61173

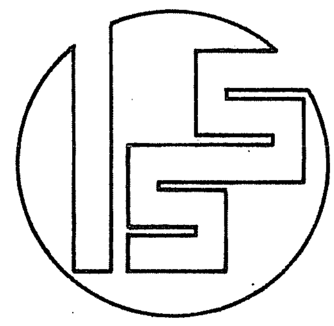
I.S.S.

OCCASIONAL PAPERS

Analysis and Overall Evaluation of Latin American Trade Policies

S. Sideri

Working paper. The views expressed in this paper are those of the author and not necessarily those of the Institute of Social Studies.
Occasional Paper No. 42. July 1973.



Institute of Social Studies
THE HAGUE - NETHERLANDS

Introduction

Development thinking and practive in Latin America have been strongly influenced by the centre-periphery approach with its heavy emphasis on international trade, considered the most important variable in the analytical explanation of the origin of underdevelopment as well as in the strategy recommended for its elimination.

It is understandable, then, that the trade policies implemented in Latin America, and their effects, are of paramount importance not only for an assessment of the region's progress but also for fostering the right strategy for the future.

Only a brief analysis of the problem is presented here, in an attempt to pinpoint the main issues and their impact on the development process; concentration is on the process of polarization taking place within Latin America.

This paper is divided into five parts: (i) main characteristics of Latin American economic foreign relations, mainly as the result of given trade policies; (ii) principal policy instruments utilized, with special reference to exchange rate policies; (iii) trade policies of the developed countries, i.e. most-favoured nation clause and GATT's role, generalized preference system, discriminatory treatment of manufactured and primary imports from LDCs; (iv) regional integration policies and the resulting polarization; (v) overall evaluation of L.A. trade policies with respect to the region's development and with the International Development Strategy (IDS) and targets.

1. External sector and trade policies of Latin America

It is widely accepted that the Latin American external sector remains characterized by the following features.[1]

(a) Slow growth of exports and their unchanged structure, in terms of products as well as of markets.[2]

(b) A slightly more rapid growth of imports than of exports, accompanied by the lowest possible import coefficient in the more advanced countries of the region, but its increase in most countries of the region.[3]

(c) Rapid expansion of external, public and private, indebtedness, the servicing of which absorbed on the average 37 percent of all Latin American exports of goods and services during the period 1965-69, against 18.5 percent during the first half of the 50s.[4] Furthermore, the net contribution of foreign direct investment continues to be negative and increasingly so, rising from minus $2.4 billion during the period 1950-54 to minus 5.3 during 1965-69. The net contribution of foreign capital, positive on the average from 1955 to 1964, turns again negative ($1.3 billion) in 1965-69.[5]

(d) Although Latin American official reserves substantially increased in 1972 (from $2.8 billion in 1960 to 6.3 in March 1972),[6] their ratio to imports remained practically constant (around 31-32 percent), the lowest of all underdeveloped areas.[7]

The combined effects of these elements have caused Latin American external relations to be further characterized by a sequence of balance of payments crises.

There is no doubt that these crises mostly find their origin in the national development policies pursued in the regions; or rather in the inconsistencies of these policies. Yet it seems erroneous to select the lack of an export promotion drive to pay for the greater import required to achieve the higher income targets ambitiously pursued by most L.A. countries.[8]

It seems rather that Latin American balance of payments problems are the direct result of (i) the type of industrialization attempted; and (ii) the large borrowing abroad undertaken by L.A., especially since the end of the 1950s, in order to attain such an aim. The link between these two elements is given by the prevailing internal income distribution and by the political will of the dominating classes not to affect it in any way. Together these factors explain the types of commercial policy followed in the region.

It is now recognized that, from the beginning, the industrialization of Latin America has not been the result of a clearly designed development strategy. Ultimately, even import substitution become an instrument of penetration for multinational corporations, backed in their effort by the national ruling groups who see in foreign capital a way to avoid changes that will affect their interests. In this process the elite have maintained their position, although they have had to accept becoming part of a 'private transnational class' in which they play a subordinate role.

Graph 1 shows clearly that in the last twenty years Latin America has been able to pay for its imports with exports. The balance of payments problem arises only as a result of payments for invisibles, mainly those relative to the servicing of foreign capital. And as these payments have been rising very fast while the trade surplus has shrunk, becoming negative for the first time in 1971, Latin American export revenues have been increasingly absorbed by the servicing of foreign capital. In this way, the large inflows of foreign capital intended to promote the region's exports cause an increasing outflow of resources which makes it impossible to step up the import of those capital goods that would permit the expansion of exports. Based on the wrong assumption, namely an alleged trade deficit, the export promotion could not be more disastrous and self-defeating. This result is even more evident when we consider the region's trade with the US, long characterized by the largest trade deficit of Latin America. Although the export drive should logically have been directed to the US, the trade deficit increased sharply from an average $266 million during 1961-65 to 861 m during 1966-70 and finally to 1,287 m in 1971.[9]

In other words, while export promotion has been utilized to justify the import of foreign capital and foreign technology, the structure and dynamics of international relationships have ensured that the profile of Latin American production did not change,[10] and that the reduction, or elimination, of its trade surplus contributed to reinforce its dependence on the centre.

Important changes in overall Latin American trade during the second half of the 1960s include the following.[11]

(i) Export volume increased on the average by 13 percent annually. Brazil's export volume increased most in absolute terms and reflected the growth of traditional as well as new manufactured products.

(ii) The terms of trade were on the whole not favourable to the region which, through their deterioration, lost $665 million during the period 1966-70. This negative trend was the effect of a progressively faster rise of import prices ($2.7 billion; Brazil being, after Venezuela, the country most affected in absolute terms, i.e., for almost half a billion dollars) than of export prices ($1.9 billion).

(iii) The service and transfer account shows over the same period a deterioration of $864 million with respect to 1965 and a percentage change of almost minus 13. Again Brazil was by far the most affected, with a loss of $616 million, and a change of -57 percent with respect to 1965.

(iv) The long and medium-term capital account presents a net improvement of $4.2 billion over the five years, or an average increase of $844 million per year of which 329 m and 268 m, i.e. 71 percent,[12] went to Mexico and Brazil respectively.

Taking these various effects together, it will be seen that the region's capacity to import[13] increased during this period by a yearly average amount of $1.65 billion with respect to 1965, a yearly change of almost 16 percent to which variations in the export volume alone contributed about 84 percent. Mexico and Brazil experienced the largest average increase in absolute value, $443 and 412 million respectively, i.e. 51 percent of the total.

Confronting the capacity to import with the actual import volume levels (i.e. imports at 1965 prices), it appears that the latter increased at an average annual rate of 22.3 percent, in absolute terms by a $2.2 billion annual average. Brazil's import volume growth was by far the largest, in absolute terms ($800 million average)[14] as well as in percentage (73 percent average annual change). On the whole, during the period 1960-70, the region retained a small margin of underutilization of capacity, about 1 percent, although the utilization rate of its import capacity increased by 5.6 percent with respect to 1965. Brazil underutilized its import capacity by about 4 percent, second only to that of the Dominican Republic. As Brazil experienced at the same time a large inflow of short-term capital averaging $188 million, its international reserve position improved by an amount equal to 13.9 percent of its import capacity, the highest of the region and almost thrice the latter average of 5.5 percent. Brazil's inflow of short-term capital was the largest of Latin America, and together with that of Mexico and Argentina constituted 86 percent of the total net inflow into the region. Finally, this net inflow of short-term capital equalled almost 10 percent of Brazil's import capacity, more than twice the region's average of 4.3 percent.

2. Principal trade policy instruments

As protectionism has been the policy recommendation emerging from the import substitution policy and its systematized version diffused by ECLA tariffs have loomed large in Latin American practice and

their effects on growth and industrialization have been widely studied.

