



COMMISSION OF THE EUROPEAN COMMUNITIES

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**COMMISSION STAFF WORKING PAPER**

**Annex to the**

**REPORT FROM THE COMMISSION TO THE BUDGETARY AUTHORITY**

**On guarantees covered by the general budget  
situation at 30 June 2004**

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## **1. EXPLANATORY NOTES ON THE SITUATION OF RISKS COVERED BY THE UNION BUDGET**

### **1.1. Methodological remarks**

There are two methods for evaluating the risks borne by the Union budget:

- The method, often used by bankers, of calculating the total amount of capital outstanding for the operations concerned on a given date (situation described Table A1);
- The more budgetary approach of calculating the maximum amount which the Community could have to pay out in each financial year.

The second approach itself has been applied in two different ways:

- By reference only to actual disbursements at the date of the report, assuming that there are no early repayments (see Table A2 showing the lower limit of this maximum risk to the Union budget);
- On a more forward-looking basis, by reference to all the operations decided by the Council or proposed by the Commission in order to estimate the impact on future budgets, assuming that pending and planned Commission proposals are accepted (see Table A3 showing the upper limit of this maximum risk borne by the Union budget).

The latter exercise gives some idea of the future level of risks connected with the proposals made. However, a number of assumptions have to be made about dates of disbursement and terms of repayment (details are given below) as well as interest<sup>1</sup> and exchange rates<sup>2</sup>.

The results are shown in Tables A1 to A3, which make separate assessments of the risks relating to countries inside the Community and countries outside the Community.

The overall figures quoted cover risks of different types; loans to one country in the case of macro-financial assistance and loans for projects in the case of NCI and EIB operations, for example.

### **1.2. Tables A1 to A3**

The purpose of Tables A1 to A3 is to show the outstanding amount of guarantees and annual repayments of capital and interest in respect of borrowing and lending operations for which the risk is covered by the Union budget. The figures show the maximum possible risk for the Community in respect of these operations and must not be read as meaning that these amounts will actually be drawn from the budget. In the case of Table A3, in particular, it is not certain that all the operations described will actually be disbursed.

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<sup>1</sup> An interest rate of 5,49% (communicated by the EIB) has been applied for its new operations in Table A3.

<sup>2</sup> The exchange rates used for loans in currencies other than the euro are those of 30 June 2004.

### 1.2.1. *Authorised ceiling (Table A1)*<sup>3</sup>

This is the aggregate of the maximum amounts of capital authorised (ceilings) for each operation decided by the Council.

In order to relate it to the risk which the budget might have to cover, account should be taken of the following factors which could affect it:

Factor increasing the risk:

- the interest on the loans must be added to the authorised ceiling.

Factors reducing the risk:

- limitation of the guarantee given to the EIB:

75% of the total amounts of loans signed in the Mediterranean countries based on the Mediterranean protocols of 1977 and the Council Regulations 1762/92/EEC and 1763/92/EEC.

70% of the total amounts of loans signed as part of lending operations with certain non-Member States authorised by the Council Decisions 96/723/EC, 97/256/EC, 98/348/EC and 98/729/EC and a sharing of risk between the Community and the EIB as the budget guarantee covers only political risks in some cases;

65% of the total amounts of loans signed as part of lending operations with certain non-Member States authorised by the Council Decision 99/786/EC and 2000/24/EC as amended, and a sharing of risk between the Community and the EIB as the budget guarantee covers only political risks in some cases;

- operations already repaid, since the amounts concerned, except in the case of balance of payments support (Member States), are the maximum amount of loans granted and not outstanding amounts authorised;
- the amounts authorised are not necessarily taken up in full.

### 1.2.2. *Capital outstanding (Table A1)*

This is the amount of capital still to be repaid on a given date in respect of operations disbursed.

Compared with the previous aggregate, the amount outstanding does not include loans which have not yet been disbursed nor the proportion of disbursed loans which have already been repaid. It may be described as the amount of loans which exist on a given date.

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<sup>3</sup> Since 1 May 2004, accession countries have been reclassified from non-member States in Member States but the authorised ceiling remains linked to the Mandate and the geographical area (see also Section 2 “Events since the report at 31 December 2003” in main report).

*1.2.3. Annual risk (Tables A2 and A3)*

Estimated amount of principal and interest due each financial year.

This amount is calculated for:

- a) disbursements only (Table A2) in which case the capital to be repaid corresponds to the amount outstanding;
- b) disbursements, decisions still awaiting disbursement and Commission proposals still awaiting decisions (Table A3); in which case the capital to be repaid corresponds to the ceiling on loans authorised by a decision plus, where applicable, the amounts in respect of operations proposed by the Commission and not yet decided.
- c) regarding the Member States section in Table A3, no future disbursements have been recorded as no new Council Decision or Commission proposal were adopted in the framework of EIB loans, macro-financial assistance and Euratom loans for Member States.

**TABLE A1**  
**CAPITAL OUTSTANDING IN RESPECT OF OPERATIONS DISBURSED at 30.06.2004 (in EUR million)**

Operations	Authorised ceiling	Capital outstanding at 31.12.2003	Capital outstanding at 30.06.2004	Remainder to be disbursed 30.06.04
<b>MEMBER STATES</b>				
EIB	1.500	8	5	
EIB (new Member States)			5.409	510
NCI	6.830	16	17	
<b>MEMBER STATES - TOTAL</b>	<b>8.330</b>	<b>24</b>	<b>5.431</b>	<b>510</b>
<b>THIRD COUNTRIES</b>				
<b>A. Macro-Financial Assistance</b>				
Albania	9			9
Armenia	28	9	2	
Belarus	55	12	12	25
Bosnia-Herzegovina	40	20	30	10
Bulgaria	750	350	350	
FYROM	90	90	90	
Georgia	142	92	92	32
Moldova	60	22	22	
Romania	780	220	220	50
Serbia and Montenegro	305	265	265	40
Tajikistan	75	44	44	15
Ukraine	395	232	232	110
<b>Sub total MFA</b>	<b>2.729</b>	<b>1.356</b>	<b>1.359</b>	<b>291</b>
<b>B. EURATOM</b>				
Euratom		105	140	
<b>Sub total Euratom<sup>1</sup></b>		<b>105</b>	<b>140</b>	
<b>C. Other</b>				
EIB Mediterranean	16.397	5.894	6.274	4.526
EIB Central & Eastern Europe	17.500	5.562	69	2.934
EIB Asia, Latin America	4.405	1.478	1.568	589
EIB South Africa	1.500	642	678	217
EIB The Baltic Sea basin of Russia	100	0	0	25
<b>Sub total EIB<sup>2</sup></b>	<b>41.402</b>	<b>13.584</b>	<b>14.003</b>	<b>8.801</b>
<b>THIRD COUNTRIES - TOTAL</b>	<b>44.131</b>	<b>15.037</b>	<b>10.088</b>	<b>8.582</b>
<b>GRAND TOTAL</b>	<b>52.461</b>	<b>15.062</b>	<b>15.519</b>	<b>9.092</b>

(1) The overall ceiling is EUR 4 000 million for loans to Member States and non-member States. By Decision 94/179/Euratom of 21 March 1994, the Council decided to extend Euratom loans to the financing of projects of certain non-member States. Individual projects are decided by the Commission.

(2) The subtotal EIB includes the EIB loans to new Member States.

**ANNEX TO TABLE A1**  
**SITUATION IN RESPECT OF EIB OPERATIONS at 30.06.2004 ( in EUR million )**

Operations	Credit line authorised	Loans made available minus cancellations	Amounts disbursed	Amounts outstanding at 30.06.2004
<b>General Mandate 2000/2007:</b>				
Central and Eastern Europe (of which accession countries)	9.280	4.081 (563)	1.207 (348)	1.194 (346)
Mediterranean	6.425	4.955	1.520	1.516
Asia, Latin America	2.480	1.437	748	666
South Africa	825	512	279	279
TURKEY - Special Action Programme	450	330	138	138
TURKEY-TERRA-11/1999-11/2002	600	600	420	420
<b>sub-total 65 %<sup>3</sup></b>	<b>20.060</b>	<b>11.915</b>	<b>4.312</b>	<b>4.213</b>
Central and Eastern Europe (29.01.97)	3.520	3.240	2.873	2.315
Mediterranean (29.01.97) (of which accession countries <sup>4</sup> )	2.310	1.989 (1.988)	1.582 (1.913)	1.412 (1.437)
Asia, Latin America ALA II (29.01.97)	900	735	575	477
Asia, Latin America (ALA INTERIM.)	122	122	109	70
South Africa (29.01.97)	375	375	314	259
BOSNIA-HERZEGOVINA (99/2001)	100	100	14	14
FYROM ( 98-2000 )	150	150	83	79
<b>sub-total 70 %<sup>3</sup></b>	<b>7.477</b>	<b>6.711</b>	<b>5.550</b>	<b>4.626</b>
EU-countries	1.350	1.323	1.397	5
Mediterranean and Balkan countries (of which accession countries)	6.362	5.874 (568)	5.773 (603)	2.695 (251)
<b>sub-total 75 %<sup>3</sup></b>	<b>7.712</b>	<b>7.197</b>	<b>7.170</b>	<b>2.700</b>
EU-countries	150	142	170	
Central and Eastern Europe (of which accession countries)	4.700	4.081 (3.367)	3.973 (3.245)	1.969 (1.578)
Baltic sea basin of Russia	100	25		
South Africa	300	285	230	140
Asia, Latin America	903	725	736	355
<b>sub-total 100 %<sup>3</sup></b>	<b>6.153</b>	<b>5.258</b>	<b>5.109</b>	<b>2.464</b>
<b>Total</b>	<b>41.402</b>	<b>31.081</b>	<b>22.141</b>	<b>14.003</b>

