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MARSHALL ISLANDS

Recent Economic Developments

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Approved by the Southeast Asia and Pacific Department

July 16, 1996

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I. Introduction

The Republic of the Marshall Islands, situated 2,000 miles west of Hawaii, consists of about 30 atolls and 1,200 small islands, with a total land area of 70 square miles. The population is 55,000 of which 45 percent live on Majuro atoll, the government and business center of the country, and 20 percent live on Kwajalein atoll where a U.S. missile testing facility is located; migration from the outer islands to these centers has been substantial in recent years. Population growth is rapid, averaging over 3 percent annually, and a majority of the population is under 15 years of age. The narrow productive base consists primarily of fishing, coconut harvesting and processing, and subsistence farming.

The Marshall Islands was part of the United Nations Trust Territory of the Pacific Islands, under U.S. administration during 1947-86. A Compact of Free Association between the United States and the Marshall Islands came into effect in October 1986 for a 15-year period to 2000/2001,¹ under which the U.S. retains responsibility for defense and provides financial assistance, presently equivalent to 50 percent of GDP. This support includes annual cash block grants of \$26 million for the first five years, \$22 million for the next five years, and \$19 million for the final five years; these amounts are subject to a partial annual inflation adjustment. The U.S. also provides grants for specified purposes supervised by different federal agencies, especially for health, education, and environmental protection. The terms of the Compact allowed the Marshall Islands to borrow abroad against its prospective block grant receipts through bond issues on commercial terms.

II. Output and Prices

A. Output

Real GDP grew by 3.7 percent in 1995 (Table 1). Copra production increased, owing mainly to more frequent interisland transport services by government-owned ships. Construction activity was boosted by the availability of external concessional aid financing for a high school and a garment factory, foreign direct investment on a dry dock, and a government-sponsored 150-room hotel. Value-added from the transport, communications and energy sectors rose, owing in part to an improvement in the financial performance of government-owned enterprises.

Chilled fish exports, mainly high-quality tuna for the Japanese market, increased in 1994-95, mainly due to the increased catch of the Chinese long-line fishing boats which operate out of the privately owned and operated Majuro fish base. These boats pay a set fee per vessel, in contrast to the fees charged to the offshore Japanese fishing fleet, which are calculated according to the size of the boat, type of fishing, and volume of fish caught. Frozen fish exports ceased in 1995 when the two purse seiners purchased during 1988-90 to

¹The fiscal year starts on October 1.

operate as joint ventures with local fishermen were sold by the Government because of their poor rate of return on capital. There are 11 Marshall Islands long-line boats that continue to operate, but their profitability is unclear. Japan and the Asian Development Bank (AsDB) are actively involved in providing assistance to strengthen the role of local boats. The AsDB helped establish the Fisheries Training School in Ebeye which trains local crews and is formulating a fisheries master plan.

Copra production, the main cash crop, rose by 5 percent in 1994 and 60 percent in 1995 (Table 2). However, productivity remains low because of the aging tree stock (two thirds of the trees were planted prior to 1946) and a lack of investment in modern harvesting techniques. In 1992, procurement prices on delivery in Majuro were doubled to \$0.25 per pound in a largely unsuccessful attempt to encourage migration back to the outer islands. The price was reduced to \$0.20 per pound in 1994 and to \$0.16 per pound in March 1996, but remained above the world price. The Tobolar Copra Processing Authority, a government enterprise that is the sole commercial purchaser of copra, has the capacity to crush up to 22,000 tons per year, but receives substantially less than this amount. A recent trial purchase from Kiribati was successful and the possibility of expanding this source is being explored. The enterprise has finished construction of a coconut oil refinery.

Output of food crops and livestock has increased in recent years, although growth is limited by the easy availability of imported food as well as undeveloped marketing channels. The Government is encouraging food production through projects and marketing assistance. Locally grown fruit and vegetables and eggs from a poultry project, initiated with external assistance, supply about 30 percent of the Majuro market and an externally assisted horticultural project also supplies produce to the local market. The Government has provided an open-air market in Majuro for about 50 farmers' cooperatives. In the outer islands, it is distributing seeds and providing technical assistance to promote production, as well as experimenting with giant clam and pearl farming.

In addition to the copra plant, there is a small-scale manufacturing sector that consists mainly of processing of taro, breadfruit chips, and coconut products. The construction of a 120 employee garment factory to operate as a joint venture with China, has recently been completed but its opening has been delayed while it is determined if the output has duty-free entry to the United States. The project was funded by a zero-interest loan of \$2 million from China.

The tourism sector continues to be hampered by the distance from major markets, competition from other lower-cost destinations, limited infrastructure, and infrequent air services. The complex land tenure system has hindered the development of tourist resorts, but the government-owned 150-room hotel in Majuro is scheduled for completion in July 1996. The main attractions are diving and snorkeling, which has the potential for increasing substantially the number of visitors from the United States and Japan. High-level discussions

are taking place with the Governments of Kiribati, Nauru, and Tuvalu with a view to assessing the feasibility of joint air services to exploit regional tourist attractions.

There is considerable infrastructure investment in transportation facilities in the Marshall Islands, particularly the main ports of Majuro and Ebeye, Majuro airport, the Majuro and Ebeye road systems, and the recently completed dry dock facility. Investment in the outer atolls is mainly confined to airstrips and jetties, including some designed for fisheries projects. The main problems lie in the maintenance and management of these facilities and the subsidies required to operate domestic airline and interisland shipping services. The AsDB is preparing a ten-year transportation infrastructure development master plan designed to ensure that new investment in air, sea, and road facilities is prioritized appropriately and that the operational efficiency of the sector is strengthened.

The Government welcomes foreign investment with a view to expanding and diversifying the productive base. Various tax incentives are available, although foreign investment projects are often subject to delays as cabinet approval is required for each project. The land tenure system also acts as a constraint because foreign ownership of land is not permitted under the Constitution.

B. Prices, Employment, and Wages

Consumer prices increased by 6 percent in 1994 and 7 percent in 1995, much higher than in the United States, the main trading partner (Table 3). The rapid rise in prices of household goods, personal supplies, and clothing is puzzling, but may have been partly caused by reduced competition in the retail sector, including the closure of one large store.

Employment in the public sector has continued to rise, in part because skilled personnel, including teachers and hospital workers, were exempt from recent hiring freezes. High wages in the government sector have encouraged migration from the rural areas. Salary increments have historically averaged 6-10 percent annually for public sector employees, based on seniority and merit increases. However, following the March 1996 supplementary budget, most public sector wages were reduced by 5 percent.

