

October 1989

# WORLD ECONOMIC OUTLOOK

A Survey by the Staff of the  
International Monetary Fund

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WORLD ECONOMIC AND FINANCIAL SURVEYS

October 1989

# WORLD ECONOMIC OUTLOOK

A Survey by the Staff of the  
International Monetary Fund

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## Preface

The projections and analysis contained in the *World Economic Outlook* are the product of a comprehensive interdepartmental review of world economic developments by the staff of the International Monetary Fund. This review is carried out biannually and draws on the information the Fund staff gathers through its regular and special consultations with member countries as well as through its econometric modeling techniques. The project is coordinated in the Research Department and draws on the specialized contributions of staff members in the Fund's five Area Departments, together with those of staff in the Exchange and Trade Relations and Fiscal Affairs Departments. The *World Economic Outlook* has been published annually since 1980 and biannually since 1984.

An earlier version of the material in this report was the basis for a discussion of the world economic outlook by the Fund's Executive Board on September 6 and 8, 1989. The current version benefits from comments by Executive Directors. However, the descriptions of developments and policies that the report contains, as well as the projections for individual countries, are those of the Fund staff and should not be attributed to Executive Directors or their national authorities.

## Conventions and Symbols

A number of standard conventions have been employed in arriving at the projections in the report. It has been assumed that the average real exchange rates for the major currencies of a recent period (the four weeks ending August 8, 1989) will prevail through the end of the forecast period; that "present" policies of national authorities will be maintained; and that the average price of oil will be \$16 a barrel in 1989 and \$16.35 in 1990. These are, of course, working assumptions rather than forecasts, and the uncertainties surrounding them add to the margins of error that would in any event be involved in the report's projections. The estimates and projections themselves are based on statistical information available on or before September 12, 1989.

The following symbols have been used throughout this report:

- . . . to indicate that data are not available;
- to indicate that the figure is zero or less than half the final digit shown, or that the item does not exist;
- between years or months (e.g., 1988-89 or January-June) to indicate the years or months covered, including the beginning and ending years or months;
- / between years or months (e.g., 1988/89) to indicate a crop or fiscal (financial) year.

"Billion" means a thousand million.

Minor discrepancies between constituent figures and totals are due to rounding.

\* \* \*

It should be noted that the term "country" used in this report does not in all cases refer to a territorial entity that is a state as understood by international law and practice. The terms also cover some territorial entities that are not states but for which statistical data are maintained and provided internationally on a separate and independent basis.



## Introduction

# World Economic Outlook—Prospects and Policy Issues

After two years of very rapid growth in 1987 and 1988, there are now signs that the economic expansion in the industrial countries is moderating to more sustainable rates. Inflationary pressures have built up over the last year, reflecting high levels of resource utilization as well as certain temporary factors, but monetary conditions have been tightened substantially, and while the risk of a dangerous acceleration of inflation still exists, it appears to have diminished somewhat. Growth has also been strong in many developing countries, particularly the exporters of manufactures, owing partly to the rapid expansion of world trade. However, performance has been less satisfactory in three important areas: the pace of external adjustment among the largest industrial countries appears to have slowed over the past year; unemployment has remained high in some European countries; and economic activity continues to be weak in most of the heavily indebted developing countries and in the low-income countries of Africa.

In the industrial countries, a continued moderation of output growth is expected in the second half of 1989 and in 1990, but the economic expansion is nevertheless expected to be sustained at an acceptable pace. At the same time, inflationary pressures would diminish gradually. These projections assume the continuation of a firm anti-inflationary policy stance. If the projected slowdown in demand does not materialize—for example, as a result of a premature easing of monetary conditions—an intensification of price pressures could not be ruled out given the prevailing high levels of resource utilization. In that situation, a more substantial tightening of monetary conditions would be required at some stage, with adverse consequences for interest rates, economic activity, and employment. At this juncture, the possibility that the ongoing moderation of growth would turn into a pronounced cyclical downturn seems unlikely given the absence of major cyclical imbalances—such as a large inventory overhang or an erosion of profit margins—that typically emerge prior to a recession.

The prospect of sizable and persistent current account imbalances among the three largest industrial countries continues to cloud the medium-term outlook.

Indeed, in the next few years the pattern of demand and output growth among these countries is not expected to develop in a direction that is conducive to a further reduction of external imbalances. To diminish the risks associated with a continued build up of external assets and liabilities and to strengthen the credibility of the policy coordination process, both deficit and surplus countries need to contribute to bringing the external adjustment process back on track.

In the major deficit countries, the current high rates of capacity utilization provide favorable conditions under which to reduce further fiscal deficits and implement structural reform measures. The Canadian authorities recently have announced significant steps to tackle their large fiscal imbalance and the federal deficit of the United States has been reduced somewhat; but further deficit reduction measures will be needed in these countries, and a major effort is now required to tackle the large fiscal imbalance of Italy. Action to strengthen public finances in these countries would raise national saving, make room for an improvement in the foreign balance, and reduce upward pressure on inflation and interest rates. In the structural area, the countries with external deficits, including the United Kingdom, need to devote special attention to removing distortions that affect private saving and investment decisions.

There is also an urgent need for a more determined effort to address structural distortions in Japan, the Federal Republic of Germany, and other surplus countries. Such distortions hinder efficiency by insulating certain sectors from market forces. Implementation of structural reforms would help to enhance potential output growth, dampen inflationary pressures, facilitate external adjustment, and reduce unemployment. Macroeconomic policies in these countries should continue to sustain adequate growth of domestic demand consistent with the objective of keeping inflation under control. The current buoyancy of demand suggests that an expansionary shift in macroeconomic policies is not warranted at present, but these countries should be prepared to take timely steps should the need arise.

The need to restore adequate growth in the devel-

oping countries with debt-servicing problems remains particularly urgent. After close to a decade of unsatisfactory economic performance, it is clear that considerable additional efforts are required by the indebted countries themselves, as well as by the international community. The maintenance of satisfactory growth in the industrial countries remains a crucial requirement for the success of the debt strategy, and it has been a major contributor to the reduction of the debt burden of some countries in the past few years. Also, to enable the developing countries to expand their exports and strengthen their debt-servicing capacity, the industrial countries have a major responsibility—shared by the developing countries themselves—of reversing the recent rise in protectionist barriers, resisting the trend toward managed trade, and moving decisively to reduce existing trade restrictions on a multilateral basis. Moreover, there is a need to reinforce recent steps taken by official creditors to address the continuing poor economic performance of low-income indebted countries. Many of these countries, especially those in sub-Saharan Africa, are projected to experience further declines in their already depressed standards of living, reflecting fundamental structural deficiencies, and in spite of substantial inward resource transfers.

Two elements of the debt strategy that have been particularly problematic are the efforts to improve economic performance in the indebted countries through more appropriate fiscal, monetary, and structural policies, and the need to lower the net outward transfer of resources, particularly from the middle-income

debtors. The strengthening of the debt strategy that has taken place since the beginning of 1989 is based on the recognition of the complex links that exist between the developing countries' debt-servicing capacity, their overall debt burden, and the incentives for consumers and investors to increase saving and capital formation. Together with an adequate flow of new lending from commercial and official creditors, the growing importance of debt and debt-service reduction in the menu of options should help to promote growth by increasing the availability of resources in debt-problem countries. At the same time, it is important to realize that debt reduction is no panacea and that strong adjustment measures remain the key to fundamental improvements in economic performance.

This report is organized as follows. Chapter I reviews recent developments in the world economy and presents the Fund staff's projections for 1989 and 1990. Chapter II presents the medium-term outlook for the industrial countries and examines a number of alternative medium- and long-term scenarios, and Chapter III discusses major policy issues in the industrial countries. Chapter IV presents the medium-term baseline scenario for developing countries and analyzes the conditions required to restore adequate growth.<sup>1</sup>

<sup>1</sup> Beginning with this issue of the *World Economic Outlook*, Greece and Portugal have been classified as industrial countries. The aggregate indicators in this *World Economic Outlook* are therefore not strictly comparable with those shown in previous reports.



## Chapter I

# Current Situation and Short-Term Prospects

### Economic Activity

*Industrial countries.* The staff's projections envisage a continuation of the recovery that began late in 1982, one of the longest on record. However, these projections point to a gradual moderation in the pace of expansion in the industrial countries during 1989 and 1990, following two years of rapid growth (Tables 1 and 2 and Chart 1). Real GNP is projected to rise by 3½ percent in 1989 and by nearly 3 percent in 1990, compared with almost 4½ percent in 1988. The average annual growth rate for 1989-90 would be broadly in line with estimates of the underlying rate of growth of potential output.

In the *United States* real GNP growth accelerated from 3¼ percent in 1987 to 5 percent in 1988 and is expected to fall to about 2¼ percent in 1989.<sup>2</sup> The expansion of domestic demand slowed significantly during 1988 and early in 1989, as the tightening of monetary conditions since the beginning of 1988 began to affect interest-sensitive components of expenditure. Real net exports, which weakened in the second half of 1988, have strengthened since the turn of the year. However, the tendency toward domestically-based growth is expected to continue this year and in 1990. After boosting GNP growth by a full percentage point in 1988, net exports are likely to raise the growth of real GNP by only ½ of 1 percentage point in 1989, and to lower output growth by about ¼ of 1 percentage point in 1990.

In *Japan*, growth remained very strong early in 1989 but it is expected to moderate to a more sustainable pace during the balance of the year. The expansion of domestic demand is expected to decelerate, although it would remain relatively strong; the negative contribution from the external sector is likely to decline this year, and to be partly reversed in 1990. Following particularly buoyant growth in 1988, when real GNP rose by about 5¼ percent, output is projected to continue growing at a relatively rapid pace—5 percent in 1989

<sup>2</sup> These estimates are adjusted for the impact of the drought in 1988. Before adjustment, the growth of real GNP was 4.4 percent in 1988 and is projected at 2.9 percent in 1989.

and 4¼ percent in 1990. Business investment would provide the main impetus, increasing by 15 percent this year—almost as much as in 1988—before slowing in 1990. Following fluctuations in the first half of 1989 resulting from the effects of a new consumption tax, private consumption is expected to grow at an annual rate of about 4¼ percent through the end of 1990.

In the *European Community* growth is also projected to moderate, from 3¼ percent in 1988 to about 3½ percent in 1989 and to 3 percent in 1990. The slowdown would reflect initially a weakening of consumption; the growth of business investment would

**Table 1. Comparison of Current Estimates with April 1989 World Economic Outlook Projections**

(Annual changes in percent, unless otherwise noted)

|   | Current Estimates |       |      |      | Differences from April 1989 Estimates |      |
|---|-------------------|-------|------|------|---------------------------------------|------|
|   | 1987              | 1988  | 1989 | 1990 | 1989                                  | 1990 |
| <b>World output</b>   | 3.3               | 4.0   | 3.1  | 2.9  | -0.2                                  | -0.3 |
| Industrial countries  | 3.5               | 4.4   | 3.5  | 2.9  | 0.2                                   | —    |
| Developing countries  | 3.6               | 4.2   | 3.2  | 4.0  | -0.1                                  | -0.2 |
| Fuel exporters  | -0.2              | 2.5   | 2.6  | 3.3  | 0.3                                   | 0.4  |
| Non-fuel exporters  | 5.3               | 4.9   | 3.3  | 4.2  | -0.4                                  | -0.5 |
| Other countries <sup>1</sup>  | 2.0               | 2.2   | 1.7  | 1.8  | -1.6                                  | -1.5 |
| <b>World trade</b>  |                   |       |      |      |                                       |      |
| Volume  | 6.6               | 9.0   | 6.9  | 5.7  | 1.1                                   | -0.3 |
| Export prices of non-oil commodities (in U.S. dollars) <sup>2</sup> | 3.4               | 18.2  | -1.7 | -8.0 | -3.2                                  | -2.2 |
| Oil prices (in U.S. dollars) <sup>2,3</sup>                         | 28.2              | -19.9 | 18.5 | 2.2  | 7.4                                   | -1.6 |
| <b>Inflation<sup>4</sup></b>  |                   |       |      |      |                                       |      |
| Industrial countries  | 3.0               | 3.3   | 4.5  | 3.9  | 0.7                                   | 0.4  |
| Developing countries  | 41.6              | 70.8  | 85.5 | 36.3 | 40.0                                  | 18.2 |
| <b>Six-month LIBOR (in percent)<sup>2</sup></b>                     | 7.3               | 8.1   | 9.5  | 9.0  | -0.4                                  | -0.2 |

Note: The current projections assume constant real effective exchange rates from the average level prevailing in the four weeks ending August 8, 1989. This assumption implies a real appreciation of the U.S. dollar by some 5 percent relative to the April 1989 estimates.

<sup>1</sup> U.S.S.R. and Eastern European countries that are not Fund members.

<sup>2</sup> Assumptions for 1989 and 1990.

<sup>3</sup> Export unit value in U.S. dollar terms of the 12 major oil exporting countries.

<sup>4</sup> Consumer prices; weighted average.

**Table 2. Industrial Countries: Output and Demand in Real Terms**

(Annual percent change, in constant prices)

|                                    | 1986 | 1987 | 1988 | 1989 <sup>1</sup> | 1990 <sup>1</sup> |
|------------------------------------|------|------|------|-------------------|-------------------|
| Consumer expenditure               | 3.7  | 3.3  | 3.7  | 2.8               | 2.8               |
| Public consumption                 | 3.7  | 1.9  | 1.5  | 2.1               | 1.6               |
| Gross fixed investment             | 2.9  | 5.1  | 7.9  | 5.6               | 4.0               |
| Final domestic demand              | 3.6  | 3.6  | 4.3  | 3.5               | 2.9               |
| Stockbuilding <sup>2</sup>         | —    | 0.2  | 0.2  | —                 | —                 |
| Total domestic demand              | 3.6  | 3.7  | 4.5  | 3.4               | 2.9               |
| Exports of goods and services      | 2.5  | 5.9  | 8.3  | 8.0               | 5.4               |
| Imports of goods and services      | 6.7  | 7.1  | 9.0  | 7.5               | 5.1               |
| Foreign balance <sup>3</sup>       | -0.9 | -0.3 | -0.3 | -0.1              | -0.1              |
| Real GNP                           | 2.6  | 3.5  | 4.4  | 3.5               | 2.9               |
| Memorandum                         |      |      |      |                   |                   |
| Business investment <sup>4</sup>   | 1.2  | 7.0  | 10.9 | 8.5               | 5.5               |
| Canada                             | 4.1  | 11.1 | 18.9 | 10.0              | 6.6               |
| United States                      | -3.3 | 3.9  | 8.4  | 3.7               | 5.0               |
| Japan                              | 5.8  | 8.0  | 16.0 | 15.2              | 6.1               |
| France                             | 5.0  | 4.8  | 9.4  | 9.5               | 7.0               |
| Germany, Fed. Rep. of <sup>4</sup> | 4.1  | 5.5  | 7.5  | 10.7              | 5.9               |
| Italy <sup>4</sup>                 | 2.1  | 14.1 | 6.0  | 6.1               | 5.6               |
| United Kingdom                     | 0.3  | 16.6 | 15.2 | 11.0              | 2.9               |

<sup>1</sup> Staff projections.<sup>2</sup> Changes expressed as a percent of GNP in the preceding year.<sup>3</sup> 1988 GNP weights.<sup>4</sup> Machinery and equipment only; data for Italy also include public expenditure.

remain strong in 1989 but would slow in 1990. In the United Kingdom, there are signs of some slowdown of activity in response to a particularly marked tightening of monetary conditions. In 1989 growth is expected to continue at nearly 3½ percent in France and to accelerate to 4 percent in Germany before moderating to 3 percent in 1990 in both countries, owing to the effects of weaker growth of export markets and somewhat higher real interest rates. Italy, the Netherlands, Portugal, and Spain are likely to experience a moderation of both domestic and foreign demand growth, but they will nevertheless continue to grow at relatively rapid rates; other countries in the Community are also likely to experience somewhat lower growth rates.

Although the aggregate external position of the European Community is projected to change relatively little in 1989 and 1990, real foreign balances are expected to change significantly among individual member countries. For example, Germany's surplus is projected to increase by ½ of 1 percentage point of GNP in 1989, but this would be more than offset by higher deficits in the United Kingdom and Spain. In 1990, the slowdown of demand growth in the United Kingdom is expected to result in a significant improvement in that country's external position; shifts in external balances in the rest of the Community are likely to be less pronounced.

In *Canada*, the slowdown in growth is expected to

be relatively pronounced—from 5 percent in 1988 to 2½ percent in 1989 and to about 2 percent in 1990. Although investment is likely to remain strong this year, exports have slowed sharply as a result of the moderation of growth in the United States and the real appreciation of the Canadian dollar since 1986. The tightening of fiscal policy in the new budget presented in April 1989—which is intended to reduce the growth of public debt, allay concerns about inflation, and lighten the burden on monetary policy—is likely to dampen the growth of demand in 1990.

Among the *other industrial countries*, growth is also expected to be fairly moderate in the near term in Norway, Sweden, and Switzerland, where concerns over price performance continue to warrant a relatively cautious policy stance. Australia appears to be the main exception to the widespread slowdown in the industrial countries, with real GNP growth expected to accelerate to almost 5 percent in 1989. By 1990, however, capacity constraints and tighter policies, adopted in response to the overheating of the economy, are likely to result in slower growth.

The projected continuation of the exceptionally long expansion that began late in 1982 raises a number of important questions about the origin and likely duration of the 1987–88 surge in demand and the sustainability of the strong recovery of business investment; about the degree of slack that remains in product and labor markets and, hence, about the inflation risks in the outlook; and about developments in household and business balance sheets, which have often showed signs of strain as past expansions have approached their peaks.

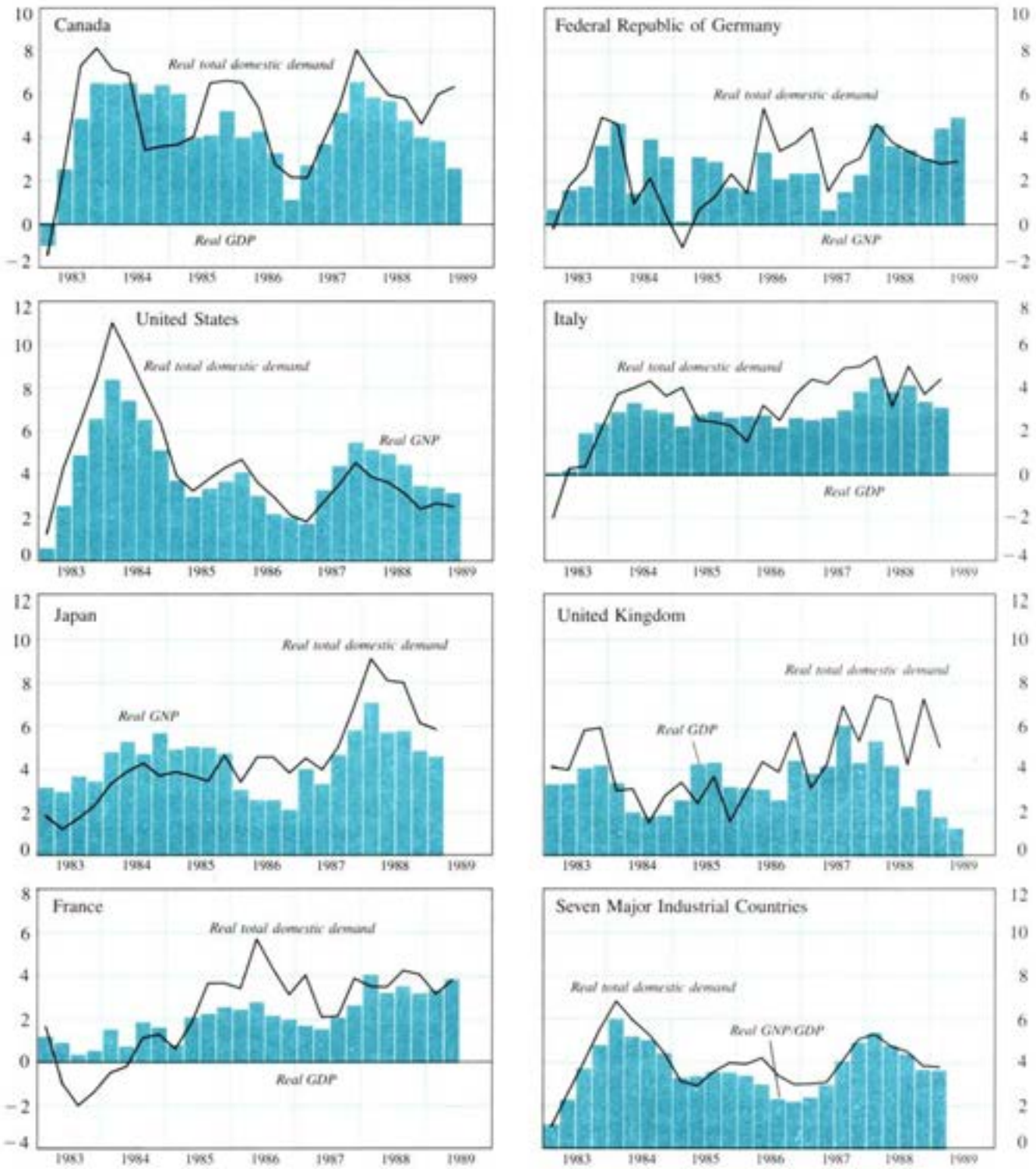
The unexpected strength of activity in most of the industrial countries during the past two years appears to have reflected an unusual combination of favorable factors. Wealth effects associated with the decline in interest rates and inflation during much of the 1980s are likely to have played a role. Also, most industrial countries experienced large terms of trade gains in 1986 as a result of the weakness of oil and commodity prices. The weakness of commodity prices undoubtedly helped to dampen generalized price pressures that otherwise might have resulted from the strong growth of liquidity and the loosening of monetary conditions during 1984–86 (Chart 2). These developments were accompanied by a marked improvement in business profitability and confidence and a sharp rise in private fixed investment.

The long period of sustained growth during the 1980s has raised resource utilization to very high levels. In the manufacturing sector, rates of capacity utilization in all major countries have risen to their highest levels since the previous cyclical peak in 1979–80 (Chart 3). Labor market conditions also have tightened markedly

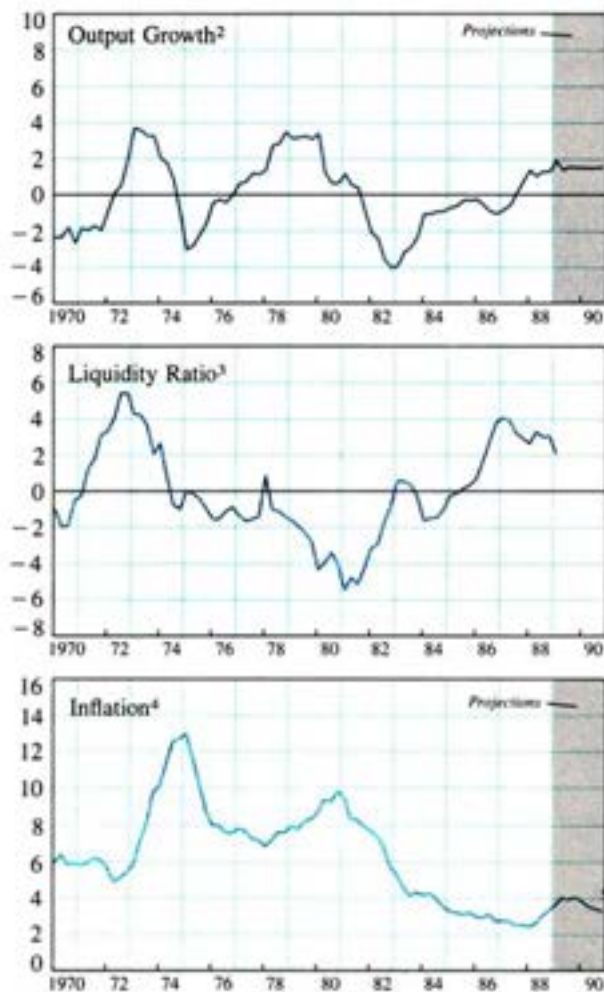


**Chart 1. Major Industrial Countries: Real Output and Total Domestic Demand**

(Percent change from four quarters earlier)



**Chart 2. Major Industrial Countries: Output Growth, Liquidity, and Inflation<sup>1</sup>**

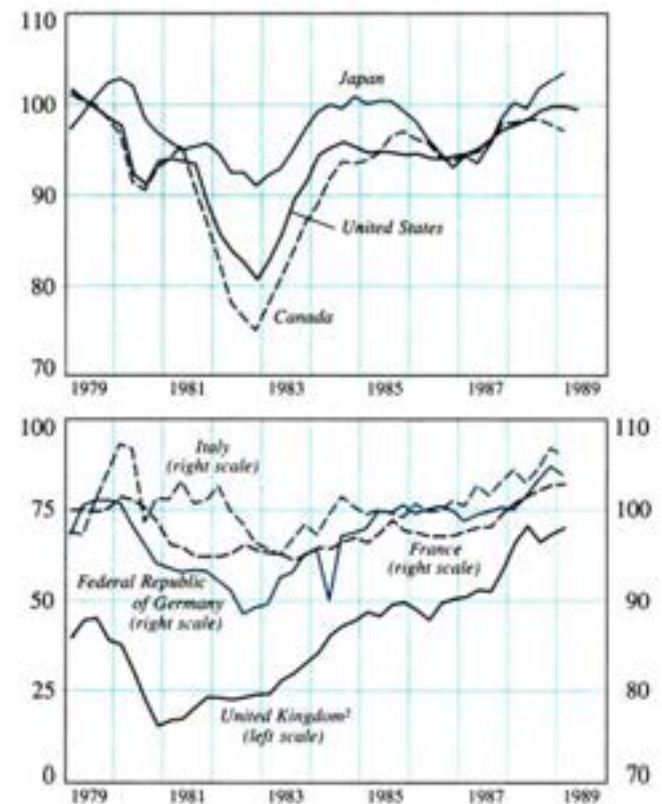


<sup>1</sup> The weights used for aggregation are a moving average of the 12 previous quarters of the U.S. dollar values of respective GNPs.  
<sup>2</sup> Output growth is calculated for each country as the percentage deviation from the trend over the period 1970 Q1 to 1988 Q4.  
<sup>3</sup> The liquidity ratio (M/GNP) is calculated for each country as the percentage deviation from the trend over the period 1970 Q1 to 1988 Q4. Broad money (M) is defined as M2 (United States, France, Italy, and Canada), M2 + CDs (Japan), or M3 (Federal Republic of Germany and United Kingdom).  
<sup>4</sup> Rate of change in the GNP/GDP deflator over the same quarter of previous year.

in recent years, even though the strength of economic activity has affected employment growth differently among countries owing to differences in productivity performance. Because of continued rapid job creation in the United States, the unemployment rate dropped to a 15-year low of 5 percent of the labor force in March 1989, although it rose slightly to about 5¼ percent in August. Employment growth in Canada also has been rapid, and the rate of unemployment declined to about 7¼ percent in June 1989, the lowest

**Chart 3. Major Industrial Countries: Capacity Utilization in Manufacturing<sup>1</sup>**

(1979 = 100)



<sup>1</sup> These indices provide an indication of the time profile of capacity utilization within individual countries. Because of differences in concepts and coverage, these indices may not be reliable indicators of differences in capacity utilization among countries.  
<sup>2</sup> Percentage of firms operating at full capacity.

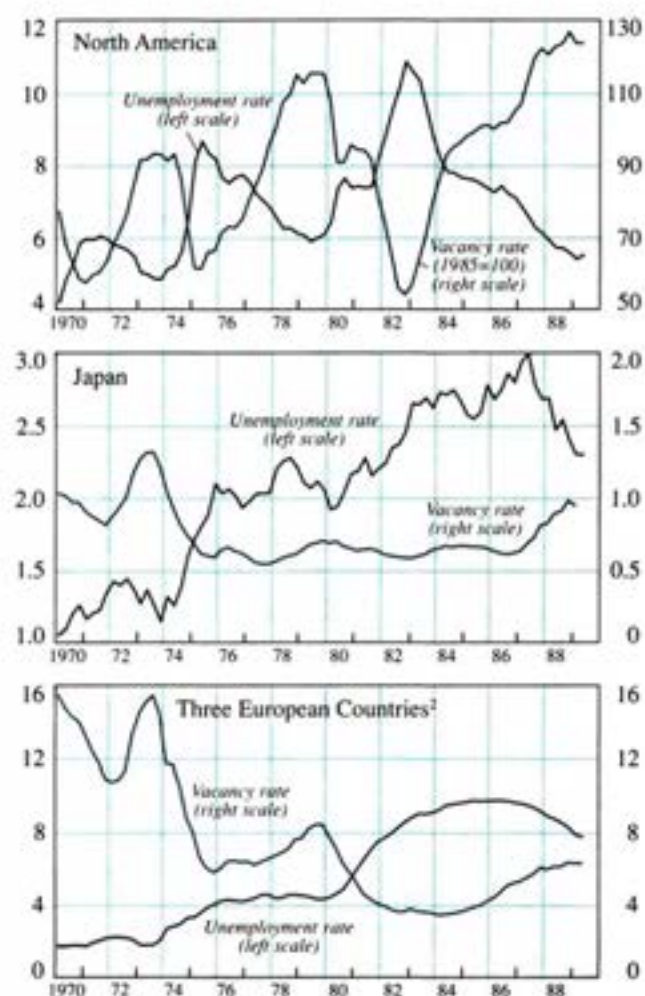
rate in more than a decade, before rising to 7½ percent in July. In Japan the unemployment rate declined from 2½ percent in 1988 to an average of about 2¼ percent in the first half of this year. In the United Kingdom, the unemployment rate dropped to almost 6¼ percent in mid-1989, 4¼ percentage points below its peak in 1986 and the lowest rate since 1980. Unemployment has now clearly begun to fall in Germany, but there has been relatively little progress in the other large countries in Europe; among the smaller countries, both Spain and Portugal have recorded significant declines in unemployment.

The rise in unfilled vacancies in most countries provides an additional indication of the strength of labor demand (Chart 4). In North America, the degree of tightness in labor markets that is suggested by the relative movements in unemployment rates and unfilled vacancies now appears similar to that observed in 1972–73 and 1978–79, two periods that were followed



**Chart 4. Major Industrial Countries: Unemployment and Vacancy Rates<sup>1</sup>**

(In percent of labor force)



Source: OECD, *Main Economic Indicators*, and WEO database.

<sup>1</sup> For the United States and Canada, an index of help-wanted advertising divided by the labor force (1980=100) has been used. For other countries, vacancy rates are based on national employment surveys.

<sup>2</sup> The Federal Republic of Germany, the United Kingdom, and France.

by an acceleration of wages. In Japan, labor market conditions have also tightened recently. Some tightening is also evident in European labor markets, even though unemployment rates remain relatively high. A substantial body of empirical evidence suggests that in most European countries there has been a rise during the 1970s and early 1980s in the rate of unemployment at which inflation begins to accelerate (the NAIRU, or non-accelerating inflation rate of unemployment). It is therefore possible that significant wage pressures might emerge even though current unem-

ployment rates do not indicate the same degree of labor market tightness as in the early 1970s.

The projected moderation of aggregate demand growth in the industrial countries appears to be a necessary condition for avoiding an intensification of wage and price pressures. Some slowdown from the rapid growth rates of recent years is already taking place in North America and the United Kingdom, and a similar slowing also seems likely elsewhere in 1989 and 1990. An important question at this juncture is whether the ongoing moderation of demand might trigger a more pronounced slowdown in activity than is envisaged in the staff's projections. At present, there is no clear evidence from balance sheets and profit margins to suggest that sectoral imbalances have built up during the expansion to an extent that might give rise to an abrupt adjustment by consumers or enterprises as growth begins to moderate.

It is possible, of course, that the vulnerability of the economic system has increased as a result of the substantial rise in private debt during the past decade, particularly in the United States. However, while the recent wave of mergers and acquisitions has increased the ratio of debt to assets of U.S. non-financial, publicly traded corporations, the current level of corporate leverage is still low by international standards.<sup>3</sup> Similarly, the relatively rapid rise in household gross debt in several countries, which was partly a result of measures to liberalize financial markets, has been matched to a large extent by the rising value of household assets. This rise in personal wealth, which is partly linked to the strong profit position of businesses, appears to have played an important role in the substantial decline in household saving rates in the 1980s in several countries, notably the United States and United Kingdom. Although there are indications of a recovery of household saving rates in recent quarters (Table 3), a sudden drop in private consumption expenditure seems unlikely in the absence of serious financial market disturbances.

*Developing countries.* Output growth in the developing countries taken as a group is expected to slow from some 4¼ percent in 1988 to about 3¼ percent in 1989, before recovering to 4 percent in 1990. The slowdown in 1989, which appears to be affecting most countries, reflects three main influences. First, external

<sup>3</sup> It should be recognized that such international comparisons are fraught with difficulty. When assets are valued at book prices, the ratio of debt to assets in the U.S. corporate sector rose in the 1980s, while it held steady or fell in most other industrial countries. When assets are valued at market prices, leverage has remained approximately unchanged in the United States but has declined substantially in other countries. Thus, whichever way the ratio is measured, the trend in the United States appears to have differed from that in other countries. See Bank for International Settlements, *Annual Report*, 1989, pp. 84-85.

**Table 3. Major Industrial Countries: Household Saving Rates, 1970–1989 Q1<sup>1</sup>**

(Proportion of disposable income)

|                         | Average<br>1970–79 | 1980 | 1984 | 1988              | 1988 |      |      |      | 1989 |
|-------------------------|--------------------|------|------|-------------------|------|------|------|------|------|
|                         |                    |      |      |                   | Q1   | Q2   | Q3   | Q4   | Q1   |
| Canada                  | 10.3               | 13.3 | 14.8 | 9.2               | 8.5  | 8.6  | 9.8  | 9.9  | 11.0 |
| United States           | 8.2                | 7.1  | 6.2  | 4.2               | 4.4  | 3.7  | 4.2  | 4.3  | 5.4  |
| Japan                   | 21.0               | 17.9 | 16.0 | 15.0 <sup>2</sup> | ...  | ...  | ...  | ...  | ...  |
| France                  | 13.9               | 12.7 | 14.6 | 12.3              | 12.2 | 12.8 | 12.1 | 12.1 | ...  |
| Germany, Fed. Rep. of   | 14.6               | 14.0 | 12.8 | 13.6              | 13.2 | 13.7 | 13.5 | 13.9 | 13.3 |
| Italy                   | ...                | ...  | 22.6 | 19.1              | ...  | ...  | ...  | ...  | ...  |
| United Kingdom          | 10.6               | 13.9 | 10.6 | 4.5               | 4.7  | 5.2  | 2.9  | 5.1  | 5.1  |
| Average excluding Italy | 12.9               | 11.9 | 10.8 | 8.9               | 6.8  | ...  | ...  | ...  | ...  |

<sup>1</sup> Average of individual countries weighted by the U.S. dollar value of their respective GNPs in 1988.<sup>2</sup> Fiscal year 1987 (April 1987–March 1988)

conditions have deteriorated somewhat as a result of the rise in world interest rates, the weakening of non-fuel commodity prices, and the slower, albeit still rapid, growth of export markets. Second, the sharp deterioration in inflation performance in large parts of the developing world in recent years has depressed investment and economic activity directly, and has also led to a tightening of financial policies in many countries. Third, inadequate adjustment efforts in many of the heavily indebted countries have continued to erode business confidence and stifle private sector initiative.

Recent changes in the external environment have been particularly unfavorable for many developing countries in the *Western Hemisphere*. Since a large share of the external debt of these countries is at variable interest rates, the firming of monetary conditions in the industrial countries has added significantly to their debt-servicing burden. At the same time, only a few countries in the region are expected to be able to increase export volumes significantly this year. In Brazil and Argentina, depressed investment activity suggests that output in 1989 will, at best, be maintained at the previous year's level. In both countries policy slippages have heightened uncertainty about future policy measures, and inflation has accelerated to extremely high levels, particularly in Argentina. In Peru, output is expected to contract sharply for the second consecutive year as private sector confidence continues to weaken in an environment of rapidly rising inflation. Output is also projected to decline in Venezuela following a sharp tightening of financial policies earlier this year. In Bolivia, the recovery from hyperinflation in 1985 continues, and

growth is expected to pick up moderately this year and next.

Economic growth in Mexico is expected to strengthen moderately owing to a strong recovery in non-fuel exports. And in Chile, real GDP is likely to expand by about 6 percent in 1989, even though activity is slowing in response to the recent tightening of monetary policy. Overall, real GDP in the developing countries of the Western Hemisphere is expected to remain approximately unchanged in 1989 before rising by about 2½ percent in 1990; in per capita terms, the region is expected to suffer a further decline in output of about 2 percent in 1989, followed by a rise of about ½ of 1 percent in 1990. It should be noted that these projections depend critically on the assumption that stabilization efforts will be intensified in Argentina and Brazil, despite the ongoing difficulties.

On average, output growth in *sub-Saharan Africa* is expected to strengthen modestly in 1989–90; however, the projected rise in output will barely match the increase in population, implying little, if any, recovery in per capita output. In most countries, economic activity continues to be hampered by protracted structural distortions, large macroeconomic imbalances, and heavy debt burdens. Export revenues are expected to be seriously constrained by the recent sharp decline in coffee prices and the continuing weakness of prices for cocoa. These products account for some 40 percent of agricultural exports from the region. Coffee alone provides more than one half of export earnings in four sub-Saharan countries (Burundi, Ethiopia, Rwanda, and Uganda), and more than one fourth in five other countries (Cameroon, Central African Republic, Kenya, Madagascar, and Tanzania).



Export volumes, however, are projected to increase significantly in 1989 in a number of countries, owing partly to improved weather and inventory adjustments but also because of the favorable impact of structural reforms.

In the fuel exporting countries in the *Middle East*, the recovery from the recession that followed the collapse of oil prices in 1986 is expected to continue this year, led by moderate increases in oil production and a strengthening of the non-fuel sectors. Economic activity also has benefited from the termination of hostilities between the Islamic Republic of Iran and Iraq. However, growth is projected to remain relatively weak among the non-fuel exporting countries in the region, mainly reflecting structural problems in these economies. On average, real GDP in the Middle East region is expected to grow at about the same rate as last year—in the range of 3 to 3½ percent—in both 1989 and 1990.

Sluggish exports and weak domestic demand are expected to continue to constrain growth this year in most of the *European developing countries*. In Turkey, the tightening of financial policies in response to rapidly rising inflation has been reflected mainly in a sharp decline in public sector investment. In Yugoslavia, by contrast, financial policies recently have been relaxed, and activity is expected to expand at a moderate pace in an environment of rapidly accelerating inflation. Poland and Hungary are now increasingly seeking to enhance the role of market forces in their economies, but growth remains constrained in the short run by high inflation and large debt burdens. Real GDP in the group of developing countries in Europe is expected to grow by about 3 percent in 1990 (compared with 2 percent in 1989), owing to a recovery in Turkey and some other countries in Eastern Europe.

Growth is expected to remain considerably higher in *Asia* than in other regions, reflecting lower debt burdens as well as a stronger outward orientation of policies. In particular, exports and output are growing rapidly in Malaysia and Thailand where the competitive position is favorable and investment is strong, and non-fuel exports are increasing strongly in Indonesia. Exports are also likely to continue to stimulate activity in Hong Kong, Singapore, and the Philippines. The same applies to India, although output growth will probably slow somewhat following last year's strong performance. In China, growth is likely to weaken owing primarily to a tightening of financial policies. In Bangladesh, severe floods have depressed output growth in the past two years, but the expected return of normal weather, improvements in policy implementation, and financial sector reforms should contribute to a doubling of the growth rate by 1990.

In Korea and Taiwan Province of China, overall

economic activity is expected to slow this year as a result of rising labor costs and the effects of exchange rate appreciation over the past couple of years. Export growth slowed sharply in Taiwan Province of China in 1988, and a similar slowdown is likely in Korea this year. In Taiwan Province of China, credit policy has been tightened in 1989 in an effort to subdue inflationary pressures. In Korea, financial policies, as well as recently introduced incomes policies, are geared toward providing moderate support to economic activity this year without worsening inflationary pressures. Overall, growth in the developing countries in Asia is projected to be on the order of 6 percent in both 1989 and 1990, down from the exceptionally rapid pace of 9 percent in 1988 but in line with the region's long-term growth trend.

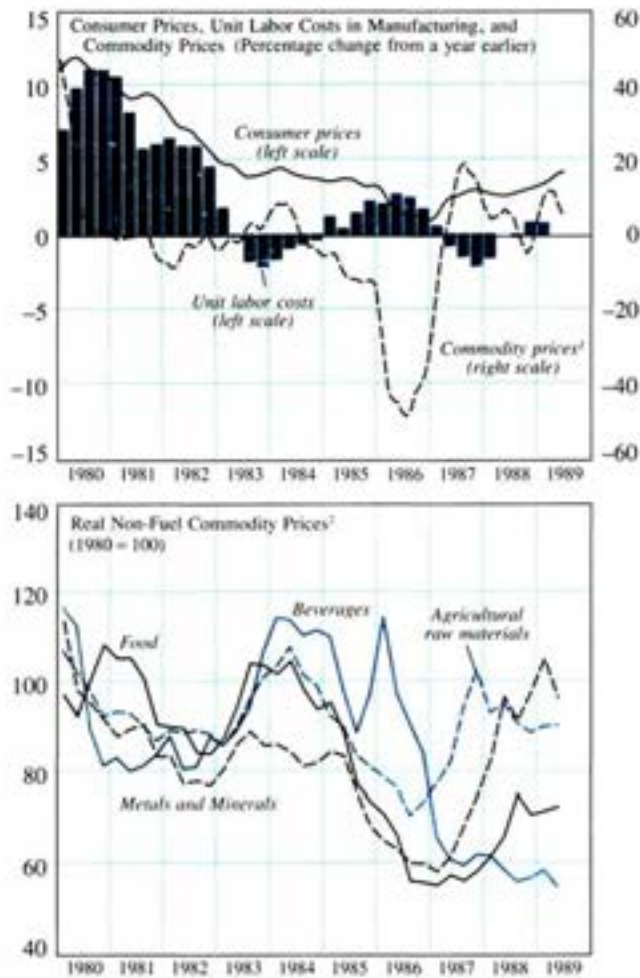
## Inflation

*Industrial countries.* Notwithstanding a projected moderate acceleration of prices in 1989, the Fund staff remains cautiously optimistic that a further intensification of inflationary pressures can be avoided in the industrial countries. Assuming a continuation of the firm anti-inflationary stance of monetary policy, rates of increase in consumer prices are generally projected to decline somewhat in 1990 as the effects of several transitory influences dissipate, although they would remain somewhat above the levels of 1986–88.

The evaluation of inflation risks is complicated by significant differences in the behavior of key price indicators. Consumer prices in all the major industrial countries picked up sharply in late 1988 and rose at an annual rate of about 4¼ percent in the first half of 1989 (Chart 5). The major elements accounting for the increase include the steep rise in world prices for oil (Chart 6) and food and metals, together with increases in indirect taxes in some major countries (Japan, the Federal Republic of Germany, and Italy). Outside the United States, the effect of currency depreciation on import costs also has added to price pressures. Adjusting for the relatively volatile energy and food components suggests that the underlying rate of inflation has moved up over the past two years in the United States, Germany, Italy, Canada, and the United Kingdom (Chart 7). In Japan the one-time effect of the rise in consumer prices in April and May of this year appears to have reflected largely the introduction of a new consumption tax; consumer prices have been stable since June. In France, a deceleration of inflation is evident, reflecting a moderation of price increases in the services sector from the high rates prevailing immediately after the elimination of price controls.

The rise in wage costs has been edging up since

**Chart 5. Inflation Indicators of Major Industrial Countries**



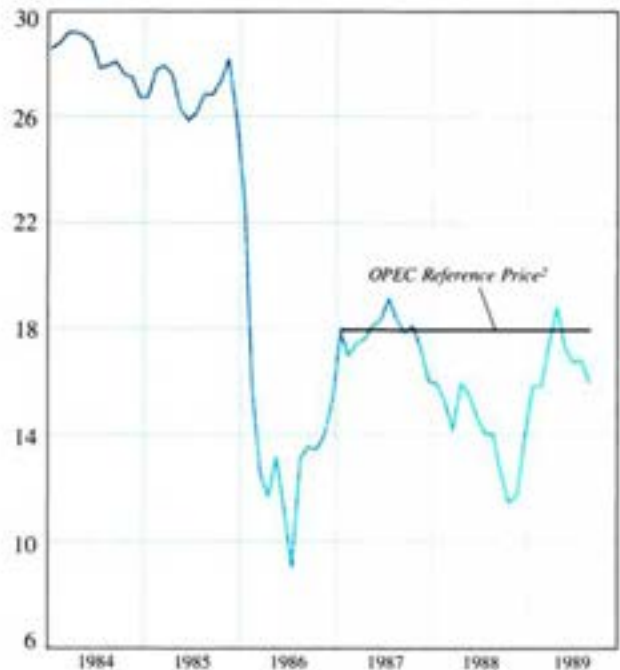
<sup>1</sup> Three-month centered moving average of 12-month inflation rates. Consumer prices are measured in local currencies and are averaged using GNP weights. The commodity price index is a global export-weighted basket of 40 commodities that includes oil and gold, using the same average exchange rate as the one used for the composite inflation index.

<sup>2</sup> Nominal prices deflated by export prices of manufactures.

1987, but it has remained relatively moderate in most countries given the tightness of labor markets and the pick-up in consumer prices. Moreover, in Japan, France, and Germany, the effect of rising wages has been more than offset by rapid growth of labor productivity; unit labor costs, both in the manufacturing sector and economy-wide, have therefore been essentially flat or have even declined (Chart 8). Among the other major countries, the United States, United Kingdom, and Italy experienced significant rises in unit labor costs in 1988. In the near term, the slowdown in output and productivity growth, combined with some acceleration in earnings, is likely to result in a substantial increase

**Chart 6. Average Spot Market Price for Selected Crude Oils<sup>1</sup>**

(In U.S. dollars a barrel)



<sup>1</sup> Average monthly spot market price of Brent, Dubai, and Alaskan North Slope, representing light, medium, and heavier crude oils in three different regions.

<sup>2</sup> The OPEC reference price of \$18 a barrel, which became effective on February 1, 1987, represents the unweighted average of the official export prices of seven crude oils. The official export prices were abandoned de facto in the first half of 1988.

in unit labor costs in most of the major countries. Some rise in the rates of increase in output deflators—the broadest available indicator of underlying price developments—therefore appears to be in prospect this year.

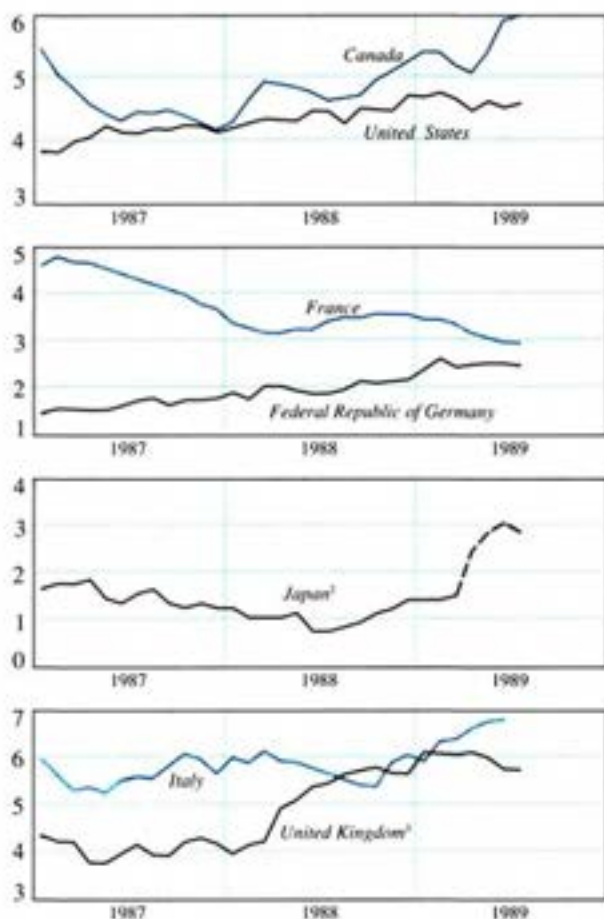
The extent to which the prospective rise in unit labor costs in several of the major countries will be passed on to producer prices will depend on the financial position of businesses, the strength of demand, and the degree of competition. In many countries corporate profits are currently at relatively high levels, and it would appear that firms should be in a reasonably good position to absorb some cost increases, at least for a period. While producers normally seek to pass on cost increases when they are operating at full capacity, they will be reluctant to do so if the expansion of demand is moderating and if competition with domestic and foreign producers is intensifying.

Because of the temporary nature of some of the factors underlying the recent pick-up in retail prices, and given the expected moderation of growth, the staff



**Chart 7. Major Industrial Countries: Consumer Price Index Excluding Food and Energy**

(Percent change from 12 months earlier<sup>1</sup>)



Source: OECD and national databases.

<sup>1</sup> Data are seasonally adjusted.

<sup>2</sup> The sharp rise in the period April–July 1989 reflects the introduction of a new consumption tax.

<sup>3</sup> Excluding mortgage interest payments.

is projecting a slowdown of aggregate consumer price inflation to slightly less than 4 percent in 1990, down from 4½ percent in 1989 but above the average of recent years. Among the major countries, the United States, the United Kingdom, and Italy are expected to continue to experience significantly higher inflation rates than Japan, Germany, and France. Among the smaller industrial countries, inflation is projected to remain relatively high—at 5½ percent or more—in Australia, Finland, Sweden, and Spain; in contrast, price increases in the Netherlands and Belgium are expected to remain quite low.

*Oil and commodity prices.* Fluctuations in oil prices have played a major role in the price picture in recent years. Following the OPEC agreement on new pro-

duction quotas in late November 1988, the world oil market firmed considerably and the average monthly spot market price rose by almost two thirds from the low of October 1988, to \$18.85 a barrel in April 1989 (Chart 6).<sup>4</sup> In addition to the generally effective implementation of the OPEC agreement, the recovery of oil prices also reflected the strength of oil demand, the decision by several non-OPEC oil exporters to restrain oil production or exports, and the interruptions in supplies resulting from accidents in Alaska and the North Sea. During the period May–August 1989, however, spot market prices fell back by more than \$2 a barrel in response to a pick-up in oil supplies.

The continued volatility of oil prices has tended to mask the changes in underlying oil demand and supply conditions that have taken place since 1986. The most important of these changes have been the reversal of the previous decline in world oil consumption and a significant slowdown in the growth of non-OPEC supplies, which have resulted in an increase of almost one third in the volume of OPEC's oil exports since 1985. These developments were reflected in the decision by the members of OPEC in June 1989 to raise crude oil production quotas from 18½ to 19½ million barrels a day as of July 1, 1989, with the provision that the quotas would be increased further in the fourth quarter of 1989 if market conditions permitted.

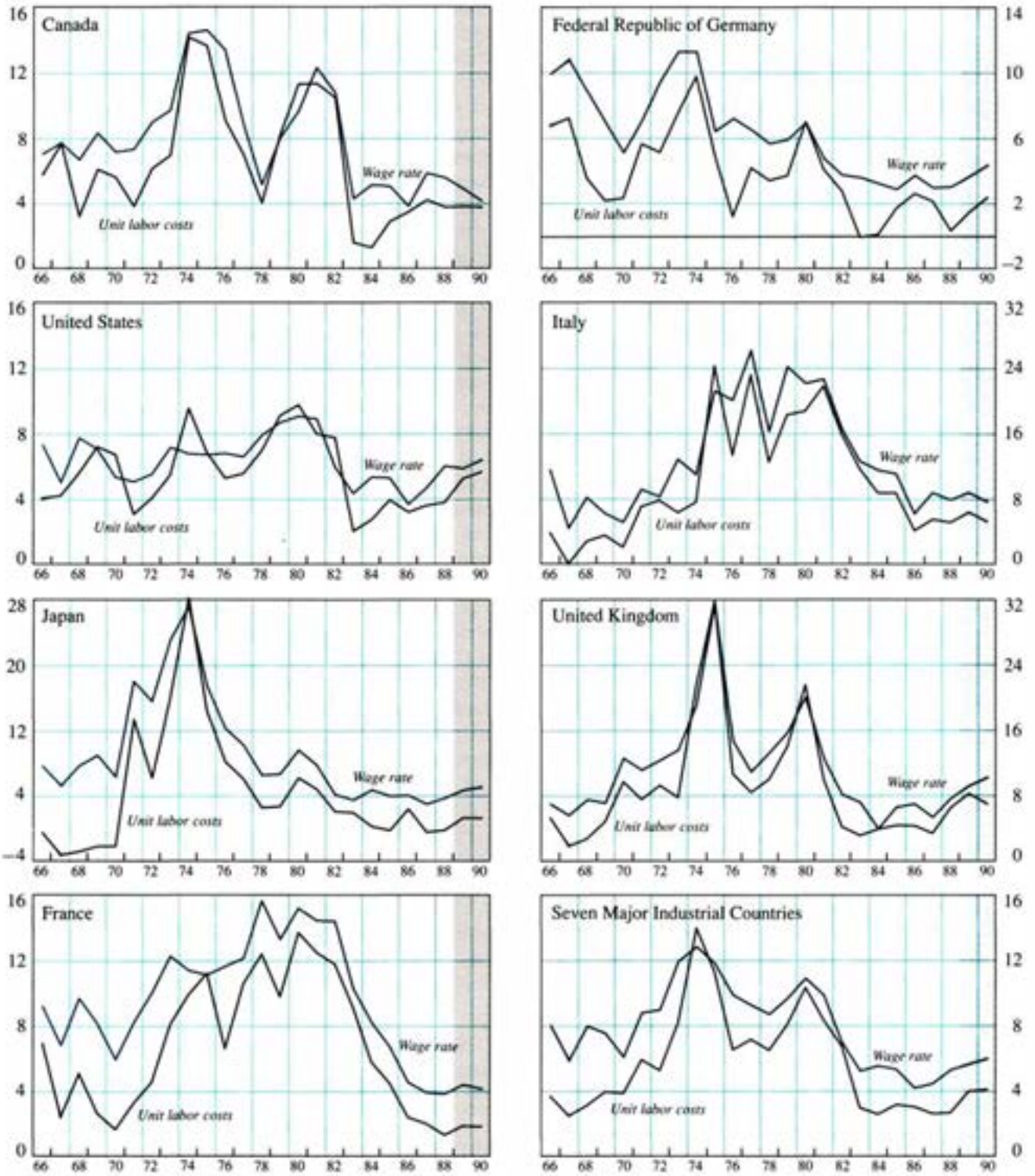
For the purpose of this report, the staff has assumed that export prices of the major oil exporting countries in nominal (U.S. dollar) terms will average \$16 a barrel in 1989, which would amount to an increase of 18½ percent relative to the 1988 level. From 1990 on, the staff has retained the technical assumption that the price of oil will remain stable in real terms. This would imply that the nominal (U.S. dollar) price of oil would rise by about 2¼ percent in 1990 and by about 4 percent a year thereafter.

*Non-fuel commodity prices,* which rose by 23 percent in 1988 (on the basis of world export shares), are expected to remain broadly unchanged in the aggregate in 1989 before falling by about 9 percent in 1990. The strong increase in 1988 reflected both cyclical and supply-related factors, the reversal of which is likely to lead to an unwinding of the recent run-up in prices

<sup>4</sup> This price refers to the average spot market price of Brent, Dubai, and Alaskan North Slope, which represent light, medium, and heavier crude oils in three different regions. This average corresponds roughly to the average spot market price of the seven crude oils included in the OPEC reference basket; the official OPEC reference price has remained at \$18 a barrel since February 1, 1987. The corresponding average oil export unit value of the major oil exporting countries would generally be some \$0.75 a barrel below the official OPEC reference price, and the price of West Texas Intermediate crude has recently been about \$3 a barrel higher. It should be noted that the differentials between various crude oil prices have been rather unstable in the past few years.

**Chart 8. Major Industrial Countries: Compensation per Employed Person and Unit Labor Costs<sup>1,2</sup>**

(Percent change from a year earlier)



<sup>1</sup> The wage rate is defined as total compensation per employed person. Unit labor costs are defined as compensation of employees per unit of overall output.

<sup>2</sup> The shaded area for the period 1989 to 1990 denotes Fund staff projections.



over the next two years. The cyclical rise in world industrial production and construction activity in 1988 largely depleted inventories of many commodities and stimulated sharp increases in the prices of metals and agricultural raw materials of 48 percent and 9½ percent, respectively. Food prices also rose sharply last year (by 27½ percent), owing partly to the severe drought in North America and a poor grain harvest in the Soviet Union. Although coffee prices declined during most of the first three quarters of 1988, they were 8 percent higher in 1988 than in 1987 on an average annual basis. The rise in prices in the last quarter of 1988 reflected reports of arid conditions in major producing countries and the apparently successful conclusion in early October of negotiations on International Coffee Organization (ICO) export quotas for the 1988/89 coffee year (October–September). From May to August 1989, however, coffee prices dropped sharply (by about 40 percent) on news that the members of the ICO had failed to agree on proposals to extend the price and export quota clauses of the present International Coffee Agreement.

In the second half of 1989 and in 1990, commodity prices are generally projected to weaken, reflecting the slowing of world economic activity, the expected return of normal weather in North America, and increased supplies of commodities. The decline is expected to be particularly pronounced for metals, coffee, and cocoa. The outlook for prices of food and metals is particularly uncertain. Because of low inventories, even small changes in expectations with respect to the balance between supply and demand could trigger significant price movements.

The prospective weakening of commodity prices should help to dampen inflationary pressures worldwide, even though its direct contribution is likely to be rather small—primary commodities account for a relatively minor share of the value of consumer spending (in 1980, 9 percent including oil; 6 percent excluding oil). However, there has been a tendency in the past for turning points in commodity price inflation to lead turning points in general price movements (Chart 5). This relationship reflects the cyclical sensitivity of demand for industrial inputs and the highly competitive nature of world commodity markets.

*Developing countries.* With certain exceptions, the developing countries have been far less successful than the industrial countries in containing inflationary pressures. The average inflation rate projected for the developing countries in 1989 has been revised upward by a substantial margin (Table 1), mainly because of recent policy slippages in many of the severely indebted countries. The recent acceleration of inflation has been particularly sharp in Argentina, Brazil, Peru, and Yugoslavia. Recently, Argentina has announced mea-

asures to combat inflation as well as fundamental structural reforms, especially in the area of the public enterprises and the tax system; Brazil has moved to tighten credit conditions and has sent to Congress (and in some cases implemented) a series of measures aimed at improving the fiscal position; and, Yugoslavia has announced its intention to implement a tightening of monetary policy to complement its market-oriented structural reforms. By contrast, several countries with a recent history of high inflation—notably Bolivia and Mexico—have managed to reduce considerably the rate of price increase through restrained financial policies and structural reforms. A cautious stance of monetary policy has also helped to bring down inflation in several African countries, including Ghana and Nigeria.

The pick-up of inflation in Asia in 1988 reflected an exceptionally strong expansion of demand; in 1989 and 1990 some moderation in inflation is expected as demand pressures subside. In China, inflation is likely to decline in the second half of this year as a result of the recent tightening of financial policies. In several other developing countries in Asia—including India, Korea, the Philippines, and Thailand—inflation is also expected to moderate, although activity would remain relatively buoyant. And in Viet Nam, one of the few Asian countries with a recent history of hyperinflation, efforts to control inflation have already gained hold. However, inflation is expected to edge up in Taiwan Province of China as a result of continuing pressures on capacity and tight labor markets.

The staff's projections continue to point to some abatement of price increases in developing countries during 1989–90. However, recent developments in some countries suggest that this projection may be subject to considerable risk. The projected slowdown in developing country inflation in 1990 should therefore be viewed not so much as the most likely outcome, but rather as providing an approximate indication of what would be feasible with more appropriate policies.

## Trade and Current Account Balances

The strong growth of economic activity in the *industrial countries* and in the Asian developing countries has been accompanied by a rapid expansion of world trade. Although there are now signs of a slowdown, the volume of world trade is projected to expand by nearly 7 percent in 1989 and by 5¼ percent in 1990, following an extraordinarily rapid increase of 9 percent in 1988. The buoyancy of international trade results in part from the particular strength of global investment, which generally has a higher import content than other

components of demand, and from the emergence of capacity constraints in some countries.

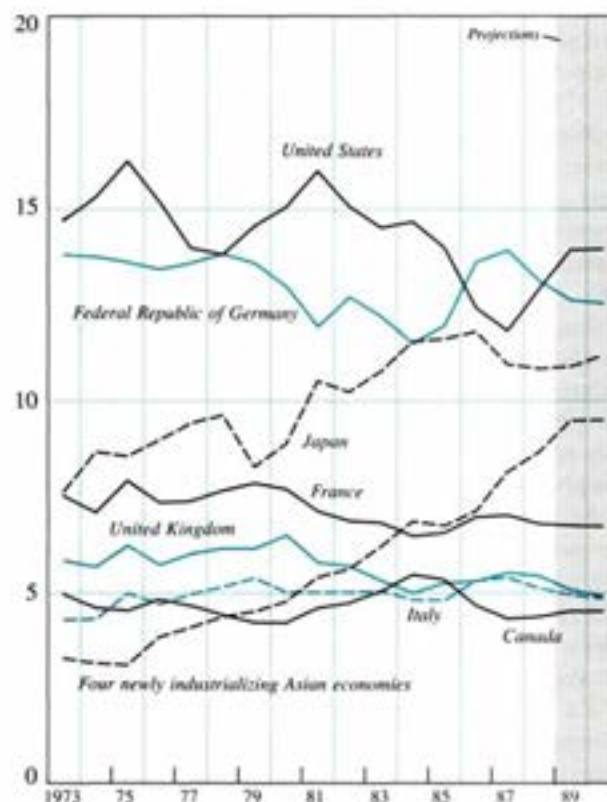
In the period ahead, import growth in real terms is expected to remain relatively strong in Japan and Italy—about 7 percent a year in 1989–90, compared with 17 and 7 percent, respectively, in 1988. Import growth is also expected to remain strong in 1989–90 among those developing countries that are predominantly exporters of manufactures (9¼ percent), and particularly the four Asian newly industrializing economies (12½ percent). In addition, imports should pick up somewhat in the fuel exporting countries, where purchasing power has been boosted by the recent recovery in oil prices.

Export growth is projected to continue to be somewhat less evenly distributed than import growth. The United States alone is expected to supply about 30 percent of the increase in world non-fuel imports this year, although this contribution would fall to about 15 percent next year. Growth rates for exports among countries are expected to converge somewhat in 1990, reflecting more similar rates of expansion of real domestic demand, together with the gradual dissipation of the effects of exchange rate changes that took place during 1985–87. Export market shares are therefore expected to change only slightly in 1990 following a major rise in the U.S. share and a drop in Germany's share from 1987 to 1989 (Chart 9). The recent tendency for the industrial countries as a group to lose market share to the four Asian NIEs is expected to continue, even though the growth of exports of manufactures of the NIEs is projected to decline in response to the appreciation of their currencies and the emergence of capacity constraints.

The process of narrowing of the external imbalances among the largest industrial countries now appears to have slowed, and the staff's projections indicate a renewed tendency for the imbalances of the three largest industrial countries to widen in 1989–90 in nominal terms (Chart 10 and Table 4). This would reflect partly the recent strength of the U.S. dollar against the other major currencies, which will tend to offset the effect of continued rapid growth of domestic demand in the major surplus countries and the slowdown of demand growth in the United States. The effects of continued shifts in net external asset positions on investment income flows will also tend to slow the adjustment process.

In several other countries, current account deficits are projected to widen further, in some cases extending a trend that has been observed for several years. The deficit of the United Kingdom would continue to worsen in 1989 and then narrow in 1990 in response to the slowdown in demand and the recent depreciation of the pound. Spain is likely to continue to experience

**Chart 9. Market Shares of World Non-Oil Exports<sup>1</sup>**  
(In percent)



<sup>1</sup> Shares are calculated in U.S. dollars in current prices.

rising external deficits because of rapid growth of investment financed largely through private capital inflows. In Australia, the external balance would continue to deteriorate significantly in 1989 because of rapid import growth.

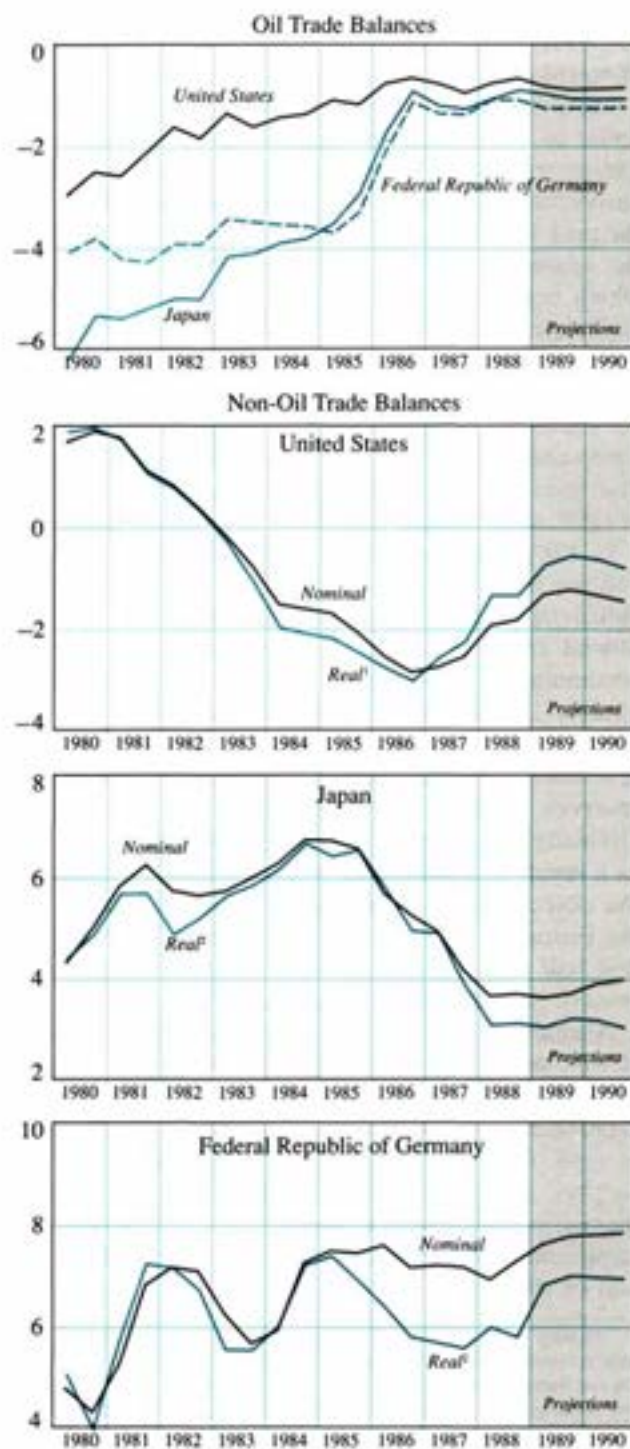
External positions have strengthened considerably in several countries, including the Netherlands, where domestic demand growth is well below the average of the industrial countries. External deficits have declined significantly in Ireland—due to rapid export growth—and in Denmark and New Zealand—where the impact of restrictive domestic policies has taken hold. The elimination of Norway's external deficit this year is due to the rebound in oil prices and falling domestic demand. The external positions of France and Austria have remained roughly in balance because of relatively strong export growth. The sharp reduction in the aggregate external surplus of the European Community from over \$50 billion in 1986 to an estimated \$6 billion this year reflects mainly the rising deficits of the United Kingdom and Spain.

The combined current account balance of the *developing countries* shifted from a small surplus in 1987



**Chart 10. United States, Japan, and Federal Republic of Germany: Oil and Non-Oil Trade Balances**

(In percent of GNP)

<sup>1</sup> In constant 1982 prices.<sup>2</sup> In constant 1980 prices.**Table 4. Alternative Measures of Current Account Imbalances in Selected Areas, 1980-90**

|                                    | 1980  | 1986   | 1987   | Projections |        |        |
|------------------------------------|-------|--------|--------|-------------|--------|--------|
|                                    |       |        |        | 1988        | 1989   | 1990   |
| <b>United States</b>               |       |        |        |             |        |        |
| In billions of dollars             | 1.5   | -133.3 | -143.7 | -126.5      | -125.1 | -138.7 |
| In percent of GNP                  | 0.1   | -3.1   | -3.2   | -2.6        | -2.4   | -2.5   |
| <b>Japan</b>                       |       |        |        |             |        |        |
| In billions of dollars             | -10.7 | 85.8   | 87.0   | 79.6        | 72.0   | 89.7   |
| In trillions of yen                | -2.4  | 14.4   | 12.5   | 10.2        | 9.8    | 12.1   |
| In percent of GNP                  | -1.0  | 4.3    | 3.6    | 2.8         | 2.5    | 2.9    |
| <b>Germany, Fed. Rep. of</b>       |       |        |        |             |        |        |
| In billions of dollars             | -13.8 | 39.4   | 45.2   | 48.6        | 53.4   | 56.8   |
| In billions of DM                  | -2.4  | 85.1   | 81.2   | 85.2        | 100.7  | 105.1  |
| In percent of GNP                  | -1.7  | 4.4    | 4.0    | 4.0         | 4.5    | 4.5    |
| <b>United Kingdom</b>              |       |        |        |             |        |        |
| In billions of dollars             | 7.3   | 0.2    | -4.8   | -26.0       | -30.6  | -26.7  |
| In percent of GNP                  | 1.4   | 0      | -0.7   | -3.2        | -3.7   | -3.1   |
| <b>Australia</b>                   |       |        |        |             |        |        |
| In billions of dollars             | -3.7  | -9.5   | -8.2   | -10.9       | -16.0  | -12.5  |
| In percent of GNP                  | -2.5  | -5.7   | -4.2   | -4.4        | -5.7   | -4.3   |
| <b>Spain</b>                       |       |        |        |             |        |        |
| In billions of dollars             | -5.3  | 4.1    | 0.3    | -3.6        | -10.2  | -14.6  |
| In percent of GNP                  | -2.5  | 1.8    | 0.1    | -1.1        | -2.7   | -3.6   |
| <b>Belgium</b>                     |       |        |        |             |        |        |
| In billions of dollars             | -4.9  | 3.1    | 2.9    | 3.4         | 3.1    | 3.3    |
| In percent of GNP                  | -4.1  | 2.7    | 2.1    | 2.3         | 2.1    | 2.1    |
| <b>Netherlands</b>                 |       |        |        |             |        |        |
| In billions of dollars             | -1.0  | 4.6    | 3.4    | 5.4         | 5.0    | 5.5    |
| In percent of GNP                  | -0.6  | 2.6    | 1.6    | 2.4         | 2.3    | 2.4    |
| <b>Switzerland</b>                 |       |        |        |             |        |        |
| In billions of dollars             | -0.5  | 6.9    | 7.3    | 6.3         | 6.5    | 6.6    |
| In percent of GNP                  | -0.5  | 4.8    | 4.1    | 3.3         | 3.6    | 3.3    |
| <b>Four Asian NIEs<sup>1</sup></b> |       |        |        |             |        |        |
| In billions of dollars             | -9.1  | 23.2   | 30.3   | 27.8        | 26.1   | 25.0   |
| In percent of GNP                  | -6.3  | 9.9    | 10.3   | 7.6         | 6.0    | 5.1    |
| <b>Memorandum</b>                  |       |        |        |             |        |        |
| <b>European Community</b>          |       |        |        |             |        |        |
| In billions of dollars             | -46.0 | 51.2   | 36.9   | 16.1        | 5.9    | 8.0    |
| In percent of GNP                  | -1.5  | 1.5    | 0.9    | 0.3         | 0.1    | 0.2    |

<sup>1</sup> The four Asian newly industrializing economies comprise Hong Kong, Korea, Singapore, and Taiwan Province of China. The current account projections for this group, which in some cases are based on partial information, are subject to a larger margin of error than are those for the other countries listed in the table.

to a deficit of about \$9 billion in 1988. The deficit is expected to stabilize in 1989, before increasing again to \$16 billion in 1990. In 1989 a substantial reduction in the deficit of the fuel exporters is envisaged—reflecting a sharp turnaround in the terms of trade—offset by a large decline in the surplus of the exporters of manufactures. In 1990, the position of the fuel exporters is not expected to change much, while the

surplus of the exporters of manufactures would continue to fall. Despite healthy growth of export volume, the external position of the exporters of primary products is likely to deteriorate because of a decline in terms of trade (particularly for those countries exporting tropical beverages, metals, and minerals).

Since the aggregate current account positions of both the industrial and the developing countries worsened in 1988—as did that of the U.S.S.R. and the countries of Eastern Europe that are not members of the Fund—the global current account discrepancy rose by about \$40 billion. As explained in the Supplementary Note, shifts in the statistical discrepancy considerably complicate the interpretation of current account trends. While the major factors that determine past movements in the global current account are reasonably well understood, it is very difficult to forecast future movements in the discrepancy, and current account projections should therefore be interpreted with caution.

### International Monetary Developments

Developments in foreign exchange markets this year have featured an appreciation of the U.S. dollar (Chart 11). The average real effective exchange value of the dollar in August 1989 was about 8½ percent higher than in December 1988 (when the recent trend toward appreciation began), slightly above the level in September 1988, but still some 2½ percent below the level at the time of the Louvre Accord of February 1987. During the first eight months of 1989, the nominal appreciation of the U.S. dollar was most pronounced against the Japanese yen and the pound sterling (about 15 percent); the U.S. dollar depreciated slightly against the Canadian dollar. In terms of the major EMS currencies, the dollar rose by 9–10 percent, to its highest level since 1986. Within the EMS, interest rate adjustments and cooperative exchange market intervention have helped to maintain the parities established in January 1987.

Although the reasons for the recent appreciation of the dollar are not fully understood, a number of elements appear to have played a role. First, interest rate differentials have continued to favor U.S. dollar-denominated assets over assets denominated in yen and deutsche mark, even though these differentials have recently narrowed (Chart 12). Second, the inflation differential between the United States and some of its major trading partners appears to have narrowed somewhat. Third, political uncertainties in certain countries at times may have increased the attractiveness of the United States as a “safe haven” for investors. Fourth, monthly U.S. trade figures through the first four months of the year were interpreted

favorably by financial markets, although the dollar fell upon the release of an unexpectedly higher deficit for May. More generally, the current strength of the dollar might reflect continued portfolio shifts toward dollar-denominated assets by foreign investors, possibly reflecting long-term adjustments that have occurred in response to the increasing liberalization and integration of world capital markets during the 1980s.

Movements in the real effective value of the U.S. dollar in 1988 and 1989 were broadly reflected in the exchange rates of many developing countries whose currencies generally have tended to appreciate over the past year (Chart 13). In the Western Hemisphere, the tendency for real exchange rates to appreciate, which began in early 1988, has continued as nominal exchange rate adjustments have failed to compensate for rapidly accelerating inflation. The currencies of the Asian newly industrializing economies also appreciated substantially, particularly those of Taiwan Province of China and Korea.<sup>5</sup> In Africa, however, the depreciation that began in late 1988 was sustained in the first half of 1989, and competitiveness has continued to improve.

In 1987, reported massive exchange market intervention in support of the dollar by the seven major industrial countries was associated with a depletion of official reserves in the United States and a rapid accumulation of reserves in other countries, most notably Japan and the Federal Republic of Germany (Chart 14). The strength of the dollar in 1988 and the first half of 1989 has permitted a replenishment of U.S. reserves, while in several other countries, especially Germany and France, official reserves have declined as a result of coordinated policy actions in support of the objectives of the Group of Seven countries and the European Monetary System. During 1988 and the first half of 1989, the rate of global foreign exchange reserve accumulation slowed (Table 5).<sup>6</sup>

A noteworthy trend in recent financing flows is the sharp increase in foreign direct investment. The rise in direct investment outflows has been particularly rapid in Japan, where they reached almost \$35 billion in 1988, more than 40 percent of the current account surplus. In the United States, inflows of direct investment accounted for one third of the external financing requirement in 1988, a pace that continued in the first half of 1989.

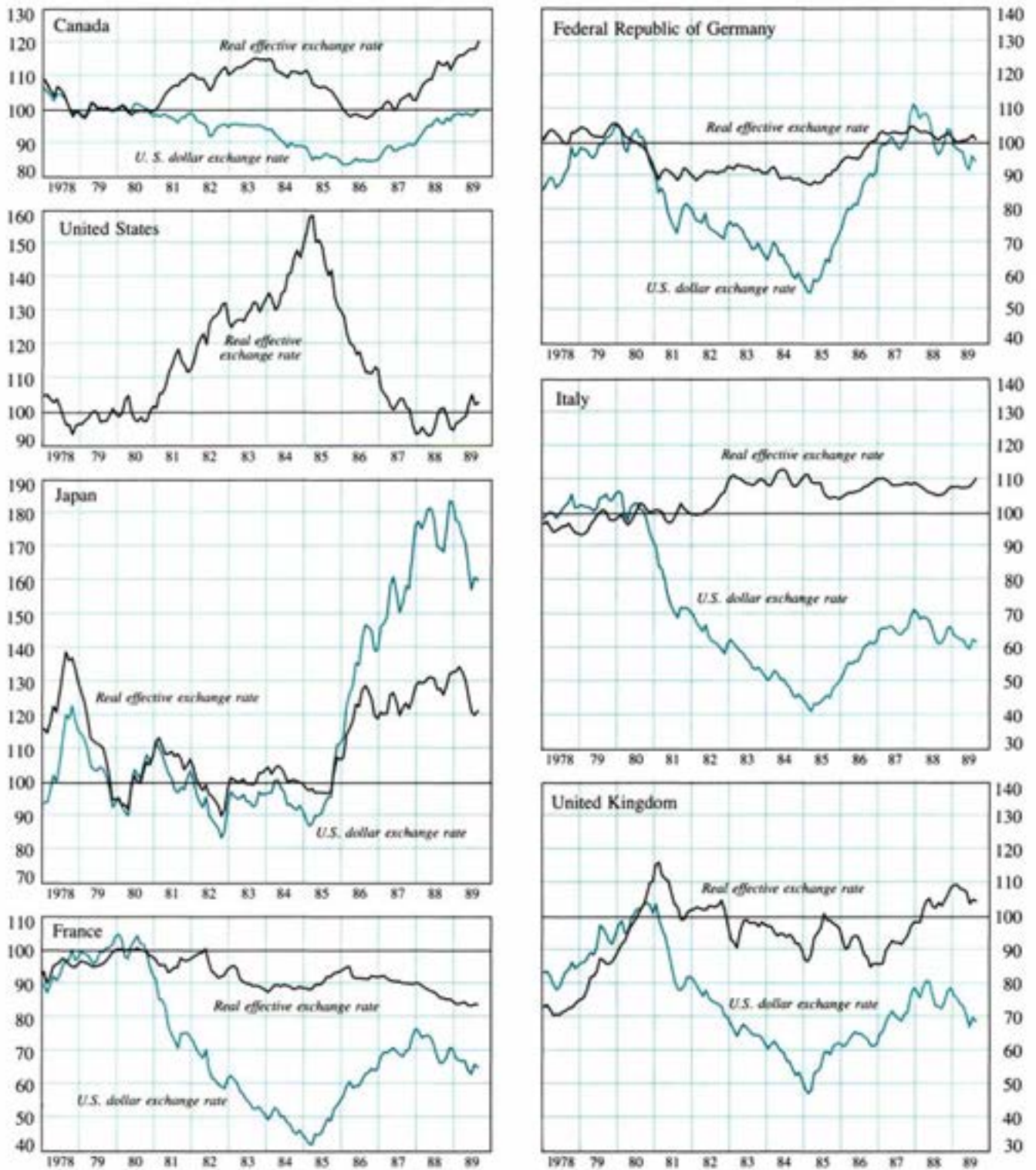
<sup>5</sup> During the year ended in June 1989, the new Taiwan dollar appreciated by over 16 percent in real effective terms (calculated on the basis of consumer prices), to a level about 20 percent above the average in 1980; over the same period, the real value of the Korean won rose by about 17 percent to a level of 4 percent above its 1980 average.

<sup>6</sup> The reduction in 1988 in official financing of the U.S. external deficit is much greater than appears from the balance of payments data in Table 5. These data understate the official role in 1987 because substantial amounts of official dollars were placed outside the United States.



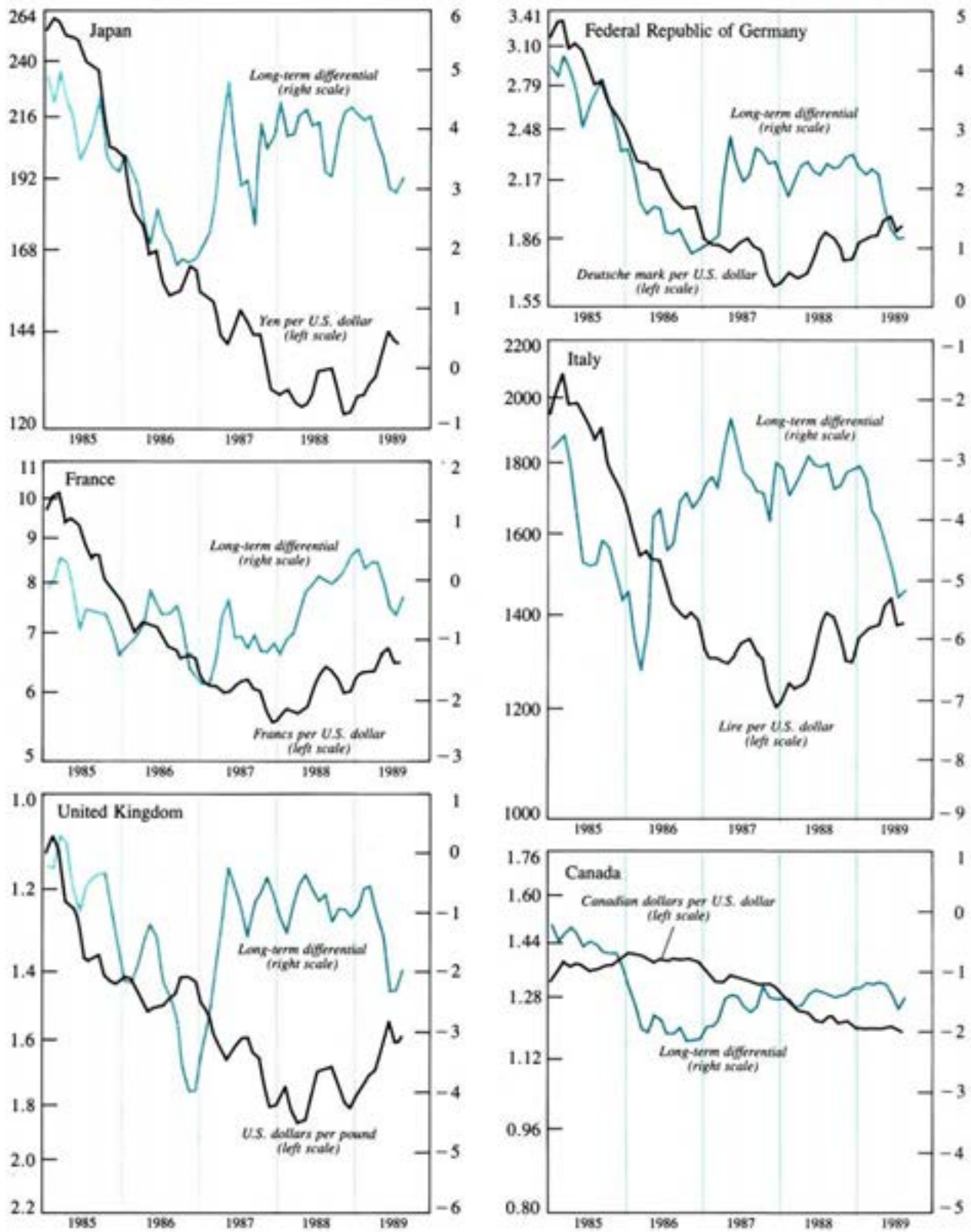
**Chart 11. Major Industrial Countries: U.S. Dollar and Real Effective Exchange Rates<sup>1</sup>**

(Indices, 1980 = 100)



<sup>1</sup> Real effective exchange rates are calculated on the basis of normalized unit labor costs in manufacturing.

Chart 12. Bilateral Exchange Rates and Interest Differentials vis-à-vis the U.S. Dollar<sup>1</sup>

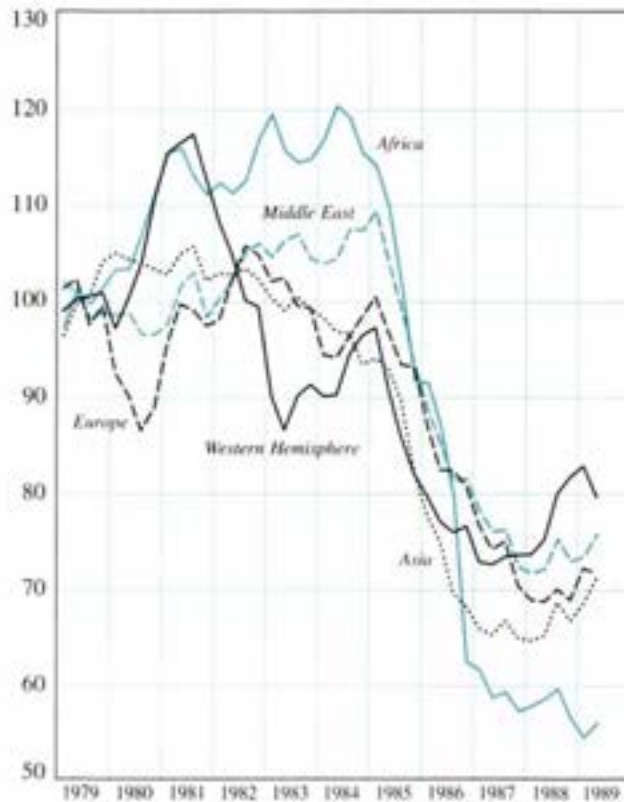


<sup>1</sup> Interest differentials shown are expressed as the difference between U.S. and domestic interest rates, in percent a year. Exchange rates are drawn on logarithmic scales. Data are monthly averages.



**Chart 13. Developing Countries: Real Effective Exchange Rates<sup>1</sup>**

(1979 = 100)



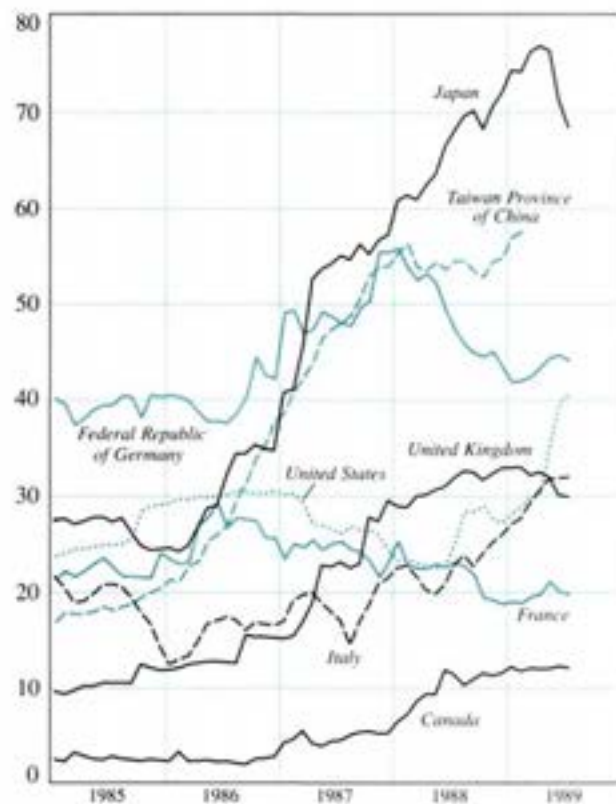
<sup>1</sup> Composites for regional groups are weighted averages, where countries' weights are dollar values of their respective GDPs during 1982-87. Because of the lack of appropriate domestic price data, the countries included for the Middle East and African regions cover only about 50 percent and 85 percent, respectively, of their regional GDPs. For the Western Hemisphere, Europe, and Asia, the coverage is complete.

## Financing and Debt in Developing Countries

*Financing flows.* The overall financing position of developing countries remained very difficult in 1988, as their aggregate current account deficit widened markedly and net external borrowing was sharply reduced in comparison with 1986-87. A striking result of these developments was the complete halt in the net accumulation of reserves, in contrast with a substantial reserve buildup in 1987. Official creditors continued to provide long-term financing on a significant scale in 1988, but lending by the private sector was cut back sharply. The claims of commercial banks on developing countries are estimated to have declined by some \$8 billion, reflecting in part the impact of a variety of debt reduction operations as well as the low level of new lending to indebted developing countries.

**Chart 14. Selected Countries: Total Reserves Minus Gold**

(In billions of SDRs)



The deterioration in the overall current account position of the developing countries in 1988 was due entirely to the sharp decline in the trade surplus of the fuel-exporting countries as a result of lower oil prices. External borrowing by this group was greatly curtailed, reflecting negative flows from private sector creditors. The fuel exporters thus were obliged to make substantial drawings on their official reserve holdings, more than offsetting the net accumulation that had occurred in 1987. Taiwan Province of China also drew down its official reserves in 1988, as the current account surplus narrowed substantially because of large purchases of gold. Exporters of manufactures other than the Asian NIEs experienced a further improvement in their aggregate current account position; together they recorded a merchandise trade surplus for the first time since 1984, allowing them to reduce their borrowing from both official and private sources. The financing position of the remaining developing countries showed little change in 1988.

As in previous years, the positions of countries that have experienced recent debt-servicing difficulties and those that have avoided such problems differed substantially in 1988. The current account position of the

**Table 5. United States, Japan, and Federal Republic of Germany: Current Account Financing, 1986–89**

(In billions of U.S. dollars and percent)

|   | 1986   | 1987   | 1988   | 1989            |
|---|--------|--------|--------|-----------------|
|   |        |        |        | H1 <sup>1</sup> |
| <b>United States</b>                                  |        |        |        |                 |
| Current account <sup>2</sup>                          | -133.3 | -143.7 | -126.5 | -122.8          |
| Capital account, net <sup>3</sup>                     | 97.4   | 89.4   | 91.2   | 149.8           |
| Of which:   |        |        |        |                 |
| Direct investment, net <sup>4</sup>                   | 7.8    | 2.7    | 40.9   | 46.6            |
| — Assets  | -26.3  | -44.2  | -17.5  | -16.4           |
| — Liabilities   | 34.1   | 46.9   | 58.4   | 63.0            |
| Net transactions of monetary authorities <sup>5</sup> | 35.9   | 54.3   | 35.3   | -27.0           |
| (as a percentage of current account)                  | (26.9) | (37.8) | (27.9) | (22.0)          |
| <b>Japan</b>  |        |        |        |                 |
| Current account                                       | 85.8   | 87.0   | 79.6   | 68.0            |
| Capital account, net <sup>3</sup>                     | -72.1  | -44.7  | -64.1  | -84.4           |
| Of which:   |        |        |        |                 |
| Direct investment, net <sup>4</sup>                   | -14.3  | -18.4  | -34.7  | -41.1           |
| Net transactions of monetary authorities <sup>5</sup> | -13.7  | -42.3  | -15.5  | 16.4            |
| (as a percentage of current account)                  | (16.0) | (45.6) | (19.7) | (24.1)          |
| <b>Germany, Federal Republic of</b>                   |        |        |        |                 |
| Current account                                       | 39.4   | 45.2   | 48.6   | 59.2            |
| Capital account, net <sup>3</sup>                     | -36.6  | -22.3  | -68.4  | -77.2           |
| Of which:   |        |        |        |                 |
| Direct investment, net <sup>4</sup>                   | -8.6   | -7.1   | -8.8   | -7.3            |
| Net transactions of monetary authorities <sup>5</sup> | -2.7   | -23.0  | 19.8   | 18.0            |
| (as percent of current account)                       | (6.9)  | (50.8) | (40.7) | (30.5)          |

<sup>1</sup> First half of year at annual rate; for the United States, figures are seasonally adjusted and preliminary; for Japan, the current account is seasonally adjusted; for Germany, figures are seasonally unadjusted.

<sup>2</sup> Reported figures include unrealized capital gains associated mainly with exchange rate changes, as follows: 1986, \$10.7 billion; 1987, \$16.5 billion; 1988, -\$1.0 billion; 1989 H1, -\$8.2 billion.

<sup>3</sup> Includes errors and omissions and discrepancies between seasonally adjusted and seasonally unadjusted data.

<sup>4</sup> A minus sign indicates a rise in net assets or an outflow of capital.

