CEPAL

Review

Executive Secretary of ECLAC
Norberto González

Deputy Executive Secretary for
Economic and Social Development
Gert Rosenthal

Deputy Executive Secretary for
Co-operation and Support Services
Robert T. Brown

UNITED NATIONS
ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN

SANTIAGO, CHILE, AUGUST 1987

C EP AL

Review

Santiago, Chile Number 32

CONTENTS

CEPAL REVIEW No. 32

External debt in Central America

*Rómulo Caballeros**

The countries of Central America did not manage to escape the effects of the crisis of the 1980s, despite having pursued a relatively conservative external financing policy. Although their external debt was mainly public or backed by the government, the increase in interest rates and deterioration in the terms of trade created considerable external imbalances which forced them to apply stringent adjustment policies. Economic activity weakened and the countries had to choose between finding new sources of financing or transferring the whole impact of the crisis to the domestic economy.

Although in absolute terms the external debt of Central America amounts to barely 4% of the region's total debt, the ratio of external debt to product is double the Latin American average. Only Guatemala has moderate relative debt figures. The various reprogramming rounds have succeeded in deferring the problem for a time without solving it and arrears and accumulations of unpaid interest and principal have occurred.

The author says that the renegotiation processes have not considered the real capacity of each country to service ¡ts debt, with the result that the agreed repayment periods have been too short and the costs too high. He also states that the use of the available internal and external investment funds must be decided with great care, bearing in mind that external resources must be a complement to and not a substitute for national development efforts.

•Head of the Section of Economic Development, International Trade and Statistics at liCLAC's Mexico City office.

Introduction

The Central American economy is currently suffering the effects of the deepest and longest economic crisis of the last four decades. The fall in output, combined with inflationary tensions, has cut back the real incomes of a large part of the population. The already high unemployment and underemployment indices have grown even bigger and other imbalances have worsened, including in particular the fiscal deficit and the balance of payments.

One of the most critical distortions, which is largely responsible for this economic performance, is the foreign trade gap. This is now at an unprecedented level in Central America, while for various reasons it is increasingly difficult for the countries of the area to obtain external financing.

On the one hand, the unfavourable terms of trade resulting from the instability of export prices and the sustained rise in import prices have continuously undermined the purchasing power of sales to countries outside the region. On the other hand, this instability, combined with higher costs, has slowed down the production of farm goods for export. The volume of foreign sales has therefore tended to stagnate or even, in some countries, to decline. Added to this is the decline in tourism services, due basically to the social and political upheavals in the region, and the increasing interest payments on the foreign debt, producing the extremely difficult situation indicated by the current account of the balance of payments.

The continuous increase in intra-zonal trade for about the past 20 years demonstrates the high degree of interdependence of the economies of the Central American Common Market (CACM), the autonomous strength of which has survived the political and other differences among the five countries of the Isthmus. However, the financial restrictions have been creating a critical situation which is threatening to have a profound effect on the CACM and to accentuate the downward trend in each of the economies. Although the common market is still in existence, financial difficulties caused by global imbalances in the balance of payments have prompted the countries to apply increasingly strict exchange restrictions which have also affected trade within Central America. Furthermore, the countries with surpluses in this trade have had to limit their sales because it is impossible for them to grant or expand easy payment facilities to the others owing to their own financial difficulties and their deficits with the rest of the world.

The flow of external financing to Central America grew dynamically during the period 1970-1983- This financing also underwent major changes as a result of the shifts in the international economy and various general economic policy measures, including in particular the borrowing modalities adopted by the countries of the region. These changes manifested themselves mainly in the volume of funds mobilized, in the main sources of funds and in the standard terms of the new debt.

Up to 1973 external financing had complemented the national investment efforts. Between 1973 and 1978 it increased considerably as a proportion of total savings and was becoming a dynamic element which enabled the countries to cope with the great imbalances generated by the trade flows. In this period the countries' increasing need for external financing coincided with a ready supply of funds from international banks at low capital cost, and this produced a dramatic change in the situation: an increase in the participation of private sources ¡n the external public debt.

This trend grew stronger from 1978; external financing now provided a majority of savings and financing from private sources acquired a dominant role in the total flow of external funds.

Lastly, in the past four years (1983-1986) the situation became asymmetric. On the one hand, interest rates in the international capital market had increased rapidly from 1981 —although they moderated in 1986— producing a considerable increase in the cost of the existing debt and a worsening of the external imbalance of the economies. On the other hand, the reduced supply of funds from international banks, combined with the liquidity problems which the countries had in meeting their increasing commitments, discouraged the international financial system from continuing to channel funds to the Central American countries, or at least to most of them. Thus was tied the noose of financial strangulation which is now affecting the majority of the Central American economies.

I
The external debt in 1970

By 1970 the region's external debt amounted to US$1 350 million, 48% of which consisted of loans contracted or guaranteed by the State, and 52% of obligations to the private sector.

As an average for the area, the amount of the external commitments could be considered moderate in both relative and absolute terms. For example, the per capita foreign debt was US$88, or roughly 25 % of the average annual product of Central America, and its absolute level was almost equivalent to exports of goods and services.

Nevertheless, from the beginning of the decade important differences were emerging among countries, with respect both to the total value and to the structure of the foreign debt. In 1970 Costa Rica, Nicaragua and Guatemala had the highest absolute levels of debt, in that order. In El Salvador and Guatemala the public debt exceeded the private debt, while in Honduras and Nicaragua the proportions were roughly equal, and in Costa Rica the private debt was greater (69%).

The situation varied with respect to capacity to pay. In Costa Rica and Nicaragua the commitments exceeded by about 50% the annual value of exports, and both the ratio of debt to product and the per capita debt were the highest in the subregion. At an intermediate level, the debt of Honduras was almost equivalent to the value of exports and represented 25 % of the product; El Salvador and Guatemala were in a more favourable position. The external debt contracted or guaranteed by the State was at a high level in

Guatemala and Nicaragua (the two countries accounting for more than 50% of the Central American total), followed by Costa Rica, with a share of 31 %, and much smaller shares for Honduras and El Salvador.

From the beginning of the 1970s private sources of financing had been acquiring particular importance for the public sector. However, these operations were very different in nature from those of subsequent years. In most cases it was a question of placing public bonds with the overseas branches of the central banks for medium terms (between five and eight years) and at pre-established interest rates similar to those of other operations of the foreign banks at the time of the transaction.[1]

In the region as a whole, 36% of the external public debt had been contracted with private sources, and most of the debt with official sources (60%) was with multilateral financing bodies.

In 1970 the region's external public debt service (interest and repayment of principal) represented 7% of the value of exports and a little under 13% of public expenditure. The situation was satisfactory for the majority of the Central American countries, although Nicaragua, Costa Rica and, to a lesser extent, Guatemala had higher percentages because of the high absolute level of debt which they had contracted. The debt burden was much less for Honduras and El Salvador, in that order.

To sum up, Central America's total foreign debt was small in real terms in 1970, although in relation to other macroeconomic variables (product and exports) it was already reaching significant levels in Costa Rica and Nicaragua. In El Salvador and Guatemala, unlike other countries, the public debt accounted for a majority of borrowing and in Guatemala it had been contracted mainly with private sources.

[1]It must be remembered that at that time and up to 1982 interest rates were regulated in the United States, the main supplier of funds, and subject to specific limits.

II

Management of the changes in external financing

From 1974 two important phenomena occurred in the international capital market. The oil surpluses generated by the price increase led to intense competition among the banks in the investment of these funds, at a time when interest rates were even lower than world inflation.

The developing countries that were major net importers of oil, such as the Central American countries, were doubly affected by the adverse developments in the world economy. On the one hand, they took the full impact of the increased prices of hydrocarbons and, on the other, they had to cope with the widespread increase in the prices of other imported goods. Furthermore, although shortly after these increases the prices of some of their own export commodities rose, they did so to a lesser extent than import prices.

In these circumstances the countries of Central America, like other countries of Latin America, were faced with the dilemma of adjusting their economies to the new limits imposed by the world situation or maintaining their historic growth rates by mobilizing a larger volume of external resources.

The effects of this latter option and the differences in the particular emphasis and importance which each country attached to the two alternatives can be seen in the different situations in which these countries find themselves in the mid-1980s.

When the external imbalance worsened in 1974, the countries of the subregion decided, to varying degrees, to have recourse to external financing to ensure an adequate level of international liquidity to meet the needs of their respective productive systems. As it was impossible to obtain sufficient funds from official multilateral or bilateral sources, they had to incur high and increasing levels of debt with international private banks.

Three basic features distinguished this type of financing from financing obtained from official sources: i) the loans did not have to be used to finance productive or development projects and they were usually used to meet the country's foreign currency commitments resulting from the trade deficit; ¡i) the agreed periods of the loans were short, especially for economies which tended to have recurrent imbalances in the current account of the balance of payments; and, lastly, iii) most of these loans were contracted at variable interest rates based on those prevailing in the international market, at a time when it was difficult to foresee the level to which these rates would shortly rise.

