

DOCUMENT OF INTERNATIONAL MONETARY FUND AND NOT FOR PUBLIC USE

MASTER FILES

ROOM C-120

01

EBD/84/125
Supplement 1

September 26, 1984

To: Members of the Executive Board

From: The Secretary

Subject: Small Developing Non-Oil Continental IMF Member Countries -
Further Characteristics

There is attached a supplement to the paper on an overview of small tropical island countries (EBD/84/125, 4/24/84), prepared by Mr. Legarda, Consultant.

Att: (1)

Other Distribution:
Department Heads

Small Developing Non-oil Continental IMF Member Countries:
Further Characteristics

By Benito Legarda

September 21, 1984

In EBD/84/125, a brief comparison was made between certain characteristics of small island and continental developing non-oil IMF member countries, in the context of the study of small tropical island countries. The small developing continental countries, however, have characteristics which will repay closer scrutiny in themselves and not simply by comparison with the small islands, and this short paper goes into more detail to round out the information available to members of the Executive Board on the subject. In general, this paper will try to do for the small developing continental countries what section V of the original main paper (EBD/83/325), did for the small tropical island countries, although the individual characteristics to be covered and the arrangement of the topics will follow the logic of the subject matter, and there will be no attempt at strict parallelism.

It will be recalled that the single criterion of a population of less than one million was taken as the qualifying characteristic for a small economy, and that, in addition to the eighteen small tropical island IMF member countries, there were nine continental developing non-oil IMF member countries that merited inclusion in the list of small developing economies, namely, Belize, Guyana and Suriname in the Western Hemisphere, and Botswana, Djibouti, Equatorial Guinea, The Gambia, Guinea-Bissau, and Swaziland in Africa.

Even more than in the case of the small tropical island countries, it is apparent from a glance at Table 1 that there is no typical profile for a small developing non-oil continental country. There are marked differences in land area, population, GNP and per capita GNP. In land area, for example, the smallest, The Gambia, is about the size of the middle level small archipelagic countries, while the largest, Botswana, is larger than France or the Iberian peninsula (although 80 percent is taken up by the Kalahari Desert).

Openness

One of the characteristics highlighted by the papers and the discussion on small tropical island countries was openness. Indeed it was pointed out that a high degree of openness distinguished small developing economies from other developing economies [EBD/83/325, p. 4]. Taking the ratio of imports to GNP as a convenient way of measuring this characteristic, it is evident from Table 7 that there is a wide range in the degree of openness of the countries identified as being small economies. But, unlike some other characteristics such as land area, population and GNP, there is no clear

difference in openness as between small tropical islands and small developing continental countries. In arraying this particular measure of openness, the figures do not fall into any discernible pattern. In fact, the averages for the two groups of countries are quite similar--73.4 for the small islands and 71.26 for the small continental countries. One consequence of this openness, as in the case of the small tropical island countries, is the predominance of fiscal revenues from taxes on international trade and transactions, as will be apparent on looking through Table 6. The only exception is Guinea-Bissau, and from Table 7 it will be seen that it is the least open of the nine economies presently under examination.

The main difference between the two groups of countries lies not in the degree of openness but in the way this openness is financed--by invisibles in the case of the small islands and by commodity exports in the case of the small continental countries (see Tables 5 and 6 in EBD/84/125). In effect, the small islands finance less than 40% of their imports through commodity exports, while the small continental countries depend on commodity exports for 70% of their imports.

Exports

This puts the focus on the commodity trade, and here it is not possible to single out a common characteristic which would be true for the group in general, albeit with exceptions. In the case of the small islands, it will be recalled, it was possible to say that invisibles were of paramount importance for both the group and for most of the individual countries. No similar statement can be made about the external trade of the small continental countries.

The most important line of trade is that in minerals, which accounts for over 40% of these countries' total exports. But it would not be correct to call them mineral-oriented, as the bulk of the mineral exports comes from only three of them (see Table 3). Among agricultural exports, the most important are sugar and its products but, as in the case of the small islands, they come from only three countries. These two categories of exports, accounting for nearly 60% of the exports of the small continental developing countries and coming from only five out of the nine countries, are associated with the highest per capita incomes in this group of countries. (It will be recalled that in the case of the small tropical islands, the association of the higher per capita incomes was with invisibles, mostly tourism, reinforced in some cases by sugar.

Smallness

Although they are generally upscale from the small tropical islands in respect of key characteristics like land area, population and GNP, the small continental countries share with them specific problems related to economic smallness, apart from the general problems of under-development. Many of these are brought out in the staff papers on these countries, especially the narrowness of domestic markets.

Even Botswana, with the largest land area and population and the second largest GNP, is described as suffering from this. "Attempts at product diversification continue to be constrained by the BMC's (Botswana Meat Commission) inability to compete in the world market and the narrowness of the domestic markets (78b: p.7)." And again, "Expansion of the manufacturing sector continues to be hampered by the small size of the domestic market, shortages of skilled manpower, and the high cost of basic industrial infrastructure (78b: p. 14)."

For the other countries, market smallness is often referred in very similar terms. In Belize, "The Belizean representatives noted that the development efforts were constrained not only by the scarcity of investment capital and skilled labor but also by the size of the domestic market (77a: p. 8)." In Suriname, "Development of the manufacturing sector is hampered by the limited size of the domestic market, high transportation costs for exports and relatively high wages (84b: p. 8)." In The Gambia, referring again to manufacturing, "The main constraints are the small size of the domestic market, the existence of a fairly developed manufacturing sector in Senegal, and the lack of adequate power and water supplies (81b: p. 15)."

In fact, The Gambia, the smallest in land area of the small continental development economies, shares a number of other characteristics with the small tropical islands. One of them is a shortage of land: "Another constraint on the growth of this sector (traditional agriculture) is land availability (81b: pp.1-2)." It will be recalled from Table 3 of EBD/84/125 that The Gambia is the most densely populated of the small continental developing countries, so this is not surprising, but this characteristic is not highlighted in the cases of the other small continental developing countries except of course in the special case of Djibouti where climatological factors impose much more severe constraints.

Another trait shared by The Gambia with the small tropical islands has to do with transportation, and the declining role of water transport vis-a-vis land transport. "While river and road transport complement each other, there has been a gradual shift in favor of road transport (81b: p. 20)." The same report underlines the growing marginalization of the country's main seaport: "Large ships are unwilling to call at Banjul to pick or deliver small shipments. Consequently, industry and trade are hampered, since imports tend to arrive in batches, and it is difficult to meet unexpected demands for items such as spare parts (ibid.)." This marginalization of the major seaport and the sporadic and lumpy nature of import arrivals obviously would have implications for the country's reserve management.

