

Trade and Investment in the Americas

VI Annual
Conference

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Andean
Development
Corporation



*Organization of
American States*



*Andean Development
Corporation*



*Inter-American
Dialogue*

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Former President Jorge Quiroga of Bolivia, CAF President Enrique García

Preface

The sixth annual Andean Development Corporation (CAF) Conference on Trade and Investment in the Americas was held on September 6, 2002 in Washington, D.C. Like its five predecessors, this conference brought together government officials, policy analysts, and business leaders from Latin America, Canada, and the United States for a long day of intense and expansive discussions about the Andean region and hemispheric affairs generally. We are pleased to provide you with this report on the presentations and the deliberations.

Now, as we look to our seventh conference in 2003, the political and economic situation in most Andean countries remains precarious—although the region has registered clear advances in certain areas since last year’s meeting. Under the strong and energetic leadership of Álvaro Uribe, Colombia has had the most impressive gains. Its economy has been fortified and international confidence recovered. Colombia’s army is demonstrating an increased ability to deal with violent threats of guerrillas, paramilitary forces, and drug criminals. Although still unsettled, both Bolivia and Peru have managed to emerge from deep national crises and their presidents have begun to regain their authority. Ecuador’s situation has deteriorated and its politics have become increasingly turbulent. While there is still hope that Venezuela’s polarized and dangerous political stalemate could be resolved by a peaceful referendum, the risk of violence remains high and the country’s economy is badly battered.

“The political and economic situation in most Andean countries remains precarious.”



OAS Secretary General César Gaviria, Dialogue President Peter Hakim

The annual CAF conference is jointly sponsored by the Andean Development Corporation, the Organization of American States (OAS), and the Inter-American Dialogue. The aim of this sustained collaboration is to demonstrate the importance of U.S. economic and political relations with the Andean region, and to provide a detailed review of broader hemispheric economic affairs to Washington officials and opinion leaders. We are pleased that, year after year, top analysts and key decision makers from the United States, Latin America, and Canada have agreed to take part in the CAF meeting, and that the interest of the Washington policy community in the region continues to grow.

The Andean Development Corporation Conference on Trade and Investment in the Americas results from collaboration among many people and several institutions. In particular, we want to recognize the valuable contribution made by the conference participants themselves, who shared their analysis and recommendations with cogency and intelligence.

President of CAF Enrique García and OAS Secretary General César Gaviria, who lead this initiative, deserve particular credit. We also want to thank our keynote speaker Jorge Fernando Quiroga, the former President of Bolivia and a member of the Inter-American Dialogue, for providing provocative comments that helped our understanding of the issues. I am especially grateful to Ana Mercedes Botero of CAF, who plays a central role in the design and organization of the conference, year in and year out.

We greatly appreciate the valuable contributions of CAF's Soraya Lazcano and María Tain, and the Dialogue's Rebecca Trumble and Eric Jacobstein—which were essential in making the conference succeed. They deserve special mention for their contributions to the design and implementation of the conference. And we thank the Dialogue's Cecilia Carro who served as rapporteur of the meeting and put together the report. Joan Caivano of the Inter-American Dialogue provided critical oversight in producing this volume.

As always, we are indebted to CAF for their financial and intellectual support.

Peter Hakim
President
Inter-American Dialogue

Rapporteur's Report

2002 Andean Development Corporation (CAF)

Sixth Annual Conference on Trade and Investment in the Americas

ECONOMIC DEVELOPMENTS IN THE ANDEAN COMMUNITY

Peter Hakim moderated the first discussion session of the Sixth Annual Andean Development Corporation (CAF) Conference.

The discussion began with remarks by **Rudolf Hommes** on the economic and political developments in the Andean region, with a focus on Colombia. Hommes highlighted the determined and energetic leadership of Colombia's new president Álvaro Uribe amidst a deepening guerrilla war. He emphasized security, the economy and social needs as Colombia's most pressing problems, assessing the guerrilla war and the drug trade as interlinked, but not the same thing. Hommes stated that Colombia's goal for a public sector deficit of 3 percent of GDP for 2003 will be hard to achieve, particularly in conjunction with a major increase in defense spending of 1 percent of GDP. As a result, the government must and will reduce its central government deficit and increase the surplus of the rest of the public sector. A 10 percent expenditure cut in the 2002 budget is necessary for the public sector. Instrumental to the government's success will be its capacity to generate domestic and international confidence,

"Instrumental to the Colombian government's success will be its capacity to generate domestic and international confidence."



Economic Advisor to the President of Ecuador Alonso Pérez Kakabadse, Dialogue President Peter Hakim, CAF Economist Fidel Jaramillo, Former Finance Minister of Colombia Rudolf Hommes

“In the short term, Colombia’s problems will likely get worse before improving.”

bring in more multilateral aid than expected, and ensure that U.S. aid for spraying coca crops is also used to smooth social tensions in areas disrupted by the fumigation. In the short term, Colombia’s problems will likely get worse before improving. There will also be more war before peace occurs and state reform will be a lengthy process. Hommes did not predict economic recovery until at least 2004.

Fidel Jaramillo emphasized that a decline of 1.2 percent regional growth per capita is an important indicator for 2002. There was also an increase in poverty throughout the region, in all countries other than Bolivia. The short-term macroeconomic outlook for the Andean countries was grim, Jaramillo said, especially with the drop in capital flows to the region, no access to bond financing, and institutional instability. Economics in the region is profoundly influenced by politics. In Jaramillo’s view, an inefficient delivery of services and benefits, compounded with a lack of transparency, has reinforced social and political tensions. Jaramillo compared the Andean and Asian economies, pointing out that the latter rebounded following the 1997 crisis, while Latin America did not exhibit the same recovery. In the Andean countries, economic output has remained flat. He broke down the comparison into four areas: economic policy, financial markets, entrepreneurial characteristics of firms, and government institutions. Some of the economic lessons Jaramillo highlighted from the Asian experience were the importance of a flexible monetary policy (i.e. currency flotation), internal adjustments that pay attention to social needs, and fiscal policy that should not necessarily be pro-cyclical. Asian countries also kept lower real interest rates and had better exchange rates. In Asian financial markets, Jaramillo noted the recovery of venture capital and access to capital markets. In terms of institutions, control of corruption and accountability were key. He also cited political stability, regulatory quality and rule of law as critical to recovery in Asia. Although the Andean region has made some institutional progress, improvement is particularly needed in access to capital markets, infrastructure development, anti-trust policies, and the customer service sector.

Alonso Pérez-Kakabadse discussed the state of the economy in Ecuador and focused primarily on the effects of dollarization. Pérez-Kakabadse stated that Ecuador has been counter-cyclical to other economies in the region since it had GDP growth of 5.6 percent in 2001—the regional high. In 1999, as Ecuador hit the worst recession in its history and 65 percent of the banking sector went bankrupt—

causing banking deposits to be frozen—Ecuador defaulted on its debt and had no access to international capital markets. This crisis led the government to implement a policy of dollarization in January 2000. This caused unemployment to quickly drop, standing at 10 percent in 2002, versus 17 percent in 2000. With inflation under control, fiscal discipline is now key, and serves as a signal to international markets that Ecuador is managing its accounts properly. Pérez-Kakabadse noted that the concern in Ecuador is that the economy proves its productivity gains. The success of dollarization largely depends on international markets. He concluded that dollarization is too much of a straitjacket to avoid failure.

POLITICAL DEVELOPMENTS IN THE ANDEAN COMMUNITY

Eduardo Gamarra introduced the session by providing an overview of the political situation in the region. He first described Peru's institutional recomposition following Fujimori, the ensuing crisis of confidence in the country's political class, and the pervasive corruption investigations that have taken place. The occurrence of large anti-privatization protests means that market reforms are unlikely to be deepened. In addition, the country has halted its drug eradication and air interdiction programs. The key concerns surrounding Peruvian politics are whether these circumstances will drive towards a possible early departure for President Alejandro Toledo and his unpopular administration. Gamarra went on to focus



Eduardo Gamarra of Florida International University, Vice Minister of Foreign Affairs of Bolivia
Victor Rico, John Biehl of the International Crisis Group

"If democracy is to survive, improving people's living conditions is key."

on Ecuador and its presidential elections in October 2002. In his view, the country is likely to end up with a weak president, given the division in the electorate. The average Ecuadorian has lost interest in politics and elections, but corruption is a serious issue that remains to be addressed. Compounded with the institutional problems, dollarization has contributed to political uncertainty. Bolivia offers a more promising political situation, although it needs more socially oriented programs to make it sustainable. Colombia faces the same problems, but with greater intensity. Finally, in Venezuela there is a conflict between participatory and representative democracy. The former has not been successful, and the regime has turned increasingly authoritarian.

Gamarra hopes that Brazil will take on a more effective leadership role; the United States will implement broader policies that go beyond the drugs and terrorism rhetoric; and the European nations will form a more productive stance that moves past U.S. bashing. In conclusion, the region as a whole is facing a crisis of confidence—most Andean leaders have come into office with weak mandates. If democracy is to survive, improving people's living conditions is key.

