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Economic Commission for Latin America

PRELIMINARY OVERVIEW OF THE LATIN AMERICAN ECONOMY DURING 1983 */

*/ Information provided by Mr. Enrique V. Iglesias, Executive Secretary of ECLA, at the end-of-year press conference held at ECLA headquarters on 16 December 1983.

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I. SUMMARY AND CONCLUSIONS

1. Summary

The economic evolution of Latin America in 1983 was characterized by two main features. The first was the aggravation of the crisis which began in 1981 and which by 1982 had become the most serious one experienced since the Great Depression of the 1930s. The second was the remarkable effort made by most of the countries of the region to reduce the serious imbalances that had been building up in the external sector over the last few years.

In 1983, as in 1982, the crisis affected almost every country of the region and was evident in the deterioration of the main economic indicators. Thus, according to the preliminary estimates available to ECLA, which are shown in table 1:

i) The gross domestic product of Latin America as a whole dropped by 3.3%, after having already declined by 1% in 1982.

ii) As a result of this drop and of the increase in population, the per capita product fell by 5.6% in the region as a whole; it fell in 17 of the 19 countries for which comparable information is available.

iii) As a result of this decline and of the fact that it had also fallen during the two preceding years, the per capita product of Latin America was almost 10% lower in 1983 than in 1980 and was back at the level the region had reached in 1977.

iv) The national per capita income fell even more sharply (-5.9%), as 1983 brought a further deterioration, for the third year in a row, of the terms of trade for the region as a whole, and, for the sixth year in a row, of the terms of trade of the non-oil-exporting Latin American countries. The terms of trade for the latter showed a total decline of 38% by comparison with 1977 and, for the second year in a row, was even below the level reached during the worst times of the Great Depression.

v) The slowdown of economic activity was accompanied by a new rise in urban unemployment rates in almost every country for which relatively reliable data are available.

vi) In spite of this, inflation accelerated spectacularly, as it had over the last three years, reaching record highs. The simple average rate of increase of consumer prices rose from 47% in 1982 to 68% in 1983 and the rate weighted by population rose even more sharply, from 86% in 1982 to 130% in 1983.

At the same time, the extraordinary effort made by the region to adjust to these problems was reflected in profound changes in the external sector. Thus, in 1983:

/i) Latin

i) Latin America achieved a record merchandise trade surplus. Merchandise trade, which up to 1981 had regularly shown a negative balance, but which by 1982 had recorded a surplus of over US$ 9.7 billion, generated a surplus of almost US$ 31.2 billion in 1983 (see figure 1).

ii) This surplus was due, however, to a new and spectacular drop in the value of imports of goods, which went down by close to 29% after having fallen by 20% in 1982. This unusual reduction in foreign purchases was both an effect and a cause of the shrinkage of domestic economic activity and a reflection of the exceptionally strict adjustment policies applied in many countries.

iii) The value of exports of goods, on the other hand, fell slightly, even though the volume of exports rose by 7% in the region as a whole and by 9% in the non-oil-exporting countries.

iv) Net remittances for profits and interest also went down, so that the exceptionally high rate of growth of previous years was halted. These payments, which between 1977 and 1982 had risen more than fourfold, from US$ 8.6 billion to US$ 36.8 billion, fell to somewhat under US$ 34 billion in 1983. Nevertheless, since the value of exports fell at the same time, payments for interest and profits were still equivalent to almost 39% of exports.

v) As a result of the changes in merchandise trade and in payments for profits and interest, and of the considerable reduction of net payments for services, the deficit on current account fell sharply, from US$ 36.4 billion in 1982 to under US$ 8.5 billion in 1983, thus reaching the lowest level since 1974.

vi) This exceptional reduction of the deficit on current account went hand in hand with and, to a very great extent, was caused by a no less drastic shrinkage of the net inflow of capital. This item, which in 1982 had already been cut in half, after having reached a record high of US$ 38 billion in 1981, again fell sharply in 1983, amounting to only US$ 4.5 billion.

vii) Because of this sharp contraction in the net movement of loans and investments, and despite the substantial reduction of the negative balance on current account, the balance of payments closed with a deficit of almost US$ 4 billion; although this was much lower than the US$ 19.8 billion recorded in 1982, it represented a new and dangerous reduction of Latin America's international reserves.

viii) As had already been the case in 1982, the abrupt decline of the net inflow of capital meant that much less capital came in than was paid out for interest and profits. Consequently, Latin America, which up to 1981 had received a net transfer of real resources <u>from</u> abroad, in 1983 made a net transfer of resources <u>to</u> the rest of the world of almost US$ 30 billion.

ix) Also as a result of the decline in the net inflow of capital, the growth rate of external debt slackened for the second year in a row. The external debt grew by 7%, i.e., at a much lower rate than the 12% growth rate of 1982 and very much lower than the 23% rate recorded, on average, between 1977 and 1981.

/2. Conclusions

2. Conclusions

a) The unique profile of the Latin American economic crisis

The figures given above show the unusual scope and depth of the recessive crisis which almost every Latin American country is experiencing and leave no doubt that, for the region as a whole, 1983 was the worst year in the last half century. For most of the countries, the reduction of income during the period 1982-1983 has meant going back to the standard of living of several years ago.

It is true, of course, that in many cases the crisis was partly the result of domestic factors related to ill-advised economic strategies or policies, the prolonged application of which was facilitated by the accelerated growth of external indebtedness and by the international financial permissiveness that prevailed during the 1970s.

It is no less true, however, that the serious balance-of-payments crisis with which Latin America has been faced in recent years may be attributed, to a large extent, to external causes which by their very nature were beyond the control of the countries of the region. Such was the case of the spectacular drop in the terms of trade, the high nominal and real interest rates and the severe contraction of the net inflow of private capital. Even more unpredictable were the intensity and the duration of this phenomenon, a situation which is clearly atypical by comparison with what has happened in the large central countries during previous recessions.

In any event, it is obvious that at this stage of the game, the solution to some of the most serious problems facing the region will depend mainly on external factors over which the region has little or no control. That is why the domestic economic policy options open to the countries are so complex and fraught with difficulties and that is also why the prevailing atmosphere is one of uncertainty and perplexity.

In order to deal with the balance-of-payments crisis, many Latin American countries implemented, beginning in 1982, drastic and painful adjustment measures with which imports were reduced dramatically, to the point where in many cases the volume of imports fell by over 50% during the last two years.

In addition, the sharp devaluations made by many countries in order to balance their external accounts contributed to the reinforcement of inflationary pressures which, after some time, led to the application of stabilization policies. Thus, the recessive effect which is normally produced by such policies over the short term was added to that produced by the sharp drop in imports.

The combination of these factors had another serious consequence: investment fell very sharply and in some countries a significant proportion of installed capital deteriorated or was destroyed, as many enterprises went out of business.

/The social

The social consequences of the current situation have been no less serious. Indeed, in many countries, employment and real wages have reached the lowest levels since the Great Depression and, in some cases, have nearly reached the critical limits of social tolerance.

In some countries the situation has been further aggravated by unusually severe natural disasters, which have accentuated the loss of income and the slowdown of the economy caused by the general crisis.

Nevertheless, not everything was negative in 1983. Some countries which had already followed cautious policies with respect to foreign debt were able to cope with the negative aspects of the international situation. Many other countries of the region have implemented programmes aimed at adjusting their balance of payments and in this effort have received some co-operation from the international financial community; this has prevented the immediate effect of the crisis from worsening. Moreover, a relatively calm atmosphere has been restored on the immediate financial scene; this, of course, does not mean that the problems have been solved or that the risk of serious financial crisis has been eliminated.

These and other aspects of the situation discussed in this document show that the Latin American recession has a profile of its own and that the situation of Latin America is different from the situation in other regions of the Third World and, as a matter of fact, from any similar situation that has arisen during the entire postwar period.

b) The questions of the moment

Latin America has undoubtedly shown an extraordinary sense of responsibility in the way that it has responded to the challenges posed by the current external crisis. Suffice it to recall that in the last few years many of the countries implemented sharp real devaluations with a view to promoting their exports, replacing essential imports and eliminating non-essential imports. To reduce excessive domestic expenditure and fiscal deficits, they also have substantially raised the prices of many public utilities and reduced a number of subsidies.

Nevertheless, these measures -which, in fact, are not easy to implement, politically speaking, and which were oriented towards reallocating resources to the production of tradable goods- were taken on the assumption that a reactivation of the international economy would facilitate exports and restore the terms of trade and bring interest rates back to levels closer to those which had historically prevailed.

Unfortunately, this was not the case. Although 1983 saw the beginning of a recovery in the main central economy, this has not benefited Latin America through any of the above-mentioned mechanisms. Moreover, over the last few years, and especially in 1983, the region has been affected by yet another unfavourable change on the external scene: the drastic reduction of the inflow of capital, the effect of which has been equivalent to a deterioration of one-third in the terms of trade.

/That is

That is why domestic adjustment had to be recessive in nature and why it was based on an unprecedented reduction of imports -even essential ones- and not on an increase in exports. Thus, precisely at the worst time -during an internatinnal recession- the region was obliged to generate a substantial trade surplus, to become a net exporter of resources to the central countries, and to accept additional and exceedingly burdensome costs in order to be able to refinance part of the external debt it had accumulated.

It therefore seems only natural that, as 1983 comes to a close, we should ask ourselves the following questions:

What can Latin America expect, over the short term, of the current reactivation of the international economy?

How long can the indispensable domestic reactivation be postponed if the present situation of the international economy continues to prevail?

After the profound traumas of the last few years, will moderate rates of economic recovery be adequate to deal with the serious social problems that have arisen as a result of the recession of the last three years?

i) What international economic recovery? International public opinion views the economic recovery of the United States with satisfaction, but also points to the contradictions and puzzles posed by the phenomena which accompany it. On the one hand, the so-called "locomotive" theory, according to which the United States economy would be dynamic enough to pull along the other industrial centres, shows no sign of having been confirmed at this point. On the other hand, there are still three elements that are vital if the international recovery is to have any significant effect on the countries of the periphery and, in particular, on the Latin American economies.

In the field of trade, the terms of trade of Latin America have continued to deteriorate -with some exceptions- during 1983 and no substantial increase in commodity prices seems to be in sight in the near future. Moreover, as a result of certain well-known phenomena, some of which have to do with the high level of real interest rates, protectionist trends in the central countries have persisted and even increased; this detracts from the transparency and dynamism of international trade and particularly hinders the growth of new exports.

In the financial field, real interest rates continue to be very high, as a result of many factors, to unit: the fact that the governments of some industrial countries have used the financial system to cover their substantial fiscal deficits; the nature of the anti-inflationary policies applied in the large central economies; the disappearance of the liquid surpluses of the oil-exporting countries; the pressure to attract savings in order to deal with new capital-intensive investment, and others. Thus, hardly anyone thinks that in 1984 there will be any substantial reduction of real interest rates, a phenomenon which is of fundamental importance to the management of the external debt of the developing countries.

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In the field of capital transfers, there has been a drastic reduction in the net inflow of capital, which, after having reached an unprecedented level of US$ 38 billion in 1981, fell to barely US$ 4.5 million in 1983; this drop would have been even greater had not the International Monetary Fund prevailed on the commercial banks to increase somewhat their loans to Latin America.

The behaviour of these variables in the reactivation process is fundamental to the viability of the current adjustment processes. It should be remembered that if the terms of trade had been similar in 1983 to what they were in 1980 (25% higher) and if at the same time real interest rates had been similar to those prevailing when the bulk of the debt was contracted (on average, 4 points lower than at present), the region would have had US$ 25 billion more during 1983; with this amount it could easily have met its commitments without having to reduce its imports so drastically and without having to resort to new external indebtedness. In other words, if normal conditions were restored in the area of trade and finance, Latin America would be able to meet its external commitments without having to sacrifice its potential for growth.

ii) Latin America cannot continue to contract its economy. It must be made quite clear that the region cannot continue applying the current adjustment mechanisms for much longer under the existing external conditions. This could lead, at least in some countries, to situations that would be difficult to control, both economically and socially, and could give rise to tensions which would jeopardize the very capacity of the economies to recover and hence to service their accumulated debt on time. It is advisable, therefore, to ask what the main limitations of the current adjustment processes are.

Adjustment and overadjustment. In recent years, the region has had to carry out what essentially amounts to a twofold adjustment. The first and better known one is the adjustment to the extremely unfavourable trend in the terms of trade and in real interest rates. The second one has been the adjustment aimed at dealing with a more recent but no less serious development, i.e., the massive contraction of the net inflow of private capital. Thus, because the sluggishness of international trade and the "financial depression" have occurred simultaneously, the region has not only had to adjust but has had, in actual fact, to "overadjust".

The perverse transfer of resources. Because the net inflow of capital fell so sharply and payments for profits and interest were so high, Latin America -first in 1982 and again and to a greater extent in 1983- made net transfers of resources to the exterior which amounted to US$ 20 billion and US$ 29 billion respectively. This situation, which contrasts sharply with what had historically been the case in the developing countries, has become a key element in the profound depression of Latin America and one which will also be a decisive factor in the establishment of any economic recovery policy to be pursued in the future.

The asymmetry of the cost of adjustment. There are also other elements which have contributed to the aggravation of the balance-of-payments problems. Among these, special mention should be made of the high costs and the bank surcharges that are involved in the renegotiation process, which have been added

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to the negative effects of the high interest rates. This increase in the financial costs -which contrasts with past experiences and with the crisis measures that banks normally apply to any enterprise- has aggravated external imbalances and has meant that virtually all the cost of adjustment has been transferred to the debtor countries. Indeed, this procedure is tantamount to an abdication, on the part of the international commercial banks, of their share of the responsibility for triggering the payments crisis with which the region is now faced.