Other problems associated with smallness crop up here and there. In Belize, referring to banana production, staff observes: "The present dimension of the industry permits shipments only of small quantities which is costly and uncertain. The larger shipments resulting from an expansion of the industry would not only reduce unit transportation costs but would also result in producers obtaining premium prices (because of the shortening of total transportation time). However, new private investment will require improvements of the economic and social infrastructure in the banana area (77b: p.7). Also in Belize, a fire in the income tax office in 1981 caused collection problems which contributed to the almost 30 percent drop in income taxes (along with a sluggish economy, tax relief and new allowances), reminding one of the impact of such things as hotel fires on small islands (77b: p. 18; EBD/83/325, p. 39).

Tourism

Tourism, which figures so importantly in the economies of the small tropical islands and which as a service industry not subject to substantial economies of scale would seem to offer an avenue of escape from the constraints of smallness, is absent in most of the small continental economies. Where it exists, it sometimes takes a particular form, as in the overland tourist trade of Swaziland which is dependent on its contiguity to the Republic of South Africa, or is grudgingly tolerated, as in the case of Belize where staff reports that "... The Government has made it clear that it does not want to encourage high-volume tourism (77a: p. 8).

The Gambia is apparently the one small developing non-oil continental country where the tourist trade approximates in its thrust and its nature that which is found in many of the tropical island countries, and as might be expected, it also experiences some of the same problems, especially with regard to the high rate of leakage. Staff reports: "...A large part of these earnings are repatriated from The Gambia in the form of capital and dividends, imports, and salaries of expatriate staff. It has been estimated that these leakages amount to 84 percent for payments made to travel agencies (for tour packages) and 50 percent for the out-of-pocket expenditures of tourists. In 1977/78 it was estimated that only 45 percent of total earnings accruing to The Gambia (D 14.9 million) remained in the country. The largest source of leakage was imports, which claimed 38 percent of total receipts... In order to reduce leakages in earnings, efforts are under consideration to increase Gambian participation in the provision of services to tourists, to raise the contribution of the domestic food industry to satisfy the requirements of hotels and restaurants, and to speed up the Gambianization of hotel and restaurant management and staff (81b: pp. 22, 24). The effort to establish closer linkages between the tourist industry and domestic commodity production is certainly something that could be followed by more countries; perhaps the advantage of a continental country like The Gambia is that it has a much larger and unfragmented land area than the small island countries.

Preferential Export Pricing

Not as a consequence of economic smallness, but as a factual parallel with the small tropical island countries, it may be noted that at least two of the principal exports of the small developing continental countries, namely, sugar and rice, are shipped under various arrangements that result in average prices above world market prices. This is true of sugar from Belize, Guyana and Swaziland to the EEC, rice from Suriname to the EEC, and rice from Guyana to CARICOM. Together these two commodity groups account for about 20 percent of total exports of the small developing continental countries, although since they come from only four countries their share in those countries' exports is of course much higher.

Sectoral Labor Imbalances

One feature, namely, sectoral labor imbalances or the presence of shortages in certain sectors of the economy despite a high overall unemployment rate, takes on somewhat more varied forms in the small continental developing countries than in the small tropical islands. This phenomenon had already been adverted to by Demas in his pioneering work on the small Caribbean economies. He traced it to the institutional influence of the trade unions which, by securing short-term gains in real wages and working conditions for their members, tended to increase the amount of migration to the urban areas. The unions also had an understandable urge to extend to other less productive sectors the wage levels obtaining in the highly productive sectors, which then had neither the incentive nor the means to create jobs. But expectations of what constitutes a "reasonable" income were raised and short of receiving this "reasonable" income individuals preferred unemployment rather than engage in low-productivity occupations such as peasant agriculture, services, or handicrafts. Thus a dual economic structure arose (88: pp98, 100, 111).

In the small islands it has been seen that this was often manifested by unemployment in the modern service sector (generally tourism) and a shortage of labor for agriculture (see EBD/83/325, p. 40). Among the small continental countries some of this is present. For example, Belize has an overall unemployment rate of 14% which is described as being acute in Belize city while at the same time there are ample employment opportunities in the agricultural sector (77b: p. 12). As on the islands, there is considerable emigration, in this case to the United States. But an additional feature is the existence of an open immigration policy, attracting new settlers from neighboring states.

The coexistence of emigration and immigration is also found in Suriname. Substantial emigration in the 1970's brought the 1980 population below 1972 levels. In that year the unemployment rate was 14.5% and in 1982 it rose to 17.9%. At the same time there was immigration by Guyanese, where in 1982 the number of people leaving the country almost quadrupled, and Suriname's unemployment was concentrated among the youth and the unskilled, as the increasing number of Guyanese immigrants competed for available jobs at lower wages, particularly in agriculture (83b: p. 15; 84b: pp. 11, 12).

The institutional factors observed by Demas two decades ago in other Caribbean economies also seemed to be operative in Suriname, with wages in the bauxite sector being in part trendsetters for other unionized sectors. But staff reports that this seemed to be less automatic in recent years: in 1982-83, a greater diversity was reported in sectorial wage increases, implying that the relationship seemed to be weakening as a result of diverse economic conditions prevailing in the different sectors (84b: pp. 13-14).

While in the Caribbean the continental economies have points of similarity with the small islands, in Africa the picture is much more diverse, possibly because the economic development observed by Demas in the Caribbean has not gone as far. Botswana and Swaziland both send laborers to work in the Republic of South Africa (78b: p. 17; 85b: p. 25). Djibouti tries to cope with immigration which worsens the unemployment situation in a country where one-third of total wage employment in 1982 was government employment (79b: p. 17). The Gambia seems to labor under the usual handicaps of a developing economy, with the unemployment rate estimated at 20% and underemployment believed to be widespread in the agriculture sector (81b: pp. 31, 33). The most remarkable case is that of Equatorial Guinea where labor for cocoa plantations on the island of Bioko formerly consisted largely of Nigerian immigrants, who left during the time of turmoil. With the return of more settled conditions, staff reports the authorities' largely unsuccessful efforts to attract immigrant laborers, partly because the minimum wage is considerably lower than in most of the neighboring countries. But even within the country, there is substantial underemployment and a concentration on subsistence agriculture, and still the cocoa producers have had little or no success in their attempt to recruit more laborers. The excess labor is almost entirely situated on the mainland and it is unwilling to work on the island (80b: pp. 4, 5, 16). It is not clear whether this stems from economic or from ethnolinguistic factors.

