Bolivarian Republic of Venezuela

1. General trends

The Venezuelan economy exhibited less buoyant growth in 2008 than in previous years: GDP increased 4.8% compared with average annual growth of 9.7% in 2004-2007. The economy slowed down even further in the first quarter of 2009, with GDP increasing just 0.3% with respect to the same period in 2008, and economic activity is projected to stagnate in 2009, with GDP growth at around 0%. Plunging international oil prices have slashed foreign exchange earnings (which are largely dependent on petroleum exports), and heavier restrictions and longer waiting times have been established for the purchase of foreign exchange at the official exchange rate.[1] The government's purchasing power has meanwhile diminished because the exchange rate was kept constant and inflation remained notably high.

In March 2009, the government announced a set of measures to mitigate the effect of the international crisis and the drop in oil prices on the domestic economy. The main measures include: an increase in the VAT rate from 9% to 12% as of 1 April 2009); salary cuts for senior government officials; a reduction in what is designated sumptuous or superfluous spending; a 20% increase in the national minimum wage; the reformulation of the basic premises of the national budget that are linked to oil prices and oil production (average price estimates for the Venezuelan oil basket were revised downwards from US$ 60 to US$ 40 per barrel, and production volumes from 3.5 million to 3.1 million barrels per day); and the expansion of the public debt by 28 billion bolivar fuertes. Despite the public spending cuts, the government announced that there would be no reductions in social expenditure. The official exchange rate remained unchanged at 2.15 bolivar fuertes per dollar.

2. Economic policy

In April 2008, in the framework of the special powers granted to the President under the enabling law, the government announced the nationalization of a large metallurgy firm and of the cement companies operating in the country.[2] On 31 July, the President announced the nationalization of Banco de Venezuela (previously owned by Grupo Santander) and issued 26 decrees with the force of law in the following areas: labour, food production

[1] Despite the plunge in oil prices as of September 2008, the average price for the Venezuelan crude oil basket in 2008 was US$ 86.81 per barrel (up 34.1% from the previous year). Between January and May 2009, the average price slumped 51.4%, compared with the same period in 2008, to US$ 41.4 per barrel.

[2] This law was enacted in January 2007 and remained in force until 31 July 2008.

and supply, defence, economic planning, loans to the agricultural and tourism sectors, and development of what is termed the “popular economy”. In May 2009, an agreement was reached whereby the government bought Banco de Venezuela for US$ 1.05 billion.

Measures to stimulate national production were also adopted, including the continuation of the farm subsidies policy. The organic law for the reordering of the domestic liquid fuels market was passed in October. Intermediation in the supply and transportation of liquid fuels was made the State’s prerogative under this law and subsequently entrusted to Petróleos de Venezuela S.A. (PDVSA), its affiliates and the corresponding service stations.

On 14 March 2009, a law was passed to ban dragnet fishing, and the government confiscated all fishing boats that had not been modified by that date. In that same month, the National Assembly passed a bill to reform the organic law on decentralization, delimitation and the transfer of public-sector competencies, whereby the management of national ports and airports is transferred to government control. In May 2009, the government decreed the nationalization of several metallurgy companies and firms engaged in petroleum-related activities. An edict issued by the central bank established that 70% of national gold production must be sold on the domestic market, and that 60% must be offered to the central bank.

The government continued to supply oil at below-market prices to several countries within the framework of the Bolivarian Alternative for Latin America and the Caribbean, the Petrocaribe energy cooperation agreement, Petrosur, and bilateral agreements signed with a number of countries.

In February 2009, a proposed amendment of the constitution to allow the indefinite re-election of the president was submitted to a popular referendum and approved with 54.3% of the valid votes cast.

(a) Fiscal policy

Fiscal policy continued to be expansive in 2008. In nominal terms, the central government’s total spending rose 37.7% owing to increases in both current expenditure (especially operational spending) and capital expenditure. Current income grew 17.5%, driven by the increase in receipts from oil royalties and the application of the law on the special contribution derived from extraordinary prices in the international hydrocarbon market that was issued in April 2008.[3] Tax revenue growth fell sharply, however, owing to the steep decline of oil prices in the last months of the year, the reduction in the VAT rate implemented in 2007 and the elimination of the tax on bank withdrawals in June 2008. Fiscal income therefore shrank considerably in real terms despite the increase in the tax on cigarettes and alcoholic beverages. As a percentage of GDP, income fell from 28.9% in 2007 to 24.7% in 2008, while spending came in at 25.8% of GDP. The central government therefore posted a primary surplus of 0.1% of GDP and a fiscal deficit of 1.2% of GDP. Results for the first quarter of 2009 show a 14% fall in current revenue, owing to a 35.9% drop in oil revenue. Total spending continued to rise (12.2%).