Full-time private sector employment is mainly limited to Majuro and Ebeye and the U.S. military installation in Kwajalein. A large percentage of the economically active population is engaged in semi-subsistence activities, especially in the outer islands. There are no reliable data on unemployment or wage earnings. However, the national minimum wage of \$1.50 per hour was increased to \$2.00 per hour in 1995.

C. Environmental Issues

The Marshall Islands has a solid legal and institutional environmental framework. The Environmental Protection Authority has legislative powers to monitor water quality, waste

disposal, and sewage, and powers to promulgate and enforce regulations. Legislation also exists for the control of coastal zone development, although enforcement remains hampered by a shortage of manpower. Environmental problems in the main urban areas pertain mainly to water supply, sanitation, and degradation of the near-shore environment. Population pressures resulting from high birth rates and migration from the outer atolls are compounding these problems. The near-shore environment has become vulnerable to flooding, erosion, and silting due to poorly designed causeways. The planned AsDB water and transportation projects should help to alleviate these problems. The long-term effects of the nuclear testing program in the 1950s on the atolls of Bikini and Enewetok are being addressed through various joint programs funded by the U.S. Government. In order to limit pollution of the lagoons and destruction of coral reefs, as well as potential overfishing in the economic zone, the Government decided to limit the size of the Chinese fishing fleet in Majuro. To preserve the environmental heritage, all new tourist projects are carefully scrutinized.

III. Public Finance

The central government overall budget deficit averaged over 13 percent of GDP during 1992/93-1994/95 (Table 4). Current expenditure fell by 20 percentage points of GDP over this period, but a combination of lower U.S. grants and rising capital expenditure limited the decline in the overall deficit. These deficits were financed by borrowing against future Compact revenues, which caused outstanding external debt and debt service to rise to unsustainable levels, and by exhausting the cash holdings of the Government.

A. Budgetary Developments in 1993/94

The budget envisaged a reduction in the overall deficit to 9 percent of GDP in 1993/94. The actual outturn was 4 percentage points of GDP worse than budgeted, mainly because of higher-than-anticipated current expenditure and a marked expansion of capital expenditure. External commercial borrowing of \$30 million was undertaken in August 1994 to finance the deficit and replenish cash reserves which, as a result, increased during the year.

Domestic revenue was equivalent to 30 percent of GDP, 3 percentage points lower than in the previous year although in line with the budget. Tax revenue declined mainly because of lower import duties but this was offset by higher nontax revenue as negotiations with the Chinese fleet led to a doubling of the fishing rights fee to \$10,000 per boat and sales of Marshall Islands passports grew strongly. External grants amounted to 46 percent of GDP, 6 percentage points less than in the preceding year (Table 5).

Current expenditure was equivalent to 64 percentage points of GDP, 14 percentage points lower than in the previous year but higher than budgeted (Table 6). The wage and salary bill rose sharply primarily because controls on recruitment were not strictly enforced. Subsidies remained high despite the withdrawal of support for the energy company. Payments to the copra sector were needed because procurement prices were well above world prices

and the airline received large transfers to cover operating losses on domestic routes and meet the initial payments on a new aircraft (Table 7). However, purchases of goods and services were reduced and interest payments declined as a result of the earlier restructuring of commercial debt. Capital expenditure increased to 26 percent of GDP, 5 percentage points more than in the previous year, because of spending on the state-owned hotel project, infrastructure development on Kwajalein atoll, and education projects.

B. Budgetary Developments in 1994/95

The budget envisaged a small decrease in the overall deficit to 12 percent of GDP in 1994/95. This outcome was achieved, although the composition of revenue and expenditure was considerably different from the budget. Domestic revenue was projected to fall by 3 percentage points of GDP, in the absence of new revenue measures apart from the imposition of a \$0.10 per gallon import tax on diesel fuel, while external grants were budgeted to decline 7 percentage points of GDP. In these circumstances, the authorities budgeted large falls in current and capital expenditure.

Domestic revenue was 30 percentage points of GDP, unchanged from the previous year and well above the budget. Income tax receipts rose due to higher than expected economic growth, but import duties were below expectations, as administrative and collection problems led to a reduction in the effective rate of duty from 10 percent to 8½ percent. Nontax revenue increased slightly because interest receipts rose as returns were earned on the funds borrowed in the previous fiscal year and passport sales increased further. However, fishing rights fees declined with a fall in the number of foreign vessels fishing in Marshallese waters. External grants were 45 percent of GDP, well above the budget, partly because of higher U.S. project disbursements.

Current expenditure decreased to 59 percent of GDP, 5 percentage points less than in the previous year, but above the budget. Wages and salaries declined by much less than planned because the shortening in the length of the working week to 4½ days was not implemented. Purchases of goods and services increased, as there was some slippage compared with the budget. Subsidies were reduced substantially, mainly by cutting the transfer to the airline. However, capital expenditure increased to 28 percent of GDP, a rise of 3 percentage points, as the remaining payment due on the new aircraft was made, and other projects continued, notably the construction of the hotel, a school financed by Japanese funds, and the U.S.-financed dry dock facility.

C. Budget for 1995/96

The budget for 1995/96, recognizing that the limits of commercial borrowing had been reached and that cash reserves were nearly exhausted, was designed to eliminate the overall deficit through a sharp compression of expenditure. These included a hiring freeze, closure and amalgamation of departments, reduced cost-of-living allowances for legislators,

and smaller subsidies to public enterprises. With respect to capital expenditure, the completion of projects which had been initiated in earlier years was envisaged but no new projects were to be undertaken.

When it became clear in early 1996 that the budget projections were overly optimistic, parliament passed a supplemental budget calling for more expenditure cuts and enhanced revenue generation. Revenue measures were designed to yield 2 percentage points of GDP and included an extension of the gross revenue tax to more businesses; the inclusion of housing allowances in personal taxable income; an across-the-board increase in import duties from 10 percent to 12 percent, except for a few food items; and increases in duties on motor vehicles, petroleum, alcohol, cigarettes, and luxury items, some as high as 150 percent. Expenditure measures were expected to yield 3 percentage points of GDP through a 5 percent cut in wages of civil servants earning an annual salary in excess of \$10,400; the cancellation of all job vacancies; the closure of the Ministry of Social Services and the associated redundancy of about 200 civil servants; and a 3 percent cut across departments in other administrative expenditures. Subsidies to the copra sector and the airline were further reduced.