With the combined effect of smallness and openness constricting macroeconomic policy within a narrow range, it becomes more important than ever to pay due regard to wages policy in order to promote employment, exports, and price stability, and of special urgency to those countries that share a common currency or belong to currency unions.

Small Island and Continental Countries

There comes up the question of significant differences between island and continental countries. The question is addressed, although not in identical fashion, in two articles in the same issue of World Development. In one of them, there is no qualification as to size, and the conclusion is that island countries are different. Among the points of difference are: On islands cyclones are more frequent, 18 out of 26 countries in the sample being afflicted by them, whereas only 3 out of 24 sample continental countries suffer from them; islands are more densely populated whereas continental countries are less so (this has already been seen for the 27 small countries in EBD/84/125); population dispersion (distance per head) is greater in islands than in continental countries; and emigration is apparently a normal feature for island countries but is not so significant for continental countries (18).

In the other article addressing the same question, Selwyn comes to the opposite conclusion, namely, that islandness is not a useful economic classification (again without qualification as to size). His technique is to compare an island country, Mauritius, and a continental country (landlocked in this case), Swaziland. Both are similar in that they have highly open economies. Thereafter they exhibit divergences. Mauritius has a narrower range of resources and therefore a more specialized economy; Swaziland has a wider range of resources and therefore a less specialized economy. In Mauritius cash crops are important, while in Swaziland subsistence farming is far more important than in Mauritius. Mauritius is not economically integrated with other economies, and its emigration is more dispersed and not dependent on one job market; Swaziland is integrated into the South African regional system--the Customs Union, the Rand currency area--and its migrant labor goes to South Africa. In Mauritius external influences are more diffuse, while Swaziland is strongly influenced by developments in other parts of Southern Africa, especially the Republic of South Africa. Mauritius' opportunities are in marine resources and its constraints are in sea transport; Swaziland's opportunities are in land resources and its constraints are in land transport.

Selwyn argues, however, that the particular elements of insularity in this case "reflect history as much as insularity". In studying islands, he says the issues that came to the fore were "those of small size, of remoteness, of dependence, of diversification, of bargaining capacity with foreign investors or transport operators--all questions which could be paralleled in small, remote mainland countries, or indeed in peripheral regions of many larger larger countries (39, esp. pp. 949-950)."

Of the elements mentioned by Selwyn, however, at least one would seem to have implications for the adjustment process, namely, the wider range of resources and less specialized economy of the continental country, which would seem to give it a flexibility and an ability to adjust more quickly to external shocks than is possible for island countries with a narrower range of resources and more specialized economies. When one brings in the element of size, the balance tilts more strongly against the island countries, for as was seen in EDB/84/125, in point of fact the small island economies are also the smallest in terms of land area, population and GNP. Without going more deeply into this, it is possible that what has been perceived as insularity or islandness is perhaps another name for extreme smallness.

What may most markedly distinguish small developing island economies from small developing continental economies may not be not what has gone on in the past, but what paths they can take in the future. Demas pointed out two decades ago that the only reliable resource of small countries such as those in the Caribbean was their people (39: p. 130). It is therefore not strange that their development and adjustment efforts should have gone in the direction of promoting their service and light manufacturing export industries. Demas in fact says ..."it is clear that there is scope for the Caribbean countries to reduce somewhat the degree of openness of their economies (88: p. 131)." Since modern technology, which is capital-intensive, yields the lowest production costs for export, it is necessary, he argues, for employment creation to go into labor-intensive construction.

For the small developing continental countries, the path of future development and adjustment seems to lie in resource investment, owing to their greater land size and their wider range of resources. These are brought out in staff documents and in other references. In the Western Hemisphere, Belize is mentioned as having one of the lowest population densities in the world, and has exploitable forests that cover 20 percent of the territory (77b: pp. 8, 11). In Suriname, the forests cover 80 percent of the land, and the authorities plan to develop activities utilizing the country's abundant natural resources (84b: pp. 7, 11). Demas referred to Guyana as in many respects a small island since, of its total area of 83,000 square miles, only a narrow coastal strip is inhabited (88: p. 96).

In Africa, Botswana has substantial reserves of coal (78b: p. 13). Swaziland, while primarily agricultural, has diverse secondary sectors like mining, livestock, forestry, manufacturing and tourism, and forests cover about 120,000 hectares of the total land area (85b: pp. 1, 13). Equatorial Guinea's production in important sectors is still far below levels attained in the 1960's and the major bottleneck to increased production is not land but the availability of labor (80b: pp. 1, 5). Guinea-Bissau is mentioned as having considerable economic potential, particularly in agriculture, fisheries and forestry, and only 40 percent of arable land is under cultivation. Known mineral resources comprise some bauxite and phosphate (82b: pp. 1, 5).

Of the small developing continental countries, natural resource constraints seem to affect mostly The Gambia, which has already been mentioned as having a small land area and a high population density, and Djibouti, whose harsh climate and scarcity of water explain why only about 250 hectares are cultivated. Moreover, it has few proven mineral resources, and therefore it has been characterized as a "service-dependent, enclave-type economy", 78.8 percent of whose 1982 real GDP originated in the service-oriented tertiary sector (79b: pp. 1, 10). These two countries could well diverge from the growth patterns of other small developing continental states and instead more nearly parallel those of the small tropical islands, although The Gambia in its moves toward greater economic integration with Senegal exhibits a pattern of action associated with continental states.

Of these countries, the coastal states, which can elect between promoting the development of their land or their marine resources, seem to have an advantage over the landlocked states, which are constrained by their geography to find their opportunities in land resources alone.

Both types of developing continental countries seem to be edging toward a pattern of action that their higher income counterparts in Europe adopted long ago, namely, integration with neighboring countries. Botswana and Swaziland both belong, with Lesotho and South Africa, to the Southern African Customs Union; moreover, Swaziland also belongs to the Rand Monetary Area along with the latter two countries. The Gambia appears to be heading for

greater economic integration with neighboring Senegal. A glance at Table 2 will show that the few remaining small continental countries in Europe are in fact quite integrated with their adjacent or circumambient countries either by formal treaties or by de facto arrangements. It may be some time before the small developing continental countries attain this degree of economic integration; indeed, they may devise their own institutions toward this end. But it is one of the options that is clearly feasible and open to them.

