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PRELIMINARY OVERVIEW OF THE LATIN AMERICAN ECONOMY DURING 1985*

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I. SUMMARY

Feeble growth in economic activity, concentrated in only a very few countries; the generalization and accentuation of inflation (with, however, considerable progress in the struggle against inflation in some of the economies where it had reached extraordinarily high levels), and the deterioration of the external sector were the main features characterizing the economic evolution of Latin America in 1985.

According to the preliminary figures which ECLAC has to hand, it is estimated that the gross domestic product of Latin America increased by 2.8% compared with the growth of 3.2% registered the year before. This permitted an increase in the per capita product of barely 0.5% (see table 1), thus bringing it to a level which was still almost 9% below that registered in 1980 and only equal to that already achieved in the region in 1977.

Furthermore, the economic expansion was due to the results of only a very few countries. Thus, if Brazil (which grew by 7%) is excluded, the increase in the global product was only 0.8%, while the per capita product went down by 1.5%. The inadequacy of the growth registered in economic activity was also evident from the fact that the per capita product went down in 14 of the 20 economies for which data are available.

Notwithstanding the feebleness of the economic recovery, and in spite of the further reduction in external inflationary pressures, inflation continued to increase and become more widespread in the region. The simple average rate of consumer price increases rose from 164% in 1984 to 610% in 1985, while the population-weighted rate rose from 185% to 330%. Although these increases were sharply influenced by the exceptional magnitude of inflation in Bolivia (11 300%), the average growth rate of prices in the other economies of the region was still very high (144%). At the same time, inflation became still more widespread. Thus, in 1985 consumer prices grew by less than 10% in only 5 of the 21 countries for which data are available, while they rose rapidly in many economies where inflation had traditionally been very low. It may be noted, however, that by the end of 1985 the intensity of inflation had gone down in several countries of the region, with spectacular declines in Argentina, Peru and Bolivia, where the growth rate of prices had been accelerating with extraordinary rapidity.

In contrast with what had taken place the year before, the scanty advance in economic activity in 1985 was accompanied by a marked deterioration in the external sector results. Thus, because of the loss of dynamism of world trade —whose volume grew by less than 3% after having expanded by 9% in 1984— and the marked declines in the international prices of basic commodities, the value of Latin America's exports of goods went down by nearly 6%. At the same time, the terms of trade fell by almost 3%, thus making a total deterioration of over 16% in the five-year period 1981-1985.

Because of the decline in exports, the merchandise trade surplus went down in 1985 despite the 2% reduction in total imports. Thus, after having increased more than fourfold between 1982 and 1984 to a record level of US$ 38.7 billion in the latter year, the surplus dropped to US$ 34.3 billion in 1985.

Furthermore, the decline in the trade surplus was greater than the combined drops in net remittances of profits and interest and net service payments, so that the current account deficit —which had fallen spectacularly from US$ 41 billion in 1982 to only US$ 1 billion in 1984— rose to US$ 4.4 billion in 1985 (see figure 1).

At the same time, there was a decline in the net inflow of capital, which had partly recovered in 1984 from the enormous drop suffered in the previous two years. As the total inflow of US$ 4.7 billion only came to a little more than the current account deficit, the balance of payments (which had generated a surplus of US$ 9.3 billion the year before) closed in 1985 with a surplus of only US$ 300 million, although this was nevertheless an improvement on the heavy deficits registered in the three-year period 1981-1983.

Moreover, the net amount of loans and investments was less than that of net remittances of interest and profits, so that for the fourth year in succession Latin America transferred resources abroad. This transfer, which came to a little over US$ 30 billion, meant a reduction in the region's import capacity equivalent to approximately 28% of the value of its exports of goods and services, and with it the total transfer of resources abroad caused by financial movements came to US$ 106 billion over the period 1982-1985.

On the other hand, as a result of the smaller inflow of loans in 1985, the growth rate of the external debt continued to slacken. According to preliminary estimates, total indebtedness came to US$ 368 billion at the end of the year, which was only 2% more than at the end of 1984. Given the some 4% rise in the consumer price index of the industrialized countries, the external debt went down in real terms for the first time in the recent history of the region.

Despite the smallness of the increase in the external debt, the drop in exports of goods and services in 1985 caused the debt/export ratio to rise once again. This ratio, which had gone down to 316% in 1984, rose to 340% in 1985, which was a proportion only exceeded by that registered in 1983 and was far higher than those prevailing before the crisis. The decline in the value of foreign sales also meant that, despite the reduction in interest payments, the interest/exports ratio remained at a very high level for the fourth year in succession (around 36%).

II. MAIN TRENDS

1. Production and employment

In 1985, the Latin American gross domestic product increased by 2.8%, compared with 3.2% the year before. As a result, the per capita product —which had gone down steadily between 1981 and 1983 but which had risen by almost 1% in 1984— grew by barely 0.5% (see figure 1).

Even more so than on other occasions, however, these global regional averages conceal the considerable differences observable in the evolution of economic activity in the various Latin American countries. Thus, if the figures for Brazil —which registered a 7% increase in its product and alone generates around 30% of the regional output of goods and services— are excluded from the reckoning, the increase in the global product in 1985 would not even amount to 1%, while instead of rising slightly, the per capita product would go down by 1.5% (see tables 2 and 3).

Furthermore, the loss of economic dynamism was widespread, since the per capita product increased only in Brazil, Cuba, Paraguay and Mexico, while in Chile and Colombia it remained virtually unchanged and in the other 14 economies of the region for which figures are available it actually went down.

As a result of this new decline, the already very marked deterioration in the per capita product registered since 1981 in a large number of Latin American countries continued to get worse in 1985. Thus, over the five-year period 1981-1985 this indicator fell by 29% in Bolivia and 24% in El Salvador; by approximately 20% in Venezuela and Uruguay; by about 18% in Guatemala and Argentina; by between 11% and 15% in Peru, Costa Rica, Haiti, Honduras and Nicaragua, and by 9% in Chile. Over the same period, the per capita product also went down by between 1% and 4% in all the other economies of the region except Cuba, where it increased very considerably (see table 3).

In Brazil, economic activity (which had already partly recovered in 1984 from the decline suffered in the period 1981-1983) increased above all on account of the recovery of manufacturing, the considerable growth of mining and petroleum activities, and the good results obtained in the agricultural sector. As was to be expected, the expansion of economic activity helped to improve the employment situation: the average level of urban employment in the first half of the year was 5% higher than in the same period of 1984, while the rate of unemployment in the main cities of the country went down from an average of 7.7% in January-August 1984 to 6% in the same period of 1985, thus becoming one of the lowest in Latin America (see table 4 and figure 2). In contrast with what had happened the year before, when the main growth stimulus had come from the extraordinary expansion of exports, in 1985 the increase in production was due to the greater domestic demand generated by the increase in employment and real wages, which made it possible to use the idle capacity that had existed in many sectors at the beginning of the year. Furthermore, the considerable decline registered once again in imports did not represent a hindrance to the expansion of economic activity. This fact, which at first sight seems surprising, when it is recalled that there was already a contraction of almost 40% in the volume of imports between 1980 and 1984, is explained by the sharp change which has taken place in the structure of external purchases. Thus, the decline in the total amount of imports was due exclusively to the sharp drop in purchases of fuels as a result of the increase in the production of oil, the reduction in domestic consumption of petroleum products, and the drop in world hydrocarbon prices. In contrast, imports of other intermediate and capital goods rose considerably, thus facilitating the recovery and growth of the economy.

Economic activity increased at relatively satisfactory rates in Cuba (4.5%) and Paraguay (4%). In Cuba, the growth of the global social product was only slightly below the goal of 5% which the authorities had set for 1985 and was headed by a vigorous expansion of over 7% in the industrial sector (which, in Cuban statistics, includes not only manufacturing but also mining, metals production and the generation of electric power). In contrast, construction (which had grown very rapidly in the previous two years) increased by about 3% and the agricultural sector expanded by less than 1%.

In Paraguay, the 4% increase in the product represented a continuation of the recovery which had begun the year before after the decline suffered by economic activity in the two-year period 1982-1983. In contrast with 1984, the growth was due in 1985 to a fairly even increase in industry, agriculture and services, all of which expanded by between 4% and 5%. In contrast, construction activity declined for the fourth year running, although this year the 1% drop suffered was much smaller than those registered in the previous three years.

In Mexico, the gross domestic product grew by 3.5%, as in 1984. Growth was more rapid in the first half of the year, when domestic expenditure, industrial output and construction sector activity expanded considerably and imports of goods grew by 36% compared with the same period the year before. The marked reduction in the trade surplus caused by this increase in foreign purchases and the simultaneous drop in exports, together with the persistence of a high rate of inflation, however, caused the economic authorities to raise the controlled exchange rate by 19% in July and to apply restrictive monetary and fiscal policies. As a result of these measures, of the uncertainty generated by the devaluation and weakening of the world petroleum market, and of the damage caused by the earthquakes which devastated the central region of the country in September, the economic growth rate went down in the second half of the year.

In 1985, *economic activity increased by 2.5% in* Ecuador *and by about 2% in* Chile, Colombia and Peru. In all four countries, this represented a slackening of the economic growth achieved the year before and resulted in virtual stagnation of the per capita product (see tables 2 and 3).

Whereas in Ecuador the expansion was relatively even in all the main sectors except agriculture (which showed little or no expansion), in Peru growth was concentrated in manufacturing, mining and the agricultural sector, with the construction sector showing a very marked decline. Furthermore, Peru's economic growth was much more rapid in the first quarter than in the rest of the year, especially in the case of manufacturing and fisheries.

In Colombia, the evolution of the economy was dominated by the need to reduce the considerable external imbalance registered in 1984. In order to achieve this objective, the economic authorities adopted an adjustment programme which included, *inter alia,* severe cuts in public expenditure, measures to increase central government revenue, a restrictive monetary policy, the gradual but rapid raising of the real exchange rate, and stricter controls on imports. Although these policies helped to reduce the external imbalance, they had negative effects in the short term on the growth rate of economic activity and employment. Thus, the postponement of many public works caused a considerable decline in construction activity, while the stricter controls on domestic expenditure and the drop in imports reduced commercial activity. The restrictive monetary and fiscal policies and the reduction in real wages also tended to weaken the growth rate of industrial production, although the effects of these were offset to some extent by the reorientation of global demand from imports to local suppliers. As a result, as in the previous two years, mining was the only sector which expanded at a rapid rate. The slackening in the growth rate of urban activities was a factor in the deterioration of the employment situation, which was reflected in the fact that in the four main cities of the country the unemployment rate rose to an average of 14.2%: the highest figure registered for the last 11 years (see table 4 and figure 3).

The economic growth rate dropped more markedly in Chile, where it fell from over 6% in 1984 to around 2% in 1985. As in Colombia, this was the result of the application of an adjustment and stabilization programme aimed at reducing the heavy current account deficit registered in 1984 and controlling inflation, which had accelerated sharply in the later months of that year. As a result, the economic growth rate —which had already begun to slacken in the second half of 1984— continue to go down in 1985, and indeed the only activities which turned in a satisfactory performance were construction (which increased by 12%) and the agricultural sector (which expanded by 5%). In contrast, mining expanded by only 1% and industrial production actually suffered a slight decline. Because of this slow economic growth, the unemployment rate went down only very slightly from the very high level registered the year before: in urban centres as a whole it slackened from 15.4% in 1984 to 13.2% in January-September 1985, while it declined from 18.5% to 17.7% over the same period in the Santiago metropolitan area.

In all the other countries of the region, the evolution of overall economic activity failed to exceed population growth. The situation was particularly serious in the cases of Bolivia, Haiti and the Central American countries, where the decline suffered in 1985 came on top of the almost uninterrupted series of drops suffered by the per capita product since the end of the past decade, thus helping to bring down still further the levels of per capita income, which were already the lowest in the region except in Costa Rica and Panama.

At the same time, however, 1985 also witnessed a fall in the per capita product in Venezuela, Uruguay and Argentina, which are among the Latin American countries with the highest per capita income.

In Venezuela, the drop in the per capita product took place for the eighth consecutive year and was due to the total stagnation of economic activity, the main cause of which was the weakening of the international petroleum market as from April, which made it necessary to reduce the production of crude and brought the value of exports and public revenue below the figure initially foreseen by the government. In these circumstances, the authorities implemented a restrictive fiscal and monetary policy and postponed part of the outlays under the public investment programme which had been designed to promote the reactivation of the economy. As a result, construction suffered a considerable decline and industrial activity more or less stagnated. Thus, although agriculture turned in a very favourable performance, in the other sectors there was an interruption in the recovery which had begun to make itself felt at the end of the previous year.

In Uruguay, the level of global economic activity showed scarcely any variation, so that the per capita product went down by a little under 1%, although it may be noted that this reduction was considerably less than those which had taken place in the previous three years. The stagnation in economic activity was connected with a further decline in exports and a sharp drop in investment. As in 1984, the sector most seriously affected by the crisis was construction, but in 1985 the decline in this sector was accompanied by that in manufacturing also. In contrast, agriculture recovered vigorously after the decline suffered the previous year. In spite of this sluggishness of economic activity and the unusually large rise in real wages, the unemployment rate went down slightly from an average of 14% in 1984 to 13.5% in the first nine months of 1985, although it was still twice as high as that prevailing before the crisis (see figure 2).

The most pronounced drop in economic activity took place in Argentina, where the gross domestic product went down by 3% after having partially recovered in the previous two years from the sharp contraction suffered in 1981-1982. This latest decline took place from the beginning of the year and persisted even after the application of the stabilization plan in June. As in the case of Uruguay, the drop was particularly marked in manufacturing and construction, but in contrast with what happened in that country, it also coincided with a rise in unemployment and a sharp drop in real wages.

2. Prices and wages

In 1985, inflation once again reached extraordinarily high levels in Latin America: the simple average rate of consumer price increases rose from 164% in 1984 to 610% in 1985, while the population-weighted rate rose between those two years from 185% to 330%. Although this rate of increase was heavily influenced by the exceptional magnitude of inflation in Bolivia —which increased more than fivefold, rising from a little less than 2 200% in 1984 to almost 11 300% in the twelve months ending November 1985— the average rate of price increases was also very high (144%) in the other economies of the region taken as a whole (see table 5).

At the same time, inflation —which had previously been a serious problem only in a limited number of Latin American countries— became more generalized in 1985. Indeed, during the year consumer prices rose by less than 10% only in Barbados, Haiti, Honduras, Panama and Venezuela, whereas in the remaining 16 countries the rate of inflation was a good deal higher, reaching enormous dimensions in Peru (170%), Brazil (218%), Nicaragua (250%) and Argentina (463%). The more generalized nature of inflation was also reflected in the fact that in 1985 the rate of consumer price increases rose in 14 countries and went down in only seven.

Nevertheless, it should be noted that in the second half of 1985 substantial advances were made in the struggle against inflation in several countries of the region. These advances were quite spectacular in Argentina, Bolivia, and Peru —in all of which the inflationary process had accelerated very sharply in the first six or nine months of the year— and although they were a good deal less marked they were nevertheless important in Chile, Colombia, Costa Rica, Ecuador and Venezuela.

The first case of a sharp reversal in inflationary trends took place in Argentina, where the rate of price increases, after having risen rapidly and continuously in the previous four years, speeded up still more in the first half of 1985. From January onwards, consumer prices rose at an average monthly rate of 25%, and in the first two weeks of June this growth rate speeded up much more. Thus, in May the twelve-month variation in the consumer price index exceeded the figure of 1 000% for the first time in the history of Argentina, and in June it exceeded 1 100%, putting the country on the verge of hyperinflation. At the same time, real wages went down considerably (see table 6).

In view of this dramatic situation, the government —which in the preceding weeks had sharply readjusted the prices and rates charged by State enterprises and had also raised the exchange parity by 18%— announced on 14 June a new economic programme designed to secure a drastic reduction in the rate of price increases. In essence, the plan sought to achieve a sharp reduction in the "inertia" component of inflation and in the expectations of a continued large rise in price levels by freezing the exchange rate, wages, public services tariffs, prices and rents and introducing a new currency —the Austral— whose value in pesos would be increased to start with by 30% per month (the previous rate of inflation), thereby deindexing in practice financial contracts. At the same time, with the purpose of discouraging the speculative purchase of dollars and of goods, the interest rate on deposits was fixed at 4% for the first month in which the plan was to operate and various measures were taken to reduce the proportion of the product represented by the public sector deficit from 12% in 1984 to 2.5% in 1985. In order to strengthen the effect of these measures on the expectations of the economic agents, the authorities also announced that the public sector deficit would be covered entirely with external financing, so that the money issue for this purpose would be zero.

The first effect of the plan was a radical reduction in inflationary expectations and the elimination of the enormous "inertia" component of Argentine inflation. This was reflected in the sharp drop in the growth rate of consumer prices from over 30% in June to a monthly average of only a little over 2% in the period September-November (see figure 4).