(3) percentage figures relate to the Guarantee rate

(4) included in the loans for Central and Eastern Europe and Mediterranean

TABLE A2

## MAXIMUM ANNUAL RISK BORNE BY THE COMMUNITY BUDGET

(Estimate as per 30.06.2004 in million Euro based on the amounts due of all operations disbursed at 30.06.2004)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	TOTAL
<b>MEMBER STATES</b>										
<b>CAPITAL</b>										
NCI	17									17
EIB Mediterranean										
Portugal	2	3								5
EIB Central & Eastern Europe										
New Member States	216	409	513	337	315	335	271	260	221	2.877
<b>Capital - subtotal</b>	<b>235</b>	<b>413</b>	<b>513</b>	<b>337</b>	<b>315</b>	<b>335</b>	<b>271</b>	<b>260</b>	<b>221</b>	<b>2.899</b>
<b>INTEREST</b>										
NCI	1									1
EIB Mediterranean										
Portugal	0	0								0
EIB Central & Eastern Europe										
New Member States	90	148	131	103	88	75	63	53	42	794
<b>Interest - subtotal</b>	<b>91</b>	<b>149</b>	<b>131</b>	<b>103</b>	<b>88</b>	<b>75</b>	<b>63</b>	<b>53</b>	<b>42</b>	<b>795</b>
<b>MEMBER STATES - TOTAL</b>	<b>325</b>	<b>561</b>	<b>644</b>	<b>440</b>	<b>404</b>	<b>410</b>	<b>334</b>	<b>313</b>	<b>263</b>	<b>3.694</b>
<b>NON-MEMBER STATES</b>										
<b>CAPITAL</b>										
<b>A. Macro-Financial Assistance</b>										
Armenia						2				2
Belarus	6	6								12
Bosnia and Herzegovina							2	2	4	8
Bulgaria		63	73	88	88	25	15			350
FYROM					5	8	8	8	10	39
Georgia						22	22	22	22	88
Moldova	12	7	3							22
Romania	70			25	25	25	38	13	13	208
Serbia and Montenegro										45
Tajikistan										12
Ukraine	57	57	55	35	15	15				232
<b>Sub total MFA</b>	<b>145</b>	<b>133</b>	<b>130</b>	<b>147</b>	<b>132</b>	<b>97</b>	<b>85</b>	<b>45</b>	<b>106</b>	<b>1.018</b>
<b>B. Euratom</b>										
Euratom *				1	3	6	10	10	14	43
<b>Sub total Euratom</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>6</b>	<b>10</b>	<b>10</b>	<b>14</b>	<b>43</b>
<b>C. EIB Guarantees</b>										
EIB Mediterranean	181	373	435	486	531	540	516	476	408	3.947
EIB Balkans										0
EIB Central & Eastern Europe	83	150	207	218	204	185	154	142	128	1.471
EIB Asia, Latin America	90	178	190	225	192	156	117	98	93	1.340
EIB South Africa	12	25	32	69	59	114	70	49	58	488
EIB The Baltic Sea basin of Russia										0
<b>Sub total EIB</b>	<b>366</b>	<b>726</b>	<b>864</b>	<b>998</b>	<b>987</b>	<b>996</b>	<b>857</b>	<b>764</b>	<b>687</b>	<b>7.246</b>
<b>Capital - subtotal</b>	<b>511</b>	<b>859</b>	<b>994</b>	<b>1.146</b>	<b>1.122</b>	<b>1.098</b>	<b>951</b>	<b>819</b>	<b>807</b>	<b>8.306</b>
<b>INTEREST</b>										
<b>A. Macro-Financial Assistance</b>										
Armenia	0	0	0	0	0	0				0
Belarus	0	0								0
Bosnia and Herzegovina	0	1	1	1	1	1	1	1	1	5
Bulgaria	4	7	6	4	2	1	0			23
FYROM	1	2	2	2	2	2	2	1	1	14
Georgia	1	2	2	2	2	2	1	1	1	13
Moldova	0	0	0							0
Romania	2	3	3	3	2	2	1	1	1	19
Serbia and Montenegro	4	6	6	6	6	6	6	6	6	54
Tajikistan	0	1	1	1	1	1	1	1	1	7
Ukraine	2	4	2	1	1	0				10
<b>Sub total MFA</b>	<b>15</b>	<b>25</b>	<b>23</b>	<b>20</b>	<b>17</b>	<b>14</b>	<b>12</b>	<b>11</b>	<b>10</b>	<b>148</b>
<b>B. Euratom</b>										
Euratom *	1	5	5	5	5	4	4	4	4	36
<b>Sub total Euratom</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>36</b>
<b>C. EIB Guarantees</b>										
EIB Mediterranean	134	238	220	200	179	156	133	111	92	1.464
EIB Central & Eastern Europe	56	104	95	85	75	66	57	50	44	633
EIB Asia, Latin America	27	44	39	34	29	25	20	16	12	246
EIB South Africa	17	20	20	20	15	13	4	1	1	113
<b>Sub total EIB</b>	<b>235</b>	<b>407</b>	<b>375</b>	<b>340</b>	<b>299</b>	<b>259</b>	<b>214</b>	<b>178</b>	<b>149</b>	<b>2.455</b>
<b>Interest - subtotal</b>	<b>251</b>	<b>437</b>	<b>402</b>	<b>364</b>	<b>320</b>	<b>278</b>	<b>231</b>	<b>193</b>	<b>162</b>	<b>2.639</b>
<b>NON-MEM. STATES - TOTAL</b>	<b>763</b>	<b>1.295</b>	<b>1.397</b>	<b>1.510</b>	<b>1.442</b>	<b>1.376</b>	<b>1.182</b>	<b>1.012</b>	<b>969</b>	<b>10.946</b>
<b>GRAND TOTAL</b>	<b>1.088</b>	<b>1.857</b>	<b>2.041</b>	<b>1.950</b>	<b>1.846</b>	<b>1.786</b>	<b>1.517</b>	<b>1.324</b>	<b>1.233</b>	<b>14.640</b>

(\*) The overall ceiling is EUR 4 000 million for loans to Member States and non-member States.

By Decision 94/179/Euratom of 21 March 1994 the Council decided to extend Euratom loans to the financing of projects in certain non-member States.



