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Highlights Of World Bank Report On Economic Health Of Third World

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In a report released Sept. 17, the World Bank said in 1988 developing nations paid $50 billion more to creditors than they received in new aid. New loans from all sources to developing countries last year totaled $92.3 billion, compared to debt service of $142.4 billion. Two-thirds of debt service payments came from Latin America. * The negative capital transfer for the 17 most highly indebted of all developing nations was $32.8 billion.* The first year of negative capital transfer for developing nations as a whole was 1984 at $10.2 billion. The total for the last three years was nearly $120 billion. In 1981, the peak of private bank lending to the Third World, new loans surpassed debt service by $35.2 billion. * In the fiscal year ended June 30, the Bank's lending agencies committed $23.08 billion, 13% more than the previous year's record of $20.49 billion. The related agencies include the International Bank for Reconstruction and Development (IBRD), the World Bank's original and largest lending unit whose clients are middle-income countries; the International Finance Corporation, aimed at supporting private enterprise, and the International Development Association (IDA), specializing in projects for the poorest nations. The IBRD distributed 119 loans among 38 countries over the fiscal year, and the IDA, 106 in 42 of the world's most impoverished nations. Of the $21 billion worth of loans made by the IBRD and the IDA, 30% were required agreements by respective governments to undertake reforms, such as expanding incentives to agriculture, exchange rate devaluation, restructuring public spending and financing, and pollution control. Commitments to the Third World's 17 most indebted middle-income nations accounted for 49% of total IBRD lending in fiscal year 1989, up from 43% in fiscal 1988. Latin American nations received $5.8 billion in fiscal 1989, or 27% of total IBRD and IDA loans. The IBRD approved $2.2 billion in loans for Mexico during fiscal year 1989, compared to only $707 million for Brazil.* Latin American and Caribbean exports for 1988 totaled $104.3 billion, an 11.7% increase over average annual nominal export values during the 1980-87 period. The bulk of export revenue expansion derived from increased export volume, particularly in the cases of Brazil, Colombia, Chile, Ecuador, Mexico, Paraguay and to a lesser extent, Argentina, Costa Rica and Uruguay. Import totals for the region were also on the upswing, the result of trade liberalization measures. The Bank report pointed out that import growth does not represent recovery of GDP per capita, but rather a change in product composition. In 1988, Latin America and Caribbean realized a trade surplus of $25.6 billion, up $7.1 billion compared to the 1986-87 average. The trade surplus for the 1986-88 period for the region's eight most indebted nations Argentina, Brazil, Colombia, Chile, Ecuador, Mexico, Uruguay and Venezuela was equivalent to 3.1% of combined GDP. In the same period, debt service on long-term loans to creditors was the equivalent of 4.4% of GDP. * The report pointed out that export expansion for Latin America and the Caribbean was inadequate to permit gross domestic product growth. GDP per capita fell 0.6% in 1988 and early 1989, said the report. In the first half of 1989, the rate of per capita output decline accelerated.* The Bank plans to boost lending to developing nations in fiscal year 1990. IBRD lending is expected to range from $15 billion to $19 billion, up from $16.4 billion in fiscal year 1989, and IDA loans are projected to reach $5.7 billion, up
from $4.9 billion. Fiscal year 1988 lending by the IBRD totaled $14.8 billion, and the IDA, $4.5 billion.
(Basic data from Notimex, 09/17/89; Xinhua, 09/17/89, 09/18/89; New York Times, 09/18/89)

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