The evolution of inflation was similar in Peru, although both its level and the magnitude of the changes which took place were smaller there than in Argentina. Thus, in Peru also the growth rate of prices accelerated sharply in early 1985 until from April onwards the monthly rate of inflation was over 10%. As a result, the twelve-month variation in the consumer price index rose steadily from 111% at the end of 1984 to almost 185% in July 1985. In these circumstances, the new administration which took office at the end of that month rapidly implemented a series of measures aimed at reducing the rate of inflation, reactivating the economy and reducing the external imbalance. Early in August, the economic authorities devalued the sol by 12% and authorized the operation of a parallel foreign exchange market; they froze foreign currency deposits in the financial system for 90 days; they raised the minimum wage by 50% and increased the pay of public servants by 15% and that of teachers by 22%, and they raised the price of gasoline by 33% and increased the prices and rates charged by the various public enterprises. These measures were subsequently supplemented with the reduction of interest rates from an effective level of over 200% to a legal maximum of 110% and the decision to freeze prices, the exchange rate, wages and rents until the end of the year.

The most immediate result of these measures was a sharp fall in the rate of inflation. Although in August consumer prices still rose by 11% —mainly as a consequence of the devaluation, the adjustment of wages and the rise in fuel prices— they rose much more slowly thereafter. Thus, after five consecutive months in which the variation in the consumer price index had been over 10%, from September onwards the index rose at an average monthly rate of only 3% (see figure 4).

In the last quarter of the year there was also a radical change in the inflationary situation in Bolivia, which at the same time was displaying the first case of real hyperinflation in the history of Latin America. After having risen steadily from 25% at the end of 1981 to almost 2 200% at the end of 1984, the annual rate of price increases continued to gather speed in the first eight months of 1985 until in August it reached the unprecedented figure of 20 500%. This dizzy acceleration of inflation was decisively influenced by the adjustments of the prices of fuels and public services and the rises in the exchange rate. In February alone, for example —when the exchange rate was raised from 9 000 to 45 000 pesos per dollar and electricity and public transport rates and the prices of fuels were adjusted by between 250 and 500%— the level of consumer prices almost trebled. The main cause of the acceleration of inflation, however, was the close link that was established in practice between the inflationary expectations of the economic agents and the rate for the dollar in the parallel market. As uncertainty increased and the deterioration of the economic situation continued, this rate rose with unbelievable rapidity until it exceeded a million pesos in August, dragging with it the rest of the prices.

It was against this background that a complete turnabout took place in economic policy as a result of the change of government. Within the framework of a markedly neo-liberal programme, the new authorities decided in September to raise the official exchange rate from 75 000 to around 1 100 000 pesos per dollar —a value coinciding with that then prevailing on the parallel market— and announced that in future the exchange rate would be fixed through the public sale of foreign exchange by the Central Bank. At the same time, a free import régime was adopted, the system of prices was completely liberalized (except for the prices of gasoline and electricity and the fares on urban buses and the railways), it was decided that private sector wages would be established in future through free bargaining between the parties, while the wages of public sector employees were frozen until the end of the year.

Although the immediate result of the new price measures was a further considerable rise of 56% in the consumer price index in September, these measures nevertheless achieved a substantial change in inflationary expectations. Thus, in October consumer prices went down by 2% and in November they increased by only a little over 3%. As a result, the twelve-month variation in the consumer price index, which in September had reached a new all-time record of over 23 400%, dropped to 14 400% in October and to a little under 11 300% in November (see figure 5).

The slackening of inflation as from mid-1965 was naturally much more moderate in Chile, Colombia and Ecuador, where the rate of price increases had accelerated in the first half of the year, largely because of policies aimed at raising the real exchange rate applied in them. Thus, in Colombia, where consumer prices increased at an average monthly rate of 3.5% in the first half of the year, they became almost stable between July and November. There was a similar but less marked tendency in Chile —where the average monthly variation in consumer prices went down from 3.2% in the first half of the year to 1.3% in the following five months— and in Ecuador —where the monthly rate of inflation went down from 2.5% in the first half of the year to 0.8% in the period July-October. Thus, at the end of the year the rate of inflation in these three countries tended to converge towards a level of between 23% and 26% (see figure 6). These figures represented a slight increase in the annual growth rate of consumer prices in Ecuador and Chile, while in Colombia they amounted to a noticeably higher rate of increase than that registered in 1984. In Chile and Colombia, the higher inflation was also accompanied by declines in real wages.

During 1985 there was a reversal of the upward trend displayed by inflation since mid-1983 in Venezuela and in the second half of 1984 in Costa Rica (see figures 6 and 7).

The change was particularly pronounced in Venezuela, where consumer prices, after having increased by over 18% in 1984, rose by less than 7% in the twelve months ending in October 1985. This decline in the rate of inflation was influenced by the restrictive fiscal and monetary policy applied by the authorities, the sluggishness of economic activity and the high level of unemployment, the effects of which more than offset the upward pressures generated by the increases in various agricultural prices authorized in 1985 and the suppression of the preferential exchange rate used for imports of some essential products.

The application of a more restrictive monetary policy than in previous years and the postponement of new public investment projects, for their part, were major causes of the slight reduction of the rate of inflation in Costa Rica from over 17% in 1984 to 14.6% in the twelve months ending in September 1985. Another factor in this result was the relatively moderate adjustments authorized by the government in controlled prices, which rose a good deal less than free prices.

In contrast, inflation continued to accelerate in Brazil and Uruguay in 1985 and there was a reversal of the downward trend which it had been displaying in Mexico since early 1983.

In Brazil, the twelve-month variation in the national consumer price index —which had gradually risen in the course of 1984 from 175% to 203%— fluctuated around 220% both at the beginning and the end of 1985 (see figure 7). As in previous years, the maintenance of the inflationary process continued to be strongly influenced by the expectations of the great majority of the economic agents and the widespread system of indexing almost all the main cost components. In 1985, however, the effects attributable to these factors, which are responsible for the high "inertia" component of Brazilian inflation, were compounded by the very rapid expansion of the means of payment and an increase of almost 10% in real wages, which thus recovered from the drop suffered in the previous two years (see table 6).

In 1985 there was also an increase for the third year running in the intensity of inflation in Uruguay, where the consumer price increase in the twelve months ending in November of that year was almost 78%: the highest figure registered since 1979, although it was nevertheless within the margins foreseen in the financial programme of the new government, which managed to reduce the public sector deficit appreciably. This reduction of the deficit, however, was achieved not only through a substantial increase in taxation, but also through very considerable adjustments in the prices and rates charged by public enterprises, which helped to speed up the rate of inflation in the short term. Inflation was also influenced by the evolution of real wages, which, in spite of the stagnation of economic activity and the persistence of a high rate of unemployment, rose by nearly 13%.

In Mexico, the inflation of almost 60% corresponding to the twelve months ending in November 1985 was almost equal to that registered at the end of 1984. This apparent similarity conceals, however, the unequal path followed by the inflationary process in these two years. As may be clearly seen from figure 7, the rate of inflation in 1984 went down slowly but steadily and this downward trend continued, albeit increasingly slowly, until mid-1985. From then on, however, mainly because of the heavy devaluation of the peso carried out in July, the trend was reversed and the rate of increase in consumer prices began to rise rapidly.

Finally, there was a marked increase in inflation in El Salvador and Guatemala in 1985, while it accelerated to an extraordinary extent in Nicaragua. In the first two countries —which in 1984 had been among the few nations in the region to have single-figure inflation— consumer prices rose by around 28%: the highest figure ever registered in them. In Nicaragua, for its part, where inflation had already been speeding up considerably in 1984, it rose spectacularly as from the early months of 1985 as a result of a sharp increase in the official exchange rate carried out in February, the reduction of the subsidies granted by the government in respect of a number of mass consumption goods, and the disturbances produced by the armed conflict. Consequently, prices rose sharply and the twelve-month variation in the consumer price index reached an all-time record level of 250% in September (see figure 7).

3. The external sector

The marked loss of dynamism of world trade —whose volume expanded by 9% in 1984 but is estimated to have grown by less than 3% in 1985— and the severe and widespread drop in the international prices of basic commodities were contributory factors in the unfavourable trend shown in 1985 by Latin America's external sector results. Thus, during the year the upward trend that the merchandise trade surplus had been showing since 1982 was reversed, so that the current account deficit —which had fallen from US$ 41 billion to only US$ 1 billion between 1982 and 1984— increased more than fourfold in 1985. Since at the same time there was a sharp drop in the net inflow of capital, the balance of payments closed with only a small surplus of around US$ 300 million, after having registered a surplus of over US$ 9 billion the year before. Furthermore, the decline in the net inflow of loans and investment was a good deal greater than that in net remittances of interest and profits, so that the transfer of resources by Latin America to the exterior rose considerably. On the other hand, as a result of the small amount of loans received, Latin America's external debt increased by only a little over 2%, so that it went down in real terms for the first time in the recent history of the region.

a) *External trade and the terms of trade*

After having increased by 11.5% in 1984, the value of Latin America's exports of goods went down by nearly 6% in 1985, the main cause of this being the decline of 4% in the unit value of exports, which thus completely wiped out the rise registered in 1984. A further contributory factor, however, was the contraction of almost 2% in the quantum of exports, which thus went down for the first time since 1975.

Although in 1985 the value of exports went down in 10 of the 19 countries for which data are available, the overall drop in foreign sales was due mainly to the substantial declines registered in Mexico, Venezuela, Brazil, Bolivia, the Dominican Republic and Uruguay (see table 7).

In absolute terms, the biggest drop took place in Mexico, whose exports went down from US$ 24 billion in 1984 to US$ 21.5 billion in 1985. The factors responsible for this decline included both the considerable expansion of domestic demand and the drop in the real exchange rate which took place in the first half of the year (which helped to reduce the quantum exported by 8%) and the decline in the international price of petroleum (which was the main reason for the 2.5% decline in the unit value of foreign sales). The weakness of the petroleum market was also the determining factor in the drops in both the quantum (-7%) and the average price (-3%) of the exports of Venezuela, whose value went down by a little over US$ 1.5 billion in 1985.

In Brazil, in contrast, where exports had expanded at the exceptional rate of 23% in 1984, their 7% decline in 1985 was due almost entirely to the drop in their unit value. A decline in unit value was also the exclusive reason for the severe contraction in the value of the exports of the Dominican Republic (-10%) and Uruguay (-8%).

In contrast the drop of almost 20% in Bolivia's exports —the biggest decline in the region— was due mainly to the 16% slump in export quantum.

In 1985 there was also a drecrease of nearly 2% in the value of the region's imports, which had made a feeble recovery in 1984 from the severe decline suffered in the previous two years. This latest drop was due both to a slight reduction in the unit value and a very slight contraction in the quantum imported (see table 8).

The decline in the total imports of the region as a whole was the net result, however, of very different changes in the imports of the various countries. Thus, whereas in Mexico the value of imports rose by 20% after having risen by 32% in 1984, while it rose by around 10% for the second year running in Ecuador, Costa Rica and Honduras, imports contracted by between 8% and 16% in Brazil, the Dominican Republic, Argentina, Guatemala, Chile, Peru and Venezuela. In spite of the considerable recovery in the value of external purchases in the first four countries named above, in none of these cases did this value recover the level it had reached in 1980. In fact, as may be seen from table 8, the quantum of imports recovered the level registered in that year only in Paraguay, while it came close to doing so in Colombia. In the other countries —especially Argentina, Chile, Peru and Uruguay— the quantum of imports continued to be far below that registered before the crisis and kept on limiting the recovery of economic activity.

Despite the decline for the third year running in the unit value of imports, the terms of trade nevertheless went down by almost 3% in 1985, thus representing a cumulative deterioration of 16.5% over the past five years (see table 9).

The exclusive reason for this further contraction was the decline of 4% in the unit value of exports, which was due in turn to the considerable and widespread drops suffered in 1985 by the international prices of the main basic commodities exported by Latin America. These prices —which had already gone down markedly in 1984 in spite of the very considerable expansion in world trade which took place in that year— went down once again, but this time even more markedly, in 1985. Thus, except for coffee, bananas and copper, the other 15 main commodities all suffered declines in their prices, the reduction being particularly marked in the case of cereals, soya beans, cotton, and above all fish meal and unrefined sugar (see table 10).

As a result of the deterioration in the terms of trade and the slight reduction in the quantum exported, the purchasing power of exports —which had grown vigorously in 1984— went down by around 4.5% in 1985 (see table 11).

b) ***The balance of payments***

Because the value of exports went down more sharply than that of imports, there was an interruption in 1985 in the marked upward trend which had been observable since 1982 in the merchandise trade surplus. Thus, after having increased from US$ 9.1 billion in the latter year to US$ 38.7 billion in 1984, it sank back to US$ 34.3 billion in 1985 (see table 12).

This decline was concentrated, however, in Mexico and the other oil-exporting countries (except Peru) and in Brazil. The drop was particularly large in the case of Mexico, where the trade surplus went down from almost US$ 12.8 billion in 1984 to approximately US$ 8 billion in 1985 as a result of the increase of 20% in the value of imports and the decrease of 10% in that of exports.

In contrast, between 1984 and 1985 Argentina increased its surplus from US$ 3.9 billion to US$ 4.6 billion, while Chile and Colombia increased their positive balances from around US$ 300 million to approximately US$ 700 million.

In 1985, unlike the year before, the surplus obtained by the region on its merchandise trade was not sufficient to cover the whole of the remittances of profits and interest, even though these went down slightly.

As a result, and even though net service payments declined for the second year running, the current account deficit rose to US$ 4.4 billion, thus interrupting the marked downward trend that it had displayed between 1982 and 1984, when it went down from US$ 41 billion to only US$ 1 billion.

The increase in the current account deficit was the result, however, of opposing changes in the different economies of the region. The country which had the greatest influence in this increased deficit was Mexico, where the current account result showed a marked turnaround from a surplus of US$ 3.7 billion in 1984 to a deficit of US$ 550 million in 1985. The increased Latin American deficit was also due to the change which took place in Brazil, where there was a deficit of US$ 700 million in 1985 after a small surplus the year before; the reduction in the surplus of Venezuela, and the bigger deficits registered by Bolivia, Uruguay and all the Central American countries except Guatemala. At the same time, however, the effect of these changes was partly offset by considerable reductions registered in 1985 in the current account deficits of Argentina and Chile and the smaller but nevertheless important reductions in the deficits of Colombia, Peru and Ecuador.

Furthermore, the increase in the current account deficit coincided with a considerable contraction in the net inflow of capital. Thus, the net total of loans and investments received by the region —which had partly recovered in 1984 from the phenomenal decline registered in the previous two years— came to only US$ 4.7 billion, so that the balance of payments closed with a surplus of only about US$ 300 million, which was much less than the surplus achieved the year before.

To make matters worse, the decline in the net inflow of capital was much greater than that in net payments of interest and profits, so that there was a marked increase in the already heavy transfer of resources from Latin America to the exterior. This transfer exceeded US$ 30 billion in 1985, representing a reduction of the region's import capacity equivalent to 28% of the value of its exports of goods and services (see table 14).

As in 1984, most of this transfer originated in Mexico, Brazil, Venezuela and Argentina, although relatively speaking Ecuador, Peru, Uruguay and Chile also played an important part. In contrast, Haiti and the Central American countries (except Guatemala) received a considerable net amount of resources from abroad (see table 13).

c) ***The external debt***

Main trends. According to preliminary estimates, Latin America's total external debt amounted at the end of 1985 to US$ 368 billion. It thus increased by only a little over 2%, thereby accentuating the trend towards more moderate growth of external indebtedness which had begun in 1982 (see table 15). Indeed, the increase in the external debt in 1985 was so slight that the debt went down in real terms for the first time in the recent history of the region.

At the same time, however, the growth rate of the indebtedness of the region as a whole concealed the very different tendencies observable in the individual countries even more so than in previous years. Thus, whereas in 1985 there was a slight reduction in the external indebtedness of Brazil and Venezuela and that of Mexico increased only very slightly, the indebtedness of Colombia, Bolivia, Paraguay, Nicaragua, Guatemala, Honduras, Haiti and El Salvador grew very rapidly.

On the other hand, because of the decline which took place in 1985 in the average interest rates on the main international financial markets (see figure 8), the gross interest payments made by Latin America went down by around 4%. As the total amount of exports of goods and services also went down, however, the interest/exports ratio increased slightly, and at 36% it continued to be considerably higher than the ratios observed up to 1981. This coefficient was much higher than in the past in Bolivia (60%), Argentina (55%), Chile (47%) and Brazil (44%), but it was considerably lower in Colombia (23%), Venezuela (22%), Paraguay (13%) and, especially, in the Central American and Caribbean economies (see table 16).

The renegotiation process. The renegotiation of the external debt, which began after the onset of the Mexican balance-of-payments crisis in August 1982, has gone through various stages or rounds. In each of these, the Latin American countries have negotiated with the international private banks regarding the restructuring of the amortization payments falling due in one or more years and have sought to obtain additional credits.

This process became particularly active between mid-1984 and the end of 1985. In this period, 11 Latin American countries negotiated with the commercial banking system to reschedule the amortization payments falling due in 1984 or 1985 and subsequent years. By the end of the year, four of these countries —Argentina, Chile, Ecuador and Mexico— had signed definitive debt restructuring agreements, while Costa Rica, Cuba, Honduras, Dominican Republic, Panama, Uruguay and Venezuela had signed preliminary agreements (see table 17).