Victor Rico evaluated the problems in the Andean region as fundamentally political. Social inequity is undermining democracy—and policies towards social development must become a priority. The resurgence of populist regimes as viable options, and still unresolved issues in civil-military relations point to the need for both a greater inclusion of indigenous groups in politics, and the creation of multi-ethnic democracies. In addition, Rico emphasized that rural development must be made an integral part of the economic vision of development in the Andean countries—and this must be addressed in the U.S. policy agenda.

John Biehl contended that the greatest difference between the Andean region and the rest of Latin America lies in the problem of drugs. His key concern was whether the drug issue would become region-wide. To prevent this, are needed for regional and global policies to fight drugs.

U.S. POLICY IN THE ANDES

Otto Reich opened the panel discussion by explaining that the democracies in the Andes are finding their way out of clouds of authoritarianism. Among the challenges he described were curbing

the narcotics trade, and tackling poverty, statism and corruption. He also noted the importance of promoting economic development. To approach these challenges, Reich saw only one path to follow—open markets and free trade. As such, the Bush administration has made the principal points in its agenda the Andean Trade Preferences Act (ATPA) and the congressional approval of Trade Promotion Authority (TPA). Both of these developments will be beneficial to the Andean region.

With regards to the security challenge, Reich stressed that the combination of terror and drugs is lethal. Dangers are present throughout the region, not only in Colombia—and the United States is committed to help. In the Bush administration’s view, the threat must be fought on all fronts. Thus, \$782 million has been set aside for the Andean Regional Initiative, which includes investment in judicial reform, human rights, alternative development, and coca eradication. The United States is also trying to reduce demand and takes responsibility for that.

In the area of governance, abuse of power and corruption must be seen as enemies of democracy. Many indigenous people are still underrepresented and underserved. Corruption must be held in check and good governance should be a priority. The Bush administration has provided incentives, with \$5 billion in annual development assistance for governments that fight corruption and demonstrate good governance.

Bush seeks to open U.S. markets to the region, Reich said, in order to promote economic development. The ATPA helps Colombia and increases imports of clothing made in Peru and flowers from Ecuador, among other benefits. The goal is an American community of democratic states, and the Free Trade Area of the Americas (FTAA) is the means to that end.

In answering questions regarding Venezuela, Reich stressed that the United States wants good relations with that country. The events of April 11, 2002, underline polarization in Venezuela. Reich also judged Chávez’s confrontational policies to be at the root of the country’s troubles, as he has attacked

“Abuse of power and corruption must be seen as enemies of democracy.”



U.S. Assistant Secretary of State Otto Reich

"With elites becoming more and more distant from the people, Latin America becomes more like Haiti or Sub-Saharan Africa."

the Catholic Church and the press, and suppressed public expression. The United States has urged reconciliation and democratic dialogue, and has condemned the breakdown of constitutional order. Being opposed to extra-constitutional efforts by either side, the United States has also urged Venezuela to work with the Organization of American States within the context of the Democratic Charter.

Regina Vargo focused her remarks on the economic dimensions of security challenges, giving particular attention to the passage of TPA. Trade preference legislation in 2002 included a renewed general system of preferences, such as ATPA and the Drug Eradication Act. This system will benefit Bolivia, Ecuador, Colombia, and Peru, among other countries. The three future steps for the Bush administration are to certify that countries have the necessary custom procedures in place, to see if products are import sensitive, and to determine whether countries meet eligibility. Finding resolutions to potential problem areas will benefit ATPA countries because it will foster an attractive investment environment. Vargo pointed out that the passage of TPA will allow the United States to eventually approve an FTAA. An agriculture proposal is on the table that includes the elimination of export subsidies in five years and a reduction in tariffs. The Bush administration hopes to take the ATPA and move towards an FTAA with a wider range of benefits. There are two major issues of concern hemispherically—market access and a discussion of the obligations surrounding an eventual agreement.



Assistant U.S. Trade Representative
Regina Vargo

LATIN AMERICA'S ECONOMIC PROSPECTS

Moisés Naím began the session by emphasizing that it is a critical time for Latin America. Precarious circumstances at both the global and regional level have converged. In particular, contagion from the Argentina crisis has derailed positive initiatives in other countries, presidential elections in Brazil have generated a great deal of uncertainty, and security problems in Colombia have gotten worse. Naím explained that the topic of conversation is no longer tariffs, privatization and fiscal discipline—the kind of technocratic conversation that

took place in the 1990s. Instead, today we talk about failed states and other bigger questions.

Richard Lapper pointed out that the beginning of the 1990s appeared to promise an era of prosperity for the region. Worries about the Mexican and Brazilian crises were brushed off, the speed of recovery picked up and international markets became more sophisticated. Today, the situation looks much different. There is general disillusionment with markets and some politicians in the region are arguing for a break with the neoliberal model. Populism is on the rise in Peru, Bolivia and Ecuador and opposition to privatization has grown stronger. In fact, 7 out of 10 Latin Americans think privatization is a bad idea. Lapper also contended that the Argentine crisis will have a lasting impact on the rest of the region.

With this in mind, Lapper believes that it is time to reassess the reforms of the 1990s. At the same time, we must note that progress has been made—there is greater overall financial stability, foreign direct investment flows to the region have increased, and exports have picked up. Yet, much of the region is in trouble. Latin American economies are still dependent on commodity exports, capital flows are drying up, domestic capital markets are underdeveloped, and saving rates are particularly low. Furthermore, Lapper explained that the banking system does not effectively channel funds for companies at home that need to grow. The influence of foreign banks has been generally positive but they have proven less likely to lend to local companies than to multinationals. As was evident in Argentina, foreign banks have a strong capital base but are not willing to use it. Next, Lapper contended that privatization proved to be a mixed blessing. While it compensated for governments' inability to invest in companies, it did very little for competition.

Lapper pointed out that Latin Americans are poorer now than in 1980. Economic contractions have exacerbated social problems. Both crime and unemployment are on the rise. The Washington Consensus is coming under increased pressure. Lapper believes that Latin Americans are not only disappointed in the market reforms per se but also in their governments and political parties. There is a real danger of progressive social disintegration. With elites becoming more and more distant from the people, Latin America becomes more like Haiti or Sub-Saharan Africa. Lapper concluded by pointing out that in the 1990s, there was too much emphasis on the private



Foreign Policy Editor Moisés Naím, Pro Ventures Managing Director Roberto Baquerizo

“To solve its complex social problems, Latin America needs a modern social contract adapted to the demands and the constraints of an open economy.”

sector and a sense that technocratic solutions were everything. Today, we realize that these alone will not work and that there is a big role for organized civil society. The region will also need major political engineering to implement reforms.

CHALLENGES TO SOCIAL DEVELOPMENT IN LATIN AMERICA

Eduardo Aninat opened the session with a brief overview of Latin America’s economic and social performance in the last decade. Despite the current pessimism in Latin America, especially in the last couple of years, Aninat believes that it has not been all bad for the region in the 1990s. He pointed out that the average GDP growth for the region—around 3 percent—was modest but not irrelevant. For some countries like Mexico, Chile and Costa Rica, trade performance has been strong. Other countries, such as Brazil, made progress in social development. In Brazil, the government succeeded in increasing primary education levels in a short period of time. Nonetheless, Aninat acknowledged that the region is a long way from resolving its many social problems. He cited the extremely high levels of poverty and rampant inequality in access to economic, social and political opportunities. The governments in the region need more effective ways to deal with these issues, but they should not do so at the cost of unraveling the hard-won reforms of the last decade.

Nancy Birdsall argued that Latin America needs a new way to address social policy. After a decade of economic and political reforms that dramatically changed the structure of economies in the region, poverty and high inequality remain deeply ingrained. Inte-

gration into the global economy brought prosperity to only a small group in most countries. Birdsall explained that while the reforms in themselves did not hurt the poor, they left behind both the poor and the great majority of the middle class who are surprisingly poor by Western middle class standards. This has important implications for future social



Kissinger McLarty Associates President Mack McLarty, Tinker Foundation Chair Martha Muse

policy in the region. Birdsall argued that to solve its complex social problems, Latin America needs to go beyond the standard, poverty-targeted, elements of good social policy to a modern social contract adapted to the demands and the constraints of an open economy. She explained that such an open-economy social contract would be based on broad job-based growth and would be politically and economically directed not only at the poor but also at the economically insecure middle-class. The critical elements of this social contract include implementing excellent fiscal policy; increasing effective taxation of the rich; making job mobility an explicit public policy goal; and creating a regional strategy for better access to rich country markets.

