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**Smaller LDC Debtors:
Economic Situation
and US Interests** 

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An Intelligence Assessment

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*GI 85-10068
March 1985*

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An Intelligence Assessment

This paper was prepared by [redacted]
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**Smaller LDC Debtors:
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Key Judgments

*Information available
as of 4 February 1985
was used in this report.*

The condition of many low- and middle-income debtors—illustrated by Colombia, Egypt, Indonesia, Morocco, Pakistan, Peru, and the Philippines—requires increased attention. The potential for further deterioration has put their governments at odds with international creditors, the International Monetary Fund, and domestic opposition groups. Moreover, important US interests could be hurt by their economic and political problems.

These debtors probably will face increasing difficulties over the next few years because of slowed growth in industrial countries; soft commodity prices; protectionist pressures in export markets; rescheduled debt, which will fall due in 1986-87; and rapid population increases. The United States, therefore, could face a new set of debt-induced commercial issues. LDCs strapped for foreign exchange probably will increasingly adopt counter-trade requirements that will hurt US exporters and undermine US trade policy. Moreover, developing country attempts to rapidly expand exports could accelerate protectionist pressures in Western countries.

Although most of these debtor LDCs value their ties with Washington, worsening economic problems probably will move them to try to use these ties—particularly foreign policy and military/strategic ties—to exact financial concessions such as increased aid. They could turn to Washington's ideological adversaries if they feel the United States is not being responsive—even though they would meet limited success and receive primarily military assistance.

The United States will confront difficult—or potentially difficult—economic and political conditions in its bilateral relationships with many debtor developing countries, not just the seven discussed in this paper. A steady improvement in the world economy and the adoption of rational economic policies by these LDCs would greatly help their financial problems. In our judgment, however, this combination of events is unlikely in the near term.

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Smaller LDC Debtors: Economic Situation and US Interests [Redacted]

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Introduction

The debt condition of low- and middle-income LDCs has been largely overshadowed by attention to larger, higher income countries such as Mexico, Brazil, and Argentina. In many cases, however, the debt burden of these countries relative to the size of their economies is just as great as that of the Big Three. Seven countries illustrate the economic problems of these LDC debtors:

- *Peru* and the *Philippines* face severe economic and political crises.
- *Egypt* and *Morocco* need to reduce subsidies and cut budget expenditures.
- *Colombia* and *Peru* have the additional problems that stem from drug trafficking and guerrilla terrorism, which are further eroding confidence in their governments.
- *Indonesia* and *Pakistan*, although not in immediate danger, are not on solid footing. [Redacted]

Despite their differences, the seven countries are similar in their vulnerability to external economic conditions such as recession in industrial countries, fluctuating commodity prices, high interest rates, uncertain commercial lending, and slowdowns in Western aid. Moreover, because these countries have linkages to key US interests, the problems posed by their economic slide go beyond concern for the stability of the international financial system. [Redacted]

Economic Situation

The 1981-82 recession in industrial countries, the contraction of world trade, and other external and domestic problems have heavily hurt these developing countries. [Redacted]

Colombia¹

With its substantial mineral resources, varied agriculture, and growing industrial base, Colombia is better equipped than many of its Latin American neighbors

¹ See appendix A for more detailed economic data. [Redacted]

Table 1

Billion US \$

LDC Debtors: Rank and Magnitude of Debt, 1984

1. Brazil	100	11. Nigeria	21
2. Mexico	95	12. Chile	19
3. Argentina	45	13. Algeria	17
4. South Korea	43	14. Thailand	15
5. Venezuela	37	15. Peru	14
6. Indonesia	32	16. Morocco	13
7. Philippines	26	17. Colombia	12
8. Egypt	25	18. Pakistan	12
9. India	25	19. Taiwan	10
10. Malaysia	22	20. Ecuador	8

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to deal with its economic problems. In the late 1970s when prices for coffee, cocaine, and marijuana were high, Colombia opened the economy and enjoyed an economic boom. Now commodity prices are down and Colombia's inefficient industries still are being battered by imports. Agricultural and industrial production has declined, and unemployment is climbing—now 14 percent. Even earnings from illicit drugs have declined from a peak of \$1 billion annually in the early 1980s to about \$400 million in 1984, according to press reports. The US Embassy reports that real GDP growth is projected to be 1 to 2 percent in 1984. To cope with the economic downturn, President Betancur's government implemented economic reforms in 1984 that tightened import restraints, accelerated the pace of the peso's mini-devaluations, and introduced a value-added tax. [Redacted]

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Colombia is relying on two new energy projects to resolve its economic problems. The world's largest coal strip mine began production for export in early 1985, and, according to the press, by 1986 Colombia could be self-sufficient in oil. However, Bogota's quest

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Table 2
Smaller LDCs: Factors in Economic Plight

	Price Trends for Key Commodity Exports, ^a 1983-84	Weather	Worker Remittances	Military Expenditures	Government Policies/ Political Problems	Debt, 1979-84	Exports to OECD, 1981-83 ^b (million US \$)
Colombia	Coffee = 3.5 percent	c	Down 10 percent, 1984 (projected)	About 1 percent of budget	Narcotics trafficking; guerrilla violence.	\$6-12.5 billion; interest payments doubled; debt-service ration from 17 percent to 30 percent.	2,673 2,613 2,766
Egypt	Petroleum ^d = -15 percent	c	Up 7 percent, 1984	13 percent of budget	Food, energy subsidies—\$3 billion, 1982-83 (14 percent of budget).	\$16.5-25.3 billion.	4,760 4,032 3,664
Indonesia	Petroleum ^d = -15 percent Rubber = -6 percent	Drought 1982—hurt rice crop.	c	Less than 15 percent of budget	Subsidies on food, fertilizer, fuel; anti-Chinese riots, Orthodox/Muslim clashes.	\$16.8-32.0 billion.	21,650 18,567 17,698
Morocco	Phosphate rock = -25 percent	Drought since 1981—hurt grain production.	Down in 1983; exact figures not available	Spends \$1 million per day on Western Sahara war	Food, education subsidies (9 percent and 27 percent of administrative budget); riots in early 1984.	\$6.1-12.8 billion.	1,794 1,788 1,736
Pakistan	Cotton = -9 percent	Poor weather hurt cotton, wheat crops.	Down 5 percent, 1984	25 percent of budget	Demonstrations in Sind; Afghan refugees; narcotics trafficking.	\$8.7-11.5 billion.	1,090 1,079 1,115
Peru	Petroleum ^d = -15 percent	El Nino—drought, floods; agricultural production down 10 percent.	c	25 percent of budget, 1983; Sendero Luminoso insurgency	Subsidies on food, energy, water; labor strikes; narcoterrorism.	\$9-14 billion; debt service ratio from 32 percent to 75 percent.	2,556 2,479 2,480
Philippines	Coconut oil = 3 percent Sugar = -35 percent Copper = -8.4 percent	Drought 1982-83—hurt rice, sugar, coconut crops.	Up 74 percent, 1981-83	Communist insurgency; pressure for increased spending	Subsidies on food, fuels, transportation; labor strikes, demonstrations, opposition to Marcos.	\$13-26 billion; interest payments quadrupled.	5,311 4,333 4,715

^a = IMF data, annual prices.