Among the countries which had not signed rescheduling agreements by that date, Brazil obtained the authorization of the private banking system to put off payments of principal until the end of 1985 —so that this year it has only paid interest— and it continued to enjoy the use of lines of short-term trade credit for US$ 10 billion and inter-bank lines of credit for US$ 6.5 billion; Nicaragua reached agreement to postpone amortization payments (including the capitalization of interest) until June 1986, and the new Peruvian Government announced that it would only set aside 10% of the country's export income for the payment of interest and requested the private banking system to allow it to postpone payments of principal and interest until 31 January 1986.

Finally, Colombia continued to be the only Latin American country with a relatively large debt which has not refinanced it.

Generally speaking, the terms agreed at the third round of rescheduling operations represented some improvement over the very unfavourable terms agreed on previous occasions, and they also included some important innovations, among which mention may be made first of all of the fact that the international private banking system did not in all cases keep up its insistence on making rescheduling agreements conditional upon the prior signing by the debtor country of an adjustment programme agreed with the International Monetary Fund. In all the previous refinancing operations it had insisted on this requirement, except in the cases of Cuba and Nicaragua. Thus, Venezuela —which had not restructured its debt in the previous two rounds— reached agreement with the banks without signing an adjustment programme with the International Monetary Fund, and Mexico achieved the same results without renewing the agreement which it had signed with the Fund at the end of 1982. Finally, in the case of Uruguay the creditor banks agreed to refinance the amortization commitments involved for a longer term (1985-1989) than that provided for in the stand-by credit programme agreed with the International Monetary Fund (1985-1986).

A second important change was the considerable increase in the magnitude of the amortization commitments rescheduled. This was particularly marked in the case of the agreements of Ecuador (where the total amortization commitments restructured were equivalent to 95% of the total indebtedness with the international private banking system), Uruguay and Mexico (where the proportion was close to 60%) and Argentina (55%). Altogether the amounts reprogrammed by the 11 countries which signed agreements came to almost US$ 100 billion: equivalent to about 65% of their joint debt with the international private banks.

A third innovation was the rescheduling in some cases of amortization commitments, covering much longer periods than in the previous rounds. Mexico, the Dominican Republic and Venezuela, for example, restructured their maturities corresponding to six years and Ecuador and Uruguay, to five years. Argentina reprogrammed its maturities covering a total of four years (although these included those covering the period 1982-1983) and Chile did so in respect of three years. In the other countries the amortization commitments refinanced covered two years, except in the case of Cuba, which only reprogrammed those for 1985.

These innovations were also accompanied by more favourable conditions as regards repayment terms, rates of interest and commissions. Thus, the spread over LIBOR charged by the banks for the reprogrammed credits —which had gone down from an average of 2.25% in the first round of renegotiations to 1.85% in the second— went down further to 1.38% in the third round, reaching their lowest level (1.13%) in the agreements signed with Mexico and Venezuela and their highest level (1.63%) in the renegotiation of the Costa Rican debt. Repayment periods, for their part, increased markedly to a minimum of 10 years in the cases of Costa Rica and Cuba and to a maximum of 14 years in that of Mexico (see table 18). In contrast, the periods of grace were reduced from an average of 5 years in the second round of rescheduling operations to 3 years in most of the agreements signed in 1985, except in the cases of Cuba and Chile (which obtained periods of six years) and Mexico and Venezuela (to which the banks did not give a period of grace, but which only had to make very low amortization payments in the first years). Finally, in contrast with the earlier rounds, no commissions were charged for the restructuring of amortization commitments in the latest round except in the case of the agreements with Costa Rica (1%), Honduras (0.88%) and Cuba (0.38%).

However, the positive effects deriving from the relative improvement in the conditions regarding the restructuring of amortization commitments were partly offset by the reduction in the amount of additional credits granted by the banks. The latter continue to be reluctant to make any significant increase in their Latin American commitments and only agreed to disburse additional loans amounting to US$ 4.75 billion in 1985: an amount which was not only less than that of the new credits which the banks had granted in previous rounds but also much lower than the amount that the Latin American countries paid the banks in the form of interest in 1985.

Furthermore, as may be seen from table 17, the new credits benefited only 5 of the 11 countries which signed agreements during the year, and almost 90% of their total was concentrated in Argentina: a country which in previous years had only received short-term bridging loans from the private banking system. In contrast, in 1985 Chile received new loans amounting to US$ 714 million —a smaller amount than the US$ 1.3 billion and US$ 780 million obtained in 1983 and 1984 respectively— while Ecuador obtained US$ 200 million, Costa Rica 75 million and Panama 60 million.

Furthermore, the terms of the additional credits granted by the banks were generally more onerous than those on the amortization commitments rescheduled: the average repayment term was 9.5 years, the periods of grace ranged from a minimum of 2 years in the case of Costa Rica to a maximum of five in that of Chile, and commissions averaged 0.5%.

III. SOME REFLECTIONS ON THE IMMEDIATE CHALLENGES

1. The limitations of the present adjustment process

The way in which the adjustment of the world economy has taken place in the last few years has had strong recessionary effects on the economies of Latin America and the Caribbean. The burden of the adjustment has been borne by the debtor countries, without the creditors making an adequate contribution. The system of external economic relations of the region continues to be one in which the domestic effort that has been made since 1982 is not leading to any significant reversal of the recessionary trends nor is it achieving any noticeable progress as regards indebtedness.

The adjustment policies which have been applied sought to generate the trade surpluses needed to pay the interest on the debt through the expansion of exports and import substitution. Because of the very unfavourable external environment, however, these surpluses were achieved in practice only through the enormous compression of imports, which helped in turn to bring about a very serious contraction in economic activity, consumption and investment. Because of this, as already noted, the per capita product of the region in 1985 was almost 9% lower than in 1980 and only equal to that of 1977. Furthermore, in many cases the reduction of the fiscal deficit has been effected by making substantial cuts in social and economic development expenditure and in most of the countries real wages have gone down considerably.

At the same time, there has been a substantial decline in net flows of private capital to Latin America in the last few years, and in most of the countries these flows were almost non-existent in 1985. In fact, since 1982 the region has paradoxically become a net exporter of resources.

The long duration of the crisis has also brought with it a persistent worsening of the structural problems which already affected the Latin American economies. The long-standing underemployment has now been compounded by high levels of open unemployment which particularly affect young people; poverty and marginality have spread, and the problems of the lowest income groups have got worse. At the same time, the erosion of levels of well-being is increasingly affecting the middle-level groups. Investment has dropped sharply, thus compromising future development: for the region as a whole, it is now about 30% lower than in 1980 and amounts to only 16% of the product. Both private and public enterprises are experiencing severe difficulties which affect their productive capacity. All this helps to increase domestic social and political tensions.

Against such an unfavourable economic background, the important efforts made in 1985 by some countries to control inflation through imaginative measures courageously applied within the context of democratic processes stand out even more sharply.

As already noted the debt renegotiation operations which have taken place in the last two years have corrected some aspects of the terms agreed at previous renegotiations, resulting in longer repayment periods and reduction of the surcharges on interest and of commissions. In addition, there has been a drop of more than two percentage points in international interest rates between 1984 and 1985: a favourable development, although the current rates are still excessively high in real terms.

However, these corrections have not been enough to make up for the negative effects of the loss of dynamism of international trade caused by the slow growth of the industrial economies and the protectionist trends prevailing in them. Thus, the terms of trade have deteriorated sharply and the countries of Latin America and the Caribbean have faced growing difficulties in trying to increase the volume of their exports. In this respect, it may be noted that the losses caused by the drop in export prices in 1985 alone meant a reduction in the region's income of some US$ 4 billion. This figure should be compared with the reduction of not more than US$ 1 billion in net payments of profits and interest.

The noteworthy flexibility shown by the countries of the region in adjusting their economies in such adverse conditions and facing up to their responsibilities should not lead anyone to overlook the considerable social costs of these processes or to fail to be aware of the consequences of their indefinite prolongation.

The basis of the approaches followed so far by creditors in dealing with the debt problem has been the postponement of its solution while ensuring the servicing of the debt and doing nothing to reduce the debt burden, under the assumption that the effort needed will only be temporary because the reactivation of the world economy will automatically correct the whole problem: it was hoped that the recovery of the centres would bring about dynamic growth in the real value of exports, so that the efforts made by the debtors to adjust their economies would only last for a short time.

The recent evolution of the world economy and the prospects for the coming years make it necessary to reconsider this approach and the assumptions on which it is based, for although, according to the forecasts of international agencies, some recovery of the developed economies is expected, their growth rate for the rest of the present decade is likely to be a good deal less than that achieved before the crisis.

Furthermore, the validity of the idea that the growth of the developed countries will automatically help to improve that of Latin America also is by no means evident. In 1985, the expansion of the developed economies did not prevent a further fall in the region's terms of trade, nor did it avoid a reduction in the value of its exports. As already noted, if the case of Brazil is excluded, the region's gross product grew only very slowly in 1985, and the per capita product actually went down in many of the countries of Latin America.

For the rest of this decade, the recovery of the terms of trade will probably be slow and uncertain compared with their past performance. The demand for Latin America's exports will increase only moderately, and protectionism threatens to continue to be an important restrictive factor on the access of Latin American exports to the markets of the industrialized countries, unless the latter take energetic measures in this respect.

Under these circumstances, the recessive adjustment can no longer be viewed as a passing phenomenon and instead becomes an economy's mode of operation over an extended period of time. It is difficult to sustain such an intense effort to cut back on consumption and investment over a long period without affecting a country's social and political stability and its future development potential. Each year that goes by with zero growth and low levels of investment diminishes the already limited scope for action and thus leads to a self-perpetuating deerioration.

The imposition of conditions for the acquisition of external resources therefore takes on a different meaning from that which it would have in a temporary emergency, and comes to have a significant impact on the process of economic and social development.

This is why it is essential to revise the strategy which creditors and debtors have been following in an attempt to solve the debt problem and it is urgently necessary to seek ways of carrying out the adjustment within a context of sustained growth.

2. Towards a new approach to the debt challenge

Recent experience has shown that the starting point of a strategy for dealing with the debt problem must be the principle that debt service should be based on the economic and social development of debtor countries rather than on a system which involves the stagnation of their economies or social regression.

The question of whether or not countries can achieve the fundamental objectives of economic and social development within a context of macroeconomic balances depends on their domestic policies and on international and regional co-operation.

a) *Domestic policies*

Within the sphere of domestic policy, an equitable distribution of the effort needed to carry out the adjustment is important not only for ethical reasons but also as a means of sustaining this effort over the extended period of time which will be required. If growth is to take place, investment must not be stifled for the sake of the adjustment, and an attempt must be made to reorient investments in order to bring them into line with economic and social development needs.

Furthermore, in view of the Latin American economies' great vulnerability to external factors at this time, as well as the fluctuations seen in the international economy, it is important to apply flexible and realistic policies. Policies designed to strike global balances in fiscal matters, monetary affairs and the balance of payments must be applied in a suitably selective manner, and priorities must be established which will uphold what are considered to be vital objectives (e.g., raising employment levels and alleviating poverty) as well as promoting exports, investment and technological progress that will improve competitiveness.

Generally speaking, those economies which make progress towards a greater degree of industrialization and export diversification and which apply suitably flexible policies will most likely be in a better position to combine growth with external balance.

b) *International co-operation*

Although suitable policies are indispensable, they will nonetheless be insufficient unless they are combined with adequate international co-operation. Real relief must be provided from the debt service burden, measured in terms of foregone consumption and the sacrifice of the investments needed to satisfy it.

The Latin American countries have taken a highly responsible approach to the adjustment; what must now be done is to see that the responsibility is appropriately shared between debtors and creditors and that the problem is addressed in a manner which takes into account not only its financial aspects but also its wider economic, social and political implications.

In relation to its financial aspects, the application of the principle that the debt should be addressed within the context of the economic growth of debtor countries requires that the volume of present financial flows be increased and their terms and conditions improved. In this connection, it should be remembered that during the past four years the region has made a net foreign transfer of resources amounting to approximately US$ 106 billion. This state of affairs is incompatible with the objective of growth.

With respect to the trade-related aspects of international co-operation, it is to be hoped that an effort will be made to ensure that the revival of the developed economies will lead to an improvement in the terms of trade as well as to the reversal of protectionist trends, so that the developing countries may take full advantage of their possibilities of proper insertion into the world economy. Finance and trade are very closely related elements in the solution of the debt problem.

Looking at the other side of the coin, the countries of the region —with due consideration for each nation's characteristics and possibilities— will have to maintain an appropriate measure of discipline if they are to grow, deal with the debt problem and keep inflation under control.

This discipline should be understood within a framework of autonomy in the design and application of national policies which will preserve the orientation and pace of economic and social development chosen by each government. In this respect, a continuing source of concern is that, rather than adjusting short-term conditionality so that it is consistent with growth needs, the present tendency is to add in long-term conditionality criteria and to extend both sorts of conditionality so that they apply to the use of resources obtained from all external sources of financing. This tendency is all the more serious in view of the fact that no progress whatsoever appears to be made in structuring the international monetary system in a way which will allow the burden of the adjustment to be equitably shared by all the countries.

The initiative recently announced by the United States Secretary of the Treasury has the merit of acknowledging the importance of growth and the need for action on the part of creditors to tackle the debt problem. However, the amounts mentioned by him are not sufficient to make the servicing of the debt consistent with economic growth, and the proposal hints at additional elements of conditionality.

c) ***Regional co-operation***

With regard to regional co-operation, it is paradoxical that in recent years regional trade, measured in terms of the proportion of total exports represented by exports to the zone, has diminished just when its contribution as a dynamic factor is most needed.

Such co-operation can play an important role in helping the Latin American economies to reactivate and to grow in a way that is compatible with external constraints. It can legitimately be stated that this co-operation does not depend on external factors but, essentially, on the will of the Latin American countries themselves.

In terms of regional co-operation, the countries must seek closer concertation of their positions *vis-a-vis* the exterior, as a means of learning from mutual experience and obtaining better terms in the negotiations. The work of the Cartagena Consensus represents an extremely important, systematic and concrete effort in this connection.

The path along which the region needs to advance is that leading from the extreme vulnerability from which it currently suffers to an increasing degree of autonomy. The question of whether or not it succeeds in following this path will, in large measure, hinge upon its exercise of a political will which will permit it to strengthen the processes of regional co-operation and integration and to organize and wield effective negotiating power at the international level.

The challenges currently faced by the Latin American countries, although difficult and complex, are not insurmountable. In the past, the countries of the region have taken a sound approach to adverse conditions and have thus opened the way for processes of economic change and industrialization which, while incomplete, were quite intense and quite positive. If the countries bring an appropriate combination of realism and imagination to bear in dealing with the present state of affairs, it will then be possible to gradually expand their scope of action with respect to economic policy, reactivate their economies and put them on a suitable footing for competing under the conditions that will prevail in the world economy in the years to come.

The ECLAC Secretariat will continue to co-operate with the governments of the member countries in order to devise appropriate solutions at this critical juncture and to turn the challenges they face into the bases for a dynamic and just form of development.

TABLES AND GRAPHICS

Table 1

LATIN AMERICA: MAIN ECONOMIC INDICATORS[a]

Indicators	1980	1981	1982	1983	1984	1985[b]
Gross domestic product at market prices (index, base 1980 = 100)	100.0	100.4	99.0	96.5	99.6	102.3
Population (millions of inhabitants)	356	364	373	381	390	399
Per capita gross domestic product (index, base 1980 = 100)	100.0	98.1	94.4	89.9	90.7	91.1
		Growth rates				
Gross domestic product	5.3	0.4	-1.5	-2.5	3.2	2.8
Per capita gross domestic product	2.8	-1.9	-3.7	-4.8	0.8	0.5
Consumer prices[c]	56.1	57.6	84.8	131.1	185.2	328.3
Terms of trade (goods)	5.1	-7.6	-8.9	-1.8	4.1	-2.9
Purchasing power of exports of goods	12.4	0.3	-7.5	5.2	11.6	-4.6
Current value of exports of goods	32.3	7.6	-8.9	0.1	11.5	-5.7
Current value of imports of goods	34.9	7.8	-19.8	-28.5	5.0	-1.9
		Billions of dollars				
Exports of goods	89.1	95.9	87.4	87.5	97.5	91.9
Imports of goods	90.5	97.6	78.3	56.0	58.8	57.6
Merchandise trade balance	-1.4	-1.7	9.1	31.5	38.7	34.3
Net payments of profits and interest	17.9	27.1	38.7	34.2	36.1	35.1
Balance on current account[d]	-28.1	-40.1	-40.9	-7.4	-1.0	-4.4
Net movement of capital[e]	29.5	37.3	19.8	3.0	10.3	4.7
Global balance[f]	1.4	-2.8	-21.0	-4.4	9.3	0.3
Total gross external debt[g]	222.5	277.7	318.4	344.0	360.4	368.0

Source: ECLAC, on the basis of official figures.

