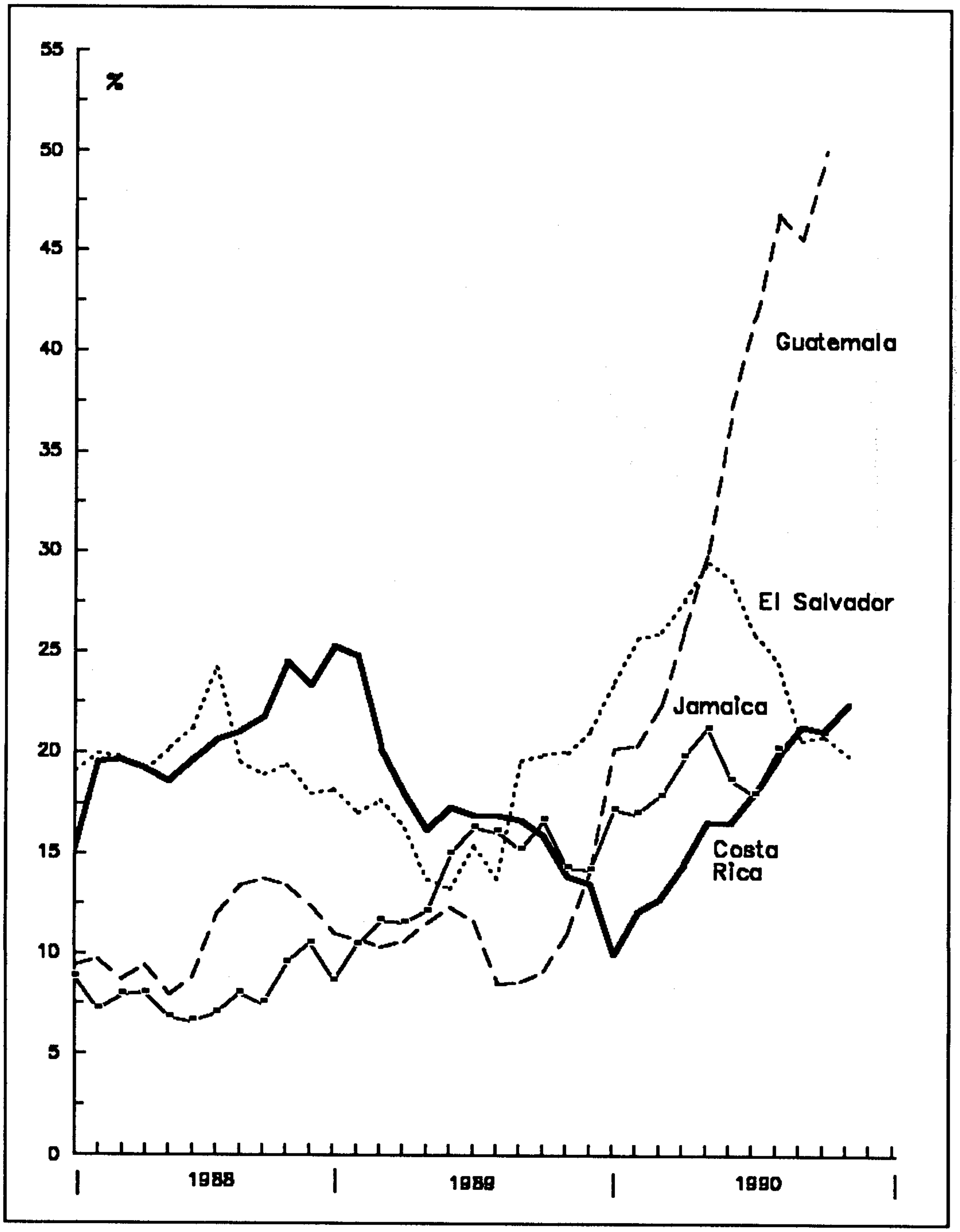
LATIN AMERICA (SELECTED COUNTRIES): TWELVE-MONTH VARIATIONS IN THE CONSUMER PRICE INDEX



Source: ECLAC, on the basis of official data.

