

**Economic Commission for Latin America and the Caribbean**

**ECONOMIC PANORAMA  
OF LATIN AMERICA  
1993**

**ARGENTINA  
BRAZIL  
COLOMBIA  
CHILE  
ECUADOR  
MEXICO  
PERU  
URUGUAY  
VENEZUELA**



**United Nations**

**September 1993  
Santiago, Chile**

LC/G.1775  
20 September 1993

This report was prepared by the ECLAC Economic Development Division.

#### **Notes and explanation of symbols**

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

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

A dash (–) indicates that the amount is nil or negligible.

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

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

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

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

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

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

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

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

## CONTENTS

	<i>Page</i>
LATIN AMERICA . . . . .	5
Growth continues at a more moderate rate . . . . .	6
Price stability is preserved and strengthened . . . . .	6
Preserving fiscal stability . . . . .	7
Abundant inflows of capital continue . . . . .	7
The external gap is consolidated . . . . .	9
The external debt burden . . . . .	10
Figure and statistical tables . . . . .	12
ARGENTINA . . . . .	17
Figure and statistical tables . . . . .	19
BRAZIL . . . . .	25
Figure and statistical tables . . . . .	27
COLOMBIA . . . . .	34
Statistical tables . . . . .	36
CHILE . . . . .	40
Figure and statistical tables . . . . .	42
ECUADOR . . . . .	50
Statistical tables . . . . .	52
MEXICO . . . . .	55
Figure and statistical tables . . . . .	57
PERU . . . . .	64
Figure and statistical tables . . . . .	66
URUGUAY . . . . .	72
Figure and statistical tables . . . . .	74
VENEZUELA . . . . .	80
Statistical tables . . . . .	82

## LATIN AMERICA

For the third consecutive year, the bulk of Latin America's economies continued in a phase characterized by the expansion of economic activity, relative price stability, alleviation of the debt burden and a massive inflow of foreign capital, despite the continued sluggishness and uncertainty of the international economy, reflected in the limited increase in the region's external sales.

The countries whose levels of activity or imports increased the most in 1992 moderated their growth rate in the first half of 1993, in an attempt to keep the external gap at levels compatible with the existing flow of capital or to avoid renewed inflationary pressures.

The disruptions and traumatic adjustments of the 1980s appear to be coming to an end and the new operational foundations of the region's economies, based on external openness and an export-oriented approach, fiscal austerity and the careful management of monetary policy, as well as on reduced public regulation of markets, seem to be growing stronger. However, the region is also facing a situation characterized by a new kind of external vulnerability and the threat that adjustment might become endemic. Massive social deficiencies, aggravated by the effects of the economic crisis and adjustment, will also persist until economic recovery makes it possible to alleviate the plight of the hardest hit social classes and growth paves the way for public policies capable of tackling the structural roots of poverty and inequity.

These new operational foundations and the attainment of macroeconomic stability have in many cases lent credibility to economic policy, encouraging capital investment in the countries of the region. Against this backdrop, the effects of the drop in international interest rates, particularly dollar interest rates, and of the high return on investments in a number of Latin American countries began to be felt in 1991, giving rise to a massive net inflow of non-debt-related private capital which totalled US\$ 40 billion in 1991 and over US\$ 60 billion in 1992. In the first half of 1993, the circumstances conducive to these flows persisted, and were even strengthened, as dollar interest rates continued to decline. As a result, it is estimated that capital flows will continue to increase at a rate of over US\$ 50 billion a year.

This influx of resources and the reduction of interest payments has continued to sustain an import capacity far greater than that provided by the region's exports, which grew sluggishly, undermined by the weakness of world markets for the main export commodities and the steady deterioration of their prices. At the same time, the abundance of foreign exchange tended to put upward pressure on local currencies, in some cases discouraging external sales and, in conjunction with tariff reductions, making imports cheaper.

These circumstances enabled both consumer demand (revived by the slow recovery of earnings and access to new goods), and investment demand (delayed by the earlier recession and instability) to be financed and to be directed towards imports, at the same time stimulating domestic production.

By 1992, investment activity promoted by the recovery, triggered by new production opportunities, encouraged by economic policy reforms and facilitated by the inflow of external resources, or even associated with it, had become the most dynamic factor in the growth experienced by many countries of the region. Available indicators show that this investment boom has continued in 1993. However, it should be noted that most countries still have investment rates significantly lower than those achieved before the crisis.

### **Growth continues at a more moderate rate**

Judging from the indicators for the first six months of 1993, regional output can be expected to grow by more than the 3% recorded in 1992. This trend is heavily influenced by the anticipated recovery of activity in Brazil (over 4%). The average growth rate for all the other economies, although over 3%, will be lower than last year's 5%. Some economies, such as those of Argentina, Chile, Costa Rica, Dominican Republic, Panama, Uruguay and Venezuela, will have more moderate growth than the high rates recorded in 1992. Others, such as Ecuador and Mexico, are slowing down their already modest increase in output for the sake of stabilization. A few countries (Bolivia, Colombia and Paraguay) are reactivating their growth rate. The two recessionary economies which last year saw a further decline in their level of activity (Brazil and Peru) are now recovering.

As a result, there is a marked convergence in the growth rates of the region's economies: 12 countries are growing by between 3% and 5%, only four by rates lower than 3% and only two (Argentina and Chile) by over 5%.

### **Price stability is preserved and strengthened**

Most countries of the region have maintained or lowered their inflation rates since the trend towards greater price stability spread and strengthened in 1992. Excluding Brazil, whose high inflation rate grew even higher, the region's annual weighted average increase in consumer prices is around 19%, as compared with almost 22% in 1992.

Of the countries which until recently had chronically high inflation, Argentina has moved to a situation of low inflation, a process consolidated in 1993 to the point that, by August, the 12-month rate of price variation was around 9%, almost half the rate at the end of the previous year. Peru has also continued to reduce its inflation rates, albeit with difficulty, bringing them down to a monthly average of 2.3% in the last quarter and an annual rate of 48% by August. In Nicaragua, on the other hand, inflation has risen to an annual rate of 32%. In Brazil, the reactivation of demand in a context of highly indexed price formation has gradually pushed up the monthly rate of price increases, from 26% in the last quarter of 1992 to 33% last August.

Other economies with high inflation have continued to reduce it: Uruguay to an annual rate of 54% and Ecuador, after last year's increase, to an annual rate of 46%. In Venezuela, however, the annual rate of price increases, which was 32% in December 1992, had risen to 36% by last July.

A large number of countries with moderate inflation have continued to reduce the 12-month rate of consumer price increases. Bolivia reduced its rate from 10% last December to 8% in July; Colombia, from 27% last December to 21% in August; Costa Rica, from 17% in December to 10% in July; Mexico, from 12% in December to a monthly rate that since last March has remained stable at the equivalent of a little over 7% a year. Other countries with moderate inflation simply maintained their earlier inflation rates: Chile around 13% a year and the Dominican Republic around 8%. In Paraguay, on the other hand, inflation rose from less than 18% in December to nearly 20% in May.

The continuation and strengthening of price stability, in a context of moderate growth, has become the main objective of economic policy in most countries of the region, as a prerequisite for achieving greater growth rates of output. The relative stability achieved in earlier years was based on a drastic reduction of fiscal deficits; on the stability, and in some

cases the appreciation, of real exchange rates, associated with abundant foreign exchange provided by substantial inflows of capital; and on the restraining influence exerted on some domestic prices by competition from imports.

During the first half of 1993, efforts were made to preserve the (in many cases still tenuous) stability of public finances and to keep a close watch on trends in the real exchange rate, which continued to appreciate in some capital-receiving countries and tended to stabilize in others. Careful monetary policies were also applied which, in some cases, included partial sterilization of the monetary expansion brought about by the accumulation of reserves to absorb incoming capital.

### **Preserving fiscal stability**

Between 1989 and 1991, most countries of the region made large-scale fiscal adjustments. In 1992, the advances made started to be consolidated, as in a considerable number of countries either the relative stability of public accounts was maintained or the fiscal situation continued to improve.

However, in many cases this stability was somewhat tenuous, having been achieved by making unsustainable cuts in current spending, especially in social areas; by postponing infrastructure investments or maintenance spending; by obtaining exceptional capital revenues from the privatization of public enterprises; or by levying emergency taxes or surcharges.

Nevertheless, progress was made in enhancing the structural stability of tax revenues. The tax reforms put into effect, although mostly partial, simplified tax systems by broadening their base and encouraged more stringent fiscal management. Recent trends towards lower inflation rates and higher levels of economic activity had a very favourable impact on tax revenues, which in many countries increased by over 20% in real terms between 1990 and 1992.

As economies return to normal, it is becoming more difficult to maintain the relative fiscal stability thus achieved. In the first half of 1993, tax revenues continued to grow, but at a slower pace in most countries, in line with the slow-down of growth and the stabilization of inflation rates. On the other hand, in many cases the rate of public spending is being increased to remedy deficiencies or restore the levels needed for the normal functioning of the economy. In general, these trends are occurring in a context of budgetary stability which can be sustained without resorting to domestic borrowing, but maintaining that stability increasingly requires new tax measures and difficult negotiations on the reallocation of public spending, in the framework of a somewhat tight cash-flow policy. In both directions, ad hoc measures will have to be replaced by reforms to make tax systems and budget mechanisms more rational.

### **Abundant inflows of capital continue**

The events of the first eight months of the year suggest that net capital inflows to Latin America remain very robust, and that their total by the end of 1993 could exceed US\$ 50 billion. This would mean that the aggregate inflow of capital is still abundant, but is flowing at a somewhat lower level than the record registered in 1992, when it reached US\$ 61 billion, a figure nearly eight times larger than the annual average recorded in 1983-1989, and double the average annual net flow recorded in the quinquennium preceding the debt crisis. Although the inflow of capital to the region is generalized, Mexico continues to attract the

most, receiving more than half the regional total, followed by Argentina, which receives one sixth of that total.

Latin America's dynamic interface with external financial markets is reflected in the behaviour of the new international bond issues. During the first six months of 1993, the countries of the region issued US\$ 10.7 billion worth of bonds, exceeding the total for the entire previous year, which in turn almost tripled the US\$ 3.5 billion placed in 1991. Almost half the total value of new issues in the first half of 1993 emerged from Mexico, while those from Brazil accounted for about 30%. Other countries active in the market during the first half of the year were Argentina (US\$ 1 billion), Colombia (US\$ 325 million), Chile (US\$ 220 million) and Uruguay (US\$ 140 million). This buoyancy continued into the second six months: in July alone, more than US\$ 3 billion worth of new bonds were issued.

The market's increasingly favourable reception to Latin American securities is also reflected in the growing size of the new bonds. A private Mexican firm and a United States subsidiary of the Venezuelan State-owned petroleum company, in May and June, respectively, each issued billion-dollar "jumbo" bonds. Also, the interest spreads on Latin American bonds –although still high– have continued to improve. In the first half of 1993, the lowest spreads (around 2% over the rate of United States Treasury bills) were observed for Mexican public-sector and Chilean private-sector issues; the highest (between 5% and 7% over that rate) emerged for Argentine and Brazilian private-sector issues. Other signs of the bond market's increasingly warm reception to the region included the first bond issue by a Mexican private firm in the very selective United States bond market and the growing number of innovative, asset-backed bond issues. Finally, in June, Colombia became the second Latin American country (after Chile) to be awarded a Standard and Poor's "BBB-" investment rating.

In contrast to this spectacular growth in the issue of new international bonds, other types of flows appear to have leveled off or have even slowed down somewhat. On the one hand, the accumulation of interest arrears –a type of involuntary capital flow– has come down, as a number of countries in the region have recently regularized debt service with banks and official creditors. In addition, the substantial flows from abroad generated in 1992 by privatizations have dipped to a lower level so far this year.

External capital flows to the region's stock markets also seem to have slowed down, due to the sluggish performance of these markets with respect to previous years. In the first six months, the overall price index of Latin American stock exchanges tended to flatten, except in Brazil, where spectacular dollar gains of 60% were registered, and Peru, where stock market prices also rose significantly.

Firms in Argentina, Chile, Colombia and Mexico, however, continued to successfully raise capital abroad through the issue of American and global depositary receipts (ADRs and GDRs) and through direct placements. The most noteworthy transaction of this type so far this year was an international stock offering as part of the privatization of the Argentine State-owned petroleum company (YPF): valued at US\$ 3 billion, 75% of the shares were reported to have been sold in June to investors in North America and Europe.

Apart from the capital raised by these means, large amounts (probably around half the total) are entering the region in the form of foreign direct investments, commercial credit and time deposits in local banks. Since 1992, moreover, external capital has also been flowing heavily into some local-currency-denominated public debt paper, such as the Mexican Government's treasury certificates (CETES).

The strongest force behind the massive inflow of capital to the region is the increasingly intensive search on the part of investors for high-yield instruments, in the face of the persistent decline in dollar interest rates. Not only did short-term dollar rates continue to drop (LIBOR averaged 3.5% between January and August 1993, compared to 3.9% in 1992 and 9% in 1989) but more recently there have been marked declines in long-term rates. By the beginning of September the yield for 30-year United States Treasury bonds had fallen to only 6%, compared to 7.4% at the end of 1992. In contrast, in most Latin American countries, very high short-term nominal yields are being offered.

This situation, coupled with perceived lower risk premiums in most countries because of greater exchange stability, economic reforms and sharply lower interest rates on the foreign debt, has encouraged foreign investors and residents with capital abroad to reallocate part of their portfolios to investments in the region. In view of the enormous amounts transacted in international capital markets, even small portfolio adjustments in response to the above-mentioned incentives may result in abundant capital flows to the countries of the region.

Still, many investors are being cautious, as can be seen in the considerable weight of short-term capital in the overall external financial flow to Latin America, despite the increasing importance of such instruments as bonds and direct investment. This, coupled with the important role of external factors, mainly low international interest rates, in the positive yield differentials offered by the countries of the region, means that the capital inflows to the region have a considerable potential for volatility.

### **The external gap is consolidated**

Latin America's merchandise trade balance, which turned negative in 1992 (by nearly US\$ 10 billion) after almost a decade of surplus, is likely to register a bigger deficit of about US\$ 14 billion in 1993. This relative stabilization of the region's trade deficit reflects the fact that most of the countries have maintained their balances. The widening of the regional balance is basically due to the decline in the positive balances of Brazil and Colombia and the reversal of Chile's former surplus.

It is estimated that the region's exports will continue to rise moderately (less than 6%) in value, although those of the oil-exporting countries will do so at a somewhat faster pace. Of the non-oil-exporting countries, Chile and Uruguay are showing a decrease in the value of their exports, while those of Argentina and Brazil seem to be increasing at a higher-than-average rate.

The increases in external sales have been obtained in most cases through an expansion in volumes exported, since the prices of nearly all the leading commodities fell, with the notable exceptions of sugar and bananas, whose prices recovered, and cotton and soya, which rose slightly in price. Thus, the fall in prices of the region's exports continued for the third year running. On the other hand, the expansion of intraregional trade has played an important role in sustaining the exports of most Latin American countries, offsetting the weakness of the rest of the world's markets.

Imports also continued to increase, although at a slower pace than in previous years. In 1993, their growth may amount to less than 9%, as compared to an annual 20% in the previous two-year period, bringing their value to some US\$ 148 billion. Nearly all the countries of the region are following this trend, with a notable slowdown being registered by Mexico's and Venezuela's imports. On the contrary, external purchases continue to rise in Colombia, and those of Brazil are showing a substantial increase.

Net flows of profits and interest will be reduced for the fourth consecutive year, this time by about US\$ 1 billion, and it is estimated that net payments under these items will amount to less than US\$ 28 billion. This reduction is due to the persistent fall in international interest rates, since remittances of profits are on the increase. None the less, the widening of the trade gap is likely to translate into a moderate expansion of the current-account deficit of the balance of payments, which could amount to nearly US\$ 42 billion for the year as a whole.

In these circumstances, the external situation that has been emerging in the past three years for most of the countries of the region seems to be taking the form of a slow expansion of exports, a moderate increase in imports –which in many cases have already exceeded the thresholds of accumulated demand– in a context of relatively open trade regimes but also of moderate economic growth, and a normalized debt service.

These features represent a consolidation of the considerable external deficit which most of the economies of the region are running in the current phase of their evolution. The counterpart of this situation is the stabilization –at more than US\$ 50 billion– of the volume of external capital flowing into the region in present global economic conditions. This capital is financing the deficit, since the above-mentioned elements of potential volatility with respect to these flows have not materialized.

The other side of the coin cannot, however, be ignored. Economies which are now more than ever before an integral part of a fluctuating international scenario plagued by uncertainty, with huge external deficits that are becoming a permanent fixture, financed by capital flows in part due to cyclical factors, and with little headroom to carry out their economic policy, are structurally vulnerable. In varying degrees, many of the countries of the region are finding themselves in this situation.

### **The external debt burden**

Based current trends, the total value of the region's external debt, which amounted to US\$ 438 billion at the end of 1992, will rise this year by 5% to 6% in nominal terms, the highest rate of growth since 1987. The primary reasons for the expansion of the debt are the very active issue of bonds from the region in international markets, more than 60% of which corresponded to private firms in the first six months, and the expansion of commercial credit. Interest arrears on the foreign debt represented another expansionary factor, although the effect has been relatively minor because of the systematic fall in dollar interest rates and the sharply reduced number of countries in irregular payments status with their creditors. The slight drop in the value of the United States dollar in the major currency markets (in the January-September period) has also raised the value of the debt denominated in other currencies.

Lower international interest rates have continued to reduce interest payments on the debt. These are expected to fall by about 12% in 1993 compared to the previous year, to some US\$ 26 billion. On the other hand, since the value of the region's exports will increase moderately, the region's coefficient of interest payments to exports of goods and services will probably fall for the seventh year running, to about 16%, compared to the 1992 figure of 19%. Meanwhile, the debt-export ratio is expected to remain in the vicinity of 285%.

During the first half of the year, Argentina finalized its agreement under the Brady Plan with commercial banks, while efforts to finalize Brazil's Brady-style scheme are continuing. The banks also reached a new preliminary agreement with the Dominican Republic to eliminate US\$ 260 million of interest arrears and put into effect a Brady-style debt reduction scheme that

would involve US\$ 775 million worth of bank obligations. Similarly, at the beginning of the year Peru regularized its long outstanding arrears with IMF and the World Bank.

Secondary market prices for Latin American commercial debt rose sharply in the first six months of the year. This phenomenon reflects the positive effects of lower interest rates on the solvency of the countries of the region, the trend towards regularization of interest arrears with creditors under the Brady Plan and the desire of investors to add high-yield instruments to their portfolios.

Table 1  
LATIN AMERICA: GROSS DOMESTIC PRODUCT

	Annual growth rates					Cumulative variation			
	1989	1990	1991	1992	1993 <sup>a</sup>	1981-1990		1991-1993 <sup>a</sup>	
						GDP	Per capita GDP	GDP	Per capita GDP
<b>Latin America</b>	<b>0.9</b>	<b>0.3</b>	<b>3.8</b>	<b>3.0</b>	<b>3.6</b>	<b>12.5</b>	<b>-8.9</b>	<b>10.8</b>	<b>4.6</b>
Oil-exporting countries <sup>b</sup>	0.2	4.1	4.6	3.3	2.0	15.8	-7.8	10.2	3.5
Non-oil-exporting countries <sup>c</sup>	1.4	-2.5	3.2	2.8	4.8	10.2	-9.8	11.2	5.4

Source: ECLAC, on the basis of official data.

<sup>a</sup> Preliminary estimates subject to revision.

<sup>b</sup> Bolivia, Colombia, Ecuador, Mexico, Peru and Venezuela. <sup>c</sup> Argentina, Brazil, Chile, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay and Uruguay.

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

	Latin America			Oil-exporting countries <sup>b</sup>			Non-oil-exporting countries <sup>c</sup>		
	1991	1992	1993 <sup>a</sup>	1991	1992	1993 <sup>a</sup>	1991	1992	1993 <sup>a</sup>
<b>Balance on current account <sup>d</sup></b>	<b>-19.8</b>	<b>-36.8</b>	<b>-41.6</b>	<b>-12.7</b>	<b>-29.0</b>	<b>-28.0</b>	<b>-7.1</b>	<b>-8.0</b>	<b>-13.6</b>
Merchandise trade balance	9.2	-9.5	-14.0	-3.1	-17.6	-18.6	12.4	8.0	4.6
Exports	120.8	127.1	134.3	56.2	55.9	59.3	64.6	71.2	75.0
Imports	111.6	136.6	148.3	59.3	73.5	77.9	52.2	63.2	70.4
Net payments									
Services	4.7	5.7	6.5	1.2	2.5	1.4	3.6	3.2	5.1
Profits and interest	30.6	28.4	27.6	11.9	12.3	11.6	18.7	16.2	16.0
Unrequited private transfer payments	6.3	6.8	6.5	3.5	3.4	3.5	2.8	3.4	3.0
<b>Balance on capital account <sup>e</sup></b>	<b>39.9</b>	<b>60.8</b>	<b>...</b>	<b>26.7</b>	<b>30.8</b>	<b>...</b>	<b>13.1</b>	<b>30.0</b>	<b>...</b>
<b>Global balance <sup>f</sup></b>	<b>20.0</b>	<b>24.0</b>	<b>...</b>	<b>14.0</b>	<b>1.9</b>	<b>...</b>	<b>6.1</b>	<b>22.2</b>	<b>...</b>

Source: ECLAC, on the basis of official data.

<sup>a</sup> Preliminary estimates subject to revision.

<sup>b</sup> Bolivia, Colombia, Ecuador, Mexico, Peru and Venezuela. <sup>c</sup> Argentina, Brazil, Chile, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, and Uruguay.

<sup>d</sup> Including unrequited private transfer payments. <sup>e</sup> Including unrequited official transfer payments, short- and long-term capital, and errors and omissions. <sup>f</sup> Equals variation in international reserves (of opposite sign) plus counterpart items.

Table 3  
**LATIN AMERICA: PRICES OF MAIN EXPORT PRODUCTS**  
*(Prices in current dollars and growth rates)*

	Average annual prices						Annual growth rates				Cumulative variation
	1980	1985	1990	1991	1992	1993 <sup>a</sup>	1990	1991	1992	1993 <sup>a</sup>	1976-1993 <sup>a</sup>
Raw sugar <sup>b</sup>	28.7	4.1	12.6	9.0	9.1	10.1	-1.6	-28.8	1.0	11.3	-50.7
Bananas <sup>b</sup>	18.9	18.4	29.5	25.0	23.0	27.2	44.6	-15.3	-8.1	18.3	111.5
Cocoa <sup>b</sup>	118.1	102.3	57.7	54.2	49.8	45.4	2.1	-6.1	-8.1	-8.8	-19.6
Coffee (mild) <sup>b</sup>	154.2	145.6	89.2	85.0	63.6	63.1	-16.6	-4.7	-25.1	-0.8	-3.5
Beef <sup>b</sup>	125.9	97.7	115.4	120.8	111.3	115.5	-0.9	4.7	-7.9	3.8	91.9
Fish meal <sup>c</sup>	504.0	280.0	412.0	478.0	482.0	374.0	1.0	16.0	0.8	-22.4	52.7
Maize <sup>c</sup>	210.3	135.3	119.9	140.1	136.7	125.5	-14.8	16.8	-2.4	-8.2	-18.6
Soya <sup>c</sup>	296.0	225.0	247.0	240.0	236.0	241.0	-10.2	-2.8	-1.7	2.1	9.5
Wheat <sup>c</sup>	176.0	138.0	137.0	129.0	151.0	144.0	-19.4	-5.8	17.1	-4.6	-4.6
Cotton <sup>b</sup>	94.2	61.7	82.1	74.6	62.6	65.2	8.2	-9.2	-16.1	4.2	16.6
Wool <sup>b</sup>	194.9	141.0	155.0	119.2	123.5	116.6	-19.1	-23.1	3.6	-5.6	9.4
Copper <sup>b</sup>	98.8	64.4	120.9	106.3	103.7	91.7 <sup>f</sup>	-6.4	-12.1	-2.4	-11.6	63.4
Tin <sup>d</sup>	7.6	5.4	2.8	2.5	2.7	2.5	-29.8	-10.6	10.8	-8.5	-19.7
Iron ore <sup>c</sup>	26.8	26.6	30.8	33.3	31.6	28.1	16.0	8.0	-5.0	-11.1	49.9
Lead <sup>b</sup>	41.2	17.8	36.8	25.4	24.6	18.9	20.8	-31.2	-2.9	-23.3	-0.3
Zinc <sup>b</sup>	37.4	40.4	74.6	52.8	58.4	48.1	-9.0	-29.2	10.6	-17.6	23.7
Crude petroleum <sup>e</sup>											
IMF average	35.9	27.0	22.0	18.3	18.2	17.2 <sup>f</sup>	27.9	-16.8	-0.5	-5.5	62.4
Colombia	...	...	22.5	19.2	18.6	17.6 <sup>f</sup>	23.0	-14.9	-2.9	-5.5	...
Ecuador	...	26.6	22.2	18.6	18.2	17.2 <sup>f</sup>	24.7	-16.2	-2.2	-5.4	...
Mexico	...	24.1	17.6	13.1	13.3	12.9	15.8	-25.7	1.8	-3.3	...
Venezuela	27.6	25.9	16.9	14.2	14.8	14.0 <sup>f</sup>	7.6	-15.8	4.0	-5.6	28.2

Source: UNCTAD, *Monthly Commodity Price Bulletin*, Supplements 1970-1989 (TD/B/C.1/CPB/L.101/Add.1), November 1989; *ibid.* (TD/B/C.1/CPB) vol. XIII, No. 7, July 1993 and Petroleum Market Intelligence, London, various issues.

Note: **Raw sugar**, FOB, Caribbean ports, for export to free market. **Central American bananas**, CIF North Sea ports. **Cocoa beans**, average daily prices (future), New York/London. **Coffee**, mild arabica, ex-dock New York. **Beef**, frozen and boned, all origins, United States ports. **Fish meal**, all origins, 64-65 % protein, CIF Hamburg. **Maize**, Argentina, CIF North Sea ports. **Soya**, United States, # 2, yellow, in bulk, CIF Rotterdam. **Wheat**, FOB United States, # 2, Hard Red Winter. **Cotton**, Mexican M 1-3/32", CIF North Europe. **Wool**, clean combed, 48" quality, United Kingdom. **Copper, tin, lead and zinc**, spot prices on the London Metal Exchange. **Iron ore**, Brazil to Europe, C 45% Fe, FOB. **Petroleum**, IMF, average: average of spot prices of 'Dubai', 'Brent' (United Kingdom) and 'Alaskan North Slope', reflecting relatively equal consumption of medium, light and heavy crude throughout the world; Colombia, C. Limón 30 (U.S. Gulf Coast); Ecuador, Oriente-30 (U.S. Gulf Coast); Mexico, Maya Heavy-22 (U.S. Gulf Coast); Venezuela, Tía Juana-22 (Caribbean).

<sup>a</sup> Average January-June. <sup>b</sup> U.S. cents per pound. <sup>c</sup> Dollars per metric ton. <sup>d</sup> Dollars per pound. <sup>e</sup> Dollars per barrel. <sup>f</sup> Average January-July.

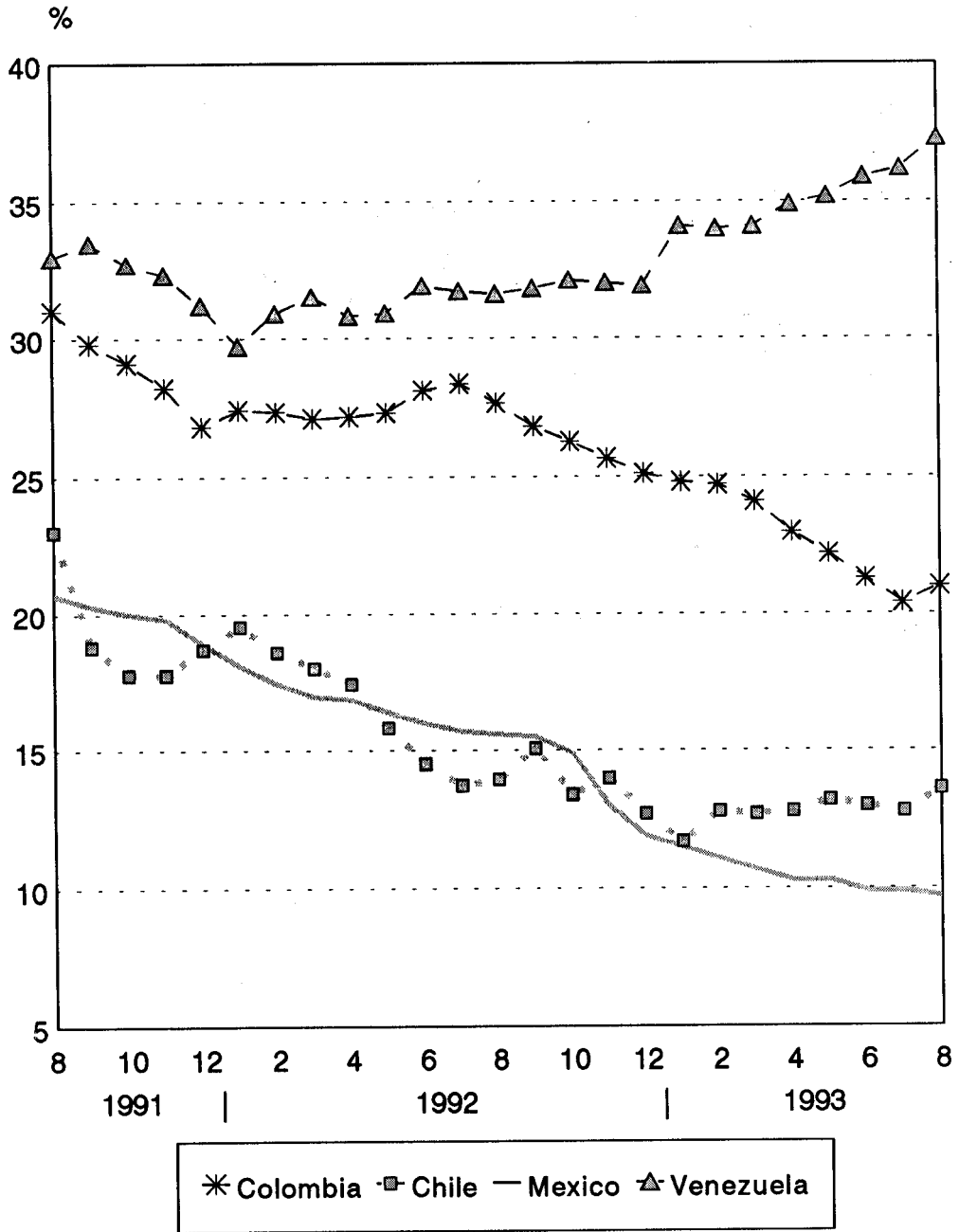
Table 4  
**LATIN AMERICA: PRICES OF EXTERNAL DEBT PAPER ON THE SECONDARY MARKET**  
*(Percentage of nominal value)*

	1991			1992			1993	
	January	June	December	January	June	December	January	June
Argentina	19	25	36	39	50	45	45	52
Bolivia	...	...	...	13	12	16	16	16
Brazil	23	33	30	32	37	28	30	38
Colombia	64	73	81	75	75	75	75	75
Costa Rica	34	46	50	51	57	60	60	67
Chile	75	88	89	89	90	91	91	91
Ecuador	20	22	22	24	32	27	28	33
Honduras	...	...	...	26	27	34	33	31
Jamaica	...	...	...	75	74	67	69	76
Mexico	45	55	60	62	65	65	66	72
Nicaragua	...	...	...	6	9	6	8	9
Panama	11	13	21	23	33	29	29	32
Peru	3	7	11	14	17	18	19	33
Dominican Republic	...	...	...	...	33	32	31	41
Uruguay	...	...	...	70	70	75	75	72
Venezuela	50	60	66	67	61	57	58	67
<b>Average<sup>a</sup></b>	<b>32.5</b>	<b>41.5</b>	<b>45.0</b>	<b>47.6</b>	<b>52.2</b>	<b>47.9</b>	<b>49.1</b>	<b>55.3</b>

Source: United Nations, Department of International Economic and Social Affairs, on the basis of offer prices compiled by Salomon Brothers Inc. and Merrill Lynch.