Thus, Latin America cannot prolong the current process of recessive adjustment; instead, what it needs is to carry out a growth-oriented adjustment. Insofar as it must for some time generate a trade surplus, it will have to achieve this by increasing exports -i.e., by resorting to a factor that helps raise the rate of economic growth- rather than by again reducing imports, which would only make the recession worse.

c) The inevitable recovery

One of the most puzzling questions of the moment is the prevailing uncertainty about the possible modalities of and the prospects for international recovery. However, if the current situation with respect to prices of raw materials, real interest rates and transfers of private capital continues, two different courses will be open to the economies of the region in 1984. Some countries whose external situation is better and whose domestic adjustment programmes have been relatively successful may see a modest recovery in their economic growth rate. However, because the service of their external debt will represent such a heavy burden, they will have little room for the recovery of domestic expenditure and hence of employment levels. Other countries which face more serious external situations and, in addition, have to deal with heavy inflationary pressures, may see a persistence of recessive trends and this will aggravate the critical economic and social situation that has prevailed in recent years.

In actual fact, neither the first of these options nor the second is acceptable. Indeed, what Latin America needs is a firm and vigorous recovery policy. There is no question, however, that any recovery process aimed at strengthening the deteriorated regional economy will be conditioned by both external and internal factors.

Among the former, the most important and the one which, in the last analysis, determines, over the short run, the manoeuvring room which most of the Latin American governments will have for implementing their economic recovery is the rescheduling of the external debt. Over the medium term, on the other hand, the key element for enabling Latin America to achieve rapid and persistent economic growth is the expansion of its external trade, both within the region and with the rest of the world.

Two of the internal factors that condition the effort to put more dynamism into the economy seem to be dominant: on the one hand, recovery programmes must be made compatible with the abatement of inflationary pressures, both traditional and recent; on the other hand, the patterns of growth must be restructured over the medium term in order to make it possible to achieve, among other objectives, a

/substantial increase

substantial increase in the exporting capacity of the region. The latter is, moreover, a prerequisite for enabling the region to pay the service of its accumulated debt on time.

i) New mechanisms for rescheduling the external debt. It is important to stress, however, that not all the Latin American countries are in the same situation as regards the servicing of the debt under the current adjustment mechanisms; moreover, the unfavourable international situation does not affect all of them in the same way. That is why it would be very difficult to arrange for a joint rescheduling of the external debt of Latin America.

Nevertheless, because of the absolute necessity of conditioning the service of the debt to the requirements of domestic recovery and economic development, the time seems to have come, for many countries, to make global proposals for changes in the existing rescheduling mechanisms.

To this end, joint action should be undertaken, in accordance with the proposals made by the Group of 24 to promote, in international fora such as the International Monetary Fund and the World Bank, measures to improve the existing international financial mechanisms and to improve the international environment in which the adjustment processes are carried out.

It is also important to consider the possibility of the countries of the region jointly proposing to the international financial community certain minimum conditions that must be met in the immediate future in connection with the adjustment processes, until such time as the conditions on the international financial commercial markets improve.

These conditions should include, among others, the following:

- in no case should a country devote to the service of its external debt resources amounting to more than a prudent percentage of its export income, guided by the need to maintain the minimum level of imports required for its economic recovery and development;
- the cost of making adjustments should be distributed more evenly by drastically reducing the current financial costs that are added to the high interest rates. Consideration should also be given to the possibility of using provisional mechanisms such as the interest rate subsidies that were studied during the 1960s, especially for international loans from public sources, which would considerably alleviate the financial burdens, so vital to the current adjustment process;
- amortization periods should be extended considerably in order to avoid in future the persistence of a perverse transfer abroad of resources;
- firm commitments should be made to obtain additional resources in order to provide for the refinancing of a higher proportion of interest payments, to facilitate the expansion of trade in the countries of the region, and to ensure the financing of satisfactory levels of domestic investment. In this regard, renewed support for the efforts of the World Bank, the Inter-American Development Band and other regional financing agencies will be fundamental.

/In recent

In recent times, long-term global solutions have been proposed which have not yet been given proper attention by the large financial centres of the world. Nevertheless, if the current international situation continues for much longer, the force of circumstances might make some of these alternatives viable. In particular, it would be worthwhile to consider the possibility of converting a substantial part of the accumulated debt into long-term bonds, with real interest rates being brought back near to historical levels and with grace periods being granted for their servicing. This would enable the countries to gain time for undertaking the necessary domestic adjustments and for ascertaining the effect of the measures aimed at increasing their export capacity and substituting imports.

In any event, the management of the debt under existing international circumstances presents the region with a difficult dilemma. On the one hand, to eliminate the perverse transfers of resources abroad so as to sustain domestic recovery programmes, it would be necessary to obtain new net credits which would raise the already high level of the existing external debt; on the other hand, in order to meet part of the service of the debt with resources generated through a trade surplus, it would be necessary, in the absence of a significant increase in exports, to again reduce the already low volume of imports and this would work against any effort to reactivate the economy. That is why, over the short term, any effort that is made in this regard must provide for both an inflow of new resources and a substantial abatement of financial costs.

ii) The recovery of international trade. The current preoccupation with the problems pertaining to the management of the external debt have led the countries to overlook the close linkage that exists between their debt and their trade problems. As is well known, in the last analysis, the final solution to existing and future balance-of-payments problems can only be found by expanding trade and increasing export income.

To achieve this, it will of course be necessary to increase the countries' exporting capacity; however, it will also be necessary to create an international environment in which the markets for Latin American exports can be expanded and the prices of these exports can be improved.

The protectionist practices that have increasingly been applied in the central countries certainly do not make it easy for these conditions to be met.

iii) The protection and expansion of regional trade. Concomitantly with the contraction of Latin America's trade with the rest of the world, there has been a sharp deterioration of regional trade and a recrudescence, in by no means a few Latin American countries, of defensive measures of a protectionist nature arising from the difficult balance-of-payments situation faced by almost all these countries.

/This situation

This situation must not continue. In order to reverse it, it would be necessary, in the first place, to put a stop to the imposition of new measures that hinder intra-regional trade and, in the second place, to adopt various measures of a preferential type, such as ad hoc agreements of limited scope or the utilization of the purchasing power of State governments to promote trade. To this end, it will also be essential to expand the existing regional financial mechanisms and promote a more imaginative role for Latin American financial institutions, some of which are already implementing programmes to support the expansion of intra-regional trade.

These and other joint policies that might be adopted by the region under the present circumstances, both in order to promote collectively the adoption of measures at the international level and to accelerate and give greater depth to the regional co-operation processes, will be studied next January in Quito during a meeting -proposed by the President of Ecuador- of Heads of State and their personal representatives at the ministerial level.

iv) Domestic factors that condition recovery. We shall not discuss this matter in detail here. We do expect, however, to do so at the forthcoming session of the Economic Commission for Latin America, to be held in April 1984; on that occasion, the Secretariat will present its views on this matter.

Nevertheless, we cannot neglect now to mention that in the very near future the region will have to deal with a series of factors that will force it to take a serious look at the development policies and strategies that have been applied up to now. This is essential if a degree of economic dynamism is to be achieved that will enable the region to respond to its serious social problems, which, as we have mentioned above, have been aggravated by the current recession.

The rather difficult changes that may have to be made in international finance and trade; the burden of the accumulated debt -which is, in a way, a mortgage on our future development; the continuation and, in some cases, aggravation of old structural rigidities; and inflationary pressures, the solution to which is only difficultly compatible with schemes for development and social justice, are some of the elements that will require us to revise some of our ideas and seek and formulate new policies.

In this regard, as has been illustrated by recent experience, it is important to remember the risks that are involved in development strategies that are indiscriminately linked to international finance and trade. These risks are now obvious, considering the violent, prolonged and unpredictable changes that have occurred in the international parameters in which we have been trusting.

Nevertheless, it is also of crucial importance to make it quite clear that the current crisis of Latin America is a crisis of liquidity and not one of solvency and that the region has the capacity to respond and the means to deal in future with its main problems.

It is to be hoped that the international financial community, recognizing the unique profile of our crisis, will co-operate intelligently, bearing in mind the existing circumstances, and will help us overcome these problems of liquidity so as to prevent a real crisis of solvency from developing.

/II. MAIN

II. MAIN TRENDS

1. Production and employment

The slowdown of the Latin American economy, which had already been evident in the two preceding years, was even more pronounced in 1983. After having risen by only 1.5% in 1981 -the lowest growth rate since 1940- and having fallen by 1% in 1982, the gross domestic product of the region fell by 3.3% in 1983 (see table 2).

As a result of this unprecedented reduction of economic activity and an increase in population, the per capita product fell for the third year in a row, at a much higher rate (-5.6%) than in 1981 (-1%) and 1982 (-3.3%). Consequently, the per capita product was almost 10% lower in 1983 than in 1980.

The exceptional intensity of the decline in economic activity over the last three years was also reflected in the large decreases in the per capita product of several Latin American countries. During this period, the per capita product fell by over 20% in El Salvador, Bolivia and Costa Rica; by over 15% in Uruguay and Peru; by over 14% in Chile; by around 14% in Argentina and Guatemala; by almost 12% in Brazil, and by slightly over 10% in Venezuela and Honduras (see table 3).

As in 1982, the decline of economic activity was widespread. Indeed, the gross domestic product dropped in 14 of the 19 countries for which comparable information is available, remained virtually at a standstill in two of them, and rose slightly in the three remaining countries. The global social product rose by around 4% in Cuba */ (see table 2).

Nevertheless, contrary to what happened in 1982, the decline in the product of the region as a whole in 1983 was due in particular to the highly unfavourable trend in productive activity in Brazil and Mexico, which are by far the two largest economies in Latin America.

In Brazil -which alone generates around one-third of the total domestic product of the region- economic activity fell by around 5%, after having risen marginally in 1982. This fall, which is without precedent in the last fifty years of Brazil's economic growth, was due, in particular, to the new and sharp reduction in the volume of imports and the serious cutbacks in public sector investment programmes, as well as to the growing uncertainty caused by the acceleration of the inflationary process and the prolonged and laborious efforts of the economic authorities to renegotiate the external debt and to enter into a stand-by agreement with the International Monetary Fund.

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*/ The concept of global social product used in Cuban statistics is equivalent to the sum of gross production in the agricultural, industrial, mining, energy, transport, communications and trade sectors.

/The gross

The gross domestic product also fell markedly (-4%) in Mexico, where economic activity had declined slightly in 1981, after having grown substantially over the previous four years. This contraction was mainly caused by the drastic reduction of domestic demand and of the volume of imports that was brought about by the restrictive policy applied by the government in order to strengthen the balance of payments and control the violent inflationary process that had been unleashed during the preceding year. Although the implementation of this policy did cut in half the substantial public sector deficit of 1982 and helped generate an impressive trade surplus, it also caused considerable reductions in fiscal expenditure, private investment and wages, and a substantial increase in unemployment, with the resulting negative effects on domestic expenditure and the level of activity.

The product fell even more seriously in Bolivia (-6%) and, particularly, in Peru (-12%); in 1983, these two countries suffered from an unusual combination of natural disasters, characterized mainly by excessive rains and flooding in some regions and prolonged and serious drought in others. In addition, Peru, whose agricultural production had been particularly damaged by these disasters, was also affected by a change in the ocean currents which caused a sharp drop in the output of the fishing sector. In both countries, economic activity was also affected by extraordinarily strong inflationary pressures and in Peru the volume of imports fell sharply.

The situation was similar, although less serious in Ecuador, whose domestic product fell by 3.5% because fishing, agricultural and industry in the coastal region suffered the destructive effects of unusually heavy rains, flooding and tidal waves; inflation reached an unprecedented level (66%), and the volume of imports dropped markedly (-25%).

The trends of production and employment continued to be very unfavourable in Uruguay. After having remained at a standstill in 1981 and having fallen by almost 9% in 1982, the gross domestic product dropped by 5.5% in 1983. As in the previous year, this new decline was caused, in particular, by the substantial decline of industrial production, construction and commercial services and the severe contraction for yet another year of the volume of imports, which fell by 39%, after having dropped by 30% in 1982 and 14% in 1981. Also as in 1982, the decline of economic activity went hand in hand with a considerable increase in unemployment. As shown in table 4, and figure 2, the unemployment rate in Montevideo, which almost doubled between 1981 and 1982, continued to rise in 1983, exceeding 16% towards the middle of the year.

During 1983, the level of economic activity also fell in Venezuela, whose gross domestic product is estimated to have dropped by around 2%. Since it had remained virtually at a standstill since 1978, the per capita product fell for the fifth year in a row. As in other countries, two major causes of the decline in economic activity were the sharp fall of imports -the volume of which fell by 60%- and the increased uncertainty caused by the devaluation of the bolívar and the profound changes made in the exchange system, which came after a long period of a fixed exchange rate and virtually no restrictions on foreign currency transactions.

/The domestic

The domestic product also fell in most of the Central American economies. Nevertheless, the slowdown of economic activity was relatively small and was much less serious than it had been previously in some of these countries. This change was especially marked in Costa Rica -where the product fell by 0.5% in 1983, after having fallen by around 5% in 1981 and by 9% in 1982- and in Nicaragua, which managed to increase its product by 2%, thus offsetting the decline it had experienced in 1982. On the other hand, the economy grew much more slowly (0.5%) in Panama, whose rate of growth in 1982 (5.5%) had been the highest in Latin America.

In Chile, the sharp decline of economic activity, which had begun in mid-1981 and which in 1982 had caused the gross domestic product to fall by over 14% and unemployment to rise just as sharply, was attenuated in 1983 (see table 2 and figure 2). Although economic activity continued to fall during the first half of 1983, it tended to recover slowly after that, as a result of increased public expenditure, lower real interest rates, and the increased protection of activities competing with imports that was provided by the maintenance of a higher real exchange rate, the raising of the general tariff from 10% to 20% and the imposition of higher special tariffs on imports of certain agricultural and industrial goods. Nevertheless, this recovery did not compensate for the fall of economic activity during the first half of the year and consequently, the gross domestic product dropped by around 0.5% over the year as a whole. In addition, although open unemployment in Greater Santiago fell almost constantly, from 25.2% during August-October 1982 to 17.7% a year later, this was mainly due to the enormous expansion, during that period, of the emergency employment programmes carried out by the government, the productivity of which is generally low and in which wages are also very low.