<sup>5</sup> Excluding valuation adjustments; a minus sign indicates an increase in reserves.

latter countries changed little, and their continued creditworthiness allowed them to increase their borrowing from private (mainly non-bank) sources; a number of countries in this group—predominantly the exporters of manufactures—also increased their acquisition of foreign assets. Debt-problem countries, however, faced a sharp reduction in private sector capital inflows, notwithstanding a further increase in their combined trade surplus. The withdrawal of com-

mercial bank funds was particularly large and was concentrated among the fifteen heavily indebted countries (the so-called Baker group); the Fund's international banking statistics indicate that bank claims on these countries fell by almost \$20 billion in 1985–88.<sup>7</sup>

On the basis of current oil price trends, the external position of the fuel exporting countries is expected to improve markedly in 1989–90. Private sector lending is also expected to resume, permitting some restoration of this group's depleted reserves. The lower current account deficits achieved by the non-fuel exporting countries in 1987–88 are not expected to be maintained, however, as strong growth in import volume is likely to continue in the face of adverse terms of trade movements. Private sector lending to this group is likely to remain weak, partly reflecting the impact of debt reduction operations. Net disbursements of long-term official credits, however, particularly from bilateral sources, are expected to recover from the low levels of 1987–88. Lending from both official and private creditors to countries that have experienced recent debt-servicing difficulties is expected to rise moderately, permitting some repayment of arrears in 1990, following an increase of more than \$25 billion since 1986.

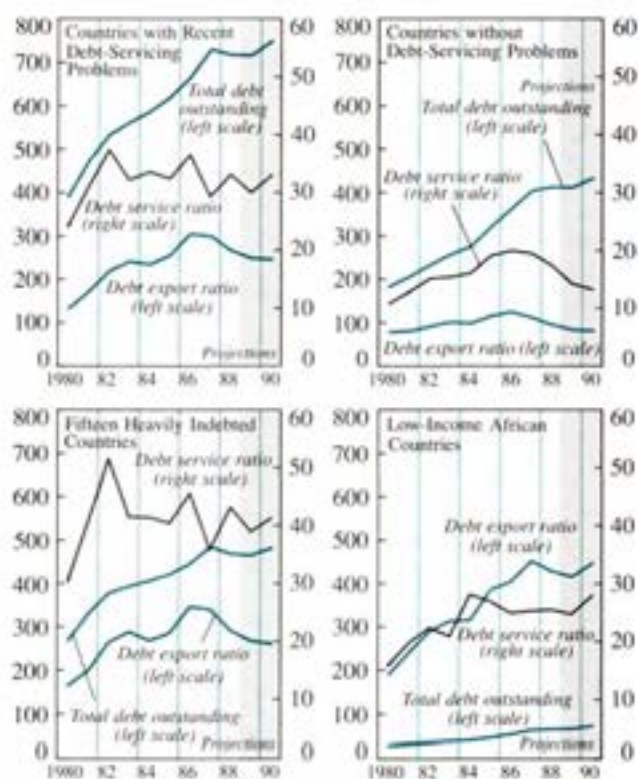
*External debt.* Revised estimates for 1988 point to a small decline in the total external debt of developing countries (Chart 15). This reflects a sharply reduced level of net external borrowing and negative valuation adjustments stemming from the partial reversal of the decline in the value of the U.S. dollar over the previous three years. The outcome for 1988 represents the first time in at least twenty years that developing country debt, measured in U.S. dollars, has not increased from one year to the next. Debt owed to non-official creditors is estimated to have fallen by about 1½ percent, reflecting in particular a reduction in the exposure of banks and unguaranteed private creditors; long-term liabilities to official creditors continued to increase, although at a much slower rate than in previous years. The decline in the stock of debt was most pronounced in the Western Hemisphere, where outstanding liabilities to non-official creditors fell by almost 6 percent; the reduction in commercial banks' exposure to the "Baker" countries in the region accounts for virtually all of this change. A decline was also registered in Europe, but total debt continued to rise in other areas. If the rise of the dollar in the first half of 1989 is not reversed, the overall debt of developing countries may

<sup>7</sup> Changes in bank claims do not necessarily reflect underlying cash flows. Various indicators of private sector lending to developing countries were discussed in the April 1989 *World Economic Outlook*, pp. 26–27.



**Chart 15. Developing Countries: Debt Outstanding and Ratios of Debt and Debt Service to Exports**

(Debt data in billions of U.S. dollars; ratios in percent of exports of goods and services)



decline further in 1989 before resuming an upward trend in 1990. Such a rise could be offset, however, if widespread implementation of debt reduction operations follows the strengthening of the debt strategy in the first half of 1989.

The lower level of external debt, and the continued growth of exports from developing countries, consolidated the decline in the aggregate ratio of debt to exports that had commenced in 1987. This ratio is projected to decline from 140 percent at the end of 1988 to 123 percent by 1990—similar to the level at the outbreak of the debt crisis but still very high in comparison with earlier periods. Moreover, the debt burden of certain groups and regions in 1990 is still likely to be substantially above that recorded in 1982. The position of Africa—and particularly of the low-income sub-Saharan countries, whose debt ratio is projected to continue rising to 450 percent by 1990—is the most serious. The debt ratio for the 15 heavily indebted countries, on the other hand, is projected to decline to 264 percent by 1990, 85 percentage points below its level in 1986 but still twice the average for all developing countries. Successful implementation of debt reduction operations, together with appropriate

policy reforms, could lead to a decline in the debt ratio for all groups of countries.

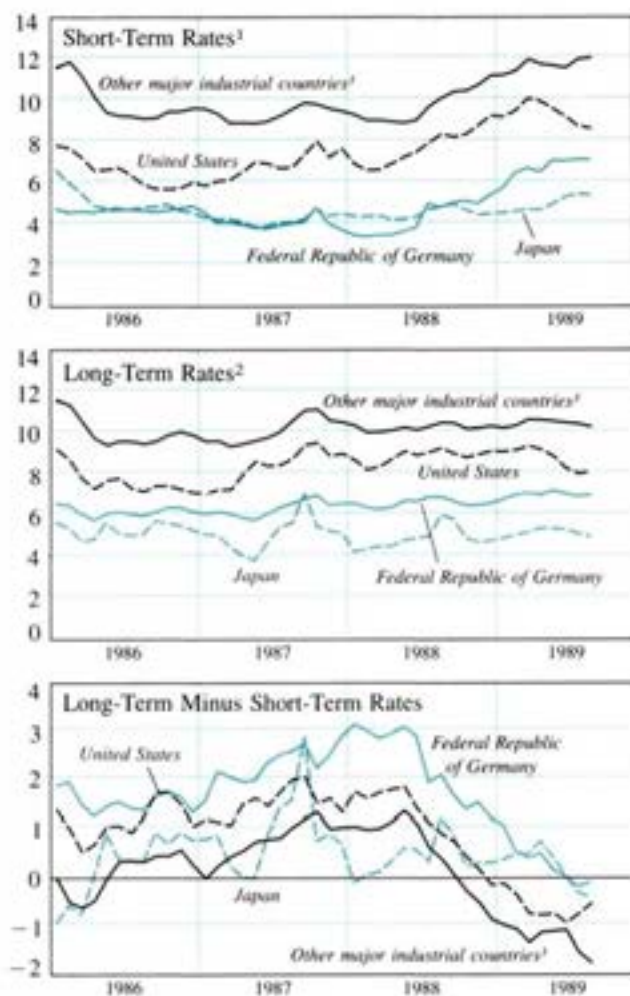
The aggregate debt-service ratio of the developing countries did not decline in line with these countries' lower debt-export ratio, owing partly to the impact of higher international interest rates, which affected in particular those countries that have borrowed predominantly from commercial creditors. In addition, a small number of heavily indebted countries in the Western Hemisphere—including Mexico—made substantial cash prepayments in connection with debt conversions negotiated with private creditors, resulting in a significant rise in their debt-service ratio; Brazil also paid off a large amount of interest arrears accumulated in 1987. However, severe financing difficulties in a number of other countries led to a further sharp increase in arrears during 1988. A modest reduction in accumulated arrears is in prospect for 1990, provided that external financing flows recover as expected.

## Economic Policies

*Industrial countries.* Most of the burden of resisting inflationary pressures during the past year has been borne by monetary policy; the role of fiscal policy has been limited. While the tightening of monetary policy over the past year was needed to control inflationary pressures, the persistence of large fiscal deficits in some countries has required a relatively large rise in interest rates to contain the expansion of demand.

In most of the major industrial countries, the firming of monetary conditions that occurred during 1988 continued during the first half of 1989, as indicated by a steady rise in short-term interest rates (Chart 16). During the year ended in the second quarter of 1989, short-term interest rates increased by as much as 5 percentage points in the United Kingdom, by 2½–3½ percentage points in the United States, Canada, and the Federal Republic of Germany, and by ½–1½ percentage points in Japan, France, and Italy. The growth of the broadly-defined monetary aggregates decelerated significantly in the three largest industrial countries during this period, although it has recently picked up in Canada and Italy (Chart 17). U.S. interest rates started to decline in April 1989 as signs emerged that growth was slowing, and the Federal Reserve eased reserve conditions in June and July. In August, however, interest rates rose as evidence accumulated of the continuing buoyancy of economic activity. Monetary policies in most other industrial countries were tightened further in the second quarter of 1989, in response to continued fears of overheating and, in

**Chart 16. Major Industrial Countries: Short- and Long-Term Interest Rates**



<sup>1</sup> Monthly averages of daily rates on money market instruments of about 90 days' maturity.

<sup>2</sup> Monthly averages of daily or weekly yields on government bonds, with maturities ranging from three and a half years for Italy to about 10 years for other countries. See Statistical Appendix, Table A15, footnote 3.

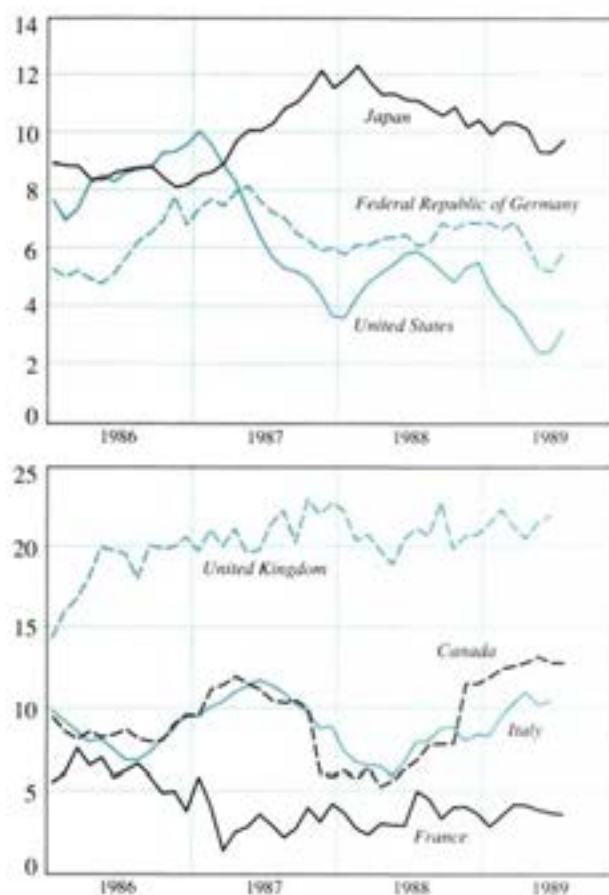
<sup>3</sup> Canada, France, Italy, and the United Kingdom.

some countries, in an effort to resist downward pressure on exchange rates.

In contrast to the rise in short-term rates, long-term interest rates have remained fairly stable since the aftermath of the global stock market decline in October 1987. Yield curves have thus flattened significantly and have become inverted in several countries. This development has been widely interpreted as indicating the confidence of market participants in the commitment and ability of monetary authorities to prevent temporary price disturbances from affecting long-term expectations about inflation. The continued strength

**Chart 17. Major Industrial Countries: Changes in Broad Money Supply<sup>1</sup>**

(Percent change from 12 months earlier)



<sup>1</sup> Broad money is defined as M2 except for the United Kingdom, Japan, and the Federal Republic of Germany, for which the data refer to M3, M2 + CD, and M3, respectively.

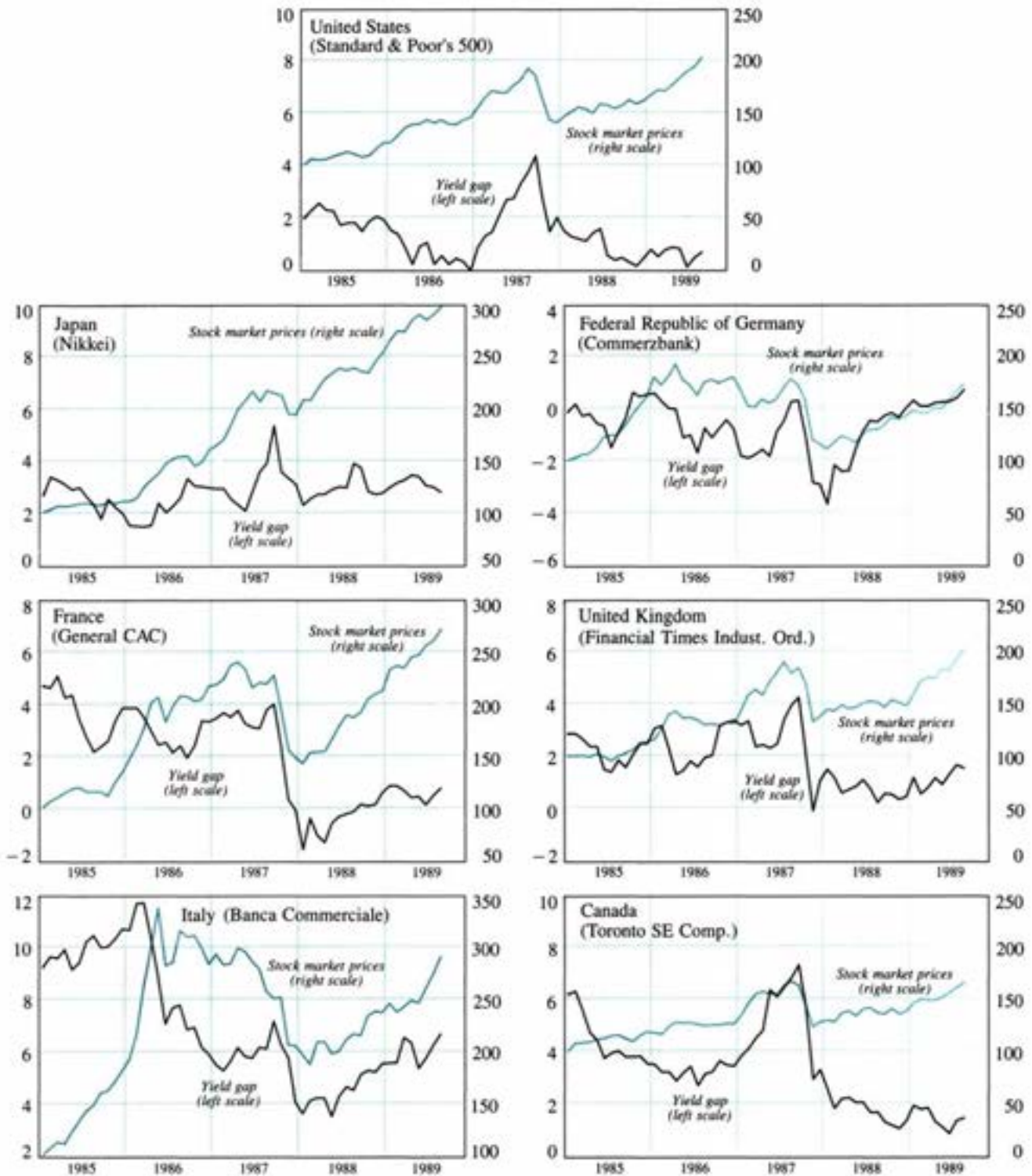
of stock markets (Chart 18), and the absence of renewed tensions between long-term interest rates and equity yields, seem to provide additional evidence of the confidence of investors.

In most countries the process of budget consolidation that has characterized much of the 1980s continued in 1988. The aggregate budget deficit (at the general government level) of the seven major industrial countries fell to nearly 1½ percent of GNP, ½ of 1 percentage point less than in 1987 and well below the peak deficit of just over 4 percent of GNP in 1983. Most of the reduction in 1988 reflected the effects on revenue of strong economic growth; the fiscal stance, as measured by the fiscal impulse, appears to have been broadly neutral on average, although it was somewhat expansionary in France and Germany and significantly restrictive in the United Kingdom.



**Chart 18. Major Industrial Countries: Equity Yield Gaps<sup>1</sup> and Stock Market Prices**

(Indices, Jan. 1985 = 100; in percent a year)



Source: For stock market prices, Data Resources, Inc.

<sup>1</sup> The equity yield gap is defined as the difference between the yield on long-term government bonds and the inverse of the price-earnings ratio of stocks.

**Table 6. Major Industrial Countries: Debt Outstanding at Central and General Government Levels, 1978–88<sup>1</sup>**

(In percent of GNP/GDP)<sup>2</sup>

|                           | 1978 | 1982 | 1986 | 1987 | 1988 <sup>3</sup> |
|---------------------------|------|------|------|------|-------------------|
| <b>Central government</b> |      |      |      |      |                   |
| Gross debt                |      |      |      |      |                   |
| Canada                    | 30   | 34   | 48   | 49   | 51                |
| United States             | 35   | 38   | 52   | 54   | 55                |
| Japan                     | 31   | 47   | 59   | 61   | 59                |
| France                    | 15   | 17   | 24   | 24   | 26                |
| Germany, Fed. Rep. of     | 14   | 19   | 21   | 22   | 22                |
| Italy                     | 57   | 63   | 86   | 90   | 94                |
| United Kingdom            | 44   | 48   | 51   | 50   | 45                |
| Net debt                  |      |      |      |      |                   |
| Canada                    | 12   | 20   | 37   | 38   | 39                |
| United States             | 22   | 25   | 37   | 38   | 38                |
| Japan                     | 3    | 12   | 14   | 10   | 8                 |
| France <sup>4</sup>       | -1   | 0    | 11   | 13   | 14                |
| Germany, Fed. Rep. of     | ...  | ...  | ...  | ...  | ...               |
| Italy                     | 35   | 48   | 72   | 77   | 81                |
| United Kingdom            | 9    | 18   | 15   | 16   | 13                |
| <b>General government</b> |      |      |      |      |                   |
| Gross debt                |      |      |      |      |                   |
| Canada                    | 59   | 64   | 82   | 82   | 82                |
| United States             | 47   | 48   | 65   | 66   | 67                |
| Japan                     | 42   | 61   | 73   | 76   | 74                |
| France                    | 26   | 31   | 36   | 37   | 37                |
| Germany, Fed. Rep. of     | 29   | 38   | 41   | 42   | 43                |
| Italy                     | 62   | 66   | 88   | 93   | 96                |
| United Kingdom            | 58   | 58   | 56   | 54   | 49                |
| Net debt                  |      |      |      |      |                   |
| Canada                    | 12   | 17   | 37   | 38   | 38                |
| United States             | 29   | 31   | 41   | 42   | 43                |
| Japan                     | 11   | 23   | 26   | 22   | 19                |
| France <sup>4</sup>       | —    | 4    | 12   | 13   | 14                |
| Germany, Fed. Rep. of     | 7    | 19   | 19   | 20   | 21                |
| Italy                     | 47   | 51   | 77   | 81   | 85                |
| United Kingdom            | 25   | 29   | 25   | 26   | 22                |

Source: Fund staff estimates based on the following national publications: United States: Board of Governors of the Federal Reserve System; *Flow of Funds Accounts, Financial Assets and Liabilities*; Year-End, 1964–1987, and Federal Reserve Bulletin (various issues); Japan: Economic Planning Agency, Government of Japan, *Annual Report on National Accounts* (various issues); Federal Republic of Germany: *Monthly Report of the Deutsche Bundesbank* (May issue); Italy: *Relazione Annuale all'Assemblea Generale Ordinaria dei Partecipanti*, Banca d'Italia; Canada: Statistics Canada, *The National Balance Sheet Accounts*, various issues; France: Institut de Prévisions Economiques et Financières pour le Développement des Entreprises, *Revue de l'Ipecode*; and United Kingdom, Central Statistical Office.

<sup>1</sup> Book value of debt outstanding at the end of the year. Central government data include assets of the social security fund for the United States, Japan, and the United Kingdom; in the Federal Republic of Germany, France, Italy, and the United Kingdom, such assets are incorporated only at the level of general government. In Japan, it is not possible to separate the social security fund of the central government from that of the local government. Therefore, all assets held in the social security fund are included in the central government.

<sup>2</sup> Canada, France, Italy, and the United Kingdom: in percent of GDP.

<sup>3</sup> Data for 1988 are preliminary.

<sup>4</sup> Data for 1985–88 are estimated by adding the fiscal deficit to the corresponding stock of debt in the previous year.

The process of fiscal consolidation is expected to continue in 1989–90, albeit at a somewhat reduced pace, as the more moderate growth of economic activity slows the growth of revenue. However, the ratio of net public debt to GNP has continued to increase rapidly in some countries, including Italy and Canada (Table 6); in both countries the authorities have stated the objective of arresting the rise in debt ratios by the early 1990s. Public debt ratios have also continued to rise in the United States, although the rate of increase recently has decelerated. In contrast, debt ratios now appear to have been stabilized in Germany, and they are beginning to fall in Japan and the United Kingdom, where a further decline is expected in 1990 on the order of 2 and 3 percentage points of GNP, respectively.<sup>8</sup>

In the United States, the Administration's mid-session budget review, released in mid-July 1989, estimated the federal deficit in FY 1989 (the year ending September 30, 1989) at \$148 billion, compared with a Gramm-Rudman-Hollings (GRH) target of \$136 billion and slightly down from \$155 billion in FY 1988 (Table 7).<sup>9</sup> The revised projection is substantially below the January 1989 estimate of \$160 billion, partly because of the unexpectedly high tax receipts collected in April 1989. For FY 1990, the April "bipartisan budget agreement" is aimed at achieving budgetary savings consistent with the GRH target (\$100 billion) for that fiscal year. While the agreement is clearly a step in the right direction, it is questionable whether it will achieve the intended reduction in the deficit over the medium term. As explained in previous *World Economic Outlook* reports, the technical assumptions underlying the "current services" estimates, from which the need for additional measures is assessed, appear to contribute to a downward bias in the Administration's deficit projections. The staff is projecting federal deficits of \$145 billion in FY 1990 and \$158 billion in FY 1991, well above the GRH targets of \$100 billion and \$64 billion, respectively, suggesting that further measures to reduce the deficit are likely to be required.<sup>10</sup>

In Japan, fiscal consolidation advanced considerably in 1987–88, through efforts to control expenditure and because the effect on revenue of strong income growth

<sup>8</sup> In Japan, the ratio of gross public debt to GNP is still high; the difference between gross and net debt reflects primarily social security assets.

<sup>9</sup> The limits under the GRH Act are binding only on forecasts of the following fiscal year's deficit; once a fiscal year is under way, there is no mechanism requiring further action should the actual deficit exceed the GRH target. See Note 3 to Table 7.

<sup>10</sup> Neither the staff nor the Administration estimates include an allowance for the potential spending effects of the thrift industry reform package (the Financial Institutions Reform Recovery and Enforcement Act of 1989), which became law on August 9, 1989.

**Table 7. United States: Current Services Estimates of Federal Budget Deficit, 1987-93**

(Fiscal years: in billions of U.S. dollars)

|   | 1987             | 1988             | 1989 | 1990 | 1991 | 1992            | 1993            |
|---|------------------|------------------|------|------|------|-----------------|-----------------|
| <b>Administration estimates</b>                     |                  |                  |      |      |      |                 |                 |
| February 1985                                       | 246              | 248              | 233  | 224  | ...  | ...             | ...             |
| August 1985   | 253              | 256              | 244  | 238  | ...  | ...             | ...             |
| February 1986                                       | 182              | 150              | 139  | 126  | 104  | ...             | ...             |
| August 1986   | 172              | 140              | 116  | 91   | 64   | ...             | ...             |
| January 1987  | 175              | 150              | 147  | 126  | 101  | 78              | ...             |
| August 1987   | 159              | 161              | 166  | 146  | 123  | 105             | ...             |
| February 1988                                       | 151 <sup>1</sup> | 148              | 138  | 111  | 86   | 63              | 39              |
| August 1988   | 151 <sup>1</sup> | 152              | 132  | 111  | 94   | 80              | 53              |
| January 1989  | 151 <sup>1</sup> | 155 <sup>1</sup> | 160  | 127  | 102  | 70              | 37              |
| July 1989   | 151 <sup>1</sup> | 155 <sup>1</sup> | 148  | 128  | 122  | 93 <sup>2</sup> | 57 <sup>2</sup> |
| <b>Memorandum</b>                                   |                  |                  |      |      |      |                 |                 |
| July 1989 mid-session review of budget <sup>2</sup> | 150 <sup>3</sup> | 155 <sup>3</sup> | 148  | 99   | 85   | 67              | 30              |
| Maximum deficits stipulated by:                     |                  |                  |      |      |      |                 |                 |
| Original Gramm-Rudman-Hollings (GRH) Act            | 144              | 108              | 72   | 36   | —    | ...             | ...             |
| Amended (GRH) Act <sup>3</sup>                      | ...              | 144              | 136  | 100  | 64   | 28              | —               |
| Fund staff working assumption <sup>4</sup>          | 151              | 155 <sup>3</sup> | 152  | 145  | 158  | 145             | 128             |
| As percent of GNP                                   | 3.4              | 3.2              | 3.0  | 2.6  | 2.7  | 2.3             | 1.9             |

Sources: *Budget of the United States Government* (various issues); and Fund staff estimates.

Note: The current services estimate indicates what the federal budget deficit would be on the basis of no changes in the existing tax system and current spending programs. Both the Administration and staff estimates include asset sales in revenue projections, but the GRH targets exclude such sales. In FY 1989 and FY 1990 such sales are minimal; in FY 1991, they are estimated at \$2 billion.

Neither the Administration nor the staff estimates include an allowance for the spending effects of the thrift industry rescue package.

<sup>1</sup> Actual.

<sup>2</sup> Executive Office of The President, Office of Management and Budget *Mid-Session Review of the Budget*, July 18, 1989, Table 1. These estimates incorporate proposed changes in current tax and expenditure programs.

<sup>3</sup> Under the revised Gramm-Rudman-Hollings (GRH) law, the baseline projection is essentially a current services estimate derived using Office of Management and Budget economic and technical assumptions. The law stipulates that budget deficits must decrease annually and specifies measures that must be taken to achieve this result. If by October 15, when final estimates are required, the estimated GRH budget baseline deficit exceeds \$110 billion (the 1990 deficit target of \$100 billion plus the \$10 billion "cushion" allowed under the law), a sequestration is triggered to reduce the baseline deficit.

<sup>4</sup> These deficit estimates are based on the Administration's current services estimates adjusted for differences in economic assumptions.

<sup>5</sup> These figures are Fund staff estimates of the Administration's baseline projections (based on information in the mid-session review), as an updated official baseline has not been provided beyond FY 1991.

combined with the high elasticity of tax revenue more than offset the impact of income tax reductions. In line with the authorities' medium-term objectives, fiscal policy is expected to be broadly neutral in 1989 and 1990. In the Federal Republic of Germany, the stance of fiscal policy in 1989 is expected to be restrictive, owing mainly to a rise in revenues (equivalent to almost 1/2 of 1 percent of GNP) stemming from new excise taxes and the strong expansion of economic activity—and notwithstanding the abolition of the withholding tax. In 1990, fiscal policy will again become mildly stimulative, as the third (and final) phase of the income tax reform plan comes into effect, involving a net tax reduction equivalent to almost 1 percent of GNP. In Canada, the fiscal deficit is projected to decline by about 1 percent of GNP between 1989 and 1990 as a result of substantial measures announced in the latest budget. In Italy progress toward fiscal consolidation remains slow, and the debt/GNP ratio is expected to continue to rise.

In the smaller industrial countries, fiscal positions generally improved in 1988, owing mainly to strong economic growth that boosted tax receipts. In 1989 and 1990 the average general government deficit of this group is expected to remain broadly stable in the range of 2 to 2½ percent of GNP, the lowest level of the decade. The budget surpluses of Australia and Denmark are likely to increase as a result of measures taken in part to deal with external deficits. Despite continuing efforts to limit the accumulation of public debt, fiscal deficits are likely to remain high in Belgium and Portugal (6-7 percent of GNP) and in Ireland and the Netherlands (about 4¾ percent of GNP).

*Developing countries.* In many developing countries, notably those that have recently experienced debt-servicing difficulties, the protracted weakness of investment and the decline in living standards since the beginning of the 1980s has placed the resumption of sustained growth at the top of the policy agenda. With persistent external financing constraints, it has become increasingly evident that, if the growth performance is to improve, a substantial proportion of the required increase in investment will have to be financed by national, rather than foreign, saving and that available resources will need to be allocated more efficiently. A growing number of countries have already implemented—or are in the process of introducing—structural reforms in the areas of trade, pricing, and tax systems, including measures directly affecting the financial and public enterprise sectors. These measures aim at improving international competitiveness, stimulating saving, and reducing the cost and time required in adjusting to external shocks. In spite of these efforts, it is becoming increasingly evident that the resumption of growth will not materialize in a macroeconomic



environment of large fiscal deficits, rapid monetary expansion, and accelerating inflation. Indeed, the recent experience of several countries suggests that it is extremely difficult to maintain the momentum of structural reform in an environment of large and growing macroeconomic imbalances.

Following some slippage in fiscal adjustment during 1986–87, a number of developing countries strengthened their budgetary positions in 1988, a trend that is expected to continue in 1989. However, fiscal deficits in many countries remain excessive; they contribute to the crowding out of private demand while raising the risk of inflationary financing. Thus, inadequate fiscal adjustment has been a major contributor to the continuing weakness of private investment as well as to the recent acceleration of inflation in a large number of countries.

Inflation has become a serious problem in many countries in the Western Hemisphere. Some countries, such as Bolivia, Mexico, and, earlier, Chile, have successfully confronted the problem and have brought inflation reasonably under control through persistent fiscal restraint and firm monetary policies. The resulting improvement in macroeconomic conditions and increased confidence in the policy process have permitted these countries to strengthen significantly their structural reform efforts in many areas, including trade liberalization. By contrast, attempts at stabilization in Argentina and Brazil have been short-lived, owing mainly to a lack of adequate support from fiscal policy. In both countries, fiscal balances have deteriorated again after a temporary improvement in 1988, while monetary growth and inflation rates have accelerated into double-digit monthly rates.

Macroeconomic imbalances and rising inflation also have become a matter of serious concern in other countries, including China, Poland, and Yugoslavia, where direct price and administrative controls were commonly used in the past to guide resource allocation and product distribution. In these countries, the gradual implementation of market-oriented reforms introduced in recent years has been accompanied by a rapid rise in aggregate demand resulting from lax financial policies, which in some cases reflected in part difficulties in introducing indirect instruments of demand management. In addition, supply constraints and price reforms have resulted in major shifts in relative prices in some countries. In China, the resulting acceleration of inflation has recently led to a strengthening of administrative controls over prices and investment. In contrast, financial policies have remained expansionary in Poland, and in Yugoslavia efforts undertaken in 1988 to tighten policies have not been sustained.

Reflecting a growing recognition of the deep-seated structural weaknesses that plague much of Africa—

including a narrow production base, inadequate infrastructure, and underdeveloped financial markets—structural policies have played a particularly important role in this region in recent years. With agriculture accounting for a large part of output and exports, agricultural pricing and marketing systems have received considerable attention. For several years, Ghana, Madagascar, and Senegal have successfully combined structural adjustment with fiscal consolidation and monetary stabilization. Structural reform efforts have been significant also in Kenya, Morocco, and Nigeria, where budget deficits have recently been reduced and monetary expansion has been brought under firmer control. However, in a number of African countries, notably Côte d'Ivoire, Zaïre, and, more recently, Tanzania, financial conditions have begun to deteriorate, threatening hard-won structural improvements.

Several Asian and European developing countries have also implemented structural reforms aimed at transforming their predominantly inward-looking industrial and agricultural structures into more open, outward-looking economic systems. In India, Indonesia, and the Philippines, this process has been supported by cautious financial policies in recent years, which have helped to contain inflationary pressures and to respond successfully to adverse developments such as severe droughts (in India) or the sharp decline in oil prices in 1986 (in Indonesia). By contrast, in Turkey the shift toward expansionary fiscal and monetary policy since 1985 has led to a marked widening of macroeconomic imbalances and to a halt, or even a reversal, of previous liberalization efforts. Expansionary financial policies were also primarily responsible for the relatively limited success of structural reforms in Pakistan in recent years, although the stance of demand management policies has shifted toward restraint since mid-1988.

The strong tradition of outward-oriented development strategies, combined with generally cautious fiscal and monetary policies, has been an important reason behind the remarkable macroeconomic performance in recent years of a number of Asian economies, including those of Korea, Malaysia, Singapore, Taiwan Province of China, and Thailand. In Korea and Taiwan Province of China, however, large external surpluses have complicated monetary management at times and have raised concerns about the sustainability of the economic expansion. In order to facilitate external adjustment, both economies have allowed their exchange rates to appreciate and have introduced significant import liberalization measures.

Among the fuel exporting countries in the Middle East, fiscal balances continue to be strongly influenced by developments in the international oil market. Despite large expenditure cuts, the budgetary and external



positions of these countries have deteriorated substantially since the early 1980s, reflecting a dramatic decline in oil revenues. Adjustment efforts were intensified after the drop in oil prices in 1986 and, aided

by the subsequent partial recovery of oil prices, Saudi Arabia, Qatar, and the United Arab Emirates have achieved significant improvements in their fiscal positions.

## Chapter II

# Alternative Medium- and Long-Term Scenarios

This chapter discusses various scenarios intended to facilitate the analysis of policy issues in the industrial countries. The first section presents the staff's baseline projections for the next five years on the assumption of unchanged policies. This is followed by a synopsis of various scenarios intended to assess the impact of alternative policies and market developments in a medium-term context. In the following section the staff takes a longer-term view and focuses on the possible consequences of prospective demographic developments for private saving and other key macroeconomic indicators in the major industrial countries.

### The Baseline Projections

The staff's medium-term baseline projections for the industrial countries<sup>11</sup> are developed on the customary technical assumptions of unchanged policies, constant real exchange rates, and unchanged oil prices in real terms. The nature and implications of these technical assumptions were examined in detail in the April 1989 *World Economic Outlook*.<sup>12</sup>

The baseline projections envisage that growth of output in the industrial countries will moderate from an unusually fast pace of 4¼ percent in 1988 to under 3 percent in 1990 (Table 8). During 1991–94, output growth will average 3 percent a year, roughly in line with the estimated growth of potential GNP. These projections assume that the expansion of aggregate demand will moderate as a result of restrained financial policies—including a sizable reduction in budget deficits in relation to GNP in several countries, notably Canada and the United States—while the growth of potential output will be raised somewhat by recent actions in the structural area, by progress toward the

completion of the internal market in the European Community, and by the recently enacted Free Trade Agreement between Canada and the United States.

On the basis of current price developments, inflation is expected to accelerate significantly in 1989, but it would slow in the next several years. This projection is based on the assumption that some of the temporary factors that have boosted prices recently—including the rise in oil prices and increases in indirect taxes—will gradually taper off, and that monetary policy will remain committed to bringing the expansion of demand under control. The rate of increase in the GNP price deflator for the industrial countries as a group would rise from 3¼ percent in 1988 to more than 4 percent in 1989, before falling to 3¼ percent in 1990 and declining gradually to an annual average of 3¼ percent in 1991–94. Among the large industrial countries, the projected reduction in inflation would be particularly significant in the United Kingdom, Italy, and Canada, three countries currently experiencing relatively high rates of price increase.

In 1987–88, total domestic demand increased faster than real GNP in the Federal Republic of Germany and Japan, while the opposite occurred in the United States. On the customary technical assumption of unchanged policies and constant real exchange rates, however, the relation between the growth rates of output and domestic demand is expected to reverse itself by 1990, and over the medium term these variables would tend to grow at similar rates in all three countries. These developments would be reflected in the persistence of large current account imbalances. In relation to GNP, the surpluses of Germany and Japan over the medium term would remain close to their levels in 1990, while the deficit of the United States would widen slightly.

### Alternative Medium-Term Scenarios

The analysis of medium-term scenarios in previous *World Economic Outlook* reports has focused on the consequences of a variety of market reactions, exogenous disturbances, and policy actions in the industrial

<sup>11</sup> The baseline projections for the developing countries, together with a number of alternative medium-term scenarios, are discussed in Chapter IV.

<sup>12</sup> These assumptions reflect primarily a wish to avoid publication of projections for "sensitive" variables as well as the complexities involved in forecasting variables such as exchange rates. The assumption of unchanged policies does not, of course, rule out the possibility of policy adaptations in the future.

**Table 8. Major Industrial Countries: Indicators of Economic Performance, 1976–94**

(Changes, in percent, except where otherwise noted)

|  | Average<br>1976–85 | 1986  | 1987  | 1988  | 1989  | 1990  | Average <sup>1</sup><br>1991–94 |
|--|--------------------|-------|-------|-------|-------|-------|---------------------------------|
| <b>Canada</b>  |                    |       |       |       |       |       |                                 |
| Real GDP   | 3.4                | 3.1   | 4.5   | 5.0   | 2.6   | 2.0   | ...                             |
| Real total domestic demand   | 3.0                | 4.2   | 4.9   | 5.8   | 5.4   | 2.1   | ...                             |
| GDP deflator   | 7.1                | 2.4   | 4.3   | 4.1   | 5.2   | 4.4   | ...                             |
| General government financial balance <sup>2</sup> (in percent of GDP)                  | -4.0               | -5.6  | -4.6  | -3.4  | -3.9  | -2.9  | ...                             |
| Current account balance (in percent of GDP)  | -0.8               | -2.1  | -1.7  | -1.7  | -2.9  | -2.8  | ...                             |
| Gross private investment (in percent of GDP)   | 19.5               | 18.2  | 18.8  | 20.0  | 20.1  | 21.4  | ...                             |
| <b>United States</b>   |                    |       |       |       |       |       |                                 |
| Real GNP <sup>3</sup>  | 3.0                | 2.7   | 3.7   | 4.4   | 2.9   | 2.1   | ...                             |
| Real total domestic demand   | 3.4                | 3.3   | 3.2   | 3.3   | 2.3   | 2.4   | ...                             |
| GNP deflator   | 6.5                | 2.6   | 3.1   | 3.3   | 4.5   | 4.6   | ...                             |
| General government financial balance <sup>2</sup> (in percent of GNP)                  | -1.8               | -3.4  | -2.3  | -2.0  | -2.0  | -1.8  | ...                             |
| Current account balance (in percent of GNP)  | -0.8               | -3.1  | -3.2  | -2.6  | -2.4  | -2.5  | ...                             |
| Gross private investment (in percent of GNP)   | 16.5               | 16.3  | 15.7  | 15.4  | 15.3  | 16.4  | ...                             |
| <b>Japan</b>   |                    |       |       |       |       |       |                                 |
| Real GNP   | 4.5                | 2.5   | 4.5   | 5.7   | 4.9   | 4.7   | ...                             |
| Real total domestic demand   | 3.6                | 4.1   | 5.2   | 7.7   | 5.2   | 4.6   | ...                             |
| GNP deflator   | 3.3                | 1.8   | -0.2  | 0.4   | 1.8   | 1.3   | ...                             |
| General government financial balance <sup>2</sup> (in percent of GNP)                  | -3.6               | -0.9  | 0.6   | 1.4   | 2.0   | 2.2   | ...                             |
| Current account balance (in percent of GNP)  | 1.1                | 4.3   | 3.6   | 2.8   | 2.5   | 2.9   | ...                             |
| Gross private investment (in percent of GNP)   | 24.8               | 23.2  | 23.8  | 25.6  | 26.9  | 26.8  | ...                             |
| <b>France</b>  |                    |       |       |       |       |       |                                 |
| Real GDP   | 2.4                | 2.3   | 1.9   | 3.5   | 3.4   | 3.0   | ...                             |
| Real total domestic demand   | 2.2                | 4.1   | 3.0   | 3.6   | 3.6   | 3.0   | ...                             |
| GDP deflator   | 9.7                | 5.1   | 2.9   | 3.1   | 3.2   | 2.8   | ...                             |
| General government financial balance <sup>2</sup> (in percent of GDP)                  | -1.6               | -2.6  | -1.6  | -1.4  | -1.4  | -1.4  | ...                             |
| Current account balance (in percent of GDP)  | -0.4               | 0.4   | -0.5  | -0.4  | -0.6  | -0.5  | ...                             |
| Gross private investment (in percent of GDP)   | 18.8               | 15.9  | 16.7  | 17.5  | 17.9  | 18.1  | ...                             |
| <b>Germany, Fed. Rep. of</b>   |                    |       |       |       |       |       |                                 |
| Real GNP   | 2.3                | 2.3   | 1.7   | 3.6   | 4.0   | 3.0   | ...                             |
| Real total domestic demand   | 1.9                | 3.5   | 2.9   | 3.7   | 2.7   | 3.1   | ...                             |
| GNP deflator   | 3.6                | 3.1   | 2.0   | 1.5   | 2.5   | 2.5   | ...                             |
| General government financial balance <sup>2</sup> (in percent of GNP)                  | -2.6               | -1.3  | -1.8  | -2.0  | -0.2  | -0.9  | ...                             |
| Current account balance (in percent of GNP)  | 0.6                | 4.4   | 4.0   | 4.0   | 4.5   | 4.5   | ...                             |
| Gross private investment (in percent of GNP)   | 18.1               | 17.1  | 17.3  | 18.1  | 19.0  | 19.2  | ...                             |
| <b>Italy</b>   |                    |       |       |       |       |       |                                 |
| Real GDP   | 3.2                | 2.6   | 3.0   | 3.9   | 3.2   | 2.9   | ...                             |
| Real total domestic demand   | 2.6                | 2.9   | 4.6   | 4.3   | 3.7   | 3.4   | ...                             |
| GDP deflator   | 15.7               | 7.5   | 6.1   | 6.0   | 6.6   | 5.1   | ...                             |
| General government financial balance <sup>2</sup> (in percent of GDP)                  | -9.9               | -11.7 | -11.2 | -10.6 | -10.6 | -10.5 | ...                             |
| Current account balance (in percent of GDP)  | -0.4               | 0.4   | -0.2  | -0.6  | -1.0  | -1.1  | ...                             |
| Gross private investment (in percent of GDP)   | 15.9               | 17.8  | 17.5  | 17.4  | 18.0  | 17.8  | ...                             |
| <b>United Kingdom</b>  |                    |       |       |       |       |       |                                 |
| Real GDP   | 1.9                | 3.2   | 4.5   | 4.2   | 3.0   | 2.7   | ...                             |
| Real total domestic demand   | 1.8                | 4.2   | 5.2   | 6.2   | 3.6   | 1.1   | ...                             |
| GDP deflator   | 10.8               | 3.4   | 4.8   | 6.7   | 7.5   | 5.7   | ...                             |
| General government financial balance <sup>2</sup> (in percent of GDP)                  | -3.4               | -2.4  | -1.5  | 0.9   | 1.9   | 2.0   | ...                             |
| Current account balance (in percent of GDP)  | 0.8                | —     | -0.9  | -3.2  | -3.7  | -3.1  | ...                             |
| Gross private investment (in percent of GDP)   | 18.7               | 15.6  | 16.4  | 18.5  | 17.5  | 16.4  | ...                             |
| <b>Major Industrial Countries</b>  |                    |       |       |       |       |       |                                 |
| Real GDP/GNP   | 3.1                | 2.7   | 3.6   | 4.5   | 3.5   | 3.0   | 3.0                             |
| Real total domestic demand   | 3.0                | 3.6   | 3.8   | 4.6   | 3.4   | 3.0   | 3.1                             |
| GDP/GNP deflator   | 6.8                | 3.0   | 2.7   | 2.9   | 4.0   | 3.6   | 3.1                             |
| General government financial balance <sup>2</sup> (in percent of GDP/GNP) <sup>4</sup> | -2.9               | -3.3  | -2.2  | -1.7  | -1.3  | -1.2  | -0.4                            |
| Current account balance (in percent of GDP/GNP) <sup>4</sup>                           | -0.2               | -0.1  | -0.3  | -0.4  | -0.5  | -0.4  | -0.3                            |
| Gross private investment (in percent of GDP/GNP) <sup>4</sup>                          | 18.5               | 17.7  | 17.7  | 18.4  | 19.0  | 19.5  | 20.1                            |

<sup>1</sup> Projections are based on the assumptions of unchanged policies and constant real exchange rates and oil prices.<sup>2</sup> National accounts basis.<sup>3</sup> After adjustment for the effects of the drought on farm output, the growth of real GNP in the United States would be 5 percent in 1988 and 2.2 percent in 1989.



**Table 8 (concluded). Major Industrial Countries: Indicators of Economic Performance, 1976–94**

(Changes, in percent, except where otherwise noted)

|  | Average<br>1976–85 | 1986 | 1987 | 1988 | 1989 | 1990 | Average <sup>1</sup><br>1991–94 |
|--|--------------------|------|------|------|------|------|---------------------------------|
| <b>Other Industrial Countries</b>                            |                    |      |      |      |      |      |                                 |
| Real GDP/GNP   | 2.3                | 2.3  | 2.9  | 3.3  | 3.1  | 2.3  | 2.9                             |
| Real total domestic demand                                   | 1.8                | 3.5  | 3.3  | 3.8  | 3.6  | 2.3  | 3.4                             |
| GDP/GNP deflator   | 8.3                | 6.2  | 4.8  | 4.9  | 5.2  | 4.4  | 4.0                             |
| Current account balance (in percent of GDP/GNP) <sup>a</sup> | -1.7               | -0.2 | -0.4 | -0.6 | -0.9 | -0.9 | -1.4                            |
| <b>All Industrial Countries</b>                              |                    |      |      |      |      |      |                                 |
| Real GDP/GNP   | 3.0                | 2.6  | 3.5  | 4.4  | 3.5  | 2.9  | 3.0                             |
| Real total domestic demand                                   | 2.8                | 3.6  | 3.7  | 4.5  | 3.4  | 2.9  | 3.1                             |
| GDP/GNP deflator   | 7.0                | 3.4  | 3.0  | 3.2  | 4.1  | 3.7  | 3.3                             |
| Current account balance (in percent of GDP/GNP) <sup>a</sup> | -0.4               | -0.1 | -0.3 | -0.4 | -0.5 | -0.4 | -0.5                            |

<sup>a</sup> The last column refers to 1994.

countries. In these scenarios, some of the key assumptions underlying the baseline projections are relaxed: exchange rates are allowed to evolve in response to tensions in foreign exchange markets or to changes in fiscal and structural policies; and the consequences of inflationary shocks are evaluated under alternative assumptions regarding the response of monetary policy. This section briefly reviews the main conclusions and implications of those scenarios, as they stand behind some of the policy assessments presented in Chapter III.<sup>13</sup>

### Market Reactions and Policy Adjustments to External Imbalances

The first group of three scenarios examines the possible implications for the world economy of a shift in investors' preferences away from U.S. assets, and of macroeconomic policy adaptations aimed at reducing the risk of adverse market reactions to continued imbalances and at strengthening the foundation for sustained noninflationary growth.

In the first scenario it is assumed that, with mounting evidence of stalling in the adjustment process, market participants come to view current account imbalances among the three largest countries as unsustainably large over the medium term in the absence of new policy initiatives or exchange rate changes. As a result, investors are assumed to reduce their demand for U.S. assets, thus precipitating a sizable drop in the nominal effective value of the U.S. dollar. Initially, the competitive position of U.S. producers is enhanced and the real trade balance of the United States improves.

<sup>13</sup> Details on these scenarios, which draw on a combination of judgmental adjustments and simulations performed with the staff's multi-country econometric model (MULTIMOD), can be found in the October 1988 and April 1989 issues of the *World Economic Outlook*.

However, the expansion of demand, coupled with existing capacity constraints, gives rise to considerable pressure on U.S. prices, leading to the progressive erosion of competitiveness gains. Because the Federal Reserve is assumed to resist these pressures, U.S. interest rates rise sharply in relation to the baseline projection, contributing to the crowding out of investment. As a result, real GNP in the United States rises initially, but it falls below the baseline in the medium term. The rise in interest rates also leads to a deterioration in the U.S. investment income balance, which tends to offset the positive impact of the improving real trade position on the current account.

In the Federal Republic of Germany, Japan, and the other industrial countries, the initial effects of nominal exchange rate appreciation gradually diminish as domestic inflation falls while it accelerates in the United States. Real GNP in these countries is initially reduced as exports are affected by the weakening of U.S. demand. Output tends to recover over time, owing partly to lower interest rates, but after five years the level of output in these countries is at or below the baseline. The current account imbalances of Japan and Germany initially decline in relation to GNP, but the narrowing of trade surpluses is gradually offset in the medium term by rising interest receipts.

In summary, the medium-term consequences of the market reaction scenario are lower output in the industrial countries, little lasting reduction in current account imbalances, and weaker investment in the United States. Moreover, as a result of higher interest rates on U.S. dollar-denominated assets, the debt-servicing burden of the developing countries rises considerably in relation to the baseline projection, leading to a cutback in external financing, a compression of imports, and a reduction in output. These results support the view that as long as the U.S. economy is operating at high levels of employment, a depreciation of the dollar could have undesirable

effects if it were not accompanied by appropriate policy adjustments.

The second scenario illustrates the effects of measures to improve the federal fiscal position in the United States along the lines of the Gramm-Rudman-Hollings targets. These measures lead to a temporary weakening of aggregate demand and output in the United States. However, in contrast with the market adjustment scenario, investment strengthens owing to considerably lower U.S. interest rates, and the U.S. current account shows sustained improvement as the real depreciation of the dollar in this scenario is accompanied by an improvement in the net investment income balance. Moreover, U.S. inflation is considerably lower than in the market reaction scenario, partly because the nominal depreciation of the dollar (and therefore the rise in U.S. import prices) is much smaller.

In Germany and Japan, the performance of output is weaker than in the market adjustment scenario, as the adverse effects of the reduction in U.S. demand more than offset the impact of lower interest rates. However, these countries experience a significant and lasting reduction of their current account surpluses. Moreover, because the level of world interest rates is much lower in the fiscal adjustment scenario, the debt-service ratios of the developing countries are considerably lower.

The third scenario illustrates the effects of a comprehensive package of budgetary and structural measures in the industrial countries, including fiscal tightening in the United States and the implementation of a number of efficiency-raising measures in Canada, Europe, and Japan. The combined effect of the structural measures in these countries is to lower inflation and interest rates and to raise the investment ratio and the level of output relative to the baseline. In general, the effects on the current account balances are not large. However, output in the developing countries is significantly higher by the end of the projection period. In comparison with the market reaction scenario, the combined fiscal and structural adjustment scenario leads to significantly higher output and investment worldwide, lower inflation and interest rates, and a lasting reduction of external imbalances among the three largest industrial countries.

### Alternative Policy Reactions to Inflationary Disturbances

The first scenario within this group considers the possibility that the momentum of aggregate demand in the industrial countries could be stronger than envisaged in the baseline projections, and that in some

countries the degree of slack in labor and product markets may be smaller than estimated. By allowing for these risks, this scenario illustrates the possibility of a worldwide acceleration of inflation in the absence of significant policy responses. A second scenario assumes that the monetary authorities in the industrial countries act immediately to curb the rate of monetary expansion with the aim of containing the pressure on prices. The result is a rise in interest rates, and some crowding out of the interest-sensitive components of demand in the industrial countries. The level of output in the industrial countries would weaken initially, but after a few years it would be somewhat higher than in the first scenario, while inflation would be substantially lower. However, the developing countries would experience a substantial rise in interest payments on their external debt and a compression of demand and imports. The third scenario in this group illustrates a situation in which the monetary authorities in the industrial countries allow inflation to rise in the short term and then react by tightening monetary conditions in subsequent periods. Because inflationary expectations would be allowed to worsen, the result of delaying action to deal with inflation would be a larger drop in investment and real GNP in the industrial countries, and a steeper rise in interest payments coupled with a more severe contraction of imports and real expenditure in the developing countries.

In summary, the scenarios suggest that considerable costs would be incurred by delaying the reaction of monetary policy to an inflationary shock. With an early tightening of monetary policy, inflationary pressures could be dampened with a smaller sacrifice in terms of output and employment in the industrial countries, lower world interest rates, and therefore a less severe impact on the debt burden of the developing countries. Yet, even in the scenario with an early monetary correction, inflation and interest rates would be significantly higher in the near term than in the baseline projection. Action to reduce fiscal deficits in several industrial countries would lighten considerably the task of monetary policy in resisting inflation. It would help to curb the momentum of aggregate demand, reduce the crowding out of investment, and diminish upward pressure on interest rates.

### Long-Term Demographic Developments and Private Saving in the Major Industrial Countries

This section presents a scenario that has a longer-term focus than those included in past *World Economic Outlook* reports: it examines some of the macroeconomic implications of the demographic developments

that are projected for the major industrial countries over the next several decades. The analysis is a preliminary attempt to quantify some of the direct effects on private saving of the prospective aging of populations, and the resulting changes in real interest rates, investment, and current account balances. While the horizon for the analysis is long, its implications are relevant for the medium-term stance of fiscal policy and for the assessment of external imbalances. These implications are examined further in Chapter III.

Since the mid-1970s, private-saving ratios have declined in a number of industrial countries. In certain countries, especially the United States and Canada, these declines have exacerbated the effects on national saving of large government deficits. The reasons for the decline in private saving rates have been examined in many studies.<sup>14</sup> In this section, the focus is on the effect of the aging of the population that is projected to occur in most industrial countries on the prospective evolution of saving.

The scenario presented in this section relies on econometric model simulations performed with MULTIMOD.<sup>15</sup> In order to isolate the possible effects of longer-term demographic changes, the model's estimated equation for private consumption was adapted to include the ratio of dependents to the working age population as an explanatory variable.<sup>16</sup> Historical data on dependency ratios in the major industrial countries, together with projections through 2020, are presented in Table 9. In all countries except the United States, dependency ratios are projected to increase substantially over that period owing to a rise in the share of the population aged 65 and over.<sup>17</sup> The aging of the population would be particularly rapid in Japan and the Federal Republic of Germany; compared with the estimates for 1990, dependency ratios would be 6 to 7 percentage points higher by 2010 and 10 to 11 percentage points higher in 2020. The dependency ratios

<sup>14</sup> See Andrew Dean and others, "Saving Trends and Behaviour in OECD Countries," OECD Working Paper No. 67, June 1989, and references therein.

<sup>15</sup> A detailed description of the MULTIMOD can be found in *Staff Studies for the World Economic Outlook*, Research Department of the International Monetary Fund, July 1988.

<sup>16</sup> The equation for consumption in MULTIMOD also includes real wealth, real disposable income, and the real interest rate as explanatory variables. Attempts to distinguish the effects of young and old dependents so far have not been successful. The estimated consumption equation, as well as further detail of the model simulations, will be described in a forthcoming IMF Working Paper.

<sup>17</sup> The relatively high dependency ratios in the 1960s and 1970s reflected a high proportion of the population under 15. It should be noted that, in several countries, a significant part of the population aged 15 to 20 should also be considered as dependent. Adjusting the dependency ratios for this factor probably would alter the timing of the effects on saving of population aging, but it is unlikely to have a significant impact on the magnitude of the results.

**Table 9. Major Industrial Countries: Dependency Ratios<sup>1</sup>**

(In percent)

|                       | 1960  | 1970 | 1985 | 1990 | 1995 | Projections |      |      |      |      |
|-----------------------|-------|------|------|------|------|-------------|------|------|------|------|
|                       |       |      |      |      |      | 2000        | 2005 | 2010 | 2015 | 2020 |
| United States         | 72    | 67   | 54   | 52   | 53   | 50          | 47   | 47   | 50   | 55   |
| Japan                 | 56    | 45   | 47   | 48   | 45   | 47          | 50   | 54   | 57   | 59   |
| Germany, Fed. Rep. of | 47    | 57   | 43   | 44   | 47   | 48          | 51   | 51   | 51   | 54   |
| France                | . . . | 61   | 52   | 52   | 53   | 53          | 52   | 51   | 53   | 57   |
| United Kingdom        | 54    | 58   | 52   | 52   | 54   | 54          | 53   | 53   | 55   | 57   |
| Italy                 | . . . | 50   | 44   | 46   | 47   | 48          | 50   | 49   | 50   | 51   |
| Canada                | 70    | 62   | 47   | 47   | 48   | 48          | 46   | 47   | 50   | 55   |

Source: Demographic Databank, Social Affairs, Manpower and Education Directorate, OECD.

<sup>1</sup> Ratio of population aged 0-14 and over 65 to population aged 15-64.

are also expected to increase in other major countries, but those increases would be more modest and would tend to occur later. (In the United States, the rise in dependency ratios is projected to start only after 2010, but further increases are projected after 2020.) It should be noted at the outset that these demographic projections (as well as the estimated effects of changes in the age structure on saving) are subject to considerable uncertainty; thus, the simulation results should be interpreted with caution.<sup>18</sup>

The large changes in dependency ratios that are projected can be expected to have two major effects: (1) the demand for social services, including medical care and public pensions, will increase; and (2) household saving rates are likely to fall as the share of the population that is employed declines, given that this group typically saves for its retirement years, as suggested by the life-cycle theory of consumption.<sup>19</sup> The scenario presented in Table 10 examines only the latter effect: starting from a baseline that extrapolates recent trends over the medium term and keeps dependency ratios constant at their 1995 levels, the

<sup>18</sup> A major source of uncertainty in the demographic projections stems from the prospects for international migration in Europe as well as in North America. There is also considerable uncertainty about the prospective evolution of fertility rates, which in some countries have changed dramatically in the past several decades. No attempt was made to project dependency ratios for the smaller industrial countries and the developing countries; these ratios are assumed to remain unchanged in the scenario that is presented in Table 10.

<sup>19</sup> Both issues have been examined by Peter Heller in "Aging, Savings, and Pensions in the Group of Seven Countries: 1980-2025," IMF Working Paper WP/89/13, January 31, 1989. See also Robert Hagemann and Giuseppe Nicoletti, "Aging Populations: Implications for Public Finances," and Alan Auerback and others, "The Economic Dynamics of an Aging Population: The Case of Four OECD Economies," OECD Working Papers Nos. 61 and 62, January 1989.



**Table 10. Effects of Prospective Demographic Trends in Major Industrial Countries**

(Average annual deviations from baseline)

|   | 1996–2000 | 2001–05 | 2006–10 | 2011–15 | 2016–20 |
|---|-----------|---------|---------|---------|---------|
| <b>United States</b>                        |           |         |         |         |         |
| Real GNP (percent)                          | -0.1      | -0.3    | 0.1     | 0.7     | 1.4     |
| Real domestic demand (percent)              | -0.4      | -1.2    | -1.8    | -1.9    | -1.5    |
| Long-term real interest rate <sup>1</sup>   | 0.1       | -0.4    | -0.5    | 0.2     | 1.7     |
| Real effective exchange rate                | -0.9      | -2.2    | -4.0    | -4.9    | -4.8    |
| (As a percent of baseline GNP) <sup>1</sup> |           |         |         |         |         |
| Current account balance                     | 0.3       | 0.9     | 1.5     | 1.9     | 2.1     |
| General government financial balance        | -0.1      | -0.0    | 0.0     | 0.0     | 0.2     |
| Private saving                              | 0.3       | 0.9     | 1.6     | 1.9     | 1.7     |
| Gross private investment                    | -0.1      | 0.0     | 0.1     | -0.0    | -0.2    |
| Net foreign assets                          | 0.7       | 3.3     | 8.2     | 13.7    | 18.7    |
| <b>Japan</b>                                |           |         |         |         |         |
| Real GNP (percent)                          | 0.2       | 0.6     | 0.8     | 0.5     | -0.3    |
| Real domestic demand (percent)              | 0.6       | 1.9     | 3.6     | 4.9     | 5.4     |
| Long-term real interest rate <sup>1</sup>   | -1.0      | -1.0    | -0.1    | 1.5     | 3.3     |
| Real effective exchange rate                | 0.9       | 2.8     | 6.4     | 10.6    | 13.5    |
| (As a percent of baseline GNP) <sup>1</sup> |           |         |         |         |         |
| Current account balance                     | -0.2      | -0.8    | -1.5    | -2.1    | -2.8    |
| General government financial balance        | 0.1       | 0.1     | 0.2     | 0.2     | 0.3     |
| Private saving                              | 0.0       | -0.3    | -1.1    | -2.1    | -3.3    |
| Gross private investment                    | 0.3       | 0.6     | 0.6     | 0.2     | -0.2    |
| Net foreign assets                          | -1.4      | -4.2    | -8.4    | -13.9   | -20.8   |
| <b>Germany, Fed. Rep. of</b>                |           |         |         |         |         |
| Real GNP (percent)                          | 0.1       | 0.1     | -0.2    | -0.6    | -1.0    |
| Real domestic demand (percent)              | 0.3       | 1.0     | 1.7     | 1.7     | 1.4     |
| Long-term real interest rate <sup>1</sup>   | -0.3      | -0.3    | -0.0    | 0.6     | 1.9     |
| Real effective exchange rate                | 0.1       | 0.5     | 0.9     | 0.8     | 0.1     |
| (As a percent of baseline GNP) <sup>1</sup> |           |         |         |         |         |
| Current account balance                     | -0.2      | -0.9    | -1.5    | -1.7    | -2.3    |
| General government financial balance        | 0.1       | 0.0     | -0.0    | -0.1    | -0.0    |
| Private saving                              | -0.1      | -0.8    | -1.4    | -1.8    | -2.6    |
| Gross private investment                    | 0.1       | 0.1     | 0.1     | -0.2    | -0.4    |
| Net foreign assets                          | -0.7      | -3.1    | -7.6    | -12.8   | -18.3   |
| <b>Other Group of Seven Countries</b>       |           |         |         |         |         |
| Real GNP (percent)                          | 0.0       | 0.1     | 0.1     | 0.1     | 0.0     |
| Real domestic demand (percent)              | 0.1       | 0.2     | 0.2     | 0.1     | -0.1    |
| Long-term real interest rate <sup>1</sup>   | -0.2      | -0.2    | -0.1    | 0.6     | 1.9     |
| Real effective exchange rate                | -0.0      | -0.2    | -0.6    | -1.1    | -1.4    |
| (As a percent of baseline GNP) <sup>1</sup> |           |         |         |         |         |
| Current account balance                     | -0.0      | -0.0    | 0.1     | 0.1     | 0.0     |
| General government financial balance        | 0.1       | 0.1     | -0.0    | -0.1    | -0.1    |
| Private saving                              | -0.0      | 0.1     | 0.2     | 0.1     | -0.4    |
| Gross private investment                    | 0.1       | 0.1     | 0.1     | -0.1    | -0.4    |
| Net foreign assets                          | 0.1       | 0.1     | 0.2     | 0.5     | 0.6     |

<sup>1</sup> Numbers refer to last year of period.

demographic structure is altered to incorporate the projections described in Table 9.<sup>20</sup>

As shown in Table 10, the effects on major industrial countries differ markedly. At a global level, the aging of the population leads to lower saving rates, and

<sup>20</sup> The Fund staff is currently planning to extend the analysis to cover the effects of higher demand for social services as well as other relevant factors such as the effects on aggregate supply of the projected slowdown in labor force growth.

eventually to higher real interest rates. In turn, higher real interest rates tend to depress investment, leading over time to somewhat lower potential output. These effects would continue after 2020, as investment responds with a lag to the higher real rates, eventually leading to a substantially lower capital stock and to lower potential output. The differences in the speed of aging result in large changes in current account balances. In the United States, there is a decline in

both private consumption and investment and, hence, absorption tends to fall relative to output; as a result the current account improves, by about 2 percent of GNP at the end of the projection period. In Japan and Germany, private consumption expenditures increase sharply, competitive positions deteriorate, and current account surpluses decline substantially. Output rises initially in response to the increase in consumption and real domestic demand, but by 2020 real GNP is significantly below the baseline. In the other major industrial countries, the evolution of dependency ratios is intermediate between that of Japan and Germany on the one hand and that of the United States on the other. As a result, the aggregate current account position of these countries is not significantly affected.

The cumulative impact of the changes in current account balances in the three major countries would be quite large. By 2020, the net foreign liabilities of the United States would be lowered by 19 percent of GNP, and the net asset positions of Japan and Germany would be lowered by 21 percent and 18 percent, respectively. (At the end of 1988, the net international positions of the United States, Japan, and Germany were roughly -11 percent, 10 percent, and 16 percent of their respective GNPs and they were expected to widen further to about -20 percent, 23 percent, and 36 percent, respectively, by 1994.) As noted above, these results do not take into account the effects of demographic changes on the demand for social services; the inclusion of such effects might lead to even larger declines in the net asset positions of Japan and Germany.

The scenario presented in this section—as well as the medium-term projections discussed earlier—assumes that capital mobility is high, so that current

account imbalances can readily be financed and net foreign assets or liabilities accumulated without limitation. If capital mobility were lower than assumed, and the continued accumulation of external assets and liabilities were to be constrained, the fall in national saving would necessarily be reflected in slower rates of capital formation. In particular, domestic investment in Japan and Germany would decline more strongly in response to the fall in saving rates, and the level of potential output would be correspondingly reduced.

Independently of the projected developments for current accounts, the substantial declines in national saving rates that might result from demographic changes in all industrial countries suggest that the current level of saving may be a cause for concern, particularly in view of the tendency for national saving rates to decline in many countries over the past several years. In present circumstances, where the share of the population of working age is relatively large, high saving rates should ensure that assets are accumulated for consumption in future years, suggesting the need to reduce the absorption of national saving associated with the accumulation of public debt. This is especially important because the demand for social services is also likely to increase as a result of aging populations<sup>21</sup>—a factor that is not captured in the scenario. The ability of governments to provide those services without large tax increases may be limited if the public debt is already a large proportion of GNP. Finally, higher saving would not only help the industrial countries to smooth the path of consumption over time, it would also provide resources to raise investment in the developing countries.

<sup>21</sup> See Heller, WP/89/13, *op. cit.*

## Chapter III

# Policy Issues in Industrial Countries

The economic situation of the industrial countries has improved in many ways during the 1980s. The expansion that followed the recession of 1981–82 has been unusually long and has been accompanied by substantial job creation and a considerable reduction of inflation. To a large extent, these favorable developments have reflected a reorientation of economic policies toward medium-term objectives and the progressive strengthening of international policy coordination, notably among the major industrial countries. In spite of these achievements, the industrial economies continue to face a number of difficult problems: unemployment remains excessively high in several countries, particularly in Europe; large budget deficits continue to absorb a substantial share of national saving in many countries; the external imbalances of the United States, Japan, and the Federal Republic of Germany remain large, and significant further adjustment seems unlikely on the assumption of unchanged policies; and the widespread reappearance of inflationary pressures over the past year has required a substantial rise in short-term interest rates.

In the period immediately ahead, the attention of policymakers will inevitably focus on the objective of containing inflationary pressures while avoiding a downturn in economic activity—an issue that involves difficult judgments about the timing and the appropriate degree of monetary restraint. It is important to recognize, however, that the difficulties confronted by the industrial countries reflect in large measure deep-seated fiscal imbalances and structural rigidities and distortions. Failure to tackle these fundamental problems out of excessive concern for near-term developments would only store up problems for the future by perpetuating obstacles to growth, endangering the credibility of government policies, and increasing the risk of a return to the cycles of accelerating inflation and recession that characterized previous decades.

### A Strategy for Durable Growth

The economic strategy of the industrial countries must continue to focus primarily on the long-term

objective of achieving maximum sustainable growth. It is now widely recognized that such a strategy is required to achieve a lasting reduction of unemployment and safeguard living standards in the industrial world without imposing an excessive burden on future generations. Also, the achievement of durable growth in the industrial countries would make a major contribution to a healthy expansion of the world economy, and in particular to the resolution of the problems facing the indebted developing countries.

The success of a growth-oriented strategy would seem to involve three major challenges for economic policies:

- To promote an environment of confidence and stability, in which economic decisions are not significantly affected by the uncertainty and the distortions caused by inflation.
- To ensure an adequate rate of capital formation, and therefore an adequate level of saving.
- To ensure that resources are efficiently used by removing the distortions that hinder the operation of market forces, including those that restrict international competition.

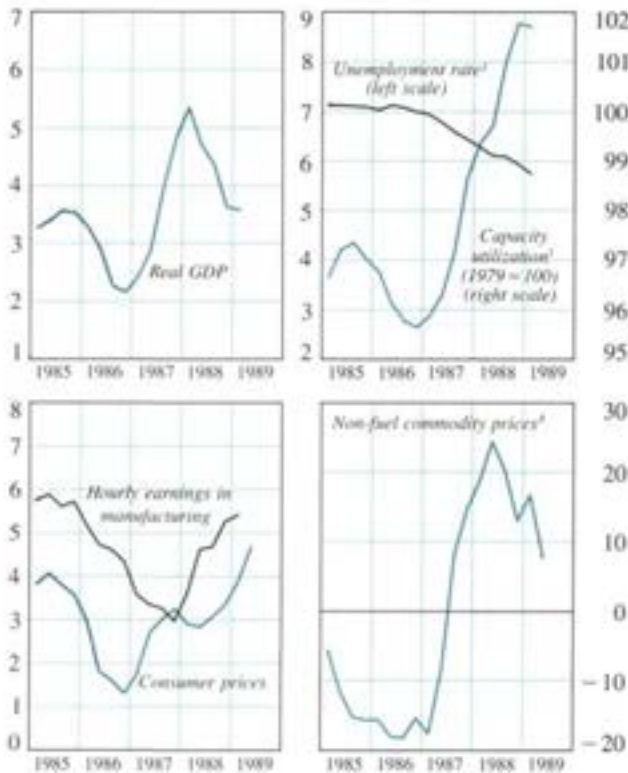
### Moving Toward Price Stability

In most of the industrial countries, the strong expansion of demand in the past few years has pushed capacity utilization close to previous historical peaks and lowered unemployment rates close to (or within) a range that in the past has been associated with accelerating inflation. Indeed, the average rates of increase in prices and wages for the seven large industrial countries have moved up significantly during the past few years (Chart 19). In these circumstances, the tightening of monetary conditions over the past year was fully justified. As illustrated in the scenarios discussed in Chapter II, failure to confront price pressures at a relatively early stage would have made the task of the monetary authorities even more difficult and, ultimately, would have led to even higher interest rates.



**Chart 19. Major Industrial Countries: Selected Aggregate Indicators**

(Percent change from four quarters earlier, unless otherwise noted)



<sup>1</sup> As percent of labor force.

<sup>2</sup> Manufacturing: weighted average, excluding the United Kingdom.

<sup>3</sup> In SDRs.

An important issue at this juncture is whether monetary restraint has been sufficient to rein in price pressures. In some countries, such as the United States, there are now clear signs of a slowing of aggregate demand, although the level of resource use remains high, suggesting that monetary policy should remain cautious. In most other industrial countries, the expansion of demand continues to be very rapid, and monetary restraint continues to be appropriate. More generally, and given the potential costs of a return to high inflation, a significant relaxation of monetary policy in the industrial countries would seem to be unwarranted. While the process of containing aggregate demand and price pressures is not without downside risks in the near term, staff projections do envisage a continuation of the expansion in the industrial countries, albeit at a more moderate and sustainable pace. Although labor costs have been accelerating in several countries, other typical warning signs of a recession—excessive accumulation of inventories,

overbuilding of capacity, and squeezed profit margins—appear to be rather isolated at present.

Looking ahead to the longer term, it will not be sufficient to stabilize inflation at current rates. As has been repeatedly emphasized by the Governors of several major central banks, current rates of inflation are unacceptably high, and the ultimate aim of monetary policy should be to move steadily toward a situation in which expectations of price changes cease to be a significant factor affecting key economic decisions.

### Raising National Saving

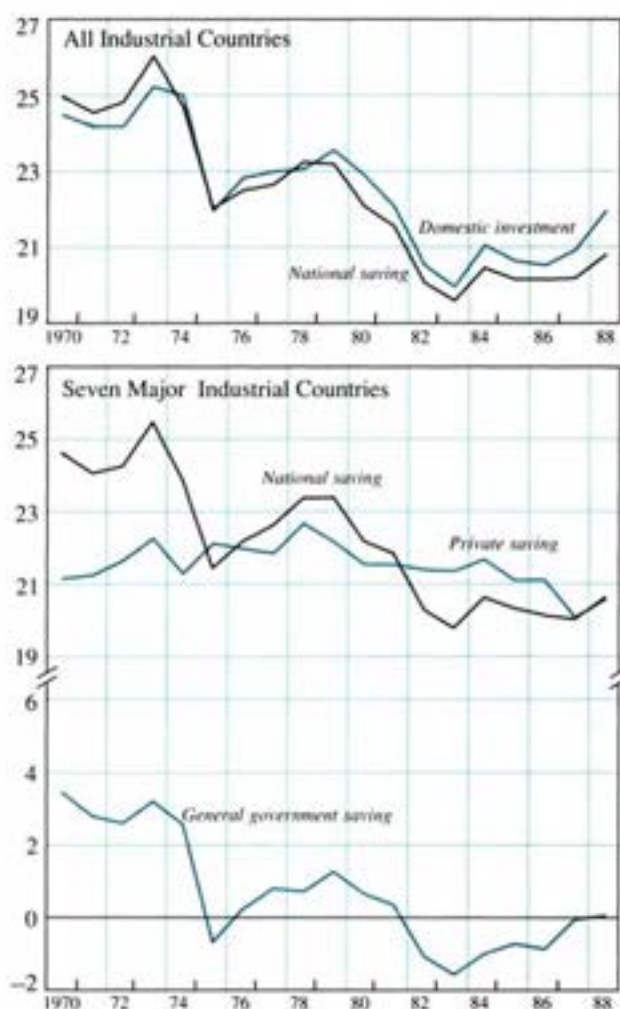
Sustaining the growth of productive capacity over the long term will require an adequate rate of capital formation and therefore an adequate level of saving. Over the past 15 years, however, national saving rates in the industrial countries have tended to decline (Chart 20), and in some countries they have reached levels that are well below the averages of previous decades. It is possible, of course, that technological advances and improvements in efficiency might boost the productivity of capital and labor in such a way that satisfactory growth in potential output could be achieved with lower investment and saving rates than in the past. But long-term productivity trends are exceedingly difficult to predict, and a strategy based on an overly optimistic assessment of these trends would run serious risks. Improving the performance of national saving must therefore be a major objective of economic policy.

To some extent, this objective could be pursued by removing a variety of distortions that affect the level of private saving in several industrial countries, including certain tax preferences and other features of existing tax systems. Such measures also would contribute to improving efficiency by removing inappropriate incentives to channel saving into real estate and away from financial investment. However, the experience of past decades suggests that the effects of tax policies aimed at raising private saving should not be overestimated. Accordingly, the most effective and direct way to deal with the inadequacy of national saving is to improve the financial position of the public sector. It should be noted, in this regard, that the trend toward lower national saving in the seven major industrial countries since the mid-1970s reflects in large measure a fall in government saving, as illustrated in Chart 20.

In the past several years, many industrial countries have made substantial progress in reducing their fiscal deficits, and some countries—such as the United Kingdom, the Nordic countries, Australia, and Japan—are now experiencing budget surpluses at the general

**Chart 20. Industrial Countries: Saving and Investment**

(In percent of GNP)



Source: OECD National Accounts. Data for 1988 are Fund staff estimates.

government level. However, fiscal deficits remain large in the United States, Italy, Canada, and in several of the smaller industrial countries. So far, the impact of these deficits on investment and growth has been muted, first by a substantial margin of unused resources in the early stages of the current expansion, and, in the case of Canada and the United States, by the large-scale use of foreign saving. But the economic slack has now been absorbed, and continued reliance on large inflows of foreign capital cannot be taken for granted. Thus, in the period ahead, it may be increasingly difficult to postpone further the adverse effects of fiscal deficits on capital formation and the growth of potential output.

The task of reducing fiscal deficits is particularly important in the United States, where the private saving rate and the share of net investment in GNP have declined to levels that are low both by historical standards and in comparison with other major industrial countries. But the objective of raising national saving, and, hence, of improving the budgetary position, is also important for other industrial countries. As indicated in Chapter II, the aging of populations that is projected for the next 20–30 years is expected to result in a substantial rise in the demand for social services (notably medical care and public pensions) and a marked decline in private saving rates in many industrial countries, but particularly in Japan and Germany. These developments would lead to rising pressure on public finances, as the ratio of contributors to beneficiaries of social programs falls, and a major rise in the tax burden might eventually be required. The problem would be particularly serious in the area of public pension schemes, given the reliance of many industrial countries on pay-as-you-go financing rather than full funding. In addition, as illustrated in the scenario presented in Chapter II, the prospective decline in saving rates in some countries could lead to a large cumulative reduction in external assets and therefore a lower level of national income. To some extent, the consequences of demographic developments will have to be accepted as unavoidable. However, fiscal policies can contribute to a smoothing of the transition to an older population structure by reducing the burden of public debt and thus increasing the stock of national wealth available to future generations.

These problems are in the rather distant future, and it is difficult to evaluate their significance in view of the wide margin of uncertainty affecting demographic projections. Nevertheless, estimates based on plausible assumptions suggest that the magnitude of the problem could be substantial. The longer the required fiscal adjustments are postponed, the more difficult it will be to avoid a steep rise in taxation and a squeeze on incomes in the future.

### Improving the Allocation of Resources

In the past several years, there has been a growing recognition of the need to deal with a wide variety of structural distortions that hinder the functioning of markets, limit the growth of potential output, and reduce the flexibility of the economy in adjusting to exogenous disturbances and policy changes.<sup>22</sup> Struc-

<sup>22</sup> A detailed examination of these issues is provided in *Staff Studies for the World Economic Outlook*, International Monetary



tural, or microeconomic, policies are now seen as essential complements to fiscal and monetary policies as part of a growth-oriented strategy. In the past several years, the industrial countries have taken a number of important steps to improve efficiency in several ways. Regulatory burdens have been reduced in some key sectors, domestic and international financial markets have been substantially liberalized, and far-reaching tax reforms have been implemented in several countries.<sup>23</sup> However, the task of structural reform is far from completed. The tax systems of many countries still contain a variety of provisions that distort the allocation of saving among various assets. In certain sectors, and particularly in agriculture, widespread subsidies and restrictions encourage inefficient producers and involve a massive misallocation of resources at high costs to consumers and taxpayers. And the functioning of labor markets, particularly in Europe, continues to be hindered by a number of measures that keep unemployment rates at unduly high levels.

So far, progress in dismantling the restrictions that affect international trade has been somewhat disappointing. To be sure, trade liberalization has been significant on a regional basis, notably within the European Community and between Canada and the United States. However, in recent years there has been a dangerous tendency toward an intensification of nontariff barriers—including “voluntary” export restraints and bilateral sectoral agreements—and a growing inclination to use trade measures to counter perceived unfair trade practices that are not presently covered by multilateral trade rules. These measures threaten the multilateral system of free trade, encourage protectionist reactions, and undermine the process of policy coordination. It is therefore essential that all industrial countries move without delay to counter the trend toward managed trade and to roll back existing restrictions. Meanwhile, individual countries should not delay their own trade liberalization programs, which are essential for their own domestic adjustment.

In April 1989, the Trade Negotiations Committee of the Uruguay Round in Geneva completed its mid-term review, providing a clear framework for further negotiations. It is now essential to move rapidly in all sectors—including agricultural reform, textiles, ser-

vices, trade-related investment measures, intellectual property, and the reinforcement of GATT disciplines—with a view to completing the current round of multilateral trade negotiations by the end of 1990.

### The Problem of External Imbalances

During the 1980s the current account imbalances of some of the largest industrial countries rose to historically high levels. In 1986, the external surpluses of Germany and Japan reached nearly 4 percent of GNP and the deficit of the United States exceeded 3 percent of GNP. These imbalances have since been reduced, partly as a result of the exchange rate realignment of 1985–87. More recently, however, the adjustment process appears to have stalled. In relation to GNP, the surpluses of Germany and Japan still amounted to 4¼ percent and 2¾ percent of GNP, respectively, in 1988, while the deficit of the United States exceeded 2½ percent of GNP. Moreover, the external deficit has increased sharply in the United Kingdom, and it has remained substantial in Canada. Looking ahead, the staff's medium-term baseline projections reviewed in Chapter II envisage the continuation of sizable current account imbalances for the three largest industrial countries.<sup>24</sup>

The prospect of large and persistent payments imbalances has raised a number of concerns. First, concern has been expressed about sustainability, in the sense that persistent surpluses and deficits might lead to an explosive spiral of rising interest payments and growing external asset and liability positions. Second, even if the stocks of external assets and liabilities tended to stabilize over time in relation to GNP, the continuation of large imbalances eventually might give rise to disruptive market reactions and exchange rate swings. Third, assuming that adjustment could take place without causing turbulence in financial markets, it could have certain undesirable consequences where the industrial countries are operating at high levels of resource utilization. Fourth, large trade imbalances—no matter how unjustified—tend to generate pressures to restrict imports and limit foreign investment.

These concerns support the view that large payments imbalances constitute an element of vulnerability for the world economy, and that external adjustment should be an important objective of macroeconomic policy. At the same time, it should be recognized that

Fund (Washington, D.C., August 1989). This volume deals with a number of topics, including the role of structural policies in overall economic management in the industrial countries; the macroeconomic implications of structural reform; and the link between fiscal and structural policies in the process of economic growth.

<sup>23</sup> An up-to-date review of the current state of progress in the implementation and surveillance of structural policies in the industrial countries is provided in *Surveillance of Structural Policies* (Paris: Organization of Economic Cooperation and Development, June 1989).

<sup>24</sup> As explained in detail in the April 1989 *World Economic Outlook*, these projections reflect the interaction between the technical assumptions underlying the baseline scenario and the methodology used by the Fund staff to project current account transactions.



external deficits and surpluses reflect in part the international implications of fundamental differences among countries in the balance between private saving and investment resulting, *inter alia*, from different demographic or technological trends. In a world of highly integrated financial markets, these differences naturally give rise to capital movements in the direction of countries with relatively low saving rates and relatively high (risk-adjusted) rates of return on capital.

An extreme version of this view would regard net international capital flows—and the corresponding current account imbalances—as a fully efficient way of allocating saving among countries, and consider unjustified attempts to curb these flows through macroeconomic policies. A more eclectic view recognizes that, in a world in which changes in government debt are not fully offset by changes in private saving, external positions also will tend to reflect fiscal imbalances. In this context, the current account can be seen as an indicator of inappropriate fiscal policies. Inasmuch as they reflect private saving and investment decisions, however, external imbalances should be seen as efficient and self-correcting, and the role of policy should be limited to removing any distortions affecting such decisions.

These interpretations can play a useful role in understanding the recent evolution of external positions among the industrial countries. There is little doubt, for example, that the financial liberalization that took place in many countries over the past decade has given rise to portfolio adjustments that could well extend over a number of years and should not be seen as a cause for concern as they represent a process of convergence to a new equilibrium. Looking ahead, the scenarios analyzed in Chapter II suggest that the demographic developments that are in prospect could give rise to large, cumulative changes in the external positions of several industrial countries. To some extent, these changes would avoid the adverse effects on investment and output that would result, in the absence of capital mobility, from the reduction in saving rates in those countries with rapidly aging populations, although they would have implications for investment income flows and, hence, for living standards in the long run.

These considerations do not suggest that the current account is irrelevant as an indicator for economic policy or that payments imbalances, no matter how large, should be viewed with equanimity. It could be argued that the problem of sustainability does not seem to be serious at present: some projections indicate that the external asset/liability positions of the large industrial countries would tend to rise in relation to GNP over the medium term, but in most projections, including those of the staff, these ratios eventually tend

to stabilize.<sup>25</sup> However, any assessment of sustainability must be based on projections of key variables that are subject to uncertainty. A balance of payments position that is viewed as sustainable in a particular world environment could, under different circumstances, involve a severe reduction of national income relative to domestic output and eventually give rise to debt-servicing difficulties. While the largest industrial countries are unlikely to face such difficulties in the foreseeable future, the possibility of adverse market reactions cannot be ruled out in the event that payments imbalances were to persist over a long period. Furthermore, even if the imbalances were to continue at present levels, the risk of protectionist pressures could intensify dangerously. The best response clearly would be to counter these pressures directly, but political considerations may, in certain circumstances, justify concern about the size of trade imbalances. The issue, therefore, is how to set in motion a corrective process to reduce the current imbalances to more manageable proportions.

In the present situation in which most industrial countries are operating at very high levels of capacity utilization, it would be difficult to bring about external adjustment by expanding aggregate demand in relation to potential output. Rather, adjustment will require a shift in the composition of aggregate demand in both deficit and surplus countries. However, in view of the concerns about the performance of saving in the industrial countries, such a shift should involve primarily raising saving rates in the deficit countries, rather than reducing them in the surplus countries.

In current circumstances, a depreciation of the U.S. dollar or a rise in external demand for U.S. exports is unlikely to have a major effect on the U.S. trade position unless it is accompanied by a reduction in some component of domestic demand in the United States. In the absence of action to improve the fiscal position, these developments would either contribute to higher inflation—thus progressively eroding their effects on net exports—or lead to higher interest rates and lower investment. If the absorption of foreign saving by the United States is to be reduced, it is essential to make room for the corresponding expansion of net exports by reducing the federal budget deficit. Even if the inflow of external capital were to continue for some time, a strengthening of the fiscal position would ensure that foreign savings are used to finance domestic investment rather than to compensate for government dissaving.

<sup>25</sup> The issue of the sustainability of the U.S. current account deficit is addressed in "Studies on U.S. External Imbalances," Federal Reserve Bank of New York *Quarterly Review*, Winter-Spring 1989.

### Policy Issues in Individual Countries

After almost six years of economic expansion, the economy of the *United States* is operating close to full employment and inflationary pressures have resurfaced. Recently, there have been clear signs that the economy has been slowing, and, while the acceleration of labor costs raises some concern, the behavior of long-term bond rates suggests that inflationary expectations have been kept under control. These developments have reflected the actions taken by the Federal Reserve in 1988 and the first half of 1989 to contain aggregate demand pressures by allowing short-term interest rates to rise, although since early June there has been a shift toward somewhat easier reserve provision. While the staff is expecting a further slowdown in the near term, there are few indications that a recession is likely in the near term. For the medium term, the task of sustaining growth will require a major effort to raise national saving, together with steady progress in bringing down inflation from its present range of 4–5 percent. While this goal will involve continued restraint on the part of monetary policy, it will clearly require complementary fiscal action.

The Administration's budgetary plan announced in February of this year envisaged a substantial strengthening of the federal fiscal position over the next few years. However, while the projected improvement resulted in part from the delayed effect of past cuts in defense appropriations and measures to contain the cost of medical programs, it also reflected optimistic assumptions about economic growth and interest rates. In the mid-session review of the budget, issued in July 1989, the Administration revised its economic assumptions and, on that basis, projected a considerably slower pace of deficit reduction over the next five years.<sup>26</sup> However, there are doubts as to whether even this revised fiscal plan can be achieved, as it is based on economic assumptions that still appear to be on the optimistic side and on deficit-reducing measures that remain to be fully specified. Furthermore, it is unclear whether the Gramm-Rudman-Hollings mechanism, in its present form, will ensure that the required budget cuts are effectively implemented.

In view of these difficulties, a more ambitious plan would now seem to be required in order to eliminate the federal deficit over the next several years without relying on the growing surpluses of the social security system, which are associated with future government liabilities and therefore should be used to increase national wealth. Emphasis should be on expenditure reduction, although action to raise revenue—particu-

larly through the elimination of tax preferences that distort the allocation of private saving—should also be considered. Substantial and front-loaded fiscal action would raise national saving and ensure that an improvement in the external position resulting from relative price changes or from higher external demand can take place without jeopardizing investment and growth. It would also contribute to a reduction of inflationary pressures and help the Federal Reserve to resume progress toward its long-term goal of price stability.

The U.S. authorities have played an important role in promoting multilateral negotiations aimed at eliminating barriers to international trade and dismantling distortionary farm programs. At the same time, however, there has been a worrisome trend in the United States to rely on measures in the trade area to solve the current account problem. It should be recognized that the external deficit of the United States reflects fundamentally macroeconomic imbalances, and any attempt to deal with it through trade policies would be ineffective and would endanger the system of free trade that has served the United States and the world economy so well. The designation of specific countries for market-opening negotiations under the Super 301 provisions of the Trade and Competitiveness Act of 1988 also raises concerns, as it might result in unilateral action to deal with perceived unfair trade practices.

In *Japan*, a remarkably strong growth performance in recent years has been accompanied by a rapid expansion of business investment, a reduction of the current account surplus, and approximate price stability. These developments have reflected the skillful management of macroeconomic policies, and notably a monetary policy that avoided major pressures on prices while keeping interest rates relatively low. The authorities, while promoting fiscal reform, have taken advantage of a favorable revenue performance (notwithstanding tax cuts) to advance fiscal consolidation, and a major tax reform is expected to improve substantially the neutrality and the fairness of the tax system.

Recently, certain developments have required the attention of the authorities. The pace of external adjustment appears to have slowed, and the staff is projecting a widening of the current account surplus in 1990. In present circumstances, and given the continued buoyancy of demand, an expansionary shift of financial policies to reduce Japan's current account surplus would not seem to be appropriate. While the increase in consumer prices in the spring of 1989 appears to have reflected largely the one-time effect of the introduction of the consumption tax, factors such as the depreciation of the yen and the tightening of the labor market suggest that the authorities should

<sup>26</sup> The Administration's budget plan is examined in Chapter I, under Economic Policies.

maintain a cautious stance. Beyond the near term, policies should aim at maintaining adequate growth of domestic demand, particularly if substantial fiscal correction in the United States were to reduce demand for Japanese exports.

Progress in the implementation of structural measures has been most visible in the areas of tax and financial reform. A substantial liberalization of interest rates and financial markets in general has enhanced the process of intermediation and the effectiveness of monetary management. However, progress on other fronts has been more limited and it is now essential to accelerate the pace of structural reform in a number of important areas, including agriculture, land regulations, and those aspects of the distribution system that add to domestic costs and prices and inhibit market access. These reforms would not only improve domestic resource allocation and enhance consumer welfare, they would also promote international adjustment and reduce protectionist pressures in other countries.

Since 1982, the *Federal Republic of Germany* has pursued a medium-term strategy of fiscal consolidation and anti-inflationary monetary policy, but the emphasis of policies shifted, beginning in 1986, with higher priority attached to growth, tax reform, and balance of payments adjustment. Taxes were cut, public expenditure was allowed to expand somewhat more rapidly than was envisaged in the medium-term plan, and the monetary aggregates exceeded their targets by a significant margin. These policy developments, coupled with a real depreciation of the deutsche mark and strong demand for German exports, resulted in a sharp acceleration of real GNP in 1988 and early 1989. Inflation remained subdued through 1988, but in early 1989 an increase in indirect tax increases coupled with the rise in import prices contributed to a rise in inflation. The current account surplus remained unchanged in 1988, at 4 percent of GNP, and it rose sharply in early 1989.

While the growth of output is expected to remain strong in the near term, the German authorities will have to confront the task of avoiding a deterioration in price performance while trying to reduce the external imbalance. So far, domestic cost inflation has been held down by moderate wage settlements, but the danger of a cost-price spiral should not be underestimated, particularly if a further rise in import prices were to worsen the climate for the important wage negotiations scheduled to take place next year. In these circumstances, monetary policy should adhere to the announced targets and, if anything, should lean on the side of restraint as long as inflationary pressures persist and the deutsche mark remains relatively weak. Regarding fiscal policy, the current budget projections

imply a slight reduction of stimulus in 1989 but significant net stimulus in 1990 stemming from the tax reform and the scheduled reduction in taxes and subsidies. Such an outcome would appear to be consistent with the need to balance tax cuts with fiscal restraint over the next few years. In implementing the budget plan over the medium term, particular attention will need to be given to expenditure control and the reduction of subsidies, thus making room for the next step of tax reform (envisaged for the early 1990s), which will aim at further reducing distortions and providing some additional tax relief for the business sector.

In the current situation there is clearly little scope for expansionary monetary and fiscal policies to reduce Germany's current account surplus. But there is now an urgent need to reduce structural distortions and rigidities that seriously impair efficiency, raise unemployment, and hinder the reallocation of resources from tradable to nontradable goods. Trade liberalization, deregulation, and the reduction of subsidies would benefit the German economy by enhancing its flexibility in adjusting to exchange rate changes, helping to reduce price pressures, and improving the rate of return on domestic investment.

After several years of moderate growth, economic activity in *France* increased rapidly in 1988 and in the first half of 1989; at the same time, the rate of unemployment fell, inflation and interest rates continued to decline relative to major trading partners, and the current account deficit remained small in relation to GNP. The improvement in economic performance owes much to the strategy of disinflation and restoration of enterprise profitability and competitiveness pursued since 1983. The key ingredients of this strategy are a monetary policy directed primarily at maintaining parity with the deutsche mark; a fiscal policy that continues to emphasize a steady reduction in the budget deficit; and an incomes policy focusing on wage restraint, particularly in the public sector. This policy strategy appears to be appropriate for addressing the two major challenges now confronting the authorities: strengthening price performance and reducing unemployment that remains high at about 10 percent of the labor force. These policies will need to be reinforced by continued implementation of structural reforms aimed at modernizing the social security system, increasing the flexibility of labor markets, intensifying efforts to foster competition, and reducing industrial subsidies and current levels of protection, which remain high. In the field of tax reform, an important objective should be to lower the overall rate of taxation on saving and to eliminate the distortions implied by large differences in tax rates among various types of assets.