[a] The figures on the gross domestic product and consumer prices, refer to the group formed by the countries includes in table 2, except Cuba (23 countries) and table 4, respectively. The data on the external sector relate to the 19 countries mentioned in the table "Latin America: Balance of Payments". [b] Provisional estimates subject to revision. [c] Variation from December to December. [d] Includes net unrequited private transfer payments. [e] Includes long and short-term capital, official unrequited transfer payments and errors and omissions. [f] Relates to the variation in international reserves (of reverse sign) plus counterpart items. [g] See notes to table "Latin America: Total disbursed external debt" included in the text.

Table 2

LATIN AMERICA: EVOLUTION OF TOTAL GROSS DOMESTIC PRODUCT

Country	Annual growth rates					Comulative variation
	1981	1982	1983	1984	1985[a]	1980-1985[a]
Argentina	-6.7	-6.3	3.0	2.0	-3.0	-10.9
Barbados	-2.7	-4.5	0.3	3.0	...	...
Bolivia	0.7	-6.6	-8.6	-3.7	-2.5	-19.2
Brazil	-2.0	1.4	-2.7	4.8	7.0	8.4
Colombia	2.3	1.0	1.2	3.6	2.0	10.7
Costa Rica	-2.4	-7.3	2.3	6.1	0.0	-1.7
Cuba[b]	15.1	3.1	3.8	7.4	4.5	38.3
Chile	5.2	-13.1	-0.5	6.2	2.0	-1.7
Ecuador	3.8	1.1	-1.6	4.6	2.5	10.9
El Salvador	-8.4	-5.7	-1.0	1.4	1.5	-11.8
Guatemala	1.0	-3.4	-2.8	0.4	-1.5	-6.2
Guyana	-0.7	-10.8	-10.3	5.8	...	...
Haiti	-1.5	-4.0	0.2	2.8	1.5	-1.4
Honduras	0.7	-0.6	-1.2	2.6	1.5	3.0
Jamaica	2.5	-0.3	1.4	-0.3	...	...
Mexico	8.3	0.0	-5.2	3.5	3.5	9.8
Nicaragua	5.3	-1.2	4.7	-1.5	-2.5	4.4
Panama	4.0	4.9	-0.1	-0.4	1.5	10.4
Paraguay	8.7	-0.7	-3.0	3.3	4.0	12.5
Peru	3.7	-0.2	-12.0	4.4	2.0	-2.8
Dominican Republic	3.9	1.3	4.6	0.7	-1.0	9.4
Trinidad and Tobago	-0.9	2.5	-7.1	-4.5	...	...
Uruguay	1.0	-10.7	-5.9	-1.2	0.0	-16.2
Venezuela	-1.0	-1.3	-5.6	-1.1	0.0	-8.7
Latin America[c]	**0.4**	**-1.5**	**-2.5**	**3.2**	**2.8**	**2.3**
Latin America, excluding Brazil and Cuba	**1.5**	**-2.7**	**-2.4**	**2.5**	**0.8**	**-0.4**

Source: ECLAC, on the basis of official figures.
[a]Provisional estimates subject to revision. [b]Relates to total social product. [c]Excluding Cuba.

Table 3

LATIN AMERICA: EVOLUTION OF PER CAPITA GROSS DOMESTIC PRODUCT

Country	Annual growth rates					Cumulative variation
	1981	1982	1983	1984	1985[a]	1980-1985[a]
Argentina	-8.2	-7.8	1.4	0.4	-4.5	-17.7
Barbados	-3.5	-5.2	-0.5	1.8	...	...
Bolivia	-1.9	-9.1	-11.0	-6.3	-5.0	-29.4
Brazil	-4.2	-0.9	-4.9	2.5	4.8	-3.0
Colombia	0.1	-1.1	-1.0	1.4	0.1	-0.5
Costa Rica	-5.0	-9.7	-0.4	3.4	-2.5	-13.8
Cuba[b]	14.4	2.5	3.2	6.8	3.8	34.1
Chile	3.6	-14.4	-2.1	4.5	0.2	-9.1
Ecuador	0.8	-1.8	-4.4	1.7	-0.3	-4.0
El Salvador	-11.0	-8.4	-3.8	-1.5	-1.4	-23.8
Guatemala	-1.8	-6.1	-5.5	-2.4	-4.2	-18.5
Guyana	-2.6	-12.6	-12.0	3.9	...	...
Haiti	-3.9	-6.4	-2.3	0.2	-1.3	-13.0
Honduras	-2.8	-4.0	-4.5	-0.8	-1.7	-13.0
Jamaica	1.1	-1.6	0.0	-1.7	...	...
Mexico	5.4	-2.6	-7.6	0.9	0.7	-3.6
Nicaragua	2.0	-4.4	1.3	-4.8	-5.9	-11.6
Panama	1.7	2.7	-2.2	-2.5	-0.5	-0.9
Paraguay	5.4	-3.6	-5.9	0.2	1.0	-3.2
Peru	1.0	-2.7	-14.3	1.8	-0.4	-14.6
Dominican Republic	1.5	-1.1	2.2	-1.6	-3.4	-2.6
Trinidad and Tobago	-1.5	1.6	-8.0	-5.5	...	...
Uruguay	0.3	-11.3	-6.5	-1.9	-0.9	-19.1
Venezuela	-3.9	-4.1	-8.2	-3.8	-2.7	-20.8
Latin America[c]	**-1.9**	**-3.7**	**-4.8**	**0.8**	**0.5**	**-8.9**
Latin America, excluding Brazil and Cuba	**-0.9**	**-5.0**	**-4.7**	**0.1**	**-1.5**	**-11.4**

Source: ECLAC, on the basis of official figures for the gross domestic product. The population figures are taken from CELADE estimates published in *Boletín Demográfico* Vol. XVIII, Nº 35, January 1985.
[a]Provisional estimates subject to revision. [b]Refers to total social product. [c]Excluding Cuba.

Table 4

LATIN AMERICA: URBAN UNEMPLOYMENT

(Average annual rates)

Country	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Argentina[a]	3.7	4.9	3.3	3.3	2.5	2.6	4.7	5.3	4.6	4.6	6.6
Bolivia[b]	...	...	7.9	4.5	7.6	7.5	9.7	9.4	12.1	12.6	...
Brazil[c]	...	...	...	6.8	6.4	7.2	7.9	6.3	6.7	7.1	6.0
Colombia[d]	11.0	10.6	9.0	9.0	8.9	9.7	8.2	9.3	11.8	13.5	14.2
Costa Rica[e]	...	5.4	5.1	5.8	5.3	6.0	9.1	9.9	8.6	6.6	6.7
Chile[f]	15.0	16.3	13.9	13.3	13.4	11.7	9.0	20.0	19.0	18.5	17.7
Mexico[g]	7.2	6.8	8.3	6.9	5.7	4.5	4.2	4.1	6.7	6.0	5.7
Nicaragua[h]	...	...	...	...	...	18.3	15.8	19.9	15.2	16.3	...
Panama[i]	8.6	9.0	...	9.6	11.6	9.8	11.8	10.3	11.4	11.1	11.5
Paraguay[j]	...	6.7	5.4	4.1	5.9	4.1	2.2	5.6	8.4	7.4	...
Peru[k]	...	8.4	9.4	10.4	11.2	10.9	10.4	10.6	13.9	16.4	...
Uruguay[l]	...	12.7	11.8	10.1	8.3	7.4	6.7	11.9	15.5	14.0	13.5
Venezuela[m]	8.3	6.8	5.5	5.1	5.8	6.6	6.8	7.8	10.5	14.3	14.0

Source: ECLAC and PREALC, on the basis of official figures.
[a] National urban. Average April-October; 1985, April. [b] La Paz, 1977, 1978 and 1979; second semester; 1980, average May-October; 1983 and 1984, second semester. [c] Metropolitan areas of Rio de Janeiro, Sao Paulo, Belo Horizonte, Porto Alegre, Salvador and Recife: average for 12 months; 1980, average June-December; 1985, average January-August. [d] Bogotá, Barranquilla, Medellín and Cali: average for March, June, September and December; 1985, average for March, July and September. [e] National urban. Average for March, July and November; 1984, average March and November; 1985, average March and July. [f] Greater Santiago. Average for four quarters. As from August 1983 data relate to the metropolitan area of Santiago. 1985, average January-September. [g] Metropolitan areas of Mexico City, Guadalajara and Monterrey, average for four quarters. 1985, average for January and February. [h] Non-agricultural activities. [i] National urban; 1980 corresponds to urban unemployment recorded in the population census taken in that year; 1981, 1982 and 1985, metropolitan area. [j] Asunción, Fernando de la Mora, Lambaré and urban areas of Luque and San Lorenzo, annual average; 1981, first semester; 1983, average September, October and November; 1984, average August and September. [k] Non-agricultural activities. [l] Montevideo, average for two semesters. 1985, average January-September. [m] National urban, average for two semesters; 1985, first semester.

Table 5

LATIN AMERICA: EVOLUTION OF CONSUMER PRICES

(Variations from December to December)

Country	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Latin America[a]	62.3	40.0	39.0	54.1	56.1	57.6	84.8	131.1	185.2	328.3
Latin America, excluding Bolivia and Cuba	**63.2**	**40.5**	**39.5**	**54.3**	**56.6**	**58.2**	**81.3**	**127.8**	**152.0**	**144.7**
Argentina	347.5	150.4	169.8	139.7	87.6	131.2	208.7	433.7	688.0	463.3[b]
Barbados	3.9	9.9	11.3	16.8	16.1	12.3	6.9	5.5	5.1	3.4[c]
Bolivia	5.5	10.5	13.5	45.5	23.9	25.2	296.5	328.5	2 177.2	11 291.6[b]
Brazil[d]	44.8	43.1	38.1	76.0	95.3	91.2	97.9	179.2	203.3	217.9[b]
Colombia[e]	25.9	29.3	17.8	29.8	26.5	27.5	24.1	16.5	18.3	23.5[b]
Costa Rica	4.4	5.3	8.1	13.2	17.8	65.1	81.7	10.7	17.3	14.6[f]
Chile	174.3	63.5	30.3	38.9	31.2	9.5	20.7	23.6	23.0	26.5[b]
Ecuador[g]	13.1	9.8	11.8	9.0	14.5	17.9	24.3	52.5	25.1	25.8[h]
El Salvador	5.2	14.9	14.6	14.8	18.6	11.6	13.8	15.5	9.8	27.4[f]
Guatemala	18.9	7.4	9.1	13.7	9.1	8.7	-2.0	15.4	5.2	28.2[b]
Guyana	9.2	9.0	20.0	19.4	8.5	29.1	...	...	...	...
Haiti[i]	-1.4	5.5	5.5	15.4	15.3	16.4	6.2	12.2	6.1	7.8[f]
Honduras	5.6	7.7	5.4	18.9	15.0	9.4	9.4	8.6	2.4	3.7[h]
Jamaica	8.3	14.1	49.4	19.8	28.6	4.8	7.0	16.7	31.2	24.3[j]
Mexico	27.2	20.7	16.2	20.0	29.8	28.7	98.8	80.8	59.2	59.8[b]
Nicaragua	6.2	10.2	4.3	70.3	24.8	23.2	22.2	32.9	50.2	250.9[j]
Panama	4.8	4.8	5.0	10.0	14.4	4.8	3.7	2.0	0.9	0.8[h]
Paraguay	3.4	9.4	16.8	35.7	8.9	15.0	4.2	14.1	29.8	27.6[f]
Peru	44.7	32.4	73.7	66.7	59.7	72.7	72.9	125.1	111.5	169.9[b]
Dominican Republic[k]	7.0	8.5	1.8	26.2	4.2	7.4	7.1	9.8	40.9	33.2[j]
Trinidad and Tobago	12.0	11.4	8.8	19.5	16.6	11.6	10.8	15.4	14.1	...
Uruguay	39.9	57.3	46.0	83.1	42.8	29.4	20.5	51.5	66.1	77.8[b]
Venezuela	6.9	8.1	7.1	20.5	19.6	10.8	7.9	7.0	18.3	6.8[h]

Source: International Monetary Fund, *International Financial Statistics*, November 1984, and official information supplied by the countries.
[a] Excluding Cuba. [b] Variation between november 1985 and november 1984. [c] Variation between July 1985 and July 1984. [d] Up to 1979, figures represent the Consumer Price Index in the city of Rio de Janeiro: from 1980 onwards, the variation in the national total. [e] Up to 1980, figures represent the variation in the Consumer Price Index for manual workers; from 1981 onwards the variation in the national total, including manual workers and employees. [f] Variation between September 1985 and September 1984. [g] Up to 1982, figures represent the variation in the Consumer Price Index in the city of Quito; from 1983 onwards, the variation in the national total. [h] Variation between October 1985 and October 1984. [i] The series represents the variation between September of the year indicated and September of the preceding year. [j] Variation between August 1985 and August 1984. [k] Up to 1982, refers to the variation in the Consumer Price Index for the City of Santo Domingo; from 1983 onwards, refers to variation in the national total.

Table 6

LATIN AMERICA: EVOLUTION OF AVERAGE REAL WAGES

Country	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985[a]
					Annual average indexes (1980 = 100)						
Argentina[b]	119.6	80.5	79.3	77.9	89.5	100.0	89.4	80.1	103.6	131.5	117.2
Brazil[c]	87.5	90.4	92.5	97.0	98.5	100.0	106.0	116.4	106.3	106.2	116.5
Colombia[d]	86.5	88.5	83.5	93.2	99.3	100.0	101.4	105.2	110.4	118.7	113.4
Chile[e]	69.5	70.5	79.6	84.7	91.8	100.0	109.1	108.7	97.1	97.4	93.2
Mexico[f]	98.8	107.4	109.1	106.2	104.5	100.0	102.4	107.7	77.9	74.6	68.4
Peru[g]	119.9	130.0	108.7	94.9	88.9	100.0	91.4	93.2	86.4	74.7	59.5
Uruguay[h]	136.5	128.5	113.2	109.1	100.3	100.0	107.5	107.2	85.0	77.3	86.8
					Percentage variation[i]						
Argentina[b]	-5.9	-32.7	-1.5	-1.8	14.3	11.8	-10.6	-10.4	29.3	26.9	-9.9
Brazil[c]	9.6	3.3	2.3	4.9	1.5	1.5	6.0	9.8	-8.6	-0.1	9.7
Colombia[d]	-1.8	2.2	-5.6	11.5	6.5	0.8	1.4	3.7	5.0	7.5	-3.7
Chile[e]	-4.2	1.4	12.9	6.5	8.3	9.0	9.1	-0.4	-10.6	0.3	-6.5
Mexico[f]	5.6	8.6	1.6	-2.7	-1.6	-4.3	2.4	5.2	-27.7	-4.2	-0.6
Peru[g]	-14.9	8.5	-16.6	-12.7	-6.3	12.4	-8.6	2.0	-7.3	-13.5	-20.5
Uruguay[h]	-8.8	-5.8	-11.9	-3.6	-8.1	-0.4	7.5	-0.3	-20.7	-9.1	12.6

Source: ECLAC and PREALC, on the basis of official data.
[a] Preliminary figures. [b] Wages for manual workers in manufacturing 1985: average January-August. [c] Average wages in industry in general, deflated by the Rio de Janeiro CPI. 1985: average January-June. [d] Wages for manual workers in manufacturing. 1985: average January-May. [e] Wages of manual and non-manual workers in non-agricultural sectors, except large-scale copper mining and pulp and paper industries. 1985: average January-September. [f] Average wage in manufacturing. 1985: average January-April. [g] Wages of private-sector manual workers in the metropolitan area of Lima. 1985: average January-August. [h] Index of average real wages. 1985: average January-October. [i] Compared with the same period in the preceding year.

