

THE ECONOMY

During the oil boom and the coffee and banana bonanzas of the 1970s, GDP grew at nine percent annually. By the early 1980s the economy began to deteriorate as coffee and oil prices declined and the agriculture sector suffered from adverse weather conditions. Ecuador entered a period of external debt reschedulings, high inflation, and repeated devaluation of the Sucre, the national currency. After a slight recovery in 1984-1986, the economy contracted by 5.5 percent in 1987 following a fall in oil prices and earthquake damage to the pipeline, which halted oil exports and production for six months. The country entered a recession with further devaluations, inflation in excess of 80 percent, and ongoing external debt problems. GDP recovered by 12.8 percent in 1988, but was stagnant in 1989.

The Borja government initiated an emergency economic adjustment and recovery programme which emphasized more realistic exchange and interest rates, public deficit reduction, and debt reschedulings. Its objectives are to gradually restore GDP growth to about three percent during the period 1990-92, while lowering inflation to 30 percent.

BASIC ECONOMIC INDICATORS:

Gross Domestic Product 1986	US \$12.08 bn
Per Capita GDP 1986	US \$1,160
Inflation Rate 1989	estimated 60%

ORIGINS OF GDP 1987

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Agriculture	17.8%
Manufacturing	17.6
Petroleum & mining	7.6
Services	50.2
Others	6.8

Total 100.0%

COMPONENTS OF GDP 1987

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Private consumption	71.0%
Government consumption	12.8
Gross fixed investment	16.9
Change in stocks	0.1
Exports	22.4
Imports	-23.2

Total 100.0%

PRINCIPAL EXPORTS 1988*

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	US\$ mn fob
Crude petroleum	875
Shrimp	387
Bananas	298
Coffee	169
Cocoa	126
Total including others	2,192

PRINCIPAL IMPORTS 1988*

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	US\$ mn cif
Inputs for industry	707
Capital goods	404
Transport equipment	249
Nondurable consumer goods	101
Inputs for agriculture	62
Total incl others	1,714