
Bolivarian Republic of Venezuela

1. General trends

In 2007, the Bolivarian Republic of Venezuela's GDP grew 8.4%. Given that the oil sector's output shrank 4.2% that year, this growth was driven by the buoyancy of the non-oil sector, whose output expanded 9.5%. Domestic demand continued to rise at a rate of 20%, the same pace as the previous year. High oil prices on the international market meant that the terms of trade remained favourable and, as in 2006, the country's economic growth was sustained by the continued expansion of gross national income.¹ In the first quarter of 2008, GDP increased 4.9% in relation to the same period in 2007, reflecting the onset of a slowdown in economic activity.

Despite the introduction of a series of measures at the beginning of 2007 aimed at curbing inflation, which had been rising since mid-2006, the national consumer price index in December 2007 posted an accumulated increase of 22.4%. According to the country's economic

authorities, growth will reach about 6% in 2008, and the exchange rate will remain at 2,150 bolivars per dollar. The target for inflation, which had originally been set at an average annual rate of 11%, has been raised to 19%.

2. Economic policy

In February 2007, the National Assembly passed an enabling law granting the President special powers to issue decrees on various subject matters over the next 18 months. The government used these powers to introduce several measures in the first months of 2007 that would change the country's institutional structure. In January, it announced the nationalization of two public-service companies: Electricidad de Caracas S.A. and Compañía Anónima Nacional de Teléfonos de Venezuela (CANTV). As of 1 May, control of four strategic partnerships operating in the Orinoco oil belt was taken over by the State and the State-owned

company Petróleos de Venezuela, S.A (PDVSA). Also in May, the government decided not to renew the operating license of a long-established television channel. Later on in the year, the President of the Republic proposed a constitutional reform that was adopted by the National Assembly but not approved by the electorate when submitted to a referendum on 2 December. Among the most controversial measures were the decision to strip

¹ In 2007, the average price of the Venezuelan oil basket rose 14.9% compared with 2006. In the first semester of 2008, the average price of oil had shot up 81% in relation to the same period the previous year and 54% compared with 2007 as a whole.

the central bank (BCV) of its autonomy, modifications to the country's territorial structure, the indefinite re-election of the President of the Republic, the creation of the legal concept of popular power, and changes in provisions relating to private property.

In April 2008, the government announced the nationalization of all the cement companies operating in the country and of an important metallurgical firm. As in the case of the strategic partnerships that used to operate in the oil sector, the authorities have stated their intention to create mixed-capital companies in which the State would hold a 60% stake through its enterprises.

Both in 2007 and 2008 the Venezuelan government has continued to supply oil to a number of countries at below-market prices in the framework of the Bolivarian Alternative for Latin America and the Caribbean (ALBA), the PETROCARIBE Energy Cooperation Agreement and individual agreements signed with several countries. It has also promoted the creation of Banco del Sur, a multilateral lending institution for the region which is to be financed with resources from Latin American countries.

(a) Fiscal policy

Some changes to tax policy were introduced in 2007. As part of the programme to counter inflation, in February 2007 the government decreed a cut in the VAT rate, from 14% to 9%, to take place in two stages: a first reduction from 14% to 11% effective as of 1 March 2007 and a second from 11% to 9% to take effect on 1 July. In addition, on 15 March, VAT was eliminated for a number of foods, and its rate was reduced for food transport services. In October, the government announced higher taxes on alcoholic beverages and cigarettes and, as of 1 November, the entry into force for November and December 2007 of a tax on banking transactions, which levied 1.5% on corporate withdrawals and transfers.

In April 2008, the National Assembly passed the law on the special contribution derived from extraordinary prices in the international hydrocarbon market. This law stipulates that oil companies must pay a special tax to the State when oil prices rise above 70 United States dollars per barrel of Brent crude. This tax operates at two rates: companies must pay 50% of the price difference per barrel of crude when the Brent crude oil price rises above US\$ 70/barrel and 60% when it surpasses US\$ 100/barrel. The tax is to be paid in foreign exchange, not in bolivars, and the proceeds are deposited in the National Development Fund (FONDEN). In June 2008, the government announced the elimination of the tax on banking transactions.