Resume of Comparative Economic Features

Briefly, then, in bare economic terms, the small island and continental developing countries have a high and similar average degree of openness. The consequences of this openness are however different, with the islands promoting service-oriented occupations (tourism), marine resources and light manufactured exports, while the continental countries tend to stress natural resource development (especially agriculture and minerals) and commodity exports. The small developing islands seem to be disadvantaged by extreme smallness in land area, population, and GNP, by fragmentation of the land areas of those countries which may compare in overall size with the non-islands, by the geographic and functional remoteness of many of them, by their dependence on a transport mode (sea transport) that because of technological innovation appears to be increasingly subordinated to land transport, leading to the marginalization of smaller ports and islands, and by institutional factors in the labor market which lead to sectoral labor imbalances and to dualistic economic structures. The small developing continental countries face problems of heavy investments in natural resource development, and pressures toward closer economic cooperation or integration with neighboring countries.

It can be said that the small developing islands and the small developing continental countries, while sharing certain characteristics with one another and with other developing countries, form distinct groupings, but it should also be noted that the boundary lines are not hard and fast, and that, e.g., the smallest developing continental countries may have as much in common with the small developing island countries as with other small developing continental countries, while on the other hand some of the larger and less densely populated among the small developing islands may share characteristics as much with the smallest developing continental countries as with the other small developing islands. In short, it is possible to group them, but there is some overlapping of characteristics.

Small Developing Economies and Other Developing Economies

There remains the question of how the small developing economies, island and continental, compare with other developing economies. Several characteristics have been mentioned and some of them at least seemed to be found to a special degree in the small economies. However, there is always some difference of judgement as to how much these characteristics set them apart from other economies, and whether differences in degree become so large as to constitute differences in kind. One overall

characteristic which is susceptible of comparison, however, is openness as indicated by the ratio of imports to GNP. While it would be tedious to go through this ratio country by country, the World Bank's World Development Report groups countries under such headings as Low-income Economies, Middle-income Economies, Upper Middle-income Economies, High-income Oil Exporters, and Industrial Market Economies. From the country listings under these headings, it appears that the small economies are excluded.

Comparing the indicators of openness (ratio of imports to GNP x 100) for 1981 emerging from data in the WDR, we find that the Low-income Economies have an indicator of 10; the Middle-income Economies, 24; the Upper Middle-income Economies 24.5; the High-income Oil Exporters, 33.8; and the Industrial Market Economies, 16.1. (See Table 8.) The small economies, on the other hand, have a weighted indicator of 63.5 and an unweighted indicator of 73.1, which are far above the indicators of any other of the country groupings in the WDR. (It should be cautioned that for the High-income Oil Exporters, because of their export surpluses in that year, a better indicator of openness might be the ratio of exports to GNP x 100 resulting in an aggregative indicator of 86.2. However, if the indicator of openness is also meant to signify the degree of vulnerability, then this indicator would not seem to perform that function. In any event this reservation would have to be borne in mind only for this group of countries and not for the others. Another alternative, a composite of imports and exports for all country groups, would be inadequate for countries heavily dependent on invisible receipts, like some of the small developing islands.) In this characteristic of openness, therefore, the small developing economies seem to be quite distinct from other developing economies as well as other economic groups, and this could have implications for macro policy, reserve management, and the adjustment process.

Table 1. Small Developing Non-oil Continental IMF Member Countries, by Region
(1981)

Region and country	Area (sq. km.)	Popu- lation (thousands)	GNP (millions of U.S. dollars)	GNP per Capita (U.S. dollars)
<u>Western Hemisphere</u>				
Belize	22,965	149	160	1,080
Guyana <u>1/</u>	214,969	796	580	720
Suriname	163,265	353	1,070	3,030
<u>Africa</u>				
Botswana <u>2/</u>	600,372	930	940	1,010
Djibouti	22,000	381	180	480
Equatorial Guinea <u>3/</u>	28,051	346	62	180
The Gambia	10,403	587	220	370
Guinea-Bissau	36,125	790	150	190
Swaziland <u>4/</u>	17,363	641	480	760

Sources: 1983 World Bank Atlas for demographic data; National Geographic Atlas, Fifth Ed. (1981) for areas, supplemented by various staff papers.

1/ SM/83/214 puts the 1982 population at 765,000, GNP at US\$432 million, and per capita GNP at US\$ 565.

2/ SM/84/28 puts the 1982 population at 860,000 and the per capita GDP at SDR 884, resulting in a GDP of SDR 760 million or US\$840 million.

3/ SM/83/11 reports a UNDP-IBRD estimate of 1981 per capita GDP of US\$161.

4/ SM/82/231 puts the 1981 population at 550,000 and per capita GDP at SDR 1,000.

Table 2. Other Small Non-oil Continental Countries and Territories

Country or Territory	Area (sq. km.)	Popu- lation	GNP (millions of U.S. dollars)	GNP per Capita (U.S. dollars)	Remarks
<u>Developing areas</u>					
French Guiana	91,000	73,022 (1982 census)	220 (1981)	3,430	French Overseas Department
<u>High Income Areas</u>					
Andorra	465	38,051 (1982)			Duty-free shops 6 million visi- tors in 1982. French and Spanish currency used
Liechtenstein	160	26,130 (1981)	(44)	16,800 (1978)	Light industries Tax haven Currency and cus- toms union with Switzerland since the 1920's
Luxembourg	2,586	364,600 (1981)	5,790 (1981)	15,910	Economic union with Belgium since 1922
Monaco	1.9	28,000			214,000 tourists in 1980 French currency used
San Marino	61.2	21,622			3.5 million tour- rists in 1980. De facto customs union with Italy since 1862. Italian and Vatican cur- rency used
Vatican City	.44	1,000			

Sources: J. Paxton (ed.), The Statesman's Year-Book; 1983 World Bank Atlas;
R. Piantadosi, "The Smallest of the Small", Washington Post, March 18, 1984.