D. Nonfinancial Public Enterprises

Public utilities in Majuro are generally operated efficiently and meet consumer demand. Outside of the capital, however, the provision of electricity, telecoms, water, and sewerage is less efficient or nonexistent due to poorer management and geographical concerns that raise unit costs, sometimes to prohibitive levels. The Marshalls Energy Company, which provides electrical power in Majuro, ended reliance on subsidies in 1993 and has since posted a profit because of higher sales of diesel fuel to the fishing fleet and the Federated States of Micronesia, an increase in tariffs of 1 U.S. cent per kilowatt hour, and enhanced collection efforts. The corporation was asked in July 1994 to manage the Majuro Water and Sewage Services on a commercial basis. The water company received a small subsidy in 1994/95 but the installation of meters and aggressive pursuit of fees increased profitability and no subsidy was budgeted for 1995/96. The AsDB is currently considering a project loan for the upgrading of the water supply system and the promotion of conservation.

The National Telecommunications Authority was privatized in 1991, with the Government retaining majority ownership of the outstanding shares, and is the sole provider of long distance and local services in Marshall Islands. Despite low domestic tariffs, long distance calls have enabled the authority to remain profitable. Capital expansion has been funded with the \$20 million loan from the U.S. Rural Electrification Administration.

Tobolar Copra Processing Plant finances were weak in 1993/94 and 1994/95, primarily as a result of maintaining domestic procurement prices well above world market levels and large budgetary subsidies were received. Procurement prices were reduced in March 1996 and the subsidy is projected to be much smaller in 1995/96.

Air Marshall Islands received large subsidies in 1993/94 and 1994/95, but these were reduced in 1995/96, as the airline embarked on a restructuring program. New management is in place, service to Hawaii has been eliminated, and aircraft have been taken out of service. The fleet now consists of one aircraft for international routes, which was purchased for US\$15 million in June 1995, and two aircraft for domestic travel.

IV. Financial Sector

A. Background

The financial sector consists of two U.S. commercial banks, the Bank of Guam and the Bank of Hawaii, and one domestically incorporated commercial bank, the Bank of the Marshall Islands. Each of the three banks has branches in Majuro; the Bank of Guam and the Bank of the Marshall Islands operate in Ebeye. The sector also includes the Marshall Islands Development Bank. The Government increased its shareholding in the Bank of the Marshall Islands by 40 percent to 60 percent in 1994, which together with the shareholding of the Marshall Islands Development Bank of 15 percent, reduced the share of U.S. investors in the bank to 25 percent; the Government has an option to purchase the remaining foreign interest during the next two years. The deposits of the U.S. banks are protected by the Federal Deposit Insurance Corporation.

The Banking Act of 1987 sets forth the legal framework for the conduct of banking. IMF technical assistance and the establishment of the Office of the Banking Commissioner have led to monthly reporting of commercial banking statistics. The duties of the Banking Commissioner include the establishment of prudential banking standards through the drafting of regulations and policy directives on bank supervision; the codification of rules in the areas of accounting and reporting; promotion of understandings in relation to credit risk appraisal; authority to license banks; analysis of the financial condition of banking institutions; and the preparation of proposals for inspection of banks and enforcement actions.

Consumer loans account for the dominant share of loans and are primarily for construction, travel, and education. Most loans are made to public servants and repayments are made directly through payroll deductions. Loans for commercial purposes to public enterprises and the private sector are mainly for working capital and equipment. Longer term lending is limited by the land tenure system, which prevents banks from obtaining land as collateral, as well as by the lack of viable projects.

B. Commercial Banking Developments

Aggregate lending by banks declined by 19 percent in 1995 (Table 8). Total claims on the private sector dropped by 17 percent, with lending to commercial enterprises falling by 24 percent and claims on individuals falling by 11 percent. Claims on government and public enterprises, which are quite small, fell by half. The contraction in lending activity was

accompanied by an increase to 10 percent in the amount of noncurrent private sector loans for all three banks, with one third of those over 90 days delinquent.

The loan-to-deposit ratio declined from 76 percent at end-1994 to 69 percent at end-1995 and banks continued to transfer excess funds abroad. The Bank of the Marshall Islands further increased its lending, in contrast to the two foreign-owned banks, raising its loan-to-deposit ratio to 85 percent. The Bank of Guam continues to operate well below the statutory requirement to lend domestically at least 75 percent of deposits. The Bank of Hawaii obtained an exemption from this requirement when it was enacted in 1993.

Total deposits fell by 11 percent in 1995. The stock of demand and savings deposits declined by 21 percent and 24 percent, while time deposits increased by 30 percent. The average rate of interest on time deposits rose from 4 percent to 5½ percent in 1995, prompting a shift away from other types of deposits, the returns on which were unchanged. The average maximum lending rate for consumer loans rose to 17 percent, while average maximum commercial loan rate remained unchanged at 12 percent (Table 9). All of the banks reduced the maturities of their consumer loans because of concerns about the likelihood of cutbacks in public employment and wage rates in the future.

C. Development Bank

The Marshall Islands Development Bank was financed initially by \$10 million provided under Compact funds (Table 10). The Bank received an additional loan of \$5 million from the Government in 1992 which was converted into a grant in 1993. These amounts are fully lent and the small amount of new loans, mainly for housing, can only be made out of funds from the repayment of previous loans. The Bank is saddled with substantial nonperforming loans; in 1993, it wrote off \$7 million in loan losses to the private sector. An interest rate ceiling of 6.5 percent on loans to both public and private enterprises was introduced in 1993 and this policy was extended to all outstanding loans; prior to this, interest rates had ranged from 8 percent to 12 percent. The AsDB is providing technical assistance to strengthen the institutional structure and develop a corporate strategy for the Bank; it is envisaged that any new lending will be strictly on market-related loans.

V. External Sector

The external position remains structurally weak with the current account deficit excluding official transfers averaging 60 percent of GDP over the past three years (Table 11). There is a large trade deficit, the service account is in approximate balance, and there are large external grant receipts, mainly from the United States. It is difficult to gauge capital account trends because no official balance of payments data are compiled, the U.S. dollar is the domestic currency, and there are no restrictions on capital flows. Substantial net inflows occurred during 1990/91-1993/94 when the Government issued bonds against the collateral of future Compact funds to finance fiscal imbalances. This turned into a net outflow in 1994/95,

as the Government exhausted its ability to borrow and concentrated on repaying existing loans. Changes in the financial holdings of the Government, mainly liquid assets held in commercial banks abroad, indicate the overall balance of payments position.