Figure 10

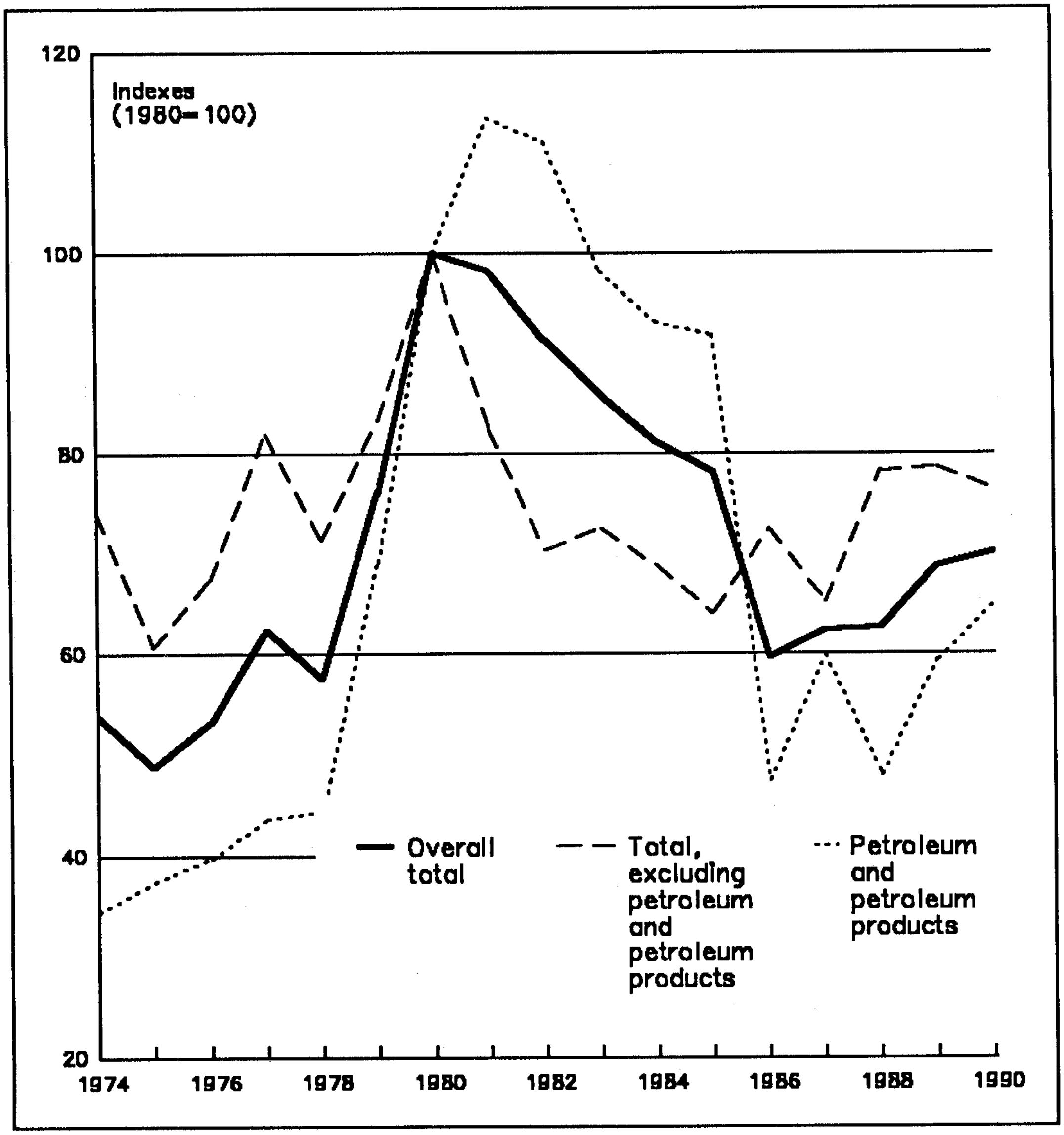
LATIN AMERICA AND THE CARIBBEAN (SELECTED COUNTRIES) :
TWELVE-MONTH VARIATIONS IN THE CONSUMER PRICE INDEX



Source: ECLAC, on the basis of official data.