The recovery of economic activity was much greater in Argentina. In this country, the product rose by 2%, thanks, in particular, to the fact that industrial production rose by around 9%. Nevertheless, inasmuch as overall economic activity had dropped by 11% over the previous two years, while manufacturing production had fallen by almost 23% between 1979 and 1982, neither one came close, in 1983, to recovering the levels they had reached in 1977.

The gross domestic product of Colombia was only slightly higher (0.5%) in 1983 and that country's growth rate declined for the fifth year in a row. The main cause of the slowdown of the economy was the decline of industrial production, which was affected by the slow growth of domestic demand and the reduction of exports to Venezuela and Ecuador, where Colombian manufactures ceased to be competitive after the devaluation of the bolívar and the sucre. As a result of the decline of industrial production and despite the moderate growth of construction, unemployment rose for the second year in a row in the main cities of the country, reaching an average of 11%, the highest figure for the last nine years (see table 4 and figure 2).

Finally, in 1983, economic activity rose by 4% in both Cuba and the Dominican Republic, the only two countries of the region which, along with Colombia and Panama, were able to raise their overall levels of production steadily over the last three years.

/2. Inflation

2. Inflation

Despite the decline of economic activity and the rise of unemployment, and despite the weakening of inflationary pressures abroad, the rate of increase of prices continued to rise in most of the Latin American economies, reaching a new record for the region as a whole in 1983. Indeed, the simple average rate of increase of consumer prices rose from 47% in 1982 to 68% in 1983 and the rate weighted by the population rose even more sharply, from somewhat under 86% in 1982 to 130% in 1983.

Inflation rose at a particularly virulent rate in Argentina, Brazil, Peru, Ecuador and Uruguay, while the rate of increase of prices continued to be very high in Mexico and, especially, in Bolivia. On the other hand, inflation dropped dramatically in Costa Rica, fell moderately but steadily in Colombia and was very low in Barbados, the Dominican Republic and Panama (see table 5).

Consumer prices continued to rise sharply in 1983 in Argentina, so that by the end of November the annual rate of increase was 400%, almost double that of the previous year and much higher than the rates recorded in 1975 and 1976 (see table 5 and figure 3). As in previous years, this phenomenon was related to the existence of a considerable fiscal deficit and the spreading of increasingly negative expectations about the future trend of prices. Thus, for the eighth time in the last nine years, inflation in Argentina reached a three-digit level.

Inflation also rose sharply in Brazil. As a result of the high public sector deficit, the maxidevaluation of the cruzeiro in February, the subsequent increases in the exchange rate, the deterioration of expectations and the complex and generalized indexing system that was in force, consumer prices, which had risen at a rate of around 95% between 1980 and 1982, rose by 175% during the twelve months ending in November 1983, while the general price index more than tripled in the same period.

The acceleration of inflation was also extraordinarily serious in Peru, while the annual rate of increase of consumer prices, after having fluctuated around 70% in 1981 and 1982, rose to almost 125% in October 1983. This notable increase was the result, in particular, of the much more rapid devaluation policy followed by the economic authorities up to August, as well as of the high increase in food prices which resulted from the reduction of crops caused by the drought and the floods.

Although it was much lower in absolute terms than in Peru, Brazil and Argentina, inflation rose more sharply in relative terms in Ecuador. As shown in figure 4, between October 1982 and October 1983, the annual rate of increase of consumer prices more than tripled, rising from 20% to 66%. As in other countries, this acceleration of the inflationary process was largely due to the devaluations of the sucre that were enacted beginning in 1982, after a long period of stability in the exchange rate. In this case, however, the rise of inflation was also due, to a large extent, to the decrease in the supply of agricultural products caused by the floods.

/In 1983

In 1983, inflation also rose constantly and sharply in Uruguay, where the rate of increase of prices, after having shown a steady downward trend between early 1980 and November 1982, rose sharply after the devaluation of the peso at the end of November 1982. Thus, the annual rate of inflation rose to 63% in November 1983, almost six times the rate that had been reached immediately before the increase in the exchange rate. As inflation is expected to be considerably lower in December 1983 than in December 1982 (when prices rose by around 9% after the devaluation of the peso), the annual rate of increase of consumer prices will probably go down to around 55% at the end of 1983 (see figure 4).

The inflationary process followed a different trend in Bolivia, where, up to October 1983, prices had risen at an annual rate that was lower (249%) than the rate recorded at the end of 1982 (296%). Nevertheless, as shown in figure 3, the rate of inflation in Bolivia continued to be the second highest in the region. Moreover, as minimum wages were raised by over 70% in November and the exchange rate was increased by 150% during the same month, after having remained steady for a year, inflation can be expected, over the next few months, to rise beyond its already high level.

In 1983, inflation also remained very high in Mexico, although it slowed down after the middle of the year. As shown in figure 3, the annual rate of increase of consumer prices reached a record high of almost 120% in July, but subsequently dropped almost steadily, so that it was 92% in November.*/ This reversal of the inflationary trend was mainly due to the considerable reduction of the fiscal deficit and the more restrictive wage policy applied by the economic authorities.

The reversal of the inflationary trend was even more definite and spectacular in Costa Rica where, as in Mexico, the rate of increase of prices had risen with exceptional force in 1982. As shown in figure 4, after having reached an unprecedented level of around 110% in September 1982, the rate of increase of consumer prices fell dramatically and steadily over the following months and in October 1983 it was under 13%.

The trajectory of inflation was much more complex in Chile in 1983. Indeed, between June 1982 -when the peso was devalued after almost three years of stability- and June 1983, the annual rate of increase of consumer prices rose steadily from 4% to somewhat over 32%. Nevertheless, as the effect on the cost of tradable goods of the sharp rises in the exchange rate which occurred during the second half of 1982 began to wane and as real wages continued to fall, the inflationary process began to slow down gradually after August 1983 and fell to under 24% in November.

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*/ For the same reason as in the case of Uruguay -in December 1982 consumer prices rose by almost 11%- the annual rate of increase of consumer prices will probably fall to approximately 80% at the end of 1983.

/During 1983

During 1983, inflation continued to fall gradually but constantly in Colombia, the Latin American country that had had the most stable rate of inflation over the last ten years. This reduction in the intensity of the inflationary process occurred despite the fact that the authorities had stepped up the rate of increase of the minidevaluations of the peso in order to strengthen the balance of payments. The increased inflationary pressure that this might have brought to bear was neutralized by the slow growth of domestic demand.

Among the countries that have traditionally had moderate rates of inflation and in which the variations in the domestic level of prices have usually tended to follow those of international inflation, the rate of increase of consumer prices rose slightly in El Salvador and at a higher rate in Jamaica, Trinidad and Tobago and, especially, Paraguay. The rate continued to decline, on the other hand, in Barbados, Panama, the Dominican Republic and Venezuela.

3. The external sector

In 1983, Latin America made a tremendous effort to reduce the disequilibria that had been accumulating in the external sector since the late 1970s. Thus, to the higher exchange rates adopted by numerous countries of the region in 1982 were added, in 1983, new devaluations, various other measures aimed at controlling imports and encouraging exports, and strict fiscal, monetary and wage policies aimed at reducing domestic expenditure.

As a result of these adjustment policies, and despite the unfavourable trends in world trade and external financing, in 1983 the region achieved a large surplus in its merchandise trade, notably reduced its current-account deficit and also considerably reduced the negative balance on the balance of payments (see tables 6 and 7).

a) External trade and the terms of trade

As mentioned above, however, the 1983 surplus of over US$ 31 million was only achieved through a drastic reduction of imports, which fell by almost 29%, after having fallen by 20% in 1982. Since the unit value of imports did not vary in 1983 and since it had fallen slightly in 1982, the decline of the volume of imports was just as drastic as the decline of the total value of imports (see table 8).

The extremely sharp reduction in both the value and the volume of external purchases was, moreover, a widespread phenomenon. In 1983, the volume of imports fell by over 10% in every country of the region except Bolivia, Costa Rica, Guatemala, Haiti, Honduras, Nicaragua and the Dominican Republic. But even in these countries, where the volume of imports rose, the increase did not offset the sharp reductions that had taken place in 1982.

In addition, in countries such as Venezuela, Uruguay, Mexico, Peru, Argentina and Chile, the contraction of the volume of imports was so spectacular as to reveal clearly the enormous magnitude of the adjustment effort that had been made. Thus, the quantum of imports fell by 60% in Venezuela; declined

/by 39%

by 39% in Uruguay and by 36% in Mexico, after having already dropped by 30% and 41%, respectively, in 1982; fell by 27% in Peru and declined by 17% in both Argentina and Chile, in both of which imports had already fallen by around 40% in 1982 (see again table 8).

By contrast with the unusual reduction in the volume of imports, the volume of exports rose by 7% in the region as a whole and by 9% in the non-oil-exporting countries. As was the case with respect to the real decline of imports, the increases in the volume of exports mainly reflected the adjustment effort made by the Latin American economies through measures oriented at modifying the relative prices of tradable and non-tradable goods and reducing domestic expenditure.

Nevertheless, the unfavourable evolution, for the fourth year in a row, of world trade and the considerable drop in the international prices of oil and other commodities prevented this relatively satisfactory increase in the volume of exports from bringing about a similar increase in their value. Indeed, as may be seen in table 9, the value of exports fell slightly in the region as a whole and by almost 6% in the group of oil-exporting countries.

Although the drop in the international price of oil had a lot to do with the drop in the unit value of exports in 1983, it was also due to the decline of the international prices of the region's major export commodities, such as coffee and sugar, and of a good number of minerals. Moreover, as is shown in table 10, the substantial increases in the international prices of bananas, cocoa, maize, fishmeal, wool and copper did not in anyway, except in the case of bananas, offset the tremendous reductions in the prices of these commodities in previous years.

Since the unit value of exports fell much more than that of imports, Latin America's terms of trade declined by slightly over 7%, after having fallen by 5% in 1982 and by 7% in 1981 (see table 11).

As in 1982, the decline of the terms of trade was more pronounced in the oil-exporting countries than in the other economies of the region. Nevertheless, since the terms of trade of the latter had already deteriorated sharply over the last five years, not only was the relevant index around 30% lower in 1983 than in 1978, but it reached the lowest level of the last half-century. Indeed, during the period 1980-1983, it was much lower, on average, than it had been during 1931-1933, the most critical period of the Great Depression.

Among the oil-exporting countries, on the other hand, the deterioration in the terms of trade during the last two years did not offset the remarkable advance that had been made during the biennium 1979-1980. Thus, in all these economies except Peru, the terms-of-trade index was still much higher in 1983 than in any of the non-oil-exporting countries; in all the oil-exporting countries taken together, the terms of trade were 60% higher than in 1978, the year preceding the second series of sharp rises in the international price of oil (see table 11).

/The new

The new decline in the terms of trade meant that in 1983, the purchasing power of Latin American exports came to a complete standstill, even though the volume of exports had increased by around 7%. As noted above in 1983 the volume of exports grew even more (9%) in the non-oil-exporting countries, thus marking the resumption of the vigorous growth which had taken place since the beginning of the 1970s and which had been interrupted in 1982 (see figure 5). Also as a result of this increase in the volume of exports, the purchasing power of the exports of this group of countries rose by 6.5% in 1983. However, this did not come near to compensating for the decline of previous years.

The volume of exports grew much less (2.5%) in the oil-exporting countries and did not offset the impact of the deterioration of their terms of trade which fell by around 7.5%. Consequently, the purchasing power of their exports fell, for the second year in a row, by approximately 4% (see table 12).

b) The balance of payments

Because the value of imports fell much more than that of exports, the merchandise trade balance underwent another significant change in 1983. After the radical turnabout of 1982, when the US$ 1.6 billion deficit of 1981 had been replaced by a surplus of over US$ 9.7 billion, 1983 brought an extraordinary growth in the trade surplus, which amounted to over US$ 31 billion, over three times that of the previous year.

This was, in particular, the result of the enormous increases in the trade surpluses of Venezuela, Brazil and Mexico, and of the considerable changes in the merchandise trade of Argentina, Chile, Peru, Ecuador and Uruguay.

In Venezuela, the trade surplus of over US$ 9.3 million was almost triple that of 1982, despite the fact that, as in 1982, the value of exports fell significantly.

In Brazil -where the merchandise trade surplus increased by 800% between 1982 and 1983, from US$ 780 million to US$ 6.3 billion- the improvement was due both to an increase in exports and to a decrease in imports.

Mexico, which in 1982 had already managed to transform its US$ 4.1 billion deficit of 1981 into a surplus of almost US$ 6.9 billion, the positive trade balance rose to US$ 12 billion, thanks to the fact that imports again fell substantially and that exports remained almost unchanged (see table 7).

The evolution of the trade balances of Chile and Uruguay was similar to that of Mexico although, of course, the absolute amounts of the changes were much lower. Thus, after having had an enormous deficit of nearly US$ 2.7 billion in 1981 and having achieved a small surplus in 1982, Chile recorded a surplus of around US$ 1 billion in 1983; during that same period, Uruguay transformed a deficit of US$ 360 million into a surplus of US$ 460 million. In both countries, however, this change in the trade balance was brought about solely as a result of the radical contraction in the value of imports, which between 1981 and 1983 fell by 56% in Chile and by 62% in Uruguay.

The drastic contraction of imports was also the main cause of the new increase in the trade surplus achieved by Argentina, the increased surplus obtained by Ecuador and the substitution by Peru of a small surplus for its deficit of the previous year.

By contrast with what happened in 1982, when the impact of the change in the trade balance on the current account was neutralized, to a large extent, by the sharp increase in payments for interest and profits, in 1983 the part played by the increased trade surplus in reducing the disequilibrium on the current account was reinforced by a decline in foreign remittances.

Such payments, which had more than quadrupled over the previous five years, rising from US$ 8.6 billion in 1977 to almost US$ 36.8 billion in 1982, fell to a little under US$ 34 billion in 1983. This was a result of the limitation on the payment of profits caused by the sharp contraction of domestic economic activity and the slight decline of interest payments brought about by the reduction of nominal interest rates on the international financial market.

Under these circumstances, the deficit on current account -which in 1982 had already dropped by 10%, after having reached a record high of US$ 40 billion in 1981- fell spectacularly to under US$ 8.5 billion in 1983.

