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EBD/84/125
Correction 1

May 3, 1984

To: Members of the Executive Board
From: The Secretary
Subject: Small Tropical Island Countries - An Overview

The following corrections have been made in EBD/84/125 (4/24/84):

Page 4, para. 2, lines 3-5: for "Fifteen...one of a continental country"
read "Fourteen...two of continental countries"

A corrected page is attached.

Att: (1)

Other Distribution:
Department Heads

1984/04/12
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To: Members of the Executive Board

From: The Director

Subject: Latin American Countries - Review

The following corrections have been made in EBS/84/12 (1/1/84):

Page 4, line 3: "EBS/84/12" should read "EBS/84/12" and "EBS/84/12" should read "EBS/84/12".

A corrected page is attached.

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possible also to devise an index to show the degree of fragmentation as the converse of the degree of concentration. Such an index would have an upper numerical limit of 100 for a unitary territory, and a theoretical lower limit of 1 for an extremely fragmented country. Without having data for all the relevant land areas of the various individual islands at hand, and without wishing to be over-elaborate about something that is perhaps quite obvious, it can still be stated that rough computations give an index value of 73 for Western Samoa, 65 for Fiji (somewhat overstated because the outer islands are statistically lumped together), and 39 for Cape Verde. In the case of the continental countries, fragmentation occurs in the case of Equatorial Guinea which has both a continental component and an insular component. But the latter is only 7 percent of the land area, and the index number is 93, which would be much higher than for any archipelagic country of comparable area.

In looking over the statistical tables, the usual safeguards about reliability and comparability of economic data from country to country should of course be kept in mind. For some countries, the reports on recent economic developments make specific reference to the weakness of the statistical base or to the doubtful reliability of population or national accounts estimates. The resulting deficiencies may be random in their effect, without any clearly predictable bias introduced into the data.

This is not the case with two other reservations which should be noted. One has to do with the fact that not all transactions are reflected in the official statistics. For example, the report on recent economic developments in Guyana notes that extensive parallel markets have arisen for foreign exchange and goods, and that gold smuggling has surpassed in value the leading export, bauxite. In Equatorial Guinea, the report on recent economic developments notes the ease with which coffee, formerly the second most important cash crop, can be smuggled across land borders, and cites a tentative IBRD assessment that output could be as much as ten times the official figures. In Belize the Mexican devaluation of 1982 caused a shift in transactions from the established channels to direct purchasing by consumers in Mexican border towns, leading to a decline in recorded imports. This type of problem clearly imparts a downward bias to the official figures and, if compensated for, would send the continental small economies further up the scale from the small-island economies.

The second reservation has to do with the representativeness of the year in question for a particular country. In a sense, no year is ever fully satisfactory as a portrait of the normal economic performance of a fairly numerous group of countries. But there are specifically acute problems highlighted by the reports on recent economic developments in at least a couple of cases. Guinea-Bissau went through a period of turbulence during its struggle for independence, and the report on recent economic developments records that production of groundnuts, the most important cash crop, is still far below the levels recorded during the

1950s. Equatorial Guinea also had a turbulent period lasting over a decade, with the result that production of its three major exports is at levels of only between 5 and 25 percent of 1967 levels. These factors would therefore tend to make an economy's performance untypical of what it could do in normal times, so that in arraying the data by country, it may be kept in mind that these countries perhaps belong further up the scale than they actually do on the basis of the figures alone.

Table 7 arrays the Fund quotas of the small countries as defined in this paper in ascending order, as of February 29, 1984. The general layout is similar to those in Tables 1-5. Fourteen of the smallest sixteen quotas of small economies are those of islands and only two of continental countries. But a note of caution should be sounded here. The list of quotas of small economies is not identical with the list of the smallest quotas, since many elements enter into the quota formula. If we take the top ranking quota among the small island economies as the upper limit, there are about as many other countries not shown in Table 7 in the Fund with quotas below it as are shown in Table 7. Most of them, however, are in the upper ranks. If we take, for example, Swaziland in 21st rank as the cutoff point, there are only two other Fund member countries with quotas within that range of smallness, namely, Bhutan with SDR 2.5 million and Lesotho with SDR 15.1 million, both of which, for whatever it may be worth, are landlocked countries.