When the first of these loans were being contracted (and up to 1981), the United States financial system was regulated by the 1933 Banking Act which prevented the banks from paying interest on demand deposits and gave the Federal Reserve specific powers to set maximum limits on the interest rate in the majority of asset and liability operations. During the 1970s a number of changes were made in the United States financial system to liberalize it and stimulate savings. In 1980 the Depository Institution Deregulation and Monetary Control Act provided, *inter alia,* for "the progressive phasing out of interest-rate ceilings over a six year period... from January 1981".[2] This change in monetary policy and the changes in financial flows (caused by the decline in oil surpluses, the increased demand for funds by the productive apparatus and the increase in the United States fiscal deficit) swiftly produced spectacular interest rate rises in the international market. This increased considerably the interest payable on the external debt for all the countries and in particular for those which had opted to obtain massive financing from external sources before the rules of the game were changed in the system which is the main source of these funds.

During this period the international situation was also affecting the operating costs of multilateral financing bodies. On the one hand, since the beginning of the 1980s the supply of ordinary funds had expanded more slowly than the demand and therefore there had been an increase in the proportion of special funds originating in several lending countries, which cost more than ordinary resources.[3] On the other hand, the exchange rate changes among the creditor countries following the flotation of the dollar had increased the cost of the funds obtained from countries which had had to revalue their currencies. This was why, although slowly and gradually, the element of subsidy in the loans granted by official bodies[4] had declined throughout the 1970s.

[2]See Charles Collyns and Yusuke Horiguchi, "Financial supermarkets in the United States", *Finance and Development,* International Monetary Fund and World Bank, vol.21. No. 1, March 1984.

'Although this cost is still above the international market interest rate.

^Indicated by the difference between the interest rate charged and the international market rate, among other factors.

III

Recent evolution of external debt and situation in 1986

The combination of the financial instability in the subregion and the weakening of economic activity strengthened the characteristic trend of external financing from the earlier period, and subsequently certain imbalances between the economies' capacity to pay and their commitments grew stronger.

From 1981 the growth rate of the total external debt declined for Central America as a whole and in each of the countries except Guatemala. The average increase for the area, which had been 18.5% between 1978 and 1981, fell to 17.8% in the three years 1981-1983 and to 8% between 1983 and 1986. But these rates were still very dynamic in comparison with the weakening of other macroeconomic variables. Accordingly, in the period 1978-1986 the subregion's capacity to pay deteriorated to the point where several countries had to renegotiate their external commitments. In 1983 the per capita debt of Central America averaged US$729 (more than double the 1978 figure), but the figures for Costa Rica and Nicaragua were especially high (US$1 400 and US$1 700 respectively). In this same period the ratio of debt to domestic product doubled to a coefficient of 84% for the subregion; it tripled in the case of Nicaragua. External liabilities amounted to more than three times the region's exports and the situation was particularly difficult for Nicaragua and, to a lesser extent, Costa Rica.

The slowdown in the growth of the total external debt was due to the decline in private sector borrowing, for this sector paid its commitments —by increasing external costs above internal interest rates— or succeeded in transforming them into official sector liabilities.

In contrast, the external public debt continued to increase between 1978 and 1981, thanks in particular to Guatemala, El Salvador and Nicaragua. In the following two years (1981-1983) the increase moderated owing to the difficulty encountered in 1983 in obtaining additional capital, although it was still 20%; this increase was of great importance in absolute terms owing to the high level of external public borrowing in the previous years. Finally, during the period 1983-1986 the region's public debt amounted to merely 9% owing to the sluggishness of multilateral financing.

From 1979 —shortly after the second increase in the prices of hydrocarbons— the external deficit had been eating into the international monetary reserves, while the fiscal deficit was at an unprecedented level. At that point the governments had to decide between adjusting their economies to the circumstances imposed by the international recession (with all the political and social consequences implied by a decline in living standards), seeking to defer and soften the effects of the crisis through a policy of stimulating production (which implied an aggressive borrowing policy), or adopting a combination of these two options.

In fact, owing to the particular circumstances produced by the social and political confrontations in some countries of the region, none of the countries rejected the possibility of moderating the harmful effects of the crisis, although some of them placed greater emphasis on this and took action before the others. As a result, external public financing became the decisive element in almost all economic policy; it served as the basic support for savings, it financed practically all public investment and covered the fiscal deficit, as well as providing international liquidity for the external sector.

As the purpose of this borrowing had been to moderate the external and internal imbalances rather than to finance far-reaching development projects, part of the new debt had to be contracted with international banks which were already operating with variable interest rates and short terms. Accordingly, the participation of private sources in the region's total external public debt increased from 36% in 1970 to 42% in 1979 and to almost 50% in 1982. The same thing occurred in almost all the countries, and even when in 1983-1986 this proportion was forced down by the hardening of attitudes on the part of private sources of financing, the figures for Central America continued to be strongly influenced by those for Guatemala.

The average terms of the new debt deteriorated perceptibly during the period 1980-1986 and the burden of foreign debt service increased in all the countries. In 1986 the subregion had to allocate an average 39% of its exports to debt service, as against 11% in 1978. This meant a very great effort, especially when it is remembered that the prices of the main export goods showed a significant upturn in 1986.

On the other hand, it must be borne in mind that these indicators and in general all the flows connected with the external debt have been affected during the past three years by arrears in the repayment of principal and even in the payment of interest, especially in the cases of Nicaragua and Costa Rica, countries which, being quite unable to meet their commitments, had recourse to renegotiation. The position of Nicaragua seems even more critical when the 1982 coefficient[5] is taken into account, and the results for Costa Rica were strongly influenced by the

[5]Even though the results of part of the renegotiation were already included in this year.

payment of arrears, the interest on which it had to settle in full between 1982 and 1983.

The deterioration in the structure of the foreign debt was due, on the one hand, to the maturity of the loans contracted with private sources —the periods of which were insufficient for domestic economic recovery— and, on the other hand, to the sharp increase in interest rates in the international market from 1978, and to an even sharper increase since 1980, which affected a large part of Central America's external debt (about 30%). For example, in 1970 interest payments accounted for 29% of the external debt service for the whole region; by 1978 this figure had risen to 48% and despite the decline in interest rates in 1986 it was still above 36% in that year.

Two countries (Guatemala and El Salvador) opted for a conservative-foreign borrowing policy, which enabled them by the end of the last decade to achieve the smallest amounts of debt with private sources. In the case of El Salvador these commitments have been declining in the past four years, partly as a result of the increasing flows of official external aid and to remittances from nationals living abroad, which have helped to reduce the private financing requirement; however, the average terms of the new loans made in 1982 were clearly worse than those obtained in 1980. Guatemala increased the proportion of private sources of credit above the 1978 level and from 1984 it did so at a faster rate, to the point where these sources accounted for 42% of the external public debt in 1986. The general indicators of the terms of the debt contracted in 1982 reflected a deterioration in comparison with the terms which had been maintained up to 1980. On the one hand, the average repayment period was much shorter, as was the average grace period; on the other, the interest rate was higher.

At first, Honduras also maintained a conservative attitude to obtaining external financing from private sources, but then it began to use this expedient rapidly, largely because its monetary policy induced the country's private banks to obtain external financing to cope with the pressure for loans from the productive apparatus. Accordingly, by the end of 1982 the proportion of foreign debt with private sources amounted to 35% and the structure of the total external debt was clearly worse than in 1970. For example, the average repayment period of the 1982 loans was reduced to 11 years and the interest rate was doubled.

At the other extreme, Nicaragua and Costa Rica opted for a massive reduction of external financing from private sources, although for different reasons. Whereas the rest of the countries opted for external borrowing of this kind as a means of coping with the effects of the crisis, the greater part of Nicaragua's debt had originated in external borrowing by the private sector which the State had to acknowledge and assume when the political situation changed. From 1980, therefore, the national authorities had to enter into complicated negotiations and in 1982 the proportion of the debt with private lenders had increased to 53% (i.e., 32% of the Central American debt with these sources). As a result of the renegotiation, the average repayment period for the external debt of Nicaragua contracted in 1982 was about 10 years, with a grace period of six years and an interest rate of 9%, terms which were similar to the average for the region.

Lastly, Costa Rica opted to maintain the existing rate of economic growth and its living standards by means of a vigorous borrowing policy. Thus, using the opportunities offered by the international capital market, Costa Rica obtained increasing proportions of its external public financing from private sources. It achieved its goals in the short term, but by mid-1981 it found itself in a serious situation owing to a lack of international liquidity and it even fell behind In its payments. In 1984 foreign liabilities of private origin accounted for 56% of Costa Rica's total liabilities and 36% of the Central American debt from that source. Accordingly, the average repayment and grace periods of the external public debt contracted by Costa Rica in 1982 (six and two years respectively) and indeed the interest rate, were less favourable than the averages for the region.

At the end of 1986 the total external debt of Central America amounted to US$17 200 million and consisted mainly (95%) of public sector commitments. Nicaragua (5 700 million) and Costa Rica (3 740 million) accounted for more than half of the total external debt; El Salvador's share (2 100 million) was the smallest, and those of Guatemala and Honduras were roughly

US$2 640 and US$2 930 million respectively.

With respect to the burden of the debt service on exports and services, the 1986 indicators include a number of distortions, as was pointed out above, owing to the arrears incurred by some countries. In any event, Central America as a whole had to allocate 39% of its sales of goods and services to the payment of interest and principal; this high figure illustrates the unfavourable terms on which most of the foreign debt had been contracted. The highest level (48%) was in El Salvador, which was able to meet this kind of commitment thanks to remittances from its nationals living abroad and the official grants which it received, and in Costa Rica, which continued to accumulate some arrears. For Guatemala the proportion exceeded 30%, and Nicaragua could only make payments representing 13 % of its exports, even though the commitments which it had to incur during the year were much higher.