^b = OECD Data

^c Blank box indicates no significant information or development in this area.

^d = OPEC weighted average, crude.

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Table 3
Smaller LDCs: Austerity Programs

	IMF program	Currency Devaluation	Foreign-Exchange Controls	Budget/Subsidy Cuts, 1983/84	Tax Reform	Other
Colombia	a	22 percent (1984)	a	a	Value-added tax.	Import restrictions; barter counterpurchase requirement for 30 product-imports.
Egypt	a	Multiple exchange rates with gradual adjustment in tourist and commercial rates.	Recent crackdown on unofficial FX dealers; new regulations to attract tourists/remittances.	Will slowly reduce subsidies.	New consumption tax on luxury goods.	Promises greater role for private investment and countertrade agreement required.
Indonesia	a	27.5 percent (3/83)	a	Cut government spending; reduced subsidies on food, fuel, fertilizer.	Tax reform: lower rates, broaden base, simplify laws.	Canceled/rephased major development projects.
Morocco	\$300 million standby (September 1983 to March 1985)	16 percent (1983)	a	Reduced subsidies for basic commodities and education.	a	a
Pakistan	Extended Fund Facility (1981-83) canceled	a	a	Subsidies for basic commodities.	a	a
Peru	Extended Fund Facility (June 1982 to June 1984) canceled. Standby \$344 million (April 1984)	53 percent (1984)	a	Cut budget deficit; eliminate food subsidies; raise prices for water, gasoline, electricity.	Tax increase.	Ban on new government investment projects.
Philippines	\$615 million standby (December 1984)	34 percent (since October 1983)	Removed controls; multiple FX rates before IMF program.	Budget cuts; removed/reduced subsidies on basic commodities.	Tax increases; broaden base; improve collection.	a

a Blank box indicates no significant information or development in this area.



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for financing to support development projects has been stymied by "guilt by association." Because of problems with other Latin debtors, banks are reluctant to lend money for energy development projects, and they have refused to roll over Colombia's \$3.4 billion short-term debt. As a result, Colombia is in a debt trap: it draws down reserves to service its \$12.5 billion debt, and banker reluctance to lend increases as foreign exchange reserves fall. [redacted]

Egypt

Egypt lives beyond its means and relies on external sources of income over which it has little control:

- Petroleum exports are subject to declining prices and soft markets.
- Remittances from 3 million overseas Egyptian workers are vulnerable to changes in demand for immigrant labor in the Middle East.
- Suez Canal revenues are subject to slowed shipping traffic.
- Tourism receipts have not regained ground lost after President Sadat's assassination in 1981.

According to Egyptian Government officials, income from these sources slipped in 1984. [redacted]

Following 8-percent real economic growth annually during the 1970s, the economy has fallen on hard times largely because of high consumption and unproductive investment. The trade and current accounts recorded large deficits—\$5.8 billion and \$2.5 billion, respectively—in 1984. External debt climbed to over \$25 billion in 1984, ranking Egypt eighth among LDC debtors. Although most of its debt is in official medium- or long-term obligations, Egypt's 1984 debt service totaled \$3.2 billion—second only to Indonesia's among these seven countries. [redacted]

Domestic economic policies have contributed to economic dislocation. Agricultural pricing policies have discouraged farmers from increasing output. Food subsidies—for bread in particular—have encouraged consumption, requiring food imports of about \$3 billion in 1983. The government also has held petroleum and public utility prices to less than 20 percent of world prices, and consumption increases by about 15 percent annually. In addition, the country's infrastructure is decaying, urban overcrowding contributes to epidemics, and the housing shortage is acute. In the country's "race against time," President Mubarak has

initiated economic reforms—without an IMF program—to reduce subsidies, raise taxes, and encourage foreign investment. The pace may be slow, however, because the government has met popular resistance in the past. [redacted]

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Indonesia

Indonesia is not now on the LDC economic sick list, but potential difficulties exist. Jakarta has stayed off the troubled debtor list so far because it undertook austerity early to prevent further deterioration of its external and domestic budget accounts when oil prices dropped in 1982-83 and other commodity markets softened:

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- In 1983 it devalued the rupiah 27.5 percent to stem capital flight, boost reserves, halt currency speculation, and encourage nontraditional exports.
- The government also reduced subsidies on food, fertilizer, and fuel products, causing domestic fuel prices to rise 50 to 76 percent.
- In addition, the government reviewed 125 major development projects and decided to cancel or rephase those with a major import content that would drain foreign exchange. [redacted]

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These measures have reversed the external trends that had hurt Indonesia but have also severely pressured the domestic economy. The government is having to deal with nearly 2 million entrants to the labor market annually, and layoffs are adding to the problem. Official unemployment for 1983 was 4 percent, but the US Embassy estimates that 20 to 25 percent of the 60 million labor force is effectively unemployed. These unfavorable trends have led to some labor restiveness and an increase in wildcat strikes. Increasingly, union leaders have spoken out on behalf of members emphasizing the need for job protection and wage increases and decrying subsidy cuts for fuel and bus fares. The rise in unemployment also has led to an increase in violence. [redacted]

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The government may have to deal with unrest among those hurt by austerity measures and with dissatisfaction among students and youth who see poor prospects. Anti-Chinese bomb attacks and Orthodox Muslim riots already have erupted. [redacted]

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Morocco

Morocco faces acute financial difficulties, many of which have developed from circumstances beyond its control:

- Severe droughts since 1981 have caused serious shortfalls in agricultural production—particularly of cereals—and required heavy grain imports.
- Collapsed phosphate markets have reduced export income; Morocco relies on phosphates for 40 percent of its export earnings.
- European trade barriers have restricted Morocco's traditional citrus and vegetable exports, and Europe's economic restructuring has caused the level of remittances from Moroccan workers—the country's largest foreign-exchange earner—to level off.
- Service payments on the country's \$12.8 billion debt escalated because of high interest rates and US dollar appreciation and necessitated a debt rescheduling in 1983-84.

