

AN ASSESSMENT OF EXCHANGE RATE POLICY IN KENYA

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I. INTRODUCTION

Appropriate exchange rate is an important element in Kenya's structural adjustment policies. Exchange rate policy is one of the major incentive policies for economic growth and structural changes. Because the economy of Kenya is driven largely by the performance in the external sector, it is probably not an overstatement to say that exchange rate is one of the most important policy instruments. The A.I.D. Structural Adjustment Program since 1983 has supported the Government of Kenya in pursuing a more realistic and flexible exchange rate policy for balance of payments adjustments and as an incentive for export stimulation and efficient import substitution.

The purpose of this paper is to analyze and to assess Kenya's performance on exchange rate policy from the early 1980s to present. The next section provides an overview of the Kenya exchange rate regime. Section III presents the indicators of exchange rate and uses them as guidelines for evaluating the appropriateness of exchange rate policy.

II. AN OVERVIEW OF THE EXCHANGE RATE REGIME IN KENYA

Until 1981, a benign neglect policy in exchange rate was pursued by the Kenyan authorities. Between 1971 and 1975, the Kenya Shilling was pegged to the U.S. dollar. From 1976 through 1980, the exchange rate was pegged to the Special Drawing Right (SDR) and remained fixed at KSh. 9.66 per SDR. Since the early 1980s, Kenya has pursued a more active exchange rate policy as an

element of its structural adjustment program. In December 1982, the Government of Kenya adopted in effect a "managed floating" exchange rate regime. In broad terms, the policy objective of a more flexible exchange rate system is to maintain a competitive value of the shilling.

The Kenya shilling is pegged to a standard basket of currencies which are important in Kenya's external trade. These currencies are the same as those in the SDR currency basket (U.S. dollar, British pound, Deutsche mark, French franc, and Japanese yen). Consequently, the peg is largely centered around the SDR within a band of 4.5 percent. The decision for the adoption of the "managed floating" rate regime is based on the fact that, under a world of floating exchange rates, the value of other currencies in terms of the shilling fluctuates on a daily basis due to changes in the value of major foreign currencies. The use of a currency basket is designed to reduce undue appreciations or depreciations of the shilling in terms of specified currencies.

The rate is adjusted to reflect changes in the country's relative competitiveness. The adjustment is based on approximate purchasing-power-parity (PPP). The proxy for PPP is based on comparison of Consumer Price Index (CPI) in Kenya relative to those countries whose currencies comprise the SDR basket. So long as the exchange rate changes fall within the 4.5 percent band of the SDR rate, no official announcement was made regarding the SDR-shilling rate.

The U.S. dollars are used as intervention currency. The

middle rate of the Kenya shilling for the U.S. dollar quoted by the Central Bank is supposedly determined on the basis of the daily U.S. dollar-SDR rate. However, because of delay in knowing the value of the SDR in Nairobi, the quoted U.S. dollar-shilling rate is not always consistent with the cross rate between the SDR and the U.S. dollar for the shilling.

Buying and selling rates for other currencies¹ are determined on the basis of appropriate New York closing rates. The Central Bank deals up to six month forward with commercial banks in U.S. dollars, British pounds, and Deutsche marks to cover with exporters and importers. It deals occasionally on behalf of the Government. Commercial banks may also cover their forward exchange contracts against U.S. dollars or British pounds.

The Central Bank is delegated by Minister of Finance for exchange rate management and exchange control. It is responsible for issuing exchange allocation licenses following the approval of trade licenses. Upon presentation of exchange allocation licenses, authorized banks are permitted to provide foreign exchange, but normally not prior to customs entry. Receipts of foreign exchange must be sold to authorized banks.

¹Austrian schillings, Belgian francs, Burundi francs, Canadian dollars, deutsche mark, Ethiopian birr, French francs, Indian rupees, Italian lire, Japanese yen, Netherlands guilders, Norwegian kroner, pounds sterling, Rwanda francs, Swaziland emalangenzi, Swedish kroner, Swiss francs, Tanzania shillings, Ugandan shillings, and Zambian kwacha.

