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The Balance of Payments Performance of
Latin America and the Caribbean, 1966-70

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	<u>Contents</u>	<u>Page</u>
I.	Introduction	1
II.	Balance of Payments Performance in 1966-70	1
III.	Balance of Payments Performance and Economic Growth	2
IV.	The Capacity to Import	5
	1. Changes in export volume	7
	2. Changes in terms of trade	7
	3. Changes on service and transfer account	10
	4. Changes in long- and medium-term capital flows	14
	5. Special factors	14
	6. Summary	14
V.	The Demand for Imports	17
	1. Changes in import taxation	20
	2. Changes in exchange and nontariff import restrictions	20
	3. Credit policy	23
	4. Exchange rate policy	28
	5. Summary	29
VI.	Short-Term Capital Movements	33
VII.	The 1970 SDR Allocation	35

<u>Contents</u>	<u>Page</u>
<u>Tables in the Text</u>	
1. Net Official International Reserve Changes, 1966-70	3
2. Net Official International Reserve Changes Relative to GDP, 1966-70	4
3. Comparison of Balance of Payments and Economic Growth Performances, 1966-70	6
4. Export Volume Changes in Relation to 1965	8
5. Effect of Terms of Trade Changes in Relation to 1965	9
6. Effect of Import Price Changes in Relation to 1965	11
7. Effect of Export Price Changes in Relation to 1965	12
8. Changes on Service and Transfer Account in Relation to 1965	13
9. Changes in Long- and Medium-Term Capital Flows in Relation to 1965	15
10. Changes in Capacity to Import in Relation to 1965	16
11. Import Volume Changes in Relation to 1965	18
12. Indexes of Utilization of Capacity to Import	19
13. Ad Valorem Weights of Import Taxation	21
14. Indexes of Credit Expansion in Excess or Short of That Consistent With External and Internal Equilibrium	25
15. Relationship Between Domestic Financial Policy and Balance of Payments Management, 1966-70	27
16. Indexes of Combined Effect of Credit and Exchange Rate Policies, 1966-70	31
17. Relationship Between Combination of Domestic Financial and Exchange Rate Policies and Balance of Payments Management, 1966-70	32
18. Changes in Short-Term Capital Movements in Relation to 1965	34
19. 1970 SDR Allocations and Their Relative Significance	36
<u>Tables in the Appendix</u>	
20. Summary Balances of Payments	37
21. Changes in Capacity to Import in Relation to 1965	41

I. Introduction

The present study of the balance of payments performance of Latin America and the Caribbean is essentially an empirical exercise in evaluating the performance and in relating it, on the one hand, to governmental policies and, on the other, to factors partially or entirely beyond the control of governments. The period reviewed is the five years 1966 through 1970. It needs to be emphasized that this study is strictly retrospective and in no way attempts to look into the future. Indeed, it would come as no great surprise to the authors if the balance of payments performance of the region were about to change markedly from the favorable picture of the last five years presented here.

All members of the International Monetary Fund in Latin America and the Caribbean--23 in number--have been covered in this study. This comprises all the independent states of the region with the sole exception of Cuba--an exception dictated by the nonavailability of the requisite information for that country, Cuba not being a member of the International Monetary Fund.

The statistical information used was the most up to date available to the staff of the International Monetary Fund, and in virtually all cases this information conforms to the figures presented in the country studies which the staff produces regularly. Provisional figures and estimates have had to be used in a few cases to complete the requisite time series. Inasmuch as all the figures were those available to and used by the Fund staff, no source is cited in the tables that follow.

The study is divided into six sections. A quantitative assessment of the balance of payments performance of each of the 23 countries covered and of the region as a whole is given in the section that follows. The next one addresses itself to the much debated question of compatibility or incompatibility between balance of payments and economic growth objectives. Then follows a section that examines the major factors operating on the balance of payments but largely beyond the control of national authorities. In the next section an attempt is made to assess the contribution to the balance of payments performance of governmental policies. The penultimate section deals with short-term capital movements. The final section illustrates the significance of the International Monetary Fund's first allocation of Special Drawing Rights to its members in Latin America and the Caribbean.

II. Balance of Payments Performance in 1966-70

The five-year period 1966-70 was one of a remarkably favorable balance of payments performance of Latin America and the Caribbean. Over this period, the 23 countries of the region covered in this study improved their combined net official international reserve position by \$3.3 billion, not counting the effect of the first allocation of Special Drawing Rights, which added another \$330 million to the international reserves of these countries. The net official international reserves of the 23 countries aggregated a mere \$1.4 billion at the beginning of the period under review, and the \$3.3 billion gain carried the region's reserves in five years to a level nearly three and one half times the initial one.

It is noteworthy that this international reserve improvement gathered momentum from one year of this period to the next. Thus, of the five-year net official international reserve gain only 5.7 per cent was registered in 1966; 9.2 per cent in 1967; 18.6 per cent in 1968; 29.6 per cent in 1969; and 36.8 per cent in 1970.

The international reserve gain was, in terms of amounts, very unevenly distributed among the countries of the region, but it was widely dispersed in terms of the number of beneficiaries. Five of the largest countries accounted for 87 per cent of the reserve gain of the region over the five years reviewed--Brazil alone accounted for 42 per cent of the regional total, Argentina for 18 per cent, Chile for 13 per cent, Peru for 8 per cent, and Colombia for 6 per cent. On the other hand, the wide dispersal of the reserve gain among countries is revealed by the fact that, of the 23 countries covered, 16 managed to improve their net official international reserves over this five-year period, although the individual reserve gains of a majority among the 16 were small. Seven countries registered a deterioration of their net official international reserve position over this period. The largest loss in absolute terms was the Dominican Republic's \$12½ million; and four of the seven countries suffered losses of \$5 million or less. Table 1 shows the balance of payments performance of each of the 23 countries, ranked in descending order of their absolute international reserve gain over the five-year period as a whole.

In order to permit cross-country comparisons of their balance of payments performance, it was necessary to adjust for the wide difference in the size of the 23 economies reviewed. The "weight" selected is nominal gross domestic product at factor cost--except in the case of Mexico, where GDP at market prices has had to be used--converted into U.S. dollars as a common denominator. The results of this exercise are presented in Table 2, which ranks the 23 countries in descending order of their net international reserve gains as a percentage of their respective GDPs over the five-year period as a whole. This table reveals that the net official international reserve gain of all the 23 countries combined represented about 0.6 per cent of GDP for the five-year period as a whole, and that this percentage rose steadily from 0.2 per cent in 1966 to a rather impressive 0.9 per cent in 1970.

III. Balance of Payments Performance and Economic Growth

A great deal has been said and written about the relationship between balance of payments and economic growth performance and objectives, virtually all of it based on a priori reasoning. Two opposing views have been advanced. There are those who claim a good balance of payments performance can, as a rule, be achieved only with the pursuit of policies tending to discourage output, and hence economic growth. The other school of thought maintains that growth of output and a good balance of payments performance are perfectly compatible.

Table 1. Net Official International Reserve Changes,^{1/} 1966-70

(In millions of U.S. dollars)

	1966	1967	1968	1969	1970 ^{2/}	1966-70 ^{2/}
Brazil	139.0	-148.0	93.0	732.0	551.0	1,367.0
Argentina	104.1	371.9	64.6	-147.2	195.4	588.8
Chile	76.4	-27.0	116.6	201.9	68.2	436.1
Peru	-39.1	-49.1	-4.8	55.8	305.0	267.8
Colombia	-40.1	80.4	71.5	61.4	34.4	207.6
Mexico	27.0	22.0	71.0	5.0	37.0	162.0
Venezuela	-66.8	99.4	49.9	12.0	44.0	138.5
Uruguay	13.7	14.5	55.0	22.8	-29.8	76.2
Jamaica	9.2	-2.1	36.0	-2.7	16.7	57.1
Guatemala	-5.7	-6.6	3.5	11.0	15.2	17.4
Costa Rica	-9.9	-10.6	3.3	47.4	-16.9	13.3
Ecuador	11.3	8.9	-11.3	4.3	-0.3	12.9
Panama	1.4	0.4	3.0	-15.7	17.0	6.1
Trinidad and Tobago	-0.4	-3.5	33.5	-5.2	-18.6	5.8
Paraguay	1.0	-0.2	-0.5	-1.5	5.9	4.7
Haiti ^{3/}	0.3	-2.3	-0.8	1.1	3.8	2.1
Barbados	-3.1	-3.5	6.6	3.6	-4.3	-0.7
Honduras	4.3	1.3	5.9	-2.1	-11.9	-2.5
Bolivia	4.9	-8.8	-0.1	-0.2	--	-4.2
El Salvador	-13.5	-2.0	4.4	-8.0	14.1	-5.0
Guyana	-3.5	-2.3	1.8	-2.8	-3.3	-10.1
Nicaragua	1.5	-18.4	2.4	-3.5	7.7	-10.3
Dominican Republic	-22.4	-8.9	13.8	13.8	-8.9	-12.6
Region	189.6	305.5	618.3	983.2	1,221.4	3,318.0

^{1/} Changes in the net international reserve holdings of the monetary authorities and state banks other than commercial banks.

^{2/} Excluding the 1970 SDR allocation.

^{3/} Fiscal years October 1 through September 30.

Table 2. Net Official International Reserve
Changes Relative to GDP,^{1/} 1966-70

(In per cent of GDP)

	1966	1967	1968	1969	1970 ^{2/}	1966-70 ^{2/}
Chile	1.34	-0.45	1.93	2.58	1.05	1.39
Jamaica	1.02	-0.22	3.96	-0.27	1.47	1.17
Peru	-0.85	-1.06	-0.11	1.18	5.68	1.13
Brazil	0.60	-0.59	0.33	2.27	1.48	0.94
Uruguay	0.87	0.96	3.45	1.30	-1.54	0.91
Colombia	-0.78	1.51	1.31	1.06	0.53	0.74
Argentina	0.64	2.29	0.38	-0.83	1.05	0.69
Costa Rica	-1.72	-1.69	0.48	6.15	-2.02	0.38
Venezuela	-0.88	1.25	0.58	0.13	0.46	0.32
Guatemala	-0.41	-0.45	0.22	0.65	0.83	0.22
Paraguay	0.23	-0.04	-0.10	-0.29	1.06	0.19
Ecuador	0.99	0.73	-0.86	0.30	-0.02	0.19
Panama	0.21	0.05	0.38	-1.79	1.75	0.15
Trinidad and Tobago	-0.05	-0.44	4.40	-0.64	-2.20	0.15
Mexico	0.12	0.09	0.26	0.02	0.11	0.12
Haiti ^{3/}	0.07	-0.56	-0.19	0.24	0.79	0.10
Honduras	0.86	0.24	1.01	-0.35	-1.86	-0.09
Bolivia	0.80	-1.26	-0.01	-0.02	--	-0.11
El Salvador	-1.60	-0.23	0.48	-0.84	1.39	-0.11
Nicaragua	0.09	-1.06	0.13	-0.18	0.37	-0.11
Barbados	-3.13	-3.21	6.11	3.08	-3.31	-0.12
Dominican Republic	-2.37	-0.90	1.31	1.23	-0.73	-0.24
Guyana	-1.73	-1.03	0.87	-1.25	-1.40	-0.92
Region	0.19	0.30	0.56	0.81	0.91	0.58 ^{1/2}

^{1/} GDP at factor cost (except in Mexico, where GDP at market prices has been used), converted into U.S. dollars.

^{2/} Excluding the 1970 SDR allocation.

^{3/} Fiscal years October 1 through September 30.

An attempt has been made within the framework of this study to validate either of these two opposing views on the strength of empirical evidence. The analysis of the performance of the 23 countries over five years yielded 115 observations, and the averages for the period as a whole yielded an additional set of 23 observations. The definition of the balance of payments performance used was already explained in the preceding chapter--i.e., the ratios of net official international reserve changes to GDP; and the measure of the economic growth performance used was percentage changes in per capita real GDP. An attempt was made to correlate these two variables, but no correlation was found.

In the absence of a simple statistical relationship between balance of payments performance and economic growth, a classification of the performance of the 23 countries on both counts over the five-year period as a whole is presented in Table 3. This classification grades the performances as "strong", "indifferent" and "weak". An "indifferent" balance of payments performance has been defined as one ranging between a surplus equal to one quarter of 1 per cent of GDP and a deficit of the same size; a "strong" balance of payments performance as a surplus greater than one quarter of 1 per cent of GDP; and a "weak" balance of payments performance as a deficit greater than one quarter of 1 per cent of GDP. An "indifferent" economic growth performance has been defined as an annual per capita real GDP gain ranging between 0 and 2 per cent; a "strong" economic growth record as any per capita real GDP gain of more than 2 per cent a year; and a "weak" economic growth record as any reduction in per capita real GDP. On the basis of this classification, Table 3 groups the 23 countries into various combinations of performance on the two counts. This table shows that over the five-year period as a whole four countries had what are judged to be "strong" balance of payments and economic growth performances; five countries had a "strong" balance of payments but an "indifferent" economic growth record; six countries had the reverse experience, that is, an "indifferent" balance of payments but a "strong" economic growth performance; another six countries had an "indifferent" record on both counts; one country had an "indifferent" balance of payments and a "weak" economic growth performance; and one country had the reverse experience, that is, a "weak" balance of payments but an "indifferent" economic growth record. It is perhaps worth noting that, on the definitions used, there were no examples of three possible combinations--i.e., a "strong" balance of payments but a "weak" economic growth performance; of the reverse, i.e., a "strong" economic growth but a "weak" balance of payments performance; or of a "weak" performance on both counts.

IV. The Capacity to Import

The concept of capacity to import has been used in this paper to encompass all balance of payments receipts and payments over which national authorities are assumed to have only limited control. More concretely, this concept has been defined as the sum of all balance of payments flows with the exceptions of (a) the part of merchandise import payments that reflects a variation in the import volume; (b) short-term capital movements (including errors and omissions); and (c) international reserve changes. Changes in the capacity to import of Latin America and the Caribbean over the five-year period 1966-70 are examined below under five separate headings-- (1) changes in export volume; (2) changes in the terms of trade; (3) changes in the service and transfer account; (4) changes in long- and medium-term capital flows; and (5) special factors.

Table 3. Comparison of Balance of Payments and
Economic Growth Performances, 1966-70

(In per cent)

	Ratio of Net Official Inter- national Reserve Change to GDP	Average Annual Per Capita Real GDP Change
Region	0.58 $\frac{1}{2}$	2.8
<u>"Strong" balance of payments performance</u>		<u>"Strong" economic growth record</u>
Brazil	0.94	4.5
Colombia	0.74	2.5
Argentina	0.69	2.3
Costa Rica	0.38	4.0
<u>"Strong" balance of payments performance</u>		<u>"Indifferent" economic growth record</u>
Chile	1.39	0.6
Jamaica	1.17	1.9
Peru	1.13	0.1
Uruguay	0.91	0.4
Venezuela	0.32	0.6
<u>"Indifferent" balance of payments performance</u>		<u>"Weak" economic growth record</u>
Panama	0.15	3.9
Trinidad and Tobago	0.15	2.2
Mexico	0.12	3.5
Bolivia	-0.11	3.2
Barbados	-0.12	4.0
Dominican Republic	-0.24	3.3
<u>"Indifferent" balance of payments performance</u>		<u>"Indifferent" economic growth record</u>
Guatemala	0.22	1.8
Paraguay	0.19	0.9
Ecuador	0.19	1.2
Honduras	-0.09	1.8
El Salvador	-0.11	1.0
Nicaragua	-0.11	1.0
<u>"Indifferent" balance of payments performance</u>		<u>"Weak" economic growth record</u>
Haiti ^{1/}	0.10	-0.7
<u>"Weak" balance of payments performance</u>		<u>"Indifferent" economic growth record</u>
Guyana	-0.92	1.0

1/ Fiscal years October 1 through September 30.