In May, a joint Chinese-Venezuelan fund was established with US$ 4 billion from the Government of China and US$ 2 billion from the Government of the Bolivarian Republic of Venezuela. In February 2009, the fund’s resources were doubled to US$ 12 billion with each country contributing the same amount as on the first occasion.

(b) Monetary policy

One of the main concerns of monetary authorities was to curb the high rate of inflation, and monetary policy was therefore essentially restrictive until the international crisis unfolded in September 2008. Under this policy, interest rates were kept high, the reserve ratio regarding marginal balances in banks was raised, and the central bank carried out various operations to absorb liquidity from the system. In the fourth quarter of the year, the authorities reversed some of these measures in order to stimulate domestic demand, which had decelerated sharply.

On 1 January 2008, a redenomination of the bolivar took place. Three zeros were cut from the currency unit, which was renamed the “bolivar fuerte” (Bs.F.). The minimum interest rates for savings and time deposits were raised as of 1 May 2008, to 15% and 17%, respectively, and a ceiling of 33% was imposed on credit card interest rates. In 2008, lending rates averaged 22.77%, and borrowing rates averaged 17.13% for time deposits and 15% for savings. At the end of March 2007, the central bank announced a reduction in interest rates. The ceiling for lending rates was lowered from 33% to 31% (for credit card rates as well), and for borrowing, from 15% to 14% in the case of savings and from 17% to 16% in the case of time deposits. Between January and April 2009, lending rates averaged 22.2% and borrowing rates averaged 16.6% in the case of time deposits and 14.6% in the case of savings. At the beginning of 2009, the borrowing rates were lowered to 8% and 9% (from 11% and 12%) and as of April, to 6% and 7%, respectively.

[3] This law stipulates that oil companies must pay a special tax to the State when oil prices rise above US$ 70 per barrel of Brent crude, as follows: 50% of the price difference per barrel of crude when the price is above US$ 70 and 60% when the price is above US$ 100 per barrel. This tax must be paid in foreign exchange, and the proceeds are deposited in the National Development Fund (FONDEN).

The expansion of the monetary aggregates also slowed considerably in 2008. In nominal terms, M2 and M1 increased 26.8% and 26.5%, respectively, between December 2007 and December 2008. Domestic lending to the private sector followed a similar pattern, expanding 26.2% (compared with 73.5% in 2007) as a result of the contraction of commercial credit (by 16.5%) and of consumer credit (by 30%). In March 2009, M2 and M1 rose 2.1% and 2.3%, respectively, in relation to December 2008 (in relation to March 2008, they had risen 31% and 32.5%). Also in March 2009 and in relation to December 2008, domestic lending to the private sector fell by 0.5% (commercial lending shrank by 3.6% and consumer loans increased by barely 3.3%). In comparison with March 2008, however, domestic lending to the private sector was up by 24.2%.

On 30 December 2008, the central bank announced the reduction, from 30% to 27% as of 5 January 2009, of the legal reserve applied to the total amount of the marginal balances of financial institutions. Throughout the year, the preventive measures adopted by the supervisory authorities aimed to regulate structured notes holdings and provisioning based on these assets. The international banking crisis still made itself felt in the country's banking sector, however, and the collapse of Stanford Bank International resulted in the shutdown of its Venezuelan branches by authorities.[4] The institution was subsequently sold to the National Credit Bank in May 2009.

In March 2008, the authorities announced its intention to issue US$ 1.5 billion in structured notes over the course of the year. In April, the government launched a combined offer of US$ 3 billion in international sovereign bonds maturing in 2023 and 2028. These were aimed mainly at local production companies. This bond issue finally went ahead for US$ 4 billion.