The economic performance of the *United Kingdom* during the current expansion has been one of the strongest among the industrial countries, with robust growth of output and employment and, in its early phase, a steep reduction of inflation. In the past two years, economic growth has been sustained, productivity in manufacturing has continued to increase rapidly, unemployment has dropped, and business investment has surged. However, recent developments in other areas are indicative of growing strains. With aggregate demand expanding more rapidly than had been anticipated, wage/price pressures intensified in 1988, the personal saving rate continued to drop, and the current account deficit widened sharply. For a while, attempts to maintain a stable exchange rate between sterling and the deutsche mark were reflected in unduly low interest rates, but beginning in mid-1988, the authorities moved to tighten monetary conditions and short-term interest rates rose sharply.

There are now clear signs that these measures have succeeded in slowing the pace of aggregate demand; thus the staff is projecting a continued moderation of growth over the next two years—as the impact of monetary tightening becomes more broadly based—together with a gradual diminution of inflationary pressures. Nevertheless, the persistence of excessively high rates of wage and price increase and a large external deficit suggest that a relaxation of monetary policy would not be appropriate at present. The authorities' efforts to strengthen the public finances during the past several years have led to a fiscal position that is one of the healthiest among the industrial countries. While the Medium-Term Fiscal Strategy provides a helpful framework for policy, the budgetary surplus that is envisaged for the next fiscal year is by no means excessive in view of the overriding objective of reducing inflation, and given the current high level of interest rates and the weakness of private saving. Regarding structural policies, there is scope for further measures to improve the functioning of labor markets, including changes in the related areas of housing and education.

During the current expansion, the growth of economic activity in *Italy* has exceeded the average of other European countries, while inflation—and the inflation differential with major trading partners—was reduced substantially until mid-1988. On the external front, competitiveness has been maintained so far, and although the current account deficit has widened, it has remained manageable at less than 1 percent of GNP. Output growth picked up considerably in 1988, but inflation accelerated sharply since the middle of last year, and the rate of increase in consumer prices has now reached 7 percent, one of the highest among the large industrial countries. Furthermore, in spite of

the strength of economic activity, the deficit of the general government has remained at almost 11 percent of GDP, and the public debt is rapidly approaching the size of GDP, with an increasingly short maturity structure. So far, Italy's high private saving rate has limited the adverse effects of budget deficits on investment and the current account. However, the combination of a tight monetary policy—which was required to resist inflationary pressures—and a large fiscal imbalance has resulted in very high real interest rates. Thus, the economy has become more vulnerable, as illustrated by the fact that the effective real interest rate on government debt is now approaching the rate of growth of GDP.

The main challenge now facing the authorities is to bring about a large reduction in the budget deficit. At a minimum, rapid and effective implementation of the medium-term fiscal adjustment plan approved in May 1989 is essential to maintain the momentum of investment without risking a further widening of the external deficit, to bring inflation under control, and to ensure the success of Italy in the single European market. In view of the magnitude of the fiscal problem, and given the recent slippages in expenditure control, the adjustment in the primary budget balance of some 4 percent of GDP envisaged in the fiscal adjustment plan over the medium term may well have to be front-loaded to attain the goal of stabilizing the debt/GDP ratio by 1992.

Since the scope for raising tax rates will be limited by the process of tax harmonization within the European Community and the already-high levels of income tax rates, deficit-reduction will need to emphasize expenditure cuts as well as a broadening of the tax base through improvements in tax administration and measures to reduce tax evasion and erosion. Measures to restrain expenditure now under consideration by the authorities in the areas of health, social security, transportation, and public sector wages should now be promptly implemented. In the trade area, ongoing efforts should be intensified to reduce quantitative restrictions, which are extensive by the standards of the European Community.

Even though economic growth in *Canada* moderated from the very fast pace of 1987, it has remained relatively strong, and for all practical purposes the economy is operating at full employment. Monetary policy has been tightened considerably to counter emerging inflationary pressures, and short-term interest rates have risen by some 3 percentage points over the past 12 months. The external current account has weakened substantially in the past few years, owing partly to the real appreciation of the Canadian dollar since early 1987 and to a strong demand for imports of capital goods associated with rapid growth of do-

mestic investment. In spite of strong economic growth in the last two years, the fiscal deficit has remained very high, at almost 5 percent of GNP, and the ratio of the federal debt to GNP reached 54 percent in FY 1988/89 (the year ending March 31, 1989), nearly double its level at the beginning of 1980.

The budget presented in April 1989 proposed measures (largely on the revenue side) that would constitute an important first step toward the resolution of Canada's fiscal problem. However, additional deficit-reduction measures (preferably focused on spending) will be needed in the next budget to consolidate the progress being made and to reduce the vulnerability of the fiscal position. Progress on the fiscal front should ease the task of the Bank of Canada, which remains firmly committed to a restrained monetary policy and has expressed its readiness to take additional measures,

should they be required, to deal with inflationary pressures.

In recent years the Canadian Government has taken a number of important measures in the structural area, including the recently announced reforms of the sales tax and the unemployment insurance system. These measures, together with the implementation of the Free Trade Agreement with the United States, should help to bring about a significant improvement in economic performance over the long run. However, the continuing wide disparity in regional unemployment rates suggests that further action may be needed to facilitate interregional labor mobility, including a review of federal-provincial transfers, agricultural assistance programs, and various tax measures targeted at regional development.

## Chapter IV

# Restoring Growth in Developing Countries

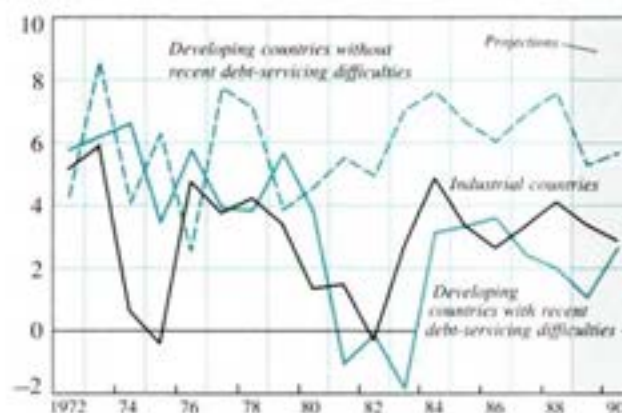
When private financing flows to the developing countries fell precipitously following the first signs of the debt crisis in 1982, many debtor countries had to implement emergency adjustment programs in order to reduce their current account deficits in line with emerging financing constraints. These programs often involved large currency devaluations and substantial cuts in domestic absorption, with imports and investment generally bearing the brunt of the adjustment. Exports did strengthen considerably in some cases, but not sufficiently to generate the required improvement in the current account. Saving rates, which had fallen sharply in the years prior to the debt crisis, remained depressed.

The adjustment measures generally helped to bring about a substantial reduction in current account deficits, but in many countries economic activity weakened markedly. In subsequent years, conditions became more favorable for a resumption of growth in most developing countries, as economic activity strengthened in the industrial countries and international interest rates fell. In some instances, a relaxation of policies contributed to faster growth in demand; investment ratios remained low, however, and financing largely dried up for many countries that experienced debt-servicing difficulties. In those countries, the improvement in external conditions was insufficient to restore growth to satisfactory levels (Chart 21). More recently, economic activity has weakened further, partly as a result of the renewed rise in international interest rates but also because of continued uncertainty about whether appropriate adjustment policies would be implemented. Seven years after the onset of the debt crisis, the prospects for a sustained improvement in growth remain in doubt for many indebted developing countries—in contrast to the more favorable outlook for those developing countries that have avoided debt-servicing difficulties and for the industrial nations.

In the aftermath of the initial adjustment to the debt crisis it became apparent that the economic slowdown was not merely a cyclical phenomenon, and that productive capacity would need to be raised substan-

**Chart 21. Selected Industrial and Developing Country Groups: Real Output Growth**

(In percent)



tially if the debt-servicing capacity and creditworthiness of debtor countries were to be improved. Fundamental policy reforms would be necessary to revive domestic investment and saving, to reverse capital flight, and to improve the efficiency of resource use, but external financing would also have to resume. To this end, the debt initiative launched by then-U.S. Treasury Secretary James Baker in October 1985 called for new lending commitments from multilateral development agencies and private banks in support of appropriate adjustment measures. The Fund's Structural Adjustment Facility, and the World Bank's Special Program of Assistance, reinforced the link between additional concessional financing and fundamental policy adjustments in the poorest countries. However, the implementation of policy reforms often was less successful than expected, and the increase in financing from private sources did not materialize.

The difficulties with the implementation of the Baker plan subsequently raised concerns about whether the large debt burdens of many indebted developing countries had in themselves become a deterrent to appropriate adjustment. It was increasingly recognized that a large discrepancy between debt-servicing capacity and debt-servicing obligations—sometimes referred to as the "debt overhang"—could act as a disincentive



for policy reform, as gains from improvements in a country's debt-servicing capacity might be perceived as accruing largely to foreign creditors.<sup>27</sup> Such discrepancies, which were reflected in large secondary market discounts for the debt of many countries, could also deter creditors from making new lending commitments and discourage capital formation by both domestic and foreign investors. Proposals by the French and Japanese authorities, among others, recognized the potentially serious negative role of the debt overhang. These concerns were given renewed impetus in March 1989 by proposals introduced by U.S. Treasury Secretary Nicholas Brady, which called upon commercial banks to enhance the existing debt strategy by offering a "broader range of alternatives for financial support" to the debtor countries, including debt and debt-service reduction.

### Medium-Term Outlook

The staff's medium-term projections for the net debtor developing countries envisage a gradual strengthening of economic performance over the period 1989–94.<sup>28</sup> Growth is expected to pick up beginning in 1990, the group's combined current account deficit would continue to narrow, and debt ratios would gradually decline (Table 11). Real income growth is likely to remain below the levels of the 1970s, however, and the debt burdens of many countries will remain heavy over the medium term.

These projections depend on a set of assumptions concerning the external environment, financing flows, and economic policies in the developing countries. In particular, the external environment faced by developing countries reflects the medium-term baseline projections for the industrial countries outlined in Chapter II, which envisage sustained growth of output at an annual rate of about 3 percent over the period 1989–94, compared with 3½ percent in 1983–88. The LIBOR (London interbank offered rate) is assumed to remain broadly unchanged after 1990; the average of 9 percent for 1989–94 is similar to that for 1983–88, although above the average of 7½ percent in 1986–88.

The medium-term prospects of the developing countries will depend crucially on the balance of external financing, especially where debt-servicing difficulties have constrained foreign capital inflows. Total financing flows to the net debtor countries in 1989–94 are expected to change little from the much-reduced levels

recorded in 1983–88. Financing from official sources is projected to increase slightly in nominal terms, but net private capital flows are not expected to recover from the depressed levels recorded since 1984. The continued low level of lending by non-official creditors would reflect a reduction in borrowing by countries without recent debt-servicing difficulties, whose overall current account position is expected to strengthen. Although a slight recovery in the supply of private financing to the debt-problem countries from the depressed levels recorded since 1984 is expected, it would remain well below the levels observed in the years before the outbreak of the debt crisis. These countries are therefore likely to continue to accumulate arrears, although on a smaller scale than in the years since the early 1980s.

It is anticipated that the stance of economic policies in most developing countries will remain broadly unchanged over the medium term. However, in certain important cases where significant policy changes are considered likely—for example in the context of Fund- or Bank-supported adjustment programs—it is assumed that economic performance will generally improve in line with program targets. The medium-term outlook presented in this chapter is therefore predicated on an improved policy stance in a number of developing countries compared with the recent past, particularly among those that have experienced debt-servicing difficulties. The projections do not make explicit allowance for the impact of debt reduction operations for which details are still being negotiated; recent agreements incorporating Fund support for such measures are therefore not reflected. However, existing arrangements, including debt-equity conversion schemes implemented by a number of countries, are taken into account.

On the basis of these assumptions, economic growth in the net debtor countries is expected to rise from an annual average of 4.2 percent in 1983–88 to 4.7 percent in 1989–94. However, economic performance is expected to continue to differ markedly among countries, partly reflecting differences in export growth. Countries that have avoided debt-servicing difficulties would continue to outperform other countries, although growth is expected to decline from the exceptionally high rates achieved during 1983–88, owing partly to a smaller contribution from the external sector. Higher investment ratios and improved efficiency are expected to contribute to a strengthening of growth in the debt-problem countries, to a rate of 3.6 percent over the medium term, a substantial improvement over 1983–88 but still below the levels prevailing prior to the debt crisis. Moreover, the experience of countries within this group is likely to show large diversity. In the developing countries of the Western Hemisphere, for

<sup>27</sup> For an assessment of the meaning and impact of the debt overhang see *World Economic Outlook*, April 1989, Chapter IV, and Supplementary Note 1.

<sup>28</sup> The definition of net debtor countries, and of other groups referred to in this chapter, is set out in the introduction to the Statistical Appendix.

**Table 11. Net Debtor Developing Countries: Indicators of Economic Performance, 1970–1994**

|   | 1970–73 <sup>1,2</sup> | 1974–82 <sup>1</sup> | 1983–88 | 1989–94 |
|---|------------------------|----------------------|---------|---------|
| <b>Net debtor countries, total</b>                                  |                        |                      |         |         |
| <i>Annual changes in percent or percent of GDP</i>                  |                        |                      |         |         |
| Real GDP  | 5.9                    | 4.1                  | 4.2     | 4.7     |
| Real GNP  | 5.9                    | 3.9                  | 4.2     | 4.8     |
| Investment ratio  | 22.5                   | 26.0                 | 23.3    | 25.1    |
| Export volume   | 6.6                    | 1.9                  | 8.3     | 6.9     |
| Import volume   | 8.0                    | 5.5                  | 2.6     | 7.0     |
| Terms of trade  | 1.8                    | 2.3                  | -2.7    | 0       |
| <i>Annual averages, billions of U.S. dollars</i>                    |                        |                      |         |         |
| Trade balance   | -6.5                   | -27.8                | 4.0     | 14.2    |
| Current account balance   | -9.0                   | -49.7                | -33.6   | -24.1   |
| Borrowing from official creditors <sup>3</sup>                      | 4.9                    | 19.9                 | 27.2    | 28.5    |
| Borrowing from private creditors                                    | 11.4                   | 43.1                 | 15.0    | 7.9     |
| <i>As percent of exports of goods and services, period averages</i> |                        |                      |         |         |
| Trade balance   | -7.8                   | -8.3                 | 0.5     | 1.5     |
| Current account balance   | -10.4                  | -14.0                | -6.5    | -2.6    |
| Total external debt <sup>4</sup>                                    | 108.7                  | 163.3                | 163.3   | 115.5   |
| Debt-service payments   | 17.6                   | 18.8                 | 24.6    | 18.8    |
| Of which, interest payments   | 7.7                    | 8.2                  | 13.1    | 9.9     |
|   | 1970–73 <sup>2</sup>   | 1974–82              | 1983–88 | 1989–94 |
| <b>Countries with recent debt-servicing difficulties</b>            |                        |                      |         |         |
| <i>Annual changes in percent or percent of GDP</i>                  |                        |                      |         |         |
| Real GDP  | 6.2                    | 3.6                  | 2.0     | 3.6     |
| Real GNP  | 6.2                    | 3.2                  | 2.1     | 3.7     |
| Investment ratio  | 23.6                   | 26.6                 | 19.1    | 21.9    |
| Export volume   | 4.9                    | -0.5                 | 4.6     | 4.9     |
| Import volume   | 7.0                    | 4.2                  | -3.0    | 5.1     |
| Terms of trade  | 2.0                    | 3.2                  | -3.9    | -0.4    |
| <i>Annual averages, billions of U.S. dollars</i>                    |                        |                      |         |         |
| Trade balance   | -0.2                   | -6.9                 | 25.8    | 28.9    |
| Current account balance   | -5.2                   | -34.7                | -20.7   | -22.9   |
| Borrowing from official creditors <sup>3</sup>                      | 1.8                    | 12.4                 | 19.6    | 18.9    |
| Borrowing from private creditors                                    | 8.3                    | 31.2                 | 1.1     | ...     |
| <i>As percent of exports of goods and services, period averages</i> |                        |                      |         |         |
| Trade balance   | -0.8                   | -3.9                 | 10.6    | 8.4     |
| Current account balance   | -10.0                  | -17.2                | -8.7    | -6.7    |
| Total external debt <sup>4</sup>                                    | 110.1                  | 221.5                | 268.4   | 200.6   |
| Debt-service payments   | 18.9                   | 24.3                 | 32.9    | 30.4    |
| Of which, interest payments   | 7.5                    | 10.3                 | 20.1    | 18.0    |
|   | 1970–73 <sup>1,2</sup> | 1974–82 <sup>1</sup> | 1983–88 | 1989–94 |
| <b>Countries without debt-servicing difficulties</b>                |                        |                      |         |         |
| <i>Annual changes in percent or percent of GDP</i>                  |                        |                      |         |         |
| Real GDP  | 5.4                    | 5.1                  | 7.0     | 6.0     |
| Real GNP  | 5.3                    | 5.1                  | 6.9     | 6.0     |
| Investment ratio  | 20.5                   | 25.0                 | 28.1    | 28.2    |
| Export volume   | 9.5                    | 5.6                  | 11.4    | 8.1     |
| Import volume   | 9.4                    | 7.1                  | 6.9     | 7.9     |
| Terms of trade  | 1.7                    | 0.8                  | -1.8    | 0.1     |
| <i>Annual averages, billions of U.S. dollars</i>                    |                        |                      |         |         |
| Trade balance   | -6.4                   | -21.0                | -21.8   | -14.7   |
| Current account balance   | -3.8                   | -14.9                | -12.9   | -1.1    |
| Borrowing from official creditors <sup>3</sup>                      | 3.1                    | 7.3                  | 7.6     | 9.6     |
| Borrowing from private creditors                                    | 3.0                    | 11.7                 | 13.9    | ...     |
| <i>As percent of exports of goods and services, period averages</i> |                        |                      |         |         |
| Trade balance   | -19.0                  | -14.6                | -7.7    | -2.5    |
| Current account balance   | -11.1                  | -10.2                | -4.9    | -0.3    |
| Total external debt <sup>4</sup>                                    | 107.2                  | 100.8                | 97.3    | 69.0    |
| Debt-service payments   | 15.6                   | 11.7                 | 18.0    | 12.2    |
| Of which, interest payments   | 8.0                    | 5.5                  | 7.5     | 5.3     |

<sup>1</sup> Excluding China.<sup>2</sup> Borrowing from official and private creditors shown are 1971–73 annual averages.<sup>3</sup> Long-term official flows, excluding interest arrears.<sup>4</sup> End of period.

example, growth is expected to pick up significantly beginning in 1990. In the African countries, however, output gains are projected to be modest and will offset only a small part of the large declines in real per capita income experienced in the 1980s.

The combined current account deficit of the net debtor countries is projected to narrow from an average of 6½ percent of exports of goods and services in 1983–88 to 2½ percent in 1989–94. The aggregate external deficit of countries that have experienced recent debt-servicing difficulties would widen somewhat in absolute terms, but it would decline as a proportion of exports, reflecting largely a lower interest burden. The combined current account of countries that have avoided debt-servicing difficulties is projected to move from a deficit of some 5 percent of exports in 1983–88 to near balance in 1989–94, mainly the result of a marked strengthening of export performance. Current account positions would improve gradually over the medium term in the net debtor countries in Africa and also, after an initial deterioration, in the Western Hemisphere. In Asia, the external surpluses of some of the newly industrializing economies would narrow, but this would be gradually offset by improvements in the external position of a number of countries that have recently begun to expand exports of manufactures.

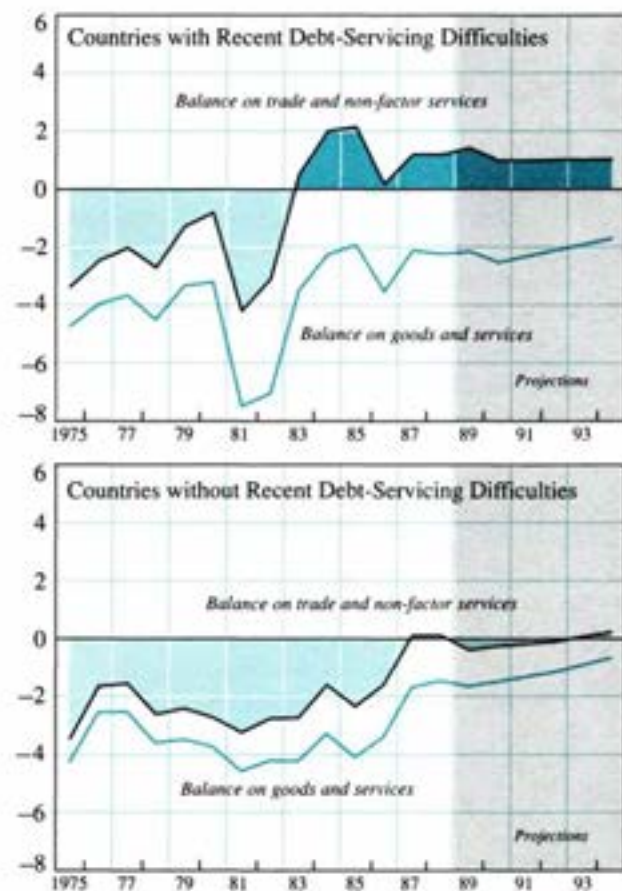
These developments imply the continuation of a substantial net transfer of resources from the debt-problem countries to the rest of the world.<sup>29</sup> Although slightly smaller than in 1983–88, the annual transfer would still amount to over 1 percent of the group's total GDP (Chart 22). The largest burden (2.3 percent of GDP) would continue to fall on the heavily indebted middle-income countries; the low-income sub-Saharan African countries would continue to receive annual resource inflows equivalent to some 7½ percent of their combined GDP, mainly official development assistance on concessional terms.

As a result of rising export values and continued constraints on external borrowing, debt ratios in the net debtor countries are projected to decline gradually, from 163 percent of exports of goods and services in 1988 to 116 percent in 1994. Considerable differences between countries with and without recent debt-servicing difficulties would persist. The debt ratio of the former group would remain nearly three times larger than that of the latter (201 percent against 69 percent in 1994), reflecting particularly high ratios in the Western Hemisphere and in sub-Saharan Africa where many seriously indebted countries are located; in 1994 the ratios for these regions would still average

<sup>29</sup> The concept of net resource transfer is discussed below and in the Box.

**Chart 22. Developing Countries: Net Resource Transfer<sup>1</sup>**

(In percent of GNP)



<sup>1</sup> Net resource transfer is defined as the balance on goods and non-factor services (a surplus represents a transfer from developing countries to their creditors). The wedge between the two lines represents net factor payments—primarily net interest payments.

216 percent and 400 percent, respectively.

The medium-term outlook presented above is associated with considerable risks. The situation of the net debtor countries would, of course, be more difficult if the economic slowdown in the industrial countries turned out to be more pronounced than envisaged in the baseline scenario, if world interest rates were to rise, or if their terms of trade were again to deteriorate. Furthermore, the gradual strengthening of growth projected for the net debtor countries in the medium term hinges crucially on the assumption that policy reforms will be implemented in a number of countries, resulting in a marked increase in saving and investment ratios and improved investment efficiency. Policy reforms on the scale necessary to achieve the growth performance envisaged in the medium-term baseline scenario will depend critically on substantial progress



being made under the strengthened debt strategy, as well as on the resolve of the indebted countries themselves.

### Sources of Growth

The main reasons for the sharp differences in economic performance among various groups of developing countries in recent years can be analyzed using a basic growth accounting framework (Table 12).<sup>30</sup> Prior to the first major increase in oil prices in 1973, potential output growth was similar across different regions and analytic groups.<sup>31</sup> In particular, there was little difference between the level and the sources of growth between countries that subsequently experienced debt-servicing difficulties and those that avoided such problems. However, even during this period the debt-problem countries relied more heavily on commercial creditors for external finance and achieved a much lower level of export growth—an indication of a policy orientation that would later have serious adverse consequences.

The period from 1974 to 1982 was characterized by large international capital flows. The sharp rises in oil prices in 1973–74, and again in 1979–80, generated a massive increase in the foreign exchange earnings of the oil exporting countries that many were unable to absorb domestically. At the same time, many industrial countries sought to offset the resulting inflationary pressures by pursuing restrictive domestic policies, limiting their absorption of capital inflows from the oil exporters. A large number of developing countries were therefore able greatly to increase their foreign borrowing, often on relatively favorable terms. In retrospect, it is clear that too little attention was paid to the capacity of recipient countries to invest these funds in projects yielding adequate rates of return. Indeed, while the ratio of investment to GDP in the net debtor countries rose by some 3½ percentage points from 1970–73 to 1974–82, the contribution of total factor productivity fell markedly in most regions. The decline in total factor productivity growth was particularly pronounced in the countries that subsequently experienced debt-servicing problems. More-

<sup>30</sup> For an earlier application of this framework to the developing countries, see *World Economic Outlook*, April 1988, pp. 30–32.

<sup>31</sup> Potential GDP is approximated by a four-year average of real GDP. This approach reduces the impact of cyclical fluctuations, although it may be distorted by prolonged periods of underutilization of capacity. The contributions of capital and labor are derived by multiplying their respective growth rates by the estimated share of each factor in output. Total factor productivity, which is calculated as the residual after the contribution of factor inputs has been taken into account, can be interpreted broadly as an indicator of the efficiency of resource use.

**Table 12. Developing Countries: Contributions to the Growth of Potential GDP, 1968–94**

|  | 1970–73 <sup>1</sup> | 1974–82 <sup>1</sup> | 1983–88 | 1989–94 |
|--|----------------------|----------------------|---------|---------|
| <b>Net debtor countries</b>                              |                      |                      |         |         |
| Potential GDP  | 6.3                  | 5.1                  | 3.7     | 4.6     |
| Capital contribution                                     | 2.6                  | 2.7                  | 1.6     | 1.9     |
| Labor contribution                                       | 1.3                  | 1.4                  | 1.2     | 1.1     |
| Total factor productivity                                | 2.4                  | 0.9                  | 0.9     | 1.5     |
| <i>By region</i>   |                      |                      |         |         |
| <b>Africa</b>  |                      |                      |         |         |
| Potential GDP  | 8.0                  | 3.4                  | 1.4     | 2.9     |
| Capital contribution                                     | 3.0                  | 2.4                  | 0.2     | 0.6     |
| Labor contribution                                       | 1.8                  | 1.8                  | 1.7     | 1.7     |
| Total factor productivity                                | 3.2                  | -0.8                 | -0.6    | 0.6     |
| <b>Asia<sup>2</sup></b>                                  |                      |                      |         |         |
| Potential GDP  | 5.3                  | 5.8                  | 7.2     | 7.0     |
| Capital contribution                                     | 2.1                  | 2.8                  | 2.9     | 2.8     |
| Labor contribution                                       | 0.9                  | 1.3                  | 1.0     | 1.0     |
| Total factor productivity                                | 2.3                  | 1.6                  | 3.3     | 3.3     |
| <b>Europe</b>  |                      |                      |         |         |
| Potential GDP  | 6.0                  | 5.0                  | 2.6     | 2.8     |
| Capital contribution                                     | 3.5                  | 2.6                  | 1.4     | 1.6     |
| Labor contribution                                       | 0.7                  | 0.7                  | 0.6     | 0.5     |
| Total factor productivity                                | 1.7                  | 1.6                  | 0.6     | 0.7     |
| <b>Middle East<sup>2</sup></b>                           |                      |                      |         |         |
| Potential GDP  | 6.2                  | 4.4                  | 3.6     | 3.1     |
| Capital contribution                                     | 2.7                  | 2.9                  | 1.1     | 0.9     |
| Labor contribution                                       | 1.7                  | 1.4                  | 1.5     | 1.5     |
| Total factor productivity                                | 1.8                  | 0.1                  | 1.0     | 0.7     |
| <b>Western Hemisphere</b>                                |                      |                      |         |         |
| Potential GDP  | 6.5                  | 5.1                  | 1.6     | 2.9     |
| Capital contribution                                     | 2.3                  | 2.7                  | 1.0     | 1.5     |
| Labor contribution                                       | 1.6                  | 1.7                  | 1.4     | 1.3     |
| Total factor productivity                                | 2.6                  | 0.8                  | -0.8    | 0.1     |
| <i>By analytical criteria</i>                            |                      |                      |         |         |
| <b>Countries with recent debt-servicing difficulties</b> |                      |                      |         |         |
| Potential GDP  | 6.5                  | 4.7                  | 1.5     | 2.8     |
| Capital contribution                                     | 2.8                  | 2.7                  | 0.8     | 1.3     |
| National saving <sup>3</sup>                             | 2.4                  | 2.0                  | 0.6     | 1.2     |
| Foreign saving   | 0.4                  | 0.7                  | 0.2     | 0.1     |
| Labor contribution                                       | 1.4                  | 1.5                  | 1.3     | 1.2     |
| Total factor productivity                                | 2.3                  | 0.5                  | -0.6    | 0.3     |
| <b>Countries without debt-servicing difficulties</b>     |                      |                      |         |         |
| Potential GDP  | 5.9                  | 5.5                  | 6.5     | 6.4     |
| Capital contribution                                     | 2.3                  | 2.7                  | 2.7     | 2.6     |
| National saving <sup>3</sup>                             | 1.9                  | 2.4                  | 2.5     | 2.6     |
| Foreign saving   | 0.4                  | 0.3                  | 0.2     | 0.0     |
| Labor contribution                                       | 1.0                  | 1.3                  | 1.1     | 1.0     |
| Total factor productivity                                | 2.6                  | 1.5                  | 2.7     | 2.8     |

<sup>1</sup> Excludes China.

<sup>2</sup> Excludes net creditor countries.

<sup>3</sup> Net of depreciation.

over, the estimated contribution of capital to growth in these countries did not rise as might have been expected given the magnitude of their foreign borrowing. These results suggest that the efficiency of investment may have declined sharply relative to earlier years, and that part of the increased borrowing substituted for national saving or financed capital flight.

In contrast, countries that subsequently avoided debt-servicing difficulties experienced an increase in national saving and investment ratios, while the decline in total factor productivity growth was relatively small.

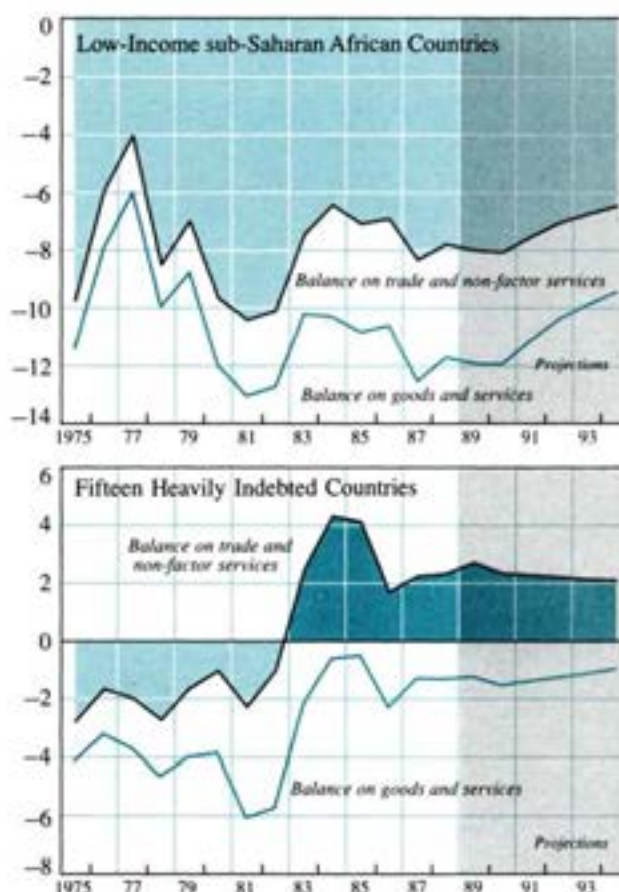
Following the outbreak of the debt crisis in 1982, potential output growth in the net debtor countries declined further, reflecting principally a lower contribution from investment; for the group as a whole, the contributions of labor and total factor productivity differed only slightly from those in the earlier period. However, the diversity of experience among groups of countries became even more pronounced. Despite adverse terms of trade movements, export growth was strong in those countries that avoided debt-servicing problems; in this group, investment ratios increased and total factor productivity growth recovered. Other countries were less well placed to deal with the negative shocks arising from the global recession in 1981–82 and from the reduction in external financing. Exports from debt-problem countries rose only modestly from the depressed levels of the 1970s. At the same time, investment declined sharply as a share of GDP, and the growth of total factor productivity turned negative.

The growth-accounting framework can also be used to gauge the relative contribution of national and foreign saving to capital formation and potential output growth. The contribution of foreign saving has generally been small compared with that of national saving (see the two lower blocks of Table 12). In the debt-problem countries, the contribution of both national and foreign saving declined sharply after the outbreak of the debt crisis in 1982. Other developing countries experienced a small decline in the contribution of foreign saving, but this was offset by an increase in national saving.

Another way to measure the relationship between the external sector and the domestic economy is to focus on the net external resource transfer, which is defined as the balance on goods and non-factor services (see Box). In the period preceding the outbreak of the debt crisis, the net debtor countries as a group experienced net inward transfers equivalent to some 2½ percent of GDP annually; since 1982 the inward transfer has virtually ceased. The turnaround in the availability of foreign resources was particularly sharp for the countries with recent debt-servicing difficulties, which experienced a swing from net inward to net outward flows equivalent to 3.7 percent of GDP (at an annual rate) between 1974–82 and 1983–88 (Chart 22). About half of this swing can be attributed directly to a substantial rise in net factor payments (predominantly interest debits) to other countries of almost 2 percent of GDP between the two periods, in contrast with an increase of only ½ of 1 percent for the countries that did not experience debt-servicing problems.

**Chart 22 (concluded). Developing Countries: Net Resource Transfer<sup>1</sup>**

(In percent of GNP)



<sup>1</sup> Net resource transfer is defined as the balance on goods and non-factor services (a surplus represents a transfer from developing countries to their creditors). The wedge between the two lines represents net factor payments—primarily net interest payments.

The medium-term baseline projections envisage only a modest decline in the net resource transfer from debt-problem countries to the rest of the world. Annual outward resource transfers in excess of 1 percent of GDP, as implied by these projections, will evidently require domestic absorption to be restrained in order to generate the trade surplus necessary to achieve the transfer. A significant rise in domestic saving would therefore be necessary if investment is to recover as expected. The rate of growth of total factor productivity in the debt-problem countries is also projected to rise following its poor performance in 1983–88, although it would remain below the rates of earlier periods. The outlook for countries without debt-servicing difficulties is very different. Although they are projected to receive much smaller net transfers of



### Box: Net Resource Transfer

In Chapter IV of this report, the financing position of developing countries is illustrated using the concept of net resource transfer, defined as the balance on goods and non-factor services (see, in particular, Chart 22).

The concept of net resource transfer used in the *World Economic Outlook* is related to the requirement that a country's balance of payments surplus (deficit) on merchandise trade and non-factor services must match net capital account inflows (outflows) plus net international factor payments and transfers. For a finance-constrained economy this definition implies that a country must finance any excess of net international factor payments over net capital inflows (including unrequited transfers) by earning more from its exports of goods and services than it spends on imports.

In the simple case of an economy where capital account transactions consist only of gross disbursements and repayments of loans from abroad and current account transactions include only merchandise trade and interest payments on foreign liabilities, the net resource transfer will be identically equal to the merchandise trade balance. If net capital account disbursements are zero (that is, existing loans are rolled over, but no new foreign capital is provided), the country must generate a merchandise trade surplus sufficient to meet its interest payments. The trade surplus represents an outward resource transfer (from the country to its creditors) in that domestic output must exceed absorption by an amount sufficient to service the external debt.

If the economy is experiencing capital flight (for example, as a result of under-invoicing of exports, or over-invoicing of imports, which could result in a negative entry in "errors and omissions")—or if repayments of external loans exceed gross disbursements—there will be a net capital outflow that must be financed by a larger trade surplus. The net resource transfer will therefore be correspondingly higher.

The outward resource transfer can be reduced, or indeed reversed, if a country can attract net capital inflows, for example, through official transfers, foreign direct investment, or repatriation of flight capital. Simi-

larly, the burden of debt-service obligations can be lowered by reducing cash payments below scheduled interest or amortization, either through negotiations with creditors (rescheduling or refinancing) or unilaterally (accumulation of arrears). Recourse to exceptional financing has substantially lowered the net resource transfers made by certain groups of debtor countries during the 1980s (for the 15 heavily indebted countries, for example, exceptional financing averaged some 3.7 percent of GDP in 1983–88, although the net resource transfer nonetheless remained high).

Estimates of net resource transfers for various regional and analytical groups of developing countries are shown in Table 13. The impact of the substantial recycling of funds that followed the first oil price shock in 1973 is clear, as is the marked change in financing conditions after the outbreak of the debt crisis in 1982. The sharp turnaround in the position of the 15 heavily indebted countries to a large outward transfer of resources during 1983–88 resulted primarily from the substantial increase in interest payments. This is also reflected in the large swing in the position of countries in the Western Hemisphere. The high level of unrequited transfers (predominantly official development assistance) appears to be the main contributor to the continuing large resource inflows into African countries.

Alternative measures of the net resource transfer have followed rather different approaches. In the *World Debt Tables*, for example, the World Bank derives net transfers directly from loan transactions, as gross disbursements on long-term loans less total amortization and interest payments made. This indeed represents the net flow of funds between the developing country and the provider of the loans under consideration, but the concept does not take into account other sources of capital inflow and associated factor payments (for example, foreign direct investment and many trade credits). The measure used in the *World Economic Outlook* seeks to provide a more comprehensive indicator of domestic absorption that must be foregone in order to meet the balance on factor payments and all net capital flows.

resources from abroad—primarily a result of the lower current account surpluses foreseen for the newly industrializing economies of Asia—they are expected to sustain high levels of investment and growth owing to strong domestic saving and productivity growth.

### Impact of Debt Reduction Operations

The growth accounting framework is helpful in explaining the broad determinants of potential output, but it cannot deal with important issues such as the interactions between confidence and investment and

the disincentives that may be associated with the large debt burdens faced by many countries. The relationship that exists between the debt overhang, the need to reduce the outward resource transfer, and countries' creditworthiness and growth performance lies behind a number of recent initiatives to reduce the debt and debt-servicing burdens of the indebted countries.

The complexities of individual cases prevent a generalized analysis of the likely impact of specific debt reduction operations. However, the staff has developed a series of illustrative debt reduction scenarios that examine the linkages between debt burdens and



**Table 13. Developing Countries: Net Resource Transfer**(In percent of GDP)<sup>1</sup>

|                             | Current Account | Unrequited Transfers | Net Factor Services | Net Resource Transfer | Current Account  | Unrequited Transfers | Net Factor Services | Net Resource Transfer |      |
|-----------------------------|-----------------|----------------------|---------------------|-----------------------|--|----------------------|---------------------|-----------------------|------|
| <b>Developing Countries</b> |                 |                      |                     |                       | <b>Net creditor countries</b>                            |                      |                     |                       |      |
| 1970-73                     | -0.8            | 0.8                  | -1.3                | -0.4                  | 1970-73  | 3.0                  | -3.3                | -2.8                  | 9.1  |
| 1974-82                     | 0               | 0.7                  | -1.3                | 0.7                   | 1974-82  | 17.8                 | -4.1                | 0.9                   | 20.9 |
| 1983-88                     | -0.9            | 0.8                  | -1.9                | 0.3                   | 1983-88  | 2.0                  | -3.4                | 3.9                   | 1.4  |
| 1989-94                     | -0.3            | 0.6                  | -1.4                | 0.6                   | 1989-94  | 1.8                  | -2.5                | 3.5                   | 0.8  |
| <b>Africa</b>               |                 |                      |                     |                       | <b>Net debtor countries</b>                              |                      |                     |                       |      |
| 1970-73                     | -2.8            | 1.2                  | -2.2                | -1.8                  | 1970-73  | -1.3                 | 1.3                 | -1.1                  | -1.5 |
| 1974-82                     | -3.6            | 1.3                  | -2.3                | -2.6                  | 1974-82  | -2.7                 | 1.4                 | -1.7                  | -2.4 |
| 1983-88                     | -2.2            | 1.9                  | -3.6                | -0.4                  | 1983-88  | -1.4                 | 1.4                 | -2.9                  | 0.1  |
| 1989-94                     | -1.3            | 2.1                  | -3.4                | -0.1                  | 1989-94  | -0.6                 | 1.1                 | -2.2                  | 0.5  |
| <b>Asia</b>                 |                 |                      |                     |                       | <b>Countries with recent debt-servicing difficulties</b> |                      |                     |                       |      |
| 1970-73                     | -0.4            | 0.9                  | -0.3                | -1.1                  | 1970-73  | -1.6                 | 1.1                 | -1.6                  | -1.1 |
| 1974-82                     | -1.2            | 1.1                  | -0.8                | -1.5                  | 1974-82  | -3.4                 | 1.1                 | -2.2                  | -2.3 |
| 1983-88                     | 0               | 1.0                  | -1.2                | 0.1                   | 1983-88  | -1.5                 | 1.1                 | -3.8                  | 1.2  |
| 1989-94                     | 0.1             | 0.5                  | -0.5                | 0.1                   | 1989-94  | -1.1                 | 1.0                 | -3.2                  | 1.1  |
| <b>Europe</b>               |                 |                      |                     |                       | <b>Countries without debt-servicing difficulties</b>     |                      |                     |                       |      |
| 1970-73                     | -0.1            | 3.1                  | -0.9                | -2.3                  | 1970-73  | -0.9                 | 1.6                 | -0.5                  | -2.0 |
| 1974-82                     | -3.7            | 2.3                  | -1.7                | -4.3                  | 1974-82  | -1.8                 | 1.9                 | -1.1                  | -2.5 |
| 1983-88                     | 0.2             | 1.9                  | -2.9                | 1.2                   | 1983-88  | -1.2                 | 1.8                 | -1.7                  | -1.3 |
| 1989-94                     | 0.8             | 1.6                  | -2.4                | 1.6                   | 1989-94  | -0.1                 | 1.1                 | -1.1                  | -0.1 |
| <b>Middle East</b>          |                 |                      |                     |                       | <b>Fifteen heavily indebted countries</b>                |                      |                     |                       |      |
| 1970-73                     | 2.0             | -0.1                 | -2.3                | 4.5                   | 1970-73  | -1.6                 | 0.6                 | -1.8                  | -0.4 |
| 1974-82                     | 14.6            | -0.8                 | 0.9                 | 14.5                  | 1974-82  | -3.6                 | 0.5                 | -2.4                  | -1.6 |
| 1983-88                     | -2.3            | -0.5                 | 2.2                 | -4.0                  | 1983-88  | -0.9                 | 0.5                 | -4.2                  | 2.9  |
| 1989-94                     | -0.3            | -0.2                 | 1.4                 | -1.4                  | 1989-94  | -0.8                 | 0.4                 | -3.5                  | 2.3  |
| <b>Western Hemisphere</b>   |                 |                      |                     |                       | <b>Low-income sub-Saharan Africa</b>                     |                      |                     |                       |      |
| 1970-73                     | -2.2            | 0.2                  | -1.9                | -0.5                  | 1970-73  | -3.2                 | 1.6                 | -1.4                  | -3.4 |
| 1974-82                     | -3.8            | 0.2                  | -2.7                | -1.2                  | 1974-82  | -6.7                 | 3.4                 | -2.0                  | -8.1 |
| 1983-88                     | -1.0            | 0.4                  | -4.2                | 2.9                   | 1983-88  | -5.0                 | 6.0                 | -3.7                  | -7.3 |
| 1989-94                     | -0.8            | 0.4                  | -3.4                | 2.2                   | 1989-94  | -5.0                 | 5.8                 | -3.5                  | -7.3 |

<sup>1</sup> Figures for 1989-94 are Fund staff projections.

the supply side of the indebted developing economies.<sup>32</sup> Issues considered include the direct cash flow implications of debt reduction, the effects of higher domestic saving and investment rates, and the potential role of improved efficiency. No attempt is made to specify the precise debt reduction instruments or the impact of debt reduction on domestic financial markets; more-

over, no specific assumptions are made about the structure of debt relief, the financing of debt reduction operations, or the discount at which debt might be retired. Rather, emphasis is placed on the potential macroeconomic impact of debt reduction for the debt-problem countries, with particular attention given to external financing, investment, and growth prospects.

In order to simplify the presentation, each scenario examines the impact of a 20 percent reduction in the level of total debt outstanding at the end of 1988; consideration is restricted to those countries that have experienced recent debt-servicing difficulties. Debt reduction is assumed to lower the level of scheduled

<sup>32</sup> The scenarios are generated by a disaggregated econometric model for developing countries. The methodology and structure are discussed in Charles Adams and Claire Hughes Adams, "Scenario and Forecast Adjustment Model for Developing Countries," *Staff Studies for the World Economic Outlook*, International Monetary Fund, August 1989.

amortization and interest payments in 1989 and subsequent years, affecting both the current and the capital accounts of the balance of payments. In the first two scenarios it is assumed that the improved liquidity position is reflected directly in a higher level of imports,<sup>33</sup> while exceptional financing (mainly arrears and reschedulings) is held at baseline levels. This assumption is relaxed in the third scenario in which domestic measures, in addition to debt reduction, have a sufficiently strong effect on the external position to permit a significant reduction in exceptional financing.

Scenario A illustrates the direct impact of the lower debt-service burden that would result from a 20 percent reduction in external liabilities outstanding at the beginning of the period. Interest payments and amortization are also assumed to fall by 20 percent, permitting an increase of imports resulting, for example, from less restrictive demand policies. Table 14 shows the impact of the improved liquidity position compared with the outlook in the medium-term baseline scenario. The level of domestic output rises by ½ of 1 percent, mostly in the first year, reflecting the higher level of domestic absorption made possible by the relaxation of import constraints (consumption and investment are assumed to increase proportionately).<sup>34</sup> However, this is largely a once-for-all effect. The underlying growth of GDP changes little over the medium term as the net addition to the capital stock arising from the higher level of investment is relatively modest. Debt reduction on its own is seen to have a modest beneficial impact on the level of output, but it does little to improve the underlying growth potential over the long run.

The small impact on growth over the medium term in Scenario A largely reflects the assumption that the additional external resources are allocated to consumption and investment in line with their respective shares in output in the baseline case. Scenario B allows for a more optimistic interpretation of the possible impact of debt reduction on investment. Specifically, it is assumed that as the debt overhang is lowered, economic agents take a more positive view of potential returns to investment and that the rise in imports made possible by the lower debt-service payments is used entirely for fixed capital formation, implying a higher level of national saving. The increase in GDP is somewhat greater than in Scenario A as higher domestic absorption is now augmented by faster growth

in the capital stock and, hence, of potential output. The gain in potential output growth remains relatively small, however, reflecting the relatively high capital-output ratios that historically have characterized these countries.<sup>35</sup>

The rather limited benefits arising from debt reduction operations in Scenarios A and B underscore the need for fundamental policy reforms in the indebted developing countries to support improvements in financing flows, a need that has been stressed at every stage of the evolving debt strategy. It is of course extremely difficult to quantify precisely the effects of such policy improvements, especially as the requirements and possible gains can differ widely among countries. It may nevertheless be useful to examine the possible orders of magnitude of the effect of combining debt reduction with measures to improve efficiency.

Scenario C therefore assumes that the 20 percent reduction in debt outstanding would be coupled with policy changes that would lead to a much stronger recovery in the growth of total factor productivity than is envisaged in the baseline projection as well as in the two previous scenarios. For illustrative purposes, total factor productivity in the medium term is assumed to grow by some ¾ of 1 percent a year, compared with about ¼ of 1 percent in the baseline; this would represent a substantial improvement over the negative contribution of productivity growth in 1983–88, but it would still be well below the average for the early 1970s (Table 12). The productivity gains are assumed to occur primarily in the tradable goods sector, and therefore to be reflected in higher net export earnings.

The estimated impact of such an improvement in policies and productivity is quite large. Domestic output increases by 1 percent in 1989, and the annual growth rate of GDP strengthens by about ½ of 1 percentage point throughout the medium term, in contrast to the very small impact on GDP growth in the two previous scenarios (the rise in GNP remains commensurately higher). A substantial expansion in export capacity would generate additional cash flow gains beginning in the first year, reinforcing the immediate benefits of the lower debt-service burden. Investment growth over the medium term is no greater than in Scenario B,<sup>36</sup> but the gains in potential GDP made possible by the stronger growth in productivity

<sup>33</sup> The pass-through is somewhat less than 100 percent, as it is assumed that reserves are increased to maintain the ratio of official reserves to imports implied in the baseline projection.

<sup>34</sup> The rise in gross national product is considerably larger (1.4 percent), reflecting the direct impact of lower debt-service payments.

<sup>35</sup> Notwithstanding the higher savings ratio, the capital stock in countries with recent debt-servicing difficulties is only 2 percent higher in 1994 than in the baseline case; the increase in GDP is little more than ½ of 1 percent by the end of the period, reflecting a capital/output ratio on the order of 3½.

<sup>36</sup> The investment ratio is actually lower (Table 12), owing entirely to the higher level of GDP.

**Table 14. Net Debtor Developing Countries: Debt Reduction Scenarios, 1989–94**

(Annual averages)

|  | Medium-Term<br>Baseline | Differences From Medium-Term Baseline |       |       |
|--|-------------------------|---------------------------------------|-------|-------|
|  |                         | Scenario                              |       |       |
|  |                         | A                                     | B     | C     |
| <b>Countries with recent debt-servicing difficulties</b> |                         |                                       |       |       |
| <i>Annual changes in percent or percent of GDP</i>       |                         |                                       |       |       |
| Real GDP   | 3.6                     | 0.1                                   | 0.1   | 0.6   |
| Level <sup>1</sup>                                       |                         | 0.5                                   | 0.8   | 2.2   |
| Investment ratio   | 21.9                    | 0.8                                   | 4.7   | 3.8   |
| Export volume  | 4.9                     | —                                     | 0.3   | 1.7   |
| Import volume  | 5.1                     | 0.8                                   | 1.0   | 2.2   |
| <i>As percent of exports of goods and services</i>       |                         |                                       |       |       |
| Current account balance                                  | -6.7                    | -0.9                                  | -0.7  | 4.5   |
| Total external debt <sup>2</sup>                         | 200.6                   | -31.0                                 | -33.6 | -69.4 |
| Debt service payments                                    | 30.4                    | -4.8                                  | -5.1  | -7.4  |
| Of which, interest payments                              | 18.0                    | -3.6                                  | -3.8  | -5.3  |
| <b>Fifteen heavily indebted countries</b>                |                         |                                       |       |       |
| <i>Annual changes in percent or percent of GDP</i>       |                         |                                       |       |       |
| Real GDP   | 3.7                     | 0.1                                   | 0.2   | 0.6   |
| Level <sup>1</sup>                                       |                         | 0.5                                   | 0.9   | 2.3   |
| Investment ratio   | 20.9                    | 0.8                                   | 5.0   | 4.1   |
| Export volume  | 5.6                     | —                                     | 0.4   | 1.8   |
| Import volume  | 6.2                     | 1.0                                   | 1.3   | 2.9   |
| <i>As percent of exports of goods and services</i>       |                         |                                       |       |       |
| Current account balance                                  | -5.6                    | -0.9                                  | -0.5  | 5.1   |
| Total external debt <sup>2</sup>                         | 204.8                   | -33.4                                 | -36.6 | -74.9 |
| Debt service payments                                    | 37.6                    | -5.3                                  | -5.5  | -8.2  |
| Of which, interest payments                              | 22.3                    | -4.0                                  | -4.2  | -5.9  |
| <b>Low-income African countries</b>                      |                         |                                       |       |       |
| <i>Annual changes in percent or percent of GDP</i>       |                         |                                       |       |       |
| Real GDP   | 3.8                     | 0.1                                   | 0.2   | 0.5   |
| Level <sup>1</sup>                                       |                         | 0.9                                   | 1.3   | 2.4   |
| Investment ratio   | 18.9                    | 1.0                                   | 6.6   | 5.6   |
| Export volume  | 4.8                     | —                                     | 0.3   | 1.4   |
| Import volume  | 2.1                     | 1.0                                   | 1.0   | 1.5   |
| <i>As percent of exports of goods and services</i>       |                         |                                       |       |       |
| Current account balance                                  | -31.2                   | -1.9                                  | -1.6  | 5.3   |
| Total external debt <sup>2</sup>                         | 396.9                   | -41.5                                 | -45.3 | -94.3 |
| Debt service payments                                    | 25.5                    | -6.8                                  | -4.8  | -9.1  |
| Of which, interest payments                              | 12.3                    | -4.7                                  | -2.1  | -6.2  |

<sup>1</sup> Difference in level of real GDP.<sup>2</sup> End of period.

permit a higher growth of consumption to be sustained throughout the projection period. These improvements also permit reliance on arrears and reschedulings to be reduced over the medium term.

In summary, the relatively modest improvement in economic performance in Scenarios A and B suggest that debt reduction, in and of itself, is no more a panacea for the economic difficulties of the indebted developing countries than new lending would be on its own. The substantial gains accruing under the high productivity growth scenario—notwithstanding unchanged assumptions about global economic conditions and about the availability of foreign saving—emphasize the critical importance of fundamental pol-

icy adjustments by the developing countries if a lasting solution to the debt problem is to be achieved.

## Policy Considerations

Restoration of adequate growth in large parts of the developing world remains a particularly urgent concern for the international community. After nearly a decade of poor economic performance it is apparent that substantial additional efforts are required both by the indebted countries themselves and by their creditors, trading partners, and international organizations. The maintenance of growth in the industrial countries has



long been recognized as a crucial element in the debt strategy. In recent years the achievements on that score have generally surpassed expectations and have clearly helped to alleviate the debt burdens of some countries. Other aspects of the external environment have been less satisfactory, however, including the sharp rise in international interest rates during 1988 and early 1989. Rising protectionism in export markets and deteriorating terms of trade may also have constrained many countries, notwithstanding the rapid growth of developing country export volumes in recent years.

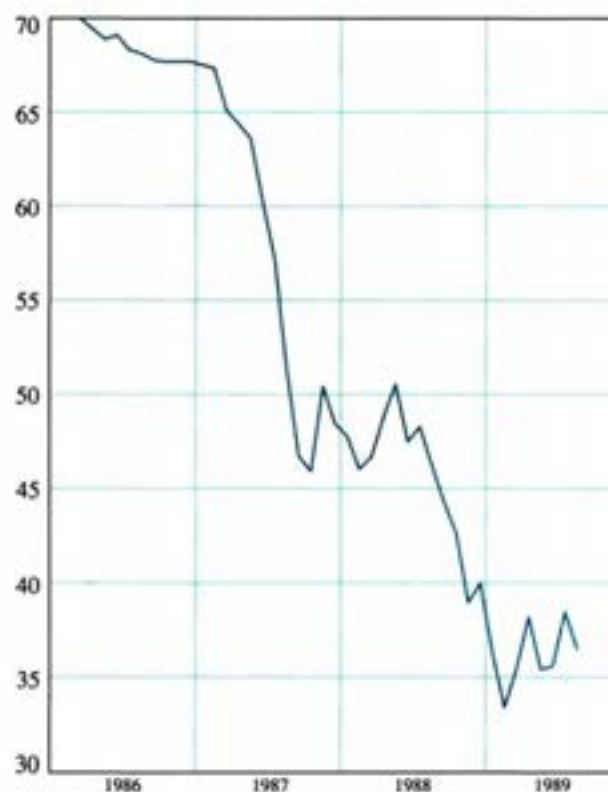
The two elements of the debt strategy that have been most problematic are the external financing situation of the indebted countries and the continued inadequacy of adjustment efforts in many countries. Taken together, these elements help to explain the wide gap in growth performance between the countries that have encountered debt-servicing problems and those that have avoided them.

Long-standing differences in policy stance among various groups of developing countries appear to go a long way toward explaining these differences. The policies followed by those countries that have avoided debt-servicing difficulties share in most cases a number of common characteristics. Typically, these countries have adopted outward-oriented growth strategies and have avoided over-dependence on a narrow range of export categories. They have also tended to be consistent in their pursuit of prudent monetary and fiscal policies and have been relatively more effective in implementing structural reforms; as a result inflation generally has been lower, and national saving, investment, and productivity growth have been higher than in other developing countries.

Appropriate policy prescriptions for the debt-problem countries generally reflect the strategy that has been adopted in the more successful countries. However, the debt-problem countries face the serious additional burden of implementing such adjustment measures in the face of much heavier debt burdens, and against the background of a long period of unsatisfactory economic performance. The adoption of measures aimed at a sustained shift in the structure of aggregate demand from consumption to investment, and from domestic absorption to net exports, is considerably more difficult where there is a legacy of policy failure and a general lack of confidence—as indicated, for example, in the substantial secondary market discounts that exist for most of the heavily indebted countries (Chart 23). Many developing countries have sought to introduce such necessary adjustments, but often they have encountered difficulties in sustaining their efforts for a sufficiently long period, or they have been unable to deal with the consequences

**Chart 23. Secondary Market Prices for Developing Country Loans<sup>1</sup>**

(In percent of face value)



Source: Salomon Bros.

<sup>1</sup> Weighted average prices for 15 heavily indebted countries, where weights are Fund staff estimates of unguaranteed outstanding commercial bank debt at end-1986, adjusted for maturing short-term debt.

of adverse external shocks.

Recent enhancements to the debt strategy have sought to address these issues. For countries where the discrepancy between debt-servicing obligations and debt-servicing capacity is particularly wide, it is possible that debt reduction operations will increase the incentives for debtor country authorities to introduce the necessary reforms.<sup>37</sup> At the same time, conditionality will remain necessary to ensure that adjustment programs stay on track; it will also be important to avoid a direct substitution of domestic for foreign debt. The political and social difficulties surrounding the sustained implementation of appropriate measures will certainly be eased if the sacrifices required can be tempered by a reduction in the net transfer of resources to the rest of the world, which is particularly heavy for the middle-income indebted countries. Elsewhere,

<sup>37</sup> See Chapter IV of the April 1989 *World Economic Outlook*.

for example in many low-income African countries, the scale of the debt problem is more a reflection of poor export performance and deep-seated structural problems than of the level of debt; indeed, economic performance has remained disappointing in spite of large and sustained levels of inward resource transfers. In such cases debt relief may need to be accompanied by further increases in concessional lending, as well as by more resolute implementation of appropriate policies, in order to promote the infrastructure necessary to support fundamental changes in economic orientation.

A number of countries that have recently experienced debt-servicing difficulties are classified neither as heavily indebted middle-income nor as low-income African countries. Many of these are moderately indebted low- or middle-income countries in Asia or the Western Hemisphere, although several important countries in Eastern Europe and the Middle East also have encountered debt-servicing difficulties. The need for adequate policy reforms coupled with a better balance of external financing flows is also vitally important in these cases.

There are, in addition, several countries that have consistently met their debt-service obligations but which nonetheless face heavy debt burdens (six members of the group of countries without debt-servicing

difficulties have debt to export or debt service ratios higher than the average for the debt-problem group). The attention that such countries have paid to the timely servicing of their foreign debt has, in most cases, enhanced their ability to manage their debt burdens by maintaining creditworthiness and market access, but in some cases this has been achieved only through considerable domestic sacrifice. It is vital that efforts to address the problems of countries with debt-servicing difficulties should not be allowed to constrain the availability of external finance to these countries. It is equally important for such countries to maintain the desirable orientation of their domestic policies, as slippages and shortfalls might lead to doubts concerning their creditworthiness, which could rapidly cloud their economic prospects.

It is therefore essential that the strengthened debt strategy take account of the external financing requirements of all developing countries, while taking due consideration of their specific circumstances. The case-by-case approach provides the assurance that every situation will be considered on its merits. Both official and private creditors must reinforce their cooperation in order to reward the efforts of those countries that have successfully avoided debt-servicing difficulties, while building on recent initiatives to restore growth in the indebted developing world.

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## **Supplementary Note**

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## Discrepancies in the World Current Account

One of the well-known difficulties in analyzing the performance of the world economy is the discrepancy that arises when countries' current account balances are aggregated to a world total. Rather than adding to zero, as they should in theory, the current account data have shown large aggregate net debit balances since the late 1970s. In 1984 the Fund established a Working Party to study the causes of this discrepancy and to recommend steps that could be taken to reduce its magnitude. The report of the Working Party concluded that most of the discrepancy could be attributed to asymmetries among countries in the recording of investment income in combination with the rapid growth of cross-border assets and liabilities.<sup>38</sup> As a result of the Working Party's recommendations, the Fund's Bureau of Statistics and some national statistical offices began to take a number of steps aimed at reducing the size of the discrepancy.

This note reviews recent developments in the global discrepancy and describes the adjustments that can be applied at the aggregate level to reduce the discrepancy in the historical data base. It then describes briefly the process underlying the *World Economic Outlook* projections and discusses whether this process itself might be a possible source of systematic bias. The note concludes by considering possible steps to reduce projected future discrepancies.

### Historical Data

It may be useful as a starting point to note certain characteristics of the current account data. First, the current account balance is the net result of large gross flows of credits and debits, so that relatively small errors in the component series may result in relatively large errors in the balance. It should also be noted that the global current account discrepancy is unlike the statistical discrepancy or "errors and omissions" item in national balance of payments accounts. The former should in principle be zero, so that any actual

discrepancy represents differences in recording current account transactions among countries; the latter contains an unknown combination of errors or omissions on either current or capital transactions within the national statistical framework.

The global discrepancy, as reported in the *World Economic Outlook*, by the Fund's Bureau of Statistics (based on submissions of national statistical offices), and by the OECD, narrowed considerably between 1984 and 1987 (Table 15). However, this resulted largely from special factors rather than from basic improvements in the recorded data. As shown in Tables 15 and 16, the positive discrepancy in the merchandise trade account rose sharply in 1987—perhaps reflecting very rapid growth of nominal trade flows, with exports in one country sometimes being recorded in the accounts some months ahead of the offsetting import entry in the partner country. The second major factor was the rise in the credit balance on reinvested earnings, which reflected a major continuing difference between the records of creditor and debtor countries, together with the effects of the inclusion in the U.S. accounts of unrealized capital gains that rose considerably as a result of the depreciation of the U.S. dollar during 1985–87. Also, there was an increased positive discrepancy in the category of "other" private goods, services, and income.

The significant increase in the discrepancy that occurred in 1988 reflects to some extent a reversal of some of the special factors that contributed to the previous decline, notably the tendency for the U.S. dollar to strengthen during 1988. The renewed rise in interest rates and the strength of profits worldwide may also have contributed to that increase, given that much of the discrepancy reflects under-recording of factor income payments among countries. Of course, the data for 1988 are still based on preliminary national statistics and may be substantially revised.

In principle, considerable improvement in the aggregate data can be achieved by introducing some broad adjustments, as is now done regularly by the Fund's Bureau of Statistics (Table 17), following the recommendations of the Working Party cited above. In addition, the Bureau of Statistics supplements the

<sup>38</sup> *Report on the World Current Account Discrepancy* (Washington: International Monetary Fund, September 1987).



**Table 15. Comparison of World Economic Outlook, Bureau of Statistics, and OECD Data on World Current Account Discrepancy, 1981-90**

(In billions of U.S. dollars)

|  | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|--|------|------|------|------|------|------|------|------|------|------|
| <b>By area</b>                           |      |      |      |      |      |      |      |      |      |      |
| Total current account                    |      |      |      |      |      |      |      |      |      |      |
| World Economic Outlook                   | -68  | -99  | -74  | -80  | -72  | -52  | -27  | -66  | -87  | -89  |
| Bureau of Statistics                     | -64  | -96  | -72  | -75  | -65  | -38  | -15  | ...  | ...  | ...  |
| OECD                                     | -58  | -92  | -66  | -77  | -69  | -49  | -29  | -62  | -67  | -64  |
| Industrial countries                     |      |      |      |      |      |      |      |      |      |      |
| World Economic Outlook                   | -24  | -27  | -22  | -59  | -52  | -12  | -36  | -54  | -78  | -70  |
| Bureau of Statistics                     | -18  | -21  | -22  | -57  | -51  | -20  | -47  | ...  | ...  | ...  |
| OECD                                     | -23  | -26  | -23  | -63  | -54  | -20  | -49  | -62  | -68  | -57  |
| Developing countries                     |      |      |      |      |      |      |      |      |      |      |
| World Economic Outlook                   | -43  | -77  | -58  | -28  | -22  | -41  | 4    | -9   | -7   | -16  |
| Bureau of Statistics                     | -51  | -83  | -59  | -27  | -22  | -35  | 13   | ...  | ...  | ...  |
| OECD                                     | -36  | -76  | -57  | -29  | -23  | -41  | 1    | -14  | -13  | -20  |
| Other countries <sup>1</sup>             |      |      |      |      |      |      |      |      |      |      |
| World Economic Outlook                   | -1   | 6    | 6    | 7    | 2    | 1    | 5    | -3   | -3   | -3   |
| Bureau of Statistics                     | 2    | 6    | 7    | 9    | 5    | 9    | 12   | ...  | ...  | ...  |
| OECD                                     | 1    | 10   | 14   | 15   | 8    | 11   | 19   | 14   | 14   | 13   |
| International organizations <sup>2</sup> | 3    | 3    | 2    | *    | 3    | 8    | 8    | ...  | ...  | ...  |
| <b>By type of transaction</b>            |      |      |      |      |      |      |      |      |      |      |
| Trade balance, total                     |      |      |      |      |      |      |      |      |      |      |
| World Economic Outlook                   | 14   | -1   | 6    | 15   | 8    | 9    | 34   | 32   | 33   | 36   |
| Bureau of Statistics                     | 26   | 9    | 18   | 27   | 18   | 17   | 43   | ...  | ...  | ...  |
| OECD                                     | 27   | 9    | 18   | 22   | 13   | 18   | 47   | 52   | 52   | 60   |
| Industrial countries                     |      |      |      |      |      |      |      |      |      |      |
| World Economic Outlook                   | -35  | -29  | -27  | -51  | -45  | -7   | -28  | -12  | -16  | -9   |
| Bureau of Statistics                     | -21  | -15  | -20  | -42  | -38  | -5   | -21  | ...  | ...  | ...  |
| OECD                                     | -32  | -25  | -24  | -51  | -46  | -8   | -27  | -4   | -6   | 11   |
| Developing countries                     |      |      |      |      |      |      |      |      |      |      |
| World Economic Outlook                   | 48   | 21   | 26   | 58   | 51   | 14   | 56   | 45   | 51   | 47   |
| Bureau of Statistics                     | 42   | 15   | 25   | 56   | 50   | 14   | 50   | ...  | ...  | ...  |
| OECD                                     | 56   | 21   | 27   | 57   | 57   | 16   | 56   | 42   | 46   | 39   |
| Other countries <sup>1</sup>             |      |      |      |      |      |      |      |      |      |      |
| World Economic Outlook                   | 1    | 7    | 7    | 8    | 3    | 2    | 7    | -1   | -1   | -1   |
| Bureau of Statistics                     | 5    | 10   | 13   | 13   | 5    | 7    | 12   | ...  | ...  | ...  |
| OECD                                     | 4    | 12   | 15   | 16   | 8    | 11   | 19   | 14   | 13   | 11   |
| Services balance, total <sup>3</sup>     |      |      |      |      |      |      |      |      |      |      |
| World Economic Outlook                   | -75  | -87  | -71  | -87  | -72  | -50  | -48  | -84  | -105 | -109 |
| Bureau of Statistics                     | -83  | -98  | -85  | -97  | -76  | -49  | -52  | ...  | ...  | ...  |
| OECD <sup>4</sup>                        | -70  | -86  | -72  | -86  | -68  | -49  | -53  | -87  | -90  | -93  |
| Industrial countries                     |      |      |      |      |      |      |      |      |      |      |
| World Economic Outlook                   | 33   | 25   | 28   | 18   | 23   | 32   | 33   | -2   | -21  | -16  |
| Bureau of Statistics                     | 32   | 24   | 25   | 15   | 20   | 26   | 19   | ...  | ...  | ...  |
| OECD <sup>4</sup>                        | 31   | 22   | 23   | 12   | 20   | 21   | 16   | -15  | -17  | -20  |
| Developing countries                     |      |      |      |      |      |      |      |      |      |      |
| World Economic Outlook                   | -106 | -110 | -100 | -104 | -94  | -82  | -79  | -81  | -84  | -91  |
| Bureau of Statistics                     | -109 | -115 | -103 | -105 | -96  | -78  | -69  | ...  | ...  | ...  |
| OECD <sup>4</sup>                        | -98  | -105 | -93  | -95  | -89  | -71  | -68  | -71  | -73  | -75  |
| Other countries <sup>1</sup>             |      |      |      |      |      |      |      |      |      |      |
| World Economic Outlook                   | -2   | -2   | —    | -1   | -1   | —    | -2   | -1   | -1   | -2   |
| Bureau of Statistics <sup>5</sup>        | -7   | -7   | -7   | -7   | —    | 3    | -3   | ...  | ...  | ...  |
| OECD <sup>4</sup>                        | -3   | -3   | -2   | -3   | -1   | 1    | -1   | -1   | —    | 2    |

Note: Details may not add to totals because of rounding.

<sup>1</sup> Primarily U.S.S.R. and Eastern Europe; coverage differs as between the *World Economic Outlook* and other tabulations.<sup>2</sup> Available in Bureau of Statistics only; mainly official transfers.<sup>3</sup> Excludes transfers except for OECD tabulations.<sup>4</sup> Includes private transfers.<sup>5</sup> Includes international organizations.

**Table 16. Components of the World Current Account Balance**

(In billions of U.S. dollars)

|  | 1984       | 1985       | 1986       | 1987       |
|--|------------|------------|------------|------------|
| <b>Total current account</b>               | <b>-75</b> | <b>-65</b> | <b>-38</b> | <b>-15</b> |
| Trade                                      | 27         | 18         | 17         | 43         |
| Transfers (private and official)           | -5         | -6         | -6         | -5         |
| Services                                   | -97        | -76        | -49        | -52        |
| Shipment                                   | -33        | -29        | -30        | -32        |
| Other transport                            | -3         | -2         | —          | —          |
| Travel                                     | 4          | 5          | 4          | 1          |
| Reinvested earnings                        | 10         | 19         | 26         | 37         |
| Other direct investment income             | -12        | -9         | -6         | -7         |
| Other investment income                    | -43        | -49        | -49        | -63        |
| Other official goods, services, and income | -19        | -12        | -10        | -7         |
| Other private goods, services, and income  | 1          | 2          | 15         | 19         |

Source: *Balance of Payments Yearbook, Part 2*, International Monetary Fund, 1988.

reported data by adding information on transactions by international organizations, including certain transfers involving institutions of the European Community. While these adjustments improve the consistency of the global current account, there are considerable difficulties in applying some of them in the context of the *World Economic Outlook*. The adjustments that could potentially be adopted for both the historical period and the projections are those that are applied to the international institutions.

### The Discrepancy and the Fund's Projection Procedures

Since the *World Economic Outlook* projections draw on information provided by a historical data base that is biased toward an excess of current account debits, the projections typically display a widening of the discrepancy over the projection period. This built-in tendency for the recorded discrepancy to widen largely reflects the relative understatement of receipts of investment income in the historical data, which also seems to account for a considerable part of the bias in the projections.<sup>39</sup>

The general procedure underlying the staff's projections is to start with a set of preliminary assumptions

<sup>39</sup> The fact that the discrepancy in the merchandise trade statistics tends to be fairly small reflects the relatively high quality of the trade data. Also, trade data are available for both prices and volumes, by commodity group, and according to geographic trading patterns. In the case of services, however, many different types of transactions are involved, the quality of the statistics is often dubious, and the empirical evidence on the determinants of service flows is not nearly as solid as in the case of merchandise trade.

about economic activity and prices in the larger countries, based on preliminary inputs from country desks, together with the technical assumptions of unchanged policies and constant real exchange rates over the projection period. On the basis of these assumptions, projections for individual countries are developed by each country desk. The country projections are subsequently checked for consistency in terms of the reasonableness of the outcomes for the main components of the world current account; in terms of the compatibility of the global output and inflation projections; and in terms of the implied or assumed flows of financial resources between creditor and debtor countries. (The financing constraint is explicit primarily for the indebted developing countries.) When major inconsistencies arise, the initial country estimates are adjusted with the aim of achieving a more consistent global picture. In particular, an effort is made to keep the ratios of the discrepancy to world GNP and to world exports within certain limits (Table 18). Notwithstanding these efforts at reconciliation of the global projections, when the country data are finally added up, a large aggregate discrepancy tends to appear in the medium term.

It should be noted that the reported discrepancy for a given year tends to decline over time as the data are continuously revised and improved. This is illustrated in Chart 24 and in Table 19, which compare the projections and initial estimates for a given year with the outcome as subsequently recorded in the official statistics; the comparison indicates that the short-term projections are rather closely correlated with the initially reported outcome. Over a span of years, however, the record is mixed, as illustrated in Table 19, which shows a survey of projections and actual data since 1985. In that table, the October estimate for the prior year typically is based on officially reported outcomes for most countries so that subsequent changes represent primarily revisions to the reported data. For 1985 and 1986, and especially for 1987, the net negative global discrepancy was reduced substantially in successive projections and data revisions.

Table 19 also shows that some of the changes in the current account balances between successive projections have been quite large. For instance, there was a sharp decrease in the discrepancy for 1986 between the October 1985 projection and the April 1986 projection, which may have been influenced by the sharp decline in the effective exchange rate of the dollar between the two projection rounds. More recently, there has been a large increase in the projected negative discrepancy for 1989 between the first projections in April 1988 and the most recent estimates.

Overall, this discussion suggests that the statistical procedures underlying the *World Economic Outlook*,

**Table 17. Current Account Balances, Reported and Adjusted**

(In billions of U.S. dollars)

|                                       | 1983 | 1984 | 1985 | 1986 | 1987 |
|---------------------------------------|------|------|------|------|------|
| Current account balances, as reported | -72  | -75  | -65  | -38  | -15  |
| Industrial countries                  | -22  | -57  | -51  | -20  | -47  |
| Developing countries                  | -59  | -27  | -22  | -35  | 13   |
| Other countries                       | 7    | 9    | 5    | 9    | 12   |
| International organizations           | 2    | —    | 3    | 8    | 8    |
| Adjustments, by type                  | 33   | 46   | 39   | 26   | 25   |
| Reinvested earnings                   | -11  | -7   | -21  | -29  | -30  |
| Other direct investment income        | 5    | 8    | 4    | 1    | —    |
| Other investment income               | 33   | 39   | 45   | 41   | 43   |
| Official transfers                    | 5    | 6    | 12   | 13   | 11   |
| Adjusted current account balances     | -40  | -28  | -25  | -12  | 11   |
| Industrial countries                  | -9   | -36  | -46  | -26  | -53  |
| Developing countries                  | -46  | -8   | 5    | -11  | 36   |
| Other countries                       | 7    | 9    | 5    | 9    | 12   |
| International organizations           | 2    | —    | 3    | 8    | 8    |
| Unallocated                           | 6    | 6    | 8    | 8    | 9    |

Source: *Balance of Payments Statistics Yearbook, Part 2*, International Monetary Fund, 1988.

Note: Details may not add to total because of rounding.

**Table 18. World Current Account and Services Balances: Selected Ratios**

(In percent)

|   | Averages |         |         | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 |
|---|----------|---------|---------|------|------|------|------|------|------|------|
|   | 1959-68  | 1969-78 | 1979-88 |      |      |      |      |      |      |      |
| Ratio of world current account balance to:                  |          |         |         |      |      |      |      |      |      |      |
| World GNP   | 0.32     | 0.12    | 0.43    | 0.32 | 0.41 | 0.38 | 0.40 | 0.39 | 0.37 | 0.34 |
| World exports of goods and services                         | 2.61     | 0.76    | 2.12    | 1.66 | 2.04 | 1.91 | 1.96 | 1.91 | 1.80 | 1.63 |
| Ratio of world balance on services to world services debits | 5.09     | 4.65    | 7.34    | 6.59 | 7.69 | 7.28 | 7.42 | 7.51 | 7.55 | 7.59 |

**Table 19. Evolution of World Economic Outlook Estimates of the World Current Account Balance**

(In billions of U.S. dollars)

| WEO Issues   | 1985  | 1986  | 1987  | 1988  | 1989  | 1990   |
|--------------|-------|-------|-------|-------|-------|--------|
| April 1985   | -88.3 | -96.9 |       |       |       |        |
| October 1985 | -95.3 | -92.8 |       |       |       |        |
| April 1986   | -90.8 | -64.3 | -75.7 |       |       |        |
| October 1986 | -70.7 | -63.3 | -67.4 |       |       |        |
| April 1987   | -75.4 | -56.2 | -59.0 | -53.9 |       |        |
| October 1987 | -73.1 | -65.3 | -57.9 | -62.9 |       |        |
| April 1988   | -73.5 | -57.3 | -44.6 | -57.5 | -59.8 |        |
| October 1988 | -70.6 | -53.9 | -36.9 | -58.9 | -74.8 |        |
| April 1989   | -74.8 | -56.6 | -38.1 | -77.6 | -86.5 | -100.0 |
| October 1989 | -71.8 | -52.3 | -26.8 | -66.1 | -87.4 | -88.6  |

per se, do not necessarily result in rising discrepancies. The main problem appears to relate to the biases in the historical data that may be affecting the projections in various ways.

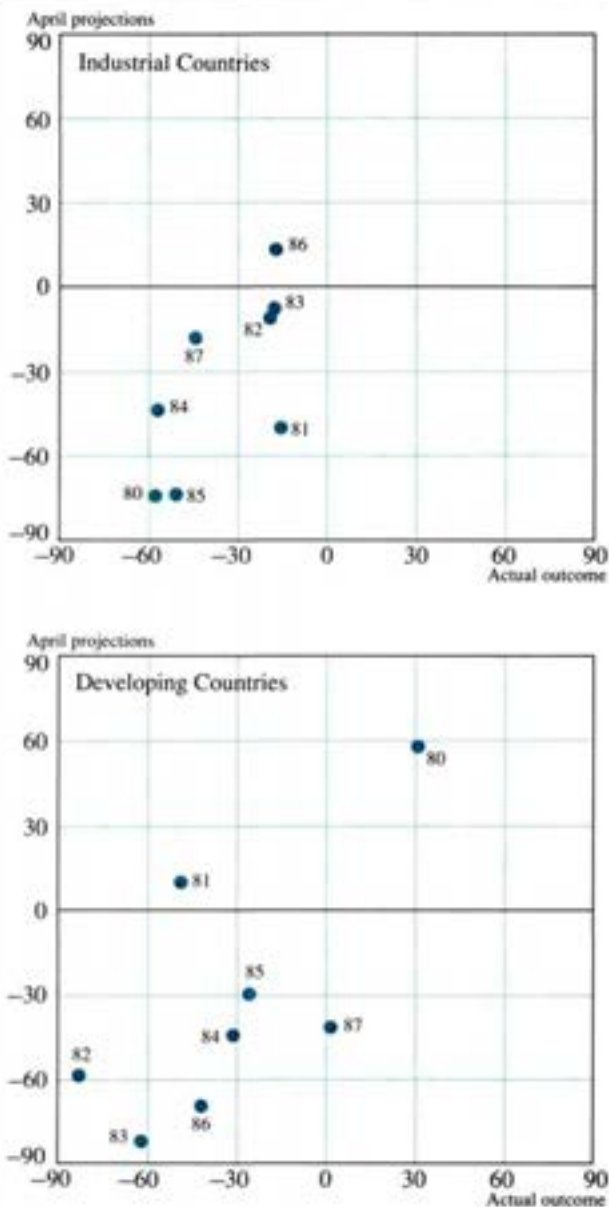
## Conclusions

The tendency for the staff's projections to display a widening global current account discrepancy over the medium term originates to a large extent in deficiencies in the national statistics. The Fund's Bureau of Statistics currently estimates adjustments to the historical regional and global data. However, it is difficult to incorporate these adjustments into the forecasting framework of the *World Economic Outlook*, which is designed to support the Fund's surveillance activities and therefore needs to be built up from data for individual countries. One important modification that is envisaged at this stage is to include data for international institutions; this will be implemented in the spring 1990 *World Economic Outlook*. Also under consideration is the elimination of unrealized capital gains and losses on income from U.S. direct investment abroad, which can cause large fluctuations in the historical data.



**Chart 24. Current Account Comparison: Projected vs. Actual**

(In billions of U.S. dollars)



The results of the Working Party indicate that the main cause of net debit balances in the aggregate data over time is the under-reporting of portfolio investment income. However, this factor is unlikely to result in future discrepancies as large as those implied by the staff's projections. Indeed, in line with past experience it is likely that the net deficit on the world current account in the period ahead (taking future data revisions into account) may turn out to be significantly smaller than currently envisaged.

Several steps could be taken to obtain more consistent current account projections in the *World Economic Outlook*. The first would be to encourage national authorities to adjust their data along the lines now used by the Fund's Bureau of Statistics. This would involve primarily adjusting the investment income accounts by reference to partner country data, using as a basis the international banking statistics published monthly by the Fund in *International Financial Statistics*. Alternatively, similar adjustments could be made by the country desks involved. It would be particularly important to correct the net negative bias in the service accounts of the large industrial countries. To this end, a more detailed and consistent treatment of the main transactions within each country's services account may need to be developed.

The analysis of international transactions has been complicated not only by the large discrepancy in the world current account balance but also by sizable statistical discrepancies in the balance of payments accounts of many countries. Such discrepancies reflect in part errors and omissions in the measurement of current account variables, but they are also likely to result in large measure from inadequate reporting of capital transactions. Efforts to improve the reporting of external claims and liabilities would greatly facilitate the analysis of international developments and prospects. In particular, it would provide a more solid basis for evaluating the financing implications of payments imbalances and a better way to cross check the accuracy of current account statistics. It would also help to improve the recording of services transactions, given that investment income flows in some important countries are estimated on the basis of data on cross-border assets and liabilities.

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## Statistical Appendix



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## Statistical Appendix

### Assumptions and Conventions

The statistical tables in this appendix have been compiled on the basis of information available on or before September 12, 1989. The recording of the figures for 1989 and beyond with the same degree of precision as the historical figures is solely a matter of convenience; it is not intended to convey any connotation regarding the degree of accuracy attaching to these estimates and projections.

The estimates and projections for 1989 and 1990 are predicated on a number of assumptions and working hypotheses:

- For the major currencies, the average exchange rates in the four weeks ending August 8, 1989 will remain unchanged in real terms through the end of 1990.
- "Present" policies of national authorities will be maintained.
- The price of oil will average \$16 in 1989 and will remain constant in real terms thereafter.

U.S. dollar/SDR conversion rates used in this report are, for the historical period, the geometric averages of daily rates given in the Fund's *International Financial Statistics (IFS)*. For 1989 and 1990, the exchange rate assumptions specified above imply average U.S. dollar/SDR conversion rates of 1.285 and 1.291, respectively.

### Classification of Countries

*Greece* and *Portugal* have now been reclassified and moved from the group of developing to the industrial countries.<sup>40</sup>

The revised group of *industrial countries* (23 countries) now comprises:

|                       |             |                |
|-----------------------|-------------|----------------|
| Australia             | Greece      | Norway         |
| Austria               | Iceland     | Portugal       |
| Belgium               | Ireland     | Spain          |
| Canada                | Italy       | Sweden         |
| Denmark               | Japan       | Switzerland    |
| Finland               | Luxembourg  | United Kingdom |
| France                | Netherlands | United States  |
| Germany, Fed. Rep. of | New Zealand |                |

<sup>40</sup> For details of other recent modifications to the analytical classification of developing countries, see *World Economic Outlook*, April 1989, p. 117.

The seven largest countries in this group in terms of GNP—the United States, Japan, the Federal Republic of Germany, France, the United Kingdom, Italy, and Canada—are collectively referred to as the *major industrial countries*.

The *European countries* are defined as all industrial countries excluding the United States, Japan, Canada, Australia, and New Zealand. Among the European countries, the current members of the *European Community* are distinguished as a subgroup.<sup>41</sup> They are:

|                       |            |                |
|-----------------------|------------|----------------|
| Belgium               | Greece     | Netherlands    |
| Denmark               | Ireland    | Portugal       |
| France                | Italy      | Spain          |
| Germany, Fed. Rep. of | Luxembourg | United Kingdom |

The *developing countries* include all other Fund members (as of mid-1989), together with certain essentially autonomous dependent territories for which adequate statistics are available.<sup>42</sup> The *regional breakdowns* of developing countries conform to the regional classification used in the Fund's *International Financial Statistics*. It should be noted that, in this classification, Egypt and Libyan Arab Jamahiriya are classified as part of the Middle East, not Africa.

In addition to their regional classification, the developing countries are also grouped according to analytical criteria. Specifically, countries are classified (1) by *predominant export*; (2) by *financial criteria*; and (3) in a number of *miscellaneous groups*.

The first analytical criterion, by predominant export category, distinguishes among five groups: fuel (SITC—Standard International Trade Classification—3); manufactures (SITC 5 to 8, less diamonds and gemstones); non-fuel primary products (SITC 0,1,2,4, and diamonds and gemstones); "services and private transfers," and "diversified export base."

A further distinction is made among the exporters of primary products on the basis of whether countries' exports of primary commodities (other than fuel) consist primarily of agricultural commodities (SITC 0,1,2

<sup>41</sup> Composite data shown in the tables under the heading *European Community* cover the current members of EC for all years, even though the membership has changed over time.

<sup>42</sup> It should be noted that the term "country" used in this report does not in all cases refer to a territorial entity that is a state as understood by international law and practice. The term also covers some territorial entities that are not states but for which data are maintained and provided internationally on a separate and independent basis.

except 27, 28, and 4) or minerals (SITC 27 and 28, and diamonds and gemstones).

The financial criteria first distinguish among net creditor and net debtor countries. Countries in the latter, much larger, group are then distinguished on the basis of two additional financial criteria; by predominant type of creditor and by the degree of debt-servicing difficulties they have faced.

The country groups shown under the heading "miscellaneous groups" comprise sub-Saharan Africa;<sup>43</sup> 12 major oil exporters; net debtor fuel exporters; 4 newly industrializing Asian economies; small low-income economies; and 15 heavily indebted countries.

Table A presents a breakdown of all developing country groupings according to the proportion of GDP, exports of goods and services, and level of indebtedness. A detailed account of the analytical country classification scheme is provided below.

### 1. Countries Classified by Predominant Export

#### *Fuel* (18 countries)

Countries whose average 1984–86 ratio of fuel exports to total exports exceeded 50 percent are assigned to the fuel category. The group comprises:

|                       |             |                      |
|-----------------------|-------------|----------------------|
| Algeria               | Iraq        | Qatar                |
| Cameroon              | Kuwait      | Saudi Arabia         |
| Congo                 | Libyan Arab | Trinidad and Tobago  |
| Ecuador               | Jamahiriya  | United Arab Emirates |
| Gabon                 | Mexico      | Venezuela            |
| Indonesia             | Nigeria     |                      |
| Iran, Islamic Rep. of | Oman        |                      |

#### *Non-fuel exports* (114 countries)

This category seeks to identify countries with total exports of goods and services including a substantial share of (a) manufactures, (b) primary products, or (c) services and private transfers. However, countries whose export structure is so diversified that it does not fall clearly into any one of the other three groups are assigned to a fourth group, (d) diversified export base.

a. Economies whose exports of manufactures accounted for over 50 percent of their total exports in 1984–86 are included in the group of *exporters of manufactures* (15 countries). This group consists of:

|           |           |                       |
|-----------|-----------|-----------------------|
| Brazil    | Israel    | Taiwan Prov. of China |
| China     | Korea     | Thailand              |
| Hong Kong | Poland    | Tunisia               |
| Hungary   | Romania   | Turkey                |
| India     | Singapore | Yugoslavia            |

<sup>43</sup> Excluding Nigeria and South Africa.

