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EBD/84/125
Correction 2

May 22, 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 2, para. 5, line 4: for "(68.3 percent)" read "(70.2 percent)"

Page 9, Table 5, Rank 25, column 2: for "82.6" read "82.5"

Page 10, Table 6, Swaziland, column 2: for "307.7" read "356.8"

Total Africa,
columns 3, 4, and 5: for "908.7," "1.67," and "60.0"
read "957.8," "1.58," and "63.2"

Total nine continental countries,
columns 3, 4, and 5: for "1,804.1," "1.46," and "68.3"
read "1,853.2," "1.43," and "70.2"

Corrected pages are attached.

Att: (3)

Other Distribution:
Department Heads

Small Tropical Island Countries: An Overview

A Brief Comparison with Small, Developing
Non-oil Continental IMF Member Countries

By Benito Legarda

April 23, 1984

In the main body of this paper it was stated that ". . . the other small non-island economies have not been examined . . ." (p. 17). The period of time between its issuance and the scheduled date for the Board seminar on the subject has provided enough time for at least a brief comparison with small developing continental non-oil IMF member countries, using the same single criterion of a population of one million as the upper limit of smallness. There are nine such countries in the Fund membership: Belize, Guyana, and Suriname in the Western Hemisphere, and Botswana, Djibouti, Equatorial Guinea, The Gambia, Guinea-Bissau, and Swaziland in Africa.

In making the comparison, it will become clear just where in the spectrum of smallness the respective countries lie. It may also be possible to bypass the discussion of the abstract attributes of insularity or islandness by looking at the actual features of the various economies and seeing if there are any noticeable differences. If there are such differences between the two groups, it may not matter greatly whether these stem from insularity or from other factors, so long as they distinguish the two groups from one another.

On page 3 of the main body of this paper, it was recorded that the three most common characteristics used to define smallness were land area, population, and total national income. Twenty-seven countries are involved in the comparison: the original seventeen now joined by newly admitted St. Christopher and Nevis, and the nine continental small developing countries. Figures showing the three characteristics just mentioned and some others have been arrayed in Tables 1 to 5.

Table 1 shows the land areas of the countries under study. The smallest island country is St. Christopher and Nevis with 261 sq. km. The smallest continental country is The Gambia with 10,403 sq. km., and it is in 15th rank. The smallest of the continental countries is thus larger than 14 of the 18 island countries. There are no small continental countries below the median.

Table 2 shows population. Again, the smallest island country is St. Christopher and Nevis with 43,500 while the smallest continental country is Belize in tenth rank with 149,000. Of the smallest 16 countries, all are islands except Belize, which is the only continental country below the median.

Table 3 is derived from the first two and shows population density in descending order. All the countries below the median (i.e., the most densely populated countries) are islands, and again The Gambia figures as the first continental country in the table.

Table 4 shows GNPs in ascending order. Fourteen of the first fifteen are islands, and the only continental country below the median is Equatorial Guinea (as will be mentioned later, there may be historical factors explaining its particular position in this table).

Table 5 requires somewhat more attention. The idea is that the level of imports represents what a country needs to maintain its consumption and investment levels. Ordinarily this is financed by exports; to the extent that it is not, resort to other means is indicated. In the case of the small islands, it was seen that invisibles occupied a very important place in their external transactions as a group and, for most of them, as individual countries. Typically, these were tourist receipts and transfers (official and private). A high import-export ratio or its converse, a low export-import percentage, would indicate the importance of invisibles in external transactions, apart from economic assistance. (Obviously this is not a perfect indicator, and other factors may affect the ratio, like running down reserves in any given year, or arrears, which may be regarded as some sort of involuntary transfer. But from what has been seen in the main body of this paper it would seem to be of some usefulness.)

Table 5, then, arrays the import-export ratios in descending order and the export-import ratios in ascending order. Of the first 16, 14 are islands and only 2 are continental countries. Most of the continental countries are in the 17th to 26th ranks. For individual countries, it would seem that the small islands are characterized by greater dependence on invisibles.