Table 3. Small Developing Non-oil Continental IMF Member Countries:
Principal Primary Exports, 1981

(In millions of U.S. Dollars)

Region and Country	Minerals	Sugar and Products	Rice	Wood Products	Fruits incl. canned	Fish and marine Products	Ground-nuts
<u>Western Hemisphere</u>							
Belize		43.8		1.2	6.5	7.2	
Guyana	152.8	109.1	39.1				
Suriname	358.2		36.6	10.4	6.8	21.7	
<u>Africa</u>							
Botswana	255.4						
Equatorial Guinea				3.0			
The Gambia						3.4	16.6
Guinea-Bissau				0.7		5.5	2.1
Swaziland	<u>23.6</u>	<u>145.4</u>		<u>52.6</u>	<u>24.7</u>		
Total	790.0	298.3	75.7	67.9	38.0	37.8	18.7

Total listed Primary exports: US\$1,326.4 million.

Memorandum Item: \$1,853.2 million total exports, nine non-oil continental developing IMF member countries.

Sources of Basic Data: Various REDs. Totals should be regarded as approximations.

Table 4. Small Developing Non-oil
IMF Member Countries

Fund Quotas, as of February 29, 1984

(In millions of SDRs)

Western Hemisphere

Belize	9.5
Guyana	49.2
Suriname	49.3

Africa

Botswana	22.1
Djibouti	5.7
Equatorial Guinea	18.4
The Gambia	17.1
Guinea-Bissau	7.5
Swaziland	24.7

Source : International Financial Statistics, Vol. XXXVII, No. 3
(March, 1984), pp. 18-19.

Table 5. Small Developing Non-oil Continental IMF Member Countries:
Purchases from the Fund

(In millions of SDRs to February 29, 1984)

Region and Country	Total Purchases (1)*	Reserve Tranche Purchases (2)	CFE (3)	Buffer Stock (4)	Oil Facility (5)	Credit Tranche (All Facilities) (6)	EFF (7)
<u>Western Hemisphere</u>							
Belize	3.6	--	3.6	--	--	--	--
Guyana	128.4	10.5	35.9	0.7	--	19.6	61.8
Suriname	7.9	7.9	--	--	--	--	--
<u>Africa</u>							
Equatorial Guinea	22.1	5.5	11.1	--	--	5.5	--
The Gambia	40.7	2.6	17.0	--	--	21.0	--
Guinea-Bissau	4.7	1.7	3.0	--	--	--	--
Swaziland	<u>16.2</u>	<u>6.2</u>	<u>9.0</u>	<u>1.0</u>	--	--	--
Total	223.6	34.4	79.6	1.7	--	46.1	61.8

*(1) is the sum of (2) to (7) inclusive.

Source: International Financial Statistics, Vol. XXXVII, No. 4 (April 1984), pp. 20-25.

Table 6. Selected Characteristics of Small Non-oil Continental
Developing IMF Member Countries, 1982

(1981 figures in parentheses for Imports, Exports and (IE) Ratios)

Western Hemisphere

Belize

Imports: \$114.2 million (117.7 million)
Exports: \$59.8 million (74.7 million)
Ratio of I to E: 1.91 (1.58)
Principal exports: Sugar and molasses (56.4 percent); Citrus products (11.8 percent); Garments (10.7 percent); Fish products (10.5 percent); Bananas (3.5 percent); Sawn wood (3 percent)
Invisibles: Remittances (\$18 million); "Other services" (mostly maintenance of UK garrison)\$12.6 million, Tourism (\$3 million). "...The Government has made it clear that it does not want to encourage high volume tourism".
External Fiscal Financing: Grants = 9.2 percent of total revenue and grants
Main revenue sources: Taxes on international trade and transactions (43.6 percent of total revenue), income tax (22.9 percent), nontax revenue (12.1 percent); taxes on goods and services (10.9 percent)
Unemployment rate (1980): 14.2 percent

Guyana

Imports: \$280.4 million (440 million)
Exports: \$242.1 million (346.9 million)
Ratio of I to E: 1.16 (1.27)
Principal Exports: Bauxite (38.9 percent); Sugar (36.2 percent), Rice (8.4 percent). "Smuggling of the metal [gold] has expanded during the last few years to an annual average of more than US\$100 million". (Cf. bauxite at \$94.2 million)
External Fiscal Financing: Net external financing = 12.4 percent of expenditures or 26.1 percent of revenues. "The rising overall central government deficit has been financed mostly by domestic bank credit".
Main revenue sources: Income taxes (37.4 percent of total current revenues); taxes on production and consumption (31 percent); taxes on international trade and transactions (11.3 percent); taxes on property (2.5 percent); Bank of Guyana profits (6.9 percent).

Table 6 (continued). Selected Characteristics of Small Non-oil Continental Developing IMF Member Countries, 1982

(1981 figures in parentheses for Imports, Exports and (IE) Ratios)

Suriname

Imports: \$ 516.1 million (567.9 million)
Exports: \$428.6 million (473.8 million)
Ratio of I to E: 1.2 (1.2)
Principal Exports: Bauxite and derivatives (73.7 percent); rice (9.2 percent); shrimp (4.7%); wood and wood products (2.4%); plantains (1.73%)
Invisibles: Public grants (\$97 million); investment income (\$35.4 million)
External Fiscal Financing: Grants = one-third of current revenue; before December 1982, "...virtually all development expenditures were financed through foreign grants, mainly from the Netherlands..."
Development expenditures = 9 percent of total expenditures.
Main revenue sources: Grants (24.7% of total revenues and grants); taxes on income and profits (19.2 percent); taxes on international trade (22.3 percent); bauxite taxes (10 percent); central bank profits (9.9 percent).
Unemployment rate: 17.9 percent

Africa

Botswana

Imports: SDR 529 million (585 million)
Exports: SDR 416 million (342 million)
Ratio of I to E: 1.27 (1.7105)
Principal Exports: Diamonds (52 percent); meat and related products (18.5 percent), copper-nickel matte (13.8 percent)
Invisibles: Current account--official transfers (SDR 108.9 million net); migrant remittances (SDR 16.4 million). Capital account--private sector and parastatals (SDR 59.4 million); official government (SDR 41 million)
External fiscal financing: 14.2% of total expenditures and net lending, 15 percent of total revenue and grants
Main revenue sources: mineral royalties and dividends (17.1 percent of total revenue); taxes on international trade (33.2 percent); taxes on income and profits (28.5 percent)

Table 6 (continued). Selected Characteristics of Small Non oil
Continental Developing IMF Member Countries, 1982

(1981 figures in parentheses for Imports, Exports and (IE) Ratios)

Djibouti

Imports: SDR 187.9 million (172.6 million)
Exports: SDR 89.9 million (98.9 million)
Ratio of I to E: 2.09 (1.75)
Principal exports (1980): Foodstuffs (56.8 percent); machinery and
electrical equipment (14.4 percent), textiles (11.9 percent)
Invisibles: Official transfers (SDR 41.1 million); public capital
(SDR 20.8 million); private capital (SDR 19.4 million)
External Fiscal Financing: Grants = 22.6 percent of total expenditures
or 36.2 percent of total revenue
Main revenue sources: Indirect taxes (50.8 percent of current revenue);
taxes on income and profits (14.4 percent); taxes on international
trade (6.7 percent), interest income (10.6 percent); social security
(10.5 percent)
Unemployment Rate: "The employment situation has worsened in recent
years..."

