

# APPENDIX 5

## Economic Characteristics of Major Emerging Market Economies

Relative to other major emerging market economies of Latin America and Asia during the 1990s, the following economic features of Argentina stand out (Table A5.1).<sup>1</sup>

### General Economic Structure

Argentina had a particularly low gross savings rate, a particularly small market for domestic debt (comprising bank loans and debt securities) and, along with Brazil, a particularly small export sector. The small size of the domestic debt market was in part a reflection of the low savings rate, and caused Argentina's public sector to borrow heavily in international capital markets.

### External Debt Structure

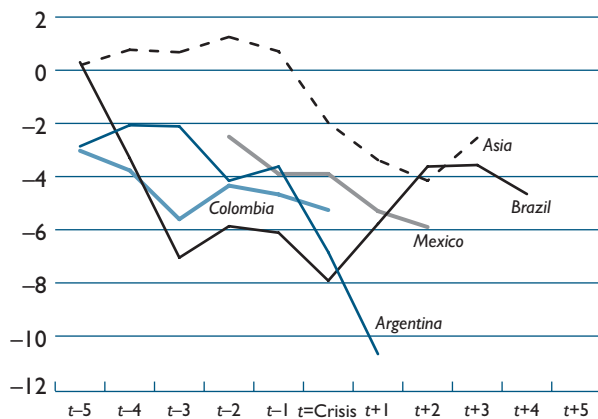
Relative to GDP, Argentina's external debt was not so high. Its ratio to exports (at 370 percent), however, was substantially higher than in other countries, though comparable to Brazil's. An important feature of Argentina's public debt structure was that a substantial portion (about 90 percent for 1996–99) was foreign currency denominated, compared to the average of 56 percent for the comparator countries.

### Fiscal Structure

The average fiscal balance of Argentina's general government was a deficit of 2.5 percent of

<sup>1</sup>Here we consider Brazil, Chile, Colombia, Mexico (from Latin America), Indonesia, Korea, Malaysia, the Philippines, and Thailand (from Asia).

**Figure A5.1. General Government Fiscal Balance in Crisis Countries**  
(In percent of GDP)



Sources: IMF, *Government Finance Statistics Yearbook*; and Collyns and Kincaid (2003).

Note: Asia is Indonesia, Korea, Malaysia, Thailand, and the Philippines. Crisis time is 2002 for Colombia; 2001 for Argentina; 1998 for Brazil, Indonesia, Malaysia, and the Philippines; 1997 for Thailand and Korea; and 1995 for Mexico. Chile did not have a clear crisis. Data for Korea are the central government balance. Data for Mexico are the public sector balance.

GDP during 1990–2001, which was worse than the balances in all other countries except in Brazil, but the overall fiscal characteristics cannot be said to be too different from its comparator countries. Argentina's fiscal balances, however, deteriorated sharply from the late 1990s. At the onset of the crisis in 2001, its general fiscal deficit was as large as Brazil's (in 1998) and far larger than those of the other crisis-hit countries at the time of the crisis (Figure A5.1).

**Table A5.1. Indicators of Economic Structure in Selected Emerging Market Economies**  
(In percent; period average)

	Period	Argentina	Brazil	Chile	Colombia	Indonesia	Korea	Malaysia	Mexico	Philippines	Thailand	Average
Gross savings/GDP	1990-2001	14.8	18.6	21.9	17.5	26.3	34.1	34.5	19.6	20.5	33.0	24.1
Exports/GDP	1990-2001	9.4	9.3	30.7	17.6	32.4	34.4	96.1	24.9	40.5	46.9	34.2
Domestic debt market/GDP	1992-2001	42.0	123.1	110.4	...	...	125.4	218.2	46.9	91.6	147.9	113.2
External debt/GDP	1990-2001	41.3	52.7	45.6	40.4	79.5	28.4	44.8	41.6	70.6	61.0	50.6
External debt/exports	1990-2001	368.2	322.4	143.3	190.6	226.4	62.1	43.7	146.5	145.2	116.0	176.4
Short-term external debt/ foreign reserves	1992-2001	110.3	79.9	37.4	46.5	64.5	167.0	28.9	75.6	99.4	96.0	80.6
Foreign-currency-denominated debt/ total public sector debt <sup>1</sup>	1996-1999	89.2	...	26.5	51.8	98.8	...	14.2	65.9	42.4	61.6	56.3
General government												
Overall balance/GDP	1990-2001	-2.5	-3.5	0.2	-2.2	-0.9	...	-0.6	-2.7	-2.4	0.7	-1.6
Total revenue and grants/GDP	1990-2001	22.0	28.9	21.7	23.5	17.3	...	29.0	22.7	17.7	17.4	22.2
Central government												
Total expenditure and net lending/GDP	1990-2001	19.6	20.2	20.4	16.1	18.2	21.4	24.3	16.6	20.1	...	19.6

Sources: IMF database; Bank for International Settlements; World Bank; Organization for Economic Cooperation and Development; Argentina, Ministry of Economy and Production; and Brazil, Ministry of Finance.

<sup>1</sup>Public sector debt for Argentina and central government debt for the rest of the countries. Argentina's debt includes the debt of the central bank and the government-guaranteed debt of public sector banks. Argentina's foreign-currency-denominated debt is the sum of bilateral and multilateral loans, and foreign-currency-denominated bonds and securities. It does not include foreign-currency-denominated loans from private banks.