Although import tariffs have not tended to decline much during 1972, the *ad valorem* import taxation accounted in 1970 for 13.5 percent of the region's imports (c.i.f.) compared with 15.9 percent in 1965 and an average of 14.3 for the whole period 1966-70.[15] These rates do not compare too badly with those relative to the import of finished manufactures of the centres at the beginning of 1972.

	Dutiable Items[a]		All Items	
	maximum	minimum	maximum	minimum
World	12.0	10.3	10.1	7.7
EEC	9.0	8.0	8.7	7.8
US	13.4	8.1	12.8	7.2
Japan	12.8	11.7	12.5	11.4

(a) Data are taken from GATT, *Basic Documentation for the Tariff Study*; the maximum and minimum refer to four different types of tariff averages. Utilization of the distinction between percentages relative to All Items and Dutiable Items still conceals the effect of import tax rates that are prohibitive.

Brazil averaged 10.8 percent during the period 1966-70, Mexico 10.9, Colombia 16.1 and Argentina 17.9 percent.

It seems that, on the whole, tariffs and tariff modifications have not played a very important role, and that the different exchange rate policies tried in the region have had more impact on the economic growth of Latin America and on the pattern of its international relationships, especially with the centre.

Exchange rate policies have been well practiced in Latin America, so much so that, since its inception, IMF has made great efforts to impose its liberal approach on the region.

Overvaluated and multiple exchange rates have contributed an important instrument for Latin American industrialization based on the import substitution policy. They have in fact enabled the transfer of income from the traditional to the industrial sector by reducing the prices of imports for the latter and decreasing the real income received by the former. Now the exchange rate policy is very much linked to a country's monetary policy and multiple exchange rates tend to enhance the autonomy of the latter. Multiple exchange rates were introduced in Latin America in the 1930s, that is, during a period of diminishing international interdependence; they came to limit the prestige of IMF and the influence the latter felt it should exercise on the region. The campaign for unification of multiple exchange rates mainly utilized the argument relating to the need for effective control of inflation,[16] ignoring the structural nature of this phenomenon.

Only at the end of the 1950s and the beginning of the 1960s did the IMF succeed in practically eliminating multiple exchange rates from Latin America, making yet more acute the problem of finding a mechanism which would enable each economy to adequately reach its external and internal equilibrium. Balance of payments difficulties, resulting mainly from disbursements related to service and capital,

made more appealing the credit facilities offered by the World Bank and US foreign aid. Yet the adjustment process appeared complicated by the large capital flights experienced by Latin America and the continuous inflation which seemed unaffected by the shift in exchange rate policy.

Attempts to eliminate this outflow would have required the introduction of certain controls which, aside from being politically undesired, are also contrary to IMF principles and practice and an obstacle to further expansion of foreign credit.

Reduction of inflation would have required, among other measures, strict control over the demand structure and consequently of income distribution, which again could not then be associated with IMF policies.

It became then important to disparage the IMF rule of fixed exchanged rates and to accept in one form or another the idea of their flexibility in order to attempt to reconciliate external and internal equilibrium under rapidly changing conditions. The developed countries have more recently followed a similar course when they started to feel the pressure of an adjustment process derived from power redistribution among themselves.

The shift from the multiple to the single exchange is also related to the Latin American industrialization process. The crisis of the import substitution strategy and subsequent attempts to expand the export of manufactured goods, have required at the very least a more drastic adjustment of the exchange rate to its equilibrium value, which in turn meant a series of devaluations. But "precisely because the developing countries' balance-of-payments problem requires an adjustment in cost structure (the reduction of manufacturing costs <u>relative</u> to the prices of primary products) and not just a change in the general level of costs in terms of international currency, the desired result cannot be achieved by a straight forward devaluation of their currencies."[17] Furthermore, export promotion more than import substitution needs exchange alterations that would redress the balance in favour of primary producers but would also obstruct investment in the intermediary and capital goods sectors.

Although it is correct that the previous exchange rate policies with their constant overvaluations contributed greatly to the import of a largely labor-saving technology and to a rather excessive mechanization of agriculture, the negative effects were less the necessary result of the exchange rate policy than of the lack of a clear development strategy.

Furthermore, there is convincing evidence that multiple exchange rates provide a better adjustment mechanism than the single rate when, as is often the case in Latin America, the demand for import, the supply of exportables, and external demand, are all inelastic. Multiple exchange rates have then exercised considerable influence on capital formation, consumption and the production structure of countries such as Argentina, Brazil, Colombia, Chile and Peru, and have valuable contributed to their pursuit of domestic growth.[18] Unfortunately this instrument has been utilized in Latin America under less than propitious conditions, namely, a fundamental external disequilibrium and the "general exchange and monetary weakness of many Latin American countries."[19] If international economic co-operation would not have been conditional to the elimination of

multiple exchange rates, the latter might have resulted in a better development instrument than the shaky stabilization programmes fostered by the IMF and undermined by this institution's liberal principles. The transition to full liberalization, tariffs and fiscal policies was then the only available substitute to exchange rate manipulation. Yet the difficulties caused by such substitution have apparently been great enough to make these transitional measures become a permanent feature of the Latin American economic landscape. And while the working of the multiple exchange rate had been fairly even, the surcharge on imports, exports taxes, and high advance deposits on imports are policy instruments "on which pressure from the various interest groups of a country's business community is likely to be stronger."[20] Furthermore, surcharges, retentions, and advance deposits are strictly applicable to flows of goods and cannot affect flows of capital, as was the case with multiple exchange rates. As a result, the change of the exchange rate policy has tended to bring together "the interest of foreign private capital and of Latin America's economic leaders", which eventually "may lead to a burden for this region."[21]

Difficulty in understanding what the IMF intended to achieve by advising this substitution, may force many to believe that the main aim of the IMF and of the World Bank has been to gain control over most Latin American economies.

In fact, while most Latin American countries - 15 - have agreed to avoid the use of exchange restrictions, multiple exchange rates and discriminatory currency arrangements have become permanent instruments in their attempt to equilibrate their balances of payments, although it seems that their growth has not been enhanced nor are their external sectors closer to equilibrium.

To sustain that "Latin America takes as a heritage into the 1970s an exchange rate system with a structure substantially biased against non-traditional exports",[22] implies forgetfulness of Kaldor's warning about the non-existence of a viable single exchange rate, as has been demonstrated by those countries which have continuously devaluated their currencies. The inflationary pressure has not yet abated[23] as it originates in the internal structures of these countries and in their position within the international system.

3. Developed countries' trade policies

There is mounting agreement that the trade policies of developed countries are (i) the most glaring contradiction to their public declarations concerning their desire to help the Third World to develop; and (ii) basically designed to obstruct such development in order to maintain the underdeveloped countries' dependence.

This is demonstrated by the resistence opposed by DCs to the (i) establishment of commodity agreements relative to LDCs primary products; (ii) elimination or reduction of subsidized agricultural exports which presently limit the natural outlet of LDCs similar products; (iii) elimination of all policies (tariff, quotas, taxes) which discriminate against LDCs competitive exports of manufactured products. To these problem areas strictly concerned with trade policies, it seems necessary to add: (iv) the disturbing trade policy elements embodied in DCs export credit policies, especially the interest practiced and the tying; and (v) the lack, aside from the

GPS, of a set of measures to compensate LDCs for the biased working of the prevailing market price constellation.