Public spending slowed down considerably in 2007 in comparison with previous years. Central government

spending increased at an annual rate of 9.2%, which, considering the high levels of inflation, represents a decrease in real terms. This was the result of fewer goods and services acquisitions and a significant reduction in the level of transfers to State agencies. Despite the slowdown in economic growth, public income swelled 20.5% thanks to tax income from the oil sector. The budgetary central government therefore posted a financial surplus equivalent to 3% of GDP. Stagnant non-tax income levels, affected by the sharp drop in revenue generated by non-financial State companies, and the absence of any improvement in earnings from profits, dividends and commissions meant that the core public sector, however, posted a deficit of 2.6%, which was slightly higher than in 2006 (1.5%).² This occurred despite core-public-sector spending having been curbed by the significant reduction in transfers to the public sector.

(b) Monetary policy

On 1 January 2008, a redenomination of the bolivar took place. Basically three zeros were cut from the currency unit. The currency's new name is "bolívar fuerte" and it is represented by the symbol "Bs.F." Both currencies will be in circulation for a period of six months, during which the prices of goods and services are to be displayed in both denominations.

As in the previous two years, the government invested dollars in purchases of foreign bonds, continued to build up foreign-exchange funds outside the country and pursued its external debt renegotiation programme. A number of bonds were issued in the course of the year: in early 2007, the Southern Bond II (US\$ 1.5 billion) and the bonds issued by *Petróleos de Venezuela, S.A.* (US\$ 7.5 billion); and in August, the Southern Bond III (US\$ 1.2 billion). The government also continued to issue structured notes (US\$ 1 billion) in 2007, and, in March 2008, announced a further issue of US\$ 1.5 billion in structured notes for 2008.³ In April, the authorities announced the sale, mainly to companies in the local production sector, of US\$ 3 billion in combined international sovereign bonds, split between papers maturing in 2023 and 2028. In the end, US\$ 4 billion of these bonds were issued.

² The core public sector comprises the budgetary central government, *Petróleos de Venezuela S.A.* (PDVSA), non-financial public enterprises, the Venezuelan Social Insurance Institute (IVSS) and the Deposit Guarantee Fund (FOGADE).

³ These notes consist of dollar-denominated instruments, a high proportion of which are backed by Argentine, Ecuadorian and Brazilian public debt, that are sold to local financial institutions. They were created as a placement mechanism for some of the resources deposited in FONDEN.

As part of its efforts to stem inflation, the authorities implemented measures in 2007 to contain the expansion of the monetary aggregates. In the first few months of the year, it was decided that the tax payments made by PDVSA to the Treasury could be made in United States dollars via its overseas accounts. The government also announced a US\$ 6.77 billion transfer from the international reserves of BCV to FONDEN. In July, BCV decided to raise the annual borrowing rate from 6.5% to 8% in the case of savings accounts and from 10% to 11% in the case of time-deposits. It also raised the legal reserve ratio from 15% to 16%, and subsequently to 17% as of 1 October.

Also in July, BCV announced that it would revise the financial conditions of open market transactions as regards both rates and terms. Fifty-six-day notes were reintroduced at a rate of 11%, and 14-day notes were eliminated, whilst the 10% rate for 28-day notes remained unchanged. In November, BCV raised both rates by 1%. At the same time it announced a change in the legal reserve requirement for foreign-exchange operations commencing in January 2008, whereby financial institutions are obliged to set up a reserve in bolivars for these kinds of transactions. In December 2007, the effective legal-reserve rate therefore reached 21.9% compared with about 17% in the same month the previous year.

In July 2007, BCV raised the minimum interest rates on savings and time-deposits from 6.5% and 10% to 8% and 11%, respectively. In December, the minimum interest rate for savings was raised to 10%. The maximum authorised lending rate was kept at 28%. The average annual lending rate of the six main commercial and universal banks therefore hovered around 16.8% in 2007, while the rates on time-deposits and savings reached 10.5% and 7.4%, respectively. In the first semester of 2008, the average lending rate was 23.3%, while borrowing rates averaged 14.2% in the case of time-deposits and 12.7% in the case of savings. The minimum rates for savings and time-deposits were raised as of 1 May 2008 to 15% and 17%, respectively, and a maximum lending rate of 33% was imposed on credit-card loans.

