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**FOR  
AGENDA**

EBS/82/20  
Supplement 2

CONFIDENTIAL

February 18, 1982

To: Members of the Executive Board

From: The Secretary

Subject: Yugoslavia - Review and Consultation Under Stand-By  
Arrangement

The attached supplement to the paper on the review and consultation under the stand-by arrangement for Yugoslavia (EBS/82/20, 1/29/82) has been prepared on the basis of additional information.

This subject has been scheduled for discussion by the Executive Board on Monday, February 22, 1982.

Att: (1)



INTERNATIONAL MONETARY FUND

YUGOSLAVIA

Review and Consultation Under Stand-By Arrangement---  
Supplementary Notes on Balance of Payments - 1981

Prepared by the European Department

Approved by Brian Rose

February 18, 1982

More recent estimates of the current account of the balance of payments in 1981 than those in the papers already issued to Executive Directors <sup>1/</sup> have become available. They show an even greater improvement than the earlier estimates, with the overall current account deficit declining to US\$750 million (previous estimate US\$1.3 billion), equivalent to 1.2 per cent of gross social product, the deficit with the convertible currency area is now estimated at US\$1.4 billion instead of US\$1.6 billion (see attached Table). Compared with the previous estimates, the improvement occurred primarily in net invisible earnings from the convertible currency area (US\$200 million) and in exports of goods to the nonconvertible currency area (US\$350 million). There was also an improvement (of US\$200 million) in exports of goods to the convertible currency area, but it was offset by similarly higher imports.

The increase in the volume of exports of goods between 1980 and 1981 is now estimated at 10.6 per cent and the decline in the volume of imports at 4.9 per cent. The movement of resources into exports was very rapid, especially toward the end of the year. In the fourth quarter, exports were 29 per cent higher in dollar terms than in the same period of 1980, the corresponding figures for the third quarter and the first half were 17 per cent and 19 per cent, respectively. Exports of goods to the convertible currency area alone show an even greater improvement, with growth rates of 37 per cent in the fourth quarter, 11 per cent in the third, and -1 per cent in the first half of the year.

The consequences of these revisions for the national accounts and the capital account of the balance of payments are not known yet. In both cases, the errors and omissions may be affected, but real domestic demand may have declined further than was originally thought. There may have been some reduction in short-term external debt, with bilateral debits with nonconvertible currency countries being almost eliminated.

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<sup>1/</sup> EBS/82/20 (1/29/82), SM/82/24 (2/2/82), and SM/82/31 (2/11/82).

Table 1. Yugoslavia: Balance of Payments Current Account, 1981 1/

(In millions of U.S. dollars)

	Convertible currency area		Nonconvertible currency area		Total	
	Latest estimates	Previous estimates	Latest estimates	Previous estimates	Latest estimates	Previous estimates
Goods, services, and unrequited transfers <u>2/</u>	-1,400	(1,620)	650	(340)	-750	(1,280)
Exports, f.o.b.	<u>6,441</u>	(6,230)	<u>4,488</u>	(4,120)	<u>10,929</u>	(10,350)
Imports, c.i.f.	<u>-11,746</u>	(11,540)	<u>-4,011</u>	(4,020)	<u>-15,757</u>	(15,560)
Trade balance	-5,305	(5,310)	477	(100)	-4,828	(5,210)
Services and unrequited transfers (net) <u>2/</u>	3,900	(3,690)	175	(240)	4,080	(3,930)

Source: Data supplied by the Yugoslav authorities.

1/ These are more recent estimates than those in EBS/82/20 (1/29/82), Tables 4-6, SM/82/24 (2/2/82), Tables 7-8. and SM/82/31 (2/11/82), Tables 33-35. Consistent revised estimates of the capital account or the errors and omissions item are not yet available.

2/ Rounded.