A. Merchandise Trade

The export sector remains small, owing to the limited resource base, consisting almost entirely of coconut oil and fish (Table 12). Exports showed high growth in 1994, in the wake of the basing of a Chinese fishing fleet in Majuro. Buoyant sales of chilled fish and frozen fish by the two purse seiner joint ventures combined to more than double export values. There were also increased exports of diesel fuel to the Federated States of Micronesia and the Chinese fleet. In 1995, frozen fish exports ceased with the sale of the purse seiners, but there were higher exports of chilled fish and coconut oil.

Import dependence is over 70 percent of GDP, reflecting high private consumption and limited domestic production. Food and beverages comprise about 30 percent of total imports. Machinery and transportation equipment have been equivalent to less than 20 percent of the total owing to small industrial demand (Table 13). Imports grew by 15 percent in 1994 and by 7 percent in 1995, although growth of imports net of diesel fuel destined for re-export was much slower. The U.S. remains the dominant source of imports, supplying almost 80 percent of the total in recent years (abstracting from the aircraft purchase in 1994/95), followed by Japan at about 9 percent (Table 14).

B. Services and Transfers

Service receipts include interest earnings from the trust funds established under the Nuclear Claims Fund for the four atolls affected by nuclear tests in the 1950s, fees under fishing agreements with foreign countries to permit their vessels to operate in Marshall Islands waters, international receipts from telecommunications and airline services, fees collected by the international shipping registry, and earnings of citizens employed at the U.S. base on Kwajalein atoll. Service payments include freight and insurance, payments to foreign contractors, and interest payments on external government debt. Interest payments on bond issues were reduced in 1993/94 in the wake of the refinancing of \$80 million in government debt. Private remittances received from residents employed abroad are minor, other than at the base on Kwajalein atoll. The majority of official transfers are U.S. grants under the Compact of Free Association and through various U.S. federal agencies. Non-U.S. grants include Japanese assistance for education and fisheries, Australian support for marine surveillance, and projects of multilateral agencies, primarily the AsDB (Table 15).

C. Capital Account and External Debt

The capital account is dominated by government borrowing and amortization. Other public capital inflow in recent years has included concessional loans from China mainly to

finance a garment factory, and AsDB disbursements to support fisheries and education projects, and typhoon rehabilitation. Private capital inflows in 1993/94 and 1994/95 mainly originated with the National Telecommunications Authority, which continued to draw on a concessional loan to finance the telecommunications program. Capital outflows were driven by large-scale amortization payments of public sector debt.

Outstanding external debt stood at \$153 million (162 percent of GDP) at the end of 1993/94, before declining to \$141 million (134 percent of GDP) in 1994/95 (Table 16). All the debt is on commercial terms except for small amounts owed to U.S. agencies, China, and the AsDB. External debt service was about 42 percent of exports of goods and nonfactor services in both years, mainly principal and interest payments on the bond issues, all of which have to be repaid by 2000/2001.

D. Exchange and Trade System

The currency of the Marshall Islands is the U.S. dollar. Under the terms of the Compact, the Marshall Islands must consult with the United States if it decides to issue its own currency. There is no central monetary institution and the authorities do not buy or sell foreign exchange. Foreign exchange transactions are handled by the three commercial banks which are authorized foreign exchange dealers. The commercial banks buy and sell foreign exchange at the rates quoted in the international markets. Forward transactions may be conducted through these commercial banks without restriction. There are no taxes or subsidies on purchases or sales of foreign exchange and no exchange control regulations. The Marshall Islands accepted the obligations of Article VIII, Sections 2, 3, and 4, in May 1992.

Imports are not subject to import-licensing requirements, but importers must obtain a business license. Imports of certain products are prohibited for environmental, health, safety, or social reasons. There are no surrender requirements for export proceeds. Exports are not subject to licensing requirements, and there are no taxes or quantitative restrictions on exports. The purchasing, processing, and exporting of copra and copra by-products are solely conducted by the government-owned Tobolar Copra Processing Plant. There are no restrictions on payments for or receipts from invisibles.

Foreign investors are required to submit applications to the Cabinet and obtain a license in order to engage in business or acquire an interest in a business in the Marshall Islands. The Cabinet has the authority to formulate policies regarding incentives and priorities for foreign direct investment. All other inward and outward capital transfers are unrestricted with the exception that the Banking Act was amended in October 1993 to restrict commercial banks from transferring abroad more than 25 percent of deposits received from Marshallese, including domestic corporations and the authorities. However, this regulation is not strictly enforced and does not prevent a depositor from transferring deposits abroad.

Table 1. Marshall Islands: Gross Domestic Product, 1991-95

(In millions of U.S. dollars)

Sector	1991	1992	1993	1994	Est. 1995
Agriculture and fishing	10.0	10.7	11.5	15.1	15.7
Agriculture	2.5	3.8	4.2	4.6	5.3
Copra	0.8	2.4	2.5	2.7	3.4
Food crops	1.7	1.4	1.8	1.9	1.9
Livestock	1.4	1.5	1.6	1.6	1.8
Agricultural services	0.1	0.1	0.1	0.2	0.2
Fishing	6.0	5.3	5.5	8.8	8.4
Mining and quarrying	0.2	0.2	0.2	0.2	0.3
Manufacturing	0.9	0.8	0.6	1.0	2.7
Processed copra	-0.5	-0.6	-0.9	-0.5	0.1
Other manufactured goods	1.0	1.1	1.1	1.2	2.2
Handicrafts	0.4	0.3	0.4	0.4	0.4
Construction	8.9	10.0	8.5	9.3	10.7
Electricity and water	-0.6	-0.5	0.9	1.7	2.1
Electricity	-0.5	-0.4	1.2	1.6	1.9
Water	-0.1	-0.1	-0.4	0.1	0.2
Transportation and communications	-3.6	-2.8	2.7	1.9	6.5
Land transportation	1.1	1.4	1.6	1.7	1.7
Water transportation	0.2	0.4	0.6	0.7	0.8
Air transportation	-6.7	-6.8	-1.4	-2.8	0.6
Communications	1.8	2.2	1.9	2.3	3.5
Trade	17.9	19.8	16.2	17.2	17.9
Wholesale and retail trade	14.7	16.0	12.2	12.9	13.6
Restaurants and hotels	3.2	3.8	4.0	4.3	4.3
Financial services	11.3	12.7	14.3	16.0	17.2
Financial institutions	3.4	3.3	4.1	4.8	5.3
Insurance	0.4	0.4	0.5	0.6	0.7
Real estate	1.9	2.5	2.8	2.9	3.1
Owner-occupied dwellings	4.5	5.2	5.7	6.2	6.4
Business services	1.1	1.3	1.2	1.5	1.7
Community services	25.1	27.0	29.4	31.6	32.0
Public administration	10.8	11.8	12.5	13.3	13.4
Education	7.0	7.4	8.4	9.5	9.7
Health	3.9	4.2	4.3	4.4	4.5
Other social services	1.2	1.2	1.4	1.5	1.7
Recreation/cultural services	0.8	0.9	1.0	1.0	1.0
Personal services	0.7	0.8	0.8	0.9	0.9
Public utility services	0.7	0.7	1.0	1.0	0.8
Less imputed bank service charges	4.2	4.4	5.2	6.6	6.9
Plus import duties	6.4	6.1	8.1	7.2	7.1
GDP at current market prices	71.8	77.8	85.2	92.7	102.6
GDP in 1991 prices (Percentage change)	0.1	0.1	4.1	2.8	3.7

Source: Data provided by the Marshall Islands authorities.