The expansion of the EEC has also been characterized by an increasing proliferation of special preferences (the EEC of the Six established preferential and reciprocal agreements with 28 other countries).[24] This not only played havoc with the original idea on which the Community was built, namely, the creation of conditions for trade liberalization,[25] but has strongly reduced the role of GATT regulations by making the application of its basic principle - the most favoured nation clause - more and more an exception. As this principle was a pivot of the international order established after World War II under the intense labor of the US, which also benefited most from it, it is not surprising that that country has protested against such practice and has recently publicly warned that if the trend does not change it will find it necessary to create its own preferential area to protect its commercial position.[26]

The generalized preference system, recently agreed upon, for products originating in the peripheries, certainly attempts to reduce the discriminatory impact of many of these special preferences. Yet, its application is not so general as might be expected. Its implementation by EEC and Japan (the U.S. after resisting the granting of GPS has only agreed, mainly as a defense strategy against EEC's earlier action, to send the relative bill - excluding shoes, textiles and oil from GPS - to Congress, although this has not yet been done nor is it apparently imminent) is on an extremely restrictive basis, as "it does not provide for preferences granted in common by all developed countries: each of these has its own scheme".[27] Furthermore it does not provide access to the centre's markets for 'sensitive' goods of the peripheries. This was recognized by Mansholt who rightly considered that the Community's offers have been less generous in the agricultural than in the industrial field "because no other industrial community has so many farming interests to safeguard as we have." In other words, the cost of building the community is passed on the Third World, following a very common practice.

The right to restrict imports from the peripheries remains, through the escape clauses, firmly with the centres, showing that in spite of the limited nature of the GPS and the small financial gain that it will produce for the peripheries,[28] the centres are not willing to undercut one of the main sources of their power, namely, trade.

Reverse preferences (i.e., the preference accorded to EEC and UK products by Associated and Commonwealth countries respectively) also represent a difficult problem to be solved as they are also related to financial and technical assistance. The problem is more serious not only for EEC Associated African countries but also for the Commonwealth African and Caribbean countries which have a choice of association.

Finally, in the centres (i) average tariff rates on manufactured and semi-manufactured products still range from 7.1 yo 13.4 percent of all duitable imports,[29] and (ii) non-tariff barriers are rapidly multiplying under the most disguised forms; the view still shared by some that after the Kennedy Round tariffs no longer matter therefore seems quite inaccurate. It is in fact increasingly recognized that "the trading system as it stands is not adequate, any more than the

monetary system as it stood before 15 August /1971/ was adequate."[30] The U.S. Congress has rightly called "for a review and revision of the trading mechanism;" however, what the peripheries under the circumstances will achieve in the 1973 multilateral negotiations can be deduced from the importance that the high-level OECD Report[31] (the Rey Report) gives to "the developing countries": 8 out of 168 pages! The report stress the point so dear to OECD members, namely, that "steady growth in the economies of the developed countries is an indispensable precondition for increasing markets for the exports of developing countries."[32] It then adds that as "it seems difficult to foresee a spectacular increase in their /LDCs/ export earnings"[33] of primary products, these countries should concentrate their efforts on the export of manufactured goods, in this aided by GPS (the limitations of which have just been indicated), and on encouraging the inflow of private investment, which "has made a very useful contribution to development, and to the growth in export earnings."[34] In other words, more of the same remedy.

4. Regional integration and the polarization process

In the 1960s regional integration was conceived mainly as a strategy with which to overcome the limitation that the size of national markets placed on the achievement of economies of scale, thus to enhance the industrialization of the countries concerned.[35] It implied extension to the region of economic policies which had been previously directed to the achievement of some economic development and national independence, and which now attempted to reduce the huge inequalities among the various countries of the region.

This target may explain the reserved attitude adopted by the multinational corporations which respect to the regional integration process, and by the U.S. Government which, until the middle of the 1960s, "contemplaba los esfuerzos de integración con una especie de desoprobación ideológica, y de profunda desconfianza."[36]

The change is due to the realization that the various national upper-and-middle classes together constitute a market[37] large enough to absorb a substantial manufactured production, rationalized by the multinational corporations. The latter did not wait for Governmental assent before moving boldly into the continent which, by the 1960s, they had deeply penetrated; national entrepreneurs were too slow in adjusting to the international dimension so familiar to the big corporations.

The political change which simultaneously took place in some Latin American countries, strenghtened this development; and as the integration process became increasingly a function of these interests, the process itself started to assume a different nature.

Priority is given to rationalization of productive efforts in the various economies. As these have not previously been specialized according to their comparative advantage, they need now to be submitted to the working of such a principle. The result is a process of geographical concentration of industrial growth and the distribution of its 'positive' effects over the region via the usual trade mechanism. This process tends to stimulate the growth of existing enterprises and also the concentration of their control; in turn these reinforce the tendency to form monopolistic and oligopolistic situations in most of these vital sectors.

Instead of spreading industrialization to most of Latin America, regional integration encourages the location of integrated industrial sectors in a few areas.[38] Control over principal economic decisions passes to the multinational corporations which present themselves as the only entities able to organize and manage operations on such a scale.

If the productive process is mainly directed to the urban bourgeoisie (which explains the little attention given to agriculture) and to the workers' elite, then the unequal growth resulting from this integration no longer matters. It may even become a chosen strategy.

The increasing marginalization of the masses parallels the diminution not only of the national states' economic role but also of their political capacity "de interpretar las aspiraciones nacionales y aglutinar los problemas alrededor de ideales comunes". The inability to perform such a crucial task "tendrá como resultado limitar las posibilidades de desarrollo de la región."[39]

A few remarks must be added about the most important locus of the polarization taking place in Latin America, namely Brazil.

In the 1950s and the first half of the following decade, Brazil's exports tended to decline, from an average $1.5 billion during 1950-54 to 1.3 during 1960-64. The rapid recovery that followed was without doubt the result of the policy started by Brazil's new government, based mainly on (i) monetary control, and (ii) export promotion.

The first policy - reduction of the monetary supply and a restrained government budget - is meant to reduce the domestic rate of inflation and so to reinforce export promotion. The latter consists of the following elements: (i) a 'realistic' unified exchange rate, which in August 1968 is modified into a crawling peg in order to maintain a competitive exchange rate against a still unchecked domestic inflation. The crawling peg reduces capital speculation and so increases its productive utilization; (ii) elimination of exchange rate restrictions, to be substituted with fiscal and monetary instruments (MF Rule VII, 23); (iii) elimination of practically all export taxes and introduction of export subsidies, as a result of which Brazil has been accused of dumping its products at about half their production costs; (iv) special export credits at very low interest rates, are added to the subsidies; (v) open-door policy with respect to foreign capital.[40] Consequently, foreign capitalists who find it increasingly difficult to invest in Latin America on the old terms, can now do so in Brazil from where the goods they produce can be exported to the rest of the continent. The huge inflow of foreign capital has caused rapid diversification of Brazil's production, which is geared more to foreign markets than to enlargement of the domestic market. Strictly linked to this point is (vi) the pursued wage restraint policy, as result of which real wages in Brazil have declined since 1964[41] and the income distribution has worsened.[42]

The GDP has yet grown from a low average 4.5 percent during the first half of the 1960s to 7.5 percent[43] in the second half, mainly caused by expansion of the manufacturing sector, from 3.7 to 10.3 percent, and of the export sector. The latter shows the following change:

Annual average rate of growth of Brazil

	Export	Import
1950-60	-2.0	-1.2
1960-67	4.6	0.0
1967-70	18.3	19.6
1970-71	7.7[a]	28.0[a]

a) Preliminary
Source: UNCTAD, Handbook, Table 1.5; CEPAL, Estudio Económico 1971.

As for intraregional trade, while Brazil's share of the region's imports decreased from 25 percent in 1961-65 to 18 percent in 1966-70, her share of the region's exports rose from 8.5 percent to 11 percent. The country's trade deficit with the region decreased from an average $510 billion during 1961-65 to $230 billion during 1966-70.[44] If we compare Brazil's performance with that of Argentina during the same period it appears that Brazil's percentage change has been higher relative to export (86 percent and 69 respectively), but much smaller with respect to import (17 percent and 57 respectively),[45] which indicates not only that Brazil is overtaking Argentine, but also the latter's greater dependence on imports from the continent.