III. ANALYSIS AND ASSESSMENT OF EXCHANGE RATE POLICY

A. Objective Indicators for Appraising Exchange Rate Policy

Appropriate indicators for assessment of exchange rate policy include, for example, indicators of competitiveness and exchange rates in parallel markets. Indicators of competitiveness can be summarized either by "real effective exchange rate index" (REER), or by a measure of internal terms of trade between traded and nontraded goods. Ideally, a combination of different indicators should be used. In practice, however, the most commonly used indicator is the real effective exchange rate index. As in any indicators, the REER is a proxy which is far from perfect. Despite its shortcomings, the REER derived in the framework of a "purchasing-power-parity" (PPP) is conceptually sound as an indicator of any misalignment in the exchange rate system and as a proxy of competitiveness. In this paper, we use the REER as an indicator of Kenya's exchange rate policy performance.

Tables 1 shows the indices of nominal and real effective exchange rates for the period 1970-1986. Three different sets of weights are used to derive the indices: SDR-weighted indices, trade-weighted indices, and transactions or payments-weighted indices. A geometric average is used to derive the nominal effective exchange rate index (NEER). The real effective

exchange rate index is derived by adjusting the NEER index by relative price ratio indices (i.e. purchasing-power parity), between Kenya and its selected trading partners--in this case, the five countries whose currencies comprise the SDR basket.

Tables 2-4 provide the necessary information for calculating the NEER and REER indices. Table 2 shows the average annual exchange rates of major currencies and their changes vis-a-vis the shilling. Table 3 shows the indices of the exchange rates of major currencies. Tables 2 and 3 provide the data for computing nominal effective exchange rate indices. Table 4 shows consumer price indices (CPIs) and ratios of these CPIs to Kenya's CPI. The NEER is adjusted by these relative CPI ratios to obtain the real effective exchange rate indices.

B. Interpretation of Exchange Rate Performance

Indicators

In appraising the appropriateness of exchange rate policy, a referenced year for the real effective exchange rate index is selected. It becomes, in effect, the norm and quite frequently a policy target until there are fundamentally major shifts in the underlying market forces. In choosing the referenced year, other economic and financial indicators in addition to the historical real effective exchange rates are also considered. In the case of Kenya, the average exchange rate level in 1982 was chosen. The prevailing rate in 1982 was considered acceptable following a series of discrete exchange rate depreciations.

Once the referenced year is chosen, appropriate exchange rate policy entails frequent adjustments of exchange rates in order to maintain the real index (purchasing-power-parity adjusted index) close to the norm.

The evidence presented in Tables 1-4 together with Figure 1 suggests the following observations and trends.

1. As shown in Table 1, the general movements of REER indices are not sensitive to the different sets of weights used. Since 1981, the magnitude of changes in the real indices are also very similar regardless of the weights. However, the nominal indices are considerably different in terms of the magnitude of changes, especially in the 1970s between the SDR-weighted index and the trade-weighted index. The SDR-weighted index and the payments-weighted index are very similar. The Central Bank of Kenya in its exchange rate management uses some modified SDR weight system which, for policy reason, is not known to the public. This modified weight system is probably between the SDR and the payments weights.

2. As shown in Table 2, from 1970 to 1977, there had been depreciating trends in the Kenyan shilling against the U.S. dollar, the Deutsch mark, the French franc, and the Japanese yen. The shilling, however, appreciated vis-a-vis the British pound over this period.

3. During the 1970-1976 period, the REER index fluctuated slightly although there was a depreciating trend in the NEER index. During this period the Kenyan shilling was over-valued by

the order of 10-20 percent in comparison with the 1982 index.

4. From 1977-1980, the shilling appreciated modestly in real terms, by about 5-9 percent. The extent of currency over-valuation during this period was 14-26 percent. The appreciation in real terms was due to the fact that the nominal effective rate had not depreciated adequately to compensate for the rising price level in Kenya relative to its major trading partners.

5. There has been a continuing depreciating trend in real terms since 1981 with a substantial depreciation in nominal terms (approximately 20 percent in 1981). The cumulative depreciation in terms of the NEER index during the 1980-1986 period is as follows: SDR-weighted 47 percent; payments-weighted 48 percent; and trade-weighted 41 percent. In real terms, the cumulative depreciation for the same period is approximately 23 to 24 percent.