War in Western Sahara is an added economic drain and costs the government an estimated \$1 million per day or 30 percent of the government's administrative budget, according to the US Embassy. [redacted]

The government also faces social pressures caused by economic decline. More than 40 percent of the population is at or below the poverty line, and the number is rising because of falling real incomes. To ameliorate these conditions, the government provides subsidies for basic foods, which take 9 percent of the national budget; free universal education consumes another 27 percent. Despite high financial outlays for education, only 28 percent of the population is literate. [redacted]

To qualify for an IMF standby arrangement in September 1983, Rabat implemented austerity measures. Efforts by the government to raise food prices and school fees as part of that program spawned riots in January 1984. The standby expires in March 1985, and negotiation of a new IMF program is necessary for Rabat to reschedule debts and receive additional aid. We expect negotiations to be completed by midyear. [redacted]

Pakistan

Pakistan is not experiencing an economic crisis, but it is one of the world's poorest countries with formidable external debt servicing requirements. Real economic growth slowed to 3.5 percent in 1984, the lowest since President Zia took power in 1977. This was primarily because of a disastrous cotton crop and a disappointing wheat harvest. A 5-percent decline in worker remittances in 1984—on which the economy relies heavily—also contributed to increased economic difficulty. Moreover, financial support for over 2 million Afghan refugees who have fled to Pakistan cost the Pakistani Government—according to its claim—\$350-400 million in goods and services in 1983 and continues to drain its resources. [redacted]

Pakistan's debt—\$11.5 billion—ranks it 18th among LDC debtors in 1984. Although 85 percent of the debt is owed to official sources at mostly concessional rates, the 1984 debt servicing burden was still over \$1 billion. Despite several debt reschedulings in the 1970s and early 1980s, the country's debt service ratio was 22 percent in 1984—about average for many developing countries, but high given the number of reschedulings. [redacted]

The government's proposed 1985 budget does not introduce dramatic revenue measures that would hurt the populace. However, the US Embassy reports that Islamabad may need to cut social-sector investments for health, education, and population control. The need for reductions could be precipitated by an economic downturn resulting from a combination of events—such as bad weather or further drops in worker remittances. [redacted]

Peru

The economic and social crisis in Peru is deepening largely because of three factors: natural disasters, world recession, and narcoterrorism. In December 1982 climatic changes caused by El Nino—a warm current that replaced the cold waters of the Humboldt Current—brought severe drought in the south and floods in the north. It left \$1 billion in damage and dropped agricultural production 10 percent. The 1981-82 world recession contributed to plunging

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prices for Peru's primary exports—copper, silver, and petroleum. The resulting need to cut imports contributed to a decrease in industrial production to about one-third of total capacity. Industrial unemployment and underemployment now affect two-thirds of the labor force. [redacted]

Narcoterrorism is the country's third major problem. Peru is one of the world's two largest coca leaf producers, and for the past two years Peruvian producers, with help from Colombian distributors, have moved aggressively into the market. According to the US Embassy, the growing narcotics trade has corrupted important Peruvian institutions such as the police force and court system, and it is a temptation for a middle class trying to maintain its standard of living. A new difficulty is that terrorists—especially the Maoist Sendero Luminoso—are now operating in major drug producing areas where the level of violence has increased and threatens the government's antidrug program. [redacted]

Adding to Peru's economic drain are:

- Pressures for increased military expenditures because of the military's dominant political role.
- A thriving underground economy that robs the government of tax income and undermines the government's legitimacy.
- Peru's \$14 billion external debt in 1984. [redacted]

The Embassy reports that 40 percent of the 1985 budget is slated for debt service. Lima had stopped interest payments on its debt in June 1984 but recently paid \$50 million to keep from falling more than six months behind on servicing, according to press reports. Even so, Peru is \$200 million behind on commercial bank interest payments, and negotiations with creditor banks continue to be bogged down while Peru seeks bridge financing. Because earlier reforms caused demonstrations and strikes, Belaunde's government appears unwilling to take the austerity steps necessary to negotiate an IMF agreement before the spring elections. The US Embassy reports that austerity combined with prolonged economic stagnation will be socially explosive and probably politically untenable. [redacted]

Philippines

Despite abundant natural resources, a well-educated labor force—overall literacy is 87 percent—talented government technocrats and business entrepreneurs, and an open, capitalistic economy, the economy is in its most serious crisis since World War II. It currently has one of the worst growth performances in Asia; real GNP fell 5.5 percent in 1984. The inflation rate exceeds 50 percent, its current account deficit is nearly \$1 billion, and it is the seventh-largest LDC debtor. Prices for its traditional commodity exports remain low, and the value of the peso has declined 34 percent since September 1983. The domestic financial system has also weakened with some banks going under. [redacted]

In response to these problems, the Philippines adopted an IMF-approved economic program as a prerequisite for a \$615 million standby loan; the agreement was signed in December 1984. Before that, subsidies were reduced for the second time in 12 months on basic food items, petroleum products, and electricity. In addition, the Central Bank has lifted foreign exchange controls, and the government has canceled or scaled back major industrial projects and is raising taxes. [redacted]

The deteriorating economy has affected all sectors of society. Since 1983, financial credits for business have dried up, bankruptcies have increased, and factories have halted or scaled down production. As a result, unemployment has climbed, and workers' unemployment benefits are running out. Philippine economists indicate that unemployment in Manila alone grew by 400,000 in the first 10 months of 1984. Real incomes have dropped and the income gap between rich and poor is growing. The press reports that nearly 80 percent of the population lives below the poverty level, and obtaining sufficient food is increasingly a problem for more than half of the population. Economic deterioration also has affected education where costs

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have risen, and parents cannot afford to pay even nominal fees. In 1984, according to press reports, 60 percent of enrolled students were forced to return to the provinces from universities in Manila. [redacted]

The Philippines' economic straits are compounded by concurrent political pressures on the government of President Ferdinand Marcos. Political opposition spurred by the assassination of Benigno Aquino has coalesced with demonstrations against economic austerity. Marcos's health also has raised concern about the successor issue, and these simultaneous political-economic forces are contributing to a potentially volatile situation. [redacted]

Forces for Continued Economic Problems

To quell popular discontent, most of these LDCs, and many others like them, will resist needed changes in *economic policy and management*. Government **subsidies** for basic food and other consumer goods drain a large share of budget resources in Egypt, Morocco, Indonesia, the Philippines, and Pakistan. Many of these governments have committed to reducing or eliminating subsidies, which could cause strikes or other turmoil that could threaten these regimes. On the other hand, politically expedient economic policies—such as food subsidies—designed to mollify restive populations could lead to equally destabilizing budget deficits and spiraling inflation. [redacted]

Although some **military expenditures** have been pared, the reasons for substantial military allocations are not likely to recede. Insurgent groups in Peru and the Philippines are gaining strength while Colombia is trying to counter terrorist groups. There is no indication that Morocco's war against the Polisario in Western Sahara will end soon. Pakistan will continue to feel the need to allocate a large share of its budget to the military partly because it fears Indian intentions.