**Table A. Developing Countries: Shares of Various Subgroups in Aggregate GDP, Exports of Goods and Services, and Debt Outstanding, 1985–87**

(In percent)

|   | GDP   | Exports of Goods and Services | Debt  |
|---|-------|-------------------------------|-------|
| Developing Countries                              | 100.0 | 100.0                         | 100.0 |
| <b>By region</b>                                  |       |                               |       |
| Africa  | 12.1  | 11.0                          | 15.7  |
| Asia  | 33.9  | 41.6                          | 25.7  |
| Europe  | 8.8   | 10.1                          | 10.1  |
| Middle East                                       | 15.7  | 19.9                          | 12.8  |
| Western Hemisphere                                | 29.4  | 17.3                          | 35.7  |
| <b>By predominant export</b>                      |       |                               |       |
| Fuel  | 28.9  | 28.8                          | 27.5  |
| Non-fuel exports                                  | 71.1  | 71.2                          | 72.5  |
| Manufactures                                      | 48.8  | 49.3                          | 36.1  |
| Primary products                                  | 12.1  | 8.1                           | 18.8  |
| Agricultural products                             | 10.1  | 5.6                           | 13.6  |
| Minerals  | 1.9   | 2.5                           | 5.2   |
| Services and private transfers                    | 3.6   | 4.7                           | 7.7   |
| Diversified export base                           | 6.6   | 9.1                           | 9.9   |
| <b>By financial criteria</b>                      |       |                               |       |
| Net creditor countries                            | 13.5  | 21.0                          | 5.2   |
| Net debtor countries                              | 86.5  | 79.0                          | 94.8  |
| Market borrowers                                  | 37.8  | 41.7                          | 43.9  |
| Diversified borrowers                             | 38.0  | 28.8                          | 31.8  |
| Official borrowers                                | 10.7  | 8.6                           | 19.2  |
| Countries with recent debt-servicing difficulties | 48.3  | 34.2                          | 61.6  |
| Countries without debt-servicing difficulties     | 38.2  | 44.8                          | 33.2  |
| <b>Miscellaneous groups</b>                       |       |                               |       |
| Sub-Saharan Africa                                | 4.2   | 3.9                           | 7.5   |
| Twelve major oil exporters                        | 21.8  | 23.4                          | 16.9  |
| Net debtor fuel exporters                         | 17.9  | 14.7                          | 23.2  |
| Four newly industrializing Asian economies        | 7.4   | 24.5                          | 5.5   |
| Small low-income economies                        | 6.2   | 3.5                           | 9.0   |
| Fifteen heavily indebted countries                | 33.7  | 20.4                          | 41.5  |

b. The group of *exporters of primary products* (53 countries) consists of those countries whose exports of agricultural and mineral primary products (SITC 0,1,2,4, and diamonds and gemstones) accounted for at least half of their total exports in 1984–86.<sup>44</sup> These countries are:

<sup>44</sup> For many countries, detailed data on commodity trade are not yet available for this period. The assignment to this group of "borderline case" countries will therefore have to be reviewed as data become available.



|                      |                        |                       |
|----------------------|------------------------|-----------------------|
| Afghanistan          | Gambia, The            | Papua New Guinea      |
| Argentina            | Ghana                  | Paraguay              |
| Bhutan               | Guatemala              | Peru                  |
| Bolivia              | Guinea                 | Rwanda                |
| Botswana             | Guinea-Bissau          | São Tomé and Príncipe |
| Burundi              | Guyana                 | Solomon Islands       |
| Central African Rep. | Honduras               | Somalia               |
| Chad                 | Kenya                  | Sri Lanka             |
| Chile                | Lao People's Dem. Rep. | St. Vincent           |
| Colombia             | Liberia                | Sudan                 |
| Comoros              | Madagascar             | Suriname              |
| Costa Rica           | Malawi                 | Swaziland             |
| Côte d'Ivoire        | Mali                   | Togo                  |
| Djibouti             | Mauritania             | Uganda                |
| Dominica             | Mauritius              | Uruguay               |
| El Salvador          | Myanmar                | Viet Nam              |
| Equatorial Guinea    | Nicaragua              | Zaire                 |
|                      | Niger                  | Zambia                |

Among primary products a further distinction is made between agricultural products and minerals. The group of *mineral exporters* (13 countries) comprises:

|          |            |        |
|----------|------------|--------|
| Bolivia  | Liberia    | Togo   |
| Botswana | Mauritania | Zaire  |
| Chile    | Niger      | Zambia |
| Guinea   | Peru       |        |
| Guyana   | Suriname   |        |

The *agricultural exporters* (40 countries) consist of all other exporters of primary products. They are:

|                      |                        |                       |
|----------------------|------------------------|-----------------------|
| Afghanistan          | Equatorial Guinea      | Nicaragua             |
| Argentina            | Gambia, The            | Papua New Guinea      |
| Bhutan               | Ghana                  | Paraguay              |
| Burundi              | Guatemala              | Rwanda                |
| Central African Rep. | Guinea-Bissau          | São Tomé and Príncipe |
| Chad                 | Honduras               | Solomon Islands       |
| Colombia             | Kenya                  | Somalia               |
| Comoros              | Lao People's Dem. Rep. | Sri Lanka             |
| Costa Rica           | Madagascar             | St. Vincent           |
| Côte d'Ivoire        | Malawi                 | Sudan                 |
| Djibouti             | Mali                   | Swaziland             |
| Dominica             | Mauritius              | Uganda                |
| El Salvador          | Myanmar                | Uruguay               |
|                      |                        | Viet Nam              |

c. The *exporters of services and recipients of private transfers* (33 countries) are defined as those countries where income from services and private transfers in 1984–86 accounted for more than half of total export earnings. This group comprises:

|                     |             |                              |
|---------------------|-------------|------------------------------|
| Antigua and Barbuda | Jamaica     | Pakistan                     |
| Bahamas, The        | Jordan      | Panama                       |
| Barbados            | Kiribati,   | Seychelles                   |
| Burkina Faso        | Rep. of     | St. Kitts and Nevis          |
| Cambodia            | Lebanon     | St. Lucia                    |
| Cape Verde          | Lesotho     | Tanzania                     |
| Cyprus              | Maldives    | Tonga                        |
| Dominican Republic  | Malta       | Vanuatu                      |
| Egypt               | Mozambique  | Western Samoa                |
| Ethiopia            | Nepal       | Yemen Arab Republic          |
| Fiji                | Netherlands | Yemen, People's Dem. Rep. of |
| Grenada             | Antilles    |                              |

d. *Countries with a diversified export base* (13 countries) are those whose export earnings in 1984–86 were not dominated by any one of the categories mentioned under (a) to (c) above. The group comprises:

|            |             |                      |
|------------|-------------|----------------------|
| Bahrain    | Malaysia    | Sierra Leone         |
| Bangladesh | Morocco     | South Africa         |
| Belize     | Philippines | Syrian Arab Republic |
| Benin      | Senegal     | Zimbabwe             |
| Haiti      |             |                      |

## 2. Countries Classified by Financial Criteria

*Net creditor countries* (eight countries) are defined as all developing countries that unambiguously were net external creditors in 1987 or that experienced substantial cumulated current account surpluses (excluding official transfers) between 1967–68 (the beginning of most balance of payments series in the *World Economic Outlook* data base) and 1987. The net creditor group consists of the following economies:

|                        |              |                       |
|------------------------|--------------|-----------------------|
| Iran                   | Oman         | Taiwan Prov. of China |
| Kuwait                 | Qatar        | United Arab Emirates  |
| Libyan Arab Jamahiriya | Saudi Arabia |                       |

*Net debtor countries* (124 countries) are disaggregated according to two criteria: (a) predominant type of creditor, and (b) experience with debt servicing.

a. *By predominant type of creditor* (sources of borrowing)

*Market borrowers* (21 countries) are defined as net debtor countries with more than two thirds of their total liabilities outstanding at the end of 1987 owed to commercial creditors. They comprise:

|                     |                  |                     |
|---------------------|------------------|---------------------|
| Algeria             | Ecuador          | Singapore           |
| Antigua and Barbuda | Hong Kong        | South Africa        |
| Argentina           | Hungary          | Suriname            |
| Bahamas, The        | Korea, Rep. of   | Trinidad and Tobago |
| Barbados            | Malaysia         | Uruguay             |
| Brazil              | Mexico           | Venezuela           |
| Chile               | Papua New Guinea |                     |
|                     | Philippines      |                     |

*Official borrowers* (68 countries) are defined as net debtor countries with more than two thirds of their total liabilities outstanding at the end of 1987 owed to official creditors. This group comprises:

|              |                          |                   |
|--------------|--------------------------|-------------------|
| Afghanistan  | Cape Verde               | Equatorial Guinea |
| Bangladesh   | Central African Republic | Ethiopia          |
| Belize       | Chad                     | Gambia, The       |
| Bhutan       | Comoros                  | Ghana             |
| Bolivia      | Djibouti                 | Grenada           |
| Botswana     | Dominica                 | Guinea            |
| Burkina Faso | Egypt                    | Guinea-Bissau     |
| Burundi      | El Salvador              | Haiti             |
| Cambodia     |                          |                   |

|                        |                      |                              |
|------------------------|----------------------|------------------------------|
| Honduras               | Morocco              | St. Vincent                  |
| Jamaica                | Mozambique           | Sudan                        |
| Kenya                  | Myanmar              | Swaziland                    |
| Kiribati, Rep. of      | Nepal                | Tanzania                     |
| Lao People's Dem. Rep. | Netherlands Antille: | Togo                         |
|                        | Niger                | Tonga                        |
| Lesotho                | Pakistan             | Uganda                       |
| Liberia                | Poland               | Vanuatu                      |
| Madagascar             | Rwanda               | Viet Nam                     |
| Malawi                 | Senegal              | Western Samoa                |
| Maldives               | Sierra Leone         | Yemen Arab Rep.              |
| Mali                   | Somalia              | Yemen, People's Dem. Rep. of |
| Malta                  | Sri Lanka            | Zaire                        |
| Mauritania             | St. Kitts-Nevis      | Zambia                       |
| Mauritius              | St. Lucia            |                              |

*Diversified borrowers* (35 countries) consist of those net debtor developing countries that are neither market nor official borrowers:

|                |           |                       |
|----------------|-----------|-----------------------|
| Bahrain        | Gabon     | Paraguay              |
| Benin          | Guatemala | Peru                  |
| Cameroon       | Guyana    | Romania               |
| China          | India     | São Tomé and Príncipe |
| Colombia       | Indonesia | Seychelles            |
| Congo          | Iraq      | Solomon Islands       |
| Costa Rica     | Israel    | Syrian Arab Republic  |
| Côte d'Ivoire  | Jordan    | Thailand              |
| Cyprus         | Lebanon   | Tunisia               |
| Dominican Rep. | Nicaragua | Turkey                |
| Fiji           | Nigeria   | Yugoslavia            |
|                | Panama    | Zimbabwe              |

b. *By experience with debt servicing*

*Countries with recent debt-servicing difficulties* (72 countries) are defined as those countries that incurred external payments arrears or entered official or commercial bank debt rescheduling agreements during 1986–88. Information on these developments is taken from relevant issues of the Fund's *Annual Report on Exchange Arrangements and Exchange Restrictions*.

All other net debtor countries are classified as not having experienced recent debt-servicing problems.

3. Miscellaneous Groups

*Sub-Saharan Africa* comprises all African countries (as defined in *International Financial Statistics*) except Algeria, Morocco, Nigeria, South Africa, and Tunisia.

The group of *12 major oil exporters* comprises:

|                    |             |                      |
|--------------------|-------------|----------------------|
| Algeria            | Kuwait      | Qatar                |
| Indonesia          | Libyan Arab | Saudi Arabia         |
| Iran, Islamic Rep. | Jamahiriya  | United Arab Emirates |
| Iraq               | Nigeria     | Venezuela            |
|                    | Oman        |                      |

The *four newly industrializing Asian economies* are Hong Kong, Korea, Singapore, and Taiwan Province of China.

The *net debtor fuel exporters* are those eleven fuel exporters that are not net creditor countries. They are:

|          |           |                     |
|----------|-----------|---------------------|
| Algeria  | Gabon     | Nigeria             |
| Cameroon | Indonesia | Trinidad and Tobago |
| Congo    | Iraq      | Venezuela           |
| Ecuador  | Mexico    |                     |

The group of *small low-income economies* (45 countries) comprises those Fund members, excluding China and India, whose GDP per person, as estimated by the World Bank, did not exceed the equivalent of \$425 in 1986. These countries are:

|                      |                        |                       |
|----------------------|------------------------|-----------------------|
| Afghanistan          | Guinea-Bissau          | Pakistan              |
| Bangladesh           | Guyana <sup>45</sup>   | Rwanda                |
| Benin                | Haiti                  | São Tomé and Príncipe |
| Bhutan               | Kenya                  | Senegal               |
| Burkina Faso         | Lao People's Dem. Rep. | Sierra Leone          |
| Burundi              | Lesotho                | Somalia               |
| Cambodia             | Madagascar             | Sri Lanka             |
| Central African Rep. | Malawi                 | Sudan                 |
| Chad                 | Maldives               | Tanzania              |
| Comoros              | Mali                   | Togo                  |
| Equatorial Guinea    | Mauritania             | Uganda                |
| Ethiopia             | Mozambique             | Vanuatu               |
| Gambia, The          | Myanmar                | Viet Nam              |
| Ghana                | Nepal                  | Zaire                 |
| Guinea               | Niger                  | Zambia                |

The group of *15 heavily indebted countries* comprises those countries associated with the "Program for Sustained Growth" proposed by the Governor for the United States at the 1985 Fund/Bank Annual Meetings in Seoul. These countries are:

|           |               |             |
|-----------|---------------|-------------|
| Argentina | Côte d'Ivoire | Peru        |
| Bolivia   | Ecuador       | Philippines |
| Brazil    | Mexico        | Uruguay     |
| Chile     | Morocco       | Venezuela   |
| Colombia  | Nigeria       | Yugoslavia  |

Except where otherwise specifically indicated, the Union of Soviet Socialist Republics, nonmember countries of Eastern Europe, Cuba, and North Korea are excluded from the tables in this report. Also, it has not been possible to include in the tables a number of small countries or territories for which trade and payments data are not available.

<sup>45</sup> Although Guyana's estimated GDP per person slightly exceeded the threshold of \$425 in 1986, it dropped considerably in 1987; Guyana has therefore been included among the low-income countries.

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**Table A1. World Output, 1971-90<sup>1</sup>**

(Annual changes, in percent)

|   | Average<br>1971-80 <sup>2</sup> | 1981       | 1982        | 1983       | 1984       | 1985       | 1986       | 1987       | 1988       | 1989       | 1990       |
|---|---------------------------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>World</b>                                      | <b>3.9</b>                      | <b>1.5</b> | <b>0.5</b>  | <b>2.6</b> | <b>4.3</b> | <b>3.2</b> | <b>3.1</b> | <b>3.3</b> | <b>4.0</b> | <b>3.1</b> | <b>2.9</b> |
| <b>Industrial countries</b>                       | <b>3.2</b>                      | <b>1.5</b> | <b>-0.3</b> | <b>2.7</b> | <b>4.9</b> | <b>3.4</b> | <b>2.6</b> | <b>3.5</b> | <b>4.4</b> | <b>3.5</b> | <b>2.9</b> |
| United States                                     | 2.8                             | 1.9        | -2.5        | 3.6        | 6.8        | 3.4        | 2.7        | 3.7        | 4.4        | 2.9        | 2.1        |
| Japan   | 4.8                             | 3.7        | 3.1         | 3.2        | 5.1        | 4.9        | 2.5        | 4.5        | 5.7        | 4.9        | 4.7        |
| Germany, Fed. Rep. of                             | 2.7                             | —          | -1.0        | 1.9        | 3.3        | 1.9        | 2.3        | 1.7        | 3.6        | 4.0        | 3.0        |
| Other industrial countries                        | 3.3                             | 0.7        | 0.8         | 1.9        | 3.1        | 3.1        | 2.6        | 3.2        | 3.7        | 3.1        | 2.6        |
| <b>Developing countries</b>                       | <b>5.5</b>                      | <b>1.8</b> | <b>2.0</b>  | <b>2.3</b> | <b>4.0</b> | <b>3.9</b> | <b>4.2</b> | <b>3.6</b> | <b>4.2</b> | <b>3.2</b> | <b>4.0</b> |
| <b>By region</b>                                  |                                 |            |             |            |            |            |            |            |            |            |            |
| Africa  | 3.8                             | 1.8        | 1.6         | -1.0       | 0.5        | 4.0        | 2.3        | 1.0        | 2.2        | 2.8        | 2.8        |
| Asia  | 5.3                             | 5.9        | 5.4         | 8.0        | 8.3        | 6.9        | 6.7        | 7.9        | 9.2        | 6.1        | 6.1        |
| Europe  | 5.3                             | -0.1       | 1.4         | 3.2        | 4.9        | 2.1        | 4.3        | 2.7        | 1.2        | 1.9        | 3.0        |
| Middle East                                       | 7.2                             | -1.3       | 1.3         | 1.7        | -0.9       | -0.2       | 0.6        | -1.5       | 3.5        | 3.5        | 3.0        |
| Western Hemisphere                                | 5.9                             | -0.2       | -1.2        | -2.8       | 3.4        | 3.5        | 4.0        | 3.0        | 0.7        | —          | 2.5        |
| <b>By analytical criteria</b>                     |                                 |            |             |            |            |            |            |            |            |            |            |
| Fuel exporters                                    | 6.6                             | 1.1        | 0.7         | -0.5       | 0.1        | 1.6        | 0.4        | -0.2       | 2.5        | 2.6        | 3.3        |
| Non-fuel exporters                                | 5.1                             | 2.2        | 2.6         | 3.6        | 5.9        | 5.0        | 5.9        | 5.3        | 4.9        | 3.3        | 4.2        |
| Market borrowers                                  | 6.0                             | 1.5        | 0.2         | -0.5       | 4.0        | 3.0        | 4.2        | 3.8        | 2.5        | 1.8        | 3.5        |
| Official borrowers                                | 3.8                             | -0.4       | 1.8         | 3.0        | 3.8        | 3.8        | 4.4        | 2.7        | 4.5        | 3.8        | 3.8        |
| Countries with recent debt-servicing difficulties | 5.2                             | -1.0       | 0.2         | -1.6       | 2.5        | 3.2        | 3.5        | 2.4        | 2.0        | 1.1        | 2.7        |
| Countries without debt-servicing difficulties     | 5.2                             | 5.5        | 5.0         | 7.1        | 7.6        | 6.7        | 6.0        | 6.9        | 7.6        | 5.3        | 5.7        |
| <b>Other countries<sup>3</sup></b>                | <b>5.0</b>                      | <b>1.2</b> | <b>1.9</b>  | <b>2.8</b> | <b>2.1</b> | <b>1.5</b> | <b>3.9</b> | <b>2.0</b> | <b>2.2</b> | <b>1.7</b> | <b>1.8</b> |

<sup>1</sup> Real GDP (or GNP) for industrial and developing countries and real net material product (NMP) for other countries. Composites for the country groups are averages of percentage changes for individual countries weighted by the average U.S. dollar value of their respective GDPs (GNPs or NMPs where applicable) over the preceding three years. Because of the uncertainty surrounding the valuation of the composite NMP of the other countries, they have been assigned—somewhat arbitrarily—a weight of 15 percent in the calculation of the growth of world output.

<sup>2</sup> Compound annual rates of change. Excluding China.

<sup>3</sup> The U.S.S.R. and countries of Eastern Europe that are not members of the Fund.

**Table A2. Industrial Countries: Real GNP and Total Domestic Demand, 1971-90<sup>1</sup>**

(Annual changes, in percent)

|                                   | Average<br>1971-80 <sup>2</sup> | 1981       | 1982        | 1983       | 1984       | 1985       | 1986       | 1987       | 1988       | 1989       | 1990       | Fourth Quarter <sup>3</sup> |            |            |
|-----------------------------------|---------------------------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------------------------|------------|------------|
|                                   |                                 |            |             |            |            |            |            |            |            |            |            | 1988                        | 1989       | 1990       |
| <b>Real GNP</b>                   |                                 |            |             |            |            |            |            |            |            |            |            |                             |            |            |
| Canada <sup>4</sup>               | 4.6                             | 3.7        | -3.2        | 3.2        | 6.3        | 4.8        | 3.1        | 4.5        | 5.0        | 2.6        | 2.0        | 4.0                         | 2.0        | 2.3        |
| United States                     | 2.8                             | 1.9        | -2.5        | 3.6        | 6.8        | 3.4        | 2.7        | 3.7        | 4.4        | 2.9        | 2.1        | 3.4                         | 2.5        | 2.2        |
| Japan                             | 4.8                             | 3.7        | 3.1         | 3.2        | 5.1        | 4.9        | 2.5        | 4.5        | 5.7        | 4.9        | 4.7        | 4.8                         | 5.2        | 4.5        |
| France <sup>4</sup>               | 3.6                             | 1.2        | 2.5         | 0.7        | 1.4        | 1.8        | 2.3        | 1.9        | 3.5        | 3.4        | 3.0        | 3.0                         | 3.6        | 3.3        |
| Germany, Fed. Rep. of             | 2.7                             | —          | -1.0        | 1.9        | 3.3        | 1.9        | 2.3        | 1.7        | 3.6        | 4.0        | 3.0        | 3.0                         | 3.6        | 4.0        |
| Italy <sup>4</sup>                | 3.8                             | 0.9        | 0.3         | 1.1        | 3.0        | 2.6        | 2.6        | 3.0        | 3.9        | 3.2        | 2.9        | 3.4                         | 3.1        | 2.9        |
| United Kingdom <sup>5</sup>       | 1.9                             | -1.3       | 1.8         | 3.6        | 2.2        | 3.5        | 3.2        | 4.5        | 4.2        | 3.0        | 2.7        | 3.7                         | 3.7        | 2.1        |
| Other industrial countries        | 3.1                             | 0.5        | 0.5         | 1.6        | 3.4        | 3.2        | 2.3        | 2.9        | 3.3        | 3.1        | 2.3        | 3.3                         | 2.9        | 2.3        |
| <b>All industrial countries</b>   | <b>3.2</b>                      | <b>1.5</b> | <b>-0.3</b> | <b>2.7</b> | <b>4.9</b> | <b>3.4</b> | <b>2.6</b> | <b>3.5</b> | <b>4.4</b> | <b>3.5</b> | <b>2.9</b> | <b>3.6</b>                  | <b>3.3</b> | <b>2.9</b> |
| Of which,                         |                                 |            |             |            |            |            |            |            |            |            |            |                             |            |            |
| Seven major countries above       | 3.2                             | 1.7        | -0.4        | 2.9        | 5.1        | 3.4        | 2.7        | 3.6        | 4.5        | 3.5        | 3.0        | 3.7                         | 3.4        | 3.0        |
| European countries                | 3.0                             | 0.1        | 0.8         | 1.8        | 2.6        | 2.5        | 2.5        | 2.7        | 3.6        | 3.3        | 2.8        | 3.3                         | 3.3        | 2.9        |
| European Community                | 3.1                             | 0.1        | 0.8         | 1.7        | 2.5        | 2.4        | 2.6        | 2.7        | 3.7        | 3.4        | 2.9        | 3.3                         | 3.4        | 3.1        |
| <b>Real total domestic demand</b> |                                 |            |             |            |            |            |            |            |            |            |            |                             |            |            |
| Canada                            | 4.9                             | 4.7        | -6.6        | 4.1        | 5.3        | 5.3        | 4.2        | 4.9        | 5.8        | 5.4        | 2.1        | 4.7                         | 4.0        | 2.0        |
| United States                     | 2.5                             | 2.2        | -1.9        | 5.1        | 8.7        | 3.8        | 3.3        | 3.2        | 3.3        | 2.3        | 2.4        | 2.4                         | 2.0        | 2.7        |
| Japan                             | 4.2                             | 2.1        | 2.8         | 1.8        | 3.8        | 4.0        | 4.1        | 5.2        | 7.7        | 5.2        | 4.6        | 6.1                         | 5.1        | 4.7        |
| France                            | 3.5                             | -0.1       | 3.5         | -0.7       | 0.4        | 2.4        | 4.1        | 3.0        | 3.6        | 3.6        | 3.0        | 4.2                         | 3.4        | 2.8        |
| Germany, Fed. Rep. of             | 2.7                             | -2.7       | -2.0        | 2.3        | 2.0        | 0.8        | 3.5        | 2.9        | 3.7        | 2.7        | 3.1        | 3.0                         | 2.5        | 3.6        |
| Italy                             | 2.9                             | -1.2       | 0.3         | -0.6       | 3.9        | 2.7        | 2.9        | 4.6        | 4.3        | 3.7        | 3.4        | 3.7                         | 3.4        | 3.4        |
| United Kingdom                    | 1.7                             | -1.5       | 2.2         | 4.8        | 2.6        | 2.7        | 4.2        | 5.2        | 6.2        | 3.6        | 1.1        | 7.2                         | 1.3        | 1.2        |
| Other industrial countries        | 2.9                             | -1.2       | 0.6         | 0.2        | 2.7        | 3.4        | 3.5        | 3.3        | 3.8        | 3.6        | 2.3        | 3.9                         | 3.3        | 2.3        |
| <b>All industrial countries</b>   | <b>2.9</b>                      | <b>0.6</b> | <b>-0.2</b> | <b>2.8</b> | <b>5.2</b> | <b>3.4</b> | <b>3.6</b> | <b>3.7</b> | <b>4.5</b> | <b>3.4</b> | <b>2.9</b> | <b>3.8</b>                  | <b>3.1</b> | <b>3.0</b> |
| Of which,                         |                                 |            |             |            |            |            |            |            |            |            |            |                             |            |            |
| Seven major countries above       | 2.9                             | 1.0        | -0.3        | 3.3        | 5.7        | 3.4        | 3.6        | 3.8        | 4.6        | 3.4        | 3.0        | 3.8                         | 3.0        | 3.2        |
| European countries                | 2.8                             | -1.8       | 0.8         | 1.2        | 2.1        | 2.4        | 3.9        | 3.7        | 4.2        | 3.3        | 2.7        | 4.1                         | 2.8        | 2.8        |
| European Community                | 2.8                             | -1.9       | 0.8         | 1.2        | 1.9        | 2.2        | 3.8        | 3.8        | 4.3        | 3.5        | 2.8        | 4.3                         | 2.9        | 2.9        |

<sup>1</sup> Composites for the country groups are averages of percentage changes for individual countries weighted by the average U.S. dollar value of their respective GNPs over the preceding three years.

<sup>2</sup> Compound annual rates of change.

<sup>3</sup> From fourth quarter of preceding year.

<sup>4</sup> GDP at market prices.

<sup>5</sup> Average of expenditure, income, and output estimates of GDP at market prices.



**Table A3. Industrial Countries: Components of Real GNP, 1971-90<sup>1</sup>**  
(Annual changes, in percent)

|                                 | Average<br>1971-80 <sup>2</sup> | 1981        | 1982        | 1983       | 1984       | 1985       | 1986       | 1987       | 1988       | 1989       | 1990       |
|---------------------------------|---------------------------------|-------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Consumer expenditure</b>     |                                 |             |             |            |            |            |            |            |            |            |            |
| Canada                          | 4.9                             | 2.3         | -2.6        | 3.4        | 4.6        | 5.2        | 4.2        | 4.9        | 4.3        | 3.6        | 1.9        |
| United States                   | 3.0                             | 1.2         | 1.3         | 4.7        | 4.8        | 4.7        | 3.9        | 2.8        | 3.4        | 2.4        | 2.3        |
| Japan                           | 4.9                             | 1.3         | 4.1         | 3.2        | 2.7        | 2.7        | 3.1        | 4.2        | 5.0        | 3.3        | 4.4        |
| France                          | 4.1                             | 2.1         | 3.5         | 0.9        | 1.1        | 2.4        | 3.7        | 2.7        | 2.8        | 2.6        | 2.5        |
| Germany, Fed. Rep. of           | 3.3                             | -0.5        | -1.3        | 1.7        | 1.5        | 1.4        | 3.4        | 3.5        | 2.7        | 1.7        | 3.0        |
| Italy                           | 4.3                             | 1.4         | 1.3         | 0.6        | 2.1        | 3.1        | 3.8        | 3.9        | 3.8        | 3.2        | 3.0        |
| United Kingdom                  | 2.2                             | —           | 0.9         | 4.5        | 1.8        | 3.7        | 5.7        | 5.3        | 6.4        | 3.7        | 1.9        |
| Other industrial countries      | 3.1                             | 0.2         | 1.0         | 0.8        | 1.3        | 3.0        | 3.1        | 2.7        | 2.5        | 3.1        | 2.4        |
| <b>All industrial countries</b> | <b>3.4</b>                      | <b>0.9</b>  | <b>1.4</b>  | <b>3.0</b> | <b>3.1</b> | <b>3.7</b> | <b>3.7</b> | <b>3.3</b> | <b>3.7</b> | <b>2.8</b> | <b>2.8</b> |
| Of which,                       |                                 |             |             |            |            |            |            |            |            |            |            |
| Seven major countries above     | 3.5                             | 1.1         | 1.5         | 3.4        | 3.4        | 3.7        | 3.8        | 3.4        | 3.8        | 2.8        | 2.9        |
| European countries              | 3.4                             | 0.3         | 0.8         | 1.6        | 1.4        | 2.6        | 3.9        | 3.5        | 3.4        | 2.7        | 2.6        |
| European Community              | 3.5                             | 0.2         | 0.8         | 1.6        | 1.4        | 2.5        | 3.9        | 3.6        | 3.5        | 2.8        | 2.7        |
| <b>Public consumption</b>       |                                 |             |             |            |            |            |            |            |            |            |            |
| Canada                          | 3.6                             | 2.5         | 2.4         | 1.4        | 1.2        | 3.2        | 1.7        | 0.7        | 3.1        | 2.2        | 1.0        |
| United States                   | 0.8                             | 1.5         | 1.9         | 1.1        | 4.4        | 7.9        | 4.2        | 2.6        | 0.4        | 3.1        | 1.5        |
| Japan                           | 4.7                             | 4.8         | 1.9         | 2.9        | 2.8        | 1.7        | 6.2        | -0.7       | 2.2        | 1.5        | 1.9        |
| France                          | 3.4                             | 3.1         | 3.7         | 2.0        | 1.2        | 2.2        | 1.7        | 3.0        | 2.2        | 2.2        | 2.0        |
| Germany, Fed. Rep. of           | 3.5                             | 1.8         | -0.8        | 0.2        | 2.4        | 2.1        | 2.6        | 1.5        | 2.2        | 0.1        | 2.3        |
| Italy                           | 3.2                             | 2.7         | 2.9         | 2.9        | 2.5        | 3.5        | 2.9        | 3.6        | 3.0        | 2.2        | 2.0        |
| United Kingdom                  | 2.4                             | 0.3         | 0.8         | 2.0        | 0.8        | 0.1        | 2.0        | 1.1        | 0.5        | 0.2        | -1.2       |
| Other industrial countries      | 4.1                             | 2.4         | 1.5         | 2.6        | 1.8        | 3.2        | 2.8        | 2.7        | 2.1        | 2.0        | 1.6        |
| <b>All industrial countries</b> | <b>2.5</b>                      | <b>2.3</b>  | <b>1.7</b>  | <b>1.8</b> | <b>3.0</b> | <b>4.7</b> | <b>3.7</b> | <b>1.9</b> | <b>1.5</b> | <b>2.1</b> | <b>1.6</b> |
| Of which,                       |                                 |             |             |            |            |            |            |            |            |            |            |
| Seven major countries above     | 2.2                             | 2.3         | 1.8         | 1.6        | 3.2        | 4.9        | 3.9        | 1.8        | 1.4        | 2.1        | 1.6        |
| European countries              | 3.4                             | 2.1         | 1.6         | 1.8        | 1.6        | 2.2        | 2.4        | 2.4        | 2.0        | 1.3        | 1.5        |
| European Community              | 3.4                             | 2.0         | 1.5         | 1.6        | 1.6        | 2.1        | 2.4        | 2.4        | 2.1        | 1.2        | 1.4        |
| <b>Gross fixed investment</b>   |                                 |             |             |            |            |            |            |            |            |            |            |
| Canada                          | 6.1                             | 11.7        | -11.0       | -0.7       | 2.1        | 9.5        | 5.7        | 11.7       | 13.2       | 7.5        | 4.0        |
| United States                   | 3.3                             | 1.1         | -9.6        | 8.2        | 16.8       | 5.3        | 1.0        | 2.6        | 5.8        | 2.2        | 3.8        |
| Japan                           | 3.7                             | 3.1         | 0.8         | -0.3       | 4.9        | 5.8        | 5.8        | 10.3       | 13.4       | 9.4        | 5.1        |
| France                          | 2.5                             | -1.9        | -1.4        | -3.6       | -2.3       | 2.9        | 3.3        | 3.7        | 7.4        | 7.3        | 5.5        |
| Germany, Fed. Rep. of           | 1.4                             | -4.8        | -5.3        | 3.2        | 0.8        | 0.1        | 3.3        | 2.2        | 6.0        | 8.5        | 4.2        |
| Italy                           | 1.1                             | -2.3        | -5.7        | -2.0       | 4.5        | 1.4        | 1.6        | 6.8        | 4.9        | 4.7        | 4.2        |
| United Kingdom                  | 0.4                             | -9.6        | 5.4         | 5.0        | 8.6        | 3.8        | 1.7        | 9.6        | 10.6       | 6.8        | 3.2        |
| Other industrial countries      | 1.5                             | -2.6        | -1.7        | -1.0       | 3.3        | 4.5        | 5.7        | 4.8        | 7.1        | 6.0        | 2.6        |
| <b>All industrial countries</b> | <b>2.8</b>                      | <b>-0.6</b> | <b>-4.6</b> | <b>3.2</b> | <b>8.8</b> | <b>4.6</b> | <b>2.9</b> | <b>5.1</b> | <b>7.9</b> | <b>5.6</b> | <b>4.0</b> |
| Of which,                       |                                 |             |             |            |            |            |            |            |            |            |            |
| Seven major countries above     | 3.0                             | -0.2        | -5.2        | 3.9        | 9.6        | 4.6        | 2.5        | 5.1        | 8.0        | 5.5        | 4.3        |
| European countries              | 1.5                             | -4.8        | -1.9        | 0.6        | 2.4        | 2.4        | 4.1        | 5.2        | 7.0        | 6.5        | 4.1        |
| European Community              | 1.4                             | -5.6        | -1.7        | 0.3        | 2.1        | 2.4        | 3.7        | 5.3        | 7.3        | 7.0        | 4.4        |

**Table A3 (concluded). Industrial Countries: Components of Real GNP, 1971-90<sup>1</sup>**  
(Annual changes, in percent)

|                                     | Average<br>1971-80 <sup>2</sup> | 1981        | 1982        | 1983        | 1984        | 1985        | 1986        | 1987        | 1988        | 1989        | 1990        |
|-------------------------------------|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Final domestic demand</b>        |                                 |             |             |             |             |             |             |             |             |             |             |
| Canada                              | 4.9                             | 4.5         | -3.7        | 2.1         | 3.4         | 5.7         | 4.0         | 5.6         | 6.2         | 4.4         | 2.3         |
| United States                       | 2.6                             | 1.2         | -0.4        | 4.5         | 6.6         | 5.4         | 3.5         | 2.7         | 3.2         | 2.5         | 2.4         |
| Japan                               | 4.5                             | 2.2         | 2.8         | 2.1         | 3.4         | 3.6         | 4.2         | 5.7         | 7.5         | 5.3         | 4.5         |
| France                              | 3.6                             | 1.3         | 2.4         | 0.2         | 0.4         | 2.5         | 3.2         | 2.9         | 3.6         | 3.5         | 3.1         |
| Germany, Fed. Rep. of               | 2.9                             | -1.0        | -2.1        | 1.7         | 1.6         | 1.2         | 3.2         | 2.8         | 3.3         | 2.8         | 3.1         |
| Italy                               | 3.3                             | 0.8         | -0.2        | -0.2        | 2.7         | 2.8         | 3.2         | 4.5         | 3.9         | 3.4         | 3.1         |
| United Kingdom                      | 1.9                             | -1.5        | 1.6         | 4.0         | 2.7         | 2.9         | 4.2         | 5.1         | 6.0         | 3.6         | 1.6         |
| Other industrial countries          | 2.9                             | 0.1         | 0.4         | 0.7         | 1.8         | 3.2         | 3.5         | 3.1         | 3.5         | 3.6         | 2.4         |
| <b>All industrial countries</b>     | <b>3.0</b>                      | <b>0.9</b>  | <b>0.3</b>  | <b>2.6</b>  | <b>4.0</b>  | <b>4.1</b>  | <b>3.6</b>  | <b>3.6</b>  | <b>4.3</b>  | <b>3.5</b>  | <b>2.9</b>  |
| Of which,                           |                                 |             |             |             |             |             |             |             |             |             |             |
| Seven major countries above         | 3.0                             | 1.0         | 0.3         | 3.0         | 4.4         | 4.2         | 3.6         | 3.7         | 4.5         | 3.5         | 3.0         |
| European countries                  | 2.9                             | -0.4        | 0.3         | 1.3         | 1.6         | 2.4         | 3.6         | 3.6         | 3.9         | 3.2         | 2.7         |
| European Community                  | 3.0                             | -0.6        | 0.3         | 1.2         | 1.5         | 2.3         | 3.6         | 3.7         | 4.0         | 3.4         | 2.9         |
| <b>Stockbuilding<sup>3</sup></b>    |                                 |             |             |             |             |             |             |             |             |             |             |
| Canada                              | —                               | 0.2         | -2.9        | 1.9         | 1.8         | -0.4        | 0.2         | -0.6        | -0.4        | 0.9         | -0.2        |
| United States                       | —                               | 1.0         | -1.5        | 0.6         | 2.1         | -1.5        | -0.1        | 0.5         | 0.1         | -0.2        | —           |
| Japan                               | -0.2                            | -0.1        | -0.1        | -0.3        | 0.4         | 0.4         | -0.1        | -0.4        | 0.2         | -0.1        | 0.1         |
| France                              | —                               | -1.4        | 1.0         | -0.9        | —           | -0.1        | 0.9         | 0.1         | —           | 0.1         | —           |
| Germany, Fed. Rep. of               | -0.1                            | -1.6        | 0.1         | 0.6         | 0.5         | -0.4        | 0.3         | 0.1         | 0.4         | -0.1        | —           |
| Italy                               | -0.4                            | -2.0        | 0.3         | -0.4        | 1.3         | —           | -0.3        | 0.2         | 0.5         | 0.5         | 0.3         |
| United Kingdom                      | -0.2                            | 0.1         | 0.6         | 0.8         | -0.1        | -0.1        | —           | —           | 0.3         | 0.1         | -0.5        |
| Other industrial countries          | —                               | -1.4        | 0.3         | -0.5        | 0.9         | 0.2         | —           | 0.2         | 0.4         | 0.1         | —           |
| <b>All industrial countries</b>     | <b>—</b>                        | <b>-0.3</b> | <b>-0.5</b> | <b>0.2</b>  | <b>1.2</b>  | <b>-0.6</b> | <b>—</b>    | <b>0.2</b>  | <b>0.2</b>  | <b>—</b>    | <b>—</b>    |
| Of which,                           |                                 |             |             |             |             |             |             |             |             |             |             |
| Seven major countries above         | -0.1                            | -0.1        | -0.6        | 0.3         | 1.3         | -0.8        | —           | 0.2         | 0.2         | —           | —           |
| European countries                  | -0.1                            | -1.4        | 0.5         | -0.2        | 0.5         | —           | 0.2         | 0.2         | 0.3         | 0.1         | —           |
| European Community                  | -0.1                            | -1.3        | 0.5         | -0.1        | 0.4         | -0.1        | 0.3         | 0.1         | 0.3         | 0.1         | —           |
| <b>Foreign balances<sup>3</sup></b> |                                 |             |             |             |             |             |             |             |             |             |             |
| Canada                              | -0.3                            | -0.9        | 3.4         | -0.3        | 0.9         | -0.4        | -0.7        | -0.5        | -1.1        | -2.5        | —           |
| United States                       | 0.3                             | -0.2        | -0.7        | -1.5        | -2.0        | -0.6        | -0.7        | 0.4         | 1.1         | 0.5         | -0.3        |
| Japan                               | 0.3                             | 1.5         | 0.3         | 1.5         | 1.3         | 1.1         | -1.4        | -0.6        | -1.9        | -0.3        | 0.1         |
| France                              | —                               | 1.3         | -0.9        | 1.4         | 1.0         | -0.5        | -1.8        | -1.1        | -0.2        | -0.3        | -0.1        |
| Germany, Fed. Rep. of               | —                               | 2.7         | 1.0         | -0.3        | 1.3         | 1.2         | -1.0        | -1.1        | —           | 1.4         | —           |
| Italy                               | —                               | 2.4         | -0.1        | 0.9         | -1.0        | -0.2        | -0.3        | -1.8        | -0.6        | -0.7        | -0.6        |
| United Kingdom                      | 0.2                             | 0.5         | -1.0        | -1.0        | -0.8        | 1.0         | -0.7        | -0.6        | -3.9        | -1.4        | 1.6         |
| Other industrial countries          | 0.1                             | 1.7         | —           | 1.4         | 0.5         | —           | -1.2        | -0.5        | -0.6        | -0.7        | —           |
| <b>All industrial countries</b>     | <b>0.2</b>                      | <b>1.0</b>  | <b>-0.2</b> | <b>-0.1</b> | <b>-0.4</b> | <b>—</b>    | <b>-0.9</b> | <b>-0.3</b> | <b>-0.3</b> | <b>-0.1</b> | <b>-0.1</b> |
| Of which,                           |                                 |             |             |             |             |             |             |             |             |             |             |
| Seven major countries above         | 0.2                             | 0.8         | -0.2        | -0.3        | -0.6        | —           | -0.9        | -0.3        | -0.2        | —           | -0.1        |
| European countries                  | 0.1                             | 2.1         | -0.2        | 0.5         | 0.5         | 0.2         | -1.2        | -1.0        | -0.8        | -0.1        | —           |
| European Community                  | 0.1                             | 2.1         | -0.2        | 0.5         | 0.5         | 0.3         | -1.1        | -1.0        | -0.8        | -0.1        | 0.1         |

<sup>1</sup> Composites for country groups are averages of percentage changes in real terms for individual countries weighted by the average U.S. dollar value of their respective GNPs over the preceding three years.

<sup>2</sup> Compound annual rates of change.

<sup>3</sup> Changes expressed as a percentage of GNP in the preceding period.

**Table A4. Industrial Countries: Employment, Unemployment, and Real Per Capita GNP, 1971-90**  
(In percent)

|  | Average<br>1971-80 <sup>1</sup> | 1981       | 1982        | 1983       | 1984       | 1985       | 1986       | 1987       | 1988       | 1989       | 1990       |
|--|---------------------------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Growth in employment<sup>2</sup></b>          |                                 |            |             |            |            |            |            |            |            |            |            |
| Canada   | 3.1                             | 2.7        | -3.5        | 0.5        | 2.4        | 2.6        | 2.8        | 2.9        | 3.2        | 1.8        | 1.7        |
| United States                                    | 2.4                             | 1.1        | -0.9        | 1.3        | 4.1        | 2.0        | 2.3        | 2.6        | 2.3        | 2.2        | 1.4        |
| Japan  | 0.8                             | 0.8        | 1.0         | 1.7        | 0.6        | 0.7        | 0.8        | 1.0        | 1.7        | 1.5        | 0.9        |
| France   | 0.7                             | -0.6       | 0.2         | -0.4       | -0.9       | -0.3       | 0.2        | 0.1        | 1.0        | 0.9        | 0.7        |
| Germany, Fed. Rep. of                            | 0.3                             | -0.6       | -1.9        | -1.7       | 0.2        | 0.8        | 1.2        | 1.0        | 0.8        | 1.2        | 0.8        |
| Italy  | 0.9                             | 0.3        | -0.2        | 0.3        | 0.4        | 0.5        | 0.6        | -0.1       | 1.3        | 0.1        | 0.6        |
| United Kingdom                                   | 0.2                             | -3.4       | -1.9        | -0.2       | 2.2        | 1.4        | 0.7        | 2.7        | 3.2        | 2.1        | -0.2       |
| Other industrial countries                       | 0.6                             | -0.5       | -0.6        | -0.8       | 0.1        | 1.2        | 1.9        | 1.3        | 1.4        | 1.3        | 1.2        |
| <b>All industrial countries</b>                  | <b>1.4</b>                      | <b>0.2</b> | <b>-0.7</b> | <b>0.5</b> | <b>2.0</b> | <b>1.4</b> | <b>1.7</b> | <b>1.8</b> | <b>1.9</b> | <b>1.6</b> | <b>1.0</b> |
| Of which,  |                                 |            |             |            |            |            |            |            |            |            |            |
| Seven major countries above                      | 1.6                             | 0.4        | -0.7        | 0.7        | 2.3        | 1.4        | 1.6        | 1.8        | 1.9        | 1.6        | 1.0        |
| European countries                               | 0.5                             | -1.1       | -1.0        | -0.6       | 0.3        | 0.6        | 0.9        | 1.0        | 1.4        | 1.0        | 0.6        |
| European Community                               | 0.4                             | -1.2       | -1.1        | -0.7       | 0.2        | 0.6        | 0.9        | 1.0        | 1.5        | 1.1        | 0.7        |
| <b>Unemployment rates<sup>3</sup></b>            |                                 |            |             |            |            |            |            |            |            |            |            |
| Canada   | 6.9                             | 7.5        | 11.0        | 11.8       | 11.2       | 10.5       | 9.5        | 8.8        | 7.8        | 7.8        | 8.0        |
| United States                                    | 6.4                             | 7.6        | 9.7         | 9.6        | 7.5        | 7.2        | 7.0        | 6.2        | 5.5        | 5.3        | 5.5        |
| Japan  | 1.8                             | 2.2        | 2.4         | 2.7        | 2.7        | 2.6        | 2.8        | 2.8        | 2.5        | 2.3        | 2.3        |
| France   | 4.5                             | 7.4        | 8.1         | 8.3        | 9.7        | 10.2       | 10.4       | 10.6       | 10.3       | 10.0       | 9.9        |
| Germany, Fed. Rep. of                            | 2.7                             | 4.8        | 6.7         | 8.1        | 8.1        | 8.2        | 7.9        | 7.9        | 7.7        | 7.1        | 7.0        |
| Italy  | 6.7                             | 7.9        | 8.6         | 9.9        | 10.0       | 10.3       | 11.1       | 12.0       | 12.0       | 12.0       | 12.1       |
| United Kingdom                                   | 3.5                             | 8.1        | 9.6         | 10.5       | 10.7       | 10.9       | 11.1       | 10.0       | 8.1        | 6.7        | 7.4        |
| Other industrial countries                       | 3.9                             | 8.0        | 9.2         | 10.7       | 11.0       | 11.0       | 10.5       | 10.3       | 9.9        | 9.5        | 9.3        |
| <b>All industrial countries</b>                  | <b>4.5</b>                      | <b>6.6</b> | <b>8.0</b>  | <b>8.6</b> | <b>8.0</b> | <b>8.0</b> | <b>7.9</b> | <b>7.5</b> | <b>7.0</b> | <b>6.6</b> | <b>6.7</b> |
| Of which,  |                                 |            |             |            |            |            |            |            |            |            |            |
| Seven major countries above                      | 4.6                             | 6.3        | 7.7         | 8.1        | 7.4        | 7.3        | 7.3        | 7.0        | 6.4        | 6.0        | 6.2        |
| European countries                               | 4.1                             | 7.5        | 8.7         | 9.8        | 10.2       | 10.4       | 10.4       | 10.2       | 9.7        | 9.2        | 9.3        |
| European Community                               | 4.4                             | 8.0        | 9.4         | 10.6       | 11.1       | 11.3       | 11.3       | 11.1       | 10.5       | 10.0       | 10.0       |
| <b>Growth in real per capita GNP<sup>2</sup></b> |                                 |            |             |            |            |            |            |            |            |            |            |
| Canada   | 3.4                             | 2.1        | -4.4        | 2.1        | 5.3        | 3.8        | 2.1        | 4.3        | 3.8        | 1.8        | 1.3        |
| United States                                    | 1.7                             | 0.9        | -3.5        | 2.6        | 5.8        | 2.4        | 1.7        | 2.7        | 3.4        | 1.9        | 1.1        |
| Japan  | 3.6                             | 2.9        | 2.4         | 2.5        | 4.4        | 4.3        | 1.8        | 3.9        | 5.1        | 4.3        | 4.1        |
| France   | 3.0                             | 0.6        | 2.0         | 0.2        | 1.0        | 1.4        | 1.9        | 1.5        | 3.1        | 3.0        | 2.6        |
| Germany, Fed. Rep. of                            | 2.6                             | -0.2       | -0.9        | 2.3        | 3.7        | 2.2        | 2.2        | 1.5        | 3.6        | 3.7        | 2.6        |
| Italy  | 3.3                             | 0.8        | 0.1         | 0.8        | 2.7        | 2.4        | 2.4        | 2.7        | 3.8        | 3.0        | 2.7        |
| United Kingdom                                   | 1.8                             | -2.0       | 1.8         | 3.6        | 2.0        | 3.3        | 3.0        | 4.2        | 3.9        | 2.7        | 2.4        |
| Other industrial countries                       | 2.3                             | -0.1       | -0.1        | 1.2        | 3.0        | 2.8        | 1.7        | 2.3        | 2.7        | 2.5        | 1.8        |
| <b>All industrial countries</b>                  | <b>2.4</b>                      | <b>0.7</b> | <b>-0.9</b> | <b>2.1</b> | <b>4.3</b> | <b>2.7</b> | <b>1.9</b> | <b>2.8</b> | <b>3.7</b> | <b>2.8</b> | <b>2.2</b> |
| Of which,  |                                 |            |             |            |            |            |            |            |            |            |            |
| Seven major countries above                      | 2.4                             | 0.9        | -1.1        | 2.3        | 4.5        | 2.7        | 1.9        | 2.9        | 3.8        | 2.8        | 2.3        |
| European countries                               | 2.6                             | -0.3       | 0.5         | 1.6        | 2.4        | 2.4        | 2.2        | 2.3        | 3.3        | 2.9        | 2.4        |
| European Community                               | 2.6                             | -0.3       | 0.6         | 1.6        | 2.3        | 2.3        | 2.3        | 2.4        | 3.5        | 3.1        | 2.5        |

<sup>1</sup> Compound annual rates of change for employment and per capita GNP, and arithmetic averages for unemployment rates.

<sup>2</sup> Composites for the country groups are averages of percentage changes for individual countries weighted by the average U.S. dollar value of their respective GNPs over the preceding three years.

<sup>3</sup> Composites for the country groups are averages of national unemployment rates weighted by labor force in the respective countries.



**Table A5. Developing Countries: Real GDP, 1971–90<sup>1</sup>**

(Annual changes, in percent)

|   | Average<br>1971–80 <sup>2</sup> | 1981       | 1982       | 1983       | 1984       | 1985       | 1986       | 1987       | 1988       | 1989       | 1990       |
|---|---------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Developing countries</b>                       | <b>5.5</b>                      | <b>1.8</b> | <b>2.0</b> | <b>2.3</b> | <b>4.0</b> | <b>3.9</b> | <b>4.2</b> | <b>3.6</b> | <b>4.2</b> | <b>3.2</b> | <b>4.0</b> |
| <b>By region</b>                                  |                                 |            |            |            |            |            |            |            |            |            |            |
| Africa  | 3.8                             | 1.8        | 1.6        | -1.0       | 0.5        | 4.0        | 2.3        | 1.0        | 2.2        | 2.8        | 2.8        |
| Asia  | 5.3                             | 5.9        | 5.4        | 8.0        | 8.3        | 6.9        | 6.7        | 7.9        | 9.2        | 6.1        | 6.1        |
| Europe  | 5.3                             | -0.1       | 1.4        | 3.2        | 4.9        | 2.1        | 4.3        | 2.7        | 1.2        | 1.9        | 3.0        |
| Middle East                                       | 7.2                             | -1.3       | 1.3        | 1.7        | -0.9       | -0.2       | 0.6        | -1.5       | 3.5        | 3.5        | 3.0        |
| Western Hemisphere                                | 5.9                             | -0.2       | -1.2       | -2.8       | 3.4        | 3.5        | 4.0        | 3.0        | 0.7        | —          | 2.5        |
| <b>By predominant export</b>                      |                                 |            |            |            |            |            |            |            |            |            |            |
| Fuel  | 6.6                             | 1.1        | 0.7        | -0.5       | 0.1        | 1.6        | 0.4        | -0.2       | 2.5        | 2.6        | 3.3        |
| Non-fuel exports                                  | 5.1                             | 2.2        | 2.6        | 3.6        | 5.9        | 5.0        | 5.9        | 5.3        | 4.9        | 3.3        | 4.2        |
| Manufactures                                      | 6.1                             | 2.2        | 3.8        | 5.1        | 7.5        | 7.1        | 6.9        | 6.4        | 5.6        | 3.7        | 4.6        |
| Primary products                                  | 3.2                             | —          | -2.5       | 0.3        | 2.7        | 0.3        | 4.7        | 3.4        | 2.3        | 1.0        | 2.9        |
| Agricultural products                             | 3.4                             | -1.1       | -1.3       | 1.7        | 2.4        | -0.1       | 4.5        | 2.9        | 2.6        | 1.9        | 3.2        |
| Minerals  | 2.6                             | 3.9        | -6.3       | -4.3       | 3.8        | 2.1        | 5.8        | 5.5        | 0.3        | -3.3       | 1.6        |
| Services and private transfers                    | 4.3                             | 4.2        | 4.2        | 2.7        | 3.7        | 3.3        | 4.8        | 3.9        | 3.1        | 3.2        | 3.8        |
| Diversified export base                           | 4.8                             | 4.3        | 2.5        | 0.6        | 2.1        | -0.1       | 1.5        | 1.7        | 5.6        | 4.3        | 3.8        |
| <b>By financial criteria</b>                      |                                 |            |            |            |            |            |            |            |            |            |            |
| Net creditor countries                            | 7.8                             | 1.7        | 0.4        | 2.9        | -0.5       | -1.0       | 1.2        | -1.2       | 2.8        | 4.3        | 3.6        |
| Net debtor countries                              | 5.2                             | 1.9        | 2.3        | 2.2        | 4.8        | 4.7        | 4.7        | 4.4        | 4.5        | 3.0        | 4.1        |
| Market borrowers                                  | 6.0                             | 1.5        | 0.2        | -0.5       | 4.0        | 3.0        | 4.2        | 3.8        | 2.5        | 1.8        | 3.5        |
| Diversified borrowers                             | 4.9                             | 2.8        | 4.2        | 4.4        | 5.7        | 6.6        | 5.2        | 5.5        | 6.4        | 3.9        | 4.7        |
| Official borrowers                                | 3.8                             | -0.4       | 1.8        | 3.0        | 3.8        | 3.8        | 4.4        | 2.7        | 4.5        | 3.8        | 3.8        |
| Countries with recent debt-servicing difficulties | 5.2                             | -1.0       | 0.2        | -1.6       | 2.5        | 3.2        | 3.5        | 2.4        | 2.0        | 1.1        | 2.7        |
| Countries without debt-servicing difficulties     | 5.2                             | 5.5        | 5.0        | 7.1        | 7.6        | 6.7        | 6.0        | 6.9        | 7.6        | 5.3        | 5.7        |
| <b>Miscellaneous groups</b>                       |                                 |            |            |            |            |            |            |            |            |            |            |
| Sub-Saharan Africa                                | 2.9                             | 2.9        | 2.2        | -0.1       | 0.7        | 3.5        | 3.9        | 1.7        | 2.1        | 2.1        | 2.8        |
| Twelve major oil exporters                        | 6.8                             | -0.8       | 0.8        | 0.4        | -0.9       | 1.2        | 1.5        | -0.5       | 3.1        | 3.3        | 3.4        |
| Net debtor fuel exporters                         | 6.0                             | 1.1        | 1.2        | -2.3       | 1.6        | 4.0        | 1.0        | 1.9        | 3.0        | 1.9        | 3.7        |
| Four newly industrializing                        |                                 |            |            |            |            |            |            |            |            |            |            |
| Asian economies                                   | 8.8                             | 7.0        | 4.6        | 9.5        | 9.6        | 4.5        | 11.3       | 12.2       | 9.8        | 6.5        | 6.7        |
| Small low-income economies                        | 3.2                             | 3.0        | 3.0        | 1.9        | 2.6        | 3.5        | 4.2        | 3.6        | 4.2        | 4.5        | 4.2        |
| Fifteen heavily indebted countries                | 5.8                             | -0.3       | -0.4       | -2.7       | 2.0        | 3.7        | 4.0        | 2.6        | 1.1        | 0.4        | 2.5        |
| <b>Memorandum</b>                                 |                                 |            |            |            |            |            |            |            |            |            |            |
| <b>Developing countries</b>                       |                                 |            |            |            |            |            |            |            |            |            |            |
| Median growth rate                                | 4.8                             | 3.1        | 1.9        | 1.6        | 3.4        | 3.2        | 3.7        | 2.6        | 3.8        | 3.7        | 3.9        |

<sup>1</sup> Except where otherwise indicated, arithmetic averages of country growth rates weighted by the average U.S. dollar value of GDPs over the preceding three years.

<sup>2</sup> Compound annual rates of change. Excluding China.

**Table A6. Developing Countries: Real Per Capita GDP, 1971–90**  
(Annual changes, in percent)

|   | Average<br>1971–80 <sup>1</sup> | 1981        | 1982        | 1983        | 1984       | 1985       | 1986       | 1987       | 1988       | 1989       | 1990       |
|---|---------------------------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Developing countries</b>                       | <b>3.0</b>                      | <b>-0.6</b> | <b>-0.9</b> | <b>-0.3</b> | <b>2.2</b> | <b>1.8</b> | <b>1.9</b> | <b>1.6</b> | <b>2.1</b> | <b>1.2</b> | <b>2.1</b> |
| <b>By region</b>                                  |                                 |             |             |             |            |            |            |            |            |            |            |
| Africa  | 0.9                             | -1.5        | -2.8        | -4.5        | 1.2        | 1.2        | -0.4       | -1.5       | -0.5       | —          | —          |
| Asia  | 3.6                             | 3.9         | 3.3         | 6.1         | 6.6        | 5.2        | 5.0        | 6.3        | 7.4        | 4.6        | 4.6        |
| Europe  | 4.1                             | -1.0        | 0.4         | 2.2         | 4.1        | 1.4        | 3.3        | 1.7        | 0.2        | 1.0        | 2.1        |
| Middle East                                       | 2.7                             | -5.2        | -2.9        | -1.6        | -4.0       | -3.5       | -3.2       | -4.6       | 0.1        | 0.2        | -0.2       |
| Western Hemisphere                                | 3.1                             | -2.2        | -3.5        | -4.9        | 1.1        | 1.3        | 1.8        | 0.8        | -1.4       | -1.9       | 0.5        |
| <b>By predominant export</b>                      |                                 |             |             |             |            |            |            |            |            |            |            |
| Fuel  | 2.8                             | -2.2        | -2.8        | -3.4        | -2.7       | -1.4       | -2.8       | -3.2       | -0.5       | -0.3       | 0.5        |
| Non-fuel exports                                  | 3.1                             | 0.2         | 0.1         | 1.1         | 4.3        | 3.2        | 4.1        | 3.5        | 3.1        | 1.7        | 2.6        |
| Manufactures                                      | 3.9                             | 0.7         | 2.1         | 3.3         | 6.0        | 5.6        | 5.4        | 4.7        | 4.0        | 2.3        | 3.2        |
| Primary products                                  | 0.6                             | -2.8        | -6.0        | -3.3        | 2.9        | -1.4       | 2.4        | 1.3        | 0.2        | -1.0       | 0.8        |
| Agricultural products                             | 0.7                             | -3.9        | -5.4        | -2.6        | 3.1        | -1.7       | 2.3        | 0.9        | 0.7        | -0.2       | 1.1        |
| Minerals  | 0.4                             | 1.7         | -8.6        | -6.9        | 1.3        | -0.2       | 3.2        | 3.6        | -2.1       | -4.8       | -0.5       |
| Services and private transfers                    | 4.3                             | 1.7         | 1.5         | 0.1         | 1.0        | 0.8        | 2.1        | 1.4        | 0.5        | 0.7        | 1.2        |
| Diversified export base                           | 2.0                             | 1.7         | —           | -1.9        | -0.4       | -2.6       | -1.0       | -0.9       | 2.9        | 1.7        | 1.2        |
| <b>By financial criteria</b>                      |                                 |             |             |             |            |            |            |            |            |            |            |
| Net creditor countries                            | 3.1                             | -2.2        | -3.8        | -0.1        | -3.4       | -4.1       | -2.4       | -3.8       | -0.2       | 1.5        | 0.8        |
| Net debtor countries                              | 3.0                             | -0.3        | -0.3        | -0.3        | 3.1        | 2.8        | 2.6        | 2.4        | 2.5        | 1.2        | 2.3        |
| Market borrowers                                  | 3.4                             | -0.5        | -2.1        | -2.7        | 1.9        | 1.0        | 2.1        | 1.8        | 0.6        | -0.1       | 1.6        |
| Diversified borrowers                             | 3.0                             | 0.7         | 2.1         | 2.4         | 4.0        | 4.9        | 3.3        | 3.5        | 4.4        | 2.3        | 3.2        |
| Official borrowers                                | 2.0                             | -3.1        | -2.8        | -1.7        | 3.6        | 1.8        | 2.2        | 0.6        | 2.4        | 1.6        | 1.6        |
| Countries with recent debt-servicing difficulties | 2.6                             | -3.2        | -2.6        | -4.1        | 1.3        | 1.1        | 1.4        | 0.3        | -0.1       | -1.0       | 0.6        |
| Countries without debt-servicing difficulties     | 3.6                             | 3.6         | 2.8         | 5.1         | 5.8        | 4.8        | 4.2        | 5.1        | 5.8        | 3.7        | 4.1        |
| <b>Miscellaneous groups</b>                       |                                 |             |             |             |            |            |            |            |            |            |            |
| Sub-Saharan Africa                                | —                               | -1.7        | -4.6        | -5.1        | 3.4        | 1.1        | 1.1        | -0.9       | -0.8       | -0.7       | —          |
| Twelve major oil exporters                        | 2.7                             | -4.3        | -2.9        | -2.6        | -3.2       | -2.8       | -1.8       | -3.6       | -0.3       | -0.6       | -0.2       |
| Net debtor fuel exporters                         | 2.9                             | -1.8        | -1.6        | -4.9        | -1.0       | 1.3        | -1.7       | -0.7       | 0.5        | -0.6       | 1.4        |
| Four newly industrializing                        |                                 |             |             |             |            |            |            |            |            |            |            |
| Asian economies                                   | 6.7                             | 5.2         | 2.9         | 7.8         | 8.2        | 3.2        | 10.0       | 10.9       | 8.4        | 5.3        | 5.5        |
| Small low-income economies                        | 0.9                             | -1.5        | -3.7        | -3.7        | 3.7        | 1.3        | 1.5        | 1.0        | 1.6        | 1.8        | 1.6        |
| Fifteen heavily indebted countries                | 3.1                             | -2.3        | -2.6        | -4.8        | -0.1       | 1.6        | 1.8        | 0.4        | -1.0       | -1.6       | 0.5        |

<sup>1</sup> Compound annual rates of change. Excluding China.

**Table A7. Developing Countries: Gross Capital Formation, 1981–89<sup>1</sup>**  
(In percent of GDP)

|   | 1981        | 1982        | 1983        | 1984        | 1985        | 1986        | 1987        | 1988        | 1989        |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Developing countries</b>                       | <b>26.5</b> | <b>25.2</b> | <b>23.8</b> | <b>23.5</b> | <b>23.4</b> | <b>23.2</b> | <b>23.0</b> | <b>23.2</b> | <b>22.9</b> |
| <b>By region</b>                                  |             |             |             |             |             |             |             |             |             |
| Africa  | 26.4        | 23.8        | 20.6        | 19.2        | 18.1        | 18.9        | 17.9        | 18.0        | 17.6        |
| Asia  | 28.5        | 27.3        | 27.5        | 27.1        | 29.0        | 28.4        | 28.2        | 28.4        | 28.0        |
| Europe  | 28.1        | 29.6        | 26.6        | 26.8        | 27.4        | 28.5        | 27.4        | 27.3        | 28.0        |
| Middle East                                       | 27.0        | 26.3        | 28.4        | 29.3        | 24.0        | 21.9        | 18.9        | 19.2        | 17.5        |
| Western Hemisphere                                | 23.3        | 21.2        | 17.4        | 16.6        | 17.4        | 17.9        | 19.8        | 20.2        | 19.8        |
| <b>By predominant export</b>                      |             |             |             |             |             |             |             |             |             |
| Fuel  | 26.8        | 25.3        | 24.6        | 24.0        | 22.2        | 21.1        | 19.9        | 19.8        | 18.5        |
| Non-fuel exports                                  | 26.4        | 25.2        | 23.5        | 23.2        | 23.9        | 24.1        | 24.3        | 24.6        | 24.4        |
| Manufactures                                      | 27.3        | 26.5        | 25.0        | 25.1        | 26.9        | 27.3        | 27.3        | 27.5        | 26.9        |
| Primary products                                  | 20.6        | 18.3        | 16.8        | 15.9        | 15.1        | 15.2        | 16.2        | 15.9        | 16.3        |
| Agricultural products                             | 19.4        | 17.9        | 17.3        | 15.9        | 15.0        | 14.8        | 15.9        | 15.6        | 16.3        |
| Minerals  | 24.3        | 19.5        | 15.6        | 15.9        | 15.5        | 17.1        | 17.7        | 16.9        | 16.3        |
| Services and private transfers                    | 25.4        | 24.4        | 21.0        | 20.3        | 19.3        | 18.8        | 18.9        | 17.8        | 17.5        |
| Diversified export base                           | 29.8        | 27.7        | 24.8        | 23.4        | 19.9        | 18.9        | 18.5        | 19.7        | 20.9        |
| <b>By financial criteria</b>                      |             |             |             |             |             |             |             |             |             |
| Net creditor countries                            | 27.3        | 26.1        | 28.4        | 29.6        | 23.8        | 21.3        | 19.0        | 20.3        | 19.1        |
| Net debtor countries                              | 26.4        | 25.1        | 23.0        | 22.3        | 23.3        | 23.5        | 23.7        | 23.7        | 23.5        |
| Market borrowers                                  | 26.7        | 24.6        | 21.3        | 20.6        | 20.1        | 20.3        | 21.8        | 22.5        | 22.7        |
| Diversified borrowers                             | 27.6        | 26.2        | 25.3        | 24.5        | 27.1        | 27.4        | 26.4        | 25.6        | 24.8        |
| Official borrowers                                | 20.2        | 22.2        | 19.4        | 20.1        | 20.6        | 20.8        | 20.9        | 21.2        | 21.1        |
| Countries with recent debt-servicing difficulties | 25.2        | 23.5        | 19.4        | 18.2        | 18.4        | 18.9        | 19.7        | 20.1        | 19.9        |
| Countries without debt-servicing difficulties     | 27.7        | 27.0        | 27.3        | 27.3        | 29.0        | 28.7        | 28.3        | 28.0        | 27.5        |
| <b>Miscellaneous groups</b>                       |             |             |             |             |             |             |             |             |             |
| Sub-Saharan Africa                                | 20.9        | 19.7        | 17.0        | 17.2        | 17.9        | 18.9        | 18.3        | 17.9        | 17.5        |
| Twelve major oil exporters                        | 26.6        | 25.6        | 25.5        | 25.1        | 22.5        | 21.7        | 20.0        | 19.5        | 17.6        |
| Net debtor fuel exporters                         | 26.6        | 24.5        | 21.1        | 19.1        | 20.3        | 20.2        | 20.6        | 20.0        | 19.1        |
| Four newly industrializing                        |             |             |             |             |             |             |             |             |             |
| Asian economies                                   | 32.4        | 29.6        | 28.8        | 28.7        | 26.3        | 25.3        | 26.9        | 28.1        | 28.9        |
| Small low-income economies                        | 17.6        | 17.2        | 15.1        | 15.7        | 15.9        | 16.5        | 17.1        | 17.0        | 17.4        |
| Fifteen heavily indebted countries                | 24.7        | 22.4        | 17.9        | 16.2        | 16.9        | 17.6        | 19.0        | 19.2        | 18.8        |
| <b>Memorandum</b>                                 |             |             |             |             |             |             |             |             |             |
| <b>Median estimates</b>                           |             |             |             |             |             |             |             |             |             |
| <b>Developing countries</b>                       | <b>25.3</b> | <b>24.9</b> | <b>22.0</b> | <b>21.4</b> | <b>21.6</b> | <b>21.3</b> | <b>20.3</b> | <b>20.1</b> | <b>20.0</b> |
| <b>By region</b>                                  |             |             |             |             |             |             |             |             |             |
| Africa  | 23.3        | 21.4        | 18.0        | 18.8        | 19.4        | 20.4        | 17.7        | 18.5        | 18.2        |
| Asia  | 29.1        | 28.5        | 27.1        | 24.7        | 24.0        | 23.7        | 23.3        | 24.2        | 24.5        |
| Europe  | 29.7        | 31.5        | 28.4        | 28.9        | 28.1        | 26.9        | 25.5        | 24.1        | 24.7        |
| Middle East                                       | 23.4        | 26.9        | 24.7        | 24.4        | 22.2        | 21.3        | 19.1        | 18.4        | 19.9        |
| Western Hemisphere                                | 23.6        | 22.6        | 20.8        | 19.0        | 18.1        | 18.3        | 19.7        | 19.6        | 19.2        |

<sup>1</sup> Except where otherwise indicated, arithmetic averages of country ratios weighted by the average U.S. dollar value of GDPs over the preceding three years.

**Table A8. Inflation, 1971-90**  
(In percent)

|   | Average<br>1971-80 <sup>1</sup> | 1981        | 1982        | 1983        | 1984        | 1985        | 1986        | 1987        | 1988        | 1989        | 1990        |
|---|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>GNP deflators</b>                              |                                 |             |             |             |             |             |             |             |             |             |             |
| <b>Industrial countries<sup>2</sup></b>           | <b>8.4</b>                      | <b>8.7</b>  | <b>7.5</b>  | <b>5.2</b>  | <b>4.5</b>  | <b>3.6</b>  | <b>3.4</b>  | <b>3.0</b>  | <b>3.2</b>  | <b>4.1</b>  | <b>3.7</b>  |
| United States                                     | 7.4                             | 9.6         | 6.5         | 3.8         | 3.8         | 3.0         | 2.6         | 3.1         | 3.3         | 4.5         | 4.6         |
| Japan   | 7.4                             | 3.2         | 1.9         | 0.8         | 1.2         | 1.5         | 1.8         | -0.2        | 0.4         | 1.8         | 1.3         |
| Germany, Fed. Rep. of                             | 5.3                             | 4.0         | 4.4         | 3.3         | 2.0         | 2.2         | 3.1         | 2.0         | 1.5         | 2.5         | 2.5         |
| Other industrial countries <sup>2</sup>           | 10.6                            | 11.2        | 11.2        | 8.7         | 7.2         | 5.7         | 5.3         | 4.6         | 4.9         | 5.4         | 4.4         |
| <b>Consumer prices</b>                            |                                 |             |             |             |             |             |             |             |             |             |             |
| <b>Industrial countries<sup>2</sup></b>           | <b>8.6</b>                      | <b>10.1</b> | <b>7.5</b>  | <b>5.0</b>  | <b>4.9</b>  | <b>4.1</b>  | <b>2.4</b>  | <b>3.0</b>  | <b>3.3</b>  | <b>4.5</b>  | <b>3.9</b>  |
| United States                                     | 7.8                             | 10.4        | 6.1         | 3.2         | 4.4         | 3.5         | 2.0         | 3.6         | 4.1         | 5.1         | 4.9         |
| Japan   | 9.0                             | 5.0         | 2.7         | 1.9         | 2.3         | 2.1         | 0.6         | 0.1         | 0.7         | 2.2         | 1.6         |
| Germany, Fed. Rep. of                             | 5.1                             | 6.3         | 5.3         | 3.3         | 2.4         | 2.2         | -0.2        | 0.2         | 1.2         | 3.0         | 2.7         |
| Other industrial countries <sup>2</sup>           | 10.6                            | 12.6        | 11.0        | 8.3         | 7.1         | 6.2         | 4.5         | 4.3         | 4.2         | 5.5         | 4.5         |
| <b>Developing countries<sup>2</sup></b>           | <b>20.6</b>                     | <b>25.8</b> | <b>25.4</b> | <b>32.7</b> | <b>38.5</b> | <b>40.6</b> | <b>31.4</b> | <b>41.6</b> | <b>70.8</b> | <b>85.5</b> | <b>36.3</b> |
| <b>By region<sup>3</sup></b>                      |                                 |             |             |             |             |             |             |             |             |             |             |
| Africa  | 14.1                            | 20.8        | 13.1        | 17.9        | 20.8        | 13.2        | 14.5        | 15.0        | 19.7        | 16.8        | 13.7        |
| Asia  | 10.5                            | 10.4        | 6.8         | 6.5         | 6.6         | 7.8         | 9.1         | 9.8         | 14.6        | 13.0        | 9.4         |
| Europe  | 13.2                            | 23.8        | 36.1        | 23.0        | 26.2        | 27.2        | 26.8        | 35.5        | 62.5        | 92.2        | 43.3        |
| Middle East                                       | 13.5                            | 15.1        | 12.9        | 12.0        | 14.4        | 17.0        | 18.1        | 19.4        | 17.8        | 13.9        | 14.0        |
| Western Hemisphere                                | 39.8                            | 60.7        | 66.8        | 108.8       | 133.4       | 145.3       | 87.8        | 130.9       | 286.4       | 404.6       | 108.4       |
| <b>By analytical criteria<sup>3</sup></b>         |                                 |             |             |             |             |             |             |             |             |             |             |
| Fuel exporters                                    | 13.4                            | 15.8        | 16.6        | 23.6        | 20.1        | 16.8        | 24.6        | 33.2        | 33.8        | 17.6        | 12.6        |
| Non-fuel exporters                                | 24.0                            | 30.5        | 29.9        | 37.6        | 48.6        | 53.6        | 34.6        | 45.4        | 88.6        | 119.1       | 45.4        |
| Market borrowers                                  | 33.1                            | 46.8        | 48.1        | 74.4        | 90.9        | 93.1        | 60.5        | 90.1        | 174.9       | 224.1       | 65.0        |
| Official borrowers                                | 11.9                            | 23.6        | 34.5        | 22.8        | 23.6        | 28.1        | 33.6        | 31.7        | 43.4        | 28.8        | 20.2        |
| Countries with recent debt-servicing difficulties | 26.5                            | 41.7        | 46.4        | 65.0        | 80.4        | 83.3        | 60.9        | 85.8        | 164.4       | 215.4       | 72.6        |
| Countries without debt-servicing difficulties     | 14.0                            | 13.3        | 9.6         | 10.0        | 11.5        | 12.7        | 8.6         | 9.5         | 13.7        | 14.8        | 11.0        |
| <b>Memorandum</b>                                 |                                 |             |             |             |             |             |             |             |             |             |             |
| <b>Developing countries</b>                       |                                 |             |             |             |             |             |             |             |             |             |             |
| Median inflation rate                             | 10.8                            | 13.0        | 10.4        | 9.4         | 10.2        | 8.2         | 7.2         | 7.8         | 9.0         | 8.0         | 7.2         |

<sup>1</sup> Compound annual rates of change. Excluding China.

<sup>2</sup> Averages of percentage changes for individual countries weighted by the average U.S. dollar value of their respective GNPs over the preceding three years.

<sup>3</sup> Percentage changes of geometric averages of indices of consumer prices for individual countries weighted by the average U.S. dollar value of their respective GDPs over the preceding three years.



**Table A9. Industrial Countries: GNP Deflators and Consumer Prices, 1971-90<sup>1</sup>**  
(Annual changes, in percent)

|                                 | Average<br>1971-80 <sup>2</sup> | 1981        | 1982       | 1983       | 1984       | 1985       | 1986       | 1987       | 1988       | 1989       | 1990       | Fourth Quarter <sup>3</sup> |            |            |
|---------------------------------|---------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------------------------|------------|------------|
|                                 |                                 |             |            |            |            |            |            |            |            |            |            | 1988                        | 1989       | 1990       |
| <b>GNP deflators</b>            |                                 |             |            |            |            |            |            |            |            |            |            |                             |            |            |
| Canada <sup>4</sup>             | 8.3                             | 10.8        | 8.7        | 5.0        | 3.1        | 2.6        | 2.4        | 4.3        | 4.1        | 5.2        | 4.4        | 4.3                         | 5.1        | 4.5        |
| United States                   | 7.4                             | 9.6         | 6.5        | 3.8        | 3.8        | 3.0        | 2.6        | 3.1        | 3.3        | 4.5        | 4.6        | 4.0                         | 4.6        | 4.5        |
| Japan                           | 7.4                             | 3.2         | 1.9        | 0.8        | 1.2        | 1.5        | 1.8        | -0.2       | 0.4        | 1.8        | 1.3        | 0.7                         | 2.3        | 1.0        |
| France <sup>4</sup>             | 9.5                             | 10.9        | 11.9       | 10.1       | 8.8        | 4.4        | 5.1        | 2.9        | 3.1        | 3.2        | 2.8        | 3.2                         | 3.2        | 2.3        |
| Germany, Fed. Rep. of           | 5.3                             | 4.0         | 4.4        | 3.3        | 2.0        | 2.2        | 3.1        | 2.0        | 1.5        | 2.5        | 2.5        | 1.9                         | 2.6        | 2.5        |
| Italy <sup>4</sup>              | 14.9                            | 16.6        | 19.0       | 14.9       | 11.4       | 8.9        | 7.5        | 6.1        | 6.0        | 6.6        | 5.1        | 6.5                         | 6.5        | 5.1        |
| United Kingdom <sup>4</sup>     | 13.9                            | 11.5        | 7.6        | 5.1        | 4.7        | 5.7        | 3.4        | 4.8        | 6.7        | 7.5        | 5.7        | 7.1                         | 7.2        | 5.2        |
| Other industrial countries      | 9.3                             | 9.7         | 10.2       | 8.1        | 7.2        | 6.1        | 6.2        | 4.8        | 4.9        | 5.2        | 4.4        | 5.0                         | 5.1        | 4.3        |
| <b>All industrial countries</b> | <b>8.4</b>                      | <b>8.7</b>  | <b>7.5</b> | <b>5.2</b> | <b>4.5</b> | <b>3.6</b> | <b>3.4</b> | <b>3.0</b> | <b>3.2</b> | <b>4.1</b> | <b>3.7</b> | <b>3.6</b>                  | <b>4.2</b> | <b>3.5</b> |
| Of which,                       |                                 |             |            |            |            |            |            |            |            |            |            |                             |            |            |
| Seven major countries above     | 8.2                             | 8.5         | 7.0        | 4.7        | 4.1        | 3.3        | 3.0        | 2.7        | 2.9        | 3.9        | 3.6        | 3.4                         | 4.1        | 3.4        |
| European countries              | 9.8                             | 9.6         | 9.9        | 7.7        | 6.5        | 5.2        | 5.0        | 3.8        | 4.0        | 4.7        | 3.9        | 4.4                         | 4.6        | 3.7        |
| European Community              | 10.1                            | 9.6         | 10.1       | 7.9        | 6.6        | 5.3        | 5.1        | 3.8        | 4.0        | 4.6        | 3.9        | 4.3                         | 4.6        | 3.6        |
| <b>Consumer prices</b>          |                                 |             |            |            |            |            |            |            |            |            |            |                             |            |            |
| Canada                          | 8.0                             | 12.5        | 10.8       | 5.8        | 4.3        | 4.0        | 4.2        | 4.4        | 4.0        | 5.2        | 4.9        | 4.1                         | 6.0        | 4.1        |
| United States                   | 7.8                             | 10.4        | 6.1        | 3.2        | 4.4        | 3.5        | 2.0        | 3.6        | 4.1        | 5.1        | 4.9        | 4.3                         | 5.3        | 4.9        |
| Japan                           | 9.0                             | 5.0         | 2.7        | 1.9        | 2.3        | 2.1        | 0.6        | 0.1        | 0.7        | 2.2        | 1.6        | 1.0                         | 2.4        | 1.2        |
| France                          | 9.6                             | 13.4        | 11.8       | 9.6        | 7.4        | 5.8        | 2.5        | 3.3        | 2.7        | 3.5        | 3.0        | 3.0                         | 3.5        | 2.7        |
| Germany, Fed. Rep. of           | 5.1                             | 6.3         | 5.3        | 3.3        | 2.4        | 2.2        | -0.2       | 0.2        | 1.2        | 3.0        | 2.7        | 1.6                         | 3.2        | 2.8        |
| Italy                           | 14.0                            | 19.5        | 16.5       | 13.1       | 10.8       | 9.1        | 5.9        | 4.7        | 5.0        | 6.6        | 5.1        | 5.2                         | 6.6        | 4.7        |
| United Kingdom                  | 13.7                            | 11.9        | 8.6        | 4.6        | 5.0        | 6.0        | 3.5        | 4.1        | 4.9        | 7.9        | 5.5        | 6.5                         | 7.7        | 3.8        |
| Other industrial countries      | 9.5                             | 10.4        | 9.8        | 8.2        | 7.4        | 5.9        | 5.4        | 4.7        | 4.4        | 5.1        | 4.6        | 4.5                         | 5.1        | 4.4        |
| <b>All industrial countries</b> | <b>8.6</b>                      | <b>10.1</b> | <b>7.5</b> | <b>5.0</b> | <b>4.9</b> | <b>4.1</b> | <b>2.4</b> | <b>3.0</b> | <b>3.3</b> | <b>4.5</b> | <b>3.9</b> | <b>3.6</b>                  | <b>4.6</b> | <b>3.7</b> |
| Of which,                       |                                 |             |            |            |            |            |            |            |            |            |            |                             |            |            |
| Seven major countries above     | 8.5                             | 10.0        | 7.0        | 4.4        | 4.5        | 3.8        | 2.0        | 2.8        | 3.1        | 4.4        | 3.8        | 3.4                         | 4.5        | 3.5        |
| European countries              | 9.5                             | 11.3        | 9.7        | 7.3        | 6.3        | 5.5        | 3.2        | 3.1        | 3.4        | 4.9        | 4.0        | 3.8                         | 4.9        | 3.6        |
| European Community              | 9.7                             | 11.5        | 10.0       | 7.4        | 6.4        | 5.5        | 3.2        | 3.0        | 3.3        | 4.9        | 3.9        | 3.8                         | 4.9        | 3.5        |

<sup>1</sup> Composites for the country groups are averages of percentage changes for individual countries weighted by the average U.S. dollar value of their respective GNPs over the preceding three years.

<sup>2</sup> Compound annual rates of change.

<sup>3</sup> From fourth quarter of preceding year.

<sup>4</sup> GDP at market prices.

**Table A10. Industrial Countries: Hourly Earnings, Productivity, and Unit Labor Costs in Manufacturing, 1971-90<sup>1</sup>**

(Annual changes, in percent)

|                                 | Average<br>1971-80 <sup>2</sup> | 1981        | 1982       | 1983       | 1984        | 1985       | 1986       | 1987       | 1988       | 1989       | 1990       |
|---------------------------------|---------------------------------|-------------|------------|------------|-------------|------------|------------|------------|------------|------------|------------|
| <b>Hourly earnings</b>          |                                 |             |            |            |             |            |            |            |            |            |            |
| Canada                          | 10.2                            | 12.0        | 11.7       | 4.3        | 4.9         | 3.9        | 3.1        | 2.4        | 4.9        | 4.8        | 4.2        |
| United States                   | 8.8                             | 9.6         | 8.9        | 2.5        | 3.3         | 4.9        | 4.5        | 2.6        | 4.6        | 4.1        | 4.7        |
| Japan                           | 13.0                            | 5.4         | 4.9        | 3.1        | 3.7         | 3.2        | 1.6        | 1.6        | 4.5        | 5.4        | 5.1        |
| France                          | 15.0                            | 15.9        | 18.5       | 10.4       | 8.6         | 8.6        | 4.4        | 3.1        | 3.1        | 4.5        | 4.3        |
| Germany, Fed. Rep. of           | 9.9                             | 7.3         | 5.3        | 3.9        | 3.2         | 3.8        | 5.1        | 5.1        | 3.9        | 4.6        | 5.3        |
| Italy                           | 19.9                            | 25.5        | 19.9       | 19.5       | 13.1        | 10.2       | 3.1        | 6.7        | 5.1        | 7.1        | 6.3        |
| United Kingdom                  | 16.5                            | 16.5        | 7.1        | 6.9        | 6.5         | 6.7        | 7.4        | 5.7        | 6.0        | 9.6        | 8.4        |
| Other industrial countries      | 13.4                            | 10.8        | 10.1       | 8.4        | 6.6         | 7.5        | 6.1        | 6.3        | 5.4        | 6.2        | 5.4        |
| <b>All industrial countries</b> | <b>11.5</b>                     | <b>10.8</b> | <b>9.5</b> | <b>5.5</b> | <b>5.0</b>  | <b>5.5</b> | <b>4.4</b> | <b>3.5</b> | <b>4.6</b> | <b>5.2</b> | <b>5.2</b> |
| Of which,                       |                                 |             |            |            |             |            |            |            |            |            |            |
| Seven major countries above     | 11.1                            | 10.8        | 9.4        | 5.0        | 4.7         | 5.2        | 4.1        | 3.1        | 4.5        | 5.1        | 5.2        |
| European countries              | 14.4                            | 13.2        | 11.1       | 8.9        | 7.2         | 7.1        | 5.4        | 5.4        | 4.6        | 6.1        | 5.8        |
| European Community              | 14.8                            | 13.7        | 11.5       | 9.1        | 7.2         | 7.2        | 5.2        | 5.2        | 4.4        | 6.1        | 5.7        |
| <b>Output per man-hour</b>      |                                 |             |            |            |             |            |            |            |            |            |            |
| Canada                          | 3.2                             | 2.9         | -1.6       | 7.7        | 15.9        | 2.7        | -0.7       | 2.6        | 4.9        | 0.9        | 1.2        |
| United States                   | 2.4                             | 2.3         | 2.6        | 5.1        | 5.4         | 4.6        | 3.7        | 3.7        | 3.6        | 2.6        | 1.7        |
| Japan                           | 5.9                             | 0.2         | -0.5       | 1.9        | 5.9         | 2.0        | -0.7       | 4.4        | 7.5        | 7.0        | 5.5        |
| France                          | 4.7                             | 2.9         | 5.7        | 3.9        | 1.6         | 2.1        | 2.5        | 3.2        | 6.1        | 5.1        | 4.5        |
| Germany, Fed. Rep. of           | 4.3                             | 2.0         | 1.4        | 4.4        | 3.5         | 3.9        | 1.0        | 1.8        | 4.2        | 3.7        | 3.1        |
| Italy                           | 4.8                             | 7.4         | 3.0        | 5.4        | 7.9         | 3.3        | -0.8       | 3.3        | 1.4        | 1.0        | 1.5        |
| United Kingdom                  | 2.2                             | 5.6         | 4.7        | 7.4        | 4.5         | 2.4        | 3.2        | 5.6        | 5.0        | 3.9        | 2.4        |
| Other industrial countries      | 4.3                             | 3.0         | 3.5        | 5.5        | 4.4         | 3.7        | 2.4        | 2.4        | 3.7        | 2.7        | 2.3        |
| <b>All industrial countries</b> | <b>3.6</b>                      | <b>2.6</b>  | <b>2.3</b> | <b>5.1</b> | <b>5.4</b>  | <b>3.6</b> | <b>2.0</b> | <b>3.3</b> | <b>4.6</b> | <b>3.6</b> | <b>2.8</b> |
| Of which,                       |                                 |             |            |            |             |            |            |            |            |            |            |
| Seven major countries above     | 3.5                             | 2.5         | 2.1        | 5.0        | 5.5         | 3.6        | 2.0        | 3.5        | 4.7        | 3.8        | 2.9        |
| European countries              | 4.4                             | 3.7         | 3.5        | 5.6        | 4.4         | 3.2        | 1.7        | 3.1        | 4.2        | 3.4        | 2.8        |
| European Community              | 4.5                             | 4.0         | 3.7        | 5.2        | 4.3         | 3.1        | 1.6        | 3.0        | 4.0        | 3.4        | 2.8        |
| <b>Unit labor costs</b>         |                                 |             |            |            |             |            |            |            |            |            |            |
| Canada                          | 6.7                             | 8.8         | 13.6       | -3.1       | -9.5        | 1.1        | 3.9        | -0.2       | 0.1        | 3.9        | 3.0        |
| United States                   | 6.3                             | 7.2         | 6.2        | -2.5       | -2.0        | 0.3        | 0.7        | -1.0       | 0.9        | 1.5        | 3.1        |
| Japan                           | 6.7                             | 5.2         | 5.5        | 1.1        | -2.1        | 1.2        | 2.3        | -2.7       | -2.8       | -1.6       | -0.4       |
| France                          | 9.8                             | 12.7        | 12.1       | 6.3        | 6.9         | 6.3        | 1.9        | -0.1       | -2.9       | -0.6       | -0.2       |
| Germany, Fed. Rep. of           | 5.3                             | 5.2         | 3.8        | -0.5       | -0.4        | 0.2        | 4.0        | 3.3        | -0.3       | 0.8        | 2.0        |
| Italy                           | 14.3                            | 16.9        | 16.4       | 13.3       | 4.8         | 6.7        | 4.0        | 3.3        | 3.7        | 6.0        | 4.8        |
| United Kingdom                  | 11.4                            | 10.1        | 2.3        | -0.5       | 1.9         | 4.2        | 4.0        | 0.2        | 0.9        | 4.7        | 5.1        |
| Other industrial countries      | 8.8                             | 7.6         | 6.5        | 3.0        | 2.2         | 3.6        | 3.7        | 3.8        | 1.7        | 3.4        | 3.1        |
| <b>All industrial countries</b> | <b>7.6</b>                      | <b>8.0</b>  | <b>7.0</b> | <b>0.4</b> | <b>-0.3</b> | <b>1.8</b> | <b>2.3</b> | <b>0.2</b> | <b>—</b>   | <b>1.6</b> | <b>2.3</b> |
| Of which,                       |                                 |             |            |            |             |            |            |            |            |            |            |
| Seven major countries above     | 7.4                             | 8.0         | 7.1        | —          | -0.7        | 1.5        | 2.1        | -0.3       | -0.2       | 1.3        | 2.2        |
| European countries              | 9.6                             | 9.1         | 7.4        | 3.2        | 2.7         | 3.8        | 3.7        | 2.2        | 0.4        | 2.6        | 2.9        |
| European Community              | 9.9                             | 9.2         | 7.6        | 3.8        | 2.8         | 3.9        | 3.6        | 2.1        | 0.4        | 2.6        | 2.8        |

<sup>1</sup> Composites for the country groups are averages of percentage changes for individual countries weighted by the average U.S. dollar value of their respective GNPs over the preceding three years.

<sup>2</sup> Compound annual rates of change.

**Table A11. Developing Countries: Consumer Prices—Weighted Averages, 1971–90<sup>1</sup>**  
(Annual changes, in percent)

|   | Average<br>1971–80 <sup>2</sup> | 1981        | 1982        | 1983        | 1984        | 1985        | 1986        | 1987        | 1988        | 1989        | 1990        |
|---|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Developing countries</b>                       | <b>20.6</b>                     | <b>25.8</b> | <b>25.4</b> | <b>32.7</b> | <b>38.5</b> | <b>40.6</b> | <b>31.4</b> | <b>41.6</b> | <b>70.8</b> | <b>85.5</b> | <b>36.3</b> |
| <b>By region</b>                                  |                                 |             |             |             |             |             |             |             |             |             |             |
| Africa  | 14.1                            | 20.8        | 13.1        | 17.9        | 20.8        | 13.2        | 14.5        | 15.0        | 19.7        | 16.8        | 13.7        |
| Asia  | 10.5                            | 10.4        | 6.8         | 6.5         | 6.6         | 7.8         | 9.1         | 9.8         | 14.6        | 13.0        | 9.4         |
| Europe  | 13.2                            | 23.8        | 36.1        | 23.0        | 26.2        | 27.2        | 26.8        | 35.5        | 62.5        | 92.2        | 43.3        |
| Middle East                                       | 13.5                            | 15.1        | 12.9        | 12.0        | 14.4        | 17.0        | 18.1        | 19.4        | 17.8        | 13.9        | 14.0        |
| Western Hemisphere                                | 39.8                            | 60.7        | 66.8        | 108.8       | 133.4       | 145.3       | 87.8        | 130.9       | 286.4       | 404.6       | 108.4       |
| <b>By predominant export</b>                      |                                 |             |             |             |             |             |             |             |             |             |             |
| Fuel  | 13.4                            | 15.8        | 16.6        | 23.6        | 20.1        | 16.8        | 24.6        | 33.2        | 33.8        | 17.6        | 12.6        |
| Non-fuel exports                                  | 24.0                            | 30.5        | 29.9        | 37.6        | 48.6        | 53.6        | 34.6        | 45.4        | 88.6        | 119.1       | 45.4        |
| Manufactures                                      | 18.2                            | 30.3        | 28.5        | 33.8        | 42.7        | 46.5        | 33.6        | 47.7        | 99.2        | 119.8       | 43.8        |
| Primary products                                  | 51.8                            | 50.8        | 56.9        | 91.9        | 126.9       | 153.9       | 65.4        | 70.1        | 134.5       | 284.1       | 93.5        |
| Agricultural products                             | 50.5                            | 55.4        | 64.9        | 102.7       | 145.0       | 159.6       | 68.0        | 75.9        | 132.7       | 267.1       | 69.2        |
| Minerals  | 55.1                            | 35.0        | 32.8        | 60.7        | 74.3        | 132.5       | 53.6        | 43.8        | 144.1       | 379.8       | 273.4       |
| Services and private transfers                    | 11.2                            | 10.3        | 9.9         | 9.8         | 13.5        | 14.3        | 13.5        | 16.5        | 16.4        | 14.9        | 15.5        |
| Diversified export base                           | 11.0                            | 13.7        | 12.2        | 10.0        | 16.7        | 13.7        | 12.3        | 12.9        | 10.5        | 12.3        | 11.2        |
| <b>By financial criteria</b>                      |                                 |             |             |             |             |             |             |             |             |             |             |
| Net creditor countries                            | 12.4                            | 11.1        | 7.6         | 5.6         | 3.0         | 6.2         | 12.7        | 14.3        | 13.9        | 10.1        | 10.2        |
| Net debtor countries                              | 22.0                            | 28.4        | 28.9        | 38.3        | 46.0        | 47.7        | 34.9        | 46.7        | 82.0        | 100.5       | 40.7        |
| Market borrowers                                  | 33.1                            | 46.8        | 48.1        | 74.4        | 90.9        | 93.1        | 60.5        | 90.1        | 174.9       | 224.1       | 65.0        |
| Diversified borrowers                             | 14.7                            | 16.0        | 13.0        | 15.7        | 18.8        | 18.9        | 14.5        | 17.1        | 28.9        | 38.6        | 24.8        |
| Official borrowers                                | 11.9                            | 23.6        | 34.5        | 22.8        | 23.6        | 28.1        | 33.6        | 31.7        | 43.4        | 28.8        | 20.2        |
| Countries with recent debt-servicing difficulties | 26.5                            | 41.7        | 46.4        | 65.0        | 80.4        | 83.3        | 60.9        | 85.8        | 164.4       | 215.4       | 72.6        |
| Countries without debt-servicing difficulties     | 14.0                            | 13.3        | 9.6         | 10.0        | 11.5        | 12.7        | 8.6         | 9.5         | 13.7        | 14.8        | 11.0        |
| <b>Miscellaneous groups</b>                       |                                 |             |             |             |             |             |             |             |             |             |             |
| Sub-Saharan Africa                                | 18.5                            | 29.3        | 19.1        | 25.7        | 21.6        | 19.8        | 21.0        | 24.0        | 22.6        | 19.0        | 15.9        |
| Twelve major oil exporters                        | 12.7                            | 13.3        | 8.7         | 9.9         | 10.9        | 8.2         | 12.5        | 15.3        | 18.0        | 16.2        | 12.0        |
| Net debtor fuel exporters                         | 14.0                            | 19.7        | 23.0        | 37.2        | 33.0        | 23.9        | 31.7        | 44.8        | 45.3        | 21.3        | 13.0        |
| Four newly industrializing                        |                                 |             |             |             |             |             |             |             |             |             |             |
| Asian economies                                   | 12.3                            | 17.6        | 6.2         | 3.6         | 2.5         | 1.6         | 1.8         | 2.3         | 4.6         | 5.7         | 5.1         |
| Small low-income economies                        | 15.3                            | 30.2        | 21.0        | 23.2        | 21.3        | 22.8        | 45.4        | 42.0        | 49.5        | 28.1        | 20.5        |
| Fifteen heavily indebted countries                | 35.9                            | 53.7        | 55.5        | 91.0        | 118.3       | 122.9       | 77.4        | 116.6       | 248.6       | 356.4       | 99.7        |

<sup>1</sup> Geometric averages of country indices weighted by the average U.S. dollar value of GDPs over the preceding three years.<sup>2</sup> Compound annual rates of change. Excluding China.