6. Following a series of discrete exchange rate adjustments in response to the balance of payments crisis during the 1980-1982 period, the exchange rate appreciated modestly in real terms in 1983. The REER index increased by slightly more than 5 percent while there was a slight depreciation in the NEER index. There was practically no change in 1984. The appreciation in real terms in 1983 coincided with deteriorations in the external terms of trade, particularly in non-oil imports. The currency appreciation reflected the Kenyan authorities' decision not to depress further the price of exportables and to increase the price of importables. The currency appreciation, in effect,

softened the unfavorable terms of trade developments in 1983.

7. During 1984-1986, the external terms of trade improved (albeit with a setback in 1985 due to the effect of the drought). The shilling depreciated in real terms by almost 10 percent between 1984 and 1986. The exchange rate policy seems to indicate an attempt to take advantage of the improvement in the terms of trade to bring about real currency depreciation. It is clear that over the 1985-1986 period, the relative price of tradeables has increased, particularly that of exportables.

C. AN ASSESSMENT

As an element of a structural adjustment program, exchange rate policy has a dual objective. For short-term economic stability and management, exchange rate policy is aimed at maintaining exchange rate stability, restoring equilibrium in the balance of payments, and facilitating the implementation of sound monetary and credit policies. For longer term growth and recovery, exchange rate policy should also influence the allocative efficiency of an economy, particularly the incentive structure of the economy. In practical terms, this normally involves eliminating excessively selective and non-uniform import restrictions and correcting the bias against exports due to inappropriate exchange rate. To balance the two objectives and to estimate the magnitude of exchange rate adjustment required to achieve them is not an easy task.

The above analysis suggests that Kenya's exchange rate

policy seems to be in line with the target "equilibrium" rate set in 1982. The REER index has been within 5 percent of the 1982 REER together with the depreciation of the NEER index. Despite this consistent and appropriate exchange rate policy, it should be added that the opportunity cost of foreign exchange still exceeds the official rate as reflected in the higher parallel market rate. The difference between the two rates appears to be relatively small, approximately 10-20 percent depending on individual currencies. The divergence between the official rate and the parallel market rate stems from exchange control and restrictive import policies.

The real depreciation during 1985-86 have eased the increasing pressure for more binding quantitative restrictions which were initiated during the crisis period of the early 1980s. If the depreciating trend in real terms continues, this pressure could be further reduced. However, it is possible that with recovery and renewed economic growth together with import liberalization, the demand for imports at the current REER may increase faster than foreign exchange earnings. If this is the case, the present depreciating trend not only has to continue, but perhaps accelerated to maintain balance of payments equilibrium and to encourage export growth.

Table 5 summarizes the balance of payments performance since 1980. It clearly shows that payments adjustments have taken place since 1982. Kenya's external position has improved during the last few years with the exception of 1984 (the drought

year).² There are several exogenous factors contributing to the improved balance of payments position. Among the important ones are good weather conditions in 1985-1986 and improved external terms of trade as a result of higher coffee price and lower oil price. The improvement in the terms of trade is estimated at about 18 percent in 1986.

To what extent exchange rate policy has contributed to this adjustment process is difficult to quantify and it is probably too early to capture its policy impact. It is, however, clear that exchange rate policy has not worked against or offset the positive effects of the favorable exogenous factors mentioned above. Perhaps, as a very crude indicator of the contribution of

exchange rate policy to improved export performance, changes in "non-traditional" exports may be used as a proxy. Although the scant data in Table 5 indicate that Kenya's non-traditional exports in 1986 increased by 21 percent over the 1984 exports, Kenya's export performance in general remained less successful during the last few years. Economic recessions in neighboring countries—major markets for Kenya's "non-traditional" and other exports—as well as transportation and other institutional bottlenecks may have been the constraints limiting the attainment of larger impact from exchange rate policy in terms of export growth.

Nevertheless, the broad policy objective of maintaining a

²It was estimated that if it were not for the impact of the drought, a balance of payments surplus would have been recorded in 1985.

competitive value of the shilling appears to have been met adequately under existing exchange rate policy. At the same time, it should be noted that appropriate exchange rate policy is necessary but not sufficient for Kenya's export growth and diversification.