Table 6 weighs these ratios by taking averages by regions and by categories. From this table it is evident that the percentage of export-covered imports is much higher for small developing continental countries as a group (70.2 percent) than for the small islands (38.7 percent), and that the region with the lowest percentage (27.4 percent) is the Caribbean, which is quite consistent with what is known about the importance of tourism in that region.

The overall picture presented by these tables is that the small islands are the smallest of the small, in terms of land area, population, and GNP. They are the most densely populated. And they have the highest dependence on invisibles to finance their import needs.

One characteristic which is not adequately captured in the statistics is fragmentation. This applies to those island countries in Table 1 with land areas comparable to the smaller continental countries. All of them are archipelagoes, and any map will show the extent of their fragmentation, which has implications for internal communications. It is

Table 5. Small Developing Non-Oil IMF Member Countries, Island and Continental: Ratio of Imports to Exports (IE), and Percentage of Export-Covered Imports (EI), 1981

Rank	Island Countries	IE Ratio	EI (in percent)	Continental Countries
1	Cape Verde	14.04	7.1	
2	Seychelles	12.18	8.2	
3	Western Samoa	5.68	17.6	
4	Bahamas	4.45	22.5	
5	Antigua and Barbuda	4.15	24.1	
6		4.05	24.7	Guinea-Bissau
7	St. Lucia	3.42	29.2	
8	Barbados	3.41	29.3	
9	Grenada	3.09	32.4	
10	Maldives	2.90	34.5	
11		2.78	36.0	Equatorial Guinea
12	Dominica	2.68	37.3	
13	Vanuatu	2.54	39.4	
14	St. Vincent and the Grenadines	2.18	45.9	
15	Fiji	1.93	51.8	
16	St. Christopher and Nevis	1.88	53.1	
17		1.75	57.1	Djibouti
18		1.73	57.8	The Gambia
19	Sao Tome and Principe	1.713	58.38	
20		1.71	58.5	Botswana
21		1.58	63.3	Belize
22	Mauritius	1.47	68.0	
23	Comoros	1.40	71.4	
24		1.27	78.7	Guyana
25		1.21	82.5	Swaziland
26		1.20	83.3	Suriname
27	Solomon Islands	1.15	87.0	

Sources of basic data: Table 4, EBD/83/325 (12/19/83) and various staff papers.

Table 6. Small Developing Non-Oil IMF Member Countries, Island and Continental: Imports, Exports and Derived Ratios, 1981

(In millions of U.S. dollars)

	Imports	Exports	IE Ratio	EI (in percent)
Island countries				
Caribbean and Western Atlantic				
Antigua and Barbuda	139.3	33.6		
Bahamas	783.3	176.2		
Barbados	507.1	148.5		
Dominica	50.7	18.9		
Grenada	58.0	18.8		
St. Christopher and Nevis	47.1	25.0		
St. Lucia	138.1	40.4		
St. Vincent and the Grenadines	58.3	26.8		
Total Western Hemisphere	1,781.9	488.2	3.64	27.4
Africa and Indian Ocean				
Cape Verde	85.0	6.1		
Comoros	22.3	16.2		
Maldives	41	3		
Mauritius	493.5	335.2		
Sao Tome and Principe	27.1	15.8		
Sechelles	78.0	6.4		
Total Africa and Indian Ocean	747.3	394.0	1.90	52.7
Pacific				
Fiji	538.8	278.7		
Solomon Islands	74.8	65.3		
Vanuatu	39.9	15.7		
Western Samoa	55.5	9.8		
Total Pacific	709.0	369.5	1.92	52.1
Total 18 island countries	3,238.2	1,251.7	2.59	38.7
Continental countries				
Western Hemisphere				
Belize	117.7	74.7		
Guyana	440.0	346.9		
Suriname	567.9	473.8		
Total Western Hemisphere	1,125.6	895.4	1.26	79.5
Africa				
Botswana	680.9	398.1		
Djibouti	200.9	115.1		
Equatorial Guinea	44.3	15.9		
The Gambia (1980-81)	99.8	57.8		
Guinea-Bissau	57.1	14.1		
Swaziland	432.3	356.8		
Total Africa	1,515.3	957.8	1.58	63.2
Total nine continental countries	2,640.9	1,853.2	1.43	70.2

Sources: See Table 5.