Dulce Maria Pereira pointed out that while the incidence of poverty and inequality is high throughout the region, it is particularly severe and deep among blacks and ethnic groups, which comprise almost 40 percent of Latin America's population. In almost all countries in Latin America, these minorities are afflicted by extremely high rates of poverty and illiteracy, and unequal access to education, health and other public services. Because the contours of poverty and inequality in the region run broadly along racial and ethnic lines, Pereira explained, understanding and addressing these issues are key to understanding and addressing Latin America's social problems. This has two major implications for governments in the region. First, they should start monitoring the impact of government social programs and policies on racial and ethnic minorities. Secondly, and most importantly, they should invest in social programs that are targeted specifically to these minority groups. Pereira believes that in some countries it may make sense to implement affirmative action-type programs, such as university quotas, to help these groups push for their own advance. She also called for health campaigns that focus on diseases that affect predominately minority populations.

"Poverty and inequality are particularly severe and deep among blacks and ethnic groups."

Keynote Address

The U.S. Trade Agenda in the Hemisphere and Beyond

**Jorge Fernando Quiroga,
Former President of the
Republic of Bolivia**



Former President Jorge Quiroga
of Bolivia

The Andean Region is facing its toughest times in the past 20 years, yet north of the Panama Canal conditions appear to be relatively better than before. What accounts for this difference—as former President of Bolivia Jorge Fernando Quiroga mentioned in his luncheon remarks at the 2002 Andean Development Corporation Conference—is a worsening in the state of democracy, poverty, free markets, drugs, debts, and a resistance to trade in South America.

“Democracy is tested in tough times,” Quiroga said. “It is how you react during difficulty.” Weakened democracies in Latin America have dealt with crises and constitutional succession effectively in only six cases. To avoid a collapse, there is a need for constitutional mechanisms and means for resolving trouble to be put in place; political reforms that involve a direct connection between voting and politicians’ actions; and institutional reform. “The infection is weak institutions, and corruption is the fever,” stressed Quiroga. Corruption cannot be battled when all that is seen are its symptoms.

A central regional problem is drug production. Nations can make headway if they realize that drugs are their own problem, not just the problem of another, consumer country. As drugs are an export product for the region, Quiroga’s assessment focused on the need to develop alternative possibilities for drug farmers—switching to products for which there are markets—so that farmers have an incentive and an alternative way to earn a living. The challenge in the Andes lies in fostering coordination between countries, which is essential for this policy to be successful

Focusing on the social front, Quiroga stressed the need for public investment in services including health and education. Although there have been improvements in Bolivia, there is need for more aggressive, overt government actions on the local, decentralized level if social reforms are to be sustained in the long term. A main element of Quiroga’s social development policy would include civil society overseeing the use of government funds for social programs. This would help to introduce accountability and transparency.

Unlike the European Union, Latin American countries have no unified action in trade. They have thus faced many challenges in matters related to economic integration. “A structural component of economic integration is building better infrastructure to support physical integration,” Quiroga said. Also important is macroeconomic convergence. Most significant, according to Quiroga, is the Latin American perception of being unfairly treated globally. If Latin American governments were to join forces to make a coalition, they might be able to gain leverage in their negotiations with larger powers, and shift this perception. Institutions like the Andean Development Corporation play an extremely important role in this regard.

“Andean nations must realize that drugs are their own problem, not just the problem of another, consumer country.”

Annex I: Statistics

I. SOCIAL INDICATORS

A. POPULATION AND LABOR FORCE

(Millions of people and percentages)

	Population						Labor force					
	Total Millions		Avg. annual growth rate %		Urban % of total		Total Millions		Avg. annual growth rate %		Female % of labor force	
	1975	2000	1975-2000	2000-2015	1975	2000	1980	1999	1980-90	1990-99	1980	1999
Bolivia	4.8	8.3	2.2	2.0	41.3	62.4	2	3	2.6	2.6	33	38
Colombia	25.4	42.1	2.1	1.5	60.0	75.0	9	18	4.0	2.7	26	38
Ecuador	6.9	12.6	2.4	1.5	42.4	63.0	3	5	3.4	3.3	20	28
Peru	15.2	25.7	2.1	1.4	61.5	72.8	5	9	3.1	2.7	24	31
Venezuela	12.7	24.2	2.6	1.6	75.8	86.9	5	9	3.4	3.0	27	34
L. America	360	509	2.0	1.7	—	—	130	219	3.0	2.5	28	35

Source: UNDP, Human Development Report 2002.

B. STRUCTURE OF ECONOMICALLY ACTIVE POPULATION, BY SECTOR OF ECONOMIC ACTIVITY

(As a percentage of total economically active population)

	Agriculture ^a			Industry ^b			Services ^c		
	1970	1980	1990	1970	1980	1990	1970	1980	1990
Bolivia	52.1	45.5	39.3	20	19.7	16.8	27.9	33.8	42.2
Colombia	39.3	34.2	26.9	23.3	23.5	21.9	37.4	42.3	51.2
Ecuador	50.6	38.6	30.8	20.5	19.8	17.9	28.9	41.6	48.3
Peru	47.1	40.0	26.7	17.6	18.3	15.9	35.3	41.7	50.3
Venezuela	26.0	16.1	13.3	24.8	28.4	25.1	49.2	55.5	61.6

Source: ECLAC, Statistical Yearbook 2001. Totals may not add up to 100. a/ Includes: agriculture, forestry, hunting and fishing. b/ Includes: mining and quarrying; manufacturing; construction; electricity, gas, water and sanitary services. c/ Includes: commerce; transportation, storage and communications; and services.

C. URBAN UNEMPLOYMENT RATE

(Percentages)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 ^a
Bolivia	5.8	5.4	5.8	3.1	3.6	3.8	4.4	4.1	6.1	7.6	—
Colombia	10.2	10.2	8.6	8.9	8.8	11.2	12.4	15.3	19.4	17.2	18.5 ^b
Ecuador	7.7	8.9	8.9	7.8	7.7	10.4	9.3	11.5	15.1	14.1	10.9 ^b
Peru	5.9	9.4	9.9	8.8	8.2	8.0	9.2	8.4	9.2	8.5	9.5 ^c
Venezuela	9.5	7.8	6.6	8.7	10.3	11.8	11.4	11.3	14.9	14.0	13.9 ^d
L. America	—	—	6.5	6.6	7.5	7.9	7.5	8.1	8.8	8.5	8.5

Source: ECLAC, Preliminary Overview of the Economies of Latin America and the Caribbean, 2000. a/ Preliminary figures. b/ Official estimates. c/ March. d/ Until third trimester.

D. PER CAPITA GROSS DOMESTIC PRODUCT (GDP)

(US\$ and percentages)

	Per capita GDP (at constant 1995 prices)							Average annual rate (percentages based on values at 1995 prices)	
	1981-1990 ^a	1995	1996	1997	1998	1999	2000	1981-1990	1991-2000
Bolivia	731	906	924	947	975	960	959	-1.9	1.4
Colombia	1,132	2,400	2,399	2,431	2,404	2,268	2,295	1.6	0.6
Ecuador	1,348	1,565	1,569	1,597	1,582	1,404	1,406	-0.9	-0.4
Peru	1,227	2,277	2,293	2,406	2,355	2,346	2,400	-3.3	2.4
Venezuela	3,840	3,248	3,167	3,332	3,290	3,037	3,079	-3.2	-0.1
L. America	1,831	3,641	3,710	3,839	3,863	3,818	3,910	-0.9	1.5

Source: ECLAC/CEPAL, Anuario estadístico de América Latina y el Caribe 2001. a/ This data source: World Economic Indicators 2000 (World Bank), at current US\$.

E. POVERTY AND INDIGENCE LEVELS

(Percentages)

		Households below poverty line ^a		Households below indigence line	
		Total	Urban	Total	Urban
Bolivia	1989	—	49	—	22
	1994	—	46	—	17
	1997	—	47	—	19
	1999	55	42	33	16
Colombia	1991	50	47	23	17
	1994	47	41	25	16
	1997	45	39	20	15
	1999	49	45	23	19
Ecuador	1990	—	56	—	23
	1994	—	52	—	22
	1997	—	50	—	19
	1999	—	58	—	19
Peru	1979	46	35	21	12
	1986	52	45	25	16
	1995	41	33	18	10
	1997	37	25	18	7
Venezuela	1981	22	18	7	5
	1990	34	33	12	11
	1994	42	41	15	14
	1997	42	—	17	—
	1999	44	—	14	9

Source: Source: ECLAC, Social Panorama of Latin America · 2000-2001. a/ Includes households below indigence line or in extreme poverty.

F. HUMAN DEVELOPMENT INDEX (HDI)^a 2002

	HDI Rank 2001	HDI Rank 2002	Life expectancy at birth (yrs) ^b	Adult literacy rate (% age 15 and above) ^b	Combined 1st, 2nd & 3rd level gross enrollment ratio (%) ^c	GDP per capita (PPP US\$) ^d	HDI value ^a
Bolivia	104	114	62.4	85.5	70	2,424	0.653
Colombia	62	68	71.2	91.7	73	6,248	0.772
Ecuador	84	93	70.0	91.6	77	3,203	0.732
Peru	73	82	68.8	89.9	80	4,799	0.747
Venezuela	61	69	72.9	92.6	65	5,794	0.770
Latin America	n/a	n/a	70.0	88.3	74	7,234	0.767
Developing countries	n/a	n/a	64.7	73.7	61	3,783	0.654
Industrial countries	n/a	n/a	76.8	97.5	87	23,569	0.905

Source: UNDP, Human Development Report, 2002. a/ The HDI measures average achievements in basic human development in one simple composite index and produces a ranking of countries. (The 2001 index includes 162 countries.) b/ Based on 2000 data. c/ based on 1999 data. d/ The HDI value ranges from 0 to 1.