Equatorial Guinea

Imports: SDR 42.8 million (38.1 million)
Exports: SDR 17.9 million (13.7 million)
Ratio of I to E: 2.39 (2.78)
Principal Exports: Cocoa and cocoa products (72 percent); timber
25 percent); coffee (3 percent)
Invisibles: Unrequited transfers (SDR 6.7 million), including
SDR 3.7 million in oil exploration rights and signature bonuses).
"For the year as a whole [1982] capital inflows were estimated to have
reached SDR 14.7 million"
Main revenue sources: taxes on international trade (68.3 percent of
total revenue); taxes on income and profits (5.1 percent); taxes on
goods and services (4.1 percent)
Unemployment: "...These figures suggest the existence of substantial
underemployment and a concentration upon subsistence agriculture..."

Table 6 (continued). Selected Characteristics of Small Non-oil
Continental Developing IMF Member Countries, 1982

(1981 figures in parentheses for Imports, Exports and (IE) Ratios)

The Gambia (1982/83)

Imports: SDR 78.65 million (85.74 million)
Exports: SDR 55.16 million (49.67 million)
Ratio of I to E: 1.43 1.73
Principal Exports (1981/82): Groundnut products (41.6 percent); fish
and fish products (5.5 percent); palm kernels and nuts (1.1 percent);
other including re-exports (51.8 percent)
Invisibles: Travel (SDR 17.24 million); official transfers (SDR 19.4
million); official loans (SDR 16.94 million)
Tourist capacity: 4,036 beds
External fiscal financing: Grants = 11.5 percent of revenue and grants;
foreign financing = 64.6 percent of overall deficit
Main revenue sources: Taxes on international trade (67.3 percent of total
revenue); taxes on income, profit and capital gains (12.1 percent); taxes
on goods and services (4.8 percent); nontax revenue (14.5 percent)
Unemployment: ..."Unemployment... is estimated to be quite high,
averaging more than 20 percent of the active population; in addition,
underemployment in the agricultural sector is believed to be widespread."

Guinea-Bissau

Imports: \$56.5 million (57.1 million)
Exports: \$14.6 million (14.1 million)
Ratio of I to E: 3.87 4.05
Principal exports (1981): Fishing products (39 percent); palm products
(17.7 percent); groundnuts (14.9 percent); cashew nuts (10.6 percent);
cotton (9.2 percent); wood products (5 percent)
Invisibles: Official transfers (\$18 million); official transactions
(\$3.9 million); tourism (\$0.7 million)
External fiscal financing: "Foreign financing and other" = 64.6 percent
of total expenditures, 79.9 percent of overall deficit
Main revenue sources: Taxes on domestic transactions and others (40.4 per-
cent of total revenue); taxes on international trade (36 percent); taxes
on income and property (12.4 percent); nontax revenue (11.1 percent)

Table 6 (concluded). Selected Characteristics of Small Non-oil
Continental Developing IMF Member Countries, 1982

(1981 figures in parentheses for Imports, Exports and (IE) Ratios)

Swaziland

Imports: SDR 357.4 million (371.4 million)
Exports: SDR 276.6 million (306.5 million)
Ratio of I to E: 1.29 1.21
Principal exports: Sugar (31.8 percent); woodpulp (14.5 percent);
citrus fruits (4.7 percent); canned fruit (4.4 percent); asbestos
(4.8 percent); coal (1 percent)
Invisibles: Unrequited transfers (SDR 85 million, mainly official
grants and workers remittances); interest earned by the Government
and the Central Bank (one-fourth of total service receipts); tourism
(one-fourth of total service receipts)
Tourist capacity: 28 hotels (2,100 beds), plus rest camps and caravan
parks
External fiscal financing: Grants = 5.2 percent of revenue and grants.
(However, revenue from the customs union is 61.6 percent of revenue
and grants.)
Main revenue sources (1982/83 revised estimates): Company income tax
(8.2 percent of revenue and grants); Customs Union (61.6 percent);
other taxes (14.5 percent); nontax revenue (10.5 percent).
Unemployment: No data, "...but the general impression is that unemploy-
ment is increasing in the urban areas."

Sources of data: Various REDs.

Table 7. Small Developing IMF Member Countries,
Island and Continental: Ratio of Imports to GNP,
in Descending Order, 1981

Rank	Island countries	Imports/GNP x 100	Continental Countries
1	Antigua and Barbuda	116.1	
2	St. Lucia	115.1	
3		111.6	Djibouti
4	Bahamas	100.4	
5	Vanuatu	99.8	
6	St. Christopher and Nevis	94.2	
7		90.1	Swaziland
8	Cape Verde	85.0	
9	Dominica	84.5	
10	St. Vincent	83.3	
11		75.9	Guyana
12		73.6	Belize
13		72.4	Botswana
14		71.5	Equatorial Guinea
15	Seychelles	70.9	
16	Sao Tome and Principe	67.8	
17	Barbados	66.7	
18	Maldives	61.8	
19	Grenada	58.0	
20		55.2	The Gambia
21		53.0	Suriname
22	Western Samoa	52.9	
23	Solomon Islands	49.9	
24	Mauritius	48.3	
25	Fiji	46.4	
26		38.1	Guinea Bissau
27	Comoros	20.3	

Average: 18 Island Countries = 73.4

Average: 9 Continental Countries = 71.26

Sources: 1983 World Bank Atlas; EDB/83/325, Table 4; EBD/84/125;
Tables 4 and 6.

