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To: Members of the Executive Board

From: The Secretary

Subject: World Economic Outlook - General Survey

The attached paper giving a general survey on the world economic outlook is being scheduled for Executive Board discussion on Friday, March 30, 1984.

If Executive Directors have factual questions related to the statistical material presented in this report, they should contact Mr. Deppler, ext. 72893.

Att: (1)

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INTERNATIONAL MONETARY FUND

World Economic Outlook - General Survey

Prepared by the Research Department

(In consultation with the Area Departments, Exchange and Trade Relations Department, and the Fiscal Affairs Department)

Approved by Wm. C. Hood

March 2, 1984

Contents

WORLD ECONOMIC OUTLOOK - GENERAL SURVEY

I. Introduction

The present paper, and the attached Appendix Tables, contain the results of the staff's latest interdepartmental review of economic developments and prospects. Background analysis is contained in the draft Chapters 2-5, and in the Appendix notes, prepared for the published World Economic Outlook (being circulated separately). It is proposed that the present paper should become Chapter 1 of the published report, after suitable revisions to take account of Directors' comments, and to remove material that may not be appropriate for outside circulation.

The paper itself contains two main sections. Immediately following this introduction, Section II provides an overall review of recent developments and prospects in the world economy, dealing both with output and price trends and with balance of payments developments and the external debt situation. Section III is devoted to an assessment of some of the main policy issues that arise at the present juncture. These include sustaining recovery in the industrial world, and tackling the financing and adjustment problems of developing countries, particularly the heavily indebted among them. To conclude the paper, Section IV attempts to cast some of these issues in a form that may be helpful to Directors in structuring their interventions.

The usual conventions have been employed in arriving at the projections presented in the report. The actual exchange rates of a recent period (November 1983) have been assumed to prevail throughout the projection period; U.S. dollar oil prices and interest rates have been taken to remain at their end-1983 levels until the end of 1985; and "present policies" have been assumed. 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.

II. Current Situation and Prospects

Although still plagued with many problems, the world economy took a decided turn for the better in 1983. The growth of world output, which had been slowing continuously after 1978, and had virtually ceased in 1982, recovered to a rate of over 2 percent last year (Table 1-1). Consumer price inflation in the industrial countries, which had reached almost 12 percent in 1980, fell to under 5 percent for the first time in over a decade. And the balance of payments of non-oil developing countries, which had been seriously affected by the combined effects of increases in oil prices, very high interest rates, and global recession, returned to a more sustainable level.

Many problems remain, of course: satisfactory growth is concentrated in relatively few countries, with many others exhibiting only weak recovery; unemployment remains at historically very high levels and is indeed still tending to worsen in some countries, fiscal deficits are a source of concern and are contributing to the maintenance of high real interest rates; and debt servicing and current account financing difficulties remain the rule rather than the exception among the developing countries. These are serious problems, which are discussed at length in this report. Moreover, there is little expectation that they will disappear quickly. Nevertheless, their eventual solution has been facilitated by the progress made in 1983 in combining renewed output expansion with continued abatement of inflationary pressures.

1. Output and employment

The resumption of growth in the world economy was concentrated in the industrial countries. The global recession of 1980-82 had begun in these countries and they were also the first to emerge from it. Their growth, which had averaged 1 1/2 percent in 1980-81, and had actually been negative in 1982, accelerated to a 2 1/4 percent rate in 1983. Moreover, the improvement during the course of the year was considerably more marked than these figures suggest. In this respect, it is more useful to compare developments during 1983 (i.e., from fourth quarter 1982 to fourth quarter 1983) with those during the preceding year (Table A-1, Appendix). On this basis, real GNP growth in the major industrial countries increased from -1/2 percent in 1982 to 4 1/2 percent in 1983. As is usual in the initial phases of an expansion, the recovery of output was especially pronounced in the industrial sector, where output increased by 10 percent during 1983 after having declined by 5 1/2 percent in 1982.

Individual countries did not, however, share equally in this resumption of activity. Demand increased most in those countries where inflation had recently decelerated the most--Canada, the United States, and the United Kingdom. In the two North American economies, total domestic demand increased by some 8 percent during 1983, while in the United Kingdom it rose by 5 percent. Domestic demand was also unexpectedly strong in Germany where, reflecting in large part an unanticipated fall in the savings ratio, it increased by some 4 percent. In other countries, however, the outturn was more disappointing; domestic demand increased by only 2 percent in Japan, a 1 percentage point deceleration from the pace of a year earlier, and registered little change or outright declines in most of the other industrial countries. Nevertheless, since these latter countries benefitted from the growth of demand elsewhere in the industrial world, their output levels were rather better maintained. The foreign balance contributed 2 percentage points to the growth of Japan's real GNP during 1983 and 1-1 1/2 percentage points to that of France and of the smaller industrial countries as a group.

The recovery of demand was almost exclusively in the area of private expenditure. The pace of public spending on goods and services tended to slow from 1982 to 1983, especially in the United States, where public sector consumption in real terms declined by 2 1/4 percent during 1983. The recovery was initiated primarily by a surge in demand for consumer durables and new housing. Demand in these sectors responded strongly to the declines in nominal interest rates triggered by the sharp drop in inflation rates. Another facet of the same development was a marked

Table 1-1: Changes in World Output, 1967-85 1/

(In percent)

	Average 1967-76 2/	Change from Preceding Year 1977	1978	1979	1980	1981	1982	1983	1984	1985
World	4.4	4.4	4.5	3.5	1.9	1.6	0.1	2.1	3.7	3.5
Industrial countries	3.7	3.9	4.1	3.5	1.3	1.6	-0.1	2.3	3.6	3.2
Developing countries	5.7	5.7	5.5	4.6	3.3	1.2	0.1	0.9	3.8	4.5
Oil exporting countries	7.0	6.3	2.3	3.4	-2.0	-4.0	-4.3	-1.1	4.7	4.9
Non-oil developing countries	5.6	5.6	6.3	5.0	4.8	2.8	1.5	1.6	3.5	4.4
Other countries 3/	5.5	4.5	4.7	2.3	2.9	1.9	1.4	3.1	3.8	...

1/ Real GNP (or GDP) for industrial and developing countries and real net material product (NMP) for other countries.
2/ Compound annual rates of change.
3/ The Union of Soviet Socialist Republics and other nonmember countries of Eastern Europe. Because of the uncertainty surrounding the valuation of these countries' output, these countries have been assigned--somewhat arbitrarily--a weight of 15 percent in the calculation of the growth of world output.

decline in the household saving ratio, a development which may have been influenced in a number of countries by the effect of a strengthening of equity markets on private sector balance sheets. The growth of output during 1983 was also powerfully sustained by the turnaround in the stockbuilding cycle and, in the United States, by the effect of tax cuts on the growth of personal disposable income. During 1982, inventory corrections brought about by the recession had depressed aggregate demand in the major industrial countries by over 1 percent of GNP. During 1983, on the other hand, stockbuilding contributed 1 1/2 percentage points to the growth of aggregate output in these countries. (See Table A-5). Gross fixed business investment was also surprisingly strong, especially in North America and Germany.

Developments in labor markets tend to mirror those in the goods market, though typically with some lag. On this occasion, however, the traditional lags were all but absent in the case of the United States and Canada, where unemployment rates dropped by an almost unprecedentedly large 2 1/2 percentage points in the first twelve months of the recovery. In Germany and the United Kingdom, labor markets responded more moderately, through a leveling off of the earlier trend toward rising unemployment (and falling employment). Elsewhere, unemployment rates tended to rise throughout the year. Overall, joblessness remained very high; for the industrial countries as a group, unemployment rates in the final quarter of 1983 averaged some 8.3 percent, or only 1/2 percent less than a year before, and still over 3 percent above the level of four years earlier (Table A-6).

Prospects are that the recovery initiated in 1983 will carry forward into 1984 and 1985, with a greater degree of convergence among countries in their rates of expansion. In terms of the year-on-year figures, growth in the industrial world as a whole is projected to accelerate from 2 1/4 percent in 1983 to 3 1/2 percent in 1984, before slowing to 3 1/4 percent in 1985. The apparent acceleration of growth in 1984 is, however, a by-product of the strong pace of demand during 1983. A more accurate picture of the outlook from the beginning of 1984 onwards is provided by the fourth quarter to fourth quarter developments. These point to a slowing of aggregate GNP growth in the industrial countries from 4 percent during 1983 to 3 1/4 and 3 percent during 1984 and 1985, respectively. In large part, this slowing of growth simply reflects the passing of the recovery stage of the cycle, especially the absence in 1984 and 1985 of the sharp impetus to growth imparted in 1983 by stockbuilding. Final domestic demand, which does not include inventory accumulation, is projected to rise by 2 3/4 percent during 1984 and 1985, the same rate of increase as that registered during 1983.

The projections also involve a marked convergence of growth rates around the overall average, with output growth in the North American economies slowing to 4 and 3 1/2 percent during 1984 and 1985, respectively, and growth elsewhere generally firming to rates roughly in line with staff estimates of each country's respective rate of potential output growth. As a result, little or no absorption of slack is foreseen outside of North America, and the absorption of slack in the United States and Canada is henceforth projected at a much reduced pace. The all-industrial country unemployment rate is expected to remain in the vicinity of 8 percent in both 1984 and 1985.

A noteworthy feature of these projections is the deceleration of growth that is foreseen in the United States and Canada and the relatively moderate pace of recovery in most of the rest of the industrial world. The projected slowing of growth in North America reflects a number of factors. The first is simply the maturing of the cycle in these economies--the passing of the inventory rebuilding phase and the reestablishment of more normal levels of growth for some of the most cyclically-responsive components of demand. A second element dampening the projected growth of output is the high level of real interest rates. A third and related factor is the staff's assumption that the authorities in these two countries will continue to exercise firm monetary control, serving to improve the prospects for sustainable non-inflationary growth over the medium term, but possibly limiting the pace of demand expansion in the short term.

The lack of a strong cyclical upturn in the industrial world outside of North America (and to a lesser extent the United Kingdom) is a feature of most other official projections as well, and results from a combination of factors that work in opposite directions. On the one hand, the recovery of world trade and the reduction of inflation and nominal interest rates have been, and should continue to be, important factors underpinning demand for these countries' output. On the other hand, the need to pursue policies of demand restraint in circumstances where costs and prices are relatively inflexible and the industrial structure slow to adapt tends to inhibit a major recovery in demand. As a result, output is projected to increase only at about its underlying trend rate. This projection is, of course, subject to a considerable margin of uncertainty. If progress in reducing structural rigidities is more rapid than envisaged here, and if confidence in the persistence of the worldwide upswing in economic activity grows, it is entirely possible that recovery in Europe could accelerate. Similarly, of course, a less satisfactory evolution of expectations and a lack of progress in tackling the fundamental problems of relative prices and economic structures could lead to projection errors in the opposite direction.

The turnaround in economic activity in the industrial countries is spreading to the developing world only with a lag. In the non-oil developing countries, real GDP growth in 1983 continued at the very low pace of the previous year (1 1/2 percent), a rate which implies a fall in per capita output for the second successive year. Although disappointing, this outturn cannot be regarded as wholly surprising. The global recession, the sharp rise in interest rates, the debt crisis, and the associated sharp cutback in the availability of external financing coalesced, in the face of scarcity of reserves, to force many non-oil developing countries to undertake major programs of balance of payments adjustment. Given the continuing weakness of these countries' export earnings, the only available form of adjustment in the short term was via large-scale reduction in imports, which fell by 9 percent in volume between 1981 and 1983. The need for such large cutbacks severely limited the scope for output growth. In some instances production capacity was idled for lack of an adequate supply of imported inputs; while in others, investment projects were postponed or cancelled to conserve foreign exchange.

Disappointing as these results are, the GDP statistics of the non-oil developing countries do not adequately reflect the hardships resulting from external developments of the past few years. These developments have been of a kind that has required devoting a much larger share of domestic output to obtaining a given volume of real resources from abroad. This is obviously true of the rise in oil prices and the recession-induced decline in commodity prices. However, it is also true of the rise in real interest rates which, other things equal, raises the volume of exports needed to service a given amount of debt.

In the face of these large-scale shifts in the terms of trade, broadly conceived, these countries had no option (once foreign sources of financing had dried up) but to adjust via a correspondingly large-scale reduction in the volume of their imports of goods and services relative to that of their exports. This process began in 1980 when the foreign balance absorbed about 1 percentage point of the growth of GDP (2 3/4 percent) and continued in 1982 and 1983 when the whole of the 1 1/2 percent growth of GDP in the non-oil developing countries was devoted to an improvement in the foreign balance. Thus, real domestic demand in these countries was at best stagnant in aggregate terms in 1982 and 1983, and declined by a wide margin in per capita terms.

The overall trends just described mask some notable contrasts among various subgroups within the non-oil developing countries. Perhaps the most striking is that between those countries that have had to resort to debt structuring agreements and those that have not. The former group 1/ is concentrated in the Western Hemisphere, Europe, and Africa, and each of these regions incurred well below average rates of output growth in 1983. The Western Hemisphere region was the hardest hit. Output in the area fell by about 2 percent in 1983 for the second year in a row. Output also declined in Africa in 1983 (by 1 1/2 percent), in considerable measure, however, because of the drought afflicting many parts of that continent. At the opposite extreme, the combined GDP of the Asian region has been quite buoyant; output increased by 6 1/2 percent in 1983, or by 2 percentage points more than in 1982 (Table A-2).

Prospects are that GDP growth in non-oil developing countries as a group will rise from 1 1/2 percent in 1983 to 3 1/2 percent in 1984 and to 4 1/2 percent in 1985. The major factors behind this development are the firming of external demand--export earnings being projected to rise by about 10 percent each year--and the large measure of external adjustment already effected. In combination, these factors should permit the countries facing the need to bring about a substantial adjustment in their balance of payments positions to carry out the remainder of the required adjustment in a context of rising, rather than rapidly falling, imports. Nevertheless, because of the relatively austere outlook for external financing, the looming burden of servicing rescheduled debt, and the continuing need to restructure public finances, growth prospects among many of the non-oil developing countries remain well below levels achieved in earlier years. For the group of rescheduling countries, in particular, growth is expected to average only 1 1/2 percent in 1984, before rising to 4 percent in 1985.

The major oil exporting countries have also been faced with the need for substantial adjustments of their economic and financial policies in light of the dramatic reversal of conditions in the world oil market during the past few years. As a group these countries had experienced substantial increases in export earnings in 1979 and 1980, as large rises in oil prices more than offset falls in export volumes. From 1981 onward, however, further declines in export volume were accompanied by stable, then declining, oil prices. As a result, the external purchasing power of oil export earnings is estimated to have returned, in 1983, to its level of 1978, the year prior to the second round of large oil price increases.

The extent of the recent decline in these countries' export receipts (44 percent from 1980 to 1983), together with the limited prospects for a substantial recovery in demand for oil in the near future, have led to the adoption of policies aimed at markedly reducing the growth of expenditure, even among countries in the group that have remained in a relatively comfortable fiscal and balance of payments position. The

1/ Twenty non-oil developing countries which signed rescheduling agreements in 1982 or 1983.

policy shift has been manifested primarily in a sharp curtailment of government spending --both for development and other purposes--and has had the effect of dampening growth in the non-oil sectors to less than 2 percent in 1983, as compared with 4-6 percent in each of the preceding three years. The authorities of these countries are generally expected to continue pursuing cautious financial policies in 1984 and 1985. However, as the world recovery continues and the demand for oil firms, the financial position of governments in these countries is projected to strengthen sufficiently to permit an expansion of the non-oil sectors by 3 1/2 percent in 1984.

2. Inflation, interest rates, and exchange rates

Among the most encouraging developments of 1983 was the reestablishment in the major industrial countries for the first time in 15 years of an average rate of inflation below 5 percent (as measured by the GNP deflator). This result is in large part a consequence of the anti-inflationary policies of the past several years. These policies succeeded in limiting the secondary effects of the 1979-80 round of oil price increases, and after 1980 produced, in combination with the cyclical slack in aggregate demand, an increasingly sharp deceleration in inflation. The rate of increase in the GNP deflator for industrial countries as a group, which had reached 9 percent in 1980, fell to 8 1/2 percent in 1981, to 7 percent in 1982 and to 5 percent in 1983 (Table A-1). In 1983, unlike 1982 when the improvement owed much to developments in the United States and the United Kingdom, the slowing of inflation was widespread. The rate of price increase declined by 2 percentage points or more in all but one of the major industrial countries, as well as in the smaller countries treated as a group. In Japan, the already low inflation rate of 1.8 percent dropped to 0.7 percent.

The continued success in reducing rates of price increase in 1983 was due largely to further moderation in wage settlements. Average hourly wages in the manufacturing sector of industrial countries, which had risen by 10 percent during 1981, and 8 percent during 1982, increased by only 6 percent in 1983. This development, in combination in some countries (such as the United States) with cyclical improvement in productivity, also helped restore profit margins.

Despite the rather widespread progress in reducing rates of price increase in 1983, divergences in such rates among countries remained significant. The industrial countries seem now to be divided into two groups: those with inflation rates of 5 percent or less (in ascending order, Japan, the Netherlands, Germany, New Zealand, 1/ Austria, Switzerland, the United States, the United Kingdom, and, on the strength of developments during 1983, Canada), and those with inflation

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1/ Developments in New Zealand were heavily influenced by a wage-price freeze, which was imposed in June 1982, and expired in February 1984.

rates of 7 1/2 percent or more. This divergence is, however, expected to be reduced in 1984 since, whereas little further change is expected in the low inflation group, virtually all the countries in the above average inflation group are expected to reduce their rates of price increase by 1 to 3 percentage points. As a result, the overall industrial country inflation rate is expected to drop to about 4 1/2 percent, and to remain in that range in 1985.

Declining inflation has been an important factor in permitting a fall in nominal interest rates from the very high levels reached in 1981. The decline in such rates was particularly marked in 1982, but further reductions occurred in 1983. On an annual average basis, both short- and long-term rates eased by some 2 percentage points from 1982 to 1983. However, since these declines did little more than match the parallel decline in inflation, real interest rates remained unusually high. In the United States, for instance, long-term yields were still about 7 percentage points above the concurrent rise in the GNP deflator. A roughly similar margin obtained in Japan. Real interest rates have generally been lower in European economies, but nevertheless well above historical norms.

The reasons for such high interest rates are complex and not fully understood. The present level of rates reflects a continued stance of restraint in monetary policy, but is also intimately connected with the concerns of savers and investors about the implications of continued large public sector deficits and rapidly rising ratios of public sector debt to nominal output. If monetized, public sector deficits would be a factor feeding the inflationary process; if not, they would still create intensified competition for funds in credit markets as recovery proceeds. Either eventuality would lead to upward pressure on interest rates, a prospect that has apparently already been influencing market behavior.

Exchange rate developments during 1983 were dominated, as in the two preceding years, by the appreciation of the U.S. dollar, which seems to have been influenced, inter alia, by the maintenance of relatively high real interest rates in the United States. The sustained 3-year rise has brought the nominal effective rate of the dollar to a level more than 40 percent above that of the third quarter of 1980. The Japanese yen also appreciated during the past year, although in the yen's case the primary cause was probably Japan's rapidly rising current account balance. Indeed, the appreciation of the nominal effective exchange rate for the yen during 1983 was even greater than that for the dollar, as the yen recovered from the low level to which it had declined in the second half of 1982.

Corresponding to the appreciation of the U.S. dollar and the yen was a steady decline in the nominal effective exchange rates of the major European currencies, particularly those of countries participating in the European Monetary System (EMS). The depreciation of the deutsche mark against the dollar amounted to nearly 14 percent from December 1982 to January 1984, while the French franc and Italian lira declined by 21 percent and 18 percent, respectively. The Canadian dollar and the pound sterling, while depreciating against the U.S. dollar, showed little net change in nominal effective terms during 1983. In March 1983 there was a realignment of EMS central rates accompanied by substantial policy changes designed to promote convergence of economic conditions, particularly inflation rates, among member countries.

Inflationary developments in many of the non-oil developing countries have been and remain a source of concern. Staff estimates of a year ago pointed to the continuation of average inflation in these countries at the annual rate of just over 30 percent experienced in 1980-82. In the event, the inflation rate in 1983 is now estimated to have averaged 44 percent. Consumer prices in these countries thus rose almost twice as rapidly last year as they had during the second half of the 1970s, and 4-5 times as rapidly as during the 1967-72 period. These escalating inflationary pressures have admittedly been concentrated, especially in the most recent period, in several of the largest countries of the Western Hemisphere, and in Israel. In other parts of the world, Asia for example, inflation performance has been more satisfactory. The median inflation rate, (i.e. the rate for which it can be said that half of the countries have higher inflation and half lower) came down from 15 percent in 1980 to 11 percent in 1982 and 1983. Nevertheless, despite this progress, the median rate still remains somewhat above that of the 1976-78 period and some 2-3 times higher than that of the 1967-72 period. Furthermore, progress in reducing the median inflation rate appears to have slackened in many countries last year.

While inflationary developments in the non-oil developing countries stem partly from trends in the world economy, they are also clearly connected with unduly accommodative financial policies in many of these countries themselves. On a median basis, fiscal deficits amounted to 6-6 1/2 percent of GNP in non-oil developing countries in 1981-83, or over half as large again as in the 1976-79 period. Similarly, overall rates of monetary expansion, which had stabilized in the vicinity of 30 percent per annum in the second half of the 1970s, notched upward in the early 1980s to reach some 40 percent in 1983. In this context, it should be noted that inflation management in several of the larger developing countries has been greatly complicated by unduly rigid systems of indexation of domestic costs and prices. Such systems are likely to lead to an upward ratcheting of inflation when external adjustment calls for large changes in relative prices.

To the extent that indexation schemes tend to retard or offset relative price changes, such changes can sometimes only be brought about at the cost of tolerating a high underlying inflation rate.

Against this background, progress in achieving a better price performance will clearly not be easy. Nevertheless, some improvement seems likely in many non-oil developing countries. Because of the widespread need to correct external imbalances, many of these countries instituted in 1983 and in early 1984 adjustment programs that should serve to contain inflationary pressures. Fiscal deficits, for instance, are projected to decline appreciably in relation to GNP. Similarly, a considerable slackening of rates of monetary expansion is expected. While such planned shifts toward restraint have often proved elusive in the past, the fact that such projections are now firmly embedded in comprehensive programs of adjustment, with clear monitoring criteria, lends credence to the view that significant progress will result in 1984. As a consequence, some reduction in inflationary pressures can be expected both in 1984 and 1985.

In the oil exporting countries, the combined rate of consumer price increase dropped from 13 percent in 1980-81 to 11 1/2 percent in 1983. This decline reflected mainly the widespread shift toward more restrained financial policies--especially via curtailments in public expenditure plans--in most of these countries over the period. The planned continuation of such policies, together with a rate of increase in import prices that is expected to remain moderate, is projected to lead to a further easing of inflationary pressures in the major oil exporting countries both in 1984 and 1985.

3. Trade and protectionism

Because of the extent of the adjustment efforts required of developing countries, the volume of world trade remained sluggish in 1983, rising by only 2 percent after a fall of 2 1/2 percent in 1982 (Table A-9). As may be seen from Chart 1-1, however, the trough appears to have been passed late in 1982. During 1983 (i.e. from the fourth quarter of 1982 to the fourth quarter of 1983), industrial country imports rose by almost 10 percent, a rapid increase that was not, however, inconsistent with the output developments taking place at the same time. Moreover, increases were quite widespread. Although much of the impetus to trade growth came from the 25 percent and 34 percent surges in imports of the United States and Canada during 1983, the 9-11 percent growth in import demand in Japan, Germany, and the United Kingdom and the 6 1/2 percent increase in Italy also contributed. Given current projections for domestic demand in industrial countries, there is reason to expect the growth of imports to continue, albeit at a reduced rate as the stockbuilding cycle runs its course. At the global level, this latter effect will be partly compensated by the resumption of import demand growth in the developing world--a resumption that would owe much to the turnaround in the industrial countries' demand for developing country exports. Overall, the volume of world trade is expected to rise by 5 1/2 percent in 1984 and by 5 percent in 1985 (on a year-over-year basis).

A noteworthy feature of world trade developments in 1983 was the continuation of a subdued pace of price increases for internationally traded goods. Overall, world trade prices, in SDR terms, rose by only 2 1/2 percent in 1982, and declined by 1 percent in 1983, against an average rate of increase of 14 percent over the preceding three years. (In dollar terms, world trade prices actually fell by 8 percent between 1981 and 1983.) This virtual stability of world trade prices, which has contributed significantly to the worldwide deceleration of inflation, has permeated all of the major groups of commodities. The recession exacted its toll first of primary commodity prices. Non-oil primary commodity prices fell sharply in 1980-82 and oil prices followed suit in 1982-83. However, prices of manufactures were also affected. In SDR terms, the rise in manufactured export prices slowed from over 10 percent in 1980 to virtually no increase in 1983; in U.S. dollar terms, these prices fell by 10 percent from 1980 to 1983. (See Table A-10.)

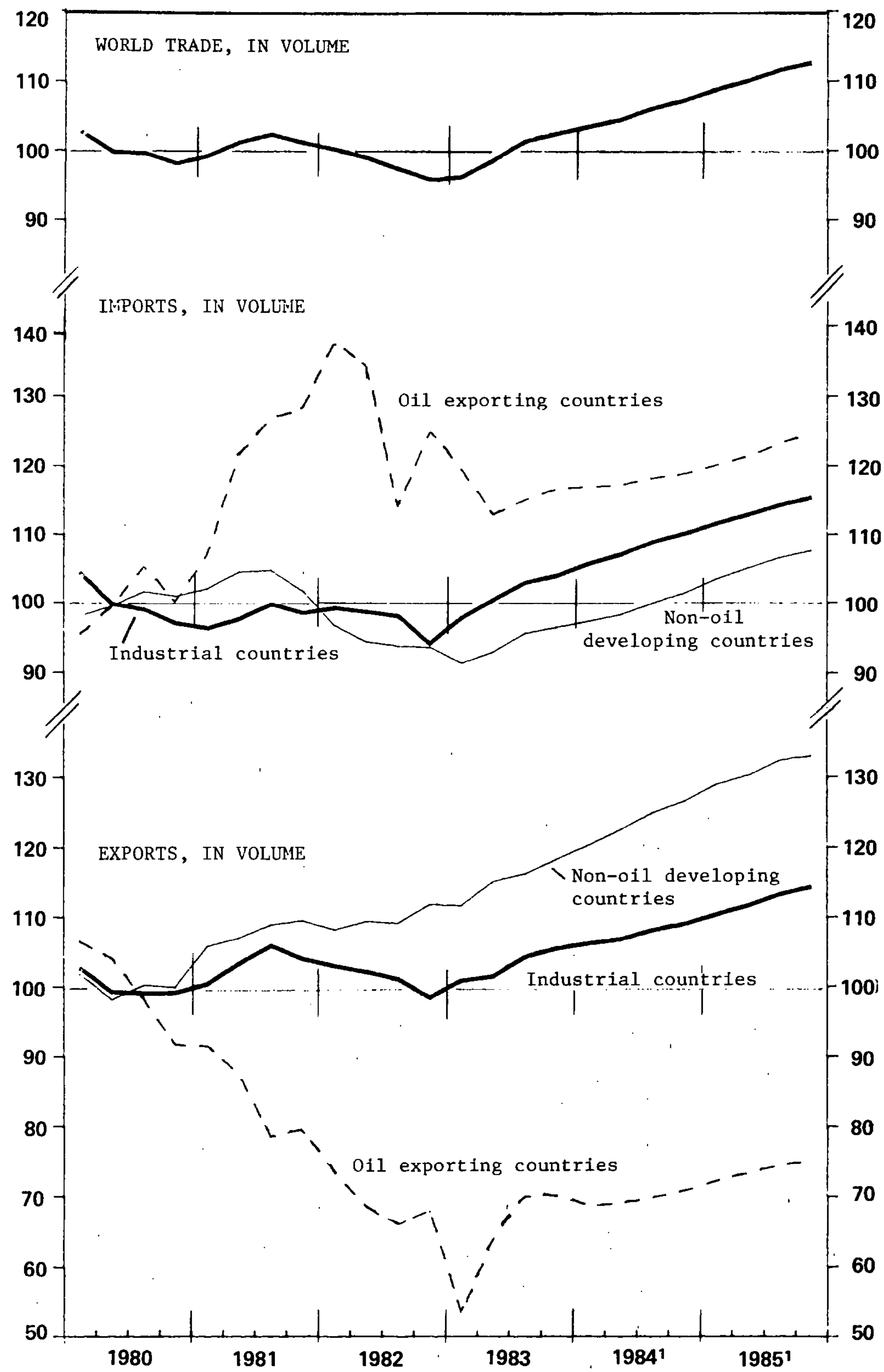
Nevertheless, until the end of 1982 commodity prices were considerably weaker than those of manufactures, and by then the developing countries had incurred five consecutive years of deterioration in their terms of trade, with a cumulative worsening of almost 20 percent for the oil-importing countries in the group. Mainly because of the strengthening of activity in the industrial countries, however, this slide ended in 1983. Prices for primary commodities other than oil averaged 6 1/2 percent higher in 1983 than in 1982, and by the final quarter of the year were some 20 percent above their level a year earlier. (See Appendix 4.) Because of lags, these increases in spot prices had only a limited effect on export unit values in 1983--a rise in the price of cocoa beans, for instance, being of little significance for this year's export unit values if the harvest has already been sold. Nevertheless, in combination with the continued weakness in the prices of oil and manufactured imports, the rise in commodity prices did result in a 1 percent improvement in the non-oil developing countries' terms of trade; this improvement is projected to continue in 1984.

One of the most encouraging developments of 1983--and one central to the resolution of the debt servicing difficulties facing many countries--was the resumption of stronger growth of export earnings

CHART 1.1

WORLD TRADE, IN VOLUME,
FIRST QUARTER 1980-FOURTH QUARTER 1985

(Indices, 1980=100; seasonally adjusted)



1/ Projections.

among the non-oil developing countries. The combination of renewed expansion in industrial country import demand and the upward movement in commodity prices resulted in a 12 percent rise during 1983 in these countries' earnings from exports to industrial countries. This shift in trend, and its prospective continuation into 1984 and beyond, points to a period when external adjustment in the developing world can take place within a somewhat more favorable external environment and wherein the concerns of creditors can be eased through improvements in debt and debt service ratios.

4. Current account developments

Following a $70 billion shift into deficit from 1978 to 1980 occasioned by the oil price increases of 1979, the combined current account position (excluding official transfers) of the industrial countries reverted to approximate balance in 1981. 1/ Despite major shifts in balances in the rest of the world, this position was maintained throughout 1982 and 1983, when cuts in the industrial countries' oil imports more than offset the decline in their exports to developing countries.

The roughly unchanged external position of the industrial countries treated as a group masks some major shifts in the constituent national balances. The most striking is that of the U.S. current account balance from a small surplus in 1981 (including official transfers) to a deficit that reached almost $40 billion in 1983. Given the deterioration in U.S. competitiveness stemming from further appreciation of the dollar in 1983, and the somewhat faster pace of the recovery in the United States relative to the rest of the industrial countries, a widening of the deficit is projected in both 1984 and 1985, to $73 billion and $89 billion, respectively. These estimates are predicated on the technical assumption of constant exchange rates (at the level prevailing in November 1983) as well as the projection that growth in the United States will continue to outpace that in the rest of the industrial world. Although there are, of course, uncertainties surrounding these assumptions, it would take quite substantial changes in their basic nature to alter the projection of a significantly rising U.S. current account deficit in the period ahead.

More uncertainty attaches to where the counterpart improvement in balances will be lodged. Apart from the United Kingdom, which moved from large to modest surplus over the period 1981-83, and France, where

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1/ The recorded figures discussed here, when aggregated to the global level, contain a large discrepancy that implies either that surpluses are underrecorded, or deficits overrecorded, or some combination of the two. This issue has been discussed in IMF, World Economic Outlook, May 1983, Appendix A, Note 11, pp. 161-167.

a sharp deterioration in 1982 was reversed in 1983, virtually all other industrial countries' external balances have improved over the past two years--Japan by $16 billion; the Federal Republic of Germany, Italy, and the smaller industrial countries treated as a group by $8-12 billion each; and Canada by $5 1/2 billion. (See Table A-19). These shifts have broadly matched the deterioration in the U.S. position. On present projections, however, only about one third of the prospective further deterioration in the U.S. balance from 1983 to 1984 will find its offset within the industrial countries. An increase of $6 1/2 billion is foreseen in the Japanese surplus, and the French deficit is expected to be eliminated. For the other countries, changes in the external balance are expected to be relatively small.

The combined current account position of the oil exporting countries, which had registered a surplus of $111 billion in 1980, fell into a deficit of $12 billion in 1982 and $16 billion in 1983. This large shift resulted from a decline of roughly comparable magnitude in these countries' oil export earnings, which fell continuously from $280 billion in 1980 to $158 billion in 1983. Such an unprecedently large drop in oil revenues was due not only to the fall in world oil consumption and the associated downward adjustments in oil prices over the period, but also to continuing increases in market share by other oil exporting countries. (See Appendix 3.) With the further slide in oil revenues in 1983, markedly more restrictive fiscal policies were adopted in virtually all countries in this group. As a result, imports of goods and services fell by some $40 billion in 1983 thus containing the current account deficit to much the same level as in the previous year (Table A-20).

For 1984 and 1985, prospects are that the recovery in the world economy will result in a moderate increase (some $8-9 billion a year) in the oil exporting countries' earnings from oil exports. In combination with a somewhat more buoyant outlook for the group's non-oil exports and continuing restraint on imports (especially among countries confronting financing difficulties), the rise in oil exports should lead to some improvement in the combined current account position of these countries in 1984 and 1985.

One of the most striking features of balance of payments developments in the past two years has been the marked improvement in the current account position of the non-oil developing countries. In response to the rise in oil prices, the recession-induced loss in real export earnings, and the sharp rise in interest rates, the current account deficit of these countries had risen from $42 billion in 1978 to $109 billion in 1981. This alarmingly large deficit prompted a fundamental reappraisal of the external position of these countries, especially on the part of their major creditors. As a result, spontaneous lending of funds that had not previously been committed all but ceased, except to a few countries, mainly in Asia. This development greatly reinforced the shift toward comprehensive adjustment programs on the part of the countries affected. As a result of these widespread pressures for adjustment, as well as of the relative absence of further adverse external shocks, the current account deficit of the non-oil developing countries was cut virtually in half between 1981 and 1983, i.e., from $109 to $56 billion.

This remarkable reduction in these countries' combined current deficit was wholly accounted for by a reduction in imports, which fell by over $60 billion, or by 14 1/2 percent. On a net basis, the services and private transfer accounts changed little from 1981 to 1983, and exports actually declined by almost $7 billion. About one third of the drop in imports reflected reduced payments for oil. While part of this decline was due to lower prices, part also reflected a significant (11-12 percent) drop in the volume of their oil imports.