The value of Brazil's exports increased from 14.5 percent of total Latin American exports in 1967 to 18.8 percent in 1970, while the rate of growth of its exports, i.e. 18.3 percent during 1967-70, is the highest experienced by Latin America.

The structure of Brazilian trade has also changed: in its trade with LAFTA countries Brazil's export included 52 percent of primary products in 1962 but only 40 percent in 1971. Yet Brazil's overall exports in 1971 included 82 percent of primary products.

On the whole during 1968-70, Brazil's GDP rate of growth increased by 9.3 percent (compared to Latin America 6.6), the highest of the continent; the investment rate has been 12.7 percent (Latin America 8.1 percent), second after the 19.3 percent of the Dominican Republic; the rate of growth of value added in manufacturing has been 11.9 percent in Brazil (Latin America 8.8 percent), second to the 12.2 percent of Costa Rica and equal to that of Nicaragua.[46]

Net capital inflow rose from almost nil in 1965 to $1.8 billion in 1971 (medium and long-term capital equal to $1.4 billion), international organizations contributing from an average $246 million during 1965-69 to $361 million in 1971. Brazil's reserves reached the level of $1.7 billion in 1971 (1.2 billion in the previous year). Consequently, her total external indebtedness at the end of 1971 was $6.6 billion and net payments for capital income rose from an average $237 during 1965-69 to 464 in 1971.[47]

5. Conclusions

It is now possible to try to order the Latin American experience into two basic periods.

The first runs from the end of World War II, though for some countries it had started earlier, and continues until the end of the 1950s; it is characterized by an overall inward-looking attitude, an aspect of which is industrialization by import substitution. As the latter needs little capital and traditional and consequently cheaper technology, domestic capital is largely able to finance it. Foreign capital is then left to its traditional sector: primary production.[48]

Under these circumstances the overvalued exchange rate and multiple exchange rates are widely utilized to obtain basically two objectives: (i) to transfer income from the primary to the secondary sector, and (ii) to adapt the internal price structure to the internal cost structure. Although the latter makes it difficult to raise the export capacity of the country so that the import drive finds its limit in the size of the internal market, it must be recognized that the overvaluation produced by high domestic costs cannot "be 'cured' by any uniform adjustment of the exchange rate."[49]

On the whole, Latin American experienced during this period a relative prosperity which yet did not affect the prevailing and very unequal income distribution, so that the latter became the main limitation to industrialization of the region. While the multiple exchange rate policy was quite correct when there was no choice single exchange rate "capable of securing equilibrium between domestic costs of production and ... the level of costs prevailing in foreign markets",[50] political inability to carry out the internal structural changes needed to bring larger groups of the population into the industrial market, caused the end of the easy import substitution and marked the beginning of the second phase.

Given this 'rigidity' of the region's socio-economic structure, the only possible alternative is to hope for an expansion of manufactured products. Born out of the impasse reached by the import substitution, export promotion soon required the help of foreign capital which basically became a substitute for unwanted structural change. The need to import foreign capital and alien technology, and the increased lending capacity of the World Bank, forced Latin America to accept unified exchange rates[51] and the IMF stabilization programs, although these are clearly "premised on the explicit awareness that supply rigidities were retarding the growth rate" and that these rigidities were "in large part the consequence rather than the cause of inflation."[52] Consequently inflation has not yet been cured[53] and growth declined during the stabilization period. At the same time a large part of each country's control over its economic life passed to the Fund and the World Bank and the penetration of foreign capital in the manufacturing sector further reduced Government's role in the management of their own economies.

The proposition that export promotion could help overcome the limitation imposed by the size of the market to the growth of each country, has to be reconciled with developed countries' disinclination to import substantial amounts of goods, including primary goods from less developed countries. The conflict is apparently resolved by launching regional integration schemes, though under the circumstances the idea implies the polarization of production in one or two growth poles. This polarization is in turn the result of a simple consideration: if export promotion is to be directed mainly to the region itself or possibly to other peripheries,[54] not all countries can equally industrialize. Selection is also made necessary by the limited availability of capital that is needed to carry on such programmes and that must be concentrated mainly in chosen areas designed to serve the region as a whole.

The idea of regional integration, once opposed by the US for fear that it could enhance Latin American independence, is now gladly sponsored by the multinational corporations which see in it a useful instrument for their 'global' strategy. Furthermore, the resistance

to the liberalization process by national industrialists and by small countries has reinforced the tendency of the multinational corporations, and by now of the centre's government, to concentrate their operations in a few countries while pushing forward the de-nationalization of the region's local industries. To overcome resistance to liberalization, the IMF receipt relative to fixed exchange rates is abandoned, the regional subcentre Brazil is allowed a crawling peg and a series of tax incentives and subsidies to exports, in order to isolate its external sector from its yet uncontrolled - because of its structural nature - inflation. Furthermore, it has been convincingly demonstrated that the IMF's inspired stabilization policies "rather than directing resources to industries with export potential, continued the pattern of precocious widening of the industrial specturm."[55] That the IMF still considers the crawling peg as "not ... consistent with the basic principles of the par value system" and therefore concludes that it does not "recommend itself as advantageous"[56] has not prevented its utilization. The "very generous system of tax incentives" and subsidies to exports, has found the enthusiastic support even of The Economist which, putting aside its traditional liberal attitude, praises it for the fact that "Brazil is exporting more manufactured products today than the rest of Latin America put together."[57] Although there are no exact figures relative to the contribution of foreign-controlled production in Brazilian exports, this share is put at no less than 40 percent. Consequently the $1 billion estimated costs of all these incentives[58] is largely a subsidy of the Brazilian people to the multinational corporations.

The present crisis of the regional integration process is then nothing more than the absorption of that idea into the 'global' strategy of the multinational corporations with their need to concentrate production for the various small national markets. To enlarge them would require unwanted structural change. The creation of subcentres within the periphery appears then not only as an economic phenomenon but assumes enormous political significance as it tends to create an in loco policy to maintain the status quo, vis à vis the growing marginalization of increasingly larger sectors of theLLatin American population.

The analysis presented here indicates that former acceptance of export promotion was perhaps too vague as to the conditions and possible effects of such a strategy.[59] The same applies to IDS sponsoring of economic regional cooperation, though in this case it is recognized that the "removal of barriers to their intratrade ... is not sufficient by itself."[60]

The absence of any consideration relative to the crucial role played by the multinational corporations and the reiterated belief that export promotion is the only solution to mounting debt servicing,[61] not even once considering that the latter can be largely the result of the former, reduces the operational value of the IDS recommendations.

Brazil appears as the country which follows the IDS suggestions quite strictly, especially for what concerns its foreign sector and trade policy, including "the maintenance of a realistic exchange rate" and the "prevention of excessive internal demand."[62] Yet it is clear that not many other Latin American countries could do the same. Not only is each country unique but the very logic of the approach

limits its application to few poles only. And this apart from the question of whether the result of such an approach "is not simply an increase in productive capacity but major transformations in their social and economic structures."[63]

The adoption of such an approach by other countries may not only compromise their development, it also implies the acceptance of greater dependence and further marginalization. It implies their contribution to the establishment within the periphery of a sub-centre meant to strengthen the hierarchical order which has for long characterized international relations.

Footnotes

1. CEPAL, El Segundo Decenio de las Naciones Unidas para el Desarrollo, La Política Comercial Exterior de América Latina (E/CN.12/816, March 1969).

2. Annual average rate of growth of Latin America and (LDC)

	1950-70	50-60	60-70	71
Exports	3.4 (4.7)	2.1 (2.9)	5.5 (7.2)	9.1 (11.1)
Imports	3.5 (4.8)	2.9 (4.1)	6.0 (6.4)	11.3 (11.9)

Source: Unctad, Handbook of International Trade, 1972 (New York, 1972), Tables 1.5 and 1.6; and UN, Monthly Bulletin of Statistics (Feb., 1973), Table 52.