1. Changes in export volume

Latin America and the Caribbean experienced a marked growth of export volume over the five-year period under review, particularly in 1968 and 1969. This growth of export volume was the most important factor by far in the region's rather impressive gain of capacity to import, accounting as it did for 84 per cent of this gain. In absolute terms, the area's annual exports in 1965 prices averaged in this period some \$1.4 billion, or 13 per cent, higher than in the latter year, and the increase was progressive, reaching more than \$2.4 billion in 1970.

The performance of the individual countries is presented in Table 4, which ranks them in descending order of their percentage gain of export volume, in relation to 1965, over the five-year period as a whole. This table shows four smaller countries--Costa Rica, Bolivia, Guatemala, and Honduras--as having had the highest rates of export expansion. In all, 20 countries registered gains, and 3 countries--Paraguay, Haiti and Uruguay--suffered losses.

Brazil's export volume growth was the largest in absolute terms--its average annual export volume in this period was \$437 million above its 1965 level. It reflected volume growth in such traditional export items as coffee, cotton and cocoa as well as in a number of new export products of the manufactured variety. A marked growth of production for export of minerals was the major dynamic element in the case of Bolivia (tin), Chile (copper) and Peru (copper, iron ore, lead, and zinc), and the latter also benefited from a growth of fish meal and coffee exports. Sharp rises in banana and coffee exports highlighted the export growth of Costa Rica, Guatemala and Honduras. At the other end of the spectrum, it was mainly reduced coffee exports of Haiti and a decline in meat shipments from Paraguay that caused these two countries to suffer losses of export volume in this period.

2. Changes in terms of trade

The terms of trade did not favor Latin America and the Caribbean during the five-year period under review. A small initial improvement in 1966 was followed by fairly sharp reversals in 1967 and again in 1968, and although there was a major recovery in 1969 and a further, albeit smaller one in 1970, the changes in its terms of trade cost the region a \$665 million loss of capacity to import over the five-year period as a whole.

The performance of the individual countries is presented in Table 5, which ranks them in descending order of their percentage gain from changes in their terms of trade measured against 1965. Only six countries--Chile, Peru, the Dominican Republic, Uruguay, Paraguay, and Mexico--registered gains over the period under review. The other 17 suffered losses, and the heaviest losers among them were El Salvador, Costa Rica and Venezuela.

Table 4. Export Volume Changes in Relation to 1965

(In millions of U.S. dollars in 1965 prices)

	1966	1967	1968	1969	1970	1966-70	Average		Percentage Change from 1965 to Av. 1966-70
							1966-70	1966-70	
Costa Rica	22.7	45.2	85.1	93.9	106.5	353.4	70.7	353.4	63.3
Bolivia	23.7	53.4	58.9	64.0	52.1	252.1	56.4	252.1	43.6
Guatemala	53.5	27.5	57.5	84.9	89.0	312.4	62.5	312.4	33.3
Honduras	16.2	29.1	58.2	53.1	45.2	201.8	40.4	201.8	31.5
Brazil	216.6	125.6	401.6	715.7	725.6	2,185.1	437.0	2,185.1	27.4
Peru	80.9	91.5	181.4	222.2	360.1	936.1	187.2	936.1	27.3
Trinidad and Tobago	23.4	57.0	65.8	59.8	35.8	241.8	48.4	241.8	25.1
Panama	7.3	12.5	16.5	31.6	31.1	99.0	19.8	99.0	21.4
El Salvador	2.6	35.1	48.1	41.9	40.9	168.6	33.7	168.6	17.9
Chile	32.7	76.0	101.1	155.4	165.0	530.2	106.0	530.2	15.3
Colombia	-37.7	55.9	100.9	151.2	133.0	403.3	80.7	403.3	13.7
Dominican Republic	-3.6	15.6	7.3	14.1	43.2	76.6	15.3	76.6	12.2
Guyana	2.4	11.7	10.6	16.7	18.6	60.0	12.0	60.0	11.6
Ecuador	6.5	21.9	27.7	9.5	26.9	92.5	18.5	92.5	10.3
Jamaica	8.6	0.1	-7.1	19.9	49.0	70.5	14.1	70.5	6.5
Nicaragua	-7.6	8.6	7.3	11.9	20.3	40.5	8.1	40.5	5.4
Argentina	106.2	-44.8	8.1	84.0	193.9	347.4	69.5	347.4	4.7
Venezuela	-40.0	103.0	102.0	157.0	208.0	530.0	106.0	530.0	4.3
Mexico	11.0	-56.0	-33.0	156.0	78.0	156.0	31.2	156.0	2.8
Barbados	0.5	2.4	1.1	-0.4	n.a.	3.6	0.7	3.6	2.5
Uruguay	-25.2	-45.3	-10.2	2.7	24.4	-53.6	-10.7	-53.6	-5.6
Haiti	-0.3	-6.8	-1.0	-1.3	-3.6	-13.0	-2.6	-13.0	-6.8
Paraguay	-10.7	-12.4	-13.6	-10.2	-4.9	-51.8	-10.4	-51.8	-17.1
Region	489.7	606.8	1,274.3	2,133.6	2,438.1	6,942.5	1,388.5	6,942.5	12.9

Table 5. Effect of Terms of Trade Changes in Relation to 1965

(In millions of U.S. dollars)

	1966	1967	1968	1969	1970	1966-70	Percentage Change from	
							Average 1966-70	1965 to Av. 1966-70
Chile	146.7	84.2	109.9	232.3	164.5	737.6	147.5	22.4
Peru	96.2	105.6	120.2	208.4	269.6	800.0	160.0	22.0
Dominican Republic	11.1	9.3	20.6	25.3	13.7	80.0	16.0	12.4
Uruguay	24.8	6.4	-10.8	19.2	20.6	60.2	12.0	7.1
Paraguay	7.9	6.7	4.3	--	1.8	20.7	4.1	6.7
Mexico	41.4	22.7	101.6	82.9	88.2	336.8	67.4	5.0
Jamaica	-1.3	2.5	-6.6	-8.6	-12.4	-26.4	-5.3	-2.1
Bolivia	-1.0	-6.5	-12.1	-7.4	9.1	-17.9	-3.6	-2.8
Guyana	3.0	2.9	-6.0	-6.3	-8.8	-15.2	-3.0	-2.9
Panama	0.5	-2.9	1.2	-7.1	-15.3	-23.6	-4.7	-3.1
Barbados	--	-1.0	-2.7	-3.8	n.a.	-7.5	-1.5	-3.1
Trinidad and Tobago	8.1	-3.5	-11.6	-12.3	-20.8	-40.1	-8.0	-3.7
Argentina	-32.3	-22.9	-146.7	-41.7	-82.1	-325.7	-65.1	-4.8
Haiti	-1.5	-0.6	-3.6	-4.3	-0.7	-10.7	-2.1	-4.9
Nicaragua	-4.0	-11.0	-3.2	-16.1	-11.7	-46.0	-9.2	-6.0
Brazil	-78.1	-102.3	-161.5	-76.7	-84.8	-503.4	-100.7	-7.5
Colombia	-18.4	-85.6	-77.2	-49.4	31.5	-199.1	-39.8	-7.6
Honduras	-4.0	-5.6	-10.9	-17.5	-14.8	-52.8	-10.6	-8.4
Ecuador	-6.3	-14.1	-17.5	-27.8	-10.7	-76.4	-15.3	-8.8
Guatemala	-14.4	-17.7	-21.5	-26.5	-15.9	-96.0	-19.2	-9.2
Venezuela	-111.9	-167.8	-197.8	-291.7	-277.7	-1,046.9	-209.4	-10.5
Costa Rica	-3.2	-17.1	-26.9	-23.8	-11.9	-82.9	-16.6	-11.4
El Salvador	-9.4	-21.3	-31.9	-41.3	-26.0	-129.9	-26.0	-13.3
Region	53.9	-239.6	-390.7	-94.2	5.4	-665.2	-133.0	-1.3

1/ Fiscal years October 1 through September 30.

It was the progressive rise in import prices and not a drop in export prices that was responsible for the adverse behavior of the region's terms of trade. Table 6 shows only two countries--Uruguay and Peru--as having benefited in the period under review from reduced import prices, but these two apparent exceptions from the general experience of the region may well reflect shortcomings in the statistics used. The rise in import prices appears to have cost the region almost \$2.7 billion over the five-year period, and more than \$1.1 billion in 1970 alone. Venezuela suffered the largest absolute loss on this account--some \$700 million in the five years--followed by Brazil with close to \$500 million.

Looking at the five-year period as a whole, the region recovered 70 per cent of its loss from rising import costs through better export prices, and there was even a small positive balance in 1970. In all, 15 countries were in varying degrees favored by this compensation. Table 7 shows countries exporting minerals--Chile, Peru, Mexico, Jamaica, and Guyana--as among the principal beneficiaries from higher export prices. Peru, which together with Chile, was favored by record copper prices, was also able to sell its fish meal at good prices. The Dominican Republic fared well, notwithstanding depressed sugar prices through 1968, because it was able to shift its sugar exports increasingly to the higher priced U.S. market. Argentina suffered in 1968 a sharp drop in meat prices, but subsequently recovered much of the resultant loss when prices rose again. Venezuela was adversely affected by a severe decline of petroleum prices in 1966 and their continuing weakness thereafter in this period. Brazil, Colombia and Central America were hit by weak coffee prices through 1968, but the situation improved in 1969 and 1970. The effects of these fluctuations in coffee prices were in several producing countries aggravated by the somewhat similar pattern followed by banana prices.

3. Changes on service and transfer account

The service and transfer account also had a negative impact in the period under review on the region's capacity to import merchandise. The loss on this account amounted to \$864 million over this five-year period, and there was no discernible pattern in the year-to-year fluctuations.

Table 8 ranks the countries in descending order of their percentage gain on this account, in relation to 1965, over the five-year period as a whole. This table shows Haiti, Paraguay and Jamaica as having had the best experiences on this score, and El Salvador, Trinidad and Tobago, Bolivia, and Guyana as having had the worst. Since the service and transfer account includes a great variety of international transactions, it is hazardous to draw any sweeping inferences from these calculations. It would seem, however, that countries with relatively large tourist earnings--such as Haiti, Jamaica, Barbados, and Mexico--were able to improve their service and transfer account and that countries with relatively high factor income payments abroad did not suffer any noticeable deterioration in this account.

Table 6. Effect of Import Price Changes in Relation to 1965

(In millions of U.S. dollars)

	1966	1967	1968	1969	1970	1966-70	Average	Percentage
							1966-70	Change from 1965 to Av. 1966-70
Uruguay	3.5	-7.0	-8.5	10.7	13.0	11.7	2.3	1.6
Peru	-23.2	20.9	20.9	18.5	4.6	41.7	8.3	1.1
Bolivia	5.2	6.4	1.0	-4.2	-10.2	-1.8	-0.4	-0.3
Chile	13.1	-11.9	15.0	-16.3	-34.4	-34.5	-6.9	-1.1
Colombia	--	-14.2	-14.2	--	-18.4	-46.8	-9.4	-2.0
Paraguay	3.0	3.7	0.6	-5.5	-8.5	-6.7	-1.3	-2.1
Mexico	-4.7	-40.6	-25.0	-42.1	-120.1	-232.5	-46.5	-3.0
Argentina	-24.0	-34.8	-26.4	-65.9	-140.2	-291.3	-58.3	-4.9
Guatemala	-7.3	-8.0	-14.0	-23.6	-32.8	-85.7	-17.1	-7.5
Dominican Republic	-4.2	-4.6	-8.1	-13.6	-18.9	-49.4	-9.9	-7.5
Nicaragua	-5.1	-5.6	-9.8	-16.5	-22.9	-59.9	-12.0	-7.5
Costa Rica	-5.7	-6.3	-10.9	-18.4	-25.6	-66.9	-13.4	-7.5
Honduras	-4.0	-4.3	-7.6	-12.8	-17.7	-46.4	-9.3	-7.5
El Salvador	-6.5	-7.1	-12.4	-20.9	-29.0	-75.9	-15.2	-7.5
Haiti	-1.5	-1.7	-2.9	-4.9	-6.8	-17.8	-3.6	-7.5
Panama	-6.4	-12.3	-14.1	-22.9	-33.5	-89.2	-17.8	-8.6
Jamaica	-9.0	-11.8	-26.9	-38.1	-41.3	-127.1	-25.4	-8.8
Brazil	-21.9	-43.9	-76.7	-65.8	-285.1	-493.4	-98.7	-9.0
Venezuela	-60.6	-106.0	-136.3	-181.7	-212.0	-696.6	-139.3	-9.2
Trinidad and Tobago	-7.6	-10.1	-22.8	-32.4	-46.8	-119.7	-23.9	-9.7
Guyana	-3.3	-4.3	-9.8	-13.9	-20.2	-51.5	-10.3	-9.8
Barbados	-2.1	-2.8	-6.3	-8.9	-12.9	-33.0	-6.6	-9.8
Ecuador	-5.7	-13.8	-21.3	-30.2	-36.8	-107.8	-21.6	-12.8
Region	-178.0	-320.1	-416.5	-609.4	-1,156.5	-2,680.5	-536.1	-5.5

1/ Fiscal years October 1 through September 30.

Table 7. Effect of Export Price Changes in Relation to 1965

(In millions of U.S. dollars)

	1966	1967	1968	1969	1970	1966-70	Average	Percentage
							1966-70	Change from 1965 to Av. 1966-70
Chile	136.8	89.8	96.7	267.4	220.4	811.1	162.2	23.5
Dominican Republic	15.2	13.8	29.0	40.0	33.1	131.1	26.2	20.9
Peru	113.0	77.4	91.7	173.9	246.5	702.5	140.5	20.5
Paraguay	4.3	2.4	3.6	5.5	10.9	26.7	5.3	8.7
Mexico	37.9	47.9	103.6	101.4	164.9	455.7	91.1	8.2
Jamaica	5.6	11.0	14.0	20.0	28.6	79.2	15.8	7.3
Guyana	6.3	7.2	3.2	6.6	9.4	32.7	6.5	6.3
Trinidad and Tobago	13.3	4.6	6.8	13.3	15.1	53.1	10.6	5.5
Uruguay	22.8	16.8	-1.9	6.3	4.2	48.2	9.6	5.0
Panama	3.1	3.6	7.1	5.4	4.0	23.2	4.6	5.0
Haiti	-0.2	3.0	-1.0	-0.3	4.7	6.2	1.2	3.1
Ecuador	-0.5	-1.1	2.3	-1.6	26.0	25.1	5.0	2.8
Barbados	0.9	0.5	0.9	1.2	n.a.	3.5	0.7	2.5
Nicaragua	0.9	-5.5	5.8	-1.9	8.2	7.5	1.5	1.0
Brazil	-62.2	-62.2	-92.5	--	287.2	70.3	14.1	0.9
Argentina	-6.0	16.4	-132.9	32.9	73.2	-16.4	-3.3	-0.2
Honduras	--	-1.3	-3.8	-6.5	1.3	-10.3	-2.1	-1.6
Venezuela	-44.7	-49.6	-44.7	-84.4	-44.7	-268.1	-53.6	-2.2
Bolivia	-5.0	-10.6	-11.4	-3.5	16.7	-13.8	-2.8	-2.4
Guatemala	-7.3	-10.0	-9.0	-6.9	10.5	-22.7	-4.5	-2.4
Costa Rica	1.1	-9.7	-15.2	-8.7	5.5	-27.0	-5.4	-4.8
Colombia	-20.7	-81.0	-70.9	-55.6	60.9	-167.3	-33.5	-5.7
El Salvador	-3.2	-14.7	-21.1	-24.3	-1.7	-65.0	-13.0	-6.9
Region	211.4	48.7	-39.7	480.2	1,184.9	1,885.5	377.1	3.5

1/ Fiscal years October 1 through September 30.