F.1. HUMAN DEVELOPMENT INDEX (HDI) TRENDS 1975-2000

	HDI Value					
	1975	1980	1985	1990	1995	2000
Bolivia	0.514	0.548	0.573	0.597	0.630	0.653
Colombia	0.660	0.690	0.704	0.724	0.750	0.772
Ecuador	0.627	0.673	0.694	0.705	0.702	0.733
Peru	0.641	0.669	0.692	0.704	0.730	0.747
Venezuela	0.716	0.731	0.738	0.757	0.766	0.770

Source: UNDP, Human Development Report 2002.

G. TRENDS IN SELECTED SOCIOECONOMIC INDICATORS

	Year	Per capita GDP (in 1995 USD)	Per capita income (in 1995 USD) ^a	Urban unemployment(%)	Mean monthly variation consumer price index	Percentage variation over the period				
						Period	Per capita GDP	Per capita income ^a	Real minimum remuneration	Urban minimum wage
Bolivia	1989	816	857	10.2	1.29	1989-1999	17.6	11.3	30.6	90.1
	1994	886	879	3.1	0.68	1989-1994	8.5	2.6	14.6	70.5
	1997	947	955	4.4	0.54	1994-1997	6.8	8.7	10.1	-3.6
	1999	960	954	6.1	0.26	1997-1999	1.4	-0.1	3.6	15.7
	2000	951	959	7.6	0.28	1989-2000	16.5	15.0	32.1	112.4
Colombia	1990	2162	2114	10.5	2.15	1990-1999	6.2	5.6	10.1	-4.9
	1994	2332	2325	8.9	1.73	1990-1994	9.6	10.0	4.2	-4.0
	1997	2431	2436	12.4	1.37	1994-1997	4.9	4.8	5.5	0.8
	1999	2267	2232	19.4	0.77	1997-1999	-7.6	-8.4	0.2	-1.7
	2000	2228	2184	20.2	0.70	1991-2000	5.7	1.9	16.2	-0.4
Ecuador	1990	1471	1546	6.1	3.41	1990-1999	-4.5	-21.7	—	35.0
	1994	1553	1570	7.8	1.90	1990-1994	5.5	1.5	—	15.9
	1997	1597	1571	9.3	2.25	1994-1997	2.9	0.1	—	25.4
	1999	1404	1350	14.4	4.04	1997-1999	-12.0	-14.1	—	-7.1
	2000	1417	1346	14.1	5.54	1990-2000	-3.7	-3.2	—	16.2
Peru	1990	1894	2048	8.3	43.69	1990-1999	28.3	25.8	6.0	27.2
	1994	2134	2337	8.8	1.20	1990-1994	13.7	14.1	27.4	-38.1
	1997	2406	2691	9.2	0.52	1994-1997	14.5	15.1	-13.5	85.3
	1999	2346	2577	9.2	0.31	1997-1999	-1.5	-4.2	-3.9	10.9
	2000	2390	2279	8.5	0.31	1990-2000	26.2	25.8	7.1	36.5
Venezuela	1990	3030	3360	10.4 ^b	2.63	1990-1999	-1.8	-9.9	—	-8.8
	1994	3133	3125	8.7 ^b	4.56	1990-1994	3.4	-7.0	—	21.0
	1997	3332	3420	11.4 ^b	2.70	1994-1997	6.4	9.4	—	-24.4
	1999	3037	3026	14.9 ^b	1.53	1997-1999	-10.7	-11.5	—	-0.2
	2000	3097	3553	13.9 ^b	1.06	1990-2000	2.2	7.8	34.5	—

Source: ECLAC, Social Panorama of Latin America - 2000-2001. a/ Refers to real per capita gross national income. b/ National total.

II. ECONOMIC INDICATORS

A. GROWTH OF GROSS DOMESTIC PRODUCT (GDP)

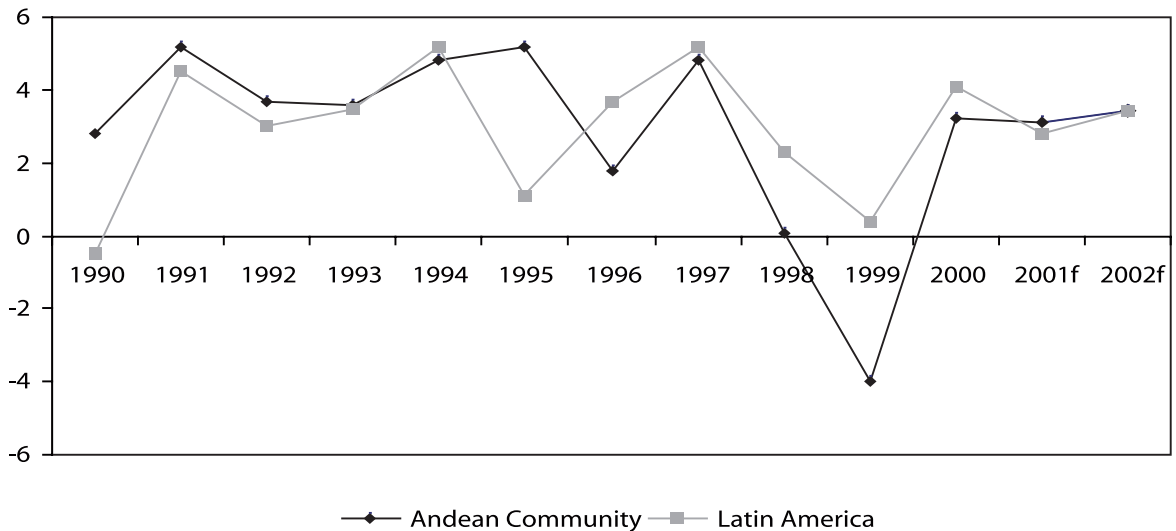
(Percentages)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 ^a	1981-1990 ^b	1991-2001
Bolivia	1.6	4.3	4.7	4.7	4.4	5.0	5.5	0.4	1.8	0.0	0.2	3.4
Colombia	3.7	4.6	6.1	5.2	2.1	3.4	0.5	-4.1	2.7	1.5	3.7	2.5
Ecuador	3.6	2.0	4.3	2.3	2.0	3.4	0.4	-9.5	2.8	5.0	1.7	2.0
Peru	-0.4	4.8	12.8	8.6	2.5	6.7	-0.4	0.9	3.0	-0.5	-1.2	3.6
Venezuela	6.1	0.3	-2.3	4.0	-0.2	6.4	0.2	-5.8	4.0	2.8	-0.7	2.4
L. America	3.0	3.5	5.2	1.1	3.7	5.2	2.3	0.4	4.1	0.5	1.2	2.1

Source: ECLAC/CEPAL, Situación y perspectivas 2002, Estudio Económico de América Latina y el Caribe-2001-2002. a/ Preliminary figures.

A.1. VOLATILITY OF GDP GROWTH, LATIN AMERICA AND THE ANDEAN COMMUNITY, 1990-2002^f

(Percentages)



Source: ECLAC/CEPAL, Estudio Económico de América Latina y el Caribe, 2000-2001.

B. ECONOMIC PERFORMANCE

	GDP		GDP per capita (PPP US\$)	GDP per capita annual growth rate (%)		GDP per capita		Avg. annual change in consumer price index	
	US\$ billions	PPP US\$ billions		2000	1975-2000	1990-2000	Highest value during 1975-2000 (PPP US\$)	Year of highest value	1990-2000
Bolivia	8.3	20.2	2,424	-0.5	1.6	2,7721	1978	8.7	4.6
Colombia	81.3	264.3	6,248	1.6	1.1	6,653	1997	20.6	9.5
Ecuador	13.6	40.5	3,506	-1.3 ^a	2.7	3,710 ^a	1982	27.8	—
Peru	53.5	123.2	4,799	-0.7	2.9	5,442	1981	27.3	3.8
Venezuela	120.5	140.0	5,794	-0.9	-0.6	7,845	1977	20.9	-98.8
Latin America	1,961.2 ^b	3,679.7 ^b	7,234	0.7	1.7	—	—	—	—
Developing countries	6,059.4 ^b	12,438.0 ^b	3,784	2.3	3.1	—	—	—	—
Industrial countries	25,558.2 ^b	26,508.0 ^b	23,569	2.0	1.7	—	—	—	—

Source: UNDP, Human Development Report 2002. a/ Refers to period shorter than specified. b/ Aggregate figure.