TABLE A3

## MAXIMUM THEORETICAL ANNUAL RISK BORNE BY THE COMMUNITY BUDGET

(Estimate as per 30.06.2004 in EUR million based on the amounts due of all operations disbursed, adopted and proposed by the Commission)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	TOTAL
<b>MEMBER STATES</b>										
NCI	17									17
EIB Mediterranean										
Portugal	2	3								5
EIB Central & Eastern Europe										
New Member States	216	409	513	337	315	335	271	260	221	2.877
<b>Capital - subtotal</b>	<b>235</b>	<b>413</b>	<b>513</b>	<b>337</b>	<b>315</b>	<b>335</b>	<b>271</b>	<b>260</b>	<b>221</b>	<b>2.899</b>
<b>INTEREST</b>										
NCI	1									1
EIB Mediterranean										
Portugal	0	0								0
EIB Central & Eastern Europe										
New Member States	90	148	131	103	88	75	63	53	42	794
<b>Interest - subtotal</b>	<b>91</b>	<b>149</b>	<b>131</b>	<b>103</b>	<b>88</b>	<b>75</b>	<b>63</b>	<b>53</b>	<b>42</b>	<b>795</b>
<b>MEMBER STATES - TOTAL</b>	<b>325</b>	<b>561</b>	<b>644</b>	<b>440</b>	<b>404</b>	<b>410</b>	<b>334</b>	<b>313</b>	<b>263</b>	<b>3.694</b>
<b>NON-MEMBER STATES</b>										
<b>CAPITAL</b>										
<b>A. Macro-Financial Assistance</b>										
Armenia						2				2
Belarus	6	6								12
Bosnia and Herzegovina							2	2	4	8
Bulgaria		63	73	88	88	25	15			350
FYROM					5	8	8	8	10	39
Georgia						22	22	22	22	88
Moldova	12	7	3							22
Romania	70			25	25	25	38	25	25	233
Serbia and Montenegro									45	45
Tajikistan									12	12
Ukraine	57	57	55	35	15	15				232
<b>Sub total MFA</b>	<b>145</b>	<b>133</b>	<b>130</b>	<b>147</b>	<b>132</b>	<b>97</b>	<b>85</b>	<b>57</b>	<b>118</b>	<b>1.043</b>
<b>B. Euratom</b>										
Euratom *				1	3	6	10	10	14	43
<b>Sub total Euratom</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>6</b>	<b>10</b>	<b>10</b>	<b>14</b>	<b>43</b>
<b>C. EIB Guarantees</b>										
EIB Mediterranean	181	373	435	543	731	883	1.002	1.048	980	6.177
EIB Central & Eastern Europe	83	180	207	296	479	658	822	930	916	4.571
EIB Asia, Latin America	90	178	190	244	257	268	275	284	279	2.066
EIB South Africa	12	25	32	75	79	148	118	105	114	708
EIB The Baltic Sea basin of Russia				1	3	5	8	8	8	33
<b>Sub total EIB</b>	<b>366</b>	<b>756</b>	<b>864</b>	<b>1.159</b>	<b>1.550</b>	<b>1.963</b>	<b>2.225</b>	<b>2.374</b>	<b>2.297</b>	<b>13.554</b>
<b>Capital - subtotal</b>	<b>511</b>	<b>888</b>	<b>994</b>	<b>1.307</b>	<b>1.685</b>	<b>2.065</b>	<b>2.319</b>	<b>2.441</b>	<b>2.429</b>	<b>14.640</b>
<b>INTEREST</b>										
<b>A. Macro-Financial Assistance</b>										
Albania		0	0	0	0	0	0	0	0	2
Armenia	0	0	0	0	0	0				0
Belarus	0	0								0
Bosnia and Herzegovina	0	1	1	1	1	1	1	1	1	7
Bulgaria	4	7	6	4	2	1	0			23
FYROM	1	2	2	2	2	2	2	1	1	14
Georgia	1	2	2	2	2	2	1	1	1	13
Moldova	0	0	0							0
Romania	2	4	4	4	4	3	2	2	1	27
Serbia and Montenegro	4	7	7	7	7	7	7	7	7	61
Tajikistan	0	1	1	1	1	1	1	1	1	7
Ukraine	2	6	5	4	3	3	2	2	2	30
<b>Sub total MFA</b>	<b>15</b>	<b>30</b>	<b>28</b>	<b>25</b>	<b>22</b>	<b>19</b>	<b>17</b>	<b>16</b>	<b>14</b>	<b>186</b>
<b>B. Euratom</b>										
Euratom *	1	8	8	8	8	8	8	7	7	62
<b>Sub total Euratom</b>	<b>1</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>62</b>
<b>C. EIB Guarantees</b>										
EIB Mediterranean	172	370	446	520	553	519	477	428	378	3.864
EIB Central & Eastern Europe	107	285	407	526	590	566	530	486	437	3.935
EIB Asia, Latin America	39	87	113	138	151	143	132	119	105	1.027
EIB South Africa	21	33	42	52	52	49	38	32	29	350
EIB The Baltic Sea basin of Russia	1	2	3	5	5	5	5	5	4	35
<b>Sub total EIB</b>	<b>341</b>	<b>778</b>	<b>1.012</b>	<b>1.242</b>	<b>1.352</b>	<b>1.281</b>	<b>1.182</b>	<b>1.070</b>	<b>953</b>	<b>9.210</b>
<b>Interest - subtotal</b>	<b>357</b>	<b>816</b>	<b>1.047</b>	<b>1.274</b>	<b>1.381</b>	<b>1.308</b>	<b>1.207</b>	<b>1.093</b>	<b>974</b>	<b>9.459</b>
<b>NON-MEMBER STATES - TOTAL</b>	<b>869</b>	<b>1.704</b>	<b>2.042</b>	<b>2.581</b>	<b>3.066</b>	<b>3.373</b>	<b>3.526</b>	<b>3.534</b>	<b>3.404</b>	<b>24.099</b>
<b>GRAND TOTAL</b>	<b>1.194</b>	<b>2.266</b>	<b>2.686</b>	<b>3.021</b>	<b>3.470</b>	<b>3.783</b>	<b>3.861</b>	<b>3.847</b>	<b>3.667</b>	<b>27.793</b>

(\*) The overall ceiling is EUR 4 000 million for loans to Member States and non-member States.

By Decision 94/179/Euratom of 21 March 1994 the Council decided to extend Euratom loans to the financing of projects in certain non-member States.

## **1.2. Loan operations covered by a budget guarantee**

Tables A5a, A5b(1), A5b(2) and A6

**TABLE A 5a**  
**Borrowing and lending operations: Member States**  
**Changes in amounts outstanding during six-month period 31.12.2003 to 30.06.2004**

in EUR million

COUNTRY	Decision	Date of decision	Loan term (years)	Loan situation - closed (a) - partially disbursed (b) - disbursed in full (c) - not yet disbursed (d)	Amount decided	Amount outstanding at 31.12.2003	Operations in six-month period		Amount outstanding at 30.06.2004
							Amounts disbursed	Amounts repaid	
ITALY	93/67/CEE	18.01.93			<b>8.000,00</b>	0,00	0,00	0,00	0,00
			6	(c)	2.000,00				
			6	(c)	2.000,00				
			-	(d)	2.000,00				
EURATOM	77/270-271/Euratom	29.03.77	-	(d)	2.000,00				
			(3)		<b>4.000,00</b>	0,00	0,00	0,00	0,00
				(c)	500,00				
				(c)	500,00				
				(c)	1.000,00				
				(c)(4)	1.000,00				
NCI	90/212/Euratom	23.04.90		(b)(4)	1.000,00				
			(3)		<b>6.830,00</b>	16,30	0,00	0,00	17,10
				(c)	1.000,00				
				(c)	1.000,00				
				(c)	80,00				
				(c)	1.000,00				
				(c)	3.000,00				
				(c)	750,00				
<b>TOTAL</b>					<b>18.830,00</b>	<b>16,30</b>	<b>0,00</b>	<b>0,00</b>	<b>17,10</b>

(5)

(1) Exceptional aid for the reconstruction of areas hit by the earthquake in Italy in 1980.

(2) Exceptional aid for the reconstruction of areas hit by the earthquake in Greece in 1981.

(3) Long-term loans for which the schedule of repayments depend on the dates of disbursement.

(4) By Decision 94/179/Euratom of 21 March 1994 the Council decided to extend Euratom loans to the financing of projects in certain non-member States.

(5) Discrepancy caused by change in the rates of the other currencies against the Euro.

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**TABLE A 5b (1)**  
**European Community loans to non-member States**  
**Changes in amounts outstanding during six-month period 31.12.2003 to 30.06.2004, broken down by countries and tranche**

in EUR million

COUNTRY	Decision	Date of decision	Loan term (years)	Expiry date	Loan situation - closed (a) - partially disbursed (b) - disbursed in full (c) - not yet disbursed (d)	Amount decided	Amount outstanding at 31.12.2003	Operations in six-month period		Amount outstanding at 30.06.2004
								Amounts disbursed	Amounts repaid	
<b>BULGARIA II</b>	92/511/EEC	19.10.92				<b>110,00</b>				
1st tranche			7	07.12.2001	(c)	70,00	0,00			0,00
2nd tranche			7	29.08.2003	(c)	40,00	0,00			0,00
<b>BULGARIA III</b>	97/472/EC	22.07.97				<b>250,00</b>				
1st tranche			10	10.02.2008	(c)	125,00	125,00			125,00
2nd tranche			10	22.12.2008	(c)	125,00	125,00			125,00
<b>BULGARIA IV</b>	99/731/EC	08.11.99				<b>100,00</b>				
1st tranche			10	21.12.2009	(c)	40,00	40,00			40,00
2nd tranche			-	-	(c)	60,00	60,00			60,00
<b>ROMANIA II</b>	92/551/EEC	27.11.92				<b>80,00</b>				
<b>ROMANIA III</b>	94/369/EC	20.06.94				<b>125,00</b>				
1st tranche			7	20.11.2002	(c)	55,00	0,00			0,00
2nd tranche			7	20.11.2004	(c)	70,00	70,00			70,00
<b>ROMANIA IV</b>	99/732/EC	08.11.99				<b>200,00</b>				
1st tranche			10	29.06.2010	(c)	100,00	100,00			100,00
2nd tranche			10	17.07.2013	(c)	50,00	50,00			50,00
3rd tranche			-	-	(d)	50,00				
<b>BOSNIA I</b>	99/325/EC	10.05.99				<b>20,00</b>				
1st tranche			15	22.12.2014	(c)	10,00	10,00			10,00
2nd tranche			-	-	(c)	10,00	10,00			10,00
<b>BOSNIA II</b>	02/883/EC	09.11.02				<b>20,00</b>				
1st tranche			15	16.01.2019	(c)	10,00		10,00		10,00
<b>MOLDOVA I</b>	94/346/EC	13.06.94				<b>45,00</b>				
1st tranche			10	07.12.2004	(c)	25,00	5,00			5,00
2nd tranche			10	08.08.2005	(c)	20,00	8,00			8,00
<b>MOLDOVA II</b>	96/242/EC	25.03.96				<b>15,00</b>				
1st tranche			10	30.10.2006	(c)	15,00	9,00			9,00
<b>FYROM I</b>	97/471/EC	22.07.97				<b>40,00</b>				
1st tranche			15	27.09.2012	(c)	25,00	25,00			25,00
2nd tranche			15	13.02.2008	(c)	15,00	15,00			15,00
<b>FYROM II</b>	99/733/EC	8/11/1999				<b>50,00</b>				
1st tranche			15	15.01.2016	(c)	10,00	10,00			10,00
2nd tranche			15	30.01.2017	(c)	12,00	12,00			12,00
3rd tranche			15	04.06.2018	(c)	10,00	10,00			10,00
4th tranche			15	23.12.2018	(c)	18,00	18,00			18,00