3. Table 2 and the following one:

Import coefficients

	1950	1960	1966	1967
Brazil	0.065	0.057	-	0.047
Argentina	0.126	0.127	-	0.109
Chile	0.120	0.172[a]	0.189	-
Mexico	0.162	0.195	0.200	-
Colombia	0.215	0.206	0.224	-

Source: D.M.Schydlowsky, "Latin America Trade Policies in the 1970's: A prospective appraisal", Quarterly Journal of Economics, May 1972, p. 269.
a) Data before 1960 not comparable with later data.

4. CEPAL, America Latina y la Tercera UNCTAD (E/CN.12/932, March 1972), p. 397, Table 2.

5. Ibid.

6. IMF, Annual Report 1972, p. 32, Table 12.

7. IMF, Annual Report 1971, p. 26, Chart 6.

8. Schydlowsky, "Latin American Trade Policies", p. 263.

9. UN, Latin America and the International Development Strategy: First Regional Appraisal (E/CN.12/947, 1973, II), p. 8, Table 1.

10. The annual average rate of production grew from 6.4 percent during 1960-65 to 7.3 during 1965-70; 6.3 to 7.9 percent respectively for Argentina, Brazil and Mexico together; Ibid., I, p. 106, Table 15. Latin American export of manufactured goods (SITC 5 to 8, excluding 1967 and 1968) increased from 2.9 percent of total exports in 1955 to 7.2 in 1969, and from 3.5 to 7.1 respectively of its trade with the US; UNCTAD, Handbook ..., Tables 3.1 to 3.10.

11. The data presented here are mostly from E.Walter Robichek and Carlos E.Samsón, "The Balance of Payments Performance of Latin America and the Caribbean, 1966-70", IMF Staff Papers (July 1972).

12. If the $118 million which reached Colombia are added, these three countries alone obtained 85 percent of the net inflow of long and medium-term capital.

13. As usual the capacity to import is defined as the sum of all balance of payments flows, minus: (i) the part of merchandise import payments that reflects a variation in the import volume; (ii) short-term capital movements, including errors and omissions; and (iii) international reserve changes.

14. Brazil, Mexico and Colombia's average increase amounted to 63 percent of the region's use of import volume, with respect to 1965.

15. Robichek and Samsón, "Balance of Payments Performance", p. 308, Table 13.

16. C.Gutt, The Practical Problems of Exchange Rates (IMF, Washington, 1948), p. 17.

17. N.Kaldor, "Dual Exchange Rates and Economic Development", Economic Bulletin for Latin America, November 1964, p. 218.

18. M.S.Wionczek, "La integración regional de América Latin a y la Inversión Extranjera directa", CEMLA, Boletín Mensual, December 1966, p. 581.

19. W.Köning, "Multiple Exchange Rate Policies in Latin America", Journal of Inter-American Studies, January 1968, p. 43.

20. Ibid., p. 47.

21. Ibid., p. 50.

22. Schydlowsky, "Latin America Trade Policies", p. 276.

23. From 1966 until the end of 1970, Chile depreciated its currency by a cumulative 252 percent in the 'banking' market, while its price level increased by 217 percent; Colombia's depreciation totalled 41.7 percent from March 1967 to the end of 1970 and its price level rose by 48 percent for the whole lustrum; during the period 1966-70

Brazil depreciated cumulatively by 122.2 percent as the price level went up by 218 percent; Robichek and Samsón, "Balance of Payments Performance", p. 317.

24. With the enlargement of the Community 19 dependent territories will be associated: 12 countries from Africa, 4 from the Indian and Pacific Oceans, and 4 from the Caribbean may also enter into an association with the EEC; finally India, Ceylon, Pakistan, Singapore and Malaysia will have special consideration, while New Zealand's butter and cheese receive special treatment. Furthermore, Malta enjoys associated status with EEC.

25. The Treaty of Rome Preamble expresses the desire "of contributing ... to the progressive abolition of restrictions on international trade."

26. M.Propps, US representative at the GATT Assembly, 16-26 November 1971.

27. B.Hindley, "The UNCTAD Agreement on Preferences", The Journal of World Trade Law, November/December 1971, p. 694.

28. The estimated "total tariffs collected by the advanced countries on imports from underdeveloped countries which would be accorded preferential treatment under the scheme is probably in the order of $400-500 million." This tariff revenue which is forgone on preferential imports is not necessarily equal to what the preferred peripheral countries may receive; Ibid., p. 699.

29. GATT, Basic Documentation. Since the 1st January 1972 tariffs on non-agricultural products average 9.4 percent in the UK, 11.0 in Japan, 8.3 in US and 7.6 in the EEC, according to the European Community's Document de Travail (XI/64/71.F, 23 February 1971, JD/ME).

30. H.B.Malgreen, "The New Posture in the U.S. Trade Policy", The World Today, December 1971, p. 507.

31. Interestingly enough, the Report's chapter on developing countries starts with the stimulating recognition that "when working out trade and other policies for promoting economic and social progress on as broad a front as possible, it is essential to consider relations with the developing countries." OECD, Policy Perspective for International Trade and Economic Relations (Paris, 1972), p. 89.

32. Ibid., p. 89.

33. Ibid., p. 90.

34. Ibid., p. 95.

35. "A common market has become an imperative need as another means of correcting the trend towards an external bottleneck and promoting the economic viability of the industrialization process"; R.Prebisch, Towards a Dynamic Development Policy for Latin America (U.N., New York, 1963), p. 89. According to Wionczek the regional integration strategy and the consequent liberalization of intra-regional trade was also dictated by the never questioned "proposición general de que la expansión del comercio trae consigo el fortalecimiento del desarrollo", "La integración regional", p. 583.

36. M.Wionczek, "Historia del Tratado de Montevideo", in Wionczek (ed.) Integración de América Latina, Experiencias y Perspectivas (Mexico, 1964), p. 80. US disapproval was for the first time officially expressed in February 1959 (Ibid., pp. 83-84); this attitude started to change after the Bay of Pigs affair.

37. La integración Acelerada insists on the need to overcome the limitations of national markets, the small rises of which are caused by the low level of Latin American average income (op. cit., pp. 47-50). Considering the unequal income distribution prevailing in the continent, it seems that a common market of the upper 30-40 percent of the population would not be a negligable proposition.

38. "Se privilegierá de este modo el complejo Buenos Aires-Montevideo-San Pablo-Río de Janeiro, u el eje México-Colombia, en desmedro del resto de Latino-américa en su conjunto, agravándose los desniveles y desequilibrios regionales", M.Kaplan, La Empresa Privada y la Empresa Pública en la Integración Fronteriza, La Empresa Multinacional,(Santiago, 1967), p. 31.

39. C.Furtado, Subdesarrollo y Estancamiento en América Latina (Buenos Aires, 1966), p. 57. It must be recognized that Hacia la Integración also realized this problem in a way, when it stated that "as impossible realizar el proceso de integración si no se ejecutan a la vex programas nacionales de desarrollo..." (op.cit., p. 51).

40. In 1971 the inflow of foreign capital has been $1.8 billion.

41. The Economist (date unknown), p. 34; and F.Magalhaes, "El perverso milagro económico brasileño", Panorama Económico, Dic. 1971, p. 18.

42. R.McNamara, Address to UNCTAD III, Santiago, April 14, 1972, p. 4.

43. This growth is much higher than the average 5.8 percent relative to the whole continent, and is second only to that of Panama.

44. CEPAL, América Latina y la Tercera UNCTAD, p. 206, Table 2.

45. Computed from Ibid., pp. 208-9, Tables 3 and 4.

46. From BID, Progreso Socio-Econoómico en América Latina, Informe Anual 1971, Washington.

47. Banco Central do Brasil, Relatorio 1971, Boletín do Banco Central do Brasil, June 1972.

48. Wionczek, op.cit., pp. 581-82. The percentage share of US direct new investments (net capital outflows from the US, plus reinvested earnings) in manufacturing rose in Latin America from only 11 percent in 1957 (including Cuba) to 52 in 1960, 69 in 1965 and 33 percent in 1970 (provicional estimate); US Department of Commerce, Survey of Current Business, various issues.