Figure 11

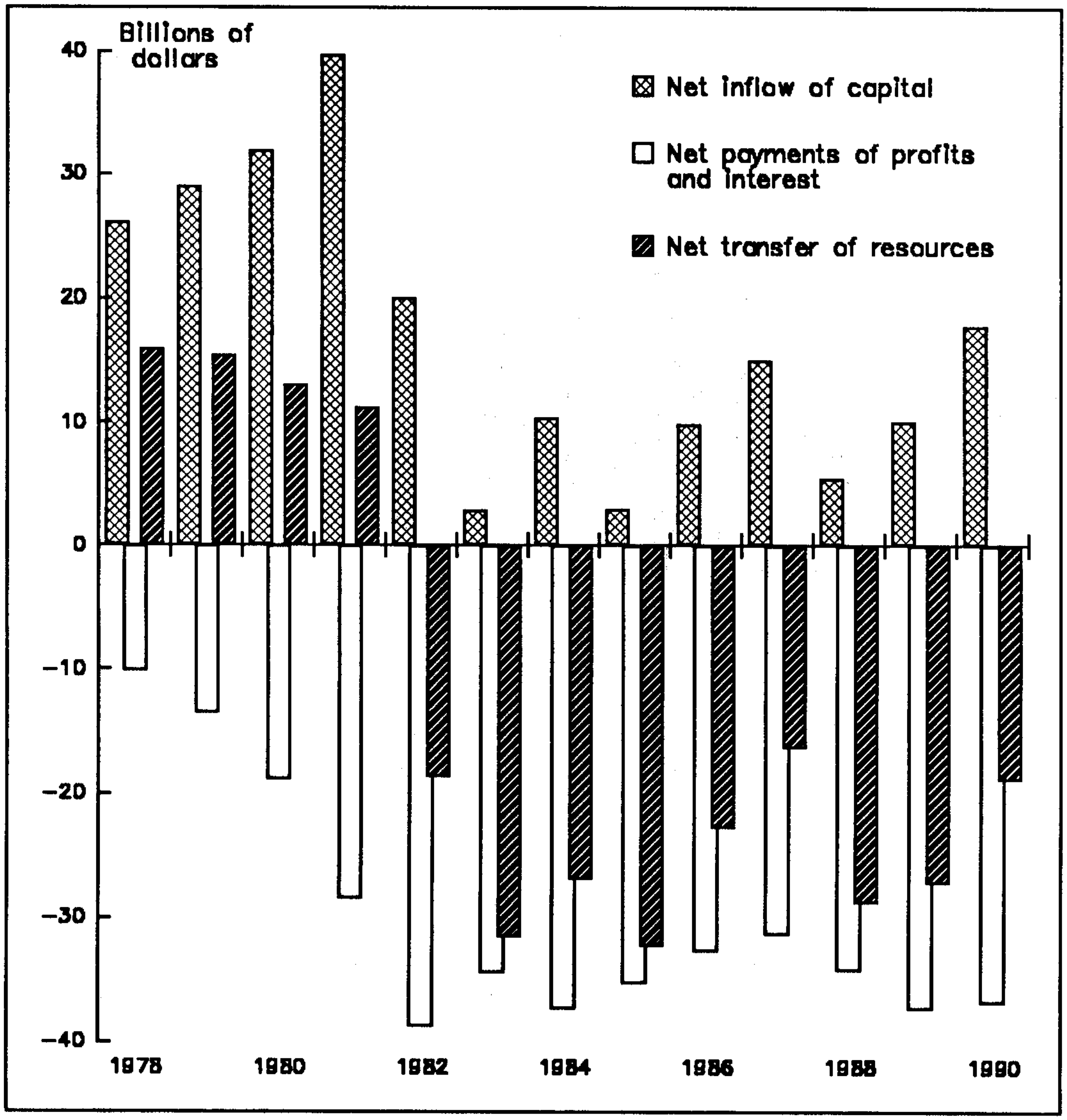
LATIN AMERICA AND THE CARIBBEAN:
PRICE INDEXES FOR MAIN GROUPS OF EXPORT COMMODITIES



Source: ECLAC.