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**TABLE A 5b (2)**

**European Community loans to non-member States**

Changes in amounts outstanding during six-month period 31.12.2003 to 30.06.2004, broken down by countries and tranche

in EUR million

COUNTRY	Decision	Date of decision	Loan term (years)	Expiry date	Loan situation - closed (a) - partially disbursed (b) - disbursed in full (c) - not yet disbursed (d)	Amount decided	Amount outstanding at 31.12.2003	Operations in six-month period		Amount outstanding at 30.06.2004
								Amounts disbursed	Amounts repaid	
UKRAINE I	94/940/EC	22.12.94	10	28.12.2005	(c)	85,00	34,00			34,00
UKRAINE II	95/442/EC	23.10.95				200,00				
1/2 tranche			10	29.08.2006	(c)	50,00	30,00			30,00
1/2 tranche			10	30.10.2006	(c)	50,00	30,00			30,00
2nd tranche			10	30.10.2008	(c)	100,00	80,00			80,00
UKRAINE III	98/592/EC	15.10.98				150,00				
1st tranche			10	30.07.2009	(c)	58,00	58,00			58,00
2nd tranche			-	-	(d)	92,00	0,00			0,00
BELARUS	95/132/EC	10.04.95				55,00				
1st tranche			10	28.12.2005	(c)	30,00	12,00			12,00
2nd tranche			-	-	(d)	25,00	0,00			0,00
ALGERIA II	94/938/EC	22.12.94				200,00				
1st tranche			7	27.11.2002	(c)	100,00	0,00			0,00
2nd tranche			-	-	(d)	100,00	0,00			0,00
GEORGIA	97/787/EC	17.11.97	15	24.07.2013	(c)	110,00	92,00			92,00
ARMENIA	97/787/EC	17.11.97	15	30.12.2013	(c)	28,00	9,00		7,00	2,00
REPS FORMER USSR	91/658/EEC	16.12.91	3	28.09.1997	-	1.250,00	0,00			0,00
TAJIKISTAN	2000/244/EC	20.03.00	15	30.03.2016	(b)	75,00	44,00			44,00
SERBIA AND MONTENEGRO	2001/549/EC	16.07.01	15	17.10.2016	(c)	225,00	225,00			225,00
SERBIA AND MONTENEGRO	2002/882/EC	9/11/2002				55,00				
1st tranche			15	28.02.2018	(b)	10,00	10,00			10,00
2nd tranche			15	01.09.2018	(b)	30,00	30,00			30,00
SERBIA AND MONTENEGRO	2003/825/EC	25/11/2003	-	-	(d)	25,00				
BULGARIA (EURATOM)	94/179/EC	21/03/1994				212,50				
1st tranche			20	10.05.2021	(c)	40,00	40,00			40,00
2nd tranche			15	15.01.2017	(c)	15,00	15,00			15,00
3rd tranche			17	19.08.2019	(c)	25,00	25,00			25,00
4th tranche			15	18.06.2018	(c)	25,00	25,00			25,00
5th tranche			15	16.01.2019	(c)	35,00		35,00		35,00
ALBANIA	2004/580/EC	29/04/2004			(d)	9,00				
<b>EN</b>							<b>1.461,00</b>	<b>45,00</b>	<b>7,00</b>	<b>1.499,00</b>

TABLE A 6

## LOAN GUARANTEES TO EIB

in EUR million

GEOGRAPHICAL AREA	Decision	Date of decision	Rate of guarantee	Date of guarantee contract	Amount decided	Loans signed (minus cancelations)		Amount outstanding	
						at 31.12.03	at 30.06.04	at 31.12.03	at 30.06.04
MED. Financial protocols(1)		8.03.77	75% (2)	30.10.78/10.11.78	6062	5648	5648	1646	1620
MED. Horizontal cooperation	R/1762/92/EEC	29.06.92	75% (2)	09.11.92/18.11.92	1800	1691	1691	1126	1081
<b>TOTAL MED.</b>					<b>7862</b>	<b>7339</b>	<b>7339</b>	<b>2772</b>	<b>2700</b>
<b>C and E Europe I</b>	90/62/EEC(4)	12.02.90	100%	24.04.90/14.05.90	1000	912	912	323	306
	91/252/EEC(5)	14.05.91	100%	19.01.93/04.02.93	700	493	493	192	174
<b>C and E Europe II</b>	93/696/EC(6)	13.12.93	100%	22.07.94/12.08.94	3000	2675	2675	1651	1488
<b>Asia, Latin America I</b>	93/115/EEC	15.02.93	100%	04.11.93/17.11.93	750	579	572	307	301
<b>Asia, Latin America II</b>	96/723/EC	12.12.96	100%	18.03.97/26.03.97	153	153	153	55	54
<b>Asia, Latin America Interim</b>	96/723/EC	12.12.96	70%	21.10.97	122	122	122	73	70
<b>South Africa</b>	95/207/EC	01.06.95	100%	04.10.95/16.10.95	300	285	285	160	140
<b>New mandates</b>	97/256/EC(7)	14.04.97	70%	25.07.97/29.07.97	7105	6557	6340	4459	4464
<b>FYROM</b>	98/348/EC	19.05.98	70%	29.07.98/07.08.98	150	150	150	76	79
<b>Bosnia</b>	98/729/CE	14.12.98	70%	16.06.99/22.06.99	100	100	100	9	14
<b>Turkey</b>	99/786/EC	29.11.99	65%	18.04.00/23.05.00	600	600	600	407	420
<b>Mandates 2000-2007</b>	2000/24/EC(8)	22.12.99	65%	19.07.00/24.07.00	19460	10512	11315	3101	3793
<b>The Baltic Sea basin of Russia</b>	2001/777/EC(9)	06.11.01	100%	06.05.02/07.05.02	100	25	25	0	0
<b>TOTAL</b>					<b>41402</b>	<b>30502</b>	<b>31081</b>	<b>13585</b>	<b>14003</b>

(1) Including EUR 1 500 million for Spain, Greece and Portugal.

(2) General guarantee of 75% for all credits made available under lending operations under a guarantee contract signed between the Community and the EIB on 30.10.78 and 10.11.78. By way of exception, a 100% guarantee applies to the emergency aid granted to Portugal in accordance with the Council Decision of 7 October 1975.

(3) The Community has guaranteed EUR 5 497 million, of which EUR 141.5 million is covered by a 100% guarantee for Portugal.

(4) Non-member States: Poland, Hungary.

(5) Non-member States: Czech Republic and Slovak Republic, Bulgaria, Romania.

(6) Non-member States: Poland, Hungary, Czech Republic and Slovak Republic, Bulgaria, Romania, Baltic States and Albania.

(7) Non-member States: Central and Eastern Europe, Mediterranean, Asia and Latin America, South Africa.

(8) Non-member States: Central and Eastern Europe, Mediterranean, Asia and Latin America, South Africa.

(9) A special lending action for selected environmental projects in the Baltic Sea basin of Russia under the Northern Dimension.

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### 1.3. Expected signature and disbursement of EIB loans

The EIB has supplied the figures used for calculation of the assumptions made for drawing up Table A3 (EIB loans to non-Member States from its own resources).

#### Expected signatures:

- At 30 June 2004 a total of EUR 7.121 million was still to be signed under the EUR 20.060 million Mandate 2000 - 2007:

Table A 7: Disbursement forecast for EIB loans

	Ceiling	Loans made available (minus cancellations) at 30/06/2004*	to be disbursed under signatures**
Mediterranean	6.425	4.955	3.402
Central & Eastern Europe	9.280	3.518	2.659
Asia, Latin America	2.480	1.437	476
South Africa	825	512	217
Turkey-Terra 11/1999-11/2002	600	600	180
Turkey-Special Action Programme	450	330	187
	<b>20.060</b>	<b>11.352</b>	<b>7.121</b>

\* EUR 563 million for new Member States are not included.

\*\* EUR 222 million for new Member States are not included.

#### Disbursement forecasts:

As regards disbursement of the loans still awaiting signature, it is assumed that nothing will be paid in the year of signature, 10% in the second year, 25% a year between the third and fifth years and 15% in the sixth year.

### 1.4. Payment of the budget guarantee

#### *1.4.1. Borrowing/lending operations*

In this type of operation, the Community borrows on the financial market and on-lends the proceeds (at the same rate and for the same term) to Member States (balance of payments), non-Member States (medium-term financial assistance) or firms (NCI, Euratom).

The loan repayments are scheduled to match the repayments of the borrowings due from the Community. If the recipient of the loan is late in making a repayment, the Commission must draw on its resources to repay the borrowing on the due date.

The funds needed to pay the budget guarantee in the event of late payment by the recipient of a loan granted by the Community are raised as follows:

- a) the amount required may be taken provisionally from cash resources in accordance with Article 12 of Council Regulation (EC, Euratom) No 1150/2000 of 22 May 2000, implementing Decision 94/728/EC, Euratom, on the system of the Communities' own resources. This method is used so that the Community can immediately repay the borrowing on the date scheduled in the event of late payment by the recipient of the loan;

- b) if the delay extends to three months after the due date, the Commission draws on the Guarantee Fund to cover the default. The funds obtained are used to replenish the Commission's cash resources;
- c) the transfer procedure can be used to provide the budget heading with the appropriations needed to cover the default; any margin available in the guarantee reserve is drawn on first. This method is used when there are insufficient appropriations in the Guarantee Fund and must be authorised in advance by the budgetary authority;
- d) the re-use of amounts repaid by debtors who have defaulted, leading to activation of the Community guarantee, allows payments to be made within a short period of time always providing, of course, that there are recovered funds available.