**Table A12. Developing Countries Prices—Median Estimates, 1971–90**  
(Annual changes, in percent)

|   | Average<br>1971–80 | 1981        | 1982        | 1983       | 1984        | 1985       | 1986       | 1987       | 1988       | 1989       | 1990       |
|---|--------------------|-------------|-------------|------------|-------------|------------|------------|------------|------------|------------|------------|
| <b>Developing countries</b>                       | <b>10.8</b>        | <b>13.0</b> | <b>10.4</b> | <b>9.4</b> | <b>10.2</b> | <b>8.2</b> | <b>7.2</b> | <b>7.8</b> | <b>9.0</b> | <b>8.0</b> | <b>7.2</b> |
| <b>By region</b>                                  |                    |             |             |            |             |            |            |            |            |            |            |
| Africa  | 10.8               | 13.4        | 12.7        | 11.0       | 11.9        | 9.7        | 8.3        | 8.2        | 9.1        | 8.9        | 7.8        |
| Asia  | 8.9                | 12.3        | 8.5         | 8.7        | 6.7         | 4.8        | 5.5        | 5.4        | 8.2        | 7.3        | 6.1        |
| Europe  | 6.8                | 11.5        | 16.9        | 7.1        | 8.3         | 6.9        | 5.8        | 8.2        | 15.7       | 16.0       | 10.0       |
| Middle East                                       | 11.1               | 8.8         | 9.1         | 5.2        | 6.4         | 5.0        | 7.0        | 8.2        | 5.6        | 7.5        | 8.4        |
| Western Hemisphere                                | 13.0               | 14.7        | 9.0         | 8.8        | 12.0        | 15.0       | 11.4       | 14.6       | 12.0       | 10.3       | 9.5        |
| <b>By predominant export</b>                      |                    |             |             |            |             |            |            |            |            |            |            |
| Fuel  | 10.4               | 13.3        | 10.5        | 10.5       | 10.5        | 6.4        | 6.9        | 9.0        | 7.0        | 6.8        | 4.5        |
| Non-fuel exports                                  | 10.7               | 13.0        | 10.4        | 9.3        | 10.0        | 8.9        | 7.2        | 7.2        | 9.0        | 8.4        | 7.6        |
| Manufactures                                      | 9.1                | 13.8        | 10.6        | 9.0        | 8.3         | 8.1        | 5.8        | 8.2        | 8.0        | 9.1        | 8.0        |
| Primary products                                  | 11.5               | 14.7        | 12.3        | 12.4       | 12.4        | 13.1       | 13.6       | 12.8       | 13.3       | 12.0       | 10.0       |
| Agricultural products                             | 11.5               | 14.1        | 12.7        | 12.0       | 12.4        | 10.5       | 13.0       | 12.1       | 13.2       | 11.0       | 8.7        |
| Minerals  | 11.0               | 19.7        | 11.6        | 15.3       | 19.9        | 15.0       | 18.7       | 19.9       | 14.7       | 13.9       | 11.8       |
| Services and private transfers                    | 10.8               | 11.1        | 7.4         | 6.1        | 5.3         | 5.0        | 4.6        | 4.9        | 7.1        | 5.6        | 5.0        |
| Diversified export base                           | 9.7                | 12.5        | 12.5        | 8.8        | 11.4        | 9.1        | 8.5        | 3.6        | 8.5        | 7.9        | 5.0        |
| <b>By financial criteria</b>                      |                    |             |             |            |             |            |            |            |            |            |            |
| Net creditor countries                            | 9.9                | 8.2         | 6.4         | 2.1        | 0.5         | 0.6        | 2.3        | 5.3        | 5.0        | 3.6        | 3.5        |
| Net debtor countries                              | 10.9               | 13.3        | 10.8        | 9.6        | 10.7        | 8.9        | 7.7        | 8.2        | 9.4        | 8.7        | 7.8        |
| Market borrowers                                  | 12.3               | 14.6        | 9.9         | 7.9        | 8.5         | 10.5       | 7.7        | 8.2        | 8.8        | 10.3       | 10.0       |
| Diversified borrowers                             | 10.5               | 12.2        | 11.7        | 8.9        | 11.0        | 8.8        | 7.6        | 11.2       | 12.0       | 13.0       | 10.0       |
| Official borrowers                                | 10.7               | 13.3        | 11.4        | 10.7       | 11.0        | 8.9        | 8.1        | 6.7        | 9.0        | 8.0        | 6.8        |
| Countries with recent debt-servicing difficulties | 11.4               | 15.1        | 13.8        | 14.1       | 14.4        | 15.0       | 13.1       | 16.5       | 14.8       | 12.1       | 10.0       |
| Countries without debt-servicing difficulties     | 10.2               | 11.8        | 8.4         | 6.6        | 6.7         | 4.8        | 5.3        | 5.7        | 7.9        | 7.4        | 6.1        |
| <b>Miscellaneous groups</b>                       |                    |             |             |            |             |            |            |            |            |            |            |
| Sub-Saharan Africa                                | 11.1               | 13.3        | 12.7        | 11.5       | 12.0        | 10.3       | 7.8        | 8.2        | 9.2        | 8.8        | 7.5        |
| Twelve major oil exporters                        | 9.7                | 11.6        | 7.8         | 6.3        | 8.5         | 4.9        | 5.6        | 8.2        | 6.0        | 6.0        | 5.4        |
| Net debtor fuel exporters                         | 10.2               | 14.7        | 13.0        | 13.6       | 13.3        | 7.7        | 10.7       | 11.0       | 9.6        | 14.5       | 10.0       |
| Four newly industrializing                        |                    |             |             |            |             |            |            |            |            |            |            |
| Asian economies                                   | 9.1                | 15.0        | 5.6         | 2.4        | 2.5         | 1.4        | 1.8        | 1.7        | 4.3        | 5.5        | 5.0        |
| Small low-income economies                        | 10.6               | 13.5        | 12.6        | 11.5       | 12.0        | 10.5       | 7.9        | 10.6       | 10.0       | 9.0        | 7.9        |
| Fifteen heavily indebted countries                | 18.6               | 26.3        | 19.0        | 40.9       | 50.3        | 30.7       | 23.0       | 28.1       | 38.2       | 28.1       | 21.0       |



**Table A13. Summary Financial Indicators, 1981-90**

(In percent)

|   | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|------|------|------|------|------|------|------|------|------|------|
| <b>Major industrial countries</b>                         |      |      |      |      |      |      |      |      |      |      |
| <b>Fiscal balances of central governments<sup>1</sup></b> |      |      |      |      |      |      |      |      |      |      |
| Seven major countries                                     | -3.6 | -4.6 | -5.3 | -5.0 | -4.9 | -4.4 | -3.4 | -2.9 | -2.5 | -2.3 |
| Of which,   |      |      |      |      |      |      |      |      |      |      |
| United States   | -2.4 | -4.1 | -5.6 | -5.1 | -5.3 | -4.8 | -3.4 | -3.2 | -2.8 | -2.6 |
| Japan   | -5.9 | -5.9 | -5.6 | -4.7 | -3.9 | -3.5 | -2.7 | -1.7 | -1.2 | -1.1 |
| Germany, Fed. Rep. of                                     | -2.5 | -2.4 | -1.9 | -1.6 | -1.2 | -1.2 | -1.4 | -1.7 | -1.2 | -1.3 |
| <b>Fiscal impulses of central governments<sup>2</sup></b> |      |      |      |      |      |      |      |      |      |      |
| Seven major countries                                     | -0.1 | 0.2  | 0.7  | 0.3  | 0.1  | -0.6 | -0.8 | -0.1 | -0.2 | -0.2 |
| Of which,   |      |      |      |      |      |      |      |      |      |      |
| United States   | —    | 0.4  | 1.7  | 0.7  | 0.5  | -0.5 | -1.2 | 0.1  | -0.3 | -0.3 |
| Japan   | -0.5 | -0.3 | -0.5 | -0.6 | -0.5 | -0.8 | -0.6 | -0.6 | -0.3 | —    |
| Germany, Fed. Rep. of                                     | —    | -0.7 | -0.3 | 0.3  | -0.3 | —    | —    | 0.4  | -0.3 | 0.2  |
| <b>Growth of monetary aggregates<sup>3</sup></b>          |      |      |      |      |      |      |      |      |      |      |
| <b>Narrow money (M1)</b>                                  |      |      |      |      |      |      |      |      |      |      |
| Seven major countries                                     | 6.6  | 6.8  | 10.3 | 6.9  | 8.4  | 11.5 | 11.4 | 6.6  | ...  | ...  |
| Of which,   |      |      |      |      |      |      |      |      |      |      |
| United States   | 7.3  | 6.6  | 11.1 | 7.0  | 9.0  | 13.6 | 11.6 | 4.3  | ...  | ...  |
| Japan   | 3.3  | 5.8  | 3.6  | 2.8  | 5.0  | 6.9  | 10.5 | 8.4  | 11.8 | 7.5  |
| Germany, Fed. Rep. of                                     | 1.1  | 3.6  | 10.2 | 3.3  | 4.3  | 8.5  | 9.0  | 9.8  | 6.0  | 4.9  |
| <b>Broad money</b>  |      |      |      |      |      |      |      |      |      |      |
| Seven major countries                                     | 10.1 | 9.8  | 10.8 | 8.0  | 8.9  | 8.7  | 8.3  | 7.6  | ...  | ...  |
| Of which,   |      |      |      |      |      |      |      |      |      |      |
| United States   | 9.4  | 9.3  | 12.5 | 8.0  | 9.0  | 8.3  | 6.6  | 5.1  | ...  | ...  |
| Japan   | 8.9  | 9.2  | 7.4  | 7.8  | 8.4  | 8.7  | 10.4 | 11.2 | 10.0 | 10.0 |
| Germany, Fed. Rep. of                                     | 6.4  | 6.5  | 6.6  | 3.8  | 4.9  | 5.8  | 7.1  | 6.4  | 5.4  | 4.9  |
| <b>Interest rates</b>                                     |      |      |      |      |      |      |      |      |      |      |
| Six-month Eurodollar rate <sup>4</sup>                    | 16.7 | 13.6 | 9.9  | 11.3 | 8.6  | 6.8  | 7.3  | 8.1  | 9.5  | 9.0  |
| <b>Developing countries</b>                               |      |      |      |      |      |      |      |      |      |      |
| <b>Fiscal balances of central governments<sup>1</sup></b> |      |      |      |      |      |      |      |      |      |      |
| Weighted averages   | -4.0 | -5.1 | -5.2 | -4.5 | -4.0 | -5.8 | -5.8 | -5.5 | -4.5 | ...  |
| Medians   | -5.5 | -6.4 | -5.9 | -4.6 | -4.5 | -4.9 | -5.2 | -4.7 | -4.3 | ...  |
| <b>Growth of monetary aggregates<sup>5</sup></b>          |      |      |      |      |      |      |      |      |      |      |
| Weighted averages   | 35.6 | 32.6 | 37.9 | 48.5 | 46.1 | 35.4 | 50.5 | 78.4 | 93.5 | ...  |
| Medians   | 19.0 | 16.9 | 16.1 | 16.2 | 15.4 | 17.3 | 15.1 | 16.1 | 12.3 | ...  |

<sup>1</sup> In percent of GNP/GDP.<sup>2</sup> For definition of fiscal impulses, see International Monetary Fund, Occasional Paper No. 44, *A Review of the Fiscal Impulse Measure* (International Monetary Fund, 1986). See also footnotes to Table A16.<sup>3</sup> For definitions of monetary aggregates, see footnotes 3 and 4 to Table A14.<sup>4</sup> London interbank offered rate on six-month U.S. dollar deposits.<sup>5</sup> Broad money.

**Table A14. Major Industrial Countries: Monetary Aggregates, 1981–89<sup>1</sup>**  
(Annual changes, in percent)

|                                      | 1981        | 1982       | 1983        | 1984       | 1985       | 1986        | 1987        | 1988       | Fourth Quarter <sup>2</sup> |            |            |
|--------------------------------------|-------------|------------|-------------|------------|------------|-------------|-------------|------------|-----------------------------|------------|------------|
|                                      |             |            |             |            |            |             |             |            | 1987                        | 1988       | 1989       |
| <b>Narrow money (M1)<sup>3</sup></b> |             |            |             |            |            |             |             |            |                             |            |            |
| Canada                               | 3.4         | -0.1       | 10.1        | 3.5        | 4.2        | 4.9         | 13.0        | 6.0        | 10.8                        | 5.9        | ...        |
| United States                        | 7.3         | 6.6        | 11.1        | 7.0        | 9.0        | 13.6        | 11.6        | 4.3        | 6.4                         | 4.3        | ...        |
| Japan                                | 3.3         | 5.8        | 3.6         | 2.8        | 5.0        | 6.9         | 10.5        | 8.4        | 4.8                         | 8.6        | 8.5        |
| France                               | 11.4        | 11.8       | 9.9         | 10.6       | 9.0        | 7.8         | 4.6         | 2.6        | 4.3                         | 3.0        | 3.0        |
| Germany, Fed. Rep. of                | 1.1         | 3.6        | 10.2        | 3.3        | 4.3        | 8.5         | 9.0         | 9.8        | 7.5                         | 10.6       | 5.0        |
| Italy                                | 10.9        | 11.8       | 15.1        | 12.3       | 13.6       | 10.0        | 10.7        | 8.0        | 7.4                         | 7.6        | 8.5        |
| United Kingdom                       | 10.7        | 8.6        | 17.0        | 14.5       | 15.7       | 22.4        | 23.4        | 17.8       | 22.7                        | 14.4       | 2.0        |
| <b>Seven major countries above</b>   | <b>6.6</b>  | <b>6.8</b> | <b>10.3</b> | <b>6.9</b> | <b>8.4</b> | <b>11.5</b> | <b>11.4</b> | <b>6.6</b> | <b>7.3</b>                  | <b>6.6</b> | <b>...</b> |
| Four major European countries above  | 7.6         | 8.4        | 12.6        | 9.5        | 10.0       | 11.7        | 11.3        | 9.2        | 9.9                         | 8.8        | 4.6        |
| <b>Broad money<sup>4</sup></b>       |             |            |             |            |            |             |             |            |                             |            |            |
| Canada                               | 15.0        | 9.5        | 5.8         | 4.4        | 9.5        | 8.7         | 10.1        | 7.6        | 7.4                         | 10.4       | ...        |
| United States                        | 9.4         | 9.3        | 12.5        | 8.0        | 9.0        | 8.3         | 6.6         | 5.1        | 4.2                         | 5.2        | ...        |
| Japan                                | 8.9         | 9.2        | 7.4         | 7.8        | 8.4        | 8.7         | 10.4        | 11.2       | 10.8                        | 10.2       | 10.0       |
| France                               | 11.8        | 13.8       | 12.0        | 11.0       | 7.7        | 6.4         | 3.1         | 3.6        | 4.3                         | 3.7        | 4.0        |
| Germany, Fed. Rep. of                | 6.4         | 6.5        | 6.6         | 3.8        | 4.9        | 5.8         | 7.1         | 6.4        | 6.0                         | 6.8        | 5.0        |
| Italy                                | 10.7        | 12.3       | 16.5        | 12.3       | 13.9       | 8.8         | 10.7        | 8.0        | 8.3                         | 8.5        | 8.0        |
| United Kingdom                       | 17.3        | 11.9       | 11.5        | 9.3        | 12.1       | 18.6        | 21.0        | 20.7       | 22.6                        | 20.7       | 3.1        |
| <b>Seven major countries above</b>   | <b>10.1</b> | <b>9.8</b> | <b>10.8</b> | <b>8.0</b> | <b>8.9</b> | <b>8.7</b>  | <b>8.3</b>  | <b>7.6</b> | <b>7.1</b>                  | <b>7.6</b> | <b>...</b> |
| Four major European countries above  | 10.8        | 10.7       | 11.0        | 8.6        | 9.1        | 9.4         | 9.8         | 8.9        | 9.6                         | 9.2        | 5.0        |

<sup>1</sup> Composites for the country groups are averages of percentage changes for individual countries weighted by the average U.S. dollar value of their respective GNPs over the preceding three years.

<sup>2</sup> From fourth quarter of preceding year with the exception of Japan, the Federal Republic of Germany, and Italy where the figures refer to through-the-year changes, i.e. from year-end to year-end.

<sup>3</sup> M1 is generally currency in circulation plus private demand deposits. In addition, Canada excludes private sector float; the United States includes traveler's checks of nonbank issues and other checkable deposits and excludes private sector float and demand deposits of banks; the Federal Republic of Germany includes demand deposits at fixed interest rates; and Japan includes government demand deposits and excludes float.

<sup>4</sup> M1 plus quasi-money—generally "M2," except for the United Kingdom, Japan, and the Federal Republic of Germany, for which the data are based on M3, M2 + CD, and M3, respectively. Quasi-money is essentially private term deposits and other notice deposits. The United States also includes money market mutual fund balances, money market deposit accounts, overnight repurchase agreements, and overnight Eurodollars issued to U.S. residents by foreign branches of U.S. banks. For the United Kingdom, M3 is M1 plus private sterling time deposits. For Japan, M2 + CD is currency in circulation plus total private and public sector deposits and installments of Sogo Banks plus certificates of deposit.

For the Federal Republic of Germany, M3 is M1 plus private time deposits with maturities of less than four years plus savings deposits at statutory notice.

**Table A15. Major Industrial Countries: Interest Rates, 1981–August 1989<sup>1</sup>**  
(In percent per annum)

|  | 1981        | 1982        | 1983        | 1984        | 1985       | 1986       | 1987       | 1988       | August<br>1989 |
|--|-------------|-------------|-------------|-------------|------------|------------|------------|------------|----------------|
| <b>Short-term interest rates<sup>2</sup></b> |             |             |             |             |            |            |            |            |                |
| Canada                                       | 18.4        | 14.4        | 9.5         | 11.2        | 9.6        | 9.2        | 8.4        | 9.6        | 12.3           |
| United States                                | 15.9        | 12.4        | 9.1         | 10.4        | 8.0        | 6.5        | 6.9        | 7.7        | 8.6            |
| Japan  | 7.7         | 7.1         | 6.7         | 6.4         | 6.6        | 5.0        | 4.1        | 4.4        | 5.3            |
| France                                       | 15.3        | 14.7        | 12.6        | 11.9        | 10.1       | 7.8        | 8.2        | 7.9        | 9.0            |
| Germany, Fed. Rep. of                        | 12.1        | 8.9         | 5.8         | 6.0         | 5.4        | 4.6        | 4.0        | 4.2        | 7.0            |
| Italy  | 19.6        | 19.4        | 17.8        | 15.3        | 13.9       | 11.9       | 11.1       | 11.2       | 13.0           |
| United Kingdom                               | 13.1        | 11.6        | 10.1        | 9.9         | 12.2       | 10.9       | 9.7        | 10.3       | 13.8           |
| <b>Seven major countries above</b>           | <b>14.1</b> | <b>11.8</b> | <b>9.3</b>  | <b>9.7</b>  | <b>8.4</b> | <b>6.9</b> | <b>6.7</b> | <b>7.2</b> | <b>8.5</b>     |
| Four major European countries above          | 14.5        | 13.0        | 10.8        | 10.2        | 9.9        | 8.3        | 7.8        | 7.9        | 10.2           |
| <b>Long-term interest rates<sup>3</sup></b>  |             |             |             |             |            |            |            |            |                |
| Canada                                       | 15.0        | 14.4        | 11.8        | 12.7        | 11.1       | 9.5        | 9.9        | 10.2       | 9.5            |
| United States                                | 13.9        | 13.0        | 11.1        | 12.5        | 10.6       | 7.7        | 8.4        | 8.8        | 8.1            |
| Japan  | 8.4         | 8.3         | 7.8         | 7.3         | 6.5        | 5.2        | 5.0        | 4.8        | 4.9            |
| France                                       | 15.8        | 15.7        | 13.6        | 12.5        | 10.9       | 8.4        | 9.4        | 9.1        | 8.4            |
| Germany, Fed. Rep. of                        | 10.1        | 9.0         | 8.1         | 8.0         | 7.0        | 6.1        | 6.2        | 6.5        | 6.9            |
| Italy  | 20.6        | 21.6        | 19.5        | 16.6        | 14.6       | 12.2       | 11.6       | 12.0       | 13.3           |
| United Kingdom                               | 14.9        | 13.1        | 11.3        | 11.3        | 11.1       | 10.1       | 9.6        | 9.7        | 10.0           |
| <b>Seven major countries above</b>           | <b>13.2</b> | <b>12.6</b> | <b>11.0</b> | <b>11.4</b> | <b>9.9</b> | <b>7.7</b> | <b>8.0</b> | <b>8.1</b> | <b>7.8</b>     |
| Four major European countries above          | 14.5        | 13.9        | 12.4        | 11.6        | 10.5       | 8.9        | 8.9        | 9.0        | 9.3            |

<sup>1</sup> Composites for the country groups are averages of interest rates for individual countries weighted by the average U.S. dollar value of their respective GNPs over the preceding three years.

<sup>2</sup> Interest rate on the following instruments: Canada, three-month prime corporate paper; United States, three-month certificates of deposit in secondary market; Japan, three-month certificates of deposit (from July 1984; earlier data refer to three-month Gensaki rate); Italy, three-month treasury bills; France, the Federal Republic of Germany, and the United Kingdom, three-month interbank deposits.

<sup>3</sup> Average yield on government bonds with residual maturities of over 10 years for Canada, yield on ten-year treasury bonds for the United States, and over-the-counter sales yield of ten-year government bonds with longest residual maturity for Japan.

Long-term (7 to 10 years) government bond yield (Emprunts d'Etat à long terme TME) for France, yield on government bonds with maturities of 9-10 years for the Federal Republic of Germany, secondary market yield on fixed-coupon (BTP) government bonds (average maturity of about 3½ years) for Italy, and yield on medium-dated (ten-year) government stock for the United Kingdom.

**Table A16. Major Industrial Countries: Central Government Fiscal Balances and Impulses, 1981-90<sup>1</sup>**  
(In percent of GNP)<sup>2</sup>

|  | 1981        | 1982        | 1983        | 1984        | 1985        | 1986        | 1987        | 1988        | 1989        | 1990        |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Fiscal balance</b>                          |             |             |             |             |             |             |             |             |             |             |
| <i>(+ surplus, - deficit)</i>                  |             |             |             |             |             |             |             |             |             |             |
| Canada <sup>3</sup>                            | -2.1        | -5.4        | -6.2        | -6.7        | -6.6        | -4.8        | -4.2        | -3.4        | -3.8        | -2.9        |
| United States <sup>4</sup>                     | -2.4        | -4.1        | -5.6        | -5.1        | -5.3        | -4.8        | -3.4        | -3.2        | -2.8        | -2.6        |
| Japan <sup>5</sup>                             | -5.9        | -5.9        | -5.6        | -4.7        | -3.9        | -3.5        | -2.7        | -1.7        | -1.2        | -1.1        |
| France <sup>6</sup>                            | -2.6        | -2.7        | -3.2        | -3.4        | -3.3        | -2.8        | -2.3        | -2.0        | -1.7        | -1.5        |
| Germany, Fed. Rep. of <sup>7</sup>             | -2.5        | -2.4        | -1.9        | -1.6        | -1.2        | -1.2        | -1.4        | -1.7        | -1.2        | -1.3        |
| Italy <sup>8</sup>                             | -10.7       | -13.2       | -13.9       | -13.2       | -13.8       | -12.3       | -11.6       | -11.6       | -11.5       | -11.5       |
| United Kingdom <sup>3</sup>                    | -2.6        | -2.7        | -2.8        | -3.1        | -2.4        | -2.1        | -1.3        | 1.0         | 1.9         | 2.0         |
| <b>Seven major countries above</b>             | <b>-3.6</b> | <b>-4.6</b> | <b>-5.3</b> | <b>-5.0</b> | <b>-4.9</b> | <b>-4.4</b> | <b>-3.4</b> | <b>-2.9</b> | <b>-2.5</b> | <b>-2.3</b> |
| Seven major countries except the United States | -4.4        | -5.0        | -5.1        | -4.8        | -4.5        | -3.9        | -3.4        | -2.7        | -2.3        | -2.2        |
| <b>Fiscal impulse</b>                          |             |             |             |             |             |             |             |             |             |             |
| <i>(+ expansionary, - contractionary)</i>      |             |             |             |             |             |             |             |             |             |             |
| Canada <sup>3</sup>                            | -1.1        | 1.3         | 0.6         | 1.6         | 0.5         | -1.6        | -0.4        | -0.3        | 0.5         | -0.9        |
| United States <sup>4</sup>                     | —           | 0.4         | 1.7         | 0.7         | 0.5         | -0.5        | -1.2        | 0.1         | -0.3        | -0.3        |
| Japan <sup>5</sup>                             | -0.5        | -0.3        | -0.5        | -0.6        | -0.5        | -0.8        | -0.6        | -0.6        | -0.3        | —           |
| France <sup>6</sup>                            | 1.2         | 0.2         | 0.1         | -0.1        | -0.2        | -0.5        | -0.6        | —           | -0.2        | -0.1        |
| Germany, Fed. Rep. of <sup>7</sup>             | —           | -0.7        | -0.3        | 0.3         | -0.3        | —           | —           | 0.4         | -0.3        | 0.2         |
| Italy <sup>8</sup>                             | 0.5         | 1.4         | 0.1         | -0.8        | 0.5         | -1.7        | -0.7        | 0.3         | —           | -0.1        |
| United Kingdom <sup>3</sup>                    | -1.6        | -0.4        | 0.3         | 0.3         | -0.3        | —           | —           | -1.4        | -0.5        | -0.1        |
| <b>Seven major countries above</b>             | <b>-0.1</b> | <b>0.2</b>  | <b>0.7</b>  | <b>0.3</b>  | <b>0.1</b>  | <b>-0.6</b> | <b>-0.8</b> | <b>-0.1</b> | <b>-0.2</b> | <b>-0.2</b> |
| Seven major countries except the United States | -0.2        | —           | -0.1        | -0.1        | -0.2        | -0.7        | -0.4        | -0.3        | -0.2        | -0.1        |

<sup>1</sup> Composites for the country groups are weighted averages of the individual national ratios for each year, with weights proportionate to the U.S. dollar value of the respective GNPs in the preceding three years.

<sup>2</sup> Canada, France, Italy and the United Kingdom : in percent of GDP.

<sup>3</sup> Data for Canada and the United Kingdom are on a national income accounts basis.

<sup>4</sup> Data for the United States are on a unified budget basis.

<sup>5</sup> Data for Japan cover the consolidated operations of the general account, certain special accounts, social security transactions, and disbursements of the fiscal investment and loan program (FILP) except those to financial institutions. Japanese data other than FILP transactions are based on national income accounts.

<sup>6</sup> Data for France are on an administrative basis and exclude social security transactions.

<sup>7</sup> Data for the Federal Republic of Germany are on an administrative basis and exclude social security transactions.

<sup>8</sup> Data for Italy refer to the state sector and cover the transactions of the state budget as well as those of several autonomous entities operating at the same level but do not include the gross transactions of social security institutions, only their deficits.



**Table A17. Major Industrial Countries: General Government Fiscal Balances and Impulses, 1981-90<sup>1</sup>**  
(In percent of GNP)<sup>2</sup>

|  | 1981        | 1982        | 1983        | 1984        | 1985        | 1986        | 1987        | 1988        | 1989        | 1990        |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Fiscal balance</b>                                |             |             |             |             |             |             |             |             |             |             |
| <i>(+ surplus, - deficit)</i>                        |             |             |             |             |             |             |             |             |             |             |
| Canada   | -1.5        | -5.9        | -6.9        | -6.4        | -7.0        | -5.6        | -4.6        | -3.4        | -3.9        | -2.9        |
| United States  | -1.0        | -3.5        | -3.8        | -2.8        | -3.3        | -3.4        | -2.3        | -2.0        | -2.0        | -1.8        |
| Japan  | -3.8        | -3.6        | -3.7        | -2.1        | -0.8        | -0.9        | 0.6         | 1.4         | 2.0         | 2.2         |
| France   | -0.4        | -3.0        | -3.0        | -2.5        | -2.7        | -2.6        | -1.6        | -1.4        | -1.4        | -1.4        |
| Germany, Fed. Rep. of                                | -3.7        | -3.3        | -2.5        | -1.9        | -1.1        | -1.3        | -1.8        | -2.0        | -0.2        | -0.9        |
| Italy  | -11.4       | -11.3       | -10.6       | -11.6       | -12.5       | -11.7       | -11.2       | -10.6       | -10.6       | -10.5       |
| United Kingdom                                       | -2.5        | -2.4        | -3.4        | -3.9        | -2.9        | -2.4        | -1.5        | 0.9         | 1.9         | 2.0         |
| <b>Seven major countries above</b>                   | <b>-2.6</b> | <b>-4.0</b> | <b>-4.1</b> | <b>-3.3</b> | <b>-3.3</b> | <b>-3.3</b> | <b>-2.2</b> | <b>-1.7</b> | <b>-1.3</b> | <b>-1.2</b> |
| Seven major countries except the United States       | -3.7        | -4.3        | -4.3        | -3.8        | -3.4        | -3.1        | -2.2        | -1.4        | -0.8        | -0.7        |
| <b>Fiscal impulse</b>                                |             |             |             |             |             |             |             |             |             |             |
| <i>(+ expansionary, - contractionary)</i>            |             |             |             |             |             |             |             |             |             |             |
| Canada   | -0.9        | 1.2         | 0.9         | 1.4         | 1.3         | -1.1        | -0.5        | -0.2        | 0.7         | -1.2        |
| United States  | -0.4        | 0.6         | 0.7         | 0.7         | 0.8         | 0.2         | -0.8        | -0.1        | 0.2         | -0.4        |
| Japan  | -0.8        | -0.5        | -0.2        | -1.2        | -0.9        | -0.3        | -1.4        | -0.4        | -0.2        | —           |
| France   | -0.7        | 2.5         | -0.5        | -0.9        | 0.2         | -0.1        | -1.2        | 0.4         | 0.3         | —           |
| Germany, Fed. Rep. of                                | -0.5        | -1.8        | -0.4        | 0.5         | -0.7        | 0.3         | 0.2         | 0.7         | -1.0        | 0.9         |
| Italy  | 1.8         | -1.4        | -1.4        | 0.8         | 0.8         | -1.0        | -0.4        | -0.1        | 0.1         | -0.1        |
| United Kingdom                                       | -2.8        | -0.7        | 1.3         | 0.5         | -0.5        | -0.1        | 0.1         | -1.5        | -0.5        | -0.1        |
| <b>Seven major countries above</b>                   | <b>-0.6</b> | <b>0.1</b>  | <b>0.2</b>  | <b>0.2</b>  | <b>0.3</b>  | <b>—</b>    | <b>-0.8</b> | <b>-0.1</b> | <b>—</b>    | <b>-0.1</b> |
| Seven major countries except the United States       | -0.7        | -0.3        | -0.1        | -0.1        | -0.3        | -0.3        | -0.7        | -0.1        | -0.2        | —           |
| <b>Memorandum</b>                                    |             |             |             |             |             |             |             |             |             |             |
| Germany, Fed. Rep. of                                |             |             |             |             |             |             |             |             |             |             |
| Fiscal balance, territorial authorities <sup>3</sup> | -4.9        | -4.4        | -3.3        | -2.6        | -2.1        | -2.2        | -2.5        | -2.5        | -1.8        | -2.2        |

<sup>1</sup> Data are on a national income accounts basis. Composites for the country groups are weighted averages of the individual national ratios for each year, with weights proportionate to the U.S. dollar value of the respective GNPs in the preceding three years.

<sup>2</sup> Canada, France, Italy, and the United Kingdom: in percent of GDP.

<sup>3</sup> General government, on an administrative basis, excluding social security transactions.

**Table A18. Developing Countries: Broad Money Aggregates, 1981–88<sup>1</sup>**

(Annual changes, in percent)

|   | 1981        | 1982        | 1983        | 1984        | 1985        | 1986        | 1987        | 1988        |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Developing countries</b>                       | <b>35.6</b> | <b>32.6</b> | <b>37.9</b> | <b>48.5</b> | <b>46.1</b> | <b>35.4</b> | <b>50.5</b> | <b>78.4</b> |
| <b>By region</b>                                  |             |             |             |             |             |             |             |             |
| Africa  | 20.0        | 16.5        | 15.3        | 20.5        | 18.9        | 10.8        | 20.0        | 26.4        |
| Asia  | 20.3        | 18.4        | 20.7        | 24.4        | 19.2        | 23.8        | 23.9        | 23.1        |
| Europe  | 36.3        | 30.8        | 18.6        | 28.5        | 31.5        | 33.3        | 40.5        | 63.0        |
| Middle East                                       | 30.8        | 20.2        | 15.9        | 19.0        | 18.5        | 13.4        | 11.4        | 11.5        |
| Western Hemisphere                                | 70.4        | 74.4        | 107.7       | 143.5       | 139.7       | 84.1        | 150.0       | 315.4       |
| <b>By predominant export</b>                      |             |             |             |             |             |             |             |             |
| Fuel  | 27.2        | 22.9        | 22.1        | 20.2        | 20.5        | 22.8        | 30.0        | 22.5        |
| Non-fuel exports                                  | 39.5        | 37.5        | 46.6        | 64.9        | 60.1        | 41.7        | 60.3        | 107.8       |
| Manufactures                                      | 41.2        | 38.8        | 44.8        | 64.5        | 58.4        | 43.4        | 66.4        | 124.1       |
| Primary products                                  | 53.5        | 53.5        | 93.0        | 136.2       | 136.9       | 67.0        | 85.9        | 145.8       |
| Agricultural products                             | 57.1        | 57.4        | 109.7       | 151.3       | 140.1       | 70.3        | 90.3        | 143.8       |
| Minerals  | 40.6        | 41.1        | 47.8        | 91.2        | 124.6       | 52.7        | 65.7        | 156.9       |
| Services and private transfers                    | 21.1        | 23.6        | 19.8        | 16.3        | 16.6        | 24.6        | 16.0        | 14.1        |
| Diversified export base                           | 18.7        | 16.0        | 15.5        | 18.9        | 13.1        | 8.6         | 15.2        | 22.1        |
| <b>By financial criteria</b>                      |             |             |             |             |             |             |             |             |
| Net creditor countries                            | 24.9        | 17.2        | 9.7         | 9.2         | 14.3        | 13.2        | 12.8        | 12.1        |
| Net debtor countries                              | 37.5        | 35.6        | 43.7        | 56.9        | 52.5        | 39.7        | 57.8        | 91.9        |
| Market borrowers                                  | 55.6        | 57.2        | 77.7        | 98.0        | 93.0        | 59.7        | 107.4       | 201.6       |
| Diversified borrowers                             | 27.1        | 20.5        | 23.4        | 33.3        | 25.2        | 23.5        | 25.1        | 33.7        |
| Official borrowers                                | 25.1        | 30.1        | 23.2        | 27.6        | 37.7        | 36.7        | 37.9        | 39.6        |
| Countries with recent debt-servicing difficulties | 48.0        | 47.7        | 62.6        | 81.4        | 82.7        | 57.0        | 96.4        | 177.3       |
| Countries without debt-servicing difficulties     | 25.2        | 21.5        | 22.5        | 30.3        | 21.5        | 21.1        | 20.3        | 20.8        |
| <b>Miscellaneous groups</b>                       |             |             |             |             |             |             |             |             |
| Sub-Saharan Africa                                | 25.1        | 20.4        | 15.9        | 28.0        | 27.9        | 28.0        | 20.9        | 22.5        |
| Twelve major oil exporters                        | 24.0        | 13.9        | 13.9        | 10.6        | 14.7        | 10.9        | 14.2        | 16.3        |
| Net debtor fuel exporters                         | 28.3        | 27.8        | 33.0        | 29.5        | 25.8        | 31.1        | 44.5        | 30.5        |
| Four newly industrializing Asian economies        | 23.5        | 27.6        | 19.5        | 15.2        | 18.1        | 20.0        | 22.8        | 19.2        |
| Small low-income economies                        | 26.8        | 25.6        | 23.1        | 25.5        | 36.4        | 45.1        | 49.1        | 41.7        |
| Fifteen heavily indebted countries                | 60.0        | 61.3        | 89.2        | 116.8       | 119.4       | 74.7        | 135.8       | 275.3       |
| <b>Memorandum</b>                                 |             |             |             |             |             |             |             |             |
| <b>Median estimates</b>                           |             |             |             |             |             |             |             |             |
| <b>Developing countries</b>                       | <b>19.0</b> | <b>16.9</b> | <b>16.1</b> | <b>16.2</b> | <b>15.4</b> | <b>17.3</b> | <b>15.1</b> | <b>16.1</b> |
| <b>By region</b>                                  |             |             |             |             |             |             |             |             |
| Africa  | 19.0        | 16.3        | 13.9        | 16.6        | 16.0        | 15.2        | 14.0        | 14.9        |
| Asia  | 18.1        | 19.9        | 19.8        | 15.9        | 14.9        | 16.8        | 17.5        | 17.5        |
| Europe  | 20.1        | 17.9        | 11.7        | 13.8        | 10.3        | 13.9        | 13.2        | 17.1        |
| Middle East                                       | 34.6        | 19.3        | 17.0        | 15.2        | 11.7        | 9.9         | 8.9         | 7.9         |
| Western Hemisphere                                | 18.0        | 14.3        | 16.1        | 16.3        | 15.2        | 23.5        | 19.4        | 24.1        |

<sup>1</sup> Except where otherwise indicated, geometric averages of country indices, weighted by the average U.S. dollar value of GDPs over the preceding three years.

**Table A19. Developing Countries: Central Government Fiscal Balances, 1981–89<sup>1</sup>**  
(In percent of GDP)

|   | 1981        | 1982        | 1983        | 1984        | 1985        | 1986        | 1987        | 1988        | 1989        |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Developing countries</b>                       | <b>-4.0</b> | <b>-5.1</b> | <b>-5.2</b> | <b>-4.5</b> | <b>-4.0</b> | <b>-5.8</b> | <b>-5.8</b> | <b>-5.5</b> | <b>-4.5</b> |
| <b>By region</b>                                  |             |             |             |             |             |             |             |             |             |
| Africa  | -5.7        | -6.8        | -7.5        | -5.1        | -4.7        | -5.9        | -7.8        | -7.5        | -4.5        |
| Asia  | -3.1        | -4.2        | -3.3        | -2.8        | -3.1        | -4.1        | -3.6        | -3.5        | -3.5        |
| Europe  | -2.9        | -0.5        | -0.5        | -0.3        | -0.4        | -0.4        | -0.1        | 0.9         | -0.3        |
| Middle East                                       | -2.6        | -6.8        | -10.0       | -10.2       | -8.1        | -13.8       | -12.3       | -12.4       | -11.0       |
| Western Hemisphere                                | -5.6        | -6.1        | -4.8        | -3.9        | -3.2        | -4.6        | -5.6        | -5.1        | -3.6        |
| <b>By predominant export</b>                      |             |             |             |             |             |             |             |             |             |
| Fuel  | -2.3        | -5.9        | -7.5        | -5.5        | -5.6        | -11.1       | -11.1       | -10.4       | -7.5        |
| Non-fuel exports                                  | -4.7        | -4.8        | -4.1        | -4.0        | -3.2        | -3.4        | -3.5        | -3.5        | -3.4        |
| Manufactures                                      | -2.7        | -3.0        | -2.4        | -2.5        | -1.9        | -2.3        | -2.6        | -2.5        | -2.7        |
| Primary products                                  | -10.3       | -8.2        | -7.2        | -6.4        | -4.2        | -3.6        | -4.1        | -4.9        | -4.1        |
| Agricultural products                             | -8.2        | -9.1        | -7.5        | -6.5        | -4.0        | -3.3        | -3.9        | -5.2        | -4.2        |
| Minerals  | -17.9       | -5.2        | -6.3        | -5.9        | -5.0        | -4.7        | -5.3        | -3.5        | -3.4        |
| Services and private transfers                    | -9.4        | -12.9       | -11.7       | -11.6       | -12.1       | -11.1       | -10.4       | -10.5       | -9.9        |
| Diversified export base                           | -5.8        | -5.9        | -5.3        | -5.1        | -4.5        | -6.0        | -5.5        | -4.1        | -4.3        |
| <b>By financial criteria</b>                      |             |             |             |             |             |             |             |             |             |
| Net creditor countries                            | 4.7         | -0.6        | -6.3        | -6.9        | -5.7        | -12.6       | -12.0       | -12.5       | -11.2       |
| Net debtor countries                              | -5.4        | -5.9        | -5.0        | -4.0        | -3.7        | -4.7        | -4.8        | -4.4        | -3.5        |
| Market borrowers                                  | -3.7        | -5.9        | -4.5        | -3.3        | -2.9        | -4.6        | -5.2        | -4.5        | -3.0        |
| Diversified borrowers                             | -4.9        | -5.4        | -4.9        | -4.1        | -3.7        | -4.3        | -4.0        | -3.8        | -3.2        |
| Official borrowers                                | -12.6       | -8.3        | -7.2        | -6.7        | -6.4        | -6.2        | -6.2        | -5.9        | -6.6        |
| Countries with recent debt-servicing difficulties | -6.9        | -6.8        | -5.4        | -4.0        | -3.6        | -4.8        | -5.3        | -4.6        | -3.6        |
| Countries without debt-servicing difficulties     | -3.5        | -4.9        | -4.5        | -4.1        | -3.9        | -4.5        | -4.1        | -4.0        | -3.4        |
| <b>Miscellaneous groups</b>                       |             |             |             |             |             |             |             |             |             |
| Sub-Saharan Africa                                | -6.9        | -7.1        | -5.8        | -5.1        | -5.3        | -5.6        | -7.2        | -6.6        | -5.9        |
| Twelve major oil exporters                        | -1.3        | -5.4        | -7.7        | -5.7        | -5.3        | -10.9       | -10.3       | -10.7       | -8.1        |
| Net debtor fuel exporters                         | -7.7        | -9.6        | -7.9        | -3.9        | -5.1        | -8.8        | -9.0        | -7.7        | -4.0        |
| Four newly industrializing                        |             |             |             |             |             |             |             |             |             |
| Asian economies                                   | -1.4        | -2.2        | -0.9        | 0.1         | 0.5         | 0.2         | 0.1         | -0.1        | -1.3        |
| Small low-income economies                        | -6.6        | -7.3        | -6.4        | -5.8        | -6.5        | -6.4        | -6.3        | -6.4        | -5.9        |
| Fifteen heavily indebted countries                | -5.4        | -5.7        | -4.8        | -3.4        | -2.7        | -4.2        | -5.8        | -5.0        | -3.3        |
| <b>Memorandum</b>                                 |             |             |             |             |             |             |             |             |             |
| Median estimates                                  |             |             |             |             |             |             |             |             |             |
| <b>Developing countries</b>                       | <b>-5.5</b> | <b>-6.4</b> | <b>-5.9</b> | <b>-4.6</b> | <b>-4.5</b> | <b>-4.9</b> | <b>-5.2</b> | <b>-4.7</b> | <b>-4.3</b> |
| <b>By region</b>                                  |             |             |             |             |             |             |             |             |             |
| Africa  | -7.3        | -7.3        | -7.7        | -5.7        | -5.1        | -5.8        | -6.9        | -5.7        | -4.9        |
| Asia  | -4.1        | -5.6        | -4.0        | -3.2        | -3.6        | -5.0        | -3.9        | -3.3        | -3.5        |
| Europe  | -1.8        | -1.7        | -1.1        | -1.6        | -1.2        | -2.3        | -2.0        | -1.1        | -2.3        |
| Middle East                                       | -10.4       | -9.1        | -9.2        | -12.8       | -8.5        | -14.6       | -12.1       | -13.0       | -11.4       |
| Western Hemisphere                                | -5.3        | -5.4        | -5.1        | -4.7        | -2.9        | -2.3        | -2.6        | -3.3        | -2.8        |

<sup>1</sup> Arithmetic averages of country balances, in percent of GDP, weighted by the average U.S. dollar value of GDPs over the preceding three years.

**Table A20. Summary of World Trade Volumes and Prices, 1971-90**

(Annual changes, in percent)

|   | Average<br>1971-80 <sup>1</sup> | 1981  | 1982  | 1983  | 1984 | 1985  | 1986  | 1987 | 1988  | 1989 | 1990 |
|---|---------------------------------|-------|-------|-------|------|-------|-------|------|-------|------|------|
| <b>World trade<sup>2</sup></b>  |                                 |       |       |       |      |       |       |      |       |      |      |
| Volume  | 5.7                             | 1.2   | -1.8  | 2.7   | 8.6  | 2.9   | 4.5   | 6.6  | 9.0   | 6.9  | 5.7  |
| Unit value in U.S. dollar terms   | 13.7                            | -1.6  | -4.5  | -4.7  | -2.5 | -2.1  | 4.8   | 9.8  | 4.9   | 0.8  | 2.8  |
| in SDR terms  | 10.8                            | 8.6   | 2.0   | -1.6  | 1.7  | -1.1  | -9.3  | -0.4 | 1.0   | 5.4  | 2.3  |
| <b>Volume of trade</b>  |                                 |       |       |       |      |       |       |      |       |      |      |
| <b>Exports</b>  |                                 |       |       |       |      |       |       |      |       |      |      |
| Industrial countries  | 6.3                             | 3.8   | -2.0  | 3.0   | 9.8  | 4.7   | 2.6   | 5.5  | 8.9   | 7.4  | 6.0  |
| Developing countries  | 3.5                             | -5.5  | -6.6  | 1.6   | 7.0  | 0.7   | 8.8   | 11.2 | 10.9  | 6.6  | 5.9  |
| Fuel exporters  | 0.5                             | -13.9 | -14.9 | -5.1  | 0.2  | -5.0  | 11.4  | 1.5  | 11.6  | 5.8  | 4.1  |
| Non-fuel exporters  | 6.7                             | 4.7   | 1.8   | 6.9   | 11.7 | 4.2   | 8.0   | 15.0 | 10.7  | 6.8  | 6.5  |
| <b>Imports</b>  |                                 |       |       |       |      |       |       |      |       |      |      |
| Industrial countries  | 5.4                             | -1.6  | -0.6  | 4.5   | 12.3 | 4.7   | 8.6   | 7.3  | 9.5   | 6.4  | 5.6  |
| Developing countries  | 8.2                             | 8.0   | -3.4  | -2.8  | 2.6  | -0.6  | -4.4  | 5.7  | 10.2  | 8.7  | 6.1  |
| Fuel exporters  | 14.8                            | 22.7  | -0.9  | -11.9 | -7.8 | -10.6 | -20.8 | -8.3 | 3.5   | 5.0  | 3.7  |
| Non-fuel exporters  | 6.1                             | 2.2   | -4.5  | 1.8   | 7.1  | 3.2   | 1.6   | 9.8  | 11.9  | 9.5  | 6.7  |
| <b>Unit value of trade<br/>(in SDR terms)</b>                                     |                                 |       |       |       |      |       |       |      |       |      |      |
| <b>Exports</b>  |                                 |       |       |       |      |       |       |      |       |      |      |
| Industrial countries  | 8.7                             | 5.4   | 2.6   | -0.9  | 1.2  | -0.5  | -1.7  | 0.5  | 1.9   | 3.8  | 2.7  |
| Developing countries  | 17.9                            | 14.9  | 1.6   | -3.9  | 3.6  | -4.1  | -26.0 | -0.2 | -1.1  | 9.2  | 0.8  |
| Fuel exporters  | 28.8                            | 21.1  | 3.0   | -8.0  | 2.8  | -4.3  | -48.4 | 8.8  | -15.3 | 14.5 | 2.7  |
| Non-fuel exporters  | 9.7                             | 8.3   | 0.3   | -0.3  | 4.1  | -3.9  | -13.4 | -3.3 | 3.7   | 7.7  | 0.3  |
| <b>Imports</b>  |                                 |       |       |       |      |       |       |      |       |      |      |
| Industrial countries  | 10.6                            | 7.2   | 0.8   | -2.5  | 0.8  | -1.1  | -9.9  | —    | 0.3   | 5.0  | 2.7  |
| Developing countries  | 10.4                            | 11.7  | 2.5   | -0.8  | 1.8  | -1.8  | -9.5  | -2.0 | 2.4   | 6.9  | 1.7  |
| Fuel exporters  | 8.8                             | 9.4   | 3.3   | -0.2  | 2.2  | -0.9  | -3.0  | -0.9 | 3.3   | 4.6  | 2.5  |
| Non-fuel exporters  | 10.9                            | 12.7  | 2.1   | -1.0  | 1.7  | -2.2  | -11.6 | -2.3 | 2.2   | 7.5  | 1.5  |
| <b>Terms of trade</b>   |                                 |       |       |       |      |       |       |      |       |      |      |
| Industrial countries  | -1.7                            | -1.6  | 1.8   | 1.6   | 0.4  | 0.6   | 9.2   | 0.5  | 1.6   | -1.1 | —    |
| Developing countries  | 6.8                             | 2.9   | -0.8  | -3.1  | 1.7  | -2.3  | -18.3 | 1.8  | -3.5  | 2.1  | -0.8 |
| Fuel exporters  | 18.5                            | 10.7  | -0.2  | -7.8  | 0.7  | -3.5  | -46.8 | 9.8  | -18.0 | 9.4  | 0.2  |
| Non-fuel exporters  | -1.1                            | -3.9  | -1.8  | 0.7   | 2.4  | -1.7  | -2.1  | -1.1 | 1.5   | 0.2  | -1.2 |
| <b>Memorandum</b>   |                                 |       |       |       |      |       |       |      |       |      |      |
| World trade prices (in U.S. dollar terms) for major commodity groups <sup>3</sup> |                                 |       |       |       |      |       |       |      |       |      |      |
| Manufactures  | 11.1                            | -3.9  | -2.1  | -2.8  | -3.1 | 1.1   | 17.7  | 12.0 | 6.1   | -0.8 | 2.2  |
| Oil   | 34.4                            | 9.8   | -4.3  | -11.6 | -2.8 | -4.9  | -50.2 | 28.2 | -19.9 | 18.5 | 2.2  |
| Non-fuel primary commodities  | 11.6                            | -13.5 | -9.9  | 6.9   | 4.2  | -12.9 | -1.2  | 3.4  | 18.2  | -1.7 | -8.0 |

<sup>1</sup> Compound annual rates of change. Excluding China.<sup>2</sup> Averages of growth rates for world exports and imports based on data for the groups of countries shown separately below and on partly estimated data for the U.S.S.R. and nonmember countries of Eastern Europe.<sup>3</sup> As represented, respectively, by the export unit value index for manufactures of the industrial countries; the oil export unit value of the twelve major oil exporters; and the index of market quotations for non-fuel primary commodities exported by the developing countries.



**Table A21. Industrial Countries: Merchandise Trade, 1971-90**

(Changes, in percent)

|   | Average<br>1971-80 <sup>1</sup> | 1981  | 1982 | 1983 | 1984 | 1985  | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---------------------------------|-------|------|------|------|-------|------|------|------|------|------|
| <b>Total merchandise trade</b>  |                                 |       |      |      |      |       |      |      |      |      |      |
| Value (in U.S. dollar terms)  |                                 |       |      |      |      |       |      |      |      |      |      |
| Exports   | 18.6                            | -0.9  | -5.8 | -1.1 | 6.5  | 3.2   | 16.6 | 16.9 | 15.4 | 6.6  | 9.4  |
| Imports   | 19.7                            | -4.5  | -6.2 | -1.3 | 8.5  | 2.5   | 13.0 | 18.2 | 14.1 | 6.8  | 9.0  |
| Volume  |                                 |       |      |      |      |       |      |      |      |      |      |
| Exports   | 6.3                             | 3.8   | -2.0 | 3.0  | 9.8  | 4.7   | 2.6  | 5.5  | 8.9  | 7.4  | 6.0  |
| Imports   | 5.4                             | -1.6  | -0.6 | 4.5  | 12.3 | 4.7   | 8.6  | 7.3  | 9.5  | 6.4  | 5.6  |
| Unit value (in U.S. dollar terms)   |                                 |       |      |      |      |       |      |      |      |      |      |
| Exports   | 11.6                            | -4.5  | -3.9 | -4.0 | -3.0 | -1.5  | 13.6 | 10.8 | 5.9  | -0.8 | 3.2  |
| Imports   | 13.6                            | -2.9  | -5.6 | -5.5 | -3.3 | -2.0  | 4.1  | 10.2 | 4.2  | 0.4  | 3.2  |
| Terms of trade  | -1.7                            | -1.6  | 1.8  | 1.6  | 0.4  | 0.6   | 9.2  | 0.5  | 1.6  | -1.1 | —    |
| <b>Non-oil trade</b>  |                                 |       |      |      |      |       |      |      |      |      |      |
| Value (in U.S. dollar terms)  |                                 |       |      |      |      |       |      |      |      |      |      |
| Exports   | 18.3                            | -1.4  | -6.1 | -1.1 | 6.8  | 3.1   | 19.3 | 17.1 | 16.2 | 6.7  | 9.5  |
| Imports   | 17.4                            | -5.3  | -3.6 | 1.7  | 10.8 | 4.6   | 22.6 | 18.5 | 16.7 | 6.1  | 9.1  |
| Volume  |                                 |       |      |      |      |       |      |      |      |      |      |
| Exports   | 6.6                             | 3.9   | -2.5 | 2.7  | 10.0 | 4.6   | 2.3  | 5.8  | 9.1  | 7.5  | 6.1  |
| Imports   | 6.2                             | 1.8   | 1.8  | 6.3  | 14.5 | 6.3   | 8.3  | 7.8  | 9.9  | 6.5  | 5.9  |
| Unit value (in U.S. dollar terms)   |                                 |       |      |      |      |       |      |      |      |      |      |
| Exports   | 11.0                            | -5.1  | -3.7 | -3.7 | -2.9 | -1.4  | 16.6 | 10.7 | 6.5  | -0.8 | 3.2  |
| Imports   | 10.6                            | -7.0  | -5.3 | -4.3 | -3.2 | -1.6  | 13.2 | 10.0 | 6.2  | -0.4 | 3.1  |
| Terms of trade  | 0.4                             | 2.0   | 1.7  | 0.6  | 0.3  | 0.1   | 3.0  | 0.7  | 0.4  | -0.4 | 0.1  |
| <b>Memorandum</b>   |                                 |       |      |      |      |       |      |      |      |      |      |
| Real GNP <sup>2</sup>   | 3.2                             | 0.9   | —    | 2.2  | 4.0  | 3.1   | 2.5  | 3.1  | 4.0  | 3.2  | 2.6  |
| Apparent income elasticity of<br>non-oil imports <sup>3</sup>                           | 1.9                             | 2.0   | ...  | 2.8  | 3.7  | 2.0   | 3.3  | 2.5  | 2.5  | 2.0  | 2.2  |
| Import volume of developing<br>countries  | 8.2                             | 8.0   | -3.4 | -2.8 | 2.6  | -0.6  | -4.4 | 5.7  | 10.2 | 8.7  | 6.1  |
| Market prices of non-fuel<br>primary commodities (in<br>U.S. dollar terms) <sup>4</sup> | 10.4                            | -13.0 | -8.4 | 5.4  | 2.3  | -12.0 | 0.4  | 9.2  | 19.3 | -0.6 | -6.9 |
| Unit labor costs in manufac-<br>turing (in U.S. dollar terms)                           | 9.4                             | -1.0  | -1.2 | -4.0 | -5.2 | -0.4  | 18.0 | 8.7  | 3.8  | -2.0 | 2.6  |

<sup>1</sup> Compound annual rates of change.<sup>2</sup> Averages of changes for individual countries weighted by the average U.S. dollar value of their respective non-oil imports over the preceding three years.<sup>3</sup> Ratio of growth in non-oil imports to growth in real GNP.<sup>4</sup> Average of individual commodity price indices weighted by the U.S. dollar value of industrial countries' imports of the respective commodities in 1980-82.

**Table A22. Industrial Countries: Export Volumes, Import Volumes, and Terms of Trade, 1971–90<sup>1</sup>**  
(Annual changes, in percent)

|                                   | Average<br>1971–80 <sup>2</sup> | 1981        | 1982        | 1983       | 1984        | 1985       | 1986       | 1987       | 1988       | 1989        | 1990       |
|-----------------------------------|---------------------------------|-------------|-------------|------------|-------------|------------|------------|------------|------------|-------------|------------|
| <b>Export volumes<sup>3</sup></b> |                                 |             |             |            |             |            |            |            |            |             |            |
| Canada                            | 5.8                             | 4.9         | -0.5        | 7.4        | 18.6        | 6.4        | 3.5        | 7.3        | 10.0       | 1.3         | 4.0        |
| United States                     | 7.7                             | -1.6        | -11.0       | -3.8       | 8.0         | 3.2        | 6.8        | 13.8       | 23.5       | 12.5        | 7.1        |
| Japan                             | 9.6                             | 11.5        | -2.4        | 8.0        | 15.7        | 5.1        | -0.5       | 0.4        | 4.3        | 6.0         | 7.4        |
| France                            | 7.4                             | 4.4         | -4.3        | 4.5        | 4.7         | 1.8        | -0.2       | 2.3        | 8.7        | 7.8         | 6.9        |
| Germany, Fed. Rep. of             | 5.4                             | 6.6         | 3.3         | -0.3       | 9.2         | 5.9        | 1.3        | 2.8        | 7.4        | 11.1        | 6.0        |
| Italy                             | 6.1                             | 6.6         | -1.6        | 3.5        | 8.0         | 3.2        | 4.1        | 3.1        | 5.7        | 6.1         | 5.5        |
| United Kingdom                    | 4.7                             | -0.9        | 2.8         | 2.3        | 8.1         | 5.5        | 3.6        | 5.3        | -0.6       | 1.9         | 4.0        |
| Other industrial countries        | 5.8                             | 2.4         | 1.3         | 6.1        | 8.9         | 5.3        | 2.2        | 6.2        | 7.1        | 6.0         | 5.3        |
| <b>All industrial countries</b>   | <b>6.3</b>                      | <b>3.8</b>  | <b>-2.0</b> | <b>3.0</b> | <b>9.8</b>  | <b>4.7</b> | <b>2.6</b> | <b>5.5</b> | <b>8.9</b> | <b>7.4</b>  | <b>6.0</b> |
| Of which,                         |                                 |             |             |            |             |            |            |            |            |             |            |
| Seven major countries above       | 6.5                             | 4.2         | -3.1        | 2.0        | 10.1        | 4.5        | 2.7        | 5.2        | 9.6        | 7.9         | 6.3        |
| European countries                | 5.7                             | 4.1         | 0.5         | 3.7        | 8.0         | 4.8        | 2.5        | 4.2        | 6.9        | 7.1         | 5.5        |
| European Community                | 5.8                             | 4.4         | 0.7         | 3.0        | 7.9         | 4.5        | 2.7        | 4.3        | 7.0        | 7.3         | 5.6        |
| <b>Import volumes<sup>4</sup></b> |                                 |             |             |            |             |            |            |            |            |             |            |
| Canada                            | 8.5                             | 10.1        | -16.5       | 11.1       | 19.6        | 10.4       | 7.5        | 9.1        | 14.6       | 9.1         | 3.8        |
| United States                     | 5.7                             | 0.5         | -3.7        | 13.0       | 24.8        | 4.5        | 13.2       | 5.6        | 7.0        | 4.1         | 7.2        |
| Japan                             | 4.8                             | -2.5        | -0.8        | 0.8        | 10.5        | 0.6        | 9.7        | 9.1        | 16.7       | 6.6         | 7.7        |
| France                            | 7.7                             | -3.6        | 3.0         | -1.9       | 3.4         | 4.4        | 7.0        | 6.7        | 9.0        | 6.2         | 5.7        |
| Germany, Fed. Rep. of             | 4.9                             | -5.0        | 1.4         | 4.0        | 5.1         | 4.1        | 6.2        | 5.4        | 6.7        | 8.0         | 6.4        |
| Italy                             | 4.4                             | -4.5        | -1.8        | -1.9       | 10.9        | 4.1        | 8.0        | 10.6       | 7.0        | 7.4         | 6.5        |
| United Kingdom                    | 3.7                             | -4.0        | 5.6         | 8.6        | 11.4        | 3.2        | 6.9        | 7.0        | 12.8       | 5.9         | 1.7        |
| Other industrial countries        | 5.1                             | -2.7        | 1.6         | 1.0        | 6.2         | 5.8        | 7.9        | 8.5        | 8.6        | 7.1         | 4.6        |
| <b>All industrial countries</b>   | <b>5.4</b>                      | <b>-1.6</b> | <b>-0.6</b> | <b>4.5</b> | <b>12.3</b> | <b>4.7</b> | <b>8.6</b> | <b>7.3</b> | <b>9.5</b> | <b>6.4</b>  | <b>5.6</b> |
| Of which,                         |                                 |             |             |            |             |            |            |            |            |             |            |
| Seven major countries above       | 5.5                             | -1.2        | -1.4        | 5.8        | 14.4        | 4.3        | 8.9        | 6.8        | 9.9        | 6.2         | 6.0        |
| European countries                | 5.1                             | -3.9        | 1.7         | 2.4        | 6.3         | 5.0        | 7.6        | 7.9        | 8.8        | 6.6         | 5.2        |
| European Community                | 5.2                             | -3.6        | 1.7         | 2.0        | 6.2         | 4.7        | 7.7        | 8.4        | 9.2        | 7.0         | 5.4        |
| <b>Terms of trade<sup>3</sup></b> |                                 |             |             |            |             |            |            |            |            |             |            |
| Canada                            | 1.9                             | 1.7         | -3.1        | 1.3        | -0.9        | -1.2       | -2.5       | 2.6        | 2.1        | 4.1         | -0.2       |
| United States                     | -3.6                            | 1.9         | 3.0         | 3.3        | 1.9         | -2.2       | 0.6        | -6.5       | 1.4        | -1.0        | -0.6       |
| Japan                             | -5.4                            | 1.1         | 1.2         | 2.5        | 2.5         | 4.1        | 34.3       | 1.1        | 3.0        | -2.5        | 2.0        |
| France                            | -0.9                            | -4.7        | 2.0         | 2.2        | 1.3         | 2.6        | 9.7        | 1.0        | 0.5        | -1.9        | -0.9       |
| Germany, Fed. Rep. of             | -1.6                            | -6.6        | 3.7         | 1.7        | -2.3        | 1.3        | 15.1       | 3.7        | -0.3       | -3.0        | 0.2        |
| Italy                             | -3.0                            | -4.9        | 2.7         | 2.3        | -1.5        | 0.6        | 15.8       | 2.3        | 1.0        | -2.0        | -0.5       |
| United Kingdom                    | -0.7                            | 0.8         | -0.1        | 0.2        | -1.6        | 1.1        | -5.1       | 0.9        | 1.9        | 1.4         | 0.9        |
| Other industrial countries        | -0.4                            | -2.0        | 1.6         | -0.2       | 0.9         | 0.4        | 5.2        | 0.5        | 1.3        | -0.2        | -0.3       |
| <b>All industrial countries</b>   | <b>-1.7</b>                     | <b>-1.6</b> | <b>1.8</b>  | <b>1.6</b> | <b>0.4</b>  | <b>0.6</b> | <b>9.2</b> | <b>0.5</b> | <b>1.6</b> | <b>-1.1</b> | <b>—</b>   |
| Of which,                         |                                 |             |             |            |             |            |            |            |            |             |            |
| Seven major countries above       | -2.3                            | -1.7        | 1.8         | 2.2        | 0.2         | 0.7        | 10.6       | 0.5        | 1.8        | -1.5        | 0.1        |
| European countries                | -1.0                            | -3.6        | 2.1         | 1.0        | -0.4        | 1.3        | 8.3        | 1.5        | 0.3        | -1.4        | —          |
| European Community                | -1.1                            | -4.1        | 2.0         | 1.3        | -0.8        | 1.7        | 9.5        | 1.6        | 0.3        | -1.7        | 0.1        |

<sup>1</sup> Trade in goods only.

<sup>2</sup> Compound annual rates of change.

<sup>3</sup> Composites for country groups are averages of percentage changes for individual countries weighted by the average U.S. dollar value of their respective merchandise exports over the preceding three years.

<sup>4</sup> Composites for country groups are averages of percentage changes for individual countries weighted by the average U.S. dollar value of their respective merchandise imports over the preceding three years.

**Table A23. Developing Countries: Merchandise Trade, 1971-90**

(Annual changes, in percent)

|  | Average<br>1971-80 <sup>1</sup> | 1981  | 1982  | 1983  | 1984 | 1985  | 1986  | 1987 | 1988  | 1989 | 1990 |
|--|---------------------------------|-------|-------|-------|------|-------|-------|------|-------|------|------|
| <b>Developing countries</b>  |                                 |       |       |       |      |       |       |      |       |      |      |
| Value (in U.S. dollar terms)   |                                 |       |       |       |      |       |       |      |       |      |      |
| Exports  | 25.2                            | -1.6  | -11.2 | -5.4  | 6.3  | -4.3  | -6.9  | 22.3 | 13.9  | 11.3 | 7.4  |
| Imports  | 22.6                            | 9.3   | -7.3  | -6.6  | 0.2  | -3.4  | —     | 14.2 | 17.4  | 11.2 | 8.4  |
| Volume   |                                 |       |       |       |      |       |       |      |       |      |      |
| Exports  | 3.5                             | -5.5  | -6.6  | 1.6   | 7.0  | 0.7   | 8.8   | 11.2 | 10.9  | 6.6  | 5.9  |
| Imports  | 8.2                             | 8.0   | -3.4  | -2.8  | 2.6  | -0.6  | -4.4  | 5.7  | 10.2  | 8.7  | 6.1  |
| Unit value (in U.S. dollar terms)  |                                 |       |       |       |      |       |       |      |       |      |      |
| Exports  | 21.1                            | 4.1   | -4.8  | -6.9  | -0.7 | -5.0  | -14.5 | 10.0 | 2.8   | 4.4  | 1.3  |
| Imports  | 13.3                            | 1.2   | -4.0  | -3.9  | -2.4 | -2.8  | 4.6   | 8.0  | 6.5   | 2.3  | 2.2  |
| Terms of trade   | 6.8                             | 2.9   | -0.8  | -3.1  | 1.7  | -2.3  | -18.3 | 1.8  | -3.5  | 2.1  | -0.8 |
| Purchasing power of exports <sup>2</sup>   | 10.5                            | -2.8  | -7.4  | -1.5  | 8.9  | -1.6  | -11.0 | 13.2 | 7.0   | 8.9  | 5.1  |
| <b>Memorandum</b>  |                                 |       |       |       |      |       |       |      |       |      |      |
| Real GNP growth of trading partners  | 4.4                             | 2.1   | 0.8   | 2.6   | 4.3  | 3.0   | 3.2   | 3.6  | 4.3   | 3.5  | 3.3  |
| Market prices (in U.S. dollar terms) of primary commodities (excluding petroleum) exported by developing countries | 11.6                            | -13.5 | -9.9  | 6.9   | 4.2  | -12.9 | -1.2  | 3.4  | 18.2  | -1.7 | -8.0 |
| <b>Fuel exporters</b>  |                                 |       |       |       |      |       |       |      |       |      |      |
| Value (in U.S. dollar terms)   |                                 |       |       |       |      |       |       |      |       |      |      |
| Exports  | 32.9                            | -5.5  | -17.9 | -15.5 | -1.2 | -10.0 | -33.5 | 21.8 | -1.8  | 15.8 | 7.5  |
| Imports  | 28.2                            | 21.6  | -4.2  | -14.9 | -9.6 | -12.2 | -11.2 | 0.1  | 11.2  | 5.0  | 6.8  |
| Volume   |                                 |       |       |       |      |       |       |      |       |      |      |
| Exports  | 0.5                             | -13.9 | -14.9 | -5.1  | 0.2  | -5.0  | 11.4  | 1.5  | 11.6  | 5.8  | 4.1  |
| Imports  | 14.8                            | 22.7  | -0.9  | -11.9 | -7.8 | -10.6 | -20.8 | -8.3 | 3.5   | 5.0  | 3.7  |
| Unit value (in U.S. dollar terms)  |                                 |       |       |       |      |       |       |      |       |      |      |
| Exports  | 32.3                            | 9.7   | -3.5  | -11.0 | -1.4 | -5.3  | -40.4 | 19.9 | -12.0 | 9.5  | 3.2  |
| Imports  | 11.7                            | -0.9  | -3.3  | -3.4  | -2.0 | -1.8  | 12.1  | 9.2  | 7.4   | 0.1  | 3.0  |
| Terms of trade   | 18.5                            | 10.7  | -0.2  | -7.8  | 0.7  | -3.5  | -46.8 | 9.8  | -18.0 | 9.4  | 0.2  |
| Purchasing power of exports <sup>2</sup>   | 19.0                            | -4.7  | -15.1 | -12.6 | 0.9  | -8.3  | -40.7 | 11.5 | -8.6  | 15.7 | 4.3  |
| <b>Memorandum</b>  |                                 |       |       |       |      |       |       |      |       |      |      |
| Average oil export price (in U.S. dollars per barrel) <sup>3</sup>   | 11.6                            | 33.7  | 32.3  | 28.5  | 27.7 | 26.4  | 13.1  | 16.8 | 13.5  | 16.0 | 16.4 |
| (Annual percentage change)   | 34.4                            | 9.8   | -4.3  | -11.6 | -2.8 | -4.9  | -50.2 | 28.2 | -19.9 | 18.5 | 2.2  |
| Real GNP growth of trading partners  | 4.4                             | 2.2   | 0.9   | 2.5   | 4.4  | 3.2   | 3.2   | 3.8  | 4.5   | 3.6  | 3.4  |
| Export unit value (in U.S. dollar terms) of manufactures <sup>4</sup>  | 11.1                            | -3.9  | -2.1  | -2.8  | -3.1 | 1.1   | 17.7  | 12.0 | 6.1   | -0.8 | 2.2  |

**Table A23 (concluded). Developing Countries: Merchandise Trade, 1971-90**  
(Annual changes, in percent)

|   | Average<br>1971-80 <sup>1</sup> | 1981  | 1982  | 1983 | 1984 | 1985  | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---------------------------------|-------|-------|------|------|-------|------|------|------|------|------|
| <b>Non-fuel exporters</b>   |                                 |       |       |      |      |       |      |      |      |      |      |
| Value (in U.S. dollar terms)  |                                 |       |       |      |      |       |      |      |      |      |      |
| Exports   | 20.2                            | 2.6   | -4.5  | 3.2  | 11.5 | -0.8  | 8.0  | 22.5 | 19.3 | 10.0 | 7.3  |
| Imports   | 20.8                            | 4.3   | -8.7  | -2.4 | 4.5  | —     | 3.8  | 18.2 | 18.9 | 12.5 | 8.8  |
| Volume  |                                 |       |       |      |      |       |      |      |      |      |      |
| Exports   | 6.7                             | 4.7   | 1.8   | 6.9  | 11.7 | 4.2   | 8.0  | 15.0 | 10.7 | 6.8  | 6.5  |
| Imports   | 6.1                             | 2.2   | -4.5  | 1.8  | 7.1  | 3.2   | 1.6  | 9.8  | 11.9 | 9.5  | 6.7  |
| Unit value (in U.S. dollar terms)   |                                 |       |       |      |      |       |      |      |      |      |      |
| Exports   | 12.7                            | -1.9  | -6.1  | -3.5 | -0.2 | -4.8  | —    | 6.5  | 7.8  | 3.0  | 0.8  |
| Imports   | 13.9                            | 2.1   | -4.4  | -4.2 | -2.5 | -3.1  | 2.2  | 7.7  | 6.2  | 2.7  | 2.0  |
| Terms of trade  | -1.1                            | -3.9  | -1.8  | 0.7  | 2.4  | -1.7  | -2.1 | -1.1 | 1.5  | 0.2  | -1.2 |
| Purchasing power of exports <sup>2</sup>  | 5.5                             | 0.6   | -0.1  | 7.7  | 14.4 | 2.4   | 5.7  | 13.7 | 12.3 | 7.1  | 5.2  |
| <b>Memorandum</b>   |                                 |       |       |      |      |       |      |      |      |      |      |
| Real GNP growth of trading partners   | 4.5                             | 2.3   | 0.8   | 2.9  | 4.5  | 2.8   | 3.3  | 3.7  | 4.4  | 3.5  | 3.3  |
| Market price (in U.S. dollar terms) of primary commodities (excluding petroleum) exported by non-fuel exporters | 12.0                            | -13.3 | -11.2 | 6.7  | 3.9  | -13.1 | -1.6 | 2.5  | 19.3 | 0.6  | -7.0 |
| Gross reserves (end of period) as percentage of total imports of goods and services <sup>3</sup>                | 22.6                            | 16.2  | 17.2  | 19.1 | 21.0 | 23.3  | 27.1 | 30.8 | 28.4 | 28.3 | 29.5 |

<sup>1</sup> Compound annual rates of change. Excluding China.

<sup>2</sup> Export earnings deflated by import prices.

<sup>3</sup> Twelve major oil exporters.

<sup>4</sup> Exported by the industrial countries.

<sup>5</sup> Gold holdings are valued at SDR 35 an ounce.



**Table A24. Developing Countries: Export Volumes, 1971–90**  
(Annual changes, in percent)

|   | Average<br>1971–80 <sup>1</sup> | 1981        | 1982        | 1983       | 1984       | 1985       | 1986       | 1987        | 1988        | 1989       | 1990       |
|---|---------------------------------|-------------|-------------|------------|------------|------------|------------|-------------|-------------|------------|------------|
| <b>Developing countries</b>                       | <b>3.5</b>                      | <b>-5.5</b> | <b>-6.6</b> | <b>1.6</b> | <b>7.0</b> | <b>0.7</b> | <b>8.8</b> | <b>11.2</b> | <b>10.9</b> | <b>6.6</b> | <b>5.9</b> |
| <b>By region</b>                                  |                                 |             |             |            |            |            |            |             |             |            |            |
| Africa  | 2.1                             | -13.8       | -5.5        | —          | 8.9        | 6.6        | 3.7        | -0.4        | 3.4         | 3.4        | 4.0        |
| Asia  | 11.1                            | 7.6         | 1.4         | 9.3        | 13.5       | 3.8        | 16.4       | 19.1        | 13.1        | 9.4        | 7.8        |
| Europe  | 5.6                             | 1.6         | 4.6         | 6.1        | 12.7       | 2.3        | 0.2        | 8.5         | 5.8         | 2.5        | 2.4        |
| Middle East                                       | 0.5                             | -16.5       | -17.8       | -10.3      | -4.8       | -7.1       | 13.8       | 3.7         | 14.6        | 5.8        | 3.1        |
| Western Hemisphere                                | 1.8                             | 7.8         | -1.9        | 7.7        | 8.0        | -0.3       | -3.2       | 7.7         | 8.5         | 2.5        | 5.6        |
| <b>By predominant export</b>                      |                                 |             |             |            |            |            |            |             |             |            |            |
| Fuel  | 0.5                             | -13.9       | -14.9       | -5.1       | 0.2        | -5.0       | 11.4       | 1.5         | 11.6        | 5.8        | 4.1        |
| Non-fuel exports                                  | 6.7                             | 4.7         | 1.8         | 6.9        | 11.7       | 4.2        | 8.0        | 15.0        | 10.7        | 6.8        | 6.5        |
| Manufactures                                      | 9.7                             | 9.8         | 2.4         | 9.8        | 15.0       | 4.2        | 8.9        | 18.9        | 12.2        | 7.0        | 6.7        |
| Primary products                                  | 1.9                             | -0.1        | 1.8         | 1.4        | 2.2        | 5.7        | 4.2        | 4.3         | 2.2         | 7.0        | 4.8        |
| Agricultural products                             | 1.6                             | 2.4         | -0.2        | 2.3        | 2.3        | 6.3        | 4.9        | 3.7         | 4.8         | 7.6        | 5.4        |
| Minerals  | 2.5                             | -5.0        | 6.0         | -0.4       | 2.1        | 4.5        | 2.6        | 5.4         | -2.5        | 5.9        | 3.7        |
| Services and private transfers                    | 1.6                             | -0.8        | -2.2        | -0.6       | 3.0        | -0.6       | 7.3        | 6.3         | 9.3         | 7.1        | 5.9        |
| Diversified export base                           | 5.6                             | -7.2        | 0.5         | 2.4        | 8.1        | 4.5        | 6.6        | 5.5         | 8.8         | 5.3        | 6.6        |
| <b>By financial criteria</b>                      |                                 |             |             |            |            |            |            |             |             |            |            |
| Net creditor countries                            | 1.9                             | -8.3        | -17.5       | -6.9       | -3.8       | -7.2       | 17.9       | 6.2         | 8.5         | 4.8        | 3.5        |
| Net debtor countries                              | 4.6                             | -3.9        | -0.8        | 5.2        | 11.0       | 3.2        | 6.8        | 12.5        | 11.4        | 7.0        | 6.5        |
| Market borrowers                                  | 6.3                             | 5.1         | 1.2         | 9.3        | 11.1       | 2.4        | 6.6        | 14.6        | 14.2        | 8.3        | 7.3        |
| Diversified borrowers                             | 3.9                             | -12.8       | -4.6        | -0.2       | 13.0       | 5.3        | 7.0        | 11.3        | 8.6         | 5.6        | 5.5        |
| Official borrowers                                | 2.0                             | -9.1        | 3.5         | 3.9        | 3.9        | 0.1        | 7.7        | 5.8         | 5.4         | 4.3        | 5.4        |
| Countries with recent debt-servicing difficulties | 2.6                             | -11.6       | -3.1        | 2.8        | 9.0        | 2.3        | -0.1       | 5.2         | 8.6         | 3.2        | 4.8        |
| Countries without debt-servicing difficulties     | 8.0                             | 6.1         | 1.6         | 7.7        | 13.0       | 4.0        | 12.8       | 18.1        | 13.3        | 9.4        | 7.5        |
| <b>Miscellaneous groups</b>                       |                                 |             |             |            |            |            |            |             |             |            |            |
| Sub-Saharan Africa                                | 1.1                             | -2.1        | 1.4         | 1.4        | 5.2        | 0.3        | 7.8        | 4.0         | -2.9        | 6.2        | 2.7        |
| Twelve major oil exporters                        | 0.1                             | -16.2       | -17.5       | -7.5       | -1.5       | -5.4       | 13.1       | —           | 13.9        | 5.0        | 4.1        |
| Net debtor fuel exporters                         | 1.1                             | -19.3       | -6.4        | 3.0        | 10.4       | 0.9        | 10.2       | 3.8         | 8.4         | 5.3        | 6.0        |
| Four newly industrializing                        |                                 |             |             |            |            |            |            |             |             |            |            |
| Asian economies                                   | 16.1                            | 10.4        | 2.5         | 14.5       | 16.1       | 4.1        | 20.7       | 23.2        | 14.1        | 10.8       | 7.4        |
| Small low-income economies                        | 0.3                             | -1.3        | -2.9        | 3.5        | -0.9       | 3.5        | 10.3       | 3.3         | 1.8         | 5.7        | 6.2        |
| Fifteen heavily indebted countries                | 2.7                             | -0.8        | -5.0        | 5.6        | 8.7        | 1.5        | -1.8       | 6.1         | 8.7         | 3.0        | 5.4        |

<sup>1</sup> Compound annual rates of change. Excluding China.

**Table A25. Developing Countries: Import Volumes, 1971–90**  
(Annual changes, in percent)

|   | Average<br>1971–80 <sup>1</sup> | 1981       | 1982        | 1983        | 1984       | 1985        | 1986        | 1987       | 1988        | 1989       | 1990       |
|---|---------------------------------|------------|-------------|-------------|------------|-------------|-------------|------------|-------------|------------|------------|
| <b>Developing countries</b>                       | <b>8.2</b>                      | <b>8.0</b> | <b>-3.4</b> | <b>-2.8</b> | <b>2.6</b> | <b>-0.6</b> | <b>-4.4</b> | <b>5.7</b> | <b>10.2</b> | <b>8.7</b> | <b>6.1</b> |
| <b>By region</b>                                  |                                 |            |             |             |            |             |             |            |             |            |            |
| Africa  | 5.4                             | 10.9       | -8.1        | -10.2       | -0.1       | -6.8        | -10.6       | -4.7       | 6.1         | 3.2        | 1.3        |
| Asia  | 9.0                             | 8.2        | 1.7         | 8.0         | 7.8        | 5.6         | 2.2         | 14.8       | 17.3        | 12.9       | 7.2        |
| Europe  | 5.0                             | -5.1       | -7.9        | 2.7         | 9.3        | 4.6         | 0.4         | 1.2        | 2.0         | 7.2        | 7.1        |
| Middle East                                       | 13.7                            | 18.8       | 6.1         | -3.1        | -7.3       | -13.1       | -21.3       | -6.2       | 0.7         | 5.9        | 4.6        |
| Western Hemisphere                                | 7.0                             | 1.8        | -17.7       | -22.6       | 3.2        | 2.7         | 3.1         | 3.7        | 4.5         | -0.2       | 6.3        |
| <b>By predominant export</b>                      |                                 |            |             |             |            |             |             |            |             |            |            |
| Fuel  | 14.8                            | 22.7       | -0.9        | -11.9       | -7.8       | -10.6       | -20.8       | -8.3       | 3.5         | 5.0        | 3.7        |
| Non-fuel exports                                  | 6.1                             | 2.2        | -4.5        | 1.8         | 7.1        | 3.2         | 1.6         | 9.8        | 11.9        | 9.5        | 6.7        |
| Manufactures                                      | 7.9                             | 2.4        | -3.5        | 5.3         | 10.4       | 7.5         | 3.7         | 12.2       | 13.6        | 11.9       | 7.6        |
| Primary products                                  | 3.8                             | -1.9       | -14.6       | -8.8        | 1.0        | -2.4        | 2.8         | 6.3        | 2.3         | 1.7        | 2.6        |
| Agricultural products                             | 4.1                             | -7.9       | -12.7       | -6.0        | 3.2        | -1.8        | 2.3         | 5.1        | 1.7         | 1.7        | 3.6        |
| Minerals  | 3.0                             | 13.6       | -18.6       | -15.2       | -4.5       | -3.8        | 4.1         | 9.4        | 3.7         | 1.7        | —          |
| Services and private transfers                    | 4.6                             | 3.8        | 3.7         | 4.5         | 3.0        | -1.7        | -6.4        | -4.4       | 4.1         | -1.7       | 2.7        |
| Diversified export base                           | 3.8                             | 4.3        | -4.0        | -4.5        | 1.6        | -8.8        | -5.1        | 9.8        | 16.7        | 8.8        | 6.1        |
| <b>By financial criteria</b>                      |                                 |            |             |             |            |             |             |            |             |            |            |
| Net creditor countries                            | 16.7                            | 15.0       | 4.0         | 4.5         | -6.3       | -17.9       | -12.7       | 6.7        | 9.8         | 7.7        | 5.8        |
| Net debtor countries                              | 7.0                             | 6.7        | -4.9        | -4.4        | 4.8        | 3.2         | -2.9        | 5.5        | 10.3        | 8.9        | 6.2        |
| Market borrowers                                  | 8.0                             | 5.0        | -7.5        | -6.4        | 5.8        | -0.9        | 3.3         | 12.9       | 15.0        | 12.3       | 7.9        |
| Diversified borrowers                             | 7.7                             | 12.3       | -3.3        | -3.9        | 3.0        | 8.9         | -9.1        | 0.1        | 5.9         | 7.6        | 5.1        |
| Official borrowers                                | 3.6                             | -1.6       | -0.7        | —           | 6.4        | 0.7         | -2.4        | -1.3       | 6.4         | -0.1       | 2.6        |
| Countries with recent debt-servicing difficulties | 6.4                             | 4.1        | -11.0       | -16.6       | 1.4        | 0.1         | -5.5        | -2.3       | 6.5         | 3.4        | 6.3        |
| Countries without debt-servicing difficulties     | 7.8                             | 9.5        | 1.6         | 7.1         | 7.3        | 5.4         | -1.1        | 10.6       | 12.5        | 11.8       | 6.1        |
| <b>Miscellaneous groups</b>                       |                                 |            |             |             |            |             |             |            |             |            |            |
| Sub-Saharan Africa                                | 2.6                             | 0.1        | -4.8        | -7.9        | -0.7       | 0.2         | -2.0        | -0.5       | 2.5         | 0.8        | -0.3       |
| Twelve major oil exporters                        | 16.1                            | 23.3       | 5.4         | -9.1        | -10.4      | -13.9       | -22.2       | -9.5       | -0.7        | 5.2        | 4.2        |
| Net debtor fuel exporters                         | 13.0                            | 24.2       | -6.3        | -24.4       | -4.5       | 0.5         | -17.4       | -9.8       | 7.2         | 2.4        | 4.5        |
| Four newly industrializing                        |                                 |            |             |             |            |             |             |            |             |            |            |
| Asian economies                                   | 11.7                            | 6.4        | 1.4         | 8.0         | 10.0       | -0.1        | 10.5        | 25.2       | 20.2        | 15.9       | 8.9        |
| Small low-income economies                        | 1.2                             | -2.1       | 0.3         | -2.2        | 5.1        | 1.9         | 0.5         | -0.3       | 5.1         | 0.4        | —          |
| Fifteen heavily indebted countries                | 8.2                             | 3.1        | -16.3       | -21.3       | -2.2       | 1.4         | -1.0        | 0.3        | 5.4         | 2.9        | 6.7        |

<sup>1</sup> Compound annual rates of change. Excluding China.

**Table A26. Developing Countries: Export Unit Values, 1971–90**

(Annual changes, in percent, in terms of U.S. dollars)

|   | Average<br>1971–80 <sup>1</sup> | 1981       | 1982        | 1983        | 1984        | 1985        | 1986         | 1987        | 1988       | 1989       | 1990       |
|---|---------------------------------|------------|-------------|-------------|-------------|-------------|--------------|-------------|------------|------------|------------|
| <b>Developing countries</b>                       | <b>21.1</b>                     | <b>4.1</b> | <b>-4.8</b> | <b>-6.9</b> | <b>-0.7</b> | <b>-5.0</b> | <b>-14.5</b> | <b>10.0</b> | <b>2.8</b> | <b>4.4</b> | <b>1.3</b> |
| <b>By region</b>                                  |                                 |            |             |             |             |             |              |             |            |            |            |
| Africa  | 19.9                            | -2.8       | -9.8        | -2.9        | -5.2        | -7.0        | -15.2        | 11.7        | -1.1       | 1.3        | 2.3        |
| Asia  | 12.6                            | 1.6        | -4.9        | -3.8        | 1.8         | -4.5        | -5.3         | 10.3        | 8.1        | 4.7        | 0.9        |
| Europe  | 11.5                            | —          | -1.9        | -6.7        | -5.4        | -1.9        | 2.7          | 1.8         | 2.9        | 0.7        | 0.8        |
| Middle East                                       | 32.8                            | 11.5       | -2.3        | -11.8       | -1.9        | -6.0        | -39.2        | 18.6        | -13.4      | 8.8        | 3.6        |
| Western Hemisphere                                | 18.3                            | -1.1       | -7.7        | -6.4        | 2.4         | -4.8        | -13.2        | 4.9         | 5.7        | 3.9        | 0.6        |
| <b>By predominant export</b>                      |                                 |            |             |             |             |             |              |             |            |            |            |
| Fuel  | 32.3                            | 9.7        | -3.5        | -11.0       | -1.4        | -5.3        | -40.4        | 19.9        | -12.0      | 9.5        | 3.2        |
| Non-fuel exports                                  | 12.7                            | -1.9       | -6.1        | -3.5        | -0.2        | -4.8        | —            | 6.5         | 7.8        | 3.0        | 0.8        |
| Manufactures                                      | 11.6                            | 0.2        | -4.2        | -5.0        | -0.3        | -3.3        | 1.3          | 6.8         | 7.9        | 4.0        | 0.7        |
| Primary products                                  | 12.9                            | -9.2       | -9.9        | -1.5        | 3.6         | -6.3        | 0.1          | —           | 11.0       | 1.1        | -2.4       |
| Agricultural products                             | 14.2                            | -7.3       | -9.5        | -2.8        | 6.2         | -6.6        | 1.5          | -4.0        | 6.5        | 1.0        | 1.5        |
| Minerals  | 10.5                            | -12.6      | -10.8       | 0.9         | -1.6        | -5.5        | -3.0         | 9.2         | 20.0       | 1.3        | -10.0      |
| Services and private transfers                    | 13.3                            | 1.7        | -6.9        | -4.9        | 0.7         | -4.0        | -3.0         | 0.2         | 8.9        | -1.5       | 3.6        |
| Diversified export base                           | 15.4                            | -3.3       | -10.4       | 2.0         | -3.0        | -11.1       | -5.7         | 12.9        | 4.1        | -0.9       | 3.1        |
| <b>By financial criteria</b>                      |                                 |            |             |             |             |             |              |             |            |            |            |
| Net creditor countries                            | 31.8                            | 10.4       | -2.8        | -11.0       | -1.0        | -6.1        | -30.5        | 19.4        | -5.2       | 8.1        | 3.4        |
| Net debtor countries                              | 17.0                            | 1.0        | -5.9        | -5.1        | -0.6        | -4.6        | -10.0        | 7.7         | 4.8        | 3.6        | 0.9        |
| Market borrowers                                  | 16.2                            | -0.3       | -7.4        | -5.0        | -0.1        | -5.0        | -9.6         | 8.4         | 5.2        | 4.0        | 0.4        |
| Diversified borrowers                             | 20.1                            | 4.1        | -3.8        | -5.8        | -1.4        | -4.1        | -12.8        | 8.8         | 3.3        | 3.9        | 1.6        |
| Official borrowers                                | 12.1                            | -4.8       | -6.2        | -2.7        | -0.1        | -4.4        | -0.9         | 0.1         | 7.8        | —          | 1.0        |
| Countries with recent debt-servicing difficulties | 18.4                            | 0.8        | -7.3        | -4.6        | -1.0        | -5.4        | -12.4        | 7.8         | 2.7        | 3.0        | 1.2        |
| Countries without debt-servicing difficulties     | 14.7                            | 1.3        | -4.4        | -5.5        | -0.1        | -3.9        | -7.7         | 7.6         | 6.1        | 4.0        | 0.6        |
| <b>Miscellaneous groups</b>                       |                                 |            |             |             |             |             |              |             |            |            |            |
| Sub-Saharan Africa                                | 13.0                            | -8.5       | -8.0        | -2.2        | 3.8         | -3.7        | -6.0         | 1.7         | 4.2        | -1.1       | -0.2       |
| Twelve major oil exporters                        | 33.3                            | 10.5       | -3.2        | -11.5       | -1.6        | -5.7        | -42.6        | 22.2        | -14.6      | 11.0       | 3.0        |
| Net debtor fuel exporters                         | 29.1                            | 7.9        | -5.7        | -9.2        | -0.8        | -4.0        | -38.5        | 17.8        | -6.7       | 9.0        | 2.4        |
| Four newly industrializing                        |                                 |            |             |             |             |             |              |             |            |            |            |
| Asian economies                                   | 10.3                            | 2.5        | -4.1        | -4.6        | 2.0         | -2.9        | -0.7         | 9.3         | 8.7        | 5.3        | 0.2        |
| Small low-income economies                        | 11.4                            | -6.9       | -7.9        | 1.7         | 6.8         | -7.3        | -2.6         | 5.0         | 9.3        | 0.7        | 0.2        |
| Fifteen heavily indebted countries                | 19.2                            | 0.1        | -7.0        | -6.3        | 2.2         | -4.7        | -14.7        | 6.9         | 4.0        | 4.4        | 0.8        |

<sup>1</sup> Compound annual rates of change. Excluding China.