The improvement in current account balances has been quite widespread. All of the regional balances improved from 1981 to 1983 except that of the Middle East. Africa's deficit (excluding that of South Africa) declined from $14 billion to $11 billion and the deficits of Asia, Europe, and the Western Hemisphere were more than halved, to $10 1/2, $5 1/2, and $18 1/2 billion, respectively. The degree of improvement registered by individual countries was often a function of the constraints imposed by the curtailment of commercial financing. Thus, whereas the combined deficit of the major borrowers 1/ was halved, from $78 billion to $39 billion, the deficit of the small low income countries (whose access to commercial finance had all along been very limited) dropped only from $15 1/2 billion to $13 billion (Table A-17).

Further testimony to the extent of the adjustment in the non-oil developing countries is provided by ratios of current deficits to exports of goods and services. (See Table 1-2 and Table A-24). Not only was this ratio almost halved from 1981 to 1983 (from 23.9 percent to 12.6 percent) but it fell below the 13.7 percent recorded in 1978, itself the lowest figure since 1973. The degree of comfort that these figures provide should not be exaggerated, however. In the first place, the improvement in current account balances of the past two years is wholly attributable to a large-scale compression of imports. Furthermore, comparison of present day ratios with those of an earlier period must allow for any intervening changes in other

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1/ This group includes four countries otherwise classified as oil exporting countries (Algeria, Indonesia, Nigeria, and Venezuela).

structural parameters. In this respect, two developments that point to the need for significantly lower deficits in relation to export earnings than in the past are the sharp rise in real interest rates and in these countries' external indebtedness--factors that make it both difficult and unwise for them to accumulate additional debt at the earlier pace.

Against this background, it is important to note that many countries continue to have current account deficits that are significantly larger in relation to exports of goods and services than those prevailing in 1976-78. (See Table 1-2.) For instance, while the average ratio of the Western Hemisphere region in 1983 is close to that of 1977, closer examination reveals that this is entirely due to developments in Mexico and Brazil. The average deficits for the other countries in the region are still well above those of 1976-78. The same is true of the smaller low income countries of Africa and Asia. Thus, although there has been a marked improvement in the external balances of non-oil developing countries as a group, considerable adjustment remains to be done, especially among the smaller countries.

Table 1-2. Current Account Deficits as Percentages of Exports of Goods and Services

	1976-78 Low	1980-82 Peak	1983 (Est.)	1984 (Proj.)	Change From 1976-78 Lows to 1983
Non-oil developing countries	13.7	23.9	12.6	10.2	-1.1
Africa (excl. S. Africa)	29.1	42.4	36.4	28.8	7.3
Asia	1.8	14.9	5.3	3.7	3.5
Europe	17.3	22.3	9.2	3.9	-8.1
Middle East	29.9	37.4	37.4	34.3	7.5
Western Hemisphere	15.9	40.6	18.1	16.3	2.2
Western Hemisphere excluding Brazil and Mexico	5.8	36.0	29.7	21.7	23.9
Small low-income countries	41.9	66.6	51.9	46.9	10.0

Prospects are that the decline in the non-oil developing countries' combined current account deficit will continue in 1984, albeit at a much slower pace. Although a great deal of uncertainty attaches to these estimates, an overall current account deficit of some $50 billion is projected, both in 1984 and in 1985. This modest decline from the $56 billion of 1983 has its basis in a strong upturn in export earnings (of $30-35 billion per year), which would be more than sufficient to finance a further rise in interest payments and allow for a renewed growth of imports (by some 5 percent in volume terms).

The projected levelling out of the deficit in nominal terms implies a substantial further decline in relation to export earnings (to under 10 percent in 1985), signalling further progress in the process of current account adjustment. Moreover, the expected stability of the overall deficit conceals movements towards a better distribution of external positions within the group. China and Mexico, for instance, which had large surpluses on current account in 1983, are not expected to remain in such a strong position in 1984 and 1985, while further reductions in deficits are projected for many smaller countries whose positions in 1983 still required adjustment.

5. Financing and debt

A key feature of the global economic scene of the past several years has been the dramatic shift in the attitude of private creditors toward financing the current account deficits of non-oil developing countries, as well as of some major oil exporting countries with relatively large external borrowing needs. This type of financing had been readily available from the mid-1970s to the early 1980s. In 1980 and 1981, the sums involved reached $60-70 billion per annum. At that point, however, confronted by the large size of borrowing countries' deficits and the rapid rise in their indebtedness, as well as the deterioration in the maturity structure of their debt, private creditors quickly shifted toward restraint. The increase in private creditors' exposure to developing countries, which had reached a peak of $71 billion in 1981, was $36 billion in 1982 and is estimated to have been about $20 billion in 1983. (See Tables 1-3 and A-28.) In fact, commercial lending would have virtually ceased altogether in 1983 had it not been for the introduction of large scale financing packages aimed at tiding some of the major debtor countries over the most difficult phase of the adjustment process. These arrangements typically included a program with the Fund, the provision of new bank credits, and a restructuring of existing debt.

This dramatic shift in the availability of "spontaneous" private credits imposed extreme financing constraints on the non-oil developing countries. As already noted, one consequence was a virtual halving of their combined current account deficit between 1981 and 1983.

Non-Oil Developing Countries: Current Account Financing

(In billions of U.S. dollars)

	1978	1981	1982	1983	1984
Current account deficit	42	109	82	56	50
Relatively "stable/autonomous" financing flows	31	50	46	44	46
Non-debt creating flows	17	27	24	21	23
Long-term borrowing from official creditors 1/	14	23	22	23	23
Other flows, net	12	59	37	13	4
Errors and omissions	-7	-16	-19	-10	-5
Other financing flows, net	18	75	55	23	9
Reserve-related transactions	-14	4	19	2	-12
Use of reserves	-16	-5	4	-6	-13
Liabilities constituting foreign authorities reserves 2/	2	7	8	10	5
Arrears	1	3	7	-2	-4
Other net external borrowing 3/	33	71	36	20	21

1/ But excluding monetary institutions
2/ Mostly use of Fund credit.
3/ Essentially, net borrowing from private creditors. For the most recent period, amounts shown pertain almost exclusively to bank lending.

However, this adjustment did not initially keep pace with the drying up of private sources of financing, and in 1982 these countries experienced a large-scale deterioration in their net reserve asset position (amounting in the aggregate to some $19 billion). In 1983, a somewhat better balance was restored to the situation as a result of two interrelated developments: (1) the large further downward adjustment in current account deficits; and (2) the financing packages already referred to, which, besides buttressing the adjustment efforts of national authorities, provided the framework necessary for tackling, through refinancing and new lending arrangements, outstanding or pending debt service problems.

The improvement of the financing situation observed in 1983 is projected to extend into 1984. The basic reason for this is that the aggregate current account deficit in prospect for 1984 is only slightly larger than the amount of financing that can be expected from those flows that traditionally have been quite predictable (so-called non-debt creating flows and long-term borrowing from official creditors). Consequently, a large part of the aggregate private financing that should be available will contribute to restoring badly depleted reserve asset positions. The need for such a restoration is likely to prove substantial; if non-oil developing countries were to reconstitute over a five-year period the ratio of reserves to imports that obtained in 1976-78, this would imply accumulation in excess of $10 billion a year.

A major uncertainty about financing prospects in the short term concerns private sector capital flows. Private capital outflows from developing countries (usually unrecorded) have probably been quite large over the past few years, as suggested by the "errors and omissions" estimates shown in Table 1-3. Because of the shift toward more cautious financial policies and more realistic exchange rates, the staff expects such capital flight to diminish in the period ahead. It is also possible that the recent shrinkage in unguaranteed nonbank suppliers' credits might soon come to an end, as evidence of the improving underlying position of some major borrowers accumulates. These factors could act to strengthen developing countries' overall balance of payments position in the period ahead, and thereby further ease the concerns of creditors.

Nevertheless, although creditors are expected to acquiesce in some continuing growth in their lending to non-oil developing countries, the amounts involved are not likely to increase much from their recent pace, if only because of the very high levels of existing external indebtedness. Overall, the external debt of non-oil developing countries amounted to some $669 billion in 1983, not including drawings from the Fund amounting to $31 billion. The ratio of non-Fund indebtedness to foreign exchange earnings, which had fallen from about 125 percent percent in 1976-78 to 111 percent in 1980, rose in each of the ensuing three years to reach almost 150 percent in 1983. Assessment of the significance of this increase depends, of course, on prospects for its future reversal. In the past, increases in debt ratios have typically been corrected through rapid growth in export markets and, especially, through sharp rises in export prices. On present prospects, these factors are likely once more to exert a favorable influence, although not perhaps as strongly as during previous recovery periods. A reduction of external debt ratios will thus have to rely, to a considerable extent, on the continuation of firm adjustment policies, and reduced rates of external borrowing.

As noted in the discussion on current account financing, the growth of external indebtedness began to slow in 1982 and this trend intensified in 1983. Overall, growth of debt (again excluding debt to the Fund) slowed from an annual rate of some 19 percent in the 1978-81 period to 13 percent in 1982 and 5 1/2 percent in 1983. This deceleration was almost wholly accounted for by debt to private creditors, the growth of which decreased from 21 percent per annum in the 1978-81 period to only 3 percent in 1983. Because of undertakings related to refinancing arrangements, lending by banks was somewhat better sustained. Bank exposure is estimated to have increased by about 5 to 7 percent in 1983, and it is projected that this pace of new net lending will be sustained into 1984 and 1985. In combination with the expected increases in export earnings, these developments would allow a gradual decline in the debt ratios of the countries concerned. (On the medium-term outlook for indebtedness and the economies of developing countries generally, see Section III below, and Chapter 4 of the draft report for publication.)

Another facet of the rapid rise in indebtedness was a concomitant increase in debt servicing obligations. Indeed, because of the steep rise in interest rates and the shift in the composition of debt toward instruments of shorter maturity, the rise in debt service obligations of the non-oil developing countries considerably outpaced that of their indebtedness. Interest obligations rose from the equivalent of 7 percent of exports of goods and services in 1978 to almost 15 percent in 1982, before receding to 13 1/2 percent in 1983 with the decline in international interest rates. The rise in amortization payments falling due was somewhat less, but such obligations nevertheless increased from 8 percent of exports of goods and services in 1980 to about 12 percent in 1982 and 1983. Overall, therefore, the conventionally defined debt service ratio, before allowing for the impact of rescheduling arrangements, rose from about 18 percent in 1978 to 26 1/2 percent in 1982 and receded only to 25 1/2 percent in 1983. The financial burden implied by this rise was compounded by a notable increase in short-term indebtedness--for purposes other than routine trade financing--from some 20 percent of earnings in 1978 to 27 1/2 percent in 1983.

The strains placed on the non-oil developing countries by this sharp rise in ongoing debt service obligations at a time of diminishing availability of new financing proved excessive. By end-1983, 38 countries had fallen into arrears, by an estimated $18 billion, mostly with respect to amortization payments. These problems provided the impetus for the comprehensive adjustment programs and refinancing arrangements that dominated the international financial scene late in 1982 and in 1983. A key feature of these arrangements was a rescheduling to later years of amortization payments on long-term debt falling due. In many cases, there was in addition a restructuring of debt from short-term to medium and long-term maturities. In some official debt restructurings, interest obligations were also rescheduled, but this procedure was rare in the case of commercial bank debt.

These adaptations have had a major impact on the magnitude of the debt service payments of non-oil developing countries. These payments were $8 billion less in 1982 and $19 billion less in 1983 than they would have been had there not been rescheduling arrangements. Current and immediately prospective rescheduling arrangements suggest that debt service payments in 1984 will also be some $20 billion less than they otherwise would have been. In addition, largely because of debt restructuring agreements, short-term debt, which is not conventionally included in amortization statistics but which must nevertheless be rolled over or repaid, declined by $20 billion in 1983 and is projected to decline by a further $14 billion in 1984. Overall, therefore, restructuring arrangements eased the cash flow situation of countries entering into them by almost $40 billion in 1983 and are expected to have a similar effect again in 1984.

The restructuring agreements meant that the debt service payments of non-oil developing countries amounted to 24 1/2 percent of earnings in 1982 (instead of 26 1/2 percent) and to 21 1/2 percent in 1983 (instead of 25 1/2 percent). Prospects are that this ratio will decline only slightly further in 1984 and, barring additional rescheduling agreements, would rise significantly in 1985. The 1985 increase, however, is entirely due to heavy amortization obligations falling due that year, since the ratio of interest payments to export earnings is expected to fall by a percentage point to 12.4 percent. (See Table A-38). It is thus important that debtor countries enhance their creditworthiness, and hence their ability to improve their debt profile through market-oriented rollovers or restructuring agreements. The nature of these improvements will, in turn, be heavily influenced by the success enjoyed by borrowing countries in continuing their adjustment policies and maintaining the momentum of their recent export growth.

A discussion of the debt and debt service situation of non-oil developing countries would not be complete without emphasizing the large structural differences among countries. Debt ratios are highest among the small low-income countries which have traditionally relied heavily on large-scale inflows of concessionary foreign assistance and which have a comparatively small export base. On the other hand, debt service ratios tend to be higher for the group of relatively more advanced countries that have borrowed heavily on commercial terms. Countries that do not fall into either of these categories have much lower debt and debt service ratios: India and China together, for example, have a debt ratio that is only one sixth that of the other major borrowers, and only one tenth that of the small low-income countries. These differences, which become much more striking when the characteristics of individual members of the various groups are examined, should serve as a warning against overgeneralizing on the basis of developments representing the average experience for a number of countries.

III. Main Policy Issues

Section II of this paper has described a number of important improvements in international economic prospects over the past year. The marked recovery in North America, together with the more moderate improvement in activity in other areas of the industrial world has considerably brightened the world economic situation. The recovery has been all the more welcome for having so far been accompanied by a further moderation of inflationary pressures. Among developing countries, progress in correcting unsustainable external positions has improved prospects for an eventual resolution of their debt-servicing difficulties and for the resumption of economic growth at more satisfactory rates.

Notwithstanding these achievements, however, there remain serious problems confronting policymakers. The recovery in the industrial world is still unbalanced, both in its geographical structure and in the pattern of final demand that underlies it. Moreover, the longer-run prospects for economic growth remain clouded by the persistence of inflexibilities in cost-price relationships and by other structural problems. At the same time, real interest rates are worryingly high; the structure of exchange rates among major currencies remains a cause for concern; and the heavy overhang of debt in many developing countries constrains their capacity to resume the momentum of development.

The purpose of the present section is to examine the analytical issues posed by these phenomena, and to consider the policy responses that seem most appropriate in the light of them. Subsection 1 below contains a discussion of policies that individual industrial countries or groups of countries need to adopt in order to sustain the recovery that got under way in the course of 1983. Sustaining this recovery and making it more widespread are clearly essential prerequisites for tackling in a satisfactory way the other financial imbalances that confront the world economy. The second subsection considers the broad range of issues raised by the interactions of national policies in an increasingly interdependent world. A major manifestation of these interactions is the substantial shift that has taken place in the pattern of exchange rates, and the changes in relative balance of payments positions to which it has given rise. Subsection 3 deals with perhaps the most pressing financial issue confronting the world economy at the present time: that of debt and adjustment among the developing nations.

1. Sustaining recovery in the industrial countries

a. The general strategy

The key elements of the policy strategy adopted by industrial countries in the late 1970s are well known. In the main, these countries decided that the stagflation process that had afflicted them for a number of years had to be broken, if adequate growth was to be achieved on an enduring basis. This in turn required the restoration of a stable financial environment and a reduction of the rigidities that hindered the working of markets for goods, labor, and financial assets. A stable financial environment was to be restored through a planned reduction both in monetary growth and in the size of fiscal deficits. Active countercyclical policy was therefore to be avoided in favor of a medium-term strategy that stressed the positive contribution to output and employment growth of a stable decision-making environment. An improvement in the pattern of economic incentives was to be sought through a broad range of measures, differentiated among countries according to their specific problems and their political preferences, but usually including tax reforms, rationalization of social expenditures, deregulation, and reforms of labor legislation. Such measures were expected to improve resource allocation and, by enhancing flexibility, to reduce the transitional costs of needed responses to changes in the economic environment.

In the event, the new policy strategy was implemented only partially and in an unbalanced manner, with much of the weight placed on monetary restraint. As a result, although the process of disinflation proceeded at least as rapidly as had been expected, economic activity was more severely affected than might have been necessary had a more balanced policy mix been adopted. Previous World Economic Outlook reports have reviewed these questions at length and there is no need to return to them here. The following analysis focuses instead on the current situation, assessing how much of the new strategy is now in place, reviewing recent implementation problems, and considering whether, given the economic developments and prospects discussed above, further policy adaptations are required.

In the area of monetary policy, the implementation of the new strategy is well advanced. In particular, the deceleration of monetary growth that was planned in the late 1970s has by now gone a considerable distance. Nevertheless, monetary growth over the last two years has often proceeded in an uneven fashion and most monetary authorities have not adhered strictly to their preannounced targets for the growth rates of monetary aggregates. (See Appendix 2.) Departures from such targets have been partly related to regulatory changes and financial innovations that have distorted the historical relationship between money and income. In addition, the decline in inflation rates and nominal interest rates from the peaks reached in 1980-1981 has been so large for some countries that its effects on the preferences of economic agents as between goods, money, and other financial assets could not be readily foreseen in the light of historical relationships.

Most monetary authorities have reacted to these technical problems by adopting what could be called a flexible approach to monetary targeting; namely, they continue to set indicative targets, but they focus on several monetary aggregates rather than one, and are prepared to let monetary aggregates deviate from their targeted paths when they consider that this is needed to take account of special factors affecting the demand for money. Given the circumstances, this approach is warranted. There is a risk, however, that by deviating from their targeted paths frequently, the monetary authorities may jeopardize their longer-term credibility. To reduce this risk, it would be advisable for them to accept deviations only in cases where the justification is compelling. Notwithstanding their drawbacks, monetary targets remain a helpful instrument for checking inflationary expectations and for reducing macroeconomic uncertainty--two preconditions for lasting noninflationary growth. In this context, recent policy developments in the United States, the United Kingdom, the Federal Republic of Germany, and France should be viewed with favor. After allowing monetary aggregates to overshoot their targets in the first part of 1983, these countries adopted a policy stance that enabled the aggregates to return within their announced target ranges. Furthermore, they have announced target ranges for 1984 that imply a further deceleration in monetary growth.

Over the next few years, continued monetary discipline will remain of central importance. Such discipline has shown its effectiveness in bringing down inflation and thus laying the basis for resumed growth in domestic demand and economic activity. Continued success in containing inflation and in reducing inflationary expectations will be important if interest rates are to come down further, and if the confidence needed for sustaining recovery is to be preserved. This is all the more important in that the disinflation process cannot be regarded as complete, except perhaps in Japan. In the past, the monetary authorities have often fueled inflation, both by providing too much money in the initial phases of recovery, and by maintaining a policy of accommodation well into the recovery. By demonstrating that they will not repeat these mistakes, monetary authorities will help keep inflationary expectations under control, and thus enhance the prospects for non-inflationary growth.

Achievements in the area of fiscal policy appear more limited. The aggregate deficit of central governments of industrial countries actually increased from 3 percent of GNP in 1979 to 5 1/2 percent in 1983. (See Table A-8). A principal reason for this increase, of course, is the severity of the recent recession and the still abnormally high level of interest rates. Nevertheless, there also appears to have been an increase in central governments' aggregate "structural" deficit, namely, the deficit that would be observed under more normal economic conditions. There has been, however, a considerable disparity in developments among the major industrial countries. Much of the increase in the actual aggregate deficit is accounted for by three countries--the United States, Canada, and Italy. Deficits in these countries have not only increased, but by 1983 were absorbing the bulk of net national private saving. The other four major industrial countries, despite unfavorable cyclical developments, have either made some progress in reducing their deficits (Japan and the United Kingdom) or have experienced only small increases (France and the Federal Republic of Germany). Nevertheless, further budgetary action (already planned in some instances) will be needed to bring fiscal deficits down to a more appropriate level in relation to GNP.

Achievements in the area of structural budget reforms differ substantially among countries. The United States and the United Kingdom have introduced major tax changes aimed at improving incentives for work, saving, and investment in the longer run. In Japan, the authorities have been placing considerable emphasis on administrative reform to increase the efficiency of the public sector and encourage private sector activity. Much has also been done in the Federal Republic of Germany to restructure taxes and expenditures in a way that should foster higher growth in the private economy. Even in these four countries, however, structural reforms have so far fallen short of initial intentions. In particular, the authorities have found it difficult to restrain the overall growth of government expenditures. In fact, the ratio of central government expenditures to GNP increased significantly from 1979 to 1983 in all these countries except the Federal Republic of Germany. The main reason is that, having judged it necessary to increase defense expenditures, and being faced with rising payments on the public debt, national authorities have not been able to reduce the growth of other expenditures sufficiently to offset these increases. Canada, France, and Italy have also been less successful than they had hoped in curtailing expenditure growth.

There remains an important need, therefore, for further progress on the budgetary front, both to reduce overall deficits and to improve the underlying fiscal structure. The deficits of a number of industrial countries, particularly the United States, constitute a major potential danger on the road to sustained global growth. As the recovery unfolds, the financing requirements of the governments in these countries will increasingly clash with private demand, thus exerting upward pressure on real interest rates and discouraging private capital spending. Indeed, the prospect of such a clash is already a significant factor supporting higher levels of interest rates.

These interest rate consequences of unbalanced fiscal policies have implications beyond the borders of the countries actually experiencing the deficit. Induced capital flows among industrial countries contribute to the maintenance of a pattern of real exchange rates that, if prolonged, could cause a serious misallocation of resources. And high real interest rates on a worldwide basis increase the cost of the adjustment process in developing countries.

Achievements in the broad domain of policies aimed at reducing rigidities and fostering greater efficiency in markets for goods, labor, and financial assets have also fallen short of initial intentions. However, some significant progress has been made in a number of areas, notably the financial and energy markets. In virtually every industrial country, steps have been taken to liberalize financial markets. By relaxing or even eliminating restrictions on interest rates, by encouraging competition between banks and other financial institutions, by improving asset choices available to households, and by reducing impediments to international capital flows, financial liberalization has enhanced incentives for saving and investing. While the benefits of such measures for recorded levels of saving and investment are not yet visible, they should become more apparent as the economies concerned move back toward higher levels of capacity utilization.

Considerable progress has also been achieved in the energy field. Most industrial countries have adopted the policy of allowing domestic prices of crude oil and refined products to reflect prices prevailing in world markets, which in combination with other policy measures aimed at promoting energy conservation contributed importantly to a large decline in energy use per unit of output from 1979 to 1983 (see Appendix 3). A few countries have also introduced significant improvements in policies beyond the financial and energy sectors. In the United States, for example, deregulation in the transportation industry has already benefited users, while the relaxation of regulatory controls has cut production costs and improved resource allocation in other sectors of the economy as well. In the United Kingdom and, to a lesser extent, in the Federal Republic of Germany, the rationalization of the frontier between the private and public sectors is another factor expected to improve productive efficiency.

These policies are important steps in the right direction. Nonetheless, much remains to be done to deal adequately with the rigidities that still pervade the economies of the industrial countries, especially their labor markets. An important aspect of these rigidities is the obstacles they place in the way of shifting the distribution of income between capital and labor as economic circumstances change. Although the share of profits generally improved in 1983, the return on capital remains abnormally low in the majority of industrial countries. A deceleration of labor costs, relative to output growth, could serve the double objective of encouraging a higher level of capital formation and increasing the willingness of employers to absorb additional labor. Such a deceleration tends anyway to take place during a cyclical upswing, and is reflected in improving profitability. But to achieve a sustained improvement in the incentive to invest will require more than just a cyclical improvement in the profit situation.

There are a number of ways in which government policies can help make wage movements more sensitive to changes in the marginal product of labor. First, wage policies in the public sector could take the lead in responding to changes in economic conditions, rather than simply aim at compensating for the current rate of inflation. Policies of this nature have already been adopted by the majority of industrial countries, although with varying degrees of success. Second, a more balanced distribution of bargaining power during wage negotiations could be encouraged. In this field, the new labor legislation of the United Kingdom is worthy of note. So, too, are the measures undertaken in Belgium, France, Italy, and some other European countries to reduce the extent of indexation in their wage-setting procedures. Third, hidden subsidies to employment, such as transfers to ailing enterprises or protection from foreign competition, may often need to be cut back if they perpetuate unrealistic wage levels and hinder employment growth in other sectors. Fourth, minimum wage legislation should be reviewed to ensure that its benefits outweigh its undoubted costs in limiting employment opportunities for younger and less skilled workers. Fifth, unemployment compensation levels should not be allowed to diminish seriously the incentive to seek reemployment. And sixth, governments should support more differentiated wage setting procedures that allow compensation levels to reflect the particular economic situation facing individual firms, industries, or regions.

b. Country specific considerations

(1) United States, Canada, and the United Kingdom

In these three countries, economic activity has by now gathered considerable momentum while at the same time the inflation rate has continued to decelerate. The recovery appears to have been initiated by the 1981-1982 decline in inflation and interest rates. It was led by a slowdown in the pace of inventory liquidation and a release of the pent-up demand for housing and durable consumption goods, but its base broadened in the latter part of 1983, as nonresidential fixed investment picked up. A few elements of the recovery, however, are disquieting. In particular, as already mentioned, real interest rates remain historically high, especially in the United States, and foreign trade performance is deteriorating markedly in both the United States and the United Kingdom.

While declining inflation and interest rates were instrumental in initiating the recovery in all three countries, shifts in monetary and fiscal policy tended to add to demand during the course of 1983. (See Appendices 1 and 2.) In the United States, monetary policy, while difficult to appraise given the changing institutional environment, seems to have been more accommodative in late 1982 and early 1983. At the same time, tax changes meant that fiscal policy was strongly expansionary, particularly during 1983. A broadly similar pattern characterized developments in Canada, while in the United Kingdom, a strong, medium-term trend toward fiscal restraint was interrupted by a partly unintended stimulus in 1983.

With recovery under way, both the United States and the United Kingdom, though not Canada, appear to have shifted back to a more restrictive stance of policy during the second half of 1983. In the United States, the shift was limited to monetary policy. The U.S. monetary authorities tightened slightly the provision of bank reserves toward the middle of 1983 and the growth of the monetary aggregates slowed considerably in the second half of the year. The policy shift was more broadly based in the United Kingdom. The U.K. authorities took corrective action in July 1983 to bring government expenditures under better control. This facilitated the task of restraining monetary growth, and by January 1984 the monetary aggregates were back around the top of their respective ranges.

The authorities of all three countries are well aware that expansionary monetary and fiscal policies would jeopardize hard-won progress toward greater price stability, especially in present circumstances. Capacity utilization rates, although far below the peaks reached during previous cycles, are now much higher than a year ago; primary commodity prices are strengthening; and the upturn in employment prospects will make unions less willing to grant wage concessions. In these conditions, policy misjudgments could rather quickly revive inflationary fears, and thus create an environment in which a renewed acceleration of prices could come about.

It is such considerations that have led the authorities to adopt a generally cautious policy stance. The U.S. monetary authorities have set tentative ranges for 1984 that call for a reduction of one half of a percentage point in the growth rates of M2 and M3 and of 1 percentage point for M1. The U.K. authorities, for their part, are strongly committed to their objectives of bringing public expenditure and the public sector borrowing requirement (PSBR) back in line with their targeted paths in the Medium-Term Financial Strategy during FY 1984. In addition, they have adopted target ranges for all three monetary aggregates that will be 1 percentage point lower in the year beginning February 1984. In Canada, monetary growth now appears to be decelerating but, in the face of a continuing strong recovery, a faster reduction of the fiscal deficit than is currently envisaged may be needed to enhance the credibility of monetary policy. According to the February 1984 budget, measures to reduce the structural deficit will be taken over a period of two years, starting in 1985.

The main source of concern is the size of the U.S. fiscal deficit. On the basis of the "current services" estimate, the Federal Government deficit would remain close to $200 billion for the next several years. This would imply some reduction of the actual deficit in relation to GNP, but an increase (to about 4 percent of GNP) in the structural deficit. Concern about this prospect is shared by almost all observers, including the U.S. authorities themselves. The obstacle to reducing the deficit is therefore lack of agreement on the appropriate measures to bring it down. In this context, it needs to be stressed that the single most beneficial change in the world economy in present circumstances would be a perception that the United States was taking action to contain and eventually reduce its underlying budget deficit.

A reduction in the Canadian deficit, although of less significance for the world economy, would also be highly desirable. Given the strength of the upswing presently under way in Canada, there is a strong case for bringing forward the deficit reducing measures that are now planned to take effect in 1985.

(2) Japan and the Federal Republic of Germany

These two countries have adhered to their initial policy strategy more closely than other major industrial countries and have been more successful in controlling inflation. The restoration of credible price stability and the reduction in their fiscal deficits have, however, been slow in having the hoped-for beneficial effect on growth. The Japanese economy, it is true, performed better than the rest of the industrial world during the 1980-82 recession, but during at least part of this period its growth rate remained below potential, and was disproportionately dependent on export demand. In the Federal Republic of Germany demand did not pick up until 1983, and the employment situation has deteriorated markedly.

The monetary authorities in the Federal Republic of Germany maintained a target range for Central Bank Money (CBM) of 4 to 7 percent throughout the period 1981-83. At the beginning of 1983, however, CBM was allowed to overshoot the upper bound of the range, since transitory factors were thought to be affecting the demand for money, and economic activity remained weak. During the second half of the year the growth of CBM has tended to slacken and interest rates have firmed, enabling a tendency for the deutsche mark to depreciate vis-a-vis the U.S. dollar to be contained. By the end of the year, CBM was brought back to the upper bound of its target corridor. For 1984, the CBM target range has been narrowed to 4-6 percent to give a further signal of the cautious stance of the monetary authorities. The target range is expected to be consistent with some increase in capacity utilization and an inflation rate of 3 percent.

The Japanese authorities, like the German, have had to formulate their monetary policy with exchange rate considerations in view. In an effort to prevent an undue weakening of the yen, the authorities tightened domestic monetary policy during 1982 and, despite the sluggishness of domestic demand and the absence of inflation problems, maintained relatively high real interest rates and relatively low rates of monetary expansion throughout 1983. The relative strength of the yen near the end of the summer permitted a reduction in the official discount rate from 5.5 to 5.0 percent; the growth of broad money, however, was maintained at the 7 percent level during the second half of the year.

In the area of fiscal policy, the authorities in the two countries are firmly committed to their medium-term plans of reducing the size of their budget deficits through controlling the growth of public expenditure. They believe that a permanent reduction of the deficits will enhance the private sector's confidence in economic prospects, a prerequisite to sustained growth in the medium run. They also believe that increases in the deficits, even if temporary, would endanger the credibility of their efforts in the minds of the public. The German Government approved a budget for 1984 aimed at bringing about a small further decline in the central government deficit which, with a somewhat larger improvement in the financial position of state and local governments, would reduce the general government deficit to about 2 percent of GNP. In Japan, the initial budget for FY 1983/84 envisaged a further decline in the budget deficit as a proportion of national product, from 5 1/4 percent to 4 1/2 percent, to be obtained through spending cuts. In response to the unexpected weakness of the economy, the Government subsequently accelerated public works expenditures and reduced income and local taxes, the combined effect of which was to increase the deficit, relative to GNP, by about 1/4 of a percentage point. The recently announced budget for FY 1984/85 will allow public expenditure to grow by only 4 percent and will aim at a further reduction of the deficit to 4 1/4 percent of GNP.

In considering policy options in current circumstances, both the Japanese and German authorities face a dilemma. Both countries would benefit from a revival of demand and output, but the conventional approaches to achieving this are hedged about with difficulties. Monetary relaxation, aimed at a lowering of interest rates, would risk a weakening of the exchange rate that would further exacerbate the problems associated with the high value of the dollar. It might also place in jeopardy the growing credibility of the medium-term strategy of adhering to moderate monetary growth rates. Budgetary relaxation, on the other hand, would run counter to the goal of fiscal retrenchment and might damage public confidence in a more stable government financial position over the longer term. Thus, the room for policy maneuver is limited in both countries.

Each has demonstrated its willingness to allow some flexibility in the implementation of monetary policy--Germany by allowing monetary growth to temporarily exceed the target range, and Japan by lowering domestic interest rates when this could be done without unwelcome destabilizing consequences for the exchange rate. A continuation of such flexibility would not be unwelcome, but only if it can be achieved consistently with adherence to non-inflationary monetary growth targets over the medium term and if it does not have serious adverse consequences for the exchange rate. Concerning fiscal policy, it seems appropriate for both countries to continue to place primary emphasis on their medium-term objective of budgetary retrenchment. The authorities' commitment to this goal has welcome effects on private sector confidence that should not be forfeited for short-term cyclical reasons.

(3) France and Italy

After three years of stagnation, France and Italy are still facing severe inflation problems which make their growth prospects poorer than those of the other major countries. Although the economic upturn in the five "low-inflation" industrial countries will have favorable effects on activity in France and Italy, external demand, by itself, cannot be the basis of a sustainable recovery. The recovery can only be sustained if more stable domestic economic conditions are restored in the two countries. As observed in the case of other industrial countries, adequate price stability cannot be attained without appropriate financial policies.

In France, after a period in which the authorities experimented with expansionary demand policies, despite the unfavorable international environment, there has more recently been a shift toward restraint in order to reduce the current account deficit and restore domestic financial stability. The shift in monetary and fiscal policies can be dated from the June 1982 devaluation of the franc.

The measure of money monitored by the monetary authorities (M2) has slowly but steadily decelerated throughout 1983, and it is estimated that its growth rate was close to the target of 9 percent by the end of the year. Price increases tended to slow during the course of the year, although not by as much as the authorities had hoped. In 1984, the target range for resident M2, 5 1/2 to 6 1/2 percent, calls for a sharp deceleration of money growth, in order to support the authorities' aim of a substantial decline in inflation during the year. On the fiscal side, several revenue-increasing and expenditure-cutting measures were adopted at the time of the further devaluation of the franc in March 1983. Although the monetary and fiscal measures succeeded in bringing about a marked narrowing in the current account deficit in 1983, by checking the growth of disposable income, fiscal policies remain a source of concern in a long-run perspective. In particular, despite efforts to restrain government expenditure, it is still expected to grow faster in 1984 than output (which is likely to be subdued), and to reach a record 49 1/2 percent of GNP.

In Italy, fiscal policy remained loose through 1983, with the budget deficit reaching 17 percent of domestic product. The burden of external adjustment thus fell entirely on the monetary authorities, which had to maintain tight credit conditions. In the last part of the year, however, public sector borrowing became so large that the monetary authorities felt compelled to permit an acceleration of monetary growth. In 1984, the Government had hoped to reduce the deficit to some 15 percent of domestic product by a combination of expenditure cuts and tax increases. It is unlikely, however, that the target will be achieved on the basis of the measures already announced. A tightening of fiscal policy is urgently needed, as the budget deficit is already at a level where the monetary authorities cannot prevent a sizeable part of it from being monetized.