The general deterioration in the terms of the foreign debt has certainly influenced the current payment difficulties of the Central American countries. However, it is thought that the greater problem for some of them is the absolute amount of the debt which has reached —and sometimes exceeded— the limits imposed by economic size and capacity to pay.

The critical situation of Central America stands out against the Latin American background. In absolute terms, the subregion's total debt in 1986 represented only a little more than 4% of the total Latin American debt, and that of the most heavily indebted Central American country (Nicaragua) represented a little more than 4% of the debt of Brazil; but in relative terms these countries, except for Guatemala, are in a very difficult position. In 1983 the average ratio of external debt to gross domestic product was 36% for Latin America but more than double that amount (81%) for Central America; the ratios of three countries (Nicaragua, Costa Rica and Honduras) were by far the highest in Latin America, and that of El Salvador was close to the highest (Venezuela and Chile). It can thus be seen that Central America has acquired an external debt which, in terms of its productive capacity, is bigger than that of the rest of Latin America.

The situation is similar with respect to the ratio of foreign debt to exports. Because of the high degree of openness of the Central American economies, the differences between them are smaller. Nicaragua has the region's highest ratio, and the average for Central America is higher than that of the other Latin American countries.

IV
The renegotiation of the external debt

As the foreign trade balance of the Central American countries deteriorated, mainly as a result of the worsening of the terms of trade and the higher interest payments on the external debt, the flight of capital assumed considerable proportions.[6] Monetary reserves were falling and in the end totally used up. As the countries were quite unable to meet their external debt commitments, delays occurred in the repayment of principal (and even in the payment of interest) to the point where they were compelled to begin new negotiations to reprogramme the service of the external debt with international private banks and, in some cases, with official bilateral sources.

These negotiations are usually conducted by the national authorities and *ad hoc* banking committees appointed by the lending banks in the case of private sources, or with the Club of Paris, made up of the main lending governments, in the case of the debt with bilateral sources.

[6] Although there is no official information on each individual country, the approximate amount of the flight of capital from Central America in the past five years will have exceeded US$4 500 million. This estimate is based on a comparison of the results of the analysis of the balance of payments and the total amounts of the external debt according to exchange control records.

Although the negotiations are supposedly varied according to the economic characteristics and circumstances of each individual country, they have many features more or less is common.

1. *The IMF agreements*

The standby loan agreements with the IMF involve the signature of a letter of intention in which the country undertakes to adopt an adjustment policy and meet certain concrete targets with respect to specific macroeconomic variables, so as to be able to make the (usually quarterly) payments agreed. This condition, which is intended to correct the fundamental imbalances in the economy, is applicable both to the financial support from the Fund and to the use of the resources obtained through the renegotiation.[7]

The adjustment policy usually includes measures to cut back aggregate demand (by means of fiscal, monetary and income mechanisms) which seek to adapt the basic elements of the domestic market (supply and demand) to the situation,[8] and other measures to stimulate exports (by means of exchange and tariff mechanisms, etc.) with a view to reestablishing the foreign trade balance by shifting relative prices in favour of export goods at the expense of items of domestic consumption. It has often proved difficult to reconcile these measures with the national priorities.

In the particular case of Central America, three countries concluded separate standby loan agreements in the past four years: Honduras in November 1982, Costa Rica one month later, and Guatemala at the end of August 1983.[9] These agreements included as a common denominator maximum limits on the growth of domestic monetary assets, domestic credit, the public sector deficit and the current expenditure of the central government; they also stipulated an increase in the current revenue of the central government, in interest rates —to a level at which they were positive in real terms— and in the tariffs of public enterprises, as well as setting specific levels for net external assets. In the case of Costa Rica and Guatemala the agreements stipulated the payment of the arrears of principal and interest and exchange rate changes and, for Costa Rica, reductions in wages and salaries in real terms and specific levels of external public borrowing.

It can be seen that the terms imposed by the IMF for the granting of loans from its resources and for the possible renegotiation of a debt affect almost every aspect of the domestic economic policy of countries.

For many reasons the three countries in question had difficulty in meeting some of these terms and the agreements were therefore suspended before the end of the period originally agreed. At present these countries are at various stages of negotiation of new IMF agreements but no definite result has yet been achieved.

In the case of Costa Rica, the terms imposed by the Fund include: elimination of 5 000 public jobs; reduction of the fiscal deficit to a minimum; elimination of the exchange losses of the Central Bank; and moderation of wage increases. Honduras also held talks with the Fund in 1986 with a view to signing a standby loan agreement, with the discussion focussing on the central topics of reduction of the fiscal deficit and changes in the exchange rate. The most controversial topics in the case of Guatemala were exchange rate unification, elimination of the losses of the Central Bank and the privatization of a number of public enterprises.

2. *The reprogramming agreements*

a) *Nicaragua*

The dramatic social and political events which took place in Nicaragua in mid-1979 precipitated its financial crisis. As has already been pointed out, the new government took charge of the whole of the existing foreign debt, public and private. However, in view of the dire situation of the country's economy, the authorities stated that they could not meet the commitments, including some existing arrears.

'Although there are no formal requirements in this res pea, it has gradually become established practice that the signature of the required agreement means more for the countries than just the financial aid from the IMF —which represents a small proportion of the needs— and it has become an almost essential requirement for the subsequent granting of aid from the rest of the international financial community.

"The assumption is that the excess of imports over exports and the increase in domestic prices originate in an imbalance between purchasing power and domestic productive activity.

'Nicaragua did not accept the involvement of the IMF in its agreements and, although it continued to meet its existing commitments to that body, it has succeeded, as a very exceptional case, in negotiating without it.

Accordingly, after fairly broad financial and economic assistance had been obtained in the first year, an initial understanding was reached with the international banks at the end of 1980. The banks undertook, without the previous requirement of an IMF agreement, to renegotiate US$390 million —representing principal already due or payable between 1979 and 1982— with a grace period of five years, a repayment period of seven years (with half-yearly installments) and a variable interest rate with a surcharge of between 0.75 and 1.5% above the LIBOR rate, but with a ceiling of *1%.* The difference between the rate agreed and the rate paid would be capitalized and repayment would begin in 1985. In addition, the country undertook to pay the interest due (US$90 million) in half-yearly installments over five years beginning in June 1981.

At the same time Nicaragua attempted a global renegotiation of the bilateral debt with the Club of Paris. However, the lack of a formal agreement with the IMF made an overall settlement difficult and in the end bilateral agreements were made with most of the lending governments.

During a second round at the end of 1982 the total commitments of the banking system —by then nationalized— were renegotiated as were those of the recently confiscated enterprises, which together amounted to a little over US$250 million, on terms similar to those agreed in the earlier negotiation.

Lastly, the other private debts acknowledged by the State —approximately US$100 million— have been the subject of special negotiations case by case or have been formalized with certificates of deposit —in dollars— for a period of five years and at an annual interest rate of 7%.

Owing to its adverse economic circumstances, the country has not been able to meet some of the commitments programmed for 1983, and the authorities are therefore engaged in a new round of negotiations.

b) *Costa Rica*

As a result of the country's high level of foreign debt commitments and its critical domestic economic situation, in September 1981 "the Government of the Republic and the Central Bank notified their creditors, both official and banking, that Costa Rica could not continue the regular service of the debt".[10] From that time and up to mid-1982 both the repayment of principal and the payment of interest on part of the outstanding foreign debt were declared in arrears, including the private debt consisting of matured liabilities for which the debtors had requested the necessary foreign exchange. During 1981 public debt commitments amounting to US$61 million of principal and US$121 million of interest remained unpaid. In June 1982 the total amount of arrears of interest was US$240 million and the arrears of repayment of principal amounted to US$520 million; in the second half of that year a further US$300 million would fall due and in 1983 a further US$600 million would be due for payment.

This situation demonstrated the need to restructure most of the matured obligations with private creditors, including those which would be due for payment in 1982 and 1983, and various negotiations to this end were set in motion in the second half of 1982.

Firstly, at the end of that year a new standby loan agreement was agreed with the IMF which included a loan of a little under US$100 million, and a second line of credit of US$20 million was established to offset fluctuations in overseas sales.

Agreements were then reached with the majority of the unilateral creditors (Club of Paris) to reprogramme a little under US$140 million of principal over a period of five years, with five years of grace and half-yearly payments beginning in September 1987.

In 1981 a co-ordinating committee drawn from 12 of the 170 creditor banks was set up to deal with the debt to international banks.[11] The negotiations moved slowly but significant

[10] See *Proyecto de Ley de Ratificación del Acuerdo de Refmandamiento de ¿a Deuda Pública Externa,* and *Convenio de Crédito Revolutivo suscrito entre elBanco Central de Costa Rica, la Republica de Costa Rica y los bancos acreedores, San José,* 24 November 1983, mimeo.

[11] The Committee was chaired by the Bank of America and included representatives from; Bank of Montreal, Bankers Trust Company, Citibank, Deutsche-Siidamerikanische Bank, Industrial Bank of Japan, Lloyds Bank International, Marine Midland Bank, Royal Bank of Canada, Security Pacific National Bank and Wells Fargo Bank.

results began to emerge in the second half of 1982, once the initial terms of reference had been established, and even more so when the standby loan agreement was concluded with the IMF.