Figure 12

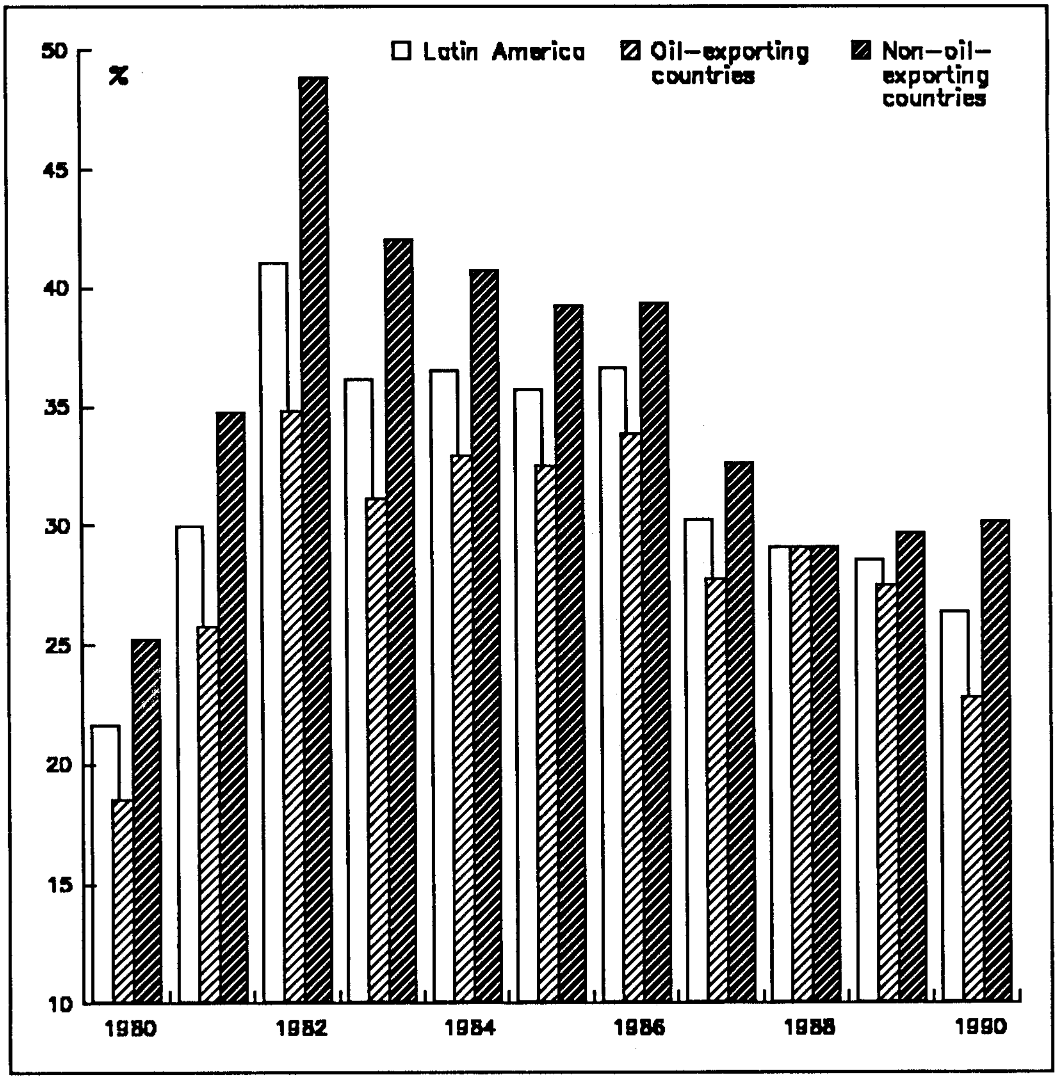
LATIN AMERICA AND THE CARIBBEAN: NET INFLOW OF CAPITAL AND NET TRANSFER OF RESOURCES