Labor market rigidities are an area of special concern in both France and Italy, as in many other countries. Despite levels of unemployment without precedent in recent years, hourly labor costs are still rising ahead of inflation rates and business profits remain very low. In both countries, the authorities are attempting to deal with the problem through incomes policies. In France, de facto wage indexation has been virtually eliminated and wage increases are to be granted on the basis of the targeted inflation rate, which is 5 percent in 1984. In Italy, a similar approach is being considered, according to which wage increases would grow in line with the targeted inflation rate of 10 percent. Such policies, however, need to be backed up by fully complementary financial policies if they are to achieve their hoped-for results.

(4) Smaller industrial countries

Recovery in the smaller industrial countries is heavily dependent on the course of events in the larger countries. As small, open economies, a large proportion of any increase in their domestic demand will spill over into imports. Despite the recent improvement in the balance of payments position of many of these countries, renewed growth of imports would not be sustainable unless matched by a corresponding increase in exports.

In these circumstances, the best contribution that these countries can make to their own, and the world's, economic recovery is to restore their domestic economies to a position where they can take full advantage of the prospective improvement in international economic conditions. The firm pursuit of policies aimed at improving the flexibility of relative prices and the structure of output would be particularly helpful in this regard: it would enhance these countries' capacity to profit from an upswing in global demand; it would provide a better basis for renewed growth in investment; and it would improve the prospects for an attack on the problem of structural unemployment that is a source of serious concern at present.

Many of the smaller industrial countries have a long way to go before they can be considered to have restored their economies to financial health. Fiscal deficits in many cases remain high, inflation is generally more rapid than in the larger countries, and structural rigidities remain pervasive. Given this situation, a variety of factors come together to hamper the task of resuming growth: weakness of export markets, uncertainties in the domestic investment climate, and difficulties in reorienting output toward sectors with greater growth potential. It is encouraging that many of these countries are beginning to tackle the fundamental weaknesses that constrain their economic performance. Resolute pursuit of such adjustment measures will eventually allow a more sustained recovery to proceed on the basis of export and investment demand, and in a climate of less uncertainty about the ability of these countries to adapt to change in international demand.

2. Exchange rates and policy interactions

The previous section has considered the policy problems and options facing particular industrial countries and groups of countries from a predominantly national perspective. However, the policy choices which individual countries make have obvious repercussions, in an interdependent world, for the conditions and constraints facing other countries. The linkages among national economies work in a variety of ways. They include the direct transmission of output and price influences through international trade, the relationships of capital flows to saving and investment, and the impact of national financial policies on international interest rate levels. These various transmission mechanisms come together, however, in balance of payments developments and in the pressures that are felt in exchange markets. Balance of payments and exchange rate trends can thus provide an indication of the degree of convergence that is taking place in national economic conditions and policies.

Exchange market developments represent a source of concern either if currency relationships exhibit an undesirable degree of variability, or if they move into a relationship that appears to be unsustainable over the medium term. The definition of "unsustainable" inevitably involves a considerable element of subjective judgment; in the present context, however, it can be understood to mean a pattern of exchange rates that leads to balance of payments positions that are not viable, or are viable only in conjunction with policies that have undesirable side effects.

1983 can be characterized as a year of generally diminishing volatility of exchange rates, but of rising apprehension about prevailing levels. The average of daily fluctuations in the exchange rate for the U.S. dollar against each of the other six major currencies was less in 1983 than in 1982, perhaps because of a pronounced decline in inflation differentials. On the other hand, the continuing, and indeed increasing, strength of the U.S. dollar, together with the corresponding weakness of most European currencies, is a notable feature of the present pattern of exchange rates. The external value of the dollar at the end of 1983 was some 25 percent higher in inflation-adjusted effective terms than during the decade preceding 1983.

In itself, of course, the departure from earlier average values does not necessarily signify that an inappropriate level has been reached. However, grounds for questioning the sustainability (in the above defined sense) of the rate can be found in developments that are accompanying the dollar's strength. In particular, the very large negative swing in the U.S. current account balance, which is projected at present exchange rates to show a deficit of some $90 billion in 1985, implies unprecedented absorption of global savings by the United States. On the other side of the coin, the large and growing surplus in the current account of Japan is a reflection, inter alia, of the strong competitive position of that country. Notwithstanding Japan's expanding role as a provider of savings to the rest of the world, the size of Japan's current account surplus threatens to give rise to an intensification of protectionist pressures in other countries.

Exchange rate and balance of payments movements reflect differences both in the success enjoyed by countries in achieving their output and price objectives, and in the policy mix employed in pursuing these objectives. A part of the dollar's strength can therefore be attributed to the success of the U.S. authorities in bringing inflation credibly under control faster than earlier expected. At the same time, part of the deterioration in the U.S. balance of payments is due to the earlier and stronger recovery being enjoyed by the United States. The strength of the recovery may also be associated with the enlarged inflows of capital to the United States, since both may be responding to an improved climate for investment. These consequences are basically to be welcomed, since more stable prices and stronger demand in the most important country of the world economy cannot but benefit the rest of it.

However, it is clear that differential degrees of success in the field of output growth and inflation control cannot go very far in explaining developments in the U.S. dollar exchange rate. The main part of the explanation must therefore be sought elsewhere. Part may be found in the attractiveness of investments in the United States during a period of enhanced political and financial uncertainties elsewhere in the world. Perhaps of greater importance, however, is the differential policy mix employed in the United States, as compared with most European countries and Japan. While all major industrial countries have been following a fairly restrictive monetary policy for several years, in the United States this has been combined with a substantial degree of fiscal relaxation, while in most of the other large countries it has generally been combined with fiscal restraint. The pressures thus created in financial markets, and the expectations of their intensification, have generated interest rate differentials that have been a significant factor attracting inflows of capital from abroad and driving up the external value of the U.S. dollar.

The questions this poses for international economic policy are (i) whether this development is undesirable, and (ii) if so, what should be done about it. Although, as noted above, not all of the consequences of the dollar's strength are bad, many aspects of the present exchange rate structure do provide grounds for concern. One such concern is that foreign holders of U.S. dollar assets will not be willing indefinitely to accumulate claims on the United States in circumstances where that country's fiscal deficit and its foreign indebtedness continue to rise.

A somewhat different concern is that abrupt exchange rate changes will only be avoided through the continuance of high U.S. interest rates, which will in turn mean high rates in those capital markets closely linked with that of the United States. Higher interest rates will unbalance the recovery process, by inhibiting investment, and will at the same time complicate the task of heavily indebted developing countries in mastering their external financial situation. A continuing flow of capital to the United States, in the amounts implied by the prospective current account deficit, would raise questions about the efficiency with which global savings were being allocated.

The preceding discussion makes it clear that it is not the pattern of exchange rates alone that is a cause for concern, but perhaps even more importantly the policy divergences that underlie it. If exchange rates and balance of payments positions are to be restored to a more viable long-term structure, therefore, there must be adaptations in the policy mix employed by the major countries. However, movement towards a more comparable mix of policies is not a virtue in itself. What is required is the common adoption of a structure of policies that is in harmony with the internationally agreed strategy, involving balanced restraint in both fiscal and monetary policies.

For those countries whose budget deficits have recently been allowed to rise, fiscal restraint is thus clearly needed, from an international as well as from a domestic standpoint. The requirements are less clear-cut, however, for countries whose policies are currently consistent with the agreed strategy. If, in order to avoid or relieve pressure on exchange rates, these countries are tempted to shift their policy mix to a stance more consonant with that in, say, the United States, the benefits that this might have for the pattern of exchange rates need to be carefully weighed against the costs of retarding progress toward a better policy mix on worldwide scale. In other words, the international dimension of these countries' domestic policies should not be viewed solely from the perspective of the level of the exchange rate that results.

An aspect of international economic relations that warrants particular mention in current circumstances is that of restrictions on trade and capital movements. Trade protectionism represents an impediment to the exploitation of comparative advantage that would have adverse effects on global resource allocation even if international economic conditions were more favorable. In present conditions, however, protectionism constitutes an added threat, not only to recovery in the industrial world but also to the efforts of developing countries to tackle their external debt problems. A significant alleviation of these problems depends heavily on the willingness of industrial countries to allow adequate access to their domestic markets. 1/ This willingness is unfortunately too often lacking, especially with respect to those products where the the developing countries' comparative advantage is greatest and where, therefore, their potential for export expansion is also greatest. The reasons for these protectionist pressures are not hard to find. The sectors in question are politically sensitive and, typically, already subject to declining employment and profitability. Nevertheless, it is essential that such pressures be firmly resisted both for the sake of a better global allocation of resources (and lower prices for consumers) and, more pressingly, for the sake of a continued rapid improvement in the balance between indebtedness and export earnings in the developing countries.

1/ See the paper "Linkage Between Trade and the Promotion of Development" (EB/CW/DC/84).

3. Debt, adjustment, and growth in developing countries

Substantial progress was made in 1983 toward achieving a more manageable external debt position for most developing countries. Both the adjustment policies of these countries and efforts by international banks and institutions to reschedule amortization payments and provide necessary current financing contributed to this outcome. Without flexibility on the part of creditors, the current account adjustments carried out by the debtor countries would have been far more costly in terms of output and consumption and the possibility of major defaults could not have been ruled out. At the same time, the large-scale debt restructuring and mobilization of additional finance would not have occurred had strong adjustment policies not been adopted by these countries. The Fund has played a major role in encouraging both the pursuit of appropriate adjustment policies and the provision of the necessary financial support for them.

While much has been accomplished to rectify the external position of debtor countries, they can not afford to slacken their efforts to reduce fiscal deficits, maintain external competitiveness, and retain tight control over monetary expansion. In the medium-term, a difficult task that remains is to resume the momentum of economic development without jeopardizing the improvement that has occurred in their current position and in the relative burden of their external indebtedness. To accomplish this medium-term objective will require more thoroughgoing structural changes than have hitherto been accomplished.

Nevertheless, it will not be possible for the debtor countries simultaneously to maintain viable external positions and resume adequate rates of economic growth without a sustained recovery in the industrial countries. A continued recovery is necessary not only because of the directly induced rise in demand for debtor-country exports but also because it would reduce internal pressures in industrial countries for increased protectionism. Another important determinant of debtor countries' prospects is the level of interest rates. A fall in real interest rates to levels closer to their historical average, together with longer repayment terms for at least a portion of existing indebtedness, would ease the burden presently borne by debtor countries during the transition to more manageable external debt positions, and thus increase the feasibility of carrying out the structural changes needed to achieve that objective.

a. Assessing external viability

The definition of what constitutes a "viable" or "manageable" level of external debt for a country depends on the international environment faced by that country: the rate at which markets for its exports are growing, its terms of trade, the real interest rate, and other lending terms on the external credit it obtains. No single indicator can encapsulate these various conditions. For example, the difficulty of servicing a given level of external indebtedness declines whenever there is a fall in interest rates or a rise in export earnings. But even the familiar ratio of debt service to exports does not reflect other developments that tend to influence the burden of servicing debt. Such developments include:

--the level of import prices, which determines the feasible volume of imports for given levels of foreign exchange receipts and debt-service obligations;

--The progress made in import substitution, which, by influencing the volume of imports required for a given level of output, affects the ease with which debt servicing obligations can be met;

--the amount of official development assistance and foreign direct investment inflows, which affects the total foreign exchange receipts available for both imports and debt service;

--the rate of inflation in the general level of world prices, which influences the real cost of amortizing loans;

--and the rate of economic growth in the debtor country, which affects the share of domestic product devoted to debt service.

In short, the notion of manageability of external debt comprehends the entire set of factors determining the balance of payments situation of a country. For this reason, both intertemporal and intercountry comparisons of debt or debt-service ratios are in themselves not a sufficient basis to assess external debt manageability; the latter can be assessed only by an analysis of the overall situation of each individual country.

b. <u>The medium-term scenario</u>

The medium-term scenario for developing countries (described in Chapter 4 of the draft report for publication) provides an assessment of these countries' prospects based on plausible assumptions about the international environment, and assuming that the countries themselves will continue to pursue firm adjustment policies.

Specifically, the external developments assumed in the medium-term scenario include:

--growth in the industrial world between 1985 and 1990 at an average rate roughly corresponding to the estimated growth of productive potential;

--inflation in the major industrial countries over the period 1985-1990 at approximately the rate projected during 1984;

--a gradual decline in the LIBOR rate from 10 percent in 1984 to 7 percent in 1988-90, implying a fall in the real rate of interest from 6 percent to 3 percent by the end of the decade;

--a modest improvement in the terms of trade of developing countries in 1984-85, with no further change over the remainder of the decade;

--crude oil prices that are unchanged in nominal terms in 1984-85, and that thereafter rise in step with prices of manufactured goods;

--a level of trade restrictions in the industrial countries approximately equivalent to that now prevailing;

--a continuation of official development assistance in 1985-90 at the same real level as that projected for 1984;

--a growth in the exposure of international banks to developing countries as a whole, at a rate no greater than 7 percent, the rate of growth assumed for the banks' overall balance sheets.

In addition to these "environmental" assumptions, the current-account and debt outcomes projected in the scenario also depend on the policies of the debtor countries themselves. As discussed in Chapter 3 of the draft report for publication, a sustained improvement in export performance and in the current account requires a correspondingly strong fiscal performance, as well as policies to bring about the structural changes that necessarily underlie any longrun shift in the current account.

On the basis of these scenario assumptions, the ratio of the current account deficit to exports for the non-oil developing countries is projected to fall gradually from 12.6 percent in 1983 (compared with 23.9 percent in 1981) to under 10 percent in 1985, from which point little change is projected through the end of the decade. This decline in the relative size of the current account deficit would be consistent with an average rate of growth of GDP of 4 1/2 percent from 1984 to 1990 for these countries as a group. As a result of these developments, the ratio of the total external debt of these countries to their exports of goods and services would decline from 150 percent in 1983 to 132 percent in 1987 and 125 percent in 1990; for the 25 major borrowers, the corresponding decline would be from 194 percent in 1983 to 165 percent and 151 percent in 1987 and 1990. Interest payments on the debt would also decline in relation to export receipts, both because of the decline in the debt ratio, and because of the assumption of lower interest charges.

From 13.2 percent in 1983, the interest payment ratio for non-oil developing countries would decline to 10 1/2 percent in 1987 and 9 percent in 1990. For the major borrowers, the corresponding decline would be from 18.6 percent in 1983 to 15 percent in 1987 and 12 1/2 percent in 1990.

While the interest burden confronting developing countries would thus subside gradually, relative to export earnings, over the coming years, debt servicing obligations would initially rise as a result of the "hump" in amortization payments around 1987. For non-oil developing countries as a group, the rise would be from 21.6 percent in 1983 to 24 1/2 percent in 1987, with the subsequent decline bringing the ratio back to 21 1/2 percent in 1990. Of more significance, the debt service ratio of the 25 major borrowing countries, around which the most international concern has centered during the past two years, would rise from 30 percent in 1983 to 34 percent in 1987, before declining to 30 percent in 1990.

It is assumed in the central scenario that despite the large amortization payments due in 1986-88, banks will be willing to continue to increase their net exposure at the rate mentioned above, in other words, that the rise in amortization payments after 1984 will be refinanced. The size of repayments due in 1986-88 thus implies a considerable increase in gross lending flows in these years; the projected amortization payments of the 25 major borrowers are $34 billion in 1984 and $85 billion in 1987. This growth in financing requirements underscores the need for the underlying improvement in borrowing countries' external positions to be maintained over the interim.

The outcome of the scenario with regard to growth of GDP shows a considerable improvement over the experience of the early 1980s, though it remains less favorable than the experience of the 1960s and 1970s. For one group, the low-income countries excluding India and China, the projected average rate of growth of GDP, 3 1/2 percent, barely allows for growth in per capita output; this projected growth, however, does not differ significantly from the experience over the period 1968-80. The projected growth of GDP for the other analytical subgroups is between 4 and 5 percent per annum and thus is somewhat below the 4 1/2 to 7 percent growth enjoyed by these groups during 1968-80. Nevertheless, for all these groups the growth in per capita output makes possible continuation of the process of economic development, albeit at a slower pace than before.

c. Consequences of alternative assumptions

The outcome just described is, of course, sensitive to the assumptions on which the scenario is based. This is especially true with respect to the assumed growth of GNP of the industrial countries, but other variables play a significant role as well. The consequence of reducing the rate of industrial countries' GNP growth that is assumed in the scenario by 1 percentage point per annum would be to increase the projected deficit of the non-oil developing countries to about $80 billion in 1987 (against about $60 billion in the central scenario) and to about $150 billion in 1990 (against about $90 billion). Such current account deficits could not be financed if the scenario assumptions with regard to bank exposure (see subsection b.) were to hold, so that the eventual outcome would have to involve both a compression of imports and a fall in incomes in these countries. The analysis presented by the staff in Chapter 4 of the draft report for publication suggests that import growth would need to be cut back by 1 1/2 percent per annum in the non-oil developing countries, and that GDP growth would be almost 1 percent per annum lower.

Moreover, as described in Chapter 4, the situation would worsen considerably if interest rates or oil prices were to be higher than assumed. Sharp declines in imports and output result from an alternative scenario in which a recession in 1986-88 is accompanied by a cutback in available external financing. These results give strong indication that a substantial improvement in the situation of debtor countries depends in a crucial manner on the absence of unfavorable developments in the external environment.

At the same time, however, such an outcome depends equally on continued efforts by these countries to restore financial stability and to improve the allocation of domestic resources. A widening of current account deficits would occur if the drive toward greater fiscal discipline were slackened, monetary policy were relaxed, or international competitiveness were permitted to decline (through inappropriate exchange rate or pricing policies). Furthermore, in all developing countries, the potential growth that could be achieved with the scarce foreign exchange resources obtained through export earnings and inflows of external capital would be adversely affected if new investment projects were poorly chosen or inefficiently implemented.

d. Adjustment policies

While the overt symptoms of financial instability have been the rapid rates of monetary expansion and inflation prevailing in many countries, in most cases the underlying causes have been a combination of large and expanding fiscal deficits and tardiness in bringing about changes in relative prices made necessary by international economic developments. The task of reducing fiscal deficits has been undertaken with vigor in some countries--such as Hungary, Kenya, Korea, Mexico, Morocco, Portugal, and Zaire--but even in some of these much remains to be accomplished, while in others, the corrective process is at a more preliminary stage.

A reduction of the fiscal deficit is a necessary, but in some countries not a sufficient, condition for bringing under control the rate of increase of domestic prices. This is particularly true in countries where high rates of inflation have over the years become woven into the fabric of the economy. The dilemma facing the authorities of these countries is that the de jure or de facto indexation of wages, interest rates, exchange rates, and the prices of public sector goods and services is seen as necessary to preserve an acceptable structure of relative prices and incomes, while the reversal of the inflationary spiral requires temporary disruption and some realignment of these relationships. Quite aside from the political difficulties involved, the process of disinflation and disindexation may produce effects on the balance of payments and on economic activity that are difficult to predict and to offset. What is certain, however, is that disinflation is a prerequisite to returning to a path of satisfactory economic growth.

In practice, the goals of greater financial stability and improved resource allocation have often been closely linked, as the principal means of achieving greater stability has been reduction of the fiscal deficit, while improvements in resource allocation have in many instances hinged on better use of human resources in the government sector, improvements in the choice and implementation of public sector investments, and a reduction in consumption and production subsidies. The requirements of both demand management and resource allocation may thus be met by cutting out low-priority government expenditures and by more efficient use of remaining outlays.

In centrally-planned economies, problems of macroeconomic imbalance and poor resource allocation have also clearly emerged, although in a different form. Since prices are controlled in these countries, imbalances between aggregate supply and demand are reflected in shortages of consumer goods and in external payments deficits rather than in inflation. Nevertheless, in these countries, too, there has been a growing effort on the part of the authorities to reduce price distortions, to maintain more realistic exchange rates and interest rates, to pay closer attention to investment priorities, and in general to rationalize economic decision making.

The inefficient use of scarce resources is not, of course, limited to the public sector; government policies can contribute to poor resource allocation in the private sector by creating, especially through price controls and subsidies, a distorted set of signals to private producers. In many countries, these distortions have been compounded by other measures, such as quantitative controls on production, investment, and foreign trade; interest rate ceilings and subsidies; overvalued exchange rates; and cascading tariff structures. The impact of such policies on the growth of output and on the current account position of developing countries has long been well known. It is, however, only in the past few years--in some cases, as a reaction to the urgent need to stabilize the external debt situation--that determined efforts to modify these policies have been adopted by the governments concerned.

If successful, new approaches to policies affecting resource allocation should result in greater international competitiveness of developing countries in those goods in which they enjoy a comparative advantage. Structural change in their economies thus implies to some extent structural changes in world trade and the world economy. Although trade among developing countries has been growing somewhat more rapidly than their transactions with the rest of the world, their major customers remain the industrial countries. It follows, therefore, that structural adjustment policies in the developing countries would be prevented from being fully successful if industrial countries were to increase the present degree of their trade restrictions against imports from developing countries.

Some distortions of the price structure are particularly pervasive in their adverse effects on the efficiency of resource allocation, and on the effectiveness with which a wide range of government policies can be pursued. For instance, when administered interest rates remain significantly negative in real terms for extended periods, it becomes difficult either to prevent capital flight or to pursue effective anti-inflationary credit policies. When exchange rates have been permitted to become highly overvalued, the eventual devaluation is likely to have a sharp inflationary impact, which might have been reduced had exchange rates been moved gradually, and as soon as the need to do so had been perceived. Recognizing these consequences, many countries have initiated efforts to maintain positive real interest rates and realistic exchange rates and to reduce the number and degree of price subsidies and foreign trade restrictions.

A start has therefore been made in rectifying policy biases that have in many countries been entrenched for decades. While the immediate motivation for doing so is to improve the manageability of the external debt situation, the gains for domestic productivity are potentially great. There is considerable danger, however, that once external financing constraints lessen and the import capacities of these economies return to more normal levels, the impetus to achieve further improvements in the fiscal situation will diminish. In many developing countries, past experience shows a marked tendency for an expansion of government expenditures to occur in response to increases in export receipts; in part, this is because of the direct connection in a number of these countries between export earnings and fiscal revenues. A repetition of this tendency would not only bring a return to the external payments difficulties of the early 1980s but also set back progress toward achievement of the structural adjustments required for steady growth on the basis of a viable external position.

e. Prospects and policy requirements

The adjustment path that is required to improve the underlying economic and balance of payments performance of the major borrowing countries involves, of course, complementary financing flows. As discussed in Section 1 above, the overall current account deficit of non-oil developing countries is projected to stabilize at about the level reached in 1983, at which it would be no more than half the 1981 peak. Overall financing requirements are expected to rise, however, since a number of countries will need to rebuild reserves that have been severely compressed during the past three years.

In a more general sense, sustained improvement in the manageability of the external debt situation of debtor developing countries, and avoidance of a relapse into circumstances like those of 1982-83, will require greater prudence on the part of both debtors and creditors: that is, more careful debt management by the former and credit management by the latter. In both cases, there should be less indulgence in overoptimistic assumptions about export growth, rollovers of short-term credits, and the ability and willingness of "lenders of last resort" to come forward with emergency financing in case of a crisis. The uncertainty that necessarily attaches to economic projections should be taken into account by greater provision for contingency financing, including a build-up of international reserves.

In particular, the authorities of borrowing countries should conduct their debt management with due regard to the relationship between the terms of loans and the uses to which the loans are being put. Short-term borrowing is appropriate for trade financing or increasing gross reserves; it is not appropriate either for financing investment projects or for supporting medium-term balance of payments adjustment. In obtaining financing for particular investment projects, the interest rate, the rate of return in domestic currency, possible exchange rate developments, and the foreign exchange earnings likely to be generated by the project need to be carefully examined by those responsible for the project. For the economy as a whole, the overall magnitude and terms of borrowing, including borrowing by the private sector, need to be continually monitored, in order to ensure that present developments are not moving future debt service obligations beyond acceptable levels. If this appears to be occurring, actions need to be taken that result in an appropriate adjustment of the rate of borrowing. In this connection, priorities should be established for public sector projects, so that borrowing for low-priority projects can be quickly halted if aggregate external borrowing threatens to exceed predetermined ceilings.

Clearly, none of these measures can be implemented without reliable, up-to-date information on both public and private external debt. While progress has been made in some debtor coutries to improve available data, the overall situation is far from satisfactory, and further concerted efforts will be required on the part of national governments and the relevant international agencies, especially the World Bank, the B.I.S., the OECD, and the Fund. In this connection, the Fund and the B.I.S. have embarked on a major statistical exercise aimed at improving the coverage, accuracy, and timeliness of international banking statistics.

On the side of credit management, the experience since 1981 has taught some long overdue lessons. Within a relatively brief period there was a swing from overconfidence in certain debtors' ability to meet their obligations to a substantial lack of confidence; this excessive, if understandable, change in mood reflected the difference between two perceptions unduly influenced by short-term factors. What are needed in the future are judgments that are firmly based on a country's medium-term debt servicing capacity and take into account the entirety of its indebtedness. Such a view should help avoid both occasional episodes of overlending as well as the instinct shown by some banks of trying to reduce their exposure sharply when temporary difficulties arise.

Creditors, too, will need improved information to take soundly based decisions. During the past two years, a helpful coordinating role has been played by central banks, the B.I.S., and the Fund, as well as by ad hoc advisory groups set up by the banks themselves. These types of cooperation within the international financial community should be continued and strengthened, especially while the rescheduling and restructuring of certain countries' external debts remains to be completed.

f. The role of the Fund

The Fund's most important and visible role in the adjustment process is through its programs of financial support with countries in balance of payments deficit. These programs involve two intimately linked ingredients - financial support, both directly from the Fund, and from other creditors, and a program of adjustment aimed at restoring over the medium term external viability and sustainable domestic growth.

The linkage between the financing and the adjustment aspects of Fund programs arises, inter alia, from the fact that the financial resources of the Fund are limited in amount and revolving (i.e. repayable) in character. Their availability can "buy time," during which a program of economic adjustment and rehabilitation can bear fruit. If, however, these resources are used to postpone adjustment, the dislocations that will accompany the eventual necessity to correct the external position will be even more damaging to the process of development. The longer a disequilibrium is allowed to persist, the larger the balance of payments deficit is likely to have become relative to the availability of financing. Where deficits are large relative to available financing sources, the adjustment measures required are inevitably sharper and more intense.

While there is increasing recognition of the essential role of adjustment as a counterpart to financing, there is controversy about the measures that should be employed by countries seeking the Fund's support. Programs of adjustment agreed with the Fund typically involve measures aimed at bringing the growth of domestic demand into better balance with supply, together with measures aimed at shifting the composition of demand away from domestic absorption and toward net exports. It is sometimes suggested that these policies impart a deflationary bias to the world economy, and may not be wholly effective if all countries attempt to pursue them at the same time.

Evaluation of these arguments is a complex matter, and not susceptible of adequate treatment in a limited space. However, it is relevant that, while a program of adjustment may involve austerity by comparison with some earlier period of policy, it cannot be considered to represent austerity by comparison with any feasible alternative. Over the past two years or so, most countries approaching the Fund have been in a position in which additional commercial credit was virtually impossible to obtain. In the absence of a credible program of adjustment, they would have been obliged to restrict imports in line with their current receipts, thus involving much greater dislocations to the domestic economy and a much sharper cutback in their imports. An adjustment program involving a slower restoration of external viability, while attractive in theory, would in practice have placed in doubt the willingness of creditors to play an adequate role in the financing process, or else would have permitted a potentially threatening further increase in the external debt burden borne by the indebted countries themselves.

Turning from the speed to the manner of adjustment, it cannot, of course, be denied that adjustment involves less hardship when resources are channeled toward net exports out of growing domestic output. This is not always easy to achieve within existing economic structures, however. Countries seeking the Fund's support often face a complex series of structural maladjustments of which their balance of payments deficit is only the most striking manifestation. In many cases fiscal deficits have been allowed to expand over a number of years, contributing to inflationary pressures and inflexibilities in resource allocation. A growing share of investment has been financed by short-term borrowing, and without adequate concern for its foreign exchange return, thus increasing vulnerability to changes in the international economic climate. And controlled prices (including the exchange rate) have often resulted in incentives to resource use that take inadequate account of relative scarcities. Such an accumulation of problems cannot be dealt with satisfactorily through administrative redirection of output toward exports, or through control and rationing of imports.

Similar difficulties surround the suggestion that comparable adjustment could be achieved, at lower cost in terms of output foregone, through different policies. It is only by bringing demand into sustainable balance with supply at a set of relative prices that provides the proper incentives for the exploitation of comparative advantage that renewed economic growth can be made compatible with a sustainable payments position.

IV. Topics for Discussion

The following subject headings are intended to recapitulate the main lines of some of the staff's analysis, and to provide a possible guide for Executive Directors in structuring their interventions.

1. Economic management in the industrial countries

(i) Demand management--The staff has expressed the view that continued adherence to the strategy of restoring and maintaining financial stability in the major industrial countries will provide the best framework for sustainable economic growth in the medium term. It is true that the reduction of fiscal deficits required by this process involves a withdrawal of stimulus. The staff believes, however, that such an influence would be offset in due course by the effects of lower interest rates and improved confidence on the investment climate.

(ii) Structural policies--The staff believes that the high level of unemployment that is projected to persist in many industrial countries (as well as elsewhere in the world) is attributable to a significant extent to structural rigidities. To deal with these problems will require specific measures to tackle these rigidities, with a view to improving the incentive to businesses to undertake capital formation and to employ labor.

(iii) Exchange rates--The staff has expressed doubts about whether the present pattern of exchange rates can be regarded as sustainable. The key element in this pattern is the continued, and indeed increased, strength of the U.S. dollar. Given that a greater measure of convergence in output and inflation trends has come about, the persistent strength of the dollar relative to other currencies is, in the staff's view, attributable in part to the attractiveness of the U.S. capital market and the yields available therein that result from the policy mix obtaining in the United States.

2. Debt and adjustment

(i) The manageability of the debt situation in the medium term--The staff's scenario analysis has suggested that with reasonable assumptions about the external environment, the debt burden of developing countries should be on a downward trend from now on, and their domestic economic growth could pick up to a more acceptable pace. To make this result come about, however, requires firmness of purpose on the part of both debtors and creditors. Borrowing countries need to persevere with adjustment efforts, and in particular to avoid slippages when external pressures become less immediate and acute. Also, creditors must be willing to provide enough financing to support the adjustment effort. A particular responsibility for both debtors and creditors will be to make adequate advance preparation for the "hump" of debt repayment expected in 1986-88.

(ii) Adjustment policies--The staff has noted that a great deal of adjustment has already taken place in the current account position of the non-oil developing countries, but that it has so far mainly been through a reduction in imports. The task henceforth is not so much to bring about changes in the aggregate current account position, but rather to improve the structural functioning of these economies, so that the improved payments position can be sustained in an environment of resumed growth. This will require, in the staff's view, firm adherence to the objective of bringing down excessive fiscal deficits; restoring and maintaining adequate external competitiveness; curbing inflation; and, in many cases, further rationalization of the price structure.

(iii) Protectionism--The staff has noted with concern, in this report as in many other places, the continuing strength of protectionist pressures. In present circumstances, in addition to the well-known costs of protectionism in reducing the efficiency of resource utilization and inhibiting growth, it can complicate immeasurably the task of resolving the debt difficulties of developing countries. These difficulties can only be overcome if the countries concerned earn their way into a more sustainable position. This cannot be done without adequate market access; and it is for this reason that trade policy is intimately bound up with the Fund's responsibility in monitoring the adjustment process.

Statistical Tables 1/

Introduction

The statistical tables in this appendix have been drawn from a larger body of data normally used in analyzing the World Economic Outlook in the Fund. Many of the tables carry long-term averages (e.g., for the period 1967-76), as well as data for recent years.

The projections for 1984 and 1985 1/ shown in the tables are based on three assumptions or working hypotheses: (1) that the average exchange rates of a recent period (November 1983) will prevail throughout 1984 and 1985; (2) that "present" policies of national authorities will be maintained; and (3) that the average price of oil will remain constant in nominal terms.

A few of the tables include series expressed in SDRs (or based on SDR values). The 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 the years prior to 1970, these data impute to the SDR a value of US$1.00. For 1984 and 1985, a rate of US$1.052 per SDR--the rate prevailing on average during November 1983--is used.

The classification of countries in this report is the one adopted by the Fund in December 1979 and utilized in IFS for the March 1980 and subsequent issues. Industrial countries comprise

Australia	Germany	New Zealand
Austria	Iceland	Norway
Belgium	Ireland	Spain
Canada	Italy	Sweden
Denmark	Japan	Switzerland
Finland	Luxembourg	United Kingdom
France	Netherlands	United States

The developing countries are divided into two groups--"oil exporting countries" and "non-oil developing countries." The countries covered under the heading oil exporting countries 2/ are

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1/ Estimates for 1985 shown in many of the tables in this appendix will not appear in the variant of the tables to be included in the published report.

2/ The countries included here are those whose oil exports (net of any imports of crude oil) both account for at least two thirds of the country's total exports and are at least 100 million barrels a year (roughly equivalent to 1 per cent of annual world exports). These criteria are at present applied to 1978-80 averages.

Algeria	Kuwait	Qatar
Indonesia	Libya	Saudi Arabia
Iran, Islamic Republic of	Nigeria	United Arab Emirates
Iraq	Oman	Venezuela

The other developing countries, or non-oil developing countries, include all Fund members (as of March 31, 1984) except those listed above as being "industrial countries" or "oil exporting countries," together with certain essentially autonomous dependent territories for which adequate statistics are available. 1/ Where regional breakdowns of data for "non-oil developing countries" are shown, the subgroups conform to the regional classification used in IFS.

In a number of tables, certain analytical subgroups of countries are distinguished. Among the "developing countries," a subgroup of major borrowers is distinguished. This group comprises those 25 developing countries with the largest outstanding external indebtedness in 1982. These are:

Algeria	India	Morocco	Romania
Argentina	Indonesia	Nigeria	South Africa
Brazil	Israel	Pakistan	Thailand
Chile	Korea	Peru	Turkey
Colombia	Malaysia	Philippines	Venezuela
Egypt	Mexico	Portugal	Yugoslavia
Hungary			

Among the "non-oil developing countries," four analytical subgroups of countries are distinguished. These subgroupings are based primarily on the character of the countries' economic activity and the predominant composition of their exports. Since the large "non-oil" group in the basic classification includes some countries that do have significant production and/or exports of oil, one of the analytic subgroups shown separately comprises countries (outside the main oil exporting group mentioned above) whose oil exports exceeded their oil imports in most years of the 1970s.

The countries classified in the subgroup net oil exporters are

Bahrain	Egypt	Peru
Bolivia	Gabon	Syrian Arab Republic
Congo, People's Republic of the	Malaysia	Trinidad and Tobago
Ecuador	Mexico	Tunisia

1/ Excluded from this coverage are a considerable number of dependent territories for which certain statistics are regularly compiled (e.g., in IFS) but which do not maintain foreign exchange reserves or encounter balance of payments problems in the usual sense.