Sociopolitical conditions in most of these countries will worsen without resumption of vigorous economic growth. Lack of jobs, **unemployment**, and **underemployment** probably will continue to be serious problems in the wake of a continued need for austerity. Moreover, real incomes will continue to decline, and gaps between rich and poor will widen. [redacted]

High **population growth** in all the countries—at 2.1 percent Colombia's is lowest—will exacerbate the unemployment nightmare as well as strain social services and resources. In Indonesia nearly 4 million are born annually and 2 million will enter the labor market every year. Pakistan is the world's ninth most populous country, and its population will double approximately every 23 years. Morocco's population is expected to double by the year 2010. We estimate that Peru and the Philippines, respectively, will need to create 150,000 and 700,000 new jobs annually just to keep pace with population growth. [redacted]

Forces for Economic Improvement

While irrational government policies and demographic forces augur continued problems for low- and middle-income debtors, improvements in the international economy could brighten their prospects:

- *Economic growth* in the OECD countries should expand an average 3 percent in 1985, although growth in the United States and Japan will slow from last year's rates; continued OECD growth will support some LDC recovery, but not enough to put the LDCs back on a path of sustained growth.
- The resulting *expansion in world trade* also should contribute to LDC economic recovery. GATT reports that world trade volume grew 9 percent in 1984, and a rate of just over 6 percent in growth is possible this year.
- Continued declines in *interest rates* also will ease LDC economic burdens. For the major LDC debtors, a 1-percentage-point decline in interest rates saves \$2 billion annually in debt service.
- Lowered *oil prices* have helped nonoil LDCs curb spending for energy, and this trend probably will continue in 1985. It does, however, hurt prospects for the oil exporters in the group, like Peru and Indonesia. [redacted]

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In the long run, adherence to economic adjustment programs adopted by some debtor LDC governments will be a primary factor in determining the extent of their recoveries. Some—Colombia, Egypt, and Peru—may undertake formal IMF programs this year. Should these governments maintain the political will to carry out needed reforms—despite probable downturns in the first year of austerity—the long-term prospects for their economies will be significantly improved. [redacted]

Concerns for the United States

The possible consequences of these LDCs' economic problems—and of countries like them—could threaten significant US interests that go beyond the stability of the international financial system. These interests include economic, strategic/military, and foreign policy concerns that could be hurt if LDC economic problems lead to increasingly unstable domestic situations. [redacted]

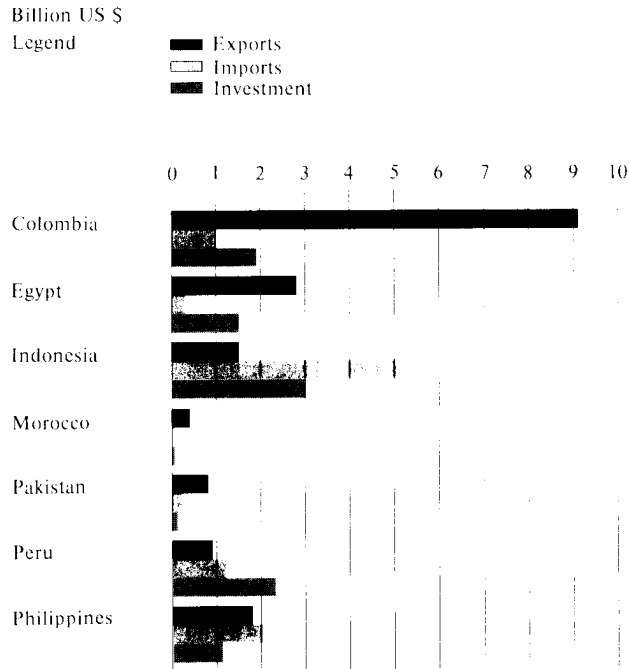
Commerce

US trade and investment could suffer increasingly. The US trade deficit will widen in 1985, and these LDCs' economic adjustment programs will contribute to the increase. In 1984, US exports to these seven countries dropped below 1983 levels for all but Pakistan and Morocco. Exports to Indonesia fell by \$250 million or 17 percent; and by \$148 million to Peru or 16 percent. These countries—especially Colombia, Peru, and the Philippines—will again severely curtail imports and promote exports in line with IMF stabilization programs and self-imposed austerity measures this year. These efforts will further dampen demand for US goods. [redacted]

In addition, these countries could resort to greater trade distorting policies, such as export subsidies, to stimulate exports and earn more foreign exchange. These subsidies will present increasing problems to US policymakers as the demand from US industries for offsetting protectionist policies will grow. [redacted]

Another concern to the United States is increased countertrade, that is, trade contingent on an exchange of goods and services. Countries strapped for foreign exchange are requiring countertrade arrangements.

US Exports, Imports, and Investment Position, 1983



[redacted]
303894 (C00456) 10-84

Depending on the definition of countertrade, observers estimate that it composes 10 to 40 percent of all Third World trade. Indonesia and Colombia now require countertrade for certain imports. These requirements not only burden US exporters, but they also undermine US policy efforts to promote open markets. [redacted]

Deterioration in the investment climates of these debtor countries also has constrained US investment—represented by bank lending and private investment—and has hurt earnings of the banks and companies involved. Although some LDCs now are paying lipservice to welcoming foreign investment and improving