Almost all the countries of the region contributed to this outcome, either by sharply reducing their current-account deficits; or, as in the case of Mexico and Venezuela, by replacing deficits by large surpluses; or as in the case of Trinidad and Tobago, by increasing their surpluses. The only exceptions to this general trend were Bolivia, Costa Rica, Haiti and Nicaragua, which showed greater current-account deficits than in the previous year.

Nevertheless, the drastic reduction of the deficit on current account which took place in 1983 was also due, to a very large extent, to a no less radical reduction, for the second year in a row, of the net movement of capital. Between 1981 and 1982, capital flows had already fallen from US$ 38 billion to US$ 16.6 billion and in 1983 they fell to under US$ 4.5 billion.

Thus, as in 1982, the net total of investments and external loans was much lower than net payments for interest and profits. As is explained in greater detail in the following section, this meant that in 1983 Latin America transferred real resources to the exterior in the amount of almost US$ 29.5 billion, 46% more than the already high amount transferred in 1982.

In 1983, the net inflow of capital was also lower than the deficit on current account, a situation which had already occurred in both 1981 and 1982. Consequently, the global balance of payments closed with a deficit for the third year in a row. Although the total of slightly under US$ 4 billion was equivalent to one-fifth that of 1982, it was over 70% higher than the negative balance of 1981 (see table 8).

/c) The

c) The external debt

According to very preliminary estimates, by the end of 1983 the total external debt of Latin America amounted to approximately US$ 310 billion. It is estimated to have grown by 7% during the year, a rate that was much lower than the 12% of 1982 and far below the growth rate of around 23% which was the average during the period 1979-1981 (see tables 1 and 14).

This sharp drop in the growth rate of the debt was mainly the result of the restrictive policy adopted by the international commercial banks with respect to Latin America. In 1983, these banks granted virtually no new autonomous loans to the region, channeling their credit through the renegotiations of the external debt initiated by several Latin American countries.*/ Under such circumstances, a substantial part of the increase in the debt was accounted for by the fact that the banks capitalized interest payments. This was partly due to the pressure brought to bear by the International Monetary Fund to induce the banks to refinance part (usually around 50%) of the interest earned, as a contribution to the adjustment programmes sponsored by the Fund.

The need to refinance a considerable portion of the interest payments becomes obvious when one takes into account the tremendous burden which they represent for most of the countries of the region. Indeed, despite the fact that in 1983 interest payments fell, mainly as a result of the slight decline in the prevailing rates on the main international financial markets, they still amounted to the equivalent of 35% of the value of exports of goods and services for the region as a whole (see table 13). Although this is somewhat lower than the 38% which they represented in 1982, it was higher than the amounts recorded between 1977 and 1981 and much higher than the 20% which is usually considered an acceptable ceiling. The percentage of exports which had to be devoted to interest payments in 1983 was considerably more than the average in Argentina (51%), Brazil (44%) and Costa Rica (44%). On the other hand, it was much lower than the average in El Salvador (10.5%), Guatemala (7.5%) and Haiti (3.5%).

III. EXTERNAL FINANCING AND THE REAL TRANSFER OF RESOURCES

As has been noted, the abrupt adjustment of the balance-of-payments current account which took place in 1983 was forced, to a very large extent, by the no less violent contraction of the net inflow of capital. Indeed, in 1983, the total inflow of capital was barely one-fourth that received in 1982 -which had already been very low- and only 15% of the average inflow of capital during the four-year period 1978-1981 (see table 13).

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*/ Between August 1982 and the end of 1983, all the countries shown in table 14, except Colombia, El Salvador, Guatemala, Haiti, Panama and Paraguay, requested a rescheduling of their external debt payments. Cuba and Jamaica did so likewise, but are not shown in the table because the necessary information was not available. For a detailed analysis of the renegotiation of the external debt, see Part I of the Economic Survey of Latin America, 1982.

/The negative

The negative impact of this sharp drop in the net inflow of capital becomes even more obvious when one compares the amount of capital received with the amount represented by net payments for interest and profits, which in 1983 exceeded, for the second year in a row, that of net loans and investments received. Consequently, as in 1982, instead of receiving a net transfer of real resources from abroad, Latin America made a net transfer of resources to the rest of the world. Thus, a situation was provoked which, considering the relative development of the region, may be described as perverse.

The amounts involved in this transfer, moreover, were very high: US$ 20 billion in 1982 and almost US$ 30 billion in 1983, i.e., magnitudes equivalent to 19% and 27% of the value of exports of goods and services and between 2.5% and 4% of the gross domestic product. Considered from another angle, the reversal in the direction of net financial payments which took place between 1981 and 1983 was equivalent to a deterioration of one-third in the terms of trade.

Thus, the spectacular change in the direction of net financial flows played a decisive role in the widespread contraction of economic activity in Latin America and of the difficulties which some countries experienced in servicing their external debt. As may be clearly seen in table 13, up to 1981 the gross amount of capital received by the region was well in excess of its amortization payments, investments abroad and payments for interest and profits. Indeed, during the period 1973-1981, this transfer of resources was equivalent, on average, to 16% of the value of exports which, in turn, increased during that period at an annual rate of around 20%. Under such circumstances, Latin America was able to make amortization and interest payments on its external debt and on profits earned by foreign capital through the new loans and investments it received each year.

Nevertheless, the magnitude of this net transfer of resources began to fall in 1979, when the increases in the net inflow of capital were more than offset by the even larger increases in payments for interest and profits. This trend reached a peak in 1982-1983, when the net inflow of capital dropped sharply and the region had to meet the bulk of its payments for interest and profits from resources originating in the trade surplus or the international reserves it had previously accumulated. As has been explained above, however, because of the unfavourable external situation, the trade surplus was not produced by an increase in exports, but rather by an extremely severe contraction of imports and this in turn had a negative effect on economic activity. Because of this chain reaction, the drastic reduction in the net inflow of capital had a definite effect on the levels of production and employment.

At the same time, the fundamental cause of the decline in net loans and investments which took place over the last two years was the procyclical reaction of the international commercial banks -Latin America's the main creditors- *vis-à-vis* the unfavourable external situation with which the region was faced.

/This attitude

This attitude on the part of the banks was clearly evident for the first time in 1982 and persisted in 1983. Thus, according to figures provided by the Bank for International Settlements, new loans granted by private banks to Latin America (excluding Venezuela and Ecuador) fell from US$ 21 billion during the second half of 1981 to US$ 12 billion during the first half of 1982 and barely US$ 300 million during the second half of 1982.

During the first half of 1983, the banks granted loans amounting to US$ 3.7 billion. Nevertheless, this improvement was not the result of a "spontaneous" response on the part of the banks but rather was accounted for by the fact that the banks were pressured by the International Monetary Fund to contribute to the "rescue packages" designed by that institution to facilitate the adjustment process in a number of Latin American economies.

/Table 1

Table 1

LATIN AMERICA: MAIN ECONOMIC INDICATORS[a]

	1975	1977	1978	1979	1980	1981	1982	1983[b]
Gross domestic product at market prices (billions of 1970 dollars)	263	292	305	326	345	350	347	335
Population (millions of inhabitants)	303	318	326	334	343	351	359	369
Per capita gross domestic product (1970 dollars)	868	916	936	974	1 007	997	965	911
Per capita gross national income (1970 dollars)	867	918	929	972	1 009	985	938	883
Growth rates								
Gross domestic product	3.7	5.0	4.7	6.6	5.9	1.5	-1.0	-3.3
Per capita gross domestic product	1.2	2.4	2.2	4.0	3.4	-0.9	-3.3	-5.6
Per capita gross national income	-0.3	2.5	1.3	4.6	3.8	-2.4	-4.8	-5.9
Consumer prices[c]	57.8	40.0	39.0	54.1	52.8	60.8	85.6	130.4
Terms of trade (goods)	-14.0	6.0	-10.9	4.4	4.2	-7.3	-7.0	-7.2
Current value of exports of goods	-7.1	18.9	7.5	34.3	30.1	7.0	-8.5	-1.3
Current value of imports of goods	7.0	14.8	13.8	25.8	32.3	7.6	-19.9	-28.7
Billions of dollars								
Exports of goods	35.0	48.2	51.8	69.6	90.5	96.8	88.6	87.5
Imports of goods	40.4	48.3	55.0	69.1	91.5	98.4	78.9	56.3
Trade balance (goods)	-5.4	-0.1	-3.2	0.5	-1.0	-1.6	9.7	31.2
Net payments for profits and interest	5.8	8.6	10.5	14.2	19.0	29.1	36.8	34.0
Balance on current account[d]	-13.7	-11.7	-18.3	-19.6	-27.7	-40.4	-36.4	-8.5
Net capital movement[e]	14.5	17.3	26.4	29.0	29.9	38.0	16.6	4.5
Global balance[f]	0.8	5.6	8.1	9.4	2.2	-2.3	-19.8	-4.0
Global gross external debt[g]	89.4	107.3	133.0	166.4	205.2	257.9	289.4	309.8

Source: ECLA, on the basis of official figures.

[a] Product, population and income figures refer to the group formed by the countries included in table 2, except Cuba. Consumer price figures refer to those 19 countries plus Barbados, Guyana, Jamaica and Trinidad and Tobago, except in the case of 1982, when Guyana is excluded, and in 1983, when Guyana and Haiti are excluded. The figures for the external sector relate to those 19 countries plus Barbados, Guyana and Trinidad and Tobago, except for the figures on the external debt, which relate to the original 19 countries plus Guyana.

[b] Provisional estimates subjet to revision.

[c] Variation from December to December.

[d] Includes net unrequited private transfer payments.

[e] Includes long- and short-term capital, unrequited official transfer payments, and errors and omissions.

[f] Variation in international reserves (with inverted sign) plus counterpart entries.

[g] 1975/1980: includes officially guaranteed public and private external debt, plus non-guaranteed long- and short-term debt with financial intitutions reporting to the Bank for International Settlements. Does not include guaranteed and non-guaranteed debt with other commercial banks nor non-guaranteed supplier loans. 1981/1983: includes official estimates of the total external debt, which means that the figures have a wider coverage and are not strictly comparable with those of the previous period.

Table 2

LATIN AMERICA: EVOLUTION OF GLOBAL GROSS DOMESTIC PRODUCT

(Annual growth rates)

Country	1970-1974	1975-1978	1979-1980	1981	1982	1983[a]	1981-1983[ab]
Argentina	4.0	0.5	4.0	-5.9	-5.4	2.0	-9.0
Bolivia	5.6	5.1	1.2	-1.1	-9.1	-6.0	-15.7
Brazil	11.1	6.4	7.3	-1.9	1.1	-5.0	-5.8
Colombia	6.6	4.9	4.7	2.1	1.2	0.5	3.8
Costa Rica	7.1	5.7	2.8	-4.6	-9.0	-0.5	-13.4
Cuba[c]	8.7[d]	6.9	3.1	14.8	2.7	4.0	22.6
Chile	0.9	1.7	8.0	5.7	-14.3	-0.5	-9.9
Ecuador	11.5	7.0	5.1	4.5	1.4	-3.5	2.5
El Salvador	4.9	5.5	-5.4	-9.3	-5.2	-1.5	-15.4
Guatemala	6.4	5.5	4.2	0.9	-3.5	-2.5	-4.9
Haiti	4.7	3.3	5.4	0.3	0.3	-0.5	-
Honduras	3.9	5.8	4.8	0.4	-0.6	-0.5	-0.5
Mexico	6.8	5.3	8.8	7.9	-0.5	-4.0	3.1
Nicaragua	5.4	1.5	-9.5	8.7	-1.4	2.0	9.3
Panama	5.8	3.5	8.7	4.2	5.5	0.5	10.5
Paraguay	6.4	9.2	11.0	8.5	-2.0	-1.5	4.4
Peru	4.8	1.5	4.0	3.9	0.4	-12.0	-8.3
Dominican Republic	10.1	4.7	5.3	4.1	1.6	4.0	10.0
Uruguay	1.3	4.1	6.0	-0.1	-8.7	-5.5	-13.9
Venezuela	5.4	6.0	-0.4	0.4	0.6	-2.0	-1.1
Total[e]	7.1	4.8	6.2	1.5	-1.0	-3.3	-2.8

Source: ECLA, on the basis of official figures.
[a] Preliminary estimates subjet to revision.
[b] Cumulative variation for the period.
[c] Refers to the concept of global social product.
[d] Relates to the period 1971-1974.
[e] Average excluding Cuba.

Table 3

LATIN AMERICA: EVOLUTION OF PER CAPITA GROSS DOMESTIC PRODUCT[a]

Country	Dollars at 1970 prices					Annual growth rates				
	1970	1980	1981	1982	1983[b]	1980	1981	1982	1983[b]	1981-1983[bc]
Argentina	1 241	1 345	1 245	1 159	1 166	-0.5	-7.4	-6.9	0.6	-13.3
Bolivia	317	382	368	326	297	-2.1	-3.7	-11.5	-8.7	-22.2
Brazil	530	958	919	908	844	5.4	-4.1	-1.2	-7.1	-11.9
Colombia	587	824	823	816	802	1.9	-0.1	-1.0	-1.6	-2.7
Costa Rica	740	974	904	801	778	-2.1	-7.2	-11.4	-2.9	-20.1
Chile	967	1 047	1 088	916	897	6.0	3.9	-15.8	-2.2	-14.3
Ecuador	420	732	742	729	683	1.7	1.3	-1.7	-6.3	-6.7
El Salvador	422	432	380	350	335	-11.6	-11.9	-8.0	-4.3	-22.4
Guatemala	439	561	549	515	489	0.7	-2.1	-6.3	-5.1	-12.9
Haiti	123	148	145	142	137	3.3	-2.2	-2.1	-3.1	-7.2
Honduras	313	357	346	332	320	-0.7	-3.0	-4.0	-3.7	-10.3
Mexico	978	1 366	1 436	1 391	1 301	5.5	5.1	-3.1	-6.4	-4.8
Nicaragua	413	341	359	342	338	6.7	5.3	-4.6	-1.4	-0.9
Panama	904	1 154	1 176	1 214	1 194	8.6	2.0	3.2	-1.7	3.5
Paraguay	383	633	665	632	603	7.9	5.1	-4.9	-4.6	-4.7
Peru	659	690	698	683	585	1.2	1.2	-2.2	-14.3	-15.2
Dominican Republic	378	601	611	606	616	3.6	1.7	-0.8	1.6	2.5
Uruguay	1 097	1 423	1 412	1 281	1 200	5.1	-0.8	-9.3	-6.3	-15.6
Venezuela	1 205	1 268	1 230	1 197	1 135	-5.1	-3.0	-2.7	-5.2	-10.5
Total	721	1 007	997	965	911	3.4	-0.9	-3.3	-5.6	-9.5

Source: ECLA, on the basis of official figures.
[a] At market prices.
[b] Preliminary estimates subject to revision.
[c] Cumulative variations for the period.