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

Figure 13

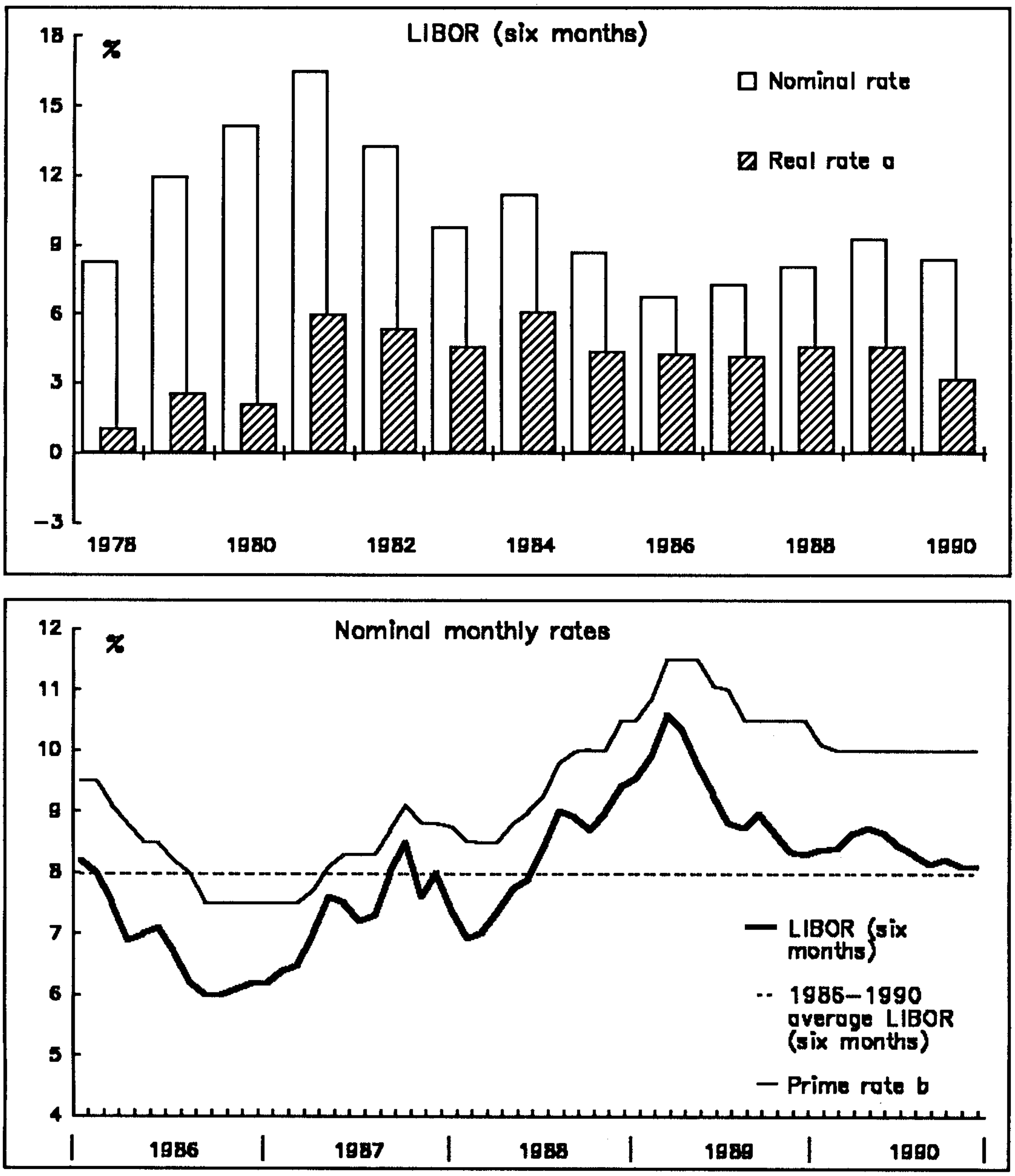
LATIN AMERICA: TOTAL INTEREST DUE, AS A PERCENTAGE OF EXPORTS OF GOODS AND SERVICES



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

Figure 14

INTERNATIONAL INTEREST RATES
(Percentages)



Source: ECLAC, on the basis of data supplied by the International Monetary Fund.
a Nominal rate deflated by the consumer price index of the industrialized countries. b Preferential rate granted by United States banks to their best clients.