49. Kaldor, "Dual Exchange Rates", p. 218.

50. Ibid.

51. The role of fixed exchange rates and the need to maintain external convertibility are clearly "policies which are a reflection of attitudes accepted by the rich nations"; S.D.Krasner, "The International Monetary Fund and the Third World", International Organization, Summer 1968, p. 671.

52. D.Felix, "Monetarists, Structuralists, and Import-Substituting Industrialization: A Critical Appraisal" in Inflation and Growth in Latin America, W.Baer and I.Kerstenetzky eds. (The Economic Growth Center, Yale University, 1964), p. 372.

53. "El problema de la distribución de ingresies está en la raíz de las presiones inflacionarios y sólo se contendrá cuando se llegue a un acuerdo implícito entre los distintos grupos sociales"; C.F.Diaz Alejandro, Devaluación de la Tasa de Cambio en un País semi-industrializado (Buenos Aires, 1966), p. 210.

54. See the recent Brazilian opening to several African countries, also through the utilization of Portugal's access and influence in that continent.

55. Felix, "Monetaristo, Structuralists", p. 395.

56. IMF, The Role of Exchange Rates in the Adjustment of International Payments: A Report by the Executive Director (Washington, 1970), p. 46.

57. The Economist, September 2, 1972, p. 44 of the Survey dedicated to Brazil.

58. Ibid.

59. UN, Towards Accelerated Development (New York, 1970), p. 19.

60. Ibid., p. 39.

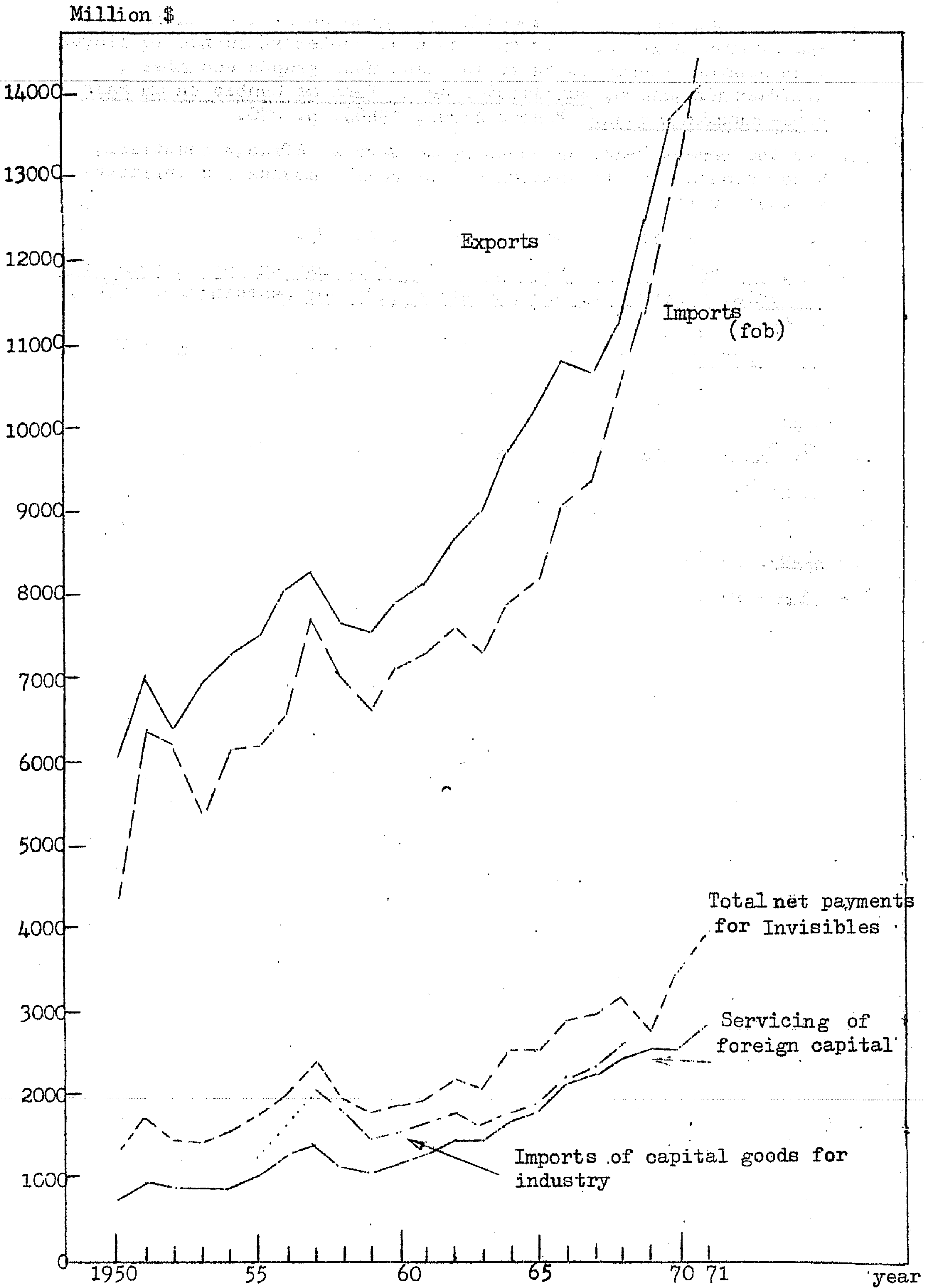
61. Ibid., p. 23.

62. Ibid., p. 19.

63. Ibid., p. 5.

Graph 1

LATIN AMERICA*: EXPORTS, IMPORTS AND INVISIBLES 1950-1971



* Without Cuba

Source : IMF, Balance of Payments Yearbooks; U.N., Boletin Estadístico de América Latina, N° 2, 1970, Table 16.3.