This first stage was long and complex because Costa Rica was one of the first Latin American countries to fall behind in its payments, and it was certainly difficult for the lending banks to understand the depths of financial difficulty that the country had reached.[12]

Lastly, in December 1983 a first reprogramming agreement was concluded, not only on the payment of the capital due (1981 and 1982) but also on the payments for 1983 and 1984; this means, and it is very exceptional, that four years' commitments had been renegotiated. The total amount negotiated was US$617 million, of which 95% of "Stage I", amounting to US$475 million, was restructured over a period of eight and a half years beginning in January 1983, including four years of grace (1983-1986) during which only the interest would be paid; the remaining 5% was to be paid on 31 January 1984. "Stage II" (US$142 million) was restructured over a period of seven and a half years beginning in January 1984, also with four years of grace.

With respect to the operating costs, the margins agreed with the banks for the restructured portion were 2.25% above the LIBOR rate or 2.125% above the United States preferential rate. In addition, the charges for deferred payments and refinancing were set at 0.25 and 1.0% respectively.

Lastly, in order to bring the payment of the interest due up to date, Costa Rica obtained a revolving commercial imports credit for 50% of the total amount of current interest and matured interest —which in practice represented 80% of the matured interest— for a term of three years and at a rate of 1.75% above the LIBOR rate or 1.652% above the United States preferential rate.

In mid-1986 a number of difficulties reemerged with regard to the payment of foreign commitments. The authorities obtained a meeting with 150 commercial banks with a view to renegotiating US$1 600 million on the following conditions proposed by Costa Rica: a term of 25 years with seven years of grace, interest rates below the United States preferential rate and payment limited to US$5 million a month until the US$30 million of interest arrears was met. These negotiations were not in fact held because the commercial banks required, before they would consider the proposal, that Costa Rica should sign a standby loan agreement with the IMF and pay the arrears of interest from June 1986.

c) *Honduras*

In Honduras too the burden of external debt service on the meager supply of foreign exchange had become a problem in 1982, although less serious than in the cases described above. Accordingly, talks were started with the private banks in that year with a view to restructuring the payment of part of the principal due.

The negotiations continued in 1983, when the payments due in 1984 were also included, so that the amount involved totalled a little under US$125 million. In the middle of that year an agreement was reached in principal, under which Honduras obtained a restructuring of its debt in an amount of US$123 million with a term of seven years including three years of grace, and with a variable interest rate equivalent to 2.375% above the LIBOR rate or 2.25% above the United States preferential rate, plus commissions of 0.375% for deferment of payment and 1% for refinancing. However, the agreement remained pending owing, on the one hand, to disagreements about the amount of additional credit which would form part of the package and, on the other, to the condition that the agreement should be dependent on a standby loan agreement with the International Monetary Fund, which it had not been possible to conclude. In any event, Honduras acted as if the renegotiation had already been formalized with the implicit sanction of the creditors and it therefore stopped making part of the principal repayments to private sources, although by the end of 1983 it had paid all the interest on its foreign debt.

[12] See the *Proyecto de Ley de Ratificación del Acuerdo de Refinanciamiento de la Deuda Pública Externa, op.cit.*

The lengthy process of renegotiation of the debt with international private banks was resumed in 1986. The agreement was to cover an amount of US$218 million and, in principal, would meet the payments falling due between 1987 and 1989- The Honduran authorities proposed the renegotiation of 100% of these amounts, with a term of 16 years for repayment of the principal, three years of grace and the London interbank interest rate without surcharge.The Co-ordinating Committee of the Creditor Banks proposed the immediate payment of 10% and, for the remaining 90%, a term of 14 years, including three years of grace, and interest at the LIBOR rate plus 1.75%.

d) *Guatemala*

Although Guatemala had generally been able to meet its external commitments, the amounts due on the loans contracted recently by the Central Bank and certain temporary arrears had obliged the authorities to seek reprogramming on a case by case basis. During 1986 they managed to renegotiate US$202 million of payments due in 1986 and 1987 owed to three creditors (one private international financier, the Bank of Mexico and the Investment Fund of Venezuela). The terms varied in each case, but they consisted basically of longer repayment periods.

V

Some prospects

The region's payment capacity over the next eight years (1987-1994) will be determined in part by the extent to which it can be offered hope of recovery of the international economy; but also by the domestic effort which it makes to achieve a sustained and significant surplus in the current account of the balance of payments, and by the financial support of the international community in response to that effort. We will now give some estimates which may serve as a frame of reference for assessment both of the domestic effort and of the international co-operation.

The calculations have been based primarily on the forecasts of the burden of the existing debt —principal and interest— on the average terms prevailing in 1986, taking into account the renegotiations obtained by Costa Rica and Nicaragua. Account has also been taken of the possible performance of exports in accordance with a reasonably optimistic assumption: the volume and prices of Central American exports will grow gradually during the period until they reach the highest levels recorded between 1970 and 1985.

On the basis of these forecasts it is clear that each of the countries of the region will have to withstand at least three critical years in what remains of this decade. Furthermore, even more serious problems could arise if the commitments already entered into for these years are disregarded and new external financing is contracted with a repayment programme which includes this period.

To begin with the most immediate problem, the forecasts indicate that Nicaragua and Costa Rica will have more acute difficulties in the shorter term and over a longer period. The difficulties will perhaps be fewer for Honduras and EI Salvador, but they will arrive quickly, although for a shorter period in the case of El Salvador; Guatemala will also have to cope with immediate tensions, although they will be less severe.

In absolute terms, and assuming that the present interest rates are maintained, the subregion will have to pay a little under US$15 000 million between 1987 and 1994 in principal and interest payments on the existing external public debt, in annual installments ranging between US$2 700 and US$1 100 million. If overseas sales perform as forecast, the ratio of debt service to exports will exceed 40% in the period 1987-1989 and will exceed 30% in the following two years.

Even without taking into account the service of any debt contracted from 1987, Nicaragua, the region's most heavily indebted country, will find itself in an extremely difficult position, for it will have to pay somewhat more than US$4 000 million (26 % of the external payments of the whole region) in annual amounts which may represent more than double its overseas sales in 1988 and more than 100% of sales at the end of the decade.

Costa Rica will have to pay about US$4 000 million (27% of the region's total) and this will be very difficult, for the annual commitment will represent more than 45% of its exports during 1987-1989 and more than 25% up to 1992.

Such prolonged efforts of this kind are quite incompatible with these countries' capacity to respond, so that even given broad access to new flows of capital, it seems inevitable that in the short term they will have to begin a new round of negotiations to enable them to spread their present obligations over a much longer period and, above all, to ensure that the new financing does not include the present decade in its repayment programme.

The other three countries will be faced with a less critical situation but, on average, they will have to allocate around 30% of their exports to service of the external public debt over the next fouryears (1987-1990) and maintain high coefficients in the following two years. It is thought that the difficult period will be shorter for Guatemala and that the coefficient, which may be more than 40% in 1988, will decline rapidly from 1992.

Of course the situation could turn even more serious if the effects of the international economic recovery on the Central American economy are delayed or weaker than expected, or if there should be a return to the upward trend of interest rates in the international capital markets. The effects of the high public expenditure on security and defence should not be forgotten, for it has eroded —directly or indirectly— the financial capacity of some governments and forced them to borrow more from abroad. If this situation persists in the future, the prospects will be even more gloomy.

It is thought therefore that in the next seven years the region's payment capacity will be small in terms of the existing commitments, even taking into account the possibility of a prolonged and significant recovery in the international economy with beneficial effects on the economies of the area.

This limitation is due, generally speaking, to the inability of the countries to generate surpluses in the current account of the balance of payments. Moreover, even for those which have the best conditions and a debt which is still manageable in the light of other economic and financial variables, there persists a problem of financial constraint which will compel them to obtain new loans. In the medium term this may tend to worsen the average terms of the debt.

It must also be remembered that the countries with the greatest current difficulties will have to resort to costly and lengthy renegotiations which will mean further deterioration in their foreign commitments but will enable them to ease the tensions of the system only temporarily. In fact, so far the negotiations have not succeeded in bringing the debt into line with the countries' real capacities; they have always involved a considerable increase in expenditure by way of the costs of renegotiation, banking commissions and risk surcharges above the rate in the international capital market. As a general rule, the agreed repayment periods have been too short to secure the recovery of the payment capacity of the applicant country, and this has led to further reprogramming of the debt with even higher costs.

VI

The initiatives of the international community

As awareness of the critical social, political and economic situation of Central America has penetrated abroad, the international community has taken a number of initiatives to determine measures and mechanisms that might contribute in some way to a solution. The results of these initiatives will of course considerably improve the subregion's prospects, for although the resources it needs to solve its problems —financial and economic in general— are beyond its own means, they are small in terms of international financial flows.

