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SM/85/8
Correction 1

January 17, 1985

To: Members of the Executive Board
From: The Secretary
Subject: Classification of Countries

The following corrections have been made in SM/85/8 (1/3/85):

Page 4, line 1: The word "countries" has been footnoted to refer the readers to footnote 1, page 9 for the definition of "country."

Page 9, footnote 1/, para. 1: for "The "countries"...available.)"
read "The term "country"...available.)"

Corrected pages are attached.

Att: (2)

Other Distribution:
Department Heads

characteristics, although they may be of great importance at particular times and under particular circumstances, can also become less relevant or misleading when significant shifts in circumstances occur, as has been the case during the international recession and partial recovery of recent years. When the new circumstances generate enhanced interest in distinctions that overlap the standard categories (as in the case, e.g., of external debt positions since 1982), it becomes difficult to give adequate attention to the new phenomena within the framework of a classification scheme designed for different conditions and priorities.

2. Proposal for a simplified standard classification of countries

To minimize the foregoing difficulties, the staff now proposes that reliance upon economic criteria in the basic general-purpose classification of Fund members be cut back to a single distinction, between "industrial" and "developing" countries, and that formally standardized subdivisions among the developing countries be based on geographic, rather than economic, criteria. The present list of 21 industrial countries would remain unchanged, and all other Fund members would thus be included in the group of "developing countries." 1/ The five regional subdivisions of this group to be utilized in the standard general-purpose classification would correspond to the ones now used to subdivide the present major group of "non-oil developing countries," but would henceforth include the present "oil exporting countries" in their respective regions. 2/

This scheme of primary classification would cover all Fund members plus certain other countries and dependent territories for which data are currently included in world totals of exports and imports as published

1/ In suggesting that the present division between "industrial" and "developing" countries be retained, the staff is keenly aware of certain apparent anomalies, in relation to various objective criteria that might be used for making this distinction, in the classifications to which particular countries are assigned. However, a reconsideration of the dividing line to be used in a general-purpose classification would go far beyond the scope of this paper. In the context of the Fund's need to take account of multiple considerations, some of which are not susceptible to objective measurement, an attempt to devise unambiguous standards for any revised groupings of "industrial" and "developing" countries would be an extremely difficult and controversial task (as noted in SM/79/275). No such effort has been undertaken in connection with the present proposal, which is aimed only at simplification and provision for adequate flexibility.

2/ Although certain additional changes in the present regional groupings may be worthy of consideration, their injection into the present proposal would go beyond its objective of simplification.

- 4 -

in IFS. A comprehensive listing of "countries" ^{1/} (including dependent territories) in each category is given in the appended Table 1. It should be noted, however, that the coverage of any particular statistical table in IFS, or in the annual report or World Economic Outlook papers, is likely to be confined to a more limited list of "countries" for which the relevant data on a given subject are available. The attached Table 2 gives an illustrative presentation of an IFS "World Table" on foreign exchange holdings according to the proposed standard classification.

Principal countries whose own national data are not readily available in a form suitable for use in the IFS trade tables, and which are therefore omitted from the basic classification shown in Table 1, include the following: Albania, Bulgaria, Cuba, Czechoslovakia, German Democratic Republic, Democratic People's Republic of Korea, Mongolia, Poland, and the Union of Soviet Socialist Republics. The exclusion of these countries from the basic classification does not mean, of course, that their transactions with reporting countries (as recorded by the latter) are omitted from relevant aggregates of international payments and receipts, or of external financial claims and liabilities. As areas of destination or origin for trade of reporting countries, for example, and as debtors or creditors involved in financial claims or liabilities of reporting countries, the nonreporting areas are fully covered. Only in certain special types of statistical presentations prepared by the Fund staff, however, is an effort made to treat some or all of the nonreporting countries as an additional group on the same plane as the various categories of reporting countries. In such cases, the data for the additional group are generally derived indirectly, from the records of trading partners that do report, or of banks in reporting countries.

For some special purposes, compilation of separate "group" data on international institutions would also be desirable. Generally speaking, however, such institutions are now covered, like nonreporting countries, only in the sense that their transactions with, and their claims on or liabilities to, reporting countries are included in statistics obtained from the latter. The general-purpose classification proposed here thus includes no separate category comprising international institutions.

3. The need for flexibility in analytical presentations

The approach outlined above does not signify in any way a desire or intention on the part of the staff to ignore economic and financial distinctions among developing countries. On the contrary, the intention is to sharpen those distinctions, where they are applied, but to use them on an ad hoc basis, for analyses of particular problems, rather than trying to preserve some of them as cardinal points of differentiation, whatever the subject under review, in an ever-changing world economy.