These measures curbed the expansion of the money supply notably. In December 2007, liquidity (M2) was up 27.8% compared with December 2006 owing to the decline in savings and time-deposits. The growth of the monetary aggregates has continued to be more subdued in 2008: in May, M1 and M2 had varied -4%

and 0.9%, respectively, in relation to December 2007, and had increased by 21.8% and 31.2% in comparison with May 2007.

Driven by the notable 92% rise in consumer loans and mortgages between December 2006 and December 2007, bank credit mushroomed during the year, expanding 69% over the same period. Like the expansion of the monetary aggregates, however, bank credit growth has been significantly less buoyant in 2008. In May 2008, bank credit was up 7.7% and personal credit 16.5% compared with December 2007, having risen 46.8% and 72.4%, respectively, over the previous twelve months.⁴

Within the framework of the transfers agreed to together with the Executive Branch, BCV transferred US\$ 6.77 billion of its international reserves to FONDEN between February and April 2007 and an additional US\$ 1.5 billion between February and March 2008. These transfers and the foreign exchange disbursements made by the Foreign Exchange Administration Commission (CADIVI) meant that the international reserves of BCV as of the end of June 2008 stood at US\$ 33.56 billion (compared with US\$ 34.286 billion in December 2007).⁵

(c) Exchange-rate policy

Throughout 2007 and in 2008, the exchange rate was kept at 2,150 bolivars per United States dollar. No changes were made to the currency regime that has been in place since 2003 or to the restrictions on capital outflows. Despite the greater volumes of foreign exchange made available by CADIVI and the higher limits set for foreign-currency credit-card transactions in the last months of 2007, the rate on the parallel market was 200% higher than the official exchange rate. At the end of December 2007, a new law on foreign exchange offences was passed. This law, which came into force on 28 January 2008, broadened the concept of foreign exchange, made changes to the sanctioning authority, established the obligation of companies to justify the origin of the foreign currency they use to pay for imports and prohibited the spread of information on exchange rates other than the official one. The restrictions on access to the foreign exchange supplied by CADIVI were loosened on 23 June 2008 for companies that had registered with the agency prior to 12 June.

⁴ May 2008 in relation to May 2007.

⁵ Including the resources of the macroeconomic stabilization fund.