B.1. REAL GDP AND CONSUMER PRICES BY YEAR, 1984-2001

(Annual percent change)

	Average 1984-93		1994		1995		1996		1997		1998		1999		2000		2001	
	GDP	Prices	GDP	Prices	GDP	Prices	GDP	Prices	GDP	Prices	GDP	Prices	GDP	Prices	GDP	Prices	GDP	Prices
Bolivia	2.1	163.8	4.7	7.9	4.7	10.2	4.4	12.4	5.0	4.7	5.2	7.7	0.4	2.2	2.4	4.6	1.0	1.6
Colombia	4.1	24.5	5.8	22.8	5.2	20.9	2.1	20.8	3.4	18.5	0.6	18.7	-4.1	10.9	2.8	9.2	1.5	8.0
Ecuador	2.9	43.4	4.4	27.3	2.3	22.9	2.0	24.4	3.4	30.6	0.4	36.1	-7.3	52.2	2.3	96.2	5.2	37.0
Peru	0.7	367.0	12.8	23.7	8.6	11.1	2.5	11.5	6.7	8.5	-0.5	7.3	0.9	3.5	3.1	3.8	0.2	2.0
Venezuela	3.0	30.8	-2.3	60.8	4.0	59.9	-0.2	99.9	6.4	50.0	0.2	35.8	-6.1	23.6	3.2	16.2	2.7	12.5
Latin America	2.9	184.3	5.0	200.3	1.8	36.0	3.6	21.2	5.2	12.9	2.3	9.8	0.2	8.9	4.0	8.1	0.7	6.4

Source: IMF World Economic Outlook, April 2002: Recessions and Recoveries.

C. INFLATION

(Average annual rates)

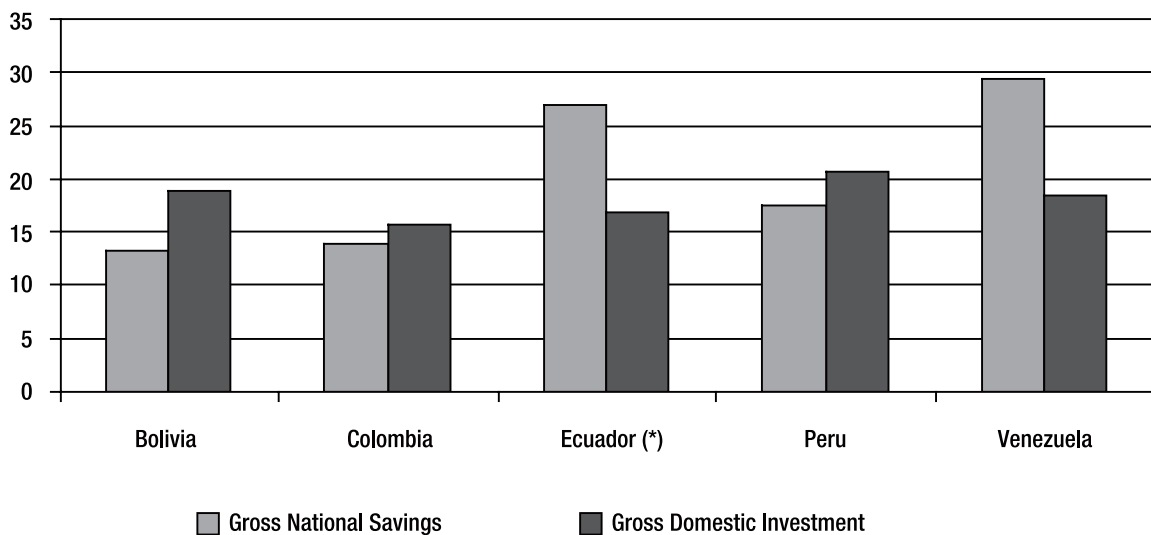
	1995	1996	1997	1998	1999	2000	2001	2002 ^{a, f}	1980-89 ^b	1990-99 ^b
Bolivia	12.6	7.9	6.7	4.4	3.1	3.8	1.5	—	1383.2	10.4
Colombia	19.5	21.6	17.7	16.7	9.2	9.2	8.0	6.5	23.5	22.5
Ecuador	22.8	25.6	30.6	43.4	60.7	96.1	22.4	12.5	34.0	39.0
Peru	10.2	11.8	6.5	6.0	3.7	3.8	-0.13	4.5	481.3	807.9
Venezuela	56.6	103.2	37.6	29.9	20.0	16.2	12.3	10.0	23.0	47.4
L. America	25.8	18.2	10.4	10.3	9.5	8.7	5.9	4.6	230.9	149.8

Source: ECLAC/CEPAL, Estudio Económico de América Latina y el Caribe, 2000-2001 and Proyecciones Latinoamericanas 2001-2002.

a/ This data source: JP Morgan. b/ Average for the decade. f/ Forecast.

D. SAVINGS AND INVESTMENT IN 2000-2001

(As a percentage of GDP)



Source: Central Banks of Bolivia, Colombia, Ecuador, Peru, and Venezuela. (*) Preliminary figures.

E. BALANCE OF PAYMENTS

(As a percentage of GDP)^a

	Trade balance		Current account balance		Capital and financial account balance ^b		Overall balance	
	2000	2001 ^c	2000	2001 ^c	2000	2001 ^c	2000	2001 ^c
Bolivia	-7.3	-5.7	-5.4	-3.5	4.9	3.1	-0.5	-0.4
Colombia	1.5	-1.0	0.4	-2.0	3.6	6.4	1.0	1.5
Ecuador	7.3	-8.0	6.8	-5.7	-48.5	4.0	-41.9	-1.7
Peru	-2.0	-1.5	-3.0	-2.0	2.9	2.9	-0.2	0.8
Venezuela	12.1	5.4	10.9	3.6	-7.1	-6.2	4.8	1.7
L. America	-0.7	-1.0	-2.4	-2.7	3.5	1.7	0.8	-1.0

Source: ECLAC/CEPAL, Situación y perspectivas 2002, Estudio Económico de América Latina y el Caribe, 2001-2002.

a/ Based on figures in current dollars. b/ Includes errors and omissions. c/ Preliminary figures.

F. ECONOMIC OUTLOOK, SELECTED LATIN AMERICAN COUNTRIES

	Real GDP Growth (%YOY)			Consumer Prices (%YOY avg)			Current Account Balance (%GDP)		
	2000	2001 ^a	2002	2000	2001 ^a	2002	2000	2001 ^a	2002
Argentina	-0.8	-4.5	2.5	-0.7	-1.5	0.0	-3.1	-1.6	-3.0
Brazil	4.2	1.5	2.5	3.4	7.7	4.8	-4.1	-3.9	-4.9
Chile	4.4	2.8	4.5	4.5	2.6	2.9	-1.5	-1.8	-2.4
Mexico	6.8	-0.4	4.7	9.0	4.4	5.8	-3.1	-3.0	-3.8
Bolivia	2.3	1.3	—	3.4	0.9	—	-5.4	-3.5	—
Colombia	2.2	1.5	3.4	8.8	7.7	6.5	0.4	-2.0	-1.3
Ecuador	2.3	6.0	3.0	91.0	22.4	12.5	6.8	-5.7	2.0
Peru	3.0	0.2	5.0	3.8	-0.1	4.5	-3.0	-2.0	-4.3
Venezuela	3.8	2.8	2.2	13.4	12.3	10.0	10.9	3.6	3.9
Latin America	3.9	0.4	3.2	9.0	6.1	4.6	-2.4	-2.7	-3.2

Source: ECLAC/CEPAL, Current Conditions and Outlook – Economic Survey of Latin America and the Caribbean, 2001-2002. a/ Preliminary figures.

G. EXCHANGE RATES, 1993-2001

(Market rate per 1 US\$, end of period)

	1993	1994	1995	1996	1997	1998	1999	2000 ^f	2001 ^f
Bolivia^a (pesos)	4.48	4.70	4.94	5.16	5.37	5.65	5.72	—	—
Colombia (pesos)	917.33	831.27	987.65	1005.33	1295.5	1550.0	1870.0	2032.2	2160.6
Ecuador (sucres)	2043.8	2269.0	2923.5	3635.0	4415	6780	20100	25000	25000
Peru (nuevo soles)	2.16	2.18	2.31	2.60	2.70	3.20	3.50	3.60	3.70
Venezuela (bolívares)	105.64	170.00	290.00	476.50	503.8	564.0	648.3	747.5	914.8

Source: UBS Warburg. a/ This data source: IMF, International Financial Statistics, June 1999. f/ Forecast.

H. INTERNATIONAL RESERVES

(US\$ billions)

	1992	1993	1994	1995	1996	1997	1998	1999	2000 ^a	2001 ^a
Bolivia	0.2	0.3	0.5	0.7	0.9	1.1	1.1	1.1	1.2	—
Colombia	7.9	8.0	8.2	8.6	10.0	9.9	8.7	8.1	9.0	8.9
Ecuador	1.0	1.5	2.0	1.8	2.0	2.2	1.8	1.8	—	—
Peru	3.4	3.8	7.3	8.6	10.9	10.2	9.2	8.4	8.2	8.5
Venezuela	13.0	12.6	11.5	9.7	15.2	14.9	12.0	12.3	13.1	13.6

Source: Inter-American Development Bank, Basic Socioeconomic Data Statistical Report. a/ These data sources: CS First Boston and IMF Country Report: Bolivia, 2000.