Table 1: LATIN AMERICAN EXPORTS

Country	Average annual rate of growth			Percentage share of each country in total exports				Export coefficient (percentages)		Per capita exports (in thousands of US$)	
	1950-1960	1960-1970	1970-1971	1950	1960	1970	1971a/	1960	1971	1960	1970
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Argentina	-0.2	4.8	-1.9	19.0	12.7	11.0	11.7	6.0	6.2	51.8	72.8
Brazil	-2.0	7.2	6.4	22.0	14.9	16.9	19.5	5.8	6.7	18.2	29.3
Mexico	3.4	6.2	6.0	8.5	9.0	8.5	9.8	3.5	3.9	17.5	28.0
Subtotal				49.5	36.6	36.4	41.0				
Colombia	0.4	3.6	-9.1	6.5	5.5	4.2	4.5	8.8	7.2	30.2	34.6
Chile	3.7	9.9	-2.3	4.6	5.8	...	6.4	11.6	13.7	63.8	128.2
Perú	6.2	8.4	-18.2	3.1	5.1	6.4	6.0	12.9	15.4	43.6	77.1
Venezuela	8.1	1.5	17.6	18.9	28.6	16.3	20.9	42.0	31.0	324.4	255.4
Subtotal				33.1	45.0	26.9	37.8				
Costa Rica	3.2	10.6	0.3	0.9	1.0	1.4	1.6	16.1	20.8	71.0	132.9
El Salvador	5.3	7.0	0.9	1.1	1.4	1.4	1.5	16.8	18.3	47.6	64.7
Guatemala	3.5	10.4	3.5	1.3	1.4	1.8	2.0	9.8	15.1	29.6	55.9
Honduras	1.3	12.0	1.4	0.9	0.7	1.1	1.3	17.2	30.2	33.7	66.2
Nicaragua	7.4	11.8	2.4	0.4	0.7	1.1	1.2	16.2	22.4	44.6	90.2
Panama	3.5	15.6	6.5	0.4	0.3	0.7	0.8	4.1	10.5	18.5	76.5
Haiti	-4.1	0.5	15.0	0.6	0.4	0.2	...	7.6	9.4	...	...
Dominican Republic	4.5	1.3	3.7	1.4	2.0	1.3	1.6	24.4	21.2	59.4	52.5
Subtotal				7.0	7.9	9.0	10.0				
Bolivia	-6.3	16.3	-8.1	1.2	0.6	1.4	1.2	11.8	16.9	17.7	38.4
Ecuador	7.1	5.0	-0.2	1.2	1.7	1.3	1.6	11.9	10.5	33.9	38.2
Paraguay	-1.2	7.2	1.8	0.5	0.3	0.4	0.4	5.9	8.6	15.4	26.8
Uruguay	-8.5	3.6	12.0	4.1	1.5	1.4	1.4	6.8	9.7	50.9	80.6
Subtotal				7.0	4.1	4.5	4.6				
Barbados	3.2	4.7	13.3	0.3	0.3	0.2	0.2				
Guyana	7.5	4.6	-16.7	0.5	0.9	0.8	0.8				
Jamaica	14.5	7.0	5.0	0.7	1.9	2.1	2.3				
Trinidad and Tobago	10.5	4.7	7.9	1.7	3.4	3.0	3.5				
Subtotal				3.2	6.5	6.1	6.8				
Total Latin America	2.4	5.3	1.6	100.0	100.0	100.0c/	100.0	9.3	9.4	39.1	53.3
Developing Africa	4.0	9.2	7.4								
Developing Asia	2.8	7.7	16.1								
Total less developed countries	2.9	7.2	11.5								

Country	Percentage share of manufactured goods in total exports to:											
	1960						1971					
	World		Latin America		Rest of world		World		Latin America		Rest of world	
	P b/	M b/	P	M	P	M	P	M	P	M	P	M
	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)
Argentina	95.9	4.1	93.4	6.6	96.4	3.6	85.2	14.8	69.2	30.8	89.5	10.5
Brazil	97.8	2.2	91.6	8.4	98.2	1.8	79.9	20.1	31.6	68.4	86.9	13.1
Mexico	87.4	12.6	34.4	65.6	89.4	10.6	66.1	33.9	27.2	72.8	70.7	29.3
Subtotal												
Colombia	98.5	1.5	58.6	41.4	99.3	0.7	88.0	12.0	58.5	41.5	93.6	6.4
Chile	94.9	5.1	45.1	54.9	99.0	1.0	95.6	4.4	75.9	24.1	99.0	1.0
Perú	99.2	0.8	97.0	3.0	99.4	0.6	98.5	1.5	90.5	9.5	99.3	0.7
Venezuela	99.9	0.1	99.5	0.5	99.9	0.1	99.0	1.0	94.9	5.4	99.5	0.5
Subtotal												
Costa Rica	98.9	1.1	87.0	17.0	99.8	0.2	79.6	20.4	22.0	78.0	99.6	0.4
El Salvador	94.4	5.6	51.6	48.4	99.6	0.4	66.6	31.4	13.1	86.9	98.4	1.6
Guatemala	97.0	0.3	65.0	35.0	98.8	1.2	74.7	25.3	24.6	75.4	98.4	1.6
Honduras	97.8	2.2	93.8	6.2	98.6	1.4	95.2	4.8	56.0	44.0	99.4	0.6
Nicaragua	94.4	5.6	86.7	13.3	95.0	5.0	84.2	15.8	44.0	56.0	99.6	0.4
Panama	99.5	0.5	-	100.0	100.0	-	98.0	2.0	83.0	17.0	99.8	0.2
Haiti												
Dominican Republic	97.5	2.5	100.0	-	97.5	2.5	97.2	2.8	90.9	9.1	97.3	2.7
Subtotal												
Bolivia	99.9	0.1	98.8	1.2	100.0	-	99.4	0.6	96.4	3.6	99.9	0.1
Ecuador	98.4	1.6	88.2	11.8	99.0	1.0	98.3	1.7	84.8	15.2	99.8	0.2
Paraguay	85.2	14.8	100.0	-	77.9	22.1	90.4	9.6	97.0	3.0	87.6	12.4
Uruguay	93.6	6.8	30.0	70.0	95.6	4.4	84.0	-16.0	76.6	23.4	86.1	13.9
Subtotal												
Barbados	97.1	2.9	61.5	38.5	99.1	0.9	74.5	25.5	20.0	80.0	76.1	23.9
Guyana	96.2	3.8	92.5	7.5	96.8	3.2	96.6	3.4	93.6	6.4	97.1	2.9
Jamaica	95.0	5.0	-	100.0	95.9	4.1	92.1	7.9	31.4	68.6	95.9	4.1
Trinidad and Tobago	94.2	5.8	26.7	73.3	96.8	3.2	88.5	11.5	65.0	35.0	91.4	8.6
Subtotal												
Total Latin America	97.0	3.0	87.5	12.5	97.8	2.2	87.4	12.6	59.1	40.9	92.0	8.0
Developing Africa	93.4c/	6.6c/					92.6	7.4				
Developing Asia	84.6c/	15.4c/					73.3	26.7				
Total less developed countries	90.8c/	9.2c/					82.9	17.1				

Sources: (1),(2),(4) to (6) UNCTAD, Handbook of International Trade and Statistics 1972, New York 1972, tables 1.5, 1.6 and 1.1; (3) and (7), IMF, International Financial Statistics, Oct. 1972, pp. 36-39; (8) and (9), ECLA's figures of GNP at 1960 prices; (12) to (23) ECLA's computation.

a/ Sum of percentages does not add up to 100 due to the incompleteness of available data; b/ P and M stand for primary commodities (SITC 0 to 4, plus 68) and manufactured goods (SITC 5 to 8, minus 68) respectively; c/ For lack of 1960 data relative to SITC 68, 1961 figures have been utilized.

Table 2: LATIN AMERICAN IMPORTS

Country	Average annual rate of growth			Percentage share of each country in total imports				Import coefficient (percentages)	
	1950-1960 (1)	1960-1970 (2)	1970-1971a/ (3)	1950 (4)	1960 (5)	1970 (6)	1971 (7)	1960 (8)	1971 (9)
Argentina	-0.1	1.5	11.5	22.5	14.9	10.1	11.1	7.0	6.7
Brazil	-1.2	6.2	30.0	20.8	17.5	17.1	21.8	6.7	8.5
Mexico	6.2	8.0	-2.2	10.5	14.2	14.7	14.1	6.5	6.4
Subtotal				53.8	46.6	41.9	47.0		
Colombia	1.2	4.0	23.8	6.9	6.2	5.5	6.1	9.9	11.2
Chile	5.0	5.8	...	4.7	6.0	...	...	12.5	...
Peru	5.3	4.9	25.0	3.3	4.5	3.7	4.4	11.0	12.9
Venezuela	8.9	6.2	15.6	11.3	12.7	10.4	13.5	21.3	22.8
Subtotal				26.2	29.4	19.6	24.0		
Costa Rica	8.2	11.1	10.4	0.9	1.3	1.9	2.1	19.9	31.4
El Salvador	8.5	7.4	16.4	0.9	1.5	1.3	1.5	17.5	19.8
Guatemala	8.6	8.2	4.6	1.3	1.7	1.7	1.8	12.0	14.9
Honduras	5.5	12.9	-12.4	0.6	0.9	1.3	1.1	19.8	30.1
Nicaragua	9.1	10.7	5.5	0.5	0.9	1.0	1.2	18.6	25.8
Panama	5.6	12.0	9.5	1.2	1.3	2.1	2.3	26.8	34.9
Haiti	-2.3	-0.4	5.6	0.7	0.4	0.2	3.3	8.3	11.6
Dominican Republic	7.5	10.8	16.6	0.8	1.0	1.6	2.1	13.5	31.2
Subtotal				9.1	9.0	11.1	15.4		
Bolivia	-1.6	9.8	7.6	1.2	0.8	1.0	1.0	12.0	16.6
Ecuador	8.1	12.4	22.6	0.8	1.2	1.5	1.8	9.2	13.7
Paraguay	2.7	9.1	9.2	0.4	0.4	0.4	0.5	8.4	11.0
Uruguay	-2.4	-1.6	-4.8	3.8	2.9	1.4	1.3	11.4	10.4
Subtotal				16.2	5.3	4.3	4.5		
Barbados	6.8	9.1	51.7	0.4	0.6	0.7	1.0		
Guyana	8.6	5.8	-1.5	0.6	1.0	0.8	0.8		
Jamaica	12.3	9.5	12.4	1.2	2.6	3.1	3.5		
Trinidad and Tobago	10.4	4.9	20.0	1.9	3.5	3.2	3.8		
Subtotal				4.1	7.7	7.8	9.1		
Total Latin America	2.9	6.0	7.6	100.0	100.0	100.0	100.0	9.0	10.2
Developing Africa	5.0	4.8	18.4						
Developing Asia	4.4	7.2	12.8						
Total less developed countries	4.1	6.4	14.4						