#### *1.4.2. Guarantees given to third parties*

The loan guarantee is in respect of loans granted by a financial institution such as the EIB. When the recipient of a guaranteed loan fails to make a payment on the due date, the EIB asks the Community to pay the amounts owed by the defaulter in accordance with the contract of guarantee. The guarantee must be paid within three months of receiving the EIB's request. The EIB administers the loan with all the care required by banking practice and is obliged to demand the payments due after the guarantee has been activated.

Since the entry into force of the Regulation establishing a Guarantee Fund for external action, the provisions of the Agreement between the Community and the EIB on management of the Fund state that, after the EIB calls in the guarantee in the event of a default, the Commission must authorise the Bank to withdraw the corresponding amounts from the Guarantee Fund within three months.

If there are insufficient resources in the Fund, the procedure used for activating the guarantee is the same as for borrowing/lending operations.

An implementation agreement was concluded between the Community and the EIB on 20 and 22 January 1999 to determine payment and repayment procedures in connection with Community guarantees to the EIB.



## **2. METHODOLOGICAL NOTE ON THE ANALYSIS OF THE COMMUNITY'S ESTIMATED LENDING CAPACITY IN RESPECT OF NON-MEMBER STATES OVER THE PERIOD 2004-2006 UNDER THE GUARANTEE FUND MECHANISM (TABLE A4)**

### **2.1. Reserve for loan guarantees to non-Member States**

As agreed at the Edinburgh European Council, the Interinstitutional Agreement of 29 October 1993 on budgetary discipline and improvement of the budgetary procedure provided for the entry of a reserve for loan guarantees to non-Member States as a provision in the general budget of the European Communities. This reserve is intended to cover the requirements of the Guarantee Fund and, where necessary, activated guarantees exceeding the amount available in the Fund, so that these amounts may be charged to the budget.

The amount of the guarantee reserve is the same as in the financial perspective for 2000-2006, viz. EUR 200 million p.a. at 1999 prices. The amount in the reserve will be EUR 221 million in 2004 and EUR 225 million in 2005.

The conditions for the entry, use and financing of the guarantee reserve are laid down in the following decisions:

- Council Decision 2040/2000/EC on budgetary discipline.
- Council Regulation (ECSC, EC, Euratom) N°1605/2002 on the Financial Regulation of 25 June 2002 applicable to the general budget of the European Communities.
- Council Decision 2000/597/EC of 29 September 2000 on the system of the Communities' own resources.
- Council Regulation (EC, Euratom) No 2728/94 of 31 October 1994, as amended, establishing a Guarantee Fund for external actions modified by Council Regulation (EC, Euratom) No 1149/99 of 25 May 1999.

### **2.2. Bases for the calculation of the provisioning of the Guarantee Fund**

The bases for the provisioning of the Fund are calculated by applying the appropriate rate of guarantee (65% for the General Mandate 2000/2007, 70%, 75% or 100% for previous or specific mandates):

- to the loan guarantees authorised by the Council and to the loan guarantees proposed or being prepared by the Commission on the basis of the estimates of loan signatures contained in the financial statements (EIB and Euratom loans);
- to the loans (for financial assistance) authorised by the Council and to the loans proposed or being prepared by the Commission.

The annex to Council Regulation (EC, Euratom) No 2728/94 of 31 October 1994 establishing a Guarantee Fund for external actions, which relates to the arrangements for payments into the Guarantee Fund, states that, in the case of borrowing/lending operations or guarantees to financial bodies under a framework facility spread over a number of years and with a microeconomic and structural purpose, payments into the Fund will be made in annual

tranches calculated on the basis of the annual amounts indicated in the financial statement attached to the Commission proposal, adapted where appropriate in the light of the Council decision (Commission decision in the case of Euratom loans).

For other Community borrowing/lending operations, such as loans for the balance of payments of third countries, whether made in one or several tranches, payments into the Fund are calculated on the basis of the total amount for the operation decided on by the Council.

The annex to the Regulation establishing the Guarantee Fund states that, as from the second year (in the case of operations spread over a number of years), the amounts to be paid into the Fund will be corrected by the difference recorded on 31 December of the previous year between the estimates that were taken as a basis for the previous payment and the actual figure for the loans signed during that year. Any difference relating to the previous year will give rise to a payment in the following year.

The annex states that, when it starts a payment procedure, the Commission will check the situation with regard to the performance of the operations which were the subject of previous payments and, where the commitment deadlines originally laid down have not been met, will propose that this will be taken into account in calculating the first payment to be made at the start of the following financial year for operations already under way.

### **2.3. Basis for the provisioning of the Fund in the case of a partial guarantee**

For EIB loans covered by an aggregate 75% guarantee, the Fund was provisioned on the basis of 75% of the total amount of operations authorised.

The guarantee on the EIB loans authorised by the Council on 14 April 1997, 19 May 1998 and 14 December 1998 is limited to 70% of the total amount of credits opened. The basis for provisioning was 70% of the annual forecast of signatures.

The guarantee on the EIB loans authorised by the Council on 29 November 1999 and 22 December 1999 is limited to 65% of the total amount of credits opened. The basis for provisioning is 65% of the annual forecast of signatures.

Macrofinancial assistance loans are provisioned in full at the moment of the decision. Euratom loans are provisioned in full at the latest at the time of signing of the loan agreement.

### **2.4. Provisioning of the Guarantee Fund**

Historically the amounts paid into the Fund are obtained by applying the rate of provisioning (14%) to the calculation base set out above. Pursuant to Articles 2 and 4 of the Regulation establishing the Guarantee Fund, the Fund is endowed by payments from the general budget equivalent to 14% of the capital value of the operations until it reaches the target amount. As the target amount was reached at 31 December 1997, the Commission, in accordance with the Regulation, submitted proposals to review the rate of provisioning. These proposals appear in the comprehensive report on the functioning of the Fund which the Commission drew up in accordance with Article 3 of the Regulation (COM(1998) 168 final of 18 March 1998). Regulation No 2728/94 establishing a Guarantee Fund for external action has been amended by Council Regulation (EC, Euratom) No 1149/1999 of 25 May 1999 under which the provisioning rate for the Fund and the target amount are set at 9% from 1 January 2000. A

further comprehensive report on the functioning of the Fund was adopted by the Commission (COM(2003)604 of 13 October 2003).

## **2.5. Margin remaining in the guarantee reserve**

The margin remaining in the guarantee reserve is equivalent to the difference between the reserve and the heading for the provisioning of the Guarantee Fund.

## **2.6. Residual lending capacity**

The residual lending capacity is the loan equivalent of the margin left in the reserve, allowing for the guarantee rates in force.

**TABLE A4: Amounts of loans and loan guarantees to be provisioned under the Reserve for guarantees (EUR million)**

2004 Update	2004		2005		2006	
	Expected loan amounts	Expected provision.	Expected loan amounts	Expected provision.	Expected loan amounts	Expected provision.
Amount of the reserve	221		223		227	
Total lending and guarantee capacity 100%	<i>min.</i> <sup>7</sup>	2456		2478		2522
Total lending and guarantee capacity 65%	<i>max.</i> <sup>8</sup>	3778		3812		3880
<b>1. GUARANTEES OF EIB LOANS</b>						
<b>Decided operations</b>						
2000-2007 general lending mandate <sup>1</sup>	2.840,00	166,14	2.909,00	170,18	2.910,00	170,24
correction forecasted/realized <sup>2</sup>	-181,00	-10,59				
<i>Subtotal 2000 - 2007</i>	2.659,00	155,55				
<i>Baltic Sea under the Northern Dimension</i>	75,00	6,75				
<i>correction forecasted/realized <sup>2</sup></i>	-15,00	-1,35				
<i>Russia / WNIS <sup>10</sup></i>	100,00	9,00	200,00	18,00	200,00	18,00
Additional EIB Operations (at 65% gr)	0,00	0,00	0,00	0,00	0,00	0,00
<i>Subtotal EIB <sup>9</sup></i>	<b>2.819,00</b>	<b>169,95</b>	<b>3.109,00</b>	<b>188,18</b>	<b>3.110,00</b>	<b>188,24</b>
<b>2. MACROFINANCIAL ASSISTANCE LOANS</b>						
<b>Planned operations</b>						
Western Balkans	41,00	3,69	250,00	22,50	250,00	22,50
Albania <sup>3</sup>	9,00	0,81				
Other third countries	150,00	13,50				
<i>Subtotal MFA</i>	<b>200,00</b>	<b>18,00</b>	<b>250,00</b>	<b>22,50</b>	<b>250,00</b>	<b>22,50</b>
<b>3. EURATOM LOANS</b>						
<b>Provisional estimates</b>						
Romania <sup>5</sup>	223,50	20,12				
Ukraine <sup>6</sup>			-420,00	-37,80		
<i>Subtotal Euratom</i>	<b>223,50</b>	<b>20,12</b>	<b>-420,00</b>	<b>-37,80</b>	<b>0,00</b>	<b>0,00</b>
<b>Use of the reserve (1+2+3)</b>	<b>3.242,50</b>	<b>208,07</b>	<b>2.939,00</b>	<b>172,88</b>	<b>3.360,00</b>	<b>210,74</b>
<b>Margin within the reserve (after provisioning of above-indicated loans)</b>		<b>12,93</b>		<b>50,12</b>		<b>16,27</b>
<b>Residual lending and guarantee capacity 100%</b>	<i>min.</i> <sup>7</sup>	<b>143,71</b>		<b>556,93</b>		<b>180,72</b>
<b>Residual lending and guarantee capacity 65%</b>	<i>max.</i> <sup>8</sup>	<b>221,09</b>		<b>856,81</b>		<b>278,03</b>

1 The figures mentioned under the 2000-2007 general lending mandate include the amounts of amended Decision 2000/24/EC.

2 Correction of estimated levels of implementation for the 2004 provisioning.

3 Among planned operations, the loan to Albania was approved by the Council.

4 For 2006, figures are subject to receipt of applications.

5 For Romania, the Cernavodă 2 project was approved by the Commission on 30 March 2004.

6 For Ukraine, under the envisaged EUR 657 million loan for the K2R4 project, EUR 503 million are already provisioned from previous years. A review of the decision was amended by the Commission and resulted to a decrease of EUR 420 million in the loan amount.