EFFECTIVE EXCHANGE RATE INDICES

1976 - 1986 (trade-weighted)

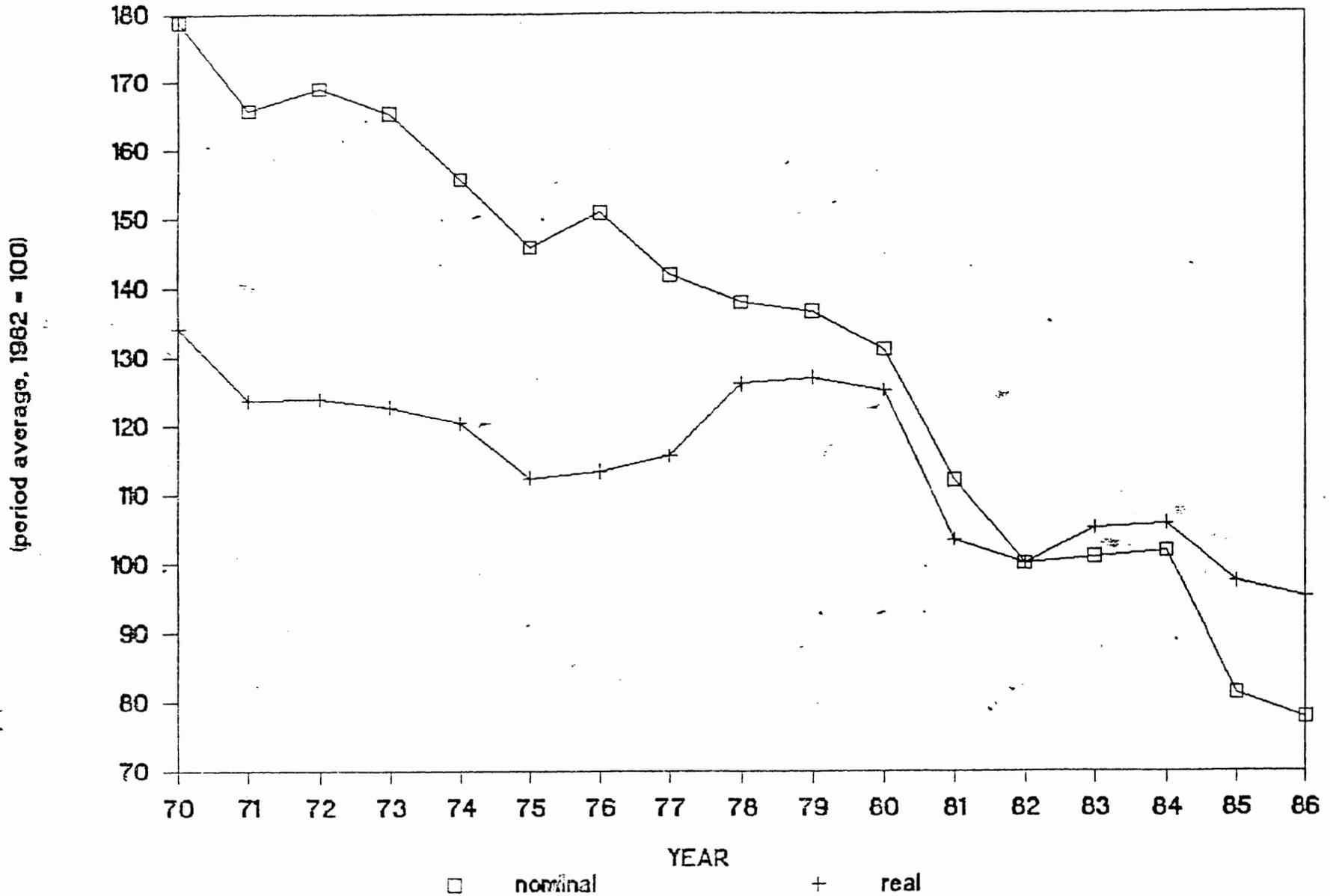


Figure 1

Table 1

KENYA: INDICES OF NOMINAL AND REAL EFFECTIVE EXCHANGE RATES, 1970-1986
(Period Average, 1982 = 100)