1. *The Caribbean Basin Initiative*

The first initiative was presented in July 1981, when the Ministers for Foreign Affairs of Canada, the United States, Mexico and Venezuela met at Nassau in the Bahamas. On that occasion all the participants expressed their common concern about the economic and social problems of the countries of the Caribbean and Central America. The Ministers stressed the need for financial resources to be channelled to Central America to help to improve the situation and they thought that their efforts should be based on a process of consultation through which potential donors and recipients could come to a realistic understanding of the problems and aspirations of the countries of the basin, based on the national plans and priorities of those countries and on the available means of coping with their problems. On the basis of an agreement in principle to the effect that the external co-operation would have to be used essentially to promote economic and social development and that "the donor countries" would remain free to choose the countries with which they co-operated and the ways in which they could best help, the Ministers resolved to begin immediate consultations with the governments of Central America and the Caribbean and with other countries and international financial institutions. The purpose of these consultations would be to determine the best procedure for agreeing a plan of action to facilitate trade, investment or co-operation measures which would stimulate sustained and balanced economic and social development in the region.[13]

In February 1982 the Government of the United States unilaterally informed the Organization of American States (OAS) of the three areas of action included in its so-called Caribbean Basin Initiative: trade, investment and financial assistance. The basic element is support for trade activities through the decision to open a free trade zone for a period of up to 12 years with no requirement of reciprocity for the majority of the exports from the countries of the Caribbean Basin, except for those of Cuba, Grenada and Nicaragua. This was given concrete form in the submission —and subsequent approval by the United States Congress in 1983— of the Caribbean Basin Economic Recovery Act.[14] The majority of the countries concerned had indicated their interest in this possibility, but without underestimating the difficulties of achieving visible results in the short term, owing partly to the supply limitations of the Central American countries, whose products were not up to the standards of quality and homogeneity demanded in the United States market.

The second element of the initiative was to offer incentives for private United States investment in the countries of the basin by means of tax exemptions. However, it seems unlikely that significant progress will be made in this direction, at least while the political conflicts and tensions persist in the region and until a solution is found to the difficulties experienced by the integration programme and intra-zonal trade. It would also seem difficult for foreign investment to reach the level needed by these countries. This at least is what past experience indicates, for foreign investment has made only a modest contribution to flows of finance from abroad and to the formation of capital.

"See the Communication of the Conference of Ministers on the Development of the Caribbean, Nassau, Bahamas, 11 July 1981.

[11]See *Ley de recuperación económica de los países de lu Cuenca del Caribe, Acuerdos Generales sobre A ranéeles Aduaneros y Comercio* (L/5577), H November 19H3-

The third element in the programme is an allocation for emergency economic assistance which in 1982 amounted to US$350 million for the 27 countries of the Caribbean Basin covered by the initiative.

2. *The multilateral initiative promoted by the Inter-American Development Bank*

In response to the Caribbean Basin initiative, the Ministers for Foreign Affairs of Central America and Panama stated in the Declaration of Tegucigalpa[15] their political will to enter jointly into negotiations to obtain higher levels of external co-operation for the region and they prepared an institutional plan to facilitate the mobilization of the aid.[16]

In 1982 the Inter-American Development Bank (IDB) assumed the task entrusted to it by the governments of the Central American Isthmus of seeking to mobilize a greater volume of external financing for the countries of the region. To this end, the Bank's Administration carried out preparatory work for the organization of a forum of potential donor countries and the six countries of the Isthmus (including Panama). The first meeting of this kind was held in Brussels in September 1983. It was attended by representatives of the governments of Central America and of the international financial community, with a view to presenting the requirements for financial co-operation of each of the countries of Central America individually and of the region as a whole. On this same occasion a consultative meeting was held, at the invitation of the Central American governments, with the representatives of private commercial banks.[17]

A second and less formal meeting was held subsequently on the occasion of the Assembly of the Governors of the Bank held at Punta del Este, Uruguay, in April 1984. This meeting began to consider the possibility of translating the Bank's initiative into the creation of a formal consultative group which would include the five Central American countries.[18]

At the same time the bank has been engaging in various activities, including in particular advice to the countries on the structuring of investment programmes. It has also collaborated with the countries in their efforts to stimulate production by means of a financing programme for industrial rehabilitation and recovery and to boost exports through the establishment of bilateral agreements of partial scope.

3. *The Contadora Initiative*

At the beginning of 1983 the Foreign Ministers of Colombia, Mexico, Panama and Venezuela set up the so-called Contadora Group at a meeting held on the island of that name in Panama. The Group has of course engaged in intensive diplomatic activity to promote peace and détente in Central America, but this initiative also has an economic aspect. Taking a broad view of the origins of the subregion's conflicts, the Group vigorously supported the Action Committee in Support of the Economic and Social Development of Central America (CADESCA) within the framework of the Latin American Economic System (SELA), which is intended, *inter alia,* to carry out a number of activities in support of the mobilization of resources and financial co-operation for the subregion.[19] This body will also facilitate the expected collaboration of the international community and will be able to improve the outlook for the Central American economy.

[15]See Secretariat of Foreign Affairs of the Republic of Honduras, Declaration of Tegucigalpa, annex to the *Informe del Relator de la Reunion de Cancilleres del Istmo Centroamericano,* Tegucigalpa, 15 August 1981, mimeo.

[16]For more details on the proceedings, agreements and institutional development see ECLAC, *Evolución de la integración centroamericana en ¡981* (E/CEPAL/MEX/198I/LÍ7),MexicoCity, 7 May 1982.

[17]See Inter-American Development Bank (IDB), *Special Programme Meeting for the Development of the Central American Isthmus, Summary,* Brussels, 13-15 September 1983, Washington.DC. (ICA-5), 11 October 1983, mimeo.

[18]For some of the background to this initiative see ECLAC, *Istmo Centroamericano: el carácter de la crisis económica actual, los desafíos que plantea y la cooperación internacional que demanda* (E/CEPAL/CŒ/402/Rev.l), Mexico City, July 1981.

[19]See SELA, *Reunión de Consultay Constitución del Comité de Apoyo al Desarrollo Económico y Social de Centroamérica (CADF.SCA),* Panama, 13 to 15 December 1983, and Action Committee for Support of the Economic and Social Development of Central America, first regular meeting, *Informe del Relator, Anexo l, Programa de Trabajo ¡9&4-¡985,* Mexico City, 1 to 6 March 1984.

4. *The initiative of the National Bipartisan Commission on Central America of the United States Government*

With a view to obtaining bipartisan support for its foreign policy towards Central America and formulating a long-term position as to how the United States can contribute to the region's development, at the beginning of 1983 the United States Administration established a bipartisan commission which completed its work in January 1984 with the submission of the so-called "Jackson Report".[20] This document states that "unless there is a substantial increase in aid, in our view, the prospects for recovery are bleak. The solution to the crisis of Central America does not lie along the path of austerity. We believe that the people of the region must at a minimum perceive a reasonable prospect that, with sustained effort on their part, they can reach 1980 levels of per capita economic activity by no later than 1990... External financing needs between now and 1990 have been estimated at as much as US$524 billion for the seven countries as a group".[21] The Commission thought that multilateral financing bodies, other official lending institutions, private investors and commercial banks would be able to provide about half of this amount and that the remainder (US$12 000 million) "would have to be supplied by the United States".

With respect to the problems of external debt, the Commission thought that the countries of the region should be encouraged to seek the renegotiation of their debts multilaterally, in contrast with the existing practice, which is essentially one of reaction. It went on to state that it was not intended that this should affect the debt negotiations of countries outside Central America, but it was felt that the debt burden should be treated as part of the emergency stabilization effort.

The report sets out in general terms an illustrative institutional structure which would include an organization for the development of Central America and would be supported by a great variety of sources of economic information and analysis..., including for example the proceedings of the economic advisory group now being organized by the Inter-American Development Bank.

Despite all these efforts there has been no major progress in obtaining from the international community the financial resources urgently needed by the subregion to ensure a reasonable chance of economic recovery.

[20]See *Report of the National Bipartisan Commission on Central America,* Washington, D.C., U.S. Government Printing Office, January 1984, pp. 52-53.

[21]The five Central American countries, Panama and Belize.

VII
Some conclusions

From the arguments given above it can be seen that the Central American economies have had to cope with serious external financial imbalances caused mainly by the increase in the external debt service and the additional reduction of foreign exchange for other reasons. This increase derives from loans —especially from private sources— contracted increasingly for short terms and at variable interest rates which have proved to be particularly high.

As the economic imbalance grew worse and the countries of the Isthmus came closer to a critical liquidity position, both the payment of interest and the repayment of principal fell into arrears and began to accumulate, especially with respect to the international banks and bilateral financing sources, and the countries of the subregion were obliged to undertake intense and prolonged renegotiation of the debt.

These negotiations have been accompanied by financing agreements with the International Monetary Fund in almost all the countries. These agreements usually stipulate a commitment to carry out economic stabilization programmes which include various restrictions on total domestic demand combined with export incentive policies, and they envisage, *inter a¿ta,* limits on the public sector deficit, a tight monetary policy, prudent wage adjustments, pricing policies to restore to market forces their regulatory role in the allocation of resources, and realistic exchange and interest rate policies which favour flexibility in external trade and the mobilization of domestic savings.

Even when the renegotiations have eased the pressures of debt service on the external imbalance —and to a large extent on the fiscal imbalance as well— results have so far proved unsatisfactory. Firstly, the renegotiation of the debt has meant an increase in the surcharges on the base rates to cover the costs due to the payment of arrears and the greater doubt as to the recovery of the loans. Furthermore, a percentage has been applied in respect of "deferred charges" and "refinancing" of part of the debt, and the banks have charged other commissions, in their capacity as agents, for arranging the commitment of funds, opening of letters of credit, and legal fees. Secondly, the repayment periods have not been compatible with the real economic possibilities, especially as they have been determined to a large extent by expectation of the beneficial effects of the assumed international economic recovery and of the elimination of internal obstacles.

As to the stabilization policy —which in any event requires a relatively long period for its expected results to emerge— it obliges the countries to operate within a stringent austerity programme which makes it difficult for them to overcome production limitations and reduces their capacity to initiate a domestic economic recovery to restore the region's capacity to service its external debt.