Table 4

LATIN AMERICA: EVOLUTION OF URBAN UNEMPLOYMENT

(Average annual rates)

Country	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Argentina[a]	5.4	3.4	2.6	4.5	2.8	2.8	2.0	2.3	4.5	4.7	4.9
Bolivia[b]	...	...	...	...	...	4.5	6.2	7.5	9.7	...	12.6
Brazil[c]	...	...	...	...	...	6.8	6.4	6.2	7.9	6.3	6.8
Colombia[d]	...	12.7	11.0	10.6	9.0	9.0	8.9	9.7	8.2	9.3	11.0
Costa Rica[e]	...	...	...	5.4	5.1	5.8	5.3	6.0	9.1	9.9	9.8
Chile[f]	4.8	8.3	15.0	16.3	13.9	13.3	13.4	11.7	9.0	20.0	19.7
Mexico[g]	7.5	7.4	7.2	6.8	8.3	6.9	5.7	4.5	4.2	6.7	12.5
Panama[h]	...	7.5	8.6	9.0	...	9.6	11.9	9.8	11.8	10.4	...
Paraguay[i]	...	...	...	6.7	5.4	4.1	5.9	3.9	2.2	...	9.4
Perú[j]	5.0	4.1	7.5	6.9	8.7	8.0	6.5	7.1	6.8	7.0	8.8
Uruguay[k]	8.9	8.1	...	12.7	11.8	10.1	8.3	7.4	6.7	11.9	15.7
Venezuela[l]	...	7.6	8.3	6.8	5.5	5.1	5.8	6.6	6.8	7.8	...

Source: ECLA and PREALC, on the basis of official figures.

[a] Federal Capital and Greater Buenos Aires. Average from April to October; 1983: April.

[b] La Paz. 1978 and 1979: second semestre; 1980: May to October; 1983: April.

[c] Metropolitan areas of Rio de Janeiro, São Paulo, Belo Horizonte, Porto alegre, Salvador and Recife. Twelve-month average; 1980: average June to December; 1983: average January to September.

[d] Bogotá, Barranquilla, Medellín and Cali. Average for March, June, September and December; 1983: average for March, June and September.

[e] National Urban. Average for March, July and November; 1983: PREALC estimate, March to July.

[f] Greater Santiago. Average for four quarters; 1983: average January to September. As of August 1983, the information refers to the metropolitan area of Santiago.

[g] Metropolitan areas of México City, Guadalajara and Monterrey. Average for four quarters; 1982 and 1983: estimated annual average for the country as a whole, on the basis of figures supplied by the Secretariat of labour.

[h] National non-agricultural, except for 1978 and 1979, which refer to the urban sector. The figure for 1980 refers to unemployment in the urban area recorded by the population census and the figures for 1981 and 1982, to the metroplitan area.

[i] Asunción, Fernando de la Mora, Lambarey, urban areas of Luque and San Lorenzo. 1983: oficial estimate.

[j] Metropolitan Lima. 1978: average July to August; 1979: August to September; 1980: April; 1981: June; 1982 and 1983: official estimates.

[k] Montevideo. Average for two semestres; 1983: average for January to August.

[l] National urban. Average for two semestres.

Table 5

LATIN AMERICA: EVOLUTION OF CONSUMER PRICES

(Variations from December to December)

Country	1975	1976	1977	1978	1979	1980	1981	1982	1983
Latin America[a]	**57.8**	**62.2**	**40.0**	**39.0**	**54.1**	**52.8**	**60.8**	**85.6**	**130.4**
Countries with traditionally high inflation	**68.9**	**74.5**	**47.1**	**45.7**	**61.9**	**61.5**	**71.7**	**102.8**	**153.6**
Argentina	334.9	347.5	150.4	169.8	139.7	87.6	131.2	209.7	401.6[b]
Bolivia	6.6	5.5	10.5	13.5	45.5	23.9	25.2	296.5	249.0[c]
Brazil	31.2	44.8	43.1	38.1	76.0	86.3	100.6	101.8	175.2[b]
Colombia[d]	17.9	25.9	29.3	17.8	29.8	26.5	27.5	24.1	17.0[b]
Chile	340.7	174.3	63.5	30.3	38.9	31.2	9.5	20.7	23.7[b]
Mexico	11.3	27.2	20.7	16.2	20.0	29.8	28.7	98.8	91.9[c]
Peru	24.0	44.7	32.4	73.7	66.7	59.7	72.7	72.9	124.9[c]
Uruguay	66.8	39.9	57.3	46.0	83.1	42.8	29.4	20.5	62.7[b]
Countries with traditionally moderate inflation	**8.7**	**7.9**	**8.8**	**9.8**	**20.1**	**15.4**	**14.1**	**11.4**	**15.7**
Barbados	12.3	3.9	9.9	11.3	16.8	16.1	12.3	6.9	3.5[e]
Costa Rica	20.5	4.4	5.3	8.1	13.2	17.8	65.1	81.7	12.6[c]
Ecuador	13.2	13.1	9.8	11.8	9.0	14.5	17.9	24.3	65.9[c]
El Salvador	15.1	5.2	14.9	14.6	14.8	18.6	11.6	13.8	15.4[g]
Guatemala	0.8	18.9	7.4	9.1	13.7	9.1	8.7	-2.0	0.0[h]
Guyana	5.5	9.2	9.0	20.0	19.4	8.5	29.1	...	...
Haiti	-0.1	-1.4	5.5	5.5	15.4	15.3	16.4	-1.7[i]	...
Honduras	7.8	5.6	7.7	5.4	18.9	15.0	9.2	9.4	9.6[g]
Jamaica	15.7	8.3	14.1	49.4	19.8	28.6	4.8	7.0	12.1[e]
Nicaragua	1.9	6.2	10.2	4.3	70.3	24.8	23.2	22.2	...
Panama	1.4	4.8	4.8	5.0	10.0	14.4	4.8	3.7	1.9[c]
Paraguay	8.7	3.4	9.4	16.8	35.7	8.9	15.0	4.2	14.0[j]
Dominican Republic	16.5	7.0	8.5	1.8	26.2	4.2	7.4	7.1	2.8[k]
Trinidad and Tobago	13.4	12.0	11.4	8.8	19.5	16.6	11.6	10.8	16.7[e]
Venezuela	8.0	6.9	8.1	7.1	20.5	19.6	10.8	7.9	6.4[c]

Source: International Monetary Fund, International Financial Statistics, and official information supplied by the countries.

[a] Totals for Latin America and partial figures for groups of countries represent average price variations by countries, weighted by the population in each year.

[b] Variation between November 1983 and November 1982.

[c] Variation between October 1983 and October 1982.

[d] Up to 1980, figures represent the variation in the consumer price index for manual workers; from 1981 on, figures represent the variation in the total national CPI, including manual workers and employees.

[e] Variation between July 1983 and July 1982.

[f] Up to 1982, figures represent the variation in the consumer price index for the city of Quito; in 1983, the national total.

[g] Variation between August 1983 and August 1982.

[h] Variation between April 1983 and April 1982.

[i] Variation between September 1983 and September 1982.

[j] Variation between June 1983 nad June 1982.

Table 6

LATIN AMERICA: TRADE BALANCE

(Millions of dollars)

Country	Exports of goods FOB			Imports of goods FOB			Balance of goods		
	1981	1982	1983	1981	1982	1983	1981	1982	1983
Latin America	**96 811**	**88 592**	**87 460**	**98 412**	**78 852**	**56 290**	**-1 601**	**9 740**	**31 170**
Oil-exporting countries	49 134	46 549	43 900	44 753	36 006	20 670	4 381	10 543	23 230
Bolivia	909	828	790	680	429	500	229	399	290
Ecuador	2 544	2 334	2 300	2 362	2 181	1 630	182	153	670
Mexico	19 938	21 374	21 000	24 038	14 489	9 000	-4 100	6 885	12 000
Peru	3 249	3 230	2 960	3 802	3 787	2 830	-553	-557	130
Trinidad and Tobago	2 531	2 418	2 180	1 748	1 954	1 370	783	464	810
Venezuela	19 963	16 365	14 670	12 123	13 166	5 340	7 840	3 199	9 330
Non-oil-exporting countries	47 677	42 043	43 560	53 659	42 846	35 620	-5 982	-803	7 940
Argentina	9 142	7 598	7 800	8 432	4 873	3 900	710	2 725	3 900
Barbados	163	208	...	521	501	...	-358	-293	...
Brazil	23 276	20 172	22 300	22 091	19 395	16 000	1 185	777	6 300
Colombia	3 219	3 230	2 920	4 763	5 176	4 390	-1 544	-1 946	-1 470
Costa Rica	1 003	871	800	1 090	780	840	-87	91	-40
Chile	3 837	3 706	3 840	6 513	3 643	2 840	-2 676	63	1 000
El Salvador	798	738	720	898	822	880	-100	-84	-160
Guatemala	1 299	1 200	1 130	1 540	1 284	1 140	-241	-84	-10
Guyana	346	276	200	400	320	250	-54	-44	-50
Haiti	150	174	140	358	278	290	-208	-104	-150
Honduras	784	676	690	899	681	680	-115	-5	10
Nicaragua	500	429	440	897	646	710	-397	-217	-270
Panama	343	345	330	1 441	1 441	1 250	-1 098	-1 096	-920
Paraguay	399	396	370	772	711	570	-373	-315	-200
Dominican Republic	1 188	768	820	1 452	1 257	1 280	-264	-489	-460
Uruguay	1 230	1 256	1 060	1 592	1 038	600	-362	218	460

Source: 1981, 1982: International Monetary Fund; figures for Ecuador (1982), El Salvador (1982), Guyana (1982), Nicaragua (1981, 1982) and Trinidad and Tobago (1982), are ECLA estimates. Figures for Chile for 1981, 1982 y 1983: Central Bank of Chile. 1983: ECLA, preliminary estimates subject to revision.

Table 7

LATIN AMERICA: BALANCE OF PAYMENTS

(Millions of dollars)

Country	Net service payments[a]			Net payments for profits and interest			Balance on current account[b]			Net movement of capital[c]			Global balance[d]		
	1981	1982	1983	1981	1982	1983	1981	1982	1983	1981	1982	1983	1981	1982	1983
Latin America	**11 380**	**9 645**	**6 360**	**29 068**	**36 810**	**33 950**	**-40 370**	**-36 396**	**-8 460**	**38 038**	**16 569**	**4 470**	**-2 332**	**-19 827**	**-3 990**
Oil-exporting countries	**6 254**	**5 148**	**1 320**	**11 742**	**14 391**	**14 690**	**-12 791**	**-9 506**	**7 050**	**12 888**	**-1 635**	**-6 800**	**97**	**-11 141**	**250**
Bolivia	215	122	120	340	415	380	-312	-121	-190	319	153	-250	7	32	-440
Ecuador	487	450	500	722	773	760	-1 027	-1 070	-590	656	742	490	-371	-328	-100
Mexico	1 192	-316	-2 500	8 896	10 429	10 900	-14 075	-3 122	3 700	14 531	237	-1 700	456	-2 885	2 000
Peru	237	213	270	1 020	1 053	1 200	-1 810	-1 823	-1 340	1 138	1 753	1 370	-672	-70	30
Trinidad and Tobago	119	-22	50	190	409	350	407	44	410	291	232	-1 210	698	276	-800
Venezuela	4 004	4 701	2 880	574	1 312	1 100	4 026	-3 414	5 060	-4 047	-4 752	-5 500	-21	-8 166	-440
Non-oil-exporting countries	**5 126**	**4 317**	**5 040**	**17 326**	**22 419**	**19 260**	**-27 579**	**-26 890**	**-15 510**	**25 150**	**18 204**	**11 270**	**-2 429**	**-8 686**	**-4 240**
Argentina	1 702	478	1 000	3 701	4 755	4 800	-4 712	-2 477	-1 900	1 519	1 807	1 900	-3 193	-670	0
Barbados	-239	-253	...	17	19	...	-113	-42	...	101	49	...	-12	7	...
Brazil	2 862	3 589	3 860	10 274	13 494	10 200	-11 760	-16 314	-7 660	12 381	11 121	6 280	621	-5 193	-1 380
Colombia	169	-11	-60	426	580	590	-1 895	-2 291	-1 780	2 328	1 647	-170	433	-644	-1 950
Costa Rica	44	-20	-20	304	345	430	-407	-206	-400	358	331	300	-49	125	-100
Chile	701	555	510	1 464	1 921	1 620	-4 805	-2 372	-1 090	4 942	1 027	440	137	-1 345	-650
El Salvador	110	122	60	100	85	110	-266	-240	-230	217	170	340	-49	-70	110
Guatemala	312	231	190	103	122	120	-567	-376	-270	265	338	260	-302	-38	-10
Guyana	76	66	50	54	55	50	-179	-166	-160	153	160	150	-26	-6	-10
Haiti	69	73	60	13	14	20	-225	-142	-170	168	97	160	-57	-45	-10
Honduras	62	52	50	153	202	190	-321	-249	-220	249	204	200	-72	-45	-20
Nicaragua	82	23	80	93	154	170	-571	-393	-530	677	270	510	106	-123	-20
Panama	-879	-849	-850	228	236	340	-496	-539	-370	423	525	370	-73	-14	0
Paraguay	-22	92	40	29	-14	10	-378	-391	-250	421	329	150	43	-62	-100
Dominican Republic	42	-97	-160	293	254	290	-416	-457	-390	454	311	340	38	-146	-50
Uruguay	35	266	230	74	197	320	-468	-235	-90	494	-182	40	26	-417	-50

Source: 1981, 1982: International Monetary Fund; the figures for Ecuador (1982), El Salvador (1982), Guyana (1982), Nicaragua (1981, 1982) and Trinidad and Tobago (1982) are preliminary estimates prepared by ECLA and are subject to revision. Figures for Chile (1981, 1982 y 1983): Central Bank. 1983: ECLA, preliminary estimates subject to revision.