**Table 2. Marshall Islands: Copra Production, Producer Prices,
and Export Unit Values, 1991-95**

	1991	1992	1993	1994	1995
Production (in short tons)	4,213	5,861	4,627	4,836	7,728
Average producer prices (In U.S. dollars per short ton)	155	449	470	423	428
Total income (In thousands of U.S. dollars)	653	2,632	2,175	2,046	3,348
Export unit value (In U.S. dollars per short ton) 1/	336	213	499	437	435

Sources: Data provided by the Office of Planning and Statistics; and staff estimates.

1/ Export unit values are estimated by dividing the value of exports of coconut oil and copra cake by total copra production.

Table 3. Marshall Islands: Majuro Consumer Price Index, 1991-95

Groups Weights	All Groups 100.0	Food 57.71	Household and Personal Supplies 14.76	Clothing 11.95	Durable Goods and Fuel 15.58
(1982 = 100)					
1991	122.7	122.6	130.6	125.6	112.9
1992	135.3	132.1	162.2	132.3	123.6
Q1	130.2	128.8	147.4	130.1	119.4
Q2	133.1	129.0	158.4	131.7	124.8
Q3	137.1	134.3	170.7	125.7	124.8
Q4	140.9	136.2	172.5	141.8	125.5
1993	142.1	135.6	162.1	153.5	138.8
Q1	140.3	136.3	155.8	155.6	128.3
Q2	142.1	136.1	157.7	155.3	139.4
Q3	141.7	133.7	165.7	150.0	142.5
Q4	144.3	135.8	169.2	153.1	143.9
1994	150.1	137.5	191.2	158.1	151.8
Q1	145.5	137.0	165.1	155.0	151.2
Q2	149.8	137.8	191.1	159.4	147.9
Q3	153.0	138.2	207.9	161.5	149.0
Q4	152.1	136.9	200.7	156.7	159.1
1995	161.1	142.6	219.5	184.1	156.5
Q1	154.3	136.3	212.8	162.6	159.4
Q2	158.6	138.2	218.0	189.4	154.1
Q3	163.7	147.0	217.0	191.1	153.9
Q4	167.6	148.8	230.1	193.1	158.5
(Annual average change in percent)					
1991	4.0	3.4	1.0	8.7	2.4
1992	10.3	7.7	24.2	5.3	9.5
1993	5.0	2.6	-0.1	16.0	12.3
1994	5.6	2.6	17.9	3.0	6.7
1995	7.3	3.7	14.8	16.4	3.1

Source: Data provided by the Marshall Islands authorities.

Table 4. Marshall Islands: Central Government Finances, 1990/91-1995/96 1/

(In millions of U.S. dollars)

	1990/91	1991/92	1992/93	1993/94	1994/95	Budget 1995/96
Revenue and grants	67.8	67.2	72.9	70.9	76.7	80.1
Tax revenue	14.7	16.7	19.6	18.7	19.9	19.2
Income tax	7.4	8.3	8.1	8.0	9.3	7.5
Import duties	5.9	5.6	7.4	6.6	6.2	6.8
Gross receipts tax	0.0	2.2	3.1	3.2	3.1	...
Fuel tax	0.5	0.5	0.6	0.6	0.9	...
Other (including penalties and interest)	0.8	0.1	0.3	0.4	0.4	...
Nontax revenue	9.4	7.7	8.6	9.2	10.7	13.0
Fishing rights	1.9	1.5	2.4	3.1	1.6	2.4
Interest income	2.6	3.0	2.7	1.4	2.5	0.4
Fees and charges	1.9	0.1	1.4	1.7	1.5	2.2
Other	3.0	3.2	2.0	3.0	5.2	4.2
Grants 2/	43.7	42.8	44.7	43.0	46.1	47.8
Compact	37.0	32.5	33.1	33.7	34.5	35.0
Other 2/	6.7	10.3	11.6	9.2	11.6	12.8
Expenditure	74.0	87.7	84.9	83.4	89.4	77.4
Current expenditure	57.3	63.7	66.8	59.4	60.2	57.9
Wages and salaries	17.6	18.8	19.4	21.0	22.1	21.6
Goods and services	22.3	22.4	26.3	21.1	24.4	25.2
Interest	5.9	9.6	10.2	6.6	6.1	7.9
Subsidies and other current transfers	11.5	12.9	10.8	10.7	7.6	3.3
Capital expenditure	12.8	19.0	18.1	23.9	29.2	19.5
Net lending	3.9	5.0	0.0	0.0	0.0	0.0
Overall balance	-6.2	-20.5	-12.0	-12.5	-12.8	2.6
Deferred payments (net)	-4.3	-3.4	0.0	0.0	0.0	0.0
Cash balance	-10.5	-23.9	-12.0	-12.5	-12.8	2.6
Financing	10.5	23.9	12.0	12.5	12.8	-2.6
Net borrowing	39.0	6.4	11.6	21.5	-12.3	-13.1
Gross borrowing	46.5	23.0	100.9	36.0	3.1	3.3
Repayments	-7.5	-16.6	-89.3	-14.5	-15.4	-16.4
Use of government financial assets	-28.5	17.5	0.4	-9.0	25.0	10.5
(In percent of GDP)						
Revenue and grants	94.5	86.3	85.5	76.5	74.7	73.8
Revenue	33.6	31.3	33.1	30.1	29.8	29.7
Grants	60.9	55.0	52.5	46.3	44.9	44.1
Expenditure and net lending	103.1	112.7	99.6	89.9	87.2	71.4
Current expenditure	79.8	81.8	78.4	64.1	58.7	53.4
Capital expenditure and net lending	23.3	30.8	21.2	25.8	28.5	18.0
Overall balance	-8.6	-26.3	-14.1	-13.5	-12.4	2.4
Memorandum item:						
Financial holdings (in millions of U.S. dollars)	46.8	29.3	28.9	37.9	12.9	2.4

Sources: Data provided by the Marshall Islands authorities; and staff estimates.