^{1/} See footnote 1, page 9 for the definition of "country."

- 9 -

Developing Countries (Concluded)

Western Hemisphere (Concluded)

Haiti
Honduras
Jamaica
Martinique
Mexico
Montserrat
Netherlands Antilles
Nicaragua
Panama
Paraguay
Peru
St. Christopher and Nevis
St. Lucia
St. Pierre and Miquelon
St. Vincent
Suriname
Trinidad and Tobago
Uruguay
Venezuela

1/ The term "country" in this classification does not in all cases refer to a territorial entity which is a state as understood in international law and practice; the term also covers some territorial entities that are not states but for which statistical data are maintained and provided internationally on a separate and independent basis. The list in this classification does not include countries or territorial entities for which data are not currently reported for publication in IFS. (The coverage of particular statistical tables presented in IFS, or in the Annual Report and World Economic Outlook papers, is often more limited, being confined to "countries" for which the relevant data on a given subject are available.)

See Section 2 of text for a listing of the principal countries omitted from this general-purpose classification and for brief comment on the treatment of nonreporting countries in Fund statistical presentations.

Table 2. IFS World Table on Holdings of Foreign Exchange
According to Proposed Standard Classification

Millions of SDRs: End of Period

	1977	1978	1979	1980	1981	1982	1983 II	1983 III	1983 IV	1984 I	1984 June	1984 July	1984 Aug	1984 Sept	1984 Oct
All Countries	203,660	224,070	249,733	292,895	298,673	287,345	290,955	300,577	308,912	309,454	318,080	327,628	332,044	334,430	....
Industrial Countries	99,958	127,159	136,119	164,732	159,647	153,214	157,120	160,776	167,793	170,050	171,100	176,804	179,065	177,799	....
United States	15	3,357	2,890	7,946	8,397	9,257	7,352	6,539	6,007	6,406	6,137	6,025	6,089	6,042	6,341
Canada	1,890	1,892	1,426	1,575	2,505	2,324	2,987	3,075	2,618	1,957	1,330	2,659	2,071	1,875	2,098
Australia	1,506	1,323	893	1,070	1,138	5,698	5,648	5,848	8,286	7,609	7,193	7,352	7,507	7,335	7,213
Japan	16,569	22,180	12,417	16,910	21,234	17,380	19,190	19,352	19,451	19,559	20,366	20,717	20,918	21,457	21,794
New Zealand	330	277	333	249	532	575	802	588	712	683	801	1,503	1,194	947	1,085
Austria	2,337	3,515	2,706	3,738	4,131	4,320	3,806	3,883	3,712	4,033	3,632	3,639	3,459	3,406	3,298
Belgium	2,070	2,024	3,132	5,147	3,236	2,560	4,085	3,651	3,607	3,441	3,063	3,095	3,205	3,696	3,920
Denmark	1,138	2,235	2,242	2,407	1,911	1,778	2,623	2,965	3,135	2,855	2,695	2,875	3,760	3,382	3,900
Finland	395	831	1,036	1,308	1,073	1,194	781	584	1,022	1,431	2,437	2,413	2,615	2,398	2,573
France	3,864	6,375	12,222	19,867	17,162	13,230	14,899	17,629	17,247	17,413	18,831	19,794	19,884	20,298	20,480
Germany	25,212	32,527	35,942	34,860	34,060	35,917	35,281	35,098	35,640	38,475	37,628	37,917	37,788	35,757	36,093
Iceland	78	102	117	125	185	130	135	130	138	148	127	115	112	110	123
Ireland	1,824	1,940	1,548	2,095	2,112	2,205	1,790	2,367	2,340	2,477	2,218	2,134	2,170	2,100	1,906
Italy	6,553	8,059	13,128	16,977	15,995	11,431	15,877	16,721	17,693	16,272	17,380	18,301	18,724	18,407	18,817