Accordingly, and taking into account the challenges (different in degree but of the same kind) which the Central American countries will have to take up in the remaining years of this decade, they will have to establish a cautious foreign borrowing policy with respect both to the possible renegotiation of part of the current debt and to the signing of new commitments.

Where renegotiation is concerned, it will be necessary to determine the critical period in which arrears will be inevitable, so as to preempt the need to begin a new reprogramming process. The debtor countries will thus be in a stronger position and will be able to undertake multilateral negotiations and eliminate some of the additional costs resulting from the current payment arrears.

It will also be necessary to analyse the true economic prospects for each country, in order to ensure that the repayment periods are consistent with their real capacity, thus avoiding a series of renegotiations, each of which increases the costs.

The international community will have to show greater understanding of the region's economic problems, which stretch beyond the present economic crisis and into the long term, for in fact there are three juxtaposed crises: the general economic crisis, the crisis of the subregional integration programme and the social and political crisis.

The negotiating position of the Central American countries will of course be strengthened to the extent that they devise forms of joint action or establish agreements for concerted reaction. In this connection, it would seem that the solution of the crisis of the Central American Common Market warrants high priority.

With respect to the signing of new external financing commitments, the experience of the past will have to be taken into account in national borrowing strategies. Firstly, recourse to private sources will have to be reserved strictly for the financing of highly profitable activities which have a direct effect on the generation of foreign exchange, and the gestation periods of these activities will have to be consistent with the repayment periods of the debt. This means that in future priority will have to be given to official external financing from multilateral and bilateral sources, and it will therefore be necessary to revive the national capacity to devise development projects, as far as possible with a low imports content.

The allocation of the resources among various sectors and institutions will also have to be determined with care. The foreign debt has also caused financial imbalances and domestic bottlenecks when the resources have been channelled to institutions with little capacity to generate their own funds (in the national currency), and as a result their commitments have reverted to the enfeebled public exchequer.

In any event, in the years ahead it will be essential to apply a clear foreign borrowing policy which enhances the impact *of* the resources obtained on the national economies, in contradistinction to what has happened in recent years. This is of particular importance because the net external resources which can be expected are much smaller than those received in previous years, because the region has serious problems of recovery and reconstruction and because, in the end, it will have to revert to the basic principle that external resources are a complement to and not a substitute for national development efforts.

Statistical Annex

Table 1

CENTRAL AMERICA: BALANCE OF TOTAL DEBT DISBURSED, BY DEBTOR, 1970-1986

	1970	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
	Millions of dollars												
Central America	1349	3 390	3 888	4 601	5908	6 874	7 651	9 834	11 962	13 655	15 106	16 267	17 177
Public	648	1 863	2 201	2 798	3 776	4644	6 387	8 582	10 548	12 578	14 118	15 429	16 257
Private	701	1 527	1 687	1803	2 132	2 230	1 264	1 252	1414	1 077	988	838	920
Cosía Rica	429	1032	1 225	1499	1870	2 233	2 209	2 687	3 188	3 532	3 752	3 742	3 739
Public	134	421	535	734	1 112	1463	1797	2 315	2 807	3 184	3 419	3 425	3 432
Private	295	611	690	765	758	770	412	372	381	348	332	317	307
El Salvador	142	502	514	504	986	939	1 176	1608	1808	2 023	2095	2 162	2 093
Public	117	323	355	358	512	597	1030	1 391	1615	1839	1909	1 982	1927
Private	25	179	159	146	474	342	146	217	193	184	186	180	166
Guatemala	281	465	588	670	821	939	1053	1385	1841	2 149	2 505	2 624	2 641
Public	152	255	309	381	485	607	764	1 148	1435	2000	2 387	2 548	2 470
Private	129	210	279	289	336	332	289	237	406	149	118	76	171
Honduras	183	502	640	826	980	1280	1 388	1588	1986	2 162	2 392	2 803	2 931
Public	90	264	344	458	696	864	971	1 162	1 552	1766	2 041	2 538	2 655
Private	93	238	296	368	284	416	417	426	434	396	351	265	276
Nicaragua"	314	889	921	1 102	1251	1483	1825	2 566	3 139	3 789	4 362	4 936	5 773
Public	155	600	658	867	971	1 113	1825	2 566	3 139	3 789	4 362	4 936	5 773
Private	159	289	263	235	280	370	-	-	-	-	-	-	-
	Percentages												
Central America	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Public	48.0	55.0	56.6	60.8	63-9	67.6	83.5	87.3	88.2	92.1	93.5	94.8	94.6
Private	52.0	45.0	43.4	39-2	36.1	32.4	16.5	12.7	11.8	7.9	6.5	5.2	5.4
Costa Rica	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Public	31.2	40.8	43.7	49.0	59.5	65.5	81.3	86.2	88.0	90.1	91.1	91.5	91.8
Private	68.8	59.2	56.3	51-0	40.5	34.5	18.7	13.8	12.0	9.9	8.9	8.5	8.2
El Salvador	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Public	82.4	64.3	69.1	71.0	51.9	63.6	87.6	86.5	89.3	90.9	91.1	91.7	90.1
Private	17.6	35.7	30.9	29.0	48.1	36.4	12.4	13.5	10.7	9.1	8.9	8.3	9.9
Guatemala	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Public	54.1	54.8	52.6	56.9	59.1	64.6	72.6	82.9	77.9	93.1	95.3	97.1	93.5
Private	45.9	45.2	47.4	43.1	40.9	35.4	27.4	17.1	22.1	6.9	4.7	2.9	6.5
Honduras	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Public	49.2	52.6	53.8	55-4	71.0	67.5	70.0	73.2	78.1	81.7	85.3	90.5	90.6
Private	50.8	47.4	46.2	44.6	29.0	32.5	30.0	26.8	21.9	18.3	14.7	9.5	9.4
Nicaragua	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Public	49.4	67.5	71.4	78.7	77.6	75.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Private	50.6	32.5	28.6	21.3	22.4	24.9	•	-	-	-	-	•	-

Source: ECLAC, based on figures of the World Bank, the Bank for International Settlements and the International Monetary Fund
'Refers to the external public debt from 1980.

Table 2

CENTRAL AMERICA: RATIOS OF TOTAL EXTERNAL DEBT TO POPULATION, PRODUCT AND EXPORTS, 1970-1986

	1970	1975	1978	1980	1981	1982	1983	1984	1985	1986
					Dollars					
Per capita external debt										
Central America	88	190	307	379	475	563	626	675	708	729
Costa Rica	248	525	870	969	1 147	1 325	1 430	1480	1439	1 404
El Salvador"	40	121	218	260	351	391	433	444	453	434
Guatemala	52	74	124	152	195	252	286	324	330	322
Honduras	69	162	285	376	416	502	528	565	641	650
Nicaragua	153	369	489	659	897	1 062	1239	1 379	1 508	1 705
					Percentages					
Ratio to **GDP**[6]										
Central America	24.9	33.8	35.1	37.2	53.7	67.8	74.0	77.0	89.2	83.6
Costa Rica	43.5	52.6	53.1	49.3	99.7	130.6	113.2	101.8	98.0	87.8
El Salvador	13.8	27.5	32.0	33.0	50.2	58.5	61.8	61.1	68.5	53.2
Guatemala	14.8	12.8	13.5	13.4	17.7	24.3	28.0	32.8	42.0	37.0
Honduras	25.3	48.1	54.2	54.6	60.1	75.1	84.2	91.8	103.1	100.4
Nicaragua	40.4	56.8	61.4	87.7	125.8	166.0	207.2	193.7	215.6	252.6
Ratio to exports of goods and services										
Central America	104.4	122.7	125.0	137.1	197.4	270.0	306.9	324.0	364.0	359.8
Costa Rica	154.9	173.1	185.6	184.4	228.7	285.7	311.7	294.3	306.5	271.9
El Salvador	55.5	84.6	106.8	96.8	174.0	219.7	231.7	234.3	253.2	235.2
Guatemala	80.4	59.4	63.3	60.9	95.8	144.1	183.4	203.3	225.8	216.7
Honduras	93.1	145.7	142.6	147.3	179.6	258.9	269.9	287.5	313.5	264.6
Nicaragua	147.3	199.0	157.9	369.4	464.0	702.2	804.5	1 014.4	1 460.4	1 977.1

Source: ECLAC, based on World Bank and official figures.

"From 1979 these are the preliminary population figures estimated by the Planning Ministry (MIPLAN), which differ from theCELADE estimates.

[6] At current prices.