[a] Excluding net payments for profits and interest.

[b] Including net unrequited private transfer payments.

[c] Including long- and short-term capital, unrequited official transfer payments and errors and omissions.

[d] Variation in international reserves (with inverted sign) plus conterpart entries.

Table 8

LATIN AMERICA: IMPORTS OF GOODS

(Indexes: 1970 = 100 and annual growth rates)

Country	Value				Unit value				Quantum			
	Index	Growth rates			Index	Growth rates			Index	Growth rates		
	1983[a]	1981	1982	1983[a]	1983[a]	1981	1982	1983[a]	1983[a]	1981	1982	1983[a]
Latin America	**427**	**7.6**	**-19.9**	**-28.7**	**320**	**5.7**	**-2.6**	**-0.4**	**133**	**1.9**	**-17.8**	**-28.4**
Oil-exporting countries	**389**	**19.3**	**-19.5**	**-42.6**	**268**	**7.7**	**-2.0**	**-0.3**	**145**	**10.8**	**-17.9**	**-42.4**
Bolivia	370	0.0	-37.0	16.6	298	1.9	-2.6	-3.0	124	-1.9	-35.3	20.2
Ecuador	653	5.3	-7.6	-25.3	244	6.7	-0.3	-0.9	268	-1.3	-7.4	-24.6
Mexico	403	27.2	-39.7	-37.8	268	5.7	1.3	-3.9	150	20.3	-40.5	-35.6
Peru	405	24.1	-0.4	-25.2	306	7.8	2.0	2.9	132	15.1	-2.3	-27.3
Trinidad and Tobago	496	0.0	11.8	-29.9	251	3.2	-4.6	-2.9	198	-3.1	17.2	-27.8
Venezuela	312	11.5	8.6	-59.4	261	11.9	-5.7	1.9	119	-0.4	15.2	-60.2
Non-oil-exporting countries	**453**	**-0.5**	**-20.3**	**-16.9**	**362**	**6.8**	**-3.2**	**-4.2**	**125**	**-6.9**	**-17.7**	**-13.2**
Argentina	260	-10.2	-42.2	-20.0	308	2.4	-5.1	-4.0	88	-12.4	-39.1	-16.7
Barbados	...	8.9	-3.9	...	...	6.8	-4.5	...	...	2.0	0.6	...
Brazil	638	-3.8	-12.2	-17.5	430	10.9	-3.6	-4.0	148	-13.2	-8.9	-14.2
Colombia	547	10.8	8.7	-15.2	268	6.2	-4.3	-1.0	204	4.3	13.6	-14.4
Costa Rica	293	-20.7	-28.4	7.7	341	5.0	5.2	-1.0	86	-24.5	-32.0	8.9
Chile	328	19.1	-44.1	-21.9	378	7.2	-7.9	-5.1	87	11.1	-39.3	-17.8
El Salvador	452	0.2	-8.5	7.1	321	4.9	5.7	-2.1	140	-4.5	-13.4	9.4
Guatemala	428	4.6	-16.6	-11.1	346	4.6	6.3	2.9	124	0.0	-21.5	-13.7
Guyana	209	3.4	-19.9	-21.7	326	3.8	-5.3	-3.9	64	-0.4	-15.4	-18.7
Haiti	607	12.3	-22.3	4.4	321	3.2	5.1	0.9	189	8.8	-26.1	3.2
Honduras	334	-5.8	-24.2	-0.2	312	5.8	1.0	-1.0	107	-10.9	-25.0	0.8
Nicaragua	398	11.7	-28.0	10.0	350	3.9	5.0	3.0	114	7.5	-31.4	6.8
Panama	378	9.4	0.0	-13.1	422	2.9	4.8	-1.0	90	6.4	-4.6	-12.3
Paraguay	744	14.4	-7.9	-19.8	333	3.2	3.7	0.0	224	10.8	-11.2	-19.9
Dominican Republic	460	-4.5	-13.4	1.7	324	3.6	2.2	0.0	142	-7.8	-15.3	1.9
Uruguay	295	-4.6	-34.8	-42.3	337	10.9	-7.1	-5.0	88	-13.9	-29.8	-39.3

Source: ECLA, on the basis of official figures.
[a] Preliminary estimates subject to revision.

Table 9

LATIN AMERICA: EXPORTS OF GOODS

(Indexes: 1970 = 100 and annual growth rates)

Country	Value				Unit value				Quantum			
	Index	Growth rates			Index	Growth rates			Index	Growth rates		
	1983[a]	1981	1982	1983[a]	1983[a]	1981	1982	1983[a]	1983[a]	1981	1982	1983[a]
Latin America	626	7.0	-8.5	-1.3	314	-2.1	-8.1	-7.7	199	9.5	0.6	7.1
Oil-exporting countries	779	9.0	-5.3	-5.7	534	7.8	-14.2	-7.9	146	1.2	10.4	2.5
Bolivia	415	-3.5	-9.0	-4.6	386	-0.1	-12.8	3.0	108	-3.4	4.4	-7.3
Ecuador	979	0.0	-8.3	-1.5	461	-1.0	-7.6	-8.9	212	1.0	-0.7	8.0
Mexico	1558	24.1	7.2	-1.7	413	15.8	-9.3	-7.9	378	7.2	18.2	6.6
Peru	286	-16.7	-0.6	-8.3	293	-12.1	-11.1	6.1	98	-5.2	11.8	-13.7
Trinidad and Tobago	968	-2.1	-4.5	-9.8	1461	13.8	-3.0	-7.0	66	-13.9	-1.5	-3.1
Venezuela	564	4.8	-18.0	-10.3	1196	12.5	-6.0	-8.9	47	-6.9	-12.8	-1.9
Non-oil-exporting countries	523	5.3	-9.6	3.6	222	-7.0	-6.7	-5.0	236	13.2	-3.3	9.1
Argentina	441	14.0	-16.9	2.8	244	-2.4	-12.0	-7.2	180	16.8	-5.6	10.6
Barbados	...	-10.0	28.0	...	...	2.7	-15.0	...	...	-12.4	50.5	...
Brazil	814	15.6	-13.3	10.5	221	-7.5	-7.2	-7.1	368	25.0	-6.6	19.1
Colombia	371	-20.8	0.3	-9.6	286	-17.7	8.9	-4.9	130	-3.8	-7.9	-4.9
Costa Rica	346	0.2	-13.1	-8.1	254	-10.0	-5.5	2.2	136	11.3	-8.1	-10.0
Chile	345	-18.4	-3.4	3.6	138	-15.3	-17.2	3.3	250	-3.7	16.6	0.3
El Salvador	305	-25.8	-7.5	-2.4	283	-8.3	7.1	-5.1	108	-19.1	-13.7	2.9
Guatemala	380	-14.5	-7.6	-5.8	262	-4.0	-4.0	1.9	145	-11.0	-3.8	-7.6
Guyana	155	-10.9	-20.3	-27.6	371	7.6	-5.9	-3.9	42	-17.2	-15.3	-24.5
Haiti	358	-30.3	15.5	-19.4	250	-15.0	13.7	-10.1	143	-18.0	1.6	-10.4
Honduras	387	-7.8	-13.7	2.0	288	-9.1	0.4	2.1	134	1.4	-14.0	0.0
Nicaragua	246	10.9	-14.2	2.5	247	-1.9	-5.0	-5.0	100	13.0	-9.7	7.9
Panama	253	-8.3	0.4	-4.3	277	1.3	-4.4	1.0	91	-9.5	5.1	-5.6
Paraguay	567	-0.4	-0.6	-6.6	251	10.6	-12.7	-13.0	226	-10.0	13.9	7.3
Dominican Republic	383	23.5	-35.4	6.8	235	9.1	-22.6	-10.0	163	13.2	-16.5	18.6
Uruguay	473	16.2	2.2	-15.6	255	1.3	-4.4	-4.1	186	14.6	6.9	-12.0

Source: ECLA, on the basis of official figures.
[a] Preliminary estimates subject to revision.

Table 10

PRICES OF MAIN EXPORT PRODUCTS

(Dollars at current prices)

	Annual averages				Growth rates			
	1970-1980	1981	1982	1983[a]	1980	1981	1982	1983
Unrefined sugar[b]	12.8	16.9	8.4	8.3	95.9	-41.1	-50.3	-1.2
Coffee (mild)[b]	121.8	145.3	148.6	138.9	-2.5	-18.7	2.3	-6.5
Cocoa[b]	86.3	94.2	79.0	93.2	21.0	-20.2	-16.1	18.0
Bananas[b]	11.8	19.2	18.4	21.5	21.2	1.6	-4.2	16.8
Wheat[c]	125.1	178.5	163.0	162.2	7.9	0.6	-8.7	-0.5
Maize[c]	127.5	181.0	137.4	154.0	35.9	-13.9	-24.1	12.1
Beef[b]	82.2	112.2	108.4	111.4	-3.8	-10.9	3.4	2.8
Fishmeal[c]	354.7	468.0	353.0	432.0	27.6	-7.1	-24.6	22.4
Soya[c]	232.4	288.0	245.0	258.0	-0.7	-2.7	-14.9	5.3
Cotton[b]	61.2	85.8	72.8	82.0	21.7	-8.9	-15.2	12.6
Wool[b]	131.5	178.2	154.6	144.6	2.1	-8.4	-13.2	-6.5
Copper[b]	69.6	79.0	67.2	75.4	9.6	-19.9	-14.9	12.2
Tin[d]	3.9	6.4	5.8	6.0	8.6	-15.8	-7.8	3.4
Iron ore[c]	18.3	25.9	27.1	25.3	20.4	-10.4	4.6	-6.6
Lead[b]	25.3	33.0	24.8	19.7	24.7	-19.7	-24.8	-20.6
Zinc[b]	29.7	38.4	33.8	32.7	3.0	11.0	-12.0	-3.3
Bauxite[c]	103.5	216.3	208.3	184.9[e]	39.3	1.8	-3.7	-11.2
Crude oil[f]								
Saudi Arabia	10.0	32.5	33.5	29.7	68.8	13.2	3.4	-11.3
Venezuela	10.1	32.0	32.0	29.5[g]	64.3	15.9	0.0	-7.8

Source: UNCTAD, Monthly Commodity Price Bulletin, Supplements 1960-1980 and September 1983; International Monetary Fund, International Financial Statistics, Yearbook 1981 and October 1983.
[a] Average January to August.
[b] Dollar cents per pound..
[c] Dollars per metric ton.
[d] Dollars per pound.
[e] Average January to July.
[f] Dollars per barrel.
[g] Average January to May.

Table 11

LATIN AMERICA: TERMS OF TRADE

(Indexes: 1970 = 100 and annual growth rates)

Country	Indexes					Annual growth rates				
	1975	1977	1979	1981	1983[a]	1980	1981	1982	1983[a]	1979/ 1983[ab]
Latin America	**114**	**128**	**119**	**115**	**98**	**4.2**	**-7.3**	**-7.0**	**-7.2**	**-14**
Oil-exporting countries	**194**	**197**	**207**	**244**	**199**	**17.9**	**0.0**	**-11.5**	**-7.9**	**16**
Bolivia	111	120	121	139	129	19.1	-3.0	-11.4	4.8	7
Ecuador	159	195	211	220	189	12.3	-7.4	-7.5	-3.6	10
Mexico	106	123	133	180	154	24.0	9.3	-10.5	-4.3	29
Peru	104	102	117	107	96	11.9	-18.6	-12.8	3.2	10
Trinidad and Tabago	323	318	391	596	582	39.4	9.4	0.9	-3.3	98
Venezuela	335	345	401	513	458	27.1	0.7	-0.9	-10.0	48
Non-oil-exporting countries	**81**	**98**	**83**	**67**	**61**	**-7.2**	**-13.0**	**-7.6**	**-1.6**	**-31**
Argentina	101	86	81	89	79	16.1	-5.4	-7.8	-3.7	-5
Barbados	165	103	96	97	...	5.6	-4.0	-11.5	...	...
Brazil	85	101	80	56	51	-15.7	-16.7	-3.8	-5.6	-42
Colombia	82	190	130	98	107	-2.5	-22.6	13.5	-3.6	-29
Costa Rica	78	122	99	82	74	-2.8	-14.8	-10.1	1.3	-26
Chile	53	51	53	39	37	-8.3	-21.2	-10.8	8.8	-26
El Salvador	87	180	122	91	88	-14.8	-12.7	1.4	-4.3	-34
Guatemala	70	120	96	86	76	-2.7	-8.7	-9.5	-2.6	-33
Guyana	140	118	106	118	114	7.5	3.5	-2.0	-1.7	5
Haiti	93	125	98	82	78	2.4	-18.6	7.0	-11.4	-32
Honduras	91	114	103	91	92	2.9	-14.4	-0.7	2.2	-19
Nicaragua	79	113	92	85	71	-1.4	-5.8	-9.5	-7.8	-27
Panama	111	82	75	74	66	1.2	-2.6	-8.5	-2.9	-12
Paraguay	106	140	111	105	75	-11.3	6.1	-15.8	-11.8	-40
Dominican Republic	149	90	87	108	73	19.2	4.4	-24.2	-11.0	-15
Uruguay	75	81	90	75	76	-9.6	-8.4	1.7	0.0	-11

Source: ECLA, on the basis of official figures.
[a] Preliminary estimates subject to revision.
[b] Cumulative percentage variations for the period.