Table 8. Changes on Service and Transfer Account in Relation to 1965

(In millions of U.S. dollars)

	1966	1967	1968	1969	1970	1966-70	Average 1966-70	Percentage Change From 1965 to Av. 1966-70
Haiti ^{1/}	11.4	15.2	12.7	15.2	22.4	76.9	15.4	405.3
Paraguay	3.5	3.9	3.8	6.3	7.2	24.7	4.9	245.0
Jamaica	31.0	13.4	34.0	32.2	45.7	156.3	31.3	145.6
Barbados	8.4	6.3	13.4	12.0	17.2	57.3	11.5	56.9
Panama	22.7	31.5	52.0	27.9	84.5	218.6	43.7	51.7
Costa Rica	1.6	-25.4	-1.8	33.5	-6.6	1.3	0.3	37.5
Mexico	24.0	29.0	57.0	62.0	75.0	247.0	49.4	31.3
Colombia	32.0	-14.9	74.5	37.1	13.1	141.8	28.4	22.9
Chile	-8.1	-70.7	94.1	-10.9	26.5	30.9	6.2	10.1
Venezuela	-119.2	54.0	-86.5	-48.4	131.6	-68.5	-13.7	-1.5
Peru	-43.1	1.7	-66.3	-26.8	90.4	-44.1	-8.8	-11.4
Guatemala	-14.1	-4.5	-7.5	1.6	5.9	-18.6	-3.7	-24.2
Argentina	-40.9	-18.4	-41.5	-83.8	-51.0	-235.6	-47.1	-26.8
Nicaragua	2.9	0.9	-9.4	-10.4	-6.9	-22.9	-4.6	-36.5
Brazil	-63.3	22.1	-60.2	-176.1	-338.8	-616.3	-123.3	-57.3
Ecuador	-2.6	-11.4	-35.3	-25.4	-67.9	-142.6	-28.5	-57.3
Uruguay	1.3	-19.2	-23.0	-17.0	-30.1	-88.0	-17.6	-66.4
Honduras	0.4	-7.3	-17.2	-6.1	-10.2	-40.4	-8.1	-81.8
Dominican Republic	-13.0	-14.1	-6.8	-11.0	-16.2	-61.1	-12.2	-89.7
Guyana	-8.6	-9.4	-10.3	-12.2	-9.3	-49.8	-10.0	-100.0
Bolivia	--	-18.7	-29.0	-28.7	-19.1	-95.5	-19.1	-205.4
Trinidad and Tobago	-19.5	-58.0	-54.9	-69.0	-78.7	-280.1	-56.0	-361.3
El Salvador	-10.0	-8.2	-12.0	-11.5	-13.4	-55.1	-11.0	-785.7
Region	-203.2	-102.2	-120.2	-309.5	-128.7	-863.8	-172.8	-12.6

^{1/} Fiscal years October 1 through September 30.

4. Changes in long- and medium-term capital flows

Long- and medium-term capital flows were a distinctly positive factor in the region's balance of payments performance over the five-year period under review. The improvement on this account in relation to 1965 netted the region \$4.1 billion over the five-year period. Moreover, this improvement was markedly progressive through 1969, and the reversal of this progression in 1970 shown in Table 9 would disappear with the inclusion of the first allocation of Special Drawing Rights. This table ranks the individual countries in descending order of their gain over 1965 on long- and medium-term capital account measured in relation to their GDP. On this basis, Jamaica heads the list, followed by Guyana and Ecuador. Other countries that registered gains on this account of more than 1 per cent of GDP were Honduras, Colombia, Paraguay, Nicaragua, and Mexico. In all, 17 countries of the region registered gains. Only six suffered losses, and three of them--Trinidad and Tobago, the Dominican Republic and Peru--had losses of more than 1 per cent of GDP.

5. Special factors

Two cases during this period of mandatory repatriation of nationals' foreign funds were taken into account in calculating changes in import capacity. The first was Colombia's in 1967, which is estimated to have yielded about \$20 million, and the second case was Peru's in 1970, which is estimated to have yielded \$160 million.

6. Summary

Table 10 shows the combined balance of payments effects of the factors separately reviewed in this section--changes in export volume, changes in the terms of trade, changes on service and transfer account, changes in long- and medium-term capital flows, and special factors. For the region as a whole, the gain in import capacity in relation to 1965 amounted to \$8 $\frac{1}{4}$ billion over the five-year period as a whole. Except for 1967, this gain was progressive, rising to almost \$3.4 billion in 1970.

The individual countries are ranked in Table 10 in descending order of their percentage gain of import capacity in relation to their 1965 import value. Jamaica heads the list, followed closely by Chile. Both countries increased their capacity to import by better than 45 per cent. Other countries with gains of more than 25 per cent were Colombia, Mexico, Costa Rica, Brazil, Panama, and Haiti. The largest absolute gains were Mexico's \$2.2 billion, Brazil's \$2.1 billion and Chile's \$1.5 billion in the five years. In all, 17 countries increased their capacity, and only 6--Trinidad and Tobago, Argentina, El Salvador, Uruguay, the Dominican Republic, and Venezuela--suffered reductions.

Table 9. Changes in Long- and Medium-Term Capital Flows in Relation to 1965
(In millions of U.S. dollars)

	1966	1967	1968	1969	1970	1966-70	Average 1966-70	1966-70	1966-70
	Change as Percentage of GDP								
Jamaica	63.1	71.2	116.8	88.7	130.3	470.1	94.0	9.61	9.61
Guyana	7.4	15.6	4.0	7.1	11.4	45.5	9.1	4.17	4.17
Ecuador	16.9	15.9	35.6	45.0	98.6	212.2	42.4	3.16	3.16
Honduras	-0.3	2.7	17.3	15.3	31.9	66.9	13.4	2.33	2.33
Colombia	76.5	56.7	115.9	184.8	156.2	590.1	118.0	2.09	2.09
Paraguay	5.0	8.7	10.6	12.1	-1.0	35.4	7.1	1.45	1.45
Nicaragua	15.1	20.2	35.4	17.2	28.2	116.1	23.2	1.26	1.26
Mexico	95.0	390.0	302.0	469.0	390.0	1,646.0	329.2	1.19	1.19
Venezuela	-43.0	-81.0	191.0	161.0	143.0	371.0	74.2	0.87	0.87
Brazil	130.0	91.0	78.0	501.0	441.0	1,241.0	248.2	0.85	0.85
Panama	1.0	-10.9	-6.6	24.0	23.0	30.5	6.1	0.75	0.75
Guatemala	-0.8	11.1	14.8	10.0	16.4	51.5	10.3	0.65	0.65
Bolivia	-13.4	-6.3	24.2	22.9	-7.3	20.1	4.0	0.51	0.51
Uruguay	-3.9	-2.3	17.2	18.6	12.5	42.1	8.4	0.50	0.50
Costa Rica	2.3	-0.9	-6.4	4.3	15.5	14.8	3.0	0.42	0.42
Barbados	3.0	3.4	1.1	0.5	-7.0	1.0	0.2	0.18	0.18
Chile	-1.6	-8.4	10.4	2.7	4.6	7.7	1.5	0.03	0.03
Haiti	-2.1	-2.9	-1.9	-0.4	4.7	-2.6	-0.5	-0.12	-0.12
El Salvador	10.1	2.7	-5.7	-1.4	-13.3	-7.6	-1.5	-0.17	-0.17
Argentina	-25.5	-174.3	-110.8	-12.9	21.4	-302.1	-60.4	-0.35	-0.35
Peru	13.4	3.6	-74.9	-55.8	-183.1	-296.8	-59.4	-1.25	-1.25
Dominican Republic	-59.6	-40.7	-18.1	-13.1	22.4	-109.1	-21.8	-2.05	-2.05
Trinidad and Tobago	-37.3	-35.5	-33.1	-31.4	11.7	-125.6	-25.1	-3.17	-3.17
Region	251.3	329.6	716.8	1,469.2	1,351.1	4,118.0	823.6	0.73	0.73

1/ Fiscal years October 1 through September 30.

Table 10. Changes in Capacity to Import in Relation to 1965^{1/}
(In millions of U.S. dollars)

	1966	1967	1968	1969	1970	1966-70	Average 1966-70	Percentage Change From 1965 to Average 1966-70
	Jamaica	98.7	82.2	124.5	111.6	178.7	595.7	119.1
Chile	183.0	97.2	337.7	451.3	415.9	1,485.1	297.0	45.8
Colombia	51.4	13.1 ^{2/}	188.3	303.3	343.9	900.0 ^{2/}	180.0 ^{2/}	33.9
Mexico	163.0	365.0	395.0	747.0	543.0	2,213.0	442.6	33.7
Costa Rica	22.1	-0.7	38.5	92.9	86.4	239.2	47.8	33.2
Brazil	183.5	36.9	164.0	921.1	754.4	2,059.9	412.0	26.3
Panama	27.4	23.2	53.3	61.7	94.9	260.5	52.1	25.8
Haiti ^{3/}	7.3	4.6	6.3	8.7	20.4	47.3	9.5	25.5
Honduras	11.6	17.4	41.9	35.6	40.6	147.1	29.4	22.5
Guatemala	22.3	14.3	37.8	60.4	88.7	223.5	44.7	21.6
Bolivia	10.1	20.9	38.1	47.3	36.9 ^{4/}	153.3 ^{4/}	30.7 ^{4/}	19.7
Peru	48.9	100.6	37.7	136.1	425.8 ^{4/}	749.1 ^{4/}	149.8 ^{4/}	19.4
Barbados	10.5	9.7	9.4	2.0	1.0	32.6	6.5	11.9
Nicaragua	5.7	17.0	28.8	0.1	26.1	77.7	15.5	10.1
Guyana	4.2	20.8	-1.5	5.6	10.2	39.3	7.9	7.7
Ecuador	13.6	9.8	3.3	-12.4	43.1	57.4	11.5	7.5
Paraguay	5.0	6.7	4.4	5.4	1.6	23.1	4.6	6.3
Venezuela	-303.2	-76.0	12.5	-41.4	188.6	-219.5	-43.9	-2.7
Dominican Republic	-67.0	-30.3	0.5	12.4	56.3	-28.1	-5.6	-2.8
Uruguay	-4.2	-61.9	-26.5	26.2	34.3	-32.1	-6.4	-2.9
El Salvador	-6.6	6.0	-7.1	-19.2	-13.1	-40.0	-8.0	-3.7
Argentina	11.7	-253.0	-302.8	-60.1	71.0	-533.2	-106.6	-7.6
Trinidad and Tobago	-25.3	-38.7	-29.9	-49.7	-54.1	-197.7	-39.5	-16.4
Region	473.7	384.8 ^{2/}	1,154.2	2,845.9	3,394.6 ^{4/}	8,253.2 ^{2/4/}	1,650.6 ^{2/4/}	15.9

^{1/} Includes residuals in foreign trade balance after calculated changes in export and import volumes and effects of changes in terms of trade.

^{2/} Includes an estimated \$20 million mandatory return of flight capital in 1967.

^{3/} Fiscal years October 1 through September 30.

^{4/} Includes an estimated \$160 million mandatory return of flight capital in 1970.

V. The Demand for Imports

In the preceding section changes in the region's capacity to import in the period 1966-70 were quantified by major sources. The next step in the analysis is a comparison of the calculated import capacities with actual import levels--in other words, of the demand for imports or rates of import capacity utilization--over this five-year period of the countries of the region and of the region as a whole. Since changes in import prices over the period under review were already accounted for as part of the calculated changes in the terms of trade--which, it will be recalled, were treated as one of the factors affecting the capacity to import--the demand for imports is defined here in terms of 1965 prices.

After comparing the demand for imports with the capacity to import, an attempt is made in this section to explain divergences in the behavior of the two in relation to national policies in four separate fields-- (1) import taxation; (2) import and exchange restrictions; (3) credit policy; and (4) exchange rate changes.

The region's import demand increased very rapidly from year to year over the five-year period under review. In absolute terms, the area's average annual import volume in this period was some \$2.2 billion, or more than 22 per cent, above its 1965 level, and the increase reached almost \$4 billion in 1970.

The performance of the individual countries is presented in Table 11, which ranks them in descending order of their percentage gain of import volume, in relation to 1965, over the five-year period as a whole. This table shows Brazil as having had the largest import expansion by far, both in relative and absolute terms--average annual imports in this period of about \$800 million, or 73 per cent, above their 1965 level. Other countries that had large percentage increases in import demand were Colombia, the Dominican Republic, Chile, and Honduras. In all, 21 countries registered increased import volumes and only 2--Trinidad and Tobago and Haiti--suffered reductions.

More relevant to the present analysis is a country-by-country comparison of changes in import demand in relation to changes in capacity to import--in other words, the degree of under- or overutilization of import capacity. These comparisons are shown in Table 12, which ranks the individual countries in ascending order of the percentage increase, in relation to 1965, in the rate of utilization of their import capacity over the five-year period as a whole. In all, 11 countries reduced the rate of utilization of their capacity to import, and 12 countries increased their rate of utilization. Haiti shows the largest reduction of almost 25 per cent, followed a considerable distance behind by Jamaica with a reduction of about one third of Haiti's size. At the other end of the spectrum, the Dominican Republic had the highest rate of acceleration of import capacity utilization--with 62½ per cent--followed by Brazil with 37 per cent and Uruguay with 33 per cent.

Table 11. Import Volume Changes in Relation to 1965
(In millions of U.S. dollars in 1965 prices)

	1966	1967	1968	1969	1970	1966-70	Percentage Change from	
							Average 1966-70	1965 to Av. 1966-70
Brazil	370.5	506.9	896.0	1,040.1	1,178.4	3,991.9	798.4	72.8
Colombia	234.0	39.0	189.0	252.0	365.0	1,079.0	215.8	47.0
Dominican Republic	41.1	55.8	74.5	81.8	130.3	383.5	76.7	42.9
Chile	170.7	149.3	258.2	278.5	341.8	1,198.5	239.7	38.4
Honduras	22.6	37.6	52.2	45.5	71.6	229.5	45.9	37.0
Uruguay	12.3	17.5	4.6	66.8	109.9	211.1	42.2	28.9
Paraguay	13.6	15.8	21.7	21.5	9.3	81.9	16.4	26.9
Jamaica	28.6	39.9	62.9	98.6	137.8	367.8	73.6	25.5
Bolivia	19.5	36.4	41.7	44.5	42.3	184.4	36.9	25.3
Panama	19.0	29.0	41.0	56.0	96.0	241.0	48.2	23.2
Mexico	40.0	144.0	369.0	463.0	720.0	1,736.0	347.2	22.3
Barbados	6.3	6.3	9.3	18.0	30.0	69.9	14.0	20.7
Costa Rica	-4.3	7.6	24.0	43.5	98.6	169.4	33.9	19.0
Ecuador	-3.6	18.4	48.2	53.2	34.4	150.6	30.1	17.8
Nicaragua	16.0	36.7	13.7	0.2	13.5	80.1	16.0	10.0
Guatemala	-14.9	9.6	20.6	22.5	36.4	74.2	14.8	6.5
Guyana	8.7	19.9	-5.2	-1.5	7.7	29.6	5.9	5.6
Peru	72.1	144.3	0.2	-11.9	5.0	209.7	42.0	5.4
Argentina	-96.3	-134.0	-54.6	295.3	305.4	315.8	63.2	5.3
Venezuela	-97.0	-85.0	115.0	111.0	244.0	288.0	57.6	3.8
El Salvador	11.9	14.4	1.3	-10.6	-15.1	1.9	0.4	0.2
Haiti	-0.6	-4.9	-7.4	-4.4	4.0	-13.3	-2.7	-5.7
Trinidad and Tobago	-24.6	.44.9	-64.0	.44.3	-31.9	-209.7	-42.0	-17.1
Region	845.6	1,059.6	2,111.9	2,919.3	3,934.4	10,870.8	2,174.2	22.3

1/ Fiscal years October 1 through September 30.