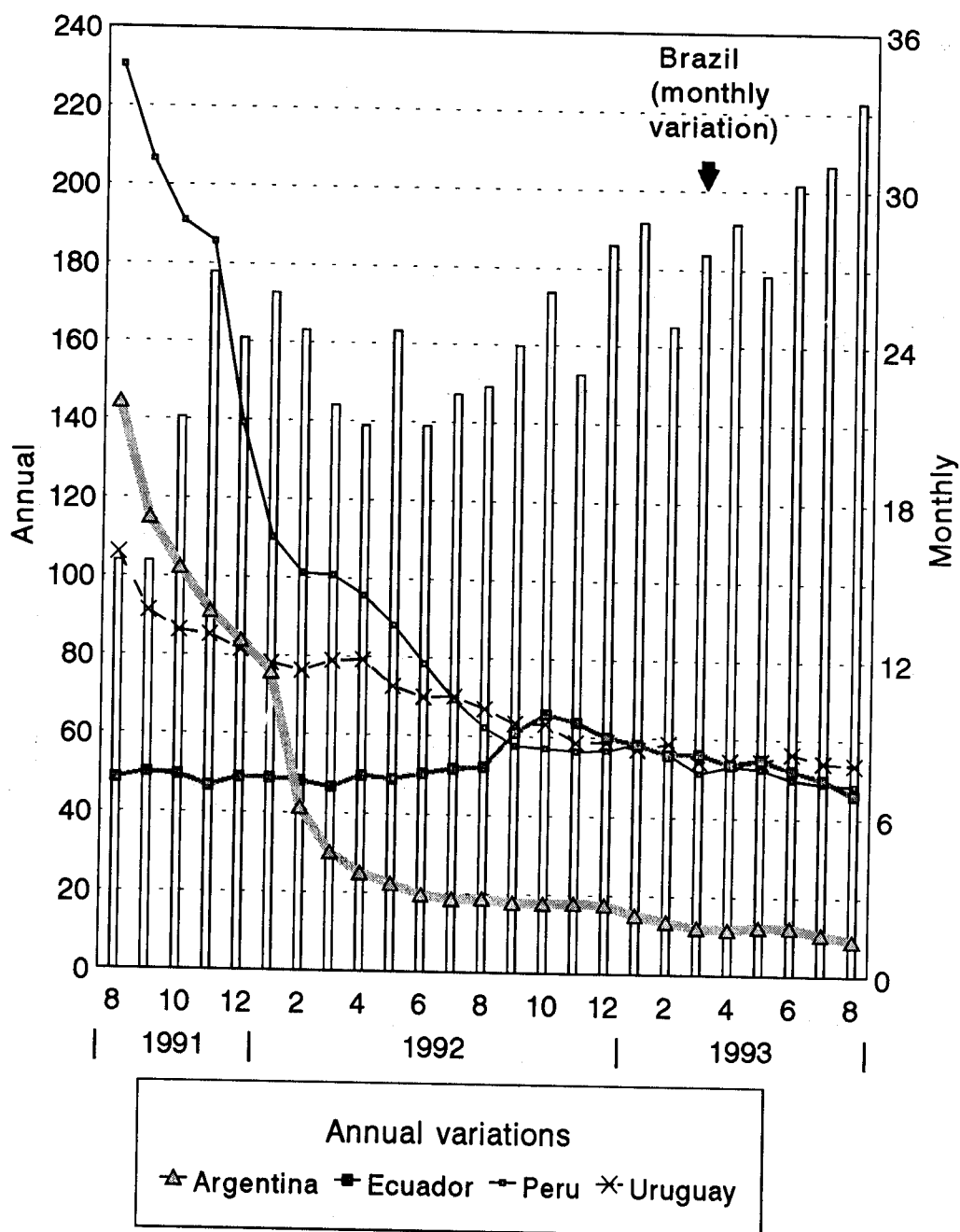
<sup>a</sup> Weighted by the bank debt.

Figure 1  
**LATIN AMERICA: 12-MONTH VARIATIONS IN THE  
 CONSUMER PRICE INDEX IN SELECTED COUNTRIES**



Source: ECLAC, on the basis of official data.

Figure 2  
**LATIN AMERICA: VARIATIONS IN THE CONSUMER PRICE INDEX IN SELECTED COUNTRIES**



Source: ECLAC, on the basis of official data.

## ARGENTINA

During the first half of 1993, Argentina's economy continued to expand significantly, although at a lower rate than the year before. Inflation maintained its downward trend, reaching an annual rate of 9% for consumer prices, while wholesale prices remained virtually unchanged, rising by less than 1%. As in 1992, a considerable inflow of capital made it possible to finance comfortably the gap in the current account of the balance of payments. The trade deficit, characterized by moderate increases in both exports and imports, was around US\$ 600 million for the first five months of the year, somewhat higher than for the same period in 1992. The level of activity again increased under the impetus of growing domestic demand, stimulated by lower interest rates; investment seems to have grown faster than output, although not as fast as during the two previous years. Despite the upsurge in productive activity, unemployment rose to 10%, on a labour market in which participation is growing substantially.

The grain harvest was similar to that for the previous season and thus much larger than in previous years. Good maize and soya harvests compensated for declines in wheat and various oil-seeds. The rise in the tax burden and in certain prices that particularly affected indirect costs and producers' consumer basket, given the constant exchange rate, prompted concerns about their real earnings, giving rise to the announcement of fiscal measures to alleviate the situation of the sector. Manufacturing, for its part, grew moderately in relation to 1992. Automobile production continued to boom. Steel production also grew, reversing its decline of the previous year and cement production did likewise. By contrast, levels of activity in the textile, chemical and paper industries declined.

The rate of participation in the labour market rose sharply, especially in Greater Buenos Aires. The increased supply was only partially absorbed by job growth; net job creation in the metropolitan area was concentrated in non-wage occupations and in the service sector, while industry and construction reduced their workforces. The unemployment rate thus rose to the highest level on record. Wages in manufacturing rose somewhat more slowly than consumer prices.

The inflation rate, measured by the consumer price index, averaged around 0.9% per month during the first half of the year, markedly below the 1992 rate. The downward trend speeded up in July and reached zero inflation in August, months normally characterized by seasonal rises. Aside from price fluctuations for fresh foods, variations in relative prices among the major categories of articles were slight.

The value of exports during the first five months of 1993 was 7% higher than in the same period of 1992. Among agricultural products, sales abroad of cereals and hides increased, offsetting the decline in sales of meat, oil-seeds and oils. Exports of industrial manufactures rose by almost 15%, with a substantial increase in sales of transport materials and rises in chemical products, metal manufactures and machinery. Fuel exports also rose significantly. The share of Mercosur increased, absorbing almost a quarter of Argentina's total sales abroad, thereby reducing the trade deficit with the countries of the area.

Imports during the same period were close to US\$ 5.6 billion, which despite the decline in purchases of intermediate goods was 8% higher than in the previous period. The increase was due mainly to a 33% increase in capital goods imports; imports of automobiles and consumer goods also continued to rise. After allowing for seasonal effects, imports during the first half of 1993 were lower than in the second half of 1992, a change attributable in part to the delayed impact of the slow-down in output during that period. There were no significant changes in import regulations. More use was made of anti-dumping instruments, and in July

restrictions were placed on imports of certain products, invoking safeguard clauses; on the other hand, tariffs on capital goods were abolished and taxes on imports of agricultural inputs were lowered.

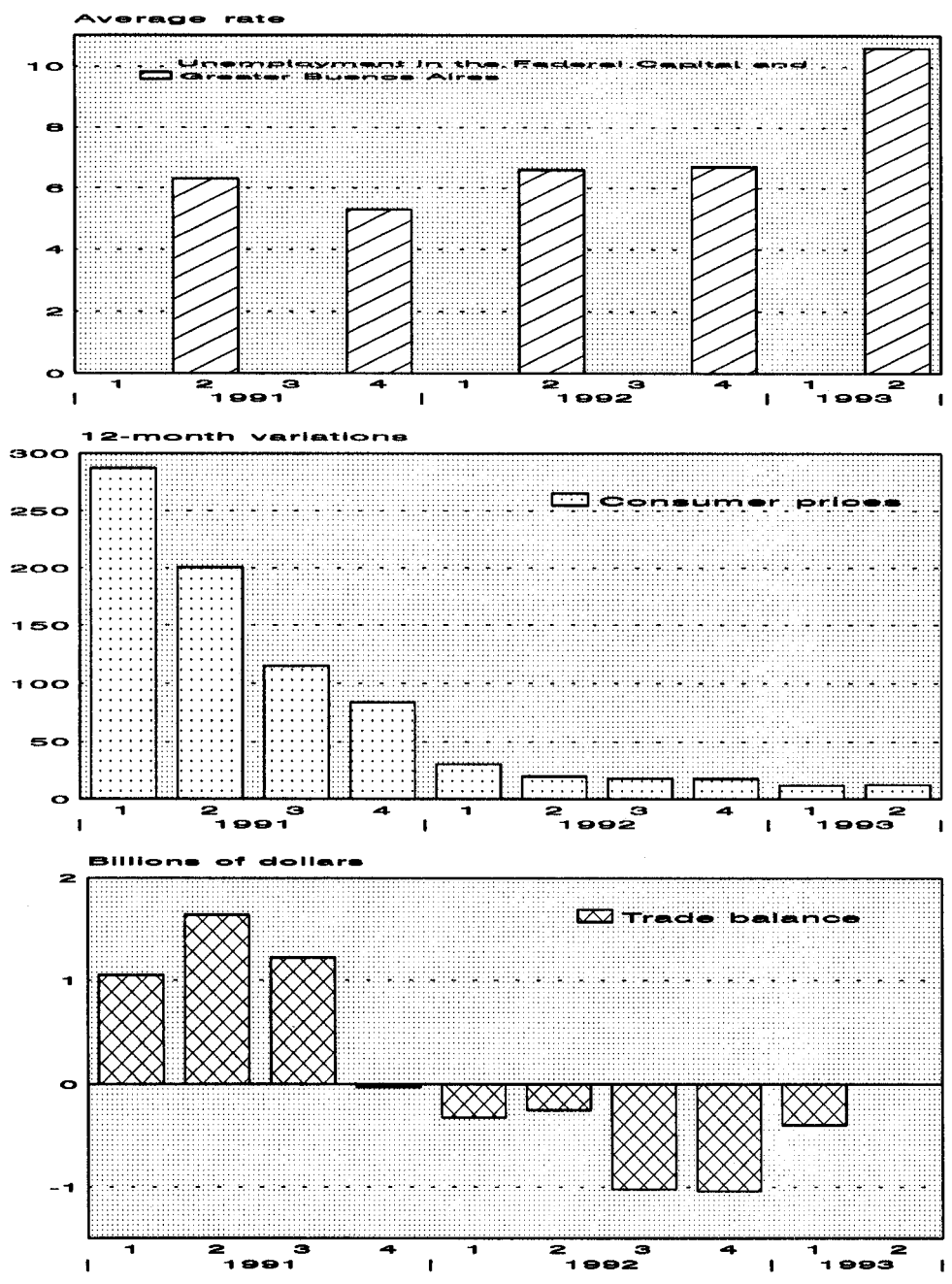
The current account deficit of the balance of payments was again significant, but capital flows remained fluid, with the result that international reserves continued to grow. The Central Bank made net purchases on the market every month, except in February and March.

Interest rates, which had risen at the end of 1992, began to drop. Stock prices fluctuated without any clear trend, but prices for public securities rose substantially. The volume of bank deposits, especially foreign currency deposits, continued to increase rapidly.

The net result of increases in both fiscal spending and fiscal revenues during the first five months was a significant operating surplus in the national administration. The expansion of tax revenues was again attributable mainly to the value-added tax (VAT). Income tax revenues also rose sharply. However, revenues from various taxes on fuels and specific products declined in nominal terms, owing to the policy of scaling down such taxes in favour of broader-based ones. A tax and social security moratorium ended in July, giving rise to increased income flows. In August, the national Government signed an agreement with 16 provinces concerning local tax systems, which envisages the elimination of provincial taxes on electricity, liquid fuels and gas, while replacing taxes on the gross income of enterprises in each provincial jurisdiction with a tax on final consumption. The federal Government, for its part, undertook to eliminate taxes on the assets of agricultural firms and some industrial sectors in the signatory provinces. The guaranteed amount of resources transferred to local governments under the tax-sharing mechanism will also be increased in 1994.

Privatization operations in early 1993 involved, in particular, hydroelectric dams and energy transport networks. In June, 46% of the shares of the State oil company were sold, raising over US\$ 3 billion; 60% of this amount was used to pay off bonds issued to regularize debts owed to pension beneficiaries.

Figure 1  
**ARGENTINA: QUARTERLY EVOLUTION OF THE MAIN ECONOMIC INDICATORS**



Source: ECLAC, on the basis of official data.

Table 1  
**ARGENTINA: CROP FARMING PRODUCTION**  
*(Thousands of tons)*

	Seasons			Percentage variation	
	1990/1991 (1)	1991/1992 (2)	1992/1993 <sup>a</sup> (3)	(2/1)	(3/2) <sup>a</sup>
<b>Cereals</b>					
Maize	7 700	10 700	11 700	39.0	9.3
Sorghum	2 250	2 770	2 790	23.1	0.7
Wheat	11 010	9 870	9 400	-10.4	-4.8
Rice	350	730	560	108.6	-23.3
<b>Oilseeds</b>					
Sunflower	4 030	3 400	3 200	-15.6	-5.9
Linseed	60	340	190	-26.1	-44.1
Peanuts (hulled)	310	220	100	-29.0	-54.5
Soya beans	10 900	11 300	11 500	3.7	1.8

Source: ECLAC, on the basis of official data.  
<sup>a</sup> Provisional figures.

Table 2  
**ARGENTINA: SOME INDICATORS OF INDUSTRIAL ACTIVITY**

	Physical output					Rates of variation <sup>a</sup>				
	Crude steel <sup>b</sup>	Finished steel sheets <sup>c</sup>	Auto-mo-biles <sup>d</sup>	Internal combustion engines <sup>d</sup>	Cement <sup>b</sup>	Crude steel <sup>b</sup>	Finished steel sheets <sup>c</sup>	Auto-mo-biles <sup>d</sup>	Internal combustion engines <sup>d</sup>	Cement <sup>b</sup>
<b>1992</b>	2 669.0	2 311.7	262.1	9.1	5 022.9	-10.2	-9.8	88.4	-0.9	16.4
January	101.5	113.2	17.7	1.0	392.8	-63.7	-49.2	181.0	150.0	9.8
February	181.3	139.1	5.4	0.6	386.1	-16.9	-16.5	80.0	107.2	27.0
March	245.8	214.0	18.1	1.2	403.2	9.8	-5.8	196.7	500.0	35.3
April	245.5	208.1	20.7	1.1	396.0	-2.3	-7.8	93.5	83.3	15.3
May	240.0	193.5	19.9	1.0	371.8	-2.2	-5.2	71.6	11.1	8.1
June	282.8	221.1	23.2	0.7	386.0	3.7	-5.6	136.7	16.7	33.3
July	250.4	240.4	24.7	0.8	420.9	-11.0	-2.1	85.7	-27.3	15.1
August	219.9	186.0	25.1	0.8	411.9	-14.0	-5.2	66.2	-11.1	4.0
September	198.0	194.5	25.9	0.5	478.6	-32.4	-6.4	72.7	-50.0	26.4
October	240.5	186.4	26.0	0.5	481.3	-7.6	-16.1	65.6	-54.5	10.5
November	239.2	198.6	26.8	0.3	459.9	-2.4	-17.5	59.5	-75.0	6.9
December	224.1	216.8	28.6	0.6	434.4	52.9	27.9	82.2	-33.3	16.9
<b>1993</b>										
January	210.4	182.2	26.1	0.4	414.9	107.3	61.0	47.5	-60.0	5.6
February	162.4	148.9	4.8	0.3	430.6	-10.4	7.0	-11.1	-51.7	11.5
March	231.6	232.4	26.0	0.5	496.4	-5.8	8.6	43.6	-58.3	23.1
April	243.6	245.7	25.9	0.5	412.0	-0.8	18.1	25.1	-54.5	4.0
May	256.2	237.4	27.9	0.5	425.9	6.8	22.7	40.2	-50.0	14.6
June	249.0	206.4	30.4	...	419.4	-12.0	-6.6	31.0	...	8.7

Source: ECLAC, on the basis of figures from the Centre for Steel Industrialists, the Association of Automobile Manufacturers, the Association of Metallurgical Industrialists of Argentina, and the Association of Portland Cement Manufacturers.

<sup>a</sup> With respect to the same period of the preceding year. <sup>b</sup> Thousands of tons. <sup>c</sup> Thousands of tons of hot-rolled steel. <sup>d</sup> Thousands of units.

Table 3  
**ARGENTINA: UNEMPLOYMENT IN THE MAIN URBAN AREAS**  
*(Percentages)*

	1990		1991		1992		1993
	May	October	May	October	May	October	May
Federal Capital and							
Greater Buenos Aires	8.8	6.0	6.3	5.3	6.6	6.7	10.6
Córdoba	7.4	4.2	4.1	5.4	4.8	5.3	6.8
Mendoza	6.0	5.8	4.2	4.4	4.1	4.4	4.4
Rosario	10.4	6.5	10.9	9.4	10.1	8.5	10.8
Tucumán <sup>a</sup>	11.5	9.4	11.8	11.4	12.1	12.5	14.2

Source: National Institute of Statistics and Censuses.

<sup>a</sup> Province of Tucumán, including rural areas.

Table 4  
**ARGENTINA: TRADE BALANCE**

	Millions of dollars						Percentage variation			
	Exports		Imports		Trade balance		Exports		Imports	
	Month	Year	Month	Year	Month	Year	Month	Year <sup>a</sup>	Month	Year <sup>a</sup>
<b>1992<sup>b</sup></b>										
January	726	726	903	903	-177	-177	7.7	7.7	83.2	83.2
February	852	1 578	914	1 817	-62	-239	5.6	6.5	128.5	103.5
March	985	2 563	1 070	2 887	-85	-324	13.6	9.2	162.3	121.9
April	998	3 561	1 186	4 073	-188	-512	-0.4	6.3	93.2	112.7
May	1 138	4 699	1 111	5 184	27	-485	-7.3	2.6	112.8	112.7
June	1 193	5 892	1 285	6 469	-92	-577	4.5	3.0	112.0	112.6
July	1 196	7 088	1 460	7 929	-264	-841	-8.1	0.9	95.2	109.2
August	1 077	8 165	1 430	9 359	-353	-1 194	0.3	0.9	88.2	105.6
September	1 062	9 227	1 465	10 824	-403	-1 597	-1.6	0.6	90.8	103.5
October	952	10 179	1 517	12 341	-565	-2 162	-5.6	0.0	61.9	97.3
November	1 033	11 212	1 274	13 615	-241	-2 403	12.2	1.0	20.8	86.2
December	1 025	12 237	1 257	14 872	-232	-2 635	17.4	2.2	30.4	79.7
<b>1993<sup>b</sup></b>										
January	884	884	1 033	1 033	-149	-150	21.7	21.7	14.4	14.4
February	893	1 777	890	1 923	3	-147	4.8	12.6	-2.6	5.8
March	1 043	2 819	1 296	3 219	-254	-400	5.8	10.0	21.1	11.5
April	1 037	3 856	1 179	4 398	-142	-543	3.9	8.3	-0.6	8.0
May	1 175	5 031	1 224	5 622	-48	-591	3.3	7.1	10.1	8.4

Source: National Institute of Statistics and Censuses.

<sup>a</sup> With respect to the same period of the preceding year.

<sup>b</sup> Provisional figures.

Table 5  
**ARGENTINA: PRICE INDEXES**  
*(Percentage variations)*

	Consumer price index						Wholesale price index					
	1992			1993			1992			1993		
	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.
January	3.0	3.0	76.0	0.8	0.8	15.2	0.4	0.4	42.9	0.8	0.8	3.3
February	2.2	5.3	41.6	0.7	1.5	13.5	0.3	0.7	3.9	0.8	1.6	3.8
March	2.1	7.5	30.3	0.8	2.3	12.0	1.5	2.2	5.1	-0.6	1.0	1.7
April	1.3	8.9	25.1	1.0	3.3	11.7	0.1	2.3	4.0	0.8	1.8	2.4
May	0.7	9.6	22.5	1.3	4.7	12.4	0.0	2.3	2.6	0.4	2.2	2.8
June	0.8	10.5	19.8	0.7	5.4	12.3	0.8	3.1	2.3	-0.1	2.1	1.9
July	1.7	12.4	18.7	0.3	5.7	10.7	0.9	4.1	2.8	-0.1	2.0	0.9
August	1.5	14.1	19.0	-	5.7	9.1	0.6	4.7	3.8	0.4	2.4	0.7
September	1.0	15.2	18.0				0.7	5.4	4.1			
October	1.3	16.7	17.9				0.1	5.5	3.5			
November	0.5	17.3	18.0				-1.9	3.5	2.5			
December	0.3	17.7	17.7				-0.6	2.9	2.9			

Source: National Institute of Statistics and Censuses.

Table 6  
**ARGENTINA: INDEX OF REAL WAGES IN INDUSTRY<sup>a</sup>**  
*(Index 1983=100)*

	Index <sup>b</sup>					Percentage variations 1993/1992		
	1989	1990	1991	1992	1993	Month	Year <sup>c</sup>	12Ms. <sup>d</sup>
January	114.7	69.7	85.6	88.5	88.1	-0.2	-0.5	-0.5
February	110.4	58.4	82.8	87.2	87.1	-1.1	-0.3	-0.1
March	96.3	73.5	82.7	87.6	87.1	-	-0.4	-0.6
April	72.5	89.0	86.8	87.6	86.4	-0.8	-0.6	-1.4
May	55.8	92.3	87.5	87.7	86.4	-	-0.8	-1.5
June	43.6	93.4	86.2	88.6	86.3	-0.1	-1.1	-2.6
July	69.0	88.5	87.3	89.3				
August	81.6	89.2	87.9	88.6				
September	84.2	90.0	87.1	88.0				
October	92.8	97.0	89.5	87.7				
November	91.1	94.2	90.1	88.2				
December	72.0	94.7	90.1	88.3				

Source: National Institute of Statistics and Censuses.

<sup>a</sup>Standard real average monthly wage per industrial worker, excluding bonuses.

<sup>b</sup>Index of nominal wages deflated by consumer price index.

<sup>c</sup>Percentage variation in the cumulative average index, with respect to the same period of the preceding year.

<sup>d</sup>Percentage variation with respect to the same month of the preceding year.

Table 7  
**ARGENTINA: NATIONAL TREASURY INCOME AND EXPENDITURE**

	Millions of pesos						Percentage variation <sup>a</sup>		
	Income		Expenditure		Surplus or deficit	Financing by Central Bank <sup>b</sup>	Current income	Expenditure	
	Total	Current	Total	Total interest				Total	Total interest
<b>1992</b>									
January	897	890	1 068	134	-171	77	168.1	129.7	134.9
February	775	762	969	91	-194	511	107.7	28.3	-12.1
March	1 525	948	933	142	592	-405	148.0	14.2	11.7
April	947	883	944	72	4	48	45.9	17.7	-45.0
May	881	881	961	66	-80	106	45.1	38.6	44.5
June	1 057	985	1 168	185	-111	92	64.1	71.5	262.3
July	950	939	1 120	152	-170	104	33.0	15.1	37.3
August	1 076	1 005	1 010	115	66	36	54.6	0.5	-29.6
September	1 107	1 083	1 210	202	-103	-67	63.3	122.4	119.0
October	1 134	1 117	1 143	86	-9	-132	37.5	27.7	79.6
November	1 118	1 112	1 087	87	31	-780	53.5	55.7	34.4
December	1 336	1 156	1 624	316	-288	859	34.4	75.9	89.3
<b>1993</b>									
January	1 049	1 049	1 165	126	-116	127	17.8	9.1	-5.7
February	930	930	1 106	147	-176	-915	22.0	14.2	62.8
March	1 163	1 139	1 170	87	-7	-40	20.2	25.4	-38.8
April	1 363	1 363	2 036	900	-673	-41	54.4	115.7	1 148.5
May	1 123	1 116	1 185	48	-63	134	26.7	23.4	-27.8

Source: National Treasury.

<sup>a</sup> With respect to the same period of the preceding year. <sup>b</sup> Includes: Central Bank credits (including those under item Use of External Financing to National Government), Utilization of the United Fund of Official Accounts and Net Variation of Miscellaneous Short-term Assets and Liabilities.

<sup>c</sup> Provisional figures.

Table 8  
ARGENTINA: INTEREST RATES<sup>a</sup>

	Nominal			Real		
	Bank		Non-bank <sup>d</sup>	Bank		Non-bank <sup>f</sup>
	Deposits <sup>b</sup>	Loans <sup>c</sup>		Deposits <sup>e</sup>	Loans <sup>f</sup>	
<b>1992</b>						
January	1.2	3.0	1.5	-1.0	2.7	1.2
February	0.9	2.5	0.9	-1.2	1.1	-0.5
March	0.9	2.5	1.1	-0.4	2.3	0.9
April	0.9	2.5	1.2	0.2	2.5	1.2
May	0.9	2.5	1.2	0.1	1.7	0.4
June	0.8	2.5	0.7	-0.9	1.6	-0.2
July	0.8	2.2	1.4	-0.7	1.6	0.8
August	0.9	2.2	1.3	-0.1	1.5	0.6
September	0.9	2.2	1.2	-0.4	2.1	1.1
October	1.0	2.0	1.2	0.5	4.0	3.2
November	1.2	2.0	2.0	0.9	2.7	2.7
December	1.6	2.0	3.2	0.8	1.2	2.4
<b>1993</b>						
January	1.2	2.0	1.1	0.5	1.1	0.2
February	1.3	2.0	0.5	0.5	2.5	1.0
March	1.0	1.9	0.5	-	1.1	-0.3
April	0.9	1.9	0.6	-0.4	1.5	0.2
May	0.8	1.6	0.5	0.1	1.7	0.6
June	0.8	1.6	0.7			

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

<sup>a</sup> Equivalent monthly rates (percentages). The deflated values correspond to real "ex-post" rates, calculated according to the formula  $(1+r(t))/(1+p(t+1))$ , where  $r(t)$  is the nominal rate in month  $t$  and  $p(t+1)$  is the growth rate of prices in month  $t+1$ . <sup>b</sup> Reference rates on savings deposits.

<sup>c</sup> Rate applied by the Banco de la Nación Argentina for discount of 30-day notes. <sup>d</sup> Present rate for inter-company 7-day transactions with BONEX guarantee. <sup>e</sup> In relation to the general consumer price index corresponding to the month in which deposits were made. <sup>f</sup> In relation to the general wholesale price index corresponding to the month in which loans were granted.

Table 9  
ARGENTINA: EXCHANGE RATE

	Exchange rate (Pesos per dollar)				Adjusted real exchange rate (Index 1985=100) <sup>a</sup>			
	1990	1991	1992	1993	1990	1991	1992	1993
January	0.17	0.65	0.99	1.00	97.0	45.6	40.6	36.7
February	0.36	0.94	0.99	1.00	128.6	52.0	39.9	36.6
March	0.48	0.95	0.99	1.00	88.6	47.4	39.3	36.5
April	0.49	0.98	0.99	1.00	82.0	46.5	38.8	36.2
May	0.50	0.99	0.99	1.00	73.3	45.7	38.6	36.0
June	0.53	0.99	0.99	1.00	68.2	44.8	38.5	35.6
July	0.53	0.99	0.99	1.00	62.6	43.7	37.9	35.3
August	0.60	0.99	0.99	1.00	61.8	43.3	37.4	35.3
September	0.58	0.99	0.99		51.9	42.6	37.2	
October	0.56	0.99	0.99		47.0	42.1	36.8	
November	0.53	0.99	0.99		41.6	42.0	36.8	
December	0.51	0.99	0.99		38.5	41.8	36.6	

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

<sup>a</sup> Index of nominal exchange rate deflated by the consumer price index and adjusted by the United States consumer price index.