Table 8. Ratio of Imports to GNP for Country Groups as
Classified by the World Bank and for 27 Small Economies, 1981

<u>Country Group</u>	<u>Imports/GNP x 100</u>
Low-income economies	10.0
China and India	7.8
Other low-income	18.5
Middle-income economies	24.0
Oil exporters	23.4
Oil importers	24.8
Lower middle-income	21.7
Upper Middle-income	24.5
High-income oil exporters	33.8
Industrial market economies	16.1
27 Small economies	63.5 (weighted)
	73.1 (unweighted)

Sources: IBRD, World Bank Development Report 1983, pp. 148-149; and 164-165; EBD/84/125, Tables 4 and 6.

References

(Continued from p. 79 of EBD/83/325)

E. Additional IMF Documents

76. St. Christopher and Nevis

EBD/84/49, February 16, 1984 - Report of the Committee on Membership

77. Belize

- a. SM/83/80, May 13, 1983 - Article IV Report 1983
- b. SM/83/107, June 1, 1983 - RED
- c. EBS/83/107, May 25, 1983 - CFF

78. Botswana

- a. SM/84/11, January 9, 1984 - Article IV Report 1983
- b. SM/84/28, January 27, 1984 - RED

79. Djibouti

- a. SM/84/7, January 5, 1984 - Article IV Report 1983
- b. SM/84/20, January 20, 1984 - RED

80. Equatorial Guinea

- a. SM/83/4, January 4, 1983 - Article IV Report 1982
- b. SM/83/4, January 18, 1983 - RED

81. The Gambia

- a. SM/83/165, July 29, 1984 - Article IV Report 1983
- b. SM/83/185, August 15, 1983 - RED
- c. EBS/84/68, March 27, 1984 - Request for Stand-by

82. Guinea-Bissau

- a. SM/83/81, May 13, 1983 - Article IV Report 1983
- b. SM/83/95, May 23, 1983 - RED

83. Guyana

- a. SM/83/205, October 13, 1983 - Article IV Report 1983
- b. SM/83/214, October 26, 1983 - RED

84. Suriname

- a. SM/84/6, January 5, 1984 - Article IV Report 1983
- b. SM/84/18, January 16, 1984 - RED

85. Swaziland

- a. SM/82/223, November 30, 1982 - Article IV Report 1982
- b. SM/82/231, December 16, 1982 - RED
- c. EBS/83/101, May 24, 1983 - CFF

86. EBS/84/46, Overdue payments to the Fund - Experience and Procedures, March 9, 1984

F. Additional World Bank Publications

87. 1983 World Bank Atlas (Washington: The World Bank, 1983)

G. Other references

- 88. Demas, William G., The Economics of Development in Small Countries With Special Reference to the Caribbean (Montreal: McGill University Press, 1965)
- 89. Diehl, Jackson, "Letter from Suriname", The Washington Post, March 22, 1984, pp. A 25, A 27.
- 90. Doumenge, Francois, "Viability of Small Island States" (a descriptive study), United Nations Conference on Trade and Development, Trade and Development Board, Document TD/B/9.50 (July 22, 1983)
- 91. Paxton, John (ed.), The Statesman's Year-Book. Statistical and Historical Annual of the States of the World for the year 1983-84 (London, The Macmillan Press, 1983)
- 92. Piantadosi, Roger, "The Smallest of the Small", The Washington Post, March 18, 1984, pp. E6-E7.

Small Developing Non-Oil Continental Countries:
Assistance by the Fiscal Affairs Department

<u>Country</u>	<u>Year</u>	<u>Period</u>	<u>Field</u>
<u>A. Western Hemisphere</u>			
Belize	1982-84	24 months	Fiscal Advisor
Suriname	1979	3 weeks	Study of budgeting, accounting, and control systems
	1979-80	3 months	Customs Advisor
	1980	6 weeks	Customs Advisor
	1980	3 weeks	Review of the tax system
	1981	2 weeks	Tax Advisor
	1982	3 weeks	Tax Advisor
<u>B. Africa</u>			
Botswana	1972-73	10 months	Advisor on revenue drafting
	1976-77	1 year	Financial Analyst
	1977-78	1 year	Financial Analyst
	1979	2 weeks	Tax mission
	1981-84	3 years	Tax Advisor
Equatorial Guinea	1980-81	14 months	General Fiscal Advisor
	1980	1 month	Tax Advisor
	1981	3 weeks	Budget Advisor
	1983	4 weeks	Budget Advisor
The Gambia	1970	2 weeks	Survey of Income Tax Division
	1976	1 month	Review of tax and budgetary structure
	1977-79	30 months	Accounting Advisor
	1979-83	54 months	Budget Advisor
	1981	3 weeks	Review of tax structure
	1983-84	9 months	Budget Advisor
Guinea-Bissau	1977-79	21 months	Customs Advisor
	1979	2 weeks	Tax mission
	1982-83	18 months	Tax Advisor
	1983-85	2 years	Fiscal Advisor
Swaziland	1972	1 month	Review of internal tax structure and adminis- tration
	1974-75	6 months	Tax Advisor
	1974	2 weeks	Tax Advisor
	1976	3 weeks	Tax Advisor
	1977-79	26 months	Financial Advisor
	1979-80	1 year	Financial Advisor
	1980-81	2 weeks	Fiscal Advisor
	1981	2 weeks	Tax mission
	1982-84	27 months	Budget Advisor

Source: Fiscal Affairs Department

<u>Country</u>	<u>Year</u>	<u>Period</u>	<u>Field</u>
<u>A. Western Hemisphere</u>			
Belize	1971	2 weeks	Mission on monetary system (with WHD)
	1980-82	18 months	Chief Research Officer
	1982-83	18 months	Advisor, Research and Exchange Control
	1983-present 1983	12 months 3 months	Advisor, Bank Supervision Research Advisor
Guyana	1965	3 weeks	Mission on Central and General Banking Legislation (with LEG)
	1965-67	24 months	Banking Manager
	1966	1 week	Mission Central Bank Accounting
	1969	2 weeks	Mission Central Bank Operations
	1969	9 months	Advisor to Governor (Research)
	1969-70	12 months	Advisor, Foreign Exchange
	1970-71	12 months	Bank Inspector
Suriname	1971-73	24 months	Director, Research and Economic Advisor to President
	1981	2 weeks	Mission, Review Interest Rate Structure and Mobilization of Savings
<u>B. Africa</u>			
Botswana	1970	3 weeks	Mission, General Banking Legislation (with LEG)
	1972	6 weeks	Mission, Statistical Reporting System
	1973	1 week	Mission, Statistical Reporting System
	1974	3 weeks	Mission, General Banking Legislation (with LEG)
	1974	5 weeks	Mission, Monetary and Banking Arrangements
	1975	7 weeks	Mission, General and Central Banking Legislation (with LEG)
	1975-76	12 months	Deputy Governor
	1976-79	24 months	Operations Manager
	1976-80	48 months	Director of Research
	1977-80	9 months	Deputy Governor
	1978-80	18 months	Governor
	1979-80	12 months	Operations Manager
	1980-83	36 months	Operations Manager
	1981	1 week	Mission, Revision Banking Legislation
1981-present 1981-83		2 years	Director, Bank Supervision Advisor to Governor (Research)