Table 12. Indexes of Utilization of Capacity to Import

	1965	1966	1967	1968	1969	1970	1966-70	Percentage Change from 1965 to Av. 1966-70
Haiti ^{1/}	128.2	105.8	102.4	92.6	94.3	89.8	96.5	-24.7
Jamaica	111.3	88.6	96.2	91.6	104.4	97.4	95.7	-14.0
Guatemala	110.7	93.5	107.9	102.0	94.1	89.8	97.0	-12.4
Peru	100.1	102.9	105.1	95.4	83.8	64.9	88.4	-11.7
Costa Rica	124.0	104.9	129.9	111.0	93.8	120.3	110.8	-10.6
Mexico	118.6	108.3	101.4	112.8	98.1	122.7	108.5	-8.5
Chile	96.3	95.6	103.8	89.5	82.1	90.8	91.4	-5.1
Panama	102.9	98.9	105.2	97.5	100.1	102.4	100.8	-2.0
Guyana	102.5	106.6	101.4	98.9	95.9	100.1	100.6	-1.9
Trinidad and Tobago	101.8	102.4	99.1	85.9	105.1	114.2	101.0	-0.8
Nicaragua	104.2	110.5	115.3	95.3	104.3	96.6	104.1	-0.1
El Salvador	94.4	103.2	98.4	98.3	98.3	93.1	98.3	4.1
Bolivia	93.4	99.5	102.9	96.5	93.6	97.5	97.8	4.7
Venezuela	94.5	109.1	93.6	100.9	104.1	98.2	100.8	6.7
Barbados	123.6	113.3	114.8	120.0	151.0	175.2	133.3	7.8
Ecuador	109.7	98.7	114.4	138.1	157.0	103.2	120.3	9.7
Colombia	86.5	119.1	91.6	90.2	85.3	94.2	95.0	9.8
Honduras	94.9	103.1	109.2	102.1	102.0	114.3	106.2	11.9
Argentina	85.2	77.7	92.3	103.6	110.9	101.8	97.0	13.8
Paraguay	83.9	96.0	96.7	107.3	105.6	94.6	100.1	19.3
Uruguay	65.5	72.4	101.6	76.7	85.5	99.5	87.0	32.8
Brazil	69.9	83.7	99.9	115.0	85.8	97.9	95.7	36.9
Dominican Republic	65.0	127.0	108.6	101.4	99.2	101.1	105.6	62.5
Region	93.6	97.3	100.1	102.5	95.5	99.1	98.8	5.6

^{1/} Fiscal years October 1 through September 30.

Notwithstanding its ranking among the top three in terms of acceleration since 1965 of its rate of import capacity utilization, Uruguay still had the lowest absolute utilization rate--with 87 per cent--followed by Peru with 88 per cent and Chile with 91 per cent. Other countries with low but appreciably increased utilization rates were Brazil and Colombia. Barbados had the highest absolute utilization rate with more than 133 per cent, followed by Ecuador with 120 per cent and Costa Rica with 111 per cent. Costa Rica's still appreciable rate of overutilization had come down from its 1965 level, but Barbados and Ecuador had widened further their margins of overutilization.

The region's utilization rate of its import capacity was about $5\frac{1}{2}$ per cent higher in 1966-70 on the average, and also in 1970, than it had been in 1965, but it still retained a small margin of underutilization of capacity--about 1 per cent--over the five-year period as a whole as well as in 1970. In assessing these results, it is, however, important to bear in mind that a 100 per cent rate of utilization of import capacity, by definition, precludes any international reserve gain, save for inflows of short-term funds and allocations of SDRs. As a matter of policy, some countries may, therefore, feel constrained to hold the rate of import capacity utilization below the 100 per cent level, if not in every year, then at least over a period of the length of the one examined here.

1. Changes in import taxation

Table 13 presents a measurement of the weight of import taxation in Latin America and the Caribbean in terms of annual ratios of import tax yields to c.i.f. import values, a measuring technique that has the drawback of concealing the effect of import tax rates that are prohibitive. The table ranks the individual countries in descending order of the weight of their import taxation over the five-year period as a whole. It reveals that, with only a few exceptions, this weight has not changed significantly between 1965 and the average for 1966-70. The exceptions were Uruguay, where import taxation increased significantly, and Honduras, Argentina, Paraguay, Costa Rica, and Nicaragua, where it diminished appreciably. In Brazil the weight of this taxation dropped sharply from 1966 to 1967, but went part of the way up again in 1968. For the region as a whole, the weight of import taxation declined by about $1\frac{1}{2}$ percentage points. One has to conclude, therefore, that changes in import taxation probably did not contribute significantly to changes in intensity of import capacity utilization.

2. Changes in exchange and nontariff import restrictions

Extensive systems of exchange and nontariff import restrictions designed to give balance of payments relief are the exception rather than the rule in Latin America and the Caribbean. About two thirds of the countries in the area--15 in all--have eschewed the use of exchange restrictions, multiple exchange rates and discriminatory currency arrangements as permanent instruments for managing their balances of payments, by accepting the regime prescribed by Article VIII of the Articles of Agreement of the International Monetary Fund. Most of the countries in the area have no extensive exchange controls at all, and only very few of

Table 13. Ad Valorem Weights of Import Taxation

(In per cent of c.i.f. import value)

	1965	1966	1967	1968	1969	1970	Average 1966-70
Ecuador	36.5	38.3	43.0	39.4	38.9	34.5	38.7
Dominican Republic	35.8	40.3	36.1	35.0	37.7	32.1	35.8
Paraguay	41.4	31.3	29.6	26.6	26.9	27.2	28.2
Peru	24.1	24.1	23.2	24.7	27.2	27.0	25.1
Haiti ^{1/}	18.2	18.9	20.5	24.1	23.0	19.5	21.1
Uruguay	12.5	21.5	16.9	15.3	17.2	20.3	18.3
Argentina	26.6	24.6	19.0	16.3	17.2	14.6	17.9
Chile	17.2	17.8	17.3	17.4	19.3	17.3	17.8
Jamaica	16.0	15.6	16.7	19.0	19.2	17.3	17.7
Bolivia	16.7	16.1	17.0	15.8	15.6	17.5	16.4
Colombia	16.1	20.3	15.8	14.1	14.5	15.6	16.1
Guyana	15.5	16.5	15.6	16.5	17.5	14.9	16.1
Costa Rica	19.6	19.5	15.6	12.4	12.0	12.3	13.9
Guatemala	15.4	14.3	12.1	11.2	12.1	12.0	12.3
Trinidad and Tobago	11.3	12.4	12.5	11.4	10.9	11.0	11.6
Mexico	12.4	11.3	11.7	10.9	9.9	11.0	10.9
El Salvador	12.4	11.3	10.6	9.8	10.8	12.1	10.9
Brazil	11.7	13.7	7.4	11.4	11.8	10.0	10.8
Nicaragua	13.4	11.7	10.2	10.1	9.2	8.9	10.0
Barbados	9.9	9.4	10.5	9.0	9.9	9.8	9.7
Panama	9.6	9.0	9.2	8.6	8.5	10.5	9.2
Honduras	13.5	10.7	9.5	9.5	7.5	7.4	8.8
Venezuela	6.7	7.3	6.9	6.2	6.5	6.7	6.7
Region	15.9	16.2	14.0	13.8	14.3	13.5	14.3

^{1/} Fiscal years October 1 through September 30.

those that have, use them to restrict international payments other than those for capital transfers, remittances of earnings from foreign investments or foreign travel of residents. Several countries of the region use restrictive import quotas and prohibitions. In a number of cases--particularly in Mexico, Venezuela and the Caribbean countries--these devices are being used mainly to protect local industry, and only in a few countries--notably Chile and Colombia--quantitative import restrictions serve prominently as a substitute for exchange restrictions. Chile, Colombia, Ecuador, and Uruguay also rely for the latter purpose on advance import deposit requirements.

More relevant to the present analysis than their absolute level of restrictiveness are changes in these restrictive practices during the five-year period under review. In this respect, only two countries of the area--the Dominican Republic and Peru--had appreciably more restrictive exchange and trade systems at the end of this five-year period than at its beginning. Payments arrears began to accumulate in the Dominican Republic in mid-1966. The sale of official exchange for certain invisible payments was subsequently discontinued and quantitative import restrictions, including prohibitions, were applied to a number of commodities, but the commodities so restricted could continue to be brought in if paid for with the importer's own exchange. After the Central Reserve Bank of Peru briefly withdrew from the exchange market, this market was in October 1967 split in two--a "certificate" market for all receipts and payments for merchandise trade, all operations of the government and of government entities and certain current invisibles and capital transactions, and a "draft" market for all other receipts and payments. Access to the "draft" market was initially unrestricted, but in May 1970 the exchange controls previously applicable to the "certificate" market were also extended to the "draft" market. Moreover, the importation of a number of commodities considered nonessential has been prohibited since May 1968.

One country--Haiti--introduced restrictions on current payments in the five-year period under review but dismantled them toward the end of this period. The restrictions began to be applied in mid-1967. They caused a progressive accumulation of payments arrears, but these were paid off before the end of 1970.

In one country in the area--Uruguay--experimentation with new restrictions alternated during this period with liberalization measures. Advance import deposit requirements and special financing requirements for imported capital goods were removed in 1968, but basic exchange allowances for certain invisible payments were introduced in 1969. On balance, the restrictiveness of Uruguay's trade and payments system probably remained broadly constant over the five-year period.

Four countries of the area--Argentina, Brazil, Chile, and Colombia-- seem to have de-emphasized their reliance on exchange and nontariff import restrictions during the period under review. Argentina's case is special in that the early part of this period was characterized by efforts to dismantle restrictions while its end was marked by a trend in the opposite direction. Thus, import prohibitions were eliminated and prior import deposit requirements lowered in 1966. However, toward the end of this five-year period, the exchange market was briefly closed and then reopened only gradually, and when it was fully operative again certain restrictions on capital movements were in place.

Brazil removed quantitative restrictions from nonessential import commodities in 1966 and kept its exchange system generally free from restrictions throughout the five-year period. Chile's liberalization process in this period involved the elimination of payments arrears, a major expansion of the list of permitted imports and a partial dismantling of advance import deposit requirements, but its exchange and trade system still retained major restrictive features even after this liberalization. Colombia's efforts in the same direction included a broadening of the list of imports exempt from licensing and more liberal licensing policies for imports still subject to this requirement, but the practices of this country, too, still remained rather restrictive as the period under review came to a close.

3. Credit policy

It is generally recognized that domestic financial policy is a powerful tool of balance of payments management. In developing countries, financial policy probably is most accurately represented by changes in the volume of bank credit, which follow rather closely the changing needs for funds both of the public and private sectors, and hence reflect fiscal as well as monetary policies. An analysis of the factors that determined the level of import demand would, therefore, be incomplete without some attempt to quantify the role that credit policy played. However, a measurement of the effects on import demand of a given credit policy is made difficult by the fact that this policy--and the financial policy mix for which it is a proxy--influences not only the balance of payments performance but also the level of domestic prices. Hence, credit policy can be judged only in terms of its combined effect on these two variables.

Given this characteristic of credit policy, the methodology followed here permits judgments of the effectiveness of credit policies pursued in Latin America and the Caribbean during the period under review in terms of their combined balance of payments and domestic price effects. In essence, this methodology satisfies the need to bring to a common denominator annual balance of payments performances and annual price changes, the former defined in terms of net international reserve movements and the latter as changes in domestic price levels--as a rule, levels of consumer prices--deflated by changes in import prices. International reserve movements and changes in domestic prices relative to those in the rest of the world can both be related to changes in the stock of money and

quasi-money. The translation of international reserve movements into changes in the money and quasi-money stock was a straightforward one-to-one proposition, and the price effect was calculated by applying the percentage change of domestic relative to import prices during the year to the stock of money and quasi-money at the beginning of the year. The two calculated effects were then added or netted, and this sum or difference was taken to represent domestic bank credit expansions or contractions in excess or short of those that would have been consistent with external and internal equilibrium. These credit excesses or shortfalls were then related to the observed annual changes in bank credit in order to derive indexes of credit expansions in excess or short of those that would have been consistent with absolute balance of payments equilibrium and absolute domestic price stability relative to prices in the rest of the world.

The results of these calculations are shown in Table 14, which ranks countries in ascending order of their excess credit expansions so defined over the five-year period as a whole. For what it is worth, the region as a whole appears to have been expanding credit over this period at a rate about 21 per cent beyond the equilibrium point. In all, 12 countries showed up with lower than equilibrium rates of credit expansion and 11 countries with higher than equilibrium rates.

Haiti had the lowest rate of credit expansion on the definitions used--76 per cent--followed by Guatemala with 79 per cent and Venezuela with 82 per cent. Uruguay had the highest rate of credit expansion--so high that it defies quantification--followed by Chile and Brazil both with $148\frac{1}{2}$ per cent.

There is some convergence between these calculations and the calculations of import capacity utilization presented in Table 12, but the degree of convergence is not overly impressive. For example Haiti, Guatemala and Jamaica followed restrained credit policies and had rates of import capacity utilization that were both low in absolute terms and appreciably reduced in comparison with 1965. At the other end of the spectrum, Barbados, Mexico and Nicaragua followed fairly expansionary credit policies and had high rates of import capacity utilization, but only Barbados' capacity utilization rate was higher in this five-year period than in 1965 while Mexico's and Nicaragua's were lower. Uruguay, Brazil and Argentina, which also followed expansionary credit policies, had appreciably higher utilization rates in this five-year period than in 1965, but these increased rates still left all three countries with significant margins of underutilization of import capacity.

Table 14. Indexes of Credit Expansion in Excess or Short of That Consistent With External and Internal Equilibrium

(Credit expansion consistent with external and internal equilibrium = 100)

	1966	1967	1968	1969	1970	1966-70
Haiti ^{1/}	150.0	471.4	90.9	75.0	4.2	75.8
Guatemala	101.3	139.9	85.7	63.4	37.1	79.4
Venezuela	113.1	60.0	84.3	85.4	85.9	82.0
Costa Rica	208.8	240.5	93.4	14.2	448.1	85.0
El Salvador	116.9	314.3	65.0	95.8	21.7	86.9
Jamaica	--	137.2	53.7	116.4	97.2	87.1
Paraguay	142.5	109.7	89.4	83.4	65.6	88.9
Panama	85.4	94.6	94.1	132.1	84.2	93.7
Dominican Republic	2/	213.0	62.6	59.0	107.7	94.7
Trinidad and Tobago	112.1	167.1	4.0	113.3	136.3	95.5
Ecuador	71.1	81.7	109.6	95.8	110.5	98.2
Honduras	70.4	95.4	74.3	101.9	130.3	99.7
Nicaragua	90.6	432.8	70.0	110.2	43.5	105.4
Mexico	118.3	101.2	119.0	107.4	100.9	107.8
Barbados	272.7	1,060.0	38.6	92.3	213.8	114.1
Guyana	138.2	2/	72.6	112.1	121.3	116.7
Argentina	163.3	99.9	131.8	133.6	129.6	129.4
Colombia	497.2	85.4	96.1	133.7	113.7	131.0
Peru	157.5	2/	2/	100.7	41.4	131.7
Bolivia	155.8	2/	112.2	93.9	94.9	138.0
Brazil	2/	238.0	155.2	113.2	67.9	148.4
Chile	155.3	217.6	176.6	55.9	176.2	148.6
Uruguay	2/	1,203.4	2/	329.4	585.7	2/
Region	208.3	130.0	131.5	110.5	96.0	120.9

^{1/} Fiscal years October 1 through September 30.

^{2/} Very high rates of excess credit expansion defying quantification because they occurred in periods when external and internal equilibrium would have called for a credit contraction but an expansion took place.

Examples of divergent results were Costa Rica and the Dominican Republic with restrained credit policies and fairly high rates of import capacity utilization, but only the latter and not the former had a higher utilization rate than in 1965. Paraguay, which also followed restrained credit policies, showed a sharp increase in its rate of utilization over 1965, but its utilization rate over the five-year period under review still was very closely balanced with its import capacity. Chile, Peru and Colombia followed expansionary credit policies but had low rates of import capacity utilization. Peru's and Chile's utilization rates were appreciably lower than in 1965 but Colombia's was significantly higher.