Year	<u>SDR-Weighted</u> <u>Average 1/</u>		<u>Trade-Weighted</u> <u>Average 2/</u>		<u>Payments-Weighted</u> <u>Average 3/</u>	
	<u>Nominal</u>	<u>Real</u>	<u>Nominal</u>	<u>Real</u>	<u>Nominal</u>	<u>Real</u>
1970	191.8	119.1	178.8	134.3	174.1	123.2
1971	181.7	111.0	165.9	123.6	169.6	114.9
1972	181.3	112.3	169.0	123.9	171.6	116.7
1973	178.0	112.0	165.4	122.7	174.4	117.2
1974	168.7	110.7	155.7	120.3	166.3	117.1
1975	151.5	106.6	145.8	112.3	149.2	112.1
1976	151.4	110.1	150.9	113.4	151.3	116.0
1977	147.3	114.4	141.9	115.6	152.4	120.1
1978	145.9	124.6	137.9	126.1	158.5	129.9
1979	148.4	125.6	136.6	126.9	157.2	128.7
1980	144.3	124.6	131.1	125.1	152.1	125.7
1981	116.6	102.9	112.0	103.3	118.9	103.0
1982	100.0	100.0	100.0	100.0	100.0	100.0
1983	98.1	105.2	100.9	105.1	95.7	105.6
1984	93.2	105.7	101.7	105.6	88.7	105.9
1985	79.0	97.8	81.3	97.3	80.0	97.8
1986 <u>4/</u>	76.1	95.9	77.7	95.1	79.1	95.6

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- 1/ Based on the present set of weights used in the SDR basket.
2/ Based on a five-year (1981-85) average of trade with five major countries whose currencies are in the SDR basket.
3/ Based on estimates of total transactions denominated in the five major currencies for which the SDR basket is derived.
4/ Based on Jan - August 1986.

Table 2

KRA: AVERAGE ANNUAL EXCHANGE RATE, 1970-86

Year	Kenyan Shillings per						per Kenyan Shilling						SDR	Dollars per SDR	Cross Rate of Shillings per SDR
	Dollar	B. Pound	D. Mark	F. Franc	J. Yen	SDR	Dollar	B. Pound	D. Mark	F. Franc	J. Yen				
1970	7.143	17.098	1.958	1.294	0.0200		0.140	0.058	0.511	0.773	50.075				
1971	7.143	18.232	2.186	1.367	0.0227		0.140	0.055	0.457	0.732	44.072				
1972	7.143	16.772	2.231	1.394	0.0237		0.140	0.060	0.448	0.717	42.293				
1973	6.900	16.030	2.553	1.466	0.0246		0.145	0.062	0.392	0.682	40.584				
1974	7.143	16.754	2.963	1.609	0.0237	8.590	0.140	0.060	0.337	0.622	42.123	0.116	1.2026	8.590	
1975	8.250	15.700	3.150	1.850	0.0270	8.916	0.121	0.060	0.317	0.541	37.037	0.112	1.2142	10.017	
1976	8.310	14.150	3.530	1.680	0.0294	9.660	0.120	0.071	0.283	0.595	35.211	0.104	1.1545	9.594	
1977	7.947	15.207	3.785	1.697	0.0331	9.660	0.126	0.066	0.264	0.589	30.211	0.104	1.1675	9.278	
1978	7.404	15.059	4.060	1.771	0.0383	9.660	0.135	0.066	0.246	0.565	26.144	0.104	1.2520	9.270	
1979	7.328	16.355	4.249	1.823	0.0305	9.660	0.136	0.061	0.235	0.549	32.830	0.104	1.2920	9.468	
1980	7.568	18.081	3.859	1.672	0.0374	9.660	0.132	0.055	0.259	0.598	26.759	0.104	1.3015	9.850	
1981	10.286	19.677	4.576	1.788	0.0469	10.612	0.097	0.051	0.219	0.559	21.345	0.094	1.1792	12.129	
1982	12.725	20.627	5.344	1.889	0.0544	12.047	0.079	0.048	0.187	0.529	18.382	0.083	1.1040	14.048	
1983	13.796	20.059	5.083	1.662	0.0596	14.223	0.072	0.050	0.197	0.602	16.784	0.070	1.0690	14.748	
1984	15.781	18.401	5.039	1.641	0.0631	14.650	0.063	0.054	0.198	0.609	15.858	0.068	1.0250	16.176	
1985	16.284	23.466	6.621	2.159	0.0812	16.881	0.061	0.043	0.151	0.463	12.315	0.059	1.0153	16.533	
1986	16.226	23.916	7.124	2.297	0.0898	18.685	0.062	0.042	0.140	0.435	11.135	0.054	1.1570	18.774	