I. EXTERNAL DEBT

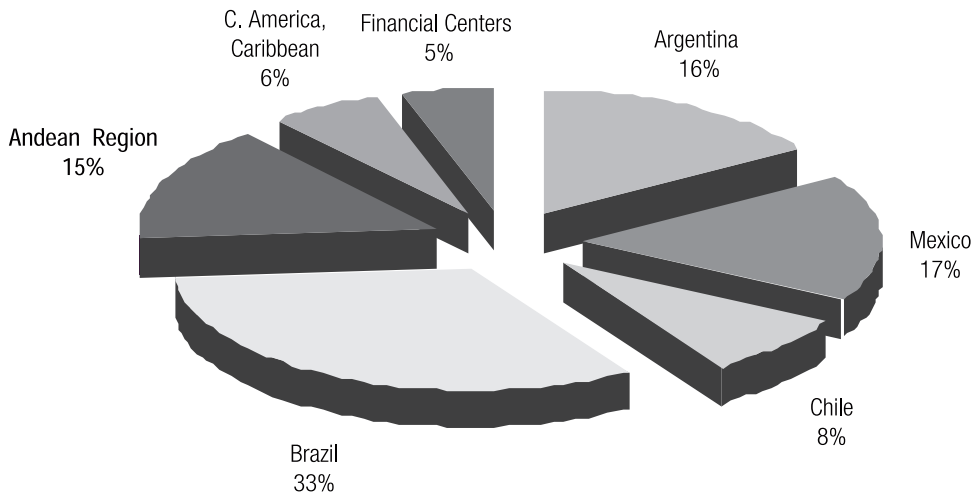
(US\$ billions)

		1992	1993	1994	1995	1996	1997 ^a	1998 ^a	1999 ^a	2000 ^a	2001 ^{fa}	2002 ^{fa}
Bolivia	Total External Debt	4.2	4.3	4.8	5.2	5.1	5.5	4.2	4.5	4.4	—	—
	Service Payments	0.3	0.3	0.3	0.3	0.4	0.4	0.3	—	—	—	—
	External Debt/GDP	61.1	58.6	80.9	78.1	71.5	70.8	49.4	—	—	—	—
	External Debt Service/Exports	—	—	—	—	—	—	—	—	—	—	—
Colombia	Total External Debt	17.3	18.9	21.9	25.0	28.9	35.3	36.9	37.7	37.8	38.2	38.6
	Service Payments	4.0	3.7	5.6	4.3	5.4	6.8	7.0	7.2	6.3	6.9	7.3
	External Debt/GDP	39.1	37.2	32.0	31.1	33.7	33.1	37.4	44.5	46.6	47.9	47.4
	External Debt Service/Exports	—	—	—	—	—	45.2	49.0	49.0	38.1	41.5	42.7
Ecuador	Total External Debt	10.2	11.8	12.7	14.0	14.4	15.1	16.4	17.1	14.1	14.1	14.0
	Service Payments	1.1	0.9	1.0	1.9	1.3	5.9	6.4	4.7	10.4	6.0	3.8
	External Debt/GDP	80.9	82.6	76.6	77.9	75.7	76.4	83.1	124.8	103.7	75.3	68.4
	External Debt Service/Exports	—	—	—	—	—	96.0	125.3	88.0	180.1	81.5	45.9
Peru	Total External Debt	18.5	19.5	22.1	26.2	29.0	29.9	30.5	29.8	30.7	31.7	32.4
	Service Payments	1.0	3.2	1.1	1.2	2.9	3.7	4.0	3.7	3.9	4.2	4.2
	External Debt/GDP	44.3	48.4	44.3	44.5	47.4	50.6	53.4	57.3	57.0	56.9	54.3
	External Debt Service/Exports	—	—	—	—	—	41.0	48.7	45.0	42.5	40.9	37.2
Venezuela	Total External Debt	37.7	37.3	36.6	35.5	35.0	40.2	38.6	36.5	29.5	25.7	23.4
	Service Payments	3.3	4.6	4.7	5.5	4.7	4.3	4.9	5.0	5.3	5.3	5.1
	External Debt/GDP	62.4	62.2	62.6	45.9	49.7	45.3	40.3	35.3	24.5	20.0	17.5
	External Debt Service/Exports	—	—	—	—	—	15.7	23.1	20.6	14.4	13.8	13.1

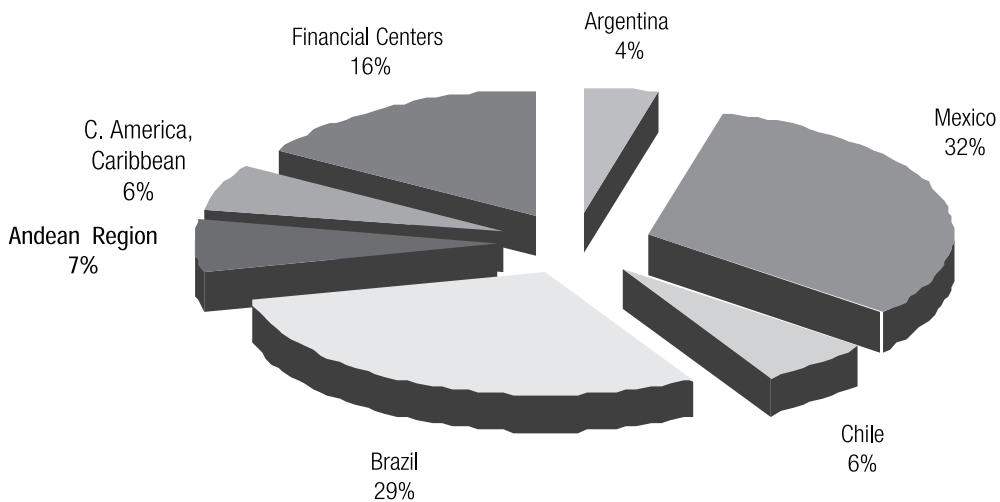
Source: Inter-American Development Bank, Basic Socioeconomic Data Statistical Report. a/ This data source: JP Morgan. f/ Forecast.

J . PARTICIPATION, FDI NET INFLOWS TO LATIN AMERICA AND THE CARIBBEAN, 1995-2000^a
 (Percentages)

AVERAGE 1995-2000



2001



Source: ECLAC/CEPAL, La inversión extranjera en América Latina y el Caribe, 2002.

J.1. NET INFLOW OF FOREIGN DIRECT INVESTMENT, BY SELECTED SUB-REGIONS AND COUNTRIES

(US\$ billions)

	1990-1994 ^a	1995	1996	1997	1998	1999	2000	2001 ^b
Bolivia	—	0.3	0.5	0.7	0.9	1.0	0.7	0.7
Colombia	0.8	0.9	3.1	5.6	3.0	1.1	1.3	1.8
Ecuador	0.3	0.5	0.5	0.6	0.8	0.7	0.7	1.4
Peru	0.2	2.0	3.2	1.8	1.9	2.0	1.2	1.0
Venezuela	0.8	1.0	2.2	5.5	4.5	3.2	4.3	2.4
Andean Community	2.1	4.7	9.5	14.2	11.1	8.0	8.2	7.3
Argentina	3.0	5.3	6.5	8.7	6.7	23.6	12.0	3.5
Brazil	1.7	4.8	11.2	19.6	31.9	32.6	30.4	19.0
Chile	1.2	2.9	4.6	5.2	4.6	9.2	3.2	0.9
Mexico	5.4	9.5	9.2	12.8	11.3	11.8	12.9	24.5
LA 4	11.3	22.5	31.5	46.3	54.5	77.2	58.8	47.9
L. America	18.2	32.2	46.5	69.8	78.5	93.1	74.2	58.3

Source: ECLAC/CEPAL, Panorama Regional 2001. a/ This data source: World Economic Indicators 2001. b/ Preliminary figures.

