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SM/83/119
Correction 1

CONTAINS CONFIDENTIAL
INFORMATION

June 29, 1983

To: Members of the Executive Board
From: The Secretary
Subject: Venezuela - Staff Report for the 1983 Article IV Consultation

The following corrections have been made in SM/83/119 (6/7/83):

Page 4, Table 2, columns 4 and 5, line 15: for "4.7" and "12.2"
read "4.0" and "13.3"
line 19: for "-1.5" and "1.0"
read "-2.2" and "2.1"
line 20: for "-2.8 3/" and "8.0"
read "-7.8 3/" and "7.2"
line 21: for "-0.5" and "-3.0"
read "5.2" and "-3.3"

Page 26, "Basic Data": Revised.

footnote 3, line 2: for "proper and ... Fund."
read "proper, the ... the National Petroleum
Company."

Corrected pages are attached.

Att: (2)

Other Distribution:
Department Heads

Table 1. Venezuela: Selected Macroeconomic Indicators

	1978	1979	1980	1981	Prel. 1982
<u>(Percentage change from preceding year)</u>					
Real GDP (at 1968 prices)	3.2	0.8	-1.8	0.4	0.6
Petroleum	(-2.2)	(7.7)	(-6.2)	(-4.4)	(-6.6)
Nonpetroleum	(3.7)	(0.1)	(-1.3)	(0.8)	(1.3)
Nominal GDP	9.7	23.0	21.5	13.6	2.8
Petroleum	(-8.4)	(60.0)	(29.5)	(8.7)	(-13.7)
Nonpetroleum	(15.6)	(13.3)	(18.6)	(15.6)	(9.0)
Domestic expenditures (at current prices)	15.1	6.7	13.8	16.6	11.4
Investment	(12.8)	(-7.8)	(-7.6)	(9.3)	(15.8)
Consumption	(16.4)	(15.4)	(24.1)	(19.2)	(10.0)
GDP implicit price deflator	6.3	22.0	23.8	13.2	2.2
Petroleum	(-6.3)	(48.5)	(38.1)	(13.7)	(-7.6)
Nonpetroleum	(11.4)	(13.3)	(20.2)	(14.6)	(7.6)
Urban consumer price index (end of period)	7.0	20.1	19.2	11.4	7.7

Sources: Central Bank of Venezuela; and Fund staff estimates.

Table 2. Venezuela: Consolidated Operations of the Central Government, the Venezuelan Investment Fund, and the Petroleum Sector

	1978	1979	1980	1981	Prel. 1982
(In billions of bolivares)					
<u>Total receipts</u>	57.5	79.7	105.0	114.3	103.4
Petroleum sales	39.6	60.6	80.8	84.4	70.7
Of which: taxes received by Central Government ^{1/}	(25.4)	(33.5)	(45.5)	(70.9)	(49.2)
Nonpetroleum central government receipts	14.7	14.8	17.2	21.8	25.3
Interest and dividend income	3.2	4.3	7.0	8.1	7.4
<u>Total expenditures</u>	66.6	62.9	87.6	115.5	120.6
Current expenditures	35.5	42.5	54.5	68.3	68.7
Capital expenditures	31.1	20.4	33.1	47.2	51.9
VIF transfers to rest of the public sector	(6.8)	(3.1)	(4.6)	(10.4)	(10.3)
Central government transfers to the public sector (excluding VIF)	(14.9)	(7.2)	(14.5)	(16.4)	(15.6)
Petroleum sector investments	(4.6)	(6.4)	(9.5)	(15.6)	(18.6)
Other	(4.8)	(3.7)	(4.5)	(4.8)	(7.4)
<u>Current account surplus or deficit (-)</u>	21.6	37.2	50.5	45.8	34.7
<u>Overall surplus or deficit (-)</u>	-9.1	16.8	17.4	-1.4	-17.2
<u>External financing</u>	7.1	-13.9	-15.0	4.0	13.3
Net foreign assets of VIF	0.1	0.7	-3.0	-4.0	5.5
Medium- and long-term foreign assets of VIF	-0.8	-0.6	-0.7	-1.0	-0.8
Medium- and long-term foreign assets of PDVSA ^{2/}	-3.1	-13.5	-15.8	11.2	6.5
Medium- and long-term external borrowing (net)	10.9	-0.5	4.5	-2.2	2.1
<u>Financing by banking system</u>	4.4	-1.7	0.7	-7.8 ^{3/}	7.2
<u>Other sources of financing</u>	-2.4	-1.2	-3.1	5.2	-3.3
(As percentage of GDP)					
Total receipts	33.6	37.9	41.0	39.3	34.6
Total expenditures	38.9	29.9	34.2	39.7	40.4
Overall surplus or deficit (-)	-5.3	8.0	6.8	-0.4	-5.8
(Annual rates of change)					
Total receipts	5.3	38.6	31.7	8.8	-9.5
Total expenditures	9.5	-5.6	39.3	31.9	4.4
Of which: current expenditures	(12.3)	(19.7)	(28.2)	(25.4)	(0.6)

Sources: Central Bank of Venezuela; Venezuelan Investment Fund (VIF); and National Petroleum Company (PDVSA); and Fund staff estimates.