## BRAZIL

The economy of Brazil recovered significantly during the first half of 1993, after three years of recession, based on an expansion of domestic demand and exports. However, monthly inflation accelerated to more than 30%. International reserves remained very high, despite a substantial increase in imports, while the fiscal situation improved and real wages in manufacturing rose considerably. The level of activity began to recover during the last quarter of 1992 as a result of the improvement of consumer and producer expectations when the months-old political crisis ended with the removal of the President from office. However, even though uncertainty eased, economic policy makers found it difficult to agree on how to attack runaway inflation.

After taking office, the new authorities began to adjust economic policy in October 1992, while maintaining its basic lines –primarily fiscal discipline, non-intervention in the price system and support of positive domestic interest rates– avoiding recessionary shocks. After recording a monthly average of 4.5% between January and March 1992 and around 2% during the subsequent quarters, real interest rates on federal government securities were lowered to less than 1% during the first half of 1993 and only 0.5% in the last few months, a yield similar to that on saving deposits. The real exchange rate declined once the Central Bank, given the high costs it had incurred in 1992 to sterilize the increase in the money supply due to the rise in reserves, decided to not intervene to support the real value of the currency.

The authorities gave priority to controlling fiscal imbalances, as a preliminary step towards a more severe policy to bring down inflation. To this end, they adopted measures to increase receipts and reduce fiscal expenditures. A provisional tax on financial operations began to be collected at the end of August; it is estimated that it will provide an amount equivalent to 2% of output. Public rates are being readjusted by more than the inflation rate, in order to compensate for their lag at the end of 1992. A number of cuts in federal government expenditures were made, and agreements were reached with states and municipalities to regularize their debts with the federal Government, in a context that limits their indebtedness. The Central Bank and the federal Government adopted a series of measures to clearly separate fiscal accounts from monetary operations.

Changes in wage policy were also introduced at the end of 1992, to benefit those who are paid the legal minimum wage, pensioners and private-sector workers who earn up to six times the minimum wage. Bi-monthly adjustments were guaranteed at up to 60% of the inflation rate of the previous two months, with four-month readjustments for the total rise in prices. After a long controversy between Congress and the Government, a new wage law was passed in mid-1993, establishing monthly readjustments according to the previous month's inflation, less 10% (for example, wages are readjusted by 20% after a month in which prices rose by 30%), with these losses being recovered every four months. Federal government workers will receive, every two and four months, adjustments below the inflation rate up to January 1994, at which time they will recover their initial purchasing power. These changes and the rebound of the level of activity helped to raise real wages, which rose by 7% during the first half of the year in the industrial sector of São Paulo.

With the recent speed-up of inflation, the cumulative rate for the 12 months ending in August was close to 1,800%, the highest since December 1990. The monthly rise in prices, which was around 23% during the first nine months of 1992, rose during this year, reaching 33% in August. This was the result of improved indexing mechanisms, the rise in domestic demand, steep readjustments in public rates and the increase in liquidity due to the drop in real interest rates.

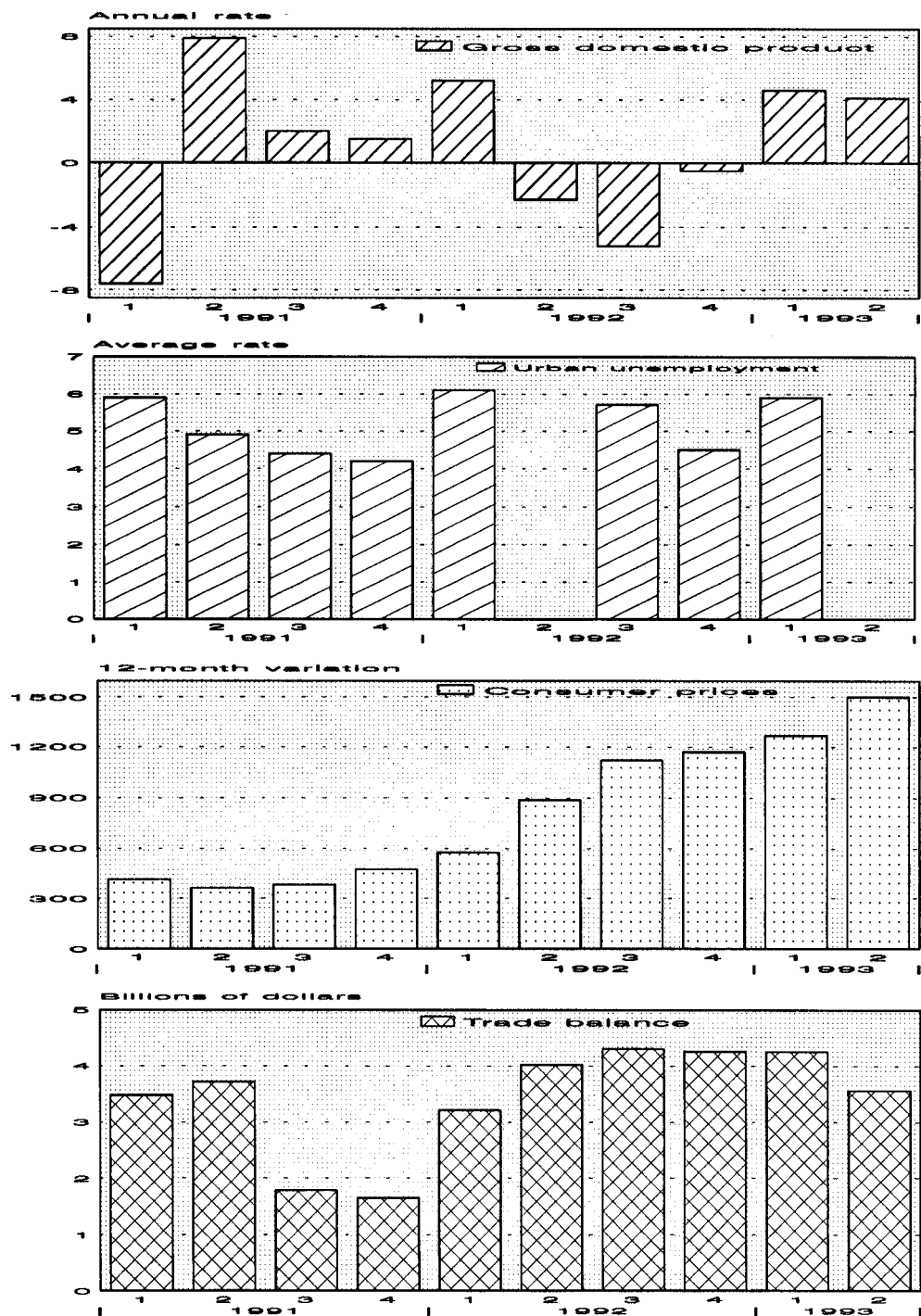
Output grew by more than 4% during the first half of the year, owing to the strong expansion of domestic demand –although part of that was diverted abroad with a huge increase in imports– and a rise in exports. Consumption, particularly of durables, recovered markedly, owing to the rise in wages, the drop in real interest rates, the substantial expansion of non-financial public expenditure and inflationary expectations. Gross fixed capital formation also reactivated somewhat from its low levels of recent years. With that, the industrial sector of São Paulo grew by 15%, reaching the same level of activity as in 1989, historically one of the highest.

The trade balance recorded a surplus of US\$ 8.5 billion during the first seven months, slightly below that of the year before. Exports grew by 12%, under the impetus of sales to South American countries, the extraordinary expansion of sales to China and the recovery of shipments to the United States market. Outstanding among the commodities were exports of soya, soya by-products, tobacco and meat, while coffee sales declined. The more dynamic manufactures were footwear, aluminium and motor vehicles, parts and spare parts. Imports rose by 23%, stimulated by lower tariffs, the drop in the real exchange rate and the expansion of domestic activity. Since the deficit in services also widened, and net payments of profits and interest increased, the surplus on current account declined to a quarter of its level during the first half of 1992.

Real tax receipts of the federal Government, which had been declining in the two previous years, increased by 12% during the first half of the year, a turnaround due to the recovery of the level of activity, changes made in certain taxes and the campaign against tax evasion. Receipts from state taxes on merchandise and services declined by 7%, while revenues from social security contributions rose by 6%. Public expenditure increased considerably, especially because of wages and social security payments. On the other hand, real interest payments declined, owing to the drop in domestic interest rates. Therefore, the fiscal situation improved noticeably and most payments on the external debt were made on time. The privatization programme continued, although for a lower amount than in 1992, with steel and fertilizer enterprises being transferred to the private sector.

The effective net inflow of capital during the first half of the year was reduced, in comparison with the US\$ 9 billion recorded during the same period the year before. The net inflow of capital was virtually nil during the second half of 1992, but it began to flow in again once the political crisis ended. Large sums entered, mostly in the form of bond and commercial-paper purchases and stock-market investments. Net short-term credit, however, contracted even further. Because of the meagre net capital inflow and the small surplus on current account, the high level of international reserves that had been reached at the end of 1992 remained relatively unchanged. Meanwhile, negotiations on the external debt proceeded slowly.

Figure 1  
**BRAZIL: QUARTERLY EVOLUTION OF THE MAIN ECONOMIC INDICATORS**



Source: ECLAC, on the basis of official figures.

Table 1  
**BRAZIL: GROSS DOMESTIC PRODUCT AND GROSS FIXED CAPITAL FORMATION**  
*(Percentage variation)<sup>a</sup>*

	1992				1993 <sup>b</sup>	
	I	II	III	IV	I	II
<b>Total GDP</b>	5.2	-2.3	-5.2	-0.5	4.6	4.1
Agriculture	9.2	8.1	1.8	2.8	4.6	2.9
Industry <sup>c</sup>	6.3	-8.2	-10.0	-1.8	7.1	6.7
Services	3.2	-0.8	-2.4	-0.1	2.6	3.0
Gross fixed capital formation	-5.3	-3.8	-3.8	3.5	9.2	...

Source: IPEA, *Boletim de Conjuntura*, July 1993.

<sup>a</sup> Compared with same period of the preceding year.

<sup>b</sup> Preliminary figures.

<sup>c</sup> Includes construction and mining.

Table 2  
**BRAZIL: INDUSTRIAL PRODUCTION**

	National index (IBGE)				Index for the State of São Paulo (FIESP)			
	Index 1981=100	Percentage variation			Index 1978=100	Porcentaje variación		
		Month <sup>a</sup>	12Ms. <sup>b</sup>	Year <sup>c</sup>		Month <sup>a</sup>	12Ms. <sup>b</sup>	Year <sup>c</sup>
<b>1991</b>								
December	88.9	-20.1	0.1	-2.1	111.9	-8.0	8.3	-1.0
<b>1992</b>								
January	89.0	0.2	-1.6	-1.6	116.0	3.7	9.4	9.4
February	92.8	4.3	10.5	4.3	118.2	1.9	20.1	14.6
March	95.7	3.1	4.1	4.2	119.9	1.4	8.2	12.3
April	94.4	-1.3	-9.6	0.3	124.3	7.1	6.2	10.7
May	99.1	5.0	-11.3	-2.4	124.9	5.7	2.0	8.8
June	106.9	7.8	-7.8	-3.4	125.4	4.6	2.2	7.6
July	113.9	6.5	-11.5	-4.8	133.7	7.6	2.8	6.8
August	112.4	-1.3	-13.4	-6.1	129.2	3.4	-2.4	5.5
September	112.4	0.0	-7.2	-6.3	132.4	5.6	4.1	5.3
October	115.1	2.4	-9.2	-6.6	134.8	0.8	4.2	5.2
November	110.9	-3.6	-0.2	-6.0	130.2	0.8	7.1	5.4
December	95.5	-13.9	7.5	-5.1	131.7	-0.5	17.7	6.3
<b>1993</b>								
January	95.8	0.3	7.6	7.6	125.3	-4.9	8.0	8.0
February	94.7	-1.2	2.0	4.7	131.4	4.9	11.2	9.6
March	111.7	18.0	16.7	8.9	152.6	16.1	27.3	15.6
April	106.2	-4.9	12.5	9.8	143.9	-5.7	15.8	15.9
May	116.8	10.0	17.8	11.5	146.0	1.5	16.9	15.7
June					144.0	-1.4	14.8	14.6
July					144.8	0.5	8.3	14.6

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

<sup>a</sup> Variation with respect to the previous month.

<sup>b</sup> Variation with respect to the same month of the preceding year.

<sup>c</sup> Cumulative variation with respect to the same period of the preceding year.

Table 3  
**BRAZIL: MANUFACTURING SECTOR EMPLOYMENT AND REAL WAGE  
 LEVELS IN THE STATE OF SÃO PAULO**

	Index 1978=100				Percentage variation									
	Employment		Real wages <sup>a</sup>		Employment				Real wages					
					Month		12 Ms.		Month		Year <sup>b</sup>		12 Ms.	
	1992	1993	1992	1993	1992	1993	1992	1993	1992	1993	1992	1993	1992	1993
January	92.7	85.7	150.4	161.7	-1.0	-0.3	-4.0	-7.6	-8.3	-5.5	11.9	7.5	11.9	7.5
February	91.7	85.8	146.6	160.2	-1.1	0.1	-3.8	-6.4	-2.5	-0.9	14.3	8.4	16.9	9.3
March	91.3	85.9	153.5	173.6	-0.4	0.1	-3.4	-5.9	4.7	8.4	18.4	10.0	27.1	13.1
April	90.3	86.1	154.1	170.8	-1.1	0.2	-4.4	-4.7	0.4	-1.6	16.8	10.2	12.3	10.8
May	89.7	86.3	156.7	172.6	-0.7	0.2	-5.2	-3.8	1.7	1.1	13.7	10.2	3.4	10.1
June	89.2	86.4	160.5	172.6	-0.6	0.1	-6.0	-3.1	2.4	-	12.2	9.7	5.5	7.5
July	88.9		164.8		-0.3		-7.1		2.7		11.3		6.1	
August	88.3		162.5		-0.7		-8.3		-1.4		10.6		6.4	
September	87.5		156.2		-0.9		-9.1		-3.9		9.7		2.6	
October	87.1		154.8		-0.5		-9.1		-0.9		9.4		7.3	
November	86.7		177.9		-0.5		-8.4		14.9		9.1		6.8	
December	86.0		171.2		-0.8		-8.1		-3.8		8.7		4.4	

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

<sup>a</sup> Nominal wages deflated by the cost-of-living index of São Paulo (ICV-SP). <sup>b</sup> Percentage variation of the cumulative average index with respect to the same period of the preceding year.

Table 4  
**BRAZIL: RATES OF OPEN UNEMPLOYMENT  
 (Percentages)**

	Total <sup>a</sup>	Rio de Janeiro	São Paulo	Belo Horizonte	Porto Alegre	Salvador	Recife
<b>1992</b>							
January	4.9	3.6	5.8	4.0	3.6	5.5	6.1
February	6.4	4.4	7.6	5.8	5.4	6.4	8.4
March	6.1	4.0	7.1	5.2	6.2	7.2	8.5
April	5.9	4.0	6.4	5.6	5.9	6.0	9.4
May	6.5	4.7	7.1	5.7	6.2	7.3	10.2
June <sup>b</sup>	...	...	...	...	...	...	...
July <sup>b</sup>	...	...	...	...	...	...	...
August	5.9	4.0	6.7	4.5	...	6.1	9.3
September	5.7	3.8	6.6	4.4	6.7	6.3	8.6
October	5.8	3.9	6.6	4.4	5.6	7.6	8.6
November	5.8	4.2	6.3	4.6	4.7	8.9	8.8
December	4.5	3.5	4.8	4.0	3.9	6.2	6.6
<b>1993</b>							
January	6.0	4.5	6.7	5.2	4.2	7.9	9.1
February	5.8	3.9	6.6	5.3	4.5	7.7	8.6
March	5.9	4.5	6.2	5.2	4.8	7.6	9.9
April	6.1	4.5	6.8	5.3	4.8	6.6	9.9

Source: Geographical and Statistical Institute (IBGE).

<sup>a</sup> Weighted by the labour force of each metropolitan area.

<sup>b</sup> Not published, results pending.

Table 5  
**BRAZIL: PRICE INDEXES**  
*(Percentage variations)*

	Domestic availability						Consumer price index					
	1992			1993			1992			1993		
	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.
January	26.8	26.8	513.7	28.8	28.8	1 177.0	25.9	25.9	499.5	28.8	28.8	1 200.8
February	24.8	58.3	532.3	26.5	62.9	1 194.6	24.5	56.7	520.8	24.8	60.7	1 204.1
March	20.7	91.0	611.6	27.8	108.2	1 270.8	21.6	90.6	575.4	27.6	105.0	1 267.9
April	18.5	126.5	675.7	28.2	166.9	1 382.7	20.8	130.4	677.2	28.8	164.0	1 357.4
May	22.5	177.3	791.7	32.3	253.1	1 501.6	24.5	186.8	807.1	26.8	234.7	1 384.1
June	21.4	236.7	885.5	30.7	361.6	1 624.2	20.9	246.6	889.1	30.4	336.3	1 501.0
July	21.7	309.7	962.9	32.0	509.1	1 769.8	22.1	323.1	976.7	31.0	471.6	1 618.1
August	25.5	414.4	1 055.4				22.4	417.8	1 039.9	33.4	662.5	1 772.5
September	27.4	555.2	1 166.5				24.0	542.0	1 122.5			
October	24.9	718.6	1 157.4				26.1	709.4	1 172.9			
November	24.2	916.8	1 142.0				22.9	894.6	1 134.8			
December	23.7	1 157.8	1 157.8				27.9	1 172.0	1 172.0			

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

Table 6  
**BRAZIL: TRADE BALANCE**

	Millions of dollars						Percentage variation <sup>a</sup>				
	Exports		Imports		Trade balance		Exports		Imports		Trade balance
	Month	Cumulative figures (year)	Month	Cumulative figures (year)	Month	Cumulative figures (year)	Month	Cumulative figures (year)	Month	Cumulative figures (year)	Cumulative figures (year)
<b>1992</b>											
January	2 570	2 570	1 662	1 662	908	908	2.2	-12.3	-8.1	2.5	-30.5
February	2 391	4 961	1 529	3 191	862	1 770	-7.0	-4.6	-8.0	11.3	-24.1
March	2 901	7 862	1 463	4 654	1 438	3 208	21.3	0.7	-4.3	7.5	-7.8
April	2 751	10 613	1 504	6 158	1 247	4 455	-5.2	-2.0	2.8	3.5	-8.8
May	2 999	13 612	1 565	7 723	1 434	5 889	9.0	-1.0	4.1	2.6	-5.4
June	2 971	16 583	1 633	9 356	1 338	7 227	-0.9	0.2	4.3	-0.1	0.5
July	3 464	20 047	1 931	11 287	1 533	8 760	16.6	4.9	18.2	1.2	10.0
August	3 041	23 088	1 666	12 953	1 375	10 135	-12.2	5.3	-13.7	-2.7	17.6
September	3 028	26 116	1 630	14 583	1 398	11 533	-0.4	8.8	-2.2	-2.6	27.9
October	3 292	29 408	1 935	16 518	1 357	12 890	8.7	10.3	18.7	-4.1	36.8
November	3 327	32 735	1 761	18 279	1 566	14 456	1.1	12.5	-9.0	-4.9	46.3
December	3 509	36 244	2 177	20 456	1 332	15 788	5.5	14.6	23.6	-2.8	49.1
<b>1993<sup>b</sup></b>											
January	2 868	2 868	1 787	1 787	1 081	1 081	-18.3	11.6	7.5	7.5	19.1
February	2 947	5 815	1 422	3 209	1 525	2 606	2.8	17.2	-7.0	0.6	47.2
March	3 638	9 453	1 997	5 206	1 641	4 247	23.4	20.2	36.5	11.9	32.4
April	3 110	12 563	2 169	7 375	941	5 188	-14.5	18.4	44.2	19.8	16.5
May	3 043	15 606	1 580	8 955	1 463	6 651	-2.2	14.6	1.0	16.0	12.9
June	3 297	18 903	2 142	11 097	1 155	7 806	8.3	14.0	31.2	18.6	8.0
July	3 444	22 347	2 745	13 842	699	8 505	4.5	11.5	42.2	22.6	-2.9

Source: Foreign Trade Portfolio CACEX and Foreign Trade Studies Centre (FUNCEX).

<sup>a</sup> With respect to the same period of the preceding year. <sup>b</sup> Provisional figures.

Table 7  
BRAZIL: STRUCTURE OF IMPORTS, FOB

	Millions of dollars			Percentage breakdown		Percentage variation
	1992	January-May		January-May		1993 <sup>a</sup>
		1992	1993	1992	1993	
<b>Total</b>	<b>20 593</b>	<b>7 724</b>	<b>8 962</b>	<b>100.0</b>	<b>100.0</b>	<b>16.0</b>
Fuels and lubricants	4 931	1 792	1 782	23.2	19.9	-0.6
Other	15 662	5 932	7 180	76.8	80.1	21.0
Consumer goods	2 232	895	973	11.6	10.9	8.7
Intermediate goods	12 103	4 487	5 195	58.1	58.0	15.8
Capital goods	6 258	2 342	2 794	26.1	31.2	19.3

Source: ECLAC, on the basis of figures from the Foreign Trade Studies Centre.

<sup>a</sup> Variation with respect to the same period of the preceding year.

Table 8  
BRAZIL: STRUCTURE OF EXPORTS, FOB

	Millions of dollars			Percentage breakdown		Percentage variation
	1992	January-June		January-June		1993 <sup>a</sup>
		1992	1993	1992	1993	
<b>Total</b>	<b>36 244</b>	<b>16 593</b>	<b>18 903</b>	<b>100.0</b>	<b>100.0</b>	<b>14.0</b>
<b>Commodities</b>	<b>8 875</b>	<b>3 902</b>	<b>4 503</b>	<b>23.5</b>	<b>23.8</b>	<b>15.4</b>
Iron ore	2 385	1 046	1 058	6.3	5.6	1.1
Soya meal	1 595	679	825	4.1	4.4	21.4
Coffee beans	970	583	381	3.5	2.0	-34.7
Soya beans	812	404	608	2.4	3.2	50.3
Leaf tobacco	804	189	384	1.1	2.0	103.3
Frozen poultry	456	210	291	1.3	1.5	38.4
Frozen beef	284	130	169	0.8	0.9	29.6
Other	1 569	661	790	4.0	4.2	19.5
<b>Industrial products</b>	<b>26 863</b>	<b>12 291</b>	<b>14 243</b>	<b>74.1</b>	<b>75.3</b>	<b>15.9</b>
<b>Semi-manufactures</b>	<b>5 204</b>	<b>2 448</b>	<b>2 678</b>	<b>14.8</b>	<b>14.2</b>	<b>9.4</b>
Raw aluminium	968	487	534	2.9	2.8	9.7
Semi-manufactures of iron and steel	956	452	506	2.7	2.7	11.9
Wood pulp	...	331	384	2.0	2.0	15.9
Iron alloys	384	209	196	1.3	1.0	-6.5
Hides and skins	...	177	218	1.1	1.2	23.2
Other	2 896 <sup>b</sup>	792	841	4.8	4.4	6.2
<b>Manufactures</b>	<b>21 659</b>	<b>9 843</b>	<b>11 565</b>	<b>59.3</b>	<b>61.2</b>	<b>17.5</b>
Automotive vehicles, tractors and parts	2 149	1 240	1 392	7.5	7.4	12.3
Boilers and mechanical equipment	2 323	1 464	1 581	8.8	8.4	8.0
Chemicals	...	817	897	4.9	4.7	9.9
Textiles	...	813	796	4.9	4.2	-2.1
Iron and steel flat products	...	646	717	3.9	3.8	10.9
Footwear	1 473	568	967	3.4	5.1	70.2
Electrical equipment	1 181	532	642	3.2	3.4	20.6
Orange juice	1 053	574	276	3.5	1.5	-52.0
Plastics and rubber	...	486	596	2.9	3.2	22.7
Paper	1 048	309	390	1.9	2.1	26.3
Other	12 432 <sup>c</sup>	2 395	3 312	14.4	17.5	38.3
<b>Other products</b>	<b>506</b>	<b>400</b>	<b>157</b>	<b>2.4</b>	<b>0.8</b>	<b>-60.8</b>

Source: Central Bank of Brazil.

<sup>a</sup> January-June 1993 with respect to the same period of the preceding year.

<sup>b</sup> Includes wood pulp and hides and skins.

<sup>c</sup> Includes chemicals,

textiles, iron and steel flat products, plastics and rubber.

Table 9  
BRAZIL: EXCHANGE RATE

	Official exchange rate (Cruzeiros reales per dollar) <sup>b</sup>				Adjusted real exchange rate <sup>a</sup> (Index 1985=100)			
	1990	1991	1992	1993	1990	1991	1992	1993
January	14.31	180.16	1 197.4	14.06	60.65	66.63	74.58	69.49
February	23.66	221.92	1 478.7	17.87	57.90	68.49	74.25	71.05
March	37.70	230.01	1 814.5	22.47	50.94	63.59	75.30	70.29
April	49.89	252.18	2 197.8	28.73	58.86	66.49	75.55	69.96
May	52.23	272.98	2 628.6	37.04	57.57	67.67	72.70	71.25
June	57.12	297.87	3 149.7	48.11	56.72	66.82	72.36	71.06
July	66.52	328.92	3 829.2	58.28	58.89	64.74	72.22	65.70
August	71.76	371.28	4 672.2		57.14	63.40	72.17	
September	75.54	428.95	5 771.5		53.06	63.64	72.13	
October	87.49	583.85	7 214.9		54.05	71.65	71.79	
November	124.14	740.37	9 046.8		65.75	71.93	73.37	
December	151.51	957.87	11 150.9		67.37	75.01	70.66	

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

<sup>a</sup> Index of nominal exchange rate deflated by the consumer price index and adjusted by the United States consumer price index. <sup>b</sup> Figures for 1990-1992 are expressed in cruzeiros; those for 1993 are in "cruzeiros reales". One "cruzeiro real" equals 1 000 cruzeiros.

Table 10  
BRAZIL: INTERNATIONAL RESERVES OF THE CENTRAL BANK  
(Millions of dollars)

	Cash <sup>a</sup>			Liquidity <sup>b</sup>		
	1991	1992	1993	1991	1992	1993
January	8 552	9 682	18 779	9 840	11 866	23 313
February	8 600	11 081	18 493	9 805	14 378	22 890
March	7 468	13 741	17 960	8 665	17 062	22 309
April	7 609	15 162	17 816	8 808	18 518	22 737
May	8 411	16 919	18 661	9 665	20 512	23 981
June	9 225	18 109	18 814	10 401	21 703	
July	8 908	18 941		10 113	22 705	
August	8 052	18 932		9 261	23 109	
September	7 054	17 682		7 956	21 964	
October	7 009	19 366		7 987	24 124	
November	7 037	19 883		7 863	24 124	
December	8 522	19 008		9 406	23 754	

Source: Central Bank of Brazil.

<sup>a</sup> Central Bank assets. <sup>b</sup> Includes foreign currency assets, IMF reserve position, and special drawing rights.

Table 11  
**BRAZIL: MONEY SUPPLY AND MONETARY BASE**  
*(Percentage variations)*

	Money supply <sup>a</sup>				Monetary base <sup>b</sup>			
	Year <sup>c</sup>		12 months <sup>d</sup>		Year <sup>c</sup>		12 months <sup>d</sup>	
	1992	1993	1992	1993	1992	1993	1992	1993
January	-1.0	-4.2	397.7	885.8	-9.8	-8.4	337.2	1 008.4
February	23.9	32.6	312.0	990.8	28.4	11.3	349.5	846.2
March	28.4	48.0	301.2	1 073.7	32.1	35.2	313.9	1 018.1
April	64.2	101.0	404.3	1 146.8	74.1	69.3	444.7	962.3
May	92.9	151.8	449.1	1 229.1	90.8	112.7	437.9	1 117.9
June	147.7	216.0	503.7	1 199.1	119.2	154.0	461.7	1 165.7
July	178.0	313.3	588.3	1 414.2	164.0	249.5	551.1	1 346.2
August	259.6		676.0		221.7		625.6	
September	333.3		658.7		301.5		693.2	
October	431.1		864.1		405.3		821.3	
November	649.8		1003.8		570.1		855.9	
December	918.6		918.6		992.3		992.3	

Source: Central Bank of Brazil

<sup>a</sup> Monetary liabilities of the Central Bank: currency in circulation, commercial bank deposits and deposits of other institutions and demand deposits of the Banco do Brasil. <sup>b</sup> Currency in circulation plus bank reserves. <sup>c</sup> With respect to December of the preceding year. <sup>d</sup> With respect to the same month of the preceding year.

Table 12  
**BRAZIL: MONTHLY INTEREST RATES**  
*(Percentages)*

	Deposits						Loans			
	Open-market operations		Certificates of deposit		Savings deposits		Working capital		Consumer credit	
	1992	1993	1992	1993	1992	1993	1992	1993	1992	1993
January	26.7	29.1	28.9	28.5	26.1	27.4	31.0	35.0	41.5	35.4
February	28.8	28.8	29.6	28.9	26.2	27.0	32.0	35.0	39.1	36.1
March	26.9	28.9	30.2	28.4	24.9	26.4	33.0	36.0	35.4	37.2
April	23.9	30.7	22.9	30.5	21.7	28.9	26.0	37.1	34.0	39.8
May	23.0	31.2	24.0	30.9	20.4	29.3	26.5	38.2	30.0	40.2
June	24.3	32.1	24.1	31.9	21.7	30.7	26.0	38.9	35.4	42.2
July	26.3	33.9	24.0	32.9	24.3	31.0	27.0	40.0	37.0	39.1
August	25.7		26.0		23.8		29.0		35.4	
September	27.7		27.7		26.0		30.5		32.0	
October	28.5		28.2		25.7		31.0		33.6	
November	26.4		26.4		23.9		32.0		32.0	
December	26.4		25.9		24.6		29.0		32.5	

Source: BCLAC, on the basis of official figures.