Funds continued to be transferred from the central bank's international reserves to the National Development Fund (FONDEN) in 2008 and the first few months of 2009: US$ 1.5 billion were transferred between February and March 2008 and US$ 12.543 billion in January 2009. These transfers and the liquidation of foreign exchange holdings by the Foreign Exchange Administration Commission (CADIVI) meant that the central bank's international reserves stood at US$ 28.819 billion in April 2009 (compared with US$ 42.299 billion in December 2008).[5]

(c) Exchange-rate policy

The exchange rate was kept at 2,150 bolivars per United States dollar in 2008, and the foreign exchange regime and the restrictions on capital outflows in place since 2003 were upheld. A new law on illegal currency transactions was passed on 28 January.

In March 2008, it was established that in order to acquire foreign exchange to import industrial goods, importers would have to obtain certification that national production of the goods in question was either insufficient or nil. On 23 June, companies already registered with CADIVI by 11 June were relieved of the obligation to submit advance requests for foreign exchange purchases of US$ 50,000 or less for the importation of industrial goods.

Nevertheless, due to the drop in oil prices and the steep decline in foreign exchange inflows, it has become increasingly difficult in the last few months of 2008 and during the first half of 2009 to buy foreign exchange on the official market. As a result, it takes more days to obtain foreign exchange, imports have fallen and the amount that people travelling abroad are authorized to spend on their credit cards has been cut. On 31 December 2008, the amount of foreign exchange that could be purchased for travelling abroad was cut from US$5,000 to US$ 2,500. Monthly cash advance limits were also halved, from US$ 500 to US$ 250. The foreign exchange sales authorized by CADIVI fell from a daily average of close to US$ 190 million in 2008 to US$ 117 million in the first quarter of 2009, and the gap between the official and the parallel exchange rate widened to almost 200% in April 2009 as a result.[6]

3. The main variables

(a) Economic activity

The GDP growth figure for 2008 (4.8%) was the result of the marked slowdown in the non-oil sectors (where growth shrank from 9.5% in 2007 to 5.1% in 2008), particularly manufacturing (1.4%), construction (4.2%) and trade (4.7%), and the contraction of the financial institutions and insurance sector (-1.7%). Domestic demand

4 This meant that customers could not withdraw money from their accounts and that the financial institution could not receive new deposits or extend loans.