Table 12

LATIN AMERICA: PURCHASING POWER OF EXPORTS

(Indexes: 1970 = 100 and annual growth rates)

Country	Indexes					Annual growth rates				
	1975	1977	1979	1981	1983[a]	1980	1981	1982	1983[a]	1979/ 1983[ab]
Latin America	**133**	**164**	**194**	**217**	**196**	**12.9**	**-0.9**	**-6.0**	**-0.1**	**16**
Oil-exporting countries	**169**	**183**	**253**	**318**	**294**	**25.3**	**0.3**	**-3.8**	**-4.0**	**55**
Bolivia	133	164	150	155	139	10.0	-6.1	-7.1	-3.1	-6
Ecuador	280	347	441	435	401	5.4	-6.5	-8.3	0.6	11
Mexico	127	181	299	537	581	53.2	17.2	5.8	2.3	155
Peru	74	88	141	108	94	-0.7	-22.9	-2.3	-10.7	8
Trinidad and Tabago	249	265	314	414	385	39.8	-5.7	-0.7	-6.2	53
Venezuela	214	201	258	282	223	16.6	-6.3	-13.5	-8.7	25
Non-oil-exporting countries	**110**	**159**	**155**	**148**	**144**	**-0.6**	**-3.9**	**-8.8**	**6.5**	**-10**
Argentina	78	135	137	154	142	1.5	10.8	-13.0	6.3	4
Barbados	147	121	153	155	...	20.3	15.8	32.9	...	...
Brazil	135	173	173	186	188	3.4	3.9	-10.2	12.5	11
Colombia	124	177	201	145	139	-3.5	-25.3	4.1	-8.6	-27
Costa Rica	107	173	155	135	102	-8.3	-4.9	-17.8	-9.0	-34
Chile	67	82	109	85	93	0.0	-22.0	3.5	5.1	9
El Salvador	121	209	194	110	95	-19.6	-29.5	-12.7	-1.3	-39
Guatemala	101	195	163	140	110	5.5	-18.6	-12.9	-9.6	-36
Guyana	130	88	86	78	48	4.7	-13.3	-17.9	-25.6	-50
Haiti	99	165	139	129	112	38.8	-33.2	8.5	-20.2	-34
Honduras	94	135	171	142	124	-4.1	-13.4	-14.1	1.4	-19
Nicaragua	113	174	133	87	71	-38.3	6.1	-18.4	0.0	-56
Panama	118	92	89	68	60	-13.5	-11.7	-2.9	-8.6	-34
Paraguay	139	237	228	194	169	-11.4	-4.0	-4.1	-8.9	-33
Dominican Republic	224	176	164	177	119	-8.5	18.0	-36.7	6.3	-16
Uruguay	83	127	131	147	141	6.9	5.0	8.8	-11.9	1

Source: ECLA, on the basis of official figures.
[a] Preliminary estimates subject to revision.
[b] Cumulative percentage variations for the period.

Table 13

LATIN AMERICA: NET FINANCING AVAILABLE AFTER PAYMENT OF PROFITS AND INTEREST

(Billions of dollars)

Year	Net inflow of capital (1)	Net payments for profits and interest (2)	Net available financing (3) = (1) · (2)	Net real[a] available financing (4)	Exports of goods and services (5)	Net available financing/ exports of goods and services[b] (6) = (3) / (5) (6)
1973	8.1	4.4	3.7	8.3	30.3	12.2
1974	11.6	5.3	6.3	11.9	46.0	13.7
1975	14.5	5.8	8.7	15.0	43.7	19.9
1976	18.3	7.0	11.3	18.7	49.9	22.6
1977	17.3	8.6	8.7	13.5	58.7	14.8
1978	26.4	10.5	15.9	22.9	64.5	24.7
1979	29.0	14.2	14.8	19.0	85.8	17.2
1980	29.9	19.0	10.9	12.3	110.9	9.8
1981	38.0	29.1	8.9	9.2	119.6	7.4
1982	16.6	36.8	-20.2	-20.4	109.0	-18.5
1983[c]	4.5	34.0	-29.5	-29.5	107.6	-27.4

Source: IMF, Balance of Payments Yearbook (several issues); and ECLA estimates, on the basis of official figures.
[a]Obtained by deflating colum 3 by the United States wholesale price index, base 1983 = 100.
[b]In percentages.
[c]Preliminary estimates subject to revision.

Table 14

LATIN AMERICA: TOTAL EXTERNAL DEBT

(End-of-year balance in millions of dollars)

Country	1981	1982	1983[a]
Latin America	**257 890**	**289 437**	**309 800**
Oil-exporting countries	**116 777**	**128 948**	**134 500**
Bolivia[b]	2 450	2 373	2 700
Ecuador[c]	5 756	5 788	6 200
Mexico[d]	72 007	81 350	85 000
Peru[c]	8 227	9 503	10 600
Venezuela[c]	28 377	29 934	30 000
Non-oil-exporting countries	**141 113**	**160 489**	**175 300**
Argentina[d]	35 671	38 907	42 000
Brazil[c]	65 000	75 000	83 000
Colombia[d]	8 160	9 506	10 300
Costa Rica[b]	2 345	2 603	3 050
Chile[d]	15 542	17 153	17 600
El Salvador[c]	980	917	1 200
Guatemala[d]	765	858	1 000
Guyana[c]	687	689	800
Haiti[c]	326	765	800
Honduras[b]	1 055	1 198	1 500
Nicaragua[b]	2 163	2 789	3 400
Panama[b]	2 333	2 733	3 100
Paraguay[c]	1 120	1 195	1 300
Dominican Republic[d]	1 837	1 921	2 000
Uruguay[d]	3 129	4 255	4 250

Source: ECLA, on the basis of official figures and publications of international financial agencies.
[a] Preliminary estimates subject to revision.
[b] Public debt.
[c] Includes officially guaranteed public and private external debt, plus non-guaranteed long- and short-term debt with financial institutions reporting to the Bank for International Settlements.
[d] Total public and private external debt.

Table 15

LATIN AMERICA: RATIO OF TOTAL INTEREST PAYMENTS TO EXPORTS OF GOODS AND SERVICES[a]

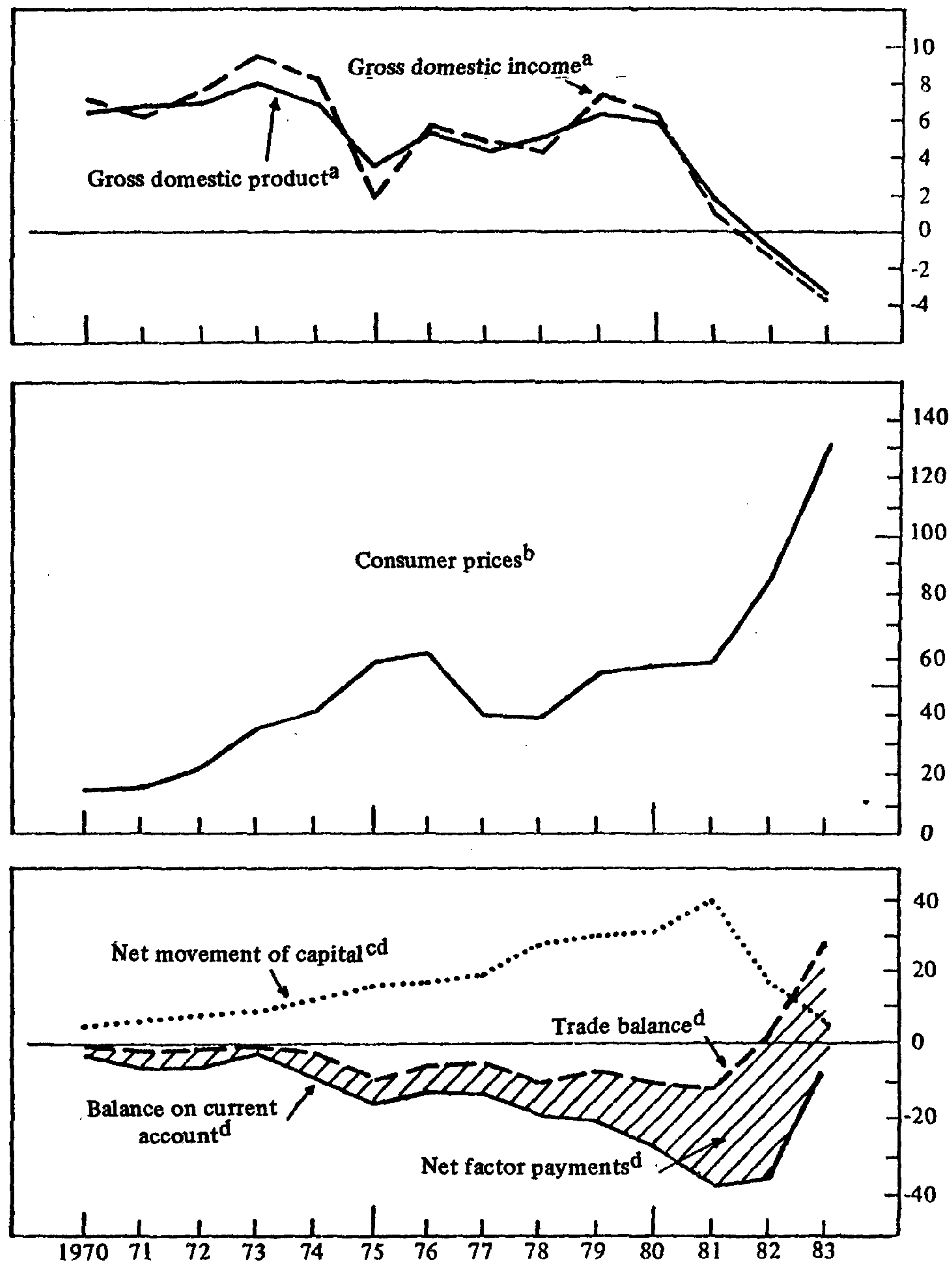
(Percentages)

Country	1977	1978	1979	1980	1981	1982	1983[b]
Latin America	12.4	15.5	17.4	19.9	26.4	38.3	35.0
Oil-exporting countries	13.0	16.0	15.7	16.5	22.3	31.1	31.0
Bolivia	9.9	13.7	18.1	24.5	35.5	43.5	35.5
Ecuador	4.8	10.3	13.6	18.2	24.3	29.3	25.5
Mexico	25.4	24.0	24.8	23.1	28.7	37.6	38.0
Peru	17.9	21.2	14.7	16.0	21.8	24.7	31.5
Venezuela	4.0	7.2	6.9	8.1	12.7	21.4	19.0
Non-oil-exporting countries	11.9	15.1	18.8	23.3	31.3	46.2	39.0
Argentina	7.6	9.6	12.8	22.0	31.7	54.6	51.0
Brazil	18.9	24.5	31.5	34.1	40.4	57.0	43.5
Colombia	7.4	7.7	10.1	13.3	21.6	22.7	21.5
Costa Rica	7.1	9.9	12.8	18.0	25.5	33.4	43.5
Chile	13.7	17.0	16.5	19.3	34.6	47.2	37.5
El Salvador	2.9	5.1	5.3	6.5	7.5	11.1	10.5
Guatemala	2.4	3.6	3.1	5.3	7.5	7.6	7.5
Haiti	2.3	2.8	3.3	2.0	3.2	2.3	3.5
Honduras	7.2	8.2	8.6	10.6	14.5	22.5	16.0
Nicaragua	7.0	9.3	9.7	15.7	15.5	31.7	36.0
Paraguay	6.7	8.5	10.7	14.3	15.9	14.9	15.5
Dominican Republic	8.8	14.0	14.4	14.7	10.5	22.6	25.0
Uruguay	9.8	10.4	9.0	11.0	13.1	22.4	32.5

Source: 1977-1982: International Monetary Fund, Balance of Payments Yearbook; 1983: ECLA, on the basis of official information.
[a]Interest includes interest payment on short-term debt.
[b]Preliminary estimates subject to revision.

Figure 1

LATIN AMERICA: MAIN ECONOMIC INDICATORS



Source: ECLA, on the basis of official information.

[a]*Annual growth rate.*

[b]Weighted percentage variation from December to December.

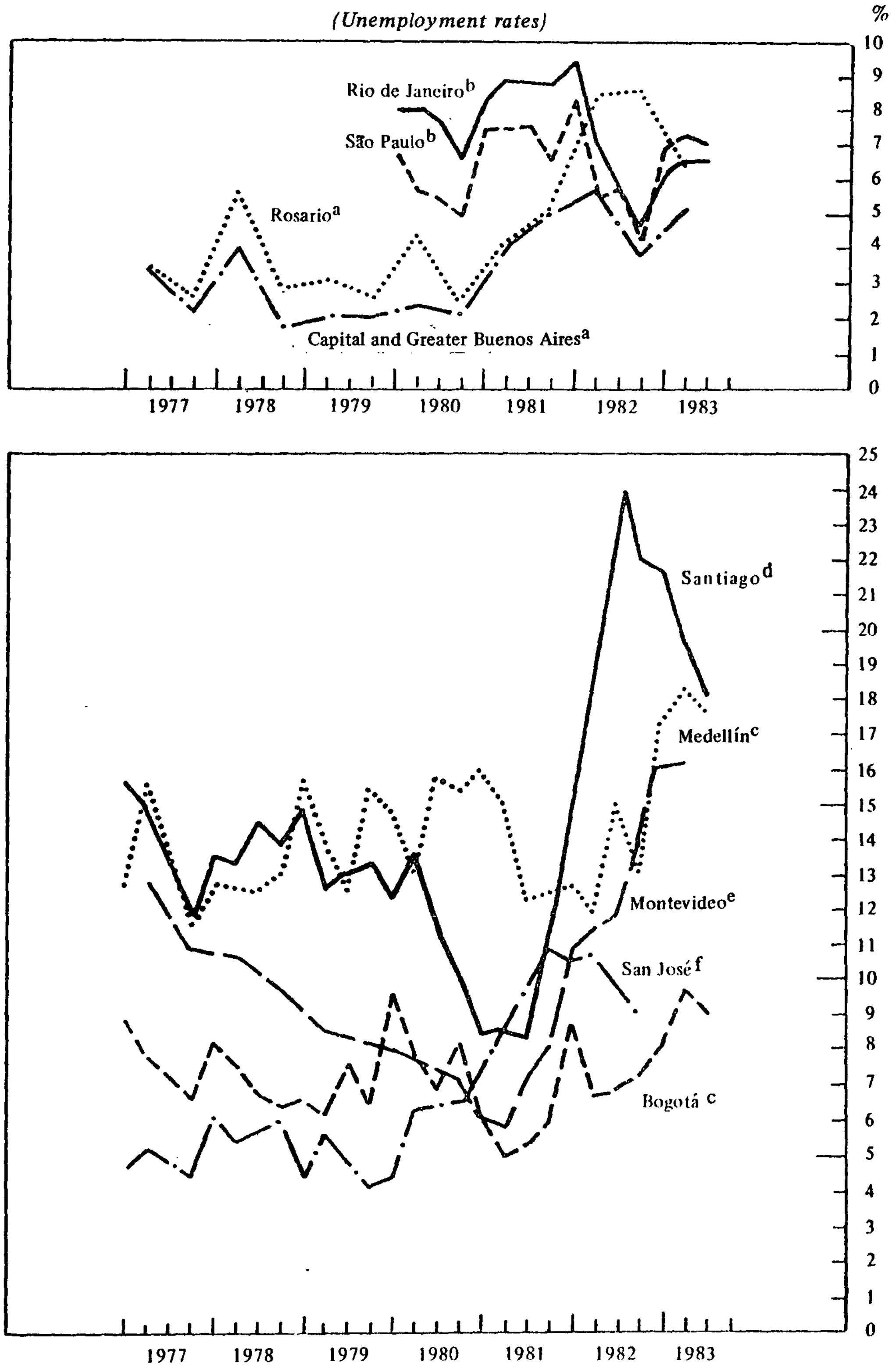
[c]Includes short-, medium- and long-term capital, unilateral official transfers and errors and omissions.