## COLOMBIA

The Colombian economy increased its growth rate to more than 4% in 1993, while annual inflation slowed to around 21%; the economy thus gave its best performance in the last five years. The sharp rise in imports eroded the current account of the balance of payments, but a significant inflow of capital allowed international reserves to continue to grow. The expansion of fiscal expenditures, partially offset by greater resources obtained through the tax reform of the year before, appears to be leading to a deficit of the non-financial public sector of around 2% of GDP.

Dynamic domestic demand and a sharp rise in investment and consumption, both public and private, stimulated production and imports simultaneously. Construction appears to have been the most vigorous sector, thanks to a boom in urban housing. Manufacturing also grew steadily, at around 5%, a rate which would drop to 3% if the increase in coffee milling were excluded. The production of motor vehicles and capital goods proved to be dynamic, aided by abundant credit and low interest rates, while the manufacture of intermediate goods increased slightly and that of consumer articles declined. Available information suggests that agriculture has remained stagnant, in a context of deteriorated international prices, a phenomenon which was transferred to the domestic market. Mining, electric power generation and construction grew rapidly, while the growth rate of commerce and services was about the same as the overall rate. The sound performance of the domestic economy led to lower unemployment, which was slightly above 9% in June, two percentage points lower than last year's rate.

A good part of the increase in domestic demand was met by imports, whose value rose by more than 25%, stimulated by the combination of low tariffs and the fact that the price of the dollar rose more slowly than consumer prices. During the first half of the year the exchange rate rose at an annual rate of 14%, following the trend in producer prices and consonant with the monetary authority's strategy of maintaining the real exchange rate, which took producer prices as benchmark figures. These prices, however, lagged behind consumer prices.

The slow-down in domestic prices was mostly due to the moderate rise in the exchange rate. On the other hand, widespread indexing of public and private contracts in an economy in which the annual variation in consumer prices has fluctuated around 25% for a couple of decades –a rate which persisted in 1992– continued to be the main obstacle to a downward trend. In this scenario, monthly variations in the consumer price index were systematically below those of the corresponding period of the year before, leading to a 12-month rise, ending in August, of 21%. Since wages are adjusted on the basis of past inflation, their purchasing power improved.

In accord with the downward trend in inflation, the demand for liquidity increased. Thus, the money supply for the 12-month period ending in June rose at an annual rate of 25%. Interest rates, which had dropped the year before, remained stable. The yield on time deposits during the first half of the year was around 26% yearly, which represented a moderate real return in local currency, but a much more attractive return of around 10% in its dollar equivalent, which stimulated a vigorous expansion of more than 30% in time deposits.

Although fiscal expenditure has been growing in real terms, so have fiscal revenues, thanks to the 1992 tax reform, and especially the higher value-added tax (VAT) and increased customs receipts owing to the rise in imports. Thus, the deficit of the non-financial public sector is expected to be less than 2% of output, which, according to the monetary authority, would allow for preserving macroeconomic equilibria.

Exports grew by 6% during the first half of the year, driven by non-traditional sales and petroleum, but the sharp rise in imports led to a deficit on the current account of the balance of payments for the first time in several years. The trade balance in June showed a deficit of more than US\$ 200 million. Since the volume of capital inflows was greater, international reserves increased by more than US\$ 600 million, reaching an amount equivalent to 16 months of imports by the end of the first half of the year. On the other hand, the authorities tried to improve the profile and lower the cost of the external debt.

Economic prospects have improved significantly with the expected rise in petroleum production from the new Cusiana field, which suggests the possibility of an upsurge in external resources during the next few years. By 1997, hydrocarbon extraction should be at twice its present capacity, producing one million barrels a day. The potential impact of an expansion of exports of this magnitude on the real exchange rate and fiscal management has been increasingly analysed in recent months.

Table 1  
**COLOMBIA: INDUSTRIAL PRODUCTION**  
*(Annual rates of variation)<sup>a</sup>*

	Total industry	Coffee milling	Total industry excluding coffee milling	Consumer goods	Intermediate goods	Capital goods <sup>b</sup>	Vehicles
<b>1990</b>							
I	12.5	60.3	9.4	12.5	6.0	14.2	-6.6
II	5.5	61.4	2.3	1.4	5.4	4.6	-16.4
III	4.8	-1.6	5.2	3.1	4.7	19.5	-13.1
IV	4.3	1.3	4.5	0.7	3.1	11.8	4.9
<b>1991</b>							
I	-6.7	-27.2	-4.6	-44.1	-1.2	-14.9	-23.4
II	-1.6	-20.2	0.1	-0.5	3.9	-2.3	-16.7
III	-0.6	3.3	-0.8	-2.1	3.4	-8.5	-9.6
IV	0.9	9.9	0.2	0.2	3.3	-1.8	-17.0
<b>1992</b>							
I	7.7	30.8	5.9	3.8	5.7	12.2	14.5
II	1.9	37.8	-0.8	-3.1	-0.8	13.7	3.3
III	7.2	40.3	5.0	0.3	5.6	25.5	17.4
IV	6.1	30.9	3.9	-0.1	1.8	15.0	43.1
<b>1993</b>							
I <sup>c</sup>	5.4	24.1	3.6	-1.3	1.6	9.4	39.9

Source: National Bureau of Statistics (DANE).

<sup>a</sup> Variation with respect to the same period of the preceding year. <sup>b</sup> Excluding vehicles. <sup>c</sup> January-February.

Table 2  
**COLOMBIA: INDICATORS OF ECONOMIC ACTIVITY**

	1992	January-May		Percentage variations		
				1992	January-May	
		1992	1993		1992	1993
<b>Mining</b>						
Crude oil <sup>a</sup>	158.9	54.5 <sup>c</sup>	55.5 <sup>c</sup>	2.3	15.3	1.8
Gold <sup>b</sup>	1 032.7	457.7	375.8	-7.5	5.1	-17.9
Silver <sup>b</sup>	266.6	113.5	101.4	3.3	11.3	-10.7
Iron ore <sup>c</sup>	678.5	256.7	237.1	14.3	-2.2	-7.6
<b>Manufacturing</b>						
Sugar <sup>c</sup>	1 813.2	729.5	677.3	11.0	16.3	-7.2
Cement <sup>c</sup>	6 786.2	2 189.1 <sup>c</sup>	2 328.2 <sup>c</sup>	6.2	-14.8	6.4
Steel ingots <sup>c</sup>	303.6	131.6	72.9	-6.7	-3.2	-44.6
Assembled vehicles <sup>d</sup>	50.3	17.2	30.9	13.9	-1.2	79.4

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

Note: Annual totals may not include updated figures.

<sup>a</sup> Millions of barrels. <sup>b</sup> Thousands of troy ounces. <sup>c</sup> Thousands of tons. <sup>d</sup> Thousands of units. <sup>e</sup> January-April.

Table 3  
COLOMBIA: RATE OF UNEMPLOYMENT

	1991				1992				1993	
	March	June	Sep.	Dec.	March	June	Sep.	Dec.	March	June
<b>Total</b>	<b>10.7</b>	<b>10.7</b>	<b>9.8</b>	<b>9.4</b>	<b>10.8</b>	<b>11.1</b>	<b>9.1</b>	<b>9.8</b>	<b>9.8</b>	<b>9.2</b>
Bogotá	9.2	8.9	8.1	8.1	8.4	9.1	7.3	8.5	7.5	7.2
Barranquilla	9.6	10.9	10.4	7.8	12.5	10.5	10.7	10.0	11.4	9.5
Cali	10.6	9.1	9.1	8.9	9.5	11.4	8.9	8.7	9.0	10.9
Medellín	13.8	14.8	13.6	13.1	15.2	15.3	12.2	12.5	13.3	12.2

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

Table 4  
COLOMBIA: PRICE INDEXES  
(Percentage variations)

	Consumer price index						Producer price index					
	1992			1993			1992			1993		
	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.
January	3.5	3.5	27.4	3.2	3.2	24.8	3.3	3.3	21.3	3.5	3.5	18.2
February	3.3	6.9	27.3	3.3	6.6	24.6	2.0	5.4	21.7	1.3	4.8	17.3
March	2.3	9.4	27.1	1.9	8.6	24.1	1.4	6.8	20.7	1.1	6.0	16.9
April	2.9	12.5	27.2	1.9	10.7	23.0	1.8	8.8	19.8	1.5	7.6	16.6
May	2.3	15.1	27.3	1.6	12.5	22.1	2.6	11.6	21.2	0.7	8.3	14.4
June	2.2	17.7	28.1	1.5	14.2	21.3	1.8	13.6	1.2	0.5	8.8	13.0
July	2.0	20.1	28.4	1.2	15.6	20.4	1.8	15.6	21.8			
August	0.8	21.0	27.7	1.3	17.0	20.9	-0.1	15.5	19.9			
September	0.8	22.0	26.9				0.6	16.2	19.4			
October	0.9	23.1	26.3				0.7	17.0	18.8			
November	0.7	24.0	25.7				0.6	17.7	18.3			
December	0.9	25.1	25.1				0.2	18.0	18.0			

Source: National Bureau of Statistics (DANE).

Table 5  
COLOMBIA: EXCHANGE RATE

	Market exchange rate (pesos per dollar)				Adjusted real exchange rate (index 1985=100)			
	1990	1991	1992	1993	1990	1991	1992	1993
January	440.1	574.1	643.1	744.4	137.4	143.4	119.3	114.3
February	451.7	584.1	635.9	747.7	136.7	141.3	114.6	111.6
March	463.4	593.8	640.1	764.4	137.0	140.3	113.3	112.4
April	479.2	603.7	649.7	771.7	138.0	139.0	111.9	111.6
May	491.6	613.8	659.4	779.7	139.1	138.7	111.2	111.1
June	502.4	624.2	677.1	787.1	140.2	139.2	112.1	110.6
July	513.1	606.5	705.0		141.7	133.1	114.7	
August	519.9	600.5	695.1		142.6	130.5	112.5	
September	530.5	636.5	696.7		143.3	132.9	112.2	
October	540.5	650.4	706.9		144.2	131.8	113.2	
November	551.3	639.3	722.7		144.5	127.4	115.1	
December	563.4	630.3	733.3		144.0	120.9	115.7	

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

\* Index of the nominal exchange rate, deflated by the consumer price index and adjusted by the United States consumer index.

Table 6  
**COLOMBIA: FOREIGN EXCHANGE BALANCE**  
*(Millions of dollars)*

	1992	January-June			Percentage variations <sup>a</sup>	
		1991	1992	1993	1992	1993
		Balance on current account	775	1 159	983	-222
Merchandise trade balance	-778	424	38	-1 103	-90.9	...
Exports FOB	4 938	2 726	2 547	2 034	-6.5	-20.2
Coffee	1 255	643	630	458	-2.0	-27.4
Other	3 683	2 082	1 917	1 577	-7.9	-17.7
Imports	5 716	2 302	2 509	3 137	9.0	25.0
Purchase of gold	364	188	191	150	1.7	-21.4
Special exchange account	-	-	-	255		
Balance on services and other transfers	1 088	397	732	305	84.4	-58.4
Net interest	-555	-460	-272	-240		
Other	1 642	857	1 004	545	17.2	-45.7
Oil and mineral prospecting	102	150	22	171	-85.5	685.3
Balance on capital account	145	-556	-24	832 <sup>b</sup>		
Global balance	920	603	959	610	59.1	-36.4

Source: ECLAC, on the basis of official data.

<sup>a</sup> With respect to the same period of the preceding year. <sup>b</sup> Includes US\$235 million of the provisional account.

Table 7  
**COLOMBIA: NET INTERNATIONAL RESERVES**  
*(Millions of dollars)*

	Amount			Absolute variation					
	1991	1992	1993	Quarter <sup>a</sup>			Year <sup>b</sup>		
				1991	1992	1993	1991	1992	1993
March	4 633	6 938	8 002	132	518	234	132	518	234
June	5 165	7 423	8 246 <sup>c</sup>	532	485	244 <sup>d</sup>	664	1 003	930 <sup>e</sup>
September	6 126	7 492		961	69		1 625	1 072	
December	6 420	7 768		294	276		1 919	1 348	

Source: Banco de la República.

<sup>a</sup> With respect to the preceding quarter. <sup>b</sup> With respect to December of the preceding year. <sup>c</sup> To May. <sup>d</sup> May with respect to March. <sup>e</sup> May with respect to December.

Table 8  
**COLOMBIA: NATIONAL GOVERNMENT INCOME AND EXPENDITURE <sup>a</sup>**  
*(Billions of pesos)*

	1991	1992	January-February		Percentage variation	
			1992	1993	1992	1993 <sup>b</sup>
Current income (net)	3 146	4 102	478	739	30.4	54.7
Tax receipts	2 757	3 707	426	681	34.4	59.9
Non-tax receipts	389	396	52	59	1.8	12.0
Total expenditures	3 272	4 612	484	567	41.0	17.1
Current	2 432	3 365	388	477	38.4	22.7
Investment	574	835	76	77	45.6	1.9
Other	267	412	20	14	54.4	-33.5
Surplus or deficit	-132	-532	-6	154		

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic. *Informe financiero*.  
<sup>a</sup> With special exchange account. <sup>b</sup> With respect to January-February 1992.

Table 9  
**COLOMBIA: INTEREST RATES ON 90-DAY CERTIFICATES OF DEPOSIT**

	Projected nominal rate				Weighted effective rate <sup>a</sup>			
	1990	1991	1992	1993	1990	1991	1992	1993
March	28.8	30.1	23.4	22.6	34.8	36.7	27.2	26.2
June	29.3	30.1	19.0	22.5	35.5	36.7	21.5	26.1
September	30.0	31.2	23.3		36.6	38.3	27.7	
December	31.0	29.7	23.3		38.2	36.2	27.1	

Source: Banco de la República.  
<sup>a</sup> Based on the value of new deposits in banks and financial corporations in Bogotá.

## CHILE

In 1993, the Chilean economy continued to grow vigorously, in a context of low inflation and a climate in which the elections to be held at the end of the year to elect the President of the Republic and renew the bulk of the members of the legislative chambers were not causing any major uncertainty among economic agents. The deterioration of the terms of trade affected export earnings, which fell for the first time in a number of years, giving rise to a deficit of around 4.5% of GDP in the balance-of-payments current account, a gap which was covered with capital inflows.

The Chilean economy will thus complete a cycle of 10 years' growth, albeit at a lower rate than the 1992 high. This growth continues to be spearheaded by capital formation, with the implementation of new projects in the mining, industry and energy sectors. Following the high figures of the preceding six-month period, in the first half of 1993, economic activity expanded by over 7%. As anticipated by the authorities, this rate has slowed down to around 6%, which is considered sustainable, without inflationary pressures –the annual variation in consumer prices held steady at around 13%– and with a manageable current account deficit. Domestic spending evolved even faster (13%), to some extent because of inertial factors and in part because of the strength of investment, which increased by 24%. Trends in household consumption mirrored those in output, while public sector consumption slowed to under 5%.

The most dynamic sectors were construction (16%), commerce (12%) and financial services, transport and communications (9%). Industry grew by 6%, while agriculture and forestry levelled out and fishing declined. In keeping with the sustained growth of production, the unemployment rate completed eight quarters at a level below 5%, despite the significant increase in the workforce. Employment is increasing at an annual rate of around 5%, while real wages are growing by over 3%.

In 1993, the Chilean economy has faced the challenge of adjusting the growth of spending and output to a less favourable external scenario. The contraction of the value of exports will represent around 2% of output, translating into a US\$ 800 million trade deficit and a gap of nearly US\$ 2 billion in the current account. The deterioration of the current account has been financed with capital inflows, which have been large enough to also permit the expansion of international reserves, bringing them up to the equivalent of a year's imports.

The trade balance accumulated a deficit of US\$ 300 million in the first seven months of the year, as exports dropped (-6%) and imports increased substantially (+17%). The fastest growing imports were capital goods (29%), followed by consumer goods (17%). Purchases of intermediate goods abroad grew at a rate (10%) closer to that of overall economic activity.

Exports declined in the following sectors: mining (-10%), agriculture and fishing (-2%) and industry (-4%). The biggest drops were in fish meal, copper and cellulose, which account for half of Chile's exports and whose international prices have slumped. For example, the average price for copper during the first seven months of 1993 fell by 12% against the average for the previous year, while that for fish meal fell by 20% and that for cellulose by 22%. The value of exports was also affected by the successive levying of tariff surcharges on apples in the EEC, the main market for Chilean exports, particularly fruit. Sales abroad of non-traditional products, on the other hand, grew by 10% in the first half of the year. Sales of goods of manufacturing origin increased by 23%, accounting for a sixth of all sales. This heading includes sales of various manufactures, transport materials, timber products, plastic goods, foodstuffs and paper goods.

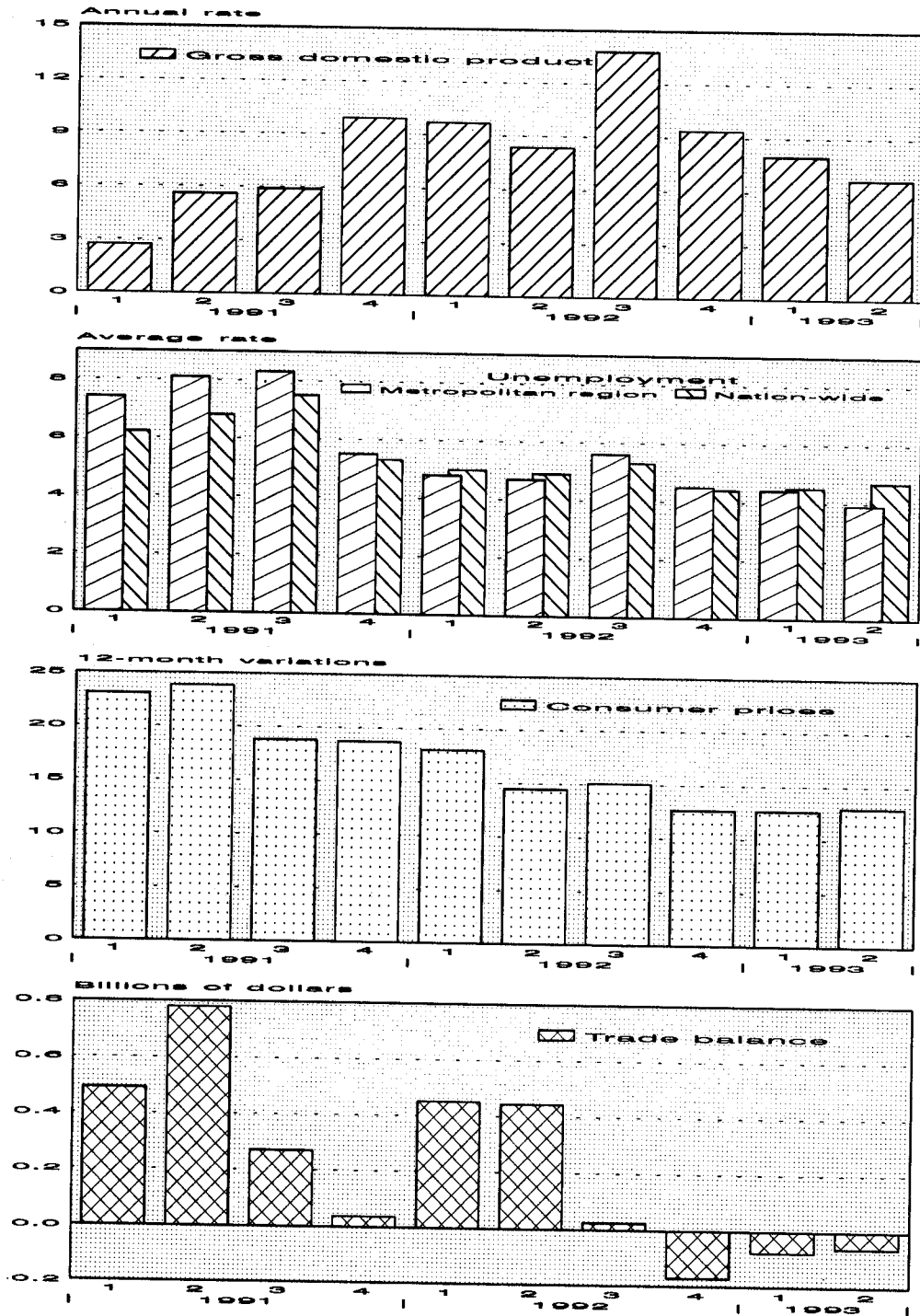
At the end of the first half of 1993, the external debt stood at over US\$ 19 billion. The US\$ 920 million increase since 31 December occurred in the private sector, the public sector having reduced its indebtedness by US\$ 100 million, and corresponded to medium- and long-term debts contracted by individuals and non-banking firms. The country's risk rating has improved and the prices quoted for ADRs placed on the United States market are rising.

Expectations of a revaluation at the beginning of the year pushed the dollar to the bottom of the float band and resulted in the accumulation of reserves totalling some US\$ 500 million in the Central Bank in a single month. The disequilibrium in the trade balance later reversed these expectations, causing the dollar to rally slightly. Although this development has created difficulties for reducing inflation, since it keeps the price of the currency above the bottom of the band, it helps the Central Bank manage the money supply and the exchange rate. On the other hand, the real exchange rate for the first half of 1993 remained below the 1990 average, but its downward trend seems to have been reversed: a slight improvement was observed in the 12 month period ending in July, following the significant recoveries of March and April.

In the context of a tight monetary policy, private money ( $M_{1a}$ ) increased by 11% in the 12 months ending in July and by only 5% over the level for the previous December. Monetary creation, for its part, increased by 21% in 12 months: during the first half of 1993, this increase was the result mainly of domestic credit operations, while in July and August it was the result of direct purchases of foreign currency. In the second half of July, short-term interest rates reached unusually high levels. In early August, the Central Bank adopted measures designed to make the money market, which was suffering from an acute lack of liquidity, more flexible. This development stemmed from the expectation that the slow-down of production was proving greater than predicted, prompting fears of an over-adjustment which would eventually lead to a relaxation of monetary policy. This triggered massive purchases of long-term paper to take advantage of the higher interest rates offered by the issuing institution in its efforts to restructure its liabilities. The greater flexibility of inter-bank lending permitted a return to normal levels of liquidity towards the end of the third quarter of the year.

The fiscal accounts remain under control, since revenues are growing more, and expenditures less, than output. In this situation, a change of policy is taking shape aimed at ensuring that indirect taxes act as a short-term instrument for controlling the growth of private spending and that the expansion of public spending is limited to the growth of potential output, as a means of contributing to domestic price stability. The Government has proposed extending on these terms the tax reform approved in 1990, which expires at the end of the year.

Figure 1  
**CHILE: QUARTERLY EVOLUTION OF THE MAIN ECONOMIC INDICATORS**



Source: ECLAC, on the basis of official figures.

Table 1  
CHILE: GROSS DOMESTIC PRODUCT<sup>a</sup>  
(Percentage variation)<sup>b</sup>

	1992					1993 <sup>c</sup>	
	I	II	III	IV	Year	I	II
Agriculture and forestry	2.9	3.3	7.1	5.1	4.0	-0.3	0.4
Fishing	15.6	10.0	21.0	-8.7	10.5	-1.5	-5.4
Mining	-1.8	-0.6	8.4	0.5	1.5	3.3	1.2
Industry	12.4	8.2	16.5	7.4	11.0	6.4	5.1
Electricity, gas and water	37.0	25.7	17.8	13.7	22.6	6.2	4.6
Construction	9.3	6.9	12.7	21.7	12.8	16.4	14.6
Commerce, restaurants and hotels	12.2	12.1	18.1	14.0	14.0	12.8	11.2
Transport and communications	14.6	12.3	19.1	11.3	14.2	8.6	8.5
Financial services	10.5	9.6	14.0	10.4	11.1	9.5	8.2
Residential property	1.8	1.7	1.6	1.4	1.6	2.2	2.4
Personal services	3.6	3.3	3.9	3.7	3.7	4.4	4.0
Public administration	3.1	2.5	3.3	3.3	3.0	1.6	1.8
<b>Subtotal</b>	<b>8.9</b>	<b>7.5</b>	<b>12.8</b>	<b>8.6</b>	<b>9.4</b>	<b>7.0</b>	<b>6.0</b>
Less bank charges	9.5	8.0	14.7	9.5	10.4	8.6	6.9
VAT	10.0	8.6	12.9	11.1	10.7	10.5	8.2
Import duties	26.2	28.0	33.1	20.6	26.9	22.9	16.7
<b>Total GDP</b>	<b>9.7</b>	<b>8.4</b>	<b>13.8</b>	<b>9.4</b>	<b>10.3</b>	<b>8.0</b>	<b>6.7</b>

Source: Central Bank of Chile.

<sup>a</sup> New series at 1986 prices.

<sup>b</sup> With respect to the same period of the preceding year.

<sup>c</sup> Provisional figures.

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

	Thousands of metric quintals <sup>a</sup>				Percentage variation			
	1990	1991	1992	1993	1990	1991	1992	1993
Wheat	17 182	15 887	15 566	13 233	-2.7	-7.5	-2.0	-15.0
Oats	2 055	2 067	1 827	2 024	24.9	0.6	-11.6	10.8
Barley	916	1 070	1 091	840	7.6	16.8	2.0	-23.0
Rice	1 360	1 171	1 335	1 306	-26.6	-13.9	14.0	-2.2
Maize	8 232	8 357	9 111	8 995	-12.3	1.5	9.0	-1.3
Beans	871	1 170	907	546	19.3	34.3	-22.4	-39.8
Lentils	83	119	158	98	6.4	43.2	33.0	-37.9
Chickpeas	60	88	186	108	42.9	46.3	111.9	-42.2
Potatoes	8 288	8 439	10 232	9 260	-6.0	1.8	21.2	-9.5
Sunflower	273	324	263	132	-14.4	18.7	-18.8	-49.7
Raps	532	577	617	209	-52.9	8.4	7.0	-66.2
Sugar beet	23 265	21 498	29 779	29 947	-17.2	-7.6	38.5	0.6
Tobacco	144	154	152	180	37.1	7.0	-1.4	18.6

Source: National Statistical Institute (INE).

<sup>a</sup> Metric quintal = 100 Kg.

Table 3  
CHILE: INDUSTRIAL PRODUCTION AND SALES  
(Percentage variation)

	SOFOFA <sup>a</sup>						INE <sup>b</sup>		
	Production			Sales			Production		
	Month <sup>c</sup>	12 months <sup>d</sup>	Year <sup>e</sup>	Month <sup>c</sup>	12 months <sup>d</sup>	Year <sup>e</sup>	Month <sup>c</sup>	12 months <sup>d</sup>	Year <sup>e</sup>
<b>1992</b>									
January	-2.2	7.5	7.5	-7.6	4.6	4.6	2.6	14.2	14.2
February	-13.2	8.1	7.8	-7.5	8.1	6.2	-15.8	18.9	16.3
March	29.9	17.6	11.3	16.5	10.3	7.7	25.2	17.9	16.9
April	0.4	12.6	11.6	0.6	7.6	7.6	-	12.5	15.7
May	0.6	5.3	10.2	-2.9	8.5	7.8	1.7	10.9	14.6
June	-2.3	7.9	9.8	5.1	13.7	8.8	-0.7	14.6	14.6
July	10.8	17.4	10.9	0.9	18.6	10.2	10.4	20.6	15.5
August	-5.3	16.9	11.7	-0.8	8.4	10.0	-4.9	17.8	15.8
September	-4.5	20.3	12.6	-3.2	17.8	10.8	-3.1	25.1	16.8
October	3.5	8.7	12.2	4.3	4.3	10.1	-0.5	6.4	15.7
November	-4.1	9.8	12.0	-2.4	11.2	10.2	-0.8	9.2	15.0
December	2.0	10.4	11.8	4.0	4.9	9.7	-0.5	9.0	14.5
<b>1993</b>									
January	-6.0	6.2	6.2	-9.1	3.2	3.2	-5.3	0.5	0.5
February	-7.8	12.7	9.2	-0.9	10.5	6.7	-10.1	7.3	3.7
March	21.4	5.3	7.7	19.0	12.9	8.9	28.4	10.1	6.0
April	-0.1	4.8	6.9	-5.1	6.5	8.3	-3.5	6.3	6.1
May	-2.6	1.4	5.7	-4.2	5.1	7.6	-2.4	2.0	5.2
June	1.5	5.4	5.6	-0.9	-0.9	6.1	0.8	3.5	4.9

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

<sup>a</sup> Figures represent variations with respect to the index 1980=100. <sup>b</sup> Figures represent variations with respect to the index 1979=100. <sup>c</sup> Variation with respect to the preceding month. <sup>d</sup> Variation with respect to the same month of the preceding year. <sup>e</sup> Cumulative variation with respect to the same period of the preceding year.

Table 4  
CHILE: UNEMPLOYMENT RATE  
(Quarterly averages)

Quarters ending in:	1991		1992		1993	
	Metropolitan Region	Nation-wide	Metropolitan Region	Nation-wide	Metropolitan Region	Nation-wide
January	6.0	5.6	5.1	5.0	4.4	4.4
February	6.4	5.7	4.5	4.8	4.0	4.3
March	7.4	6.2	4.8	5.0	4.4	4.5
April	7.7	6.2	4.4	4.6	4.2	4.4
May	7.9	6.5	4.6	4.6	4.2	4.6
June	8.1	6.8	4.7	4.9	3.9	4.7
July	8.6	7.4	5.1	5.1	3.9	4.9
August	8.4	7.5	5.4	5.3		
September	8.3	7.5	5.6	5.3		
October	7.6	7.0	5.5	5.1		
November	6.9	6.3	5.2	4.8		
December	5.5	5.3	4.5	4.4		

Source: National Statistical Institute (INE).