7 For macro-financial assistance, Euratom loans and EIB loans for Baltic Sea and Russia.

8 For guarantees of other EIB loans.

9 The amount of € 2.819 million includes correction for the year 2003 and does not reflect the amount of new EIB loans expected for the year 2004 (€ 3.015 million which is the aggregate of 2.840 + 100 + 75).

10 Russia / WNIS project is still tentative to a Council decision (COM/2004/385).

### **3. COUNTRY-RISK EVALUATION**

The country risk evaluation presented below comprises a table of risk indicators for each non-member States that has received EC macro-financial assistance and still has outstanding debts to the EC. Moreover, other third countries each representing more than 2% of the total outstanding debt to the EC (notably through guarantees of EIB project related lending) and either categorised as “severely indebted” according to criteria set by the World Bank or facing notorious imbalances in their external or debt situation are also included in the risk evaluation.

To complement this, textual analysis is provided for all the countries studied in order to take into account new information influencing the risk evaluation.

Altogether, the country analysis is covering 45% of the total outstanding debt owned by the EC or guaranteed through its budget, thus providing a meaningful assessment of the risk.

#### **3.1. Candidate countries**

Real growth rates remain very substantial in the region. This contributes to consolidate the fiscal stabilisation and, generally, to ease the external debt burden.

##### *3.1.1. Bulgaria*

The Bulgarian economy continues to benefit from high growth and a satisfactory degree of stability. GDP was growing at a rate of 5.3% in the first quarter of 2004, and most indicators point to similarly strong growth in the second quarter. It is sustained by strong domestic demand which spilled over into high import growth and a deterioration of the current account deficit. However, due to high FDI inflows the currency board arrangement continues to be supported by high foreign reserves. Fiscal discipline is maintained since, due to high revenues, the general government sector had a cash surplus reaching 2.5% of GDP in July 2004. General government debt has continued falling to close to 40% of GDP in July 2004. Total external debt has decreased to about 55% of GDP in July 2004, following the buy-back of some Brady bonds which reduced the debt-to-GDP ratios by about 3 percentage points.

##### *3.1.2. Romania*

The outlook for the Romanian economy points to sustained economic growth, a significant but stable current account deficit and a further decline in inflation. During the first half of 2004, real GDP grew by 6.6%. With net exports remaining strongly negative, the current account deficit remains above 5.5% of GDP. However, increasing FDI inflows, improved access to international financial markets, declining risk premium on Romania’s sovereign debt and swelling international reserves facilitate the financing of the current account deficit. The total foreign debt-to-GDP-ratio remains low around 34% of GDP and gross government debt decreased to 21.8% of GDP by end-2003. For the first seven months of 2004, the average monthly inflation rate was 0.7%, which is in line with the authorities’ end-year target of 9%. On 7 July 2004, the IMF Board approved a 24-month Stand-By Arrangement for Romania. The Romanian authorities intend to treat the arrangement as precautionary.

In general, the programme embeds the authorities' reform strategy and balanced policy mix in a comprehensive programme framework.

### 3.1.3. *Turkey*

GDP increased by 10.1% year-on-year in the first quarter of 2004, boosted by strong private consumption growth driven by lower interest rates and increased consumer lending as well as a surge in private-sector investment in machinery and equipment. GDP growth will slow down in the remainder of 2004, but it will remain strong at about 6%. Inflation has accelerated slightly in recent months to around 10.5% year-on-year for both consumer and producer prices. This hike was largely fuelled by the vigorous domestic demand, which is also contributing to the widening current account deficit. The current account deficit in the first half of 2004 amounted to EUR 8 billion, nearly double of the same period in 2003. Therefore, and in the absence of major long-term capital inflows, Turkey remains vulnerable to external shocks and financial markets sentiment, in particular because of the sheer size of its rising public sector borrowing requirements, public debt and gross foreign debt (estimated at respectively 20%, 80% and 53% of GDP in 2004). Turkey faces significant liquidity requirements in the short term. The debt servicing to exports of goods and services ratio was projected by the IMF at about 40% in 2004 but may however be revised downwards on the back of increasing exports this year.

## 3.2. **Western Balkans**

Thanks to solid growth rates, the weight of public and external debts for countries of the region has generally decreased, except for Serbia Montenegro, since the last report.

### 3.2.1. *Bosnia and Herzegovina (BiH)*

Growth is expected to reach 5% in 2004, the main sectors driving growth being construction, energy and mining as well as a rebound in agriculture. Recent privatisations in the metal industry are also expected to contribute positively to economic growth. The currency board arrangement continues to be successful in keeping inflation low, which is expected to be close to 1% in 2004. Despite an increasing inflow of FDI as well as growing exports, the external imbalances continue to be large. Continued growth in private sector credit contributes to fuel domestic demand and the current account deficit is expected to reach around 19% of GDP in 2004. The external debt has been declining and is currently equivalent to 34% of GDP. The debt service ratio has also had a downward trend the last two years and is expected to equal 7% of GDP for 2004, while international reserves cover a comfortable 4.5 months of imports. A settlement concerning old claims on the government is expected to materialize in the near future and will increase public debt by at least 10% of GDP.

### 3.2.2. *Former Yugoslav Republic of Macedonia (FYRoM)*

Economic growth in the former Yugoslav Republic of Macedonia accelerated to 3% in 2003 and is projected to slow down to around 2% in 2004. Inflation and government finances remain under control. The external sector keeps on recording large deficits. In 2004, the current account deficit is projected to worsen and reach

almost 8% of GDP, owing to a larger than expected trade deficit and lower private and official transfers compared to 2003. Foreign exchange reserves declined to 3.5 months of imports of goods and services in the first half of 2004 (from 4 months at the end of 2003). In 2003, the external debt as share of GDP declined by 3 percentage points to 38% at the end of the year, and is expected to even out at the same level in 2004. Debt servicing obligations decreased to 14% of exports of goods and services in 2003 and are projected around the same level in 2004.

### 3.2.3. *Republic of Serbia and Montenegro*

GDP growth of Serbia and Montenegro is expected to accelerate to 4 - 5% in 2004, reflecting a recovery in industrial output and a rebound in agricultural production. However, the process of disinflation over the previous years has come to an end and year-end inflation is projected to rise to 8.5% in 2004. Despite large exceptional inflows of FDI in 2003, the external sector remains vulnerable given the weak export performance of Serbia and Montenegro and uncertain medium-term prospects for private capital inflows. For 2004, the current account deficit is projected at 11% of GDP and the external debt-to-GDP ratio to reach 54%. Financing requirements continue to be high, caused by rising debt servicing obligations (29% ratio of debt servicing to exports of goods and services), as grace periods run out.

## 3.3. **New Independent States**

Acceleration in growth rates contributed to an overall improvement in external current accounts. In the longer term, this could lead to positive effects on the levels and sustainability of external debt.

### 3.3.1. *Armenia*

After very strong economic performance last year (real GDP growth of 13.9%), growth is expected to subdue somewhat in 2004, as construction projects financed by private foreign grants come to an end. For the half of 2004, a growth rate of 9.2% (year-on-year) has been estimated. The 12-month rate of inflation was at 6.3% in June 2003 (8.6% at December 2003), exceeding the target rate of three percent of the Central Bank of Armenia, mainly owing to higher food prices. The fiscal deficit is projected to remain below 2% of GDP also in 2004 (1.1% in 2003). The current account deficit increased in 2003 to 7.1%, because the deterioration in the trade balance was only partly offset by private and official transfers. In 2004 the deficit is projected to narrow down to about 6% of GDP. The gross international reserves of the Central Bank of Armenia are comfortably high covering nearly four months of imports. In nominal terms the public external debt is at about USD 1.1 billion, while as a ratio to GDP it is projected to decline further down from about 39% in 2003.

### 3.3.2. *Belarus*

The Belarussian economy has been profiting from strong growth in Russia, its main trade partner. Industrial production, investment, consumption and external trade have all been progressively accelerating over the last two years. In the first half of 2004, GDP growth has reached double-digit levels (+10.3% on the year), although official statistics may be overstating the trend. Despite the improvement, however, the Belarussian economy remains constrained on a number of accounts; in particular,

foreign exchange reserves are very low at less than one month of imports, while the country is now facing higher prices for gas supplies from Russia. Given the slow pace of structural reform, the Belarussian economy furthermore remains heavily orientated on traditional productions and on trade with Russia. Plans for a monetary union with that country, however, have stalled recently due to differences of opinion on the conduct of a number of economic policies.

