

MASTER FILES
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EBS/93/193
Correction 1

CONFIDENTIAL

December 10, 1993

To: Members of the Executive Board

From: The Secretary

Subject: Panama - Staff Report for the 1993 Article IV Consultation,
Review Under Stand-By Arrangement, and Request for Modification
and Extension of Stand-By Arrangement

The following corrections have been made in EBS/93/193 (12/1/93):

Pages 35-36: Basic data updated and section on IMF data (as of July 31,
1993) deleted.

Corrected pages are attached.

Att: (1)

Other Distribution:
Department Heads

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Panama--Basic Data

Social and demographic indicators

Area	77,082 sq. kilometers
Population (mid-1992)	2.5 million
Population density	32.3 per sq. km.
Rate of population growth (1987-92)	1.8 percent
Crude birth rate (1991)	22.0 per 1,000
Crude death rate (1989)	5.2 per 1,000
Infant mortality rate (age under 1, 1991)	18.0 per thousands
Population per physician (1991)	871
Population per hospital bed (1991)	320
Urban population with access to safe water (1990)	84 percent
Rural population with access to safe water (1990)	68 percent
Electricity consumption per capita (1992)	0.92 KWH/hab.
Per capita protein intake (1988-90)	88 percent of daily requirement
Per capita intake of calories (1989)	2,269 per day
Nutritionally deficient population in schools (1989)	24 percent
Adult literacy rate (1990)	88.1 percent
Unemployment rate (urban areas, estimates for mid-1992)	13.6 percent

GDP (1992) US\$6,020 million

GDP per capita (1992) US\$2,419

	1990	1991	Prel. 1992 (percent)	Proj. 1993
<u>Origin of GDP (1980 prices)</u>				
Agriculture and mining	10.6	10.3	10.1	...
Industry and construction	10.9	12.7	14.5	...
Commerce, restaurants, and hotels	13.6	13.8	13.6	...
Oil pipeline	1.9	1.6	1.1	...
Panama Canal Commission	8.4	8.1	7.4	...
Financial services	7.6	7.9	8.5	...
Public administration	14.1	13.2	12.6	...
Other services	32.9	32.4	32.2	...

Ratios to GDP

Exports of goods and nonfactor services	39.9	39.1	36.7	36.0
Imports of goods and nonfactor services	34.9	36.3	38.7	38.7
Current account of the balance of payments	-2.3	-3.4	-5.1	-5.1
Public sector revenue	28.5	30.4	32.9	31.2
Public sector expenditure	31.2	31.7	31.3	33.5
Public sector savings	-1.9	0.6	4.6	1.5
Public sector overall surplus or deficit (-)	-2.6	-1.3	1.6	-2.3
External debt (end of year)	107.0	101.0	86.4	83.4
External debt service	16.1	13.8	10.9	10.0
External debt service (in percent of exports of goods and nonfactor services)	40.2	35.4	29.7	27.8
Gross national savings $\frac{1}{2}$	14.9	14.7	17.7	15.0
Gross domestic investment	17.1	18.0	22.8	20.7
Money and quasi-money	41.9	49.8	57.5	64.0

Annual percentage changes in selected economic indicators

Real GDP per capita	2.8	7.5	6.2	3.1
Real GDP	4.6	9.3	8.0	5.0
GDP at current prices	9.3	9.7	9.2	7.0
Domestic expenditure (at current prices)	14.6	12.3	14.6	7.8
Consumption	-2.5	10.4	9.3	9.8
Gross domestic investment	81.5	13.4	37.9	-2.9
Public sector revenue	32.1	16.9	18.0	1.6
Public sector expenditure	-2.8	11.8	7.7	14.6
Public sector current expenditure	-1.8	6.6	2.8	12.9
GDP deflator	4.5	0.4	1.1	2.0
Consumer price index (period average)	0.8	1.4	1.8	1.0
Money and quasi-money	32.0	29.1	24.1	14.8

	1990	1991	Prel. 1992	Proj. 1993
Interest rates (period average)			(percent)	
Commercial lending rate (one-year)	12.0	11.8	10.6	10.0
Deposit rate (six-month)	8.4	8.4	7.7	5.0
Net domestic assets of the banking system 2/	-7.6	7.8	12.4	12.9
Credit to public sector (net)	-15.7	-4.7	-2.9	-4.2
Credit to private sector	6.9	17.9	19.4	15.9
External debt	6.5	3.6	-6.7	3.3
Non-oil merchandise exports (f.o.b., in U.S. dollars)	9.4	1.5	6.2	-3.6
Merchandise imports (f.o.b., in U.S. dollars)	42.5	14.3	18.4	7.2
Nominal effective exchange rate (end of period, depreciation -)	7.3	7.3	9.4	...
Real effective exchange rate (end of period, depreciation -)	-7.5	-0.8	-1.8	-2.0
<u>Public sector finances</u>		<u>(millions of balboas)</u>		
Revenue and grants-in-aid	1,430.2	1,672.6	1,973.8	2,004.5
Expenditure	1,560.7	1,744.9	1,878.6	1,884.6
Current account surplus or deficit (-)	-97.2	34.3	275.0	99.4
Overall surplus or deficit (-)	-130.6	-72.3	95.2	-147.6
External financing (net) 3/	415.1	178.0	16.0	195.3
Internal financing (net)	-284.4	-105.8	-110.9	-47.7
<u>Balance of payments</u>		<u>(millions of U.S. dollars)</u>		
Non-oil merchandise exports (f.o.b.)	477.6	485.0	515.1	496.4
Merchandise imports (f.o.b.)	-1,383.1	-1,581.2	-1,872.4	-2,077.2
Nonfactor services (net)	1,083.0	1,192.7	1,134.5	1,225.7
Investment income (net)	-464.7	-453.4	-312.1	-285.1
Transfers (net)	97.9	112.5	123.7	127.4
Balance on current account	-114.5	-185.8	-306.7	-326.7
Official capital (net)	17.9	-186.5	196.1	-216.2
Private capital and errors and omissions (net)	-115.9	59.8	286.2	228.0
Overall balance	-212.5	-312.5	175.6	-314.9
Financing	212.5	312.5	-175.6	314.9
National Bank of Panama	-262.5	-116.1	-0.8	-93.7
Rescheduling	149.8	31.9	8.4	--
Arrears	407.1	454.6	-266.2	403.6
Net use of Fund credit	-82.0	-57.8	83.0	5.0
<u>Net foreign assets</u>		<u>(millions of U.S. dollars; end of period)</u>		
National Bank of Panama (net)	260.6	376.8	377.6	471.3
Commercial banks (net)	323.3	814.3	1,198.3	1,199.2

1/ Does not include public sector capital income.

2/ In relation to liabilities to the private sector at the beginning of the period.

3/ Includes arrears of foreign interest and blocked funds abroad.