Table 5  
CHILE: PRICE INDEXES  
(Percentage variation)

	Consumer price index						Wholesale price index					
	1992			1993			1992			1993		
	Month	Year	12 months	Month	Year	12 months	Month	Year	12 months	Month	Year	12 months
January	1.1	1.1	19.5	0.2	0.2	11.7	0.5	0.5	16.9	-0.9	-0.9	7.3
February	-0.6	0.5	18.6	0.4	0.6	12.8	-0.5	0.1	15.5	-0.3	-1.2	7.5
March	0.7	1.2	18.0	0.6	1.1	12.7	-0.1	-0.1	14.3	1.0	-0.2	8.8
April	1.3	2.5	17.4	1.4	2.6	12.8	0.4	0.4	14.2	1.2	1.0	9.6
May	1.1	3.6	15.8	1.5	4.1	13.2	0.7	1.0	12.4	1.5	2.5	10.5
June	0.7	4.3	14.5	0.5	4.6	13.0	0.8	1.8	10.5	0.3	2.8	9.9
July	1.1	5.5	13.7	1.0	5.6	12.8	1.6	3.4	10.1	0.6	3.4	8.8
August	1.4	7.0	13.9	2.1	7.9	13.6	1.2	4.7	10.8	1.4	4.8	9.0
September	2.3	9.5	15.1				1.6	6.3	11.2			
October	1.4	11.0	13.4				0.4	6.8	9.3			
November	1.4	12.6	14.0				0.7	7.5	8.1			
December	0.1	12.7	12.7				1.2	8.9	8.9			

Source: National Statistical Institute (INE).

Table 6  
CHILE: INDEX OF REAL SALARIES AND WAGES

	Index of real salaries and wages <sup>a</sup> (December 1982=100)			Percentage variation					
				1992			1993		
	1991	1992	1993	Month	Year <sup>b</sup>	12 months <sup>c</sup>	Month	Year <sup>b</sup>	12 months <sup>c</sup>
January	111.4	112.9	118.9	1.0	1.4	1.4	2.3	5.3	5.3
February	111.5	114.7	118.7	1.5	2.1	2.8	-0.2	4.4	3.5
March	111.2	114.9	118.4	0.2	2.5	3.3	-0.3	3.9	3.0
April	110.6	115.5	118.1	0.6	3.0	4.5	-0.2	3.5	2.2
May	109.5	115.2		-0.3	3.4	5.2			
June	108.9	115.2		0.1	3.8	5.8			
July	107.5	115.6		0.3	4.3	7.5			
August	106.5	114.7		-0.8	4.8	7.8			
September	108.4	113.2		-1.4	4.7	4.4			
October	108.0	112.9		-0.3	4.7	4.5			
November	109.1	112.5		-0.3	4.6	3.2			
December	111.8	116.2		3.3	4.5	3.9			

Source: National Statistical Institute (INE)

<sup>a</sup> Index of nominal salaries and wages, deflated by the consumer price index. <sup>b</sup> Percentage variation in the cumulative average index with respect to the same period of the preceding year. <sup>c</sup> With respect to the same month of the preceding year.

Table 7  
CHILE: EXCHANGE RATE

	Nominal exchange rate (pesos per dollar)				Adjusted real exchange rate (Index 1985=100) <sup>a</sup>			
	1990	1991	1992	1993	1990	1991	1992	1993
January	296.76	327.23	369.75	383.93	100.14	93.81	91.17	87.54
February	292.46	337.53	347.86	387.91	98.85	96.81	86.60	88.42
March	296.70	340.24	348.34	397.22	98.47	96.58	86.55	90.34
April	296.40	340.28	346.30	401.19	96.78	95.02	85.03	90.19
May	297.00	339.95	346.56	404.98	95.77	92.89	84.30	89.83
June	296.79	344.89	355.00	403.30	94.15	92.84	86.09	89.10
July	296.67	348.72	361.25	404.79	92.89	92.35	86.85	88.54
August	303.44	350.89	368.86	407.66	94.01	92.09	87.65	87.43
September	308.35	355.61	376.04		91.83	92.54	87.62	
October	312.49	359.10	373.10		90.19	90.94	86.06	
November	326.86	364.26	377.63		93.71	91.69	86.03	
December	334.98	371.90	380.22		95.85	92.58	86.47	

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

<sup>a</sup> Index of the nominal exchange rate deflated by the consumer price index and adjusted by the United States consumer price index.

Table 8  
CHILE: TRADE BALANCE

	Millions of dollars						Percentage variation <sup>a</sup>			
	Exports FOB		Imports FOB		Trade balance		Exports		Imports	
	Month	Year	Month	Year	Month	Year	Month	Year	Month	Year
<b>1990</b>										
December	587	8 310	571	7 037	16	1 273	-9.8	2.8	-0.8	8.2
<b>1991</b>										
January	712	712	623	623	90	90	14.0	14.0	-4.5	-4.5
February	658	1 370	493	1 115	165	255	-0.1	6.8	-6.5	-5.4
March	809	2 179	575	1 690	234	489	13.8	9.3	1.4	-3.2
April	899	3 078	500	2 190	400	888	5.7	8.2	-11.2	-5.1
May	791	3 869	599	2 789	192	1 080	-3.6	5.6	3.9	-3.3
June	737	4 606	549	3 338	188	1 268	12.4	6.6	5.3	-2.0
July	719	5 325	641	3 978	78	1 346	2.1	6.0	3.3	-1.2
August	690	6 015	620	4 598	70	1 416	-4.2	4.7	-3.7	-1.5
September	745	6 759	623	5 221	122	1 538	16.2	5.8	21.1	0.7
October	801	7 560	788	6 009	13	1 551	11.3	6.4	14.9	2.4
November	644	8 204	682	6 691	-38	1 513	4.4	6.2	14.5	3.5
December	725	8 929	662	7 353	63	1 576	23.4	7.4	15.9	4.5
<b>1992</b>										
January	792	792	747	747	45	45	11.3	11.3	20.0	20.0
February	705	1 497	606	1 353	99	145	7.1	9.3	22.9	21.3
March	955	2 452	649	2 002	306	450	18.0	12.5	12.9	18.9
April	929	3 381	718	2 720	211	662	3.3	9.8	43.6	24.2
May	852	4 234	657	3 377	195	857	7.8	9.4	9.8	21.1
June	785	5 019	749	4 126	36	893	6.5	9.0	36.5	23.6
July	937	5 956	903	5 030	33	926	30.3	11.8	41.0	26.4
August	835	6 790	805	5 834	30	956	21.0	12.9	29.8	26.9
September	802	7 593	840	6 674	-37	919	7.8	12.3	34.9	27.8
October	875	8 467	876	7 550	-2	917	9.2	12.0	11.2	25.7
November	698	9 165	899	8 449	-200	717	8.3	11.7	31.8	26.3
December	821	9 986	788	9 237	33	749	13.2	11.8	19.0	25.5
<b>1993</b>										
January	671	671	836	836	-165	-165	-15.3	-15.3	11.9	11.9
February	713	1 384	769	1 605	-56	-221	1.2	-7.6	27.0	18.6
March	1 019	2 403	874	2 479	145	-76	6.7	-2.0	34.6	23.8
April	930	3 333	823	3 302	107	32	0.1	-1.4	14.7	21.4
May	696	4 029	789	4 091	-94	-62	-18.4	-4.8	20.1	21.2
June	787	4 816	861	4 952	-74	-136	0.2	-4.0	14.9	20.0
July	768	5 584	927	5 879	-159	-295	-18.0	-6.2	2.6	16.9

Source: Central Bank of Chile.

<sup>a</sup> With respect to the same period of the preceding year.

Table 9  
CHILE: EXPORT STRUCTURE, FOB  
(Millions of dollars)<sup>a</sup>

	Mining products				Agricultural and marine products		Industrial goods		Percentage variation <sup>b</sup>		
	Total		Copper		1992	1993	1992	1993	1993		
	1992	1993	1992	1993					Mining	Agricultural	Industrial
January	361	300	288	239	108	97	322	274	-17.1	10.2	-15.0
February	660	625	522	525	227	227	610	533	-5.3	-0.1	-12.7
March	1 075	1 043	851	865	432	457	945	903	3.0	-5.8	-4.4
April	1 491	1 447	1 195	1 210	653	640	1 237	1 246	-2.9	-2.0	0.7
May	1 838	1 735	1 482	1 438	790	743	1 605	1 552	-5.6	-6.0	-3.3
June	2 216	2 085	1 791	1 716	868	846	1 935	1 886	-5.9	-2.5	-2.5
July	2 645	2 393	2 138	1 953	951	931	2 359	2 260	-9.5	-2.1	-4.2
August	3 053		2 478		1 031		2 706				
September	3 442		2 796		1 105		3 046				
October	3 909		3 198		1 148		3 410				
November	4 267		3 500		1 174		3 725				
December	4 724		3 886		1 230		4 033				

Source: Central Bank of Chile.

<sup>a</sup> Cumulative figures. <sup>b</sup> Variation in cumulative value with respect to the same period of the preceding year.

Table 10  
CHILE: IMPORT STRUCTURE, CIF  
(Millions of dollars)<sup>a</sup>

	Consumer goods		Intermediate goods				Capital goods		Percentage variation <sup>b</sup>		
	1992	1993	Total		Fuels and lubricants		1992	1993	1993		
			1992	1993	1992	1993			Con-sumer	Inter-mediate	Capital goods
January	127	167	479	460	126	107	215	286	31.4	-3.9	32.8
February	243	314	836	898	190	188	405	541	29.2	7.5	33.4
March	384	488	1 220	1 379	246	280	597	840	27.0	13.1	40.8
April	521	648	1 648	1 861	340	397	818	1 095	24.3	12.9	33.9
May	654	788	2 061	2 306	424	492	995	1 369	20.6	11.9	37.6
June	797	951	2 506	2 814	516	591	1 229	1 640	19.3	12.3	33.5
July	976	1 137	3 057	3 361	650	667	1 488	1 923	16.5	9.9	29.2
August	1 156		3 521		724		1 726				
September	1 330		4 032		845		1 960				
October	1 522		4 527		954		2 230				
November	1 733		5 030		1 062		2 504				
December	1 904		5 439		1 114		2 786				

Source: Central Bank of Chile.

<sup>a</sup> Cumulative figures. <sup>b</sup> Percentage variation in cumulative value with respect to the same period of the preceding year.

Table 11  
**CHILE: NET INTERNATIONAL RESERVES <sup>a</sup>**  
*(Millions of dollars)*

	Amount			Absolute variation			
				1992		1993	
	1991	1992	1993	Month	Year	Month	Year <sup>b</sup>
January	5 532	6 753	9 594	114	114	585	585
February	5 731	6 651	9 720	-103	11	127	712
March	5 836	6 875	9 598	224	236	-122	590
April	5 679	7 045	9 753	170	406	155	744
May	5 786	7 549	9 975	504	910	222	966
June	5 652	8 037	9 880	488	1 398	-95	871
July	5 561	8 186	9 929	149	1 547	49	921
August	5 760	8 361		175	1 722		
September	5 808	8 702		341	2 063		
October	5 934	8 728		26	2 089		
November	6 294	8 716		-12	2 077		
December	6 639	9 009		293	2 369		

Source: Central Bank of Chile.

<sup>a</sup> Foreign exchange holdings (including monetary gold, SDRs, IMF reserve position, foreign exchange assets, net balance on reciprocal credit agreements) less liabilities arising from use of IMF credits and short-term liabilities. <sup>b</sup> With respect to December of the preceding year.

Table 12  
**CHILE: MONETARY AGGREGATES**

	E	D1	M1	Dg	Dp	M2	CN	CE
	<b>Percentage variation <sup>a</sup></b>							
<b>1992</b>								
January	39.5	8.1	19.8	15.4	47.0	40.5	27.6	22.6
February	35.4	2.7	16.5	13.2	49.1	41.4	30.5	23.4
March	125.1	81.4	59.3	36.2	47.6	50.7	28.6	24.1
April	84.0	77.0	57.1	33.7	45.2	48.2	30.2	29.1
May	27.7	48.4	40.8	37.5	40.8	40.8	30.3	34.2
June	24.4	43.8	39.9	23.9	38.1	38.5	30.2	36.8
July	33.1	54.3	43.7	34.1	34.5	36.2	29.6	42.0
August	34.0	49.8	40.4	39.3	36.0	36.8	30.8	41.3
September	31.5	13.0	21.8	35.4	40.8	36.8	31.9	40.6
October	30.4	-2.6	13.4	47.6	45.7	39.1	34.3	39.0
November	25.3	19.6	25.6	55.5	41.6	38.8	36.3	32.4
December	12.6	50.7	21.5	68.2	34.7	32.1	38.7	30.5
<b>1993</b>								
January	14.1	25.5	27.5	39.3	30.0	29.5	32.5	26.9
February	31.2	45.8	37.6	43.3	25.9	28.2	30.5	24.9
March	-29.0	-35.8	-13.8	41.3	32.4	19.5	35.7	23.9
April	-18.4	-31.8	-10.5	35.1	34.8	22.7	37.3	19.0
May	17.2	-18.2	0.3	23.8	35.8	27.6		
June	16.7	-19.0	0.6	31.5	36.5	28.9		
July	20.5	-14.7	4.0	29.7	35.9	29.5		
August	19.8	-14.9	4.7	28.4	37.0	31.0		

Source: Central Bank of Chile.

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

<sup>a</sup> With respect to the same month of the preceding year.

**Table 13**  
**CHILE: BANK INTEREST RATES**  
(Percentages)

	Nominal rates <sup>a</sup>		Real rates			
	Short-term deposits	Short-term loans	Non-readjustable operations <sup>a</sup>		Readjustable operations <sup>b</sup>	
			Deposits	Short-term loans	Deposits	Loans
<b>1992</b>						
January	1.41	1.79	0.31	0.68	4.51	7.68
February	1.00	1.60	1.60	2.21	4.80	7.63
March	0.30	0.82	-0.40	0.12	5.48	8.29
April	1.04	1.35	-0.26	0.05	5.06	8.21
May	1.58	1.91	0.47	0.80	5.02	7.95
June	1.33	1.74	0.63	1.03	5.00	7.83
July	1.11	1.52	0.01	0.42	4.94	7.96
August	1.51	1.80	0.11	0.39	5.22	8.02
September	1.96	2.25	0.33	-0.05	5.61	8.18
October	2.32	2.66	0.91	1.24	5.40	8.31
November	1.79	2.23	0.38	0.82	5.98	8.80
December	1.41	1.88	1.31	1.78	6.02	8.79
<b>1993</b>						
January	0.59	1.08	0.39	0.88	6.18	8.95
February	0.61	1.14	0.22	0.74	6.30	9.14
March	0.91	1.21	0.30	0.61	6.41	9.00
April	1.24	1.54	-0.16	0.14	6.43	9.07
May	1.83	2.18	0.33	0.68	6.57	9.29
June	1.68	2.09	1.18	1.59	6.41	9.12
July	1.18	1.67	...	...	6.74	9.59

Source: Central Bank of Chile.

<sup>a</sup> Average monthly rates. <sup>b</sup> Annual rates.

## ECUADOR

The new Ecuadorian Government's economic adjustment programme, initiated in August 1992, has managed to reduce the inflation rate and control the fiscal deficit. However, the restrictive financial policy and bad weather conditions are slowing down the rate of expansion of output to about the same as the rate of demographic growth. Despite the erosion of the real exchange rate, a surplus on current account was obtained and international reserves increased, owing in part to delays in servicing the rising external debt.

The steps taken in the second half of the preceding year and the expansion of oil income seem to have eliminated the deficit –equivalent to 2.5% of GDP– registered in 1992 by the non-financial public sector. In particular, in the first half of the year, the government accounts registered a surplus.

Fiscal equilibrium, a tight monetary policy and the stability of the dollar contributed to a marked abatement of the inflation rate. Thus, the annualized rate of the consumer price index between December 1992 and August 1993 amounted to about 35%, although the 12-month inflation rate at that time was 46%, while the monthly figures for the May-August 1993 period were among the most moderate of the past six years. Given the sharp rise in prices in September and October 1992, when the macroeconomic stabilization plan took effect, a substantial decline in inflation can be expected for 1993 as a whole. One promising sign is that in August the CPI increased only 0.4%, the lowest figure in recent years.

The consequent erosion of the real exchange rate has not had any discernable effects on the balance of payments. Although exports remained at a standstill, the severe contraction (-20%) in the value of imports widened the trade surplus; at almost US\$ 500 million in the first five months, the merchandise trade surplus was more than double that of the previous year. Increased sales of oil and some industrialized products managed to offset the plunges in banana, coffee and cocoa exports. The rise in oil sales was mainly due to greater production (up 10%) in the first half of the year, as crude oil prices slipped. The European Economic Community's decision to impose a quota system, beginning in July, on fruit purchases in the free market means that the downward trend (-30% in the first six months) in Ecuadorian banana exports is likely to continue. As for imports, the 1993 decline is the counterpart of advance purchases made in the first half of the previous year by economic agents who were expecting substantial modifications in the exchange system. Imports of consumer goods were the only category that increased, in contrast with the marked setback in imports of raw materials and capital goods. Since arrears on external debt servicing were also incurred, foreign reserves had expanded by nearly US\$ 200 million by June.

Although domestic interest rates have dropped, in line with trends in prices, the virtual stagnation of the dollar resulted in large gains in dollars for deposits in sucres. Consequently, in the 12 months prior to July, quasi-money expanded more rapidly than prices, and money increased at a more moderate rate of about 40%. The acquisition of international reserves fuelled the monetary expansion, while government credit had a contractive effect.

Both the fiscal adjustment policy and unfavourable weather conditions affected the level of activity. In the first months of 1993, heavy rainfalls flooded a large part of the country. Farm production –both for domestic consumption and for export–, power generation and basic infrastructure suffered serious damage. These losses combined with fiscal restraint tended to depress the rate of expansion of output, which will probably be less than 3%, a lower rate than in the previous two years.

Beginning in July, the minimum living wage for public- and private-sector workers not covered by collective contracts or sectoral committees rose to 66,000 sucres, or about US\$ 35. An additional cost-of-living increase of a similar amount was also granted. Nevertheless, the real minimum wage suffered a deterioration of 2% in the first half of the year.

Under the capital market promotion programme, a constant unit of value (UVC) was established with an initial value of 10,000 sucres and a monthly readjustment in line with the consumer price index. UVC-denominated transactions were restricted, by order of the Monetary Board, to real estate sales, loans to finance the purchase of real estate or other capital goods, and bonds of companies which meet the regulations set by the Superintendency of Banks and Insurance Companies.

At the beginning of September, the Monetary Board modified the exchange system which governs public-sector external transactions. The new regime abolished the quotas of 1,700 and 2,000 sucres for the buying and selling of dollars on the intervention market. From now on, dollar prices will be linked to the evolution of the open-market exchange rate.

Table 1  
**ECUADOR: TRADE BALANCE**  
*(Millions of dollars)*

	Exports FOB		Import CIF		Trade balance		Percentage variation <sup>a</sup>			
							Exports		Imports	
	Month	Year	Month	Year	Month	Year	Month	Year	Month	Year
<b>1992</b>										
January	255	255	214	214	41	41	28.6	28.6	13.4	13.4
February	240	496	167	380	74	115	10.7	19.2	16.8	14.8
March	207	702	236	616	-29	86	-7.3	10.0	44.5	24.6
April	265	968	193	809	72	158	35.2	15.9	-4.8	16.1
May	271	1 239	216	1 025	55	213	0.8	12.2	11.3	15.0
June	252	1 491	215	1 240	37	251	0.4	10.0	12.6	14.6
July	231	1 722	303	1 543	-72	179	-7.4	7.3	56.4	21.0
August	232	1 954	178	1 721	55	233	-17.2	3.7	-31.6	12.1
September	270	2 224	235	1 956	34	268	12.4	4.7	18.9	12.9
October	314	2 538	124	2 080	190	458	19.6	6.3	-52.7	4.3
November	228	2 766	172	2 251	56	515	-64.8	-8.9	-17.8	2.2
December	243	3 009	249	2 500	-6	509	12.8	-7.5	27.7	4.2
<b>1993</b>										
January	232	232	138	138	94	94	-9.1	-9.1	-35.6	-35.6
February	216	448	126	264	90	184	-10.2	-9.6	-24.1	-30.6
March	274	722	230	494	44	228	32.4	2.8	-2.4	-19.8
April	256	978	148	642	108	336	-3.5	1.1	-23.6	-20.7
May	269	1 247	183	825	86	422	-0.8	0.7	-15.3	-19.6

Source: Central Bank of Ecuador.

<sup>a</sup> With respect to the same period of the preceding year.

Table 2  
**ECUADOR: EXPORT STRUCTURE<sup>a</sup>**  
*(Millions of dollars)*

	Primary product						Manufactured goods		Percentage variation <sup>b</sup>			
	Total		Oil		Non-oil				1993			
	1992	1993	1992	1993	1992	1993	1992	1993	Pri.	Oil	Non-oil	Manu.
January	227	198	89	101	138	97	28	34	-12.6	13.0	-29.2	21.0
February	444	383	186	184	258	199	52	65	-13.7	-1.2	-22.7	26.2
March	626	618	251	297	375	320	76	105	-1.4	18.2	-14.5	38.0
April	865	830	340	394	525	435	102	149	-4.1	16.0	-17.1	45.7
May	1 111		460		651		128					
June	1 335		582		753		156					
July	1 537		693		844		184					
August	1 737		804		933		216					
September	1 977		923		1 054		246					
October	2 249		1 066		1 183		288					
November	2 445		1 149		1 296		321					
December	2 648		1 251		1 397		359					

Source: Central Bank of Ecuador.

Note: Pri. = Primary. Manu. = Manufactured goods.

<sup>a</sup> Cumulative figures. <sup>b</sup> With respect to the same period of the preceding year.

**Table 3**  
**ECUADOR: IMPORT STRUCTURE <sup>a</sup>**  
(Millions of dollars) <sup>b</sup>

	Consumer goods		Fuels and lubricants		Raw materials		Capital goods		Percentage variation <sup>c</sup>			
									1993			
	1992	1993	1992	1993	1992	1993	1992	1993	CG	FL	RM	CAP
January	21.6	37.7	6.2	3.8	108.7	41.6	77.3	53.8	74.3	-38.2	-61.7	-30.3
February	41.7	62.2	10.2	8.5	177.4	95.6	151.0	97.0	49.2	-16.4	-46.1	-35.8
March	61.4	105.8	17.3	13.4	285.7	184.7	251.7	188.5	72.4	-22.6	-35.3	-25.1
April	81.2	129.7	23.5	20.9	377.5	246.8	327.2	242.5	59.7	-11.3	-34.6	-25.9
May	108.6	153.8	31.4	24.3	472.1	309.2	413.2	335.3	41.6	-22.8	-34.5	-18.8
June	150.9		39.5		562.2		487.5					
July	202.5		45.2		683.9		611.3					
August	247.3		51.2		754.9		667.1					
September	287.4		72.3		862.1		733.8					
October	317.8		78.7		906.3		776.2					
November	357.3		85.2		946.0		860.5					
December	467.2		100.7		1 015.0		915.4					

Source: Central Bank of Ecuador.

<sup>a</sup> Classified by economic use or purpose.

<sup>b</sup> Cumulative figures.

<sup>c</sup> With respect to the same period of the preceding year.

**Table 4**  
**ECUADOR: NET INTERNATIONAL RESERVES**

	Millions of dollars <sup>a</sup>			Absolute variation			
	1991	1992	1993	1992		1993	
				Month <sup>b</sup>	Year <sup>c</sup>	Month <sup>b</sup>	Year <sup>c</sup>
March	503	697	851	194	-63	154	69
June	557	453	968	-104	-307	515	186
September	606	489		-117	-271		
December	760	782		22	22		

Source: Central Bank of Ecuador.

<sup>a</sup> Month-end balances.

<sup>b</sup> With respect to the same month of the preceding year.

<sup>c</sup> With respect to December of the preceding year.

**Table 5**  
**ECUADOR: EXCHANGE RATES**

	Average exchange rate (sucres per dollar) <sup>a</sup>				Adjusted real exchange rate (Index 1985=100) <sup>a</sup>			
	Managed floating rate		Floating rate		Managed floating rate		Floating rate	
	1992	1993	1992	1993	1992	1993	1992	1993
January	1 278.6	1 850.0	1 335.3	1 852.2	142.4	134.2	122.9	111.0
February	1 293.6	1 850.0	1 344.3	1 845.0	139.8	132.4	120.1	109.1
March	1 309.1	1 850.0	1 341.1	1 855.2	138.4	129.0	117.1	106.9
April	1 335.8	1 850.0	1 383.9	1 864.7	134.2	124.8	114.9	103.9
May	1 355.4	1 850.0	1 451.8	1 880.2	131.5	119.6	116.4	100.4
June	1 422.1	1 850.0	1 480.4	1 878.1	133.7	117.6	115.0	98.6
July	1 437.7		1 504.4		131.9		114.1	
August	1 453.7		1 675.3		129.7		123.5	
September	1 926.6		1 831.4		155.9		122.4	
October	2 000.0		1 887.2		152.8		119.1	
November	1 976.3		1 940.1		149.7		121.4	
December	1 850.0		1 871.3		137.8		115.2	

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

<sup>a</sup> Index of the nominal exchange rate deflated by the consumer price index and adjusted by the United States consumer price index.

Table 6  
ECUADOR: CONSUMER PRICE INDEX  
(Percentage variation)

	1992			1993		
	Month	Year	12 Ms.	Month	Year	12 Ms.
January	4.3	4.3	48.9	3.2	3.2	58.4
February	3.4	7.9	48.2	1.7	5.0	55.8
March	2.8	10.9	46.7	3.0	8.1	56.1
April	5.3	16.8	49.7	3.6	12.0	53.6
May	3.7	21.1	48.9	4.5	17.1	54.8
June	3.6	25.4	50.5	1.8	19.2	52.2
July	2.7	28.8	51.8	1.2	20.7	50.0
August	3.1	32.7	52.3	0.4	21.2	46.2
September	10.6	46.8	61.1			
October	6.3	56.0	65.9			
November	1.1	57.7	63.9			
December	1.6	60.2	60.2			

Source: National Institute of Statistics and Censuses, INEC.

Table 7  
ECUADOR: MONETARY AGGREGATES  
(Percentage variation)<sup>a</sup>

	Money supply (M1)				Money issue			
	Year <sup>b</sup>		12 months <sup>c</sup>		Year <sup>b</sup>		12 months <sup>c</sup>	
	1992	1993	1992	1993	1992	1993	1992	1993
January	-10.8	-11.4	44.0	43.7	-9.2	-11.6	52.1	51.2
February	-5.6	-7.0	46.1	42.4	1.4	-6.6	59.8	43.2
March	-3.8	-3.7	44.7	44.7	-2.1	-9.3	41.6	44.0
April	1.4	1.8	41.7	45.2	7.7	1.6	51.3	46.5
May	0.7	1.9	38.8	46.3	7.0	0.5	44.1	45.9
June	9.5	7.1	40.5	41.3	9.1	-1.9	44.2	39.7
July	1.7		33.5		18.3		50.7	
August	-1.1		23.2		17.2		40.0	
September	7.4		29.2		18.6		36.7	
October	25.3		53.9		35.1		59.4	
November	26.0		50.0		32.9		51.0	
December	44.5		44.5		55.3		55.3	

Source: Central Bank of Ecuador.

<sup>a</sup> Percentage variation calculated with respect to month-end balances.

<sup>b</sup> With respect to December of the preceding year.

<sup>c</sup> With respect to the same month of the preceding year.

Table 8  
ECUADOR: MINIMUM LIVING WAGE  
(Index December 1987=100)

	Nominal minimum wage				Real minimum wage					
	Suces		Index		Index		Percentage variation			
	1992	1993	1992	1993	1992	1993	1993			
						Month	Year <sup>a</sup>	12 Ms. <sup>b</sup>		
January	40 000	60 000	275.9	413.8	41.4	39.2	-3.1	-5.3	-5.3	
February	40 000	60 000	275.9	413.8	40.1	38.6	-1.7	-4.6	-3.7	
March	40 000	60 000	275.9	413.8	39.0	37.4	-2.9	-4.3	-3.9	
April	40 000	60 000	275.9	413.8	37.0	36.1	-3.5	-3.9	-2.4	
May	40 000	60 000	275.9	413.8	35.7	34.6	-4.3	-3.7	-3.1	
June	40 000	66 000	275.9	455.2	34.4	37.3	8.0	-1.9	8.4	
July	60 000		413.8		50.3					
August	60 000		413.8		48.8					
September	60 000		413.8		44.2					
October	60 000		413.8		41.6					
November	60 000		413.8		41.1					
December	60 000		413.8		40.5					

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Percentage variation of the cumulative average index with respect to the same period of the preceding year.

<sup>b</sup> With respect to the same month of the preceding year.

## MEXICO

In the first half of 1993, the Mexican economy forged ahead in the process of price stabilization, thanks to the austerity of fiscal and monetary policies and the minimal variation in the exchange rate. The slow-down in productive activity reached a point of virtual stagnation in the second quarter. Against this backdrop, investment lost momentum and unemployment rose significantly, while the manufacturing sector turned in a poor performance and primary activities suffered setbacks. The trade deficit, including the inbond assembly industry (*maquila*), shrank as imports quickly moderated and exports increased. As in the past, the gap was easily financed with the inflow of foreign capital, drawn to Mexico's attractive domestic interest rates and investment opportunities; the abundant supply of foreign exchange, meanwhile, supported the slow slippage of the exchange rate. In August, negotiations were concluded on parallel agreements under the Free Trade Agreement between Canada, the United States and Mexico; these remain subject to legislative ratification in the latter two countries.

The Mexican economy has faced the difficult task of reconciling the two goals of preserving its new-found price stability and, at the same time, launching a phase of renewed activity and growth, particularly in agriculture and small- and medium-scale industry, in an atmosphere of polarization between the sectors that have gained and those that have lost as a consequence of trade liberalization. Although domestic saving seems to be picking up, with healthier public finances, it is still insufficient. The need for foreign financing remains strong and translates into high interest rates, which have depressive effects on economic activity, domestic capital formation and business decisions.