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Table 4
US Interests

	Foreign Policy	Strategic/Military	Commercial		Aid	Other
			Trade (1983)	Investment (1983)		
Colombia	Democracy. Moderate voice in Latin American/Third World issues. Promoted Contadora Group. Hosted Latin debtor countries.	Strategic position in Caribbean.	US exports = \$9 billion, 1983, but dropped \$400 million from 1982. US imports = \$1 billion. New counterpurchase law.	US investment position = \$1.9 billion. Trying to change restrictive Andean Pact provisions.	\$19.2 million, FY 1985 proposal for narcotics control and military assistance.	Control of narcotics trafficking—cocaine, marijuana.
Egypt	Camp David accords. Role in broader Arab-Israeli peace. Helpful on issues regarding Lebanon. Strength offsets radical Arab states.	Support for US policies may depend in part on economic needs and resources to be gained from Arab ties; wants to reap greater economic benefits from US "special relationship."	US exports = \$2.8 billion. US imports = \$0.3 billion.	US investment position = \$1.5 billion, 1983. OPIC = \$2.2 million direct loans; \$215 million, largest contingent liability for insurance.	\$1.175 billion in military grant aid, FY 1985 proposal. \$1 billion economic aid, FY 1985 proposal.	^a
Indonesia	Pro-West anti-Communist. Moderate, nonconfrontational on North-South issues.	Malacca Straits and other Indonesian waters for military/commercial movement.	Relies on Indonesia for imports: petroleum, rubber, tin (\$5.3 billion). \$1.5 billion US exports—growth market. Countertrade law for government-sponsored contracts.	Investment position, 1983 = \$3.04 billion; oil, manufacturing, forestry.	\$155 million, FY 1985 proposal.	^a
Morocco	Pro-West. Moderate in Arab councils. Helped return Egypt to Islamic conference.	Strait of Gibraltar, controls Mediterranean access; access and transit agreement; use of four airbases for training, emergencies; unrestricted US Navy port calls.	US Moroccan Joint Committee for Economic Relations. US exports = \$439 million. US imports = \$31 million.	US Moroccan Joint Committee for Economic Relations. US investment position = \$46 million (1982).	\$211 million military assistance February 1983 to February 1985. \$84 million to upgrade airbase. Development assistance since 1956 = \$1.2 billion.	Largest VOA transmitter outside US. 25-year agreement to build new VOA facility signed in 1984.

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Table 4
US Interests (continued)

	Foreign Policy	Strategic/Military	Commercial		Aid	Other
			Trade (1983)	Investment (1983)		
Pakistan	Supports Soviet containment in Afghanistan, Afghan resistance, and Afghan refugees. Moderating influence on Arab-Israeli issues. Sought to resolve Iran-Iraq conflict.	Frontline state between Soviet-occupied Afghanistan and Persian Gulf.	US exports = \$812 million. US imports = \$167 million.	Investment position = \$109 million (1982).	Fourth-largest US aid recipient—\$3.38 billion, US-Pakistan aid agreement for 1982-87.	Control of opium and hashish traffic from "golden crescent."
Peru	Largest Soviet presence in South America. Growing appeal of Marxism. Approach to Third World debt does not support US policy.	Soviets providing easy credit for military purchases.	US exports down 18 percent. US exports = \$0.9 billion. US imports = \$1.2 billion.	US investment position = \$2.3 billion; petroleum, banking.	Largest US aid program in Latin America. \$110 million in food/development/disaster aid, FY 1984. \$78.3 million, FY 1985 proposal.	Narcotics trafficking—cocaine.
Philippines	Pro-West, United States. Moderate on north-south issues.	Main line of defense in Pacific; Clark Air Base, Subic Bay Naval Complex; Five-year Military Base Agreement—\$900 million.	10th-largest US export market among LDCs. US exports = \$1.8 billion. US imports = \$2.0 billion.	Investment position = \$1.1 billion; banks, manufacturing.	\$236.3 million, FY 1985 proposal.	Immigration, legal and illegal. Social Security and veteran benefits. Historical, colonial ties.

^a Blank box indicates no significant information or development in this area.



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investment opportunities, financial press reports indicate that little is changing to improve the climates for foreign investors. Despite increasing need for external capital, we believe that many countries are maintaining or introducing new investment performance requirements and linking bilateral trade issues to foreign investment [redacted]

In addition, other economic measures are stifling foreign investment in these countries. Exchange controls have curtailed profit repatriation; import restrictions have impeded capital imports necessary for production; and greater poverty has shrunk domestic markets and sales. In many cases, these conditions have required the Overseas Private Investment Corporation to pay insurance claims to US companies and the US Export-Import Bank to include its credits in rescheduling arrangements. [redacted]

In response to these conditions, a Council of Americas survey of 52 major US corporations operating in four Latin American countries found that corporate management will make only minimum effort to maintain their investments. In particular, most indicated an unwillingness to add to their self-finance programs. This trend will hurt the US current account by slowing foreign investment income and will limit US export of products that US subsidiaries buy from the United States. The slowdown in the growth of US assets overseas, compared with increased foreign investment in the United States, also will contribute to the trend that is making the United States a net debtor this year. ([redacted])

Finance

The United States also has a substantial **financial aid** investment in many of these debtor countries. Much of the development progress supported by US money has been eroded with the steady deterioration of their economies. In the case of military assistance—where Egypt, Pakistan, and the Philippines rank among the highest recipients worldwide—arrears on debt service have accumulated. [redacted]

Given their economic straits, most of these LDCs are asking the United States for increased economic and military assistance. For example, the United States provided the Philippines with a bridge loan following completion of the IMF standby agreement in December 1984, and the Marcos government has requested

increased military assistance to help resist the Communist insurgency. Egypt received \$2.2 billion in US aid for FY 1984/85 but recently requested an additional \$1 billion to offset an expected drop in income this year from oil sales, remittances, and tourism, according to the press. President Mubarak wants to reap greater benefits from the US *special relationship* and contends that the United States has reneged on its commitment to maintain military and economic aid parity between Egypt and Israel. Because of this special relationship, Egypt also believes that the United States should reschedule Egypt's military credits bilaterally, rather than in a multilateral forum. Growing economic pressures in Egypt probably will mean continued requests from Egypt for more aid and debt relief. [redacted]

Morocco also has pressured the United States to forgive Foreign Military Sales credits as well as provide increased assistance. If the United States does not acquiesce, Moroccans could begin to question the close ties with the United States and blame King Hassan for not getting enough aid in exchange for military privileges. Like Egypt and Morocco, other LDCs pressed with declining economies will increase requests to the United States for greater economic and military assistance and will try to use whatever ties they have as leverage [redacted]

Economic deterioration and rising debt burdens also may cause some developing countries to question their stance on external debt. Although most LDCs continue to reject the idea of a debtors' cartel, the several meetings of Latin American debtors—the Cartagena Group—show that LDCs can form a debtors' organization to talk about coordinating debt policies. If economic conditions become intolerable, the LDC governments might consider a debt cartel [redacted]

Strategic/Military

A number of these low- and middle-income countries provide strategic and military advantages important to the United States and its Western allies. These countries could use US interests as leverage for greater economic support. For example, Morocco's strategic position at the Strait of Gibraltar, the access

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Table 5
US Economic and Military Assistance,
FY 1984