The relationship between credit policy and import capacity utilization is shown in Table 15. This table distinguishes between "restrained", "reasonably balanced" and "expansionary" credit policies, and between "underutilization", "reasonably balanced utilization" and "overutilization" of import capacity. A "reasonably" balanced credit policy has been defined as a credit expansion that is within 2 per cent above or below that calculated to be consistent with balance of payments equilibrium and stability of the domestic price level relative to that of the rest of the world; any credit expansion smaller than this has been classified as a "restrained" policy; and any credit expansion greater than this as an "expansionary" policy. A "reasonably balanced" utilization of import capacity has been defined as a utilization rate within $2\frac{1}{2}$ per cent of capacity; any rate of utilization lower than $97\frac{1}{2}$ per cent as "underutilization"; and any rate higher than $102\frac{1}{2}$ per cent as "overutilization".

This classification is related to the classification of balance of payments performances presented in Table 3. It will be recalled that an "indifferent" balance of payments performance--one that approximates balance of payments equilibrium--has been defined as one ranging between a surplus equal to one quarter of 1 per cent of GDP and a deficit of the same size. This definition has been carried over into the classification of countries in Table 15 by translating it into a rate of utilization of import capacity that is consistent with approximate balance of payments equilibrium. This has been done by applying the one quarter of 1 per cent of the region's average annual GDP of $\$113\frac{1}{2}$ billion over the five-year period under review to its average annual import capacity of $\$12$ billion in the same period. This yielded a permissible margin of some $\$285$ million above or below the region's annual average import capacity, which is a margin of utilization of some $2\frac{1}{2}$ per cent above or below the calculated import capacity. Adding to this $\$285$ million margin an allowance of $\$290$ million for the effect of a permissible divergence of domestic prices from those in the rest of the world of 1 per cent per annum--probably the maximum permissible over a five-year period, barring an exchange rate adjustment--and relating the sum of the two to the region's $\$29$ billion average stock of money and quasi-money in the five-year period under review, one arrives at the 2 per cent permissible margin for credit expansion above or below that consistent with absolute balance of payments equilibrium and absolute stability of domestic prices in relation to those in the rest of the world.

Following this methodology, the conclusion emerges that the financial policy mix yielded the expected balance of payments results in a number of countries of the region, but failed to do so in others.

Table 15. Relationship Between Domestic Financial Policy
and Balance of Payments Management, 1966-70

<u>Index of Credit Expansion in Excess or Short of That Consistent with External and Internal Equilibrium</u>		<u>Index of Import Capacity Utilization</u>
Region	120.9	98.8
<u>"Restrained" credit policy</u>		<u>"Underutilization" of import capacity</u>
Haiti 1/	75.8	96.5
Guatemala	79.4	97.0
Jamaica	87.1	95.7
<u>"Restrained" credit policy</u>		<u>"Reasonably balanced utilization" of import capacity</u>
Venezuela	82.0	100.8
El Salvador	86.9	98.3
Paraguay	88.9	100.1
Panama	93.7	100.8
Trinidad and Tobago	95.5	101.0
<u>"Restrained" credit policy</u>		<u>"Overutilization" of import capacity</u>
Costa Rica	85.0	110.8
Dominican Republic	94.7	105.6
<u>"Reasonably balanced" credit policy</u>		<u>"Overutilization" of import capacity</u>
Ecuador	98.2	120.3
Honduras	99.7	106.2
<u>"Expansionary" credit policy</u>		<u>"Underutilization" of import capacity</u>
Argentina	129.4	97.0
Colombia	131.0	95.0
Peru	131.7	88.4
Brazil	148.4	95.7
Chile	148.6	91.4
Uruguay	2/	87.0
<u>"Expansionary" credit policy</u>		<u>"Reasonably balanced utilization" of import capacity</u>
Guyana	116.7	100.6
Bolivia	138.0	97.8
<u>"Expansionary" credit policy</u>		<u>"Overutilization" of import capacity</u>
Nicaragua	105.4	104.1
Mexico	107.8	108.5
Barbados	114.1	133.3

1/ Fiscal years October 1 through September 30.

2/ Very high rate of excess credit expansion defying quantification because external and internal equilibrium would have called for a credit contraction in this period but an expansion took place.

4. Exchange rate policy

Exchange rate policy was a powerful tool of balance of payments management in several countries of the region in the five-year period under review. In all, 11 countries depreciated their currencies during this period, and 1 country performed a very minor effective appreciation of its currency.

The one currency appreciation occurred in Bolivia at the end of 1967, when the authorities of that country reduced a tax on exchange sales from 2 per cent to 1.6 per cent in order to bring the exchange rate structure within the margins prescribed by the Articles of Agreement of the International Monetary Fund.

Five countries--Barbados, Ecuador, Guyana, Jamaica, and Trinidad and Tobago--depreciated^{1/} their currencies by the straightforward method of adjusting their par values. The four Caribbean countries followed the United Kingdom in November 1967 and devalued their currencies by 14.3 per cent to match the adjustment of the pound sterling.

Ecuador devalued its currency by 38.9 per cent in August 1970. However, the effective rate of depreciation was smaller than this because Ecuador unified on that occasion the free market with the official one, and the rate in the former used to fluctuate freely in response to market forces and hence was at most times significantly depreciated in relation to the official rate. The price level in Ecuador rose by 35 per cent in the five years under review.

One country--Peru--moved in the opposite direction and split its exchange market after the sol had depreciated. The Central Reserve Bank of Peru withdrew from the then unified exchange market in September 1967, and for a short time allowed the exchange rate to find its own level. It then pegged the rate in October of that year at a level 44.3 per cent more depreciated than the one from which it had withdrawn support. At the same time, the exchange market was split into a "certificate" and a "draft" market, and the rate in the latter was initially allowed to move in response to market forces, but there was growing interference with these forces until the "draft" rate, too, was pegged in mid-May 1970 at a level 12.5 per cent more depreciated than the "certificate" rate. The price level in Peru rose by 57 per cent in the five years under review.

Costa Rica's exchange market was at the beginning of 1967 split into two--an official and a free market--but these two markets were reunified again before the period under review came to an end. The exchange rate in the official market remained unchanged throughout. The rate in the free market was allowed to move broadly in response to market forces, and it depreciated steadily at first, going in the first quarter of 1968 to a level as much as 25 per cent depreciated in relation to the official rate. But then the free market rate appreciated progressively until it approximated the official rate so closely that a reunification of the two markets was performed at the end of 1969.

^{1/} All measurements of exchange rate changes are given in this paper as percentage changes of the local currency value of foreign currencies.

Two countries--Argentina and Uruguay--went through a series of exchange rate adjustments in this period. Argentina performed five adjustments, for a cumulative depreciation of 112.7 per cent. The price level in Argentina, meanwhile, rose by 135 per cent. Uruguay adjusted the exchange rate in early 1966, then allowed it to depreciate from May 1966 until November 1967, and subsequently performed two more exchange rate adjustments. The cumulative depreciation of the peso amounted to 324.4 per cent, and the price level in Uruguay rose by 711 per cent over this five-year period.

Three countries--Chile, Colombia and Brazil--used a novel technique--the so-called "crawling peg". This technique consists of frequent small adjustments of the exchange rate by act of the monetary authorities. Chile was the first country to adopt this technique back in late 1962. Over the five-year period under review, the exchange rate in the "banking" market was depreciated by a cumulative 252 per cent and the rate in the "brokers" market by a cumulative 240 per cent. The price level in Chile, meanwhile, rose by 218 per cent.

Colombia adopted this system of exchange rate adjustment in March 1967, and from then until the end of 1970 the peso depreciated by a cumulative 41.7 per cent. However, the effective rate of depreciation was smaller than this, because a unification of the exchange system was performed in June 1968, when the depreciating "certificate" rate--the rate in the major market--had gone just about half the indicated distance and had pulled up to the level of the rate in the so-called "capital" market. The "capital" market itself had previously undergone a major transformation. Initially, it was a market with a fluctuating exchange rate, but in November 1966 this exchange rate was pegged at its terminal level, which represented an appreciation of 11 per cent in relation to the rate in the free market at the end of 1965. The price level in Colombia rose by 48 per cent in the five-year period under review.

Brazil adopted the "crawling peg" in August 1968. From the beginning of 1966 to that time its exchange rate was adjusted three times for a cumulative depreciation of 63.6 per cent. From the adoption of the "crawling peg" in August 1968 until the end of 1970, the exchange rate was depreciated by a cumulative 36.1 per cent. The cumulative depreciation of the cruzeiro over the full five-year period amounted to 122.2 per cent. The price level in Brazil, meanwhile, rose by 218 per cent.

5. Summary

To summarize, changes in the weight of import taxation and in the level of restrictiveness of nontariff import and exchange restrictions do not seem to have played major roles in import demand management during the five-year period under review. Besides, the effects of these policy instruments are, at best, very difficult to quantify. Ten countries of the region--Haiti, Guatemala, Venezuela, Costa Rica, El Salvador, Jamaica, Paraguay, Panama, the Dominican Republic, and Trinidad and Tobago--observed restraint in their domestic financial policies, and by doing so, moderated

their demand for imports. Eleven countries--Uruguay, Chile, Brazil, Argentina, Peru, Colombia, Ecuador, Barbados, Guyana, Jamaica, and Trinidad and Tobago--achieved the same purpose by adjusting their exchange rates. Two countries--Jamaica and Trinidad and Tobago--thus, used both policy instruments in this period, and three--Bolivia, Mexico and Nicaragua--do not seem to have used either to restrain import demand positively.

Following the method used for estimating the intensity of credit restraint, an attempt has been made to quantify also the effects of the exchange rate adjustments during this five-year period. Table 16 shows the calculated effects over the period as a whole, in combination with those ascribed to the financial policy mix. This table ranks countries in ascending order of their credit expansions in excess of those consistent with external, but not necessarily with internal, equilibrium. What is most striking about this table is that it comes close to an inversion of Table 14, which ranked countries in ascending order of their credit expansions in excess of those consistent with external as well as internal equilibrium. For example, Uruguay, which had the highest rate of excess credit expansion on the latter test--so high, in fact, that it could not be quantified--shows up in Table 16 as the country with the second lowest index of expansion, and Chile, which was next to the bottom in Table 14, is at the very top in Table 16. Other countries that come close to appearing in inverse order in the two tables are Argentina, Brazil and Peru. Another interesting observation is that 7 of the 11 countries that adjusted their exchange rates in this five-year period seem to have more than compensated by this action for any credit expansion that was inconsistent with combined external and internal equilibrium. Three countries had no need so to compensate. Colombia alone did not quite manage a full compensation, but it came very close to achieving it.

Finally, a comment seems to be in order on the relative importance of the domestic financial policy mix and exchange rate policy in this period. The countries that followed restrained credit policies were, by and large, the smaller ones, while all the larger ones, save Mexico, followed active exchange rate policies, some of them very much so. Because of the weight that these countries have, exchange rate policy emerges as the most powerful instrument of balance of payments management in the period reviewed for the region as a whole. This becomes evident with striking clarity from the sharp contrast between the region's more than 20 per cent excess credit expansion in terms of the combined dictates of external and internal equilibrium, and the close to 20 per cent shortfall from the equilibrium level dictated by external considerations alone.

Table 17 shows the relationship between the combination of domestic financial and exchange rate policies and balance of payments management, just as Table 15 showed the relationship between domestic financial policy alone and balance of payments management.

Table 16. Indexes of Combined Effect of Credit and Exchange Rate Policies, 1966-70

(Credit expansion consistent with external equilibrium = 100)

Chile	40.4
Uruguay	54.3
Argentina	69.1
Peru	70.2
Brazil	71.7
Haiti ^{1/}	75.8
Jamaica	75.8
Ecuador	76.5
Guatemala	79.4
Trinidad and Tobago	80.0
Venezuela	82.0
Costa Rica	85.0
El Salvador	86.9
Paraguay	88.9
Guyana	93.2
Panama	93.7
Dominican Republic	94.7
Barbados	98.0
Honduras	99.7
Colombia	100.8
Nicaragua	105.4
Mexico	107.8
Bolivia	138.0
Region	80.4

^{1/} Fiscal years October 1 through September 30.

Table 17. Relationship Between Combination of Domestic Financial and Exchange Rate Policies and Balance of Payments Management, 1966-70

Index of Credit Expansion in Excess or Short of That Consistent with External Equilibrium	Index of Import Capacity Utilization	Short-Term Capital Movements as Percentage of Import Capacity	Net International Reserve Gains or Losses (-) as Percentage of Import Capacity
Region	80.4	4.3	5.5
<u>"Active" policy</u>			
Chile	40.4	0.6	9.2
Uruguay	54.3	-6.0	7.0
Argentina	69.1	6.1	9.1
Peru	70.2	-5.8	5.8
Brazil	71.7	9.6	13.9
Haiti	75.8	-2.6	0.9
Jamaica	75.8	-1.3	3.0
Guatemala	79.4	-1.7	1.4
<u>"Underutilization" of import capacity</u>			
	98.8		
<u>"Reasonably balanced utilization" of import capacity</u>			
<u>"Active" policy</u>			
Trinidad and Tobago	80.0	1.6	0.6
Venezuela	82.0	2.6	1.8
El Salvador	86.9	-2.2	-0.5
Paraguay	88.9	1.3	1.2
Guyana	93.2	-1.2	-1.8
Panama	93.7	1.3	0.5
<u>"Overutilization" of import capacity</u>			
<u>"Active" policy</u>			
Ecuador	76.5	21.9	1.6
Costa Rica	85.0	12.1	1.4
Dominican Republic	94.7	4.3	-1.3
Barbados	98.0	33.0	-0.2
<u>"Neutral" policy</u>			
Colombia	100.8	0.8	5.8
<u>"Neutral" policy</u>			
Honduras	99.7	5.9	-0.3
<u>"Passive" policy</u>			
Bolivia	138.0	-2.6	-0.5
<u>"Passive" policy</u>			
Nicaragua	105.4	2.9	-1.2
Mexico	107.8	10.4	1.8

The classification used in Table 17 is "active", "neutral" and "passive" policies, and this classification follows the same criteria as the ones used in Table 15 for distinguishing between "restrained", "reasonably balanced" and "expansionary" credit policies. To round out the picture, Table 17 also shows short-term capital movements and net international reserve changes in terms of equivalents of import capacity utilization rates.

VI. Short-Term Capital Movements

Table 18 presents changes from 1965 in short-term capital movements, including errors and omissions, during 1966-70. This table ranks the countries of the region in descending order of the changes over this five-year period as a whole in relation to GDP. On this basis, Uruguay had the largest positive change in short-term capital flows, followed by the Dominican Republic and Barbados. Haiti, Guyana and Guatemala, in this order, suffered the largest reversals on this account. The region as a whole registered over this period a gain on short-term capital account of \$3.6 billion in relation to 1965. This gain was equivalent to about two thirds of 1 per cent of the regional GDP.

Another indication of the significance of short-term capital flows is given in Table 17, where the absolute magnitudes of these flows--rather than their changes from 1965--are presented in relation to import capacity. On this basis, these flows added about $4\frac{1}{2}$ per cent to the region's capacity to import over the period under review. On this latter measurement, Barbados heads the list with an addition of 33 per cent, followed by Ecuador with 22 per cent and Costa Rica with 12 per cent. Uruguay, which headed the list of beneficiaries from a change since 1965 on the measurement presented in Table 18, still shows up in Table 17 with the greatest absolute detraction from its import capacity--one of 6 per cent--followed by Peru with a fractionally smaller percentage detraction.

The question regarding short-term capital movements that is most relevant to the present analysis is the extent to which they were or were not induced by national policies, chiefly perhaps by monetary and exchange rate policies. Such a judgment is relevant here because to the extent that short-term capital movements are policy induced they should be treated, in the context of the present analysis, as explaining rates of utilization of import capacity, and to the extent that they are judged to be spontaneous they should be treated as explaining import capacity.

But a judgment of motivation is at best hazardous, and the fact that short-term capital movements are lumped together with errors and omissions--some of which must be ascribed to other balance of payments flows--detracts even more from such evidence as is available. It may, nonetheless, not be too far fetched to speculate that the inflow of sizable short-term funds into Mexico was at least partly induced by its monetary policies, the inflow into Brazil by its exchange rate policy and the inflow into Costa Rica perhaps by a combination of the two.