Year	Percentage change (<+ depreciation; - appreciation)						Percentage change (<- depreciation; + appreciation)						Dollars per SDR	Cross rate of Sh. per SDR
	Dollar	B. Pound	D. Mark	F. Franc	J. Yen	SDR	Dollar	B. Pound	D. Mark	F. Franc	J. Yen	SDR		
1970														
1971	0.000	6.632	11.645	5.641	13.620		0.000	-6.220	-10.430	-5.340	-11.988			
1972	0.000	-8.008	2.059	1.975	4.231		0.000	8.705	-2.017	-1.937	-4.059			
1973	-3.402	-4.424	14.433	5.165	4.186		3.522	-4.629	-12.613	-4.911	-4.018			
1974	3.522	4.517	16.060	9.54	-3.653		-3.402	-4.321	-13.837	-8.888	3.731			
1975	15.498	-0.322	6.311	14.978	13.732	3.795	-13.418	0.323	-5.937	-13.027	-12.074	-3.656	0.965	16.612
1976	0.727	-15.269	12.063	-9.189	5.185	8.345	-0.722	18.021	-10.765	10.119	-4.930	-7.702	-4.917	-4.225
1977	-4.368	7.470	7.224	1.012	16.549	0.000	4.568	-6.951	-6.737	-1.002	-14.199	0.000	1.126	-3.291
1978	-6.833	-0.973	7.266	4.361	15.559	0.000	7.334	0.983	-6.773	-4.178	-13.464	0.000	7.238	-0.090
1979	-1.026	8.606	4.655	2.936	-20.366	0.000	1.037	-7.924	-4.448	-2.852	25.575	0.000	3.195	2.136
1980	3.275	10.553	-9.179	-8.283	22.685	0.000	-3.171	-9.546	10.106	9.031	-18.491	0.000	0.735	4.034
1981	35.314	8.827	18.580	6.938	25.368	9.855	-26.424	-8.111	-15.669	-6.488	-20.235	-8.971	-9.397	23.143
1982	23.712	4.828	16.783	5.649	16.115	13.522	-19.167	-4.606	-14.371	-5.347	-13.879	-11.912	-6.377	15.822
1983	8.417	-2.754	-4.884	-12.017	9.522	18.063	-7.763	2.832	5.135	13.658	-8.694	-15.299	-3.170	4.979
1984	14.388	-8.266	-0.866	-1.264	5.841	3.002	-12.578	9.010	0.873	1.280	-5.519	-2.915	-4.116	9.680
1985	3.187	27.526	31.395	31.566	28.766	15.225	-3.089	-21.584	-23.834	-23.993	-22.340	-13.213	-0.946	2.211
1986	-0.356	1.916	7.593	6.392	10.603	10.689	0.357	-1.880	-7.057	-6.008	-9.587	-9.657	13.961	13.555

Source: Central Bank of Kenya: ECONOMIC AND FINANCIAL REVIEW, various issues
 and IMF, INTERNATIONAL FINANCIAL STATISTICS, various issues.

Table 3
KENYA: INDICES OF MAJOR EXCHANGE RATES
(1982=100)

Year	<u>U.S. Dollar</u>	<u>British Pound</u>	<u>Deutsche Mark</u>	<u>French Franc</u>	<u>Japanese Yen</u>	<u>SDR</u>
1970	178.1	120.6	272.9	146.0	272.4	
1971	178.1	113.1	244.5	138.2	239.8	
1972	178.1	123.0	239.5	135.5	230.0	
1973	184.4	128.7	209.3	128.9	220.8	
1974	178.1	123.1	180.4	117.4	229.1	140.2
1975	154.2	123.5	169.7	102.1	201.5	135.1
1976	153.1	145.8	151.4	112.4	191.5	124.7
1977	160.1	135.6	141.2	111.3	164.4	124.7
1978	171.9	137.0	131.6	106.7	142.2	124.7
1979	173.6	126.1	125.8	103.6	178.6	124.7
1980	168.1	114.1	138.5	113.0	145.6	124.7
1981	123.7	104.8	116.8	105.6	116.1	113.5
1982	100.0	100.0	100.0	100.0	100.0	100.0
1983	92.2	102.8	105.1	113.7	91.3	84.7
1984	80.6	112.1	106.1	115.1	86.3	82.2
1985	78.1	87.9	80.7	87.5	67.0	71.4
1986	78.4	86.2	75.0	82.2	60.6	64.5