[d]Billions of dollars.

Figure 2

LATIN AMERICA: QUARTERLY EVOLUTION OF UNEMPLOYMENT IN PRINCIPAL CITIES

(Unemployment rates)

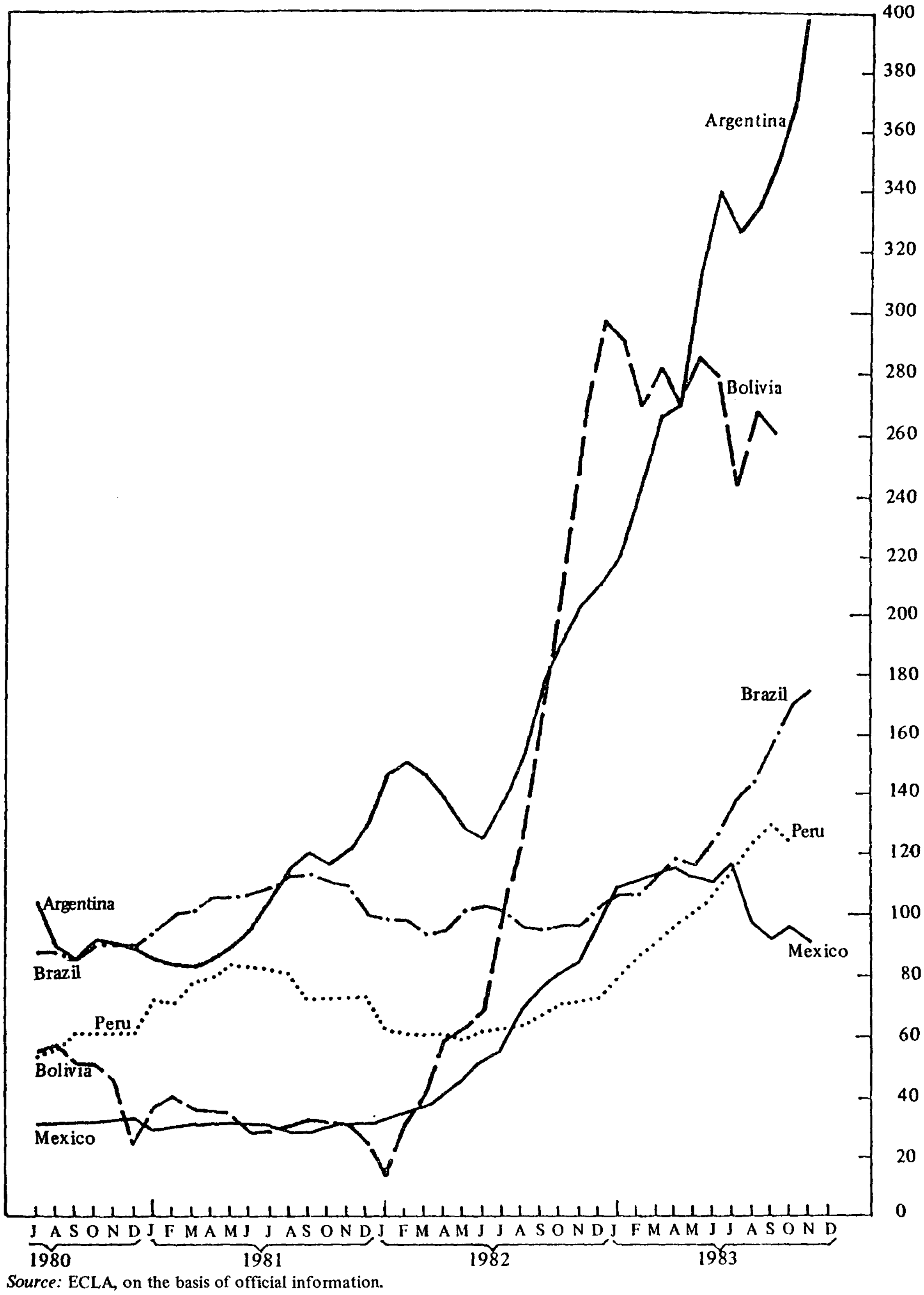


Source: ECLA, on the basis of official information.

[a]Figures for April and October, 1977 to 1981: Capital and Greater Buenos Aires; 1982: Greater Buenos Aires. [b]Averages based on monthly data. [c]Figures for March, June, September and December. [d]Figures for March, June, September and December based on data supplied by the National Statistical Institute. [e]1977 to 1981: half-yearly data. As of 1981: quarterly averages. [f]Figures for March (I), July (II) and November (IV) for San José, Cartago and Heredia. The figure for November 1979 is the national urban rate.

Figure 3

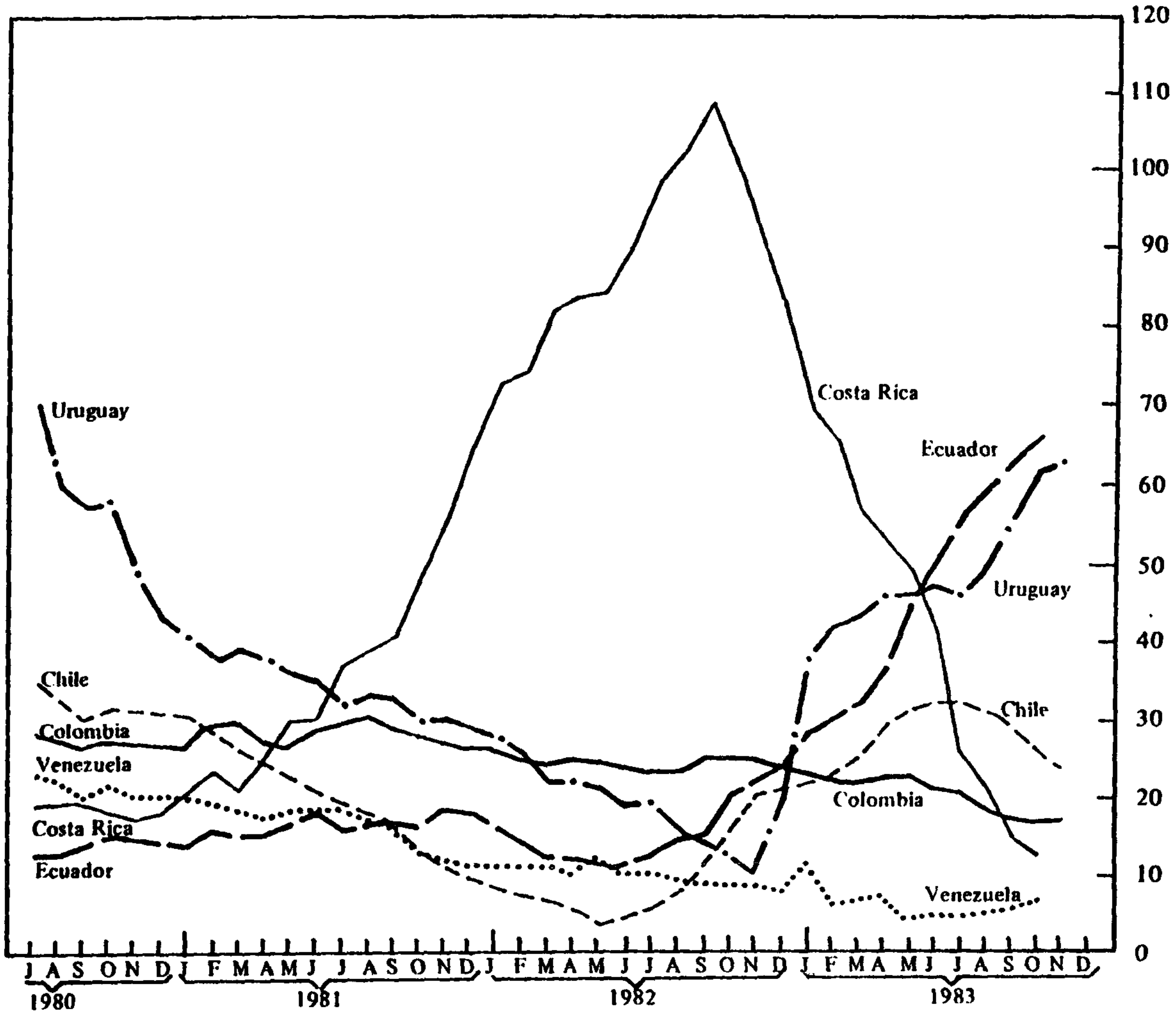
LATIN AMERICA: VARIATIONS IN CONSUMER PRICE INDEX OVER TWELVE MONTHS IN SELECTED COUNTRIES



Source: ECLA, on the basis of official information.

Figure 4

LATIN AMERICA: VARIATIONS IN CONSUMER PRICE INDEX OVER TWELVE MONTHS IN SELECTED COUNTRIES

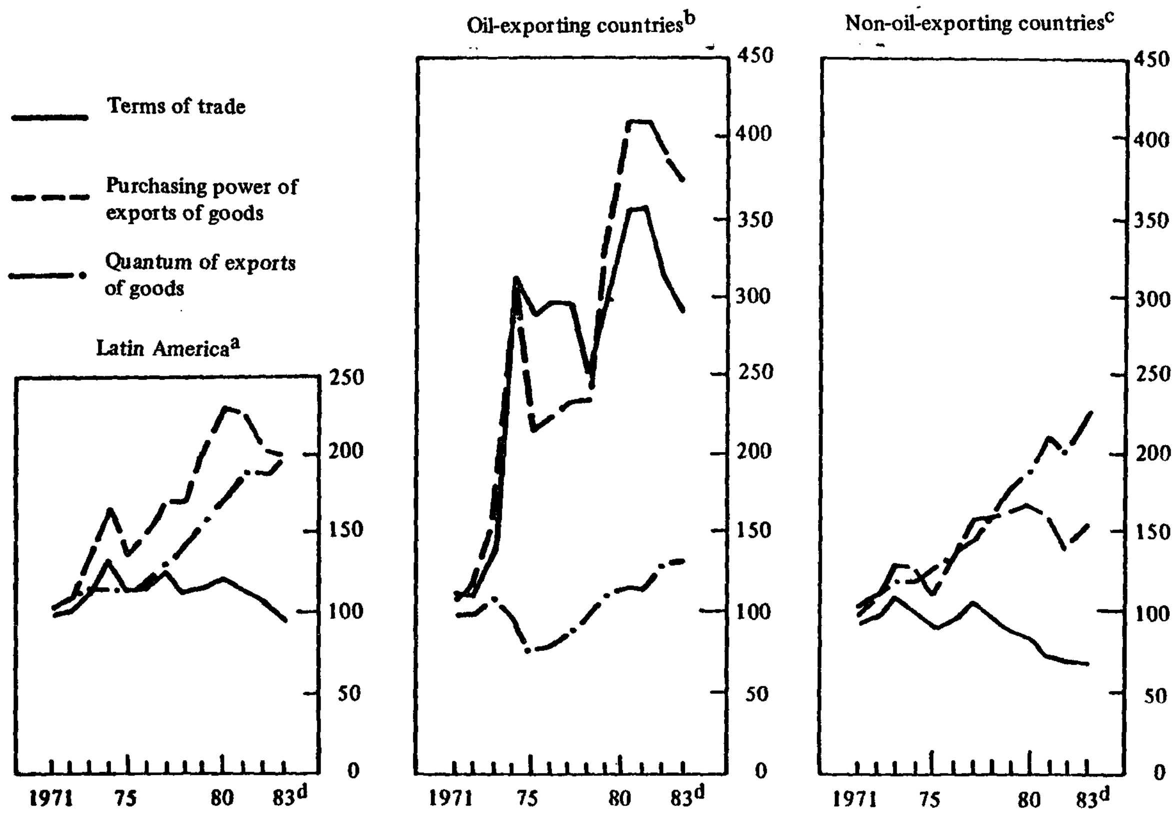


Source: ECLA, on the basis of official information.

Figure 5

LATIN AMERICA: TRENDS OF SOME FOREIGN TRADE INDICATORS

(Indexes: 1970 = 100)



Source: ECLA, on the basis of official information.

[a]19 countries.

[b]From 1970 to 1975, includes Bolivia, Ecuador and Venezuela; from 1976 on, also includes Mexico and Peru.

[c]From 1970 to 1975, includes 16 countries. From 1976 on, Mexico and Peru are no longer included.

[d]Provisional estimate.