^{1/} Includes indirect taxes paid by the National Petroleum Company to the Central Government.

^{2/} Includes changes in accounts receivable. In 1982, does not include the transfer of foreign assets held by the National Petroleum Company to the Central Bank.

^{3/} This number results from a Bs 7.2 billion decline in the net creditor position of the Central Government and the Venezuelan Investment Fund less bond placements by the Central Government with the banking system of Bs 10 billion, which were used to cancel interest arrears of the state enterprises.

Venezuela--Basic Data

Area and population

Area	912,000 sq. kilometers
Population (1982)	14.7 million
Annual rate of population increase (1978-82)	2.9 per cent

<u>GNP per capita (1982)</u>	SDR 4,202
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Origin of nominal GDP (1982) (per cent)

Agriculture	5.9
Petroleum (crude and refining) and mining	23.4
Manufacturing, construction, and utilities	18.7
Commerce	8.6
Transport and communications	12.0
Government	12.0
Other services	19.4

Ratios to GDP (1982)1/

Exports of goods and nonfactor services	25.0
Imports of goods and nonfactor services	-27.3
Net factor receipts from abroad	-1.9
Central government revenues	25.0
Central government expenditures	27.6
External public debt (end of year)	38.5
Savings	24.1
Investment	26.3
Money and quasi-money (end of year)	49.2

Annual changes in selected economic indicators

	1980	1981 (per cent)	Prel. 1982
Real GDP	-1.8	0.4	0.6
Real GDP per capita	-4.6	-2.4	-2.2
GDP at current prices	21.5	13.6	2.8
GDP deflator (excluding petroleum)	21.5	13.6	2.8
Wholesale prices (annual averages)	20.1	13.8	8.1
Consumer prices (annual averages)	21.3	16.2	10.0
Central government revenues	29.8	47.8	-19.6
Central government expenditures	46.9	38.1	-5.7
Money and quasi-money	22.3	18.0	7.2
Money	(20.5)	(9.6)	(-8.2)
Quasi-money	(23.6)	(23.9)	(16.7)
Net domestic bank assets 2/	26.4	14.7	21.8
Credit to public sector (net)	(0.7)	(1.7)	(5.4)
Credit to private sector	(24.4)	(13.2)	(13.5)
Merchandise exports (f.o.b., in U.S. dollars)	34.2	4.7	-18.0
Merchandise imports (f.o.b., in U.S. dollars)	8.7	11.5	8.6

<u>Public sector finances 3/</u>	1980	1981	Prel. 1982
	<u>(billions of bolivares)</u>		
Revenues	105.0	114.3	103.4
Of which: petroleum revenues	(80.8)	(84.4)	(70.7)
Expenditures	87.6	115.5	120.6
Current account surplus or deficit (-)	50.5	45.8	34.7
Overall surplus or deficit (-)	17.4	-1.4	-17.2
External financing (net)	-15.0	4.0	13.3
Internal financing (net)	-2.4	-2.6	3.9
 <u>Balance of payments 1/</u>	 <u>(millions of U.S. dollars)</u>		
Merchandise exports, f.o.b.	19,275	20,181	16,549
Merchandise imports, f.o.b.	-10,877	-12,123	-13,166
Investment income (net)	-1,119	-1,116	-1,312
Other services and transfers (net)	-3,433	-4,583	-5,562
Balance on current and transfer accounts	3,328	2,359	-3,491
Official long-term capital (net)	1,469	238	2,507
Private long-term capital (net)	711	603	108
Short-term capital and errors and omissions	-1,965	-3,472	-7,188
SDR allocations	89	90	--
Change in net international reserves (increase -)	-3,632	182	8,044 4/
 <u>International reserve position</u>	 <u>(millions of SDRs)</u>		
Central Bank (gross)	5,571	7,364	6,366 4/
Central Bank (net)	5,542	7,405	6,335 4/
Venezuelan Investment Fund	1,472	2,408	1,796
National Petroleum Company	8,486	7,057	2,302

1/ Petroleum exports are valued at realized prices rather than fiscal export values.

2/ Change in net domestic assets in relation to the private sector claims on the banking system outstanding at the beginning of the period.

3/ Includes the consolidated operations of the Central Government proper, the Venezuelan Investment Fund, and the National Petroleum Company.

4/ Valuation of gold holdings at SDR 35 per ounce.