Table 1
BOLIVARIAN REPUBLIC OF VENEZUELA: MAIN ECONOMIC INDICATORS

	1999	2000	2001	2002	2003	2004	2005	2006	2007 ^a
Annual growth rates^b									
Gross domestic product	-6.0	3.7	3.4	-8.9	-7.8	18.3	10.3	10.3	8.4
Per capita gross domestic product	-7.7	1.8	1.5	-10.5	-9.4	16.2	8.4	8.5	6.6
Gross domestic product, by sector									
Agriculture, livestock, hunting, forestry and fishing	1.9	6.5	2.0	-0.8	-1.3	4.4	9.8	...	...
Mining	-6.4	2.4	2.6	-12.9	-0.3	9.6	2.8	...	...
Manufacturing	-7.3	4.8	0.3	-13.7	-7.4	23.9	6.0	8.3	5.9
Electricity, gas and water	-2.2	4.7	4.8	2.1	-0.5	8.5	11.2	5.8	2.4
Construction	-17.4	4.0	13.5	-8.4	-39.5	25.1	20.0	35.6	13.3
Wholesale and retail commerce, restaurants and hotels	-5.3	4.8	4.2	-12.4	-9.8	28.1	21.5	19.1	15.7 ^c
Transport, storage and communications	-7.5	7.6	2.8	-4.4	-6.5	18.7	18.4	16.5	16.9
Financial institutions, insurance, real estate and business services	-6.7	0.5	3.4	-3.1	-3.3	15.9	13.9	17.2	9.8
Community, social and personal services	-3.9	2.2	2.4	-0.2	3.4	10.6	8.1	7.5	6.9
Gross domestic product, by type of expenditure									
Consumption	-2.9	4.6	6.2	-6.2	-2.3	15.2	14.6	15.6	16.1
General government	-7.5	4.2	6.9	-2.5	5.7	14.2	10.7	6.7	5.1
Private	-1.7	4.7	6.0	-7.1	-4.3	15.4	15.7	17.9	18.7
Gross domestic investment	-10.6	6.7	13.6	-34.0	-35.5	91.3	30.5	31.6	26.6
Exports (goods and services)	-11.0	5.8	-3.5	-4.0	-10.4	13.7	3.8	-4.5	-5.6
Imports (goods and services)	-9.3	12.4	14.1	-25.2	-20.9	57.7	35.2	31.1	33.6
Percentages of GDP									
Investment and saving^d									
Gross domestic investment	26.5	24.2	27.5	21.2	15.2	21.8	23.0	25.3	28.0
National saving	28.7	34.3	29.1	29.3	29.3	35.6	40.5	40.0	36.7
External saving	-2.2	-10.1	-1.6	-8.2	-14.1	-13.8	-17.5	-14.7	-8.8
Millions of dollars									
Balance of payments									
Current account balance	2 112	11 853	1 983	7 599	11 796	15 519	25 447	27 149	20 001
Goods balance	6 471	16 664	7 456	13 421	16 747	22 647	31 708	32 712	23 702
Exports, f.o.b.	20 963	33 529	26 667	26 781	27 230	39 668	55 716	65 210	69 165
Imports, f.o.b.	14 492	16 865	19 211	13 360	10 483	17 021	24 008	32 498	45 463
Services trade balance	-2 839	-3 253	-3 305	-2 909	-2 634	-3 383	-3 997	-4 433	-5 851
Income balance	-1 453	-1 388	-2 020	-2 756	-2 337	-3 673	-2 202	-1 092	2 565
Net current transfers	-67	-170	-148	-157	20	-72	-62	-38	-415
Capital and financial balance ^e	-1 054	-5 895	-3 812	-12 027	-6 342	-13 619	-19 993	-22 011	-25 743
Net foreign direct investment	2 018	4 180	3 479	-244	722	864	1 422	-2 666	-1 591
Financial capital ^f	-3 072	-10 075	-7 291	-11 783	-7 064	-14 483	-21 415	-19 345	-24 152
Overall balance	1 058	5 958	-1 829	-4 428	5 454	1 900	5 454	5 138	-5 742
Variation in reserve assets ^g	-608	-5 449	2 027	4 428	-5 454	-1 900	-5 454	-5 138	5 742
Other financing ^h	-450	-508	-198	0	0	0	0	0	0
Other external-sector indicators									
Real effective exchange rate (index: 2000=100) ⁱ	102.6	100.0	95.3	125.1	141.1	139.5	141.0	132.3	117.8
Terms of trade for goods (index: 2000=100)	66.1	100.0	82.2	87.6	98.7	118.1	154.4	184.4	202.1
Net resource transfer (millions of dollars)	-2 957	-7 792	-6 030	-14 783	-8 679	-17 292	-22 195	-23 103	-23 178
Total gross external debt (millions of dollars)	37 016	36 437	35 398	35 460	40 456	43 679	46 427	44 952	52 949
Average annual rates									
Employment									
Labour force participation rate ^j	66.3	64.6	66.5	68.7	69.2	68.5	66.3	65.4	64.9
Open unemployment rate ^k	15.0	13.9	13.3	15.8	18.0	15.3	12.4	10.0	8.4
Informal sector ^l	52.4	53.0	50.3	51.0	52.6	49.8	47.3	...	...
Annual percentages									
Prices									
Variation in consumer prices (December-December)	20.0	13.4	12.3	31.2	27.1	19.2	14.4	17.0	22.5
Variation in wholesale prices (December-December)	13.6	15.8	10.2	49.4	48.4	23.1	14.2	15.9	17.2
Variation in nominal exchange rate (annual average)	10.6	12.3	6.4	60.4	38.4	17.7	10.5	2.7	0.0
Variation in average real wage	-4.6	4.0	6.9	-11.0	-17.6	0.2	2.6	5.1	1.2
Nominal deposit rate ^m	20.6	14.9	14.7	28.8	17.2	12.6	11.7	10.1	10.6
Nominal lending rate ⁿ	31.3	24.5	24.8	38.4	25.7	17.3	15.6	14.6	16.7

Table 1 (concluded)