Table 7

LATIN AMERICA: EXPORTS OF GOODS

(Indexes 1980 = 100 and growth rates)

Country	Value				Unit value				Volume			
	1985[a]	1983	1984	1985[a]	1985[a]	1983	1984	1985[ab]	1985[a]	1983	1984	1985[ab]
Latin America	103	0.1	11.5	-5.7	83	-6.5	4.0	-4.1	124	7.1	7.2	-1.7
Oil-exporting countries	99	-2.3	7.8	-9.2	86	-8.0	3.3	-3.0	115	6.2	4.4	-6.4
Bolivia	62	-8.8	-4.1	-19.4	95	3.1	3.0	-4.0	65	-11.5	-6.7	-16.1
Ecuador	109	0.9	10.9	5.6	78	-7.8	-0.4	-4.0	139	9.5	11.3	10.1
Mexico	134	5.1	7.7	-10.6	83	-9.1	2.7	-2.5	162	15.7	4.9	-8.3
Peru	76	-8.4	4.4	-5.7	78	1.7	3.5	-5.5	97	-9.9	0.9	-0.2
Venezuela	75	-10.8	8.8	-9.8	96	-8.1	4.9	-3.0	79	-2.9	3.7	-7.0
Non-oil-exporting countries	107	2.4	15.0	-2.6	80	-5.0	4.8	-5.0	133	7.8	9.8	2.5
Argentina	103	2.8	3.0	2.8	70	-9.9	6.7	-12.0	147	14.0	-3.4	16.8
Brazil	125	8.6	23.5	-6.8	80	-4.3	4.2	-6.5	156	13.5	18.5	-0.3
Colombia	118	-4.6	45.1	8.8	88	-4.1	6.2	-3.0	135	-0.6	36.6	12.1
Costa Rica	91	-0.7	8.2	-2.9	84	-4.7	5.0	-2.0	107	4.2	3.0	-0.9
Chile	77	3.3	-4.6	-0.3	64	-2.4	-4.4	-5.0	121	5.8	-0.2	4.9
El Salvador	69	4.5	3.1	-2.4	90	-11.3	11.7	-3.0	77	17.7	-7.8	0.7
Guatemala	74	-6.7	3.5	-0.1	85	-1.6	5.1	-3.5	87	-5.1	-1.5	3.6
Haiti	95	6.8	7.1	3.2	94	-4.1	7.4	-3.5	101	11.4	-0.3	7.0
Honduras	97	2.6	10.3	7.2	83	-6.6	4.0	-3.0	116	9.8	6.1	10.6
Nicaragua	83	5.5	-8.3	-5.1	79	-9.5	7.4	-6.5	105	16.5	-14.6	1.5
Panama	76	-30.2	2.4	2.8	93	3.5	5.0	-2.5	82	-32.6	-2.5	5.5
Paraguay	107	-17.7	10.8	19.1	97	-8.4	21.1	-7.0	111	-10.2	-8.5	28.6
Dominican Republic	83	2.3	13.5	-10.2	77	6.9	9.2	-12.0	108	-4.3	3.9	2.1
Uruguay	80	-8.0	-20.0	-8.1	79	-7.3	1.7	-8.0	101	-0.7	-21.3	-0.1

Source: ECLAC.
[a] Provisional estimates subject to revision. [b] Estimates, weighted in accordance with 1984 figures.

Table 8

LATIN AMERICA: IMPORTS OF GOODS, FOB

(Indexes 1980 = 100 and growth rates)

Country	Value				Unit value				Volume			
	1985[a]	1983	1984	1985[a]	1985[a]	1983	1984	1985[ab]	1985[a]	1983	1984	1985[ab]
Latin America	64	-28.5	5.0	-1.9	99	-4.8	-0.1	-1.2	64	-24.9	5.2	-0.7
Oil-exporting countries	67	-43.0	19.0	3.6	104	-3.8	1.0	-0.7	65	-40.8	17.8	4.3
Bolivia	64	10.4	-12.8	5.5	98	-3.3	3.1	-1.5	65	14.2	-15.5	7.1
Ecuador	77	-35.4	11.3	10.4	106	-1.1	1.5	-1.0	73	-34.7	9.6	11.5
Mexico	71	-40.7	32.0	19.6	108	-5.7	3.4	-0.5	67	-37.2	27.6	20.2
Peru	61	-26.8	-21.4	-13.1	113	3.2	2.1	-2.5	54	-29.1	-22.9	-10.8
Venezuela	61	-52.8	22.9	-16.3	98	-5.1	-1.6	-0.5	62	-50.3	24.9	-15.9
Non-oil-exporting countries	61	-17.2	-2.5	-5.5	96	-4.9	-1.2	-1.5	63	-13.0	-1.3	-4.1
Argentina	39	-15.2	0.2	-10.9	85	-7.1	-3.4	-0.5	46	-8.7	3.7	-10.5
Brazil	56	-20.4	-9.7	-8.2	94	-6.0	-3.9	-3.0	60	-15.4	-6.1	-5.4
Colombia	93	-16.7	-10.8	0.5	96	-6.3	2.6	-1.5	97	-11.1	-13.1	2.1
Costa Rica	80	11.6	10.1	10.7	97	2.5	2.6	0.5	82	8.8	7.3	10.0
Chile	54	-22.7	19.1	-12.6	93	-7.4	2.3	-1.0	58	-16.5	16.4	-11.8
El Salvador	102	0.6	4.9	4.4	110	1.6	2.6	0.5	92	-1.0	2.3	3.9
Guatemala	70	-17.8	12.0	-12.3	117	3.1	2.3	-0.5	60	-20.3	9.5	-11.8
Haiti	98	9.4	0.3	-2.0	117	2.0	2.0	1.0	86	7.2	-1.7	-2.9
Honduras	97	11.7	11.0	9.6	110	-1.1	4.0	-0.5	89	13.0	6.7	10.0
Nicaragua	93	7.6	-0.4	-3.2	117	3.7	0.5	3.0	80	3.7	-0.9	-6.1
Panama	86	-23.6	6.6	4.5	113	1.4	3.0	0.0	77	-24.7	3.5	4.5
Paraguay	92	-22.5	17.7	-4.5	92	-3.8	-9.9	-1.0	100	-19.4	30.6	-3.5
Dominican Republic	72	2.0	-5.2	-10.2	105	-1.8	2.1	-1.0	68	3.9	-7.2	-9.3
Uruguay	44	-28.8	-0.9	0.9	91	-8.2	-2.2	-2.5	49	-22.4	1.3	3.6

Source: ECLAC.
[a] Provisional estimates subject to revision.
[b] Estimates, weighted in accordance with 1984 figures.

Table 9

LATIN AMERICA: TERMS OF TRADE (GOODS)

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

Country	Indexes				Growth rates					Cumulative variations
	1982	1983	1984	1985[a]	1981	1982	1983	1984	1985[a]	1980/1985[a]
Latin America	84	83	86	84	-7.6	-8.9	-1.8	4.1	-2.9	-16.5
Oil exporting countries	87	83	85	83	-3.7	-10.0	-4.4	2.2	-2.4	-17.3
Bolivia	93	100	99	97	-0.5	-0.2	6.6	-0.2	-2.6	-3.3
Ecuador	83	78	76	74	-10.0	-7.6	-6.7	-1.9	-3.0	-26.2
Mexico	82	79	78	77	-0.3	-15.6	-3.7	-0.8	-2.7	-23.7
Peru	72	71	72	69	-19.3	-11.2	-1.5	1.4	-3.2	-30.7
Venezuela	97	94	101	98	-1.7	-0.9	3.2	6.6	-2.5	-2.0
Non-oil exporting countries	81	81	86	83	-11.1	-8.4	-0.1	6.0	-3.6	-16.9
Argentina	88	85	94	83	3.8	-15.6	-3.0	10.5	-11.6	-17.0
Brazil	81	82	89	86	-15.9	-4.3	1.9	8.4	-3.8	-14.5
Colombia	88	90	93	92	-19.0	8.0	2.4	3.6	-1.4	-8.5
Costa Rica	94	88	90	87	-12.1	7.0	-0.7	2.3	-2.5	-12.7
Chile	73	77	72	69	-19.2	-9.9	5.4	-6.5	-4.0	-31.2
El Salvador	89	77	84	81	-7.9	-3.7	-12.7	8.8	-3.4	-18.6
Guatemala	77	73	75	73	-11.6	-13.3	-4.6	2.7	-3.1	-27.2
Haiti	85	80	84	81	-9.5	-5.6	-6.1	5.2	-4.3	-19.2
Honduras	83	78	78	76	-13.1	-5.1	-5.4	-0.1	-2.4	-24.0
Nicaragua	79	69	74	66	-11.4	-10.5	-12.7	6.8	-10.6	-33.9
Panama	81	83	84	82	-0.4	-18.8	2.1	1.8	-2.5	-18.0
Paraguay	88	83	112	105	4.3	-16.0	-4.7	34.3	-6.5	4.8
Dominican Republic	71	77	82	73	3.3	-31.5	8.9	6.9	-11.0	-26.7
Uruguay	88	89	93	87	-11.6	-0.1	0.9	4.0	-5.8	-12.7

Source: ECLAC.
[a] Provisional estimates subject to revision.

Table 10

LATIN AMERICA: PRICES OF MAIN EXPORT COMMODITIES

(Dollars at current prices)

	Annual averages					Growth rates			
	1970-1980	1982	1983	1984	1985[a]	1982	1983	1984	1985[a]
Unrefined sugar[b]	12.8	8.4	8.5	5.2	3.8	-50.3	1.2	-38.8	-26.9
Coffee (mild)[b]	121.8	148.6	141.6	147.3	147.8	2.3	-4.7	4.0	0.3
Cocoa[b]	86.3	79.0	96.1	108.7	101.5	-16.1	21.6	13.1	-6.6
Bananas[b]	11.8	18.4	20.4	19.0	19.1	-4.2	10.9	-6.9	0.5
Wheat[c]	125.1	162.0	158.0	153.0	138.0	-9.0	-2.5	-3.2	-9.8
Maize[c]	127.5	137.4	162.2	167.3	135.1	-24.1	18.0	3.1	-19.2
Beef[b]	82.2	108.4	110.7	102.6	97.4	-3.4	2.1	-7.3	-5.1
Fish meal[c]	354.7	353.0	453.0	373.0	275.0	-24.6	28.3	-17.7	-26.3
Soy beans[c]	232.4	245.0	282.0	282.0	228.0	-14.9	15.1	-	-19.1
Cotton[b]	61.2	72.8	84.8	80.3	63.8	-14.7	16.5	-5.3	-20.5
Wool[b]	131.5	154.6	144.0	141.6	133.9	-13.2	-6.9	-1.7	-5.4
Copper[b]	69.6	67.2	72.2	62.5	64.6	-14.9	7.4	-13.4	3.4
Tin[d]	3.9	5.8	5.9	5.6	5.4	-9.4	1.7	-5.1	-3.6
Iron Ore[c]	18.3	27.1	25.2	23.8	22.9	4.6	-7.0	-5.6	-3.8
Lead[b]	25.3	24.8	19.3	20.1	17.7	-24.8	-22.2	4.1	-11.9
Zinc[b]	29.7	33.8	34.7	40.6	35.6	-12.0	2.7	17.0	-12.3
Bauxite[c]	103.5	208.3	179.5	165.0	164.3[e]	-3.7	-13.8	-8.1	-0.4
Crude oil[f]									
Saudi Arabia	10.0	33.5	29.3	28.5	27.9[g]	3.1	-12.5	-2.7	-2.1
Venezuela	10.1	32.0	28.1	27.0	26.9[h]	0.0	-12.2	-3.9	-0.4

Source: UNCTAD, *Monthly Bulletin of Basic Commodity Prices*, 1960-1980, supplements, and November 1985. International Monetary Fund, *International Financial Statistics*, Yearbook 1981, and December 1985.

Note: **Unrefined sugar**, FOB Caribbean ports, for export to the free market. **Coffee**, mild Colombian arabiga, *ex-dock* New York. **Cocoa beans**, average of daily prices (futures), New York/London. **Central American bananas**, CIF Hamburg. **Cotton**, Mexican M 1-3/32", CIF, Northern Europe. **Wool**, clean, combed, United Kingdom, grade 50's. **Beef**, frozen and deboned, all sources, United States ports. **Fish meal**, all sources, 64-65% protein, CIF Hamburg. **Wheat**, United States, No. 2, Hard Red Winter, FOB. **Maize**, Argentina, CIF North Sea ports. **Soybeans**, United States, No. 2, yellow, bulk, CIF Rotterdam. **Copper, tin, lead and zinc**: spot cash prices on the London Metal Exchange. **Iron ore**, Canada, C.64% Fe, CIF North Sea ports. **Bauxite**, Guyana, (Baltimore). **Oil**, Venezuela (Tía Juana).

[a] Average January-October. [b] US cents per pound. [c] Dollars per metric ton. [d] Dollars per pound.
[e] Average January-March. [f] Dollars per barrel. [g] Average January-September. [h] Average January-July.

Table 11

LATIN AMERICA: PURCHASING POWER OF EXPORTS OF GOODS

(Indexes 1980 = 100, growth rates and percentage variation)

Country	Indexes				Growth rates					Cumulative variation
	1982	1983	1984	1985[a]	1981	1982	1983	1984	1985[a]	1980/1985[a]
Latin America	**93**	**98**	**109**	**104**	**0.3**	**-7.5**	**5.2**	**11.6**	**-4.6**	**3.9**
Oil-exporting countries	**96**	**98**	**104**	**95**	**1.0**	**-5.0**	**1.6**	**6.7**	**-8.7**	**-5.0**
Bolivia	88	83	77	63	-5.2	-7.3	-5.7	-6.9	-18.4	-37.0
Ecuador	86	88	96	103	-6.2	-7.9	2.2	9.1	6.7	2.8
Mexico	119	133	139	124	15.5	3.3	11.5	4.1	-10.8	23.6
Peru	77	68	70	67	-22.7	-0.5	-11.3	2.2	-3.3	-32.6
Venezuela	82	77	85	77	-6.2	-13.0	-5.9	10.4	-9.1	-23.1
Non-oil-exporting countries	**90**	**96**	**112**	**111**	**6.7**	**-16.1**	**7.6**	**16.4**	**-1.1**	**10.9**
Argentina	100	111	118	122	17.8	-15.1	10.7	6.7	3.2	21.9
Brazil	94	108	139	133	4.0	-10.1	15.7	28.4	-4.2	33.1
Colombia	77	78	111	123	-25.4	3.1	1.8	41.6	10.6	22.6
Costa Rica	95	92	97	94	-1.4	-3.7	-3.2	5.3	-3.3	-6.3
Chile	80	89	83	83	-24.0	4.7	11.3	-6.6	0.6	-16.8
El Salvador	62	64	64	63	-24.9	-16.9	2.7	0.5	-2.8	-37.4
Guatemala	69	63	63	64	-18.8	-14.8	-9.5	1.3	0.2	-36.5
Haiti	73	76	80	82	-32.7	8.2	4.5	4.9	2.5	-18.2
Honduras	74	77	82	88	-12.9	-14.7	3.9	6.0	7.8	-11.8
Nicaragua	83	84	77	70	8.6	-23.9	1.7	-8.8	-9.1	-30.4
Panama	96	66	66	68	8.7	-11.7	-31.1	-0.8	2.9	-32.5
Paraguay	92	79	97	116	-3.7	-4.4	-14.4	23.0	20.0	16.4
Dominican Republic	75	78	87	79	18.8	-36.8	4.3	10.4	-8.8	-21.1
Uruguay	115	115	94	88	4.9	9.2	0.3	-18.2	-6.0	-11.7

Source: ECLAC.
[a] Provisional estimates subject to revision.

Table 12

LATIN AMERICA: TRADE BALANCE

(Millions of dollars)

Country	Exports of goods FOB			Imports of goods FOB			Trade balance (goods)		
	1983	1984	1985[a]	1983	1984	1985[a]	1983	1984	1985[a]
Latin America	87 475	97 510	91 930	55 951	58 752	57 620	31 524	38 758	34 310
Oil-exporting countries	43 028	46 388	42 120	19 566	23 284	24 120	23 462	23 104	18 000
Bolivia	755	724	580	473	412	430	282	312	150
Ecuador	2 366	2 622	2 770	1 408	1 567	1 730	957	1 055	1 040
Mexico	22 320	24 042	21 500	8 553	11 287	13 500	13 767	12 755	8 000
Peru	3 017	3 149	2 970	2 723	2 141	1 860	294	1 008	1 110
Venezuela	14 571	15 851	14 300	6 409	7 877	6 600	8 162	7 974	7 700
Non-oil-exporting countries	44 447	51 122	49 810	36 385	35 468	33 500	8 062	15 654	16 310
Argentina	7 834	8 072	8 300	4 123	4 132	3 680	3 711	3 940	4 620
Brazil	21 906	27 050	25 200	15 434	13 936	12 800	6 472	13 114	12 400
Colombia	2 970	4 310	4 690	4 464	3 980	4 000	-1 494	330	690
Costa Rica	863	933	910	898	989	1 100	-35	-56	-190
Chile	3 827	3 650	3 640	2 818	3 357	2 930	1 009	293	710
El Salvador	736	758	740	831	872	910	-95	-114	-170
Guatemala	1 092	1 131	1 130	1 056	1 183	1 040	36	-52	90
Haiti	186	199	200	324	325	320	-138	-126	-120
Honduras	694	766	820	761	844	930	-67	-78	-110
Nicaragua	428	393	370	778	775	750	-350	-382	-380
Panama	1 644	1 683	1 730	2 325	2 478	2 590	-681	-795	-860
Paraguay	326	361	430	551	649	620	-225	-288	-190
Dominican Republic	785	891	800	1 282	1 215	1 090	-497	-324	-290
Uruguay	1 156	925	850	740	733	740	416	192	110

Source: 1983, 1984: International Monetary Fund; figures for 1984 for Dominican Republic, El Salvador, Honduras and Nicaragua are ECLAC estimates.
[a] ECLAC, provisional estimates subject to revision. Figures rounded to the nearest tenth.