	Million US \$
Worldwide	16,300.6
Colombia	11.3
Egypt	2,504.3
Indonesia	149.2
Morocco	124.4
Pakistan	584.3
Peru	67.4
Philippines	156.6

and transit rights it grants to the US military, the use of four former US airbases for training and emergencies, and unrestricted port calls by the US Navy could be denied if Morocco believes that the United States is not sufficiently forthcoming. In 1982 Rabat refused the United States permission for landing rights for US aircraft for a military exercise. According to a Moroccan official, refusal was linked to levels of military assistance [redacted]

A similar situation could arise in the Philippines for the use of Clark Air Force Base and the Subic Bay Complex. Philippine economic needs could push the government to request more economic and military assistance in return for another Base agreement. Similarly, the United States relies on unimpeded passage through Indonesian waters, especially the Malacca Straits, for military and commercial movement. US strategic interests could be undermined if Indonesia hampered movement of US naval ships and aircraft across Indonesian waters. If Pakistan's economy were to deteriorate, it too could refuse further cooperation with the United States in resisting Soviet adventurism in Afghanistan and accepting Afghan refugees unless the United States provided increased aid. [redacted]

Foreign Policy

Many low- and middle-income debtors have been instrumental in supporting US foreign policy objectives. Three of these countries—Pakistan, Morocco,

and Egypt—frequently support US Middle East goals. Pakistan has been a moderating influence in Islamic councils on Arab-Israeli issues and has sought to resolve the Iran-Iraq conflict. Morocco's King Hassan also has mediated between moderate and hardline Arab countries. Egypt is crucial for keeping the Camp David accords alive, offsetting the influence of radical Arab states, and encouraging a broader Arab-Israeli peace. If they perceive that their economic interests are better served elsewhere—for example, with other Arab states—they may not be as willing to carry the water for the United States in achieving its policy goals [redacted]

In Latin America, Colombia has worked within the Contadora Group to resolve the Central American conflict. President Betancur played a direct role in arranging contact between a representative of the Salvadoran guerrillas and the US special envoy to Central America. Colombia also played a moderating role in the Latin American debtors' conference at Cartagena in June 1984. If the United States refuses to help Colombia overcome its economic difficulties as it perceives the United States should, Colombia may change its moderate stances on Central America and LDC debt issues [redacted]

Other US Interests

The United States has cooperative programs with Pakistan, Colombia, and Peru for controlling **drug trafficking**. For fiscal years 1984 and 1985, the United States allocated over \$25 million to support control programs in these countries. If their economic and debt burdens become too great, the countries could abandon these efforts and put their resources elsewhere [redacted]

Another fallout from decline of these economies will be increased **legal** and **illegal immigration** to the United States. This is especially true in the Philippines where over 375,000 Filipinos are registered for immigration under preference categories and where visa and passport fraud has become epidemic [redacted]

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Opportunities for US Adversaries

Conclusion

Severe economic problems could force these countries to seek alternate sources of aid from US adversaries. For financial reasons, some—Peru, Egypt, and Morocco—already are seeking closer ties with the Soviet Bloc and other US ideological adversaries who, in turn, will seize the opportunity to increase their influence. [redacted]

The United States has interests in other LDCs—such as Nigeria, Sudan, Jamaica, Kenya, Ivory Coast, and Chile—which face economic burdens and/or political-military problems that could challenge US policymakers. For example, Sudan could ask for more aid for its ailing economy and assistance against the perceived military threat from Libya, while in Jamaica, economic problems could contribute to the reelection of the leftist leaning opposition party. A steady improvement in the world economy and the adoption of rational economic policies by these LDCs, of course, would go a long way toward solving their financial problems. In our judgment, however, this combination of events is unlikely in the near term.

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The Soviet Union, for example, already has a substantial presence in Peru but is seeking to strengthen its relationship by offering generous credit terms for military purchases. [redacted]

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[redacted]

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[redacted] The Soviets also have agreed to supply the Peruvian Air Force with spare parts and an AN-32 aircraft. President Belaunde recently indicated to the US Ambassador in Lima that, if Peru could not get more financial help from the United States, it might look elsewhere. [redacted]

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Other smaller debtor countries are making or have been offered increased Soviet ties:

- Egypt hopes to acquire more spare parts for Soviet-built weaponry in its inventory and, in our judgment, believes that improved Egyptian-Soviet ties will facilitate this. The recent exchange of ambassadors may lead to trade concessions and resolution of the military debt that Egypt owes the Soviet Union.
- The Soviet Union also has made overtures to the Philippines to increase commercial ties. Although the Philippines has not warmed to the prospects, its continuing economic crisis could force it to reevaluate its position—particularly since Mrs. Marcos has had favorable contacts with the Soviets.
- Partly for economic reasons, Morocco has moved to develop closer ties with Libya. By signing a union treaty, Rabat, in our judgment, hopes to gain financial aid, possible barter arrangements, and 90,000 additional jobs for Moroccan workers. Rabat also warmly received a Soviet trade delegation and gave the mission prominent press coverage. [redacted]

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Appendix A
Basic Economic Indicators

Colombia**Basic Economic Indicators***Billion US \$*
(except where noted)

	1979	1980	1981	1982	1983	1984
Basic balance of payments	1.22	1.04	-0.10	-0.29	-2.30	-3.30
Current account balance	0.49	-0.16	-1.90	-2.29	-3.00	-3.20
Merchandise trade balance	0.51	-0.24	-1.54	-1.95	-1.88	-1.78
Exports, f.o.b. ^a	3.51	4.06	3.22	3.23	2.88	2.82
Imports, f.o.b.	3.00	4.30	4.76	5.18	4.76	4.60
Gross domestic product	27.93	33.39	36.38	38.88	37.32	37.69 ^b
Real growth rate (percent)	5.1	4.2	2.5	1.1	0.9	3.0
Inflation rate (percent)	24.7	26.5	27.5	24.6	19.8	18.0
Commodities as a percent of total exports ^c	68.0	72.0	64.0	62.0	66.0	NA
Foreign exchange reserves	3.7	4.6	4.5	3.9	1.9	1.4

^a f.o.b.—“free on board,” quoted price of merchandise includes the cost of loading the goods into transport vessels at the specified place.

^b Adjusted for inflation.

^c Coffee, cotton, sugar, and fuel oil; IMF data.