### 3.3.3. *Georgia*

Real GDP growth for 2003 has been revised upward to 11.1% largely due to strong performance in agriculture in addition to construction. The construction of the BTC oil pipeline continued to drive GDP growth also in the first half of 2004 when real GDP growth reached 9.5% (year-on-year). The fiscal stance has been on a sound basis in 2004 owing to strong performance in revenue collection. On cash basis the fiscal deficit is projected to increase slightly this year from 1.3% in 2003 as the government gradually reduces the stock of expenditure arrears. The National Bank of Georgia has maintained a consistently prudent monetary policy stance. The 12-month consumer price inflation stood at about 5% in June (7% at end-December 2003). Owing to the high import demand for the construction of the BTC pipeline, the current account deficit is expected to increase this year to about 9.6% of GDP in 2004 (to be financed by foreign direct investment). The gross international reserves of the National Bank of Georgia have increased in nominal terms but remain equivalent to only 1.5 months of imports (excluding the pipeline-related imports). Georgia's public external debt increased in 2003, reaching about USD 1.8 billion (about 49.5% of GDP). The IMF Board approved on June 4, 2004 a three-year arrangement under the Poverty Reduction and Growth Facility (PRSP) in an amount of about USD 144 million. In July 2004 Paris Club creditors agreed to a restructuring of Georgia's external debt. This agreement consolidates about USD 160.6 million due on debts contracted by Georgia before November 1999, consisting of arrears as well as maturities falling due from June 2004 - December 2006. The agreement is expected to reduce debt service due to Paris Club creditors during the IMF supported program from USD 169.2 million to USD 46.4 million (under "Houston terms").

### 3.3.4. *Moldova*

Moldova's economic situation has improved thanks largely to very strong growth in Russia and Ukraine, which represent two key export markets, and to an ongoing boom in remittances from Moldovan nationals working abroad. Last year, despite the negative effect of the bad harvest on the large agricultural sector, GDP growth decelerated only moderately from 2002 to reach 6.3% in real terms. Data for the first months of 2004 indicate that growth is currently continuing at a similar rate. Despite the positive environment, however, Moldova's economy has not made clear progress in tackling longstanding structural problems, such as an unsatisfactory business climate and reliance on a narrow range of traditional products. Foreign direct investment is held back by a history of State interference in the economy, while macro stability remains elusive given the public sector's continuing inability to service fully foreign debt, high inflation and a constrained balance of payments situation.



### 3.3.5. *Tajikistan*

Real GDP growth has remained robust, at 11.1% year on year in the first half of 2004. Year-on-year inflation is now the lowest since independence, at 5-6% in the second quarter of 2004, mainly thanks to lower food prices.

Higher than expected real GDP growth and lower than targeted spending enabled Tajikistan to record a budget surplus of 0.9% of GDP in 2003. The government is targeting a broadly feasible deficit of 0.5% of GDP in 2004, which incorporates a rise in spending in areas such as health and education, in line with the objectives set out in its Poverty Reduction Strategy Paper (PRSP). On the revenue side, a modernisation office has been established charged with overseeing reforms to the tax and customs system, which should enable a rise in tax collection.

At end-2003, total external debt amounted to USD1 billion (73% of GDP), of which USD 300 million was owed to Russia, the largest creditor. Last June, an agreement has been reached with the Russian authorities, stipulating that USD 250 million will be written off and the remaining USD 50 million will be transferred into shares of a new energy power station under construction (Sanctuda Ragun). In addition, the Russians will obtain AKNO, a military base on Tajik territory that is used for space navigation. This agreement implies that the Tajik external debt is expected to fall to USD 700 million or about 50% of GDP.

The current account deficit moved from 2.7% of GDP in 2002 to an estimated 1.3% in 2003. Higher than projected migrants' remittances combined with higher international prices for cotton and aluminium more than offset significantly higher imports associated with rapid growth. This year, the current account deficit is widening again, due to the continuing strong increase in imports. Aluminium and cotton continue to dominate exports, but revenue from electricity (hydropower) sales should increase in the coming years. Import coverage of gross official reserves is projected at 1.9 months at end-2004, identical to the year before.

### 3.3.6. *Ukraine*

After a higher than expected growth of 9.4% in 2003, real GDP growth is forecast to accelerate further to about 12% in 2004. Economic growth is driven by both exports and domestic demand. Year-end inflation is forecast to be around 8.5% in 2004 (8.2% in December 2003). Despite the continued re-monetization, the strong monetary growth and the wedge between producer and consumer prices however raise some concerns. Furthermore, the fiscal stance has been relaxed recently ahead of the October 2004 presidential elections. The amendments to the 2004 budget imply a deficit of about four percent of GDP. The balance of payments is in a comfortable position as the current account shows a large surplus, projected to reach a record high of about 10% in 2004 (5.8% in 2003). This has resulted in a rapid accumulation of foreign exchange reserves at the National Bank of Ukraine, equivalent to nearly four months of imports. Public external debt totalled about USD 10.8 billion at the end of 2003, which is about 22.5% of GDP. In 2004 the ratio is expected to decline further, in line with the strong GDP growth, to about 19%.

### 3.4. Other non-member countries

Despite a trend of overall macroeconomic improvement, these economies remain prone to external shocks and thus volatile.

#### 3.4.1. *Algeria*

Since the Islamic insurgency seems to be ending and reconciliation with the Berber population is under way, broad political stability is expected to be maintained over the next two years. Algeria's economy is characterised by a buoyant oil sector and a weak non-oil sector hampered by red tape, inflexible trade unions, corruption and a chronic lack of financial intermediation. (The hydrocarbons sector accounts for more than 30% of its GDP, 96% of its export earnings and about 60% of its budget revenues.) Therefore, the relatively strong economic growth (6.2% in 2003) caused mainly by the expanding oil production and oil price increases is not sufficient to reduce the high unemployment rate of more than 25% (officially registered unemployed only). Nevertheless, the increase of oil prices will keep the government budget well in surplus at 3.9% of GDP in 2004. Even if oil prices would dip in 2005 – in contrast with our assumptions – new gas exports would help to maintain a comfortable budget surplus. The oil revenue will also lead to a huge trade and current account surplus in 2004 in the range of 24% and 18% of GDP, respectively. In this context reserves are likely to rise to 28 months of import cover. This development has created some inflationary pressure especially since the central bank has procyclically reduced central rates maybe for political reasons. Despite broadly unchanged debt stocks (in USD terms), the foreign debt/GDP ratio is expected to fall by 5 percentage points to 30.6% of GDP in 2004 and the foreign debt service ratio from 79.5% in 2003 to 62.2% in 2004. Foreign debt is almost exclusively public medium and long-term debt and there have been no payment arrears over the recent years.

#### 3.4.2. *Argentina*

Real GDP growth has been very strong in the first half of 2004, although decelerating to 7% in the second quarter, following several quarters of double-digit growth rates. For the whole of 2004, growth is expected to be above 7%. Tax revenues have been better than expected, due to strong domestic demand and improved tax collection, allowing the government to significantly exceed in the first half of 2004 the primary surplus target agreed with the IMF for the whole year. Currently, the full-year primary surplus is expected to exceed 4% of GDP. The current account remains in surplus and official foreign exchange reserves have continued to rise, reaching about USD18 billion in July 2004. However, the lack of progress with some key structural reforms and the delays in reaching a debt restructuring agreement with private creditors (which is essential for Argentina to regain access to the international capital markets) has led to a postponement of the third review under the current SBA. Also, Argentina continues to run arrears on its payments to the EIB. Despite the improvement in the macroeconomic situation, therefore, the risk associated with lending to, or investing in, Argentina remains high.

### 3.4.3. *Brazil*

Economic activity has been buoyant in the first half of 2004, with second quarter GDP growth reaching 5.7%. Industrial production growth has been strong, but is now showing the first signs of decelerating to a more normal rate. Growth for the full-year 2004 is expected to be close to 4%. Fiscal performance also remains strong, with the consolidated primary surplus projected to meet the 4.1% of GDP target agreed with the IMF for 2004. The small current account surplus achieved in 2003 should gradually disappear, reflecting the acceleration of domestic demand. Higher oil prices and the recent currency depreciation have slowed down the disinflation process, prompting the central bank to raise the Selic interest rate in September 2004 for the first time since early 2003. The SBA approved by the IMF in December 2003 remains on track but the authorities have not been drawing on its available financing for some time, effectively treating it as a precautionary arrangement. The public debt and related refinancing needs remain high. Although the rise in foreign exchange reserves, the comfortable current account position and the recent steps taken by the authorities to improve the composition of public debt have increased the country's resilience, Brazil remains vulnerable to a change in investor sentiment towards emerging markets.

### 3.4.4. *Jordan*

Following the slowdown of 2003, associated with the war in Iraq, Jordan's economy recovered in 2004 and is expected to grow by 5.5% in real terms. The pick up in economic activity and continued expenditures restraint should contribute to improved fiscal performance. The stock of external debt, although still very high, is expected to decrease further, consistent with the government debt reduction strategy under the 2001 Public Debt Law. While further efforts of fiscal consolidation are called for, there are no immediate concerns of sustainability given Jordan's recent strong external performance (notably the large current account surplus and building up of reserves), which is expected to continue the coming future. In mid-2004 Jordan requested the completion of the SBA with the IMF. The final review found that all performance criteria and structural benchmarks had been implemented and that Jordan's performance had actually exceeded the original goals of the programme.