Sources: (1), (2), (4) to (6), UNCTAD, Handbook of International Trade and Statistics 1972, New York 1972, tables 1.6 and 1.2; (3) and (7), IMF, International Financial Statistics, Oct. 1972, pp. 36-39; (8) and (9), ECLA's figures of GNP at 1960 prices.

a/ Sum of percentages does not add up to 100 due to the incompleteness of available data.

TABLE 3: LATIN AMERICA: MAIN ITEMS OF BALANCE OF PAYMENTS WITH REST OF THE WORLD

Million: $

	Promedios																
	Exports			Imports			Trade balances			Profits of foreign capital			Current Account balances			(10)÷(1) %	(12)÷(3) %
	1950-1959 (1)	1960-1965 (2)	1966-1971 (3)	1950-1959 (4)	1960-1965 (5)	1966-1971 (6)	1950-1959 (7)	1960-1965 (8)	1966-1971 (9)	1950-1959 (10)	1960-1965 (11)	1966-1971 (12)	1950-1959 (13)	1960-1965 (14)	1966-1971 (15)	(16)	(17)
Argentina	1 105.9	1 408.3	1 813.3	1 207.8	1 424.0	1 724.5	-101.9	-15.7	88.8	-19.3	-75.8	-150.8	-127.3	-96.7	-63.3	+1.7	+8.3
Brasil	1 561.3	1 514.0	2 451.5	1 643.9	1 530.0	2 660.2	-82.6	-16.0	-208.7	-135.4	-194.8	-355.8	-227.6	-166.8	-544.8	+8.7	+14.5
México	1 107.7	1 634.2	2 635.5	1 100.4	1 667.7	2 781.5	7.4	33.5	-146.0	-116.2	-260.1	-580.0	-110.1	-304.9	-714.0	+10.5	+22.0
Subtotal	3 774.9	4 556.5	6 900.3	3 952.1	4 621.7	7 166.2	-177.1	65.2	-265.9	-270.9	-530.7	-1 086.6	-465.0	-568.4	-1 322.1	+7.2	+15.7
Colombia	612.1	631.0	829.5	578.4	686.8	929.5	33.7	-55.8	-100.0	-29.6	-63.4	-135.5	5.4	-115.3	-230.7	+4.8	+16.3
Chile	449.5	613.1	1 122.6	422.3	704.4	1 053.1	27.3	-91.3	69.5	-63.2	-93.4	-193.4	-34.0	-177.1	-119.2	+14.1	+17.2
Perú	309.0	641.2	1 005.0	347.6	621.4	968.2	-38.6	19.8	36.8	-26.6	-70.1	-138.8	-58.2	-45.0	-94.2	+8.6	+13.8
Venezuela	1 956.0	2 557.4	2 799.2	1 436.8	1 531.2	2 103.7	519.2	1 026.2	695.5	-560.6	620.0	-604.2	-89.5	326.4	-50.8	+28.7	+23.7
Subtotal	3 326.6	4 442.7	5 756.3	2 785.1	3 543.8	5 054.5	541.6	898.9	701.8	-680.0	-846.9	-1 131.9	-176.3	-11.0	-494.9	+20.4	+19.7
Costa Rica	88.7	117.6	222.7	88.2	143.9	277.6	0.5	-26.3	-54.9	-9.2	-7.9	-18.9	-8.2	-30.6	-69.4	+10.4	+8.5
El Salvador	110.8	161.2	233.7	102.5	173.7	257.7	8.3	-12.5	-24.0	-2.5	-5.5	-8.8	5.7	-14.6	-24.2	+2.3	+3.8
Guatemala	107.9	166.8	293.0	121.2	189.0	305.8	-13.3	-22.2	-12.8	-0.7	-8.1	-28.3	-13.9	-28.3	-28.3	+0.6	+9.7
Honduras	69.9	95.1	185.8	66.8	98.8	204.6	3.1	-3.7	-18.8	-8.5	-3.7	-20.8	-6.1	-7.6	-37.3	+12.2	+11.2
Nicaragua	70.3	119.1	196.0	69.1	128.3	225.1	1.2	-9.2	-29.1	-5.1	-5.0	-23.2	-3.6	-12.8	-49.4	+7.3	+11.8
Panamá	97.9	176.3	332.3	101.5	192.4	355.7	-3.5	-16.1	-23.4	-14.4	-10.9	-25.2	-23.5	-33.8	-53.7	+14.7	+7.6
Haití	49.8	49.5	49.4	51.6	59.6	62.8	-1.8	-10.1	-13.4	-3.5	-4.9	-3.3	-4.9	-12.0	-4.3	+7.0	+6.7
República Dominicana	132.5	176.3	219.1	119.8	175.9	295.4	12.7	0.4	-76.3	-10.4	-16.7	-23.8	0.3	-11.5	-92.1	+7.9	+10.9
Subtotal	727.8	1 061.9	1 732.0	720.7	1 161.6	1 984.7	7.2	-99.7	-252.7	-54.3	-62.7	-152.3	-54.2	-151.2	358.7	+7.5	-8.8
Bolivia	81.4	85.4	179.1	100.3	121.8	203.2	-19.0	-36.4	-24.1	-0.6	-1.9	-19.5	-19.2	-37.0	-42.4	+0.7	+10.9
Ecuador	122.1	165.8	224.9	110.8	166.1	296.3	11.4	-0.3	-71.4	-16.5	-21.1	-28.7	-4.8	-19.4	-95.4	+13.5	+12.4
Paraguay	39.5	50.2	75.2	42.7	60.1	97.9	-3.2	-9.9	-22.7	-1.0	-2.1	-6.7	-4.1	-10.4	-27.2	+2.5	+8.9
Uruguay	225.0	213.3	249.7	244.6	221.7	231.7	-19.6	-8.4	18.0	-4.9	-10.2	-23.9	-26.7	-18.8	-6.3	+2.2	+9.6
Subtotal	468.0	514.7	728.9	498.4	569.7	829.1	-30.4	-55.0	100.2	-23.0	-35.3	-78.8	-54.8	-85.6	-171.3	+4.9	+10.8
Total Latin America	8 297.3	10 575.8	15 117.5	7 956.3	9 896.8	15 034.5	341.0	679.0	83.0	-1 028.2	-1 475.6	-2 449.6	-750.3	-816.2	-2 347.0	+12.4	+16.2

Source: IMF ; Balance of Payments Yearbook, various issues