**Table A27. Developing Countries: Import Unit Values, 1971-90**

(Annual changes, in percent, in terms of U.S. dollars)

|   | Average<br>1971-80 <sup>1</sup> | 1981       | 1982        | 1983        | 1984        | 1985        | 1986       | 1987       | 1988       | 1989       | 1990       |
|---|---------------------------------|------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|
| <b>Developing countries</b>                       | <b>13.3</b>                     | <b>1.2</b> | <b>-4.0</b> | <b>-3.9</b> | <b>-2.4</b> | <b>-2.8</b> | <b>4.6</b> | <b>8.0</b> | <b>6.5</b> | <b>2.3</b> | <b>2.2</b> |
| <b>By region</b>                                  |                                 |            |             |             |             |             |            |            |            |            |            |
| Africa  | 14.0                            | -3.0       | -5.0        | -3.5        | -4.2        | -3.9        | 12.9       | 11.2       | 3.8        | 0.8        | 3.5        |
| Asia  | 13.4                            | 2.5        | -5.3        | -4.3        | -1.3        | -2.4        | 1.4        | 7.5        | 7.9        | 3.3        | 1.6        |
| Europe  | 13.0                            | -0.4       | -1.9        | -4.7        | -5.7        | -2.4        | 4.7        | 4.8        | 0.6        | -0.2       | 1.5        |
| Middle East                                       | 12.8                            | -0.2       | -4.3        | -3.7        | -2.2        | -2.6        | 11.0       | 9.7        | 7.2        | 0.3        | 2.5        |
| Western Hemisphere                                | 13.2                            | 4.8        | -1.8        | -3.3        | -1.4        | -3.4        | -1.4       | 7.7        | 7.4        | 3.0        | 3.9        |
| <b>By predominant export</b>                      |                                 |            |             |             |             |             |            |            |            |            |            |
| Fuel  | 11.7                            | -0.9       | -3.3        | -3.4        | -2.0        | -1.8        | 12.1       | 9.2        | 7.4        | 0.1        | 3.0        |
| Non-fuel exports                                  | 13.9                            | 2.1        | -4.4        | -4.2        | -2.5        | -3.1        | 2.2        | 7.7        | 6.2        | 2.7        | 2.0        |
| Manufactures                                      | 13.6                            | 1.6        | -4.4        | -4.7        | -3.1        | -2.0        | 1.7        | 7.7        | 6.8        | 2.7        | 1.3        |
| Primary products                                  | 13.3                            | -0.2       | -3.0        | -3.8        | -1.2        | -3.1        | 6.0        | 8.0        | 5.8        | 3.1        | 3.6        |
| Agricultural products                             | 13.4                            | 0.3        | -2.6        | -4.0        | -1.2        | -3.1        | 5.2        | 8.0        | 6.3        | 2.9        | 3.5        |
| Minerals  | 13.2                            | -1.4       | -3.7        | -3.2        | -1.2        | -3.1        | 8.1        | 7.8        | 4.5        | 3.9        | 4.0        |
| Services and private transfers                    | 13.8                            | 3.0        | -4.2        | -6.1        | -0.7        | -4.0        | 3.5        | 7.8        | 7.2        | 3.9        | 4.2        |
| Diversified export base                           | 15.7                            | 5.8        | -5.7        | -1.1        | -2.3        | -7.7        | -0.2       | 7.0        | 2.2        | 1.6        | 3.7        |
| <b>By financial criteria</b>                      |                                 |            |             |             |             |             |            |            |            |            |            |
| Net creditor countries                            | 12.5                            | 0.7        | -4.5        | -3.9        | -1.8        | -2.0        | 7.5        | 10.1       | 9.9        | 0.6        | 2.3        |
| Net debtor countries                              | 13.5                            | 1.3        | -3.9        | -3.9        | -2.5        | -2.9        | 4.1        | 7.7        | 5.9        | 2.5        | 2.1        |
| Market borrowers                                  | 13.5                            | 3.7        | -3.8        | -3.7        | -1.4        | -4.3        | 1.5        | 7.4        | 6.0        | 3.0        | 0.9        |
| Diversified borrowers                             | 13.7                            | -0.4       | -3.9        | -4.0        | -3.7        | -1.0        | 6.4        | 8.5        | 5.6        | 1.7        | 3.4        |
| Official borrowers                                | 12.9                            | -1.7       | -4.3        | -4.4        | -2.7        | -3.7        | 5.3        | 6.2        | 6.2        | 3.0        | 3.6        |
| Countries with recent debt-servicing difficulties | 13.4                            | 2.0        | -3.4        | -2.8        | -2.6        | -4.1        | 6.1        | 8.3        | 5.1        | 2.1        | 3.4        |
| Countries without debt-servicing difficulties     | 13.5                            | 0.6        | -4.5        | -4.9        | -2.4        | -2.1        | 2.8        | 7.3        | 6.3        | 2.8        | 1.5        |
| <b>Miscellaneous groups</b>                       |                                 |            |             |             |             |             |            |            |            |            |            |
| Sub-Saharan Africa                                | 14.0                            | -3.7       | -5.1        | -3.4        | -2.8        | -2.3        | 12.2       | 11.3       | 4.5        | 2.1        | 4.4        |
| Twelve major oil exporters                        | 11.5                            | -1.8       | -3.9        | -3.7        | -2.2        | -1.9        | 13.2       | 9.7        | 7.4        | -0.5       | 2.6        |
| Net debtor fuel exporters                         | 11.7                            | -0.5       | -2.9        | -3.2        | -1.7        | -1.7        | 10.9       | 8.5        | 7.2        | 0.6        | 3.3        |
| Four newly industrializing                        |                                 |            |             |             |             |             |            |            |            |            |            |
| Asian economies                                   | 13.3                            | 4.5        | -5.5        | -4.6        | 0.1         | -3.6        | 0.6        | 7.8        | 8.2        | 3.6        | -0.2       |
| Small low-income economies                        | 13.8                            | 0.7        | -5.4        | -4.7        | -1.4        | -3.5        | 5.6        | 9.1        | 6.7        | 3.7        | 4.7        |
| Fifteen heavily indebted countries                | 13.0                            | 4.3        | -2.9        | -2.8        | -0.9        | -3.3        | 1.9        | 8.9        | 6.4        | 2.7        | 3.5        |

<sup>1</sup> Compound annual rates of change. Excluding China.



**Table A28. Developing Countries: Terms of Trade, 1971–90**

(Annual changes, in percent)

|   | Average<br>1971–80 <sup>1</sup> | 1981       | 1982        | 1983        | 1984       | 1985        | 1986         | 1987       | 1988        | 1989       | 1990        |
|---|---------------------------------|------------|-------------|-------------|------------|-------------|--------------|------------|-------------|------------|-------------|
| <b>Developing countries</b>                       | <b>6.8</b>                      | <b>2.9</b> | <b>-0.8</b> | <b>-3.1</b> | <b>1.7</b> | <b>-2.3</b> | <b>-18.3</b> | <b>1.8</b> | <b>-3.5</b> | <b>2.1</b> | <b>-0.8</b> |
| <b>By region</b>                                  |                                 |            |             |             |            |             |              |            |             |            |             |
| Africa  | 5.1                             | 0.1        | -5.0        | 0.7         | -1.1       | -3.2        | -24.9        | 0.4        | -4.7        | 0.5        | -1.2        |
| Asia  | -0.7                            | -0.8       | 0.4         | 0.5         | 3.1        | -2.2        | -6.6         | 2.6        | 0.2         | 1.3        | -0.8        |
| Europe  | -1.3                            | 0.4        | —           | -2.2        | 0.2        | 0.5         | -1.9         | -2.8       | 2.3         | 0.9        | -0.7        |
| Middle East                                       | 17.8                            | 11.7       | 2.1         | -8.3        | 0.2        | -3.6        | -45.3        | 8.1        | -19.2       | 8.4        | 1.0         |
| Western Hemisphere                                | 4.5                             | -5.7       | -6.0        | -3.2        | 3.8        | -1.4        | -12.0        | -2.6       | -1.6        | 0.9        | -3.2        |
| <b>By predominant export</b>                      |                                 |            |             |             |            |             |              |            |             |            |             |
| Fuel  | 18.5                            | 10.7       | -0.2        | -7.8        | 0.7        | -3.5        | -46.8        | 9.8        | -18.0       | 9.4        | 0.2         |
| Non-fuel exports                                  | -1.1                            | -3.9       | -1.8        | 0.7         | 2.4        | -1.7        | -2.1         | -1.1       | 1.5         | 0.2        | -1.2        |
| Manufactures                                      | -1.7                            | -1.4       | 0.2         | -0.4        | 2.8        | -1.3        | -0.5         | -0.9       | 1.0         | 1.3        | -0.6        |
| Primary Products                                  | -0.4                            | -9.0       | -7.2        | 2.3         | 4.9        | -3.3        | -5.6         | -7.4       | 4.9         | -2.0       | -5.8        |
| Agricultural products                             | 0.7                             | -7.6       | -7.0        | 1.3         | 7.5        | -3.6        | -3.5         | -11.1      | 0.2         | -1.8       | -1.9        |
| Minerals  | -2.4                            | -11.4      | -7.4        | 4.2         | -0.4       | -2.5        | -10.3        | 1.3        | 14.8        | -2.5       | -13.5       |
| Services and private transfers                    | -0.5                            | -1.3       | -2.8        | 1.3         | 1.4        | —           | -6.3         | -7.1       | 1.6         | -5.2       | -0.6        |
| Diversified export base                           | -0.3                            | -8.6       | -5.0        | 3.1         | -0.7       | -3.7        | -5.5         | 5.5        | 1.8         | -2.4       | -0.6        |
| <b>By financial criteria</b>                      |                                 |            |             |             |            |             |              |            |             |            |             |
| Net creditor countries                            | 17.1                            | 9.6        | 1.8         | -7.4        | 0.9        | -4.3        | -35.4        | 8.5        | -13.8       | 7.5        | 1.1         |
| Net debtor countries                              | 3.1                             | -0.3       | -2.1        | -1.2        | 2.0        | -1.7        | -13.5        | —          | -1.0        | 1.0        | -1.3        |
| Market borrowers                                  | 2.4                             | -3.9       | -3.7        | -1.4        | 1.3        | -0.7        | -10.9        | 0.9        | -0.7        | 0.9        | -0.5        |
| Official borrowers                                | -0.7                            | -3.2       | -1.9        | 1.8         | 2.7        | -0.8        | -5.8         | -5.8       | 1.5         | -2.9       | -2.4        |
| Diversified borrowers                             | 5.7                             | 4.5        | 0.1         | -1.9        | 2.4        | -3.1        | -18.0        | 0.3        | -2.2        | 2.2        | -1.8        |
| Countries with recent debt-servicing difficulties | 4.4                             | -1.2       | -4.0        | -1.9        | 1.6        | -1.4        | -17.4        | -0.5       | -2.2        | 0.9        | -2.1        |
| Countries without debt-servicing difficulties     | 1.0                             | 0.7        | 0.1         | -0.6        | 2.4        | -1.8        | -10.3        | 0.3        | -0.2        | 1.1        | -0.9        |
| <b>Miscellaneous groups</b>                       |                                 |            |             |             |            |             |              |            |             |            |             |
| Sub-Saharan Africa                                | -0.9                            | -5.0       | -3.0        | 1.3         | 6.7        | -1.4        | -16.3        | -8.6       | -0.3        | -3.1       | -4.4        |
| Twelve major oil exporters                        | 19.6                            | 12.6       | 0.8         | -8.2        | 0.6        | -3.9        | -49.3        | 11.4       | -20.5       | 11.5       | 0.4         |
| Net debtor fuel exporters                         | 15.6                            | 8.4        | -2.9        | -6.3        | 0.9        | -2.4        | -44.6        | 8.5        | -13.0       | 8.4        | -0.8        |
| Four newly industrializing                        |                                 |            |             |             |            |             |              |            |             |            |             |
| Asian economies                                   | -2.7                            | -1.9       | 1.5         | —           | 1.9        | 0.7         | -1.3         | 1.4        | 0.5         | 1.7        | 0.4         |
| Small low-income economies                        | -2.0                            | -7.5       | -2.7        | 6.8         | 8.3        | -3.9        | -7.8         | -3.8       | 2.4         | -2.9       | -4.2        |
| Fifteen heavily indebted countries                | 5.5                             | -3.9       | -4.2        | -3.5        | 3.1        | -1.5        | -16.3        | -1.8       | -2.3        | 1.6        | -2.5        |

<sup>1</sup> Compound annual rates of change. Excluding China.

**Table A29. Developing Countries: Non-Fuel Commodity Prices, 1971-90<sup>1</sup>**  
(Annual changes, in percent)

|   | Average<br>1971-80 <sup>2</sup> | 1981         | 1982        | 1983       | 1984       | 1985         | 1986        | 1987       | 1988        | 1989        | 1990        |
|---|---------------------------------|--------------|-------------|------------|------------|--------------|-------------|------------|-------------|-------------|-------------|
| <b>Non-fuel primary commodities</b>               | <b>11.6</b>                     | <b>-13.5</b> | <b>-9.9</b> | <b>6.9</b> | <b>4.2</b> | <b>-12.9</b> | <b>-1.2</b> | <b>3.4</b> | <b>18.2</b> | <b>-1.7</b> | <b>-8.0</b> |
| <b>By commodity group<sup>3</sup></b>             |                                 |              |             |            |            |              |             |            |             |             |             |
| Food  | 10.0                            | -6.5         | -19.2       | 11.2       | 2.9        | -18.7        | -12.0       | 7.4        | 25.3        | -0.9        | -5.6        |
| Beverages   | 12.1                            | -21.1        | 1.1         | 7.9        | 15.9       | -11.6        | 16.2        | -28.7      | 0.2         | -15.2       | -8.5        |
| Agricultural raw materials                        | 16.5                            | -13.2        | -6.6        | 4.8        | 4.3        | -14.8        | -1.1        | 29.4       | 8.2         | 0.4         | 2.1         |
| Minerals and metals                               | 8.0                             | -15.0        | -10.7       | 2.8        | -6.5       | -4.2         | -9.0        | 17.2       | 40.3        | 4.4         | -19.5       |
| <b>By region<sup>4</sup></b>                      |                                 |              |             |            |            |              |             |            |             |             |             |
| Africa  | 10.4                            | -16.1        | -9.7        | 6.0        | 3.7        | -9.1         | 3.0         | -1.9       | 16.5        | 0.8         | -8.8        |
| Asia  | 11.0                            | -11.7        | -16.6       | 8.2        | 11.0       | -20.9        | -12.1       | 16.4       | 20.9        | -0.4        | -5.4        |
| Europe  | 9.9                             | -6.5         | -4.6        | 5.1        | 1.3        | -10.8        | -6.3        | 14.8       | 15.5        | 1.6         | -5.0        |
| Middle East                                       | 11.8                            | -7.4         | -15.8       | 11.0       | 0.1        | -14.5        | -5.8        | 19.4       | 19.3        | 7.5         | -2.6        |
| Western Hemisphere                                | 10.0                            | -14.4        | -8.1        | 6.0        | -0.4       | -8.5         | 4.9         | -6.4       | 20.8        | 0.7         | -8.1        |
| <b>By predominant export<sup>4</sup></b>          |                                 |              |             |            |            |              |             |            |             |             |             |
| Fuel  | 12.5                            | -17.4        | -8.3        | 7.0        | 6.2        | -12.7        | 2.9         | 6.6        | 13.3        | -3.2        | -5.1        |
| Non-fuel exports                                  | 10.3                            | -13.3        | -11.2       | 6.7        | 3.9        | -13.1        | -1.6        | 2.5        | 19.3        | 0.6         | -7.0        |
| Manufactures                                      | 10.4                            | -9.8         | -10.2       | 4.8        | 3.4        | -13.6        | -1.9        | -0.5       | 14.9        | 1.1         | -2.9        |
| Primary products                                  | 9.6                             | -15.4        | -9.3        | 7.3        | 1.8        | -9.6         | 3.7         | -2.6       | 21.2        | 0.4         | -11.1       |
| Agricultural products                             | 11.3                            | -14.4        | -7.6        | 7.9        | 5.9        | -11.7        | 5.8         | -11.1      | 12.9        | -0.8        | -4.0        |
| Minerals  | 6.9                             | -17.6        | -12.7       | 6.0        | -7.6       | -4.2         | -1.5        | 19.1       | 37.1        | 2.3         | -22.1       |
| Services and private transfers                    | 12.5                            | -14.4        | -19.1       | 8.5        | 0.2        | -13.1        | 2.2         | 2.6        | 22.3        | 3.1         | -4.8        |
| Diversified export base                           | 11.1                            | -14.0        | -14.2       | 8.1        | 9.8        | -18.9        | -13.3       | 20.8       | 21.2        | -0.2        | -4.8        |
| <b>By financial criteria</b>                      |                                 |              |             |            |            |              |             |            |             |             |             |
| Net creditor countries                            | 10.9                            | -6.9         | -22.1       | 11.1       | 4.0        | -20.2        | 0.2         | 16.4       | 29.3        | -4.2        | -10.1       |
| Net debtor countries                              | 10.6                            | -13.8        | -10.8       | 6.7        | 4.1        | -13.0        | -1.1        | 3.0        | 18.5        | 0.2         | -6.7        |
| Market borrowers                                  | 10.0                            | -13.6        | -10.8       | 7.5        | 3.6        | -14.2        | -4.9        | 8.1        | 21.3        | -0.5        | -7.1        |
| Diversified borrowers                             | 11.5                            | -13.9        | -10.4       | 5.9        | 4.6        | -12.4        | 2.5         | -0.9       | 14.5        | -0.1        | -5.1        |
| Official borrowers                                | 10.2                            | -14.2        | -11.7       | 6.6        | 4.5        | -11.3        | 1.3         | -1.0       | 18.9        | 2.2         | -8.6        |
| Countries with recent debt-servicing difficulties | 10.0                            | -14.3        | -10.2       | 7.2        | 1.4        | -10.4        | 0.7         | 1.5        | 20.4        | 0.5         | -9.0        |
| Countries without debt-servicing difficulties     | 11.6                            | -13.1        | -11.9       | 6.0        | 8.3        | -16.8        | -3.8        | 5.5        | 15.4        | -0.3        | -3.0        |
| <b>Miscellaneous groups</b>                       |                                 |              |             |            |            |              |             |            |             |             |             |
| Sub-Saharan Africa                                | 10.2                            | -17.8        | -8.2        | 7.5        | 4.9        | -8.8         | 4.0         | -2.4       | 14.7        | -0.3        | -9.8        |
| Twelve major oil exporters                        | 12.7                            | -18.1        | -9.5        | 6.8        | 6.4        | -15.1        | —           | 15.0       | 16.0        | -4.5        | -5.1        |
| Net debtor fuel exporters                         | 12.5                            | -17.7        | -7.8        | 6.9        | 6.2        | -12.5        | 3.0         | 6.4        | 12.9        | -3.2        | -4.9        |
| Four newly industrializing Asian economies        | 11.1                            | -10.1        | -8.5        | 5.4        | 18.4       | -20.2        | -17.1       | 16.9       | 11.8        | -1.0        | 0.6         |
| Small low-income economies                        | 9.3                             | -14.6        | -12.6       | 9.0        | 6.7        | -12.2        | 0.6         | 0.5        | 20.0        | 0.7         | -11.4       |
| Fifteen heavily indebted countries                | 10.0                            | -14.1        | -8.8        | 6.3        | 2.5        | -10.8        | 1.5         | -2.1       | 19.8        | 0.3         | -8.5        |
| <b>Memorandum</b>                                 |                                 |              |             |            |            |              |             |            |             |             |             |
| Oil export unit value <sup>5</sup>                | 34.4                            | 9.8          | -4.3        | -11.6      | -2.8       | -4.9         | -50.2       | 28.2       | -19.9       | 18.5        | 2.2         |
| Export unit value of manufactures <sup>6</sup>    | 11.1                            | -3.9         | -2.1        | -2.8       | -3.1       | 1.1          | 17.7        | 12.0       | 6.1         | -0.8        | 2.2         |

<sup>1</sup> In U.S. dollar terms.

<sup>2</sup> Compound annual rates of change.

<sup>3</sup> Based on averages of component commodity price indices weighted by the U.S. dollar value of exports of each commodity from developing countries in 1979-81.

<sup>4</sup> Based on averages of individual commodity price indices weighted according to the 1980-82 composition of commodity exports of the respective groups of developing countries.

<sup>5</sup> Of the twelve major oil exporters.

<sup>6</sup> Exported by the industrial countries.

**Table A.30. Summary of Payments Balances on Current Account, 1981-90<sup>1</sup>**

(In billions of U.S. dollars)

|   | 1981         | 1982         | 1983         | 1984         | 1985         | 1986         | 1987         | 1988         | 1989         | 1990         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Industrial countries</b>                       | <b>-23.7</b> | <b>-27.4</b> | <b>-22.4</b> | <b>-59.3</b> | <b>-52.0</b> | <b>-12.4</b> | <b>-36.3</b> | <b>-54.4</b> | <b>-77.6</b> | <b>-69.6</b> |
| United States                                     | 8.2          | -7.0         | -44.3        | -104.2       | -112.7       | -133.3       | -143.7       | -126.5       | -125.1       | -138.7       |
| Japan   | 4.8          | 6.9          | 20.8         | 35.0         | 49.2         | 85.8         | 87.0         | 79.6         | 72.0         | 89.7         |
| Germany, Fed. Rep. of                             | -3.6         | 5.1          | 5.3          | 9.9          | 16.6         | 39.4         | 45.2         | 48.6         | 53.4         | 56.8         |
| Other industrial countries                        | -33.0        | -32.4        | -4.2         | —            | -5.0         | -4.3         | -24.8        | -56.1        | -77.9        | -77.3        |
| <b>Developing countries</b>                       | <b>-43.3</b> | <b>-77.1</b> | <b>-57.6</b> | <b>-27.5</b> | <b>-21.8</b> | <b>-41.3</b> | <b>4.1</b>   | <b>-9.1</b>  | <b>-7.3</b>  | <b>-16.3</b> |
| <b>By region</b>                                  |              |              |              |              |              |              |              |              |              |              |
| Africa  | -22.4        | -21.6        | -12.2        | -8.0         | -1.2         | -10.4        | -5.1         | -9.4         | -8.3         | -7.5         |
| Asia  | -18.7        | -16.6        | -14.2        | -4.2         | -14.0        | 3.8          | 21.5         | 12.3         | 4.3          | 2.8          |
| Europe  | -8.6         | -2.9         | -2.2         | -0.3         | -0.2         | -1.3         | 1.8          | 7.0          | 5.1          | 2.1          |
| Middle East                                       | 48.5         | 4.8          | -19.4        | -13.8        | -3.6         | -17.1        | -3.6         | -8.3         | 0.6          | -0.6         |
| Western Hemisphere                                | -42.0        | -40.8        | -9.6         | -1.3         | -2.9         | -16.2        | -10.4        | -10.7        | -9.0         | -13.0        |
| <b>By analytical criteria</b>                     |              |              |              |              |              |              |              |              |              |              |
| Fuel exporters                                    | 33.2         | -15.4        | -16.9        | -1.6         | 2.8          | -31.4        | -3.6         | -19.1        | -5.2         | -3.3         |
| Non-fuel exporters                                | -76.5        | -61.7        | -40.7        | -26.0        | -24.6        | -9.9         | 7.8          | 10.0         | -2.1         | -12.9        |
| Market borrowers                                  | -52.8        | -49.2        | -12.7        | -1.1         | 5.2          | -6.2         | 11.2         | 12.4         | 8.6          | 7.3          |
| Official borrowers                                | -20.0        | -17.5        | -11.4        | -13.1        | -12.4        | -11.8        | -10.8        | -13.3        | -13.1        | -15.2        |
| Countries with recent debt-servicing difficulties | -82.0        | -83.2        | -31.5        | -15.3        | -10.6        | -33.0        | -15.4        | -18.1        | -17.9        | -26.2        |
| Countries without debt-servicing difficulties     | -25.8        | -22.8        | -25.2        | -15.7        | -23.9        | -16.1        | 1.4          | 1.9          | -4.9         | -4.8         |
| <b>Other countries<sup>2</sup></b>                | <b>-1.2</b>  | <b>5.7</b>   | <b>6.2</b>   | <b>7.1</b>   | <b>2.0</b>   | <b>1.3</b>   | <b>5.3</b>   | <b>-2.6</b>  | <b>-2.5</b>  | <b>-2.8</b>  |
| <b>Total<sup>3</sup></b>                          | <b>-68.2</b> | <b>-98.7</b> | <b>-73.8</b> | <b>-79.7</b> | <b>-71.8</b> | <b>-52.3</b> | <b>-26.8</b> | <b>-66.1</b> | <b>-87.4</b> | <b>-88.6</b> |
| (in percent of exports of goods and services)     | -2.5         | -3.8         | -2.9         | -3.0         | -2.7         | -1.8         | -0.8         | -1.7         | -2.0         | -1.9         |
| <b>Memorandum</b>                                 |              |              |              |              |              |              |              |              |              |              |
| <b>Total, by selected categories</b>              |              |              |              |              |              |              |              |              |              |              |
| Trade balance                                     | 14.7         | -0.7         | 5.9          | 14.3         | 8.3          | 8.4          | 34.3         | 31.8         | 33.1         | 36.2         |
| Timing asymmetry <sup>4</sup>                     | -2.0         | -6.0         | 2.0          | —            | 7.0          | 5.0          | 25.0         | 13.0         | 8.0          | 11.0         |
| Residual asymmetry                                | 16.7         | 5.3          | 3.9          | 14.3         | 1.3          | 3.4          | 9.3          | 18.8         | 25.1         | 25.2         |
| Balance on services                               | -77.6        | -88.6        | -74.0        | -89.0        | -73.4        | -51.7        | -49.3        | -85.9        | -108.6       | -110.3       |
| (in percent of services debits)                   | -8.9         | -10.1        | -9.2         | -10.4        | -8.6         | -5.5         | -4.5         | -6.8         | -7.8         | -7.4         |
| Private transfers, net                            | 4.0          | 1.3          | 3.2          | 5.7          | 4.9          | 5.5          | 8.1          | 8.4          | 6.5          | 6.6          |
| Official transfers, net                           | -9.2         | -10.7        | -9.0         | -10.7        | -11.5        | -14.6        | -19.9        | -20.5        | -18.4        | -21.2        |

<sup>1</sup> Including official transfers.<sup>2</sup> Covers estimated balances on current transactions only in convertible currencies of the U.S.S.R. and nonmember countries of Eastern Europe.<sup>3</sup> Reflects errors, omissions, and asymmetries in reported balance of payments statistics on current account, plus balance of listed groups with countries not included.<sup>4</sup> Staff estimates of the difference between the beginning-of-year and end-of-year "float," that is, the value of those exports that have not yet been recorded as imports (usually because the goods are in transit or because of delays in the processing of the documentation). The estimates should be viewed only as rough orders of magnitude.

**Table A31. Industrial Countries: Balance of Payments on Current Account, 1981-90<sup>1</sup>**

(In billions of U.S. dollars)

|  | 1981         | 1982         | 1983         | 1984         | 1985         | 1986         | 1987         | 1988         | 1989         | 1990         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Balance on current account</b>                        |              |              |              |              |              |              |              |              |              |              |
| Canada   | -5.1         | 2.3          | 2.5          | 2.1          | -1.5         | -7.6         | -7.1         | -8.4         | -15.8        | -16.5        |
| United States  | 8.2          | -7.0         | -44.3        | -104.2       | -112.7       | -133.3       | -143.7       | -126.5       | -125.1       | -138.7       |
| Japan  | 4.8          | 6.9          | 20.8         | 35.0         | 49.2         | 85.8         | 87.0         | 79.6         | 72.0         | 89.7         |
| France   | -4.8         | -12.1        | -4.7         | -0.8         | -0.3         | 3.0          | -4.1         | -4.3         | -5.5         | -4.9         |
| Germany, Fed. Rep. of                                    | -3.6         | 5.1          | 5.3          | 9.9          | 16.6         | 39.4         | 45.2         | 48.6         | 53.4         | 56.8         |
| Italy  | -9.1         | -6.2         | 1.5          | -2.5         | -3.7         | 2.6          | -1.5         | -5.2         | -8.1         | -10.2        |
| United Kingdom   | 14.1         | 8.2          | 5.9          | 2.8          | 4.3          | 0.2          | -6.0         | -26.0        | -30.6        | -26.7        |
| Other industrial countries                               | -28.1        | -24.5        | -9.4         | -1.6         | -3.9         | -2.5         | -6.1         | -12.2        | -17.8        | -18.9        |
| <b>All industrial countries</b>                          | <b>-23.7</b> | <b>-27.4</b> | <b>-22.4</b> | <b>-59.3</b> | <b>-52.0</b> | <b>-12.4</b> | <b>-36.3</b> | <b>-54.4</b> | <b>-77.6</b> | <b>-69.6</b> |
| Of which,  |              |              |              |              |              |              |              |              |              |              |
| Seven major countries above                              | 4.4          | -2.9         | -13.0        | -57.7        | -48.2        | -9.9         | -30.1        | -42.2        | -59.7        | -50.6        |
| European countries                                       | -22.2        | -20.0        | 5.4          | 18.0         | 23.6         | 53.4         | 37.0         | 12.7         | 7.8          | 8.8          |
| European Community                                       | -22.6        | -20.8        | 1.2          | 10.6         | 17.8         | 51.2         | 36.9         | 16.1         | 5.9          | 8.0          |
| <b>Balance on goods, services, and private transfers</b> |              |              |              |              |              |              |              |              |              |              |
| Canada   | -5.4         | 2.0          | 2.4          | 2.3          | -1.2         | -7.7         | -6.6         | -8.0         | -15.3        | -15.9        |
| United States  | 12.6         | -1.5         | -38.0        | -95.6        | -101.5       | -121.5       | -133.6       | -116.2       | -116.2       | -129.8       |
| Japan  | 6.2          | 8.1          | 22.2         | 36.4         | 50.5         | 87.3         | 89.7         | 82.6         | 75.7         | 94.0         |
| France   | -2.8         | -9.5         | -2.6         | 1.1          | 1.0          | 5.8          | -1.0         | -0.2         | -1.2         | -0.2         |
| Germany, Fed. Rep. of                                    | 2.4          | 11.1         | 10.6         | 16.1         | 22.6         | 46.8         | 55.4         | 59.8         | 64.1         | 68.9         |
| Italy  | -8.5         | -5.7         | 1.5          | -2.6         | -3.5         | 5.6          | 0.7          | -2.4         | -6.0         | -8.0         |
| United Kingdom   | 17.3         | 11.3         | 8.8          | 5.6          | 8.7          | 3.5          | -0.6         | -20.8        | -25.6        | -21.3        |
| Other industrial countries                               | -28.2        | -23.7        | -8.2         | -0.7         | -3.2         | -1.8         | -5.5         | -12.8        | -18.7        | -20.1        |
| <b>All industrial countries</b>                          | <b>-6.5</b>  | <b>-7.7</b>  | <b>-3.2</b>  | <b>-37.5</b> | <b>-26.5</b> | <b>18.0</b>  | <b>-1.4</b>  | <b>-17.9</b> | <b>-43.1</b> | <b>-32.5</b> |
| Of which,  |              |              |              |              |              |              |              |              |              |              |
| Seven major countries above                              | 21.8         | 16.0         | 5.0          | -36.8        | -23.3        | 19.8         | 4.0          | -5.1         | -24.4        | -12.4        |
| European countries                                       | -11.0        | -7.3         | 16.5         | 29.3         | 36.0         | 70.5         | 58.3         | 35.1         | 28.9         | 31.7         |
| European Community                                       | -12.9        | -9.7         | 10.9         | 20.6         | 28.9         | 66.6         | 56.1         | 36.1         | 24.3         | 27.8         |
| <b>Memorandum</b>  |              |              |              |              |              |              |              |              |              |              |
| <b>Balance on current account as percentage of GNP</b>   |              |              |              |              |              |              |              |              |              |              |
| Canada   | -1.7         | 0.8          | 0.8          | 0.6          | -0.4         | -2.1         | -1.7         | -1.7         | -2.9         | -2.8         |
| United States  | 0.3          | -0.2         | -1.3         | -2.8         | -2.8         | -3.1         | -3.2         | -2.6         | -2.4         | -2.5         |
| Japan  | 0.4          | 0.6          | 1.8          | 2.8          | 3.7          | 4.3          | 3.6          | 2.8          | 2.5          | 2.9          |
| France   | -0.8         | -2.2         | -0.9         | -0.2         | -0.1         | 0.4          | -0.5         | -0.4         | -0.6         | -0.5         |
| Germany, Fed. Rep. of                                    | -0.5         | 0.8          | 0.8          | 1.6          | 2.6          | 4.4          | 4.0          | 4.0          | 4.5          | 4.5          |
| Italy  | -2.2         | -1.5         | 0.4          | -0.6         | -0.9         | 0.4          | -0.2         | -0.6         | -1.0         | -1.1         |
| United Kingdom   | 2.7          | 1.7          | 1.3          | 0.6          | 0.9          | —            | -0.9         | -3.2         | -3.7         | -3.1         |
| Other industrial countries                               | -2.5         | -2.2         | -0.9         | -0.2         | -0.4         | -0.2         | -0.4         | -0.6         | -0.9         | -0.9         |
| <b>All industrial countries</b>                          | <b>-0.3</b>  | <b>-0.4</b>  | <b>-0.3</b>  | <b>-0.7</b>  | <b>-0.6</b>  | <b>-0.1</b>  | <b>-0.3</b>  | <b>-0.4</b>  | <b>-0.5</b>  | <b>-0.4</b>  |
| Of which,  |              |              |              |              |              |              |              |              |              |              |
| Seven major countries above                              | 0.1          | —            | -0.2         | -0.8         | -0.6         | -0.1         | -0.3         | -0.4         | -0.5         | -0.4         |
| European countries                                       | -0.7         | -0.7         | 0.2          | 0.6          | 0.8          | 1.3          | 0.8          | 0.2          | 0.1          | 0.1          |
| European Community                                       | -0.8         | -0.8         | —            | 0.4          | 0.7          | 1.5          | 0.9          | 0.3          | 0.1          | 0.2          |

<sup>1</sup> Including official transfers.



## Current Account: Industrial Countries

**Table A32. Industrial Countries: Current Account Transactions, 1981-90**

(In billions of U.S. dollars)

|  | 1981         | 1982         | 1983         | 1984         | 1985         | 1986         | 1987         | 1988         | 1989         | 1990         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Exports (f.o.b.)   | 1,209.1      | 1,138.4      | 1,125.3      | 1,198.8      | 1,236.7      | 1,441.6      | 1,685.0      | 1,943.9      | 2,072.2      | 2,267.6      |
| Imports (f.o.b.)   | 1,243.8      | 1,167.2      | 1,151.9      | 1,250.2      | 1,282.0      | 1,449.1      | 1,713.2      | 1,955.5      | 2,088.7      | 2,276.9      |
| <b>Trade balance</b>   | <b>-34.7</b> | <b>-28.8</b> | <b>-26.5</b> | <b>-51.4</b> | <b>-45.3</b> | <b>-7.5</b>  | <b>-28.2</b> | <b>-11.6</b> | <b>-16.5</b> | <b>-9.3</b>  |
| Services receipts  | 601.0        | 595.3        | 548.6        | 578.3        | 599.9        | 692.9        | 837.1        | 954.1        | 1,025.4      | 1,114.4      |
| Services payments  | 568.0        | 570.0        | 520.5        | 560.5        | 576.8        | 660.7        | 804.2        | 955.8        | 1,046.2      | 1,130.0      |
| Balance on services  | 32.9         | 25.2         | 28.1         | 17.8         | 23.2         | 32.2         | 32.9         | -1.8         | -20.9        | -15.6        |
| <b>Balance on goods and services</b>                                   | <b>-1.8</b>  | <b>-3.6</b>  | <b>1.5</b>   | <b>-33.5</b> | <b>-22.1</b> | <b>24.7</b>  | <b>4.7</b>   | <b>-13.4</b> | <b>-37.4</b> | <b>-24.9</b> |
| Private transfers, net   | -4.7         | -4.2         | -4.8         | -4.0         | -4.4         | -6.7         | -6.1         | -4.6         | -5.7         | -7.6         |
| Official transfers, net  | -17.2        | -19.6        | -19.1        | -21.8        | -25.5        | -30.4        | -34.8        | -36.4        | -34.5        | -37.1        |
| <b>Balance on current account</b>                                      | <b>-23.7</b> | <b>-27.4</b> | <b>-22.4</b> | <b>-59.3</b> | <b>-52.0</b> | <b>-12.4</b> | <b>-36.3</b> | <b>-54.4</b> | <b>-77.6</b> | <b>-69.6</b> |
| Memorandum   |              |              |              |              |              |              |              |              |              |              |
| Current account balance as percentage of GNP                           | -0.3         | -0.4         | -0.3         | -0.7         | -0.6         | -0.1         | -0.3         | -0.4         | -0.5         | -0.4         |
| Current account balance as percentage of exports of goods and services | -1.3         | -1.6         | -1.3         | -3.3         | -2.8         | -0.6         | -1.4         | -1.9         | -2.5         | -2.1         |
| Exports of goods and services  | 1,810.0      | 1,733.6      | 1,673.9      | 1,777.1      | 1,836.7      | 2,134.5      | 2,522.1      | 2,898.0      | 3,097.6      | 3,382.0      |
| Oil trade balance <sup>1</sup>   | -236.4       | -194.7       | -165.0       | -161.4       | -143.2       | -89.3        | -105.3       | -93.1        | -114.2       | -123.8       |

<sup>1</sup> Figures shown are on a balance of payments basis with rough adjustments to those countries' oil trade balance data that are only available on a trade returns basis.

**Table A33. Developing Countries: Summary of Payments Balances on Current Account, 1981-90<sup>1</sup>**

(In billions of U.S. dollars)

|   | 1981         | 1982         | 1983         | 1984         | 1985         | 1986         | 1987       | 1988        | 1989        | 1990         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|-------------|--------------|
| <b>Developing countries</b>                       | <b>-43.3</b> | <b>-77.1</b> | <b>-57.6</b> | <b>-27.5</b> | <b>-21.8</b> | <b>-41.3</b> | <b>4.1</b> | <b>-9.1</b> | <b>-7.3</b> | <b>-16.3</b> |
| <b>By region</b>                                  |              |              |              |              |              |              |            |             |             |              |
| Africa  | -22.4        | -21.6        | -12.2        | -8.0         | -1.2         | -10.4        | -5.1       | -9.4        | -8.3        | -7.5         |
| Asia  | -18.7        | -16.6        | -14.2        | -4.2         | -14.0        | 3.8          | 21.5       | 12.3        | 4.3         | 2.8          |
| Europe  | -8.6         | -2.9         | -2.2         | -0.3         | -0.2         | -1.3         | 1.8        | 7.0         | 5.1         | 2.1          |
| Middle East                                       | 48.5         | 4.8          | -19.4        | -13.8        | -3.6         | -17.1        | -3.6       | -8.3        | 0.6         | -0.6         |
| Western Hemisphere                                | -42.0        | -40.8        | -9.6         | -1.3         | -2.9         | -16.2        | -10.4      | -10.7       | -9.0        | -13.0        |
| <b>By predominant export</b>                      |              |              |              |              |              |              |            |             |             |              |
| Fuel  | 33.2         | -15.4        | -16.9        | -1.6         | 2.8          | -31.4        | -3.6       | -19.1       | -5.2        | -3.3         |
| Non-fuel exports                                  | -76.5        | -61.7        | -40.7        | -26.0        | -24.6        | -9.9         | 7.8        | 10.0        | -2.1        | -12.9        |
| Manufactures                                      | -31.4        | -22.3        | -10.8        | 2.3          | -7.2         | 4.5          | 24.5       | 28.6        | 18.3        | 12.0         |
| Primary products                                  | -25.0        | -19.0        | -14.7        | -13.5        | -10.4        | -11.6        | -15.6      | -14.5       | -13.6       | -17.6        |
| Agricultural products                             | -15.9        | -12.8        | -11.1        | -10.1        | -8.1         | -7.9         | -11.7      | -11.4       | -11.2       | -12.8        |
| Minerals  | -9.0         | -6.2         | -3.5         | -3.4         | -2.4         | -3.7         | -3.9       | -3.1        | -2.4        | -4.9         |
| Services and private transfers                    | -7.0         | -6.7         | -6.2         | -7.3         | -6.6         | -5.1         | -5.0       | -6.0        | -5.6        | -6.3         |
| Diversified export base                           | -13.1        | -13.7        | -9.1         | -7.5         | -0.4         | 2.3          | 3.9        | 2.0         | -1.2        | -1.0         |
| <b>By financial criteria</b>                      |              |              |              |              |              |              |            |             |             |              |
| Net creditor countries                            | 64.5         | 28.9         | -1.0         | 3.5          | 12.7         | 7.9          | 18.2       | 7.2         | 15.5        | 14.7         |
| Net debtor countries                              | -107.8       | -106.0       | -56.6        | -31.0        | -34.5        | -49.2        | -14.1      | -16.3       | -22.8       | -30.9        |
| Market borrowers                                  | -52.8        | -49.2        | -12.7        | -1.1         | 5.2          | -6.2         | 11.2       | 12.4        | 8.6         | 7.3          |
| Diversified borrowers                             | -35.0        | -39.3        | -32.5        | -16.8        | -27.4        | -31.1        | -14.5      | -15.3       | -18.2       | -23.0        |
| Official borrowers                                | -20.0        | -17.5        | -11.4        | -13.1        | -12.4        | -11.8        | -10.8      | -13.3       | -13.1       | -15.2        |
| Countries with recent debt-servicing difficulties | -82.0        | -83.2        | -31.5        | -15.3        | -10.6        | -33.0        | -15.4      | -18.1       | -17.9       | -26.2        |
| Countries without debt-servicing difficulties     | -25.8        | -22.8        | -25.2        | -15.7        | -23.9        | -16.1        | 1.4        | 1.9         | -4.9        | -4.8         |
| <b>Miscellaneous groups</b>                       |              |              |              |              |              |              |            |             |             |              |
| Sub-Saharan Africa                                | -9.6         | -8.2         | -5.6         | -3.3         | -3.3         | -5.8         | -6.5       | -8.1        | -6.8        | -8.4         |
| Twelve major oil exporters                        | 48.3         | -7.0         | -20.8        | -5.5         | 2.1          | -26.8        | -4.4       | -13.6       | -1.1        | 0.3          |
| Net debtor fuel exporters                         | -30.8        | -42.1        | -11.5        | 1.9          | -0.7         | -23.0        | -3.9       | -16.1       | -8.7        | -6.9         |
| Four newly industrializing                        |              |              |              |              |              |              |            |             |             |              |
| Asian economies                                   | -7.2         | -2.8         | 1.6          | 6.6          | 10.2         | 23.2         | 30.3       | 27.8        | 26.1        | 25.0         |
| Small low-income economies                        | -10.5        | -9.6         | -6.0         | -7.2         | -7.3         | -7.4         | -8.3       | -10.4       | -10.2       | -11.2        |
| Fifteen heavily indebted countries                | -50.4        | -50.8        | -15.3        | -1.5         | -0.2         | -17.2        | -9.0       | -9.8        | -8.9        | -13.3        |

<sup>1</sup> Including official transfers.

**Table A34. Developing Countries: Summary of Payments Balances on Goods, Services, and Private Transfers, 1981-90**

(In billions of U.S. dollars)

|   | 1981   | 1982   | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|---|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Developing countries</b>                       | -50.3  | -85.0  | -66.8 | -37.6 | -34.8 | -56.1 | -9.7  | -24.1 | -22.4 | -31.2 |
| <b>By region</b>                                  |        |        |       |       |       |       |       |       |       |       |
| Africa  | -26.1  | -25.0  | -15.7 | -11.2 | -5.3  | -15.5 | -10.3 | -15.1 | -14.5 | -13.4 |
| Asia  | -21.6  | -19.5  | -17.0 | -7.2  | -16.8 | 0.5   | 18.2  | 8.3   | 0.6   | -1.1  |
| Europe  | -9.1   | -3.1   | -2.6  | -0.6  | -0.4  | -1.6  | 1.4   | 6.6   | 4.8   | 1.8   |
| Middle East                                       | 49.1   | 4.1    | -21.0 | -16.2 | -7.9  | -21.9 | -6.9  | -11.4 | -2.7  | -4.0  |
| Western Hemisphere                                | -42.6  | -41.6  | -10.5 | -2.4  | -4.3  | -17.6 | -12.1 | -12.5 | -10.5 | -14.5 |
| <b>By predominant export</b>                      |        |        |       |       |       |       |       |       |       |       |
| Fuel  | 39.2   | -10.8  | -13.1 | 1.4   | 5.6   | -29.5 | -1.1  | -16.9 | -3.3  | -1.3  |
| Non-fuel exports                                  | -89.5  | -74.2  | -53.6 | -39.0 | -40.4 | -26.6 | -8.7  | -7.1  | -19.1 | -29.9 |
| Manufactures                                      | -34.1  | -24.5  | -13.6 | -1.2  | -12.3 | -0.8  | 20.1  | 24.0  | 13.6  | 7.2   |
| Primary products                                  | -28.2  | -22.4  | -18.4 | -17.1 | -14.5 | -16.3 | -20.8 | -20.2 | -19.5 | -23.3 |
| Agricultural products                             | -18.1  | -15.2  | -13.8 | -12.7 | -11.1 | -11.4 | -15.8 | -15.8 | -15.9 | -17.0 |
| Minerals  | -10.1  | -7.2   | -4.5  | -4.4  | -3.3  | -4.9  | -5.0  | -4.4  | -3.7  | -6.3  |
| Services and private transfers                    | -10.4  | -10.4  | -9.7  | -10.7 | -10.5 | -9.5  | -9.3  | -10.3 | -9.6  | -10.5 |
| Diversified export base                           | -16.8  | -16.8  | -12.0 | -10.0 | -3.1  | —     | 1.3   | -0.6  | -3.5  | -3.3  |
| <b>By financial criteria</b>                      |        |        |       |       |       |       |       |       |       |       |
| Net creditor countries                            | 70.6   | 33.4   | 2.8   | 6.5   | 15.8  | 10.5  | 21.1  | 9.6   | 17.8  | 17.1  |
| Net debtor countries                              | -121.0 | -118.4 | -69.5 | -44.1 | -50.6 | -66.6 | -30.9 | -33.7 | -40.2 | -48.3 |
| Market borrowers                                  | -53.5  | -49.7  | -13.1 | -1.4  | 4.6   | -7.3  | 10.4  | 11.5  | 7.8   | 6.6   |
| Diversified borrowers                             | -41.6  | -45.3  | -38.6 | -23.3 | -35.3 | -39.2 | -21.8 | -22.6 | -25.3 | -30.2 |
| Official borrowers                                | -25.8  | -23.4  | -17.8 | -19.4 | -19.8 | -20.1 | -19.5 | -22.6 | -22.7 | -24.7 |
| Countries with recent debt-servicing difficulties | -88.0  | -89.0  | -37.8 | -21.2 | -17.8 | -40.8 | -23.8 | -26.4 | -26.1 | -34.8 |
| Countries without debt-servicing difficulties     | -33.0  | -29.4  | -31.8 | -22.9 | -32.7 | -25.8 | -7.1  | -7.3  | -14.1 | -13.5 |
| <b>Miscellaneous groups</b>                       |        |        |       |       |       |       |       |       |       |       |
| Sub-Saharan Africa                                | -12.9  | -11.5  | -9.0  | -6.6  | -7.1  | -10.2 | -11.4 | -13.5 | -12.8 | -14.0 |
| Twelve major oil exporters                        | 54.5   | -2.4   | -16.9 | -2.4  | 5.0   | -24.8 | -1.6  | -11.4 | 1.1   | 2.6   |
| Net debtor fuel exporters                         | -30.9  | -42.0  | -11.5 | 1.9   | -1.0  | -23.8 | -4.3  | -16.4 | -9.1  | -7.3  |
| Four newly industrializing                        |        |        |       |       |       |       |       |       |       |       |
| Asian economies                                   | -7.3   | -2.8   | 1.6   | 6.6   | 10.2  | 23.2  | 30.4  | 27.8  | 26.2  | 25.1  |
| Small low-income economies                        | -14.8  | -14.1  | -10.5 | -11.7 | -12.3 | -13.3 | -14.8 | -17.5 | -17.7 | -18.4 |
| Fifteen heavily indebted countries                | -51.1  | -51.3  | -16.0 | -1.9  | -1.0  | -17.8 | -9.6  | -10.5 | -9.5  | -14.0 |

**Table A35. Developing Countries: Current Account Balances as Percentage of Exports of Goods and Services, 1971-90<sup>1</sup>**  
(In percent)

|   | Average<br>1971-80 <sup>2</sup> | 1981        | 1982         | 1983        | 1984        | 1985        | 1986        | 1987       | 1988        | 1989        | 1990        |
|---|---------------------------------|-------------|--------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|
| <b>Developing countries</b>                       | <b>0.4</b>                      | <b>-5.6</b> | <b>-11.1</b> | <b>-8.8</b> | <b>-4.0</b> | <b>-3.3</b> | <b>-6.5</b> | <b>0.5</b> | <b>-1.1</b> | <b>-0.8</b> | <b>-1.6</b> |
| Memorandum: Median estimate                       | -11.7                           | -26.9       | -23.1        | -20.9       | -13.0       | -12.2       | -12.5       | -12.5      | -10.0       | -8.9        | -11.1       |
| <b>By region</b>                                  |                                 |             |              |             |             |             |             |            |             |             |             |
| Africa  | -11.0                           | -24.2       | -27.2        | -15.9       | -10.2       | -1.5        | -14.8       | -6.5       | -11.5       | -9.8        | -8.4        |
| Asia  | -4.2                            | -8.8        | -7.9         | -6.5        | -1.7        | -5.8        | 1.4         | 6.2        | 2.9         | 0.9         | 0.5         |
| Europe  | -13.3                           | -14.4       | -4.8         | -3.8        | -0.4        | -0.3        | -2.0        | 2.4        | 8.4         | 5.8         | 2.3         |
| Middle East                                       | 23.7                            | 18.2        | 2.2          | -10.4       | -8.0        | -2.3        | -14.4       | -2.7       | -6.1        | 0.4         | -0.4        |
| Western Hemisphere                                | -20.5                           | -30.5       | -33.4        | -8.1        | -1.0        | -2.3        | -14.9       | -8.7       | -7.9        | -6.3        | -8.5        |
| <b>By predominant export</b>                      |                                 |             |              |             |             |             |             |            |             |             |             |
| Fuel  | 15.4                            | 9.1         | -5.1         | -6.5        | -0.6        | 1.2         | -18.8       | -1.9       | -10.0       | -2.4        | -1.4        |
| Non-fuel exports                                  | -12.0                           | -18.8       | -15.6        | -10.2       | -5.9        | -5.7        | -2.1        | 1.4        | 1.5         | -0.3        | -1.7        |
| Manufactures                                      | -10.9                           | -12.4       | -8.9         | -4.2        | 0.8         | -2.4        | 1.4         | 6.1        | 5.9         | 3.4         | 2.1         |
| Primary products                                  | -15.9                           | -43.3       | -36.1        | -29.1       | -25.5       | -20.0       | -21.0       | -26.7      | -22.3       | -19.2       | -24.4       |
| Agricultural products                             | -13.7                           | -40.1       | -35.6        | -32.5       | -27.6       | -22.2       | -20.1       | -29.5      | -26.1       | -23.5       | -25.3       |
| Minerals  | -21.4                           | -50.4       | -37.1        | -21.8       | -20.9       | -14.9       | -23.2       | -20.7      | -14.5       | -10.3       | -22.2       |
| Services and private transfers                    | -18.5                           | -20.6       | -19.9        | -19.5       | -22.8       | -21.4       | -16.2       | -15.0      | -16.2       | -14.0       | -14.8       |
| Diversified export base                           | -8.5                            | -21.1       | -24.0        | -15.4       | -12.2       | -0.7        | 3.9         | 5.6        | 2.6         | -1.5        | -1.2        |
| <b>By financial criteria</b>                      |                                 |             |              |             |             |             |             |            |             |             |             |
| Net creditor countries                            | 25.6                            | 26.2        | 14.1         | -0.6        | 2.1         | 8.6         | 6.1         | 11.9       | 4.4         | 8.6         | 7.7         |
| Net debtor countries                              | -9.8                            | -20.6       | -21.6        | -11.7       | -5.9        | -6.7        | -9.7        | -2.3       | -2.3        | -3.0        | -3.8        |
| Market borrowers                                  | -13.7                           | -19.8       | -19.7        | -5.0        | -0.4        | 1.9         | -2.4        | 3.5        | 3.2         | 2.0         | 1.6         |
| Diversified borrowers                             | -0.8                            | -17.4       | -20.9        | -18.7       | -8.8        | -14.3       | -17.0       | -6.7       | -6.3        | -6.8        | -8.1        |
| Official borrowers                                | -21.7                           | -36.1       | -32.6        | -20.8       | -23.1       | -22.7       | -20.3       | -17.3      | -18.9       | -17.8       | -19.4       |
| Countries with recent debt-servicing difficulties | -12.0                           | -30.1       | -34.4        | -13.6       | -6.2        | -4.4        | -15.2       | -6.4       | -6.8        | -6.3        | -8.6        |
| Countries without debt-servicing difficulties     | -7.0                            | -10.3       | -9.1         | -10.0       | -5.7        | -8.7        | -5.6        | 0.4        | 0.4         | -1.0        | -0.9        |
| <b>Miscellaneous groups</b>                       |                                 |             |              |             |             |             |             |            |             |             |             |
| Sub-Saharan Africa                                | -18.4                           | -35.5       | -32.5        | -22.3       | -12.3       | -13.1       | -21.7       | -22.6      | -27.6       | -22.2       | -26.5       |
| Twelve major oil exporters                        | 20.0                            | 15.1        | -2.7         | -9.5        | -2.6        | 1.1         | -19.8       | -2.9       | -9.0        | -0.6        | 0.2         |
| Net debtor fuel exporters                         | -2.2                            | -21.7       | -34.5        | -10.3       | 1.6         | -0.6        | -27.5       | -4.0       | -15.8       | -7.5        | -5.5        |
| Four newly industrializing                        |                                 |             |              |             |             |             |             |            |             |             |             |
| Asian economies                                   | -5.6                            | -6.6        | -2.5         | 1.4         | 4.9         | 7.6         | 14.5        | 14.4       | 10.7        | 8.6         | 7.6         |
| Small low-income economies                        | -29.2                           | -45.4       | -45.0        | -27.3       | -31.7       | -33.4       | -31.6       | -32.0      | -36.7       | -34.0       | -35.2       |
| Fifteen heavily indebted countries                | -17.2                           | -30.6       | -35.7        | -11.3       | -1.0        | -0.1        | -13.4       | -6.3       | -6.1        | -5.1        | -7.3        |

<sup>1</sup> Including official transfers.

<sup>2</sup> Excluding China.



**Table A36. Developing Countries—by Region: Current Account Transactions, 1981–90**

(In billions of U.S. dollars)

|                                     | 1981   | 1982   | 1983  | 1984   | 1985  | 1986  | 1987  | 1988  | 1989   | 1990    |
|-------------------------------------|--------|--------|-------|--------|-------|-------|-------|-------|--------|---------|
| <b>Developing countries</b>         |        |        |       |        |       |       |       |       |        |         |
| Exports (f.o.b.)                    | 611.8  | 543.5  | 514.2 | 546.6  | 523.1 | 486.8 | 595.4 | 678.2 | 754.8  | 810.4   |
| Imports (f.o.b.)                    | 563.5  | 522.6  | 488.1 | 489.0  | 472.4 | 472.6 | 539.7 | 633.4 | 704.2  | 763.6   |
| Trade balance                       | 48.3   | 20.9   | 26.0  | 57.6   | 50.7  | 14.3  | 55.7  | 44.7  | 50.7   | 46.8    |
| Services, net                       | -106.3 | -110.3 | -99.8 | -103.9 | -93.7 | -81.6 | -78.6 | -80.8 | -84.3  | -91.2   |
| Goods and services balance          | -58.0  | -89.4  | -73.7 | -46.3  | -43.0 | -67.3 | -22.9 | -36.0 | -33.6  | -44.4   |
| Unrequited transfers                | 14.7   | 12.3   | 16.1  | 18.8   | 21.2  | 26.0  | 27.1  | 26.9  | 26.3   | 28.1    |
| Current account balance             | -43.3  | -77.1  | -57.6 | -27.5  | -21.8 | -41.3 | 4.1   | -9.1  | -7.3   | -16.3   |
| <b>Memorandum</b>                   |        |        |       |        |       |       |       |       |        |         |
| Exports of goods and services       | 769.8  | 696.4  | 658.1 | 691.2  | 664.1 | 634.9 | 752.8 | 855.9 | 950.0  | 1,013.3 |
| Investment income, net <sup>1</sup> | -15.8  | -28.0  | -29.3 | -39.5  | -40.9 | -38.3 | -42.6 | -43.2 | -42.4  | -46.7   |
| Of which,                           |        |        |       |        |       |       |       |       |        |         |
| Interest payments <sup>2</sup>      | -74.0  | -83.4  | -77.5 | -88.0  | -86.7 | -84.9 | -86.0 | -92.2 | -100.1 | -103.2  |
| Oil trade balance                   | 220.3  | 173.6  | 139.4 | 139.3  | 115.1 | 73.0  | 88.6  | 84.0  | 99.4   | 108.0   |
| <b>Africa</b>                       |        |        |       |        |       |       |       |       |        |         |
| Exports (f.o.b.)                    | 78.4   | 66.9   | 65.0  | 67.1   | 66.5  | 58.5  | 65.1  | 66.6  | 69.7   | 74.1    |
| Imports (f.o.b.)                    | 82.7   | 72.2   | 62.6  | 59.9   | 53.6  | 54.1  | 57.3  | 63.1  | 65.7   | 68.9    |
| Trade balance                       | -4.3   | -5.3   | 2.4   | 7.2    | 12.9  | 4.4   | 7.8   | 3.4   | 4.0    | 5.2     |
| Services, net                       | -22.9  | -21.0  | -19.6 | -20.0  | -20.2 | -22.4 | -21.2 | -21.7 | -21.7  | -22.1   |
| Goods and services balance          | -27.2  | -26.3  | -17.1 | -12.8  | -7.3  | -18.0 | -13.4 | -18.2 | -17.7  | -16.9   |
| Unrequited transfers                | 4.8    | 4.7    | 4.9   | 4.8    | 6.1   | 7.6   | 8.4   | 8.9   | 9.4    | 9.3     |
| Current account balance             | -22.4  | -21.6  | -12.2 | -8.0   | -1.2  | -10.4 | -5.1  | -9.4  | -8.3   | -7.5    |
| <b>Memorandum</b>                   |        |        |       |        |       |       |       |       |        |         |
| Exports of goods and services       | 92.5   | 79.5   | 76.8  | 78.4   | 77.2  | 70.2  | 78.4  | 81.1  | 84.7   | 89.6    |
| Investment income, net <sup>1</sup> | -5.9   | -6.8   | -7.4  | -9.3   | -9.8  | -10.7 | -11.6 | -12.3 | -12.4  | -12.9   |
| Of which,                           |        |        |       |        |       |       |       |       |        |         |
| Interest payments <sup>2</sup>      | -8.3   | -8.6   | -8.7  | -10.7  | -11.1 | -12.1 | -13.0 | -13.7 | -14.2  | -14.6   |
| Oil trade balance                   | 26.0   | 19.5   | 17.1  | 18.6   | 18.9  | 9.6   | 11.2  | 9.6   | 11.4   | 12.6    |
| <b>Asia</b>                         |        |        |       |        |       |       |       |       |        |         |
| Exports (f.o.b.)                    | 169.0  | 163.0  | 171.5 | 198.1  | 196.3 | 216.5 | 284.6 | 348.0 | 398.4  | 433.0   |
| Imports (f.o.b.)                    | 190.6  | 183.7  | 189.9 | 202.1  | 208.2 | 215.9 | 266.5 | 337.4 | 393.4  | 428.4   |
| Trade balance                       | -21.7  | -20.7  | -18.4 | -4.0   | -11.9 | 0.6   | 18.1  | 10.5  | 4.9    | 4.6     |
| Services, net                       | -6.4   | -6.0   | -6.4  | -10.3  | -11.3 | -7.3  | -7.3  | -8.6  | -10.0  | -11.6   |
| Goods and services balance          | -28.0  | -26.7  | -24.8 | -14.3  | -23.2 | -6.7  | 10.8  | 2.0   | -5.0   | -6.9    |
| Unrequited transfers                | 9.3    | 10.1   | 10.6  | 10.1   | 9.2   | 10.4  | 10.7  | 10.3  | 9.4    | 9.7     |
| Current account balance             | -18.7  | -16.6  | -14.2 | -4.2   | -14.0 | 3.8   | 21.5  | 12.3  | 4.3    | 2.8     |
| <b>Memorandum</b>                   |        |        |       |        |       |       |       |       |        |         |
| Exports of goods and services       | 212.5  | 209.5  | 218.3 | 245.7  | 243.9 | 269.1 | 344.8 | 419.3 | 479.5  | 519.2   |
| Investment income, net <sup>1</sup> | -3.4   | -5.4   | -5.8  | -6.9   | -7.6  | -8.7  | -8.8  | -6.7  | -3.5   | -4.1    |
| Of which,                           |        |        |       |        |       |       |       |       |        |         |
| Interest payments <sup>2</sup>      | -12.1  | -13.9  | -13.6 | -16.7  | -17.8 | -19.2 | -21.0 | -21.7 | -23.6  | -24.7   |
| Oil trade balance                   | -9.8   | -9.3   | -8.4  | -2.8   | -3.4  | -3.1  | -4.2  | -6.0  | -6.9   | -7.6    |

**Table A36 (concluded). Developing Countries—by Region: Current Account Transactions, 1981–90**  
(In billions of U.S. dollars)

|                                     | 1981  | 1982  | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Europe</b>                       |       |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 47.7  | 48.9  | 48.4  | 51.6  | 51.8  | 53.3  | 58.8  | 64.1  | 66.2  | 68.3  |
| Imports (f.o.b.)                    | 57.6  | 52.0  | 50.9  | 52.5  | 53.6  | 56.3  | 59.7  | 61.3  | 65.6  | 71.3  |
| Trade balance                       | -9.9  | -3.1  | -2.5  | -0.9  | -1.8  | -3.1  | -0.9  | 2.8   | 0.6   | -3.0  |
| Services, net                       | -4.5  | -4.3  | -4.1  | -4.1  | -3.1  | -3.1  | -2.5  | -1.3  | -0.9  | -0.4  |
| Goods and services balance          | -14.4 | -7.4  | -6.5  | -5.0  | -4.9  | -6.2  | -3.4  | 1.5   | -0.3  | -3.4  |
| Unrequited transfers                | 5.7   | 4.5   | 4.3   | 4.7   | 4.8   | 4.9   | 5.2   | 5.5   | 5.5   | 5.5   |
| Current account balance             | -8.6  | -2.9  | -2.2  | -0.3  | -0.2  | -1.3  | 1.8   | 7.0   | 5.1   | 2.1   |
| <b>Memorandum</b>                   |       |       |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 60.0  | 60.8  | 59.6  | 63.5  | 64.6  | 67.7  | 75.2  | 83.6  | 88.1  | 91.0  |
| Investment income, net <sup>1</sup> | -8.2  | -7.9  | -7.0  | -7.0  | -6.7  | -7.3  | -7.7  | -7.8  | -8.1  | -8.3  |
| Of which,                           |       |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -9.4  | -8.9  | -7.9  | -8.1  | -8.2  | -8.8  | -9.3  | -9.8  | -10.7 | -10.6 |
| Oil trade balance                   | -10.4 | -9.4  | -8.8  | -8.7  | -8.7  | -5.6  | -6.5  | -5.8  | -6.4  | -6.6  |
| <b>Middle East</b>                  |       |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 216.1 | 173.6 | 137.4 | 128.3 | 112.0 | 77.4  | 95.3  | 94.5  | 108.8 | 116.2 |
| Imports (f.o.b.)                    | 129.1 | 131.0 | 122.2 | 110.8 | 93.8  | 82.0  | 84.4  | 91.1  | 96.7  | 103.7 |
| Trade balance                       | 87.0  | 42.6  | 15.2  | 17.5  | 18.3  | -4.5  | 10.9  | 3.5   | 12.1  | 12.5  |
| Services, net                       | -31.9 | -29.6 | -29.0 | -27.9 | -20.0 | -11.8 | -13.0 | -9.2  | -9.1  | -12.1 |
| Goods and services balance          | 55.1  | 13.0  | -13.8 | -10.5 | -1.8  | -16.4 | -2.1  | -5.8  | 2.9   | 0.4   |
| Unrequited transfers                | -6.6  | -8.1  | -5.6  | -3.3  | -1.8  | -0.7  | -1.6  | -2.5  | -2.4  | -1.0  |
| Current account balance             | 48.5  | 4.8   | -19.4 | -13.8 | -3.6  | -17.1 | -3.6  | -8.3  | 0.6   | -0.6  |
| <b>Memorandum</b>                   |       |       |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 267.0 | 224.4 | 185.3 | 172.8 | 153.6 | 118.8 | 134.8 | 136.9 | 153.2 | 160.3 |
| Investment income, net <sup>1</sup> | 27.1  | 25.8  | 22.9  | 17.9  | 16.1  | 17.6  | 14.0  | 15.0  | 16.1  | 14.5  |
| Of which,                           |       |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -5.8  | -6.9  | -7.2  | -8.5  | -8.4  | -8.4  | -8.6  | -9.4  | -9.9  | -10.3 |
| Oil trade balance                   | 191.5 | 149.9 | 116.0 | 105.0 | 89.5  | 55.0  | 68.2  | 64.1  | 76.1  | 81.1  |
| <b>Western Hemisphere</b>           |       |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 100.6 | 91.1  | 91.9  | 101.6 | 96.5  | 81.1  | 91.6  | 105.0 | 111.8 | 118.8 |
| Imports (f.o.b.)                    | 103.5 | 83.7  | 62.6  | 63.8  | 63.3  | 64.3  | 71.7  | 80.5  | 82.7  | 91.3  |
| Trade balance                       | -2.9  | 7.4   | 29.2  | 37.8  | 33.2  | 16.8  | 19.9  | 24.5  | 29.1  | 27.5  |
| Services, net                       | -40.6 | -49.4 | -40.7 | -41.6 | -39.0 | -36.9 | -34.6 | -40.0 | -42.5 | -45.1 |
| Goods and services balance          | -43.5 | -42.0 | -11.4 | -3.7  | -5.8  | -20.1 | -14.8 | -15.5 | -13.5 | -17.6 |
| Unrequited transfers                | 1.5   | 1.2   | 1.9   | 2.4   | 2.9   | 3.9   | 4.3   | 4.8   | 4.4   | 4.6   |
| Current account balance             | -42.0 | -40.8 | -9.6  | -1.3  | -2.9  | -16.2 | -10.4 | -10.7 | -9.0  | -13.0 |
| <b>Memorandum</b>                   |       |       |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 137.7 | 122.2 | 118.1 | 130.8 | 124.8 | 109.0 | 119.5 | 135.0 | 144.5 | 153.3 |
| Investment income, net <sup>1</sup> | -25.4 | -33.6 | -32.0 | -34.3 | -32.8 | -29.2 | -28.5 | -31.4 | -34.5 | -36.1 |
| Of which,                           |       |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -38.4 | -45.2 | -40.2 | -44.1 | -41.2 | -36.3 | -34.1 | -37.6 | -41.7 | -43.0 |
| Oil trade balance                   | 23.1  | 22.9  | 23.5  | 27.2  | 18.9  | 17.0  | 19.9  | 22.1  | 25.3  | 28.6  |

<sup>1</sup> Comprises all investment income, except payments of income on foreign direct investment; receipts from direct investment abroad by residents are included.

<sup>2</sup> Including dividends and other investment income payments not related to foreign direct investment.

## Current Account: Developing Countries

**Table A37. Developing Countries—by Predominant Export: Current Account Transactions, 1981–90**

(In billions of U.S. dollars)

|                                     | 1981   | 1982  | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|-------------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Fuel</b>                         |        |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 304.5  | 249.9 | 211.1 | 208.6 | 187.9 | 124.8 | 152.0 | 149.3 | 172.8 | 185.7 |
| Imports (f.o.b.)                    | 182.2  | 174.5 | 148.5 | 134.2 | 117.8 | 104.6 | 104.7 | 116.4 | 122.2 | 130.6 |
| Trade balance                       | 122.3  | 75.4  | 62.6  | 74.4  | 70.1  | 20.3  | 47.3  | 32.9  | 50.6  | 55.2  |
| Services, net                       | -70.0  | -70.8 | -61.5 | -60.3 | -52.1 | -39.6 | -38.6 | -39.0 | -43.3 | -47.0 |
| Goods and services balance          | 52.3   | 4.7   | 1.0   | 14.1  | 18.0  | -19.3 | 8.7   | -6.1  | 7.3   | 8.2   |
| Unrequited transfers                | -19.1  | -20.1 | -17.9 | -15.7 | -15.2 | -12.1 | -12.4 | -13.0 | -12.5 | -11.5 |
| Current account balance             | 33.2   | -15.4 | -16.9 | -1.6  | 2.8   | -31.4 | -3.6  | -19.1 | -5.2  | -3.3  |
| <b>Memorandum</b>                   |        |       |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 362.6  | 301.3 | 257.9 | 254.3 | 230.1 | 167.2 | 191.0 | 191.3 | 217.5 | 231.0 |
| Investment income, net <sup>1</sup> | 17.5   | 12.8  | 9.9   | 3.2   | 1.8   | 5.6   | 1.3   | 1.7   | 0.4   | -1.6  |
| Of which,                           |        |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -19.1  | -21.7 | -20.7 | -25.8 | -24.4 | -22.0 | -22.6 | -24.2 | -26.6 | -27.7 |
| Oil trade balance                   | 274.8  | 221.2 | 182.5 | 175.5 | 147.6 | 93.3  | 113.8 | 107.7 | 126.0 | 135.2 |
| <b>Non-fuel exports</b>             |        |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 307.3  | 293.6 | 303.1 | 338.0 | 335.2 | 362.0 | 443.4 | 528.9 | 582.0 | 624.6 |
| Imports (f.o.b.)                    | 381.3  | 348.1 | 339.6 | 354.8 | 354.7 | 368.0 | 435.0 | 517.1 | 581.9 | 633.0 |
| Trade balance                       | -74.0  | -54.5 | -36.5 | -16.8 | -19.4 | -6.0  | 8.4   | 11.9  | 0.1   | -8.4  |
| Services, net                       | -36.2  | -39.5 | -38.3 | -43.6 | -41.6 | -42.0 | -40.1 | -41.8 | -41.0 | -44.2 |
| Goods and services balance          | -110.3 | -94.1 | -74.8 | -60.4 | -61.0 | -48.1 | -31.7 | -30.0 | -40.9 | -52.6 |
| Unrequited transfers                | 33.8   | 32.4  | 34.0  | 34.4  | 36.4  | 38.1  | 39.5  | 39.9  | 38.8  | 39.7  |
| Current account balance             | -76.5  | -61.7 | -40.7 | -26.0 | -24.6 | -9.9  | 7.8   | 10.0  | -2.1  | -12.9 |
| <b>Memorandum</b>                   |        |       |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 407.1  | 395.2 | 400.2 | 436.9 | 434.0 | 467.7 | 561.8 | 664.5 | 732.5 | 782.4 |
| Investment income, net <sup>1</sup> | -33.3  | -40.8 | -39.2 | -42.7 | -42.7 | -43.9 | -43.9 | -44.9 | -42.8 | -45.1 |
| Of which,                           |        |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -54.8  | -61.8 | -56.8 | -62.2 | -62.3 | -62.9 | -63.4 | -68.0 | -73.5 | -75.5 |
| Oil trade balance                   | -54.5  | -47.6 | -43.1 | -36.2 | -32.4 | -20.3 | -25.2 | -23.7 | -26.6 | -27.2 |
| <b>Manufactures</b>                 |        |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 198.9  | 195.1 | 203.3 | 233.1 | 234.8 | 259.0 | 328.9 | 398.4 | 443.6 | 476.8 |
| Imports (f.o.b.)                    | 229.9  | 212.0 | 212.8 | 227.6 | 239.6 | 252.9 | 305.7 | 370.8 | 426.5 | 465.2 |
| Trade balance                       | -31.0  | -16.9 | -9.4  | 5.5   | -4.8  | 6.2   | 23.2  | 27.5  | 17.1  | 11.6  |
| Services, net                       | -13.4  | -16.5 | -12.9 | -15.5 | -15.8 | -16.1 | -13.0 | -12.7 | -11.6 | -12.6 |
| Goods and services balance          | -44.4  | -33.4 | -22.3 | -9.9  | -20.5 | -9.9  | 10.1  | 14.8  | 5.5   | -1.0  |
| Unrequited transfers                | 12.9   | 11.1  | 11.6  | 12.2  | 13.4  | 14.4  | 14.3  | 13.8  | 12.8  | 13.0  |
| Current account balance             | -31.4  | -22.3 | -10.8 | 2.3   | -7.2  | 4.5   | 24.5  | 28.6  | 18.3  | 12.0  |
| <b>Memorandum</b>                   |        |       |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 253.8  | 251.9 | 258.7 | 290.8 | 293.0 | 321.7 | 400.9 | 485.0 | 541.5 | 580.0 |
| Investment income, net <sup>1</sup> | -21.6  | -24.2 | -20.5 | -20.8 | -20.6 | -21.8 | -20.9 | -20.6 | -17.7 | -18.0 |
| Of which,                           |        |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -31.3  | -34.1 | -29.6 | -32.1 | -32.7 | -33.8 | -33.8 | -36.8 | -39.8 | -40.4 |
| Oil trade balance                   | -40.7  | -36.3 | -32.1 | -27.4 | -24.6 | -15.5 | -19.3 | -19.1 | -21.8 | -23.4 |

**Table A37 (continued). Developing Countries—by Predominant Export: Current Account Transactions, 1981–90**  
(In billions of U.S. dollars)

|                                     | 1981  | 1982  | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Primary products</b>             |       |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 43.9  | 40.2  | 40.2  | 42.5  | 42.2  | 43.9  | 45.8  | 52.0  | 56.2  | 57.6  |
| Imports (f.o.b.)                    | 55.6  | 46.1  | 40.4  | 40.3  | 38.2  | 41.6  | 47.7  | 51.6  | 54.2  | 57.6  |
| Trade balance                       | -11.7 | -5.9  | -0.3  | 2.2   | 4.0   | 2.4   | -1.9  | 0.3   | 2.1   | —     |
| Services, net                       | -16.9 | -17.3 | -18.9 | -20.3 | -19.7 | -20.2 | -20.8 | -22.6 | -23.7 | -25.4 |
| Goods and services balance          | -28.7 | -23.1 | -19.2 | -18.1 | -15.7 | -17.8 | -22.7 | -22.2 | -21.6 | -25.5 |
| Unrequited transfers                | 3.7   | 4.2   | 4.6   | 4.6   | 5.3   | 6.2   | 7.2   | 7.7   | 8.1   | 7.8   |
| Current account balance             | -25.0 | -19.0 | -14.7 | -13.5 | -10.4 | -11.6 | -15.6 | -14.5 | -13.6 | -17.6 |
| <b>Memorandum</b>                   |       |       |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 57.7  | 52.6  | 50.3  | 53.0  | 52.2  | 55.4  | 58.4  | 65.2  | 70.7  | 72.4  |
| Investment income, net <sup>1</sup> | -8.6  | -11.3 | -12.2 | -14.0 | -13.6 | -12.8 | -13.1 | -14.4 | -15.6 | -16.7 |
| Of which,                           |       |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -11.9 | -13.8 | -13.9 | -15.5 | -15.1 | -14.4 | -14.5 | -16.0 | -17.7 | -18.6 |
| Oil trade balance                   | -5.5  | -4.7  | -4.0  | -3.4  | -3.2  | -2.4  | -2.1  | -2.6  | -2.5  | -2.0  |
| <b>Agricultural products</b>        |       |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 29.8  | 26.9  | 26.8  | 29.1  | 28.9  | 30.7  | 30.6  | 34.2  | 37.2  | 39.8  |
| Imports (f.o.b.)                    | 37.6  | 32.0  | 28.8  | 29.4  | 28.0  | 30.1  | 34.2  | 36.9  | 38.7  | 41.5  |
| Trade balance                       | -7.8  | -5.0  | -2.0  | -0.3  | 0.9   | 0.7   | -3.5  | -2.7  | -1.5  | -1.7  |
| Services, net                       | -10.9 | -11.0 | -12.7 | -13.6 | -13.5 | -13.7 | -14.3 | -15.1 | -16.4 | -17.4 |
| Goods and services balance          | -18.7 | -16.1 | -14.7 | -13.9 | -12.5 | -13.1 | -17.8 | -17.8 | -17.9 | -19.1 |
| Unrequited transfers                | 2.7   | 3.3   | 3.6   | 3.8   | 4.4   | 5.2   | 6.1   | 6.4   | 6.7   | 6.3   |
| Current account balance             | -15.9 | -12.8 | -11.1 | -10.1 | -8.1  | -7.9  | -11.7 | -11.4 | -11.2 | -12.8 |
| <b>Memorandum</b>                   |       |       |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 39.8  | 36.0  | 34.3  | 36.7  | 36.4  | 39.2  | 39.7  | 43.8  | 47.6  | 50.4  |
| Investment income, net <sup>1</sup> | -5.1  | -7.3  | -8.3  | -9.5  | -9.5  | -8.6  | -9.0  | -9.8  | -10.9 | -11.5 |
| Of which,                           |       |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -7.3  | -9.0  | -9.5  | -10.4 | -10.5 | -9.7  | -10.0 | -10.9 | -12.4 | -12.7 |
| Oil trade balance                   | -4.2  | -4.0  | -3.3  | -2.9  | -2.8  | -1.8  | -1.4  | -1.5  | -1.3  | -0.9  |
| <b>Minerals</b>                     |       |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 14.1  | 13.3  | 13.4  | 13.4  | 13.3  | 13.2  | 15.2  | 17.8  | 19.1  | 17.8  |
| Imports (f.o.b.)                    | 18.0  | 14.1  | 11.6  | 11.0  | 10.2  | 11.5  | 13.6  | 14.7  | 15.5  | 16.2  |
| Trade balance                       | -4.0  | -0.8  | 1.8   | 2.5   | 3.1   | 1.7   | 1.6   | 3.1   | 3.6   | 1.6   |
| Services, net                       | -6.0  | -6.2  | -6.3  | -6.7  | -6.3  | -6.5  | -6.5  | -7.5  | -7.3  | -8.0  |
| Goods and services balance          | -10.0 | -7.1  | -4.5  | -4.2  | -3.2  | -4.7  | -4.9  | -4.4  | -3.7  | -6.4  |
| Unrequited transfers                | 1.0   | 0.9   | 1.0   | 0.8   | 0.9   | 1.0   | 1.0   | 1.3   | 1.4   | 1.5   |
| Current account balance             | -9.0  | -6.2  | -3.5  | -3.4  | -2.4  | -3.7  | -3.9  | -3.1  | -2.4  | -4.9  |
| <b>Memorandum</b>                   |       |       |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 17.9  | 16.6  | 16.1  | 16.3  | 15.8  | 16.1  | 18.7  | 21.4  | 23.1  | 22.0  |
| Investment income, net <sup>1</sup> | -3.5  | -4.0  | -3.9  | -4.5  | -4.2  | -4.2  | -4.1  | -4.6  | -4.7  | -5.2  |
| Of which,                           |       |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -4.6  | -4.8  | -4.4  | -5.1  | -4.7  | -4.7  | -4.6  | -5.1  | -5.4  | -5.9  |
| Oil trade balance                   | -1.3  | -0.7  | -0.7  | -0.5  | -0.4  | -0.7  | -0.7  | -1.1  | -1.1  | -1.1  |



**Table A37 (concluded). Developing Countries—by Predominant Export: Current Account Transactions, 1981–90**  
(In billions of U.S. dollars)

|                                       | 1981  | 1982  | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Services and private transfers</b> |       |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                      | 14.6  | 13.3  | 12.6  | 13.0  | 12.4  | 12.9  | 13.8  | 16.4  | 17.3  | 19.0  |
| Imports (f.o.b.)                      | 37.4  | 37.2  | 36.5  | 37.3  | 35.2  | 34.0  | 35.1  | 39.2  | 40.0  | 42.8  |
| Trade balance                         | -22.8 | -23.9 | -23.9 | -24.3 | -22.7 | -21.1 | -21.3 | -22.8 | -22.7 | -23.8 |
| Services, net                         | 4.5   | 5.1   | 4.7   | 3.8   | 3.0   | 3.0   | 3.7   | 3.7   | 4.6   | 4.5   |
| Goods and services balance            | -18.4 | -18.7 | -19.2 | -20.5 | -19.7 | -18.1 | -17.6 | -19.1 | -18.1 | -19.4 |
| Unrequited transfers                  | 11.4  | 12.0  | 13.0  | 13.2  | 13.1  | 13.0  | 12.6  | 13.0  | 12.5  | 13.1  |
| Current account balance               | -7.0  | -6.7  | -6.2  | -7.3  | -6.6  | -5.1  | -5.0  | -6.0  | -5.6  | -6.3  |
| <b>Memorandum</b>                     |       |       |       |       |       |       |       |       |       |       |
| Exports of goods and services         | 33.7  | 33.8  | 32.0  | 32.1  | 30.8  | 31.6  | 33.6  | 37.4  | 39.8  | 42.6  |
| Investment income, net <sup>1</sup>   | -0.5  | -1.4  | -2.1  | -2.6  | -3.0  | -3.2  | -3.7  | -4.3  | -4.3  | -5.0  |
| Of which,                             |       |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>        | -6.6  | -7.9  | -7.2  | -7.3  | -7.0  | -6.8  | -6.7  | -7.4  | -7.9  | -8.4  |
| Oil trade balance                     | -2.7  | -2.5  | -2.8  | -2.6  | -2.1  | -1.3  | -2.3  | -1.3  | -1.3  | -1.5  |
| <b>Diversified export base</b>        |       |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                      | 50.0  | 45.0  | 47.0  | 49.3  | 45.8  | 46.1  | 54.9  | 62.2  | 64.9  | 71.3  |
| Imports (f.o.b.)                      | 58.4  | 52.9  | 50.0  | 49.6  | 41.7  | 39.5  | 46.5  | 55.4  | 61.3  | 67.4  |
| Trade balance                         | -8.4  | -7.9  | -2.9  | -0.2  | 4.1   | 6.6   | 8.4   | 6.8   | 3.6   | 3.9   |
| Services, net                         | -10.4 | -10.9 | -11.1 | -11.6 | -9.1  | -8.8  | -9.9  | -10.2 | -10.3 | -10.6 |
| Goods and services balance            | -18.8 | -18.7 | -14.0 | -11.8 | -5.0  | -2.2  | -1.5  | -3.4  | -6.7  | -6.8  |
| Unrequited transfers                  | 5.7   | 5.1   | 4.9   | 4.4   | 4.6   | 4.6   | 5.3   | 5.4   | 5.5   | 5.7   |
| Current account balance               | -13.1 | -13.7 | -9.1  | -7.5  | -0.4  | 2.3   | 3.9   | 2.0   | -1.2  | -1.0  |
| <b>Memorandum</b>                     |       |       |       |       |       |       |       |       |       |       |
| Exports of goods and services         | 61.9  | 56.9  | 59.1  | 61.1  | 58.0  | 59.0  | 68.9  | 77.0  | 80.5  | 87.3  |
| Investment income, net <sup>1</sup>   | -2.6  | -3.8  | -4.4  | -5.2  | -5.5  | -6.0  | -6.2  | -5.6  | -5.3  | -5.4  |
| Of which,                             |       |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>        | -5.0  | -5.9  | -6.2  | -7.3  | -7.4  | -7.8  | -8.4  | -7.9  | -8.1  | -8.0  |
| Oil trade balance                     | -5.5  | -4.2  | -4.2  | -2.8  | -2.6  | -1.1  | -1.4  | -0.7  | -1.0  | -0.3  |

<sup>1</sup> Comprises all investment income, except payments of income on foreign direct investment; receipts from direct investment abroad by residents are included.

<sup>2</sup> Including dividends and other investment income payments not related to foreign direct investment.