Table 18. Changes in Short-Term Capital Movements in Relation to 1965

(In millions of U.S. dollars)

	1966	1967	1968	1969	1970	1966-70	Average 1966-70	1966-70 Change as Percentage of GDP
Uruguay	111.5	175.2	167.4	144.7	127.1	725.9	145.8	8.63
Dominican Republic	76.8	68.3	78.9	74.3	56.2	354.5	70.9	6.67
Barbados	-7.3	-6.9	6.5	19.6	24.7	36.6	7.3	6.50
Ecuador	6.4	29.8	45.9	82.2	3.3	167.6	33.5	2.50
Honduras	9.5	15.7	10.4	2.0	13.3	50.9	10.2	1.77
Venezuela	130.0	81.0	143.0	155.0	90.0	599.0	119.8	1.40
Brazil	36.0	32.0	535.0	561.0	685.0	1,849.0	369.8	1.27
Paraguay	2.2	1.5	9.4	7.2	6.2	26.5	5.3	1.09
Argentina	-183.7	311.1	133.0	28.4	250.0	538.8	107.8	0.63
Colombia	97.1	60.9	26.8	-35.3	10.1	159.6	31.9	0.57
El Salvador	2.2	3.6	10.0	-2.2	9.3	22.9	4.6	0.50
Mexico	-46.0	-149.0	95.0	-229.0	264.0	-65.0	-13.0	-0.05
Panama	-4.9	8.3	-7.2	-19.3	20.2	-2.9	-0.6	-0.07
Trinidad and Tobago	0.8	-9.2	-0.1	0.7	4.1	-3.7	-0.7	-0.09
Chile	24.0	-15.0	-3.0	-11.0	-46.0	-51.0	-10.2	-0.16
Nicaragua	-6.5	-17.0	-31.0	-21.7	-23.2	-99.4	-19.9	-1.08
Bolivia	0.2	-7.4	-10.6	-17.1	-8.7	-43.6	-8.7	-1.10
Costa Rica	-33.0	1.0	-7.9	1.3	-1.4	-40.0	-8.0	-1.14
Peru	-25.8	-15.3	-52.2	-102.1	-125.7	-321.1	-64.2	-1.35
Jamaica	-41.8	-25.3	-6.5	3.4	-5.1	-75.3	-15.1	-1.54
Guatemala	-44.9	-13.3	-15.7	-28.9	-39.1	-141.9	-28.4	-1.79
Guyana	0.2	-4.0	-2.7	-10.7	-6.6	-23.8	-4.8	-2.18
Haiti	-6.7	-10.9	-13.6	-11.1	-11.7	-54.0	-10.8	-2.48
Region	96.3	515.1	1,110.8	591.4	1,296.0	3,609.6	721.9	0.64

1/ Fiscal years October 1 through September 30.

VII. The 1970 SDR Allocation

One important balance of payments flow was ignored in the preceding analysis. On January 1, 1970, the International Monetary Fund made a first allocation of Special Drawing Rights to members wishing to participate in this scheme, and it marked the first appearance of deliberately created means of international payment. In all, the International Monetary Fund allocated on that occasion SDR 3,414 million to its membership, to each participant 16.8 per cent of its quota.

The decision to link SDR allocations to Fund quotas has aroused much controversy, specially in developing countries, on the ground that this system benefits above all the richest countries which have the largest quotas in the International Monetary Fund.

This study is not an appropriate occasion for entering into this controversy. But this first allocation of SDRs has a certain relevance to this study in that it gave an international reserve cushion to 22 of the 23 countries reviewed--one, Barbados, did not receive any SDR allocation on January 1, 1970 because it was then not as yet a member of the International Monetary Fund--without any effort on their part, and this cushion was by no means insignificant. The 22 countries together received on that occasion SDR 330 million, 9.7 per cent of the global allocation. This SDR allocation represented an addition of 6.8 per cent to their combined gross official international reserve holdings at the end of 1969, and the percentage increment was, of course, larger-- $9\frac{1}{2}$ per cent--if measured against their net official international reserve holdings on the same date. The countries with the largest Fund quotas in the region--Argentina, Brazil, Mexico, and Venezuela--received, of course, the largest SDR allocations in absolute terms, and among themselves, the lion's share--62 per cent--of the regional allocation. But it was the small countries of the region that derived the greatest benefit in relative terms from this first SDR allocation. For example, Haiti's gross international reserves at the time, were boosted by 81 per cent, Paraguay's by 24 per cent and Panama's by 22 per cent. The country which was least affected in relative terms by the first SDR allocation was Venezuela, a country for which this allocation represented an addition of only about $4\frac{1}{2}$ per cent to its gross international reserves at the time, followed by Uruguay where the increment was less than 5 per cent, and Chile and Jamaica where the reserve gain barely exceeded 5 per cent (Table 19).

Table 19. 1970 SDR Allocations and Their Relative Significance

	Gross Official Int'l Reserve Holdings at End of 1969 (In millions of U.S. dollars)	1970 SDR Allocation	Ratio of 1970 SDR Allocation to End of 1969 Gross Official Int'l Reserve Holdings (In per cent)
Argentina	578.9	58.8	10.2
Brazil	988.0	58.8	6.0
Mexico	662.0	45.4	6.9
Venezuela	933.0	42.0	4.5
Chile	413.1	21.0	5.1
Colombia	257.4	21.0	8.2
Peru	201.3	14.3	7.1
Uruguay	196.8	9.2	4.7
Trinidad and Tobago	72.4	7.4	10.2
Jamaica	123.1	6.4	5.2
Dominican Republic	39.3	5.4	13.7
Bolivia	41.4	4.9	11.8
Panama	21.1	4.7	22.3
Costa Rica	29.3	4.2	14.3
Ecuador	65.0	4.2	6.5
El Salvador	56.3	4.2	7.5
Guatemala	74.4	4.2	5.6
Honduras	30.9	3.2	10.4
Nicaragua	44.2	3.2	7.2
Guyana	30.2	2.5	8.3
Haiti	3.1 ^{1/}	2.5	80.6
Paraguay	10.5	2.5	23.8
Region	4,871.7	330.0	6.8

^{1/} As of September 30, 1969.

Table 20. Summary Balances of Payments

(In millions of U.S. dollars)

	Exports	Long- and Medium-Term Capital	Imports	Services and Transfers	Basic Balance	Short-Term Capital	Interna- tional Reserve Movement
<u>1965</u>							
Argentina	1,493.4	89.5	-1,198.6	-175.9	208.4	-28.6	179.8
Barbados	27.8	6.7	-67.6	20.2	-12.9	12.9	n.a.
Bolivia	115.5	31.1	-145.6	9.3	10.3	3.8	14.1
Brazil	1,595.5	188.0	-1,096.4	-215.1	472.0	-182.0	290.0
Chile	691.0	19.3	-625.0	-61.2	24.1	16.0	40.1
Colombia	591.0	63.5	-459.0	-124.0	71.5	-26.1	45.4
Costa Rica	111.7	33.2	-178.7	-0.8	-34.6	31.3	-3.3
Dominican Republic	125.5	91.6	-132.3	-13.6	71.2	-62.3	8.9
Ecuador	180.3	23.3	-168.9	-49.7	-15.0	2.7	-12.3
El Salvador	188.7	24.3	-202.5	1.4	11.9	-9.1	2.8
Guatemala	187.8	34.6	-229.3	-15.3	-22.2	24.2	2.0
Guyana	103.3	9.7	-105.6	-10.0	-2.6	3.4	0.8
Haiti ¹ /	38.2	2.8	-47.7	-3.8	-10.5	9.6	-0.9
Honduras	128.3	12.2	-124.0	-9.9	6.6	-0.8	5.8
Jamaica	215.4	22.7	-288.9	21.5	-29.3	10.2	-19.1
Mexico	1,114.0	43.0	-1,560.0	158.0	-245.0	195.0	-50.0
Nicaragua	148.9	17.5	-160.3	-12.6	-6.5	24.8	18.3
Panama	92.6	25.0	-208.0	84.5	-5.9	3.8	-2.1
Paraguay	60.8	13.8	-60.9	-2.0	11.7	-4.3	7.4
Peru	684.6	164.6	-772.6	-77.2	-0.6	10.5	9.9
Trinidad and Tobago	193.0	63.3	-245.2	-15.5	-4.4	3.9	-0.5
Uruguay	191.2	5.1	-146.0	26.5	76.8	-158.1	-81.3
Venezuela	2,482.0	30.0	-1,514.0	-909.6	88.4	-79.0	9.4
Region	10,760.5	1,014.8	-9,737.1	-1,374.8	663.4	-198.2	465.2
<u>1966</u>							
Argentina	1,593.2	64.0	1,124.0	-216.8	316.4	-212.3	104.1
Barbados	29.2	9.7	76.2	28.6	-8.7	5.6	-3.1
Bolivia	133.1	17.7	159.2	9.3	0.9	4.0	4.9
Brazil	1,741.4	318.0	1,496.0	-278.4	285.0	-146.0	139.0
Chile	867.0	17.7	779.0	-69.3	36.4	40.0	76.4
Colombia	533.9	140.0	693.0	-92.0	-111.1	71.0	-40.1
Costa Rica	135.5	35.5	180.0	0.8	-8.2	-1.7	-9.9
Dominican Republic	136.7	32.0	179.0	-26.6	-36.9	14.5	-22.4
Ecuador	186.2	40.2	171.9	-52.3	2.2	9.1	11.3
El Salvador	188.9	34.4	221.3	-8.6	-6.6	-6.9	-13.5
Guatemala	231.9	33.8	221.3	-29.4	15.0	-20.7	-5.7
Guyana	112.2	17.1	117.8	-18.6	-7.1	3.6	-3.5
Haiti ¹ /	37.7	0.7	48.6	7.6	-2.6	2.9	0.3
Honduras	144.5	11.9	151.3	-9.5	-4.4	8.7	4.3
Jamaica	229.8	85.8	327.3	52.5	40.8	-31.6	9.2
Mexico	1,163.0	138.0	1,605.0	182.0	-122.0	149.0	27.0
Nicaragua	142.2	32.6	181.9	-9.7	-16.8	18.3	1.5
Panama	103.3	26.0	234.0	107.2	2.5	-1.1	1.4
Paraguay	53.6	18.8	70.8	1.5	3.1	-2.1	1.0
Peru	788.5	178.0	870.0	-120.3	-23.8	-15.3	-39.1
Trinidad and Tobago	231.3	26.0	227.4	-35.0	-5.1	4.7	-0.4
Uruguay	185.8	1.2	154.5	27.8	60.3	-46.6	13.7
Venezuela	2,398.0	-13.0	1,474.0	-1,028.8	-117.8	51.0	-66.8
Region	11,366.9	1,266.1	10,763.5	-1,578.0	291.5	-101.9	189.6

Table 20 (continued). Summary Balances of Payments

(In millions of U.S. dollars)

	Exports	Long- and Medium-Term Capital	Imports	Services and Transfers	Basic Balance	Short-Term Capital	International Reserve Movement
	<u>1967</u>						
Argentina	1,464.5	-84.8	1,096.0	-194.3	89.4	282.5	371.9
Barbados	30.8	10.1	76.9	26.5	-9.5	6.0	-3.5
Bolivia	153.4	24.8	174.0	-9.4	-5.2	-3.6	-8.8
Brazil	1,654.0	279.0	1,738.0	-193.0	2.0	-150.0	-148.0
Chile	882.0	10.9	789.0	-131.9	-28.0	1.0	-27.0
Colombia	558.3	120.2	514.0	-138.9	45.6 ^{2/}	34.8	80.4
Costa Rica	143.8	32.3	192.8	-26.2	-42.9	32.3	-10.6
Dominican Republic	156.6	50.9	194.7	-27.7	-14.9	6.0	-8.9
Ecuador	201.0	39.2	202.7	-61.1	-23.6	32.5	8.9
El Salvador	207.8	27.0	224.5	-6.8	3.5	-5.5	-2.0
Guatemala	203.9	45.7	247.3	-19.8	-17.5	10.9	-6.6
Guyana	123.0	25.3	130.6	-19.4	-1.7	-0.6	-2.3
Haiti ^{1/}	32.0	-0.1	44.3	11.4	-1.0	-1.3	-2.3
Honduras	156.0	14.9	167.3	-17.2	-13.6	14.9	1.3
Jamaica	226.5	93.9	342.3	34.9	13.0	-15.1	-2.1
Mexico	1,104.0	433.0	1,748.0	187.0	-24.0	46.0	22.0
Nicaragua	151.7	37.7	203.9	-11.7	-26.2	7.8	-18.4
Panama	109.2	14.1	251.0	116.0	-11.7	12.1	0.4
Paraguay	50.3	22.5	72.1	1.9	2.6	-2.8	-0.2
Peru	755.1	168.2	892.1	-75.5	-44.3	-4.8	-49.1
Trinidad and Tobago	256.0	27.8	208.5	-73.5	1.8	-5.3	-3.5
Uruguay	158.7	2.8	171.4	7.3	-2.6	17.1	14.5
Venezuela	2,533.0	-51.0	1,529.0	-855.6	97.4	2.0	99.4
	11,311.6	1,344.4	11,210.4	-1,477.0	-11.4 ^{2/}	316.9	305.5
	<u>1968</u>						
Argentina	1,367.9	-21.3	1,169.0	-217.4	-39.8	104.4	64.6
Barbados	29.8	7.8	84.0	33.6	-12.8	19.4	6.6
Bolivia	157.1	55.3	186.0	-19.7	6.7	-6.8	-0.1
Brazil	1,881.3	266.0	2,132.0	-275.3	-260.0	353.0	93.0
Chile	903.0	29.7	862.0	32.9	103.6	13.0	116.6
Colombia	608.9	179.4	668.0	-49.5	70.8	0.7	71.5
Costa Rica	170.8	26.8	215.1	-2.6	-20.1	23.4	3.3
Dominican Republic	163.5	73.5	219.4	-20.4	-2.8	16.6	13.8
Ecuador	210.7	58.9	244.5	-85.0	-59.9	48.6	-11.3
El Salvador	211.7	18.6	216.2	-10.6	3.5	0.9	4.4
Guatemala	233.5	49.4	265.1	-22.8	-5.0	8.5	3.5
Guyana	117.4	13.7	109.7	-20.3	1.1	0.7	1.8
Haiti ^{1/}	36.2	0.9	42.8	8.9	3.2	-4.0	-0.8
Honduras	180.9	29.5	187.0	-27.1	-3.7	9.6	5.9
Jamaica	221.8	139.5	384.5	55.5	32.3	3.7	36.0
Mexico	1,181.0	345.0	1,960.0	215.0	-219.0	290.0	71.0
Nicaragua	162.3	52.9	184.6	-22.0	8.6	-6.2	2.4
Panama	117.5	18.4	266.0	136.5	6.4	-3.4	3.0
Paraguay	50.0	24.4	81.8	1.8	-5.6	5.1	-0.5
Peru	842.6	89.7	751.9	-143.5	36.9	-41.7	-4.8
Trinidad and Tobago	267.9	30.2	198.0	-70.4	29.7	3.8	33.5
Uruguay	179.2	22.3	159.3	3.5	45.7	9.3	55.0
Venezuela	2,537.0	221.0	1,776.0	-996.1	-14.1	64.0	49.9
	11,832.0	1,731.6	12,362.9	-1,495.0	-294.3	912.6	618.3

Table 20 (continued). Summary Balances of Payments
(In millions of U.S. dollars)