5 Including resources from the Macroeconomic Stabilization Fund.

6 Throughout 2008, the parallel exchange rate was approximately 80% higher than the official one.

Table 1
BOLIVARIAN REPUBLIC OF VENEZUELA: MAIN ECONOMIC INDICATORS

	2000	2001	2002	2003	2004	2005	2006	2007	2008 [a]
					Annual growth rates [b]				
Gross domestic product	3.7	3.4	-8.9	-7.8	18.3	10.3	9.9	8.9	4.8
Per capita gross domestic product	1.8	1.5	-10.5	-9.4	16.2	8.4	8.0	7.1	3.1
Gross domestic product, by sector									
Agriculture, hunting, forestry and fishing	6.5	2.0	-0.8	-1.3	4.4	9.8	1.0	3.1	5.6
Mining and quarrying	2.4	2.6	-12.9	-0.3	9.6	2.8	-1.9	-4.0	2.7
Manufacturing	4.8	0.3	-13.7	-7.4	23.9	6.0	7.3	7.1	1.5
Electricity, gas and water	4.7	4.8	2.1	-0.5	8.5	11.2	4.9	3.2	4.5
Construction	4.0	13.5	-8.4	-39.5	25.1	20.0	30.6	17.7	4.2
Wholesale and retail commerce, restaurants and hotels [c]	4.8	4.2	-12.4	-9.8	28.1	21.5	15.6	18.5	4.8
Transport, storage and communications	7.6	2.8	-4.4	-6.5	18.7	18.4	18.9	14.6	11.5
Financial institutions, insurance, real estate and business services	0.5	3.4	-3.1	-3.3	15.9	13.9	18.3	8.8	1.1
Community, social and personal services	2.2	2.4	-0.2	3.4	10.6	8.1	6.9	7.5	6.4
Gross domestic product, by type of expenditure									
Final consumption expenditure	4.6	6.2	-6.2	-2.3	15.2	14.6	14.3	17.5	6.8
Government consumption	4.2	6.9	-2.5	5.7	14.2	10.7	9.6	2.3	5.7
Private consumption	4.7	6.0	-7.1	-4.3	15.4	15.7	15.5	21.2	7.1
Gross domestic investment	6.7	13.6	-34.0	-35.5	91.3	30.5	36.3	22.2	2.9
Exports (goods and services)	5.8	-3.5	-4.0	-10.4	13.7	3.8	-3.0	-7.0	-2.8
Imports (goods and services)	12.4	14.1	-25.2	-20.9	57.7	35.2	34.8	29.9	3.8
					Percentages of GDP				
Investment and saving [d]									
Gross domestic investment	24.2	27.5	21.2	15.2	21.8	23.0	25.3	28.0	24.5
National saving	34.3	29.1	29.3	29.3	35.6	40.5	40.0	36.7	37.0
External saving	-10.1	-1.6	-8.2	-14.1	-13.8	-17.5	-14.7	-8.8	-12.5
					Millions of dollars				
Balance of payments									
Current account balance	11 853	1 983	7 599	11 796	15 519	25 447	27 149	20 001	39 202
Goods balance	16 664	7 456	13 421	16 747	22 647	31 708	32 712	23 702	45 447
Exports, f.o.b.	33 529	26 667	26 781	27 230	39 668	55 716	65 210	69 165	93 542
Imports, f.o.b.	16 865	19 211	13 360	10 483	17 021	24 008	32 498	45 463	48 095
Services trade balance	-3 253	-3 305	-2 909	-2 634	-3 383	-3 997	-4 433	-5 851	-6 397
Income balance	-1 388	-2 020	-2 756	-2 337	-3 673	-2 202	-1 092	2 565	707
Net current transfers	-170	-148	-157	20	-72	-62	-38	-415	-555
Capital and financial balance [e]	-5 895	-3 812	-12 027	-6 342	-13 619	-19 993	-22 011	-25 743	-29 927
Net foreign direct investment	4 180	3 479	-244	722	864	1 422	-2 666	-1 591	-1 041
Other capital movements	-10 075	-7 291	-11 783	-7 064	-14 483	-21 415	-19 345	-24 152	-28 886
Overall balance	5 958	-1 829	-4 428	5 454	1 900	5 454	5 138	-5 742	9 275
Variation in reserve assets [f]	-5 449	2 027	4 428	-5 454	-1 900	-5 454	-5 138	5 742	-9 275
Other financing	-508	-198	0	0	0	0	0	0	0
Other external-sector indicators									
Real effective exchange rate (index: 2000=100) [g]	100.0	101.4	118.4	150.5	152.5	134.1	128.3	127.0	115.9
Terms of trade for goods (index: 2000=100)	100.0	82.2	87.6	98.7	118.1	154.4	184.4	202.1	249.5
Net resource transfer (millions of dollars)	-7 792	-6 030	-14 783	-8 679	-17 292	-22 195	-23 103	-23 178	-29 220
Total gross external debt (millions of dollars)	36 437	35 398	35 460	40 456	43 679	46 427	44 952	52 949	46 360
					Average annual rates				
Employment									
Labour force participation rate [h]	64.6	66.5	68.7	69.2	68.5	66.3	65.4	64.9	64.7
Open unemployment rate [i]	13.9	13.3	15.8	18.0	15.3	12.4	10.0	8.4	7.4
Informal sector [j]	53.0	50.3	51.0	52.6	49.8	47.3	...	...	...
Prices					**Annual percentages**				
Variation in consumer prices (December-December)	13.4	12.3	31.2	27.1	19.2	14.4	17.0	22.5	31.9
Variation in wholesale prices (December-December)	15.8	10.2	49.4	48.4	23.1	14.2	15.9	17.2	32.4
Variation in nominal exchange rate (annual average)	12.3	6.4	60.4	38.4	17.7	10.5	2.7	0.0	-0.0
Variation in average real wage	4.0	6.9	-11.0	-17.6	0.2	2.6	5.1	1.2	-4.2
Nominal deposit rate [k]	14.9	14.7	28.8	17.2	12.6	11.7	10.1	10.6	16.0
Nominal lending rate [l]	24.5	24.8	38.4	25.7	17.3	15.6	14.6	16.7	22.8

Table 1 (concluded)