**Table A38. Developing Countries—by Financial Criteria: Current Account Transactions, 1981–90**  
(In billions of U.S. dollars)

|                                     | 1981   | 1982   | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|-------------------------------------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Net creditor countries</b>       |        |        |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 209.2  | 167.8  | 139.0 | 132.4 | 115.3 | 94.6  | 119.9 | 123.3 | 139.7 | 149.4 |
| Imports (f.o.b.)                    | 97.0   | 96.4   | 96.8  | 89.0  | 71.7  | 67.3  | 79.0  | 95.4  | 103.4 | 111.9 |
| Trade balance                       | 112.1  | 71.4   | 42.2  | 43.4  | 43.7  | 27.3  | 40.9  | 27.9  | 36.3  | 37.5  |
| Services, net                       | -31.5  | -26.4  | -27.9 | -26.0 | -17.1 | -7.0  | -9.7  | -6.1  | -6.2  | -8.8  |
| Goods and services balance          | 80.7   | 45.0   | 14.3  | 17.4  | 26.6  | 20.3  | 31.2  | 21.7  | 30.0  | 28.8  |
| Unrequited transfers                | -16.1  | -16.0  | -15.2 | -13.9 | -13.9 | -12.5 | -13.0 | -14.6 | -14.6 | -14.1 |
| Current account balance             | 64.5   | 28.9   | -1.0  | 3.5   | 12.7  | 7.9   | 18.2  | 7.2   | 15.5  | 14.7  |
| <b>Memorandum</b>                   |        |        |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 246.4  | 204.8  | 175.3 | 166.2 | 147.6 | 129.5 | 153.5 | 161.2 | 180.0 | 190.0 |
| Investment income, net <sup>1</sup> | 23.8   | 24.4   | 24.8  | 22.0  | 21.0  | 23.8  | 21.3  | 24.0  | 25.8  | 25.5  |
| Of which,                           |        |        |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -2.9   | -2.8   | -2.5  | -2.6  | -2.3  | -2.4  | -2.7  | -3.0  | -3.3  | -3.4  |
| Oil trade balance                   | 175.1  | 135.1  | 103.6 | 91.4  | 74.7  | 45.5  | 55.1  | 49.6  | 58.6  | 61.9  |
| <b>Net debtor countries</b>         |        |        |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 402.7  | 375.7  | 375.2 | 414.2 | 407.8 | 392.3 | 475.4 | 554.8 | 615.1 | 660.9 |
| Imports (f.o.b.)                    | 466.5  | 426.3  | 391.4 | 400.0 | 400.8 | 405.3 | 460.6 | 538.0 | 600.8 | 651.7 |
| Trade balance                       | -63.8  | -50.5  | -16.1 | 14.2  | 7.0   | -13.0 | 14.8  | 16.9  | 14.4  | 9.3   |
| Services, net                       | -74.8  | -83.9  | -71.9 | -77.9 | -76.6 | -74.6 | -68.9 | -74.6 | -78.1 | -82.4 |
| Goods and services balance          | -138.6 | -134.4 | -88.0 | -63.7 | -69.6 | -87.7 | -54.1 | -57.8 | -63.7 | -73.1 |
| Unrequited transfers                | 30.8   | 28.4   | 31.4  | 32.7  | 35.1  | 38.5  | 40.0  | 41.5  | 40.9  | 42.2  |
| Current account balance             | -107.8 | -106.0 | -56.6 | -31.0 | -34.5 | -49.2 | -14.1 | -16.3 | -22.8 | -30.9 |
| <b>Memorandum</b>                   |        |        |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 523.4  | 491.7  | 482.8 | 525.0 | 516.5 | 505.3 | 599.3 | 694.6 | 770.0 | 823.3 |
| Investment income, net <sup>1</sup> | -39.7  | -52.4  | -54.1 | -61.5 | -61.9 | -62.1 | -64.0 | -67.2 | -68.2 | -72.2 |
| Of which,                           |        |        |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -71.1  | -80.6  | -75.0 | -85.5 | -84.3 | -82.5 | -83.3 | -89.2 | -96.8 | -99.8 |
| Oil trade balance                   | 45.2   | 38.5   | 35.8  | 48.0  | 40.4  | 27.5  | 33.5  | 34.4  | 40.9  | 46.1  |
| <b>Market borrowers</b>             |        |        |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 208.6  | 195.5  | 203.1 | 225.4 | 219.3 | 211.3 | 262.6 | 315.4 | 355.1 | 382.7 |
| Imports (f.o.b.)                    | 216.9  | 192.9  | 173.9 | 181.6 | 172.3 | 180.6 | 219.0 | 266.9 | 308.9 | 336.3 |
| Trade balance                       | -8.3   | 2.6    | 29.1  | 43.8  | 47.1  | 30.7  | 43.6  | 48.5  | 46.3  | 46.4  |
| Services, net                       | -46.4  | -53.1  | -43.5 | -46.6 | -43.8 | -40.5 | -35.9 | -39.9 | -40.9 | -42.8 |
| Goods and services balance          | -54.6  | -50.5  | -14.4 | -2.8  | 3.3   | -9.8  | 7.7   | 8.6   | 5.4   | 3.6   |
| Unrequited transfers                | 1.8    | 1.3    | 1.6   | 1.7   | 2.0   | 3.5   | 3.5   | 3.8   | 3.2   | 3.7   |
| Current account balance             | -52.8  | -49.2  | -12.7 | -1.1  | 5.2   | -6.2  | 11.2  | 12.4  | 8.6   | 7.3   |
| <b>Memorandum</b>                   |        |        |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 267.2  | 249.8  | 253.8 | 278.2 | 270.1 | 264.5 | 321.0 | 380.8 | 429.6 | 461.0 |
| Investment income, net <sup>1</sup> | -30.2  | -38.7  | -36.0 | -38.4 | -36.7 | -33.6 | -32.3 | -33.5 | -34.1 | -35.0 |
| Of which,                           |        |        |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -43.9  | -50.4  | -45.1 | -50.3 | -48.3 | -44.4 | -42.9 | -45.7 | -50.0 | -51.0 |
| Oil trade balance                   | 22.6   | 21.5   | 21.9  | 26.9  | 18.5  | 17.2  | 19.3  | 21.0  | 23.6  | 27.2  |

**Table A38 (continued). Developing Countries—by Financial Criteria: Current Account Transactions, 1981–90**  
(In billions of U.S. dollars)

|                                     | 1981  | 1982  | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Diversified borrowers</b>        |       |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 154.2 | 141.6 | 133.1 | 148.2 | 149.6 | 139.5 | 169.0 | 189.6 | 208.0 | 223.0 |
| Imports (f.o.b.)                    | 182.7 | 169.8 | 156.7 | 155.4 | 167.5 | 162.0 | 175.9 | 196.8 | 215.6 | 234.2 |
| Trade balance                       | -28.4 | -28.2 | -23.6 | -7.2  | -17.9 | -22.5 | -6.9  | -7.2  | -7.5  | -11.3 |
| Services, net                       | -19.8 | -21.8 | -20.5 | -22.5 | -23.5 | -23.5 | -22.5 | -23.4 | -26.1 | -27.6 |
| Goods and services balance          | -48.2 | -50.0 | -44.1 | -29.7 | -41.3 | -46.0 | -29.5 | -30.6 | -33.6 | -38.8 |
| Unrequited transfers                | 13.2  | 10.7  | 11.6  | 13.0  | 14.0  | 14.8  | 15.0  | 15.3  | 15.4  | 15.8  |
| Current account balance             | -35.0 | -39.3 | -32.5 | -16.8 | -27.4 | -31.1 | -14.5 | -15.3 | -18.2 | -23.0 |
| <b>Memorandum</b>                   |       |       |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 200.9 | 188.2 | 174.3 | 190.2 | 191.8 | 182.8 | 215.6 | 243.7 | 266.3 | 283.8 |
| Investment income, net <sup>1</sup> | -2.8  | -5.9  | -10.0 | -14.2 | -16.2 | -18.9 | -21.1 | -22.2 | -22.3 | -24.3 |
| Of which,                           |       |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -17.9 | -20.0 | -19.6 | -23.9 | -24.9 | -26.5 | -27.8 | -29.8 | -31.9 | -33.0 |
| Oil trade balance                   | 29.7  | 23.6  | 20.5  | 27.2  | 27.7  | 15.0  | 19.4  | 17.5  | 21.6  | 23.3  |
| <b>Official borrowers</b>           |       |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 39.8  | 38.6  | 39.1  | 40.6  | 38.8  | 41.4  | 43.9  | 49.8  | 52.0  | 55.3  |
| Imports (f.o.b.)                    | 66.9  | 63.5  | 60.8  | 62.9  | 61.0  | 62.7  | 65.7  | 74.2  | 76.3  | 81.1  |
| Trade balance                       | -27.1 | -24.9 | -21.7 | -22.3 | -22.2 | -21.3 | -21.8 | -24.4 | -24.4 | -25.8 |
| Services, net                       | -8.6  | -9.0  | -7.9  | -8.8  | -9.3  | -10.6 | -10.5 | -11.3 | -11.1 | -12.1 |
| Goods and services balance          | -35.7 | -33.9 | -29.6 | -31.1 | -31.6 | -31.9 | -32.3 | -35.7 | -35.5 | -37.9 |
| Unrequited transfers                | 15.8  | 16.4  | 18.2  | 18.0  | 19.2  | 20.1  | 21.5  | 22.4  | 22.4  | 22.7  |
| Current account balance             | -20.0 | -17.5 | -11.4 | -13.1 | -12.4 | -11.8 | -10.8 | -13.3 | -13.1 | -15.2 |
| <b>Memorandum</b>                   |       |       |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 55.4  | 53.7  | 54.8  | 56.7  | 54.7  | 58.0  | 62.7  | 70.2  | 74.0  | 78.5  |
| Investment income, net <sup>1</sup> | -6.7  | -7.8  | -8.1  | -8.9  | -8.9  | -9.6  | -10.6 | -11.5 | -11.8 | -12.9 |
| Of which,                           |       |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -9.4  | -10.1 | -10.3 | -11.3 | -11.1 | -11.6 | -12.6 | -13.7 | -14.9 | -15.8 |
| Oil trade balance                   | -7.1  | -6.6  | -6.5  | -6.2  | -5.9  | -4.7  | -5.3  | -4.1  | -4.3  | -4.3  |





**Table A39. Developing Countries—Miscellaneous Groups: Current Account Transactions, 1981–90**  
(In billions of U.S. dollars)

|                                     | 1981  | 1982  | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Sub-Saharan Africa</b>           |       |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 21.3  | 19.9  | 19.7  | 21.5  | 20.8  | 21.1  | 22.3  | 22.6  | 23.7  | 24.3  |
| Imports (f.o.b.)                    | 26.4  | 23.8  | 21.2  | 20.5  | 20.0  | 22.0  | 24.4  | 26.1  | 26.9  | 28.0  |
| Trade balance                       | -5.1  | -3.9  | -1.5  | 1.1   | 0.8   | -0.9  | -2.1  | -3.5  | -3.1  | -3.6  |
| Services, net                       | -7.6  | -7.4  | -7.5  | -7.9  | -8.5  | -9.7  | -9.9  | -10.7 | -10.4 | -11.1 |
| Goods and services balance          | -12.6 | -11.3 | -9.0  | -6.8  | -7.7  | -10.7 | -12.0 | -14.2 | -13.5 | -14.8 |
| Unrequited transfers                | 3.0   | 3.1   | 3.5   | 3.6   | 4.3   | 4.9   | 5.5   | 6.1   | 6.7   | 6.4   |
| Current account balance             | -9.6  | -8.2  | -5.6  | -3.3  | -3.3  | -5.8  | -6.5  | -8.1  | -6.8  | -8.4  |
| <b>Memorandum</b>                   |       |       |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 27.2  | 25.3  | 24.8  | 26.5  | 25.5  | 26.6  | 28.7  | 29.3  | 30.7  | 31.7  |
| Investment income, net <sup>1</sup> | -2.4  | -2.5  | -2.7  | -3.2  | -3.6  | -4.0  | -4.6  | -5.1  | -5.2  | -5.8  |
| Of which,                           |       |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -3.0  | -3.1  | -3.1  | -3.7  | -4.1  | -4.5  | -5.2  | -5.7  | -6.0  | -6.5  |
| Oil trade balance                   | -0.5  | 0.1   | 0.8   | 1.6   | 1.3   | 0.1   | 0.3   | 0.1   | -0.1  | 0.2   |
| <b>Twelve major oil exporters</b>   |       |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 273.5 | 218.5 | 178.7 | 173.1 | 154.5 | 100.2 | 122.5 | 119.1 | 138.8 | 148.8 |
| Imports (f.o.b.)                    | 150.6 | 152.4 | 133.5 | 117.0 | 98.8  | 87.1  | 86.3  | 92.1  | 96.5  | 103.1 |
| Trade balance                       | 123.0 | 66.1  | 45.2  | 56.1  | 55.7  | 13.1  | 36.2  | 27.0  | 42.3  | 45.7  |
| Services, net                       | -55.4 | -52.9 | -47.9 | -45.7 | -38.1 | -27.1 | -27.5 | -27.3 | -30.4 | -33.1 |
| Goods and services balance          | 67.6  | 13.2  | -2.7  | 10.4  | 17.6  | -13.9 | 8.6   | -0.3  | 11.9  | 12.6  |
| Unrequited transfers                | -19.3 | -20.2 | -18.1 | -15.9 | -15.6 | -12.9 | -13.1 | -13.3 | -13.0 | -12.3 |
| Current account balance             | 48.3  | -7.0  | -20.8 | -5.5  | 2.1   | -26.8 | -4.4  | -13.6 | -1.1  | 0.3   |
| <b>Memorandum</b>                   |       |       |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 319.9 | 262.2 | 218.4 | 210.1 | 189.1 | 135.2 | 153.7 | 152.4 | 173.4 | 183.2 |
| Investment income, net <sup>1</sup> | 25.9  | 24.3  | 19.6  | 13.9  | 12.0  | 13.8  | 9.8   | 11.0  | 10.5  | 9.3   |
| Of which,                           |       |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -8.6  | -8.2  | -9.2  | -12.5 | -12.6 | -12.5 | -12.8 | -13.4 | -14.7 | -15.1 |
| Oil trade balance                   | 253.7 | 198.9 | 159.6 | 151.5 | 131.9 | 78.1  | 96.4  | 87.5  | 103.4 | 110.3 |
| <b>Net debtor fuel exporters</b>    |       |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                    | 117.7 | 103.9 | 97.2  | 106.4 | 103.0 | 69.8  | 85.3  | 86.3  | 99.0  | 107.5 |
| Imports (f.o.b.)                    | 105.7 | 96.3  | 70.5  | 66.2  | 65.4  | 59.9  | 58.7  | 67.4  | 69.5  | 75.0  |
| Trade balance                       | 12.0  | 7.7   | 26.7  | 40.2  | 37.6  | 9.9   | 26.6  | 18.8  | 29.5  | 32.5  |
| Services, net                       | -39.8 | -45.6 | -35.4 | -36.4 | -36.7 | -32.9 | -30.5 | -34.5 | -38.3 | -39.9 |
| Goods and services balance          | -27.8 | -37.9 | -8.8  | 3.9   | 0.9   | -23.1 | -3.8  | -15.7 | -8.7  | -7.4  |
| Unrequited transfers                | -3.1  | -4.2  | -2.7  | -1.9  | -1.6  | 0.1   | -0.1  | -0.3  | —     | 0.5   |
| Current account balance             | -30.8 | -42.1 | -11.5 | 1.9   | -0.7  | -23.0 | -3.9  | -16.1 | -8.7  | -6.9  |
| <b>Memorandum</b>                   |       |       |       |       |       |       |       |       |       |       |
| Exports of goods and services       | 142.3 | 122.2 | 111.5 | 122.8 | 117.9 | 83.9  | 98.9  | 101.6 | 116.2 | 126.0 |
| Investment income, net <sup>1</sup> | -6.5  | -11.5 | -14.6 | -17.9 | -17.9 | -16.0 | -17.4 | -18.4 | -20.1 | -21.2 |
| Of which,                           |       |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>      | -17.6 | -20.1 | -19.2 | -24.2 | -22.9 | -20.3 | -21.0 | -22.4 | -24.6 | -25.7 |
| Oil trade balance                   | 95.2  | 82.3  | 74.8  | 80.3  | 69.5  | 45.8  | 56.1  | 55.8  | 64.8  | 70.6  |

**Table A39 (concluded). Developing Countries—Miscellaneous Groups: Current Account Transactions, 1981–90**  
(In billions of U.S. dollars)

|   | 1981  | 1982  | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Four newly industrializing</b>         |       |       |       |       |       |       |       |       |       |       |
| <b>Asian economies</b>                    |       |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                          | 84.5  | 83.1  | 90.8  | 107.5 | 108.6 | 130.2 | 175.2 | 217.3 | 253.5 | 272.8 |
| Imports (f.o.b.)                          | 95.5  | 91.5  | 94.3  | 103.8 | 99.9  | 111.1 | 150.0 | 195.1 | 234.1 | 254.3 |
| Trade balance                             | -11.0 | -8.4  | -3.5  | 3.7   | 8.6   | 19.1  | 25.2  | 22.2  | 19.4  | 18.5  |
| Services, net                             | 3.5   | 5.5   | 4.8   | 2.8   | 1.4   | 3.6   | 4.8   | 6.3   | 8.7   | 8.4   |
| Goods and services balance                | -7.5  | -2.9  | 1.3   | 6.5   | 10.1  | 22.7  | 30.1  | 28.5  | 28.1  | 26.9  |
| Unrequited transfers                      | 0.3   | 0.2   | 0.3   | 0.1   | 0.1   | 0.5   | 0.3   | -0.8  | -2.0  | -2.0  |
| Current account balance                   | -7.2  | -2.8  | 1.6   | 6.6   | 10.2  | 23.2  | 30.3  | 27.8  | 26.1  | 25.0  |
| Memorandum                                |       |       |       |       |       |       |       |       |       |       |
| Exports of goods and services             | 109.4 | 110.4 | 117.4 | 134.2 | 134.4 | 160.2 | 210.8 | 260.3 | 304.3 | 326.6 |
| Investment income, net <sup>1</sup>       | -3.1  | -2.9  | -2.2  | -1.3  | -0.4  | 0.5   | 1.4   | 3.7   | 7.2   | 7.9   |
| Of which,                                 |       |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>            | -6.9  | -7.1  | -6.1  | -6.4  | -6.4  | -6.6  | -7.1  | -7.1  | -7.5  | -7.9  |
| Oil trade balance                         | -15.1 | -14.0 | -13.4 | -12.4 | -11.6 | -6.1  | -7.9  | -7.9  | -9.5  | -10.2 |
| <b>Small low-income economies</b>         |       |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                          | 17.7  | 15.8  | 16.7  | 17.6  | 16.9  | 18.2  | 19.7  | 22.0  | 23.4  | 24.9  |
| Imports (f.o.b.)                          | 31.2  | 29.6  | 27.6  | 28.6  | 28.1  | 29.8  | 32.4  | 36.4  | 37.9  | 39.7  |
| Trade balance                             | -13.5 | -13.8 | -10.9 | -10.9 | -11.2 | -11.6 | -12.7 | -14.4 | -14.5 | -14.8 |
| Services, net                             | -4.8  | -4.7  | -4.4  | -5.5  | -5.9  | -6.7  | -7.1  | -8.1  | -8.2  | -8.6  |
| Goods and services balance                | -18.3 | -18.5 | -15.4 | -16.4 | -17.1 | -18.3 | -19.9 | -22.6 | -22.7 | -23.3 |
| Unrequited transfers                      | 7.8   | 8.9   | 9.4   | 9.2   | 9.8   | 10.9  | 11.6  | 12.2  | 12.5  | 12.2  |
| Current account balance                   | -10.5 | -9.6  | -6.0  | -7.2  | -7.3  | -7.4  | -8.3  | -10.4 | -10.2 | -11.2 |
| Memorandum                                |       |       |       |       |       |       |       |       |       |       |
| Exports of goods and services             | 23.2  | 21.3  | 21.8  | 22.7  | 21.8  | 23.6  | 26.0  | 28.3  | 30.0  | 31.8  |
| Investment income, net <sup>1</sup>       | -2.2  | -2.3  | -2.5  | -3.1  | -3.3  | -3.7  | -4.4  | -4.8  | -4.9  | -5.2  |
| Of which,                                 |       |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>            | -2.8  | -2.9  | -3.0  | -3.7  | -3.8  | -4.2  | -4.9  | -5.3  | -5.5  | -5.8  |
| Oil trade balance                         | -5.6  | -5.5  | -4.8  | -4.5  | -4.3  | -3.4  | -3.4  | -3.4  | -3.6  | -3.7  |
| <b>Fifteen heavily indebted countries</b> |       |       |       |       |       |       |       |       |       |       |
| Exports (f.o.b.)                          | 127.0 | 112.2 | 111.1 | 123.4 | 119.3 | 99.9  | 113.3 | 128.1 | 137.7 | 146.3 |
| Imports (f.o.b.)                          | 132.6 | 107.8 | 82.4  | 79.9  | 78.3  | 79.0  | 86.3  | 96.7  | 102.3 | 112.9 |
| Trade balance                             | -5.6  | 4.4   | 28.7  | 43.5  | 41.0  | 20.9  | 27.0  | 31.3  | 35.4  | 33.4  |
| Services, net                             | -47.9 | -57.4 | -47.3 | -48.6 | -45.4 | -43.4 | -41.1 | -46.6 | -50.2 | -53.1 |
| Goods and services balance                | -53.5 | -52.9 | -18.6 | -5.1  | -4.4  | -22.5 | -14.0 | -15.2 | -14.8 | -19.7 |
| Unrequited transfers                      | 3.1   | 2.2   | 3.2   | 3.6   | 4.2   | 5.3   | 5.1   | 5.5   | 5.9   | 6.4   |
| Current account balance                   | -50.4 | -50.8 | -15.3 | -1.5  | -0.2  | -17.2 | -9.0  | -9.8  | -8.9  | -13.3 |
| Memorandum                                |       |       |       |       |       |       |       |       |       |       |
| Exports of goods and services             | 164.7 | 142.2 | 136.1 | 151.0 | 146.9 | 128.6 | 142.2 | 160.2 | 173.0 | 183.3 |
| Investment income, net <sup>1</sup>       | -27.2 | -37.3 | -35.8 | -39.2 | -37.7 | -34.3 | -33.7 | -37.0 | -40.7 | -42.5 |
| Of which,                                 |       |       |       |       |       |       |       |       |       |       |
| Interest payments <sup>2</sup>            | -37.8 | -45.5 | -41.3 | -46.7 | -44.4 | -39.7 | -38.3 | -42.3 | -47.3 | -48.6 |
| Oil trade balance                         | 35.5  | 30.3  | 28.8  | 35.0  | 27.2  | 21.3  | 24.4  | 26.5  | 30.3  | 34.0  |

<sup>1</sup> Comprises all investment income, except payments of income on foreign direct investment; receipts from direct investment abroad by residents are included.

<sup>2</sup> Including dividends and other investment income payments not related to foreign direct investment.

**Table A40. Developing Countries: External Financing, 1981-90**

(In billions of U.S. dollars)

|   | 1981  | 1982  | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Developing countries</b>   |       |       |       |       |       |       |       |       |       |       |
| Deficit on goods, services, and private transfers <sup>1</sup>      | 50.3  | 85.0  | 66.8  | 37.6  | 34.8  | 56.1  | 9.7   | 24.1  | 22.4  | 31.2  |
| Non-debt-creating flows, net  | 21.4  | 26.0  | 18.7  | 19.7  | 32.0  | 27.7  | 36.0  | 30.5  | 28.2  | 31.2  |
| Official transfers  | 7.0   | 7.9   | 9.1   | 10.1  | 13.0  | 14.8  | 13.9  | 15.0  | 15.1  | 14.9  |
| Direct investment, net  | 17.6  | 19.8  | 12.7  | 13.6  | 10.6  | 9.5   | 12.4  | 13.5  | 13.1  | 15.6  |
| SDR allocation, gold monetization, and valuation changes            | -3.2  | -1.7  | -3.1  | -4.0  | 8.4   | 3.3   | 9.7   | 2.0   | 0.1   | 0.7   |
| Asset transactions, net <sup>2</sup>                                | -78.5 | -49.4 | -2.6  | -15.8 | -10.8 | -18.0 | -10.6 | -19.0 | -11.6 | -11.6 |
| Net errors and omissions <sup>3</sup>                               | -20.4 | -25.7 | -19.0 | -4.9  | -2.9  | 7.0   | -4.2  | -2.9  | —     | —     |
| Use of reserves   | 6.7   | 35.8  | -2.4  | -10.9 | -18.4 | -4.1  | -55.0 | -0.3  | -31.4 | -34.8 |
| Net external borrowing  | 121.0 | 98.4  | 72.1  | 49.5  | 34.9  | 43.6  | 43.5  | 15.8  | 37.2  | 46.4  |
| Reserve-related liabilities   | 6.9   | 10.6  | 7.8   | 4.5   | -0.7  | -3.3  | -5.3  | -3.7  | 0.7   | 4.7   |
| Net credit from IMF <sup>4</sup>                                    | 6.6   | 6.9   | 11.0  | 4.7   | —     | -2.7  | -5.9  | -5.0  | 1.0   | 5.0   |
| Liabilities constituting foreign authorities' reserves <sup>5</sup> | 0.3   | 3.6   | -3.2  | -0.2  | -0.7  | -0.5  | 0.6   | 1.3   | -0.4  | -0.4  |
| Long-term borrowing from official creditors, net <sup>6</sup>       | 30.6  | 34.7  | 33.6  | 34.0  | 24.1  | 28.9  | 22.0  | 18.3  | 29.2  | 31.5  |
| Other net external borrowing <sup>7</sup>                           | 83.5  | 53.1  | 30.6  | 11.1  | 11.5  | 18.0  | 26.8  | 1.2   | 7.3   | 10.3  |
| <b>Memorandum</b>   |       |       |       |       |       |       |       |       |       |       |
| Net borrowing from commercial banks <sup>8</sup>                    | 101.3 | 51.5  | 30.3  | 11.5  | 4.2   | 1.6   | 18.9  | -7.5  | 6.8   | 7.9   |
| Exceptional financing   | 12.0  | 23.6  | 40.3  | 40.5  | 33.8  | 48.9  | 50.3  | 50.8  | 51.7  | 36.8  |
| Of which,   |       |       |       |       |       |       |       |       |       |       |
| Arrears   | 5.5   | 13.3  | 13.5  | 3.9   | -11.3 | 8.0   | 0.7   | 11.8  | 4.1   | -6.4  |
| Reschedulings   | 3.7   | 5.5   | 24.7  | 33.4  | 41.9  | 37.4  | 49.1  | 37.6  | 42.9  | 37.6  |

**Table A40 (concluded). Developing Countries: External Financing, 1981–90**  
(In billions of U.S. dollars)

|   | 1981  | 1982  | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Of which,   |       |       |       |       |       |       |       |       |       |       |
| <b>Net debtor countries</b>   |       |       |       |       |       |       |       |       |       |       |
| Deficit on goods, services, and private transfers <sup>1</sup>      | 121.0 | 118.4 | 69.5  | 44.1  | 50.6  | 66.6  | 30.9  | 33.7  | 40.2  | 48.3  |
| Non-debt-creating flows, net  | 24.6  | 24.0  | 21.4  | 21.2  | 31.6  | 29.2  | 34.3  | 35.4  | 33.0  | 35.9  |
| Official transfers  | 13.1  | 12.4  | 12.9  | 13.1  | 16.0  | 17.4  | 16.8  | 17.4  | 17.4  | 17.4  |
| Direct investment, net  | 13.2  | 12.5  | 8.9   | 9.7   | 9.1   | 8.9   | 12.3  | 17.3  | 15.5  | 17.9  |
| SDR allocation, gold monetization, and valuation changes            | -1.7  | -0.9  | -0.4  | -1.7  | 6.5   | 2.8   | 5.2   | 0.7   | 0.1   | 0.7   |
| Asset transactions, net <sup>2</sup>                                | -17.9 | -13.3 | -6.4  | -11.4 | -13.4 | -11.0 | -14.8 | -13.8 | -8.9  | -9.6  |
| Net errors and omissions <sup>3</sup>                               | -16.8 | -26.6 | -12.6 | -4.1  | -1.1  | 5.4   | -1.6  | -1.1  | —     | —     |
| Use of reserves   | 18.5  | 37.9  | -5.0  | -15.8 | -5.2  | 6.6   | -18.3 | -7.1  | -23.3 | -26.0 |
| Net external borrowing  | 112.6 | 96.4  | 72.1  | 54.2  | 38.6  | 36.5  | 31.3  | 20.2  | 39.4  | 48.0  |
| Reserve-related liabilities   | 6.9   | 10.6  | 7.8   | 4.5   | -0.7  | -3.3  | -5.3  | -3.7  | 0.7   | 4.7   |
| Net credit from IMF <sup>4</sup>                                    | 6.6   | 6.9   | 11.0  | 4.7   | —     | -2.7  | -5.9  | -5.0  | 1.0   | 5.0   |
| Liabilities constituting foreign authorities' reserves <sup>5</sup> | 0.3   | 3.6   | -3.2  | -0.2  | -0.7  | -0.5  | 0.6   | 1.3   | -0.4  | -0.4  |
| Long-term borrowing from official creditors, net <sup>6</sup>       | 29.4  | 33.7  | 35.5  | 34.1  | 24.6  | 28.8  | 22.5  | 17.8  | 28.9  | 31.2  |
| Other net external borrowing <sup>7</sup>                           | 76.3  | 52.1  | 28.8  | 15.7  | 14.8  | 10.9  | 14.0  | 6.0   | 9.9   | 12.2  |
| <b>Memorandum</b>   |       |       |       |       |       |       |       |       |       |       |
| Net borrowing from commercial banks <sup>8</sup>                    | 91.5  | 49.4  | 28.3  | 13.5  | 5.9   | -3.0  | 4.6   | -9.3  | 8.8   | 9.3   |
| Exceptional financing   | 12.0  | 23.6  | 40.3  | 40.5  | 33.8  | 48.9  | 50.3  | 50.8  | 51.7  | 36.8  |
| Of which,   |       |       |       |       |       |       |       |       |       |       |
| Arrears   | 5.5   | 13.3  | 13.5  | 3.9   | -11.3 | 8.0   | 0.7   | 11.8  | 4.1   | -6.4  |
| Reschedulings   | 3.7   | 5.5   | 24.7  | 33.4  | 41.9  | 37.4  | 49.1  | 37.6  | 42.9  | 37.6  |

NOTE: Except where otherwise footnoted, estimates shown here are based on national balance of payments statistics. These flows are not always easily reconcilable with year-to-year changes in either debtor- or creditor-reported debt statistics, in part because the latter are affected by changes in valuation.

<sup>1</sup> Equivalent to current account deficit less official transfers. For the purposes of this table, official transfers are treated as external financing.

<sup>2</sup> Pertains primarily to export credit.

<sup>3</sup> Positioned here on the presumption that estimates reflect primarily unrecorded capital outflows.

<sup>4</sup> Includes use of Fund credit under General Resources Account, Trust Fund, Structural Adjustment Facility and Enhanced Structural Adjustment Facility. The impact of prospective programs is incorporated. Further details are given in Table A44.

<sup>5</sup> Comprises short-term borrowing by monetary authorities from other monetary authorities.

<sup>6</sup> Estimates of net disbursements by official creditors (other than monetary authorities) derived from debt statistics reported in Tables A46-A47. Official net disbursements include the increase in official claims caused by the transfer of officially guaranteed claims to the guarantor agency in the creditor country, usually in the context of debt reschedulings.

<sup>7</sup> Residually calculated. Except for discrepancies in coverage, amounts shown reflect net external borrowing from private creditors and short-term official flows (primarily interest arrears on official debt).

<sup>8</sup> Based on changes in cross-border bank claims reported in the Fund's International Banking Statistics, adjusted for valuation changes attributed to exchange rate movements. Excludes six offshore banking centers covered by the World Economic Outlook (The Bahamas, Bahrain, Hong Kong, Netherlands Antilles, Panama, and Singapore).



**Table A41. Developing Countries—by Region: Summary of External Financing, 1981–90<sup>1</sup>**  
(In billions of U.S. dollars)

|   | 1981 | 1982 | 1983 | 1984 | 1985 | 1986  | 1987  | 1988  | 1989  | 1990  |
|---|------|------|------|------|------|-------|-------|-------|-------|-------|
| <b>Africa</b>                                     |      |      |      |      |      |       |       |       |       |       |
| Deficit on goods, services, and private transfers | 26.1 | 25.0 | 15.7 | 11.2 | 5.3  | 15.5  | 10.3  | 15.1  | 14.5  | 13.4  |
| Non-debt-creating flows, net                      | 3.3  | 5.1  | 4.3  | 4.3  | 5.8  | 7.1   | 6.6   | 7.4   | 7.7   | 7.6   |
| Asset transactions, net                           | -1.3 | -0.7 | -0.7 | -1.1 | -0.9 | -0.6  | -1.0  | -0.5  | -0.3  | -0.2  |
| Net errors and omissions                          | -0.1 | -1.3 | -1.8 | -0.6 | —    | -0.3  | -0.6  | 0.4   | —     | —     |
| Use of reserves                                   | 8.1  | 4.3  | 0.2  | 0.5  | -2.2 | 1.3   | -1.4  | 1.0   | -2.1  | -2.7  |
| Net external borrowing                            | 16.2 | 17.6 | 13.6 | 8.1  | 2.8  | 8.0   | 6.5   | 6.9   | 9.2   | 8.7   |
| Reserve-related liabilities                       | 1.8  | 2.1  | 1.7  | 0.2  | -1.1 | -2.3  | -1.0  | 0.8   | 0.5   | 1.6   |
| Of which,   |      |      |      |      |      |       |       |       |       |       |
| Net credit from IMF                               | 1.8  | 2.0  | 1.3  | 0.6  | 0.1  | -1.0  | -1.1  | -0.3  | 0.4   | 1.7   |
| Long-term borrowing from official creditors       | 7.5  | 9.0  | 8.5  | 7.4  | 6.1  | 8.7   | 7.5   | 6.7   | 8.3   | 8.2   |
| Other net external borrowing                      | 6.9  | 6.4  | 3.4  | 0.4  | -2.3 | 1.5   | —     | -0.7  | 0.4   | -1.1  |
| <b>Memorandum</b>                                 |      |      |      |      |      |       |       |       |       |       |
| Borrowing from commercial banks                   | 9.4  | 7.9  | 4.9  | -0.9 | 0.7  | -1.1  | -1.3  | -1.7  | -0.1  | -0.5  |
| Exceptional financing                             | 2.8  | 4.6  | 8.3  | 5.3  | 7.7  | 14.6  | 12.0  | 12.3  | 13.8  | 11.8  |
| <b>Asia</b>                                       |      |      |      |      |      |       |       |       |       |       |
| Deficit on goods, services, and private transfers | 21.6 | 19.5 | 17.0 | 7.2  | 16.8 | -0.5  | -18.2 | -8.3  | -0.6  | 1.1   |
| Non-debt-creating flows, net                      | 7.3  | 6.3  | 6.8  | 6.6  | 11.3 | 9.4   | 15.6  | 10.7  | 10.6  | 11.5  |
| Asset transactions, net                           | -4.6 | 0.1  | -3.7 | -5.4 | -8.5 | -7.1  | -6.4  | -12.0 | -7.1  | -8.8  |
| Net errors and omissions                          | -3.4 | -8.2 | -2.4 | -2.2 | 2.5  | 1.6   | -0.5  | -1.2  | —     | —     |
| Use of reserves                                   | -8.6 | -5.4 | -9.3 | -9.2 | -7.1 | -24.6 | -43.6 | -12.3 | -17.1 | -17.4 |
| Net external borrowing                            | 30.9 | 26.7 | 25.5 | 17.5 | 18.6 | 20.2  | 16.6  | 6.5   | 13.1  | 15.7  |
| Reserve-related liabilities                       | 3.6  | 2.4  | 2.5  | 0.2  | -0.9 | -0.9  | -2.3  | -2.5  | -0.7  | -0.6  |
| Of which,   |      |      |      |      |      |       |       |       |       |       |
| Net credit from IMF                               | 3.6  | 2.3  | 2.5  | 0.3  | -1.0 | -0.9  | -2.4  | -2.4  | -0.8  | -0.6  |
| Long-term borrowing from official creditors       | 9.6  | 11.2 | 9.2  | 9.7  | 4.3  | 4.2   | 1.2   | 11.2  | 10.4  | 9.5   |
| Other net external borrowing                      | 17.7 | 13.1 | 13.9 | 7.6  | 15.2 | 16.9  | 17.8  | -2.2  | 3.4   | 6.9   |
| <b>Memorandum</b>                                 |      |      |      |      |      |       |       |       |       |       |
| Borrowing from commercial banks                   | 16.9 | 15.2 | 8.7  | 7.9  | 6.7  | 5.1   | 14.3  | 3.5   | -0.7  | 0.5   |
| Exceptional financing                             | 0.5  | 1.6  | 1.0  | 2.2  | 2.5  | 1.8   | 2.3   | 2.9   | 3.1   | 2.5   |
| <b>Europe</b>                                     |      |      |      |      |      |       |       |       |       |       |
| Deficit on goods, services, and private transfers | 9.1  | 3.1  | 2.6  | 0.6  | 0.4  | 1.6   | -1.4  | -6.6  | -4.8  | -1.8  |
| Non-debt-creating flows, net                      | 0.6  | 0.3  | 0.5  | -0.6 | 0.7  | 0.7   | 0.8   | 0.7   | 1.0   | 1.1   |
| Asset transactions, net                           | -1.8 | -2.2 | -0.7 | -3.1 | -1.4 | -2.6  | -3.2  | -2.3  | -0.8  | -1.2  |
| Net errors and omissions                          | 1.1  | 0.5  | -0.9 | 0.6  | -1.0 | 1.8   | -1.2  | 0.7   | —     | —     |
| Use of reserves                                   | -0.3 | 1.0  | -1.0 | -0.8 | -0.4 | -1.2  | 0.6   | -2.4  | -3.1  | -2.5  |
| Net external borrowing                            | 9.5  | 3.5  | 4.6  | 4.5  | 2.6  | 2.9   | 1.7   | -3.3  | -1.9  | 0.8   |
| Reserve-related liabilities                       | 1.2  | 0.9  | 1.1  | 0.5  | -0.6 | -0.9  | -1.6  | -1.3  | -0.9  | 1.2   |
| Of which,   |      |      |      |      |      |       |       |       |       |       |
| Net credit from IMF                               | 1.2  | 1.3  | 1.1  | 0.5  | -0.6 | -0.9  | -1.6  | -1.3  | -0.9  | 1.2   |
| Long-term borrowing from official creditors       | 3.3  | 2.7  | 2.2  | 2.2  | 3.9  | 3.7   | 1.1   | -2.7  | 0.3   | —     |
| Other net external borrowing                      | 5.1  | -0.1 | 1.4  | 1.8  | -0.7 | 0.2   | 2.2   | 0.8   | -1.3  | -0.4  |
| <b>Memorandum</b>                                 |      |      |      |      |      |       |       |       |       |       |
| Borrowing from commercial banks                   | 9.7  | -2.5 | -1.2 | 0.3  | 0.6  | 1.4   | 0.4   | -2.3  | 0.5   | 1.2   |
| Exceptional financing                             | 7.2  | 7.7  | 8.0  | 6.8  | 4.8  | 6.0   | 5.4   | 4.4   | 5.4   | 4.8   |

**Table A41 (concluded). Developing Countries—by Region: Summary of External Financing, 1981–90<sup>1</sup>**

(In billions of U.S. dollars)

|   | 1981  | 1982  | 1983 | 1984  | 1985 | 1986 | 1987 | 1988  | 1989 | 1990 |
|---|-------|-------|------|-------|------|------|------|-------|------|------|
| <b>Middle East</b>                                |       |       |      |       |      |      |      |       |      |      |
| Deficit on goods, services, and private transfers | -49.1 | -4.1  | 21.0 | 16.2  | 7.9  | 21.9 | 6.9  | 11.4  | 2.7  | 4.0  |
| Non-debt-creating flows, net                      | 2.0   | 7.4   | 3.0  | 4.9   | 7.4  | 5.3  | 4.4  | 1.8   | 1.9  | 2.3  |
| Asset transactions, net                           | -63.6 | -38.6 | 4.7  | -3.7  | 2.6  | -6.0 | 3.5  | -3.1  | -1.6 | -1.4 |
| Net errors and omissions                          | -2.0  | 1.2   | -5.3 | -0.5  | -0.2 | 3.8  | -1.3 | -0.8  | —    | —    |
| Use of reserves                                   | 6.2   | 15.8  | 10.1 | 10.1  | -6.9 | 14.0 | -6.7 | 7.1   | -4.5 | -3.6 |
| Net external borrowing                            | 8.3   | 10.0  | 8.5  | 5.4   | 5.0  | 4.9  | 7.0  | 6.3   | 6.8  | 6.6  |
| Reserve-related liabilities                       | -0.5  | -0.4  | -0.4 | -0.1  | —    | -0.1 | —    | -0.1  | 0.1  | 0.2  |
| Of which,   |       |       |      |       |      |      |      |       |      |      |
| Net credit from IMF                               | -0.2  | -0.1  | —    | —     | —    | -0.1 | 0.1  | -0.1  | 0.1  | 0.2  |
| Long-term borrowing from official creditors       | 4.3   | 6.0   | 4.7  | 4.3   | 3.7  | 4.0  | 2.6  | -2.2  | 3.0  | 5.6  |
| Other net external borrowing                      | 4.6   | 4.5   | 4.2  | 1.2   | 1.3  | 0.9  | 4.3  | 8.6   | 3.7  | 0.9  |
| <b>Memorandum</b>                                 |       |       |      |       |      |      |      |       |      |      |
| Borrowing from commercial banks                   | 10.6  | 6.0   | 3.6  | -0.9  | -2.1 | -2.3 | 0.8  | 5.8   | 1.8  | 1.4  |
| Exceptional financing                             | —     | 0.3   | 0.5  | 0.5   | 1.4  | 1.7  | 2.9  | 5.1   | 6.4  | 2.9  |
| <b>Western Hemisphere</b>                         |       |       |      |       |      |      |      |       |      |      |
| Deficit on goods, services, and private transfers | 42.6  | 41.6  | 10.5 | 2.4   | 4.3  | 17.6 | 12.1 | 12.5  | 10.5 | 14.5 |
| Non-debt-creating flows, net                      | 8.2   | 7.0   | 4.1  | 4.6   | 6.8  | 5.2  | 8.5  | 9.9   | 6.9  | 8.6  |
| Asset transactions, net                           | -7.2  | -8.1  | -2.3 | -2.5  | -2.6 | -1.6 | -3.5 | -1.1  | -1.8 | —    |
| Net errors and omissions                          | -16.0 | -17.9 | -8.6 | -2.2  | -4.2 | 0.1  | -0.5 | -2.0  | —    | —    |
| Use of reserves                                   | 1.4   | 20.0  | -2.5 | -11.6 | -1.7 | 6.4  | -4.1 | 6.3   | -4.7 | -8.7 |
| Net external borrowing                            | 56.1  | 40.6  | 19.8 | 14.0  | 5.9  | 7.5  | 11.7 | -0.7  | 10.0 | 14.6 |
| Reserve-related liabilities                       | 0.9   | 5.5   | 3.0  | 3.6   | 1.9  | 0.9  | -0.4 | -0.6  | 1.7  | 2.3  |
| Of which,   |       |       |      |       |      |      |      |       |      |      |
| Net credit from IMF                               | 0.3   | 1.5   | 6.1  | 3.4   | 1.5  | 0.1  | -0.8 | -0.9  | 2.3  | 2.6  |
| Long-term borrowing from official creditors       | 5.9   | 5.8   | 9.1  | 10.3  | 6.1  | 8.3  | 9.6  | 5.3   | 7.2  | 8.3  |
| Other net external borrowing                      | 49.3  | 29.3  | 7.6  | 0.1   | -2.1 | -1.6 | 2.5  | -5.4  | 1.1  | 4.0  |
| <b>Memorandum</b>                                 |       |       |      |       |      |      |      |       |      |      |
| Borrowing from commercial banks                   | 54.7  | 24.9  | 14.4 | 5.1   | -1.7 | -1.4 | 4.7  | -12.8 | 5.3  | 5.2  |
| Exceptional financing                             | 1.4   | 9.5   | 22.5 | 25.7  | 17.5 | 24.8 | 27.7 | 26.2  | 22.9 | 14.8 |

<sup>1</sup> For definitions, see footnotes to Table A40.

**Table A42. Developing Countries—by Analytical Criteria: Summary of External Financing, 1981–90<sup>1</sup>**  
(In billions of U.S. dollars)

|   | 1981  | 1982  | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>By predominant export</b>                      |       |       |       |       |       |       |       |       |       |       |
| <b>Fuel</b>                                       |       |       |       |       |       |       |       |       |       |       |
| Deficit on goods, services, and private transfers | -39.2 | 10.8  | 13.1  | -1.4  | -5.6  | 29.5  | 1.1   | 16.9  | 3.3   | 1.3   |
| Non-debt-creating flows, net                      | -1.7  | 4.8   | -1.4  | -0.5  | 2.5   | 2.0   | 4.4   | 2.4   | 2.2   | 2.4   |
| Asset transactions, net                           | -67.9 | -42.0 | 3.4   | -6.5  | 0.3   | -5.9  | 0.4   | -6.3  | -3.7  | -2.7  |
| Net errors and omissions                          | -11.8 | -13.1 | -11.5 | -2.8  | -4.6  | -0.7  | -2.6  | -1.4  | —     | —     |
| Use of reserves                                   | 11.1  | 35.2  | 5.2   | 2.3   | -7.2  | 22.1  | -13.1 | 19.5  | -10.1 | -7.8  |
| Net external borrowing                            | 31.0  | 25.9  | 17.5  | 6.1   | 3.4   | 12.0  | 12.0  | 2.7   | 14.9  | 9.4   |
| Reserve-related liabilities                       | -0.3  | 2.1   | 0.6   | 1.0   | —     | 1.8   | 0.4   | 0.9   | 4.0   | 1.6   |
| Of which,   |       |       |       |       |       |       |       |       |       |       |
| Net credit from IMF                               | -0.1  | 0.2   | 1.7   | 1.3   | —     | 0.8   | 1.0   | —     | 4.2   | 2.0   |
| Long-term borrowing from official creditors       | 6.0   | 6.9   | 6.2   | 5.4   | 7.4   | 7.1   | 8.3   | 6.1   | 9.8   | 6.3   |
| Other net external borrowing                      | 25.4  | 16.9  | 10.7  | -0.3  | -4.1  | 3.0   | 3.2   | -4.3  | 1.1   | 1.5   |
| <b>Memorandum</b>                                 |       |       |       |       |       |       |       |       |       |       |
| Borrowing from commercial banks                   | 40.0  | 18.8  | 10.6  | -1.1  | 0.3   | -0.4  | 1.5   | -1.7  | 6.1   | 1.8   |
| Exceptional financing                             | —     | 4.9   | 8.9   | 2.2   | 2.8   | 9.9   | 5.8   | 6.6   | 7.3   | 5.9   |
| <b>Non-fuel exports</b>                           |       |       |       |       |       |       |       |       |       |       |
| Deficit on goods, services, and private transfers | 89.5  | 74.2  | 53.6  | 39.0  | 40.4  | 26.6  | 8.7   | 7.1   | 19.1  | 29.9  |
| Non-debt-creating flows, net                      | 23.1  | 21.2  | 20.2  | 20.2  | 29.4  | 25.6  | 31.6  | 28.1  | 26.0  | 28.8  |
| Asset transactions, net                           | -10.6 | -7.5  | -6.0  | -9.2  | -11.0 | -12.0 | -11.0 | -12.7 | -7.9  | -8.9  |
| Net errors and omissions                          | -8.6  | -12.6 | -7.5  | -2.1  | 1.7   | 7.7   | -1.5  | -1.6  | —     | —     |
| Use of reserves                                   | -4.4  | 0.5   | -7.7  | -13.2 | -11.2 | -26.3 | -42.0 | -19.8 | -21.3 | -27.0 |
| Net external borrowing                            | 90.0  | 72.4  | 54.6  | 43.4  | 31.5  | 31.6  | 31.6  | 13.0  | 22.3  | 37.1  |
| Reserve-related liabilities                       | 7.3   | 8.4   | 7.2   | 3.5   | -0.7  | -5.1  | -5.7  | -4.6  | -3.4  | 3.1   |
| Of which,   |       |       |       |       |       |       |       |       |       |       |
| Net credit from IMF                               | 6.7   | 6.7   | 9.3   | 3.5   | —     | -3.6  | -6.8  | -5.0  | -3.2  | 3.0   |
| Long-term borrowing from official creditors       | 24.6  | 27.8  | 27.5  | 28.6  | 16.7  | 21.7  | 13.7  | 12.2  | 19.4  | 25.2  |
| Other net external borrowing                      | 58.2  | 36.2  | 20.0  | 11.4  | 15.6  | 14.9  | 23.6  | 5.5   | 6.3   | 8.8   |
| <b>Memorandum</b>                                 |       |       |       |       |       |       |       |       |       |       |
| Borrowing from commercial banks                   | 61.3  | 32.7  | 18.6  | 15.3  | 4.6   | 2.1   | 15.9  | -3.8  | 0.7   | 6.1   |
| Exceptional financing                             | 11.9  | 18.7  | 31.4  | 38.2  | 31.1  | 39.0  | 44.5  | 44.3  | 44.4  | 30.9  |
| <b>Manufactures</b>                               |       |       |       |       |       |       |       |       |       |       |
| Deficit on goods, services, and private transfers | 34.1  | 24.5  | 13.6  | 1.2   | 12.3  | 0.8   | -20.1 | -24.0 | -13.6 | -7.2  |
| Non-debt-creating flows, net                      | 7.4   | 6.6   | 7.1   | 7.4   | 13.4  | 10.5  | 16.0  | 10.5  | 8.0   | 10.1  |
| Asset transactions, net                           | -6.3  | -4.5  | -3.4  | -7.6  | -8.6  | -10.7 | -8.9  | -11.1 | -9.5  | -10.7 |
| Net errors and omissions                          | -0.8  | -3.0  | -5.0  | -1.4  | -0.1  | 4.6   | -1.0  | -1.3  | —     | —     |
| Use of reserves                                   | -10.7 | -2.7  | -9.9  | -16.0 | -6.6  | -22.2 | -42.8 | -16.4 | -15.8 | -20.6 |
| Net external borrowing                            | 44.6  | 28.1  | 24.8  | 18.8  | 14.1  | 18.7  | 16.5  | -5.7  | 3.7   | 14.0  |
| Reserve-related liabilities                       | 3.6   | 4.4   | 3.4   | 2.6   | -1.3  | -1.0  | -4.6  | -4.5  | -2.7  | —     |
| Of which,   |       |       |       |       |       |       |       |       |       |       |
| Net credit from IMF                               | 3.5   | 3.6   | 4.7   | 3.0   | -1.0  | -1.5  | -5.1  | -3.8  | -2.7  | —     |
| Long-term borrowing from official creditors       | 9.1   | 10.8  | 8.4   | 10.0  | 7.1   | 7.1   | 1.2   | -1.8  | 4.5   | 4.2   |
| Other net external borrowing                      | 31.9  | 12.9  | 13.0  | 6.1   | 8.2   | 12.6  | 20.0  | 0.6   | 1.9   | 9.7   |
| <b>Memorandum</b>                                 |       |       |       |       |       |       |       |       |       |       |
| Borrowing from commercial banks                   | 29.5  | 13.9  | 7.6   | 11.7  | 5.5   | 5.1   | 19.1  | -2.0  | -2.7  | 4.4   |
| Exceptional financing                             | 7.2   | 7.8   | 16.0  | 10.7  | 13.5  | 16.5  | 19.2  | 11.6  | 14.8  | 12.2  |

**Table A42 (continued). Developing Countries—by Analytical Criteria: Summary of External Financing, 1981–90<sup>1</sup>**  
(In billions of U.S. dollars)

|   | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|------|------|------|------|------|------|------|------|------|------|
| <b>Primary products</b>                           |      |      |      |      |      |      |      |      |      |      |
| Deficit on goods, services, and private transfers | 28.2 | 22.4 | 18.4 | 17.1 | 14.5 | 16.3 | 20.8 | 20.2 | 19.5 | 23.3 |
| Non-debt-creating flows, net                      | 5.9  | 5.1  | 4.6  | 4.8  | 6.9  | 6.9  | 6.3  | 7.7  | 8.8  | 8.9  |
| Asset transactions, net                           | -2.2 | -1.3 | -0.6 | -0.7 | -0.4 | -0.3 | -0.1 | 0.8  | 0.4  | 1.1  |
| Net errors and omissions                          | -8.5 | -8.8 | -2.4 | 0.1  | -1.5 | 0.3  | -0.6 | -0.5 | —    | —    |
| Use of reserves                                   | 4.5  | 3.3  | 1.3  | 0.3  | -3.4 | -1.0 | 2.2  | -3.4 | -0.8 | -3.1 |
| Net external borrowing                            | 28.4 | 24.2 | 15.4 | 12.6 | 12.7 | 10.5 | 13.0 | 15.7 | 11.2 | 16.4 |
| Reserve-related liabilities                       | 2.3  | 1.9  | 3.0  | 1.0  | 1.6  | -1.0 | 0.3  | -0.2 | -1.4 | 2.3  |
| Of which,   |      |      |      |      |      |      |      |      |      |      |
| Net credit from IMF                               | 1.8  | 1.2  | 3.4  | 0.6  | 1.1  | -0.5 | -0.3 | -0.4 | -0.9 | 2.3  |
| Long-term borrowing from official creditors       | 6.6  | 7.9  | 10.2 | 10.1 | 5.6  | 8.0  | 8.5  | 8.5  | 8.0  | 11.2 |
| Other net external borrowing                      | 19.6 | 14.4 | 2.2  | 1.5  | 5.5  | 3.6  | 4.2  | 7.4  | 4.6  | 2.9  |
| <b>Memorandum</b>                                 |      |      |      |      |      |      |      |      |      |      |
| Borrowing from commercial banks                   | 20.8 | 5.7  | 5.8  | 2.3  | 0.5  | -0.1 | -1.8 | -0.3 | 3.1  | 1.1  |
| Exceptional financing                             | 2.7  | 9.0  | 11.7 | 22.6 | 9.6  | 14.9 | 16.1 | 20.9 | 16.8 | 12.8 |
| <b>Agricultural products</b>                      |      |      |      |      |      |      |      |      |      |      |
| Deficit on goods, services, and private transfers | 18.1 | 15.2 | 13.8 | 12.7 | 11.1 | 11.4 | 15.8 | 15.8 | 15.9 | 17.0 |
| Non-debt-creating flows, net                      | 3.6  | 3.3  | 3.3  | 3.7  | 5.8  | 5.6  | 5.2  | 6.1  | 7.2  | 7.1  |
| Asset transactions, net                           | -1.9 | -0.7 | -0.6 | -0.7 | -0.4 | -0.4 | —    | 0.8  | 0.6  | 0.9  |
| Net errors and omissions                          | -8.5 | -7.8 | -1.1 | 0.1  | -0.6 | —    | -0.4 | —    | —    | —    |
| Use of reserves                                   | 4.2  | 2.2  | 1.5  | 1.0  | -2.6 | -0.8 | 1.9  | -2.6 | 0.7  | -2.5 |
| Net external borrowing                            | 20.7 | 18.2 | 10.8 | 8.6  | 8.9  | 7.1  | 9.0  | 11.4 | 7.4  | 11.5 |
| Reserve-related liabilities                       | 1.7  | 1.1  | 2.2  | 0.3  | 1.6  | -0.9 | 0.2  | 0.2  | -0.5 | 2.1  |
| Of which,   |      |      |      |      |      |      |      |      |      |      |
| Net credit from IMF                               | 1.4  | 0.8  | 2.4  | 0.1  | 1.0  | -0.6 | -0.2 | -0.2 | -0.7 | 2.1  |
| Long-term borrowing from official creditors       | 5.2  | 6.5  | 8.3  | 8.1  | 4.6  | 5.8  | 6.4  | 6.7  | 5.2  | 8.8  |
| Other net external borrowing                      | 13.7 | 10.7 | 0.3  | 0.2  | 2.7  | 2.2  | 2.4  | 4.5  | 2.7  | 0.6  |
| <b>Memorandum</b>                                 |      |      |      |      |      |      |      |      |      |      |
| Borrowing from commercial banks                   | 13.7 | 3.1  | 5.3  | -0.2 | 0.9  | 1.3  | -0.8 | 1.5  | 3.6  | 0.6  |
| Exceptional financing                             | 1.7  | 7.4  | 7.2  | 17.8 | 3.7  | 8.0  | 9.9  | 13.2 | 9.7  | 6.4  |
| <b>Minerals</b>                                   |      |      |      |      |      |      |      |      |      |      |
| Deficit on goods, services, and private transfers | 10.1 | 7.2  | 4.5  | 4.4  | 3.3  | 4.9  | 5.0  | 4.4  | 3.7  | 6.3  |
| Non-debt-creating flows, net                      | 2.3  | 1.7  | 1.3  | 1.0  | 1.1  | 1.3  | 1.1  | 1.6  | 1.6  | 1.7  |
| Asset transactions, net                           | -0.3 | -0.6 | —    | —    | —    | 0.1  | -0.1 | —    | -0.2 | 0.2  |
| Net errors and omissions                          | 0.1  | -1.0 | -1.3 | —    | -0.9 | 0.3  | -0.2 | -0.5 | —    | —    |
| Use of reserves                                   | 0.3  | 1.1  | -0.2 | -0.7 | -0.7 | -0.2 | 0.2  | -0.9 | -1.5 | -0.6 |
| Net external borrowing                            | 7.8  | 6.0  | 4.6  | 4.0  | 3.8  | 3.4  | 4.0  | 4.3  | 3.8  | 4.9  |
| Reserve-related liabilities                       | 0.5  | 0.8  | 0.9  | 0.7  | 0.1  | -0.1 | 0.1  | -0.4 | -0.9 | 0.1  |
| Of which,   |      |      |      |      |      |      |      |      |      |      |
| Net credit from IMF                               | 0.4  | 0.4  | 1.0  | 0.4  | 0.1  | 0.1  | -0.1 | -0.2 | -0.2 | 0.3  |
| Long-term borrowing from official creditors       | 1.3  | 1.4  | 1.9  | 2.0  | 1.0  | 2.2  | 2.1  | 1.7  | 2.8  | 2.5  |
| Other net external borrowing                      | 5.9  | 3.7  | 1.8  | 1.3  | 2.8  | 1.4  | 1.8  | 3.0  | 1.9  | 2.3  |
| <b>Memorandum</b>                                 |      |      |      |      |      |      |      |      |      |      |
| Borrowing from commercial banks                   | 7.1  | 2.6  | 0.5  | 2.5  | -0.3 | -1.4 | -1.1 | -1.8 | -0.5 | 0.5  |
| Exceptional financing                             | 1.0  | 1.7  | 4.5  | 4.9  | 5.8  | 6.9  | 6.2  | 7.7  | 7.1  | 6.4  |

**Table A42 (continued). Developing Countries—by Analytical Criteria: Summary of External Financing, 1981–90<sup>1</sup>**  
(In billions of U.S. dollars)

|   | 1981  | 1982  | 1983 | 1984  | 1985 | 1986  | 1987  | 1988  | 1989  | 1990  |
|---|-------|-------|------|-------|------|-------|-------|-------|-------|-------|
| <b>Services and private transfers</b>             |       |       |      |       |      |       |       |       |       |       |
| Deficit on goods, services, and private transfers | 10.4  | 10.4  | 9.7  | 10.7  | 10.5 | 9.5   | 9.3   | 10.3  | 9.6   | 10.5  |
| Non-debt-creating flows, net                      | 4.4   | 4.5   | 4.1  | 4.2   | 4.8  | 5.0   | 5.0   | 4.7   | 4.4   | 4.9   |
| Asset transactions, net                           | -0.6  | -0.6  | —    | -0.8  | -1.1 | 0.4   | -0.3  | 0.1   | -0.1  | 0.7   |
| Net errors and omissions                          | 0.8   | 0.4   | 1.2  | 1.2   | 2.5  | 2.3   | 0.3   | 0.4   | —     | —     |
| Use of reserves                                   | 0.2   | -1.4  | -0.4 | 1.7   | -0.2 | -0.9  | 0.4   | -0.9  | -1.0  | -1.0  |
| Net external borrowing                            | 5.7   | 7.6   | 4.6  | 4.3   | 4.6  | 2.7   | 3.9   | 6.0   | 6.3   | 6.0   |
| Reserve-related liabilities                       | 0.4   | 0.5   | 0.2  | —     | -0.2 | -0.6  | -0.5  | -0.5  | 0.5   | 0.3   |
| Of which,   |       |       |      |       |      |       |       |       |       |       |
| Net credit from IMF                               | 0.6   | 0.6   | 0.6  | —     | -0.2 | -0.6  | -0.6  | -0.6  | 0.3   | 0.1   |
| Long-term borrowing from official creditors       | 4.8   | 5.9   | 5.2  | 4.8   | 2.3  | 4.0   | 1.4   | 3.8   | 4.1   | 7.1   |
| Other net external borrowing                      | 0.5   | 1.2   | -0.8 | -0.4  | 2.5  | -0.7  | 3.0   | 2.7   | 1.7   | -1.3  |
| <b>Memorandum</b>                                 |       |       |      |       |      |       |       |       |       |       |
| Borrowing from commercial banks                   | 1.0   | 2.4   | 0.8  | 1.0   | 0.4  | 0.2   | 0.4   | 3.3   | 0.5   | 0.6   |
| Exceptional financing                             | 0.3   | 0.8   | 1.8  | 1.8   | 2.9  | 3.4   | 4.5   | 7.9   | 7.6   | 2.3   |
| <b>Diversified export base</b>                    |       |       |      |       |      |       |       |       |       |       |
| Deficit on goods, services, and private transfers | 16.8  | 16.8  | 12.0 | 10.0  | 3.1  | —     | -1.3  | 0.6   | 3.5   | 3.3   |
| Non-debt-creating flows, net                      | 5.4   | 5.0   | 4.3  | 3.8   | 4.3  | 3.2   | 4.3   | 5.2   | 4.8   | 5.0   |
| Asset transactions, net                           | -1.5  | -1.0  | -2.1 | -0.1  | -1.0 | -1.3  | -1.8  | -2.5  | 1.3   | —     |
| Net errors and omissions                          | -0.1  | -1.1  | -1.3 | -2.1  | 0.8  | 0.5   | -0.3  | -0.2  | —     | —     |
| Use of reserves                                   | 1.6   | 1.4   | 1.3  | 0.7   | -1.1 | -2.1  | -1.7  | 0.9   | -3.6  | -2.4  |
| Net external borrowing                            | 11.3  | 12.5  | 9.8  | 7.7   | 0.1  | -0.3  | -1.8  | -2.9  | 1.1   | 0.7   |
| Reserve-related liabilities                       | 1.0   | 1.6   | 0.6  | -0.1  | -0.8 | -2.4  | -0.9  | 0.6   | 0.3   | 0.5   |
| Of which,   |       |       |      |       |      |       |       |       |       |       |
| Net credit from IMF                               | 0.8   | 1.5   | 0.5  | —     | —    | -1.0  | -0.8  | -0.3  | —     | 0.5   |
| Long-term borrowing from official creditors       | 4.2   | 3.3   | 3.6  | 3.6   | 1.7  | 2.7   | 2.6   | 1.7   | 2.8   | 2.7   |
| Other net external borrowing                      | 6.2   | 7.6   | 5.6  | 4.2   | -0.7 | -0.6  | -3.5  | -5.2  | -1.9  | -2.5  |
| <b>Memorandum</b>                                 |       |       |      |       |      |       |       |       |       |       |
| Borrowing from commercial banks                   | 10.0  | 10.6  | 4.4  | 0.3   | -1.9 | -3.1  | -1.8  | -4.8  | -0.3  | —     |
| Exceptional financing                             | 1.8   | 1.1   | 1.9  | 3.1   | 5.1  | 4.2   | 4.6   | 4.0   | 5.2   | 3.6   |
| <b>By financial criteria</b>                      |       |       |      |       |      |       |       |       |       |       |
| <b>Market borrowers</b>                           |       |       |      |       |      |       |       |       |       |       |
| Deficit on goods, services, and private transfers | 53.5  | 49.7  | 13.1 | 1.4   | -4.6 | 7.3   | -10.4 | -11.5 | -7.8  | -6.6  |
| Non-debt-creating flows, net                      | 10.8  | 9.1   | 5.4  | 5.5   | 8.7  | 5.9   | 11.8  | 13.1  | 10.2  | 12.3  |
| Asset transactions, net                           | -10.5 | -9.2  | -5.6 | -8.0  | -9.7 | -10.1 | -11.1 | -11.3 | -8.6  | -10.2 |
| Net errors and omissions                          | -16.1 | -18.4 | -9.7 | -4.6  | -3.6 | 1.4   | 0.6   | -1.4  | —     | —     |
| Use of reserves                                   | 1.5   | 21.6  | -4.2 | -14.2 | -7.5 | 6.1   | -9.8  | -2.1  | -14.8 | -19.6 |
| Net external borrowing                            | 67.8  | 46.6  | 27.2 | 22.7  | 7.6  | 4.0   | -1.8  | -9.8  | 5.4   | 11.0  |
| Reserve-related liabilities                       | 0.9   | 5.5   | 3.0  | 3.5   | 0.3  | -0.5  | -2.6  | -0.5  | 3.4   | 2.5   |
| Of which,   |       |       |      |       |      |       |       |       |       |       |
| Net credit from IMF                               | 0.9   | 2.0   | 6.1  | 3.8   | 1.3  | -0.3  | -2.5  | -1.3  | 3.1   | 2.8   |
| Long-term borrowing from official creditors       | 6.0   | 5.3   | 7.6  | 8.1   | 4.4  | 4.7   | 5.9   | 3.4   | 4.7   | 6.6   |
| Other net external borrowing                      | 60.9  | 35.8  | 16.6 | 11.2  | 2.8  | -0.2  | -5.1  | -12.8 | -2.7  | 1.9   |
| <b>Memorandum</b>                                 |       |       |      |       |      |       |       |       |       |       |
| Borrowing from commercial banks                   | 65.1  | 37.5  | 17.2 | 9.3   | 1.8  | -3.6  | -2.8  | -18.3 | 4.0   | 4.0   |
| Exceptional financing                             | 1.9   | 8.3   | 20.0 | 24.2  | 18.6 | 21.8  | 25.6  | 23.4  | 21.3  | 14.8  |



**Table A42 (continued). Developing Countries—by Analytical Criteria: Summary of External Financing, 1981–90<sup>1</sup>**  
(In billions of U.S. dollars)

|  | 1981  | 1982  | 1983  | 1984  | 1985 | 1986 | 1987 | 1988  | 1989  | 1990  |
|--|-------|-------|-------|-------|------|------|------|-------|-------|-------|
| <b>Diversified borrowers</b>                             |       |       |       |       |      |      |      |       |       |       |
| Deficit on goods, services, and private transfers        | 41.6  | 45.3  | 38.6  | 23.3  | 35.3 | 39.2 | 21.8 | 22.6  | 25.3  | 30.2  |
| Non-debt-creating flows, net                             | 6.9   | 7.8   | 9.1   | 8.4   | 14.5 | 13.7 | 12.9 | 12.5  | 12.6  | 13.0  |
| Asset transactions, net                                  | -5.7  | -3.2  | -0.9  | -1.9  | -2.9 | -0.3 | -2.1 | -2.2  | -0.1  | 0.6   |
| Net errors and omissions                                 | -0.2  | -8.3  | -2.4  | -0.9  | 1.7  | 1.9  | -2.8 | -0.5  | —     | —     |
| Use of reserves  | 15.8  | 16.8  | 0.5   | -1.7  | 2.1  | 2.1  | -6.2 | -2.4  | -6.1  | -3.3  |
| Net external borrowing                                   | 24.7  | 32.2  | 32.4  | 19.5  | 20.0 | 21.9 | 20.0 | 15.2  | 19.0  | 19.9  |
| Reserve-related liabilities                              | 3.5   | 3.1   | 4.3   | 0.9   | -0.9 | -1.4 | -1.8 | -2.6  | -2.8  | -0.1  |
| Of which,  |       |       |       |       |      |      |      |       |       |       |
| Net credit from IMF                                      | 3.4   | 3.1   | 3.3   | 0.6   | -1.0 | -1.0 | -2.3 | -2.9  | -2.2  | -0.1  |
| Long-term borrowing from official creditors              | 8.9   | 15.2  | 14.3  | 13.8  | 11.9 | 11.9 | 9.7  | 5.2   | 11.7  | 9.8   |
| Other net external borrowing                             | 12.3  | 13.9  | 13.8  | 4.8   | 9.0  | 11.4 | 12.0 | 12.6  | 10.0  | 10.1  |
| Memorandum   |       |       |       |       |      |      |      |       |       |       |
| Borrowing from commercial banks                          | 17.0  | 8.4   | 11.4  | 4.9   | 5.6  | 2.4  | 7.0  | 9.6   | 4.2   | 4.3   |
| Exceptional financing                                    | 2.6   | 4.5   | 10.8  | 6.8   | 6.0  | 14.6 | 12.4 | 14.1  | 15.3  | 11.5  |
| <b>Official borrowers</b>                                |       |       |       |       |      |      |      |       |       |       |
| Deficit on goods, services, and private transfers        | 25.8  | 23.4  | 17.8  | 19.4  | 19.8 | 20.1 | 19.5 | 22.6  | 22.7  | 24.7  |
| Non-debt-creating flows, net                             | 6.9   | 7.1   | 7.0   | 7.3   | 8.5  | 9.6  | 9.7  | 9.8   | 10.2  | 10.7  |
| Asset transactions, net                                  | -1.8  | -0.9  | 0.1   | -1.6  | -0.7 | -0.6 | -1.6 | -0.2  | -0.1  | —     |
| Net errors and omissions                                 | -0.6  | 0.2   | -0.4  | 1.5   | 0.8  | 2.1  | 0.6  | 0.8   | —     | —     |
| Use of reserves  | 1.2   | -0.4  | -1.3  | 0.1   | 0.2  | -1.6 | -2.4 | -2.6  | -2.3  | -3.1  |
| Net external borrowing                                   | 20.1  | 17.5  | 12.5  | 12.1  | 11.1 | 10.5 | 13.2 | 14.8  | 15.0  | 17.2  |
| Reserve-related liabilities                              | 2.5   | 2.0   | 0.5   | 0.1   | -0.1 | -1.4 | -0.8 | -0.6  | —     | 2.2   |
| Of which,  |       |       |       |       |      |      |      |       |       |       |
| Net credit from IMF                                      | 2.2   | 1.8   | 1.6   | 0.3   | -0.3 | -1.4 | -1.0 | -0.7  | 0.2   | 2.3   |
| Long-term borrowing from official creditors              | 14.5  | 13.2  | 13.6  | 12.2  | 8.2  | 12.2 | 6.9  | 9.2   | 12.4  | 14.8  |
| Other net external borrowing                             | 3.1   | 2.4   | -1.6  | -0.3  | 3.0  | -0.3 | 7.1  | 6.2   | 2.6   | 0.1   |
| Memorandum   |       |       |       |       |      |      |      |       |       |       |
| Borrowing from commercial banks                          | 9.3   | 3.6   | -1.4  | 2.0   | -0.8 | -1.7 | -1.0 | 1.4   | 0.6   | 1.1   |
| Exceptional financing                                    | 7.5   | 10.8  | 9.5   | 9.5   | 9.2  | 12.4 | 12.3 | 13.4  | 15.1  | 10.5  |
| <b>Countries with recent debt-servicing difficulties</b> |       |       |       |       |      |      |      |       |       |       |
| Deficit on goods, services, and private transfers        | 88.0  | 89.0  | 37.8  | 21.2  | 17.8 | 40.8 | 23.8 | 26.4  | 26.1  | 34.8  |
| Non-debt-creating flows, net                             | 13.2  | 13.6  | 10.3  | 10.6  | 13.2 | 13.1 | 16.7 | 18.8  | 15.5  | 18.1  |
| Asset transactions, net                                  | -12.8 | -12.3 | -1.9  | -4.1  | -3.9 | -2.6 | -6.6 | -2.1  | -1.8  | -0.6  |
| Net errors and omissions                                 | -15.7 | -18.1 | -10.8 | -1.2  | -2.4 | 4.0  | -1.4 | -0.3  | —     | —     |
| Use of reserves  | 22.9  | 41.9  | 0.6   | -14.7 | -1.3 | 7.6  | -6.8 | 4.3   | -10.3 | -13.1 |
| Net external borrowing                                   | 80.5  | 63.9  | 39.4  | 30.6  | 12.2 | 18.7 | 21.9 | 5.7   | 22.7  | 30.4  |
| Reserve-related liabilities                              | 3.3   | 7.6   | 4.6   | 4.0   | 0.4  | -1.9 | -2.2 | -0.8  | 1.4   | 5.4   |
| Of which,  |       |       |       |       |      |      |      |       |       |       |
| Net credit from IMF                                      | 2.8   | 4.0   | 7.9   | 3.9   | 1.4  | -1.4 | -2.6 | -2.2  | 1.7   | 5.6   |
| Long-term borrowing from official creditors              | 16.8  | 19.7  | 25.4  | 22.9  | 17.4 | 19.9 | 18.1 | 14.1  | 19.8  | 23.2  |
| Other net external borrowing                             | 60.4  | 36.6  | 9.4   | 3.7   | -5.5 | 0.7  | 5.9  | -7.6  | 1.5   | 1.8   |
| Memorandum   |       |       |       |       |      |      |      |       |       |       |
| Borrowing from commercial banks                          | 74.9  | 34.6  | 15.1  | 6.8   | -4.6 | -5.3 | 0.6  | -17.4 | 7.5   | 6.9   |
| Exceptional financing                                    | 11.2  | 22.4  | 39.0  | 39.5  | 32.9 | 48.5 | 49.9 | 50.3  | 50.5  | 35.5  |

**Table A42 (continued). Developing Countries—by Analytical Criteria: Summary of External Financing, 1981–90<sup>1</sup>**

(In billions of U.S. dollars)

|  | 1981 | 1982  | 1983 | 1984 | 1985 | 1986 | 1987  | 1988  | 1989  | 1990  |
|--|------|-------|------|------|------|------|-------|-------|-------|-------|
| <b>Countries without debt-servicing difficulties</b> |      |       |      |      |      |      |       |       |       |       |
| Deficit on goods, services, and private transfers    | 33.0 | 29.4  | 31.8 | 22.9 | 32.7 | 25.8 | 7.1   | 7.3   | 14.1  | 13.5  |
| Non-debt-creating flows, net                         | 11.5 | 10.4  | 11.1 | 10.6 | 18.4 | 16.0 | 17.6  | 16.7  | 17.5  | 17.9  |
| Asset transactions, net                              | -5.1 | -1.0  | -4.6 | -7.4 | -9.5 | -8.4 | -8.2  | -11.6 | -7.1  | -9.0  |
| Net errors and omissions                             | -1.1 | -8.4  | -1.8 | -2.9 | 1.3  | 1.4  | -0.2  | -0.8  | —     | —     |
| Use of reserves                                      | -4.3 | -4.0  | -5.6 | -1.1 | -3.9 | -1.0 | -11.5 | -11.4 | -13.0 | -12.9 |
| Net external borrowing                               | 32.1 | 32.5  | 32.7 | 23.7 | 26.4 | 17.8 | 9.4   | 14.4  | 16.7  | 17.6  |
| Reserve-related liabilities                          | 3.6  | 3.0   | 3.2  | 0.5  | -1.1 | -1.4 | -3.1  | -2.8  | -0.8  | -0.7  |
| Of which,  |      |       |      |      |      |      |       |       |       |       |
| Net credit from IMF                                  | 3.8  | 2.9   | 3.1  | 0.9  | -1.4 | -1.3 | -3.3  | -2.8  | -0.7  | -0.6  |
| Long-term borrowing from official creditors          | 12.6 | 14.0  | 10.0 | 11.2 | 7.2  | 8.9  | 4.4   | 3.7   | 9.0   | 8.0   |
| Other net external borrowing                         | 15.9 | 15.5  | 19.4 | 12.0 | 20.3 | 10.2 | 8.1   | 13.6  | 8.5   | 10.3  |
| Memorandum   |      |       |      |      |      |      |       |       |       |       |
| Borrowing from commercial banks                      | 16.6 | 14.9  | 12.1 | 9.4  | 11.2 | 2.4  | 2.6   | 10.1  | 1.3   | 2.4   |
| Exceptional financing                                | 0.7  | 1.3   | 1.3  | 1.0  | 0.9  | 0.4  | 0.4   | 0.5   | 1.2   | 1.3   |
| <b>Miscellaneous groups</b>                          |      |       |      |      |      |      |       |       |       |       |
| <b>Sub-Saharan Africa</b>                            |      |       |      |      |      |      |       |       |       |       |
| Deficit on goods, services, and private transfers    | 12.9 | 11.5  | 9.0  | 6.6  | 7.1  | 10.2 | 11.4  | 13.5  | 12.8  | 14.0  |
| Non-debt-creating flows, net                         | 4.0  | 3.8   | 3.8  | 3.9  | 4.5  | 5.2  | 5.5   | 5.9   | 6.6   | 6.3   |
| Asset transactions, net                              | -0.7 | -0.2  | -0.3 | -0.5 | -0.2 | 0.2  | 0.2   | -0.2  | 0.2   | -0.2  |
| Net errors and omissions                             | -0.3 | -0.8  | -1.1 | -0.3 | -0.4 | -0.3 | -0.6  | 0.4   | —     | —     |
| Use of reserves                                      | 0.5  | 0.5   | -0.2 | -0.1 | -0.5 | -0.7 | -0.1  | -0.1  | 0.5   | 0.6   |
| Net external borrowing                               | 9.2  | 8.2   | 6.8  | 3.7  | 3.8  | 5.8  | 6.4   | 7.4   | 6.9   | 8.4   |
| Reserve-related liabilities                          | 1.7  | 0.9   | 1.4  | 0.2  | 0.1  | -0.6 | -0.2  | 0.1   | -0.7  | 1.1   |
| Of which,  |      |       |      |      |      |      |       |       |       |       |
| Net credit from IMF                                  | 1.6  | 0.7   | 1.3  | 0.5  | —    | -0.4 | -0.5  | -0.2  | -0.4  | 1.1   |
| Long-term borrowing from official creditors          | 4.9  | 5.4   | 4.9  | 5.2  | 2.9  | 5.7  | 5.0   | 4.8   | 5.9   | 6.8   |
| Other net external borrowing                         | 2.6  | 1.8   | 0.5  | -1.7 | 0.8  | 0.7  | 1.6   | 2.6   | 1.6   | 0.5   |
| Memorandum   |      |       |      |      |      |      |       |       |       |       |
| Borrowing from commercial banks                      | 4.1  | 2.3   | 0.1  | 0.9  | 0.3  | -0.1 | 0.1   | 0.6   | 1.3   | 1.0   |
| Exceptional financing                                | 1.7  | 2.0   | 2.4  | 3.0  | 3.9  | 4.7  | 5.7   | 6.6   | 7.4   | 7.0   |
| <b>Net debtor fuel exporters</b>                     |      |       |      |      |      |      |       |       |       |       |
| Deficit on goods, services, and private transfers    | 30.9 | 42.0  | 11.5 | -1.9 | 1.0  | 23.8 | 4.3   | 16.4  | 9.1   | 7.3   |
| Non-debt-creating flows, net                         | 1.6  | 2.8   | 1.6  | 1.1  | 2.9  | 4.6  | 6.5   | 5.4   | 5.1   | 5.3   |
| Asset transactions, net                              | -7.3 | -5.7  | -0.4 | -2.3 | -2.4 | 1.1  | -4.1  | -2.8  | -1.9  | -1.6  |
| Net errors and omissions                             | -8.5 | -14.5 | -5.5 | -2.3 | -2.3 | -2.1 | -0.3  | 0.5   | —     | —     |
| Use of reserves                                      | 17.9 | 36.0  | -0.8 | -6.5 | -1.0 | 8.8  | -8.2  | 12.7  | -7.2  | -4.6  |
| Net external borrowing                               | 27.2 | 23.4  | 16.6 | 8.1  | 3.7  | 11.5 | 10.5  | 0.5   | 13.1  | 8.2   |
| Reserve-related liabilities                          | -0.3 | 2.2   | 0.6  | 1.0  | —    | 1.8  | 0.4   | 0.9   | 4.0   | 1.6   |
| Of which,  |      |       |      |      |      |      |       |       |       |       |
| Net credit from IMF                                  | -0.1 | 0.2   | 1.7  | 1.3  | —    | 0.8  | 1.0   | —     | 4.2   | 2.0   |
| Long-term borrowing from official creditors          | 4.9  | 6.0   | 8.0  | 5.4  | 7.5  | 6.7  | 8.0   | 5.6   | 9.4   | 6.0   |
| Other net external borrowing                         | 22.6 | 15.2  | 7.9  | 1.7  | -3.8 | 3.0  | 2.0   | -6.0  | 0.3   | 0.7   |
| Memorandum   |      |       |      |      |      |      |       |       |       |       |
| Borrowing from commercial banks                      | 30.8 | 16.3  | 8.1  | 1.2  | 2.1  | 2.1  | 0.6   | -5.1  | 5.1   | 1.2   |
| Exceptional financing                                | —    | 4.9   | 8.9  | 2.2  | 2.8  | 9.9  | 5.8   | 6.6   | 7.3   | 5.9   |

**Table A42 (concluded). Developing Countries—by Analytical Criteria: Summary of External Financing, 1981–90<sup>1</sup>**  
(In billions of U.S. dollars)

|   | 1981  | 1982  | 1983 | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|---|-------|-------|------|-------|-------|-------|-------|-------|-------|-------|
| <b>Four newly industrializing Asian economies</b> |       |       |      |       |       |       |       |       |       |       |
| Deficit on goods, services, and private transfers | 7.3   | 2.8   | -1.6 | -6.6  | -10.2 | -23.2 | -30.4 | -27.8 | -26.2 | -25.1 |
| Non-debt-creating flows, net                      | 2.4   | 1.3   | 1.3  | 1.2   | 3.1   | 1.7   | 6.6   | 0.2   | 0.4   | 0.8   |
| Asset transactions, net                           | -1.6  | 0.1   | -1.4 | -5.0  | -6.5  | -7.2  | -5.2  | -9.5  | -9.6  | -10.3 |
| Net errors and omissions                          | -0.5  | -1.6  | -2.1 | -1.0  | 0.3   | 0.9   | 0.9   | -0.6  | —     | —     |
| Use of reserves                                   | -6.3  | -2.4  | -4.2 | -5.8  | -9.6  | -24.4 | -35.3 | -10.7 | -13.0 | -13.9 |
| Net external borrowing                            | 13.4  | 5.5   | 4.7  | 4.0   | 2.5   | 5.8   | 2.6   | -7.4  | -4.1  | -1.6  |
| Reserve-related liabilities                       | 0.6   | 0.1   | 0.2  | 0.3   | -0.2  | -0.1  | -1.2  | -0.5  | —     | —     |
| Of which,   |       |       |      |       |       |       |       |       |       |       |
| Net credit from IMF                               | 0.6   | 0.1   | 0.2  | 0.3   | -0.2  | -0.1  | -1.2  | -0.5  | —     | —     |
| Long-term borrowing from official creditors       | 0.4   | 2.0   | 0.4  | 0.1   | -0.5  | -0.7  | -3.1  | -1.0  | -0.9  | -0.5  |
| Other net external borrowing                      | 12.4  | 3.4   | 4.1  | 3.5   | 3.2   | 6.6   | 6.9   | -5.9  | -3.2  | -1.0  |
| Memorandum  |       |       |      |       |       |       |       |       |       |       |
| Borrowing from commercial banks                   | 6.3   | 5.2   | 1.5  | 3.8   | 2.1   | 4.7   | 7.6   | -3.4  | -4.0  | -2.5  |
| Exceptional financing                             | —     | —     | —    | —     | —     | —     | —     | —     | —     | —     |
| <b>Small low-income economies</b>                 |       |       |      |       |       |       |       |       |       |       |
| Deficit on goods, services, and private transfers | 14.8  | 14.1  | 10.5 | 11.7  | 12.3  | 13.3  | 14.8  | 17.5  | 17.7  | 18.4  |
| Non-debt-creating flows, net                      | 4.8   | 4.8   | 4.5  | 4.8   | 5.6   | 6.5   | 7.1   | 7.5   | 7.9   | 7.7   |
| Asset transactions, net                           | -0.3  | -0.2  | -0.1 | -0.3  | -0.3  | -0.3  | -0.1  | -0.2  | 0.1   | 0.2   |
| Net errors and omissions                          | -0.1  | -0.1  | -0.6 | 0.5   | -0.2  | -0.3  | -0.2  | 0.1   | —     | —     |
| Use of reserves                                   | 0.5   | 0.4   | -1.2 | 0.9   | 0.4   | -0.1  | —     | 0.1   | -0.8  | -1.2  |
| Net external borrowing                            | 10.0  | 9.2   | 7.9  | 5.9   | 6.8   | 7.6   | 8.0   | 10.1  | 10.5  | 11.6  |
| Reserve-related liabilities                       | 2.0   | 1.4   | 1.2  | 0.1   | 0.2   | -0.8  | -0.4  | -0.3  | -0.3  | 1.8   |
| Of which,   |       |       |      |       |       |       |       |       |       |       |
| Net credit from IMF                               | 1.8   | 1.0   | 1.2  | 0.2   | -0.2  | -0.9  | -0.6  | -0.3  | 0.3   | 1.7   |
| Long-term borrowing from official creditors       | 7.6   | 7.4   | 6.8  | 7.3   | 3.2   | 6.2   | 4.1   | 6.9   | 8.7   | 8.9   |
| Other net external borrowing                      | 0.4   | 0.4   | -0.1 | -1.6  | 3.5   | 2.2   | 4.3   | 3.5   | 2.1   | 0.9   |
| Memorandum  |       |       |      |       |       |       |       |       |       |       |
| Borrowing from commercial banks                   | 2.6   | 2.1   | 0.6  | —     | 0.5   | 0.1   | -0.2  | 0.8   | 0.1   | 0.4   |
| Exceptional financing                             | 1.4   | 2.1   | 2.3  | 3.1   | 3.9   | 4.4   | 4.4   | 4.6   | 5.0   | 4.7   |
| <b>Fifteen heavily indebted economies</b>         |       |       |      |       |       |       |       |       |       |       |
| Deficit on goods, services, and private transfers | 51.1  | 51.3  | 16.0 | 1.9   | 1.0   | 17.8  | 9.6   | 10.5  | 9.5   | 14.0  |
| Non-debt-creating flows, net                      | 7.2   | 7.2   | 4.1  | 4.1   | 6.6   | 5.2   | 8.1   | 10.7  | 7.6   | 9.5   |
| Asset transactions, net                           | -8.9  | -9.5  | -2.2 | -2.3  | -2.6  | -2.9  | -4.1  | -1.7  | -1.3  | -0.9  |
| Net errors and omissions                          | -15.4 | -16.9 | -9.4 | -1.7  | -4.1  | 1.5   | -1.7  | -0.8  | —     | —     |
| Use of reserves                                   | 8.2   | 23.5  | -0.9 | -12.9 | -2.8  | 5.0   | -2.9  | 5.2   | -8.0  | -10.6 |
| Net external borrowing                            | 60.0  | 47.0  | 24.3 | 14.8  | 3.9   | 9.0   | 10.2  | -2.8  | 11.2  | 16.0  |
| Reserve-related liabilities                       | 1.3   | 5.9   | 3.6  | 2.9   | 1.2   | 0.5   | -1.3  | -1.3  | 1.7   | 3.3   |
| Of which,   |       |       |      |       |       |       |       |       |       |       |
| Net credit from IMF                               | 1.1   | 2.2   | 6.3  | 3.3   | 1.6   | -0.2  | -1.3  | -1.4  | 1.8   | 3.7   |
| Long-term borrowing from official creditors       | 5.2   | 8.2   | 12.2 | 11.2  | 8.6   | 9.8   | 11.6  | 7.9   | 9.2   | 10.4  |
| Other net external borrowing                      | 53.6  | 32.9  | 8.5  | 0.7   | -5.9  | -1.3  | -0.1  | -9.4  | 0.3   | 2.4   |
| Memorandum  |       |       |      |       |       |       |       |       |       |       |
| Borrowing from commercial banks                   | 63.3  | 29.7  | 11.5 | 5.0   | -4.0  | -1.6  | 2.3   | -15.3 | 7.2   | 5.5   |
| Exceptional financing                             | 1.3   | 12.7  | 28.9 | 30.7  | 22.9  | 35.2  | 35.7  | 34.8  | 33.0  | 24.7  |

<sup>1</sup> For definitions, see footnotes to Table A40.

**Table A43. Developing Countries: Reserves and Ratios of Reserves to Imports of Goods and Services, 1981-90<sup>1</sup>**  
(Values in billions of U.S. dollars; ratios in percent)

|   | 1981  | 1982  | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Official reserve holdings</b>                  |       |       |       |       |       |       |       |       |       |       |
| Developing countries                              | 187.4 | 158.8 | 160.1 | 170.9 | 188.8 | 197.3 | 254.1 | 250.2 | 280.4 | 315.2 |
| <b>By region</b>                                  |       |       |       |       |       |       |       |       |       |       |
| Africa  | 13.1  | 8.7   | 7.9   | 7.2   | 9.7   | 9.2   | 10.9  | 10.6  | 13.1  | 16.7  |
| Asia  | 44.2  | 49.1  | 58.6  | 67.4  | 74.4  | 99.5  | 141.6 | 151.1 | 168.2 | 185.7 |
| Europe  | 6.9   | 6.1   | 7.2   | 8.3   | 8.4   | 9.7   | 10.0  | 12.1  | 15.1  | 17.6  |
| Middle East                                       | 83.6  | 66.7  | 57.1  | 47.2  | 54.5  | 45.3  | 53.2  | 44.7  | 47.5  | 50.1  |
| Western Hemisphere                                | 39.6  | 28.2  | 29.3  | 40.8  | 41.7  | 33.6  | 38.4  | 31.8  | 36.5  | 45.2  |
| <b>By predominant export</b>                      |       |       |       |       |       |       |       |       |       |       |
| Fuel  | 103.3 | 74.8  | 69.4  | 66.5  | 73.5  | 57.3  | 71.2  | 52.7  | 61.3  | 68.6  |
| Non-fuel exports                                  | 84.0  | 84.0  | 90.7  | 104.4 | 115.3 | 140.0 | 182.9 | 197.5 | 219.1 | 246.6 |
| Manufactures                                      | 46.2  | 51.0  | 60.2  | 76.8  | 82.3  | 103.2 | 144.6 | 157.1 | 172.9 | 193.5 |
| Primary products                                  | 18.7  | 15.2  | 12.5  | 13.3  | 16.8  | 17.7  | 17.1  | 19.7  | 20.8  | 24.1  |
| Agricultural products                             | 12.9  | 10.8  | 7.8   | 7.9   | 10.4  | 11.4  | 10.6  | 12.6  | 12.1  | 14.9  |
| Minerals  | 5.8   | 4.4   | 4.7   | 5.4   | 6.4   | 6.3   | 6.5   | 7.1   | 8.6   | 9.2   |
| Services and private transfers                    | 9.3   | 9.8   | 9.9   | 7.2   | 7.7   | 8.1   | 8.7   | 8.6   | 9.7   | 10.9  |
| Diversified export base                           | 10.0  | 8.0   | 8.1   | 7.1   | 8.6   | 11.1  | 12.6  | 12.1  | 15.7  | 18.1  |
| <b>By financial criteria</b>                      |       |       |       |       |       |       |       |       |       |       |
| Net creditor countries                            | 59.3  | 61.1  | 58.1  | 53.4  | 66.2  | 81.8  | 117.2 | 108.0 | 114.5 | 122.3 |
| Net debtor countries                              | 128.0 | 97.7  | 102.0 | 117.5 | 122.5 | 115.5 | 137.0 | 142.3 | 165.9 | 193.0 |
| Market borrowers                                  | 54.9  | 41.6  | 44.7  | 56.9  | 63.5  | 56.4  | 64.8  | 66.8  | 81.6  | 101.2 |
| Diversified borrowers                             | 64.0  | 47.2  | 46.9  | 50.9  | 48.8  | 47.5  | 57.5  | 60.1  | 66.3  | 70.1  |
| Official borrowers                                | 9.2   | 8.9   | 10.3  | 9.8   | 10.3  | 11.6  | 14.7  | 15.4  | 18.0  | 21.7  |
| Countries with recent debt-servicing difficulties | 69.9  | 36.0  | 36.6  | 50.3  | 51.0  | 42.0  | 49.2  | 43.6  | 54.3  | 68.1  |
| Countries without debt-servicing difficulties     | 58.1  | 61.7  | 65.3  | 67.3  | 71.5  | 73.5  | 87.8  | 98.6  | 111.7 | 124.9 |
| <b>Miscellaneous groups</b>                       |       |       |       |       |       |       |       |       |       |       |
| Sub-Saharan Africa                                | 3.4   | 2.8   | 3.0   | 3.1   | 4.1   | 5.1   | 5.9   | 6.4   | 7.2   | 8.7   |
| Twelve major oil exporters                        | 94.8  | 70.1  | 62.3  | 56.9  | 66.3  | 50.2  | 57.9  | 46.5  | 52.5  | 58.5  |
| Net debtor fuel exporters                         | 51.4  | 22.4  | 23.3  | 28.9  | 30.0  | 22.0  | 31.2  | 19.3  | 26.5  | 31.6  |
| Four newly industrializing                        |       |       |       |       |       |       |       |       |       |       |
| Asian economies                                   | 17.6  | 20.0  | 23.6  | 29.0  | 38.5  | 62.8  | 96.0  | 104.0 | 117.0 | 130.8 |
| Small low-income economies                        | 4.4   | 4.0   | 5.4   | 4.6   | 4.9   | 5.4   | 5.4   | 5.6   | 6.7   | 8.3   |
| Fifteen heavily indebted countries                | 41.7  | 26.3  | 27.5  | 39.6  | 40.9  | 34.4  | 38.7  | 33.5  | 41.5  | 52.0  |

**Table A43 (concluded). Developing Countries: Reserves and Ratios of Reserves to Imports of Goods and Services, 1981-90<sup>1</sup>**

(Values in billions of U.S. dollars; ratios in percent)

|  | 1981        | 1982        | 1983        | 1984        | 1985        | 1986        | 1987        | 1988        | 1989        | 1990        |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Ratios of reserves to imports of goods and services<sup>2</sup></b> |             |             |             |             |             |             |             |             |             |             |
| <b>Developing countries</b>  | <b>22.6</b> | <b>20.2</b> | <b>21.9</b> | <b>23.2</b> | <b>26.7</b> | <b>28.1</b> | <b>32.8</b> | <b>28.1</b> | <b>28.5</b> | <b>29.8</b> |
| <b>By region</b>   |             |             |             |             |             |             |             |             |             |             |
| Africa   | 10.9        | 8.2         | 8.4         | 7.9         | 11.5        | 10.5        | 11.9        | 10.7        | 12.8        | 15.6        |
| Asia   | 18.4        | 20.8        | 24.1        | 25.9        | 27.9        | 36.1        | 42.4        | 36.2        | 34.7        | 35.3        |
| Europe   | 9.2         | 9.0         | 10.9        | 12.1        | 12.1        | 13.1        | 12.8        | 14.7        | 17.1        | 18.6        |
| Middle East  | 39.5        | 31.5        | 28.7        | 25.8        | 35.1        | 33.5        | 38.9        | 31.3        | 31.6        | 31.3        |
| Western Hemisphere   | 21.8        | 17.2        | 22.6        | 30.3        | 31.9        | 26.0        | 28.6        | 21.1        | 23.1        | 26.4        |
| <b>By predominant export</b>   |             |             |             |             |             |             |             |             |             |             |
| Fuel   | 33.3        | 25.2        | 27.0        | 27.7        | 34.6        | 30.7        | 39.1        | 26.7        | 29.2        | 30.8        |
| Non-fuel exports   | 16.2        | 17.2        | 19.1        | 21.0        | 23.3        | 27.1        | 30.8        | 28.4        | 28.3        | 29.5        |
| Manufactures   | 15.5        | 17.9        | 21.4        | 25.5        | 26.2        | 31.1        | 37.0        | 33.4        | 32.3        | 33.3        |
| Primary products   | 21.6        | 20.0        | 17.9        | 18.7        | 24.7        | 24.1        | 21.1        | 22.5        | 22.5        | 24.6        |
| Agricultural products  | 22.0        | 20.7        | 15.9        | 15.6        | 21.2        | 21.7        | 18.4        | 20.4        | 18.5        | 21.4        |
| Minerals   | 20.8        | 18.7        | 22.8        | 26.4        | 33.5        | 30.1        | 27.7        | 27.5        | 32.0        | 32.6        |
| Services and private transfers   | 17.8        | 18.7        | 19.4        | 13.8        | 15.2        | 16.2        | 16.9        | 15.3        | 16.7        | 17.7        |
| Diversified export base  | 12.3        | 10.6        | 11.0        | 9.7         | 13.6        | 18.1        | 17.8        | 15.0        | 18.0        | 19.2        |
| <b>By financial criteria</b>   |             |             |             |             |             |             |             |             |             |             |
| Net creditor countries   | 35.8        | 38.2        | 36.1        | 35.9        | 54.7        | 74.9        | 95.8        | 77.4        | 76.3        | 75.8        |
| Net debtor countries   | 19.3        | 15.6        | 17.9        | 20.0        | 20.9        | 19.5        | 21.0        | 18.9        | 19.9        | 21.5        |
| Market borrowers   | 17.0        | 13.9        | 16.7        | 20.2        | 23.8        | 20.6        | 20.7        | 17.9        | 19.2        | 22.1        |
| Diversified borrowers  | 25.7        | 19.8        | 21.5        | 23.1        | 20.9        | 20.8        | 23.4        | 21.9        | 22.1        | 21.7        |
| Official borrowers   | 10.1        | 10.2        | 12.2        | 11.1        | 11.9        | 12.8        | 15.5        | 14.5        | 16.5        | 18.6        |
| Countries with recent debt-servicing difficulties                      | 19.1        | 10.8        | 13.3        | 18.1        | 19.1        | 15.7        | 17.9        | 14.3        | 16.8        | 19.5        |
| Countries without debt-servicing difficulties                          | 19.7        | 21.2        | 22.2        | 21.6        | 22.4        | 22.6        | 23.2        | 22.0        | 21.9        | 22.8        |
| <b>Miscellaneous groups</b>  |             |             |             |             |             |             |             |             |             |             |
| Sub-Saharan Africa   | 8.6         | 7.6         | 8.8         | 9.3         | 12.4        | 13.7        | 14.5        | 14.6        | 16.3        | 18.7        |
| Twelve major oil exporters   | 37.6        | 28.1        | 28.2        | 28.5        | 38.7        | 33.6        | 39.9        | 30.5        | 32.5        | 34.3        |
| Net debtor fuel exporters  | 30.2        | 14.0        | 19.4        | 24.3        | 25.6        | 20.6        | 30.4        | 16.4        | 21.2        | 23.7        |
| Four newly industrializing   |             |             |             |             |             |             |             |             |             |             |
| Asian economies  | 15.1        | 17.6        | 20.4        | 22.7        | 30.9        | 45.7        | 53.1        | 44.9        | 42.3        | 43.7        |
| Small low-income economies   | 10.7        | 10.0        | 14.4        | 11.8        | 12.5        | 12.8        | 11.9        | 11.0        | 12.7        | 15.1        |
| Fifteen heavily indebted countries                                     | 19.1        | 13.5        | 17.7        | 25.4        | 27.0        | 22.8        | 24.7        | 19.1        | 22.1        | 25.6        |

<sup>1</sup> For this table, official holdings of gold are valued at SDR 35 an ounce. This convention results in a significant underestimate of the reserves of those groups of countries that have substantial holdings of gold.

<sup>2</sup> Ratio of year-end reserves to imports of goods and services in the year indicated.



**Table A44. Developing Countries: Net Credit from IMF, 1981-90<sup>1</sup>**  
(In billions of U.S. dollars)

|   | 1981       | 1982       | 1983        | 1984       | 1985     | 1986        | 1987        | 1988        | 1989       | 1990       |
|---|------------|------------|-------------|------------|----------|-------------|-------------|-------------|------------|------------|
| <b>Developing countries</b>                       | <b>6.6</b> | <b>6.9</b> | <b>11.0</b> | <b>4.7</b> | <b>—</b> | <b>-2.7</b> | <b>-5.9</b> | <b>-5.0</b> | <b>1.0</b> | <b>5.0</b> |
| <b>By region</b>                                  |            |            |             |            |          |             |             |             |            |            |
| Africa  | 1.8        | 2.0        | 1.3         | 0.6        | 0.1      | -1.0        | -1.1        | -0.3        | 0.4        | 1.7        |
| Asia  | 3.6        | 2.3        | 2.5         | 0.3        | -1.0     | -0.9        | -2.4        | -2.4        | -0.8       | -0.6       |
| Europe  | 1.2        | 1.3        | 1.1         | 0.5        | -0.6     | -0.9        | -1.6        | -1.3        | -0.9       | 1.2        |
| Middle East                                       | -0.2       | -0.1       | —           | —          | —        | -0.1        | 0.1         | -0.1        | 0.1        | 0.2        |
| Western Hemisphere                                | 0.3        | 1.5        | 6.1         | 3.4        | 1.5      | 0.1         | -0.8        | -0.9        | 2.3        | 2.6        |
| <b>By predominant export</b>                      |            |            |             |            |          |             |             |             |            |            |
| Fuel  | -0.1       | 0.2        | 1.7         | 1.3        | —        | 0.8         | 1.0         | —           | 4.2        | 2.0        |
| Non-fuel exports                                  | 6.7        | 6.7        | 9.3         | 3.5        | —        | -3.6        | -6.8        | -5.0        | -3.2       | 3.0        |
| Manufactures                                      | 3.5        | 3.6        | 4.7         | 3.0        | -1.0     | -1.5        | -5.1        | -3.8        | -2.7       | —          |
| Primary products                                  | 1.8        | 1.2        | 3.4         | 0.6        | 1.1      | -0.5        | -0.3        | -0.4        | -0.9       | 2.3        |
| Agricultural products                             | 1.4        | 0.8        | 2.4         | 0.1        | 1.0      | -0.6        | -0.2        | -0.2        | -0.7       | 2.1        |
| Minerals  | 0.4        | 0.4        | 1.0         | 0.4        | 0.1      | 0.1         | -0.1        | -0.2        | -0.2       | 0.3        |
| Services and private transfers                    | 0.6        | 0.6        | 0.6         | —          | -0.2     | -0.6        | -0.6        | -0.6        | 0.3        | 0.1        |
| Diversified export base                           | 0.8        | 1.5        | 0.5         | —          | —        | -1.0        | -0.8        | -0.3        | —          | 0.5        |
| <b>By financial criteria</b>                      |            |            |             |            |          |             |             |             |            |            |
| Net creditor countries                            | —          | —          | —           | —          | —        | —           | —           | —           | —          | —          |
| Net debtor countries                              | 6.6        | 6.9        | 11.0        | 4.7        | —        | -2.7        | -5.9        | -5.0        | 1.0        | 5.0        |
| Market borrowers                                  | 0.9        | 2.0        | 6.1         | 3.8        | 1.3      | -0.3        | -2.5        | -1.3        | 3.1        | 2.8        |
| Diversified borrowers                             | 3.4        | 3.1        | 3.3         | 0.6        | -1.0     | -1.0        | -2.3        | -2.9        | -2.2       | -0.1       |
| Official borrowers                                | 2.2        | 1.8        | 1.6         | 0.3        | -0.3     | -1.4        | -1.0        | -0.7        | 0.2        | 2.3        |
| Countries with recent debt-servicing difficulties | 2.8        | 4.0        | 7.9         | 3.9        | 1.4      | -1.4        | -2.6        | -2.2        | 1.7        | 5.6        |
| Countries without debt-servicing difficulties     | 3.8        | 2.9        | 3.1         | 0.9        | -1.4     | -1.3        | -3.3        | -2.8        | -0.7       | -0.6       |
| <b>Miscellaneous groups</b>                       |            |            |             |            |          |             |             |             |            |            |
| Sub-Saharan Africa                                | 1.6        | 0.7        | 1.3         | 0.5        | —        | -0.4        | -0.5        | -0.2        | -0.4       | 1.1        |
| Twelve major oil exporters                        | —          | —          | 0.5         | —          | -0.4     | —           | 0.6         | -0.1        | 2.8        | 2.0        |
| Net debtor fuel exporters                         | -0.1       | 0.2        | 1.7         | 1.3        | —        | 0.8         | 1.0         | —           | 4.2        | 2.0        |
| Four newly industrializing                        |            |            |             |            |          |             |             |             |            |            |
| Asian economies                                   | 0.6        | 0.1        | 0.2         | 0.3        | -0.2     | -0.1        | -1.2        | -0.5        | —          | —          |
| Small low-income economies                        | 1.8        | 1.0        | 1.2         | 0.2        | -0.2     | -0.9        | -0.6        | -0.3        | 0.3        | 1.7        |
| Fifteen heavily indebted countries                | 1.1        | 2.2        | 6.3         | 3.3        | 1.6      | -0.2        | -1.3        | -1.4        | 1.8        | 3.7        |

**Table A44 (concluded). Developing Countries: Net Credit from IMF, 1981-90<sup>1</sup>**  
(In billions of U.S. dollars)

|  | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|--|------|------|------|------|------|------|------|------|------|------|
| Memorandum                                   |      |      |      |      |      |      |      |      |      |      |
| Developing countries                         |      |      |      |      |      |      |      |      |      |      |
| Net credit provided under:                   |      |      |      |      |      |      |      |      |      |      |
| General Resources Account                    | 6.2  | 6.9  | 11.1 | 4.9  | 0.3  | -2.2 | -5.7 | -4.9 | 0.1  | 2.4  |
| Trust Fund                                   | 0.4  | —    | —    | -0.2 | -0.3 | -0.6 | -0.7 | -0.7 | -0.5 | -0.3 |
| SAF  | —    | —    | —    | —    | —    | 0.1  | 0.5  | 0.4  | 1.0  | 1.1  |
| ESAF   | —    | —    | —    | —    | —    | —    | —    | 0.1  | 0.5  | 1.8  |
| Disbursements outstanding at year-end under: |      |      |      |      |      |      |      |      |      |      |
| General Resources Account                    | 15.0 | 21.1 | 30.9 | 33.6 | 38.0 | 40.0 | 40.3 | 34.4 | 32.4 | 35.3 |
| Trust Fund                                   | 3.5  | 3.3  | 3.1  | 2.7  | 2.7  | 2.4  | 2.0  | 1.2  | 0.6  | 0.3  |
| SAF  | —    | —    | —    | —    | —    | 0.1  | 0.7  | 1.1  | 2.0  | 3.2  |
| ESAF   | —    | —    | —    | —    | —    | —    | —    | 0.1  | 0.6  | 2.5  |

<sup>1</sup> Includes net disbursements from programs under the General Resources Account, Trust Fund, Structural Adjustment Facility (SAF) and Enhanced Structural Adjustment Facility (ESAF). Projected net disbursements incorporate the impact of prospective programs. The data are on a transactions flow basis, with conversions to U.S. dollar values at annual average exchange rates.