Within the great majority of developing countries that are net importers of oil (net oil importers), three subgroups are distinguished. The first is major exporters of manufactures, including

Argentina	Israel	Singapore
Brazil	Korea	South Africa
Greece	Portugal	Yugoslavia
Hong Kong		

A second subgroup is the low-income countries, comprising 43 countries whose per capita GDP, as estimated by the World Bank, did not exceed the equivalent of $350 in 1978. These are

Afghanistan	Guinea-Bissau	Niger
Bangladesh	Haiti	Pakistan
Benin	India	Rwanda
Bhutan	Democratic Kampuchea	Senegal
Burma	Kenya	Sierra Leone
Burundi	Lao People's Democratic Republic	Solomon Islands
Cape Verde	Lesotho	Somalia
Central African Republic	Madagascar	Sri Lanka
Chad	Malawi	Sudan
China, People's Republic of	Maldives	Tanzania
Comoros	Mali	Togo
Ethiopia	Mauritania	Uganda
The Gambia	Nepal	Upper Volta
Guinea		Vanuatu
		Vietnam
		Zaire

The third subgroup, other net oil importers, comprises middle-income countries (according to the World Bank's estimates) the majority of which export mainly primary commodities. The countries in this subgroup comprise all non-oil developing countries that are not included among "net oil exporters," "major exporters of manufactures," or "low-income countries."

Under the approach indicated above, certain countries would qualify for inclusion in more than one of these subgroups but are classified in only one of them according to their more predominant characteristics for purposes of analysis. Thus, India, which would qualify as a "major exporter of manufactures," and the People's Republic of China, which to date has been a net exporter of oil, are both classified as low-income countries (within the oil importing subgroup) in this report.

Except where otherwise specifically indicated, the Union of Soviet Socialist Republics and other nonmember countries of Eastern Europe, Cuba, and North Korea are excluded from the following tables. 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.

List of Statistical Tables

Table A-1. Industrial Countries: Changes in Output and Prices, 1967-85 1/

(In per cent)

	Average	Change from Preceding Year									Change from Fourth Quarter of Preceding Year			
											Fourth quarter			
	1967-76 2/	1977	1978	1979	1980	1981	1982	1983	1984	1985	1982	1983	1984	1985
Real GNP														
Canada	4.8	2.0	3.6	3.2	1.0	3.4	-4.4	3.0	5.0	3.5	-5.0	6.9	4.1	3.2
United States	2.8	5.5	5.0	2.8	-0.3	2.6	-1.9	3.3	5.0	3.7	-1.7	6.2	4.0	3.4
Japan	7.4	5.3	5.1	5.2	4.8	4.0	3.4	3.1	3.9	3.7	3.8	4.0	3.3	3.8
France 3/	4.7	3.1	3.8	3.3	1.1	0.3	1.8	0.6	0.6	1.9	1.2	0.1	1.4	1.9
Germany, Fed. Rep. of	3.4	2.8	3.4	4.0	1.9	-0.3	-1.1	1.2	2.6	2.7	-2.0	3.2	2.7	2.6
Italy 3/	4.3	1.9	2.7	4.9	3.9	0.1	-0.3	-1.2	1.9	2.3	-2.4	1.1	1.8	2.3
United Kingdom 3/	2.3	2.2	3.8	2.6	-2.5	-1.8	1.9	2.9	2.6	2.0	1.6	2.7	2.8	1.6
Other industrial countries	4.3	1.7	2.0	2.9	2.1	0.5	0.4	1.1	2.2	2.5	0.3	1.8	2.1	2.6
All industrial countries	3.7	3.9	4.1	3.5	1.3	1.6	-0.1	2.3	3.6	3.2	-0.3	4.0	3.2	3.1
Of which:														
Seven larger countries above	3.6	4.3	4.5	3.5	1.2	1.8	-0.2	2.5	3.9	3.3	-0.5	4.4	3.3	3.1
European countries	3.3	2.4	3.0	3.4	1.5	-0.3	0.5	1.1	1.9	2.3	-0.1	1.8	2.1	2.3
GNP deflator														
Canada	6.9	7.4	6.7	10.3	11.1	10.6	10.1	6.2	4.9	4.7	8.8	5.1	4.9	4.5
United States	5.6	5.8	7.4	8.6	9.2	9.4	6.0	4.2	4.1	4.1	4.4	4.1	4.3	4.0
Japan	7.9	5.7	4.6	2.6	2.8	2.7	1.7	0.7	0.7	1.7	0.8	0.8	1.1	1.7
France 3/	7.3	9.0	9.5	10.4	12.0	12.0	12.3	9.9	7.2	6.2	9.6	10.4	6.1	6.1
Germany, Fed. Rep. of	5.1	3.7	4.2	4.0	4.5	4.2	4.8	3.2	3.0	3.2	4.8	2.5	2.5	3.4
Italy 3/	9.3	19.1	13.9	15.9	20.7	18.4	17.5	15.2	13.2	13.9	16.6	14.8	13.4	13.9
United Kingdom 3/	9.9	14.0	10.8	14.5	19.8	11.6	7.2	5.1	5.0	4.8	6.3	4.4	4.8	4.8
Other industrial countries	8.0	10.1	8.7	8.2	8.7	9.2	9.3	7.4	6.2	5.8	8.3	7.1	6.0	5.3
All industrial countries	6.7	7.6	7.5	8.0	9.1	8.6	7.1	5.2	4.5	4.6	5.8	5.0	4.4	4.4
Of which:														
Seven larger countries above	6.5	7.2	7.3	8.0	9.1	8.5	6.7	4.8	4.2	4.4	5.4	4.6	4.2	4.3
European countries	7.5	9.8	8.6	9.0	10.9	9.9	9.3	7.4	6.2	6.0	8.4	7.1	5.8	5.9

1/ 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 previous three years. For country classification, see the introduction to this appendix.
2/ Compound annual rates of change.
3/ GDP at market prices.

Table A-2. Developing Countries: Changes in Output, 1967-85 1/

(In per cent)

	Average	Change From Preceding Year								
	1967-76 2/	1977	1978	1979	1980	1981	1982	1983	1984	1985
Developing countries										
Weighted average	5.7	5.6	5.5	4.6	3.6	1.9	1.1	1.3	3.9	4.6
Of which: Major borrowers	6.5	5.5	5.4	5.0	4.3	2.3	0.9	0.3	2.8	4.0
Median	...	5.0	5.6	4.9	3.7	3.2	1.8	1.7	3.5	4.0
Oil exporting countries 3/	7.0	6.3	2.3	3.4	-2.0	-4.0	-4.3	-1.1	4.7	4.9
Oil sector	...	2.0	-3.5	3.0	-11.7	-15.4	-16.0	-6.9	7.0	4.9
Other sectors	...	9.4	6.0	4.1	4.9	5.5	3.9	1.9	3.8	4.9
Non-oil developing countries										
Weighted average 3/	5.6	5.6	6.3	5.0	4.8	2.8	1.5	1.6	3.5	4.4
Median	5.0	5.0	5.6	4.8	3.7	3.3	2.0	1.7	3.0	3.9
By analytical group										
Weighted averages 3/										
Net oil exporters	6.8	3.5	6.2	7.6	7.3	6.6	1.1	-1.5	2.4	4.4
Net oil importers	5.4	5.9	6.4	4.7	4.7	2.2	1.6	2.2	3.7	4.4
Major exporters of manufactures	6.9	5.7	4.9	6.4	4.5	0.1	0.3	-0.1	2.5	3.7
Low-income countries	3.8	6.5	8.6	3.3	6.0	4.3	4.3	6.1	5.8	5.6
Other net oil importers	5.1	5.4	5.5	3.6	3.2	3.1	0.4	1.1	2.9	3.6
Medians										
Net oil exporters	6.0	4.9	6.6	4.5	6.3	4.8	1.2	2.3	4.2	3.6
Net oil importers	4.8	5.0	5.3	4.8	3.7	3.0	2.1	1.7	3.0	3.9
Major exporters of manufactures	7.6	6.4	6.7	6.8	4.9	4.2	1.0	1.8	1.6	4.0
Low-income countries	3.9	3.9	4.7	3.8	3.5	2.8	2.8	2.4	3.9	4.1
Other net oil importers	5.1	5.5	5.9	4.9	3.7	3.0	1.8	1.1	3.0	3.3
By area										
Weighted averages 3/										
Africa	4.6	1.8	2.2	2.8	4.5	2.9	0.3	-1.4	2.7	3.4
Asia	5.0	7.1	9.5	4.7	5.4	5.1	4.5	6.5	6.1	5.9
Europe	5.5	5.4	5.4	3.9	1.5	2.3	2.4	0.6	1.8	2.5
Middle East	5.6	4.3	7.4	4.3	6.8	5.4	3.4	4.2	3.6	4.6
Western Hemisphere	6.6	5.0	4.5	6.7	6.1	0.2	-1.6	-2.3	1.3	3.4
Medians										
Africa	4.7	3.5	3.5	4.0	2.5	2.0	2.6	1.6	3.0	3.5
Asia	4.8	5.8	6.7	6.3	5.5	5.0	3.8	4.4	5.0	4.9
Europe	6.4	6.6	6.8	5.6	2.7	2.5	2.9	0.8	2.1	2.1
Middle East	6.4	5.6	8.2	3.8	6.8	7.3	5.4	4.2	4.5	5.0
Western Hemisphere	4.9	5.3	6.4	4.8	4.3	2.1	-0.7	--	2.0	3.2

1/ For classification of countries in groups shown here, see the introduction to this appendix.
2/ Compound annual rates of change. Excludes China.
3/ Arithmetic averages of country growth rates weighted by the average U.S. dollar value of GDPs over the previous three years.

Table A-3. Developing Countries: Changes in Consumer Prices, 1967-85 1/

(In per cent)

	Average 1967-76 2/	1977	1978	1979	1980	1981	1982	1983	1984	1985
		Change from Preceding Year								
Developing countries										
Weighted average	...	21.3	18.4	21.5	28.0	27.0	26.7	35.3	28.1	15.1
Of which: Major borrowers	...	35.7	32.3	29.8	37.3	37.1	39.0	54.1	42.0	20.3
Median	...	11.2	9.9	11.6	14.6	13.5	10.3	10.0	10.0	9.5
Oil exporting countries										
Weighted average 3/	...	15.2	11.9	10.9	13.2	13.2	8.1	11.4	10.9	9.2
Median	...	11.2	10.6	10.6	11.2	11.1	7.6	9.0	8.5	7.0
Non-oil developing countries										
Weighted average 3/	15.9	22.6	19.8	24.8	32.0	31.3	32.9	44.1	34.5	17.3
Median	7.8	11.2	9.4	12.0	14.9	13.7	11.0	11.0	10.0	10.0
By analytical group										
Weighted averages 3/										
Net oil exporters	8.2	22.8	17.7	17.7	24.2	24.4	43.6	74.2	40.1	21.7
Net oil importers	17.3	22.6	20.2	25.9	33.2	32.3	31.1	39.1	33.5	16.5
Major exporters of manufactures	22.6	40.6	37.4	45.4	54.5	61.9	63.3	86.5	76.1	30.9
Low-income countries	10.7	6.9	3.6	6.7	11.7	10.4	7.4	8.1	6.0	5.5
Other net oil importers	15.8	19.6	18.6	23.9	31.5	19.3	15.7	16.0	14.1	11.4
Medians										
Net oil exporters	7.9	12.3	10.6	9.0	15.1	14.6	16.2	16.3	13.0	10.2
Net oil importers	7.8	10.6	9.1	12.2	14.9	13.5	10.6	10.0	10.0	9.5
Major exporters of manufactures	11.5	12.2	14.4	19.0	24.9	22.6	21.0	20.7	20.0	17.0
Low-income countries	8.1	9.6	9.1	11.0	14.4	13.6	11.9	13.0	10.5	10.0
Other net oil importers	7.5	11.2	8.3	12.1	14.3	12.3	7.7	7.6	8.7	8.0
By area										
Weighted averages 3/										
Africa	8.0	19.4	15.9	19.4	20.1	23.6	16.9	16.7	13.4	11.6
Asia	10.3	5.5	3.7	6.7	12.5	10.5	5.9	5.9	4.9	4.6
Europe	9.0	15.1	19.7	25.9	37.9	24.0	23.5	23.3	23.0	17.6
Middle East	9.6	20.1	21.7	25.9	42.2	34.0	36.1	40.3	47.2	43.8
Western Hemisphere	27.5	51.4	42.4	50.1	58.6	65.3	78.4	122.7	91.6	34.2
Medians										
Africa	7.5	12.0	10.1	11.6	13.8	13.5	13.5	13.0	11.0	10.0
Asia	8.0	5.0	6.0	6.3	14.5	13.4	7.4	8.0	6.5	5.0
Europe	7.3	11.1	9.9	14.3	16.2	15.7	18.5	14.2	14.5	11.0
Middle East	9.5	14.3	12.0	14.1	15.2	10.3	11.2	10.0	12.5	15.0
Western Hemisphere	8.7	11.5	10.2	15.6	18.1	14.6	9.4	11.6	10.0	10.5

1/ For classification of countries in groups shown here, see the introduction to this appendix.
2/ Compound annual rates of change. Excludes China.
3/ Geometric averages of country indices, weighted by the average U.S. dollar value of GDPs over the previous three years.

Table A-4. Industrial Countries: Changes in Real Total Domestic Demand, 1967-85 1/

(In percent)

	Average 1967-76 2/	Change from Preceding Year									Change from Fourth Quarter of Preceding Year		
											Fourth quarter		
		1977	1978	1979	1980	1981	1982	1983	1984	1985	1983	1984	1985
Canada	5.1	1.1	1.7	4.0	-0.2	3.7	-6.7	3.9	5.9	3.8	8.4	4.4	3.4
United States	2.7	5.9	5.0	2.0	-1.2	3.2	-1.0	4.5	5.8	3.8	7.4	4.5	3.4
Japan	7.0	4.2	6.1	6.4	1.2	2.0	3.2	1.6	2.9	3.4	2.0	2.8	3.5
France	4.7	1.8	3.7	4.1	2.1	-0.6	3.9	-0.5	-0.5	1.7	-1.6	1.5	1.5
Germany, Fed. Rep. of	2.5	2.9	3.7	5.3	1.4	-2.5	-2.2	1.7	2.2	2.0	4.1	2.0	2.1
Italy	2.6	0.5	2.0	5.7	7.0	-2.2	-0.2	-1.7	2.2	2.5	0.7	1.2	2.8
United Kingdom	2.0	0.8	4.4	4.2	-3.5	-1.9	2.4	4.2	3.0	2.2	5.1	2.7	2.0
Other industrial countries	3.1	1.4	1.0	3.4	2.0	-1.3	0.4	-0.1	1.4	1.9	1.0	1.1	2.4
All industrial countries	3.3	3.6	4.0	3.7	0.5	0.8	0.2	2.4	3.7	3.0	4.3	3.1	2.9
Of which:													
Seven larger countries above	3.3	4.0	4.6	3.8	0.2	1.2	0.1	2.9	4.0	3.2	4.8	3.4	3.0
European countries	3.0	1.7	2.7	4.4	1.7	-2.0	0.7	0.8	1.5	2.0	1.9	1.5	2.2

1/ 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 previous three years. For country classification, see the introduction to this appendix.
2/ Compound annual rates of change.

Table A-5. Major Industrial Countries: Changes in Real GNP and Components, 1977-85 1/

(In percent)

	Change from Preceding Year									Change from Fourth Quarter of Preceding Year: Fourth quarter			
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1982	1983	1984	1985
Consumers' expenditure	3.9	4.4	3.6	1.0	1.4	1.4	3.0	3.3	3.5	2.2	3.4	3.3	3.4
Public consumption	1.8	3.0	2.2	2.2	1.9	1.4	1.0	1.6	2.2	2.1	-0.3	2.3	2.0
Gross fixed investment	7.3	7.0	4.7	-1.9	0.8	-3.6	3.7	6.5	2.7	-3.1	8.5	3.3	2.3
Final domestic demand	3.9	4.6	3.6	0.8	1.4	0.6	2.6	3.4	3.1	1.3	3.3	3.1	3.0
Stockbuilding 2/	0.1	--	0.2	-0.6	-0.2	-0.4	0.3	0.6	0.1	-1.3	1.5	0.3	--
Total domestic demand	4.0	4.6	3.8	0.2	1.2	0.1	2.9	4.0	3.2	--	4.8	3.4	3.0
Exports of goods and services	5.3	7.9	10.2	8.0	4.9	-2.6	-1.4	4.4	4.6	-7.2	4.6	3.4	5.0
Imports of goods and services	4.9	9.1	9.3	0.5	4.1	1.5	2.6	8.0	4.7	-3.6	11.7	3.8	5.1
Foreign balance 2/	0.3	-0.2	-0.2	1.0	0.5	-0.3	-0.4	-0.2	--	-0.4	-0.4	-0.1	--
GNP	4.3	4.5	3.5	1.2	1.8	-0.2	2.5	3.9	3.3	-0.5	4.4	3.3	3.1

1/ Averages of percentage changes for individual countries weighted by the average U.S. dollar value of their respective GNPs over the previous three years.
2/ Changes expressed as a percentage of GNP in the previous period.

Table A-6. Major Industrial Countries: Employment and Unemployment, 1967-85 1/

(In percent)

	Average 1967-76	1977	1978	1979	1980	1981	1982	1983	1984	1985
Growth in employment										
Canada	2.7	1.8	3.3	4.0	2.8	2.6	-3.2	0.6	2.9	2.2
United States	2.0	3.7	4.4	2.9	0.5	1.1	-0.9	1.3	3.4	2.3
Japan	0.9	1.4	1.2	1.3	1.0	0.8	1.0	1.7	1.2	1.3
France	1.1	0.8	0.4	-0.1	--	-0.8	-0.1	-0.3	-0.3	-0.2
Germany, Fed. Rep. of	-0.2	--	0.6	2.5	1.1	2.9	-2.0	-2.0	-0.2	0.1
Italy	1.0	1.0	0.5	1.1	1.5	0.4	-0.4	--	0.5	0.8
United Kingdom	-0.3	0.3	0.9	1.1	-1.8	-4.4	-2.4	-1.2	0.4	0.6
All seven countries	1.4	2.2	2.6	2.1	0.6	0.7	-0.8	0.6	2.0	1.5
Unemployment rates										
Canada	5.6	8.1	8.4	7.5	7.5	7.6	11.1	11.9	10.6	10.1
United States	5.4	7.0	6.1	5.9	7.2	7.6	9.7	9.6	7.9	7.3
Japan	1.4	2.0	2.2	2.1	2.0	2.2	2.4	2.6	2.5	2.4
France	4.3	5.0	5.4	6.2	6.6	7.7	8.4	9.1	9.9	10.6
Germany, Fed. Rep. of	1.5	3.9	3.8	3.3	3.4	4.9	6.8	8.2	8.2	8.1
Italy 2/	4.8	7.2	7.2	7.7	7.6	8.4	9.1	9.9	10.1	10.1
United Kingdom	3.1	5.6	5.5	5.1	6.4	10.0	11.7	12.4	12.4	12.2
All seven countries 3/	3.7	5.4	5.1	5.0	5.6	6.5	8.0	8.3	7.7	7.4

1/ The figures in the table are not comparable among countries since they are based on the differing labor force definitions and concepts used by the respective national statistical agencies.

2/ Figures for 1967 to 1976 have been adjusted by the staff to allow for a discontinuity in Italian labor force statistics.

3/ National unemployment rates weighted by labor force in the respective countries.

Table A-7. Industrial Countries: Changes in Consumer Prices, 1967-84 1/

(In percent)

	Average 1967-76 2/	Change from Preceding Year							
		1977	1978	1979	1980	1981	1982	1983	1984
Canada	6.0	8.0	8.9	9.2	10.2	12.5	10.8	5.9	5.6
United States	5.8	6.5	7.6	11.3	13.5	10.3	6.2	3.2	4.5
Japan	8.9	8.0	3.8	3.6	8.0	4.9	2.6	1.8	2.1
France	7.3	9.5	9.3	10.6	13.3	13.3	12.0	9.5	7.4
Germany, Fed. Rep. of	4.3	3.7	2.7	4.1	5.5	5.9	5.3	3.0	2.8
Italy	8.5	17.0	12.1	14.8	21.2	18.7	16.3	15.1	13.0
United Kingdom	10.0	15.8	8.3	13.5	17.9	11.9	8.6	4.7	5.2
Other industrial countries	7.4	11.3	8.5	7.8	10.0	10.5	9.6	7.4	6.2
All industrial countries	6.7	8.4	7.2	9.0	11.7	9.9	7.4	4.8	4.9
Of which:									
Seven larger countries above	6.6	7.9	6.9	9.2	12.0	9.8	7.0	4.4	4.7
European countries	7.1	10.2	7.6	8.8	11.7	11.0	9.5	7.2	6.3

1/ 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 previous three years. For country classification, see the introduction to this appendix.

2/ Compound annual rates of change.

Table A-8. Major Industrial Countries: Central Government Fiscal Balances and Impulses, 1977-84 1/

(In percent of GNP)

	1977	1978	1979	1980	1981	1982	1983	1984	1985
Fiscal balance (+ surplus, - deficit)									
Canada 2/	-3.5	-4.6	-3.5	-3.3	-2.1	-5.7	-6.7	-5.9	-4.3
United States	-2.7	-2.0	-1.2	-2.4	-2.5	-4.3	-5.8	-5.3	-5.2
Japan 3/	-5.1	-5.3	-6.2	-6.1	-5.9	-5.5	-5.1	-4.9	-4.2
France 4/	-1.0	-2.6	-1.5	-1.1	-2.6	-2.8	-2.9	-3.0	-2.9
Germany, Fed. Rep. of	-2.2	-2.1	-1.8	-1.7	-2.2	-1.9	-2.0	-1.5	-1.0
Italy 5/	-9.0	-14.6	-11.1	-10.9	-12.9	-15.1	-16.8	-17.3	...
United Kingdom	-3.1	-5.0	-5.3	-4.9	-4.1	-2.9	-4.9	-3.4	-2.9
All seven countries	-3.2	-3.6	-3.1	-3.5	-3.8	-4.7	-5.6	-5.2	...
All seven countries except the United States	-3.7	-4.9	-4.6	-4.4	-4.7	-5.0	-5.5	-5.1	...
Fiscal impulse 6/ (+ expansionary, - contractionary)									
Canada 2/	1.2	1.0	-0.7	-0.4	-1.1	1.4	0.7	-0.1	-1.2
United States	0.2	--	-0.8	0.3	0.2	0.5	1.6	0.2	0.2
Japan 3/	0.2	0.2	1.0	--	-0.3	-0.6	-0.4	-0.2	-0.7
France 4/	-0.4	1.9	-0.8	-0.7	1.0	--	-0.3	-0.3	-0.2
Germany, Fed. Rep. of	-0.4	0.1	--	-0.4	-0.7	-1.8	-0.1	-0.2	-0.1
Italy 5/	-0.8	5.3	-3.0	-0.1	0.6	0.7	-0.1	-0.1	...
United Kingdom	-2.3	2.7	0.5	-2.4	-2.5	-1.2	2.4	-1.2	-0.5
All seven countries	-0.1	0.7	-0.4	-0.2	-0.2	-0.1	0.9	-0.1	...
All seven countries except the United States	-0.3	1.3	--	-0.5	-0.4	-0.5	0.2	-0.3	...

1/ Composites for the country groups are weighted averages of the individual country ratios, with weights in each year proportionate to the U.S. dollar value of the respective GNPs in the previous year.

2/ Data for Canada are on a national income accounts basis.

3/ 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.

4/ Data for France do not include social security transactions and are on an administrative basis.

5/ 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 state level, but do not include the gross transactions (revenue and expenditure) of social security institutions, only their deficits.

6/ For definition of fiscal impulse, see Appendix A-2 of May 1983 World Economic Outlook, p. 110.

Table A-9. World Trade Summary, 1967-85 1/

(Percentage changes)

	Average 1967-76 2/	Change from Preceding Year 1977	1978	1979	1980	1981	1982	1983	1984 3/	1985 3/
World trade 4/										
Volume	8.0	4.5	5.5	6.5	1.5	1.0	-2.5	2.0	5.5	5.0
Unit value (in U.S. dollar terms)	8.5	9.0	10.0	18.5	19.5	-1.0	-4.0	-4.0	1.5	3.5
(in SDR terms) 5/	7.0	7.5	2.5	15.0	19.0	9.0	2.5	-1.0	3.0	3.5
Volume of trade										
Exports										
Industrial countries	8.0	5.3	6.1	7.5	3.7	3.4	-2.1	1.8	4.5	4.5
Developing countries	6.7	2.4	4.1	4.5	-2.2	-3.8	-7.3	1.0	8.0	6.0
Oil exporting countries	7.2	0.5	-3.3	1.9	-12.5	-15.6	-18.2	-7.1	8.5	6.0
Non-oil developing countries	6.6	4.1	10.0	8.0	9.0	7.8	1.7	5.3	7.0	6.0
Imports										
Industrial countries	7.6	4.4	5.1	8.6	-1.5	-1.9	-0.5	3.8	6.5	5.0
Developing countries	8.4	9.1	7.2	4.8	8.4	7.3	-4.6	-3.1	4.5	5.5
Oil exporting countries	18.4	12.4	3.8	-9.7	12.4	20.6	5.9	-9.3	1.5	4.0
Non-oil developing countries	6.0	7.7	8.6	10.7	6.8	3.1	-8.3	-0.6	5.5	6.5
Unit value of trade (in SDR terms) 5/										
Exports										
Industrial countries	6.2	6.6	5.2	11.5	12.4	6.1	3.0	-0.1	3.0	3.5
Developing countries	11.0	10.9	-3.9	26.4	34.6	13.6	0.9	-3.3	3.0	2.0
Oil exporting countries	19.2	8.4	-5.7	40.2	59.2	20.5	1.9	-8.5	1.0	0.5
Non-oil developing countries	6.3	13.4	-2.2	15.0	14.9	7.9	—	0.9	4.5	3.0
Imports										
Industrial countries	7.2	7.9	2.3	15.4	20.6	7.7	1.2	-2.1	2.5	3.5
Developing countries	6.9	6.6	3.1	13.2	17.5	12.3	3.6	-0.3	3.0	3.0
Oil exporting countries	6.3	7.7	4.9	11.0	10.7	8.2	3.1	-0.4	2.5	3.0
Non-oil developing countries	7.1	6.2	2.4	14.2	20.1	13.7	3.7	-0.2	3.0	3.0

1/ For classification of countries in groups shown here, see the introduction to this appendix. Excludes data for China prior to 1978.

2/ Compound annual rates of change.

3/ Figures are rounded to the nearest 0.5 per cent.

4/ Averages based on data for the three groups of countries shown separately below and on partly estimated data for other countries (mainly, the Union of Soviet Socialist Republics and other non-member countries of Eastern Europe and, for years prior to 1978, China). Figures are rounded to the nearest 0.5 per cent.

5/ For years prior to 1970, an imputed value of US$1.00 has been assigned to the SDR.

Table A-10. Summary of Terms of Trade and World Prices, 1967-85 1/

(Percentage changes)

	Average 1967-76 2/	Change from Preceding Year 1977	1978	1979	1980	1981	1982	1983	1984 3/	1985 3/
Terms of trade										
Industrial countries	-1.0	-1.2	2.8	-3.4	-6.8	-1.5	1.8	2.1	--	--
Developing countries	3.8	4.1	-6.7	11.6	14.6	1.2	-2.6	-3.1	--	-1.0
Oil exporting countries	12.1	0.6	-10.1	26.3	43.9	11.4	-1.2	-8.1	-2.0	-2.5
Non-oil developing countries	-0.7	6.8	-4.5	0.8	-4.3	-5.1	-3.5	1.1	1.5	--
Net oil exporters	1.2	6.9	-4.3	19.3	11.5	-7.1	-6.8	-2.7	1.0	-1.0
Net oil importers	-1.0	6.8	-4.5	-2.1	-7.1	-4.8	-2.9	1.8	1.5	0.5
Major exporters of manufactures	-1.1	5.0	-3.3	-2.8	-6.8	-4.4	-2.6	3.9	1.5	0.5
Low-income countries 4/	-0.6	16.4	-7.9	-0.6	-10.4	-5.3	-2.6	1.8	1.0	--
Other net oil importers	-0.7	6.1	-5.1	0.2	-9.1	-8.0	-5.5	-0.2	2.5	0.5
World trade prices (in U.S. dollar terms) for major commodity groups 5/										
Manufactures	7.5	8.0	14.5	14.0	11.0	-6.0	-1.0	-3.0	1.0	4.0
Oil	21.7	9.3	0.4	46.0	63.5	10.0	-4.2	-12.1	-1.0	--
Non-oil primary commodities (market prices)	7.4	21.2	-4.1	16.3	8.7	-14.6	-12.0	6.7	7.0	3.0

1/ Based on foreign trade unit values except where indicated. For classification of countries in groups shown here, see the introduction to this appendix. Excludes data for China prior to 1978.
2/ Compound annual rates of change.
3/ Figures are rounded to the nearest 0.5 per cent.
4/ Excluding China and India.
5/ As represented, respectively, by (a) the United Nations' export unit value index for the manufactures of the developed countries; (b) the oil export unit values of the oil exporting countries; and (c) the International Financial Statistics index of market quotations for non-oil primary commodities.

Table A-11. Price Indices of Non-Oil Primary Commodities, 1967-84 1/

(Percentage change)

	Average 1967-76 2/	Change from Preceding Year 1977	1978	1979	1980	1981	1982	1983	1984
Non-oil primary commodities 3/	7.4	21.2	-4.1	16.3	8.7	-14.6	-12.0	6.7	7.2
By commodity group									
Food and beverages	9.4	33.4	-10.5	9.6	9.9	-16.9	-12.5	8.3	7.5
Food	7.6	-1.8	15.8	13.3	30.1	-13.6	-20.8	8.8	8.6
Beverages	12.5	73.2	-27.5	5.8	-12.2	-22.3	2.5	7.6	6.1
Agricultural raw materials	6.7	3.2	7.6	21.9	4.1	-9.7	-13.7	9.4	8.6
Metals	3.3	7.5	5.4	29.9	10.7	-14.0	-9.2	--	4.4
Non-oil primary commodities exported by developing countries 4/									
Oil exporting countries	8.0	27.4	2.1	10.1	-0.2	-11.4	-12.1	16.0	10.4
Non-oil developing countries	7.3	25.4	-7.2	14.3	10.0	-14.7	-13.2	7.9	7.1
By analytical group									
Net oil exporters	7.5	17.2	2.0	16.3	11.1	-13.9	-14.5	9.8	7.3
Net oil importers	7.2	27.7	-9.5	13.8	9.7	-14.9	-12.8	7.4	7.0
Major exporters ofmanufactures	9.1	29.2	-15.2	15.3	16.2	-14.4	-15.8	5.1	5.8
Low-income countries	6.3	29.9	-10.1	9.7	6.0	-12.3	-12.5	9.4	8.6
Other net oil importers	6.6	25.6	-5.3	14.6	7.1	-16.3	-10.9	7.9	7.1
By area									
Africa (excluding South Africa)	7.0	36.4	-12.1	12.8	-0.7	-16.4	-12.2	9.7	8.5
Asia	5.4	18.1	10.1	16.6	13.7	-15.7	-16.6	12.8	10.5
Europe	8.7	0.2	6.7	12.4	10.3	-8.8	-15.5	12.8	9.0
Middle East	9.5	5.4	0.8	5.8	12.1	-2.0	-23.1	9.7	10.0
Western Hemisphere	8.2	27.9	-12.6	13.8	12.3	-14.4	-10.7	5.0	4.6
Memorandum items									
Oil export unit value	21.7	9.3	0.4	46.0	63.5	10.0	-4.2	-12.1	-1.2
Export unit value of manufactures	7.5	8.0	14.5	14.0	11.0	-6.0	-1.0	-3.0	1.0

1/ In U.S. dollar terms. For country classification, see the introduction to this appendix.
2/ Compound annual rates of change.
3/ Averages of percentage changes of component commodity prices weighted by the U.S. dollar value of exports of each commodity from primary producing countries in 1968-70.
4/ Averages of percentage changes in individual commodity prices weighted according to the 1968-70 composition of commodity exports of the respective groups of developing countries.

Table A-12. Industrial Countries: Merchandise Trade, 1967-84 1/

(Percentage changes from preceding year, except as indicated)

	Average 1967-76 2/	1977	1978	1979	1980	1981	1982	1983	1984 3/
Total merchandise trade									
Value (in billions of U.S. dollars)									
Trade balance	—	-19	-8	-37	-66	-19	-16	-14	-40
Exports	—	697	834	1031	1211	1204	1136	1120	1182
Imports	—	-716	-826	-1068	-1278	-1223	-1153	-1135	-1221
Volume									
Exports	8.0	5.3	6.1	7.5	3.7	3.4	-2.1	1.8	4.5
Imports	7.5	4.4	5.1	8.6	-1.5	-1.9	-0.5	3.8	6.5
Unit value (in U.S. dollar terms)									
Exports	7.7	7.8	12.8	15.0	13.3	-3.9	-3.6	-3.2	1.0
Imports	8.8	9.1	9.7	19.1	21.5	-2.4	-5.3	-5.1	1.0
Terms of trade	-1.0	-1.2	2.8	-3.4	-6.8	-1.5	1.8	2.1	--
Net oil imports									
Value (in billions of U.S. dollars)	—	-123	-120	-174	-245	-236	-192	-162	-169
Volume	8.5	3.8	-3.9	3.0	-13.5	-15.0	-13.6	-6.4	6.5
Import unit value (in U.S. dollar terms)	19.6	7.5	2.4	42.3	61.4	11.2	-6.6	-9.4	-1.5
Memorandum item									
Oil export unit value of oil exporting countries (in U.S. dollar terms)	21.7	9.3	0.4	46.0	63.5	10.0	-4.2	-12.1	-1.0
Non-oil trade									
Value (in billions of U.S. dollars)									
Trade balance	—	104	129	137	179	217	176	148	130
Exports	—	675	810	990	1154	1141	1072	1058	1120
Imports	—	-571	-681	-852	-975	-924	-896	-911	-990
Volume									
Exports	8.7	5.2	6.0	7.2	4.3	3.7	-2.8	1.6	4.5
Imports	8.0	4.5	8.5	10.0	2.5	1.1	1.7	5.7	7.0
Unit value (in U.S. dollar terms)									
Exports	7.0	7.8	13.2	14.0	11.7	-4.6	-3.3	-2.8	1.0
Imports	6.8	9.5	10.0	13.8	11.6	-6.2	-4.7	-3.8	1.5
Terms of trade	0.1	-1.6	2.9	0.1	0.1	1.7	1.4	1.0	-0.5
Memorandum items									
Real GNP 4/	4.0	3.0	3.5	3.4	1.4	0.8	-0.1	1.7	3.0
Ratio of import volume to real GNP 5/	2.1	1.3	2.5	2.9	2.1	—	-10.0	3.4	2.2
Import volume of nonindustrial countries 6/	9.0	7.7	6.8	4.2	7.7	7.6	-3.5	-2.4	4.5
Of which:									
Oil exporting countries	18.4	12.4	3.8	-9.7	12.4	20.6	5.9	-9.3	1.5
Non-oil developing countries	6.0	7.7	8.6	10.7	6.8	3.1	-8.3	-0.6	5.5
Market prices of non-oil primary commodities (in U.S. dollar terms) 7/	9.5	14.1	-2.7	17.8	10.2	-12.2	-11.4	5.1	6.0
Unit labor costs in manufacturing (in U.S. dollar terms)	7.1	8.2	13.3	9.0	10.0	-1.1	-0.6	-2.9	-1.0

1/ For country classification, see the introduction to this appendix.
2/ Compound annual rates of change.
3/ Percentage changes are rounded to the nearest 0.5 per cent.
4/ Averages of changes for individual countries weighted by the average U.S. dollar value of their respective non-oil imports over the previous three years.
5/ Ratio of percentage changes of non-oil imports and real GNPs non-oil import weighted.
6/ Total imports.
7/ Average of individual commodity price indices weighted according to the U.S. dollar value of imports of the respective commodities in 1970.