Table 13

LATIN AMERICA: BALANCE OF PAYMENTS

(Millions of dollars)

Country	Net services payments[a]			Net payments of profits and interest			Balance on current account[c]			Net movements of capital[d]			Global balance[e]		
	1983	1984	1985[b]	1983	1984	1985[b]	1983	1984	1985[b]	1983	1984	1985[b]	1983	1984	1985[b]
Latin America	5 349	4 500	4 390	34 187	36 050	35 090	-7 409	-1 027	-4 410	2 998	10 303	4 710	-4 411	9 276	300
Oil-exporting countries	1 485	1 469	1 900	13 788	13 898	13 010	8 167	7 787	3 150	-5 738	-3 689	-4 430	2 429	4 098	-1 280
Bolivia	120	144	140	418	434	430	-216	-238	-370	232	465	400	16	227	30
Ecuador	347	441	340	738	882	840	-128	-268	-140	238	187	150	110	-81	10
Mexico	-647	-1 089	-300	9 386	10 312	9 000	5 151	3 704	-550	-3 118	-1 570	-2 850	2 033	2 134	-3 400
Peru	254	220	110	1 133	1 198	1 220	-1 091	-412	-230	1 026	662	450	-65	250	220
Venezuela	1 411	1 753	1 610	2 113	1 072	1 520	4 451	5 001	4 440	-4 116	-3 433	-2 580	335	1 568	1 860
Non-oil-exporting countries	3 864	3 031	2 490	20 399	22 152	22 080	-15 576	-8 814	-7 560	8 736	13 992	9 140	-6 840	5 178	1 580
Argentina	761	771	720	5 405	5 714	5 510	-2 440	-2 542	-1 600	-33	2 686	2 700	-2 473	144	1 100
Brazil	2 407	1 749	1 710	11 012	11 481	11 540	-6 842	43	-700	4 943	5 367	1 500	-1 899	5 410	800
Colombia	496	551	400	918	1 203	1 380	-2 763	-1 245	-940	922	941	885	-1 841	-304	-55
Costa Rica	-27	-13	-110	334	323	330	-320	-342	-380	367	271	460	47	-71	80
Chile	471	497	270	1 703	1 955	1 820	-1 116	-2 118	-1 350	600	2 210	1 230	-516	92	-120
El Salvador	82	89	100	131	176	180	-256	-309	-370	280	316	410	24	7	40
Guatemala	177	153	130	113	205	210	-225	-383	-220	276	397	160	51	14	-60
Haiti	70	81	80	14	18	20	-177	-182	-160	144	154	170	-33	-28	10
Honduras	54	61	60	149	184	200	-260	-311	-350	213	301	360	-47	-10	10
Nicaragua	112	92	90	61	45	70	-519	-517	-560	586	539	580	67	22	20
Panama	-756	-716	-730	-79	85	110	95	-227	-300	-108	141	200	-13	-86	-100
Paraguay	-25	-39	-10	53	74	60	-252	-320	-230	255	305	70	3	-15	-160
Dominican Republic	-158	-209	-190	297	327	300	-441	-237	-200	302	325	290	-139	88	90
Uruguay	200	-36	-30	288	362	350	-60	-124	-200	-11	39	125	-71	-85	-75

Source: 1983, 1984: International Monetary Fund; the figures for 1984 for the Dominican Republic, El Salvador, Honduras and Nicaragua are ECLAC estimates, on the basis of national services.
[a] Excluding net payments of profits and interest. [b] ECLAC, provisional estimates subject to revision. Figures rounded to the nearest tenth. [c] Including net private unrequited transfer payments. [d] Including long- and short-term capital, official unrequited transfer payments and errors and omissions.
[e] Corresponds to variation in international reserves (with inverse sign) plus counterpart entries.

Table 14

LATIN AMERICA: NET INFLOW OF CAPITAL AND TRANSFERS OF RESOURCES

(Billions of dollars and percentages)

Year	Net inflow of capital (1)	Net payments of profits and intererest (2)	Transfers of resources (3)=(1)-(2) (3)	Exports of goods and services (4)	Transfers of resources/ exports of goods and services[a] (5)=(3)/(4) (5)
1973	7.9	4.2	3.7	28.9	12.8
1974	11.4	5.0	6.4	43.6	14.7
1975	14.2	5.5	8.7	41.1	21.2
1976	17.8	6.8	11.0	47.3	23.3
1977	17.1	8.2	8.9	55.9	15.9
1978	26.1	10.2	15.9	61.3	25.9
1979	29.0	13.6	15.4	82.0	18.8
1980	29.5	17.9	11.6	107.6	10.8
1981	37.3	27.1	10.2	116.1	8.8
1982	19.8	38.7	-18.9	103.2	-18.3
1983	3.0	34.2	-31.2	102.4	-30.5
1984	10.3	36.1	-25.8	113.9	-22.7
1985[b]	4.7	35.1	-30.4	108.0	-28.1

Source: 1973-1984: International Monetary Fund, *Balance of Payments Yearbook*; 1985: ECLAC, on the basis of official figures.
[a]Percentage. [b]Provisional estimates subject to revision.

Table 15

LATIN AMERICA: TOTAL DISBURSED EXTERNAL DEBT

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

Country	1978	1979	1980	1981	1982	1983	1984	1985[a]
Latin America	**150 893**	**181 957**	**222 497**	**277 701**	**318 430[b]**	**344 030[b]**	**360 410[b]**	**368 000[b]**
Oil-exporting countries	**64 390**	**77 585**	**93 675**	**121 233**	**138 436[b]**	**147 534[b]**	**151 100[b]**	**152 240[b]**
Bolivia[c]	1 762	1 941	2 220	2 450	2 373	2 780	2 797	3 190
Ecuador	2 975	3 554	4 652	5 868	6 187	6 712	6 949	7 300
Mexico	33 946	39 685	50 700	74 900	88 300[bd]	92 100[bd]	96 700[bd]	97 700[bd]
Peru	9 324	9 334	9 594	9 638	11 097	12 442	13 364	13 750
Venezuela[e]	16 383	23 071	26 509	28 377	30 479	33 500	31 290	30 300
Non-oil-exporting countries	**86 503**	**104 372**	**128 822**	**156 468**	**179 994**	**196 496**	**209 310**	**215 760**
Argentina	12 496	19 034	27 162	35 671	43 634	46 500	47 800	50 000
Brazil[f]	52 285	58 907	68 354	78 580	87 580	96 500	102 039	101 930
Colombia	4 247	5 222	6 300	7 885	9 410	10 405	11 550	13 350
Costa Rica	1 870	2 233	3 183	3 360	3 497	3 848	4 113	4 240
Chile[g]	6 664	8 484	11 084	15 542	17 153	17 431	18 946	19 580
El Salvador	986	939	1 176	1 471	1 710	1 891	1 968	2 100
Guatemala	821	934	1 053	1 385	1 802	2 019	2 189	2 450
Haiti[c]	210	248	290	372	410	551	607	650
Honduras	971	1 180	1 510	1 708	1 842	2 017	2 260	2 440
Nicaragua[c]	961	1 136	1 588	2 200	2 730	3 324	3 900	4 370
Panama	1 774[c]	2 078[c]	2 266[c]	2 379[c]	2 820[c]	3 392[c]	4 979	5 140
Paraguay	669	733	861	949	1 204	1 469	1 654	1 850
Dominican Republic	1 309	1 565	1 839	1 837	1 947	2 560	2 617	2 760
Uruguay	1 240	1 679	2 156	3 129	4 255	4 589	4 688	4 900

Source: ECLAC, on the basis of official information; Brazil and Venezuela: ECLAC, on the basis of data from the Bank for International Settlements.
[a]Provisional figures. [b]Figures not comparable with those previous to 1982, owing to the inclusion of the Mexican commercial banks' debt. [c]Public debt. [d]Including commercial banks' debt. Estimates on the basis of data supplied by the Ministry of Finance and Public Credit. [e]Including the public debt plus the non-guaranteed long- and short-term debt with financial institutions reporting to the Bank for International Settlements. [f]Including the total medium- and long-term debt plus the short term debt with financial institutions reporting to the Bank for International Settlements. 1984 and 1985: on the basis of official data. [g]Short-, medium- and long-term debt, excluding the debt with IMF and short-term credits for foreign trade operations.

Table 16

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

(Percentages)

Country	1978	1979	1980	1981	1982	1983	1984	1985[b]
Latin America	**15.5**	**17.4**	**19.9**	**27.6**	**40.5**	**35.9**	**35.7**	**36.0**
Oil-exporting countries	**16.0**	**15.7**	**16.6**	**22.6**	**35.1**	**32.4**	**32.2**	**32.0**
Bolivia	13.7	18.1	24.5	32.1	43.5	44.4	63.1	60.0
Ecuador	10.3	13.6	18.2	24.3	30.1	27.4	27.8	24.5
Mexico	24.0	24.8	23.3	29.0	46.0	39.3	40.2	37.0
Peru	21.2	14.7	16.0	24.1	25.1	29.8	34.0	34.5
Venezuela	7.2	6.9	8.1	12.7	21.0	21.6	17.5	22.5
Non-oil-exporting countries	**15.1**	**18.8**	**23.1**	**32.7**	**45.2**	**39.4**	**38.7**	**40.0**
Argentina	9.6	12.8	22.0	35.5	53.6	58.4	58.7	54.5
Brazil	24.5	31.5	34.1	40.4	57.1	43.5	38.7	43.5
Colombia	7.7	10.1	11.8	21.8	25.8	26.5	23.6	23.0
Costa Rica	9.9	12.8	18.0	28.0	36.1	32.8	30.7	28.0
Chile	17.0	16.5	19.3	38.8	49.5	39.4	50.0	46.5
El Salvador	5.1	5.3	5.9	7.9	11.9	12.3	13.2	14.0
Guatemala	3.6	3.1	5.3	7.5	7.8	8.7	8.9	11.5
Haiti	2.8	3.3	2.0	2.5	2.2	2.4	5.3	5.0
Honduras	8.2	8.6	10.6	14.5	22.4	16.4	17.1	17.0
Nicaragua	9.3	9.7	17.8	22.2	32.2	14.3	11.7	17.0
Paraguay	8.5	10.7	14.3	16.4	15.6	16.4	14.3	13.0
Dominican Republic	14.0	14.4	14.7	20.2	22.6	24.5	19.7	18.5
Uruguay	10.4	9.0	11.0	12.9	22.4	24.8	33.8	35.5

Source: 1978-1984: ECLAC, on the basis of data from the International Monetary Fund; 1985: ECLAC, on the basis of official data.
[a] Interest payments include those on the short-term debt. [b] Provisional estimates subject to revision.

Table 17

LATIN AMERICA: RESCHEDULING OF EXTERNAL DEBT WITH PRIVATE BANKS: 1982/1985[a]

(Millions of dollars)

Country	First round 1982/1983			Second round 1983/1984			Third round 1984/1985		
	Maturities		New credits	Maturities		New credits	Maturities[b]		New credits
	Amount	Years	Amount	Amount	Years	Amount	Amount	Years	Amount
Argentina	13 000	Sep. 82-83[c]	1 500	-	-	-	13 500	82-85	4 200
Brazil	4 800	83	4 400	5 400	84	6 500	...	...	...
Costa Rica	650	82-84	225	-	-	-	280	85-86	75
Cuba	130	Sep. 82-83	-	103	84	-	82	85	-
Chile	3 424	83-84	1 300	-	-	780	5 932	85-87	714; 371[d]
Ecuador	1 970	Nov. 82-83	431	900	84	-	4 630	85-89	200
Honduras	121	82-84	-	-	-	-	220	85-86	-
Mexico	23 700	Aug. 82-84	5 000	12 000[e]	Aug. 82-84	3 800	48 700	85-90	-
Panama	180	83	100	-	-	-	603	85-86	60
Peru	400	83	450	662	84-Jul. 85	-	...	...	...
Dominican Republic	568[c]	82-83[c]	-	-	-	-	790	82-85	-
Uruguay	630	83-84	240	-	-	-	1 600	85-89	...
Venezuela	-	-	-	-	-	-	21 200	83-88	-

Source: ECLAC, on the basis of official data and various national and international sources.
[a] For each round the first column refers to the total amortization commitments rescheduled, the second to the maturity years restructured, and the third to the additional credits granted by the private banks as an integral part of that restructuring process. The table does not include information on the maintenance of lines of short-term credit and bringing loans authorized by the United States Department of the Treasury, the Bank for International Settlements, etc. [b] In some cases, these include maturities already rescheduled in 1982/1983. [c] The agreement was never signed and the maturities were included in the new agreement for 1984/1985. [d] The values correspond to 1985 and 1986, respectively. They include US$ 150 million underwritten by the World Bank. [e] Private sector commitments.

Table 18

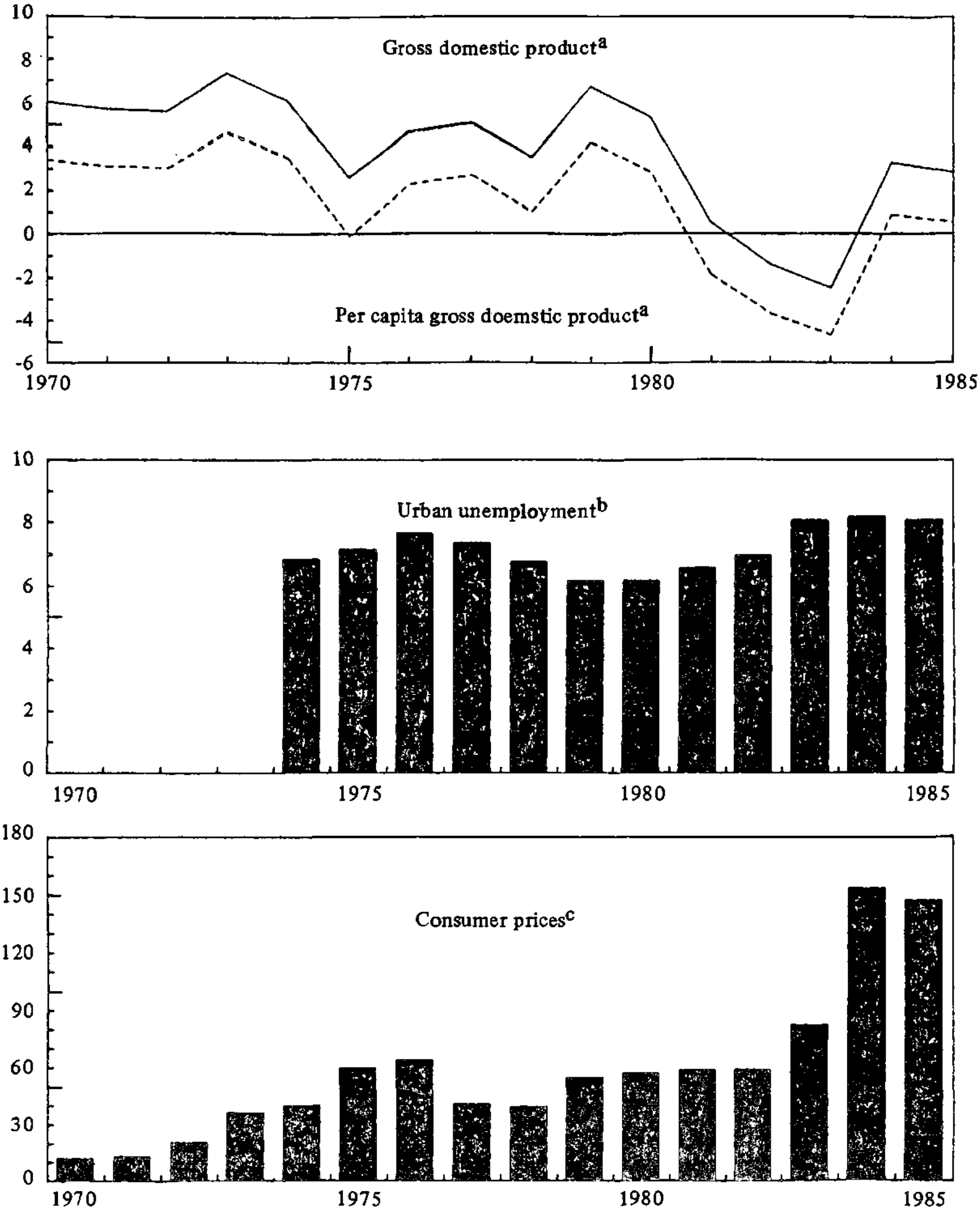
LATIN AMERICA: TERMS OF RESCHEDULING OF EXTERNAL DEBT WITH PRIVATE BANKS: 1982/1985[a]

Country	First round 1982/1983			Second round 1983/1984			Third round 1984/1985		
	Spread over LIBOR (%)	Term (years)	Commission[a]	Spread over LIBOR (%)	Term (years)	Commission[a]	Spread over LIBOR (%)	Term (years)	Commission[a]
Argentina	2.16[b]	6.8[b]	1.25[b]	-	-	-	1.44	11.5	0.15
Brazil	2.32	8.0	1.50	2.00	9.0	1.00	...	...	...
Costa Rica	2.25	8.0	1.00	-	-	-	1.66	9.4	1.00
Cuba	2.25	7.0	1.25	1.88	9.0	0.88	1.50	10.0	0.38
Chile	2.16	7.0	1.25	1.75	9.0	0.63	1.42	12.0	0.08
Ecuador	2.28	6.7	1.25	1.75	9.0	0.88	1.39	11.9	-
Honduras	2.38	7.0	1.38	-	-	-	1.58	11.0	0.88
Mexico	1.95	7.6	1.05	1.50	10.0	0.63	1.13	14.0	-
Panama	2.25	6.0	1.50	-	-	-	1.40	11.7	0.05
Peru	2.25	8.0	1.25	1.75[c]	9.0[c]	0.75[c]	...	...	...
Dominican Republic	2.25[b]	6.0[b]	1.25[b]	-	-	-	1.38	13.0	-
Uruguay	2.25	6.0	1.41	-	-	-	1.38	12.0	-
Venezuela	-	-	-	-	-	-	1.13	12.5	-

Source: ECLAC, on the basis of official data from the countries and various national and international sources.
[a] Calculated as a percentage of the total amount of the transaction and paid once only, on signing the credit contracts. Each column represents the terms agreed with the banks for rescheduled maturities and/or fresh loans. When the country negotiated both the rescheduling of maturities and the granting of fresh loans, the figures given represents a weighted mean of the two elements. [b] This agreement never came into force. The corresponding maturities were finally incorporated in the agreement forming part of the third round. [c] This agreement has not been finalized.