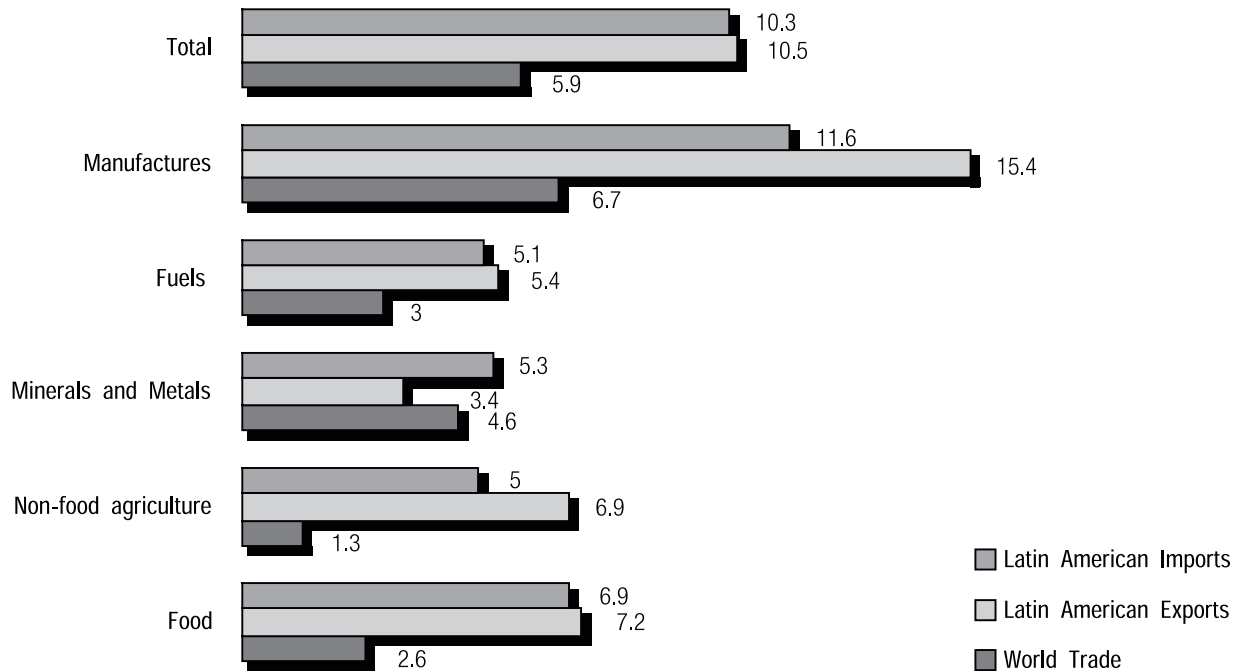
III. TRADE INDICATORS

A. STRUCTURE OF TRADE

	Imports of goods and services (as % of GDP)		Exports of goods and services (as % of GDP)		Primary exports (as % of merchandise exports)		Manufactured exports (as % of merchandise exports)		High-technology exports (as % of manufactured exports)		Terms of trade (1980=100) ^a
	1990	2000	1990	2000	1990	2000	1990	2000	1990	2000	
Bolivia	24	25	23	18	95	71	5	29	—	—	52
Colombia	15	20	21	22	74	66	25	34	—	7	78
Ecuador	27	31	33	42	98	90	2	10	—	6	40
Peru	14	18	16	16	82	89	18	29	—	3 ^b	42
Venezuela	20	17	39	29	90	91	10	9	4	3	45
Latin America	12	18	14	17	66	51	34	48	6	16	—
Developing countries	16	32	26	34	38	28	60	71	—	23	—
Industrial countries	18	21 ^b	18	21 ^b	20	15	78	81	17	20	—

Source: UNDP, Human Development Report 2002. a/ The ratio of the export price index to the import price index measured relative to the base year 1980 (a value of more than 100 implies that the price of exports has risen relative to the price of imports.) b/ Based on 1999 data.

A.1. LATIN AMERICA: AVERAGE GROWTH OF TRADE, 1992-1999



Source: World Economic Forum and Harvard University's Latin America Competitiveness Report, 2001-2002.

B. EXPORTS, GOODS AND SERVICES 1990-2001

(US\$ millions)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 ^a
Bolivia	923	652	798	804	1,123	1,139	1,216	1,348	1,207	1,310	1,453	1,435
Colombia	6,753	7,244	7,065	7,453	9,038	9,859	10,437	11,564	10,756	13,895	15,678	14,851
Ecuador	3,134	2,883	3,008	3,020	3,843	4,358	5,126	5,515	4,153	5,263	5,793	5,670
Peru	3,276	3,329	3,484	3,464	4,507	5,513	5,854	6,706	5,678	7,635	8,552	8,713
Venezuela	20,015	16,372	14,065	14,692	17,090	18,498	22,347	24,300	17,018	22,122	34,394	28,157

Source: ECLAC, Preliminary Overview of the Economies of Latin America and the Caribbean, 2001. a/ Preliminary figures.

B.1. COMPOSITION OF LATIN AMERICAN EXPORTS, 1970 V 1999

(Percentages)

1970					
	Agricultural raw materials	Food	Fuels	Ores & metals	Manufactures
Argentina	10.9	74.3	0.4	0.5	13.9
Bolivia	1.7	2.7	4.5	88.0	3.0
Brazil	11.9	63.3	0.6	10.1	13.2
Chile	2.9	4.5	0.0	88.1	4.3
Colombia	6.2	75.0	10.1	0.7	8.0
Ecuador	3.1	94.1	0.5	1.0	28.7
Mexico	9.1	39.7	3.2	15.5	32.5
Peru	5.9	43.5	0.7	48.3	1.4
Venezuela	0.0	1.6	91.0	5.8	1.4

1999					
	Agricultural raw materials	Food	Fuels	Ores & metals	Manufactures
Argentina	2.1	49.6	12.0	3.5	31.6
Bolivia	3.9	26.2	5.6	23.2	40.8
Brazil	4.5	28.9	0.8	9.9	54.1
Chile	9.0	28.5	0.4	42.9	17.3
Colombia	5.1	28.6	0.4	0.5	68.0
Ecuador	5.1	53.1	32.8	0.1	8.9
Mexico	0.6	5.4	7.1	1.5	85.2
Peru	2.9	30.4	5.3	40.2	21.2
Venezuela	0.2	2.6	81.4	4.0	11.7

Source: World Economic Forum and Harvard University's Latin America Competitiveness Report, 2001-2002.

B.2. EXPORTS OF PRIMARY PRODUCTS AND MANUFACTURES

(Percentages of total value of FOB exports of goods)

	Primary products					Manufactures				
	1980	1990	1995	1998	2000	1980	1990	1995	1998	2000
Bolivia	97.1	95.3	83.5	72.8	72.9	2.9	4.7	16.5	27.2	27.1
Colombia	80.3	74.9	65.8	67.9	65.9	19.7	25.1	34.2	32.1	34.1
Ecuador	97.0	97.7	92.4	89.6	89.9	3.0	2.3	7.6	10.4	10.1
Peru	83.1	81.6	86.5	80.0	83.1	16.9	18.4	13.5	20.0	16.9
Venezuela	98.5	89.1	85.8	81.5	90.9	1.5	10.9	14.2	18.5	9.1
Andean Community	94.2	86.1	81.4	78.1	83.7	5.8	13.9	18.6	21.9	16.3
Mercosur	66.9	55.5	53.5	53.1	50.9	33.1	44.5	46.5	46.9	49.1
L. America	82.1	66.9	50.4	41.8	41.7	17.9	33.1	49.6	58.2	58.3

Source: ECLAC, Statistical Yearbook for Latin America and the Caribbean, 2001.

B.3. ANDEAN COMMUNITY: EXPORTS OF LEADING PRODUCTS, BY THEIR PERCENTAGE SHARE FOR EACH YEAR

(Percentages)

Main Products	1980	1990	1995	1996	1997	1998	1999	2000
Crude Petroleum	47.1	37.3	30.1	37.3	34.0	27.7	48.4	42.6
Petroleum products	20.3	19.3	16.0	14.9	13.5	11.5	1.3	16.2
Coffee green, roasted etc.	8.8	5.3	5.8	4.3	5.8	5.8	3.8	2.3
Bananas, plantains fresh	1.0	2.6	3.2	3.2	3.8	4.0	3.5	2.3
Gold or dust, noncurrent	—	—	2.2	2.1	1.7	3.4	3.0	1.7
Coal, excl. briquettes	—	2.0	1.8	1.8	1.8	2.7	2.2	2.2
Shell fish fresh, frozen	—	1.1	1.7	1.4	1.9	2.2	1.7	—
Cut flowers	—	—	—	1.3	1.4	1.8	1.7	1.4
Copper refined	1.4	1.4	1.9	1.6	1.7	1.6	1.4	1.3
Aluminum, alloys	1.1	2.3	1.8	—	—	1.3	1.3	1.1
Meat or fish meal fodder	—	1.2	1.8	1.8	2.2	—	—	1.5
Average share of leading products (%)	84.1^a	74.0^a	66.3	69.7	67.8	62.0	68.3	72.5
Exports to the world market (US\$ millions)	30,126^b	30,832^b	40,097	45,359	47,574	38,876	43,426	57,311

Source: ECLAC, Statistical Yearbook for Latin America and the Caribbean, 2001. a/ Include the percentage share of the following products not included at the table: iron ore, etc; lead ores, concentrates; zinc ores, concentrates; natural gas, unrefined copper. b/ Include the value of the products listed in a/.