Table A-13. Industrial Countries: Export and Import Volumes, 1967-84 1/

(Percentage changes)

	Average 1967-76 2/	Change from Preceding Year 1977	1978	1979	1980	1981	1982	1983	1984
Exports									
Canada	7.0	8.9	10.2	1.6	0.7	3.4	-0.4	7.4	7.8
United States	6.7	1.2	10.0	14.2	7.0	-3.2	-11.9	-6.8	1.3
Japan	13.0	8.5	0.7	0.2	17.1	10.6	-2.3	8.7	6.0
France	9.6	7.0	6.7	8.8	3.2	4.4	-4.3	4.0	4.9
Germany, Fed. Rep. of	8.1	6.0	4.6	7.4	3.9	5.2	1.9	0.4	4.5
Italy	8.8	7.0	11.1	7.3	-8.1	5.5	0.3	2.0	3.4
United Kingdom	5.7	7.8	2.6	4.8	0.9	-0.8	2.6	1.4	4.3
Other industrial countries	8.0	5.0	6.0	7.9	2.0	2.7	1.2	4.7	4.5
All industrial countries	8.0	5.3	6.1	7.5	3.7	3.4	-2.1	1.8	4.4
Of which:									
Seven larger countries above	8.0	5.4	6.1	7.3	4.4	3.6	-3.2	0.9	4.3
European countries	7.9	5.8	6.0	7.1	1.3	4.2	0.7	2.7	4.4
Imports									
Canada	7.7	1.2	4.0	9.1	-4.5	2.2	-15.8	14.7	13.5
United States	6.9	12.7	7.4	1.0	-6.1	0.6	-5.0	10.0	15.2
Japan	10.4	2.5	6.7	11.3	-5.0	-2.2	-0.5	1.3	3.8
France	10.2	1.3	6.8	11.7	5.5	-3.5	2.8	-1.6	--
Germany, Fed. Rep. of	8.0	4.3	7.9	9.2	2.0	-3.7	0.4	5.4	4.0
Italy	7.1	-0.2	7.9	13.9	1.5	-9.4	1.5	-3.6	4.0
United Kingdom	5.2	1.8	4.7	10.7	-5.4	-2.7	3.8	7.1	6.2
Other industrial countries	6.9	3.9	1.3	9.4	0.8	-3.1	2.2	0.5	2.6
All industrial countries	7.6	4.4	5.1	8.6	-1.5	-1.9	-0.5	3.8	6.6
Of which:									
Seven larger countries above	7.9	4.6	6.7	8.2	-2.4	-1.5	-1.5	4.9	7.9
European countries	7.5	2.5	4.1	10.7	1.1	-3.9	2.1	1.5	3.1

1/ Trade in goods only. For country classification, see the introduction to this appendix.
2/ Compound annual rates of change.

Table A-14. Developing Countries: Merchandise Trade, 1967-84 1/

(Percentage changes, except as indicated)

	Average 1967-76 2/	1977	1978	1979	1980	1981	1982	1983	1984
Developing countries									
Value (in U.S. dollar terms)									
Exports	20.1	14.8	7.3	36.3	32.7	-1.0	-12.4	-5.3	9.4
Imports	17.6	17.6	18.5	22.5	28.3	9.1	-7.5	-6.3	5.9
Volume									
Exports	6.7	2.4	4.1	4.5	-2.2	-3.8	-7.3	1.0	7.8
Imports	8.4	9.1	7.2	4.8	8.4	7.3	-4.6	-3.1	4.5
Unit values (in U.S. dollar terms)									
Exports	12.6	12.2	3.1	30.4	35.6	2.9	-5.5	-6.3	1.4
Imports	8.5	7.8	10.6	16.9	18.4	1.7	-3.0	-3.4	1.4
Terms of trade	3.8	4.1	-6.7	11.6	14.6	1.2	-2.6	-3.1	0.1
Purchasing power of exports 3/	10.7	6.6	-3.0	16.6	12.1	-2.7	-9.7	-2.0	7.9
Memorandum items									
Real GNP growth of trading partners	4.8	4.5	4.5	4.0	2.4	1.9	0.5	2.0	3.4
Market prices (in U.S. dollar terms) of primary commodities (excluding petroleum) exported by developing countries	7.4	21.2	-4.1	16.3	8.7	-14.6	-12.0	6.7	7.2
Oil exporting countries									
Value (in U.S. dollar terms)									
Exports	29.6	10.1	-2.2	47.5	40.4	-7.8	-22.0	-17.7	7.7
Imports	27.7	22.5	16.8	3.4	25.3	18.2	2.2	-12.5	2.6
Volume									
Exports	7.2	0.5	-3.3	1.9	-12.5	-15.6	-18.2	-7.1	8.6
Imports	18.4	12.4	3.8	-9.7	12.4	20.6	5.9	-9.3	1.6
Unit value (in U.S. dollar terms)									
Exports	20.9	9.6	1.1	44.7	60.4	9.2	-4.6	-11.4	-0.8
Imports	7.9	9.0	12.5	14.5	11.5	-2.0	-3.5	-3.5	1.0
Terms of trade	12.1	0.6	-10.1	26.3	43.9	11.4	-1.2	-8.1	-1.8
Purchasing power of exports 3/	20.2	1.1	-13.1	28.8	26.0	-5.9	-19.1	-14.7	6.7
Memorandum items									
Oil export volume (in billions of barrels)	—	10.80	10.41	10.53	9.12	7.61	6.07	5.55	5.98
Average oil export price (in U.S. dollars per barrel)	—	12.82	12.87	18.79	30.73	33.79	32.36	28.46	28.11
Annual percentage change	21.7	9.3	0.4	46.0	63.5	10.0	-4.2	-12.1	-1.2
Real GNP growth of trading partners	5.1	4.6	4.6	4.0	2.5	2.0	0.8	2.0	3.4
Export unit value (in U.S. dollar terms) of manufactures	7.5	8.0	14.5	14.0	11.0	-6.0	-1.0	-3.0	1.0
Non-oil developing countries 4/									
Value (in U.S. dollar terms)									
Exports	15.0	19.4	15.4	28.2	26.2	5.3	-4.7	2.9	10.3
Imports	15.2	15.6	19.3	30.4	29.3	6.2	-10.9	-3.9	7.1
Volume									
Exports	6.6	4.1	10.0	8.0	9.0	7.8	1.7	5.3	7.1
Imports	6.0	7.7	8.6	10.7	6.8	3.1	-8.3	-0.6	5.5
Unit value (in U.S. dollar terms)									
Exports	7.9	14.6	4.9	18.7	15.8	-2.3	-6.3	-2.3	2.9
Imports	8.6	7.4	9.8	17.8	21.0	3.0	-2.9	-3.3	1.5
Terms of trade	-0.7	6.8	-4.5	0.8	-4.3	-5.1	-3.5	1.1	1.4
Purchasing power of exports 3/	5.9	11.2	5.1	8.8	4.3	2.3	-1.9	6.4	8.6
Memorandum items									
Real GNP growth of trading partners	4.5	4.4	4.3	3.9	2.3	1.8	0.2	1.9	3.3
Market prices (in U.S. dollar terms) of primary commodities excluding petroleum exported by non-oil developing countries	7.3	25.4	-7.2	14.3	10.0	-14.7	-13.2	7.9	7.1
Gross reserves (end of period) as percentage of total imports of goods and services 5/	26.0	25.7	26.4	22.6	17.8	16.4	16.9	18.9	20.0

Table A-14 (concluded). Developing Countries: Merchandise Trade, 1967-84

(Percentage changes, except as indicated)

	Average 1967-76 2/	1977	1978	1979	1980	1981	1982	1983	1984
Memorandum									
Major borrowers									
Value (in U.S. dollar terms)									
Exports	16.1	18.3	11.0	33.1	32.1	1.1	-8.0	0.1	10.0
Imports	16.3	16.6	16.4	24.0	28.6	9.7	-10.3	-11.5	5.5
Volume									
Exports	4.9	6.2	6.7	5.9	2.9	1.4	-1.7	2.4	7.0
Imports	7.3	8.6	6.2	5.2	6.4	6.9	-7.5	-8.7	4.2
Unit values (in U.S. dollar terms)									
Exports	10.7	11.4	4.0	25.7	28.4	-0.2	-6.4	-2.3	2.8
Imports	8.4	7.3	9.6	17.9	20.9	2.6	-3.1	-3.1	1.3
Terms of trade	2.1	3.8	-5.2	6.6	6.2	-2.8	-3.4	0.8	1.5
Purchasing power of exports 3/	7.2	10.3	1.2	12.8	9.3	-1.4	-5.1	3.2	8.6
Memorandum item									
Gross reserves (end of period) as percentage of total imports of goods and services 5/	28.4	28.0	27.8	26.7	22.2	16.9	13.7	15.4	16.4

1/ For classification of countries in groups shown here, see the introduction to this appendix.
2/ Compound annual rates of change.
3/ Export earnings deflated by import prices.
4/ Excluding China prior to 1978.
5/ Gold holdings are valued at SDR 35 an ounce.

Table A-15. Non-Oil Developing Countries--By Analytic Group: Merchandise Trade, 1967-84 1/

(Percentage changes, except as indicated)

	Average 1967-76 2/	Change from Preceding Year 1977	1978	1979	1980	1981	1982	1983	1984
Net oil exporters									
Value (in U.S. dollar terms)									
Exports	14.0	20.8	14.9	46.3	39.1	5.3	-0.8	-0.5	10.0
Imports	14.6	12.7	15.7	34.5	34.9	19.1	-16.7	-12.7	13.5
Volume									
Exports	3.2	6.8	10.3	5.6	4.7	7.3	8.8	3.1	6.8
Imports	5.1	6.4	6.4	15.8	13.2	12.8	-14.8	-11.9	11.5
Unit value (in U.S. dollar terms)									
Exports	10.4	13.1	4.2	38.5	32.8	-1.9	-8.8	-3.5	3.0
Imports	9.1	5.8	8.8	16.1	19.2	5.7	-2.1	-0.8	1.8
Terms of trade	1.2	6.9	-4.3	19.3	11.5	-7.1	-6.8	-2.7	1.1
Purchasing power of exports 3/	4.5	14.2	5.6	26.0	16.7	-0.3	1.4	0.3	8.0
Memorandum items									
Real GNP growth of trading partners	4.5	4.8	4.6	3.8	2.2	2.2	-0.1	2.2	3.7
Average price of oil (in U.S. dollar terms) exported by major oil exporting countries	21.7	9.3	0.4	46.0	63.5	10.0	-4.2	-12.1	-1.2
Market prices (in U.S. dollar terms) of primary commodities (excluding petroleum) exported by net oil exporters among non-oil developing countries	7.5	17.2	2.0	16.3	11.1	-13.9	-14.5	9.8	7.3
Gross reserves (end of period) as percentage of total imports of goods and services 4/	22.1	23.5	22.1	21.1	19.5	16.5	14.3	18.7	20.2
Net oil importers 5/									
Value (in U.S. dollar terms)									
Exports	15.2	19.2	15.3	24.4	23.1	4.3	-6.2	3.5	10.6
Imports	15.2	16.1	18.8	28.6	27.9	4.6	-9.5	-3.3	5.1
Volume									
Exports	7.2	3.7	9.6	7.5	9.4	7.2	-0.2	5.4	7.4
Imports	6.2	7.9	8.2	8.6	4.9	1.9	-6.8	0.7	3.6
Unit value (in U.S. dollar terms)									
Exports	7.5	14.9	5.2	15.7	12.5	-2.8	-6.0	-1.8	3.0
Imports	8.5	7.6	9.8	18.4	21.9	2.7	-2.9	-3.9	1.4
Terms of trade	-1.0	6.8	-4.2	-2.2	-7.7	-5.3	-3.1	2.2	1.6
Purchasing power of exports 3/	6.5	10.7	5.0	5.0	1.0	1.6	-3.3	7.7	9.0
Memorandum items									
Real GNP growth of trading partners	4.3	4.3	4.0	3.7	2.0	1.5	—	1.7	3.2
Market prices (in U.S. dollar terms) of primary commodities (excluding petroleum) exported by net oil importers	7.2	27.7	-9.5	13.8	9.7	-14.9	-12.8	7.4	7.0
Gross reserves (end of period) as percentage of total imports of goods and services 4/	26.6	25.8	27.6	23.3	17.8	16.0	15.6	16.4	17.1
Major exporters of manufactures									
Value (in U.S. dollar terms)									
Exports	17.7	21.9	19.5	26.9	27.8	7.6	-6.9	5.7	11.2
Imports	18.5	12.7	19.2	33.5	28.1	6.8	-9.8	-4.4	7.0
Volume									
Exports	9.9	7.2	12.3	9.9	12.5	9.1	-2.2	7.5	8.4
Imports	9.4	4.1	8.2	12.3	5.0	3.7	-7.6	1.0	5.7
Unit value (in U.S. dollar terms)									
Exports	7.1	13.7	6.4	15.5	13.6	-1.5	-4.8	-1.6	2.5
Imports	8.3	8.3	10.1	18.8	21.9	3.0	-2.3	-5.3	1.2
Terms of trade	-1.1	5.0	-3.3	-2.8	-6.8	-4.4	-2.6	3.9	1.3
Purchasing power of exports 3/	8.7	12.5	8.5	6.8	4.8	4.4	-4.7	11.7	9.8
Memorandum items									
Real GNP growth of trading partners	4.5	4.5	4.3	4.0	2.1	1.8	—	1.9	3.4
Developed countries' export prices (in U.S. dollar terms) of manufactures	7.5	8.0	14.5	14.0	11.0	-6.0	-1.0	-3.0	1.0
Gross reserves (end of period) as percentage of total imports of goods and services 4/	28.2	24.2	27.0	21.2	14.8	14.3	14.3	15.5	17.2

Table A-15 (concluded). Non-Oil Developing Countries--By Analytic Group: Merchandise Trade, 1967-1984 1/

(Percentage changes, except as indicated)

	Average 1967-76 2/	Change from Preceding Year 1977	1978	1979	1980	1981	1982	1983	1984
Low-income countries 5/									
Value (in U.S. dollar terms)									
Exports	10.2	18.9	6.2	18.2	12.2	-4.1	-6.1	4.8	11.4
Imports	8.4	15.4	33.1	21.7	32.1	-0.3	-4.6	-1.8	3.9
Volume									
Exports	3.1	-3.4	2.6	4.0	2.2	-3.6	-1.1	5.1	7.8
Imports	-0.1	9.7	21.1	0.9	9.1	-3.0	-0.4	-1.0	2.1
Unit value (in U.S. dollar terms)									
Exports	6.9	23.1	3.5	13.7	9.8	-0.6	-5.1	-0.3	3.3
Imports	8.5	5.2	9.9	20.7	21.1	2.8	-4.2	-0.8	1.8
Terms of trade	-1.5	17.0	-5.8	-5.8	-9.3	-3.3	-0.9	0.5	1.5
Purchasing power of exports 3/	1.5	13.0	-3.4	-2.0	-7.3	-6.7	-2.0	5.7	9.5
Memorandum items									
Real GNP growth of trading partners	4.5	4.0	4.0	3.5	1.9	1.1	0.5	1.6	3.2
Market prices (in U.S. dollar terms) of primary commodities (excluding petroleum) exported by low-income countries	6.3	29.9	-10.1	9.7	6.0	-12.3	-12.5	9.4	8.6
Gross reserves (end of period) as percentage of total imports of goods and services 4/	23.3	35.0	31.5	29.7	22.1	17.5	16.8	20.9	18.9
Other net oil importers									
Value (in U.S. dollar terms)									
Exports	13.9	14.8	11.4	21.8	17.7	0.2	-4.7	-1.9	8.9
Imports	14.2	22.1	13.2	23.4	25.7	2.8	-11.1	-1.8	1.9
Volume									
Exports	5.2	0.8	7.5	4.2	5.9	6.8	4.6	0.9	4.7
Imports	4.8	13.7	3.6	5.7	2.9	0.8	-7.8	0.7	0.2
Unit value (in U.S. dollar terms)									
Exports	8.2	13.9	3.6	16.9	11.1	-6.2	-8.9	-2.7	4.1
Imports	9.0	7.4	9.2	16.7	22.2	1.9	-3.6	-2.5	1.6
Terms of trade	-0.7	6.1	-5.1	0.2	-9.1	-8.0	-5.5	-0.2	2.4
Purchasing power of exports 3/	7.2	6.9	2.0	4.4	-3.7	-1.8	-1.1	0.7	7.2
Memorandum items									
Real GNP growth of trading partners	4.0	3.9	3.6	3.3	1.7	1.0	-0.2	1.4	2.9
Market prices (in U.S. dollar terms) of primary commodities (excluding petroleum) exported by other net oil importers	6.6	25.6	-5.3	14.6	7.1	-16.3	-10.9	7.9	7.1
Gross reserves (end of period) as percentage of total imports of goods and services 4/	26.4	25.0	27.1	24.7	21.4	18.7	17.5	16.2	16.1

1/ For classification of countries in groups shown here, see the introduction to this appendix.
2/ Compound annual rates of change.
3/ Export earnings deflated by import prices.
4/ Gold holdings are valued at SDR 35 an ounce.
5/ Excluding China.

Table A-16. Non-Oil Developing Countries--By Region: Merchandise Trade, 1967-84 1/

(Percentage changes, except as indicated)

	Average 1967-76 2/	Change from Preceding Year 1977	1978	1979	1980	1981	1982	1983	1984
Africa (excluding South Africa)									
Value in U.S. dollar terms									
Exports	12.3	15.8	4.4	24.7	16.3	-8.0	-7.4	-1.7	11.8
Imports	14.0	16.2	15.8	17.6	22.5	-3.2	-8.4	-7.0	2.4
Volume									
Exports	3.1	-6.3	2.3	4.8	1.8	-1.1	1.8	3.1	6.6
Imports	5.2	11.1	3.6	1.2	4.5	-0.5	-3.5	-7.8	-0.3
Unit value (in U.S. dollar terms)									
Exports	8.9	23.5	2.1	19.0	14.3	-6.9	-9.0	-4.7	4.9
Imports	8.4	4.6	11.9	16.2	17.2	-2.7	-5.1	0.9	2.7
Terms of trade	0.5	18.1	-8.7	2.4	-2.5	-4.3	-4.1	-5.6	2.2
Purchasing power of exports 3/	3.7	10.7	-6.7	7.3	-0.8	-5.4	-2.4	-2.6	8.9
Memorandum items									
Real GNP growth of trading partners	4.3	3.4	3.7	3.3	1.7	0.5	0.3	1.1	2.5
Market prices (in U.S. dollar terms) of primary commodities (excluding petroleum) exported by developing countries in Africa	7.0	36.4	-12.1	12.8	-0.7	-16.4	-12.2	9.7	8.5
Gross reserves (end of period) as percentage of total imports goods and services 4/	16.9	13.6	12.7	12.2	9.4	8.4	8.2	9.2	9.7
Asia 5/									
Value (in U.S. dollar terms)									
Exports	17.7	19.8	21.0	30.4	24.9	9.5	-1.6	6.5	11.5
Imports	14.8	18.8	29.9	34.7	30.7	6.9	-5.2	4.2	8.9
Volume									
Exports	10.9	5.3	12.2	11.1	11.4	9.5	3.9	9.5	8.6
Imports	5.9	11.5	18.2	14.5	9.1	2.2	-1.5	8.8	7.4
Unit value (in U.S. dollar terms)									
Exports	6.1	13.8	7.9	17.4	12.1	--	-5.3	-2.8	2.7
Imports	8.4	6.6	9.9	17.7	19.8	4.6	-3.7	-4.2	1.4
Terms of trade	-2.2	6.7	-1.9	-0.3	-6.4	-4.5	-1.6	1.5	1.3
Purchasing power of exports 3/	8.5	12.4	10.0	10.8	4.2	4.6	2.2	11.2	10.0
Memorandum items									
Real GNP growth of trading partners	5.0	5.1	5.0	4.5	2.6	2.6	0.6	2.6	4.1
Market prices (in U.S. dollar terms) of primary commodities (excluding petroleum) exported by developing countries in Asia	5.4	18.1	10.1	16.6	13.7	-15.7	-16.6	12.8	10.5
Gross reserves (end of period) as percentage of total imports of goods and services 4/	29.7	30.5	26.2	21.9	17.8	18.6	22.6	25.4	26.4
Europe									
Value (in U.S. dollar terms)									
Exports	15.7	10.6	14.8	21.2	19.6	12.7	-2.0	0.2	6.0
Imports	16.6	18.9	8.7	26.1	18.5	2.9	-10.4	-4.7	0.9
Volume									
Exports	8.5	3.0	6.5	2.5	5.1	15.8	1.4	5.2	4.5
Imports	7.3	8.0	0.6	8.5	-1.8	4.2	-10.1	0.2	-0.9
Unit value (in U.S. dollar terms)									
Exports	6.6	7.3	7.8	18.3	13.9	-2.7	-3.3	-4.7	1.4
Imports	8.6	10.0	8.1	16.3	20.7	-1.2	-0.3	-4.9	1.8
Terms of trade	-1.9	-2.5	-0.3	1.8	-5.7	-1.5	-3.0	0.2	-0.3
Purchasing power of exports 3/	6.5	0.5	6.2	4.3	-0.9	14.1	-1.6	5.4	4.1
Memorandum items									
Real GNP growth of trading partners	3.3	3.1	2.7	2.7	1.4	0.3	0.1	0.9	2.1
Market prices (in U.S. dollar terms) of primary commodities (excluding petroleum) exported by developing countries in Europe	8.7	0.2	6.7	12.4	10.3	-8.8	-15.5	12.8	9.0
Gross reserves (end of period) as percentage of total imports of goods and services 4/	29.2	18.3	20.4	14.6	12.8	10.9	9.7	11.7	13.1

Table A-16 (concluded). Non-Oil Developing Countries--By Region: Merchandise Trade, 1967-84 1/

(Percentage changes, except as indicated)

	Average 1967-76 2/	Change from Preceding year 1977	1978	1979	1980	1981	1982	1983	1984
Middle East									
Value (in U.S. dollar terms)									
Exports	15.7	22.9	9.0	26.7	34.5	4.7	-10.0	-8.3	8.0
Imports	15.6	21.4	13.2	26.3	25.5	11.7	-9.6	3.2	5.7
Volume									
Exports	4.3	9.1	-4.1	3.3	7.5	1.0	-5.2	-5.3	5.9
Imports	6.5	14.2	0.2	4.8	0.7	7.6	-4.2	5.8	4.8
Unit value (in U.S. dollar terms)									
Exports	10.9	12.6	13.6	22.7	25.1	3.6	-5.1	-3.2	2.0
Imports	8.6	6.3	13.0	20.4	24.6	3.8	-5.6	-2.5	0.9
Terms of trade	2.1	6.0	0.5	1.9	0.4	-0.2	0.5	-0.7	1.2
Purchasing power of exports 3/	6.5	15.6	-3.5	5.2	8.0	0.8	-4.7	-6.0	7.1
Memorandum items									
Real GNP growth of trading partners	4.9	4.6	3.9	4.0	2.4	1.2	-0.1	1.2	3.2
Market prices (in U.S. dollar terms) of primary commodities (excluding petroleum) exported by developing countries in Middle East	9.5	5.4	0.8	5.8	12.1	-2.0	-23.1	9.7	10.0
Gross reserves (end of period) as percentage of total imports of goods and services 4/	30.9	29.7	33.0	28.4	24.4	21.5	24.2	21.1	19.7
Western Hemisphere									
Value (in U.S. dollar terms)									
Exports	13.5	24.2	10.6	28.4	29.1	7.4	-7.1	1.0	11.6
Imports	15.4	10.6	15.3	34.5	34.5	7.3	-22.1	-20.7	10.6
Volume									
Exports	3.0	4.5	14.4	6.4	7.9	11.6	2.1	2.5	6.9
Imports	5.9	3.7	6.7	14.9	11.1	1.7	-20.6	-19.0	9.3
Unit value (in U.S. dollar terms)									
Exports	10.3	18.9	-3.3	20.7	19.7	-3.8	-9.1	-1.4	4.3
Imports	9.0	6.7	8.1	17.0	21.1	5.5	-1.9	-2.0	1.2
Terms of trade	1.1	11.4	-10.6	3.1	-1.2	-8.8	-7.3	0.6	3.1
Purchasing power of exports 3/	4.1	16.4	2.3	9.7	6.6	1.8	-5.3	3.1	10.3
Memorandum items									
Real GNP growth of trading partners	4.0	4.3	4.0	3.5	1.6	1.2	-1.0	1.5	3.2
Market prices (in U.S. dollar terms) of primary commodities (excluding petroleum) exported by developing countries in Western Hemisphere	8.2	27.9	-12.6	13.8	12.3	-14.4	-10.7	5.0	4.6
Gross reserves (end of period) as percentage of total imports of goods and services 4/	24.1	32.2	38.7	34.2	24.2	19.5	15.1	16.2	18.0

1/ For country classification, see the introduction to this appendix.
2/ Compound annual rates of change.
3/ Export earnings deflated by import prices.
4/ Gold holdings are valued at SDR 35 an ounce.
5/ Excluding China prior to 1978.

Table A-17. Summary of Payments Balances on Current Account, 1977-85 1/

(In billions of U.S. dollars)

	1977	1978	1979	1980	1981	1982	1983	1984 2/	1985 2/
Industrial countries	-2.2	32.4	-5.4	-40.4	1.9	-1.4	-1.2	-22.5	-30.0
Canada	-4.1	-4.0	-4.2	-1.2	-5.1	2.2	0.6	-2.0	-3.0
United States	-11.7	-12.3	2.6	5.1	9.1	-5.8	-34.3	-68.0	-83.5
Japan	11.3	16.9	-7.9	-9.5	6.2	8.1	22.3	29.0	34.0
France	1.0	8.5	6.9	-2.5	-2.8	-9.5	-2.5	1.5	2.5
Germany, Fed. Rep. of	8.5	13.4	--	-8.3	0.1	10.2	9.0	10.0	12.0
Italy	3.1	7.9	6.4	-9.5	-7.5	-4.9	0.9	1.0	0.5
United Kingdom	2.0	5.5	3.0	11.8	16.7	12.7	6.1	5.0	3.5
Other industrial countries	-12.2	-3.5	-12.3	-26.4	-14.9	-14.5	-3.5	0.5	3.0
Developing countries	-1.0	-36.6	0.5	23.3	-55.7	-94.2	-72.6	-58.0	-57.0
Of which: Major borrowers	-26.7	-37.9	-35.4	-41.3	-79.5	-74.9	-39.6	-31.0	-29.0
Oil exporting countries	29.4	5.7	62.5	111.0	53.4	-12.0	-16.2	-8.0	-7.0
Of which:									
Four "major borrowers" 3/	-7.4	-14.9	0.4	11.0	-4.4	-17.1	-5.8	-3.2	...
Other countries 4/	36.8	20.6	62.1	100.0	57.8	5.1	-10.4	-4.8	...
Non-oil developing countries	-30.4	-42.3	-62.0	-87.7	-109.1	-82.2	-56.4	-50.0	-50.0
By analytical group 5/									
Net oil exporters	-6.3	-7.4	-7.3	-10.2	-24.3	-14.4	-6.9	-9.5	-10.5
Net oil importers	-25.0	-34.4	-52.5	-74.3	-86.1	-73.5	-54.5	-43.5	-41.0
Major exporters of manufactures	-8.9	-10.8	-22.9	-32.5	-37.4	-34.6	-17.1	-12.0	-11.0
Low-income countries	-3.7	-8.2	-10.5	-14.1	-15.7	-15.1	-13.1	-12.5	-13.0
Other net oil importers	-12.5	-15.2	-19.1	-27.6	-33.0	-23.8	-24.3	-19.0	-17.5
By area									
Africa 6/	-6.6	-9.4	-9.9	-12.9	-14.0	-12.5	-10.8	-9.5	-10.0
Asia	-1.5	-8.3	-16.9	-25.4	-23.2	-14.6	-10.7	-8.0	-12.0
Europe	-9.1	-7.2	-10.1	-12.7	-10.4	-6.9	-5.5	-2.5	-1.0
Middle East	-5.1	-5.7	-7.2	-7.1	-11.5	-9.3	-12.0	-12.0	-12.0
Western Hemisphere	-8.6	-13.2	-21.4	-33.1	-45.5	-35.8	-18.5	-18.5	-15.5
Total 7/	-3.2	-4.2	-4.9	-17.1	-53.8	-95.6	-73.8	-80.5	-87.0

1/ On goods, services, and private transfers. For classification of countries in groups shown here, see the introduction to this appendix.
2/ Figures are rounded to the nearest $0.5 billion.
3/ Algeria, Indonesia, Nigeria, and Venezuela. These four countries are included in the group of 25 developing countries classified as major borrowers.
4/ The Islamic Republic of Iran, Iraq, Kuwait, Libyan Arab Jamahiriya, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.
5/ China, which is classified as a low-income country but is also a net oil exporter, is included in the total but not in the subgroups.
6/ Excluding South Africa.
7/ Reflects errors, omissions, and asymmetries in reported balance of payments statistics on current account, plus balance of listed groups with other countries (mainly the U.S.S.R. and other nonmember countries of Eastern Europe).

Table A-18. Industrial Countries: Balance of Payments on Current Account, 1977-84 1/

(In billions of U.S. dollars)

	1977	1978	1979	1980	1981	1982	1983	1984 2/
Exports (f.o.b.)	696.8	834.1	1031.0	1211.4	1203.7	1136.4	1120.3	1182.0
Imports (f.o.b.)	-715.6	-825.8	-1067.6	-1277.6	-1223.0	-1152.6	-1134.7	-1221.5
Trade balance	-18.9	8.4	-36.7	-66.2	-19.2	-16.2	-14.4	-39.5
Services, credits	258.8	321.6	414.0	499.1	533.8	523.0	503.6	532.0
Services, debits	-236.8	-290.6	-374.3	-464.1	-504.2	-500.6	-483.2	-508.0
Private transfers	-5.3	-6.9	-8.4	-9.2	-8.5	-7.6	-7.2	-7.0
Net services and private transfers	16.7	24.0	31.3	25.8	21.1	14.8	13.2	17.0
Balance on current account	-2.2	32.4	-5.4	-40.4	1.9	-1.4	-1.2	-22.5
Official transfers	-13.2	-16.6	-19.6	-22.4	-22.0	-23.3	-20.5	-21.0
Balance on current account including official transfers	-15.4	15.8	-25.1	-62.9	-20.1	-24.7	-21.7	-43.5

1/ For country classification, see the introduction to this appendix.
2/ Figures are rounded to the nearest $0.5 billion.

Table A-19. Industrial Countries: Balances on Current Account, Including Official Transfers, 1977-85 1/

(In billions of U.S. dollars)

	1977	1978	1979	1980	1981	1982	1983	1984 2/	1985 2/
Canada	-4.1	-4.3	-4.1	-0.9	-4.8	2.4	0.6	-1.5	-2.5
United States	-14.5	-15.4	-1.0	0.4	4.6	-11.2	-39.3	-73.0	-89.0
Japan	10.9	16.5	-8.8	-10.8	4.8	6.9	21.0	27.5	32.0
France	-0.4	7.0	5.2	-4.2	-4.8	-12.2	-3.8	--	0.5
Germany, Fed. Rep. of	4.1	9.0	-6.1	-15.7	-6.5	3.5	3.3	4.0	6.0
Italy	2.5	6.4	5.5	-9.7	-8.2	-5.5	0.3	0.5	--
United Kingdom	0.1	2.2	-1.4	7.5	13.3	9.5	3.1	2.0	0.5
Other industrial countries	-14.0	-5.7	-14.4	-29.5	-18.5	-18.1	-6.8	-3.0	--
All industrial countries	-15.4	15.8	-25.1	-62.9	-20.1	-24.7	-21.7	-43.5	-53.0
Of which:									
Seven larger countries above	-1.4	21.4	-10.7	-33.4	-1.6	-6.6	-14.9	-41.0	-53.0
European countries	-3.9	24.0	-7.6	-46.3	-15.0	-11.5	5.7	14.0	17.5

1/ The balances shown in this table cover goods, services, and all (private and official) current transfers. For country classification, see the introduction to this appendix.
2/ Figures are rounded to the nearest $0.5 billion.