	Exports	Long- and Medium-Term Capital	Imports	Services and Transfers	Basic Balance	Short-Term Capital	Interna- tional Reserve Movement
<u>1969</u>							
Argentina	1,612.1	76.6	1,576.0	-259.7	-147.0	-0.2	-147.2
Barbados	28.6	7.2	96.9	32.2	-28.9	32.5	3.6
Bolivia	174.1	54.0	195.6	-19.4	13.1	-13.3	-0.2
Brazil	2,311.2	689.0	2,256.0	-391.2	353.0	379.0	732.0
Chile	1,174.0	22.0	927.0	-72.1	196.9	5.0	201.9
Colombia	672.4	248.3	711.0	-86.9	122.8	-61.4	61.4
Costa Rica	189.7	37.5	245.1	32.7	14.8	32.6	47.4
Dominican Republic	184.1	78.5	236.2	-24.6	1.8	12.0	13.8
Ecuador	188.1	68.3	261.9	-75.1	-80.6	84.9	4.3
El Salvador	202.2	22.9	211.7	-10.1	3.3	-11.3	-8.0
Guatemala	262.5	44.6	277.7	-13.7	15.7	-4.7	11.0
Guyana	127.7	16.8	117.8	-22.2	4.5	-7.3	-2.8
Haiti ^{1/}	36.6	2.4	47.8	11.4	2.6	-1.5	1.1
Honduras	172.2	27.5	187.0	-16.0	-3.3	1.2	-2.1
Jamaica	257.2	111.4	438.6	53.7	-16.3	13.6	-2.7
Mexico	1,385.0	512.0	2,078.0	220.0	39.0	-34.0	5.0
Nicaragua	158.7	34.7	177.0	-23.0	-6.6	3.1	-3.5
Panama	131.4	49.0	293.0	112.4	-0.2	-15.5	-15.7
Paraguay	55.2	25.9	89.8	4.3	-4.4	2.9	-1.5
Peru	885.0	108.8	742.4	-104.0	147.4	-91.6	55.8
Trinidad and Tobago	270.2	31.9	227.4	-84.5	-9.8	4.6	-5.2
Uruguay	200.3	23.7	187.3	9.5	36.2	-13.4	22.8
Venezuela	2,523.0	191.0	1,820.0	-958.0	-64.0	76.0	12.0
Region	13,201.5	2,484.0	13,411.2	-1,684.3	590.0	393.2	983.2
<u>1970</u>							
Argentina	1,770.0	110.9	1,680.0	-226.9	-26.0	221.4	195.4
Barbados	37.3	-0.3	116.3	37.4	-41.9	37.6	-4.3
Bolivia	191.9	23.8	201.0	-9.8	4.9	-4.9	--
Brazil	2,738.9	729.0	2,866.0	-553.9	48.0	503.0	551.0
Chile	1,129.0	23.9	1,020.0	-34.7	98.2	-30.0	68.2
Colombia	798.6	219.7	857.0	-110.9	50.4	-16.0	34.4
Costa Rica	228.9	48.7	317.0	-7.4	-46.8	29.9	-16.9
Dominican Republic	213.2	114.0	300.2	-29.8	-2.8	-6.1	-8.9
Ecuador	237.0	121.9	247.6	-117.6	-6.3	6.0	-0.3
El Salvador	229.1	11.0	214.2	-12.0	13.9	0.2	14.1
Guatemala	292.2	51.0	303.7	-9.4	30.1	-14.9	15.2
Guyana	133.0	21.1	134.9	-19.3	-0.1	-3.2	-3.3
Haiti ^{1/}	38.9	7.5	59.1	18.6	5.9	-2.1	3.8
Honduras	175.2	44.1	223.6	-20.1	-24.4	12.5	-11.9
Jamaica	299.6	153.0	508.2	67.2	11.6	5.1	16.7
Mexico	1,368.0	433.0	2,456.0	233.0	-422.0	459.0	37.0
Nicaragua	178.6	45.7	198.7	-19.5	6.1	1.6	7.7
Panama	129.0	48.0	353.0	169.0	-7.0	24.0	17.0
Paraguay	66.0	12.8	80.0	5.2	4.0	1.9	5.9
Peru	1,038.4	-18.5	772.9	13.2	420.2 ^{3/}	-115.2	305.0
Trinidad and Tobago	246.6	75.0	254.0	-94.2	-26.6	8.0	-18.6
Uruguay	220.3	17.6	233.1	-3.6	1.2	-31.0	-29.8
Venezuela	2,642.0	173.0	2,004.0	-778.0	33.0	11.0	44.0
Region	14,401.7	2,465.9	15,400.5	-1,503.5	123.6 ^{3/}	1,097.8	1,221.4

Table 20 (concluded). Summary Balances of Payments

(In millions of U.S. dollars)

	Exports	Long- and Medium-Term Capital	Imports	Services and Transfers	Basic Balance	Short-Term Capital	Internat- ional Reserve Movement
<u>1966-70</u>							
Argentina	7,807.7	145.4	-6,645.0	-1,115.1	193.0	395.8	588.8
Barbados	155.7	34.5	-450.3	158.3	-101.8	101.1	-0.7
Bolivia	809.6	175.6	-915.8	-49.0	20.4	-24.6	-4.2
Brazil	10,326.8	2,281.0	-10,488.0	-1,691.8	428.0	939.0	1,367.0
Chile	4,955.0	104.2	-4,377.0	-275.1	407.1	29.0	436.1
Colombia	3,172.1	907.6	-3,443.0	-478.2	178.5 ^{2/}	29.1	207.6
Costa Rica	868.7	180.8	-1,150.0	-2.7	-103.2	116.5	13.3
Dominican Republic	854.1	348.9	-1,129.5	-129.1	-55.6	43.0	-12.6
Ecuador	1,023.0	328.5	-1,128.6	-391.1	-168.2	181.1	12.9
El Salvador	1,039.7	113.9	-1,087.9	-48.1	17.6	-22.6	-5.0
Guatemala	1,224.0	224.5	-1,315.1	-95.1	38.3	-20.9	17.4
Guyana	613.3	94.0	-610.8	-99.8	-3.3	-6.8	-10.1
Haiti ^{1/}	181.4	11.4	-242.6	57.9	8.1	-6.0	2.1
Honduras	828.8	127.9	-916.2	-89.9	-49.4	76.9	-2.5
Jamaica	1,234.9	583.6	-2,000.9	263.8	81.4	-24.3	57.1
Mexico	6,201.0	1,861.0	-9,847.0	1,037.0	-748.0	910.0	162.0
Nicaragua	793.5	203.6	-946.1	-85.9	-34.9	24.6	-10.3
Panama	590.4	155.5	-1,397.0	641.1	-10.0	16.1	6.1
Paraguay	275.1	104.4	-394.5	14.7	-0.3	5.0	4.7
Peru	4,309.6	526.2	-4,029.3	-430.1	536.4 ^{3/}	-268.6	267.8
Trinidad and Tobago	1,272.0	190.9	-1,115.3	-357.6	-10.0	15.8	5.8
Uruguay	944.3	67.6	-915.6	44.5	140.8	-64.6	76.2
Venezuela	12,633.0	521.0	-8,603.0	-4,616.5	-65.5	204.0	138.5
Region	62,113.7	9,292.0	-63,148.5	-7,737.8	699.4 ^{2/3/}	2,618.6	3,318.0
<u>Average 1966-70</u>							
Argentina	1,561.5	29.1	1,329.0	-223.0	38.6	79.2	117.8
Barbados	31.1	6.9	90.1	31.7	-20.3	20.2	-0.1
Bolivia	161.9	35.1	183.2	-9.8	4.1	-4.9	-0.8
Brazil	2,065.4	456.2	2,097.6	-338.4	85.6	187.8	273.4
Chile	991.0	20.8	875.4	-55.0	81.4	5.8	87.2
Colombia	634.4	181.5	688.6	-95.6	35.7 ^{2/}	5.8	41.5
Costa Rica	173.7	36.2	230.0	-0.5	-20.6	23.3	2.7
Dominican Republic	170.8	69.8	225.9	-25.8	-11.1	8.6	-2.5
Ecuador	204.6	65.7	225.7	-78.2	-33.6	36.2	2.6
El Salvador	207.9	22.8	217.6	-9.6	3.5	-4.5	-1.0
Guatemala	244.8	44.9	263.0	-19.0	7.7	-4.2	3.5
Guyana	122.7	18.8	122.2	-20.0	-0.6	-1.4	-2.0
Haiti ^{1/}	36.3	2.3	48.5	11.6	1.6	-1.2	0.4
Honduras	165.8	25.6	183.2	-18.0	-9.9	9.4	-0.5
Jamaica	247.0	116.7	400.2	52.8	16.3	-4.9	11.4
Mexico	1,240.2	372.2	1,969.4	207.4	-149.6	182.0	32.4
Nicaragua	158.7	40.7	189.2	-17.2	-7.0	4.9	-2.1
Panama	118.1	31.1	279.4	128.2	-2.0	3.2	1.2
Paraguay	55.0	20.9	78.9	2.9	-0.1 ^{3/}	1.0	0.9
Peru	861.9	105.2	805.9	-86.0	107.3 ^{3/}	-53.7	53.6
Trinidad and Tobago	254.4	38.2	223.1	-71.5	-2.0	3.2	1.2
Uruguay	188.9	13.5	183.1	8.9	28.1	-12.9	15.2
Venezuela	2,526.6	104.2	1,720.6	-923.3	-13.1	40.8	27.7
Region	12,422.7	1,858.4	12,629.7	-1,547.6	139.9 ^{2/3/}	523.7	663.6

1/ Fiscal years October 1 through September 30.

2/ Includes an estimated \$20 million mandatory return of flight capital in 1967.

3/ Includes an estimated \$160 million mandatory return of flight capital in 1970.

Table 21. Changes in Capacity to Import in Relation to 1965

(In millions of U.S. dollars)

	Export Volume	Terms of Trade	Long- and Medium- Term Capital	Services and Transfers	Foreign Trade Residual	Capacity to Import	Actual Import Volume	Basic Balance	Short- Term Capital	Interna- tional Reserve Movement
<u>1966</u>										
Argentina	106.2	-32.3	-25.5	-40.9	4.2	11.7	-96.3	108.0	-183.7	-75.7
Barbados	0.5	--	3.0	8.4	-1.4	10.5	6.3	4.2	-7.3	-3.1
Bolivia	23.7	-1.0	-13.4	--	0.8	10.1	19.5	-9.4	0.2	-9.2
Brazil	216.6	-78.1	130.0	-63.3	-21.7	183.5	370.5	-187.0	36.0	-151.0
Chile	32.7	146.7	-1.6	-8.1	13.3	183.0	170.7	12.3	24.0	36.3
Colombia	-37.7	-18.4	76.5	32.0	-1.0	51.4	234.0	-182.6	97.1	-85.5
Costa Rica	22.7	-3.2	2.3	1.6	-1.3	22.1	-4.3	26.4	-33.0	-6.6
Dominican Republic	-3.6	11.1	-59.6	-13.0	-1.9	-67.0	41.1	-108.1	76.8	-31.3
Ecuador	6.5	-6.3	16.9	-2.6	-0.9	13.6	-3.6	17.2	6.4	23.6
El Salvador	2.6	-9.4	10.1	-10.0	0.1	-6.6	11.9	-18.5	2.2	-16.3
Guatemala	53.5	-14.4	-0.8	-14.1	-1.9	22.3	-14.9	37.2	-44.9	-7.7
Guyana	2.4	3.0	7.4	-8.6	--	4.2	8.7	-4.5	0.2	-4.3
Haiti	-0.3	-1.5	-2.1	11.4	-0.2	7.3	-0.6	7.9	-6.7	1.2
Honduras	16.2	-4.0	-0.3	0.4	-0.7	11.6	22.6	-11.0	9.5	-1.5
Jamaica	8.6	-1.3	63.1	31.0	-2.7	98.7	28.6	70.1	-41.8	28.3
Mexico	11.0	41.4	95.0	24.0	-8.4	163.0	40.0	123.0	-46.0	77.0
Nicaragua	-7.6	-4.0	15.1	2.9	-0.7	5.7	16.0	-10.3	-6.5	-16.8
Panama	7.3	0.5	1.0	22.7	-4.1	27.4	19.0	8.4	-4.9	3.5
Paraguay	-10.7	7.9	5.0	3.5	-0.7	5.0	13.6	-8.6	2.2	-6.4
Peru	80.9	96.2	13.4	-43.1	-98.5	48.9	72.1	-23.2	-25.8	-49.0
Trinidad and Tobago	23.4	8.1	-37.3	-19.5	--	-25.3	-24.6	-0.7	0.8	0.1
Uruguay	-25.2	24.8	-3.9	1.3	-1.2	-4.2	12.3	-16.5	111.5	95.0
Venezuela	-40.0	-111.9	-43.0	-119.2	10.9	-303.2	-97.0	-206.2	130.0	-76.2
Region	489.7	53.9	251.3	-203.2	-118.0	473.7	845.6	-371.9	96.3	-275.6
<u>1967</u>										
Argentina	-44.8	-22.9	-174.3	-18.4	7.4	-253.0	-134.0	-119.0	311.1	192.1
Barbados	2.4	-1.0	3.4	6.3	-1.4	9.7	6.3	3.4	-6.9	-3.5
Bolivia	53.4	-6.5	-6.3	-18.7	-1.0	20.9	36.4	-15.5	-7.4	-22.9
Brazil	125.6	-102.3	91.0	22.1	-99.5	36.9	506.9	-470.0	32.0	-438.0
Chile	76.0	84.2	-8.4	-70.7	16.1	97.2	149.3	-52.1	-15.0	-67.1
Colombia	55.9	-85.6	56.7	-14.9	-19.0	13.1	39.0	-25.9	60.9	35.0
Costa Rica	45.2	-17.1	-0.9	-25.4	-2.5	-0.7	7.6	-8.3	1.0	-7.3
Dominican Republic	15.6	9.3	-40.7	-14.1	-0.4	-30.3	55.8	-86.1	68.3	-17.8
Ecuador	21.9	-14.1	15.9	-11.4	-2.5	9.8	18.4	-8.6	29.8	21.2
El Salvador	35.1	-21.3	2.7	-8.2	-2.3	6.0	14.4	-8.4	3.6	-4.8
Guatemala	27.5	-17.7	11.1	-4.5	-2.1	14.3	9.6	4.7	-13.3	-8.6
Guyana	11.7	2.9	15.6	-9.4	--	20.8	19.9	0.9	-4.0	-3.1
Haiti	-6.8	-0.6	-2.9	15.2	-0.3	4.6	-4.9	9.5	-10.9	-1.4
Honduras	29.1	-5.6	2.7	-7.3	-1.5	17.4	37.6	-20.2	15.7	-4.5
Jamaica	0.1	2.5	71.2	13.4	-5.0	82.2	39.9	42.3	-25.3	17.0
Mexico	-56.0	22.7	390.0	29.0	-20.7	365.0	144.0	221.0	-149.0	72.0
Nicaragua	8.6	-11.0	20.2	0.9	-1.7	17.0	36.7	-19.7	-17.0	-36.7
Panama	12.5	-2.9	-10.9	31.5	-7.0	23.2	29.0	-5.8	8.3	2.5
Paraguay	-12.4	6.7	8.7	3.9	-0.2	6.7	15.8	-9.1	1.5	-7.6
Peru	91.5	105.6	3.6	1.7	-101.8	100.6	144.3	-43.7	-15.3	-59.0
Trinidad and Tobago	57.0	-3.5	-35.5	-58.0	1.3	-38.7	-44.9	6.2	-9.2	-3.0
Uruguay	-45.3	6.4	-2.3	-19.2	-1.5	-61.9	17.5	-79.4	175.2	95.8
Venezuela	103.0	-167.8	-81.0	54.0	15.8	-76.0	-85.0	9.0	81.0	90.0
Region	606.8	-239.6	329.6	-102.2	-229.8	384.8 ²	1,059.6	-674.8	515.1	-159.7

Table 21 (continued). Changes in Capacity to Import in Relation to 1965

(In millions of U.S. dollars)