	2000	2001	2002	2003	2004	2005	2006	2007	2008 [a]
	Percentages of GDP								
Central government									
Total income	20.2	20.8	22.2	23.4	24.0	27.5	29.6	28.9	24.7
Tax income	12.9	11.4	10.6	11.3	12.7	15.3	15.6	16.1	13.5
Total expenditure [m]	21.8	25.1	26.1	27.8	25.9	25.9	29.6	25.8	25.8
Current expenditure	18.1	20.3	20.3	22.1	20.4	19.6	22.5	19.9	19.9
Interest	2.5	2.9	4.6	4.7	3.7	2.9	2.1	1.5	1.3
Capital expenditure	3.3	4.4	5.1	5.5	5.0	5.8	6.7	5.8	5.8
Primary balance	0.9	-1.5	0.6	0.3	1.8	4.6	2.1	4.5	0.1
Overall balance	-1.7	-4.4	-4.0	-4.4	-1.9	1.6	0.0	3.0	-1.2
Central-government debt	26.8	30.4	42.4	46.3	38.1	32.8	23.9	19.3	14.0
Domestic	9.0	12.4	15.1	17.8	14.0	11.0	9.1	7.4	4.5
External	17.8	18.0	27.3	28.4	24.2	21.7	14.8	12.0	9.5
Money and credit [n]									
Domestic credit	15.6	15.9	15.0	18.9	19.1	20.8	...	...	...
To the public sector	3.3	3.3	4.1	4.0	4.5	3.3	...	...	...
To the private sector	10.5	11.6	9.6	8.6	10.7	12.7	...	...	...
Others	1.8	1.0	1.3	6.3	3.9	4.7	...	...	...
Liquidity (M3)	20.4	19.1	18.2	23.0	21.8	23.3	30.3	31.3	28.8

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Preliminary figures.
[b] Based on figures in local currency at constant 1997 prices.
[c] As of 2005 does not include restaurant and hotel activities, which are included in total GDP.
[d] Based on figures in local currency expressed in dollars at current prices.
[e] Includes errors and omissions.
[f] A minus sign (-) denotes an increase in reserves.
[g] Annual average, weighted by the value of goods exports and imports.
[h] Economically active population as a percentage of the working-age population, nationwide total.
[i] Percentage of the economically active population, nationwide total.
[j] Population employed in the informal sector as a percentage of the employed population.
[k] 90-day deposits.
[l] Average lending rate of the country's six major commercial and universal banks.
[m] Includes extraordinary expenditure and net lending.
[n] The monetary figures are end-of-year stocks.

fell in 2008 as a result of the 2.4% drop in gross fixed capital formation and less buoyant private consumption (7.1% compared with 18.7% in 2007). Export volumes continued to decline, this time by 2.8%, while import volumes rose by 2.8%, compared with increases of over 30% between 2004 and 2007.

In the first quarter of 2009, GDP grew by 0.3% in relation to the same period in 2008, oil sector activity was down by 4.8%, and non-oil activities increased by 1.3% thanks to growth in communications (9.2%), construction (3.6%), electricity and water (3.7%) and communal and personal services (4.6%). In terms of aggregate demand, growth in private- and public-sector consumption contracted sharply, by 1.4% and 1.9%, respectively, as did external demand. The volume of goods and service exports shrank by 16.6%, while import volumes rose by 3.6%, reflecting the 11.6% increase in gross fixed capital formation.

(b) Prices, wages and employment

In January 2008, the central bank, together with the National Statistical Institute, began to publish a national consumer price index (NCPI). This index varied 30.9% over the year, fuelled mainly by the rise in prices for food and beverages, restaurants and hotels, health services and household goods.[7] Between January and April 2009, the NCPI climbed 6.7% with respect to December 2008, while between April 2008 and April 2009, it accumulated an increase of 26%.[8] Although price controls were imposed on a wide range of goods and services, non-compliance has been on the rise, particularly in non-food segments. In order to boost the food supply available to the population at large, in March 2009, the government set a minimum production quota for 12 items in the basic basket (edible oil, sugar, coffee, tomato sauce, cheese, milk, flour, rice and potatoes), which must be sold at the government-established prices.

7 In 2008, the consumer price index for the metropolitan area of Caracas rose 31.9%. In the first four months of 2009, the consumer price index was up 7.8% on December 2008, having risen 29.4% between April 2008 and April 2009.

8 Core inflation rose 33.8% over 2008 and 11.6% in the first four months of 2009 (33.4% in the twelve months up to April 2009).

