

FOR
AGENDA

EBS/85/149
Correction 1

CONFIDENTIAL

July 22, 1985

To: Members of the Executive Board
From: The Secretary
Subject: Colombia - Staff Report for the 1985 Article IV Consultation

The following correction has been made in EBS/85/149 (6/12/85):

Page 29, third unit statement: for "goods and services" read
"goods and nonfactor services"

A corrected page is attached.

Att: (1)

Colombia: Selected Economic and Financial Indicators

	1981	1982	1983	Prel. 1984	Proj. 1985
<u>(Annual percent changes, unless otherwise specified)</u>					
National income and prices					
GDP at constant prices	2.3	0.9	1.0	3.0	2.0
GDP deflator	22.8	24.8	20.4	18.0	20.9
Consumer prices (average)	27.5	24.5	19.8	16.2	20.0
Consumer prices (end of period)	26.4	24.0	16.6	18.3	22.0
External sector (on the basis of U.S. dollars)					
Exports (f.o.b.)	-20.9	-3.4	-4.1	16.3	10.0
Imports (f.o.b.)	10.4	13.3	-16.7	-10.2	0.5
Terms of trade (deterioration -)	-6.3	6.2	3.8	3.5	-0.7
Nominal effective exchange rate (depreciation -)	-10.2	-4.9	-10.9	-9.2	...
Real effective exchange rate (depreciation -)	6.7	6.9	-6.5	-5.8	...
Central government					
Revenues	21.9	16.5	13.1	28.6	52.8
Expenditures	32.6	35.9	15.1	36.6	20.5
Money and credit					
Domestic credit ^{1/}	29.4	33.6	37.4	29.3	23.6
Public sector	(4.7)	(9.9)	(13.2)	(14.4)	(3.2)
Private sector	(26.7)	(24.8)	(25.6)	(17.3)	(21.4)
Money and quasi-money (M2)	29.4	24.7	23.0	21.6	21.2
Interest rate (effective annual rate, 90 day certificate of deposit)	38.7	36.2	33.6	34.6	...
<u>(In percent of GDP)</u>					
Overall public sector balance	-5.2	-6.8	-7.6	-7.6	-4.9
Central government savings	1.0	-0.6	-1.2	-1.8	0.2
Central government deficit (-)	-2.5	-4.3	-4.0	-5.1	-2.9
Domestic financing	(1.4)	(3.5)	(4.0)	(4.5)	(1.9)
Foreign financing	(1.1)	(0.8)	(--)	(0.6)	(1.0)
Gross domestic investment	20.6	20.4	19.4	18.9	19.8
Gross national savings	14.5	10.3	9.5	12.4	15.0
Current account deficit (-)	-6.1	-10.1	-9.9	-6.5	-4.8
External debt	29.0	33.0	36.0	40.0	44.0
Of which: public sector	(18.0)	(21.0)	(24.0)	(28.0)	(33.0)
<u>(In percent of exports of goods and nonfactor services)</u>					
Debt service ^{2/}	32.0	34.0	41.0	45.0	47.0
Of which: public sector	(16.0)	(20.0)	(24.0)	(28.0)	(32.0)
Interest payments ^{2/}	20.3	24.7	25.2	25.6	24.7
Of which: public sector	(10.1)	(12.9)	(14.0)	(14.7)	(15.7)
<u>(In millions of U.S. dollars, unless otherwise specified)</u>					
Overall balance of payments	-15	-775	-1,785	-1,426	-75
Gross official reserves (months of imports of goods and nonfactor services of the following year)	10.4	10.8	7.6	4.0	4.0

^{1/} In relation to liabilities to the private sector at the beginning of the period.

^{2/} Includes interest on short-term debt.

Colombia--Statistical Issues

1. Outstanding statistical issues

a. Prices

A revised wholesale price index (1982=100) had been prepared in 1983; finalization and publication were scheduled first for April 1984, then postponed until July 1984. It has, however, not yet been published as of early 1985. A technical assistance mission visited Colombia from January 16-27, 1984 to review the preparation of the revised wholesale price index.

b. Money and banking

Colombia is currently receiving technical assistance on money and banking statistics, aimed at improving the classification and sectorization of financial data, the coverage of the financial sector, and the reporting system.

During the first technical assistance visit, which took place July 24-August 8, 1984, work was mainly devoted to: (a) reviewing the sectorization of the Colombia economy, placing special emphasis on the definition of the general government sector and its components, as well as the public enterprise sector; (b) analyzing the current methodology applied to the classification of the items in the Banco de la Republica's and deposit money banks' balance sheets, and the derivation of the monetary accounts; (c) developing new methodologies for the production of data and the derivation of the monetary accounts for the Banco de la Republica, and the deposit money banks; (d) analyzing the treatment given to the various trust funds in the Banco de la Republica accounts and the mechanism for the channeling of those resources to the economy through the financial sector; (e) reviewing the conversion procedures and valuation adjustments used in deriving the domestic currency values of foreign assets and liabilities, with special emphasis on the "Special Exchange Account" in which the monetary authorities exchange gains/losses and reserves management proceeds are registered; and (f) updating the IFS page for Colombia. A report on this mission's work was sent to the Banco de la Republica, which includes a numerical exercise using data for December 1983 to illustrate the derivation of the relevant data for the monetary sector.

During a follow-up visit which took place February 21-March 6, 1985, time was devoted to revising the work done by the Banco de la Republica on the monetary sector accounts following the recommendations of the report on the previous visit, and to analyzing the accounts of the specialized banks in order to integrate them within the monetary sector scheme. An addendum to the report was submitted to the Colombian authorities which extends the practical exercise to cover the specialized banks. Monetary and financial surveys were also generated.