Egypt**Basic Economic Indicators***Billion US \$*
(except where noted)

	1979	1980	1981	1982	1983	1984
Basic balance of payments	0.10	0.51	-0.11	-0.46	NA	NA
Current account balance	-1.51	-0.44	-2.14	-2.4	-2.2	-2.5
Merchandise trade balance	-3.58	-2.96	-3.92	-5.0	-5.5	-5.8
Exports, f.o.b. ^a	2.42	3.85	4.00	3.6	3.5	3.6
Imports, c.i.f.	6.00	6.81	7.92	8.6	9.0	9.4
Gross domestic product	17.7	22.0 ^b	23.9	29.0	31.6	NA
Real growth rate (percent)	8.2	9.2	7.6	7.0	7.2	7.1
Inflation rate (percent)	9.8	11.9	16.0	19.6	20.0	NA
Commodities as a percent of total exports ^c	62.0	78.0	78.0	79.0	76.5	NA
Foreign exchange reserves	0.53	1.05	0.69	0.70	0.77	NA

^a f.o.b. — “free on board,” quoted price of merchandise includes the cost of loading the goods into transport vessels at the specified place.

^b Data changes beginning in 1980 from calendar to fiscal year.

^c Crude petroleum, refined petroleum, and cotton; IMF data.

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Indonesia**Basic Economic Indicators**Billion US \$
(except where noted)

	1979	1980	1981	1982	1983	1984
Basic balance of payments	2.29	5.01	1.55	-1.01	NA	NA
Current account balance	0.97	2.90	-0.61	-5.95	-4.20	-3.40
Merchandise trade balance	5.90	9.17	6.79	1.36	0.43	2.50
Exports, f.o.b. ^a	15.14	21.76	23.39	19.71	18.64	18.90
Imports, f.o.b.	9.24	12.59	16.60	18.35	18.21	16.40
Gross domestic product	51.50	72.50	85.50	90.0	79.2	82.6
Real growth rate (percent)	5.1	7.6	7.1	-0.4	5.1	5.0
Inflation rate (percent)	21.8	16.0	7.1	9.7	11.5	9.0
Commodities as a percent of total exports ^b	97.6	97.7	97.1	95.3	95.0	95.0
Official foreign exchange reserves (excluding gold holding)	3.79	5.01	4.52	2.59	3.64	NA

^a f.o.b. - "free on board," quoted price of merchandise includes the cost of loading the goods into transport vessels at the specified place.

^b Crude oil, rubber, wood, palm oil, coffee, nickel, tin, copper, refined petroleum, and liquefied natural gas.



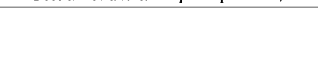
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Morocco**Basic Economic Indicators**Billion US \$
(except where noted)

	1979	1980	1981	1982	1983	1984
Basic balance of payments	-0.14	-0.06	-0.55	-0.57	-0.11	0.02
Current account balance	-1.56	-1.47	-1.89	-2.06	1.13	1.15
Merchandise trade balance	-1.34	-1.38	-1.56	-1.77	-1.26	-1.30
Exports, f.o.b. ^a	1.99	2.42	2.28	2.04	2.04	2.10
Imports, f.o.b.	3.33	3.80	3.84	3.82	3.30	3.40
Gross domestic product	15.9	17.8	14.8	14.7	14.8	15.1
Real growth rate (percent)	4.5	3.8	-1.3	4.5	0.6	2.0
Inflation rate (percent)	15.0	15.0	17.0	13.0	12.0	12.0
Commodities as a percent of total exports ^b	40.0	42.0	39.0	36.0	32.0	30.0
Foreign exchange reserves	0.54	0.40	0.23	0.22	0.11	0.12

^a f.o.b. - "free on board," quoted price of merchandise includes the cost of loading the goods into transport vessels at the specified place.

^b Citrus fruit and phosphates; IMF data.



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Pakistan
Basic Economic Indicators

Billion US \$
(except where noted)

	1979	1980	1981	1982 ^a	1983	1984
Overall balance of payments ^b	-0.19	0.24	-0.02	-0.58	0.72	-0.15
Current account balance	-1.13	-1.15	0.99	-1.61	-0.55	-1.03
Merchandise trade balance	-2.17	-2.52	-2.77	-3.45	-2.99	-3.33
Exports, f.o.b. ^c	1.65	2.34	2.80	2.32	2.63	2.67
Imports, f.o.b.	3.81	4.86	5.56	5.77	5.62	6.00
Gross domestic product	19.81	23.89	28.49	30.09	28.88	30.88
Real growth rate (percent)	3.4	7.3	6.4	5.6	6.1	3.5
Inflation rate (percent)	8.0	10.7	12.4	10.0	4.5	8.4
Commodities as a percent of total exports ^d	26.0	34.0	33.0	22.0	24.0	22.0
Foreign exchange reserves	0.17	0.70	1.10	0.80	1.9	1.70

^a 1982-84 are Pakistani fiscal years ending 30 June. Prior to 1982 the rupee-dollar ratio was valued at 9.9 rupees per dollar. The value of the rupee compared to the dollar has been declining since 1982.

^b Includes official assistance and debt relief.

^c f.o.b.—“free on board,” quoted price of merchandise includes the cost of loading the goods into transport vessels at the specified place.

^d Cotton and rice; IMF data.



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Peru
Basic Economic Indicators

Billion US \$
(except where noted)

	1979	1980	1981	1982	1983	1984
Basic balance of payments	0.84	-0.86	-0.52	-1.02	0.31	1.00
Merchandise trade balance	1.55	0.83	-0.50	-0.56	0.30	0.45
Exports, f.o.b. ^a	3.50	3.90	3.30	3.23	3.02	3.00
Imports, f.o.b.	1.95	3.07	3.80	3.79	2.72	2.55
Gross domestic product	13.89	17.20	20.10	20.26	16.27	16.59 ^b
Real growth rate (percent)	3.8	3.0	3.1	0.7	-11.9	3.0
Inflation rate (percent)	66.7	59.2	75.4	64.4	111.2	125.0
Commodities as a percent of total exports ^c	68.0	39.0	38.0	37.0	33.0	34.0
Total reserves including gold	2.11	2.81	1.76	1.99	2.02	NA

^a f.o.b.—“free on board,” quoted price of merchandise includes the cost of loading the goods into transport vessels at the specified place.

^b Adjusted for inflation.

^c Including copper and oil; IMF data.



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Philippines

Basic Economic Indicators

Billion US \$
(except where noted)

	1979	1980	1981	1982	1983	1984
Overall balance of payments	-0.60	-0.37	-0.73	-1.64	-2.12	-2.34
Current account balance	-1.50	-1.90	-2.06	-3.20	-2.75	-1.15
Merchandise trade balance	-1.53	-1.93	-2.25	-2.65	-2.48	-0.58
Exports, f.o.b. ^a	4.60	5.79	5.71	5.02	5.01	5.35
Imports, f.o.b.	6.14	7.72	7.96	7.66	7.49	5.93
Gross national product ^b	29.85	35.25	38.44	39.54	33.97	31.71
Real growth rate (percent)	7.5	4.4	3.7	2.7	1.4	-5.5
Inflation rate (percent)	17.6	18.2	13.0	10.3	10.0	50.0
Commodities as a percent of total exports ^c	67.0	64.0	55.0	53.0	53.0	50.0
Gross reserves of central bank	2.42	3.16	2.57	1.71	0.87	NA

^a f.o.b.—“free on board,” quoted price of merchandise includes the cost of loading the goods into transport vessels at the specified place.