<u>Country</u>	<u>Year</u>	<u>Period</u>	<u>Field</u>
Djibouti	1978	8 weeks	Mission to Establish Central Bank
	1979-81	30 months	Advisor to Governor (Operations)
Equatorial Guinea	1969	2 months	Mission, Central Bank Legislation
	1969-71	2-1/4 years	Deputy Governor
	1970	1 month	Mission, Central Bank Legislation
	1970-71	12 months	Research Advisor
	1970	2 weeks	Mission, Organization Central Bank
	1971	1 month	Management Advisor
	1971-73	24 months	Management Advisor
	1971	13 weeks	Mission, Banking Structure
	1971-72	12 months	Advisor, Research and Exchange Control
	1972-73	12 months	Advisor, Accounting
	1974-76	24 months	Advisor, Accounting
	1979	3 weeks	Mission to Review Banking and Financial System
	1979-80	4 months	Advisor to Governor (Ops.)
	1980-82	16 months	Advisor to Governor (Ops.)
	1980	6 weeks	Mission, General Banking Legislation (with LEG)
	1980-81	9 months	Economic Advisor
	1981-82	12 months	Economic Advisor
	1984-present	12 months	Deputy Governor
	The Gambia	1969	1 week
1969-71		14 months	Advisor to Government (Ops.)
1970		7 weeks	Mission, Central Bank Legislation
1971-73		2-1/4 years	General Manager
1971-72		12 months	Chief Economist
1971		5 weeks	Mission, General Banking Legislation (with LEG)
1972		8 months	Chief Economist
1972-74		24 months	Chief Economist
1973-76		3-1/4 years	General Manager
1974-77		2-1/2 years	Chief Economist
1975-76		12 months	Senior Accountant
1976-78		24 months	Chief Accountant
1976-77		12 months	General Manager
1977-79		1-1/2 years	Chief Economist
1978		2 months	Advisor, Operations
1978-79		3 months	Advisor, Operations
1979-80		12 months	Economic Advisor and Chief Economist
1979		2 months	Mission, Interest Rate Policy
1980-82		24 months	Chief Economist
1979-80		1-1/4 years	Operations Advisor

<u>Country</u>	<u>Year</u>	<u>Period</u>	<u>Field</u>
The Gambia (cont.d)	1980-81	12 months	Advisor, Bank Supervision
	1981-83	24 months	Advisor, Bank Supervision
	1982-present		Chief Economist
Guinea Bissau	1977	4 months	Mission, Organization and Operational Procedures
	1978	4 months	Mission, Operations and Organization
	1979-80	12 months	Advisor, Operations and Organization
	1978-79	9 months	Advisor, Research and Statistics
	1979-81	1-1/2 years	Advisor, Accounting
	1980	4 months	Advisor, Operations and Organization
	1981-82	12 months	Advisor to Governor (Organization and Operations)
	1981	6 months	Advisor, Research
	1983-present		Advisor, Operations
Swaziland	1970	1 week	Mission, Banking Legislation
	1973	1 month	Mission, Monetary and Banking Arrangements
	1973	1 month	Mission, Registration of Financial Institutions
	1974	4 months	Mission, Monetary and Banking Arrangements
	1974	3 weeks	Mission, Statistical Reporting System
	1974	7 months	Missions (2) Organization of Currency Changeover and Accounting System
	1974	9 weeks	Mission, General Banking Legislation
	1974-75	12 months	Deputy Governor
	1974-75	12 months	Research Manager
	1975	3 months	Chief Accountant
	1975-76	9 months	Acting Deputy Governor
	1975-78	36 months	Research Manager
	1976	2 weeks	Mission Reserve Management within Rand area
	1976-78	2-1/2 years	Deputy Governor
	1976-78	24 months	Chief Accountant
	1978-79	12 months	Controller
	1978-81	36 months	Research Manager
	1980	3-1/2 months	Mission to Evaluate Structure and Organization of Central Bank
	1979-81	1-1/2 years	Director of Administration
1981-82	12 months	Research Advisor	
1981	1 week	Mission, Review of Central Bank By-laws	

<u>Country</u>	<u>Year</u>	<u>Period</u>	<u>Field</u>
Swaziland (cont.d)	1982-present	1-1/2 years	General Advisor
	1982-84		Research Advisor
	1984-present		Deputy Governor
	1984-present		Research Advisor

Source: Central Banking Department

Small Developing Non-oil Continental Countries:
Assistance by the Bureau of Statistics

<u>Country</u>	<u>Year</u>	<u>Field</u>
<u>A. Western Hemisphere</u>		
Belize	1982	Money and Banking
Guyana	1971	Money and Banking (4 visits)
	1973	Money and Banking
	1974	Money and Banking
	1980	Government Finance
	1983	Balance of Payments
Suriname	1972	Money and Banking
	1976	Government Finance
	1980	General Economic Data
<u>B. Africa</u>		
Botswana	1977	Money and Banking
	1978	Money and Banking
Djibouti	1981	Money and Banking
	1981	Balance of Payments
	1981	Government Finance
Equatorial Guinea	--	
The Gambia	1969	Money and Banking (4 visits)
	1970	Money and Banking (4 visits)
	1971	General Economic Data
	1973	Money and Banking
	1979	Balance of Payments
	1980	Money and Banking
	1981	Government Finance
Guinea-Bissau	1979	General Economic Data
Swaziland	1978	Money and Banking
	1979	General Economic Data
	1981	Balance of Payments
	1982	Government Finance
	1983	Balance of Payments

Source: Bureau of Statistics