

Economy

Overview: Argentina, rich in natural resources, benefits also from a highly literate population, an export-oriented agricultural sector, and a diversified industrial base. Nevertheless, following decades of mismanagement and statist policies, the economy in the late 1980s was plagued with huge external debts and recurring bouts of hyperinflation. Elected in 1989, in the depths of recession, President MENEM has implemented a comprehensive economic restructuring program that shows signs of putting Argentina on a path of stable, sustainable growth. Argentina's currency has traded at par with the US dollar since April 1991, and inflation has fallen to its lowest level in 20 years. Argentines have responded to the relative price stability by repatriating flight capital and investing in domestic industry. The economy registered an impressive 6% advance in 1994, fueled largely by inflows of foreign capital and strong domestic consumption spending. The government's major short term objective is encouraging exports, e.g., by reducing domestic costs of production. At the start of 1995, the government had to deal with the spillover from international financial movements associated with the devaluation of the Mexican peso. In addition, unemployment had become a serious issue for the government. Despite average annual 7% growth in 1991-94, unemployment surprisingly has doubled - due mostly to layoffs in government bureaus and in privatized industrial firms and utilities and, to a lesser degree, to illegal immigration. Much remains to be done in the 1990s in dismantling the old statist barriers to growth, extending the recent economic gains, and bringing down the rate of unemployment.

National product: GDP - purchasing power parity - \$270.8 billion (1994 est.)

National product real growth rate: 6% (1994 est.)

National product per capita: \$7,990 (1994 est.)

Inflation rate (consumer prices): 3.9% (1994 est.)

Unemployment rate: 12% (1994 est.)

Budget:

revenues: \$48.46 billion

expenditures: \$46.5 billion, including capital expenditures of \$3.5 billion (1994 est.)

Exports: \$15.7 billion (f.o.b., 1994 est.)

commodities: meat, wheat, corn, oilseed, manufactures

partners: US 12%, Brazil, Italy, Japan, Netherlands

Imports: \$21.4 billion (c.i.f., 1994 est.)

commodities: machinery and equipment, chemicals, metals, fuels and lubricants, agricultural products

partners: US 22%, Brazil, Germany, Bolivia, Japan, Italy, Netherlands

External debt: \$73 billion (April 1994)

Industrial production: growth rate 12.5% accounts for 31% of GDP (1994 est.)

Electricity:

capacity: 17,330,000 kW

production: 54.8 billion kWh

consumption per capita: 1,610 kWh (1993)

Industries: food processing, motor vehicles, consumer durables, textiles, chemicals and petrochemicals, printing, metallurgy, steel

Agriculture: accounts for 8% of GDP (including fishing); produces abundant food for both domestic consumption and exports; among world's top five exporters of grain and beef; principal crops - wheat, corn, sorghum, soybeans, sugar beets

Illicit drugs: increasing use as a transshipment country for cocaine headed for the US and Europe

Economic aid:

recipient: US commitments, including Ex-Im (FY70-89), \$1 billion;

Western (non-US) countries, ODA and OOF bilateral commitments (1970-89), \$4.4 billion; Communist countries (1970-89), \$718 million

Currency: 1 nuevo peso argentino = 100 centavos

Exchange rates: pesos per US\$1 - 0.99870 (December 1994), 0.99901 (1994), 0.99895 (1993), 0.99064 (1992), 0.95355 (1991), 0.48759 (1990)

Fiscal year: calendar year