^b GNP growth rate based on the Philippine peso.

^c Copper, wood, coconut products, and sugar; IMF data.



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Appendix B
Trends in International Debt

Colombia
Trends in International Debt

Billion US \$
 (except where noted)

	1979	1980	1981	1982	1983	1984
Total debt	5.94	7.34	8.47	9.97	11.60	12.50
Official sources	2.12	2.36	2.60	2.99	3.30	3.60
Private sources	1.90	2.76	3.57	4.32	5.10	5.50
Short term	1.92	2.22	2.30	2.66	3.22	3.40
Total debt payments	1.04	1.15	1.46	1.57	1.63	2.00
Principal	0.51	0.42	0.47	0.55	0.66	0.94
Interest	0.53	0.73	0.99	1.02	0.97	1.06
Debt service ratio (<i>percent</i>)	17	14	21	25	26	30



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Egypt
Trends in International Debt

Billion US \$
 (except where noted)

	1979	1980	1981	1982	1983	1984
Total debt	16.55	18.05	21.18	22.15	24.50	25.30
Official sources	9.74	9.86	11.51	12.34	13.60	14.20
Private sources	1.92	2.11	2.82	3.16	3.50	3.70
Short term	4.89	6.08	6.85	6.65	7.40	7.40
Total debt payments	1.65	2.36	3.31	3.40	3.13	3.20
Principal	0.80	1.29	1.57	1.93	1.85	1.80
Interest	0.85	1.07	1.74	1.47	1.28	1.40
Debt service ratio (<i>percent</i>)	20	19	24	25	25	25



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Indonesia**Trends in International Debt***Billion US \$*
(except where noted)

	1979	1980	1981	1982	1983	1984
Total debt	16.8	18.7	20.4	24.0	28.4	32.0
Official sources	8.4	9.4	10.0	11.0	12.5	14.5
Private sources	6.7	7.2	7.5	9.4	12.2	14.0
Short term	1.7	2.1	2.9	3.6	3.7	3.5
Total debt payments	2.8	2.6	3.2	3.3	3.8	4.2
Principal	1.6	1.2	1.4	1.5	2.0	2.2
Interest	1.2	1.4	1.8	1.8	1.8	2.0
Debt service ratio (<i>percent</i>)	19	12	13	17	20	22

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Morocco**Trends in International Debt***Billion US \$*
(except where noted)

	1979	1980	1981	1982	1983	1984
Total debt	6.12	7.81	9.34	10.36	11.30	12.80
Official sources	2.83	3.47	4.35	4.90	5.40	6.05
Private sources	3.87	3.87	3.99	4.63	5.10	5.95
Short term	0.42	0.47	1.00	0.83	0.80	0.80
Total debt payment	0.99	1.34	1.59	1.65	1.61	1.89
Principal	0.47	0.62	0.70	0.88	0.93	1.22
Interest	0.52	0.72	0.89	0.77	0.68	0.67
Debt service ratio (<i>percent</i>)	35	39	46	53	39	18

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Pakistan
Trends in International Debt

Billion US \$
 (except where noted)

	1979	1980	1981	1982	1983	1984
Total debt	8.71	9.68	9.85	9.78	10.40	11.5
Official sources	7.64	8.21	8.30	8.74	8.88	9.30
Private sources	0.69	0.80	0.70	0.58	0.98	1.60
Short term	0.38	0.67	0.85	0.46	0.54	0.60
Total debt payments	0.65	0.75	0.88	0.91	0.80	1.02
Principal	0.35	0.38	0.52	0.49	0.38	0.54
Interest	0.30	0.37	0.36	0.42	0.42	0.48
Debt service ratio (<i>percent</i>)	24	20	17	18	14	22

[Redacted]

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Peru
Trends in International Debt

Billion US \$
 (except where noted)

	1979	1980	1981	1982	1983	1984
Total debt	9.24	9.51	10.48	12.07	13.10	14.00
Official sources	2.73	3.16	3.13	3.37	3.66	4.00
Private sources	5.21	4.97	5.04	5.89	7.27	8.00
Short term	1.30	1.38	2.31	2.81	2.17	2.00
Total debt service	1.47	2.10	2.77	2.50	2.61	2.80
Principal	0.70	1.17	1.61	1.30	1.42	1.50
Interest	0.77	0.93	1.16	1.20	1.19	1.30
Debt service ratio (<i>percent</i>)	32	39	56	52	60	75

[Redacted]

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Philippines**Trends in International Debt***Billion US \$*
(except where noted)

	1979	1980	1981	1982	1983	1984
Total debt	12.6	16.4	19.4	22.9	24.3	26.0
Official sources	2.3	2.8	3.5	3.8	5.7	6.5
Private sources	5.0	6.1	6.9	8.1	9.4	10.0
Short term	5.3	7.5	9.0	11.0	9.2	9.5
Total debt payments	1.2	1.7	2.2	3.05	2.9	3.0
Principal	0.6	0.70	0.8	1.0	1.0	0.4
Interest	0.6	1.0	1.4	2.0	1.9	2.6
Debt service ratio (<i>percent</i>)	20	21	25	38	35	34

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Appendix C

Economic/Social Indicators

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Economic/Social Indicators

	GNP Growth and Per Capita Income	Population and Growth Rate	Literacy Rate (<i>percent</i>)	Unemployment Rate (<i>percent</i>)	Percent of Popula- tion in Agricultural Sector (<i>percent</i>)
Indonesia	5.0 percent (1984) \$440 (1983)	169 million 2.2 percent	64	20-25	66
Philippines	- 5.5 percent (1984) \$570 (1982)	55.5 million 2.3 percent	87	30	47
Pakistan	3.5 percent (1984) \$320 (1984)	96.6 million 2.6 percent	24	NA	52
Morocco	2.0 percent (1984) \$640 (1984)	24 million 2.9 percent	28	30	50
Egypt	7.1 percent (1982) \$670 (1984)	47 million 2.7 percent	40	NA	45 to 50
Peru	3.0 percent (1984) \$865 (1984)	19 million 2.6 percent	72	60 ^a	40
Colombia	3.0 percent (1984) \$1,335 (1984)	28 million 2.1 percent	81	14	26

^a Includes underemployment.



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