Table A-20. Developing Countries: Balance of Payments Summaries, 1977-84 1/

(In billions of U.S. dollars)

	1977	1978	1979	1980	1981	1982	1983	1984
Developing countries								
Exports (f.o.b.)	318.8	342.0	466.1	618.4	612.2	536.1	507.6	555.5
Imports (f.o.b.)	281.0	333.0	407.9	523.3	571.0	528.1	494.6	523.8
Trade balance	37.7	8.9	58.2	94.9	41.2	8.0	13.1	31.6
Net services and private transfers	-38.7	-45.7	-57.7	-71.6	-96.9	-102.2	-85.7	-89.5
Balance on current account	-1.0	-36.6	0.5	23.3	-55.7	-94.2	-72.6	-58.0
Oil exporting countries								
Exports (f.o.b.)	146.7	143.4	211.5	297.0	273.8	213.7	175.9	189.5
Oil exports	138.5	134.0	197.8	280.4	257.2	196.6	157.9	166.7
Other exports	8.2	9.4	13.7	16.6	16.6	17.2	18.0	22.8
Imports (f.o.b.)	83.4	97.4	100.7	126.2	149.2	152.5	133.5	137.0
Trade balance	63.3	46.0	110.8	170.8	124.6	61.2	42.5	52.5
Net services and private transfers	-33.9	-40.4	-48.3	-59.8	-71.2	-73.2	-58.7	-60.5
Receipts	18.1	21.2	25.6	36.7	47.7	45.6	40.4	40.5
Payments	52.0	61.6	73.9	96.5	118.9	118.8	99.1	101.0
Balance on current account	29.4	5.7	62.5	111.0	53.4	-12.0	-16.2	-8.0
Non-oil developing countries								
Exports (f.o.b.)	172.1	198.6	254.6	321.4	338.4	322.4	331.7	365.8
Imports (f.o.b.)	197.6	235.6	307.2	397.1	421.8	375.6	361.1	386.8
Trade balance	-25.6	-37.1	-52.7	-75.8	-83.4	-53.3	-29.4	-21.0
Net services and private transfers	-4.8	-5.2	-9.3	-11.9	-25.7	-28.9	-27.0	-29.0
Balance on current account	-30.4	-42.3	-62.0	-87.7	-109.1	-82.2	-56.4	-50.0
Net official transfers	8.3	8.3	11.5	12.8	13.5	12.9	13.2	13.8
Net capital inflows	32.4	48.8	63.2	77.8	93.9	57.2	39.1	44.5
Overall balance 2/	10.2	14.8	12.7	2.9	-1.8	-12.1	-4.1	8.3
Memorandum item								
Major borrowers								
Exports (f.o.b.)	136.5	151.4	201.5	266.1	269.1	247.6	247.7	272.4
Imports (f.o.b.)	145.7	169.6	210.4	270.6	296.9	266.2	235.6	248.6
Trade balance	-9.3	-18.2	-8.9	-4.5	-27.8	-18.6	12.1	23.8
Net services and private transfers	-17.4	-19.7	-26.5	-36.7	-51.7	-56.3	-51.7	-54.9
Balance on current account	-26.7	-37.9	-35.4	-41.3	-79.5	-74.9	-39.6	-31.1
Net official transfers	2.9	3.1	3.9	4.0	4.3	3.8	3.8	3.7
Net capital inflows	28.6	44.9	52.0	51.0	63.0	43.2	26.3	31.5
Overall balance 2/	4.8	10.0	20.6	13.7	-12.3	-27.9	-9.5	4.1

1/ For classification of countries in groups shown here, see the introduction to this appendix.
2/ Equal, with sign reversed, to sum of use of reserves and change in liabilities constituting foreign authorities' reserves. (See Table A-27.)

Table A-21. Non-Oil Developing Countries--By Analytic Subgroup: Balance of Payments Summaries, 1977-84 1/

(In billions of U.S. dollars)

	1977	1978	1979	1980	1981	1982	1983	1984
Net oil exporters								
Exports (f.o.b.)	23.5	27.0	39.5	54.9	57.8	57.3	57.0	62.7
Imports (f.o.b.)	27.0	31.3	42.1	56.8	67.7	56.4	49.2	55.9
Trade balance	-3.6	-4.3	-2.6	-1.9	-9.9	0.9	7.8	6.8
Net services and private transfers	-2.8	-3.0	-4.7	-8.3	-14.4	-15.3	-14.7	-16.2
Balance on current account	-6.3	-7.4	-7.3	-10.2	-24.3	-14.4	-6.9	-9.4
Net official transfers	1.9	1.5	2.2	2.3	2.5	2.1	2.6	2.7
Net capital inflows	5.1	6.1	8.8	11.9	24.1	8.3	5.8	8.8
Overall balance 2/	0.6	0.3	3.7	4.0	2.3	-4.0	1.5	2.2
Net oil importers								
Exports (f.o.b.)	140.6	162.1	201.5	248.0	258.6	242.6	251.1	277.7
Imports (f.o.b.)	163.9	193.6	248.9	318.3	333.1	301.4	291.5	306.2
Trade balance	-22.5	-31.6	-47.5	-70.3	-74.5	-58.9	-40.5	-28.6
Net services and private transfers	-2.6	-2.6	-5.0	-3.9	-11.6	-14.6	-14.0	-14.9
Balance on current account	-25.0	-34.2	-52.5	-74.2	-86.1	-73.5	-54.5	-43.5
Net official transfers	6.5	6.8	9.3	10.6	10.8	10.8	10.8	11.2
Net capital inflows	27.7	42.7	51.6	62.2	69.3	48.3	33.2	35.4
Overall balance 2/	9.1	15.3	8.4	-1.5	-6.0	-14.3	-10.6	3.2
Major exporters of manufactures								
Exports (f.o.b.)	78.3	93.5	118.7	151.7	163.2	152.0	160.7	178.6
Imports (f.o.b)	87.4	104.1	139.0	178.0	190.2	171.6	164.1	175.7
Trade balance	-9.1	-10.6	-20.3	-26.3	-27.0	-19.6	-3.5	3.0
Net services and private transfers	0.2	-0.2	-2.6	-6.3	-10.5	-15.0	-13.7	-14.9
Balance on current account	-8.9	-10.8	-22.9	-32.5	-37.4	-34.6	-17.1	-11.9
Net official transfers	1.4	1.6	2.0	2.3	2.4	2.7	2.8	3.0
Net capital inflows	11.6	19.6	25.5	27.6	35.7	24.1	10.8	15.0
Overall balance 2/	4.2	10.4	4.7	-2.6	0.7	-7.8	-3.6	6.0
Low-income countries								
Exports (f.o.b.)	16.8	17.8	21.1	23.7	22.7	21.3	22.3	24.9
Imports (f.o.b.)	19.8	26.4	32.2	42.5	42.4	40.4	39.7	41.2
Trade balance	-3.2	-8.7	-11.2	-18.9	-19.8	-19.2	-17.3	-16.3
Net services and private transfers	-0.5	0.5	0.7	4.8	4.1	4.1	4.2	3.7
Balance on current account	-3.7	-8.2	-10.5	-14.1	-15.7	-15.1	-13.1	-12.7
Net official transfers	2.9	3.2	4.1	4.5	4.3	4.4	4.6	4.7
Net capital inflows	4.0	6.6	7.6	8.1	7.4	7.3	7.7	6.8
Overall balance 2/	3.2	1.6	1.2	-1.6	-3.9	-3.4	-0.9	-1.2
Other net oil importers								
Exports (f.o.b.)	45.5	50.7	61.7	72.6	72.8	69.3	68.1	74.1
Imports (f.o.b.)	55.7	63.1	77.8	97.8	100.5	89.4	87.7	89.4
Trade balance	-10.2	-12.3	-16.1	-25.2	-27.8	-20.0	-19.7	-15.2
Net services and private transfers	-2.3	-2.9	-3.0	-2.4	-5.2	-3.8	-4.6	-3.6
Balance on current account	-12.5	-15.2	-19.1	-27.6	-33.0	-23.8	-24.3	-18.8
Net official transfers	2.2	2.0	3.2	3.8	4.2	3.8	3.4	3.5
Net capital inflows	12.0	16.4	18.5	26.5	26.1	16.9	14.7	13.7
Overall balance 2/	1.7	3.3	2.5	2.7	-2.8	-3.1	-6.1	-1.6

1/ For classification of countries in groups shown here, see the introduction to this appendix. China, which is classified as a low-income country but is also a net oil exporter, is excluded.

2/ Equal, with sign reversed, to sum of use of reserves and change in liabilities constituting foreign authorities' reserves. (See Table A-28.)

Table A-22. Non-Oil Developing Countries--By Region: Balance of Payments Summaries, 1977-84 1/

(In billions of U.S. dollars)

	1977	1978	1979	1980	1981	1982	1983	1984
Africa (excluding South Africa)								
Exports (f.o.b.)	18.3	19.1	23.9	27.8	25.5	23.7	23.3	26.0
Imports (f.o.b.)	19.7	22.8	26.9	32.9	31.8	29.2	27.1	27.8
Trade balance	-1.4	-3.7	-3.0	-5.2	-6.3	-5.5	-3.9	-1.8
Net services and private transfers	-5.2	-5.7	-6.9	-7.8	-7.7	-7.0	-6.9	-7.7
Balance on current account	-6.6	-9.4	-9.9	-12.9	-14.0	-12.5	-10.8	-9.4
Net official transfers	2.3	2.5	2.9	3.3	3.3	3.2	3.3	3.3
Net capital inflows	5.0	6.4	6.6	8.4	8.4	7.9	5.7	5.3
Overall balance 2/	0.7	-0.4	-0.3	-1.2	-2.3	-1.4	-1.8	-0.8
Asia								
Exports (f.o.b.)	68.1	82.4	107.4	134.2	146.9	144.5	153.9	171.6
Imports (f.o.b.)	72.0	93.6	126.1	164.9	176.3	167.2	174.2	189.7
Trade balance	-4.0	-11.3	-18.8	-30.8	-29.5	-22.8	-20.3	-18.1
Net services and private transfers	2.5	3.0	1.9	5.4	6.3	8.2	9.7	9.9
Balance on current account	-1.5	-8.3	-16.9	-25.4	-23.2	-14.6	-10.7	-8.2
Net official transfers	1.9	2.0	2.6	2.8	3.0	2.7	2.8	2.7
Net capital inflows	5.1	10.8	19.0	25.4	24.4	18.2	16.4	12.5
Overall balance 2/	5.5	4.4	4.8	2.9	4.2	6.4	8.5	7.0
Europe								
Exports (f.o.b.)	24.9	28.6	34.7	41.5	46.7	45.8	45.9	48.7
Imports (f.o.b.)	38.7	42.0	53.0	62.9	64.7	58.0	55.2	55.7
Trade balance	-13.8	-13.5	-18.4	-21.4	-18.0	-12.2	-9.3	-7.0
Net services and private transfers	4.7	6.3	8.3	8.7	7.6	5.3	3.9	4.6
Balance on current account	-9.1	-7.2	-10.1	-12.7	-10.4	-6.9	-5.5	-2.5
Net official transfers	0.1	0.1	0.1	0.1	0.3	0.6	0.8	0.8
Net capital inflows	7.5	7.5	9.8	12.8	8.5	3.6	1.8	1.7
Overall balance 2/	-1.5	0.4	-0.2	0.2	-1.6	-2.6	-2.9	0.1
Middle East								
Exports (f.o.b.)	9.4	10.2	12.9	17.4	18.2	16.4	15.0	16.2
Imports (f.o.b.)	18.5	20.9	26.4	33.1	37.0	33.5	34.5	36.5
Trade balance	-9.1	-10.7	-13.5	-15.7	-18.8	-17.1	-19.5	-20.3
Net services and private transfers	4.0	5.0	6.3	8.7	7.3	7.7	7.4	8.4
Balance on current account	-5.1	-5.7	-7.2	-7.1	-11.5	-9.3	-12.0	-11.9
Net official transfers	3.6	3.2	5.0	5.4	5.8	5.2	5.1	5.7
Net capital inflows	1.8	3.4	3.2	3.5	7.6	5.7	5.8	6.1
Overall balance 2/	0.3	0.9	1.0	1.8	1.9	1.5	-1.1	-0.2
Western Hemisphere								
Exports (f.o.b.)	40.9	45.3	58.1	75.0	80.6	74.8	75.6	84.4
Imports (f.o.b.)	40.8	47.0	63.2	85.1	91.3	71.1	56.4	62.4
Trade balance	0.1	-1.7	-5.1	-10.0	-10.7	3.7	19.2	22.0
Net services and private transfers	-8.7	-11.5	-16.2	-23.1	-34.8	-39.5	-37.7	-40.5
Balance on current account	-8.6	-13.2	-21.4	-33.1	-45.5	-35.8	-18.5	-18.5
Net official transfers	0.3	0.4	0.7	0.8	0.8	1.0	1.1	1.0
Net capital inflows	13.7	22.1	27.7	30.6	41.8	20.0	10.4	19.2
Overall balance 2/	5.5	9.3	7.0	-1.7	-2.8	-14.8	-7.0	1.8

1/ For country classification, see the introduction to this appendix.

2/ Equal, with sign reversed, to sum of use of reserves and change in liabilities constituting foreign authorities' reserves. (See Table A-28.)

Table A-23. Non-Oil Developing Countries: Selected Components of Balances on Current Account, 1977-84 1/

(In billions of U.S. dollars)

	1977	1978	1979	1980	1981	1982	1983	1984
All non-oil developing countries								
Balance on current account	-30.4	-42.3	-62.0	-87.7	-109.1	-82.2	-56.4	-49.9
Trade balance	-25.6	-37.1	-52.7	-75.8	-83.4	-53.3	-29.4	-21.0
Oil trade balance 2/	-18.4	-18.6	-25.1	-38.4	-38.9	-29.3	-21.9	-19.7
Non-oil trade balance 3/	-7.2	-18.5	-27.6	-37.4	-44.6	-24.0	-7.5	-1.3
Net services and private transfers	-4.8	-5.2	-9.3	-11.9	-25.7	-28.9	-27.0	-28.9
Interest income, net 4/	-11.5	-14.7	-20.8	-29.9	-45.6	-56.2	-56.7	-60.7
Other services and private transfers, net	6.7	9.5	11.4	18.0	19.9	27.3	29.6	31.7
Net oil exporters								
Balance on current account	-6.3	-7.4	-7.3	-10.2	-24.3	-14.4	-6.9	-9.4
Trade balance	-3.6	-4.3	-2.6	-1.9	-9.9	0.9	7.8	6.8
Oil trade balance 2/	5.5	7.1	13.3	23.7	27.1	29.4	27.9	29.0
Non-oil trade balance 3/	-9.0	-11.5	-15.9	-25.6	-37.0	-28.4	-20.1	-22.1
Net services and private transfers	-2.8	-3.0	-4.7	-8.3	-14.4	-15.3	-14.7	-16.2
Interest income, net 4/	-3.0	-3.6	-4.0	-5.3	-8.3	-11.2	-13.6	-14.5
Other services and private transfers, net	0.2	0.5	-0.6	-3.0	-6.1	-4.1	-1.1	-1.7
Net oil importers								
Balance on current account	-25.0	-34.2	-52.5	-74.2	-86.1	-73.5	-54.5	-43.5
Trade balance	-22.5	-31.6	-47.5	-70.3	-74.5	-58.9	-40.5	-28.6
Oil trade balance 2/	-24.6	-26.6	-40.2	-65.1	-69.3	-62.0	-52.8	-51.6
Non-oil trade balance 3/	2.1	-5.0	-7.3	-5.2	-5.3	3.2	12.4	23.0
Net services and private transfers	-2.6	-2.6	-5.0	-3.9	-11.6	-14.6	-14.0	-14.9
Interest income, net 4/	-8.8	-11.2	-16.7	-24.5	-37.2	-45.3	-44.1	-47.6
Other services and private transfers, net	6.2	8.6	11.7	20.6	25.6	30.7	30.0	32.7

1/ For classification of countries in groups shown here, see the introduction to this appendix. China, which is both a net oil exporter and a low-income country, is included in the total but not in the subgroups.

2/ Based on a c.i.f. valuation of oil imports.

3/ Calculated by residual.

4/ Includes dividend and royalty income. Specifically, amounts shown refer to all investment income receipts less investment income payments on investments other than foreign direct investment.

Table A-24. Developing Countries: Current Account Balances as Percentage of Exports of Goods and Services, 1967-85 1/

	Average 1967-76 2/	1977	1978	1979	1980	1981	1982	1983	1984	1985
Developing countries										
Weighted average	-7.0	-0.3	-8.6	0.1	3.0	-7.2	-13.5	-10.9	-7.9	-7.1
Median	-20.1	-20.4	-28.8	-27.0	-27.8	-37.5	-36.4	-31.4	-23.3	-21.0
Oil exporting countries										
Weighted average	11.0	17.9	3.5	26.4	33.2	16.6	-4.6	-7.5	-3.0	-2.4
Median	8.4	19.3	3.5	24.2	31.8	5.1	1.8	-1.3	-4.3	-6.9
Non-oil developing countries										
Weighted average	-18.7	-13.7	-16.2	-18.4	-20.5	-23.9	-18.7	-12.6	-10.2	-9.3
Median	-22.2	-21.3	-30.3	-29.1	-35.1	-42.4	-39.8	-36.2	-27.5	-22.7
By analytical group										
Weighted averages										
Net oil exporters	-22.6	-19.1	-18.8	-13.2	-13.6	-30.2	-18.3	-8.8	-10.8	-11.2
Net oil importers	-18.1	-12.7	-15.7	-19.4	-22.0	-22.5	-18.8	-13.4	-10.1	-8.9
Major exporters of manufactures	-15.5	-8.7	-8.8	-14.6	-16.4	-17.2	-16.8	-8.0	-5.1	-4.2
Low-income countries	-37.6	-9.1	-26.7	-29.6	-32.7	-25.6	-16.8	-13.9	-15.3	-16.2
Excluding India and China	-46.9	-41.9	-58.9	-57.9	-59.7	-66.3	-66.6	-51.9	-46.9	-42.9
Other net oil importers	-13.8	-21.7	-22.9	-23.3	-27.5	-32.2	-23.9	-25.1	-18.1	-15.3
Medians										
Net oil exporters	-19.5	-21.9	-24.2	-15.3	-8.1	-29.8	-22.3	-18.6	-12.5	-13.2
Net oil importers	-22.5	-21.3	-30.7	-30.3	-38.2	-43.3	-43.3	-38.6	-29.6	-25.2
Major exporters of manufactures	-13.9	-2.9	-9.7	-7.1	-18.7	-18.6	-14.8	-5.3	-2.7	-2.2
Low-income countries	-39.8	-39.5	-66.6	-63.9	-65.9	-72.0	-85.9	-73.9	-62.2	-50.9
Other net oil importers	-17.3	-17.7	-23.8	-24.5	-27.7	-35.9	-32.8	-30.3	-23.0	-20.5
By area										
Weighted averages										
Africa (excl. South Africa)	-21.1	-29.1	-38.4	-32.7	-36.4	-42.4	-41.0	-36.4	-28.8	-28.0
Asia	-17.4	-1.8	-8.0	-12.4	-14.9	-12.2	-7.6	-5.3	-3.7	-4.8
Europe	-8.4	-27.6	-18.9	-21.2	-22.3	-16.2	-11.3	-9.2	-3.9	-1.5
Middle East	-34.3	-32.6	-29.9	-30.1	-21.5	-34.3	-27.9	-37.4	-34.3	-32.2
Western Hemisphere	-24.2	-15.9	-21.7	-26.8	-32.1	-40.6	-34.7	-18.1	-16.3	-12.3
Medians										
Africa (excl. South Africa)	-27.9	-22.9	-49.7	-40.8	-57.2	-56.4	-61.1	-53.3	-41.2	-39.0
Asia	-20.6	-20.5	-26.6	-28.1	-35.1	-34.3	-36.4	-29.3	-21.4	-22.4
Europe	-7.7	-21.5	-18.0	-20.3	-19.3	-11.8	-9.4	-9.3	-3.0	-0.7
Middle East	-30.9	-28.0	-44.5	-37.3	-41.9	-52.1	-50.9	-55.0	-48.8	-40.1
Western Hemisphere	-21.1	-20.1	-12.7	-18.9	-25.7	-35.5	-30.4	-26.1	-22.0	-15.4
Memorandum: Major borrowers										
Weighted average	-16.3	-16.0	-19.9	-14.1	-12.5	-23.2	-23.7	-12.7	-9.1	-7.7
Median	-15.7	-21.1	-23.0	-16.2	-18.7	-30.7	-25.8	-21.7	-13.6	-11.5

1/ For classification of countries in groups shown here, see the introduction to this appendix.
2/ Excludes China.

Table A-25. World Payments Balances on Current Account, 1977-84 1/

(In billions of U.S. dollars)

	1977	1978	1979	1980	1981	1982	1983	1984
Industrial countries 2/	-2	32	-5	-40	2	-1	-1	-22
Developing countries 2/	-1	-37	1	23	-56	-94	-73	-58
Oil exporting countries	29	6	63	111	53	-12	-16	-8
Non-oil developing countries	-30	-42	-62	-88	-109	-82	-56	-50
Subtotal	-4	-5	-5	-18	-54	-96	-74	-80
Other countries 3/	-8	-9	-3	-4	-4	--	--	--
Total	-12	-14	-8	-22	-58	-96	-74	-80
Total asymmetry above, by selected categories:								
Trade balance asymmetry	11	11	21	28	22	-4	2	-5
Of which:								
Timing asymmetry on trade 4/	8	19	31	16	-3	-16	1	10
Residual asymmetry on trade	3	-8	-10	12	25	12	1	-15
Asymmetry on account of services and private transfers	-23	-25	-29	-50	-80	-92	-76	-75

1/ Goods, services, and private transfers.
2/ For classification of countries in groups shown here, see the introduction to this appendix.
3/ This group comprises a number of countries outside the Fund membership, the most important of which are the Union of Soviet Socialist Republics and other non-member countries of Eastern Europe. The figures are rough estimates based on incomplete information.
4/ Fund staff estimates of the difference between the beginning-of-year and end-of-year "float," that is, the value of those exports which 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 A-26. Oil Exporting Countries: Estimated Disposition of Current Account Surplus, 1974-83 1/

(In billions of U.S. dollars)

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	Total 1974-83
Current account surplus 2/	69	35	39	29	6	63	111	53	-12	-16	377
Plus: Oil sector capital transactions (outflow-) 3/	-12	1	-6	-1	2	-9	-2	3	6	3	-15
Net borrowing 4/	2	3	9	11	16	10	7	7	15	16	96
Equals: Cash surplus available for disposition	59	39	42	39	24	64	116	63	9	3	458
Disposition of cash surplus:											
Fund and World Bank 5/	4	3	2	—	-1	-1	1	3	3	6	20
Loans and grants to non-oil developing countries 6/	5	7	7	8	9	9	11	10	8	7	81
Bank deposits in industrial countries (net) 7/	30	11	13	13	5	40	42	2	-16	-14	126
Direct placements	(7)	(2)	(1)	(2)	(2)	(8)	(6)	(—)	(4)	(—)	(32)
Eurocurrency deposits	(23)	(9)	(12)	(11)	(3)	(32)	(36)	(2)	(-20)	(-14)	(94)
Other placements 8/	20	18	20	18	11	16	62	48	14	4	231

1/ For country classification, see the introduction to this appendix.
2/ As shown in Table __.
3/ Mainly changes in accounts receivable from oil exports.
4/ Total net increase in external liabilities of public and private sectors (including banks). Includes small amounts of official transfer receipts, inward non-oil direct investment capital, and miscellaneous capital items. Excludes borrowing from other oil exporting countries.
5/ Includes lending to the Fund, other changes in the reserve position in the Fund, and direct purchases of World Bank bonds.
6/ Includes contributions and capital subscriptions to multilateral development agencies (other than the World Bank). Estimates are based on highly uncertain information.
7/ Includes deposits in Eurocurrency markets.
8/ Includes net acquisitions of government securities, corporate stocks and bonds, bilateral lending (except to non-oil developing countries), real estate and other direct investments, and prepayments for imports. Also includes unidentified placements and statistical discrepancies.

Table A-27. Developing Countries--Major Borrowers: Current Account Financing, 1977-85 1/

(In billions of U.S. dollars)

	1977	1978	1979	1980	1981	1982	1983	1984	1985
Current account deficit 2/	26.7	37.9	35.4	41.3	79.5	74.9	39.6	31.1	28.8
Nondebt-creating flows, net	7.0	8.7	13.0	10.4	12.8	11.5	8.0	8.7	10.4
Official transfers	2.9	3.1	3.9	4.0	4.3	3.8	3.8	3.7	4.2
Direct investment flows, net	3.9	4.9	6.3	5.4	8.8	7.8	4.1	4.8	6.0
SDR allocations, valuation adjustments, and gold monetization	0.2	0.7	2.8	1.0	-0.3	-0.2	0.1	0.2	0.2
Use of reserves	-5.9	-10.8	-18.9	-15.2	8.9	21.5	0.9	-7.7	-8.4
Recorded errors and omissions 3/	-6.2	-6.8	-5.2	-20.5	-20.8	-22.9	-12.2	-6.1	-6.1
Net external borrowing 4/	31.9	46.8	46.4	66.7	78.7	64.8	42.8	36.2	33.0
Reserve-related liabilities	2.6	1.0	-1.2	1.5	4.5	16.1	9.7	-2.5	-1.2
Liabilities constituting foreign authorities' reserves 5/	1.1	0.7	-1.7	1.5	3.4	6.4	8.6	3.6	1.7
Use of Fund credit	-0.2	-0.5	-0.5	1.2	3.4	5.7	9.3	5.6	2.4
Arrears	1.5	0.3	0.5	—	1.1	9.8	1.2	-6.2	-2.9
Long-term borrowing from official creditors, net (6/	8.9	8.7	9.9	11.8	13.0	12.1	14.0	15.0	11.9
Other net external borrowing 7/	20.4	37.1	37.7	53.3	61.1	36.6	19.1	23.7	22.3
Long-term	11.7	23.9	31.3	30.5	41.2	23.2	39.4	52.3	22.9
From banks 8/	6.9	22.0	22.7	22.4	23.4	17.8	35.5	48.1	18.2
Other	4.9	1.8	8.6	8.0	17.8	5.4	3.9	4.2	4.6
Short-term	8.7	13.3	6.4	22.9	19.9	13.4	-20.3	-28.7	-0.6

1/ For country classification, see the introduction to this appendix.
2/ Net total of balances on goods, services and private transfers, as defined in the Fund's Balance of Payments Yearbook (with sign reversed).
3/ Positioned here on the presumption that estimates reflect primarily unrecorded capital outflows. Estimates and projections for 1983-85 assume a gradual reversion to past "normal" levels.
4/ Includes any net use of nonreserve claims on nonresidents (apart from those implicit in "errors and omissions").
5/ Comprises use of Fund credit and short-term borrowing by monetary authorities from other monetary authorities.
6/ Estimates, based on the debt statistics reported in Table A-35, of net disbursements by official creditors (other than monetary institutions).
7/ Residually calculated. Except for minor discrepancies in coverage, amounts shown reflect almost exclusively net external borrowing from private creditors.
8/ Refers only to long-term lending by banks guaranteed by government of debtor country. Bank lending also accounts for large fractions of unguaranteed long-term flows (included in other long-term flows) and short-term flows.

Note: Presentation shown here is changed from that used in preceding Reports in two major respects. First, because of their large size and consistently negative sign, errors and omissions have been excluded from net external borrowing. They are thus taken to reflect primarily capital outflows. Second, within the thereby upward revised estimates of net external borrowing, primary emphasis is now placed on the distinction by type of creditor (monetary institutions, other official creditors, and "other") instead of by maturity. Other changes of a less general character are noted in the footnotes. Finally, it should be emphasized that, except where otherwise footnoted, estimates shown here are based on national balance of payments statistics which are not always easily reconcilable with year-to-year changes in debtor-reported debt statistics, mainly because the balance of payments statistics include valuation adjustments and changes in financial assets as well as changes in liabilities.

Table A-28. Non-Oil Developing Countries: Current Account Financing, 1977-85 1/

(In billions of U.S. dollars)

	1977	1978	1979	1980	1981	1982	1983	1984	1985
Current account deficit 2/	30.4	42.3	62.0	87.7	109.1	82.2	56.4	50.0	50.0
Nondebt-creating flows, net	14.1	17.0	23.7	24.1	27.2	23.9	21.3	23.0	25.0
Official transfers	8.3	8.3	11.5	12.8	13.5	12.9	13.2	13.8	14.5
Direct investment flows, net	5.4	7.1	9.3	9.4	13.1	11.2	7.9	9.0	10.2
SDR allocations, valuation adjustments, and gold monetization	0.4	1.6	2.9	1.9	0.7	-0.2	0.2	0.2	0.3
Use of reserves	-11.5	-16.3	-11.8	-6.8	-5.4	3.8	-6.1	-13.3	-15.1
Recorded errors and omissions 3/	-6.5	-6.9	-3.0	-15.5	-15.6	-18.8	-10.0	-5.0	-5.0
Net external borrowing 4/	34.4	48.6	53.0	85.9	102.9	73.2	51.2	45.3	45.1
Reserve-related liabilities	2.9	2.0	-0.5	5.3	9.8	15.4	8.4	1.0	1.3
Liabilities constituting foreign authorities' reserves 5/	1.3	1.5	-0.9	4.0	7.2	8.3	10.2	5.0	1.6
Use of Fund credit	-0.2	-0.3	0.2	1.5	6.1	7.1	10.2	6.8	2.4
Arrears	1.6	0.5	0.4	1.4	2.6	7.1	-1.8	-4.0	-0.3
Long-term borrowing from official creditors, net 6/	13.1	13.8	17.0	20.0	22.6	21.6	22.6	23.1	21.0
Other net external borrowing 7/	18.4	32.8	36.5	60.6	70.5	36.2	20.2	21.2	22.8
Long-term	10.9	22.8	31.5	38.4	50.9	22.3	43.1	35.2	20.6
From banks 8/	6.8	22.0	23.3	27.8	28.8	15.7	40.2	35.6	16.3
Other	4.1	0.8	8.1	10.7	22.1	6.6	2.9	-0.3	4.3
Short-term	7.5	10.0	5.0	22.2	19.6	14.0	-22.9	-14.0	2.1

1/ For country classification, see the introduction to this appendix.
2/ Net total of balances on goods, services and private transfers, as defined in the Fund's Balance of Payments Yearbook (with sign reversed).
3/ Positioned here on the presumption that estimates reflect primarily unrecorded capital outflows. Estimates and projections for 1983-85 assume a gradual reversion to past "normal" levels.
4/ Includes any net use of nonreserve claims on nonresidents (apart from those implicit in "errors and omissions").
5/ Comprises use of Fund credit and short-term borrowing by monetary authorities from other monetary authorities.
6/ Estimates, based on the debt statistics reported in Table A-35, of net disbursements by official creditors (other than monetary institutions).
7/ Residually calculated. Except for minor discrepancies in coverage, amounts shown reflect almost exclusively net external borrowing from private creditors.
8/ Refers only to long-term lending by banks guaranteed by government of debtor country. Bank lending also accounts for large fractions of unguaranteed long-term flows (included in other long-term flows) and short-term flows.

Note: Presentation shown here is changed from that used in preceding Reports in two major respects. First, because of their large size and consistently negative sign, errors and omissions have been excluded from net external borrowing. They are thus taken to reflect primarily capital outflows. Second, within the thereby upward revised estimates of net external borrowing, primary emphasis is now placed on the distinction by type of creditor (monetary institutions, other official creditors, and "other") instead of by maturity. Other changes of a less general character are noted in the footnotes. Finally, it should be emphasized that, except where otherwise footnoted, estimates shown here are based on national balance of payments statistics which are not always easily reconcilable with year-to-year changes in debtor-reported debt statistics, mainly because the balance of payments statistics include valuation adjustments and changes in financial assets as well as changes in liabilities.

Table A-29. Non-Oil Developing Countries: Current Account Financing, by Analytic Subgroup, 1977-84 1/

(In billions of U.S. dollars)

	1977	1978	1979	1980	1981	1982	1983	1984
Net oil exporters								
Current account deficit	6.3	7.4	7.3	10.2	24.3	14.4	6.9	9.4
Use of reserves	-1.9	-1.2	-3.5	-3.8	-2.0	3.8	-2.5	-3.5
Nondebt-creating flows, net	3.3	3.7	6.1	5.8	7.8	5.2	4.9	5.3
Errors and omissions	-3.4	-1.8	-0.7	-4.1	-6.6	-12.0	-6.4	-3.2
Net external borrowing	8.3	6.6	5.5	12.3	25.0	17.4	10.8	10.8
Reserve-related liabilities	4.6	2.4	2.3	3.1	3.8	3.4	5.4	3.8
Long-term borrowing from official creditors	1.2	0.9	-0.1	-0.2	-0.3	1.9	-0.4	1.0
Other borrowing	2.6	3.2	3.3	9.4	21.5	12.1	5.8	6.0
Major exporters of manufactures								
Current account deficit	8.9	10.8	22.9	32.5	37.4	34.6	17.1	11.9
Use of reserves	-4.3	-10.2	-3.1	1.8	-2.4	4.1	-0.4	-7.0
Nondebt-creating flows, net	4.5	6.2	7.4	6.6	6.4	7.2	5.3	6.8
Errors and omissions	-2.8	-5.4	-3.8	-12.3	-10.9	-5.7	-3.0	-1.5
Net external borrowing	11.5	20.1	22.4	36.4	44.3	28.9	15.2	13.6
Reserve-related liabilities	2.7	3.5	3.9	2.8	2.2	3.5	3.8	6.1
Long-term borrowing from official creditors	0.1	-0.3	-1.5	0.8	1.7	7.0	4.4	-2.5
Other borrowing	8.6	16.8	20.1	32.8	40.5	18.4	7.1	10.0
Low-income countries, excluding China and India								
Current account deficit	5.4	8.5	9.9	11.9	12.5	11.9	9.8	9.8
Use of reserves	-1.0	0.2	-0.2	-0.4	-0.1	0.4	-0.8	--
Nondebt-creating flows, net	2.7	3.0	4.0	4.4	4.4	4.4	4.5	4.6
Errors and omissions	0.2	0.7	0.2	0.4	0.2	0.4	0.2	0.1
Net external borrowing	3.5	4.7	5.9	7.6	8.1	6.7	5.9	5.1
Reserve-related liabilities	2.2	3.4	5.3	4.7	5.7	5.4	4.0	4.3
Long-term borrowing from official creditors	0.2	0.3	0.1	1.5	1.7	2.1	1.2	0.5
Other borrowing	1.2	1.0	0.5	1.4	0.6	-0.7	0.7	0.3
Other non-oil developing countries								
Current account deficit	12.5	15.2	19.1	27.6	33.0	23.8	24.3	18.8
Use of reserves	-1.9	-4.1	-3.2	-4.7	-0.7	1.3	2.8	-0.3
Nondebt-creating flows, net	3.4	3.6	5.4	6.7	8.0	6.8	6.0	5.6
Errors and omissions	-1.0	-1.5	0.4	0.8	1.1	-1.8	-1.0	-0.5
Net external borrowing	12.0	17.1	16.5	24.8	24.6	17.5	16.5	14.0
Reserve-related liabilities	3.9	3.5	4.7	7.6	9.3	6.9	7.4	6.9
Long-term borrowing from official creditors	1.7	1.2	1.1	2.9	5.8	2.8	2.2	1.6
Other borrowing	6.4	12.4	10.7	14.2	9.6	7.9	6.9	5.6

1/ For country classification, see the introduction to this appendix. For definitions of stub entries, see Table A-27.