Figure 1

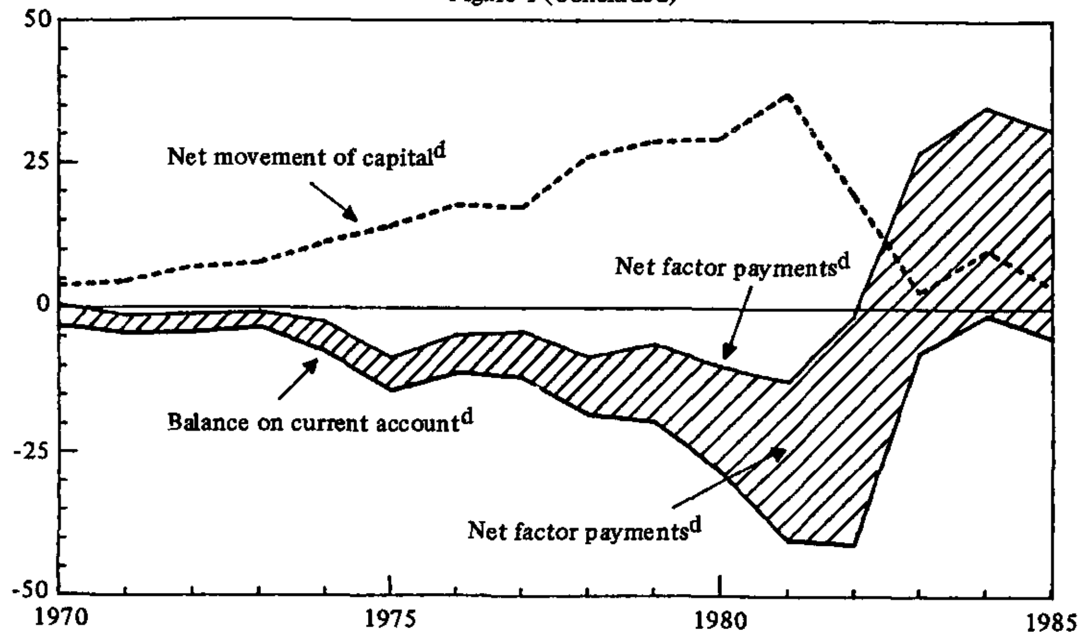
LATIN AMERICA: MAIN ECONOMIC INDICATORS

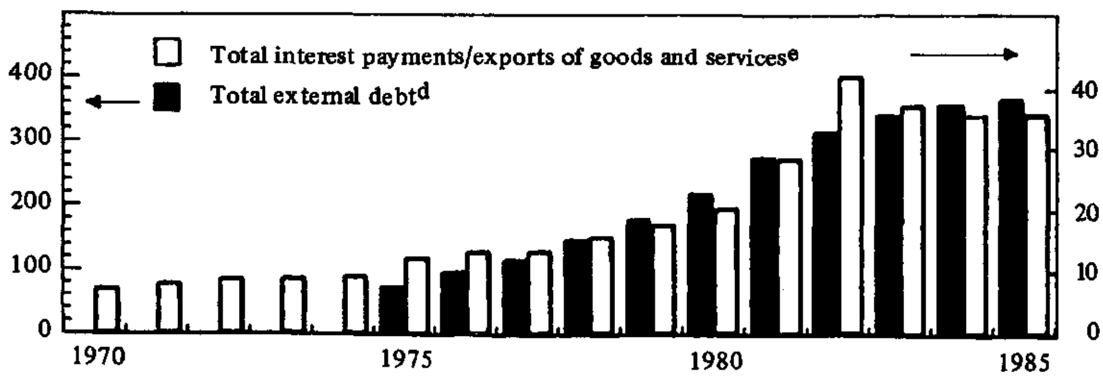


Source: ECLAC, on the basis of official data.

[a]Annual growth rate. [b]1970-1984: weighted average annual rate for 18 of the 25 most populous cities of Latin America; 1985: weighted average annual rate for the cities mentioned in figure 3. [c]Percentage variation from December to December. Excludes Bolivia.

Figure 1 (Concluded)



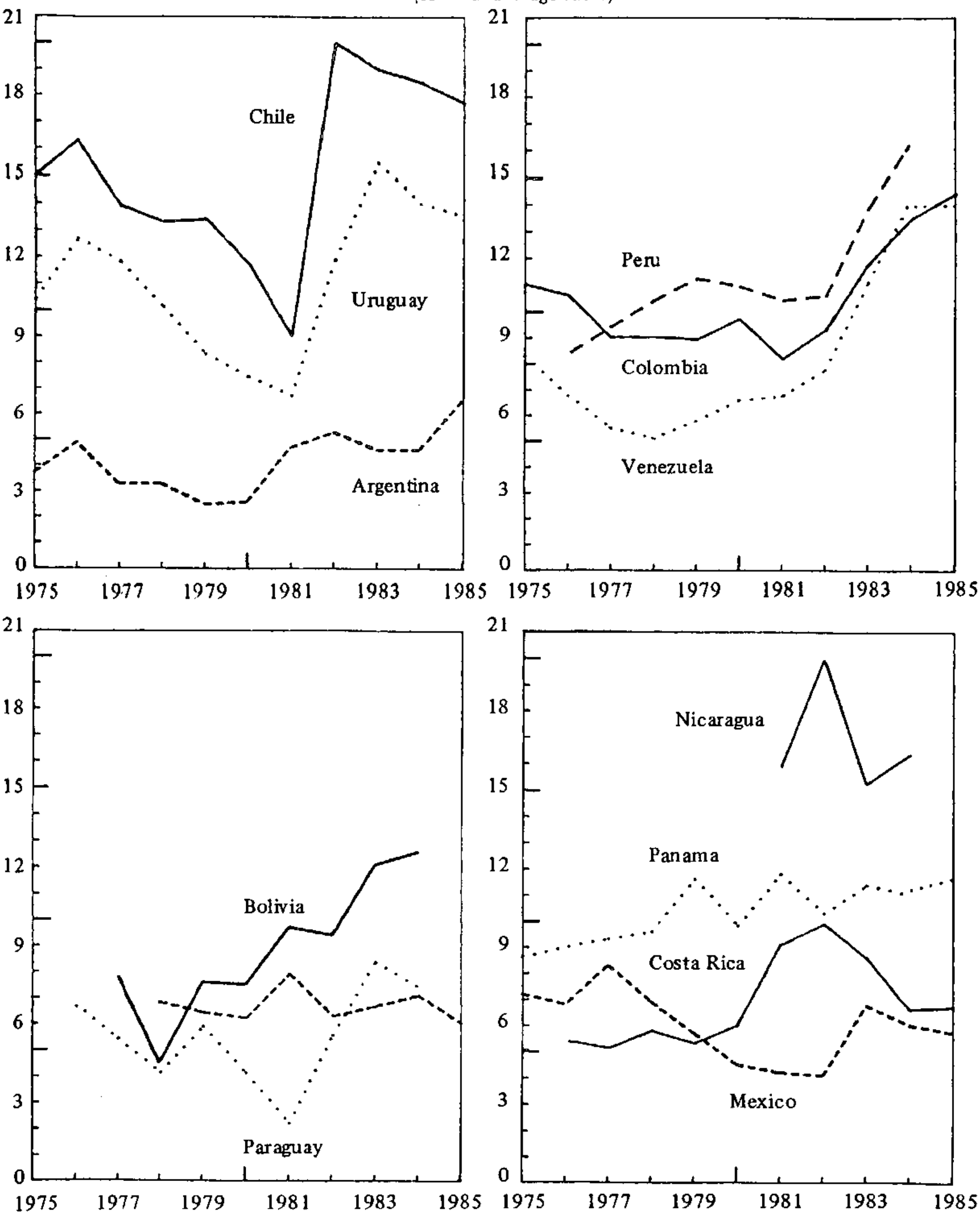


[d]Billions of dollars. [e]Percentages.

Figure 2

LATIN AMERICA: EVOLUTION OF URBAN UNEMPLOYMENT

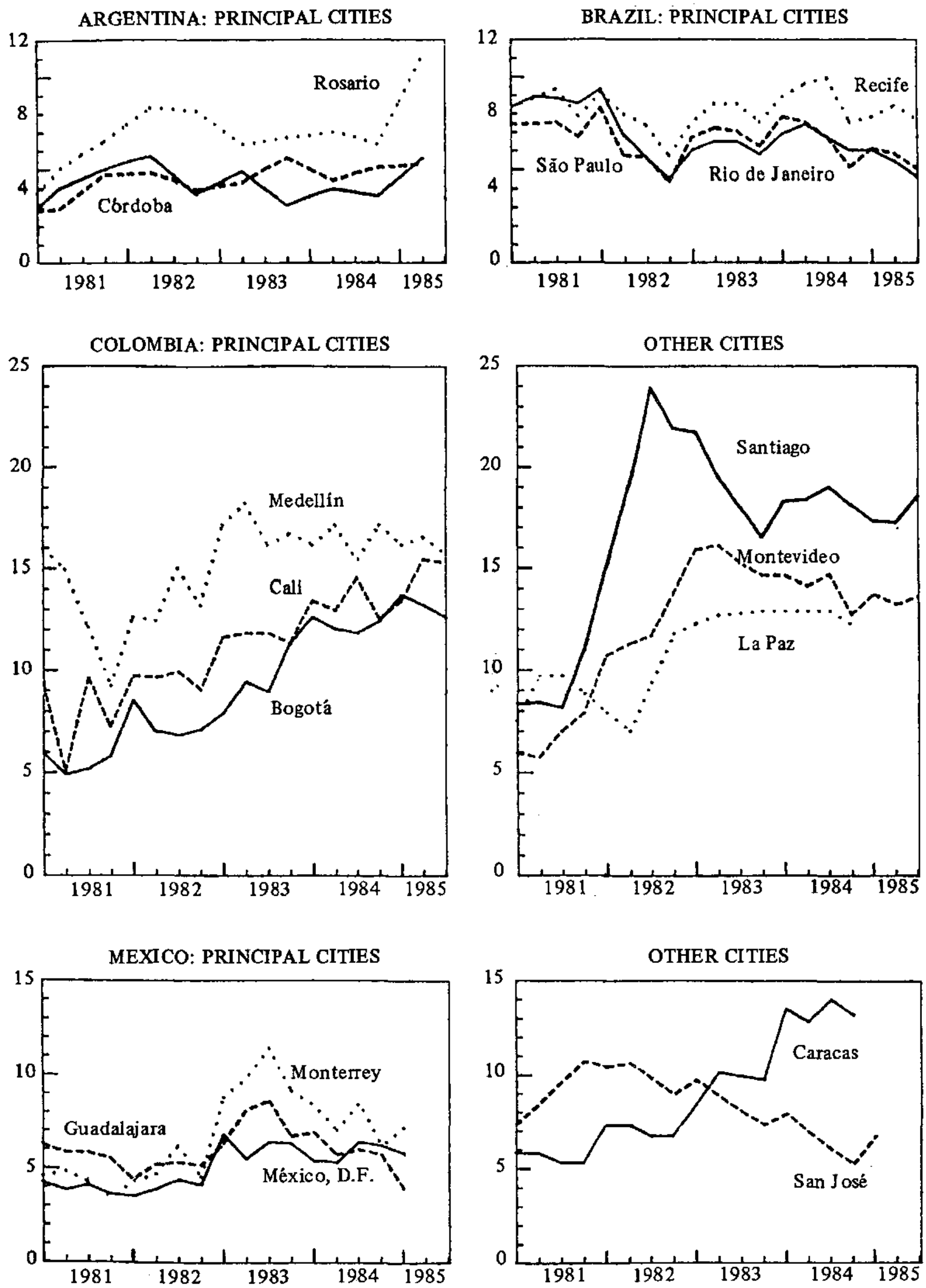
(Annual average rates)



Source: ECLAC, on the basis of official information.

Figure 3

LATIN AMERICA: EVOLUTION OF UNEMPLOYMENT IN SOME PRINCIPAL CITIES

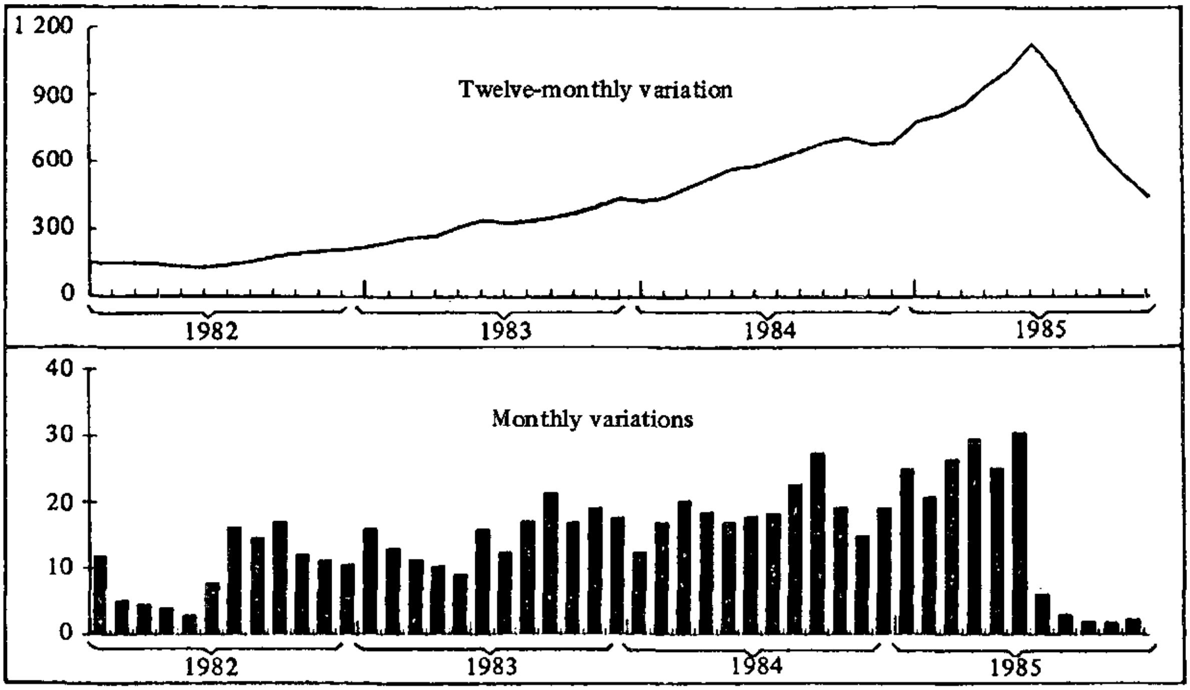


Source: ECLAC, on the basis of official information.