In the first half of the year, the surge in production slackened to an annualized rate of just over 1%. The slow-down was more pronounced among small- and medium-scale enterprises and the goods-producing sectors. Manufacturing continued to weaken and even showed negative growth in the second quarter, owing to production restructuring, competition from imports, the slow recovery of the United States economy, the high cost of money and lower domestic consumption and investment. The performance of manufacturing activities was mixed: some grew, stimulated by exports or domestic demand (food, beverages and tobacco; non-metallic minerals; basic metal products), while others, such as textiles and garments, wood and wood products, printing and publishing, metal products and machinery and the automobile industry, had serious problems.

The economic expansion's loss of momentum was reflected in the unemployment rate, which rose, in the first quarter, to 3.5%—the highest rate since 1990. Meanwhile, informal sector employment continued to gain ground. Employment declined in industry and commerce but made further progress in the *maquila* sector. Real wages improved in manufacturing, large-scale commerce and some official sectors, but the legal minimum wage slipped by nearly 2% in real terms.

The rapid moderation of imports and the upswing in exports other than petroleum reduced the trade deficit, including the *maquila* sector, in the first half of the year, to 6% below the level for the first half of 1992.

The 12% increase in non-oil exports, including agricultural products and manufactures, offset the slight dip in oil exports. Since *maquila* sales expanded by 18%, total exports grew by 12%. The fastest-moving agricultural products included fresh fruits, cattle on the hoof, legumes and vegetables. The export performance of textiles, non-metallic minerals, ferrous and non-ferrous metal products, electrical equipment and apparatus, and food and beverages was also satisfactory. The number of automobiles exported rose by only 4% (compared to 36% for the same period in 1992).

Slower economic activity and administrative measures designed to discourage unfair competition helped to hold down the increase in total imports to 7%. The attenuation was generalized, except in imports for *maquila* activity, which rose by 19%. The current account deficit (US\$ 10 billion) was 5% below its level for the same period in 1992. In contrast, capital inflows increased by 20%, reaching nearly US\$ 14 billion and enabling the country to accumulate reserves of nearly US\$ 4 billion. While resources obtained by development banks nearly tripled, the external liabilities of the rest of the public sector contracted. The private sector, for its part, rapidly went deeper into debt, spurred by lower interest rates on international markets. Foreign investment, of which three fourths was portfolio investment and the rest direct investment, increased by 15% to US\$ 10.6 billion.

For the first time since 1974, the increase in the consumer price index over the 12 months ending in June was less than 10%. This improvement was attributable to stringent monetary and fiscal policies in the context of agreements under the Pact for Stability and Economic Growth (PECE), which was renewed in October 1992. Moreover, free access to products from abroad and the shored-up exchange rate, which rose at an annualized rate of barely 2% in the first seven months of 1993, helped to ease inflationary pressures.

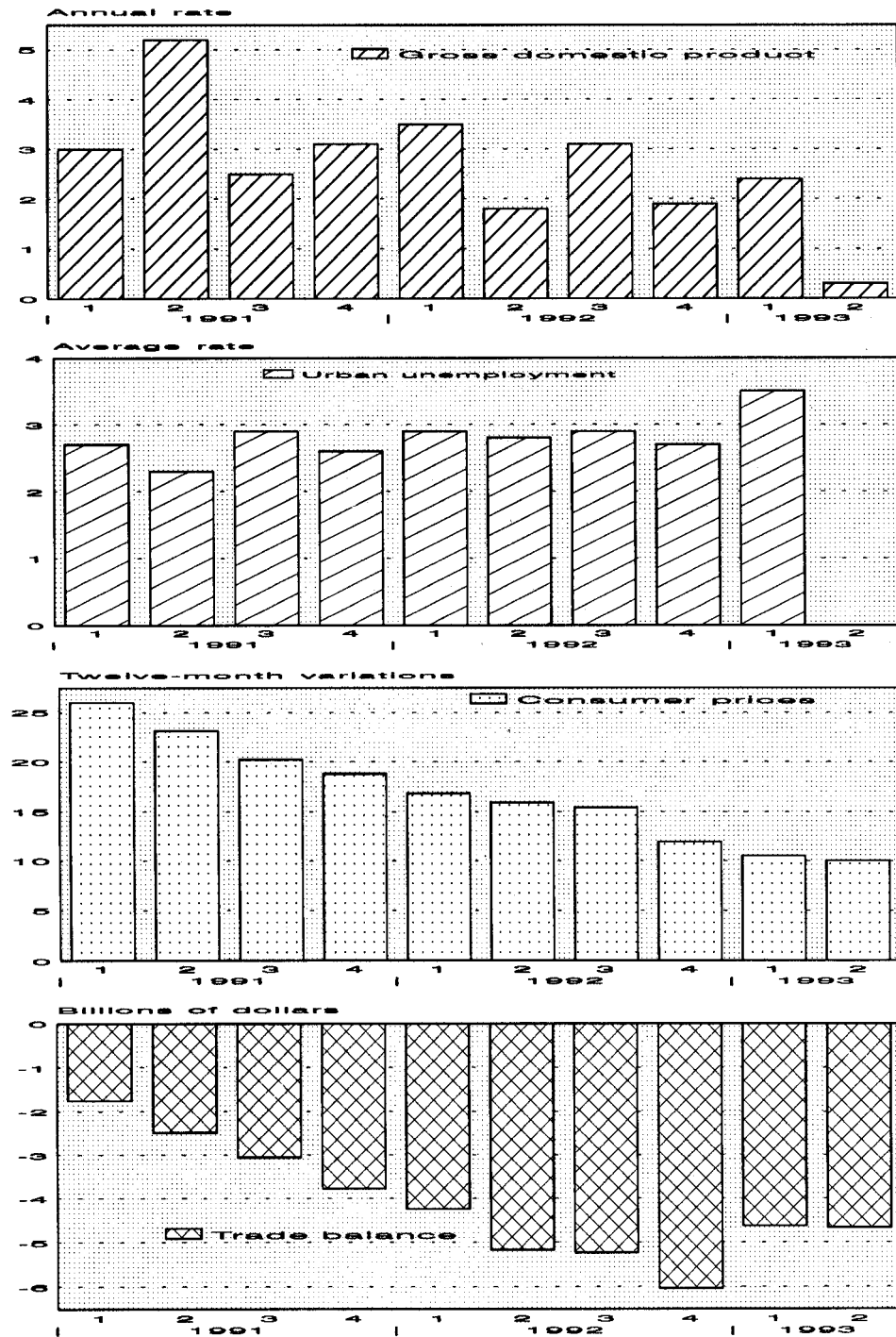
Monetary policy maintained rigorous discipline in the first half of the year. Despite the copious inflow of capital, owing largely to the interest rate differential and confidence in the announced exchange rate controls, the expansion of monetary aggregates was contained. The drop in nominal deposit rates did not keep their dollar equivalents from representing attractive returns, which sustained demand for public debt instruments on the part of foreign investors, who possessed most of the treasury certificates (CETES) in circulation around mid-year.

Sluggish economic growth, high real interest rates, the capitalization requirements imposed on private banks and a more cautious lending policy in response to the problem of overdue portfolios drastically reduced the expansion of private sector credit. In turn, the cancellation of part of the Government's debt with the Central Bank and the sale of government stock in the private sector made it possible to restrict the growth of the monetary base. Over the 12 months ending in June, the monetary base grew by barely 3%. The balance of the largest monetary aggregate ( $M_4$ ) increased by 10% between December and May, with active selling of government securities. In January, the "new peso", which lopped three zeros off the previous denomination, was put into circulation.

The slow-down of the economy, the attractive returns offered on the bond market and uncertainty about the progress of the North American Free Trade Agreement (NAFTA) had adverse effects on the Mexican stock market in the first half of 1993. The subsequent upsurge, fuelled by the results obtained by some major enterprises and the conclusion of negotiations on parallel agreements under NAFTA, brought the nominal stock index to an all-time high at the end of August 4% higher, in real terms, than in December 1992.

Despite the more modest growth of revenue, the public sector's financial surplus was considerable. Interest payments fell while social spending rose and debt, especially domestic debt, was amortized. Even excluding the extraordinary revenues from privatizations, the financial balances of both the federal Government and the group of entities under budgetary control were in the black. The public sector surplus, not counting privatizations, amounted to 13 billion new pesos, somewhat lower in real terms than in the first half of 1992. The largest contribution came from the federal Government, whose real revenues expanded by 1%, mainly because of improvements in fiscal control methods, while its expenditures rose by 3%. Debt interest payments fell, but other outlays rose by 15%, owing mostly to increases in personal services, capital expenditures and transfers to decentralized agencies and enterprises. The entities under budgetary control also improved their financial position.

Figure 1  
**MEXICO: QUARTERLY EVOLUTION OF THE MAIN ECONOMIC INDICATORS**



Source: ECLAC, on the basis of official data.

Table 1  
**MEXICO: QUARTERLY GROSS DOMESTIC PRODUCT<sup>a</sup>**  
*(1980 = 100)*

	1992					1993 <sup>b</sup>	
	I	II	III	IV	Year	I	II
<b>Total</b>	<b>3.5</b>	<b>1.8</b>	<b>3.1</b>	<b>1.9</b>	<b>2.6</b>	<b>2.4</b>	<b>0.3</b>
Agriculture, forestry and fishing	-3.8	-2.7	1.3	-1.3	-1.4	0.4	-3.0
Mining	4.4	-2.0	2.8	0.4	1.3	-1.6	1.9
Manufacturing	3.4	0.9	2.7	0.2	1.8	2.0	
Construction	4.8	5.0	15.1	6.6	7.8	7.6	2.9
Electricity, gas and water	5.0	2.0	5.4	5.0	4.4	3.3	
Transport, storage and communications	9.9	6.7	7.8	6.2	7.6	4.3	2.6
Commerce, restaurants and hotels	5.7	2.7	2.4	2.5	3.3	2.1	-0.8
Financial services, insurance and real estate	3.0	2.5	1.8	2.1	2.3	4.2	4.9
Community, social and personal services	2.8	1.4	0.5	2.0	1.7	1.6	1.4

Source: BCLAC, on the basis of official information.

<sup>a</sup> Percentage variation with respect to the same period of the preceding year.

<sup>b</sup> Preliminary figures.

Table 2  
**MEXICO: PRODUCTION BY SECTORS**  
*(Percentage variations)<sup>a</sup>*

	Total	Mining	Manufactures			Construction	Electricity	
			Total	Consumer goods	Intermediate goods			Capital goods
<b>1992</b>								
January	-2.3	-0.9	-2.5	0.0	-3.3	12.9	-5.1	7.0
February	0.1	3.6	-1.1	2.4	-2.1	12.3	1.6	6.3
March	3.8	4.4	3.4	6.9	1.4	19.7	4.8	5.0
April	2.1	2.6	1.6	3.9	0.3	15.8	3.3	4.6
May	1.8	1.9	1.3	3.8	-0.1	14.2	3.6	3.7
June	2.5	1.1	2.1	4.7	0.4	13.9	4.9	3.4
July	2.8	1.4	2.3	5.2	0.9	11.1	5.8	3.4
August	2.8	1.8	2.0	4.8	1.1	9.0	6.7	4.0
September	3.2	1.6	2.3	5.4	1.4	8.9	8.2	
October	2.9	1.7	1.9	4.9	1.1	7.0	8.0	4.3
November	2.7	1.3	1.6	4.7	1.0	5.1	8.2	
December	2.8	1.3	1.8	4.7	1.3	4.2	7.8	4.4
<b>1993</b>								
January	3.5	-0.5	2.0	3.4	2.0	-12.3	13.4	2.0
February	2.4	-1.8	1.8	2.9	1.0	-4.4	8.0	2.3
March	2.4	-1.6	1.7	3.3	0.9	-4.1	7.6	3.1
April	2.2	-0.7	1.3	3.2	0.7	-3.0	7.7	3.8
May	1.8	-0.1	0.9	2.0	0.9	-3.9	6.2	4.4

Source: BCLAC, on the basis of figures supplied by the National Institute of Statistics, Geography and Computer Science.

<sup>a</sup> Of the cumulative average index with respect to the same period of the preceding year.

Table 3  
MEXICO: EMPLOYMENT AND UNEMPLOYMENT

	1991				1992				1993 <sup>a</sup>
	I	II	III	IV	I	II	III	IV	I
<b>Percentages of the EAP of 34 urban areas<sup>b</sup></b>									
Total open unemployment (TOU) <sup>c</sup>	2.7	2.3	2.9	2.6	2.9	2.8	2.9	2.7	3.5
Part-time employment and unemployment (TPEU1) <sup>d</sup>	6.0	5.6	6.5	6.4	6.8	6.7	6.2	6.3	7.6
Insufficient income and unemployment (TIU) <sup>e</sup>	13.1	11.3	11.5	10.9	12.0	11.2	10.4	9.8	13.0
Part-time employment of less than 35 hrs/week and unemployment (TPEU2) <sup>f</sup>	22.3	21.2	18.9	20.8	22.3	23.6	18.6	21.8	23.5

Source: BCLAC, on the basis of figures supplied by the National Institute of Statistics, Geography and Computer Science (INEGI) and the Mexican Social Security Institute.

<sup>a</sup> Preliminary figures. <sup>b</sup> The economically active population (EAP), as defined by INEGI, includes all persons aged 12 and over who carried out some type of economic activity (employed population) or actively sought to do so (openly unemployed population) in the two months prior to the reference week of the urban employment survey conducted in 34 urban areas. In 1992, INEGI began to publish the results of the urban employment survey for 34 urban areas. The 1991 survey covered 16 areas. <sup>c</sup> TOU = the percentage of unemployed out of the total EAP, with or without work experience, that were not earning wages or self-employed during the reference week; i.e., that were working between zero and less than one hour a week, were available for employment and had taken concrete steps to seek employment in the eight weeks prior to the reference period. <sup>d</sup> TPEU1 = TOU plus the percentage of the EAP working less than 15 hours a week during the reference week. <sup>e</sup> TIU = TOU plus the percentage of the employed EAP with income of less than the minimum wage. <sup>f</sup> TPEU2 = TOU plus the percentage of the employed EAP working less than 35 hours a week.

Table 4  
MEXICO: PRICE INDEXES  
(Percentage variations)

	Consumer price index						Wholesale price index <sup>a</sup>					
	1992		1993				1992		1993			
	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.
January	1.8	1.8	17.9	1.3	1.3	11.4	1.5	1.5	15.3	1.2	1.2	10.3
February	1.2	3.0	17.3	0.8	2.1	10.9	1.2	2.8	15.4	0.9	2.1	10.0
March	1.0	4.1	16.8	0.6	2.7	10.5	1.1	3.9	15.2	0.6	2.7	9.5
April	0.9	5.0	16.7	0.6	3.3	10.1	0.8	4.7	14.6	0.6	3.3	9.3
May	0.7	5.7	16.3	0.6	4.0	10.0	0.6	5.3	13.9	0.7	4.1	9.4
June	0.7	6.5	15.9	0.6	4.6	9.9	0.7	6.0	13.2			
July	0.6	7.1	15.6	0.6	5.2	9.9	0.8	6.9	12.9			
August	0.6	7.8	15.5	0.5	5.5	9.7	0.7	7.6	13.0			
September	0.9	8.7	15.4				0.5	8.2	12.9			
October	0.7	9.5	14.8				0.7	8.9	12.6			
November	0.8	10.4	13.0				0.7	9.7	11.5			
December	1.4	11.9	11.9				0.9	10.7	10.7			

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

<sup>a</sup> In Mexico City.

Table 5  
MEXICO: NOMINAL AND REAL WAGE INDEXES

	Indexes <sup>a</sup>				Percentage variation in real wages <sup>b</sup>	
	Nominal		Real		Minimum wage <sup>c</sup>	Manufacturing sector wage
	Minimum wage <sup>c</sup>	Manufacturing sector wage	Minimum wage <sup>c</sup>	Manufacturing sector wage		
<b>1992</b>						
January	11 677	182.2	37.4	106.2	-4.8	7.1
February	11 677	186.5	37.0	107.5	-3.9	8.9
March	11 677	194.0	36.7	110.8	-2.9	6.7
April	11 677	201.7	36.3	114.1	-2.7	12.1
May	11 677	205.6	36.2	115.8	-1.9	8.2
June	11 677	206.3	36.0	115.5	-1.4	10.1
July	11 677	212.5	35.8	118.2	-1.1	10.4
August	11 677	211.1	35.6	116.8	-1.1	8.4
September	11 677	215.1	35.4	118.2	-1.1	11.0
October	11 677	218.2	35.1	119.0	-0.8	9.3
November	11 677	219.7	34.7	118.9	-7.2	10.2
December	11 677	314.4	34.2	167.5	-10.0	12.8
<b>1993</b>						
January	12 620	223.1	36.6	117.6	-2.1	10.7
February	12 620	226.1	36.3	118.4	-1.9	10.1
March	12 620	239.3	36.1	124.8	-1.6	12.6
April	12 620	237.3	36.0	123.1	-0.8	7.9
May	12 620		35.7		-1.4	
June	12 620		35.5		-1.4	
July	12 620		35.3		-1.4	

Source: ECLAC, on the basis of figures supplied by the Banco de México and the National Institute of Statistics, Geography and Computer Science (INEGI).  
<sup>a</sup> Base for minimum wage index is 1978=100; base for manufacturing sector wage index is 1989=100. <sup>b</sup> Variation with respect to the same month of the preceding year. <sup>c</sup> Minimum wage excludes benefits.

Table 6  
MEXICO: TRADE BALANCE <sup>a</sup>

	Millions of dollars				Balance		Percentage variation <sup>b</sup>			
	Exports FOB		Imports FOB		Balance		Exports		Imports	
	Month	Year	Month	Year	Month	Year	Month	Year	Month	Year
<b>1992</b>										
January	2 094	2 094	3 318	3 318	-1 224	-1 224	-9.9	-9.9	15.3	15.3
February	2 111	4 205	3 471	6 789	-1 360	-2 583	4.2	-3.3	30.5	22.6
March	2 465	6 670	4 122	10 910	-1 657	-4 240	16.2	3.1	53.1	32.6
April	2 279	8 949	3 951	14 861	-1 672	-5 912	-3.7	1.3	22.5	29.7
May	2 292	11 241	3 947	18 809	-1 655	-7 567	-3.6	0.2	24.7	28.6
June	2 402	13 644	4 242	23 050	-1 840	-9 407	6.8	1.3	37.6	30.2
July	2 214	15 857	4 252	27 303	-2 039	-11 446	-1.2	1.0	24.8	29.3
August	2 316	18 173	3 810	31 112	-1 494	-12 940	4.4	1.4	17.5	27.8
September	2 363	20 536	4 066	35 179	-1 703	-14 642	6.2	1.9	31.8	28.2
October	2 432	22 968	4 370	39 549	-1 939	-16 581	-1.4	1.6	22.5	27.6
November	2 259	25 227	4 118	43 667	-1 859	-18 440	-1.9	1.2	15.2	26.3
December	2 288	27 516	4 526	48 193	-2 237	-20 677	4.0	1.5	25.6	26.2
<b>1993</b>										
January	2 220	2 220	3 504	3 504	-1 285	-1 285	6.0	6.0	5.6	5.6
February	2 301	4 521	3 836	7 340	-1 535	-2 820	9.0	7.5	10.5	8.1
March	2 672	7 193	4 482	11 822	-1 810	-4 629	8.4	7.8	8.7	8.4
April	2 459	9 652	4 035	15 856	-1 576	-6 605	7.9	7.9	2.1	6.7
May	2 409	12 061	3 862	19 718	-1 453	-7 658	5.1	7.3	-2.2	4.8
June	2 680	14 741	4 313	24 031	-1 633	-9 291	11.6	8.0	1.7	4.3

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

<sup>a</sup> Excludes inbond assembly industry (*maquila*).

<sup>b</sup> With respect to the same period of the preceding year.

Table 7  
**MEXICO: EXPORT STRUCTURE**<sup>a</sup>  
*(Cumulative figures)*

	Millions of dollars										Percentage variation <sup>b</sup>	
	Oil		Non-oil								Oil	Non-oil
	1992	1993	Total		Agricultural		Mining		Manufacturing			
			1992	1993	1992	1993	1992	1993	1992	1993		
January	610	604	1 491	1 615	218	292	34	23	1 239	1 300	-0.9	8.3
February	1 152	1 184	3 060	3 337	460	617	61	46	2 539	2 674	2.7	9.1
March	1 768	1 867	4 908	5 325	704	976	89	66	4 116	4 283	5.6	8.5
April	2 416	2 530	6 539	7 121	957	1 240	118	91	5 465	5 791	4.7	8.9
May	3 130	3 197	8 118	8 863	1 143	1 460	148	111	6 826	7 293	2.1	9.2
June	3 893	3 836	9 757	10 903	1 285	1 620	178	130	8 294	9 154	-1.5	11.8
July	4 626		11 238		1 388		221		9 628			
August	5 395		12 784		1 477		251		11 057			
September	6 163		14 380		1 583		277		12 519			
October	6 968		16 006		1 704		308		13 993			
November	7 658		17 576		1 874		337		15 365			
December	8 307		19 215		2 113		362		16 740			

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

<sup>a</sup> Excludes inbond assembly industry (*maquila*).

<sup>b</sup> Cumulative 1993 variation with respect to the same period of the preceding year.

Table 8  
**MEXICO: IMPORT STRUCTURE**<sup>a</sup>  
*(Cumulative figures)*

	Millions of dollars						Percentage variation <sup>b</sup>		
	Consumer goods		Intermediate goods		Capital goods		Con-sumer goods	Inter-mediate goods	Ca-pital goods
	1992	1993	1992	1993	1992	1993			
January	522	521	2 039	2 144	758	839	-	5.1	10.7
February	1 064	1 115	4 127	4 496	1 599	1 728	4.9	9.0	8.1
March	1 708	1 799	6 626	7 352	2 578	2 671	5.3	11.0	3.6
April	2 295	2 457	9 082	9 854	3 491	3 545	7.1	8.5	1.6
May	2 894	3 010	11 585	12 229	4 336	4 479	4.0	5.6	3.3
June	3 505	3 678	14 209	14 902	5 342	5 451	4.9	4.9	2.0
July	4 140		16 748		6 421				
August	4 805		19 010		7 303				
September	5 476		21 359		8 350				
October	6 185		23 944		9 426				
November	6 939		26 340		10 395				
December	7 737		28 917		11 545				

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

<sup>a</sup> Excludes inbond assembly industry (*maquila*).

<sup>b</sup> Cumulative 1993 variation with respect to the same period of the preceding year.

Table 9  
MEXICO: EXCHANGE RATE

	Official exchange rate (New pesos per dollar)			Adjusted real exchange rate (Index 1985=100) <sup>a</sup>		
	1991	1992	1993 <sup>b</sup>	1991	1992	1993
January	2.95	3.08	3.12	74.0	67.1	63.1
February	2.96	3.08	3.13	73.1	66.6	63.0
March	2.97	3.08	3.13	72.5	66.3	63.0
April	2.99	3.08	3.14	72.2	65.8	62.9
May	3.00	3.09	3.15	72.0	65.6	62.7
June	3.01	3.09	3.15	71.8	65.5	62.5
July	3.02	3.09	3.16	71.5	65.3	62.2
August	3.04	3.10		71.5	65.1	
September	3.05	3.10		71.4	64.8	
October	3.06	3.10		70.9	64.6	
November	3.07	3.11		69.6	64.3	
December	3.07	3.12		68.1	63.5	

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

<sup>a</sup> Index of nominal exchange rate deflated by the consumer price index and adjusted by the United States consumer price index. <sup>b</sup> As of 1993, 1 new peso equals 1 000 pesos. For the sake of consistency, the figures for 1991 and 1992 are expressed in new pesos.

Table 10  
MEXICO: MAIN OPERATIONS OF THE CONSOLIDATED PUBLIC SECTOR<sup>a</sup>  
(Cumulative figures in millions of new pesos)

	Income			Expenditure			Result <sup>c</sup>
	Total	Federal government	PEMEX <sup>b</sup>	Total	Federal government	PEMEX <sup>b</sup>	
<b>1992</b>							
March	63 226	42 291	5 313	58 019	38 332	6 339	6 567
June	123 906	85 647	11 487	112 122	74 232	12 998	15 249
September	201 320	134 831	18 705	178 331	114 464	19 836	22 372
December	273 590	180 170	26 095	258 031	164 211	27 975	16 361
<b>1993</b>							
March	69 645	46 061	6 574	63 542	41 990	6 350	6 211
June	139 150	95 213	13 207	124 555	84 072	10 508	12 994
	<b>Percentage variations<sup>d</sup></b>						
<b>1992</b>							
March	16.7	17.1	-9.9	10.3	7.8	9.0	
June	14.1	20.9	-5.2	6.1	5.4	15.0	
September	21.2	24.5	5.2	9.5	8.3	7.7	
December	19.2	22.2	2.8	10.7	9.9	6.5	
<b>1993</b>							
March	10.2	8.9	23.7	9.5	9.5	0.2	
June	12.3	11.2	15.0	11.1	13.3	-19.2	

Source: ECLAC, on the basis of figures from the National Institute of Statistics, Geography and Computer Science (INEGI) and the Ministry of Finance and Public Credit.

<sup>a</sup> Excludes extraordinary income from the sale of Teléfonos de México (TELMEX) and State banks. <sup>b</sup> Net income and expenditure from payments of taxes and charges. <sup>c</sup> Includes differences in sources of financing; therefore, it does not always reflect the difference between income and expenditure. <sup>d</sup> With respect to the same period of the preceding year.

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

	Billions of new pesos					Percentage variation <sup>a</sup>				
	Monetary base	M1	M2	M3	M4	Monetary base	M1	M2	M3	M4
<b>1991</b>										
December	39.8	112.2	269.1	318.2	388.0	27.8	119.8	47.2	23.3	30.9
<b>1992</b>										
January	35.1	105.9	264.8	314.3	387.2	26.4	124.1	48.4	22.1	29.7
February	34.3	104.2	265.2	315.5	390.4	19.0	115.7	44.8	19.8	27.2
March	34.6	102.6	270.2	313.6	392.0	16.6	102.8	41.9	17.1	24.8
April	36.3	104.4	273.3	319.2	399.3	22.5	101.7	39.7	15.3	22.3
May	36.2	107.8	273.2	321.5	405.0	20.5	97.2	32.8	14.0	20.2
June	36.6	108.9	276.8	316.5	406.8	20.6	95.7	31.6	13.0	19.8
July	37.5	107.6	274.2	324.4	414.6	29.2	98.3	28.9	15.5	19.9
August	35.5	107.2	279.0	331.4	412.2	14.5	85.0	22.2	17.6	17.4
September	33.8	105.3	283.5	337.7	418.2	16.3	58.9	28.2	22.5	20.8
October	36.4	115.1	301.5	352.1	433.2	15.0	22.0	20.6	19.9	19.7
November	37.6	118.5	308.3	359.7	443.6	16.6	18.0	30.8	17.7	17.8
December	45.5	131.2	324.3	376.4	466.1	14.4	17.0	20.5	18.3	20.1
<b>1993</b>										
January	39.3	126.3	324.8	385.3	477.9	12.2	19.2	22.6	22.6	23.4
February	37.9	126.4	325.4	386.2	480.2	10.6	21.4	22.7	22.4	23.0
March	36.4	126.5	327.1	392.9	489.6	5.2	23.3	21.0	25.3	24.9
April	36.9	126.4	336.8	405.7	503.9	1.8	21.1	23.2	27.1	26.2
May	38.2	131.9	344.5	412.4	513.1	5.6	22.3	26.1	28.3	26.7
June	37.7	133.8	348.2	422.4	524.3	3.2	22.9	25.8	33.5	28.9

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

Note: M1 = Currency plus local and foreign currency demand deposit accounts. M2 = M1 plus negotiable bank paper with a term of up to one year and banker's acceptances. M3 = M2 plus negotiable non-bank paper with a term of up to one year (Treasury certificates, federal government bonds, development bonds and commercial paper). M4 = M3 plus long-term financial instruments (over one year), PEMEX bonds, etc.

<sup>a</sup> With respect to the same month of the preceding year.

Table 12  
**MEXICO: ANNUAL INTEREST RATES ON DEPOSITS**  
*(Percentages)*

	Average cost of procuring funds			Time deposits 30 to 85 days			Treasury certificates 90 days		
	1991	1992	1993	1991	1992	1993	1991	1992	1993
January	27.1	19.0	22.8	20.8	13.8	17.9	23.9	15.8	18.3
February	25.7	18.2	22.7	20.0	13.4	18.2	23.3	15.1	18.8
March	24.3	16.6	21.3	18.6	10.7	17.7	22.5	11.7	18.0
April	23.6	15.8	20.2	17.9	10.5	16.6	21.4	11.9	16.7
May	23.1	15.6	19.8	16.8	11.8	16.4	20.2	13.1	16.3
June	21.8	16.0	18.7	14.5	13.1		18.5	14.8	15.9
July	21.0	18.1	17.4	15.4	15.0		18.6	17.0	14.7
August	20.6	19.5	16.9	14.4	15.2		17.7	17.3	14.1
September	21.7	20.2		15.1	16.6		18.7	18.6	
October	21.3	21.9		15.7	18.2		18.4	19.5	
November	20.5	21.8		14.9	17.9		17.2	18.2	
December	20.0	22.8		14.7	17.8		17.3	17.5	

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

## PERU

The Peruvian economy grew 4% in the first half of 1993, breaking out of its renewed recession of the previous six months. The annualized rate of inflation began to subside in March, reaching 48% in August, in response to the maintenance of fiscal balance and a slow slide in the exchange rate, together with an abundant inflow of foreign resources. At the international level, the formation of the second Support Group, which paved the way for the refinancing of Peru's outstanding debts with the International Monetary Fund (IMF) and the World Bank, represented a major step forward. In quick succession, IMF approved the use of its extended Fund facility (EFF) and negotiations with the Paris Club were concluded.

Nearly all sectors contributed to the upswing in productive activity, which accelerated in the second quarter; outstanding among them was the fishing sector, which expanded 51% in relation to the same period in 1992, recovering from the collapse caused by the climatic phenomenon of El Niño. With the resolution of problems in electric power service and an improved supply of raw materials, manufacturing grew 10%, with a particularly vigorous recovery in the area of raw materials processing. Following the preceding year's contraction, mining expanded 6% owing to increased extraction of petroleum from new wells in the northern forests.