Table A-30. Non-Oil Developing Countries: Current Account Financing, by Region, 1977-84 1/

(In billions of U.S. dollars)

	1977	1978	1979	1980	1981	1982	1983	1984
Africa (excl. South Africa)								
Current account deficit	6.6	9.4	9.9	12.9	14.0	12.5	10.8	9.4
Use of reserves	-0.8	-0.2	-0.2	0.2	0.3	0.2	0.2	-0.4
Nondebt-creating flows, net	2.9	3.3	3.9	4.5	4.5	4.3	4.2	4.2
Errors and omissions	—	0.4	-0.2	0.8	0.7	0.5	0.2	0.1
Net external borrowing	4.6	5.9	6.4	7.5	8.5	7.6	6.1	5.5
Reserve-related liabilities	3.0	3.3	4.7	3.9	5.2	5.2	3.4	2.8
Long-term borrowing from official creditors	0.2	0.8	0.3	1.6	2.4	2.7	1.7	1.1
Other borrowing	1.4	1.7	1.4	2.0	0.9	-0.3	1.0	1.6
Asia								
Current account deficit	1.5	8.3	16.9	25.4	23.2	14.6	10.7	8.2
Use of reserves	-5.2	-4.3	-4.5	-4.1	-7.4	-8.6	-10.1	-7.5
Nondebt-creating flows, net	3.3	4.5	5.1	6.5	7.8	6.3	6.9	6.9
Errors and omissions	-0.6	-0.7	-0.2	-2.9	-2.4	-4.0	-2.1	-1.1
Net external borrowing	4.0	8.8	16.5	25.9	25.2	20.9	16.1	9.9
Reserve-related liabilities	2.7	4.5	5.4	5.8	7.2	7.7	6.9	7.2
Long-term borrowing from official creditors	-0.3	-0.1	-0.3	1.3	3.2	2.4	1.9	0.6
Other borrowing	1.6	4.4	11.3	18.8	14.7	10.7	7.4	2.1
Europe								
Current account deficit	9.1	7.2	10.1	12.7	10.4	6.9	5.5	2.5
Use of reserves	1.1	-1.0	1.1	-0.7	—	1.4	0.3	-1.2
Nondebt-creating flows, net	0.8	0.8	1.6	1.0	1.3	1.4	1.6	1.7
Errors and omissions	-1.8	-2.2	-0.7	0.1	1.7	1.3	0.7	0.3
Net external borrowing	8.9	9.6	8.1	12.3	7.5	2.8	3.0	1.6
Reserve-related liabilities	1.3	1.0	0.1	3.8	2.8	1.6	1.5	1.4
Long-term borrowing from official creditors	1.8	0.9	-0.3	0.5	2.8	0.8	1.8	1.1
Other borrowing	5.8	7.7	8.3	7.9	1.9	0.3	-0.3	-0.9
Middle East								
Current account deficit	5.1	5.7	7.2	7.1	11.5	9.3	12.0	11.9
Use of reserves	-1.7	-1.9	-1.0	-1.7	-1.3	-1.2	1.2	0.2
Nondebt-creating flows, net	4.1	3.7	6.2	5.8	5.9	6.0	5.7	6.3
Errors and omissions	-0.3	-0.4	-1.3	-1.2	1.1	-0.2	-0.1	-0.1
Net external borrowing	3.0	4.2	3.2	4.1	5.8	4.7	5.2	5.5
Reserve-related liabilities	3.4	3.3	4.0	2.9	2.6	3.4	3.0	3.0
Long-term borrowing from official creditors	1.4	1.0	--	-0.2	-0.6	-0.4	--	--
Other borrowing	-1.7	--	-0.7	1.4	3.8	1.6	2.2	2.5
Western Hemisphere								
Current account deficit	8.6	13.2	21.4	33.1	45.5	35.8	18.5	18.5
Use of reserves	-5.1	-8.9	-7.1	0.3	2.0	11.7	2.5	-4.3
Nondebt-creating flows, net	2.9	4.9	7.2	6.6	7.9	5.9	4.1	4.1
Errors and omissions	-3.2	-3.6	0.2	-10.7	-16.5	-16.8	-8.9	-4.5
Net external borrowing	13.9	20.8	21.1	37.0	52.2	35.0	20.8	23.2
Reserve-related liabilities	2.8	1.7	2.8	3.4	4.8	3.6	7.8	8.6
Long-term borrowing from official creditors	-0.4	-0.3	0.2	2.2	1.9	8.9	3.0	-1.4
Other borrowing	11.5	19.4	18.1	31.3	45.5	22.5	10.0	16.0

1/ For country classification, see the introduction to this appendix. For definitions of stub entries, see Table A-27/

Table A-31. Non-Oil Developing Countries: Financing of Current Account Deficits and Reserve Accretions, 1977-84 1/

	1977	1978	1979	1980	1981	1982	1983	1984
	(In billions of U.S. dollars)							
Current account deficit	30.4	42.3	62.0	87.7	109.1	82.2	56.4	50.0
Increase in official reserves	11.5	16.3	11.8	6.8	5.4	-3.8	6.1	13.3
Total	42.0	58.6	73.8	94.5	114.5	78.4	62.5	63.3
Financed by								
Nondebt-creating flows, net	14.1	17.0	23.7	24.1	27.2	23.9	21.3	23.0
Long-term borrowing from official creditors, net	13.1	13.8	17.0	20.0	22.6	21.6	22.6	23.1
Borrowing from private creditors, net	18.4	32.8	36.5	60.6	70.5	36.2	20.2	21.2
Reserve-related liabilities	2.9	2.0	-0.5	5.3	9.8	15.4	8.4	1.0
Errors and omissions	-6.5	-6.9	-3.0	-15.4	-15.5	-18.8	-10.0	-5.0
	(In percent)							
Distribution of financing flows								
Nondebt-creating flows, net	33.6	28.9	32.2	25.5	23.8	30.6	34.1	36.3
Long-term borrowing from official creditors, net	31.3	23.5	23.0	21.1	19.7	27.5	36.1	36.5
Borrowing from private creditors, net	43.8	55.9	49.5	64.1	61.6	46.2	32.3	33.5
Reserve-related liabilities	6.9	3.4	-0.6	5.7	8.5	19.6	13.4	1.6
Errors and omissions	-15.5	-11.8	-4.1	-16.3	-13.6	-24.0	-15.9	-7.9

1/ For country classification, see the introduction to this appendix. For definitions of stub entries, see Table A-27.

Table A-32. Non-Oil Developing Countries: Distribution of Financing Flows for Current Account Deficits and Reserve Accretions, 1977-84 1/

(In percent)

	1977	1978	1979	1980	1981	1982	1983	1984
By analytical group								
Net oil exporters								
Nondebt-creating flows, net	40	44	56	41	30	49	53	41
Long-term borrowing from official creditors	56	28	22	22	14	32	58	30
Borrowing from private creditors, net	31	38	30	67	82	115	62	46
Reserve-related liabilities	15	11	-1	-2	-1	18	-4	7
Errors and omissions	-42	-21	-7	-29	-25	-114	-68	-25
Net oil importers								
Nondebt-creating flows, net	32	26	28	23	22	28	31	35
Long-term borrowing from official creditors	25	23	23	21	21	27	32	38
Borrowing from private creditors, net	47	59	53	64	56	36	27	30
Reserve-related liabilities	5	2	-1	7	11	20	16	--
Errors and omissions	-9	-10	-4	-14	-10	-10	-7	-4
Major exporters of manufactures								
Nondebt-creating flows, net	34	30	29	22	16	24	30	36
Long-term borrowing from official creditors	21	17	15	9	5	11	22	32
Borrowing from private creditors, net	65	80	77	107	102	60	40	53
Reserve-related liabilities	1	-1	-6	3	4	23	25	-13
Errors and omissions	-21	-26	-14	-40	-27	-19	-17	-8
Low-income countries (excl. China and India)								
Nondebt-creating flows, net	43	36	39	36	35	38	43	47
Long-term borrowing from official creditors	34	41	52	38	45	47	38	44
Borrowing from private creditors net	17	12	5	11	5	-6	7	3
Reserve-related liabilities	3	3	1	12	14	18	11	5
Errors and omissions	3	8	2	3	2	3	2	1
Other net oil importers								
Nondebt-creating flows, net	23	19	24	21	24	30	28	29
Long-term borrowing from official creditors	27	18	21	24	27	31	34	36
Borrowing from private creditors net	45	65	48	44	28	35	32	29
Reserve-related liabilities	12	6	521	9	17	13	10	8
Errors and omissions	-7	-8	2	2	3	-8	-5	-3
By area								
Africa (excl. South Africa)								
Nondebt-creating flows, net	38	34	39	35	33	35	40	43
Long-term borrowing from official creditors	40	34	47	31	38	42	32	29
Borrowing from private creditors net	19	18	14	15	6	-2	9	16
Reserve-related liabilities	3	9	3	12	18	22	16	11
Errors and omissions	--	5	-2	6	5	4	2	1
Asia								
Nondebt-creating flows, net	49	36	24	22	26	27	33	44
Long-term borrowing from official creditors	40	36	25	20	24	33	33	46
Borrowing from private creditors net	24	35	53	64	48	46	35	13
Reserve-related liabilities	-4	-1	-1	420	11	11	9	4
Errors and omissions	-9	-5	-1	-10	-8	-18	-10	-7

Table A-32 (concluded). Non-Oil Developing Countries: Distribution of Financing Flows for Current Account Deficits and Reserve Accretions, 1977-84 1/

(In percent)

	1977	1978	1979	1980	1981	1982	1983	1984
Europe								
Nondebt-creating flows, net	10	9	18	8	12	25	30	46
Long-term borrowing from official creditors	16	12	1	29	27	30	29	39
Borrowing from private creditors net	73	95	92	59	18	6	-6	-24
Reserve-related liabilities	23	11	-4	4	27	16	35	30
Errors and omissions	-22	-27	-8	1	16	23	13	9
Middle East								
Nondebt-creating flows, net	60	50	76	66	46	57	53	54
Long-term borrowing from official creditors	49	44	49	34	20	33	28	26
Borrowing from private creditors net	-25	-1	-9	16	30	15	21	21
Reserve-related liabilities	20	13	-1	-2	-4	-3	---	---
Errors and omissions	-4	-6	-15	-14	8	-2	-1	---
Western Hemisphere								
Nondebt-creating flows, net	21	22	25	20	18	24	26	18
Long-term borrowing from official creditors	21	8	10	10	11	15	49	38
Borrowing from private creditors net	84	88	64	95	105	94	63	70
Reserve-related liabilities	-3	-2	1	7	4	37	19	-6
Errors and omissions	-24	-16	1	-33	-38	-70	-56	-20

1/ For classification of countries in groups shown here, see introduction to this appendix. For definitions of stub entries shown here, see Table A-27.

Table A-33. Non-Oil Developing Countries: Reserves and Ratios of Reserves to Imports of Goods and Services, 1977-85 1/

	1977	1978	1979	1980	1981	1982	1983	1984	1985
	(In billions of U.S. dollars)								
Official reserve holdings									
All non-oil developing countries	68.1	84.3	94.5	95.8	96.8	92.4	99.6	112.8	127.9
By analytical group									
Net oil exporters	9.3	10.4	13.4	16.8	17.3	13.3	16.0	19.5	24.6
Net oil importers	58.8	74.0	81.1	79.0	79.5	79.1	83.6	93.3	103.2
Major exporters of manufactures	28.1	38.0	39.9	35.7	38.0	35.8	36.9	43.9	52.9
Low-income countries	12.1	12.9	15.1	14.6	14.8	20.4	26.0	28.5	32.0
Excluding India and China	4.0	4.0	4.5	4.2	4.2	4.0	5.3	5.3	5.0
Other net oil importers	18.6	23.1	26.1	28.6	26.7	22.9	20.6	21.0	18.3
By area									
Africa (excl. South Africa)	4.0	4.4	5.0	4.6	4.1	3.7	3.9	4.2	1.3
Asia	27.2	30.5	34.3	35.9	40.8	48.1	56.2	63.7	72.5
Europe	8.6	10.6	9.7	10.3	9.5	7.6	8.6	9.7	10.7
Middle East	7.1	9.0	9.8	10.6	10.5	11.2	10.1	10.0	10.2
Western Hemisphere	20.3	28.9	34.8	33.1	31.0	21.1	19.7	24.0	32.1
Memorandum: Major borrowers 2/	56.7	66.4	80.2	86.5	74.7	55.8	56.7	64.5	72.9
	(In percent)								
Ratios of reserves to imports of goods and services 3/									
All non-oil developing countries	25.7	26.4	22.6	17.8	16.4	16.9	18.9	20.0	20.9
By analytical group									
Net oil exporters	23.5	22.1	21.1	19.5	16.5	14.3	18.7	20.2	23.7
Net oil importers	26.1	27.2	22.9	17.5	16.4	17.5	19.0	19.9	20.3
Major exporters of manufactures	24.2	27.0	21.2	14.8	14.3	14.3	15.5	17.2	19.0
Low-income countries	35.0	28.0	25.2	19.0	19.2	28.4	34.9	34.8	35.6
Excluding India and China	20.9	16.0	15.5	11.9	12.0	11.6	15.7	14.8	13.0
Other net oil importers	25.0	27.1	24.7	21.4	18.7	17.5	16.2	16.1	13.1
By area									
Africa (excl. South Africa)	13.6	12.7	12.2	9.4	8.4	8.2	9.2	9.7	2.8
Asia	30.5	26.2	21.9	17.8	18.6	22.6	25.4	26.4	27.1
Europe	18.3	20.4	14.6	12.8	10.9	9.7	11.7	13.1	13.5
Middle East	29.7	33.0	28.4	24.4	21.5	24.2	21.1	19.7	18.9
Western Hemisphere	32.2	38.7	34.2	24.2	19.5	15.1	16.2	18.0	22.8
Memorandum: Major borrowers 2/	28.0	27.8	26.7	22.2	16.9	13.7	15.4	16.5	17.4

1/ 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. For classification of countries in groups shown here, see the introduction to this appendix.
2/ Includes four oil exporting countries: Algeria, Indonesia, Nigeria, and Venezuela.
3/ Ratio of year-end reserves to imports of goods and services during the year indicated.

Table A-34. Developing Countries: Use of Fund Credit, 1977-83 1/

(In billions of U.S. dollars)

	1977	1978	1979	1980	1981	1982	1983
Developing Countries	-0.2	-0.3	0.2	1.5	6.1	7.1	11.5
Of which: Major borrowers	-0.2	-0.5	-0.5	1.2	3.4	5.7	9.3
Non-oil developing countries	-0.2	-0.3	0.2	1.5	6.1	7.1	10.2
By analytical group							
Net oil exporters	0.2	--	--	-0.3	0.1	0.5	1.0
Net oil importers	-0.3	-0.3	0.3	1.7	6.0	6.6	9.2
Major exporters of manufactures	-0.1	-0.6	-0.4	0.5	1.1	2.0	4.2
Low-income countries	-0.3	-0.2	0.2	0.6	2.1	2.7	1.8
Excluding India and China	0.1	--	0.2	0.3	1.3	1.1	0.8
Other net oil importers 2/	--	0.5	0.5	0.6	2.9	1.8	3.2
By area							
Africa	0.1	0.3	0.4	0.5	1.6	1.2	1.4
Asia	-0.3	-0.2	--	1.0	3.2	2.3	1.7
Europe	--	0.1	0.1	0.6	1.2	1.3	1.4
Middle East	0.1	0.1	-0.1	-0.3	-0.2	--	--
Western Hemisphere	-0.1	-0.6	0.2	-0.2	0.3	1.5	5.7
Memorandum:							
Drawings outstanding at end of year 2/							
Developing countries	8.0	8.0	8.3	9.5	14.9	21.2	31.3
Non-oil developing countries	8.0	8.0	8.3	9.5	14.9	21.2	30.8

1/ For classification of countries in groups shown here, see the introduction to this appendix.

2/ Year-to-year changes in drawings do not necessarily match corresponding use of Fund credit estimates because of valuation adjustments.

Table A-35. Developing Countries: External Debt Outstanding, 1977-85 1/

(In billions of U.S. dollars)

	1977	1978	1979	1980	1981	1982	1983	1984	1985
Developing countries 2/	329.3	398.2	472.0	559.9	646.5	724.8	767.6	812.4	848.8
Short-term debt	51.7	63.7	75.8	106.5	128.1	148.2	126.2	97.6	97.3
Long-term debt	277.7	334.5	396.3	453.4	518.4	576.6	641.4	714.8	751.6
By type of creditor									
Official creditors	111.0	130.6	148.5	169.1	186.0	205.4	229.6	254.4	274.3
Governments	79.1	91.8	192.2	114.3	123.6	134.9	150.8	166.4	176.9
International institutions	31.9	38.8	46.4	54.8	62.4	70.5	78.9	88.0	97.4
Private creditors	166.7	203.9	247.7	284.3	332.4	371.2	411.8	460.4	477.2
Unguaranteed debt	55.1	56.6	67.8	81.0	100.8	108.4	110.5	112.3	114.5
Guaranteed debt	111.6	147.3	179.9	203.2	231.6	262.8	301.3	348.1	362.7
Financial institutions	78.9	107.4	137.5	160.0	185.5	212.4	250.0	296.3	310.0
Other private creditors	32.7	39.9	42.4	43.2	46.1	50.4	51.3	51.8	52.7
Of which:									
Major borrowers	256.0	311.9	370.9	440.1	514.3	576.4	606.9	640.1	666.4
Short-term debt	47.9	60.2	70.3	99.3	121.6	140.5	120.2	91.5	90.9
Long-term debt	208.1	251.7	300.6	340.8	392.7	435.9	486.7	548.6	575.4
From official creditors	75.5	88.4	97.9	109.5	118.5	128.3	142.2	157.3	167.8
From private creditors	132.7	163.3	202.7	231.4	274.2	307.6	344.5	391.3	407.7
Non-oil developing countries	280.3	334.3	395.3	475.2	559.6	633.3	668.6	710.9	744.8
Short-term debt	43.2	51.6	59.1	84.5	103.8	125.1	102.2	88.2	89.6
Long-term debt	237.2	282.7	336.2	390.8	455.8	508.2	566.4	622.8	655.2
By type of creditor									
Official creditors	97.6	116.3	133.4	153.2	170.2	189.3	211.9	235.0	253.6
Governments	68.3	80.5	90.1	101.8	111.5	123.2	138.3	153.3	163.5
International institutions	29.3	35.8	43.2	51.4	58.6	66.1	73.7	81.7	90.1
Private creditors	139.6	166.4	202.8	237.6	285.6	318.9	354.5	387.8	401.6
Unguaranteed debt	50.4	51.7	62.4	75.2	94.2	102.0	104.2	103.4	105.2
Guaranteed debt	89.2	114.7	140.4	162.4	191.4	216.9	250.2	284.4	296.4
Financial institutions	63.1	83.7	108.0	128.9	154.7	176.4	209.6	243.2	254.2
Other private creditors	26.1	31.0	32.4	33.5	36.7	40.5	40.6	41.2	42.2
Long- and short-term debt by analytical group									
Net oil exporters	59.7	68.4	79.3	95.4	125.4	147.7	154.9	164.1	171.7
Net oil importers	220.7	265.9	315.9	379.8	434.2	485.7	513.7	546.9	573.0
Major exporters of manufactures	105.3	128.4	154.0	188.1	220.2	249.9	261.3	274.8	283.4
Low-income countries	48.6	54.8	62.7	71.4	75.2	81.8	87.8	94.8	103.9
Excluding India and China	28.1	32.4	38.1	44.2	49.4	54.6	58.6	62.8	67.1
Other net oil importers	66.8	82.8	99.2	120.3	138.8	154.0	164.6	177.2	185.7
Long- and short-term debt by area									
Africa (excl. South Africa)	30.8	36.9	45.3	50.9	55.5	62.5	66.3	70.7	73.4
Asia	68.7	78.7	92.8	114.6	131.2	152.6	165.0	179.3	194.5
Europe	37.6	47.0	55.0	67.2	71.1	72.3	74.8	76.6	76.8
Middle East	21.9	26.7	32.0	36.3	40.6	45.6	50.7	56.2	61.2
Western Hemisphere	109.1	132.4	157.8	192.6	246.0	283.1	294.4	310.5	321.0

1/ Does not include debt owed to the Fund (shown in Table A-34). For classification of countries in groups shown here, see the introduction to this appendix.

2/ Excludes, for purposes of this table, eight oil exporting countries: Islamic Republic of Iran, Iraq, Kuwait, Libyan Arab Jamahiriya, Oman, Qatar, Saudi Arabia, and United Arab Emirates.

Table A-36. Developing Countries: Long- and Short-Term External Debt Relative to Exports and to GDP, 1977-85 1/

(In percent)

	1977	1978	1979	1980	1981	1982	1983	1984	1985
Ratio of external debt to exports of goods and services 2/									
Developing countries 3/	124.0	131.7	118.8	109.0	119.6	142.3	150.8	145.4	139.6
Of which: Major borrowers	153.0	163.9	147.4	133.2	150.1	182.3	194.4	186.7	178.8
Non-oil developing countries	126.1	127.7	117.2	111.2	122.5	144.1	149.5	144.7	138.9
By analytical group:									
Net oil exporters	179.8	174.8	143.6	127.0	156.3	188.0	198.3	189.0	185.1
Net oil importers	116.6	119.4	112.0	107.8	115.3	134.5	139.2	135.3	129.2
Major exporters of manufactures	103.4	104.5	98.1	94.6	101.3	121.7	122.3	116.6	109.3
Low-income countries	164.4	163.6	146.0	134.8	133.3	146.5	148.9	147.0	148.1
Excluding India and China	217.5	225.7	222.0	221.2	261.9	305.7	308.7	300.3	294.4
Other net oil importers	115.6	124.7	121.0	119.8	135.2	154.2	170.6	170.2	163.0
By region:									
Africa (excl. South Africa)	135.8	151.1	149.7	143.2	168.6	204.5	223.5	215.8	210.5
Asia	80.7	75.4	68.4	67.5	69.1	79.8	81.4	79.9	78.8
Europe	114.9	123.6	115.8	117.7	110.8	119.4	126.0	121.0	111.9
Middle East	138.9	140.7	134.0	110.7	120.9	136.2	157.2	161.8	162.7
Western Hemisphere	202.9	217.4	198.2	187.0	219.7	274.4	288.5	273.3	257.9
Ratio of external debt to GDP 2/									
Developing countries 3/	24.7	25.6	25.0	24.9	27.7	32.6	36.8	37.9	36.3
Of which: Major borrowers	27.6	29.1	28.2	27.8	30.7	36.7	42.5	44.3	42.3
Non-oil developing countries	23.7	24.1	23.3	23.9	27.1	32.5	36.7	37.3	35.9
By analytical group:									
Net oil exporters	38.6	38.9	37.2	33.8	36.5	48.1	55.8	54.4	51.0
Net oil importers	21.5	22.0	21.3	22.2	25.3	29.6	33.3	34.3	33.1
Major exporters of manufactures	24.6	25.5	24.5	25.6	29.1	36.0	43.2	45.3	43.6
Low-income countries	14.0	13.1	12.9	12.7	13.8	15.3	15.7	15.6	15.5
Excluding India and China	35.0	33.8	35.0	35.3	42.8	47.2	50.0	50.8	49.7
Other net oil importers	26.5	28.7	27.2	29.4	33.3	37.7	43.3	46.9	45.3
By region:									
Africa (excl. South Africa)	35.8	36.6	38.0	35.7	41.5	49.5	59.6	61.8	57.0
Asia	15.7	14.8	14.7	15.9	17.8	20.7	21.4	21.3	21.0
Europe	21.2	23.1	20.9	25.0	28.3	29.2	34.3	37.6	35.7
Middle East	45.0	47.9	56.1	51.7	52.2	52.9	50.6	49.2	45.6
Western Hemisphere	27.9	29.4	27.9	27.3	31.6	42.1	54.8	57.6	56.6

1/ Does not include debt owed to the Fund. For classification of countries in groups shown here, see the introduction to this appendix.
2/ Ratio of year-end debt to exports or GDP for year indicated.
3/ Excludes, for purposes of this table, eight oil exporting countries: Islamic Republic of Iran, Iraq, Kuwait, Libyan Arab Jamahiriya, Oman, Qatar, Saudi Arabia, and United Arab Emirates.

Table A-37. Non-Oil Developing Countries: Distribution of Debt by Class of Creditor, End of Year, 1977-84 1/

(In percent)

	1977	1978	1979	1980	1981	1982	1983	1984
All non-oil developing countries								
Total outstanding debt	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Short-term debt	15.4	15.4	15.0	17.8	18.5	19.8	15.3	12.4
Long-term debt	84.6	84.6	85.0	82.2	81.5	80.2	84.7	87.6
To: Official creditors	34.8	34.8	33.7	32.2	30.4	29.9	31.7	33.1
Governments	24.4	24.1	22.8	21.4	19.9	19.5	20.7	21.6
International institutions	10.4	10.7	10.9	10.8	10.5	10.4	11.0	11.5
To: Private creditors	49.8	49.7	51.3	50.0	51.0	50.4	53.0	54.5
Financial institutions	22.5	25.0	27.3	27.1	27.6	27.9	31.3	34.2
Other private creditors	27.3	24.7	24.0	22.9	23.4	22.5	21.7	20.3
By analytical group								
Net oil exporters								
Total outstanding debt	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Short-term debt	10.4	11.7	11.5	16.7	21.8	24.3	13.1	12.1
Long-term debt	89.6	88.3	88.5	83.3	78.2	75.7	86.9	87.9
To: Official creditors	30.2	32.0	30.5	28.5	24.1	22.3	24.7	25.7
Private financial institutions	34.7	37.3	38.3	36.0	34.8	33.8	42.9	44.7
Other private creditors	24.7	19.0	19.7	18.8	19.3	19.6	19.3	17.5
Major exporters of manufactures								
Total outstanding debt	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Short-term debt	17.9	16.3	16.9	21.9	21.5	22.9	20.6	14.5
Long-term debt	82.1	83.7	83.1	78.1	78.5	77.1	79.4	85.5
To: Official creditors	19.5	19.3	18.5	16.4	14.7	14.1	14.9	16.4
Private financial institutions	22.2	25.0	26.7	26.6	29.0	30.1	33.0	39.6
Other private creditors	40.4	39.4	37.9	35.0	34.8	32.9	31.5	29.5
Low-income countries								
Total outstanding debt	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Short-term debt	4.5	3.6	6.2	5.9	4.3	3.3	2.6	2.3
Long-term debt	95.5	96.4	93.8	94.1	95.7	96.7	97.4	97.7
To: Official creditors	75.4	76.1	75.3	76.0	79.0	81.1	82.3	82.9
Private financial institutions	9.6	11.3	11.9	12.5	11.0	10.0	9.8	9.7
Other private creditors	10.4	8.9	6.5	5.6	5.7	5.6	5.2	5.2
Other net oil importers 2/								
Total outstanding debt	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Short-term debt	23.8	25.0	20.2	19.2	18.7	19.0	15.6	14.9
Long-term debt	76.2	75.0	79.8	80.8	81.3	81.0	84.4	85.1
To: Official creditors	33.5	33.8	33.7	33.9	34.7	35.6	37.9	39.0
Private financial institutions	21.5	24.1	29.3	29.6	28.1	27.9	29.4	29.3
Other private creditors	21.3	17.1	16.8	17.3	18.5	17.4	17.2	16.7

Table A-37 (concluded). Non-Oil Developing Countries: Distribution of Debt by Class of Creditor, End of Year, 1977-84 1/

(In percent)

	1977	1978	1979	1980	1981	1982	1983	1984
By area								
Africa (excl. South Africa)								
Total outstanding debt	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Short-term debt	11.3	8.9	7.8	8.4	11.1	12.6	11.0	10.2
Long-term debt	88.7	91.1	92.2	91.6	88.9	87.4	89.0	89.8
To: Official creditors	37.3	39.8	43.4	45.2	46.5	46.8	48.7	49.3
Private financial institutions	28.9	31.6	31.8	31.1	29.4	28.5	28.1	28.3
Other private creditors	22.5	19.6	17.0	15.2	13.0	12.1	12.2	12.2
Asia								
Total outstanding debt	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Short-term debt	15.6	15.6	19.0	21.3	20.7	21.1	18.4	16.1
Long-term debt	84.4	84.4	81.0	78.7	79.3	78.9	81.6	83.9
To: Official creditors	53.4	53.9	50.0	45.9	44.0	42.4	43.3	43.9
Private financial institutions	11.7	14.4	17.0	18.1	19.7	20.8	23.0	24.7
Other private creditors	19.2	16.1	14.0	14.7	15.5	15.7	15.3	15.3
Europe								
Total outstanding debt	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Short-term debt	30.1	30.9	22.1	20.8	19.2	16.9	13.9	13.5
Long-term debt	69.9	69.1	77.9	79.2	80.8	83.1	86.1	86.5
To: Official creditors	25.4	26.1	24.2	24.9	26.0	27.2	28.3	29.4
Private financial institutions	20.3	21.0	27.7	28.1	30.0	30.4	31.8	32.7
Other private creditors	24.2	22.0	26.0	26.2	24.8	25.6	26.1	24.4
Middle East								
Total outstanding debt	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Short-term debt	7.7	7.4	7.9	9.1	10.1	11.8	12.7	13.0
Long-term debt	92.3	92.6	92.1	90.9	89.9	88.2	87.3	87.0
To: Official creditors	64.1	66.0	67.3	66.7	64.8	63.8	63.5	62.6
Private financial institutions	9.3	9.2	7.8	7.1	6.9	6.5	6.0	6.5
Other private creditors	19.0	17.5	17.1	17.0	18.2	17.8	17.8	17.9
Western Hemisphere								
Total outstanding debt	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Short-term debt	13.4	14.0	14.2	19.3	20.7	23.1	15.5	10.5
Long-term debt	86.6	86.0	85.8	80.7	79.3	76.9	84.5	89.5
To: Official creditors	19.5	18.4	17.1	15.8	14.1	13.6	15.7	17.7
Private financial institutions	30.2	33.5	35.6	34.6	34.1	34.3	41.2	46.8
Other private creditors	37.0	34.2	33.1	30.3	31.0	29.1	27.5	25.0

1/ Does not include debt owed to the Fund. For classification of countries in groups shown here, see the introduction to this appendix.

Table A-38. Developing Countries: Debt Service Payments on Short- and Long-Term External Debt, 1977-85 1/

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

	1977	1978	1979	1980	1981	1982	1983	1984	1985
Developing countries 2/									
Value of debt service payments	40.3	54.5	71.2	87.9	113.7	124.0	114.6	122.6	151.2
Interest payments	15.1	21.4	31.5	46.6	63.9	71.6	67.4	75.0	74.9
Amortization 3/	25.2	33.2	39.7	41.3	49.7	52.4	47.3	47.6	76.3
Debt service ratio 4/	15.3	18.0	17.9	17.1	21.0	24.3	22.5	21.9	24.9
Interest payments ratio	5.7	7.1	7.9	9.1	11.8	14.1	13.2	13.4	12.3
Amortization ratio 3/	9.6	11.0	10.0	8.0	9.2	10.3	9.3	8.5	12.5
Of which: Major borrowers									
Value of debt service payments	32.0	42.9	57.6	71.0	93.6	102.1	93.4	99.8	125.1
Interest payments	12.1	17.3	26.2	39.5	55.3	62.4	58.2	65.1	64.6
Amortization 3/	19.8	25.6	31.4	31.6	38.4	39.7	35.2	34.7	60.5
Debt service ratio 4/	19.1	22.5	22.9	21.5	27.3	32.3	29.9	29.1	33.6
Interest payments ratio	7.2	9.1	10.4	11.9	16.1	19.7	18.6	19.0	17.4
Amortization ratio 3/	11.9	13.4	12.5	9.6	11.2	12.6	11.3	10.1	16.3
All non-oil developing countries									
Value of debt service payments	32.8	47.5	61.0	73.4	97.2	107.7	96.6	103.4	132.4
Interest payments	12.7	18.1	25.9	39.0	54.7	63.0	59.2	63.7	66.2
Amortization 3/	20.2	29.4	35.1	34.3	42.5	44.6	37.4	39.7	66.2
Debt service ratio 4/	14.8	18.1	18.1	17.2	21.3	24.5	21.6	21.1	24.7
Interest payments ratio	5.7	6.9	7.7	9.1	12.0	14.3	13.2	13.0	12.4
Amortization ratio 3/	9.1	11.2	10.4	8.0	9.3	10.2	8.4	8.1	12.3
By analytical group:									
Net oil exporters									
Debt service ratio 4/	26.4	30.5	31.4	22.6	28.3	31.1	31.0	30.6	38.6
Interest payments ratio	8.7	9.8	9.9	11.3	15.8	19.9	20.7	20.0	19.8
Amortization ratio 3/	17.7	20.7	21.4	11.3	12.5	11.1	10.4	10.6	18.8
Major exporters of manufactures									
Debt service ratio 4/	12.2	15.6	15.2	16.2	20.8	25.0	19.4	19.1	21.0
Interest payments ratio	5.1	6.2	7.3	9.0	11.8	14.5	12.5	12.0	11.0
Amortization ratio 3/	7.1	9.3	7.9	7.2	9.0	10.4	6.9	7.1	10.0
Low-income countries									
Debt service ratio 4/	12.1	12.1	10.5	10.3	12.6	14.6	13.3	12.8	14.2
Interest payments ratio	4.7	5.1	4.5	4.4	5.1	5.4	5.4	6.0	6.2
Amortization ratio 3/	7.4	7.0	6.0	6.0	7.5	9.2	8.0	6.8	8.0
Low-income countries (excluding India and China)									
Debt service ratio 4/	13.2	13.6	13.0	14.3	18.6	21.1	22.4	22.8	26.1
Interest payments ratio	5.1	5.9	5.8	6.1	8.1	9.5	9.3	11.1	11.0
Amortization ratio 3/	8.1	7.7	7.2	8.2	10.5	11.6	13.1	11.7	15.1
Other net oil importers									
Debt service ratio 4/	13.9	18.7	18.7	18.6	21.6	23.8	24.0	22.6	28.3
Interest payments ratio	5.6	7.3	8.7	10.3	13.2	14.5	13.8	13.5	13.2
Amortization ratio 3/	8.3	11.4	10.0	8.3	8.4	9.3	10.2	9.1	15.1

Table A-38 (concluded). Developing Countries: Debt Service Payments on Short- and Long-Term External Debt, 1977-85 1/

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

	1977	1978	1979	1980	1981	1982	1983	1984	1985
By region:									
Africa (excl. South Africa)									
Debt service ratio 4/	11.9	13.5	16.6	17.4	19.7	23.7	25.1	24.3	29.9
Interest payments ratio	5.0	6.7	7.3	8.1	9.2	11.0	10.8	11.9	12.3
Amortization ratio 3/	6.9	8.9	9.3	9.3	10.4	12.7	14.3	12.4	17.6
Asia									
Debt service ratio 4/	7.9	10.1	8.4	8.4	9.9	11.5	10.8	10.5	11.2
Interest payments ratio	3.1	3.5	3.6	4.4	5.6	6.3	5.9	5.6	5.6
Amortization ratio 3/	4.9	6.6	4.8	4.0	4.3	5.3	5.0	4.9	5.5
Europe									
Debt service ratio 4/	14.1	17.2	18.8	19.8	22.5	23.2	22.6	21.6	25.0
Interest payments ratio	6.5	8.1	8.8	10.9	13.5	13.9	12.4	12.0	11.1
Amortization ratio 3/	7.6	9.0	10.0	8.9	9.1	9.3	10.2	9.6	13.9
Middle East									
Debt service ratio 4/	13.3	12.9	13.9	12.1	16.3	16.7	21.0	21.9	21.6
Interest payments ratio	5.4	6.0	5.7	5.7	7.0	7.6	9.1	9.8	9.7
Amortization ratio 3/	7.9	6.9	8.2	6.4	9.3	9.1	12.0	12.0	11.8
Western Hemisphere									
Debt service ratio 4/	28.2	36.5	38.0	34.1	44.1	54.1	44.0	42.7	53.7
Interest payments ratio	10.0	12.9	15.6	18.9	25.6	34.2	32.2	31.1	28.9
Amortization ratio 3/	18.2	23.7	22.4	15.2	18.5	19.9	11.8	11.6	24.8

1/ For classification of countries in groups shown here, see the introduction to this appendix.
2/ Excludes, for purposes of this table, eight oil exporting countries: Islamic Republic of Iran, Iraq, Kuwait, Libyan Arab Jamahiriya, Oman, Qatar, Saudi Arabia, and United Arab Emirates.
3/ On long-term debt only. Estimates for the period up to 1982 reflect actual amortization payments. The estimates for 1983 through 1985 reflect scheduled payments, modified to take account of the rescheduling agreements of 1982, 1983 and early 1984.
4/ Payments (interest, amortization, or both) as percentages of exports of goods and services.