	Export Volume	Terms of Trade	Long- and Medium- Term Capital	Services and Transfers	Foreign Trade Residual	Capacity to Import	Actual Import Volume	Basic Balance	Short- Term Capital	Interna- tional Reserve Movement
<u>1968</u>										
Argentina	8.1	-146.7	-110.8	-41.5	-11.9	-302.8	-54.6	-248.2	133.0	-115.2
Barbados	1.1	-2.7	1.1	13.4	-3.5	9.4	9.3	0.1	6.5	6.6
Bolivia	58.9	-12.1	24.2	-29.0	-3.9	38.1	41.7	-3.6	-10.6	-14.2
Brazil	401.6	-161.5	78.0	-60.2	-93.9	164.0	896.0	-732.0	535.0	-197.0
Chile	101.1	109.9	10.4	94.1	22.2	337.7	258.2	79.5	-3.0	76.5
Colombia	100.9	-77.2	115.9	74.5	-25.8	188.3	189.0	-0.7	26.8	26.1
Costa Rica	85.1	-26.9	-6.4	-1.8	-11.5	38.5	24.0	14.5	-7.9	6.6
Dominican Republic	7.3	20.6	-18.1	-6.8	-2.5	0.5	74.5	-74.0	78.9	4.9
Ecuador	27.7	-17.5	35.6	-35.3	-7.2	3.3	48.2	-44.9	45.9	1.0
El Salvador	48.1	-31.9	-5.7	-12.0	-5.6	-7.1	1.3	-8.4	10.0	1.6
Guatemala	57.5	-21.5	14.8	-7.5	-5.5	37.8	20.6	17.2	-15.7	1.5
Guyana	10.6	-6.0	4.0	-10.3	0.2	-1.5	-5.2	3.7	-2.7	1.0
Haiti	-1.0	-3.6	-1.9	12.7	0.1	6.3	-7.4	13.7	-13.6	0.1
Honduras	58.2	-10.9	17.3	-17.2	-5.5	41.9	52.2	-10.3	10.4	0.1
Jamaica	-7.1	-6.6	116.8	34.0	-12.6	124.5	62.9	61.6	-6.5	55.1
Mexico	-33.0	101.6	302.0	57.0	-32.6	395.0	369.0	26.0	95.0	121.0
Nicaragua	7.3	-3.2	35.4	-9.4	-1.3	28.8	13.7	15.1	-31.0	-15.9
Panama	16.5	1.2	-6.6	52.0	-9.8	53.3	41.0	12.3	-7.2	5.1
Paraguay	-13.6	4.3	10.6	3.8	-0.7	4.4	21.7	-17.3	9.4	-7.9
Peru	181.4	120.2	-74.9	-66.3	-122.7	37.7	0.2	37.5	-52.2	-14.7
Trinidad and Tobago	65.8	-11.6	-33.1	-54.9	3.9	-29.9	-64.0	34.1	-0.1	34.0
Uruguay	-10.2	-10.8	17.2	-23.0	0.3	-26.5	4.6	-31.1	167.4	136.3
Venezuela	102.0	-197.8	191.0	-86.5	3.8	12.5	115.0	-102.5	143.0	40.5
Region	1,274.3	-390.7	716.8	-120.2	-326.0	1,154.2	2,111.9	-957.7	1,110.8	153.1
<u>1969</u>										
Argentina	84.0	-41.7	-12.9	-83.8	-5.7	-60.1	295.3	-355.4	28.4	-327.0
Barbados	-0.4	-3.8	0.5	12.0	-6.3	2.0	18.0	-16.0	19.6	3.6
Bolivia	64.0	-7.4	22.9	-28.7	-3.5	47.3	44.5	2.8	-17.1	-14.3
Brazil	715.7	-76.7	501.0	-176.1	-42.8	921.1	1,040.1	-119.0	561.0	442.0
Chile	155.4	232.3	2.7	-10.9	71.8	451.3	278.5	172.8	-11.0	161.8
Colombia	151.2	-49.4	184.8	37.1	-20.4	303.3	252.0	51.3	-35.3	16.0
Costa Rica	93.9	-23.8	4.3	33.5	-15.0	92.9	43.5	49.4	1.3	50.7
Dominican Republic	14.1	25.3	-13.1	-11.0	-2.9	12.4	81.8	-69.4	74.3	4.9
Ecuador	9.5	-27.8	45.0	-25.4	-13.7	-12.4	53.2	-65.6	82.2	16.6
El Salvador	41.9	-41.3	-1.4	-11.5	-6.9	-19.2	-10.6	-8.6	-2.2	-10.8
Guatemala	84.9	-26.5	10.0	1.6	-9.6	60.4	22.5	37.9	-28.9	9.0
Guyana	16.7	-6.3	7.1	-12.2	0.3	5.6	-1.5	7.1	-10.7	-3.6
Haiti	-1.3	-4.3	-0.4	15.2	-0.5	8.7	-4.4	13.1	-11.1	2.0
Honduras	53.1	-17.5	15.3	-6.1	-9.2	35.6	45.5	-9.9	2.0	-7.9
Jamaica	19.9	-8.6	88.7	32.2	-20.6	111.6	98.6	13.0	3.4	16.4
Mexico	156.0	82.9	469.0	62.0	-22.9	747.0	463.0	284.0	-229.0	55.0
Nicaragua	11.9	-16.1	17.2	-10.4	-2.5	0.1	0.2	-0.1	-21.7	-21.8
Panama	31.6	-7.1	24.0	27.9	-14.7	61.7	56.0	5.7	-19.3	-13.6
Paraguay	-10.2	--	12.1	6.3	-2.8	5.4	21.5	-16.1	7.2	-8.9
Peru	222.2	208.4	-55.8	-26.8	-211.9	136.1	-11.9	148.0	-102.1	45.9
Trinidad and Tobago	59.8	-12.3	-31.4	-69.0	3.2	-49.7	-44.3	-5.4	0.7	-4.7
Uruguay	2.7	19.2	18.6	-17.0	2.7	26.2	66.8	-40.6	144.7	104.1
Venezuela	157.0	-291.7	161.0	-48.4	-19.3	-41.4	111.0	-152.4	155.0	2.6
Region	2,133.6	-94.2	1,469.2	-309.5	-353.2	2,845.9	2,919.3	-73.4	591.4	518.0

Table 21 (continued). Changes in Capacity to Import in Relation to 1965

(In millions of U.S. dollars)

	Export Volume	Terms of Trade	Long- and Medium- Term Capital	Services and Transfers	Foreign Trade Residual	Capacity to Import	Actual Import Volume	Basic Balance	Short- Term Capital	Interna- tional Reserve Movement
<u>1970</u>										
Argentina	193.9	-82.1	21.4	-51.0	-11.2	71.0	305.4	-234.4	250.0	15.6
Barbados	n.a.	n.a.	-7.0	17.2	-9.2	1.0	30.0	-29.0	24.7	-4.3
Bolivia	52.1	9.1	-7.3	-19.1	2.1	36.9	42.3	-5.4	-8.7	-14.1
Brazil	725.6	84.8	541.0	-338.8	-88.6	754.4	1,178.4	-424.0	685.0	261.0
Chile	165.0	164.5	4.6	26.5	55.3	415.9	341.8	74.1	-46.0	28.1
Colombia	133.0	31.5	156.2	13.1	10.1	343.9	365.0	-21.1	10.1	-11.0
Costa Rica	106.5	-11.9	15.5	-6.6	-17.1	86.4	98.6	-12.2	-1.4	-13.6
Dominican Republic	43.2	13.7	22.4	-16.2	-6.8	56.3	130.3	-74.0	56.2	-17.8
Ecuador	26.9	-10.7	98.6	-67.9	-3.8	43.1	34.4	8.7	3.3	12.0
El Salvador	40.9	-26.0	-13.3	-13.4	-1.3	-13.1	-15.1	2.0	9.3	11.3
Guatemala	89.0	-15.9	16.4	5.9	-6.7	88.7	36.4	52.3	-39.1	13.2
Guyana	18.6	-8.8	11.4	-9.3	-1.7	10.2	7.7	2.5	-6.6	-4.1
Haiti	-3.6	-0.7	4.7	22.4	-2.4	20.4	4.0	16.4	-11.7	4.7
Honduras	45.2	-14.8	31.9	-10.2	-11.5	40.6	71.6	-31.0	13.3	-17.7
Jamaica	49.0	-12.4	130.3	45.7	-33.9	178.7	137.8	40.9	-5.1	35.8
Mexico	78.0	88.2	390.0	75.0	-88.2	543.0	720.0	-177.0	264.0	87.0
Nicaragua	20.3	-11.7	28.2	-6.9	-3.8	26.1	13.5	12.6	-23.2	-10.6
Panama	31.1	-15.3	23.0	84.5	-28.4	94.9	96.0	+1.1	20.2	19.1
Paraguay	-4.9	1.8	-1.0	7.2	-1.5	1.6	9.3	-7.7	6.2	-1.5
Peru	360.1	269.6	-183.1	90.4	-271.2	425.8 ^{2/3}	5.0	420.8	-125.7	295.1
Trinidad and Tobago	35.8	-20.8	11.7	-78.7	-2.1	-54.1	-31.9	-22.2	4.1	-18.1
Uruguay	24.4	20.6	12.5	-30.1	6.9	34.3	109.9	-75.6	127.1	51.5
Venezuela	208.0	-277.7	143.0	131.6	-16.3	188.6	244.0	-55.4	90.0	34.6
Region	2,438.1	5.4	1,451.1	-128.7	-531.3	3,394.6 ^{3/4}	3,934.4	-539.8	1,296.0	756.2
<u>1966-70</u>										
Argentina	347.4	-325.7	-302.1	-235.6	-17.2	-533.2	315.8	-849.0	538.8	-310.2
Barbados	3.6	-7.5	1.0	57.3	-21.8	32.6	69.9	-37.3	36.6	-0.7
Bolivia	252.1	-17.9	20.1	-95.5	-5.5	153.3	184.4	-31.1	-43.6	-74.7
Brazil	2,185.1	-503.4	1,341.0	-616.3	-346.5	2,059.9	3,991.9	-1,932.0	1,849.0	-83.0
Chile	530.2	737.6	7.7	30.9	178.7	1,485.1	1,198.5	286.6	-51.0	235.6
Colombia	403.3	-199.1	590.1	141.8	-56.1	900.0 ^{2/3}	1,079.0	-179.0	159.6	-19.4
Costa Rica	353.4	-82.9	14.8	1.3	-47.4	239.2	169.4	69.8	-40.0	29.8
Dominican Republic	76.6	80.0	-109.1	-61.1	-14.5	-28.1	383.5	-411.6	354.5	-57.1
Ecuador	92.5	-76.4	212.0	-142.6	-28.1	57.4	150.6	-93.2	167.6	74.4
El Salvador	168.6	-129.9	-7.6	-55.1	-16.0	-40.0	1.9	-41.9	22.9	-19.0
Guatemala	312.4	-96.0	51.5	-18.6	-25.8	223.5	74.2	149.3	-141.9	7.4
Guyana	60.0	-15.2	45.5	-49.8	-1.2	39.3	29.6	9.7	-23.8	-14.1
Haiti	-13.0	-10.7	-2.6	76.9	-3.3	47.3	-13.3	60.6	-54.0	6.6
Honduras	201.8	-52.8	66.9	-40.4	-28.4	147.1	229.5	-82.4	50.9	-31.5
Jamaica	70.5	-26.4	470.1	156.3	-74.8	595.7	367.8	227.9	-75.3	152.6
Mexico	156.0	336.8	1,646.0	247.0	-172.8	2,213.0	1,736.0	477.0	-65.0	412.0
Nicaragua	40.5	-46.0	116.1	-22.9	-10.0	77.7	80.1	-2.4	-99.4	-101.8
Panama	99.0	-23.6	30.5	218.6	-64.0	260.5	241.0	19.5	-2.9	16.6
Paraguay	-51.8	20.7	35.4	24.7	-5.9	23.1	81.9	-58.8	26.5	-32.3
Peru	936.1	800.0	-296.8	-44.1	-806.1	749.1 ^{2/3}	209.7	539.4	-321.1	218.3
Trinidad and Tobago	241.8	-40.1	-125.6	-280.1	6.3	-197.7	-209.7	12.0	-3.7	8.3
Uruguay	-53.6	60.2	42.1	-88.0	7.2	-32.1	211.1	-243.2	725.9	482.7
Venezuela	530.0	-1,046.9	371.0	-68.5	-5.1	-219.5	288.0	-507.5	599.0	91.5
Region	6,942.5	-665.2	4,218.0	-863.8	-1,558.3	8,253.2 ^{2/3}	10,870.8	-2,617.6	3,609.6	992.0

Table 21 (concluded). Changes in Capacity to Import in Relation to 1965

(In millions of U.S. dollars)

	Export Volume	Terms of Trade	Long- and Medium- Term Capital	Services and Transfers	Foreign Trade Residual	Capacity to Import	Actual Import Volume	Basic Balance	Short- Term Capital	Interna- tional Reserve Movement
<u>Average 1966-70</u>										
Argentina	69.5	-65.1	-60.4	-47.1	-3.4	-106.6	63.2	-169.8	107.8	-62.0
Barbados	0.7	-1.5	0.2	11.5	-4.4	6.5	14.0	-7.5	7.3	-0.1
Bolivia	50.4	-3.6	4.0	-19.1	-1.1	30.7	36.9	-6.2	-8.7	-14.9
Brazil	437.0	-100.7	268.2	-123.3	-69.3	412.0	798.4	-386.4	369.8	-16.6
Chile	106.0	147.5	1.5	6.2	35.7	297.0 ^{1/}	239.7	37.3	-10.2	47.1
Colombia	80.7	-39.8	118.0	28.4	-11.2	180.0 ^{1/}	215.8	-35.8	31.9	-3.9
Costa Rica	70.7	-16.6	3.0	0.3	-9.5	47.8	33.9	14.0	-8.0	6.0
Dominican Republic	15.3	16.0	-21.8	-12.2	-2.9	-5.6	76.7	-82.7	70.9	-11.4
Ecuador	18.5	-15.3	42.4	-28.5	-5.6	11.5	30.1	-18.6	33.5	14.9
El Salvador	33.7	-26.0	-1.5	-11.0	-3.2	-8.0	0.4	-8.4	4.6	-3.8
Guatemala	62.5	-19.2	10.3	-3.7	-5.2	44.7	14.8	29.9	-28.4	1.5
Guyana	12.0	-3.0	9.1	-10.0	-0.2	7.9	5.9	1.9	-4.8	-2.8
Haiti ^{1/}	-2.6	-2.1	-0.5	15.4	-0.7	9.5	-2.7	12.1	-10.8	1.3
Honduras	40.4	-10.6	13.4	-8.1	-5.7	29.4	45.9	-16.5	10.2	-6.3
Jamaica	14.1	-5.3	94.0	31.3	-15.0	119.1	73.6	45.6	-15.1	30.5
Mexico	31.2	67.4	329.2	49.4	-34.6	442.6	347.2	95.4	-13.0	82.4
Nicaragua	8.1	-9.2	23.2	-4.6	-2.0	15.5	16.0	-0.5	-19.9	-20.4
Panama	19.8	-4.7	6.1	43.7	-12.8	52.1	48.2	3.9	-0.6	3.3
Paraguay	-10.4	4.1	7.1	4.9	-1.2	4.6	16.4	-11.8	5.5	-6.5
Peru	187.2	160.0	-59.4	-8.8	-161.2	149.8 ^{2/}	42.0	107.9	-64.2	43.7
Trinidad and Tobago	48.4	-8.0	-25.1	-56.0	1.3	-39.5	42.0	2.4	-0.7	1.7
Uruguay	-10.7	12.0	8.4	-17.6	1.4	-6.4	42.2	-48.6	145.2	96.5
Venezuela	106.0	-209.4	74.2	-13.7	-1.0	-43.9	57.6	-101.5	119.8	18.3
Region	1,388.5	-133.0	843.6	-172.8	-311.7	1,650.6 ^{2/3/}	2,174.2	-523.5	721.9	198.4

^{1/} Fiscal years October 1 through September 30.

^{2/} Includes an estimated \$20 million mandatory return of flight capital in 1967.

^{3/} Includes an estimated \$160 million mandatory return of flight capital in 1970.