1/ Includes Kwajalein Atoll Development Authority and foreign-assisted development expenditure. Excludes Kwajalein Atoll Trust Fund and Kwajalein resident and landowner compensation payments shown in Table 5.

2/ Includes non-Compact U.S. and other foreign donors.

Table 5. Marshall Islands: U.S. Grant Assistance, 1990/91-1995/96

(In millions of U.S. dollars)

	1990/91	1991/92	1992/93	1993/94	1994/95	Budget 1995/96
Under Compact of Free Association	44.7	40.3	41.0	41.7	42.6	43.3
Basic - Section 211	35.8	31.4	32.1	32.8	33.7	34.4
Central government operations	26.2	21.6	22.0	22.7	23.3	23.6
Grant	19.0	15.0	15.0	15.0	15.0	15.0
Inflation adjustment	7.2	6.6	7.0	7.7	8.3	8.6
Kwajalein Atoll Development Authority	3.8	3.9	4.0	4.0	4.2	4.4
Grant	2.8	2.8	2.8	2.8	2.8	2.8
Inflation adjustment	1.0	1.1	1.2	1.2	1.4	1.6
Kwajalein Atoll Trust Fund 1/	5.7	5.8	6.1	6.1	6.2	6.4
Grant	4.3	4.3	4.3	4.3	4.3	4.3
Inflation adjustment	1.4	1.6	1.8	1.9	2.0	2.1
Kwajalein resident and landowner compensation payments - Section 213 1/	1.9	1.9	1.9	1.9	1.9	1.9
Energy - Section 214	2.0	2.0	2.0	2.0	2.0	2.0
Communications - Section 215	0.3	0.3	0.3	0.3	0.3	0.3
Tied grants - Section 216	1.7	1.7	1.7	1.7	1.7	1.7
Block grants - Section 221	3.0	3.0	3.0	3.0	3.0	3.0
Other grants	6.2	9.2	10.4	7.5	9.4	9.5
Total	50.9	49.5	51.4	49.3	52.0	52.8

Source: Data provided by the Marshall Islands authorities.

1/ Not included in central government finances (Table 4).

Table 6. Marshall Islands: Central Government Current Expenditure, 1990/91-1995/96

(In millions of U.S. dollars)

	1990/91	1991/92	1992/93	1993/94	1994/95	Budget 1995/96
Government	6.4	10.6	12.7	4.4	6.8	5.7
President and Cabinet	1.2	1.3	1.4	1.9	1.8	2.0
Advisory Council of High Chiefs (Iroij)	0.3	0.3	1.2	0.4	0.4	0.1
Legislature (Nitijela)	1.2	1.1	1.2	1.3	1.9	1.1
Commissions, agencies, and offices 1/	3.8	7.9	9.7	0.9	2.8	2.5
Ministries	35.0	32.3	31.4	35.0	35.6	34.2
Health and Environment	8.3	7.4	5.9	5.0	6.4	6.8
Education	8.5	6.9	8.1	9.8	10.0	7.7
Transportation and Communications	2.5	2.6	2.3	1.9	2.3	1.6
Interior and Outer Island Affairs	1.3	1.6	1.6	1.5	1.4	1.6
Public Works	2.7	2.0	2.0	2.1	1.2	2.3
Social Services	2.9	3.5	3.0	3.0	2.8	1.5
Resources and Development	1.0	10.0	1.1	1.0	1.1	0.9
Foreign Affairs	1.8	2.8	3.4	3.4	3.2	3.8
Finance	3.6	1.6	1.5	1.6	1.3	1.1
Justice	2.1	2.2	1.7	1.4	1.4	1.7
Other	0.4	0.7	0.8	4.4	4.5	5.4
Interest payments	5.9	9.6	10.2	6.6	6.1	7.9
Subsidies and transfers to public enterprises	7.4	8.4	6.8	8.9	6.0	2.4
Miscellaneous	2.6	2.8	5.7	4.7	5.6	7.8
Total	57.3	63.7	66.8	59.4	60.1	57.9

Sources: Data provided by the Marshall Islands authorities; and staff estimates.

1/ Includes typhoon relief and Kwajalein causeway protection spending.

Table 7. Marshall Islands: Subsidies and Transfers to Public Enterprises, 1990/91-1994/95

(In millions of U.S. dollars)

	1990/91	1991/92	1992/93	1993/94	1994/95
Total	7.4	8.4	6.8	8.9	6.0
Tobolar Copra Processing	0.8	2.7	1.9	2.2	2.7
Marshall's Energy Company	0.4	0.4	0.4	1.3	--
Air Marshall Islands	5.3	4.4	3.7	5.3	2.3
National Telecommunications Authority	0.3	0.3	0.3	0.0	0.0
Majuro Water and Sewer Company	0.4	0.4	0.3	0.2	0.5
Kwajalein Enterprises 1/	0.2	0.2	0.2	1.1	1.1

Source: Data provided by the Marshall Islands authorities.

1/ Subsidiaries of Kwajalein Atoll Development Authority.

Table 8. Marshall Islands: Assets and Liabilities of Deposit Money Banks, 1992-95 1/

(In millions of U.S. dollars)