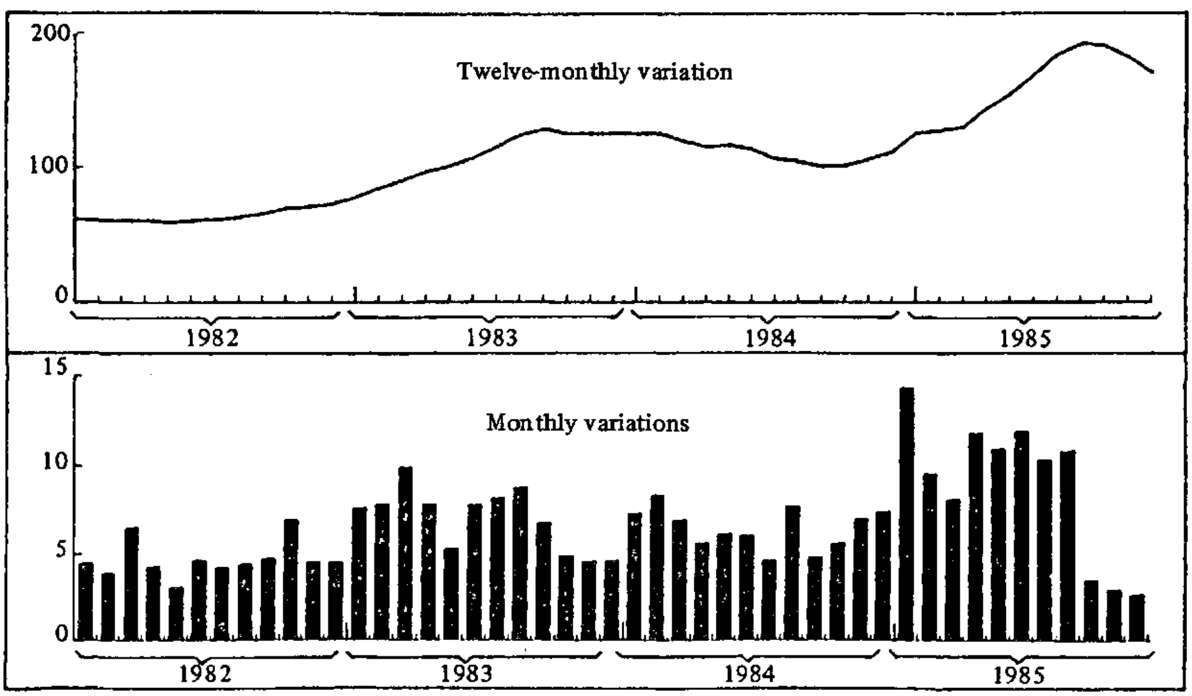
Figure 4

ARGENTINA AND PERU: CONSUMER PRICE INDEX

ARGENTINA



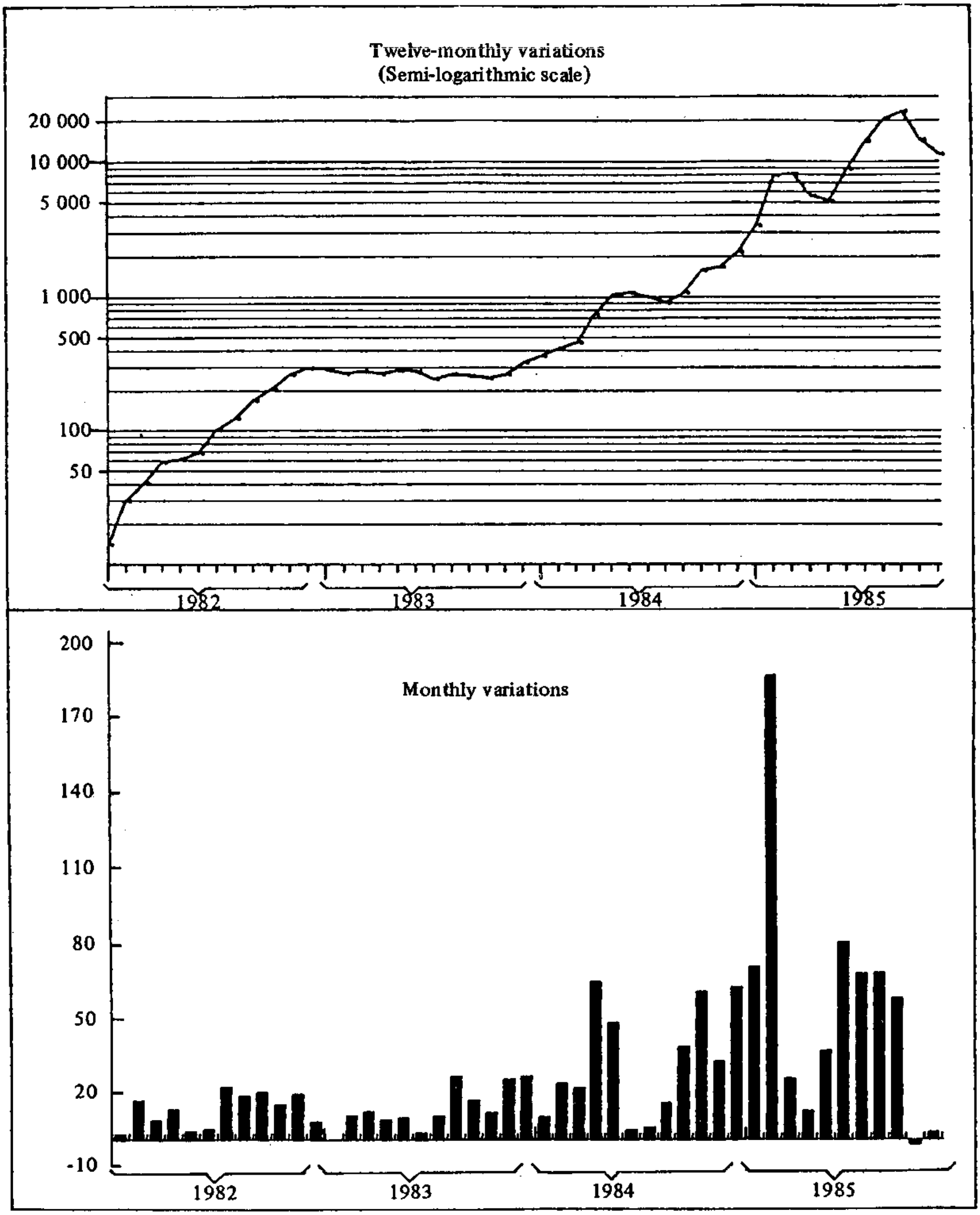
PERU



Source: ECLAC, on the basis of official data.

Figure 5

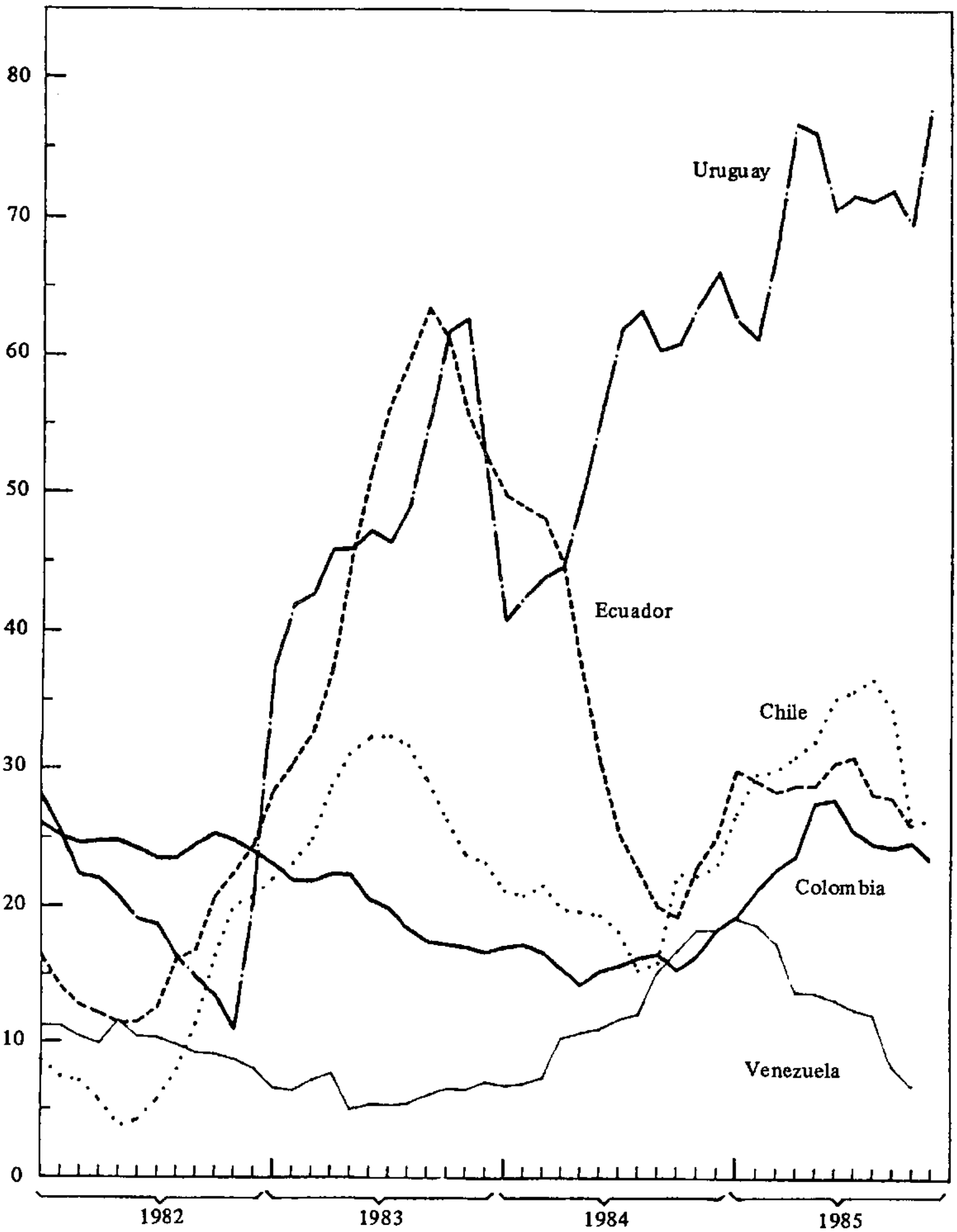
BOLIVIA: CONSUMER PRICE INDEX



Source: ECLAC, on the basis of official data.

Figure 6

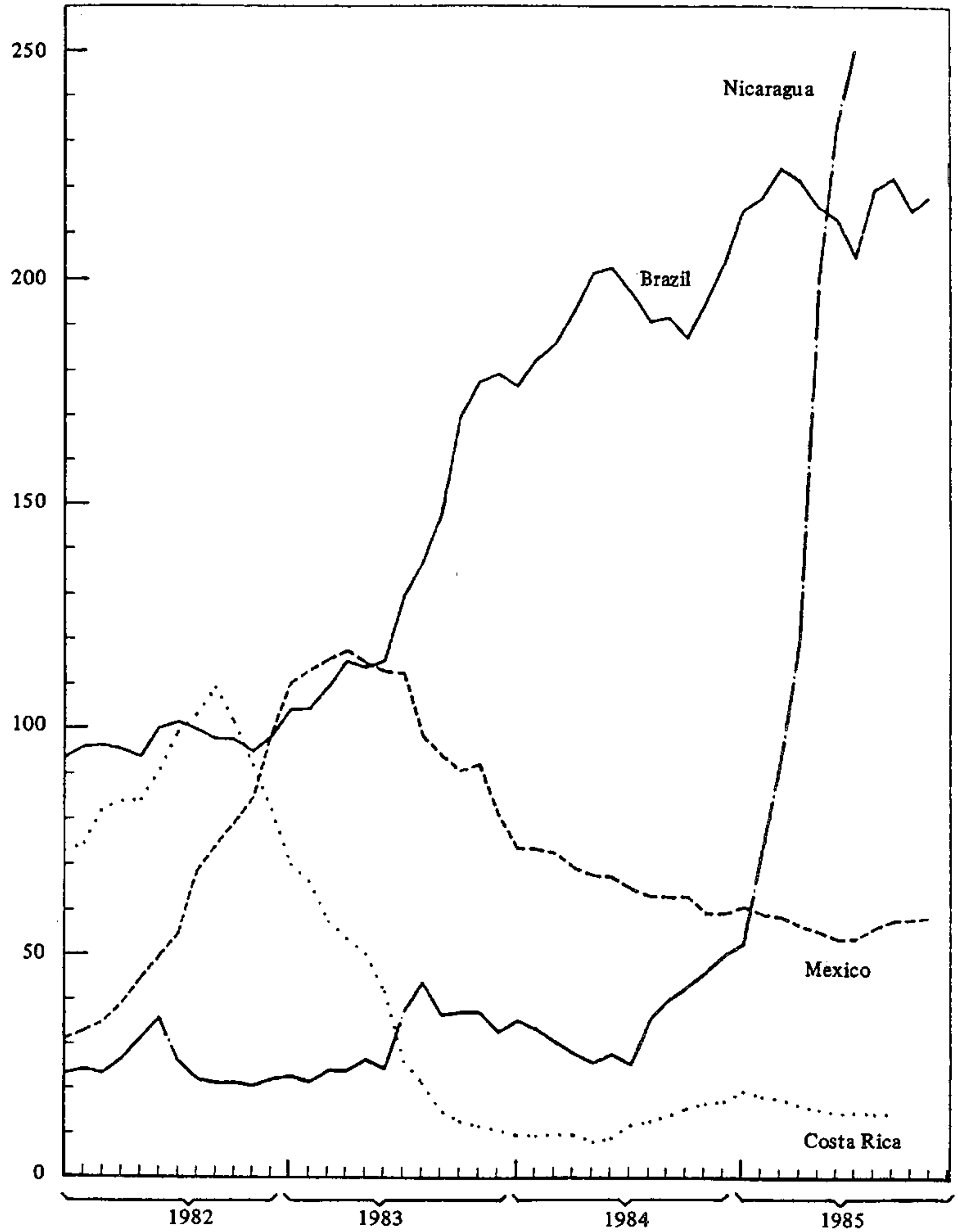
LATIN AMERICA (SELECTED COUNTRIES): TWELVE-MONTHLY VARIATION IN THE CONSUMER PRICE INDEX



Source: ECLAC, on the basis of official information.

Figure 7

LATINA AMERICA (SELECTED COUNTRIES): TWELVE-MONTHLY VARIATIONS IN THE CONSUMER PRICE INDEX

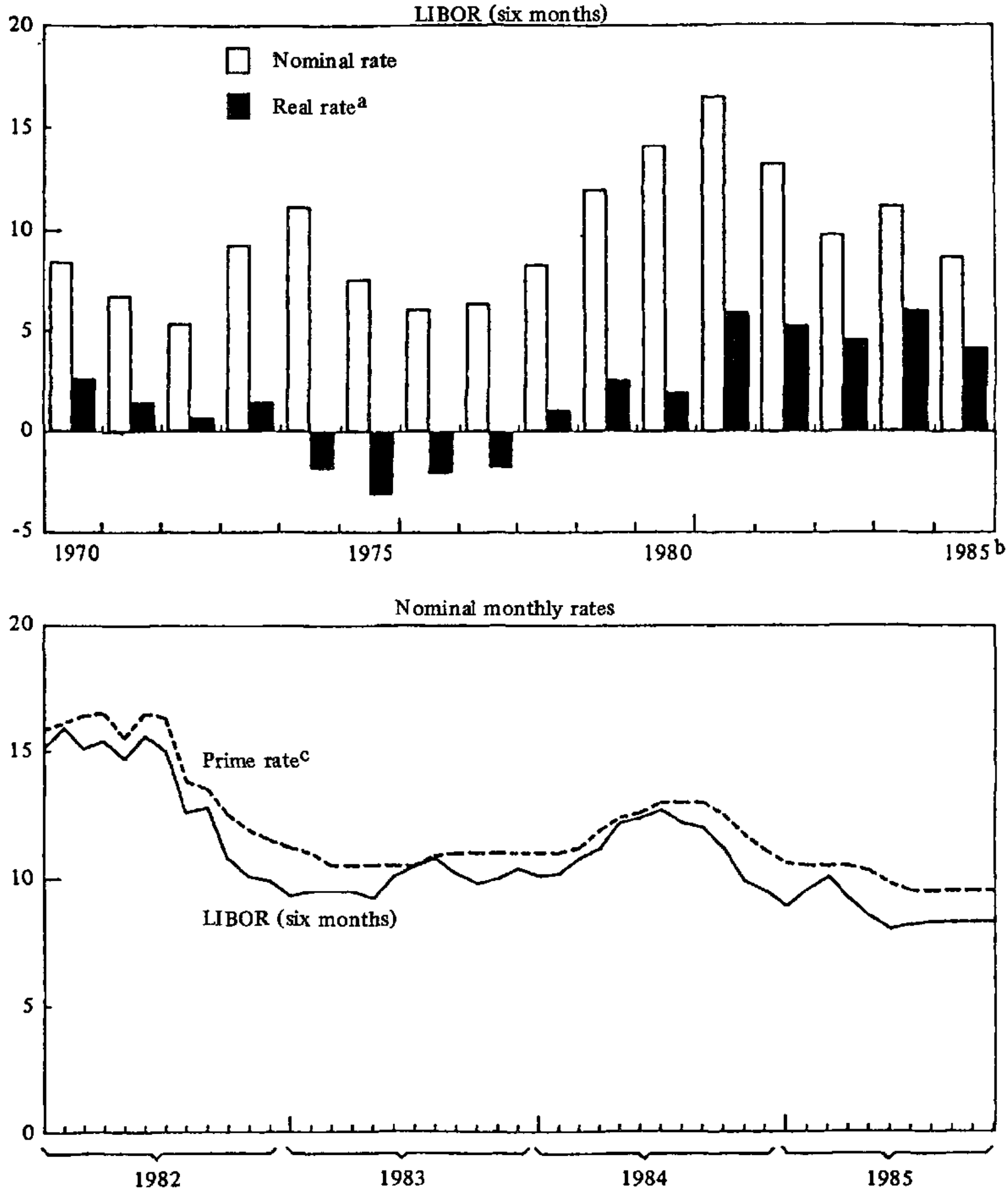


Source: ECLAC, on the basis of official information.

Figure 8

INTERNATIONAL INTEREST RATES

(Percentages)



Source: ECLAC, on the basis of data from Morgan Guaranty Trust, *World Financial Markets, Economic Report of the President,* Washington, February 1985, and International Monetary Fund, *International Financial Statistics,*

[a]Nominal rate deflated by the consumer price index of the industrializad countries. [b]Average January to November. [c]Preferential rate granted by United States banks for their best clients.