Table 2
BOLIVARIAN REPUBLIC OF VENEZUELA: MAIN QUARTERLY INDICATORS

	2007				2008 [a]				2009 [a]	
	I	II	III	IV	I	II	III	IV	I	II
Gross domestic product (variation from same quarter of preceding year) [b]	8.8	7.6	8.6	8.5	5.0	7.3	4.1	3.2	0.3	...
Goods exports, f.o.b. (millions of dollars)	16 820	13 927	18 810	19 608	22 084	29 703	31 151	10 604	9 829	...
Goods imports, f.o.b. (millions of dollars)	9 242	9 959	12 528	13 734	11 091	11 035	12 135	14 328	11 271	...
Gross international reserves (millions of dollars)	32 299	25 213	29 954	34 286	31 946	34 335	39 206	43 127	28 992	30 167
Real effective exchange rate (index: 2000=100) [c]	121.5	121.5	118.6	112.6	105.3	101.8	95.8	83.3	77.2	75.1 [d]
Unemployment rate	10.3	8.4	8.5	6.7	8.5	7.5	7.2	6.3	8.1	...
Consumer prices (12-month percentage variation)	18.5	19.4	15.3	22.5	29.1	32.2	36.0	31.9	28.5	27.4
Average nominal exchange rate (bolívares per dollar)	2 147	2 147	2 147	2 147	2 147	2 147	2 147	2 147	2 147	2 147
Average real wage (variation from same quarter of preceding year)	-3.6	2.1	1.8	4.6	-3.4	-2.3	-3.5	-8.9	-5.4	...
Nominal interest rates (annualized percentages)										
Deposit rate [e]	1.7	2.0	2.3	3.0	2.9	2.8	2.5	4.6	4.3	4.0
Lending rate [f]	15.4	15.6	16.4	19.5	23.0	23.0	22.9	22.5	22.5	21.1
Sovereign bond spread (basis points) [g]	212	341	398	506	638	591	930	1 862	1 567	1 302
Stock price index (national index to end of period, 31 December 2000=100)	717	582	546	555	514	546	556	514	640	653
Non-performing loans as a percentage of total credit	1.0	1.1	1.3	1.2	1.5	1.7	2.0	1.8	2.2	2.4 [h]

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Preliminary figures.
[b] Based on figures in local currency at constant 1997 prices.
[c] Quarterly average, weighted by the value of goods exports and imports.
[d] Data to May.
[e] 90-day deposits.
[f] Average lending rate of the country's six major commercial and universal banks.
[g] Measured by JP Morgan's EMBI+ index.
[h] Data to April.

Meanwhile, the wholesale price index accumulated an increase of 32.4% in 2008 (36.7% for national products and 17.1% for imports). In April 2009, the wholesale price index was 31% higher than in April 2008 (33.2% for national products and 23.4% for imports).

The general wage index was on average 25% higher than in 2007 (23.7% in the case of private-sector wages and 27.6% in the case of public-sector wages). In the first quarter of 2009, and in relation to the first quarter of 2008, this index was up by 22.6% (24.3% and 19.4% in the private and public sectors, respectively, reflecting the contraction of public expenditure). Both public-sector wages and the minimum wage were raised by 30% as from 1 May 2008. In March 2009, the government announced another, two-step increase in the minimum wage: 10% as of 1 May and another 10% as of 1 September.

The average unemployment rate was 7.8% in 2008 (compared with 9.3% in 2007) and climbed to 8.3% in the first three months of 2009. The largest number of new jobs were created in the public sector in 2008.

(c) The external sector

Goods exports swelled by 35.2% in 2008 on the back of high international oil prices, while imports grew by only 5.8%, reflecting the decline in domestic demand and the greater restrictions imposed on vehicle imports and on radio, television and communications equipment imports. The trade balance thus expanded to US$ 45.447 billion, which translated into an increase in the current account surplus equivalent to 12.6% of GDP (compared with 8.8% in 2007). In the first quarter of 2009, exports fell by 55.5%, while imports grew by 6.4%, on account of the increase in capital goods imports (22.2%), and in capital goods imports by the public sector in particular (78.9%), as well as the rise in intermediate consumer goods imports (9.6%). The current account therefore posted a deficit of US$ 3.533 billion in the first quarter of the year.

The country's external debt was US$ 48.615 billion in the first quarter of 2009, compared with US$ 46.360 billion in 2008 and US$ 52.949 billion in 2007. As a percentage of GDP, total external debt fell from 23.2% in 2007 to 14.8% in 2008.