	1992	1993		1994		1995			
	Dec.	June	Dec.	June	Dec.	Mar.	June	Sept.	Dec.
Assets	57.7	52.6	57.4	56.5	58.6	56.4	54.7	54.2	51.5
Foreign assets	20.9	12.3	15.8	16.6	18.8	18.0	17.6	19.1	17.8
Claims on central and local governments	1.0	1.5	1.3	1.7	1.4	1.3	1.2	1.1	1.1
Claims on public enterprises	1.5	1.3	1.0	1.2	1.0	0.3	0.2	0.0	0.0
Claims on private sector	33.0	35.7	36.1	34.8	36.4	34.7	34.1	32.3	30.4
Unclassified assets	1.3	1.8	3.2	2.2	1.0	2.1	1.6	1.7	2.2
Liabilities	57.7	52.6	57.4	56.5	58.6	56.4	54.7	54.2	51.5
Demand deposits	19.0	14.7	15.9	14.4	16.6	14.1	14.5	13.9	13.2
Checking accounts	18.7	14.6	13.5	12.4	14.2	12.1	12.5	10.7	10.3
Local governments	1.3	1.5	2.3	1.1	1.4	1.2	0.8	1.1	0.6
Public enterprises	1.1	1.4	0.2	0.4	0.5	0.5	0.4	0.4	1.0
Private sector	16.3	11.6	11.0	10.9	12.3	10.4	11.3	9.2	8.7
Checkable savings accounts	0.3	0.1	2.5	2.0	2.4	2.0	2.0	3.2	2.9
Time, savings, and foreign currency deposits	20.4	20.5	21.8	18.4	20.9	21.2	20.5	22.1	20.8
Time deposits	8.2	10.0	9.4	8.6	8.6	9.8	10.8	12.1	11.4
Local governments	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public enterprises	1.5	0.8	2.4	0.6	2.9	3.4	3.6	2.7	2.2
Private sector	6.5	9.1	7.0	8.0	5.7	6.4	7.2	9.4	9.2
Savings accounts	12.3	10.5	12.4	9.8	12.3	11.4	9.7	10.0	9.4
Local governments	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public enterprises	0.5	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Private sector	11.6	10.3	12.2	9.6	12.1	11.2	9.5	9.8	9.2
Foreign currency deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Import and restricted deposits	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign liabilities	0.5	3.1	3.4	5.0	2.6	2.9	2.3	1.1	0.0
Central government deposits 2/	13.0	9.0	10.1	12.3	13.8	13.1	12.5	12.0	11.6
Capital accounts	2.8	3.2	4.0	3.3	3.9	3.7	4.2	4.5	4.5
Unclassified liabilities	1.9	1.9	2.2	3.1	0.8	1.4	0.7	0.6	1.4

Source: Data provided by the Marshall Islands authorities.

1/ The deposit money banks comprise the Bank of Hawaii, the Bank of Guam, and the Bank of the Marshall Islands.

2/ Includes deposits of social security administration and other trust funds.

Table 9. Marshall Islands: Interest Rates of Deposit Money Banks, 1992-95

(In percent per annum)

	1992 Dec.	<u>1993</u>		<u>1994</u>		<u>1995</u>	
		June	Dec.	June	Dec.	June	Dec.
Deposit rates							
Savings accounts 1/	3.6	3.2	3.1	2.9	3.1	3.1	3.1
Time deposits 2/							
3 months	3.8	3.2	3.1	3.1	3.4	4.9	4.8
6 months	3.8	3.4	3.2	3.6	3.8	5.4	5.4
1 year and more	4.2	3.7	3.6	4.0	4.2	5.8	5.9
Loan rates 3/							
Consumer loans	15.7	16.2	16.5	16.5	16.5	16.5	17.2
Commercial loans	11.4	11.4	11.0	12.4	12.4	12.4	12.4

Source: Data provided by the Marshall Islands authorities.

1/ Average of rates offered by deposit money banks.

2/ Average of minimum rates offered by deposit money banks.

3/ Average of maximum rates charged by deposit money banks.

**Table 10. Marshall Islands: Assets and Liabilities of the
Marshall Islands Development Bank, 1991-95**

(In millions of dollars; end of period)

	1991	1992	1993	1994	1995
Assets	11.5	19.5	11.3	12.4	8.3
Deposits with domestic banks	1.5	1.9	0.9	0.8	1.2
Claims on nonresident banks	0.9	2.4	1.7	1.6	0.3
Claims on local governments	0.1	0.0	0.0	0.0	0.2
Claims on nonfinancial public enterprises	0.9	1.9	2.8	2.8	0.0
Claims on private sector	6.6	11.8	5.2	5.5	5.9
Fixed assets	0.0	0.1	0.1	0.1	0.1
Other	1.4	1.5	0.6	1.6	0.6
Liabilities	11.5	19.5	11.3	12.4	8.3
Deposits	0.1	0.1	0.0	0.0	0.0
Notes payable 1/	0.0	5.0	0.0	0.0	0.3
Other	0.0	0.5	0.1	0.4	0.1
Bank capital 2/	11.4	13.9	11.2	12.0	7.9

Source: Data provided by the Marshall Islands Development Bank.

1/ On-lent by the central government out of the proceeds of its third bond issue. The loan was converted to equity capital in June 1993.

2/ A grant of \$10 million was provided by the U.S. Government.

Table 11. Marshall Islands: Balance of Payments, 1990/91-1994/95 1/

(In millions of U.S. dollars)

	1990/91	1991/92	1992/93	1993/94	1994/95
Trade balance 1/	-47.5	-50.9	-53.4	-53.3	-56.9
Exports, f.o.b.	8.8	9.6	7.9	14.8	17.0
Imports, c.i.f. 2/	56.3	60.5	61.3	68.1	73.9
Net services	4.9	1.6	1.3	3.9	-1.8
Receipts	36.8	37.0	38.4	38.7	37.1
Transportation	3.5	4.5	4.3	4.9	6.7
Travel	4.3	4.4	4.0	4.0	4.6
Interest and dividend earnings	15.1	15.4	15.1	13.7	13.3
Fishing rights income	1.9	1.5	2.4	3.1	1.6
Labor earnings 3/	10.3	9.4	10.6	10.5	8.1
Other	1.7	1.8	2.0	2.5	2.8
Payments	31.9	35.4	37.1	34.8	38.9
Transportation	17.8	17.2	17.5	17.5	20.9
Travel	2.9	3.2	3.0	3.2	3.7
Interest payments	6.1	9.7	11.3	8.5	8.5
Other	5.1	5.3	5.3	5.6	5.8
Unrequited transfers	50.1	49.1	51.1	49.4	52.5
Private	-1.3	-1.4	-1.6	-1.6	-1.7
Inflows	0.5	0.5	0.5	0.5	0.5
Outflows	1.8	1.9	2.1	2.1	2.2
Official	51.4	50.6	52.6	51.0	54.2
U.S. grants	50.9	49.5	51.4	49.3	52.0
Other	0.5	1.1	1.2	1.7	2.2
Current account including official transfers	7.5	-0.2	-1.0	0.0	-6.2
(As percentage of GDP)	10.4	-0.3	-1.2	0.0	-6.1
Current account excluding official transfers	-43.9	-50.7	-53.7	-51.0	-60.4
(As percentage of GDP)	-60.8	-65.1	-63.0	-55.0	-58.9
Capital account	39.6	11.4	13.7	29.7	-12.8
Public sector	39.0	6.4	11.6	21.5	-12.3
Gross borrowing 4/	46.5	23.0	100.9	36.0	3.1
Amortization	7.5	16.6	89.3	14.5	15.4
Other 5/	0.6	5.0	2.1	8.2	-0.5
Errors and omissions	-38.2	-28.7	-13.1	-20.6	-6.0
Overall balance	8.9	-17.5	-0.4	9.0	-25.0

Sources: Data provided by the Marshall Islands authorities; and staff estimates.