Table 3

CENTRAL AMERICA: BALANCE OF THE EXTERNAL PUBLIC DEBT, BY SOURCE, 1970-1986

	1970	1975	1979	1980	1981	1982	1983	1984	1985	1986
					Millions of dollars					
Central America	648	1863	*4 644*	6 387	8 582	10 548	12 578	14 118	15 429	16 257
Official sources	416	1 013	2 694	3 336	4 559	5 381	7 734	8 808	10 179	10 731
Multilateral	251	591	1 599	1890	2 437	2 764	3 453	4 056	4 932	5 005
Bilateral	165	422	1095	1446	2 122	2 617	4 281	5 752	5 247	5 726
Private sources	232	850	1950	3 051	4 023	5 167	4 844	5 310	5 250	5 526
Costa Rica	134	421	1463	1797	2 315	2 807	3 184	3 419	3 425	3 432
Official sources	96	241	615	658	903	1081	1379	1491	1 654	1613
Multilateral	57	140	361	364	468	511	529	609	959	927
Bilateral	39	101	254	294	435	570	850	882	695	686
Private sources	38	180	848	1 139	1 412	1726	1 805	1 928	1 771	1819
El Salvador"	117	323	597	1030	1391	1615	1839	1909	1982	1927
Official sources	70	145	388	523	716	822	1539	1642	1764	1 727
Multilateral	41	78	229	300	385	431	704	771	823	858
Bilateral	29	67	159	223	331	391	835	871	941	869
Private sources	47	178	209	507	675	793	300	267	218	200
Guatemala"	152	255	607	764	1 148	1435	2000	2 387	2 548	2 470
Official sources	54	129	422	534	729	1 006	1 296	1 406	1 511	1428
Multilateral	33	75	285	350	427	522	644	835	966	981
Bilateral	21	54	137	184	302	484	652	571	545	447
Private sources	98	126	185	230	419	429	704	981	1037	1 042
Honduras	90	264	864	971	1 162	1552	1766	2 041	2 538	2 655
Official sources	86	244	577	618	769	1 009	I 302	1 565	1954	2 044
Multilateral	62	163	374	417	503	660	818	1 049	1 345	1 407
Bilateral	24	81	203	201	266	349	484	516	609	637
Private sources	4	20	287	353	393	543	464	476	584	611
Nicaragua	155	600	1 113	1825	2 566	3 139	3 789	4 362	4 936	5 773
Official sources	110	254	692	1003	1442	1463	2 218	2 704	3 296	3 919
Multilateral	58	135	350	459	654	640	758	792	839	832
Bilateral	52	119	342	544	788	823	1460	1912	2 457	3 087
Private sources	45	346	421	822	1 124	1676	1571	1 658	1640	1 854
				Percentages						
Central America	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Official sources	64.2	54.4	58.0	52.2	53.1	51.0	61.5	62.4	66.0	66.0
Multilateral	38.7	31.7	34.4	29-6	28.4	26.2	27.5	28.7	32.0	30.8
Bilateral	25.5	22.7	23.6	22.6	24.7	24.8	34.0	33.7	34.0	35.2
Private sources	35.8	45.6	42.0	47.8	46.9	49.0	38.5	37.6	34.0	34.0
Costa Rica	100.0	100.0	100.0	100.0	100.0	i 00.0	100.0	100.0	100.0	100.0
Official sources	71.6	57.3	42.0	366	39.0	38.5	43.3	43.6	48.3	47.0
Multilateral	42.5	33.3	24.7	20.3	20.2	18.2	16.6	17.8	28.0	27.0
Bilateral	29.1	24.0	17.3	16.3	18.8	20.3	26.7	25.8	20.3	20.0
Private sources	28.4	42.7	58.0	63.4	61.0	61.5	56.7	56.4	51.7	53.0
El Salvador	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Official sources	59.8	44.9	65.0	50.8	51.5	50.9	83.7	86.0	89-0	89.6
Multilateral	35.0	24.1	38.4	29-2	27.7	26.7	38.3	40.4	41.5	44.5
Bilateral	24.8	20.8	26.6	21.6	23.8	24.2	45.4	45.6	47.5	45.1
Private sources	40.2	55.1	35.0	49-2	48.5	49-1	16.3	14.0	11.0	10.4
Guatemala	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Official sources	35.5	50.6	695	69.9	63.5	70.1	64.8	58.9	59.3	57.8
Multilateral	21.7	29.4	47.0	45.8	37.2	36.4	32.2	35.0	37.9	39.7
Bilateral	13.8	21.2	22.6	24.1	26.3	33.7	32.6	23-9	21.4	18.1
Private sources	64.5	49.4	30.5	30.1	36.5	29.9	32.2	41.1	40.7	42.2
Honduras	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Official sources	95.6	92.4	66.8	63.7	66.2	65.0	73.7	76.7	77.0	77.0
Multilateral	68.9	61.7	43.3	43.0	43.3	42.5	46.3	51.4	53-0	53.0
Bilateral	26.7	30.7	23.5	20.7	22.9	22.5	27.4	25.3	24.0	24.0
Private sources	4.4	7.6	33.2	36.3	33.8	35.0	26.3	23.3	23.0	23.0
Nicaragua	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Official sources	71.0	42.3	62.2	55.0	56.2	46.6	58.5	62.0	66.8	67.9
Multilateral	37.4	27.5	31.5	25.2	25.5	20.4	20.4	18.2	17.0	14.4
Bilateral	33.6	25.2	30.7	29-8	30.7	26.2	38.5	43.8	49.8	53-5
Private sources	29-0	57.7	37.8	45-0	43.8	53.4	41.5	38.0	32.2	32.1

Source: ECLAC: for 1970-1982, based on figures of the World Bank, the Bank for International Settlements and the International Monetary Fund; for 1983-1986, preliminary estimates based on official data.

"Includes Central Bank debt.

Table 4

CENTRAL AMERICA: SERVICE OF THE EXTERNAL PUBLIC DEBT, BY COMPONENT, 1970-1986

	1970	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
							Millions of dollars						
Central America	95	264	285	408	491	553	669	1 168	1626	1635	1661	1 620	1 848
Principal	67	158	156	244	256	258	235	569	798	931	996	987	1 167
Interest	28	106	129	164	235	295	434	599	828	704	665	633	681
Costa Rica	28	64	67	87	182	196	258	419	748	595	650	638	668
Principal	21	41	40	51	113	104	80	126	350	247	336	358	392
Interest	7	23	27	36	69	92	178	293	398	348	314	280	276
El Salvador"	12	98	89	141	91	119	139	301	223	519	364	255	427
Principal	6	75	53	109	42	47	67	234	130	397	269	189	330
Interest	6	23	36	32	49	72	72	67	93	122	95	66	97
Guatemala"	26	30	25	36	50	67	60	127	221	260	360	363	355
Principal	20	16	15	14	15	20	18	77	149	175	235	220	195
Interest	6	14	10	22	35	47	42	50	72	85	125	143	160
Honduras	5	16	28	42	65	113	102	129	231	158	208	296	360
Principal	3	6	13	20	34	71	48	61	uo	72	128	197	237
Interest	2	10	15	22	31	42	54	68	121	86	80	99	123
Nicaragua	24	56	76	102	103	58	no	192	203	103	79	68	38
Principal	17	20	35	50	52	16	22	71	59	40	28	23	13
Interest	7	36	41	52	51	42	88	121	144	63	51	45	25
							Percentages						
Central America	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Principal	70.5	59.8	54.7	59.8	52.1	46.7	35.1	48.7	49.1	56.9	60.0	60.9	63.1
Interest	29.5	40.2	45.3	40.2	47.9	53.3	64.9	51.3	50.9	43.1	40.0	39.1	36.9
Costa Rica	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100	100.0	100.0	100.0
Principal	75.0	64.1	59.7	58.6	62.1	53.1	31.0	30.1	46.8	41.5	51.7	56.1	58,7
Interest	25.0	35.9	40.3	41.4	37.9	46.9	69.0	69.9	53.2	58.5	48.3	43.9	41.3
EI Salvador	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Principal	50.0	76.5	59.6	77.3	46.2	39.5	48.2	77.7	58.3	76.5	73.9	74.1	77.3
Interest	50.0	23.5	40.4	22.7	53.8	60.5	51.8	22.3	41.7	23.5	26.1	25.9	22.7
Guatemala	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Principal	76.9	53.3	60.0	38.9	30.0	29.9	30.0	60.6	67.4	67,3	65.3	60.6	54.9
Interest	23.1	46.7	40.0	61.1	70.0	70.1	70.0	29.4	32.6	32.7	34.7	39.4	45.1
Honduras	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Principal	60.0	37.5	46.4	47.6	52.3	62,8	47.1	47.3	47.6	45.6	61.5	66.6	65.8
Interest	40.0	62.5	53.6	52.4	47.7	37.2	52.9	52.7	52.4	54.4	38.5	33.4	34.2
Nicaragua	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Principal	70.8	35.7	46.1	49.0	50.5	27.6	20.0	37.0	29.1	38.8	35.4	33.8	34.2
Interest	29.2	64.3	53.9	51.0	49.5	72.4	80.0	63.0	70.9	61.2	64.6	66.2	65.8

Source: ECLAC, based on figures of the World Bank, the Bank for International Settlements and the International Monetary Fund.
"Includes service of the Central Bank debt.

Table 5

CENTRAL AMERICA: BURDEN OF EXTERNAL PUBLIC DEBT SERVICE, 1970-1986

(Percentages)

	1970	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
					On exports of **goods** anid services								
Central **America**	7.4	9.6	7.9	8.7	10.6	10.2	12.0	23.4	36.7	36.7	35.6	36.2	39.4
Costa Rica	10.1	10.7	9.5	9.1	18.1	17.9	21.5	35.6	67.0	52.5	51.0	52.3	48.6
El Salvador	4.7	16.5	10.3	13.0	9.9	9.4	11.4	32.6	27.1	59.5	40.7	29-9	48.0
Guatemala	7.4	3.8	2.6	2.7	3-9	4.4	3.5	8.8	17.3	22.2	29.2	31.2	31.7
Honduras	2.5	4.6	6.2	7.2	9 5	13.5	10,8	14.6	30.1	19.7	25.0	33.1	36.1
Nicaragua	11.3	12.5	12.3	14.2	14.3	8.6	22.3	34.7	45.4	21.9	18.4	20.1	13-0
					On **public expenditure**								
Central America"	12.8	16.3	13.8	15.3	16.7	16.3	16.9	31.2	46.6	38.9	35.6	36.4	38.7
Costa Rica	16.8	14.7	11.4	11.7	21.3	18.0	26.4	89.5	183-3	89.1	91.9	90.5	80.9
El Salvador	8.6	28.6	22.9	26.5	15.1	17.6	22.6	46.7	36.7	73.6	55.2	47.2	58.0
Guatemala	13.2	8.1	4.9	6.0	7.2	8.0	5.0	9-4	17.6	23-7	30.5	30.6	17.0
Honduras	3.8	7.4	10.4	12.3	15.9	25.1	18.7	22.0	37.9	23.4	26.7	36.4	43.1
Nicaragua	22.4	22.0	24.2	22.9	27.2	16.5	17.3	27.4	27.4	9.2	5.9	5.3	3.4

Source: ECLAC, based on table 4.
"From 1980 public expenditure refers to the central governments.