	1999	2000	2001	2002	2003	2004	2005	2006	2007 ^a
	Percentages of GDP								
Central government									
Total income	18.0	20.2	20.8	22.2	23.4	24.0	27.5	29.6	28.9
Tax income	13.0	12.9	11.4	10.6	11.3	12.7	15.3	15.6	16.1
Total expenditure ^o	19.8	21.8	25.1	26.1	27.8	25.9	25.9	29.6	25.8
Current expenditure	16.7	18.1	20.3	20.3	22.1	20.4	19.6	22.5	19.9
Interest	2.8	2.5	2.9	4.6	4.7	3.7	2.9	2.1	1.5
Capital expenditure	3.0	3.3	4.4	5.1	5.5	5.0	5.8	6.7	5.8
Primary balance	1.0	0.9	-1.5	0.6	0.3	1.8	4.6	2.1	4.5
Overall balance	-1.7	-1.7	-4.4	-4.0	-4.4	-1.9	1.6	0.0	3.0
Non-financial public-sector debt									
Domestic	29.3	26.8	30.4	42.4	46.3	38.1	32.8	23.9	23.9
External	6.4	9.0	12.4	15.1	17.8	14.0	11.0	9.1	9.1
Money and credit ^p	22.9	17.8	18.0	27.3	28.4	24.2	21.7	14.8	14.8
Domestic credit	15.4	15.6	15.9	15.0	18.9	19.1	20.8	...	...
To the public sector	2.2	3.3	3.3	4.1	4.0	4.5	3.3	...	...
To the private sector	11.2	10.5	11.6	9.6	8.6	10.7	12.7	...	...
Others	2.0	1.8	1.0	1.3	6.3	3.9	4.7	...	...
Liquidity (M3)	21.5	20.4	19.1	18.2	23.0	21.8	23.3	30.3	31.3

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary figures.

^b Based on figures in local currency at constant 1997 prices.

^c As of 2005 does not include restaurant and hotel activities, which are included in total GDP.

^d Based on figures in local currency expressed in dollars at current prices.

^e Includes errors and omissions.

^f Refers to the capital and financial balance (including errors and omissions), minus net foreign direct investment.

^g A minus sign (-) denotes an increase in reserves.

^h Includes the use of IMF credit and loans and exceptional financing.

ⁱ Annual average, weighted by the value of goods exports and imports.

^j Economically active population as a percentage of the working-age population, nationwide total.

^k Percentage of the economically active population, nationwide total.

^l Population employed in the informal sector as a percentage of the employed population.

^m 90-day deposits.

ⁿ Average lending rate of the country's six major commercial and universal banks.

^o Includes extraordinary expenditure and net lending.

^p The monetary figures are end-of-year stocks.

3. The main variables

(a) Economic activity

Robust economic growth, which reached 8.4% in 2007, was driven by rising domestic demand. Increases in private consumption (18.7%) and investment (26.6%) were reflected in the steep rise in the volume of goods and services imports (33.6%). Exports fell once more, however, at a rate of 5.6% a year. Figures for the first quarter of 2008 reveal a slowdown in economic activity, with GDP growing 4.8% in relation to the same period the

previous year. The sectors showing the most marked decline in activity compared with the first quarter of 2007 were construction (2.6%), trade (5.7%), manufacturing (1.4%) and financial institutions (6.4%). Spending figures reveal a drop in gross capital formation (1.8%) and more moderate growth in private consumption (11.1%).⁶

⁶ The first of these aggregates had been expanding at rates of over 20% since the first quarter of 2004.