Source: Table 2

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Table 4

Consumer Price Indices, 1970 - 1986

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
	(1982 = 100)																
Kenya	23.9	24.8	26.4	28.8	33.9	40.4	45.0	51.7	60.4	65.3	74.2	83.0	100.0	111.5	122.8	138.8	143.7
United States	40.2	41.9	43.4	45.0	51.1	55.8	59.0	62.9	67.6	75.2	85.4	94.3	100.0	103.2	107.7	111.4	113.5
United Kingdom	22.8	24.9	26.7	29.2	33.8	42.1	49.1	56.8	61.5	69.8	82.3	92.1	100.0	104.6	109.8	116.5	120.4
West Germany	54.5	57.3	60.5	64.7	69.2	73.3	76.5	79.3	81.4	84.8	89.4	95.0	100.0	103.3	105.8	109.1	109.2
France	31.3	33.0	35.1	37.7	42.8	47.9	52.5	57.4	62.6	69.3	78.9	89.4	100.0	109.6	117.7	124.5	127.7
Japan	39.3	41.7	43.5	46.7	60.5	67.7	74.0	79.9	83.0	86.0	92.9	97.4	100.0	101.8	104.1	106.2	107.5
	(consumer price index ratio; Kenya to foreign country)																
Kenya	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
United States	0.59	0.59	0.61	0.63	0.66	0.72	0.76	0.82	0.89	0.87	0.87	0.88	1.00	1.08	1.14	1.25	1.27
United Kingdom	1.05	0.99	0.99	0.99	1.00	0.96	0.92	0.91	0.98	0.93	0.90	0.90	1.00	1.07	1.12	1.19	1.19
West Germany	0.44	0.43	0.44	0.45	0.49	0.55	0.59	0.65	0.74	0.77	0.83	0.87	1.00	1.08	1.16	1.28	1.33
France	0.76	0.75	0.75	0.76	0.79	0.84	0.86	0.90	0.97	0.94	0.94	0.93	1.00	1.02	1.04	1.11	1.13
Japan	0.61	0.59	0.61	0.59	0.56	0.60	0.61	0.65	0.73	0.76	0.80	0.85	1.00	1.10	1.18	1.31	1.34
Average--SDR	0.62	0.61	0.62	0.63	0.66	0.70	0.73	0.78	0.85	0.85	0.86	0.88	1.00	1.07	1.14	1.24	1.26
Average--Trade	0.70	0.68	0.68	0.69	0.71	0.74	0.75	0.78	0.86	0.86	0.87	0.89	1.00	1.07	1.13	1.23	1.25
Average--Payments	0.64	0.63	0.64	0.66	0.69	0.74	0.77	0.82	0.89	0.87	0.87	0.88	1.00	1.08	1.14	1.24	1.26

KENYA: SUMMARY OF BALANCE OF PAYMENTS PERFORMANCE
(in millions of Shillings)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Projections</u> <u>1986</u>
Imports (cif)	19,892	19,436	18,799	18,581	22,371	24,387	28,500
Exports (FOB)	9,360	9,496	10,198	12,316	14,903	15,480	20,300
of which							
Non-Traditional Exports					1,212	1,191	1,472
CURRENT ACCOUNT	-6,574	-6,722	-5,212	-1,778	-2,932	-3,386	-2,655
Capital Account (net)	5,056	4,726	3,060	3,171	3,679	1,718	5,900
BASIC BALANCE	-2,512	-2,844	-2,480	902	13	-1,770	2,875
OVERALL BALANCE	-1,446	-1,985	-2,096	1,358	781	-1,725	3,245
RESERVES	3,784	2,575	2,932	5,467	6,275	6,807	8,380
Current Account as % of GDP	-12.6	-11.1	-7.7	-2.3	-3.6	-3.9	-2.6
Basic Balance as % of GDP	-4.8	-5.5	-4.2	1.3	-0.1	-2.2	2.8
Overall Balance as as % of GDP	-2.8	-3.8	-3.6	2.0	0.9	-1.8	3.2
Terms of Trade (1982=100)							
All Imports	122	105	100	94	110	92	103
Non-oil Imports	121	104	100	88	108	87	--