## Debt: Summary

**Table A45. Developing Countries: External Debt and Debt Service, 1981–90<sup>1</sup>**

(In percent of exports of goods and services, except where otherwise noted)

|   | 1981        | 1982         | 1983         | 1984         | 1985         | 1986         | 1987         | 1988         | 1989         | 1990         |
|---|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>External debt<sup>2</sup></b>                  |             |              |              |              |              |              |              |              |              |              |
| <b>Developing countries</b>                       | <b>95.0</b> | <b>118.7</b> | <b>133.5</b> | <b>132.8</b> | <b>149.9</b> | <b>171.2</b> | <b>159.4</b> | <b>139.9</b> | <b>125.7</b> | <b>123.0</b> |
| (in billions of U.S. dollars)                     | 731.5       | 826.6        | 878.7        | 918.3        | 995.5        | 1,086.7      | 1,200.2      | 1,197.2      | 1,193.7      | 1,246.3      |
| <b>By region</b>                                  |             |              |              |              |              |              |              |              |              |              |
| Africa  | 118.6       | 152.8        | 169.2        | 169.7        | 191.7        | 244.1        | 252.4        | 246.4        | 232.5        | 229.9        |
| Asia  | 74.6        | 88.8         | 94.3         | 90.1         | 103.6        | 104.8        | 90.0         | 76.1         | 67.0         | 65.6         |
| Europe  | 137.9       | 134.5        | 137.0        | 130.3        | 147.7        | 163.6        | 169.0        | 145.9        | 130.7        | 127.8        |
| Middle East                                       | 34.3        | 47.3         | 63.1         | 71.2         | 84.7         | 117.0        | 110.5        | 112.3        | 103.2        | 103.3        |
| Western Hemisphere                                | 209.8       | 271.0        | 291.5        | 273.8        | 295.8        | 351.9        | 348.0        | 298.3        | 278.3        | 272.4        |
| <b>By financial criteria</b>                      |             |              |              |              |              |              |              |              |              |              |
| Net creditor countries                            | 19.9        | 27.3         | 32.2         | 31.6         | 34.8         | 42.8         | 41.1         | 39.2         | 34.4         | 32.1         |
| Net debtor countries                              | 130.4       | 156.8        | 170.3        | 164.9        | 182.8        | 204.1        | 189.7        | 163.3        | 147.0        | 144.0        |
| Market borrowers                                  | 134.5       | 165.2        | 169.5        | 159.6        | 170.0        | 180.2        | 155.8        | 124.8        | 108.3        | 103.1        |
| Diversified borrowers                             | 94.3        | 111.8        | 135.1        | 134.6        | 156.0        | 189.6        | 186.1        | 170.4        | 157.3        | 156.6        |
| Official borrowers                                | 241.6       | 275.4        | 285.5        | 292.7        | 340.0        | 358.6        | 375.5        | 347.5        | 334.9        | 338.3        |
| Countries with recent debt-servicing difficulties | 174.1       | 221.5        | 243.0        | 236.5        | 258.0        | 306.8        | 302.5        | 268.4        | 250.9        | 248.0        |
| Countries without debt-servicing difficulties     | 82.9        | 94.1         | 103.1        | 100.4        | 117.0        | 126.5        | 113.5        | 97.3         | 85.6         | 83.6         |
| <b>Debt service payments<sup>3</sup></b>          |             |              |              |              |              |              |              |              |              |              |
| <b>Developing countries</b>                       | <b>16.1</b> | <b>19.5</b>  | <b>18.4</b>  | <b>19.7</b>  | <b>20.7</b>  | <b>22.8</b>  | <b>19.8</b>  | <b>19.9</b>  | <b>17.0</b>  | <b>17.3</b>  |
| (in billions of U.S. dollars)                     | 124.1       | 135.8        | 120.9        | 136.1        | 137.6        | 144.8        | 149.2        | 170.0        | 161.7        | 175.8        |
| <b>By region</b>                                  |             |              |              |              |              |              |              |              |              |              |
| Africa  | 17.7        | 21.9         | 23.4         | 27.3         | 26.0         | 29.5         | 25.6         | 26.6         | 27.7         | 31.1         |
| Asia  | 9.9         | 12.4         | 12.0         | 12.5         | 14.8         | 14.7         | 14.9         | 11.2         | 9.5          | 8.8          |
| Europe  | 21.8        | 21.3         | 18.8         | 18.8         | 21.8         | 24.6         | 22.7         | 22.9         | 20.7         | 20.3         |
| Middle East                                       | 4.9         | 6.4          | 8.2          | 9.8          | 10.3         | 13.9         | 12.2         | 15.5         | 11.6         | 12.0         |
| Western Hemisphere                                | 43.9        | 53.2         | 42.6         | 42.0         | 41.4         | 47.1         | 37.0         | 45.4         | 39.4         | 42.0         |
| <b>By financial criteria</b>                      |             |              |              |              |              |              |              |              |              |              |
| Net creditor countries                            | 2.8         | 3.5          | 4.2          | 4.7          | 4.4          | 5.9          | 5.4          | 4.1          | 3.7          | 3.4          |
| Net debtor countries                              | 22.4        | 26.1         | 23.5         | 24.4         | 25.4         | 27.2         | 23.5         | 23.5         | 20.1         | 20.6         |
| Market borrowers                                  | 27.4        | 31.9         | 26.4         | 27.4         | 27.1         | 28.9         | 23.7         | 23.1         | 18.3         | 18.1         |
| Diversified borrowers                             | 14.8        | 18.2         | 18.7         | 19.6         | 22.8         | 24.5         | 23.3         | 24.7         | 22.4         | 22.3         |
| Official borrowers                                | 25.6        | 27.2         | 25.5         | 25.9         | 26.0         | 27.8         | 23.4         | 21.5         | 22.8         | 28.9         |
| Countries with recent debt-servicing difficulties | 31.1        | 37.4         | 32.3         | 33.7         | 32.5         | 36.6         | 29.4         | 33.2         | 30.1         | 33.0         |
| Countries without debt-servicing difficulties     | 12.9        | 15.2         | 15.4         | 16.1         | 19.1         | 20.0         | 19.6         | 17.5         | 14.2         | 13.3         |

<sup>1</sup> Excludes debt owed, and debt service paid, to the Fund.<sup>2</sup> Total debt at year-end as percentage of exports of goods and services in the year indicated.<sup>3</sup> Debt service payments refer to actual payments of interest on total debt plus actual amortization payments on long-term debt. The projections incorporate the impact of exceptional financing items.

**Table A46. Developing Countries—by Region: External Debt, by Class of Creditor, End of Year, 1981–90<sup>1</sup>**

(In billions of U.S. dollars)

|   | 1981  | 1982  | 1983  | 1984  | 1985  | 1986    | 1987    | 1988    | 1989    | 1990    |
|---|-------|-------|-------|-------|-------|---------|---------|---------|---------|---------|
| <b>Developing countries</b>             |       |       |       |       |       |         |         |         |         |         |
| Total debt                              | 731.5 | 826.6 | 878.7 | 918.3 | 995.5 | 1,086.7 | 1,200.2 | 1,197.2 | 1,193.7 | 1,246.3 |
| Short-term                              | 155.4 | 180.3 | 170.2 | 173.8 | 159.6 | 166.9   | 191.4   | 198.2   | 199.2   | 201.8   |
| Long-term                               | 576.1 | 646.4 | 708.5 | 744.5 | 835.8 | 919.9   | 1,008.8 | 999.0   | 994.5   | 1,044.5 |
| Unguaranteed <sup>2</sup>               | 134.8 | 142.0 | 139.0 | 138.7 | 138.2 | 132.7   | 118.9   | 101.0   | 94.6    | 95.8    |
| Guaranteed <sup>2</sup>                 | 441.3 | 504.4 | 569.5 | 605.7 | 697.6 | 787.1   | 890.0   | 897.9   | 899.9   | 948.7   |
| To official creditors                   | 211.6 | 239.1 | 264.4 | 285.3 | 335.6 | 393.3   | 461.6   | 475.1   | 482.9   | 519.9   |
| To financial institutions <sup>3</sup>  | 183.9 | 211.0 | 248.5 | 265.3 | 302.0 | 325.9   | 348.3   | 335.7   | 333.0   | 344.5   |
| To other private creditors              | 45.8  | 54.3  | 56.5  | 55.2  | 60.1  | 67.9    | 80.1    | 87.1    | 83.9    | 84.3    |
| <b>By region</b>                        |       |       |       |       |       |         |         |         |         |         |
| <b>Africa</b>                           |       |       |       |       |       |         |         |         |         |         |
| Total debt                              | 109.8 | 121.4 | 129.9 | 133.0 | 147.9 | 171.3   | 198.0   | 199.8   | 196.9   | 206.0   |
| Short-term                              | 20.2  | 21.8  | 22.3  | 23.3  | 21.7  | 21.7    | 22.4    | 23.0    | 23.1    | 23.8    |
| Long-term                               | 89.6  | 99.6  | 107.6 | 109.7 | 126.2 | 149.6   | 175.6   | 176.7   | 173.9   | 182.1   |
| To official creditors                   | 40.4  | 47.6  | 53.7  | 57.9  | 70.3  | 85.9    | 105.1   | 109.8   | 112.3   | 121.8   |
| To financial institutions <sup>3</sup>  | 30.7  | 31.9  | 31.7  | 30.6  | 32.7  | 34.5    | 35.1    | 33.1    | 32.6    | 32.2    |
| To other private creditors <sup>4</sup> | 18.6  | 20.1  | 22.2  | 21.2  | 23.1  | 29.2    | 35.4    | 33.8    | 29.0    | 28.1    |
| <b>Asia</b>                             |       |       |       |       |       |         |         |         |         |         |
| Total debt                              | 158.4 | 186.1 | 205.8 | 221.3 | 252.8 | 282.1   | 310.2   | 319.1   | 321.5   | 340.8   |
| Short-term                              | 35.1  | 39.5  | 40.6  | 42.7  | 46.7  | 47.9    | 58.5    | 60.4    | 60.4    | 62.1    |
| Long-term                               | 123.3 | 146.6 | 165.2 | 178.7 | 206.1 | 234.2   | 251.7   | 258.7   | 261.1   | 278.6   |
| To official creditors                   | 65.1  | 73.5  | 80.3  | 85.2  | 99.3  | 114.0   | 131.8   | 142.9   | 145.9   | 157.4   |
| To financial institutions <sup>3</sup>  | 23.6  | 34.0  | 38.3  | 41.5  | 45.8  | 53.9    | 60.3    | 59.1    | 58.3    | 59.9    |
| To other private creditors <sup>4</sup> | 34.7  | 39.1  | 46.6  | 52.0  | 61.0  | 66.2    | 59.6    | 56.6    | 56.9    | 61.3    |
| <b>Europe</b>                           |       |       |       |       |       |         |         |         |         |         |
| Total debt                              | 82.8  | 81.8  | 81.6  | 82.8  | 95.3  | 110.8   | 127.1   | 122.0   | 115.1   | 116.4   |
| Short-term                              | 11.9  | 10.2  | 10.7  | 12.7  | 14.0  | 16.4    | 19.7    | 20.5    | 18.9    | 19.2    |
| Long-term                               | 70.9  | 71.6  | 70.9  | 70.1  | 81.3  | 94.4    | 107.4   | 101.5   | 96.2    | 97.2    |
| To official creditors                   | 34.2  | 35.7  | 36.4  | 36.7  | 44.3  | 52.3    | 60.5    | 56.2    | 53.4    | 54.0    |
| To financial institutions <sup>3</sup>  | 23.1  | 21.9  | 21.0  | 21.5  | 25.7  | 31.1    | 36.1    | 35.9    | 35.1    | 36.2    |
| To other private creditors <sup>4</sup> | 13.6  | 14.0  | 13.5  | 11.9  | 11.2  | 11.0    | 10.7    | 9.3     | 7.7     | 6.9     |
| <b>Middle East</b>                      |       |       |       |       |       |         |         |         |         |         |
| Total debt                              | 91.7  | 106.1 | 116.9 | 123.0 | 130.1 | 139.0   | 149.0   | 153.7   | 158.1   | 165.6   |
| Short-term                              | 37.8  | 45.3  | 49.5  | 49.7  | 50.0  | 52.7    | 55.2    | 57.4    | 58.8    | 60.4    |
| Long-term                               | 54.0  | 60.7  | 67.4  | 73.3  | 80.1  | 86.3    | 93.8    | 96.3    | 99.3    | 105.3   |
| To official creditors                   | 36.2  | 41.7  | 45.8  | 49.2  | 54.8  | 61.1    | 67.1    | 64.5    | 66.1    | 72.1    |
| To financial institutions <sup>3</sup>  | 5.2   | 6.0   | 8.3   | 8.8   | 9.4   | 9.1     | 9.6     | 11.4    | 11.7    | 11.9    |
| To other private creditors <sup>4</sup> | 12.5  | 13.0  | 13.3  | 15.3  | 15.9  | 16.1    | 17.1    | 20.4    | 21.5    | 21.3    |
| <b>Western Hemisphere</b>               |       |       |       |       |       |         |         |         |         |         |
| Total debt                              | 288.8 | 331.2 | 344.4 | 358.2 | 369.3 | 383.6   | 415.9   | 402.7   | 402.1   | 417.5   |
| Short-term                              | 50.6  | 63.4  | 47.1  | 45.4  | 27.1  | 28.2    | 35.6    | 36.9    | 38.0    | 36.3    |
| Long-term                               | 238.3 | 267.8 | 297.3 | 312.8 | 342.2 | 355.4   | 380.3   | 365.8   | 364.1   | 381.2   |
| To official creditors                   | 35.8  | 40.5  | 48.3  | 56.4  | 66.8  | 79.9    | 97.2    | 101.7   | 105.3   | 114.6   |
| To financial institutions <sup>3</sup>  | 101.2 | 117.3 | 149.2 | 162.9 | 188.3 | 197.3   | 207.1   | 196.2   | 195.4   | 204.2   |
| To other private creditors <sup>4</sup> | 101.2 | 110.1 | 99.9  | 93.5  | 87.1  | 78.2    | 76.1    | 68.0    | 63.5    | 62.4    |

<sup>1</sup> Excludes debt owed to the Fund.<sup>2</sup> Refers to guarantee granted by an official agency of the debtor country.<sup>3</sup> Covers only public and publicly guaranteed debt to banks.<sup>4</sup> Includes all unguaranteed debt on the presumption that this is owed mainly to private creditors, some of which may be banks but cannot be separately identified.

**Table A47. Developing Countries—by Analytical Criteria: External Debt, by Class of Creditor, End of Year, 1981–90<sup>1</sup>**  
(In billions of U.S. dollars)

|   | 1981  | 1982  | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>By predominant export</b>            |       |       |       |       |       |       |       |       |       |       |
| <b>Fuel</b>                             |       |       |       |       |       |       |       |       |       |       |
| Total debt                              | 216.5 | 247.6 | 258.5 | 260.1 | 275.9 | 299.5 | 327.4 | 326.9 | 331.5 | 340.4 |
| Short-term                              | 55.5  | 66.4  | 55.6  | 54.1  | 48.6  | 53.1  | 58.2  | 61.7  | 61.3  | 61.2  |
| Long-term                               | 161.0 | 181.2 | 202.9 | 206.0 | 227.3 | 246.4 | 269.2 | 265.2 | 270.2 | 279.1 |
| To official creditors                   | 34.5  | 40.3  | 45.3  | 48.6  | 60.9  | 74.0  | 92.5  | 98.0  | 102.8 | 110.4 |
| To financial institutions <sup>2</sup>  | 69.4  | 76.1  | 96.4  | 97.5  | 106.2 | 108.1 | 115.7 | 110.9 | 114.6 | 117.0 |
| To other private creditors <sup>3</sup> | 57.2  | 64.7  | 61.2  | 59.8  | 60.1  | 64.2  | 61.0  | 56.4  | 52.8  | 51.7  |
| <b>Non-fuel exports</b>                 |       |       |       |       |       |       |       |       |       |       |
| Total debt                              | 515.0 | 579.1 | 620.2 | 658.2 | 719.6 | 787.3 | 872.8 | 870.3 | 862.2 | 905.9 |
| Short-term                              | 99.9  | 113.8 | 114.6 | 119.7 | 111.0 | 113.7 | 133.2 | 136.5 | 137.9 | 140.5 |
| Long-term                               | 415.1 | 465.2 | 505.6 | 538.5 | 608.6 | 673.5 | 739.6 | 733.8 | 724.3 | 765.4 |
| To official creditors                   | 177.2 | 198.8 | 219.2 | 236.7 | 274.7 | 319.2 | 369.1 | 377.2 | 380.1 | 409.5 |
| To financial institutions <sup>2</sup>  | 114.5 | 134.9 | 152.1 | 167.7 | 195.8 | 217.8 | 232.6 | 224.8 | 218.5 | 227.5 |
| To other private creditors <sup>3</sup> | 123.4 | 131.6 | 134.3 | 134.1 | 138.2 | 136.5 | 137.9 | 131.7 | 125.8 | 128.3 |
| <b>Manufactures</b>                     |       |       |       |       |       |       |       |       |       |       |
| Total debt                              | 259.9 | 281.8 | 301.7 | 321.2 | 355.7 | 392.0 | 437.5 | 429.6 | 417.9 | 435.6 |
| Short-term                              | 47.6  | 48.8  | 50.8  | 54.3  | 58.1  | 65.5  | 85.0  | 83.8  | 81.5  | 84.2  |
| Long-term                               | 212.3 | 233.0 | 250.9 | 266.9 | 297.6 | 326.4 | 352.5 | 345.8 | 336.4 | 351.4 |
| To official creditors                   | 80.6  | 88.5  | 93.6  | 98.5  | 115.2 | 132.5 | 149.6 | 145.9 | 143.3 | 149.1 |
| To financial institutions <sup>2</sup>  | 66.9  | 76.3  | 81.9  | 91.9  | 100.7 | 114.4 | 127.7 | 127.4 | 123.0 | 129.4 |
| To other private creditors <sup>3</sup> | 64.8  | 68.2  | 75.4  | 76.5  | 81.6  | 79.5  | 75.3  | 72.6  | 70.1  | 72.9  |
| <b>Primary products</b>                 |       |       |       |       |       |       |       |       |       |       |
| Total debt                              | 133.4 | 152.8 | 161.1 | 170.2 | 186.1 | 202.1 | 229.2 | 235.4 | 237.2 | 253.5 |
| Short-term                              | 24.0  | 30.7  | 28.5  | 28.2  | 19.6  | 19.2  | 21.5  | 25.8  | 28.8  | 27.9  |
| Long-term                               | 109.4 | 122.1 | 132.6 | 142.0 | 166.5 | 182.9 | 207.6 | 209.6 | 208.4 | 225.7 |
| To official creditors                   | 45.2  | 51.3  | 59.4  | 66.4  | 78.1  | 92.7  | 111.9 | 118.9 | 121.8 | 134.5 |
| To financial institutions <sup>2</sup>  | 28.8  | 33.9  | 41.0  | 44.5  | 60.4  | 64.0  | 65.5  | 62.1  | 60.1  | 64.2  |
| To other private creditors <sup>3</sup> | 35.4  | 36.8  | 32.2  | 31.1  | 28.0  | 26.2  | 30.2  | 28.6  | 26.4  | 26.9  |
| <b>Agricultural products</b>            |       |       |       |       |       |       |       |       |       |       |
| Total debt                              | 90.7  | 106.9 | 114.8 | 122.3 | 134.0 | 145.3 | 166.3 | 172.1 | 173.0 | 184.7 |
| Short-term                              | 16.4  | 22.6  | 22.4  | 22.9  | 13.5  | 11.8  | 12.4  | 14.8  | 17.0  | 14.3  |
| Long-term                               | 74.4  | 84.3  | 92.4  | 99.4  | 120.5 | 133.5 | 153.9 | 157.2 | 156.1 | 170.4 |
| To official creditors                   | 30.5  | 35.9  | 42.7  | 48.6  | 57.7  | 68.3  | 82.6  | 88.3  | 89.8  | 99.7  |
| To financial institutions <sup>2</sup>  | 21.3  | 25.4  | 31.2  | 30.7  | 45.1  | 47.8  | 49.3  | 48.5  | 48.2  | 52.4  |
| To other private creditors <sup>3</sup> | 22.5  | 23.1  | 18.5  | 20.1  | 17.8  | 17.5  | 22.0  | 20.4  | 18.1  | 18.4  |
| <b>Minerals</b>                         |       |       |       |       |       |       |       |       |       |       |
| Total debt                              | 42.7  | 45.9  | 46.3  | 47.9  | 52.1  | 56.8  | 62.8  | 63.3  | 64.2  | 68.8  |
| Short-term                              | 7.6   | 8.2   | 6.1   | 5.3   | 6.1   | 7.4   | 9.1   | 10.9  | 11.9  | 13.6  |
| Long-term                               | 35.0  | 37.8  | 40.2  | 42.6  | 46.0  | 49.4  | 53.7  | 52.4  | 52.3  | 55.2  |
| To official creditors                   | 14.7  | 15.5  | 16.7  | 17.8  | 20.5  | 24.4  | 29.3  | 30.6  | 32.0  | 34.8  |
| To financial institutions <sup>2</sup>  | 7.5   | 8.5   | 9.8   | 13.8  | 15.3  | 16.2  | 16.2  | 13.6  | 12.0  | 11.9  |
| To other private creditors <sup>3</sup> | 12.9  | 13.7  | 13.7  | 11.0  | 10.2  | 8.7   | 8.2   | 8.2   | 8.3   | 8.5   |
| <b>Services and private transfers</b>   |       |       |       |       |       |       |       |       |       |       |
| Total debt                              | 51.6  | 59.5  | 65.1  | 71.3  | 77.4  | 83.9  | 90.7  | 95.3  | 98.4  | 106.1 |
| Short-term                              | 5.6   | 7.2   | 6.9   | 8.5   | 8.7   | 8.2   | 7.8   | 8.2   | 8.3   | 8.5   |
| Long-term                               | 46.0  | 52.3  | 58.2  | 62.8  | 68.7  | 75.7  | 82.9  | 87.1  | 90.1  | 97.6  |
| To official creditors                   | 33.8  | 38.8  | 43.0  | 46.4  | 51.5  | 58.5  | 64.7  | 68.0  | 69.9  | 77.6  |
| To financial institutions <sup>2</sup>  | 4.1   | 5.2   | 6.5   | 7.0   | 7.2   | 7.3   | 7.5   | 7.5   | 7.5   | 7.8   |
| To other private creditors <sup>3</sup> | 8.1   | 8.3   | 8.6   | 9.4   | 9.9   | 9.8   | 10.8  | 11.6  | 12.6  | 12.2  |



**Table A47 (continued). Developing Countries—by Analytical Criteria: External Debt, by Class of Creditor, End of Year, 1981–90<sup>1</sup>**  
(In billions of U.S. dollars)

|   | 1981  | 1982  | 1983  | 1984  | 1985  | 1986    | 1987    | 1988    | 1989    | 1990    |
|---|-------|-------|-------|-------|-------|---------|---------|---------|---------|---------|
| <b>Diversified export base</b>          |       |       |       |       |       |         |         |         |         |         |
| Total debt                              | 70.1  | 85.0  | 92.2  | 95.5  | 100.5 | 109.3   | 115.4   | 110.0   | 108.7   | 110.7   |
| Short-term                              | 22.7  | 27.1  | 28.3  | 28.6  | 24.7  | 20.9    | 18.8    | 18.8    | 19.2    | 20.0    |
| Long-term                               | 47.4  | 57.9  | 63.9  | 66.8  | 75.8  | 88.5    | 96.6    | 91.2    | 89.5    | 90.7    |
| To official creditors                   | 17.6  | 20.2  | 23.1  | 25.4  | 29.8  | 35.5    | 42.9    | 44.3    | 45.0    | 48.3    |
| To financial institutions <sup>2</sup>  | 14.7  | 19.4  | 22.6  | 24.3  | 27.5  | 32.0    | 32.0    | 27.9    | 27.9    | 26.0    |
| To other private creditors <sup>3</sup> | 15.1  | 18.3  | 18.1  | 17.1  | 18.5  | 21.0    | 21.7    | 19.0    | 16.6    | 16.4    |
| <b>By financial criteria</b>            |       |       |       |       |       |         |         |         |         |         |
| <b>Net creditor countries</b>           |       |       |       |       |       |         |         |         |         |         |
| Total debt                              | 49.0  | 55.8  | 56.5  | 52.5  | 51.3  | 55.5    | 63.1    | 63.2    | 61.9    | 61.0    |
| Short-term                              | 33.8  | 38.3  | 39.0  | 35.7  | 34.6  | 41.1    | 49.8    | 49.5    | 47.9    | 46.8    |
| Long-term                               | 15.2  | 17.5  | 17.5  | 16.8  | 16.7  | 14.3    | 13.3    | 13.7    | 13.9    | 14.2    |
| To official creditors                   | 9.5   | 10.6  | 8.7   | 8.6   | 8.1   | 8.2     | 7.7     | 8.1     | 8.5     | 8.8     |
| To financial institutions <sup>2</sup>  | 5.1   | 6.1   | 8.1   | 7.4   | 7.7   | 5.5     | 5.2     | 5.1     | 5.0     | 4.9     |
| To other private creditors <sup>3</sup> | 0.6   | 0.8   | 0.6   | 0.8   | 0.9   | 0.6     | 0.5     | 0.5     | 0.4     | 0.4     |
| <b>Net debtor countries</b>             |       |       |       |       |       |         |         |         |         |         |
| Total debt                              | 682.5 | 770.8 | 822.2 | 865.8 | 944.2 | 1,031.3 | 1,137.1 | 1,134.0 | 1,131.8 | 1,185.3 |
| Short-term                              | 121.7 | 141.9 | 131.2 | 138.1 | 125.0 | 125.7   | 141.6   | 148.7   | 151.2   | 154.9   |
| Long-term                               | 560.9 | 628.9 | 691.0 | 727.7 | 819.2 | 905.5   | 995.5   | 985.3   | 980.6   | 1,030.3 |
| To official creditors                   | 202.1 | 228.5 | 255.7 | 276.7 | 327.5 | 385.1   | 454.0   | 467.0   | 474.5   | 511.2   |
| To financial institutions <sup>2</sup>  | 178.8 | 204.9 | 240.4 | 257.9 | 294.3 | 320.4   | 343.1   | 330.6   | 328.0   | 339.5   |
| To other private creditors <sup>3</sup> | 180.0 | 195.5 | 194.8 | 193.1 | 197.4 | 200.1   | 198.4   | 187.7   | 178.1   | 179.6   |
| <b>Market borrowers</b>                 |       |       |       |       |       |         |         |         |         |         |
| Total debt                              | 359.4 | 412.6 | 430.2 | 443.9 | 459.0 | 476.5   | 500.2   | 475.1   | 465.1   | 475.4   |
| Short-term                              | 79.5  | 96.9  | 82.3  | 79.5  | 55.3  | 53.6    | 57.8    | 58.2    | 58.9    | 55.7    |
| Long-term                               | 279.9 | 315.7 | 348.0 | 364.4 | 403.7 | 422.9   | 442.4   | 416.9   | 406.2   | 419.6   |
| To official creditors                   | 32.6  | 36.8  | 43.3  | 49.2  | 58.3  | 68.4    | 82.5    | 85.3    | 86.5    | 94.2    |
| To financial institutions <sup>2</sup>  | 119.9 | 140.4 | 174.3 | 189.3 | 219.6 | 234.5   | 246.6   | 231.1   | 227.9   | 234.3   |
| To other private creditors <sup>3</sup> | 127.5 | 138.4 | 130.4 | 125.9 | 125.8 | 120.0   | 113.3   | 100.5   | 91.8    | 91.1    |
| <b>Diversified borrowers</b>            |       |       |       |       |       |         |         |         |         |         |
| Total debt                              | 189.3 | 210.4 | 235.4 | 256.1 | 299.2 | 346.6   | 401.3   | 415.1   | 418.8   | 444.3   |
| Short-term                              | 29.1  | 29.7  | 33.4  | 40.1  | 50.4  | 54.4    | 63.7    | 68.3    | 70.5    | 76.2    |
| Long-term                               | 160.2 | 180.7 | 202.1 | 215.9 | 248.8 | 292.2   | 337.6   | 346.8   | 348.3   | 368.1   |
| To official creditors                   | 83.2  | 95.1  | 105.6 | 113.3 | 137.3 | 162.7   | 194.4   | 197.6   | 198.9   | 211.2   |
| To financial institutions <sup>2</sup>  | 38.0  | 42.7  | 46.1  | 48.8  | 54.4  | 64.0    | 73.0    | 77.5    | 79.5    | 84.6    |
| To other private creditors <sup>3</sup> | 39.0  | 42.9  | 50.4  | 53.8  | 57.1  | 65.5    | 70.2    | 71.8    | 69.9    | 72.3    |
| <b>Official borrowers</b>               |       |       |       |       |       |         |         |         |         |         |
| Total debt                              | 133.8 | 147.8 | 156.5 | 165.9 | 186.0 | 208.1   | 235.6   | 243.9   | 247.9   | 265.5   |
| Short-term                              | 13.0  | 15.3  | 15.5  | 18.5  | 19.3  | 17.7    | 20.0    | 22.3    | 21.8    | 22.9    |
| Long-term                               | 120.8 | 132.5 | 141.0 | 147.4 | 166.7 | 190.4   | 215.5   | 221.6   | 226.1   | 242.6   |
| To official creditors                   | 86.3  | 96.6  | 106.9 | 114.2 | 131.8 | 154.0   | 177.1   | 184.1   | 189.1   | 205.8   |
| To financial institutions <sup>2</sup>  | 20.9  | 21.8  | 20.0  | 19.8  | 20.4  | 21.9    | 23.5    | 22.1    | 20.6    | 20.5    |
| To other private creditors <sup>3</sup> | 13.5  | 14.1  | 14.1  | 13.4  | 14.5  | 14.5    | 14.9    | 15.4    | 16.4    | 16.3    |

**Table A47 (continued). Developing Countries—by Analytical Criteria: External Debt, by Class of Creditor, End of Year, 1981–90<sup>1</sup>**  
(In billions of U.S. dollars)

|  | 1981  | 1982  | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Countries with recent debt-servicing difficulties</b> |       |       |       |       |       |       |       |       |       |       |
| Total debt   | 474.7 | 535.6 | 563.4 | 588.5 | 622.2 | 667.0 | 731.0 | 718.8 | 717.8 | 750.1 |
| Short-term   | 85.5  | 101.9 | 85.7  | 90.3  | 71.2  | 71.1  | 79.4  | 83.1  | 83.8  | 83.5  |
| Long-term  | 389.2 | 433.7 | 477.8 | 498.2 | 551.0 | 595.9 | 651.6 | 635.7 | 634.1 | 666.6 |
| To official creditors                                    | 114.5 | 130.4 | 151.0 | 166.8 | 198.6 | 234.4 | 278.4 | 289.0 | 296.6 | 323.0 |
| To financial institutions <sup>2</sup>                   | 137.6 | 154.8 | 186.9 | 200.8 | 228.4 | 241.1 | 252.9 | 237.2 | 237.5 | 246.6 |
| To other private creditors <sup>3</sup>                  | 137.2 | 148.5 | 139.8 | 130.5 | 124.0 | 120.4 | 120.3 | 109.5 | 100.0 | 97.0  |
| <b>Countries without debt-servicing difficulties</b>     |       |       |       |       |       |       |       |       |       |       |
| Total debt   | 207.8 | 235.2 | 258.7 | 277.3 | 322.0 | 364.3 | 406.1 | 415.3 | 414.0 | 435.2 |
| Short-term   | 36.1  | 40.1  | 45.5  | 47.8  | 53.9  | 54.6  | 62.2  | 65.6  | 67.5  | 71.4  |
| Long-term  | 171.7 | 195.2 | 213.2 | 229.5 | 268.2 | 309.7 | 343.9 | 349.6 | 346.5 | 363.7 |
| To official creditors                                    | 87.6  | 98.1  | 104.7 | 109.9 | 128.8 | 150.7 | 175.6 | 178.1 | 177.9 | 188.2 |
| To financial institutions <sup>2</sup>                   | 41.2  | 50.1  | 53.5  | 57.0  | 65.9  | 79.3  | 90.1  | 93.4  | 90.5  | 93.0  |
| To other private creditors <sup>3</sup>                  | 42.8  | 47.0  | 55.0  | 62.6  | 73.4  | 79.7  | 78.2  | 78.2  | 78.1  | 82.6  |
| <b>Miscellaneous groups</b>                              |       |       |       |       |       |       |       |       |       |       |
| <b>Sub-Saharan Africa</b>                                |       |       |       |       |       |       |       |       |       |       |
| Total debt   | 49.3  | 54.0  | 56.4  | 58.7  | 68.7  | 81.0  | 97.5  | 100.2 | 101.7 | 111.0 |
| Short-term   | 6.1   | 6.5   | 6.0   | 5.5   | 6.7   | 7.5   | 8.7   | 9.3   | 9.3   | 10.2  |
| Long-term  | 43.2  | 47.5  | 50.4  | 53.2  | 61.9  | 73.5  | 88.8  | 90.9  | 92.4  | 100.8 |
| To official creditors                                    | 27.7  | 31.8  | 34.9  | 37.8  | 44.9  | 54.8  | 66.8  | 70.2  | 72.7  | 80.4  |
| To financial institutions <sup>2</sup>                   | 10.0  | 10.3  | 9.9   | 9.5   | 10.0  | 10.1  | 11.4  | 10.7  | 11.0  | 11.8  |
| To other private creditors <sup>3</sup>                  | 5.5   | 5.5   | 5.6   | 5.8   | 7.1   | 8.6   | 10.6  | 10.0  | 8.7   | 8.6   |
| <b>Twelve major oil exporters</b>                        |       |       |       |       |       |       |       |       |       |       |
| Total debt   | 129.3 | 145.2 | 153.0 | 154.4 | 166.1 | 184.9 | 203.4 | 210.0 | 211.7 | 215.9 |
| Short-term   | 54.2  | 55.6  | 54.5  | 52.8  | 46.7  | 50.9  | 55.2  | 58.1  | 58.4  | 58.3  |
| Long-term  | 75.1  | 89.6  | 98.5  | 101.6 | 119.4 | 134.0 | 148.2 | 151.8 | 153.2 | 157.6 |
| To official creditors                                    | 24.5  | 29.2  | 31.9  | 34.5  | 44.2  | 52.9  | 65.8  | 68.8  | 70.6  | 74.4  |
| To financial institutions <sup>2</sup>                   | 33.0  | 34.7  | 39.5  | 39.4  | 46.3  | 47.4  | 48.2  | 48.3  | 49.4  | 49.8  |
| To other private creditors <sup>3</sup>                  | 17.6  | 25.6  | 27.1  | 27.7  | 28.8  | 33.6  | 34.2  | 34.8  | 33.2  | 33.3  |
| <b>Net debtor fuel exporters</b>                         |       |       |       |       |       |       |       |       |       |       |
| Total debt   | 174.8 | 198.9 | 208.7 | 213.3 | 229.8 | 253.3 | 279.7 | 276.9 | 279.7 | 287.4 |
| Short-term   | 24.3  | 29.6  | 17.0  | 18.6  | 14.4  | 18.0  | 22.0  | 23.8  | 22.2  | 21.4  |
| Long-term  | 150.6 | 169.3 | 191.7 | 194.7 | 215.4 | 235.3 | 257.7 | 253.1 | 257.6 | 266.1 |
| To official creditors                                    | 26.6  | 31.6  | 38.4  | 41.8  | 54.2  | 66.9  | 85.1  | 90.1  | 94.5  | 101.8 |
| To financial institutions <sup>2</sup>                   | 67.0  | 73.3  | 92.2  | 93.5  | 101.5 | 104.5 | 112.0 | 107.0 | 110.6 | 112.9 |
| To other private creditors <sup>3</sup>                  | 57.0  | 64.5  | 61.0  | 59.5  | 59.6  | 63.8  | 60.6  | 56.0  | 52.4  | 51.4  |
| <b>Four newly industrializing Asian economies</b>        |       |       |       |       |       |       |       |       |       |       |
| Total debt   | 42.8  | 50.2  | 53.6  | 55.8  | 59.5  | 61.5  | 59.5  | 53.7  | 46.5  | 44.3  |
| Short-term   | 13.3  | 14.6  | 13.4  | 12.4  | 12.2  | 16.5  | 24.2  | 22.8  | 19.6  | 18.0  |
| Long-term  | 29.5  | 35.6  | 40.2  | 43.4  | 47.4  | 45.0  | 35.4  | 30.9  | 26.9  | 26.3  |
| To official creditors                                    | 6.0   | 7.9   | 8.2   | 8.0   | 8.1   | 7.9   | 5.5   | 4.5   | 3.4   | 2.8   |
| To financial institutions <sup>2</sup>                   | 6.2   | 10.0  | 11.7  | 12.3  | 11.7  | 9.8   | 9.6   | 9.1   | 6.9   | 6.4   |
| To other private creditors <sup>3</sup>                  | 17.4  | 17.7  | 20.3  | 23.0  | 27.6  | 27.3  | 20.2  | 17.3  | 16.6  | 17.0  |

**Table A47 (concluded). Developing Countries—by Analytical Criteria: External Debt, by Class of Creditor, End of Year, 1981–90<sup>1</sup>**  
(In billions of U.S. dollars)

|   | 1981  | 1982  | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Small low-income economies</b>         |       |       |       |       |       |       |       |       |       |       |
| Total debt                                | 59.7  | 65.9  | 70.8  | 75.0  | 85.0  | 97.9  | 113.2 | 119.3 | 122.4 | 133.6 |
| Short-term                                | 5.5   | 5.6   | 5.3   | 5.4   | 6.5   | 6.8   | 7.8   | 8.1   | 7.2   | 7.8   |
| Long-term                                 | 54.2  | 60.3  | 65.4  | 69.6  | 78.5  | 91.0  | 105.4 | 111.2 | 115.2 | 125.7 |
| To official creditors                     | 45.0  | 50.6  | 55.4  | 59.6  | 68.5  | 80.7  | 94.3  | 100.2 | 104.4 | 114.5 |
| To financial institutions <sup>2</sup>    | 6.5   | 7.3   | 7.3   | 7.4   | 7.3   | 7.5   | 8.1   | 8.0   | 7.4   | 7.7   |
| To other private creditors <sup>3</sup>   | 2.7   | 2.4   | 2.7   | 2.6   | 2.7   | 2.7   | 2.9   | 3.0   | 3.3   | 3.5   |
| <b>Fifteen heavily indebted countries</b> |       |       |       |       |       |       |       |       |       |       |
| Total debt                                | 333.8 | 380.3 | 396.2 | 409.0 | 423.9 | 448.5 | 486.8 | 470.7 | 467.5 | 484.2 |
| Short-term                                | 62.7  | 75.3  | 57.3  | 55.7  | 36.8  | 34.2  | 38.2  | 39.1  | 40.0  | 38.1  |
| Long-term                                 | 271.1 | 305.0 | 339.0 | 353.3 | 387.1 | 414.3 | 448.6 | 431.6 | 427.5 | 446.1 |
| To official creditors                     | 43.7  | 50.4  | 60.7  | 68.8  | 84.0  | 101.5 | 125.6 | 132.0 | 135.2 | 147.2 |
| To financial institutions <sup>2</sup>    | 110.3 | 126.5 | 158.2 | 172.6 | 199.7 | 213.0 | 223.5 | 211.4 | 212.5 | 221.3 |
| To other private creditors <sup>3</sup>   | 117.1 | 128.1 | 120.1 | 111.9 | 103.4 | 99.9  | 99.6  | 88.1  | 79.7  | 77.5  |

<sup>1</sup> Excludes debt owed to the Fund.

<sup>2</sup> Covers only public and publicly guaranteed debt to banks.

<sup>3</sup> Includes all unguaranteed debt on the presumption that this is owed mainly to private creditors, some of which may be banks but cannot be separately identified.

**Table A48. Developing Countries: Total External Debt Relative to Exports and to GDP, 1981–90<sup>1</sup>**

(In percent)

|  | 1981        | 1982         | 1983         | 1984         | 1985         | 1986         | 1987         | 1988         | 1989         | 1990         |
|--|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Ratio of external debt to exports of goods and services<sup>2</sup></b> |             |              |              |              |              |              |              |              |              |              |
| <b>Developing countries</b>  | <b>95.0</b> | <b>118.7</b> | <b>133.5</b> | <b>132.8</b> | <b>149.9</b> | <b>171.2</b> | <b>159.4</b> | <b>139.9</b> | <b>125.7</b> | <b>123.0</b> |
| <b>By region</b>   |             |              |              |              |              |              |              |              |              |              |
| Africa   | 118.6       | 152.8        | 169.2        | 169.7        | 191.7        | 244.1        | 252.4        | 246.4        | 232.5        | 229.9        |
| Asia   | 74.6        | 88.8         | 94.3         | 90.1         | 103.6        | 104.8        | 90.0         | 76.1         | 67.0         | 65.6         |
| Europe   | 137.9       | 134.5        | 137.0        | 130.3        | 147.7        | 163.6        | 169.0        | 145.9        | 130.7        | 127.8        |
| Middle East  | 34.3        | 47.3         | 63.1         | 71.2         | 84.7         | 117.0        | 110.5        | 112.3        | 103.2        | 103.3        |
| Western Hemisphere   | 209.8       | 271.0        | 291.5        | 273.8        | 295.8        | 351.9        | 348.0        | 298.3        | 278.3        | 272.4        |
| <b>By predominant export</b>   |             |              |              |              |              |              |              |              |              |              |
| Fuel   | 59.7        | 82.2         | 100.2        | 102.3        | 119.9        | 179.2        | 171.4        | 170.9        | 152.4        | 147.4        |
| Non-fuel exports   | 126.5       | 146.5        | 155.0        | 150.6        | 165.8        | 168.3        | 155.4        | 131.0        | 117.7        | 115.8        |
| Manufactures   | 102.4       | 111.9        | 116.6        | 110.5        | 121.4        | 121.8        | 109.1        | 88.6         | 77.2         | 75.1         |
| Primary products   | 231.2       | 290.7        | 320.0        | 321.4        | 356.2        | 364.9        | 392.3        | 361.2        | 335.4        | 350.1        |
| Agricultural products  | 228.0       | 297.3        | 335.0        | 333.5        | 368.1        | 370.3        | 418.6        | 393.1        | 363.6        | 366.1        |
| Minerals   | 238.2       | 276.6        | 287.9        | 294.2        | 328.8        | 351.7        | 336.3        | 295.8        | 277.3        | 313.4        |
| Services and private transfers   | 153.0       | 176.0        | 203.4        | 222.2        | 251.0        | 265.0        | 270.2        | 255.2        | 247.0        | 248.8        |
| Diversified export base  | 113.3       | 149.2        | 156.1        | 156.2        | 173.3        | 185.4        | 167.3        | 142.9        | 135.1        | 126.8        |
| <b>By financial criteria</b>   |             |              |              |              |              |              |              |              |              |              |
| Net creditor countries   | 19.9        | 27.3         | 32.2         | 31.6         | 34.8         | 42.8         | 41.1         | 39.2         | 34.4         | 32.1         |
| Net debtor countries   | 130.4       | 156.8        | 170.3        | 164.9        | 182.8        | 204.1        | 189.7        | 163.3        | 147.0        | 144.0        |
| Market borrowers   | 134.5       | 165.2        | 169.5        | 159.6        | 170.0        | 180.2        | 155.8        | 124.8        | 108.3        | 103.1        |
| Diversified borrowers  | 94.3        | 111.8        | 135.1        | 134.6        | 156.0        | 189.6        | 186.1        | 170.4        | 157.3        | 156.6        |
| Official borrowers   | 241.6       | 275.4        | 285.5        | 292.7        | 340.0        | 358.6        | 375.5        | 347.5        | 334.9        | 338.3        |
| Countries with recent debt-servicing difficulties                          | 174.1       | 221.5        | 243.0        | 236.5        | 258.0        | 306.8        | 302.5        | 268.4        | 250.9        | 248.0        |
| Countries without debt-servicing difficulties                              | 82.9        | 94.1         | 103.1        | 100.4        | 117.0        | 126.5        | 113.5        | 97.3         | 85.6         | 83.6         |
| <b>Miscellaneous groups</b>  |             |              |              |              |              |              |              |              |              |              |
| Sub-Saharan Africa   | 181.6       | 213.6        | 227.1        | 222.0        | 268.9        | 305.0        | 339.8        | 342.1        | 330.7        | 350.2        |
| Twelve major oil exporters   | 40.4        | 55.4         | 70.1         | 73.5         | 87.8         | 136.8        | 132.3        | 137.8        | 122.1        | 117.9        |
| Net debtor fuel exporters  | 122.8       | 162.8        | 187.2        | 173.7        | 194.8        | 302.1        | 282.8        | 272.5        | 240.7        | 228.1        |
| Four newly industrializing Asian economies                                 | 39.2        | 45.4         | 45.7         | 41.6         | 44.3         | 38.4         | 28.2         | 20.6         | 15.3         | 13.6         |
| Small low-income economies   | 257.5       | 309.5        | 324.3        | 330.9        | 389.3        | 415.5        | 436.3        | 421.6        | 407.8        | 420.4        |
| Fifteen heavily indebted countries   | 202.6       | 267.5        | 291.1        | 270.9        | 288.5        | 348.9        | 342.4        | 293.8        | 270.3        | 264.1        |

**Table A48 (concluded). Developing Countries: Total External Debt Relative to Exports and to GDP, 1981–90<sup>1</sup>**  
(In percent)

|   | 1981 | 1982 | 1983 | 1984 | 1985  | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|------|------|------|------|-------|------|------|------|------|------|
| <b>Ratio of external debt to GDP<sup>2</sup></b>  |      |      |      |      |       |      |      |      |      |      |
| <b>Developing countries</b>                       | 27.7 | 30.6 | 32.6 | 33.6 | 35.5  | 37.5 | 37.1 | 34.1 | 31.3 | 30.0 |
| <b>By region</b>                                  |      |      |      |      |       |      |      |      |      |      |
| Africa  | 31.2 | 34.7 | 37.7 | 41.5 | 46.6  | 49.4 | 49.6 | 48.4 | 50.2 | 48.8 |
| Asia  | 18.8 | 21.8 | 22.9 | 23.8 | 26.5  | 29.2 | 27.7 | 25.1 | 21.3 | 20.3 |
| Europe  | 34.4 | 32.8 | 34.3 | 36.3 | 40.2  | 41.0 | 44.8 | 42.7 | 40.1 | 37.6 |
| Middle East                                       | 19.0 | 22.3 | 24.3 | 25.6 | 27.1  | 31.3 | 31.2 | 30.7 | 29.0 | 28.2 |
| Western Hemisphere                                | 39.8 | 43.0 | 46.8 | 46.3 | 45.4  | 44.1 | 43.8 | 38.8 | 37.0 | 35.8 |
| <b>By predominant export</b>                      |      |      |      |      |       |      |      |      |      |      |
| Fuel  | 24.2 | 27.3 | 30.0 | 30.4 | 31.2  | 36.8 | 37.3 | 36.8 | 36.5 | 34.6 |
| Non-fuel exports                                  | 29.5 | 32.3 | 33.8 | 35.1 | 37.6  | 37.8 | 37.1 | 33.2 | 29.6 | 28.5 |
| Manufactures                                      | 22.8 | 23.7 | 24.7 | 25.6 | 27.2  | 27.1 | 27.0 | 22.8 | 19.7 | 18.8 |
| Primary products                                  | 44.1 | 51.5 | 54.3 | 54.4 | 57.9  | 59.3 | 56.9 | 61.7 | 58.8 | 58.3 |
| Agricultural products                             | 40.2 | 46.8 | 48.0 | 47.7 | 49.3  | 51.2 | 49.4 | 54.8 | 51.6 | 51.0 |
| Minerals  | 55.8 | 67.4 | 80.9 | 85.4 | 104.9 | 99.6 | 94.7 | 93.8 | 94.4 | 95.1 |
| Services and private transfers                    | 50.8 | 57.7 | 60.6 | 66.9 | 72.9  | 78.4 | 82.0 | 80.9 | 76.9 | 76.4 |
| Diversified export base                           | 34.1 | 41.3 | 43.4 | 46.5 | 55.1  | 58.4 | 52.7 | 45.6 | 41.9 | 39.3 |
| <b>By financial criteria</b>                      |      |      |      |      |       |      |      |      |      |      |
| Net creditor countries                            | 11.8 | 13.9 | 14.0 | 13.0 | 12.7  | 14.6 | 14.9 | 14.1 | 12.6 | 11.5 |
| Net debtor countries                              | 30.6 | 33.5 | 35.8 | 37.2 | 39.4  | 41.0 | 40.5 | 37.0 | 34.0 | 32.7 |
| Market borrowers                                  | 38.1 | 41.7 | 44.4 | 43.9 | 44.3  | 43.1 | 40.3 | 34.4 | 31.7 | 29.9 |
| Diversified borrowers                             | 18.3 | 20.1 | 22.5 | 24.9 | 28.1  | 31.2 | 32.8 | 30.8 | 27.7 | 26.8 |
| Official borrowers                                | 52.8 | 56.1 | 56.1 | 57.6 | 62.5  | 69.2 | 69.0 | 73.7 | 71.0 | 70.0 |
| Countries with recent debt-servicing difficulties | 37.9 | 40.7 | 44.6 | 46.2 | 46.9  | 47.6 | 46.5 | 43.6 | 41.9 | 40.8 |
| Countries without debt-servicing difficulties     | 21.2 | 23.9 | 25.1 | 26.3 | 30.1  | 32.7 | 32.9 | 29.4 | 25.6 | 24.3 |
| <b>Miscellaneous groups</b>                       |      |      |      |      |       |      |      |      |      |      |
| Sub-Saharan Africa <sup>2</sup>                   | 45.9 | 51.2 | 53.5 | 57.7 | 64.8  | 66.8 | 75.4 | 69.4 | 70.4 | 71.4 |
| Twelve major oil exporters                        | 18.6 | 20.9 | 23.1 | 23.7 | 24.9  | 30.2 | 30.8 | 31.3 | 31.2 | 29.5 |
| Net debtor fuel exporters                         | 33.2 | 36.0 | 41.1 | 42.0 | 42.6  | 50.2 | 50.9 | 49.8 | 50.5 | 47.8 |
| Four newly industrializing                        |      |      |      |      |       |      |      |      |      |      |
| Asian economies                                   | 29.2 | 32.9 | 33.0 | 31.1 | 32.2  | 28.8 | 22.0 | 15.9 | 11.6 | 9.9  |
| Small low-income economies                        | 42.4 | 47.6 | 49.8 | 49.5 | 51.0  | 59.4 | 54.5 | 65.2 | 62.7 | 62.7 |
| Fifteen heavily indebted countries                | 37.6 | 41.0 | 46.2 | 46.7 | 46.0  | 45.1 | 44.2 | 39.7 | 38.3 | 37.0 |

<sup>1</sup> Excludes debt owed to the Fund.<sup>2</sup> Ratio of year-end debt to exports of goods and services or GDP in year indicated.



**Table A49. Developing Countries: Debt Service Ratios, 1981–90<sup>1</sup>**  
(In percent of exports of goods and services)

|   | 1981        | 1982        | 1983        | 1984        | 1985        | 1986        | 1987        | 1988        | 1989        | 1990        |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Debt service ratio<sup>2</sup></b>             |             |             |             |             |             |             |             |             |             |             |
| <b>Developing countries</b>                       | <b>16.1</b> | <b>19.5</b> | <b>18.4</b> | <b>19.7</b> | <b>20.7</b> | <b>22.8</b> | <b>19.8</b> | <b>19.9</b> | <b>17.0</b> | <b>17.3</b> |
| <b>By region</b>                                  |             |             |             |             |             |             |             |             |             |             |
| Africa  | 17.7        | 21.9        | 23.4        | 27.3        | 26.0        | 29.5        | 25.6        | 26.6        | 27.7        | 31.1        |
| Asia  | 9.9         | 12.4        | 12.0        | 12.5        | 14.8        | 14.7        | 14.9        | 11.2        | 9.5         | 8.8         |
| Europe  | 21.8        | 21.3        | 18.8        | 18.8        | 21.8        | 24.6        | 22.7        | 22.9        | 20.7        | 20.3        |
| Middle East                                       | 4.9         | 6.4         | 8.2         | 9.8         | 10.3        | 13.9        | 12.2        | 15.5        | 11.6        | 12.0        |
| Western Hemisphere                                | 43.9        | 53.2        | 42.6        | 42.0        | 41.4        | 47.1        | 37.0        | 45.4        | 39.4        | 42.0        |
| <b>By predominant export</b>                      |             |             |             |             |             |             |             |             |             |             |
| Fuel  | 11.4        | 14.8        | 15.6        | 19.1        | 20.7        | 25.9        | 23.4        | 26.9        | 23.8        | 24.6        |
| Non-fuel exports                                  | 20.3        | 23.1        | 20.2        | 20.0        | 20.7        | 21.7        | 18.6        | 17.9        | 15.0        | 15.2        |
| Manufactures                                      | 18.6        | 21.2        | 16.4        | 15.9        | 17.1        | 18.0        | 16.1        | 16.0        | 11.7        | 11.3        |
| Primary products                                  | 35.9        | 39.3        | 39.8        | 38.2        | 36.7        | 38.8        | 31.9        | 30.2        | 32.8        | 35.3        |
| Agricultural products                             | 34.9        | 37.3        | 41.8        | 40.5        | 39.5        | 43.6        | 37.6        | 36.1        | 39.1        | 40.7        |
| Minerals  | 38.1        | 43.4        | 35.5        | 33.1        | 30.4        | 27.2        | 19.8        | 18.0        | 19.8        | 23.0        |
| Services and private transfers                    | 18.6        | 20.5        | 21.9        | 24.5        | 24.0        | 27.0        | 22.6        | 19.5        | 20.2        | 27.4        |
| Diversified export base                           | 13.7        | 17.9        | 18.8        | 21.7        | 23.0        | 22.9        | 19.9        | 18.5        | 19.2        | 18.8        |
| <b>By financial criteria</b>                      |             |             |             |             |             |             |             |             |             |             |
| Net creditor countries                            | 2.8         | 3.5         | 4.2         | 4.7         | 4.4         | 5.9         | 5.4         | 4.1         | 3.7         | 3.4         |
| Net debtor countries                              | 22.4        | 26.1        | 23.5        | 24.4        | 25.4        | 27.2        | 23.5        | 23.5        | 20.1        | 20.6        |
| Market borrowers                                  | 27.4        | 31.9        | 26.4        | 27.4        | 27.1        | 28.9        | 23.7        | 23.1        | 18.3        | 18.1        |
| Diversified borrowers                             | 14.8        | 18.2        | 18.7        | 19.6        | 22.8        | 24.5        | 23.3        | 24.7        | 22.4        | 22.3        |
| Official borrowers                                | 25.6        | 27.2        | 25.5        | 25.9        | 26.0        | 27.8        | 23.4        | 21.5        | 22.8        | 28.9        |
| Countries with recent debt-servicing difficulties | 31.1        | 37.4        | 32.3        | 33.7        | 32.5        | 36.6        | 29.4        | 33.2        | 30.1        | 33.0        |
| Countries without debt-servicing difficulties     | 12.9        | 15.2        | 15.4        | 16.1        | 19.1        | 20.0        | 19.6        | 17.5        | 14.2        | 13.3        |
| <b>Miscellaneous groups</b>                       |             |             |             |             |             |             |             |             |             |             |
| Sub-Saharan Africa                                | 21.4        | 23.7        | 23.2        | 26.3        | 26.5        | 26.4        | 24.0        | 24.8        | 27.2        | 29.1        |
| Twelve major oil exporters                        | 6.6         | 8.7         | 10.2        | 13.4        | 15.0        | 19.4        | 18.1        | 19.9        | 19.3        | 19.8        |
| Net debtor fuel exporters                         | 25.3        | 31.8        | 30.7        | 34.6        | 36.1        | 45.5        | 39.4        | 45.6        | 39.8        | 40.6        |
| Four newly industrializing                        |             |             |             |             |             |             |             |             |             |             |
| Asian economies                                   | 7.6         | 8.2         | 7.9         | 8.3         | 8.5         | 9.1         | 10.9        | 5.7         | 3.4         | 3.0         |
| Small low-income economies                        | 19.5        | 21.1        | 22.5        | 26.2        | 25.8        | 25.8        | 24.6        | 25.0        | 24.2        | 25.2        |
| Fifteen heavily indebted countries                | 40.9        | 51.6        | 41.6        | 41.5        | 40.5        | 45.6        | 35.9        | 43.2        | 39.0        | 41.3        |

**Table A49 (continued). Developing Countries: Debt Service Ratios, 1981–90<sup>1</sup>**  
(In percent of exports of goods and services)

|   | 1981       | 1982        | 1983        | 1984        | 1985        | 1986        | 1987       | 1988       | 1989       | 1990       |
|---|------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|
| <b>Of which,</b>                                  |            |             |             |             |             |             |            |            |            |            |
| <b>Interest service ratio</b>                     |            |             |             |             |             |             |            |            |            |            |
| <b>Developing countries</b>                       | <b>8.7</b> | <b>10.9</b> | <b>10.8</b> | <b>11.6</b> | <b>11.7</b> | <b>11.7</b> | <b>9.2</b> | <b>9.3</b> | <b>9.0</b> | <b>9.4</b> |
| <b>By region</b>                                  |            |             |             |             |             |             |            |            |            |            |
| Africa  | 7.9        | 10.0        | 9.9         | 11.6        | 11.2        | 12.3        | 11.6       | 11.7       | 13.8       | 15.2       |
| Asia  | 4.9        | 6.0         | 5.7         | 5.9         | 6.3         | 6.1         | 5.0        | 4.6        | 4.4        | 4.2        |
| Europe  | 12.5       | 11.7        | 10.3        | 9.6         | 9.7         | 10.4        | 9.7        | 8.7        | 9.0        | 11.6       |
| Middle East                                       | 3.0        | 4.1         | 5.0         | 6.2         | 6.6         | 8.4         | 6.8        | 7.1        | 6.5        | 6.7        |
| Western Hemisphere                                | 24.5       | 32.1        | 30.3        | 30.4        | 29.8        | 29.7        | 22.2       | 25.1       | 23.7       | 24.9       |
| <b>By predominant export</b>                      |            |             |             |             |             |             |            |            |            |            |
| Fuel  | 6.0        | 8.3         | 9.0         | 10.8        | 11.6        | 13.7        | 12.0       | 13.1       | 13.1       | 13.1       |
| Non-fuel exports                                  | 11.1       | 12.9        | 12.0        | 12.0        | 11.7        | 11.1        | 8.3        | 8.2        | 7.7        | 8.3        |
| Manufactures                                      | 10.4       | 11.8        | 9.8         | 9.4         | 9.4         | 8.9         | 6.2        | 7.1        | 6.0        | 6.2        |
| Primary products                                  | 19.6       | 23.4        | 25.9        | 26.1        | 24.8        | 21.2        | 19.0       | 15.0       | 17.3       | 20.7       |
| Agricultural products                             | 18.3       | 22.4        | 27.2        | 26.9        | 26.8        | 22.4        | 21.4       | 16.9       | 19.2       | 22.8       |
| Minerals  | 22.5       | 25.4        | 23.1        | 24.2        | 20.3        | 18.5        | 13.8       | 10.9       | 13.2       | 15.8       |
| Services and private transfers                    | 8.9        | 11.4        | 12.3        | 13.8        | 14.8        | 14.3        | 10.6       | 9.6        | 9.9        | 12.1       |
| Diversified export base                           | 7.0        | 9.3         | 9.7         | 11.7        | 10.2        | 11.6        | 10.3       | 9.0        | 10.2       | 10.2       |
| <b>By financial criteria</b>                      |            |             |             |             |             |             |            |            |            |            |
| Net creditor countries                            | 1.8        | 2.3         | 2.3         | 2.5         | 2.4         | 3.0         | 2.7        | 2.9        | 2.7        | 2.5        |
| Net debtor countries                              | 11.9       | 14.5        | 13.9        | 14.5        | 14.3        | 14.0        | 10.9       | 10.8       | 10.4       | 11.0       |
| Market borrowers                                  | 15.1       | 18.5        | 16.7        | 17.5        | 16.7        | 15.7        | 11.2       | 11.2       | 10.2       | 10.2       |
| Diversified borrowers                             | 7.4        | 9.2         | 9.8         | 10.3        | 11.1        | 11.6        | 10.6       | 10.1       | 10.6       | 10.7       |
| Official borrowers                                | 13.1       | 14.7        | 14.0        | 13.9        | 14.1        | 13.5        | 10.9       | 10.5       | 11.2       | 15.9       |
| Countries with recent debt-servicing difficulties | 16.8       | 21.7        | 21.1        | 22.1        | 21.4        | 21.5        | 16.7       | 17.7       | 17.5       | 19.7       |
| Countries without debt-servicing difficulties     | 6.6        | 7.6         | 7.3         | 7.6         | 8.2         | 8.3         | 7.0        | 6.4        | 6.2        | 5.9        |
| <b>Miscellaneous groups</b>                       |            |             |             |             |             |             |            |            |            |            |
| Sub-Saharan Africa                                | 9.8        | 11.1        | 11.2        | 11.8        | 12.4        | 11.9        | 10.6       | 10.8       | 13.2       | 14.4       |
| Twelve major oil exporters                        | 3.8        | 4.7         | 5.4         | 6.8         | 7.9         | 9.7         | 9.0        | 9.9        | 10.1       | 10.1       |
| Net debtor fuel exporters                         | 12.7       | 17.1        | 17.6        | 19.3        | 19.9        | 23.3        | 19.8       | 21.2       | 21.2       | 20.9       |
| Four newly industrializing                        |            |             |             |             |             |             |            |            |            |            |
| Asian economies                                   | 4.3        | 4.3         | 3.5         | 3.5         | 3.5         | 3.1         | 2.3        | 1.8        | 1.5        | 1.3        |
| Small low-income economies                        | 8.3        | 9.7         | 9.9         | 10.6        | 10.8        | 10.2        | 10.1       | 10.3       | 10.7       | 11.2       |
| Fifteen heavily indebted countries                | 22.6       | 30.8        | 29.2        | 29.5        | 28.7        | 28.6        | 21.9       | 24.2       | 23.3       | 24.5       |

## Debt: Servicing

**Table A49 (concluded). Developing Countries: Debt Service Ratios, 1981-90<sup>1</sup>**  
(In percent of exports of goods and services)

|   | 1981  | 1982  | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Memorandum<br>(in billions of US dollars) |       |       |       |       |       |       |       |       |       |       |
| Developing countries                      |       |       |       |       |       |       |       |       |       |       |
| Value of debt service payments            | 124.1 | 135.8 | 120.9 | 136.1 | 137.6 | 144.8 | 149.2 | 170.0 | 161.7 | 175.8 |
| Interest payments                         | 66.7  | 76.1  | 71.1  | 80.2  | 77.7  | 74.5  | 69.5  | 79.5  | 85.2  | 94.9  |
| Amortization payments                     | 57.4  | 59.7  | 49.7  | 56.0  | 59.9  | 70.3  | 79.7  | 90.5  | 76.6  | 80.9  |
| Of which,                                 |       |       |       |       |       |       |       |       |       |       |
| Net debtor countries                      |       |       |       |       |       |       |       |       |       |       |
| Value of debt service payments            | 117.2 | 128.5 | 113.6 | 128.3 | 131.0 | 137.2 | 141.0 | 163.4 | 155.0 | 169.2 |
| Interest payments                         | 62.3  | 71.4  | 67.2  | 76.0  | 74.1  | 70.6  | 65.4  | 74.9  | 80.2  | 90.2  |
| Amortization payments                     | 54.9  | 57.1  | 46.4  | 52.2  | 56.9  | 66.6  | 75.6  | 88.6  | 74.7  | 79.0  |

<sup>1</sup> Excludes debt service paid to the Fund.<sup>2</sup> Interest payments on total debt plus amortization payments on long-term debt only. Estimates for the period up to 1988 reflect debt service payments actually made. The estimates for 1989 and 1990 take into account projected exceptional financing items, including accumulation of arrears and rescheduling agreements.

**Table A50. Developing Countries: Fund Charges and Repurchases from the Fund, 1981–90<sup>1</sup>**  
(In percent of exports of goods and services)

|   | 1981       | 1982       | 1983       | 1984       | 1985       | 1986       | 1987       | 1988       | 1989       | 1990       |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Developing countries</b>                       | <b>0.3</b> | <b>0.4</b> | <b>0.6</b> | <b>0.8</b> | <b>1.0</b> | <b>1.5</b> | <b>1.7</b> | <b>1.3</b> | <b>1.1</b> | <b>0.9</b> |
| <b>By region</b>                                  |            |            |            |            |            |            |            |            |            |            |
| Africa  | 0.6        | 0.8        | 1.2        | 1.4        | 1.8        | 3.3        | 2.9        | 2.0        | 2.4        | 1.9        |
| Asia  | 0.4        | 0.4        | 0.8        | 0.8        | 1.1        | 1.0        | 1.1        | 0.7        | 0.5        | 0.5        |
| Europe  | 0.8        | 0.8        | 1.3        | 1.6        | 1.9        | 2.2        | 2.6        | 2.4        | 1.6        | 0.7        |
| Middle East                                       | 0.1        | 0.1        | —          | —          | —          | 0.1        | —          | —          | —          | —          |
| Western Hemisphere                                | 0.3        | 0.3        | 0.6        | 0.8        | 1.2        | 2.8        | 3.7        | 3.0        | 3.0        | 2.9        |
| <b>By predominant export</b>                      |            |            |            |            |            |            |            |            |            |            |
| Fuel  | —          | —          | —          | 0.1        | 0.3        | 0.3        | 0.4        | 0.6        | 0.7        | 0.9        |
| Non-fuel exports                                  | 0.6        | 0.7        | 1.0        | 1.1        | 1.4        | 1.9        | 2.1        | 1.5        | 1.2        | 0.9        |
| Manufactures                                      | 0.3        | 0.4        | 0.7        | 0.8        | 1.0        | 1.2        | 1.5        | 1.1        | 0.7        | 0.5        |
| Primary products                                  | 1.4        | 1.5        | 2.1        | 2.6        | 3.0        | 4.7        | 5.0        | 4.1        | 4.3        | 3.7        |
| Agricultural products                             | 0.9        | 1.2        | 1.8        | 2.4        | 3.1        | 4.6        | 5.4        | 4.6        | 4.5        | 3.6        |
| Minerals  | 2.4        | 2.3        | 2.7        | 3.0        | 2.9        | 4.9        | 4.1        | 3.1        | 4.1        | 3.8        |
| Services and private transfers                    | 1.5        | 1.3        | 1.2        | 1.5        | 2.0        | 2.7        | 3.0        | 2.0        | 1.7        | 1.5        |
| Diversified export base                           | 0.6        | 0.7        | 1.1        | 1.3        | 1.7        | 2.9        | 2.5        | 1.1        | 1.1        | 1.1        |
| <b>By financial criteria</b>                      |            |            |            |            |            |            |            |            |            |            |
| Net creditor countries                            | —          | —          | —          | —          | —          | —          | —          | —          | —          | —          |
| Net debtor countries                              | 0.5        | 0.5        | 0.9        | 1.0        | 1.3        | 1.9        | 2.1        | 1.6        | 1.3        | 1.1        |
| Market borrowers                                  | 0.2        | 0.2        | 0.3        | 0.5        | 0.8        | 1.4        | 2.0        | 1.2        | 1.0        | 1.0        |
| Diversified borrowers                             | 0.5        | 0.5        | 1.2        | 1.2        | 1.6        | 1.7        | 1.7        | 1.6        | 1.2        | 1.0        |
| Official borrowers                                | 2.1        | 2.2        | 2.2        | 2.7        | 3.4        | 4.7        | 4.2        | 3.3        | 3.3        | 2.7        |
| Countries with recent debt-servicing difficulties | 0.6        | 0.6        | 0.9        | 1.2        | 1.5        | 2.9        | 3.2        | 2.5        | 2.5        | 2.2        |
| Countries without debt-servicing difficulties     | 0.4        | 0.5        | 0.8        | 0.8        | 1.2        | 1.1        | 1.3        | 1.0        | 0.6        | 0.5        |
| <b>Miscellaneous groups</b>                       |            |            |            |            |            |            |            |            |            |            |
| Sub-Saharan Africa                                | 1.8        | 2.1        | 2.7        | 3.4        | 4.1        | 5.4        | 4.7        | 4.6        | 5.4        | 4.1        |
| Twelve major oil exporters                        | —          | —          | —          | —          | 0.2        | —          | —          | 0.1        | 0.1        | 0.2        |
| Net debtor fuel exporters                         | 0.1        | —          | 0.1        | 0.2        | 0.6        | 0.5        | 0.8        | 1.2        | 1.3        | 1.6        |
| Four newly industrializing                        |            |            |            |            |            |            |            |            |            |            |
| Asian economies                                   | 0.1        | 0.1        | 0.1        | 0.3        | 0.4        | 0.2        | 0.6        | 0.2        | —          | —          |
| Small low-income economies                        | 3.7        | 4.0        | 4.1        | 4.8        | 5.8        | 7.9        | 6.9        | 5.5        | 6.1        | 4.8        |
| Fifteen heavily indebted countries                | 0.4        | 0.5        | 0.9        | 1.2        | 1.5        | 3.1        | 3.7        | 3.1        | 3.1        | 2.9        |

**Table A50 (concluded). Developing Countries: Fund Charges and Repurchases from the Fund, 1981-90<sup>1</sup>**  
(In percent of exports of goods and services)

|   | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|------|------|------|------|------|------|------|------|------|------|
| Memorandum  |      |      |      |      |      |      |      |      |      |      |
| Developing countries  |      |      |      |      |      |      |      |      |      |      |
| Total service payments to the Fund<br>(in billions of U.S. dollars) |      |      |      |      |      |      |      |      |      |      |
| Total, General Resources Account                                    | 2.5  | 2.6  | 4.1  | 5.2  | 6.9  | 9.6  | 12.6 | 10.9 | 10.1 | 9.4  |
| Charges   | 0.7  | 1.4  | 2.1  | 2.9  | 3.1  | 2.9  | 2.7  | 2.4  | 2.5  | 2.0  |
| Repurchases   | 1.8  | 1.2  | 2.0  | 2.4  | 3.8  | 6.7  | 9.9  | 8.5  | 7.6  | 7.4  |
| Total, Trust Fund   | —    | —    | 0.1  | 0.2  | 0.3  | 0.6  | 0.7  | 0.7  | 0.5  | 0.3  |
| Interest <sup>2</sup>   | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    |
| Repayments <sup>3</sup>   | —    | —    | —    | 0.2  | 0.3  | 0.6  | 0.7  | 0.7  | 0.5  | 0.3  |
| Total, SAF <sup>4</sup>   | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    |
| Interest <sup>5</sup>   | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    |
| Repayments <sup>6</sup>   | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    |
| Total, ESAF <sup>7</sup>  | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    |
| Interest <sup>8</sup>   | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    |
| Repayments <sup>6</sup>   | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    |

<sup>1</sup> Fund charges on and repurchases (or repayments of principal) for use of Fund credit from general resources. Projected charges and interest, and repurchases and repayments, are based on actual payments in the past and on scheduled payments for the future; they do not take into account prospective programs.

<sup>2</sup> Interest payments reached a peak of \$12½ million annually in 1981-83.

<sup>3</sup> Repayments in 1982 and 1983 amounted to less than \$50 million annually.

<sup>4</sup> Structural Adjustment Facility.

<sup>5</sup> Interest payments, which began in 1986, are expected to rise to \$7½ million by 1990.

<sup>6</sup> No repayments under SAF or ESAF arrangements are due in the period covered.

<sup>7</sup> Enhanced Structural Adjustment Facility.

<sup>8</sup> Interest payments, which began in 1988, are expected to rise to \$1½ million by 1990.



Table A51. Summary of Medium-Term Reference Scenario, 1970-94

|  | Averages <sup>1</sup> |         | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  | Average <sup>1</sup><br>1991-94 |
|--|-----------------------|---------|-------|-------|-------|-------|-------|-------|---------------------------------|
|  | 1970-79 <sup>2</sup>  | 1980-84 |       |       |       |       |       |       |                                 |
| <i>(In percent)</i>                                      |                       |         |       |       |       |       |       |       |                                 |
| <b>Industrial countries</b>                              |                       |         |       |       |       |       |       |       |                                 |
| Growth of real GNP                                       | 3.3                   | 2.0     | 3.4   | 2.6   | 3.5   | 4.4   | 3.5   | 2.9   | 3.0                             |
| Real six-month LIBOR <sup>3</sup>                        | 1.2                   | 6.2     | 5.5   | 4.1   | 4.0   | 4.7   | 4.8   | 4.2   | 4.2                             |
| Increase in GNP deflator                                 | 8.2                   | 6.8     | 3.6   | 3.4   | 3.0   | 3.2   | 4.1   | 3.7   | 3.3                             |
| <i>(In percent; In U.S. dollars)</i>                     |                       |         |       |       |       |       |       |       |                                 |
| <b>World economy</b>                                     |                       |         |       |       |       |       |       |       |                                 |
| Change in world price of<br>manufactures                 | 10.6                  | -0.5    | 1.1   | 17.7  | 12.0  | 6.1   | -0.8  | 2.2   | 4.0                             |
| Change in world price of oil                             | 27.9                  | 8.1     | -4.9  | -50.2 | 28.2  | -19.9 | 18.5  | 2.2   | 4.0                             |
| Change in world price of non-fuel<br>primary commodities | 11.3                  | -1.8    | -12.9 | -1.2  | 3.4   | 18.2  | -1.7  | -8.0  | 4.3                             |
| <i>(In percent)</i>                                      |                       |         |       |       |       |       |       |       |                                 |
| <b>Net debtor developing countries</b>                   |                       |         |       |       |       |       |       |       |                                 |
| Growth of real GDP                                       | 5.4                   | 3.0     | 4.7   | 4.7   | 4.4   | 4.5   | 3.0   | 4.1   | 5.3                             |
| Growth of export volume                                  | 5.0                   | 2.3     | 3.2   | 6.8   | 12.5  | 11.4  | 7.0   | 6.5   | 6.9                             |
| Growth of import volume                                  | 7.4                   | 1.7     | 3.2   | -2.9  | 5.5   | 10.3  | 8.9   | 6.2   | 6.7                             |
|  | Average               |         |       |       |       |       |       |       |                                 |
|  | 1980-84               | 1985    | 1986  | 1987  | 1988  | 1989  | 1990  | 1991  | 1994                            |
| <i>(In billions of U.S. dollars)</i>                     |                       |         |       |       |       |       |       |       |                                 |
| Total external credit <sup>4</sup>                       | 78.3                  | 39.3    | 39.7  | 36.5  | 23.8  | 38.8  | 43.3  | 39.0  | 30.6                            |
| Official <sup>5</sup>                                    | 31.4                  | 24.6    | 28.8  | 22.5  | 17.8  | 28.9  | 31.2  | 32.3  | 24.3                            |
| Other  | 46.9                  | 14.8    | 10.9  | 14.0  | 6.0   | 9.9   | 12.2  | 6.7   | 6.3                             |
| <i>(In percent of exports of goods and services)</i>     |                       |         |       |       |       |       |       |       |                                 |
| Current account balance                                  | -13.6                 | -6.7    | -9.7  | -2.3  | -2.3  | -3.0  | -3.8  | -3.2  | -1.2                            |
| Total external debt <sup>6</sup>                         | 146.1                 | 182.8   | 204.1 | 189.7 | 163.3 | 147.0 | 144.0 | 138.0 | 115.5                           |
| Debt service payments <sup>7</sup>                       | 22.9                  | 25.4    | 27.2  | 23.5  | 23.5  | 20.1  | 20.6  | 19.6  | 16.8                            |
| Interest payments  | 12.7                  | 14.3    | 14.0  | 10.9  | 10.8  | 10.4  | 11.0  | 10.5  | 8.6                             |
| Amortization payments                                    | 10.2                  | 11.0    | 13.2  | 12.6  | 12.7  | 9.7   | 9.6   | 9.0   | 8.2                             |

<sup>1</sup> Compound annual rates of change.<sup>2</sup> Excluding China.<sup>3</sup> London interbank offered rate on six-month U.S. dollar deposits, deflated by U.S. GNP deflator.<sup>4</sup> Excluding reserve-related liabilities.<sup>5</sup> Long-term borrowing from official creditors.<sup>6</sup> Excludes debt owed to the Fund.<sup>7</sup> Interest payments on total debt, plus amortization payments on long-term debt only. Projections incorporate the impact of exceptional financing items. Excludes debt service payments to the Fund.

**Table A52. Net Debtor Developing Countries: Current Account Balance, External Debt and Debt Service—Medium-Term Reference Scenario, 1981–94**  
(In percent of exports of goods and services)

|  | 1981  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  | 1991  | 1994  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Net debtor countries</b>                              |       |       |       |       |       |       |       |       |       |
| Current account balance                                  | -20.6 | -6.7  | -9.7  | -2.3  | -2.3  | -3.0  | -3.8  | -3.2  | -1.2  |
| Total external debt <sup>1</sup>                         | 130.4 | 182.8 | 204.1 | 189.7 | 163.3 | 147.0 | 144.0 | 138.0 | 115.5 |
| Debt service payments <sup>2</sup>                       | 22.4  | 25.4  | 27.2  | 23.5  | 23.5  | 20.1  | 20.6  | 19.6  | 16.8  |
| Interest payments  | 11.9  | 14.3  | 14.0  | 10.9  | 10.8  | 10.4  | 11.0  | 10.5  | 8.6   |
| <b>By region</b>   |       |       |       |       |       |       |       |       |       |
| <b>Africa</b>  |       |       |       |       |       |       |       |       |       |
| Current account balance                                  | -24.2 | -1.5  | -14.8 | -6.5  | -11.5 | -9.8  | -8.4  | -7.2  | -2.7  |
| Total external debt <sup>1</sup>                         | 118.6 | 191.7 | 244.1 | 252.4 | 246.4 | 232.5 | 229.9 | 224.4 | 190.1 |
| Debt service payments <sup>2</sup>                       | 17.7  | 26.0  | 29.5  | 25.6  | 26.6  | 27.7  | 31.1  | 29.9  | 24.4  |
| Interest payments  | 7.9   | 11.2  | 12.3  | 11.6  | 11.7  | 13.8  | 15.2  | 14.8  | 12.0  |
| <b>Asia</b>  |       |       |       |       |       |       |       |       |       |
| Current account balance                                  | -10.3 | -11.1 | -5.6  | 1.3   | 0.6   | -1.9  | -1.9  | -1.7  | -0.5  |
| Total external debt <sup>1</sup>                         | 81.1  | 118.8 | 122.4 | 104.0 | 88.0  | 77.7  | 76.7  | 74.5  | 65.5  |
| Debt service payments <sup>2</sup>                       | 10.6  | 16.6  | 16.7  | 17.2  | 13.0  | 11.0  | 10.3  | 9.8   | 9.2   |
| Interest payments  | 5.1   | 7.3   | 7.1   | 5.8   | 5.2   | 5.1   | 4.9   | 4.7   | 4.1   |
| <b>Europe</b>  |       |       |       |       |       |       |       |       |       |
| Current account balance                                  | -14.4 | -0.3  | -2.0  | 2.4   | 8.4   | 5.8   | 2.3   | 1.9   | 2.1   |
| Total external debt <sup>1</sup>                         | 137.9 | 147.7 | 163.6 | 169.0 | 145.9 | 130.7 | 127.8 | 121.5 | 102.6 |
| Debt service payments <sup>2</sup>                       | 21.8  | 21.8  | 24.6  | 22.7  | 22.9  | 20.7  | 20.3  | 18.4  | 16.0  |
| Interest payments  | 12.5  | 9.7   | 10.4  | 9.7   | 8.7   | 9.0   | 11.6  | 10.6  | 8.4   |
| <b>Middle East</b>                                       |       |       |       |       |       |       |       |       |       |
| Current account balance                                  | -33.2 | -17.2 | -24.7 | -9.2  | -11.3 | -5.6  | -7.6  | -6.3  | -1.4  |
| Total external debt <sup>1</sup>                         | 107.0 | 202.7 | 261.5 | 237.0 | 219.9 | 204.9 | 203.6 | 190.3 | 158.8 |
| Debt service payments <sup>2</sup>                       | 16.3  | 25.8  | 31.8  | 25.4  | 34.1  | 23.7  | 24.8  | 23.2  | 23.0  |
| Interest payments  | 9.1   | 16.6  | 18.7  | 13.8  | 13.1  | 11.7  | 12.3  | 12.8  | 10.8  |
| <b>Western Hemisphere</b>                                |       |       |       |       |       |       |       |       |       |
| Current account balance                                  | -30.5 | -2.3  | -14.9 | -8.7  | -7.9  | -6.3  | -8.5  | -7.1  | -4.2  |
| Total external debt <sup>1</sup>                         | 209.8 | 295.8 | 351.9 | 348.0 | 298.3 | 278.3 | 272.4 | 261.2 | 215.4 |
| Debt service payments <sup>2</sup>                       | 43.9  | 41.4  | 47.1  | 37.0  | 45.4  | 39.4  | 42.0  | 40.8  | 33.5  |
| Interest payments  | 24.5  | 29.8  | 29.7  | 22.2  | 25.1  | 23.7  | 24.9  | 24.1  | 19.6  |
| <b>By financial criteria</b>                             |       |       |       |       |       |       |       |       |       |
| <b>Countries with recent debt-servicing difficulties</b> |       |       |       |       |       |       |       |       |       |
| Current account balance                                  | -30.1 | -4.4  | -15.2 | -6.4  | -6.8  | -6.3  | -8.6  | -7.8  | -4.9  |
| Total external debt <sup>1</sup>                         | 174.1 | 258.0 | 306.8 | 302.5 | 268.4 | 250.9 | 248.0 | 238.5 | 200.6 |
| Debt service payments <sup>2</sup>                       | 31.1  | 32.5  | 36.6  | 29.4  | 33.2  | 30.1  | 33.0  | 32.1  | 28.3  |
| Interest payments  | 16.8  | 21.4  | 21.5  | 16.7  | 17.7  | 17.5  | 19.7  | 19.4  | 16.1  |
| <b>Countries without debt-servicing difficulties</b>     |       |       |       |       |       |       |       |       |       |
| Current account balance                                  | -10.3 | -8.7  | -5.6  | 0.4   | 0.4   | -1.0  | -0.9  | -0.6  | 0.8   |
| Total external debt <sup>1</sup>                         | 82.9  | 117.0 | 126.5 | 113.5 | 97.3  | 85.6  | 83.6  | 80.4  | 69.0  |
| Debt service payments <sup>2</sup>                       | 12.9  | 19.1  | 20.0  | 19.6  | 17.5  | 14.2  | 13.3  | 12.4  | 10.5  |
| Interest payments  | 6.6   | 8.2   | 8.3   | 7.0   | 6.4   | 6.2   | 5.9   | 5.5   | 4.5   |

<sup>1</sup> Excludes debt owed to the Fund.

<sup>2</sup> Interest payments on total debt plus amortization payments on long-term debt only. Projections incorporate the impact of exceptional financing items. Excludes debt service payments to the Fund.

**Table A53. Net Debtor Developing Countries: Output and Foreign Trade—Medium-Term Reference Scenario, 1970–94**

(Annual changes, in percent)

|  | Averages <sup>1</sup> |         |      |       |      |      |      |      | Average <sup>1</sup><br>1991–94 |
|--|-----------------------|---------|------|-------|------|------|------|------|---------------------------------|
|  | 1970–79 <sup>2</sup>  | 1980–84 | 1985 | 1986  | 1987 | 1988 | 1989 | 1990 |                                 |
| <b>Net debtor countries</b>                              |                       |         |      |       |      |      |      |      |                                 |
| Real GDP   | 5.4                   | 3.0     | 4.7  | 4.7   | 4.4  | 4.5  | 3.0  | 4.1  | 5.3                             |
| Export volume  | 5.0                   | 2.3     | 3.2  | 6.8   | 12.5 | 11.4 | 7.0  | 6.5  | 6.9                             |
| Terms of trade   | 2.3                   | 1.2     | -1.7 | -13.5 | —    | -1.0 | 1.0  | -1.3 | —                               |
| Import volume  | 7.4                   | 1.7     | 3.2  | -2.9  | 5.5  | 10.3 | 8.9  | 6.2  | 6.7                             |
| <b>By region</b>   |                       |         |      |       |      |      |      |      |                                 |
| <b>Africa</b>  |                       |         |      |       |      |      |      |      |                                 |
| Real GDP   | 4.5                   | 1.3     | 4.0  | 2.3   | 1.0  | 2.2  | 2.8  | 2.8  | 3.5                             |
| Export volume  | 2.8                   | -3.3    | 6.6  | 3.7   | -0.4 | 3.4  | 3.4  | 4.0  | 4.2                             |
| Terms of trade   | 3.1                   | 2.8     | -3.2 | -24.9 | 0.4  | -4.7 | 0.5  | -1.2 | -0.8                            |
| Import volume  | 5.9                   | —       | -6.8 | -10.6 | -4.7 | 6.1  | 3.2  | 1.3  | 3.1                             |
| <b>Asia</b>  |                       |         |      |       |      |      |      |      |                                 |
| Real GDP   | 5.4                   | 6.5     | 7.0  | 6.4   | 7.7  | 9.3  | 6.1  | 6.1  | 6.5                             |
| Export volume  | 11.0                  | 7.0     | 3.4  | 14.6  | 19.6 | 16.0 | 10.7 | 8.2  | 8.2                             |
| Terms of trade   | -0.5                  | 1.0     | -2.1 | -9.1  | 1.9  | 0.1  | 0.8  | -1.0 | 0.2                             |
| Import volume  | 8.9                   | 7.4     | 6.9  | -0.2  | 12.6 | 16.3 | 13.8 | 6.9  | 7.9                             |
| <b>Europe</b>  |                       |         |      |       |      |      |      |      |                                 |
| Real GDP   | 6.0                   | 1.7     | 2.1  | 4.3   | 2.7  | 1.2  | 1.9  | 3.0  | 3.5                             |
| Export volume  | 5.6                   | 6.1     | 2.3  | 0.2   | 8.5  | 5.8  | 2.5  | 2.4  | 4.9                             |
| Terms of trade   | -0.8                  | -1.8    | 0.5  | -1.9  | -2.8 | 2.3  | 0.9  | -0.7 | —                               |
| Import volume  | 6.7                   | -1.3    | 4.6  | 0.4   | 1.2  | 2.0  | 7.2  | 7.1  | 5.7                             |
| <b>Middle East</b>                                       |                       |         |      |       |      |      |      |      |                                 |
| Real GDP   | 6.6                   | -0.3    | 4.4  | 3.3   | 3.6  | 7.8  | 2.6  | 3.5  | 4.9                             |
| Export volume  | 5.2                   | -13.1   | 8.9  | 15.8  | 17.4 | 11.5 | 4.7  | 6.1  | 5.8                             |
| Terms of trade   | 7.0                   | 6.5     | -0.6 | -34.0 | -0.6 | -7.1 | 4.4  | -0.2 | 0.2                             |
| Import volume  | 10.1                  | 1.9     | 0.5  | -16.4 | -6.0 | 3.1  | 2.7  | 6.9  | 3.6                             |
| <b>Western Hemisphere</b>                                |                       |         |      |       |      |      |      |      |                                 |
| Real GDP   | 5.7                   | 1.0     | 3.5  | 4.0   | 3.0  | 0.7  | —    | 2.5  | 5.0                             |
| Export volume  | 1.5                   | 5.4     | -0.3 | -3.2  | 7.7  | 8.5  | 2.5  | 5.6  | 6.0                             |
| Terms of trade   | 4.3                   | -1.6    | -1.4 | -12.0 | -2.6 | -1.6 | 0.9  | -3.2 | -0.4                            |
| Import volume  | 6.9                   | -5.8    | 2.7  | 3.1   | 3.7  | 4.5  | -0.2 | 6.3  | 6.6                             |
| <b>By financial criteria</b>                             |                       |         |      |       |      |      |      |      |                                 |
| <b>Countries with recent debt-servicing difficulties</b> |                       |         |      |       |      |      |      |      |                                 |
| Real GDP   | 5.4                   | 0.8     | 3.2  | 3.5   | 2.4  | 2.0  | 1.1  | 2.7  | 4.5                             |
| Export volume  | 3.2                   | -1.1    | 2.3  | -0.1  | 5.2  | 8.6  | 3.2  | 4.8  | 5.3                             |
| Terms of trade   | 3.2                   | 1.0     | -1.4 | -17.4 | -0.5 | -2.2 | 0.9  | -2.1 | -0.3                            |
| Import volume  | 6.9                   | -3.7    | 0.1  | -5.5  | -2.3 | 6.5  | 3.4  | 6.3  | 5.2                             |
| <b>Countries without debt-servicing difficulties</b>     |                       |         |      |       |      |      |      |      |                                 |
| Real GDP   | 5.4                   | 6.0     | 6.7  | 6.0   | 6.9  | 7.6  | 5.3  | 5.7  | 6.2                             |
| Export volume  | 8.0                   | 6.3     | 4.0  | 12.8  | 18.1 | 13.3 | 9.4  | 7.5  | 7.8                             |
| Terms of trade   | 0.9                   | 1.2     | -1.8 | -10.3 | 0.3  | -0.2 | 1.1  | -0.9 | 0.1                             |
| Import volume  | 8.1                   | 6.8     | 5.4  | -1.1  | 10.6 | 12.5 | 11.8 | 6.1  | 7.5                             |

<sup>1</sup> Compound annual rates of change.<sup>2</sup> Excluding China.

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