Table 2
BOLIVARIAN REPUBLIC OF VENEZUELA: MAIN QUARTERLY INDICATORS

	2006				2007 ^a				2008 ^a	
	I	II	III	IV	I	II	III	IV	I	II
Gross domestic product (variation from same quarter of preceding year) ^b	10.3	10.3	10.3	11.4	8.8	7.6	8.6	8.5	4.9	...
Goods exports, f.o.b. (millions of dollars)	15 534	18 332	16 945	14 399	13 927	16 820	18 810	19 608	22 097	...
Goods imports, f.o.b. (millions of dollars)	6 205	7 854	8 509	9 930	9 242	9 959	12 528	13 734	11 510	...
International reserve assets (millions of dollars) ^c	31 358	31 169	34 330	36 672	31 520	24 424	29 154	33 477	31 130	33 514
Real effective exchange rate (index: 2000=100) ^d	138.3	136.8	129.6	124.6	121.0	120.7	117.8	111.6	104.1	100.4
Unemployment rate	11.1	10.0	10.1	8.9	10.3	8.4	8.5	6.7	8.5	7.5
Consumer prices (12-month percentage variation)	12.1	11.8	15.3	17.0	18.5	19.4	15.3	22.5	29.1	29.2
Average nominal exchange rate (bolívaes per dollar)	2 147	2 147	2 147	2 147	2 147	2 147	2 147	2 147	2 147	2 147
Average real wage (variation from same quarter of preceding year)	7.1	5.5	5.4	2.4	-3.6	2.1	1.8	4.6	-2.9	...
Nominal interest rates (annualized percentages)										
Deposit rate ^e	10.3	10.1	10.1	10.0	10.1	10.1	11.0	11.3	13.2	16.5
Lending rate ^f	14.8	14.1	14.6	15.1	15.4	15.6	16.4	19.5	23.0	23.0
Interbank rate ^g	4.0	4.8	5.9	5.8	3.7	7.4	9.8	14.0	9.2	10.7
Sovereign bond spread (basis points) ^h	190	228	233	182	212	341	398	506	638	591
Stock price index (national index to end of period, 31 December 2000 = 100)	452	450	519	765	717	582	546	555	514	546
Domestic credit (variation from same quarter of preceding year)	48.7	51.4	106.3	...	...	...	...	...	...	...
Non-performing loans as a percentage of total credit	1.3	1.1	1.3	1.1	1.1	1.1	1.3	1.2	1.6	1.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary figures.

^b Based on figures in local currency at constant 1997 prices.

^c Including gold.

^d Quarterly average, weighted by the value of goods exports and imports.

^e 90-day deposits.

^f Average lending rate of the country's six major commercial and universal banks.

^g Monetary policy reference rate.

^h Measured by J.P. Morgan's EMBI+ index.

(b) Prices, wages and employment

Accumulated inflation, as measured by the consumer price index (CPI), was 22.5% in 2007. The steepest price rises were posted by food and beverages, health, restaurants and hotels despite the price controls imposed on a significant number of products and services included in the basket of items used to calculate the CPI. Towards the end of 2007 and in the first few months of 2008, there were certain food shortages. In January 2008, BCV, together with the National Statistics Institute, began to publish a new national

consumer price index (NCPI). Unlike the CPI used up to December 2007, which only covered the city of Caracas, the new indicator has nationwide scope and incorporates methodological changes, including a modification of the base year (2007). In the period January-June 2008, in relation to December 2007, the NCPI rose 15.1% and core inflation rose 15.8%. For the same period, the wholesale price index recorded an accumulated increase of 11.8% (12.5% for national products and 9.3% for imported products).

According to the general wage index, salaries on average were up 20.7% in 2007 in relation to 2006 (19.4%

in the private sector and 23.4% in the public sector). Despite these sharp rises, in comparison with the fourth quarter of 2003, in accumulated terms, real private-sector wages have continued to fall.⁷ In the first three months of 2008, the general wage index rose 1.6% compared with the fourth quarter of 2007, reflecting a 2.2% increase in the private sector and a 0.5% increase in the public sector. This represents a 10.1% increase on the average for 2007, however, (7.8% and 14.9% in the private and public sectors, respectively).

On 30 April, 2008, the authorities announced that as of 1 May, the minimum wage in the public sector would be raised 30%. Unemployment continued to fall throughout 2007 and stood at 7.8% in January-March 2008 compared with the annual average of 8.5% registered in 2007.

⁷ The fourth quarter of 2003 corresponds to the period as of which the economy began to experience rapid growth after the crisis that rocked the country between the end of 2002 and the beginning of 2003.

(c) The external sector

In 2007, the balance-of-payments current account posted a surplus of US\$ 20.001 billion, which was below the US\$ 27.149 billion recorded the previous year owing to the 2.4% drop in non-oil exports and the sharp rise in goods imports (39.9%) that was mainly driven by the steep climb in oil-industry imports (54.7%). The country's external debt rose to US\$ 52.949 billion on account of the increase in commercial credits, loans and other debt instruments in the public sector, while private-sector debt grew 4.3%. Total external debt, as a percentage of GDP, fell from 33% in 2005 to 23.1% in 2007. In the first quarter of 2008, the current account surplus soared, thanks to the rise in international prices for oil (goods exports grew 59.4% in this period), to US\$ 10.003 billion, compared with US\$ 3.259 billion in the first quarter of 2007, despite the 20% increase in goods imports recorded during the same period.