Table A-39. Canada: Principal Projections and Indicators, 1977-84

(Percentage changes from preceding year, except as indicated)

	1977	1978	1979	1980	1981	1982	1983	1984
Gross national product and components (in volume)								
Gross national product	2.0	3.6	3.2	1.0	3.4	-4.4	3.0	5.0
Consumer expenditure	2.4	2.6	2.0	1.0	1.9	-2.1	2.9	3.7
Government current expenditure	3.2	1.7	0.3	0.8	0.5	0.5	—	4.5
Gross fixed investment	-0.5	-0.1	6.8	3.9	6.5	-11.7	-0.4	6.8
Stock building 1/	-0.8	-0.2	1.3	-1.9	1.0	-2.8	2.2	1.4
Total domestic demand	1.1	1.7	4.0	-0.2	3.7	-6.7	3.9	5.9
Foreign balance 1/	1.2	1.2	-1.1	1.0	-0.3	2.7	-0.9	-0.9
Output, employment, and costs								
Industrial production	2.5	3.3	6.3	-1.5	0.9	-10.7	5.9	10.8
Employment	1.8	3.3	4.0	2.8	2.6	-3.2	0.6	2.9
Hourly earnings in manufacturing	10.9	7.1	8.8	10.1	12.0	11.8	7.2	6.1
Unit labor costs in manufacturing	7.2	3.6	6.0	10.5	11.2	12.5	0.6	2.6
Unit labor costs of competitor countries 2/	6.0	6.9	8.3	11.1	6.5	7.3	-0.8	0.2
Prices								
GNP deflator	7.4	6.7	10.3	11.1	10.6	10.1	6.2	4.9
Consumer price index	8.0	8.9	9.2	10.2	12.5	10.8	5.9	5.6
Foreign trade								
Export unit value (in national currency terms)	7.0	8.8	21.1	16.6	6.0	0.5	-0.4	4.6
Export unit value relative to competitor countries 3/	-4.6	-7.6	4.3	3.0	-3.0	-1.2	-0.1	1.7
Import unit value (in national currency terms)	12.2	13.3	14.4	16.9	10.5	2.0	-3.1	4.2
Terms of trade	-4.6	-4.0	5.8	-0.2	-4.0	-1.5	2.8	0.4
Volume of exports	8.9	10.2	1.6	0.7	3.4	-0.4	7.4	7.8
Of which: non-oil exports	9.9	10.4	1.3	1.3	3.6	-0.7	7.0	8.2
Export market growth 4/	8.0	13.7	4.4	3.5	4.7	0.1	8.9	11.0
Volume of imports	1.2	4.0	9.1	-4.5	2.2	-15.8	14.7	13.5
Of which: non-oil imports	1.6	4.2	9.4	-4.4	2.3	-15.6	15.1	13.4
Current external transactions (in billions of Canadian dollars)								
Trade balance	3.0	4.3	4.4	8.8	7.4	18.3	16.9	15.0
Balance on services and private transfers	-7.3	-8.9	-9.4	-10.2	-13.6	-15.7	-16.2	-17.4
Current balance, excluding official transfers	-4.3	-4.6	-4.9	-1.4	-6.2	2.7	0.7	-2.3
Current balance, including official transfers	-4.3	-4.9	-4.8	-1.1	-5.8	3.0	0.8	-2.0
Exchange rates 5/								
Nominal (in terms of U.S. dollars per Canadian dollar)	-7.2	-6.8	-2.7	0.2	-2.5	-2.8	0.1	-0.4
Effective 6/	-7.6	-10.5	-3.9	0.2	2.9	2.0	3.2	0.9

1/ The figures indicate the change in stock building, or in the foreign balance, as a percentage of GNP in the previous year. (They thus indicate the contribution of these elements to the growth of GNP.)
2/ Weighted average of changes in indices expressed in terms of national currencies.
3/ Percentage change in own index minus weighted average change in those of competitor countries (based on U.S. dollar-denominated indices).
4/ For trade in products other than oil.
5/ The figures for 1984 reflect the "working assumption" that exchange rates will remain, for the balance of the year, at the levels prevailing on average during November 1983.
6/ Based on the Fund's multilateral exchange rate model.

Table A-40. United States: Principal Projections and Indicators, 1977-84

(Percentage changes from preceding year, except as indicated)

	1977	1978	1979	1980	1981	1982	1983	1984
Gross national product and components (in volume)								
Gross national product	5.5	5.0	2.8	-0.3	2.6	-1.9	3.3	5.0
Consumer expenditure	5.0	4.5	2.7	0.5	2.7	1.4	4.2	4.7
Government current expenditure	1.5	2.0	1.3	2.2	0.8	1.8	0.5	1.6
Gross fixed investment	13.7	9.9	3.8	-7.1	2.9	-6.9	8.7	11.4
Stock building 1/	0.4	0.2	-0.6	-0.8	0.9	-1.2	-0.2	0.5
Total domestic demand	5.9	5.0	2.0	-1.2	3.2	-1.0	4.5	5.8
Foreign balance 1/	-0.3	0.1	0.9	0.9	-0.5	-0.9	-1.1	-0.8
Output, employment, and costs								
Industrial production	5.9	5.8	4.4	-3.6	2.6	-8.1	6.5	10.1
Employment	3.7	4.4	2.9	0.5	1.1	-0.9	1.3	3.4
Hourly earnings in manufacturing	8.3	8.3	9.8	11.7	9.8	8.5	5.6	3.9
Unit labor costs in manufacturing	5.7	7.4	9.0	11.6	6.1	7.2	-1.3	-1.1
Unit labor costs of competitor countries 2/	6.8	2.9	4.5	9.1	8.9	8.7	1.7	1.3
Prices								
GNP deflator	5.8	7.4	8.6	9.2	9.4	6.0	4.2	4.1
Consumer price index	6.5	7.6	11.3	13.5	10.3	6.2	3.2	4.5
Foreign trade								
Export unit value (in national currency terms)	4.1	6.9	13.8	13.6	9.2	1.1	1.4	3.3
Export unit value relative to competitor countries 3/	-2.1	-4.7	-1.4	-0.8	10.8	5.4	4.8	2.0
Import unit value (in national currency terms)	8.4	7.9	19.3	25.4	5.5	-1.6	-3.9	2.0
Terms of trade	-4.1	-0.9	-4.6	-9.4	3.5	2.8	5.5	1.3
Volume of exports 4/	1.2	10.0	14.2	7.0	-3.2	-11.9	-6.8	1.3
Export market growth 5/	7.5	10.8	11.5	6.2	3.5	-4.7	0.9	8.7
Volume of imports 4/	12.7	7.4	1.0	-6.1	0.6	-5.0	10.0	15.2
Of which: non-oil imports	9.8	12.9	0.7	-0.1	7.2	-0.8	13.6	15.7
Current external transactions (in billions of U.S. dollars)								
Trade balance	-31.1	-34.0	-27.6	-25.5	-28.1	-36.4	-62.0	-98.6
Balance on services and private transfers	19.4	21.7	30.1	30.7	37.2	30.6	27.7	30.5
Current balance, excluding official transfers	-11.7	-12.3	2.6	5.1	9.1	-5.8	-34.3	-68.1
Current balance, including official transfers	-14.5	-15.4	-1.0	0.4	4.6	-11.2	-39.3	-73.0
Exchange rates 6/								
In terms of SDRs per U.S. dollar	-1.1	-6.7	-3.1	-0.7	10.4	6.8	3.2	1.7
Effective 7/	-0.5	-8.6	-2.2	0.3	12.6	11.7	5.6	2.9

1/ The figures indicate the change in stock building, or in the foreign balance, as a percentage of GNP in the previous year. (They thus indicate the contribution of these elements to the growth of GNP.)

2/ Weighted average of changes in indices expressed in terms of national currencies.

3/ Percentage change in own index minus weighted average change in indices of competitor countries (based on U.S. dollar-denominated indices).

4/ Exports or imports on a balance of payments basis deflated by corresponding census-based unit values.

5/ For trade in products other than oil.

6/ The figures for 1984 reflect the "working assumption" that exchange rates will remain, for the balance of the year, at the levels prevailing on average during November 1983.

7/ Based on the Fund's multilateral exchange rate model.

Table A-41. Japan: Principal Projections and Indicators, 1977-84

(Percentage changes from preceding year, except as indicated)

	1977	1978	1979	1980	1981	1982	1983	1984
Gross national product and components (in volume)								
Gross national product	5.3	5.1	5.2	4.8	4.0	3.4	3.1	3.9
Consumer expenditure	3.8	4.7	5.9	1.3	0.7	4.2	3.4	3.1
Government current expenditure	3.9	5.1	4.3	2.9	5.2	2.3	2.3	2.4
Gross fixed investment	4.8	9.4	6.3	1.1	3.7	1.7	0.1	1.8
Stock building 1/	0.1	-0.1	0.5	-0.1	-0.2	0.1	-0.5	0.3
Total domestic demand	4.2	6.1	6.4	1.2	2.0	3.2	1.6	2.9
Foreign balance 1/	1.2	-0.9	-1.0	3.5	2.1	0.3	1.6	1.2
Output, employment, and costs								
Industrial production	4.2	6.3	7.4	4.7	1.0	0.4	3.5	6.8
Employment	1.4	1.2	1.3	1.0	0.8	1.0	1.7	1.2
Hourly earnings in manufacturing	8.3	5.1	6.1	7.2	6.0	5.2	2.8	1.5
Unit labor costs in manufacturing	3.4	-5.5	-0.6	3.6	5.7	5.2	-0.2	-4.3
Unit labor costs of competitor countries 2/	7.7	8.0	7.7	11.4	8.3	9.3	0.6	2.0
Prices								
GNP deflator	5.7	4.6	2.6	2.8	2.7	1.7	0.7	0.7
Consumer price index	8.0	3.8	3.6	8.0	4.9	2.6	1.8	2.1
Foreign trade (customs basis)								
Export unit value (in national currency terms)	0.1	-5.7	9.4	11.4	3.0	5.3	-6.7	1.2
Export unit value relative to competitor countries 3/	5.5	11.7	-10.5	-6.4	3.0	-5.5	-1.0	0.2
Import unit value (in national currency terms)	-3.0	-18.0	30.2	39.0	0.6	4.3	-9.2	1.9
Terms of trade	3.2	15.0	-16.0	-19.9	2.4	0.9	2.8	-0.7
Volume of exports	8.5	0.7	0.2	17.1	10.6	-2.3	8.7	6.0
Export market growth 4/	10.3	12.2	7.1	6.8	5.8	0.2	5.0	7.8
Volume of imports	2.5	6.7	11.3	-5.0	-2.2	-0.5	1.3	3.8
Of which: non-oil imports	1.6	16.4	16.0	-1.8	2.9	2.2	1.2	8.4
Current external transactions (in billions of U.S. dollars)								
Trade balance	17.3	24.6	1.8	2.1	20.0	18.1	31.6	37.3
Balance on services and private transfers	-6.1	-7.7	-9.7	-11.6	-13.8	-9.9	-9.3	-8.3
Current balance, excluding official transfers	11.3	16.9	-7.9	-9.5	6.2	8.1	22.3	29.0
Current balance, including official transfers	10.9	16.5	-8.8	-10.8	4.8	6.8	21.0	27.4
Exchange rates 5/								
Nominal (in terms of U.S. dollars per yen)	10.8	28.4	-4.5	-3.3	2.6	-11.4	4.5	1.0
Effective 6/	10.6	23.0	-7.2	-3.8	13.0	-5.7	10.0	3.4

1/ The figures indicate the change in stock building, or in the foreign balance, as a percentage of GNP in the previous year. (They thus indicate the contribution of these elements to the growth of GNP.)
2/ Weighted average of changes in indices expressed in terms of national currencies.
3/ Percentage change in own index minus weighted average change in indices of competitor countries (based on U.S. dollar-denominated indices).
4/ For trade in products other than oil.
5/ The figures for 1984 reflect the "working assumption" that exchange rates will remain, for the balance of the year, at the levels prevailing on average during November 1983.
6/ Based on the Fund's multilateral exchange rate model.

Table A-42. France: Principal Projections and Indicators, 1977-84

(Percentage changes from preceding year, except as indicated)

	1977	1978	1979	1980	1981	1982	1983	1984
Gross domestic product and components (in volume)								
Gross domestic product	3.1	3.8	3.3	1.1	0.3	1.8	0.6	0.6
Consumer expenditure	3.2	4.7	3.4	1.6	2.1	3.5	0.8	0.7
Government current expenditure	1.5	4.2	1.8	1.5	2.4	1.6	0.7	0.8
Gross fixed investment	-0.8	1.5	3.8	2.4	-1.0	1.1	-3.3	-3.6
Stock building 1/	-0.2	-0.1	0.8	0.4	-2.0	1.1	-0.4	-0.3
Total domestic demand	1.8	3.7	4.1	2.1	-0.6	3.9	-0.5	-0.5
Foreign balance 1/	1.3	0.1	-0.7	-1.0	0.9	-2.1	1.1	1.1
Output, employment, and costs								
Industrial production	1.6	2.2	3.9	-0.2	-2.3	-1.7	0.4	0.9
Employment	0.8	0.4	-0.1	--	-0.8	-0.1	-0.3	-0.3
Hourly earnings in manufacturing	16.6	10.2	14.3	15.4	15.4	15.3	10.5	6.6
Unit labor costs in manufacturing	10.5	4.2	9.1	13.1	13.4	9.5	5.4	3.0
Unit labor costs of competitor countries 2/	8.2	6.2	5.6	9.3	7.7	7.1	3.5	3.3
Prices								
GDP deflator	9.0	9.5	10.4	12.0	12.0	12.3	9.9	7.2
Consumer price index	9.5	9.3	10.6	13.3	13.3	12.0	9.5	7.4
Foreign trade (customs basis)								
Export unit value (in national currency terms)	10.0	5.1	9.6	11.0	12.9	14.2	10.1	9.2
Export unit value relative to competitor countries 3/	-2.0	0.4	-0.6	-1.8	-5.0	-1.5	-1.2	1.7
Import unit value (in national currency terms)	11.8	0.9	10.2	18.8	18.4	12.2	7.5	8.8
Terms of trade	-1.7	4.1	-0.5	-6.5	-4.6	1.8	2.4	0.4
Volume of exports	7.0	6.7	8.8	3.2	4.4	-4.3	4.0	4.9
Export market growth 4/	6.2	6.9	8.1	4.9	0.4	0.6	1.2	4.4
Volume of imports	1.3	6.8	11.7	5.5	-3.5	2.8	-1.6	--
Of which: non-oil imports	3.7	9.7	11.4	11.6	0.6	5.8	0.3	0.5
Current external transactions (in billions of French francs)								
Trade balance	-16.2	0.3	-13.5	-56.6	-54.0	-105.4	-58.1	-24.0
Balance on services and private transfers	21.1	37.9	42.9	46.2	39.0	43.1	36.4	35.5
Current balance, excluding official transfers	4.9	38.2	29.4	-10.4	-15.0	-62.3	-21.7	11.5
Current balance, including official transfers	-2.1	31.6	22.1	-17.6	-25.8	-79.7	-32.7	-2.0
Exchange rates 5/								
Nominal (in terms of U.S. dollars per French franc)	-2.9	9.1	5.9	0.8	-21.9	-17.3	-13.7	-7.3
Effective 6/	-4.5	—	2.2	1.0	-10.6	-9.2	-8.6	-3.9

1/ The figures indicate the change in stock building, or in the foreign balance, as a percentage of GDP in the previous year. (They thus indicate the contribution of these elements to the growth of GDP.)
2/ Weighted average of changes in indices expressed in terms of national currencies.
3/ Percentage change in own index minus weighted average change in indices of competitor countries (based on U.S. dollar-denominated indices).
4/ For trade in products other than oil.
5/ The figures for 1984 reflect the "working assumption" that exchange rates will remain, for the balance of the year, at the levels prevailing on average during November 1983.
6/ Based on the Fund's multilateral exchange rate model.

Table A-43. Federal Republic of Germany: Principal Projections and Indicators, 1977-84

(Percentage changes from preceding year, except as indicated)

	1977	1978	1979	1980	1981	1982	1983	1984
Gross national product and components (in volume)								
Gross national product	2.8	3.4	4.0	1.9	-0.3	-1.1	1.2	2.6
Consumer expenditure	3.8	3.6	3.1	1.5	-1.2	-2.2	1.0	1.2
Government current expenditure	0.9	4.0	3.5	2.6	1.6	-1.1	-0.4	-0.1
Gross fixed investment	3.9	4.9	7.2	3.2	-4.2	-5.4	2.4	5.0
Stock building 1/	-0.3	-0.2	1.3	-0.6	-1.2	0.5	0.7	0.5
Total domestic demand	2.9	3.7	5.3	1.4	-2.5	-2.2	1.7	2.2
Foreign balance 1/	--	-0.2	-1.2	0.5	2.1	1.0	-0.5	0.5
Output, employment, and costs								
Industrial production	2.5	1.6	5.0	0.2	-1.3	-2.5	0.3	4.4
Employment	—	0.6	2.5	1.1	2.9	-2.0	-2.0	-0.2
Hourly earnings in manufacturing	8.4	6.9	6.9	8.5	7.2	5.4	3.6	4.3
Unit labor costs in manufacturing	3.8	3.8	1.8	7.6	4.9	3.8	-0.7	0.1
Unit labor costs of competitor countries 2/	8.3	5.5	6.0	9.5	8.3	7.7	4.0	3.1
Prices								
GNP deflator	3.7	4.2	4.0	4.5	4.2	4.8	3.2	3.0
Consumer price index	3.7	2.7	4.1	5.5	5.9	5.3	3.0	2.8
Foreign trade (customs basis)								
Export unit value (in national currency terms)	1.2	--	3.0	7.0	7.5	5.6	0.9	2.5
Export unit value relative to competitor countries 3/	1.7	2.2	-3.9	-6.1	-7.3	2.5	0.4	-2.9
Import unit value (in national currency terms)	2.1	-3.6	9.8	14.5	12.4	1.2	-1.5	3.5
Terms of trade	-0.9	3.7	-6.2	-6.6	-4.3	4.3	2.4	-0.9
Volume of exports	6.0	4.6	7.4	3.9	5.2	1.9	0.4	4.5
Export market growth 4/	5.4	6.9	8.8	5.6	0.4	0.7	1.3	4.0
Volume of imports	4.3	7.9	9.2	2.0	-3.7	0.4	5.4	4.0
Of which: non-oil imports	5.4	8.8	10.1	3.8	-2.0	0.9	6.6	4.5
Current external transactions (in billions of deutsche mark)								
Trade balance	46.0	51.2	32.0	18.9	40.4	64.3	56.3	58.5
Balance on services and private transfers	-26.3	-24.3	-32.0	-33.9	-40.2	-39.7	-33.4	-31.2
Current balance, excluding official transfers	19.7	26.9	--	-15.0	0.3	24.6	22.9	27.3
Current balance, including official transfers	9.5	18.1	-11.2	-28.5	-14.7	8.6	8.4	11.3
Exchange rates 5/								
Nominal (in terms of U.S. dollars per deutsche mark)	8.5	15.7	9.5	0.9	-19.4	-7.1	-4.7	-5.2
Effective 6/	7.8	6.3	6.1	1.0	-7.4	4.2	2.4	-1.7

1/ The figures indicate the change in stock building, or in the foreign balance, as a percentage of GNP in the previous year. (They thus indicate the contribution of these elements to the growth of GNP.)
2/ Weighted average of changes in indices expressed in terms of national currencies.
3/ Percentage change in own index minus weighted average change in indices of competitor countries (based on U.S. dollar-denominated indices).
4/ For trade in products other than oil.
5/ The figures for 1984 reflect the "working assumption" that exchange rates will remain, for the balance of the year, at the levels prevailing on average during November 1983.
6/ Based on the Fund's multilateral exchange rate model.

Table A-44. Italy: Principal Projections and Indicators, 1977-84

(Percentage changes from preceding year, except as indicated)

	1977	1978	1979	1980	1981	1982	1983	1984
Gross domestic product and components (in volume)								
Gross domestic product	1.9	2.7	4.9	3.9	0.1	-0.3	-1.2	1.9
Consumer expenditure	2.3	3.0	5.3	4.3	0.5	0.3	-0.8	2.0
Government current expenditure	2.3	2.3	1.7	2.1	3.0	1.8	2.2	1.9
Gross fixed investment	-0.4	-0.1	5.8	9.4	0.6	-5.3	-5.8	-0.5
Stock building 1/	-1.3	-0.3	0.8	2.1	-3.1	0.2	-0.5	0.6
Total domestic demand	0.5	2.0	5.7	7.0	-2.2	-0.2	-1.7	2.2
Foreign balance 1/	1.4	0.8	-0.5	-2.8	2.3	-0.1	0.4	-0.2
Output, employment, and costs								
Industrial production	1.1	1.9	6.7	5.5	-2.3	-2.3	-6.0	2.5
Employment	1.0	0.5	1.1	1.5	0.4	-0.4	--	0.5
Hourly earnings in manufacturing	18.8	14.6	19.6	17.7	23.6	19.2	18.0	16.0
Unit labor costs in manufacturing	17.5	11.2	9.6	12.4	18.0	16.4	18.2	13.7
Unit labor costs of competitor countries 2/	7.0	5.0	5.7	9.7	7.6	6.4	1.8	1.6
Prices								
GDP deflator	19.1	13.9	15.9	20.7	18.4	17.5	15.2	13.2
Consumer price index	17.0	12.1	14.8	21.2	18.7	16.3	15.1	13.0
Foreign trade (customs basis)								
Export unit value (in national currency terms)	19.9	7.0	17.6	21.2	22.2	15.0	8.8	9.8
Export unit value relative to competitor countries 3/	4.9	-3.2	4.7	5.5	—	0.4	1.3	2.6
Import unit value (in national currency terms)	17.0	4.5	18.5	30.2	34.1	10.4	8.2	8.2
Terms of trade	2.4	2.4	-0.7	-6.9	-8.8	4.2	0.6	1.5
Volume of exports	7.0	11.1	7.3	-8.1	5.5	0.3	2.0	3.4
Export market growth 4/	7.5	7.1	7.4	6.5	2.9	0.8	1.9	3.9
Volume of imports	-0.2	7.9	13.9	1.5	-9.4	1.5	-3.6	4.0
Of which: non-oil imports	-0.1	8.0	14.8	8.1	-10.7	4.3	-3.9	5.1
Current external transactions (in trillions of Italian lire)								
Trade balance	-0.1	2.5	-0.8	-14.0	-12.0	-10.7	-4.7	-4.2
Balance on services and private transfers	2.8	4.2	6.1	5.8	3.6	4.1	6.0	6.2
Current balance, excluding official transfers	2.7	6.7	5.4	-8.2	-8.4	-6.6	1.3	2.0
Current balance, including official transfers	2.2	5.4	4.6	-8.3	-9.2	-7.4	0.4	1.0
Exchange rates 5/								
Nominal (in terms of U.S. dollars per Italian lira)	-6.1	4.0	2.1	-2.8	-24.3	-16.2	-10.7	-7.1
Effective 6/	-8.3	-5.9	-2.3	-3.2	-13.3	-7.6	-4.9	-3.6

1/ The figures indicate the change in stock building, or in the foreign balance, as a percentage of GDP in the previous year. (They thus indicate the contribution of these elements to the growth of GDP.)
2/ Weighted average of changes in indices expressed in terms of national currencies.
3/ Percentage change in own index minus weighted average change in indices of competitor countries (based on U.S. dollar-denominated indices.)
4/ For trade in products other than oil.
5/ The figures for 1984 reflect the "working assumption" that exchange rates will remain, for the balance of the year, at the levels prevailing on average during November 1983.
6/ Based on the Fund's multilateral exchange rate model.

Table A-45. United Kingdom: Principal Projections and Indicators, 1977-84

(Percentage changes from preceding year, except as indicated)

	1977	1978	1979	1980	1981	1982	1983	1984
Gross domestic product and components (in volume)								
Gross domestic product	2.2	3.8	2.6	-2.5	-1.8	1.9	2.9	2.6
Consumer expenditure	-0.4	5.5	4.9	-0.7	0.1	1.3	3.7	2.3
Government current expenditure	-1.1	2.2	1.9	1.7	-0.2	1.4	2.6	1.0
Gross fixed investment	-2.5	3.4	0.9	-5.5	-9.5	5.8	2.6	4.2
Stock building 1/	1.7	--	0.7	-2.4	-0.3	0.3	0.8	0.6
Total domestic demand	0.8	4.4	4.2	-3.5	-1.9	2.4	4.2	3.0
Foreign balance 1/	1.4	-0.4	-1.5	0.9	0.1	-0.4	-1.2	-0.3
Output, employment, and costs								
Industrial production	5.2	2.9	3.9	-6.6	-3.9	2.0	2.3	3.2
Employment	0.3	0.9	1.1	-1.8	-4.4	-2.4	-1.2	0.4
Hourly earnings in manufacturing	9.1	14.8	16.2	21.6	15.1	9.3	7.8	7.4
Unit labor costs in manufacturing	8.6	13.4	14.5	21.4	9.5	4.7	2.1	4.2
Unit labor costs of competitor countries 2/	7.7	5.4	5.4	9.0	7.8	7.7	2.7	2.3
Prices								
GDP deflator	14.0	10.8	14.5	19.8	11.6	7.2	5.1	5.0
Consumer price index	15.8	8.3	13.5	17.9	11.9	8.6	4.7	5.2
Foreign trade								
Export unit value (in national currency terms)	17.0	7.7	10.5	15.8	8.1	6.3	7.7	5.0
Non-oil export unit value relative to competitor countries 3/	5.2	7.4	7.8	11.3	-2.7	-4.9	-2.6	2.7
Import unit value (in national currency terms)	15.0	2.8	8.8	10.8	6.4	7.6	7.7	5.3
Terms of trade	1.7	4.7	1.6	4.5	1.7	-1.2	0.1	-0.3
Volume of exports	7.8	2.6	4.8	0.9	-0.8	2.6	1.4	4.3
Of which: non-oil exports	6.2	1.2	0.6	1.3	-3.7	1.1	-0.7	4.7
Export market growth 4/	6.7	8.2	7.3	5.8	2.7	0.5	1.5	4.7
Volume of imports	1.8	4.7	10.7	-5.4	-2.7	3.8	7.1	6.2
Of which: non-oil imports	5.6	6.3	13.9	-2.9	-0.2	5.4	8.9	6.3
Current external transactions (in billions of pounds sterling)								
Trade balance	-2.3	-1.5	-3.4	1.2	3.0	2.1	-1.0	-2.5
Balance on services and private transfers	3.5	4.4	4.9	3.8	5.2	5.2	5.0	5.9
Current balance, excluding official transfers	1.2	2.9	1.4	5.1	8.2	7.3	4.0	3.4
Current balance, including official transfers	0.1	1.2	-0.7	3.2	6.5	5.4	2.0	1.3
Exchange rates 5/								
Nominal (in terms of U.S. dollars per pound sterling)	-3.4	10.0	10.5	9.6	-12.8	-13.7	-13.1	-2.8
Effective 6/	-5.2	0.4	7.1	10.1	-1.2	-4.7	-7.9	0.4

1/ The figures indicate the change in stock building, or in the foreign balance, as a percentage of GDP in the previous year. (They thus indicate the contribution of these elements to the growth of GDP.)
2/ Weighted average of changes in indices expressed in terms of national currencies.
3/ Percentage change in own index minus weighted average change in indices of competitor countries (based on national currency-denominated indices).
4/ For trade in products other than oil.
5/ The figures for 1984 reflect the "working assumption" that exchange rates will remain, for the balance of the year, at the levels prevailing on average during November 1983.
6/ Based on the Fund's multilateral exchange rate model.

Table A-46. Medium-Term Projections of Payments Balances on Current Account 1/ 2/

Base Scenario

	1972	1977	1982	1983	1984	1987	1990
			(In billions of U.S. dollars)				
Industrial countries	14.8	-2.2	-1.4	-1.2	-22.5	...	...
Developing countries	-6.6	-1.0	-94.2	-72.6	-58.0	...	...
Oil exporting countries	2.9	29.4	-12.0	-16.2	-8.0	...	...
Non-oil developing countries 2/	-9.5	-30.4	-82.2	-56.4	-50.0	-62.5	-90.6
Net oil exporters	-2.2	-6.3	-14.4	-6.9	-9.4	-13.4	-17.8
Net oil importers 2/	-7.3	-24.1	-67.8	-49.6	-40.6	-49.1	-72.8
Major exporters of manufactures	-2.4	-8.9	-34.6	-17.1	-11.9	-12.2	-20.2
Low-income countries 2/	-2.9	-5.4	-11.9	-9.8	-9.8	-11.3	-14.2
Other net oil importers 3/	-2.4	-12.5	-23.8	-24.3	-18.8	-19.8	-26.1
Memorandum Item:							
Major borrowing countries 4/	-6.2	-26.7	-74.9	-39.6	-31.1	-34.5	-47.7
			(In percent of export of goods and services)				
Industrial countries	3.7	-0.2	-0.1	-0.1	-1.3	...	...
Developing countries	-6.0	-0.3	-13.5	-10.9	-7.9	...	...
Oil exporting countries	11.1	17.9	-4.6	-7.5	-3.0	...	...
Non-oil developing countries	-11.5	-13.7	-18.7	-12.6	-10.2	-9.7	-10.7
Net oil exporters	-20.5	-19.1	-18.3	-8.8	-10.8	-12.5	-13.1
Net oil importers	-10.2	-12.7	-18.8	-13.4	-10.1	-9.1	-10.2
Major exporters of manufactures	-6.8	-8.7	-16.8	-8.0	-5.1	-3.8	-4.7
Low-income countries 2/	-45.3	-41.9	-66.6	-51.9	-46.9	-42.0	-41.9
Other net oil importers	-10.2	-21.7	-23.9	-25.1	-18.1	-14.5	-14.8
Memorandum Item:							
Major borrowing countries 4/	-11.1	-16.0	-23.7	-12.7	-9.1	-7.7	-8.2

1/ Excluding official transfers.
2/ The People's Republic of China and India are not included in the subgroup of low income countries but are included in the other totals. However, the People's Republic of China is not included in the estimates for 1972.
3/ Middle-income countries that, in general, export mainly primary commodities.
4/ The 25 developing countries with the largest total external debt at the end of 1982. This group includes four oil exporting countries.

Table A-47. Non-Oil Developing Countries:
Medium-Term Projections For Foreign Trade 1/

Base Scenario

(Changes in percent)

	Change from the Preceding Year						
	Averages 2/					Average	
	1968-72	1973-80	1982	1983	1984	1985-87	1988-90
All non-oil developing countries							
Export volume	8.4	6.7	1.7	5.3	7.1	5.4	5.3
Terms of trade	-.3	-1.0	-3.4	1.0	1.4	.1	0.0
Real GDP	6.0	5.1	1.5	1.6	3.5	4.6	4.7
Import volume	7.4	6.7	-8.3	-.6	5.5	6.2	6.3
Import volume/real GDP	1.4	1.6	-9.8	-2.2	2.0	1.7	1.6
Net oil exporters							
Export volume	4.1	4.9	8.8	3.1	6.8	2.6	3.0
Terms of trade	-1.4	9.1	-6.7	-2.7	1.1	-.3	0.0
Real GDP	7.0	6.6	1.1	-1.5	2.4	4.5	4.6
Import volume	2.5	10.4	-14.8	-11.9	11.5	4.7	5.0
Import volume/real GDP	-4.4	3.8	-16.0	-10.5	9.1	.4	.4
Net oil importers							
Export volume	9.1	7.0	-.3	5.7	7.2	6.2	5.8
Terms of trade	-.1	-2.6	-2.8	1.7	1.5	.2	-.1
Real GDP	5.8	4.9	1.6	2.2	3.7	4.6	4.7
Import volume	8.2	6.1	-7.0	1.5	4.6	6.6	6.5
Import volume/real GDP	2.4	1.3	-8.6	-.7	.9	2.0	1.8
Major exporters of manufactures							
Export volume	12.2	10.0	-2.2	7.5	8.4	6.9	6.5
Terms of trade	.4	-3.3	-2.5	3.7	1.3	.2	0.0
Real GDP	8.0	5.6	.3	-.1	2.5	4.3	4.4
Import volume	13.0	7.3	-7.6	1.0	5.7	7.7	7.5
Import volume/real GDP	5.0	1.7	-7.9	1.1	3.2	3.4	3.1
Low-income countries							
Export volume	2.8	.9	-1.1	6.4	7.5	4.7	4.0
Terms of trade	-.9	-.6	-2.5	1.8	.9	.3	-.1
Real GDP	3.4	3.9	3.8	2.6	3.7	3.5	3.5
Import volume	1.0	3.3	1.3	-.7	1.8	3.8	4.0
Import volume/real GDP	-2.4	-.6	-2.4	-3.3	-1.9	.3	.5
Other net oil importers							
Export volume	7.7	3.9	4.6	.9	4.7	5.2	4.8
Terms of trade	-.8	-1.6	-5.3	-.2	2.4	.5	-.1
Real GDP	5.7	4.6	.4	1.1	2.9	3.9	4.2
Import volume	6.5	5.0	-7.8	.7	.2	4.8	5.0
Import volume/real GDP	.8	.4	-8.2	-.4	-2.7	.9	.8
Memorandum Item:							
Major borrowing countries							
Export volume	6.8	4.4	-1.7	2.4	7.0	5.7	5.0
Terms of trade	1.1	4.9	-3.3	0.8	1.5	-0.1	0.0
Real GDP	6.5	5.6	0.9	0.3	2.8	4.3	4.5
Import volume	7.3	7.6	-7.5	-8.7	4.2	6.5	6.5
Import volume/real GDP	1.4	2.0	-8.4	-9.0	1.3	2.2	2.0

1/ India and the People's Republic of China are excluded from the estimates for the low-income countries. Both these countries are included in the estimates for the non-oil developing countries and for the net oil importers, except that China is excluded from the averages for the periods 1968-72 and 1973-80.

2/ Compound annual rates of change.