C. EXPORT PERFORMANCE IN THE LAST TWO DECADES

	Export Volume (annual percent change)		US\$ Export Value (annual percent change)		Exports (percent of GDP)	
	1980-1990	1990-2000	1980-1990	1990-2000	1980-1990	1990-2000
Argentina	5.04	6.38	2.84	7.52	8.96	9.05
Brazil	5.59	7.34	4.73	6.41	10.10	9.04
Chile	6.09	9.34	5.43	8.01	27.23	29.54
Colombia	7.37	3.68	5.03	6.08	15.07	17.00
Mexico	7.67	11.36	8.22	9.98	16.96	25.02
Peru	-7.74	8.05	-1.57	7.65	16.74	13.38
Venezuela	2.33	2.41	-0.72	6.28	27.49	27.75
Latin American average ^a	3.76	6.94	3.42	7.42	17.51	18.71

Source: IMF World Economic Outlook, April 2002: Recessions and Recoveries. a/ Unweighted averages.

D. IMPORTS

(US\$ millions)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 ^a
Bolivia	700	994	1,137	1,205	1,207	1,424	1,635	1,854	2,046	1,989	2,078	1,976
Colombia	5,589	4,955	6,686	9,821	12,435	13,859	14,354	15,377	14,663	13,396	14,384	15,802
Ecuador	1,874	2,420	2,516	2,599	3,634	4,193	4,425	5,193	5,371	4,073	4,582	6,689
Peru	2,884	2,476	3,744	4,008	5,565	7,537	7,623	8,192	7,989	8,851	9,578	9,453
Venezuela	6,111	10,042	12,342	11,271	8,277	11,204	10,926	14,743	13,759	16,985	19,868	21,340

Source: ECLAC, Preliminary Overview of the Economies of Latin America and the Caribbean, 2001. a/ Preliminary figures.

D.1. INTRA-REGIONAL IMPORTS

(Percent of imports from Latin America with respect to total imports)^a

	1980	1985	1990	1995	1999	2000
Bolivia	51.4	50.0	48.2	53.0	61.8	62.0
Colombia	19.8	17.8	18.4	26.7	25.8	28.2
Ecuador	14.4	20.4	22.0	29.6	31.0	34.7
Peru	15.0	25.7	33.1	36.4	33.5	41.5
Venezuela	9.5	9.9	12.5	24.0	20.0	23.4

Source: ECLAC, Statistical Yearbook for Latin America and the Caribbean, 2001. a/ Calculated on the basis of FOB exports.

IV. TECHNOLOGY AND TELECOMMUNICATIONS INDICATORS

A. TECHNOLOGY: DIFFUSION AND CREATION

	Telephone mainlines (per 1,000 people)		Cellular mobile subscribers (per 1,000 people)		Internet hosts (per 1,000 people)		Receipts of royalties and licence fees (US\$ per person)	Research & development expenditures (as % of GNP) ^a	Scientists and engineers in R&D (per million people) ^a
	1990	2000	1990	2000	1990	2000	2000	1990-2000	1990-2000
Bolivia	28	60	0	70	—	0.2	0.2	—	171
Colombia	69	169	0	53	1.0	1.1	0.1	—	—
Ecuador	48	100	0	58	—	—	—	—	104
Peru	26	67	—	50	—	0.4	0.0	—	—
Venezuela	76	108	—	217	0.1	0.7	0.0	0.3	194
Latin America	62	147	—	121	0.1	3.99	501.0	0.6	287
Developing countries	21	78	—	52	—	0.7	1.0	—	—
Industrial countries	392	524	10	459	8.5	92.0	70.0	2.2	2,973

Source: UNDP, Human Development Report 2002. a/ Based on data from most recent year available during the period specified.

Annex II: Conference Agenda

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Andean Development Corporation (CAF) Conference

Trade and Investment in the Americas

September 6, 2002

Washington, DC

8:15 – 9:00 *2002—A Year of Transition in the Andes:
Inaugural Remarks*

L. Enrique García, *Andean Development
Corporation*

César Gaviria, *Organization of American States*

9:00 – 10:15 *Economic Developments in the Andean
Community*

Rudolf Hommes, *Violy, Byorum & Partners*

Tobías Nóbrega, *Ministry of Finance of Venezuela*

Alonso Perez-Kakabadse, *Presidency of Ecuador*

*Chair: Fidel Jaramillo, Andean Development
Corporation*

10:30 – 11:45 *Political Developments in the Andean
Community*

Eduardo Gamarra, *Florida International
University*

Victor Rico, *Ministry of Foreign Affairs of Bolivia*

Chair: John Biehl, International Crisis Group

12:00 – 1:00 *U.S. Policy in the Andes*

Otto Reich, *Assistant Secretary of State for Western
Hemisphere Affairs*

Regina Vargo, *Office of the U.S. Trade
Representative*

Chair: Michael Shifter, Inter-American Dialogue

1:00 – 2:30 *Working Lunch: The U.S. Trade Agenda in the
Hemisphere and Beyond*

*Keynote Speaker: Jorge Fernando Quiroga,
Former President of Bolivia*

2:45 – 4:00 *Latin America's Economic Prospects*

Joyce Chang, *JP Morgan Chase & Co.*

Juan Ricardo Ortega, *Ministry of Finance of Colombia*

Richard Lapper, *Financial Times*

Chair: Moisés Naím, Foreign Policy

4:15 – 5:30 *Challenges to Social Development in Latin America*

Eduardo Aninat, *International Monetary Fund*

Nancy Birdsall, *Center for Global Development*

Dulce Maria Pereira, *Community of Portuguese Speaking Countries*

Chair: Horst Grebe, Andean Development Corporation

7:00 – 9:30 *Closing Reception at the Organization of American States*



Ambassador of Colombia Luis Alberto Moreno, Rep. Cal Dooley (D-CA)

Annex III: Profiles of Speakers

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Trade and Investment in the Americas

Eduardo Aninat is deputy managing director of the International Monetary Fund.

John Biehl serves as director of Colombia and the Andean region for the International Crisis Group. He was secretary general of the presidency of Chile, and Chilean ambassador to the United States.

Nancy Birdsall is founding president of the Center for Global Development, a development organization dedicated to reducing global poverty and inequality through policy-oriented research.

Joyce Chang is managing director of international fixed income for Chase Securities. She has worked previously at Merrill Lynch, Salomon Brothers and the U.S. Agency for International Development.

Eduardo Gamarra is professor and director of the Latin American and Caribbean Center at Florida International University

Enrique García is president and CEO of the Andean Development Corporation. He was Bolivia's minister of planning and coordination and head of the economic and social cabinet.

César Gaviria is secretary general of the Organization of American States. He was president of Colombia from 1990 to 1994.

Horst Grebe López serves as consultant for the Andean Development Corporation. He is also executive director of the Instituto PRISMA.

Peter Hakim is president of the Inter-American Dialogue.

Rudolf Hommes served as minister of finance of Colombia during the Gaviria administration. He is currently senior managing director of Violy, Byorum & Partners.

Fidel Jaramillo is vice president for development strategies and senior economist at the Andean Development Corporation.

Richard Lapper is Latin America editor of the *Financial Times*.

Moisés Naím is editor and publisher of *Foreign Policy Magazine*.

Tobias Nobrega serves as finance minister of Venezuela.

Juan Ricardo Ortega is vice minister of finance of Colombia.

Dulce Maria Pereira is executive secretary for the Comunidade dos Pais da Lingua Portuguesa, an international organization that coordinates Portuguese-speaking countries around political and diplomatic issues.

Alonso Perez-Kakabadse is economic advisor to the president of Ecuador.

Jorge Fernando Quiroga is former president of the Republic of Bolivia.

Otto Reich serves as U.S. assistant secretary of state for Western Hemisphere affairs. He was ambassador to Venezuela, and assistant administrator of the U.S. Agency for International Development.

Victor Rico is vice minister of foreign affairs of Bolivia.

Michael Shifter is vice president for policy of the Inter-American Dialogue.

Regina Vargo serves as assistant U.S. trade representative for the Americas.

Corporación Andina de Fomento (CAF) is a multilateral financial institution that promotes the sustainable development of its shareholder countries, as well as regional integration. Its shareholders are the five Andean Community countries—Bolivia, Colombia, Ecuador, Peru and Venezuela—as well as Argentina, Brazil, Chile, Costa Rica, Jamaica, Mexico, Panama, Paraguay, Spain, Trinidad & Tobago, Uruguay, and 18 private banks in the region. CAF serves the public and private sectors providing multiple financial services to a broad customer base comprised of shareholder countries, corporations and financial institutions. Its policies and operations incorporate social and environmental criteria. As a financial intermediary, CAF attracts resources from industrialized countries to Latin America, serves as a bridge between international capital markets and the region, and promotes investments and business opportunities.

The Organization of American States (OAS) is the world's oldest regional organization, dating back to the First International Conference of American States, held in 1890. The OAS Trade Unit was created in 1995 to assist the 34 OAS member countries with matters related to trade and economic integration and, in particular, with their efforts to establish a Free Trade Area of the Americas (FTAA).

The Inter-American Dialogue is the premier center for policy analysis, exchange, and communication on issues in Western Hemisphere affairs. The Dialogue engages public and private leaders from across the Americas in efforts to develop and mobilize support for cooperative responses to key hemispheric problems and opportunities.

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