Table 6

CENTRAL AMERICA: AVERAGE GROWTH RATES OF EXTERNAL DEBT, 1970-1986

	1970-1973	1973-1978	1978-1981	1981-1983	1983-1986
			Total debt		
Central America	**12.7**	**25.1**	**18.5**	**17.8**	8.0
Costa Rica	18.2	21.4	12.8	14.6	1.9
El Salvador	8.0	40.7	17.7	12.2	1.1
Guatemala	4.8	20.5	19.0	24.6	7.1
Honduras	11.8	30.8	17.5	16.7	10.7
Nicaragua[a]	14.0	21.9	27.1	21.5	15.1
			Public debt		
Central America	**17.3**	**29.2**	**31.5**	**21.1**	8.9
Costa Rica	22.9	34.9	27.7	17.3	2.5
El Salvador	8.6	27.8	39.5	15.0	2.6
Guatemala	5.8	21.9	33.3	32.0	1.6
Honduras	14.2	39.0	18.6	23.3	14.6
Nicaragua	29.2	23.8	38.3	21.5	15.1
			Private sources		
Central America	**21.6**	**31.2**	**-16.3**	-7.3	-5.1
Costa Rica	35.7	44.4	-21.1	-3.3	-4.1
El Salvador	5.4	29.3	-22.9	-7.9	-3.4
Guatemala	-1.4	14.9	-11.0	-20.7	4.7
Honduras	7.7	112.2	14.5	-3.6	-11.3
Nicaragua	55.1	20.3			

Source: ECLAC, based on official figures.

[a] From 1981 refers to the external public debt.

Table 7

CENTRAL AMERICA: AVERAGE TERMS OF EXTERNAL PUBLIC DEBT,"[a] 1970-1982

	1970	1975	1978	1980	1982
Costa Rica					
Interest rate	5.6	7.9	8.6	10.9	14.7
Total term	28.0	17.1	15.3	12.6	6.5
Grace period	6.0	4.2	5.5	4.6	2.0
Subsidy element		13.1	10.1	0.7	
El Salvador					
Interest rate	4.7	6.3	6.0	3.4	8.7
Total term	23.0	17.4	23.6	27.3	13.0
Grace period	6.0	5.7	6.5	8.1	3.0
Subsidy element		27.2	29.5	50.1	
Guatemala					
Interest rate	5.2	7.0	6.1	7.9	9.3
Total term	26.0	18.1	21.3	17.8	13.0
Grace period	6.0	6.3	6.4	4.6	4.0
Subsidy element		21.0	28.4	13.2	
Honduras					
Interest rate	4.1	5.9	7.7	7.0	10.0
Total term	30.0	19.4	16.0	23.8	19.0
Grace period	7.0	5.5	5.5	6.5	4.4
Subsidy element		25.8	15.9	25.8	
Nicaragua					
Interest rate	7.1	7.3	6.4	4.1	9.0
Total term	18.0	17.8	17.3	25.7	10.0
Grace period	4.0	4.7	6.1	*6.6*	6.0
Subsidy element		20.2	26.2	41.5	

Source; ECLAC, based on World Bank and Inter-American Development Bank figures.
"Refers to the average terms of the new loans signed in the years indicated.

Table 8

LATIN AMERICA: TOTAL EXTERNAL DEBT AND ITS RATIO TO 1983 GROSS PRODUCT AND FINAL EXPORTS"

	Total debt (thousands of millions of dollars)	Percentages		
		Ratio to product	Ratio to exports	Ratio of debt service to exports
Latin America	311.6	35.7	282.0	^
Central America	13.6	80.9	347.9	36.7
Costa Rica	3.5	139.4	409.0	52.5
El Salvador	2.0	66.4	235.6	59.5
Guatemala*	2.1	29.9	195.6	22.2
Honduras	2.2	100.6	340.4	19.7
Nicaragua	3.8	184.9	850.5	21.9
Oil exporting countries	134.5	38.6	243.0	-
Bolivia*	2.7	58.4	277.0	30.8
Ecuador	6.2	43.5	236.0	64.0
Mexico	85.0	33.0	270.0	44.3
Pen/	10.6	40.8	238.0	26.3
Venezuela	30.0	61.8	134.0	13.5
Non-oil exporting countries	165.1	33.7	322.0	-
Argentina*	42.0	41.4	365.0	53.0'
Brazil'	83.0	31.6	345.0	**72.6/**
Colombia	10.3	17.4	230.0	20.8
Chile[6]	17.6	60.2	317.0	58.6
Guyana	0.8			
Hait/	0.8	40.9	280.0	8.2
Panama[c]	3.1	49.0		26.3
Paraguay	1.3	26.1	224.0	25.0'
Dominican Republic	2.0	24.4	181.0	**49.3^**
Uruguay	4.2	29.5	193.0	**4iy**

Source: For Central America: ECLAC, based on official and World Bank figures; and for the other countries: CEPAL, *Politicas de ajuste y renegociación de la deuda externa* (E/CEPAL/G.1299), Santiago, Chile, 1984.

"Preliminary figures.

*Total public and private external debt.

'Public debt.

"includes officially guaranteed public and private debt plus non-guaranteed long- and short-term debt with financial institutions which report to the Bank for International Settlements.

'Interest on the total external debt.

'Service of the total external debt.

Table 9

CENTRAL AMERICA: FORECASTS OF THE PUBUC DEBT SERVICE
ON THE DEBT DISBURSED AT THE END OF 1986

(Millions of dollars)

	Total 1987-1994	1987	1988	1989	1990	1991	1992	1993	1994
Central America	15 243	2 287	2 713	2 200	2 050	1853	1653	1351	1 136
Principal	10 208	1 399	1827	1 422	1 366	1 267	1 165	954	808
Interest	5 035	888	886	778	684	586	488	397	328
Costa Rica	4 217	678	784	705	655	526	465	300	140
Principal	2 929	387	495	486	477	389	366	237	92
Interest	1288	291	253	219	178	137	99	63	48
El Salvador	1715	353	254	245	201	196	164	157	145
Principal	1 158	258	168	166	130	131	104	102	99
Interest	557	95	86	79	71	65	60	55	46
Guatemala	2 828	487	668	357	316	293	254	232	221
Principal	1963	320	520	241	210	196	167	155	154
Intérêts	865	167	148	116	106	97	87	77	67
Honduras	2 414	320	336	337	327	310	276	263	246
Principal	1401	178	189	193	191	184	161	157	149
Intérêts	1013	142	147	144	136	126	115	106	97
Nicaragua	4 069	*449*	707	556	551	528	494	399	384
Principal	2 757	256	455	336	358	367	367	303	314
Interest	1 312	193	252	220	193	161	127	96	70

Source: ECLAC, based on World Bank figures.

Table 10

CENTRAL AMERICA: FORECASTS OF EXPORTS OF GOODS AND SERVICES, 1986-1994

	Average annual rate (1987-1994)	Millions of dollars								
		1986	1987	1988	1989	1990	1991	1992	1993	1984
Central America	5.3	4 774	5 023	5 285	5 563	5 856	6 165	6 491	6 838	7 205
Costa Rica	4.2	1 375	1433	1493	1 556	1 621	1 689	1 760	1 834	1 911
El Salvador	6.0	890	943	1 000	1 060	1 124	1 191	1 262	1 338	1419
Guatemala	4.8	1 219	1 278	1339	1 403	1 470	1 541	1 615	1693	1 774
Honduras	5.0	998	1 048	1 100	1 155	1 213	1 274	1 337	1 404	1 475
Nicaragua	10.0	292	321	353	389	428	470	517	569	626

Source: ECLAC.

Table 11

CENTRAL AMERICA: RATIO OF PUBLIC DEBT SERVICE TO EXPORTS OF GOODS AND SERVICES, 1986-1994

(Percentages)

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Central America	39.4	45.5	51.3	39.5	35.0	30.1	25.5	**19.8**	**15.8**
Costa Rica	48.6	47.3	52.5	45.3	40.4	31.1	26.4	16.4	7.3
El Salvador	48.0	37.4	25.4	23.1	17.9	16.5	13.0	11.7	9-7
Guatemala	31.7	38.1	49.9	25.4	21.5	19.0	15.7	13.7	12.5
Honduras	36.1	30.5	30.5	29.2	27.0	24.3	20.6	18.7	16.7
Nicaragua	13.0	139.9	200.3	142.9	128.7	112.3	95.6	70.1	61.3

Source: ECLAC, based on tables 9 and 10.