1/ Trade data are compiled on a calendar-year basis and converted to a fiscal-year basis by the staff.

2/ Includes petroleum products for re-export.

3/ Earnings of Marshallese employed at the U.S. base on Kwajalein Atoll.

4/ Data for 1992/93 include the refinancing of \$80 million of outstanding bonds.

5/ Includes transactions of the Social Security Administration.

Table 12. Marshall Islands: Exports by Product Category, 1991-95 1/

(In millions of U.S. dollars)

Product	1991	1992	1993	1994	1995
Copra cake	0.0	0.1	0.2	0.2	0.2
Coconut oil, crude	1.4	1.1	2.1	2.0	3.1
Trochus shells	0.2	0.2	0.2	0.2	—
Chilled fish	1.7	1.6	1.3	5.4	6.6
Pet fish	0.7	0.5	0.6	0.4	0.4
Frozen fish	6.8	5.7	3.6	4.7	—
Re-export of diesel fuel	0.0	0.0	0.0	4.0	6.7
Total	10.8	9.2	7.5	17.2	17.0

Sources: Data provided by the Marshall Islands authorities; and staff estimates.

1/ On a calendar year basis.

Table 13. Marshall Islands: Imports by Product Category, 1991-95 1/

(In millions of U.S. dollars)

Product	1991	1992	1993	1994	1995
Food and live animals	13.7	15.1	17.7	19.9	18.1
Beverages and tobacco	5.7	3.3	4.1	4.1	3.1
Crude materials	3.7	4.0	5.2	5.0	5.1
Mineral fuels and lubricants	6.3	8.5	8.5	15.3	18.0
Animal and vegetable oils	0.1	0.1	0.2	0.3	0.3
Chemicals and related products	1.5	1.9	2.7	2.4	1.9
Manufactured goods	5.5	7.5	5.3	6.0	4.9
Machinery and transportation equipment	9.2	11.2	10.5	8.7	18.5
Miscellaneous manufactured articles	10.7	1.0	1.4	1.9	1.7
Unidentified items	0.0	9.2	5.5	7.0	3.8
Total	56.4	61.8	61.1	70.4	75.1

Sources: Data provided by the Marshall Islands authorities; and staff estimates.

1/ On a calendar-year basis. Data for 1994-95 include imports of mineral fuels and lubricants for the Chinese fishing boats and for re-export to the Federated States of Micronesia.

Table 14. Marshall Islands: Imports by Supplier, 1991-95 1/

(In millions of U.S. dollars)

	1991	1992	1993	1994	1995
Australia	0.9	2.1	1.1	1.3	1.4
Fiji	0.8	0.1	0.2	0.5	0.6
Hong Kong	0.5	0.8	0.7	1.5	1.3
Japan	5.4	7.7	5.9	4.2	5.6
New Zealand	0.2	1.3	0.7	0.5	1.1
Philippines	0.2	0.2	0.1	0.3	0.4
Taiwan Province of China	0.1	0.2	0.3	0.8	0.6
United States	47.2	49.2	49.1	59.9	49.2
Mainland and Hawaii	38.0	37.7	42.4	42.4	38.3
Guam	9.2	11.5	6.7	17.0	10.9
Other	1.0	0.2	3.0	1.5	14.5
Total	56.4	61.8	61.1	70.4	75.1

Source: Data provided by the Marshall Islands authorities.

1/ On a calendar-year basis. It should be noted that the term "country," as used in this report, does not in all cases refer to a territorial entity that is a state as understood by international law and practice; the term also covers some territorial entities that are not states but for which statistical data are maintained and provided internationally on a separate and independent basis.

Table 15. Marshall Islands: External Assistance by Donor, 1990/91-1994/95

(In millions of U.S. dollars)

	1990/91	1991/92	1992/93	1993/94	1994/95
U.S. grants	50.9	49.5	51.4	49.3	52.0
Under Compact of Free Association	44.7	40.3	41.0	41.7	42.6
Other U.S.	6.2	9.2	10.4	7.5	9.4
Other grants	0.5	1.1	1.2	1.7	2.2
Japan	0.5	1.0	1.0	1.5	2.0
Australia	0.0	0.1	0.1	0.1	0.1
Other	0.0	0.0	0.1	0.1	0.1
Concessional loans	0.0	0.7	0.9	3.2	3.1
Asian Development Bank	0.0	0.3	0.9	1.2	3.1
Government of China and others	0.0	0.4	0.0	2.0	0.0
Total	51.4	51.3	53.5	54.2	57.3

Sources: Data provided by the Marshall Islands authorities; and staff estimates.

Table 16. Marshall Islands: External Debt and Debt-Service Obligations, 1990/91-1994/95

(In millions of U.S. dollars)

	1990/91	1991/92	1992/93	1993/94	1994/95
Total debt outstanding	95.2	107.6	122.3	153.0	141.2
(In percent of GDP)	131.9	135.0	140.4	161.7	134.2
Debt service	13.5	26.4	20.3	22.2	22.8
(In percent of exports of goods and services)	29.6	56.7	43.8	41.5	42.1
Medium-term bond issues					
Disbursements	46.5	22.3	100.0	30.0	0.0
Outstanding principal	93.7	99.4	110.1	125.7	110.7
Amortization	7.5	16.6	89.3	14.4	15.0
Interest	5.9	9.6	10.2	6.6	6.1
Asian Development Bank					
Disbursements	0.0	0.3	0.9	1.2	3.1
Outstanding principal	0.0	0.3	1.2	2.4	5.5
Amortization	0.0	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0
Other central government 1/					
Disbursements	0.0	0.4	0.0	4.8	0.0
Outstanding principal	0.0	0.4	0.4	5.1	4.7
Amortization	0.0	0.0	0.0	0.1	0.4
Interest	0.0	0.0	0.0	0.0	0.1
National Telecommunications Authority					
Disbursements	1.6	6.0	3.4	9.4	0.7
Outstanding principal	1.5	7.6	10.6	19.8	20.2
Amortization	0.0	0.0	0.3	0.2	0.2
Interest	0.1	0.2	0.5	0.9	1.0

Sources: Data provided by the Marshall Islands authorities; and staff estimates.

1/ Includes financial assistance from the Federal Emergency Management Agency (1991/92) and the Government of the People's Republic of China (1993/94).

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