Up to April, the pressure of demand and the seasonal nature of supply pushed monthly inflation higher than the level required to meet the targeted annual rate. The vigorous expansion of liquidity in the initial months of the year (7% in February), coupled with slow recovery, inevitably generated inflationary pressures, which intensified after the failure of attempts to establish price agreements between the Government and entrepreneurs. The seasonal fluctuation of agricultural prices had the same effect, owing to the reduced seasonal supply. To counter these phenomena, the Government raised rates and charges for its enterprises' goods and services by percentages lower than those of inflation, so that, in real terms, fuel prices fell 12%, electricity, 10% and telephone service, 7%. The second-quarter drop in agricultural prices, the sudden decline in the rate of monetary expansion after April and the production sectors' increased supply also helped to curb inflation. Between May and August, the average monthly increase in the consumer price index was 2.5%, bringing accumulated inflation in the first eight months of the year to 30%.

The growth rate of currency issuance slowed down in the first half of the year, from just over 3% in January to less than 1% in July. The variation had its origin primarily in the external sector, as the Central Bank purchased fewer dollars in the second half of the year. Since domestic credit to the public sector fell by 74 million new soles, some two fifths of the issue attributable to the increase in international reserves could be absorbed.

The narrowing of the current-account deficit and a steady stream of foreign capital led to an additional gain in international reserves over the first six months of the year, on the order of US\$ 470 million, although over half of that sum consisted of deposits in the commercial banking system. Towards the end of July, reserves amounted to US\$ 2.47 billion, or the equivalent of six months' worth of merchandise imports.

The value of exports during the first quarter was 2% lower than in the same period of the preceding year. As the real exchange rate was maintained, traditional exports dwindled because of the drop in prices of raw materials, which was only partially offset by the increase in non-traditional exports. Since imports in the first quarter were 10% lower than in the same period of the preceding year, the trade deficit was about US\$ 100 million, or somewhat over half of its level of one year earlier.

The reduction in the Central Bank's purchases of dollars affected neither the stability of the real exchange rate nor the accumulation of reserves, owing in part to the excess foreign currency reserves maintained by the banking system. This behaviour reflects a reluctance to increase loans to enterprises, in view of the severe deterioration in the quality of loan portfolios in recent years.

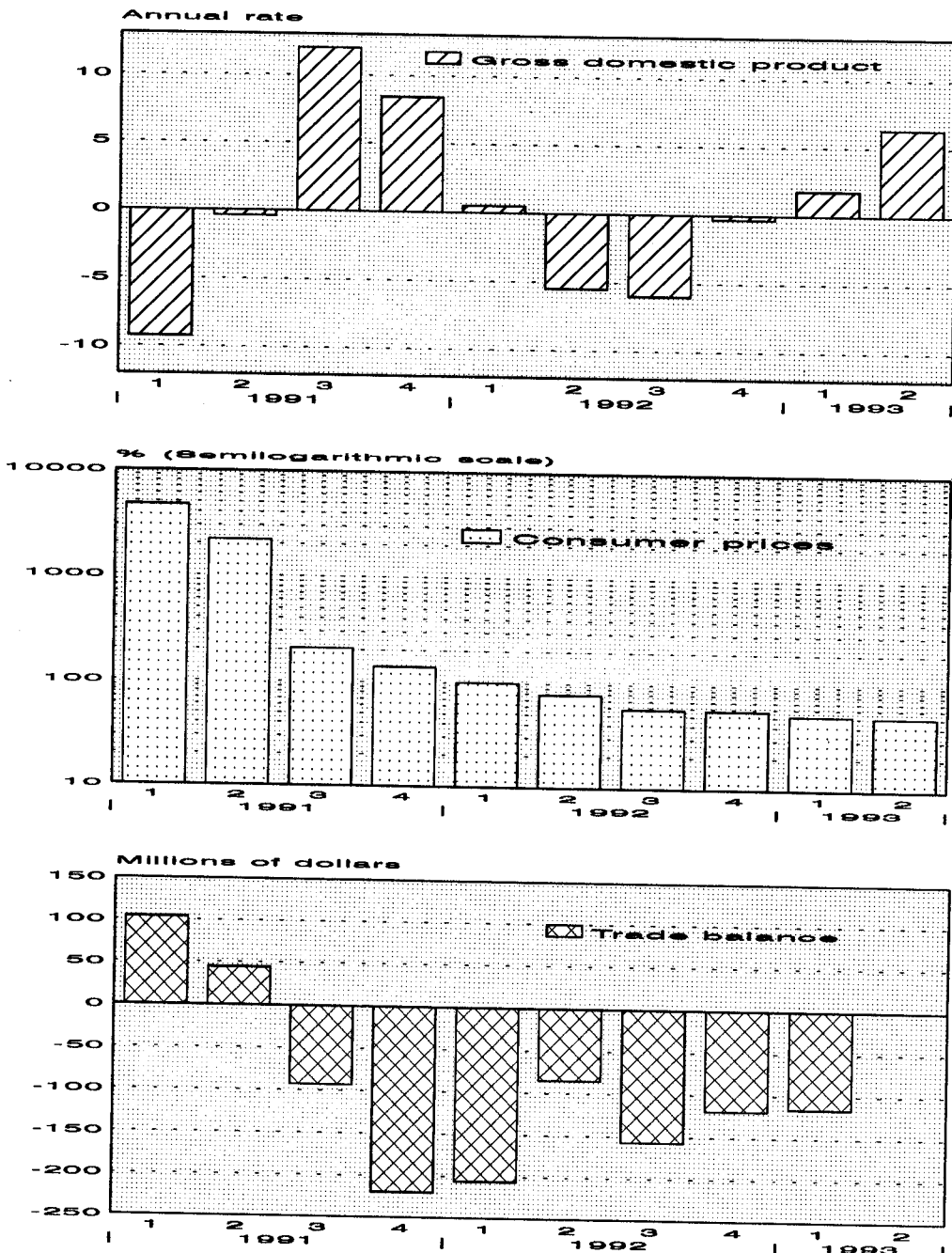
The borrowers' inability to pay was related to exorbitant lending rates. Although rates dropped since the second half of 1992, they remain very high in real terms, with an enormous spread in relation to deposit rates. During the first half of 1993, the annualized lending rate reached an average of 38% in real terms, while the deposit rate was negative. In late April, the Superintendency of Banks and Insurance Companies authorized the intervention of Peru's main non-banking finance company, the Latin American Business Consultancy Centre (CLAE), which, by offering an interest rate much higher than the average bank rate, had amassed the equivalent of US\$ 200 million in time deposits in local and foreign currency.

The current account of the non-financial public sector ran a surplus equivalent to 4% of GDP in the first quarter. After deducting capital outlays, its balance represented 1.8% of GDP, which was half a percentage point higher than the 1992 level. The central Government's current income and expenditure reached levels equivalent to nearly 11% and 8%, respectively, of GDP; thus, the surplus generated in the initial months of the year exceeded the 1992 first-quarter surplus by more than 1% of GDP.

The formation of the second international Support Group for Peru, in which the United States, Japan and Italy took part, enabled the country to raise funds in the amount of US\$ 415 million. Although that figure represented only half of the projected amount, it gave the country access to US\$ 1.4 billion in IMF resources through the extended Fund facility, and allowed it to restructure its arrears with the Fund. Using credits granted by the United States and Japan, Peru brought its outstanding obligations with the World Bank up to date, and was therefore entitled to US\$ 930 million in new credits from that source. Negotiations with the Paris Club were concluded, with an agreement to reschedule Peru's debt with official creditors for 1993-1995. The term of the new debt is 39 months; real debt relief during the consolidation period amounts to US\$ 1.185 billion.

Lastly, in the area of structural reform, the Government has continued its privatization policy. The setting up of five private pension funds began the process of gradually replacing the system run by the Peruvian Social Security Institute. In the meantime, the sale of the State enterprises Centromin (Central Peruvian Mining Enterprise), Mineroperú (Peruvian Mining Enterprise) and PescaPerú (Peruvian National Fishing Enterprise) is under consideration.

Figure 1  
**PERU: QUARTERLY EVOLUTION OF THE MAIN ECONOMIC INDICATORS**



Source: ECLAC, on the basis of official figures.

Table 1  
PERU: GROSS DOMESTIC PRODUCT

	Index August 1990=100 <sup>a</sup>						Rates of variation			
	1992				1993		1993			
	12 months <sup>b</sup>		Year <sup>c</sup>							
	I	II	III	IV	I	II	I	II	I	II
<b>Total</b>	<b>107</b>	<b>106</b>	<b>107</b>	<b>113</b>	<b>109</b>	<b>112</b>	<b>1.8</b>	<b>6.3</b>	<b>-3.4</b>	<b>-0.3</b>
Agriculture	104	97	96	107	103	98	-0.9	1.4	-3.7	-7.9
Fishing	42	46	45	76	60	69	40.5	51.4	-22.1	-9.2
Mining	88	89	90	95	97	94	9.2	5.6	2.2	-0.9
Manufacturing	118	114	115	122	122	125	3.2	9.8	-0.3	2.5
Construction	195	178	187	191	193	202	-0.8	13.2	1.2	5.6
Commerce	110	112	126	122	109	118	-0.8	5.3	-10.7	-3.5
Other	106	108	106	113	107	114	0.7	5.4	-5.8	0.8

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

<sup>a</sup> Quarterly averages, seasonally adjusted. <sup>b</sup> Variation with respect to the same period of the preceding year. <sup>c</sup> Variation with respect to the final quarter of 1992.

Table 2  
PERU: AGRICULTURAL PRODUCTION

	Thousands of tons						Percentage variation <sup>a</sup>		
	1992				1993		1993		
	1992		1993						
	I	II	III	IV	I	II	I	II	III
<b>Crop-farming</b>									
Potatoes	218	497	106	168	230	780	-31.8	5.2	57.1
Rice	97	357	295	79	129	139	1.7	33.2	-61.1
Cotton	12	65	30	1	9	39	-38.8	-25.2	-39.8
Maize	82	151	128	149	86	213	-22.8	5.3	41.4
Sugar	1 125	865	1 428	1 323	1 015	660	-17.6	-9.8	-23.8
Coffee	11	57	16	1	10	57	3.0	-5.5	-1.4
Wheat	2	22	36	13	1	36	-42.4	-52.6	61.8
<b>Stock-raising</b>									
Poultry	78	80	80	83	70	70	9.7	-10.3	-12.3
Beef	26	28	30	27	25	26	1.2	-3.8	-6.8
Pork	18	18	18	18	19	19	6.0	2.8	3.3
Mutton	5	5	5	5	5	5	12.8	-4.3	-6.0
Milk	214	193	179	183	210	203	-2.2	-1.8	5.3
Eggs	26	26	27	27	26	27	-8.8	-0.4	1.1

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

<sup>a</sup> With respect to the same period of the preceding year.

Table 3  
PERU: INDUSTRIAL PRODUCTION

	Index August 1990=100			Percentage variations					
				1992			1993		
	1991	1992	1993	Month	12 Ms. <sup>a</sup>	Year <sup>b</sup>	Month	12 Ms. <sup>a</sup>	Year <sup>b</sup>
January	138.0	133.2	135.0	0.4	-3.5	-3.5	-5.7	1.4	1.4
February	126.5	121.7	119.2	-8.6	-3.8	-3.7	-11.7	-2.1	-0.3
March	128.1	131.4	146.5	8.0	2.6	-1.6	22.9	11.5	3.7
April	137.2	118.3	135.0	-10.0	-13.7	-4.8	-7.8	14.1	6.2
May	143.2	130.7	139.3	10.5	-8.7	-5.6	3.2	6.6	6.2
June	133.3	122.1	132.8	-6.6	-8.4	-6.1	-4.7	8.8	6.7
July	135.2	116.0		-5.0	-14.2	-7.2			
August	129.1	115.2		-0.7	-10.8	-7.7			
September	124.7	117.2		1.7	-6.0	-7.5			
October	134.4	124.0		5.8	-7.7	-7.5			
November	136.4	126.7		2.2	-7.1	-7.5			
December	132.7	143.2		13.0	7.9	-6.2			

Source: ECLAC, on the basis of figures supplied by the Ministry of Industry, National Commerce, Tourism and Integration, Office of Sectoral Statistics.  
<sup>a</sup> With respect to the same month of the preceding year. <sup>b</sup> Variation of the average cumulative index compared with the same period of the preceding year.

Table 4  
PERU: EMPLOYMENT IN THE LIMA METROPOLITAN AREA  
(Index August 1990=100)<sup>a</sup>

	Manufacturing			Commerce			Services		
	1991	1992	1993	1991	1992	1993	1991	1992	1993
I	98.0	89.6	80.0	95.8	80.7	67.4	97.9	85.9	80.7
II	96.4	87.4		93.5	78.9		95.7	84.0	
III	95.3	84.3		89.3	74.2		92.3	82.1	
IV	92.3	81.7		84.7	69.6		89.0	81.0	

Source: ECLAC, on the basis of figures supplied by the Ministry of Labour and Social Welfare, Department of Employment.  
<sup>a</sup> Quarterly averages.

Table 5  
PERU: CONSUMER PRICE INDEX  
(Percentage variations)

	1991			1992			1993		
	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.
January	17.8	17.8	6 932.4	3.5	3.5	110.2	4.8	4.8	58.7
February	9.4	28.9	5 795.1	4.7	8.4	101.2	2.9	7.9	56.0
March	7.7	38.9	4 686.5	7.4	16.5	100.7	4.2	12.5	51.3
April	5.8	47.0	3 589.8	3.2	20.2	95.7	4.4	17.5	53.2
May	7.6	58.2	2 891.0	3.4	24.4	88.0	3.0	21.0	52.6
June	9.3	72.8	2 191.9	3.6	28.8	78.3	1.8	23.2	50.0
July	9.1	88.5	1 431.5	3.5	33.3	69.2	2.7	26.6	48.9
August	7.2	102.1	230.4	2.8	37.1	62.2	2.5	29.8	48.4
September	5.6	113.4	206.6	2.6	40.6	57.7			
October	4.0	121.8	190.7	3.6	45.8	57.2			
November	4.0	130.6	185.3	3.5	50.9	56.6			
December	3.0	139.2	139.2	3.8	56.7	56.7			

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

Table 6  
PERU: REAL SALARIES AND WAGES  
(Index August 1990=100)

	Private sector <sup>a</sup>				Legal minimum wage				
	Salaries		Wages		Indexes		Percentage variations <sup>b</sup>		
	1992	1993 <sup>c</sup>	1992	1993 <sup>c</sup>	1992	1993	1993		
							Month <sup>d</sup>	Year <sup>e</sup>	12 Ms. <sup>f</sup>
January					58.7	70.1	-4.6	19.4	19.4
February	211.1	235.5	241.9	220.4	106.2	68.1	-2.9	-16.2	-35.9
March					98.8	65.3	-4.1	-22.8	-33.9
April	204.4	224.2	230.1	203.3	95.8	62.6	-4.1	-26.0	-34.7
May					92.6	60.7	-3.0	-27.7	-34.4
June	202.9		214.8		89.4	59.6	-1.8	-28.6	-33.3
July					86.4	58.0	-2.7	-29.2	-32.9
August	201.7		206.4		84.1				
September					81.9				
October	211.2		203.7		79.0				
November					76.3				
December	209.0		203.3		73.5				

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

<sup>a</sup> The base was taken as from February 1986, which was when the new methodology for the Survey of Salaries and Wages began to be used.

<sup>b</sup> Of legal minimum wage. <sup>c</sup> Includes a 10% increase enacted by Decree-Law 25 921, which offsets the increase in employee contributions to the National Housing Fund (FONAVI).

<sup>d</sup> With respect to the preceding month. <sup>e</sup> Percentage variation in average cumulative index with respect to the same period of the preceding year.

<sup>f</sup> With respect to the same month of the preceding year.

Table 7  
PERU: EXCHANGE RATE

	Nominal open-market exchange rate (new soles per dollar)			Adjusted real exchange rate <sup>a</sup> (index 1985=100)		
	1991	1992	1993	1991	1992	1993
January	0.54	0.99	1.69	24.1	21.8	24.2
February	0.55	0.97	1.75	22.5	20.5	24.5
March	0.56	0.96	1.83	21.3	18.8	24.7
April	0.63	1.03	1.91	22.7	19.7	24.7
May	0.80	1.14	1.96	26.9	21.0	24.7
June	0.85	1.18	2.00	26.2	21.1	24.7
July	0.82	1.24	2.05	23.2	21.5	24.6
August	0.80	1.29		21.2	21.8	
September	0.80	1.37		20.1	22.7	
October	0.92	1.55		22.3	24.9	
November	1.02	1.62		23.8	25.1	
December	1.01	1.63		22.8	24.4	

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

<sup>a</sup> Index of the nominal exchange rate deflated by the consumer price index and adjusted by the United States consumer price index.

Table 8  
PERU: INTERNATIONAL RESERVES OF THE CENTRAL RESERVE BANK  
(Millions of dollars)

	Net international reserves			Absolute variation in reserves					
	1991	1992	1993	Quarter <sup>a</sup>			Year <sup>b</sup>		
				1991	1992	1993	1991	1992	1993
March	499	1 415	2 163	-32	111	162	-32	111	162
July	754	1 578	2 469	255	163	306	223	274	468
September	944	1 846		190	268		413	542	
December	1 304	2 001		360	155		773	697	

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

<sup>a</sup> With respect to the preceding quarter. <sup>b</sup> With respect to December of the preceding year.

Table 9  
PERU: TRADE BALANCE

	Millions of dollars						Percentage variations <sup>a</sup>				
	Exports FOB		Imports FOB		Trade balance		Exports		Imports		
	Quarter	Year	Quarter	Year	Quarter	Year	Quarter	Year	Quarter	Year	
<b>1991</b>											
I	833	833	729	729	104	104	8.9	8.9	-20.8	-20.8	
II	894	1 727	850	1 579	44	148	18.4	13.6	22.7	-2.2	
III	826	2 553	919	2 498	-93	55	-7.4	5.8	31.3	8.0	
IV	776	3 329	996	3 494	-220	-165	-5.3	3.0	72.6	20.9	
<b>1992</b>											
I	854	854	1 060	1 060	-206	-206	2.5	2.5	45.4	45.4	
II	867	1 721	952	2 012	-85	-291	-3.0	-0.3	12.0	27.4	
III	853	2 574	1 010	3 022	-157	-448	3.3	0.8	9.9	21.0	
IV	910	3 484	1 029	4 051	-119	-567	17.3	4.7	3.3	15.9	
<b>1993</b>											
I	836	836	952	952	-116	-116	-2.1	-2.1	-10.2	-10.2	

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

<sup>a</sup> With respect to the same period of the preceding year.

Table 10  
PERU: EXPORT STRUCTURE, FOB

	Millions of dollars					Percentage variations <sup>a</sup>	
	1992				1993 <sup>b</sup>	1992	1993 <sup>b</sup>
	I	II	III	IV	I	I	
<b>Total</b>	<b>852</b>	<b>865</b>	<b>852</b>	<b>912</b>	<b>835</b>	<b>4.6</b>	<b>-2.0</b>
Traditional	626	622	602	618	564	3.8	-9.9
Mining	403	420	422	403	359	11.8	-10.9
Petroleum and petroleum-products	37	54	47	57	46	15.4	24.3
Agricultural	30	15	44	26	11	-45.2	-63.3
Fishery products	145	118	70	106	116	-6.2	-20.0
Other	11	15	19	26	32	24.6	190.9
Non-traditional	226	243	250	294	271	6.5	19.9

Source: ECLAC, on the basis of figures supplied by the Ministry of the Economy and Finance, Department of Informatics and Statistics, and the Institute of Foreign Trade.

<sup>a</sup> With respect to the same period of the preceding year. <sup>b</sup> Preliminary figures.

Table 11  
PERU: IMPORT STRUCTURE, FOB

	Millions of dollars					Percentage variations <sup>a</sup>	
	1992				1993 <sup>b</sup>	1992	1993 <sup>b</sup>
	I	II	III	IV	I	I	
<b>Total</b>	<b>1 060</b>	<b>952</b>	<b>1 009</b>	<b>1 029</b>	<b>952</b>	<b>15.9</b>	<b>-10.2</b>
Consumer goods	255	223	180	183	197	31.6	-22.7
Inputs	411	404	476	491	440	11.7	7.1
Capital goods	291	276	282	271	270	19.9	-7.2
Miscellaneous and adjustments	103	49	71	84	45	-5.5	-56.3

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

<sup>a</sup> With respect to the same period of the preceding year. <sup>b</sup> Preliminary figures.

Table 12  
PERU: MONETARY AGGREGATES

	Millions of new soles <sup>a</sup>						Percentage variations <sup>b</sup>	
	1982				1993		1993	
	I	II	III	IV	I	II	I	II
Monetary base	899	1 014	1 147	1 350	1 464	1 525	62.8	50.4
Liquidity	4 640	5 320	6 589	7 806	9 422	10 590	103.0	99.1
Local currency	2 024	2 207	2 463	2 842	3 093	3 171	52.9	43.7
Money	944	1 069	1 220	1 583	1 696	1 695	79.6	58.6
Quasi-money	1 079	1 138	1 243	1 260	1 397	1 476	29.4	29.7
Foreign currency	2 617	3 113	4 126	4 964	6 328	7 419	141.8	138.3

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of Peru.  
<sup>a</sup> Figures at end of period. <sup>b</sup> With respect to the same period of the preceding year.

Table 13  
PERU: PUBLIC-SECTOR INCOME AND EXPENDITURE  
(Percentages of GDP)

	1991					1992					1993
	I	II	III	IV	Year	I	II	III	IV	Year	I
I. Current central Government surplus/deficit	-0.5	0.4	0.4	-0.4	-	1.7	1.1	0.4	-0.7	0.5	2.8
1. Current income	9.1	8.3	9.0	9.4	9.0	10.1	9.5	10.5	10.8	10.2	10.8
2. Current expenditure	9.6	7.9	8.6	9.8	9.0	8.4	8.4	10.1	11.5	9.7	8.0
II. Non-financial public sector surplus/deficit	-2.0	-0.1	0.4	-3.7	-1.5	1.3	-0.4	-2.1	-4.6	-1.7	1.8
1. Central Government	-1.7	-0.6	-0.8	-2.3	-1.4	0.8	-0.5	-1.9	-4.0	-1.6	1.4
2. Public enterprises	-1.4	-0.4	0.1	-0.7	-0.5	-	-	-0.3	-	-0.1	-0.2
3. Rest of central Government	1.1	0.9	1.1	-0.7	0.4	0.6	0.1	0.1	-0.6	-	0.6
III. Financing	2.0	0.1	-0.4	3.7	1.5	-1.3	0.4	2.1	4.6	1.7	-1.8
1. Foreign	1.3	1.8	-0.1	4.6	2.1	0.8	0.9	1.3	0.6	0.9	1.5
2. Domestic	0.7	-1.7	-0.3	-0.9	-0.6	-2.1	-0.5	0.8	4.0	0.8	-3.3

Source: Central Reserve Bank of Peru.

Table 14  
PERU: INTEREST RATES<sup>a</sup>

	1992				1993	
	I	II	III	IV	I	II
Real interest rate on loans <sup>b</sup>	48.5	57.8	71.5	45.5	37.1	39.0
Real interest rate on deposits <sup>c</sup>	-6.3	4.5	10.1	-0.6	-5.5	1.4
Dollar equivalent rate on deposits <sup>d</sup>	103.3	-31.6	-13.9	-23.5	-6.8	4.6

Source: Central Reserve Bank of Peru.

<sup>a</sup> Annualized quarterly rates. <sup>b</sup> Average interest rate weighted according to commercial bank loan balances. <sup>c</sup> Rate on 31 to 179-day time deposits. <sup>d</sup> Interest rate on deposits deflated by the market devaluation rate.

## URUGUAY

Inflation continued its gradual slow-down in Uruguay in the first half of 1993, with an annualized rate of consumer price increases of just over 50%. In a context of active domestic demand and widespread use of indexing mechanisms, the slow decline in the price of the dollar, which had been rising at an annual rate of 30% since the middle of the previous year, emerged as the primary anti-inflationary factor. The consequent exchange rate appreciation enlarged the negative balance of merchandise trade; however, tourist income and a flood of foreign capital permitted further increase in international reserves. The slackening-off of Argentine purchases and the channelling of a sizeable share of increased domestic demand to foreign markets practically halved the previous year's vigorous rate of expansion of production.

The slow slide in inflation, which dipped from 59% in 1992 to 54% in the 12 months ending in August, fell far short of the target of 30% established in the financial programme launched at the beginning of the year. Although exchange rate policy continued along earlier lines, with the peso slipping 2% a month in relation to the dollar, persistence in the use of indexing mechanisms assumed greater importance, in a context of private sector uncertainty about the future behaviour of both the exchange rate and the public sector deficit.

During the first half of the year, public sector financial accounts remained relatively balanced. However, the wage increases granted to government employees beginning in May, to partially compensate them for the earlier deterioration in real wages, were seen by economic agents as a relaxation of fiscal policy and an erosion of the priority attached, in the recent past, to the goal of financial equilibrium. In this context, wage adjustments and, consequently, price formation in the private sector continued to be based on past inflation, with the result that price increases actually accelerated in the second quarter, though only slightly. In late June, the Government adopted measures to increase revenues and cut expenditures as a means of reducing the annualized public sector deficit –a requirement for keeping the monetary authority's domestic credit in line with the original programme. These measures, also sought to contain overall demand, which was putting pressure on both prices and imports. In fact, the financial results for the first half of 1993 showed a slight deficit, since the public sector non-financial surplus was similar in magnitude to the para-fiscal deficit. On the one hand, the increased revenues were insufficient to maintain the central Government's surplus, since expenditures grew faster as a result of outlays by the social security system, which was running a severe deficit; despite the wage increase, remuneration declined in real terms. On the other hand, however, the positive balance of public enterprises was higher than the Government's slight imbalance. Lastly, the decrease in interest rates and lower net indebtedness reduced para-fiscal spending.

The drop in inflation continued to be accompanied by a widening relative price spread, which added to the uncertainty of economic agents' calculations. Over the 12 months ending in August, wholesale prices rose by 32%-22% less than the variation in consumer prices. The increase was smaller still in the case of prices for bonded imports (18% in June), because of slower devaluation and lower tariffs. In contrast, the average wage index increased nearly by 60% in the same 12-month period, while its equivalent in dollars rose by over 20%, after having risen by about 15% annually in previous years.

The erosion of the real exchange rate, lower tariffs, high aggregate demand and capital inflows pushed merchandise imports up by 15% in the first half of the year in relation to the same period in 1992; the most notable increases were in consumer and capital goods. Conversely, exports declined by 2% in the same period, owing to the shrinkage (-17%) in sales of traditional goods, which were hurt by the combination of a smaller beef supply and low

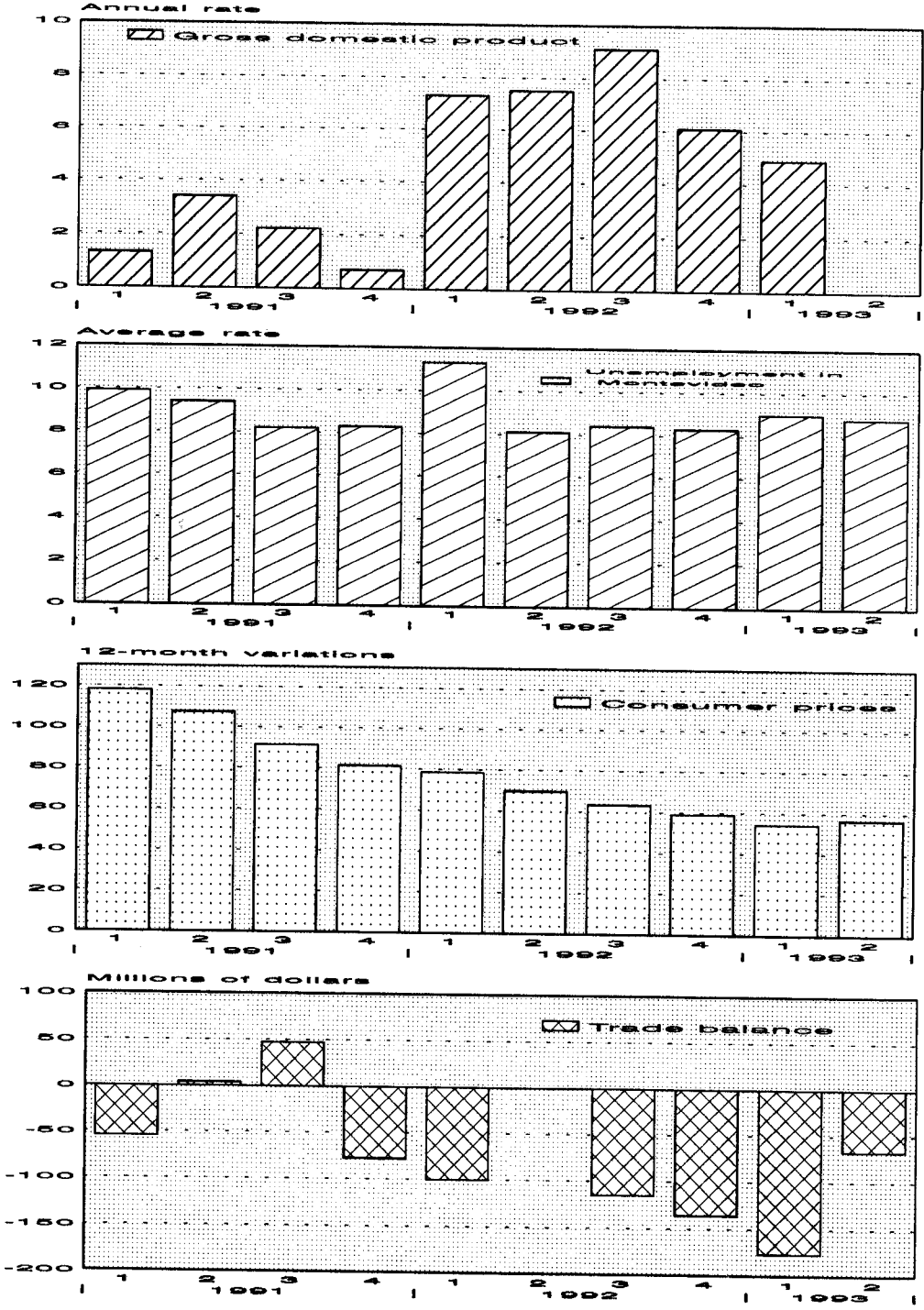
international wool prices. Non-traditional exports, in contrast, rose by 6%. The volume of trade in transportation equipment grew impressively, as exports doubled and imports increased by 50%. The overall deficit of the international merchandise trade balance was double its level for the first half of 1992, reaching some US\$ 250 million or about 2.5% of annual output. Despite this imbalance, the steady stream of external capital had by June boosted the Central Bank's international reserves by US\$ 130 million. The resurgence of Brazilian demand, which had dwindled in 1992, and a solidly competitive position *vis-à-vis* Argentina increased the relative weight of trade within the Southern Common Market (MERCOSUR), which represented 41% of total sales and 45% of total purchases.