Netherlands	3,210	3,030	4,911	8,181	6,934	7,852	8,312	8,021	8,312	8,821	8,179	8,396	8,279	8,161	8,152
Norway	1,480	1,894	2,872	4,383	4,963	5,700	5,439	5,090	5,664	5,728	7,392	7,168	7,498	7,698	8,429
Spain	4,872	7,523	9,699	8,865	8,759	6,548	5,042	6,085	6,683	7,601	9,020	10,228	11,172	11,418	11,801
Sweden	2,479	2,862	2,314	2,312	2,704	2,802	2,855	2,824	3,489	3,696	3,353	3,717	3,853	3,900	3,763
Switzerland	8,079	13,326	12,269	12,018	11,613	13,544	11,842	11,902	13,711	13,088	12,476	11,847	11,941	12,785	11,857
United Kingdom	16,057	11,887	14,022	14,699	11,003	8,769	8,376	8,425	8,327	8,258	6,843	6,909	6,826	6,628	6,824
Developing Countries	102,595	95,832	112,557	126,434	132,810	126,386	124,060	128,970	129,791	127,273	133,632	136,821	138,831	142,235	....
Africa	7,628	5,674	9,248	13,915	8,876	6,421	5,440	6,055	6,058	5,695	6,076	6,327	6,064	5,973	....
Algeria	1,307	1,442	1,911	2,780	2,939	1,930	1,498	1,435	1,522	1,512	1,338	1,507	1,464	1,469	1,240
Benin	10	5	3	3	45	—	1	1	—	1	2	2	1	....	....
Botswana	80	113	198	262	203	250	302	308	359	369	431	446	417	405	410
Burkina Faso	37	19	36	42	48	43	38	45	68	92	93	....	....	....	....
Burundi	75	55	59	63	40	15	17	17	15	16	13	11	9	14	15
Cameroon	28	33	89	136	61	45	168	93	144	238	49	25	....	....	....
Central African Rep.	19	16	30	43	59	41	45	38	42	51	56	55	....	....	....
Chad	14	6	5	—	2	6	7	5	22	22	36	35	....	....	....
Congo	10	6	31	67	103	29	16	—	4	1	3	3	....	....	....
Ethiopia	168	117	131	59	219	162	180	167	114	78	86	92	95	95	80
Gabon	1	13	8	79	164	282	314	240	171	200	289	310	....	....	....
Gambia, The	19	19	1	4	3	7	3	3	3	4	5	5	4	5	2
Ghana	118	205	208	154	127	129	161	147	136	95	175	167	190	205	....
Ivory Coast	144	326	81	3	5	2	3	6	3	7	3	3	5	....	....
Kenya	416	260	394	365	189	176	312	242	333	362	410	411	401	390	373
Lesotho .....	....	....	....	37	34	42	42	52	61	56	56	64	64	52	60
Liberia	19	10	35	4	6	6	7	9	19	14	5	2	3	2	4
Madagascar	50	37	4	7	22	16	7	19	28	22	35	44	52	44	45
Malawi	68	54	50	54	33	17	26	17	12	33	54	57	59	59	44
Mali	2	4	3	6	7	6	8	4	7	9	2	3	4	....	....
Mauritania	41	60	85	110	138	126	117	102	100	91	86	78	76	75	81
Mauritius	52	34	22	71	25	33	30	17	17	27	37	28	17	44	33
Morocco	408	462	408	312	196	197	25	44	101	29	112	108	73	102	37
Niger	76	89	89	87	77	13	1	15	38	48	79	80	85	....	....
Nigeria	3,078	1,016	3,808	7,522	2,662	1,421	973	1,137	920	835	1,241	1,146	1,043	975	1,408
Rwanda	64	62	106	130	132	98	86	69	88	85	81	76	71	82	89
Senegal	26	3	3	6	4	4	4	5	7	8	4	3	1	....	....
Seychelles	9	7	9	14	11	11	7	5	9	7	4	5	4	3	4
Sierra Leone	26	26	35	24	13	7	10	7	15	10	6	8	9	8	16
Somalia	95	93	27	6	22	5	16	7	8	—	—	—	—	6	2
South Africa	303	286	304	404	350	341	361	822	689	499	486	601	568	461	200
Sudan	19	16	41	38	14	19	16	17	16	18	17	17	17	17	17
Swaziland	75	83	81	118	73	64	42	66	85	61	67	78	78	82	94
Tanzania	226	71	49	16	14	4	9	10	18	12	....	....	....	....	....
Togo	31	47	40	55	124	148	141	150	164	184	165	166	162	....	....
Tunisia	268	320	414	432	424	515	293	544	508	377	242	258	262	283	276
Uganda	34	27	9	13	....	....	....	....	....	....	....	....	....	....	....
Zaire	110	92	157	160	106	35	22	45	76	84	150	....	....	....	....
Zambia	43	27	56	61	33	38	64	48	52	59	57	51	46	56	....
Zimbabwe	60	114	227	167	137	121	50	80	66	62	74	105	82	62	60