The significant monetary expansion resulting from the increase in international reserves was partially offset by a contraction of domestic credit from the Central Bank. Up to June, money creation accelerated rapidly (a seasonally adjusted 48% in the first half of 1993 and 72% in 12 months); in July, however, money (seasonally adjusted) contracted in nominal terms. In the first half of the year, the real decrease in time deposits in local currency reduced the 12-month growth of broad money to 52%, which closely approximated the increase in consumer prices over the same period.

In 1992, demand from Argentina had boosted a number of production sectors and sustained an unexpected increase of over 7% in the level of activity. While overall demand was still shored up by sales to neighbouring countries and tourism, its growth rate tended to level out. Domestic activity, meanwhile, was affected by prolonged labour conflicts. As a result, GDP growth slowed to an annual rate of about 4%, a satisfactory level considering that Uruguay's population increased by about 1%.

As in 1992, commerce, transport and the added value of imported items were the most dynamic factors, followed by agricultural production. Electricity generation suddenly slowed as sales to Argentina plummeted. The manufacturing sector's performance weakened, affected by competition from imports, the closing of an automobile assembly plant and the suspension, for maintenance purposes, of petroleum-refining operations. Reflecting the higher level of overall activity, the average unemployment rate during the period was 9%, nearly one percentage point less than in the same period of the previous year.

Figure 1  
**URUGUAY: QUARTERLY EVOLUTION OF THE MAIN ECONOMIC INDICATORS**



Source: ECLAC, on the basis of official figures.

**Table 1**  
**URUGUAY: GROSS DOMESTIC PRODUCT**  
*(Percentage variations)<sup>a</sup>*

	1992				1993 <sup>b</sup>
	I	II	III	IV	I
<b>Total</b>	<b>7.3</b>	<b>7.5</b>	<b>9.1</b>	<b>6.1</b>	<b>4.9</b>
Agriculture	6.3	11.9	24.8	5.4	3.7
Fishing	5.5	-50.7	-24.4	10.1	11.9
Manufacturing	5.2	4.1	-1.7	-1.0	-1.7
Electricity, gas and water	16.0	40.0	18.0	5.3	0.3
Construction	4.6	2.9	12.0	32.9	34.4
Commerce, restaurants and hotels	10.7	16.5	21.4	11.0	12.7
Transport and communications <sup>c</sup>	2.4	1.7	4.7	7.1	9.1
Other <sup>d</sup>	7.9	3.9	8.9	7.4	4.3

Source: Central Bank of Uruguay.

<sup>a</sup> With respect to the same period of the preceding year.  
services and charge and import duties.

<sup>b</sup> Preliminary figures.

<sup>c</sup> Includes storage.

<sup>d</sup> Includes adjustment for banking

**Table 2**  
**URUGUAY: UNEMPLOYMENT RATE**  
*(Quarterly averages)*

Quarter ending in:	1987	1988	1989	1990	1991	1992	1993
January	9.0	9.9	8.0	7.7	8.4	8.6	8.7
February	8.9	10.3	7.9	8.3	9.0	9.7	8.6
March	9.8	10.2	8.5	9.3	9.9	11.3	9.0
April	10.2	9.8	8.6	9.4	10.3	10.6	8.8
May	9.9	9.4	9.1	9.6	9.5	9.8	9.0
June	9.1	8.8	8.5	8.6	9.4	8.1	8.8
July	9.1	8.3	9.5	8.5	9.1	8.2	8.7
August	8.7	7.8	8.8	9.7	8.9	8.4	
September	8.9	8.5	9.2	9.6	8.2	8.4	
October	8.3	9.5	8.7	10.7	8.5	8.5	
November	8.8	9.8	8.3	9.9	8.5	8.3	
December	9.4	8.9	8.0	9.7	8.3	8.3	

Source: National Institute of Statistics.

Table 3  
URUGUAY: PRICE INDEXES  
(Percentage variations)

	Consumer price index						Wholesale price index					
	1992			1993			1992			1993		
	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.
January	5.2	5.2	78.1	4.0	4.0	57.1	4.4	4.4	64.1	2.1	2.1	43.7
February	2.4	7.8	76.2	3.5	7.6	58.7	3.1	7.6	64.9	2.4	4.6	42.8
March	6.5	14.8	78.8	3.6	11.5	54.3	6.4	14.5	66.0	1.7	6.3	36.4
April	4.1	19.5	79.2	4.1	16.1	54.3	1.5	16.2	66.4	1.0	7.4	35.7
May	4.7	25.1	72.6	4.7	21.6	54.4	4.8	21.8	62.4	3.5	11.2	34.1
June	2.7	28.5	69.9	4.0	26.4	56.4	3.5	26.1	60.5	2.4	13.8	32.6
July	4.5	34.2	70.1	3.0	30.3	54.2	4.5	31.8	60.2	3.9	18.3	31.9
August	4.4	40.1	67.0	4.0	35.5	53.7	3.4	36.3	57.7	3.1	22.0	31.5
September	4.2	45.9	63.4				4.2	42.0	55.8			
October	3.7	51.3	63.3				2.7	45.8	54.8			
November	1.7	53.9	58.6				-0.2	45.5	50.3			
December	3.3	58.9	58.9				0.9	46.9	46.9			

Source: National Institute of Statistics.

Table 4  
URUGUAY: INDEX OF REAL SALARIES AND WAGES

	Index 1985=100 <sup>a</sup>			Percentage variations					
	1991	1992	1993	1992			1993		
				Month	Year <sup>b</sup>	12 Ms. <sup>c</sup>	Month	Year <sup>b</sup>	12 Ms. <sup>c</sup>
January	110.4	114.6	119.6	4.2	3.9	3.9	9.3	4.4	4.4
February	109.2	113.4	116.9	-1.0	3.8	3.8	-2.3	3.7	3.1
March	105.9	109.0	116.2	-3.9	3.5	2.9	-0.6	4.7	6.6
April	102.8	112.2	114.8	2.9	4.9	9.1	-1.2	4.1	2.4
May	109.4	113.2	117.0	0.9	4.6	3.4	1.9	3.9	3.4
June	109.0	112.5	115.1	-0.6	4.3	3.2	-1.6	3.7	2.3
July	106.0	108.2		-3.8	4.0	2.1			
August	106.3	108.8		0.5	3.8	2.4			
September	112.2	111.4		2.4	3.3	-0.8			
October	111.3	109.4		-1.8	2.8	-1.8			
November	112.0	110.7		1.2	2.4	-1.2			
December	110.0	109.5		-1.1	2.2	-0.5			

Source: National Institute of Statistics.

<sup>a</sup> Index of nominal salaries and wages deflated by the consumer price index. <sup>b</sup> Variation in average cumulative index as compared to the same period of the preceding year. <sup>c</sup> With respect to the same month of the preceding year.

Table 5  
URUGUAY: EXCHANGE RATE

	Average official exchange rate (Pesos per dollar) <sup>a</sup>				Adjusted real exchange rate <sup>b</sup> (Index 1985=100)			
	1990	1991	1992	1993	1990	1991	1992	1993
January	0.83	1.63	2.55	3.52	83.1	73.3	66.0	60.1
February	0.88	1.71	2.62	3.59	82.6	74.3	66.6	59.4
March	0.94	1.76	2.73	3.67	80.8	73.1	65.4	58.8
April	1.02	1.84	2.83	3.74	82.2	73.8	65.3	57.6
May	1.09	1.89	2.93	3.81	83.6	70.0	64.6	56.2
June	1.15	1.96	3.01	3.95	81.0	69.7	64.8	56.1
July	1.21	2.03	3.09	4.05	80.8	69.2	63.9	55.8
August	1.25	2.11	3.16	4.05	80.2	67.9	62.9	53.7
September	1.31	2.19	3.24		73.7	66.6	62.1	
October	1.36	2.28	3.32		72.5	66.9	61.5	
November	1.46	2.37	3.38		74.0	66.6	61.7	
December	1.55	2.45	3.46		74.4	66.7	61.0	

Source: ECLAC, on the basis of figures supplied by the Central Bank of Uruguay and the International Monetary Fund, International Financial Statistics.  
<sup>a</sup> One peso equals 1,000 new pesos. <sup>b</sup> Index of the nominal exchange rate deflated by the consumer price index and adjusted by the United States wholesale price index.

Table 6  
URUGUAY: TRADE BALANCE

	Millions of dollars						Percentage variations <sup>a</sup>			
	Exports FOB		Imports CIF		Trade balance		Exports		Imports	
	Month	Year	Month	Year	Month	Year	Month	Year	Month	Year
<b>1992</b>										
January	76	76	122	122	-46	-46	10.8	10.8	-16.3	-16.3
February	116	192	155	277	-39	-85	9.9	10.2	44.6	9.6
March	132	324	147	424	-15	-100	29.2	17.2	87.8	28.1
April	141	465	125	550	16	-84	-10.3	7.3	-16.7	14.1
May	148	613	161	710	-13	-97	8.0	7.4	25.2	16.4
June	146	759	149	859	-3	-100	10.7	8.0	3.9	14.1
July	182	941	184	1 043	-3	-103	-3.0	5.7	30.0	16.6
August	154	1 095	184	1 227	-30	-132	-	4.9	31.7	18.6
September	152	1 247	234	1 461	-82	-215	14.9	6.0	58.5	23.6
October	155	1 401	205	1 667	-51	-265	5.0	5.9	33.6	24.8
November	132	1 533	190	1 857	-58	-324	3.2	5.7	25.3	24.8
December	174	1 707	202	2 059	-28	-351	13.2	6.4	41.8	26.3
<b>1993</b>										
January	71	71	167	167	-96	-96	-6.3	-6.3	36.8	36.8
February	84	155	147	313	-62	-158	-27.4	-19.1	-5.7	13.0
March	157	312	176	489	-19	-177	18.7	-3.7	19.6	15.3
April	138	450	141	630	-3	-180	-2.3	-3.3	12.7	14.7
May	134	584	182	812	-48	-228	-9.4	-4.7	13.4	14.4
June	158	742	174	986	-16	-244	8.2	-2.2	16.6	14.8

Source: Central Bank of Uruguay.  
<sup>a</sup> With respect to the same period of the preceding year.

Table 7  
URUGUAY: EXPORT STRUCTURE  
(Millions of dollars)

	Traditional exports				Non-traditional exports				Percentage variations <sup>a</sup>			
	1992		1993		1992		1993		1992		1993	
	Month	Year	Month	Year	Month	Year	Month	Year	T	NT	T	NT
January	31.5	31.5	28.9	28.9	44.3	44.3	42.1	42.1	10.1	22.4	-8.4	-4.9
February	44.6	76.1	32.5	61.4	71.5	115.8	51.7	93.9	12.9	14.8	-19.3	-19.0
March	53.1	129.2	46.6	108.0	79.2	195.0	110.7	204.6	23.0	18.2	-16.4	4.9
April	42.5	171.7	35.7	143.7	98.8	293.8	101.9	306.5	13.3	6.7	-16.3	4.3
May	46.0	217.7	36.2	179.9	102.0	395.8	97.9	404.4	13.0	6.7	-17.4	2.2
June	45.9	263.6	38.7	218.6	100.1	495.9	118.9	523.3	13.1	7.9	-17.1	5.6
July	45.8	309.4			135.8	631.7			7.7	5.5		
August	46.1	355.5			105.7	737.4			8.4	3.6		
September	42.3	397.8			108.9	846.3			10.6	4.2		
October	33.5	431.3			121.0	967.3			10.0	4.3		
November	33.4	464.7			95.6	1 062.9			8.9	4.2		
December	49.7	514.4			124.7	1 187.6			9.3	5.1		

Source: Central Bank of Uruguay.

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

<sup>a</sup> Cumulative figures with respect to the same period of the preceding year.

Table 8  
URUGUAY: IMPORT STRUCTURE

	Millions of dollars <sup>a</sup>			Percentage variations <sup>b</sup>		
	Intermediate goods	Capital goods	Consumer goods	Intermediate goods	Capital goods	Consumer goods
<b>1992</b>						
I	288	63	74	15.2	69.6	51.0
II	558	122	179	9.0	-11.0	63.4
III	939	211	314	15.7	3.8	80.0
IV	1 244	332	469	13.2	24.6	73.4
<b>1993</b>						
I	269	77	143	-6.4	22.3	92.8

Source: Central Bank of Uruguay.

<sup>a</sup> Cumulative figures for the year.

<sup>b</sup> With respect to the same period of the preceding year.

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

	Amount <sup>a</sup>				Variation in reserves <sup>d</sup>			
	Total		Central Bank		Total		Central Bank	
	1992 <sup>b</sup>	1993 <sup>c</sup>	1992 <sup>b</sup>	1993 <sup>c</sup>	1992 <sup>b</sup>	1993 <sup>c</sup>	1992 <sup>b</sup>	1993 <sup>c</sup>
March	2 963	3 126	827	1 154	258	313	1	208
June	2 861	3 150	953	1 077	156	337	126	131
September	3 044		963		340		137	
December	2 855		979		150		153	
December	2 813 <sup>c</sup>		946 <sup>c</sup>					

Source: Central Bank of Uruguay.

<sup>a</sup> Balance at end of period.

<sup>b</sup> Gold valued at US\$ 283.04 per troy ounce.

<sup>c</sup> Gold valued at US\$ 266.80 per troy ounce.

<sup>d</sup> With respect to

December of the preceding year.

Table 10  
URUGUAY: FISCAL INDICATORS

	Millions of pesos <sup>a</sup>						Percentage variation <sup>b</sup>	
	1992			1993			1993	
	Income	Expen- diture	Balance	Income	Expen- diture	Balance	Income	Expen- diture
March	1 424	1 252	172	2 313	2 036	277	62.4	62.6
June	2 929	2 740	189	4 617	4 536	81	57.6	65.5
September	4 730	4 442	288					
December	6 771	6 654	117					

Source: Central Bank of Uruguay.

<sup>a</sup> Cumulative figures. One peso equals 1,000 new pesos.

<sup>b</sup> With respect to the same period of the preceding year.

Table 11  
URUGUAY: MONETARY AGGREGATES

	M1	DP	M2	DE	M3
	(Millions of pesos) <sup>a</sup>				
<b>1991</b>					
December	1 403	944	2 347	12 074	14 421
<b>1992</b>					
February	1 425	1 052	2 476	13 226	15 702
April	1 467	1 129	2 596	14 412	17 008
June	1 749	1 236	2 985	15 004	17 989
August	1 715	1 287	3 002	16 060	19 062
October	1 855	1 342	3 197	16 746	19 943
December	2 258	1 370	3 628	17 657	21 285
<b>1993</b>					
February	2 464	1 424	3 888	18 560	22 448
April	2 529	1 514	4 043	19 363	23 406
June	3 018	1 514	4 531	20 734	25 265
	(Percentage variations) <sup>b</sup>				
<b>1991</b>					
December	101.7	68.2	86.7	76.7	78.3
<b>1992</b>					
February	107.9	68.0	88.9	67.4	70.4
April	110.2	54.9	81.9	65.5	67.8
June	110.5	57.6	84.8	58.4	62.3
August	104.3	54.2	79.3	54.3	57.8
October	97.4	51.2	75.0	48.6	52.3
December	61.0	45.1	54.6	46.2	47.6
<b>1993</b>					
February	72.9	35.4	57.0	40.3	43.0
April	72.4	34.1	55.8	34.4	37.6
June	72.5	22.5	51.8	38.2	40.4

Source: Central Bank of Uruguay.

Note: M1 = Money supply (currency in circulation plus current account deposit); DP = Time deposits in local currency. M2 = M1 + DP.

DE = Deposits in foreign currency; M3 = M2 + DE.

<sup>a</sup> Balance at end of period. One peso equals 1,000 new pesos.

<sup>b</sup> With respect to the same month of the preceding year.

## VENEZUELA

In the first eight months of 1993, the Venezuelan economy lost its dynamism of the preceding two years, while the investment process came to a virtual standstill. The serious fiscal crisis and pressures on the exchange market prompted the Central Bank to tighten its already stringent monetary policy to avoid excesses that could intensify inflation and the demand for foreign exchange. The slow-down of imports seems to augur a narrowing of the gap in the balance of payments.

Economic activity was affected by the increased tension arising from political and institutional factors. The political crisis that erupted in 1992 resulted in the appointment of a provisional government in May, following the President's suspension from office. Although this step eased political tensions, the provisional nature of the new authorities did nothing to relieve economic uncertainty.

In the first half of the year, especially the second quarter, GDP deteriorated in relation to the same period in 1992. However, a slightly positive growth rate is expected for the year as a whole. This projection is based on the assumption that the petroleum sector will expand by about 2% and that other sectors will grow slightly (2% in the case of agriculture), while manufacturing will stagnate. The expansion of the rest of the economy is expected to slow down considerably. Despite this loss of momentum and personnel cuts in the public sector, private sector employment rose by 4% in the first half of the year, bringing unemployment down to 7% of the workforce by the end of June.

The public sector's acute financial imbalance continued to affect the economy's performance. In 1992, dwindling oil revenues, coupled with inflexible spending levels, had widened the fiscal gap to the equivalent of 6% of GDP. In the first half of 1993, the worsening of the financial imbalance prompted the executive branch to propose a tax reform, which has yet to be adopted. Recently, however, progress was made towards the promulgation of a financing law that authorizes the Government to introduce the value-added tax and a levy on business assets.

The fiscal deficit was financed mainly through the expansion of domestic credit, given the sudden curtailment of multilateral financing. The lifting of the freeze on funds from that source is contingent upon the adoption of measures to reduce the fiscal deficit. Both the privatization programme and the restructuring of public entities have been suspended. An agricultural support programme in the amount of US\$ 1 billion, financed with resources from multilateral lenders, is also virtually paralysed. Despite the political crisis, progress has been made in decentralizing functions to regional governments.

Under a law adopted in late 1992 providing for the autonomy of the Central Bank, monetary management has become the main instrument of stabilization policy. To intensify monetary absorption, in March the Central Bank raised the legal ceiling on deposit rates, thereby widening the range of variation. This was passed on to lending rates, which reached levels close to 30% a year in real terms, while deposit rates offered yields of around 17%. By early in the second half of the year, interest rates had stabilized at lower levels, but remained very high in real terms. Consequently, liquidity contracted so strongly that the money supply shrank in nominal terms over the 12 months ending in June, while broad money ( $M_2$ ) decreased by 8% in real terms over the same period. This trend seems to be moderating in the second half of the year, although it continues to exert a highly restrictive influence.

The interest rate hikes reinforced enterprises' reluctance to seek credit in the domestic financial system. More than a few of them liquidated assets in order to put funds into financial

investments; others opted to finance their activities by obtaining external resources, sometimes with the simultaneous creation of cash guarantees. Some of the most financially sound enterprises even issued securities in dollars. The inflow of external resources swelled the supply of foreign exchange, easing pressure on the exchange market. As a result, the Central Bank's foreign exchange balance ran a deficit in the first quarter but was positive in the second. This supported the Bank's strategy of raising the price of the dollar by 10 to 15 *céntimos* a day, bringing the annualized variation in the nominal exchange rate to 32% by August.

Nevertheless, inflation picked up speed. In the first eight months of 1993, a 25% increase in overall consumer price levels brought the cumulative variation over the 12 months ending in August to 37%, compared to the 33% recorded in late 1992.

Meanwhile, the balance of payments remained negative, though to a somewhat lesser degree than in 1992. The reduction in the current account deficit reflected the erosion of import growth as a result of the economic slow-down. In the first half of the year, imports grew by barely 3%, in contrast to their expansion of over 20% in 1992. Exports, especially those other than petroleum, grew faster than imports; non-oil exports increased by over 20% in the first half of the year. The current account deficit and the reduced inflow of capital, both private and public, along with the decreased indebtedness of *Petróleos de Venezuela* and the postponement of disbursements by multilateral lenders, created a new deficit in the overall balance of payments. Thus, it is estimated that the Central Bank lost some US\$ 350 million in international reserves in the first six months of 1993. However, its reserves amounted to about US\$ 12.65 billion in June and were sufficient to cover one year's worth of merchandise imports.

The Caracas stock exchange remained relatively stable after plummeting early in the year. Trading remained heavy and hit a record high in June, shortly after the appointment of the provisional government.

Table 1  
**VENEZUELA: REAL GROSS DOMESTIC PRODUCT**  
*(Percentage variations)<sup>a</sup>*

	1992					1993	
	I	II	III	IV	Year	I	II
Gross domestic product	13.9	5.7	4.9	3.7	6.8	-1.5	-3.0

Source: Central Bank of Venezuela.

<sup>a</sup> On the basis of figures at constant 1984 prices, with respect to the same period of the preceding year.

Table 2  
**VENEZUELA: PETROLEUM PRODUCTION AND EXPORTS**

	Thousands of barrels per day						Rates of variation <sup>a</sup>			
	Production <sup>b</sup>			Exports <sup>c</sup>			Production		Exports	
	1991	1992	1993	1991	1992	1993	1992	1993	1992	1993
January	2 524	2 487	2 522	1 988	1 971	1 959	-1.5	1.4	-0.9	-0.6
February	2 509	2 397	2 577	2 060	2 054	2 251	-4.5	7.5	-0.3	9.6
March	2 481	2 290	2 557	2 123	2 071	1 974	-7.7	11.7	-2.4	-4.7
April	2 423	2 308	2 542	2 099	1 907	2 009	-4.7	10.1	-9.1	5.3
May	2 453	2 550		1 963	1 868		4.0		-4.8	
June	2 460	2 435		2 146	1 970		-1.0		-8.2	
July	2 475	2 694		2 096	2 095		8.8		0.0	
August	2 491	2 517		2 003	2 194		1.0		9.5	
September	2 499	2 524		2 053	2 070		1.0		0.8	
October	2 509	2 483		2 099	2 262		-1.0		7.8	
November	2 482	2 502		2 261	2 037		0.8		-9.9	
December	2 612	2 540		2 518	2 058		-2.8		-18.3	

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

<sup>a</sup> Thousands of barrels per day. <sup>b</sup> Includes condensates and liquefied petroleum gas (LPG). <sup>c</sup> Includes reffinates.

Table 3  
**VENEZUELA: INDICATORS OF ECONOMIC ACTIVITY**  
*(Monthly averages)*

	1991	1992				1993	
		I	II	III	IV	I	II
Iron ore production <sup>a</sup>	1 768	1 822	1 466	1 429	1 287	1 317	1 426
Aluminium production <sup>a</sup>	50	48	46	46	49	48	48
Steel production <sup>a</sup>	213	230	227	...	...	...	...
Petrochemical production <sup>a</sup>	197	187	159	187	...	...	...
Fertilizer production <sup>a</sup>	88	80	62	65	...	...	...
Cement shipments <sup>b</sup>	8 802	8 348	8 681	11 267	10 262	10 648	10 400

Source: ECLAC, on the basis of figures from the Ministry of Energy and Mines, the Latin American Iron and Steel Institute and Veneconomía, S.A.

<sup>a</sup> Thousands of tons. <sup>b</sup> Thousands of 60-kg bags.

Table 4  
**VENEZUELA: CONSUMER PRICE INDEX**  
*(Percentage variations)<sup>a</sup>*

	1991			1992			1993		
	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.
January	2.5	2.5	36.6	1.3	1.3	29.7	3.0	3.0	34.1
February	1.7	4.2	36.4	2.63	4.0	30.9	2.6	5.7	34.0
March	1.7	6.0	36.2	2.2	6.3	31.5	2.3	8.1	34.2
April	2.8	9.0	36.5	2.2	8.6	30.8	2.8	11.1	34.9
May	2.4	11.6	36.4	2.5	11.3	30.9	2.8	14.2	35.3
June	1.9	13.7	35.2	2.7	14.3	31.9	3.2	17.9	36.0
July	3.1	17.2	34.1	2.9	17.6	31.7	3.1	21.6	36.3
August	2.3	19.9	33.0	2.3	20.3	31.6	3.1	25.3	37.4
September	1.9	22.0	33.5	2.0	22.7	31.8			
October	2.2	24.7	32.7	2.4	25.7	32.1			
November	2.6	28.0	32.4	2.5	28.9	32.0			
December	2.4	31.0	31.0	2.3	31.9	31.9			

Source: BCLAC, on the basis of figures from the Central Bank of Venezuela.  
<sup>a</sup> In the Caracas metropolitan area.

Table 5  
**VENEZUELA: CENTRAL BANK FOREIGN EXCHANGE INFLOWS AND OUTFLOWS**

	Inflows			Outflows				Balance
	Petróleos de Venezuela S.A.	Other <sup>a</sup>	Total	External debt		Other <sup>bc</sup>	Total	
				Public	Private			
1990	16 090	5 226	21 316	5 077	45	11 809	16 931	4 212
1991	18 760	6 171	24 931	3 830	64	18 742	22 636	2 295
1992	10 842	4 686	15 528	3 348	666	12 438	16 452	-924
1993								
I	2 685	1 227	3 912	1 140	175	3 468	4 783	-871
II	2 772	1 649	4 421	530	140	3 177	3 847	574

Source: BCLAC, on the basis of data supplied by the Central Bank of Venezuela.  
<sup>a</sup> Includes receipts from the Venezuelan Investment Fund and short-term financing received by the Central Bank. <sup>b</sup> Includes imports of goods and services, foreign exchange expenditure of Petróleos de Venezuela S.A. and agreements. Excludes imports at the free exchange rate. <sup>c</sup> Includes Central Bank sales of foreign exchange on the free market and, beginning in 1989, amortization of bridge loans received by the Central Bank.

Table 6  
**VENEZUELA: GROSS INTERNATIONAL RESERVES <sup>a</sup>**  
*(Millions of dollars)*

At the end of:	1989	1990	1991	1992	1993
March	6 794	7 481	12 316	13 409	12 020
June	6 464	7 959	12 253	13 490	12 654
September	7 061	8 483	12 777	13 230	
December	7 411	11 759	14 105	13 001	

Source: BCLAC, on the basis of data supplied by the Central Bank of Venezuela and the International Monetary Fund.  
<sup>a</sup> Central Bank reserves. Does not include reserves of the Venezuelan Investment Fund.

Table 7  
VENEZUELA: EXCHANGE RATE

	Bolívares per dollar				Real adjusted exchange rate (Index 1985=100) <sup>a</sup>			
	1990	1991	1992	1993	1990	1991	1992	1993
January	43.4	51.8	62.0	80.2	164.1	151.6	143.6	143.0
February	42.8	53.6	63.8	81.9	159.6	154.5	144.5	142.8
March	43.2	54.2	65.4	83.9	158.9	153.8	145.6	143.6
April	44.8	54.7	64.9	85.3	160.9	151.2	141.6	142.3
May	46.1	55.2	65.3	86.8	162.2	149.5	139.0	141.1
June	46.0	55.5	65.8		158.2	148.0	137.1	
July	49.2	57.9	66.5		163.3	149.9	134.9	
August	49.0	59.5	67.7		159.2	151.0	134.6	
September	48.7	59.4	68.9		157.3	148.6	134.7	
October	49.0	60.0	73.9		154.9	147.1	141.7	
November	50.1	60.2	77.4		154.4	144.3	144.8	
December	50.5	61.2	78.9		150.4	143.3	144.2	

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

<sup>a</sup> Index of the nominal exchange rate deflated by the consumer price index in the Caracas metropolitan area and adjusted by the United States wholesale price index.

Table 8  
VENEZUELA: MONETARY AGGREGATES  
(Percentage variations)<sup>a</sup>

	M1						M2					
	1991		1992		1993		1991		1992		1993	
	Month	12 Ms.	Month	12 Ms.	Month	12 Ms.	Month	12 Ms.	Month	12 Ms.	Month	12 Ms.
January	-1.3	43.6	-5.6	44.7	-9.3	4.1	-1.4	56.7	-2.5	47.9	-2.4	18.5
February	0.6	43.6	-3.1	39.2	4.6	12.4	2.7	55.2	-1.7	41.5	2.5	23.5
March	3.0	41.1	3.0	39.2	-6.0	2.6	3.9	53.1	0.6	37.1	-0.8	21.7
April	3.2	40.2	2.5	38.2	-3.5	-3.4	3.1	54.5	0.5	33.6	2.7	24.5
May	-1.5	41.4	5.1	47.5	6.9	-1.7	4.8	60.1	2.9	31.2	2.7	24.2
June	16.8	61.7	-1.4	24.5	-1.0	-1.3	5.9	66.4	1.6	25.8	-0.6	21.5
July	-1.4	56.4	5.6	33.3			2.2	65.0	3.7	27.6		
August	7.4	64.1	-1.8	21.9			4.5	61.4	3.0	25.8		
September	5.9	71.9	-0.6	14.5			2.5	57.2	0.2	23.0		
October	-1.8	62.7	-3.9	12.2			1.7	53.3	3.5	25.3		
November	9.0	62.5	10.9	14.1			6.6	53.6	3.0	21.0		
December	3.8	51.3	-1.4	8.3			4.7	49.5	2.5	18.4		

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