### **3.5. Explanatory notes for country-risk indicators**

#### **Standard footnotes**

- a) Includes only EC and EIB loans (outstanding disbursements) to CEEC, NIS and MED.  
The major changes in these figures are due to the transfer of accession countries from the “third countries” section in “Member States” section as of 1 May 2004.
- b) The higher the ranking number indicated by Euromoney, the lower the creditworthiness of the country.
- c) Countries are rated on a scale of zero to 100 by The Institutional Investor; 100 represents the least chance of default. A given country may improve its rating and still fall in the ranking if the average global rating for all rated countries improves.

#### **Abbreviations and English words used in tables**

S&P: Standard and Poor's

CCFF: Compensatory and Contingency Financing Facility

EFF: Extended Fund Facility

FDI: Foreign Direct Investment

SBA: Stand-By Arrangement

STF: Systemic Transformation Facility

est.: estimates

n.a.: not available

prelim.: preliminary

### 3.6. Country-risk indicators (tables)

Country-risk indicators					
Country: Bulgaria					
		footnotes	2002	2003	2004 est
Real GDP growth rate	(%)		4,8	4,3	5,6
Industrial production	(% change)		4,6	15,0	15,6
Unemployment (end of period)	(% of labour force)		16,8	12,7	12,0
Inflation rate (CPI) (Dec/Dec)	(% change)		3,8	5,6	6,3
Exchange rate (end of period)	(Leva per USD)		1,88	1,55	1,61
<b>General government balance</b>	(% of GDP)	(1)	-0,8	-0,1	2,6
<b>Balance of payments</b>					
Exports of goods and services	(m EUR)		8542	9459	4934
Current account balance	(% of GDP)		-5,6	-8,6	-4,8
Net inflow of foreign direct investment	(m EUR)		951	1235	962
Official reserves, including gold (end of period)	m EUR		4575	5309	5641
months' imports of goods and services			5,6	5,7	6,0
<b>External debt</b>					
Convertible currency external debt (end of period)	(m EUR)		10769	10476	12239
Convertible currency debt service principal	(m EUR)		1403	646	646
interest	(m EUR)		937	810	994
External debt/GDP	(%)		467	367	222
External debt/exports of goods and services	(%)		65,1	59,5	63,1
Debt service/exports of goods and services	(%)		126,1	110,8	
Arrears (on both interest and principal)	(%)		16,4	12,4	
Debt relief agreements and rescheduling	(m EUR)		none	none	
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)		5,84	10,14
EU exposure/external debt	(%)			9,09	7,90
EU exposure/exports of goods and services	(%)			10,07	19,58
<b>IMF arrangements</b>					
Type			SBA	SBA	SBA
(Date)			(02/02-02/04)	(02/02-02/04)	(08/04-09-05)
On track			yes	yes	yes
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)		(b)	B1	Ba3	Ba3
S&P long-term foreign currency rating (end of period)		(b)	BB-	BB+	BBB-
Euromoney			03/02 09/02	03/03 09/03	09/03 03/04
Position in the ranking		(c)	74 68	71 66	66 63
(number of countries)			(185) (185)	(185) (185)	(185) (185)

#### Footnotes

(a) (b) (c) See explanatory notes at beginning of tables.

(1) ESA95 methodology, cash for latest figure

Country-risk indicators					
Country: ROMANIA					
		footnotes	2002	2003	2004 est
Real GDP growth rate	(%)		5,0	4,9	6,6
Industrial production	(% change)		7,4	4,9	5,6
Unemployment (average)	(% of labour force)	(1)	7,5	6,6	6,0
Inflation rate (CPI) (Dec/Dec)	(% change)		17,8	14,1	12,4
Exchange rate (euro, end of period)	(Lei)		34919	40193	40947
<b>General government balance</b>	(% of GDP)	(2)	-2,0	-2,0	-1,7
<b>Balance of payments</b>					
Exports of goods and services	(m USD)		16201	20630	12525
Current account balance	(% of GDP)		-3,4	-5,8	-2,8
Net inflow of foreign direct investment	(m USD)		1090	1823	1411
Official reserves, excluding gold (end of period)					
m USD			6125	8040	9399
months' imports of goods and services			3,9	3,7	3,7
<b>External debt</b>					
Convertible currency external debt (end of period)	(m USD)		15718	20755	21939
Convertible currency debt service	(m USD)		3038	3536	1940
principal	(m USD)		2828	-	-
interest	(m USD)		210	-	-
External debt/GDP	(%)		34,3	36,4	31,5
External debt/exports of goods and services	(%)		97,0	100,6	93,1
Debt service/exports of goods and services	(%)		18,8	17,1	15,5
Arrears (on both interest and principal)	(m USD)		none	none	none
Debt relief agreements and rescheduling	(m USD)		none	none	none
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)		12,68	21,75
EU exposure/external debt	(%)			9,97	9,45
EU exposure/exports of goods and services	(%)			10,03	16,56
<b>IMF arrangements</b>					
Type			SBA	SBA	SBA
(Date)			(9/01-10/03)	(9/01-10/03)	precautionary
On track			yes	yes	yes
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)		(b)	B2	B2	B1
S&P long-term foreign currency rating (end of period)			B	BB	BB+
Euromoney			03/02 09/02	03/03 09/03	09/03 03/04
Position in the ranking		(c)	79 73	75 69	69 68
(number of countries)			(185) (185)	(185) (185)	(185) (185)

**Footnotes**

- (1) harmonized rate, yearly average  
(2) Estimated ESA 95 net lending. For 2004, planned.  
(a) (b) (c) See explanatory notes at beginning of tables.

Country-risk indicators					
Country: Turkey					
		footnotes	2002	2003	2004 est
Real GDP growth rate	(%)		7,9	5,8	11,9
Industrial production	(% change)		9,0	8,3	6,8
Unemployment (end of period)	(% of labour force)		10,4	10,5	12,4
Inflation rate (CPI) (Dec/Dec)	(% change)		29,7	18,4	10,0
Exchange rate (end of period)	(TL per USD)		1638443	1402724	1405000
<b>General government balance</b>	(% of GDP)		-12,7	-8,7	-8,0
<b>Balance of payments</b>					
Exports of goods and services	(m USD)		54907	70231	47706
Current account balance	(% of GDP)		-0,8	-2,9	-5,3
Net inflow of foreign direct investment	(m USD)		12924	2694	1800
Official reserves, including gold (end of period)	m USD		38067	44957	44906
months' imports of goods and services			6,3	6,5	6,5
<b>External debt</b>					
Convertible currency external debt (end of period)	(m USD)		131058	147035	146510
Convertible currency debt service	(m USD)		28852	27772	29864
principal	(m USD)		22450	20784	22779
interest	(m USD)		6402	6988	7085
External debt/GDP	(%)		71,8	61,6	56,3
External debt/exports of goods and services	(%)		238,7	209,4	307,1
Debt service/exports of goods and services	(%)		52,5	39,5	62,6
Arrears (on both interest and principal)	(m USD)		none	none	none
Debt relief agreements and rescheduling			none	none	none
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)		9,32	17,09
EU exposure/external debt	(%)			1,03	1,11
EU exposure/exports of goods and services	(%)			2,17	3,41
<b>IMF arrangements</b>					
Type			SBA	SBA	SBA
(Date)			(02/02-02/05)	(02/02-02/05)	(02/02-02/05)
On track			yes	yes	yes
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)		(b)	B1	B3	B3
S&P long-term foreign currency rating (end of period)			B-	B+	BB-
Euromoney		(c)	03/02 09/02	03/03 09/03	09/03 03/04
Position in the ranking			72 80	81 80	80 75
(number of countries)			(185) (185)	(185) (185)	(185) (185)

Footnotes

(a) (b) (c) See explanatory notes at beginning of tables.

Country-risk indicators					
Country: Bosnia & Herzegovina (1)					
		footnotes	2002	2003	2004(est)
Real GDP growth rate	(%)		5,50	3,50	5,00
Industrial production	(% change)	(2)			
Federation			10,10	4,80	10,00
Republika Srpska			-2,50	5,70	6,00
Unemployment (end of period)	(% of labour force)	(3)	41,00	42,00	41,00
Federation			42,70	44,00	43,00
Republika Srpska			36,50	37,00	37,00
Inflation rate (CPI) (12 month average)	(% change)		0,30	0,10	0,90
Federation			-0,20	-0,50	0,80
Republika Srpska			1,70	1,90	1,40
Exchange rate (end of period)	KM per EUR		1,96	1,96	1,96
	KM per USD		2,00	1,73	1,60
<b>General government balance (after grants)</b>	(% of BiH GDP)		-2,20	0,30	-0,10
Federation	(% of Federation GDP)		-0,30	0,00	0,00
Republika Srpska	(% of RS GDP)		0,10	2,10	1,10
<b>Balance of payments</b>					
Exports of goods and services	(m USD)		1273,00	1658,00	2128,00
Current account balance	(% of GDP)	(4)	-20,00	-18,00	-18,50
Net inflow of foreign direct investment	(m USD)		230,00	320,00	420,00
Official reserves, including gold (end of period)					
m USD			1279,00	1725,00	1714,00
months' imports of goods and services			4,60	5,10	4,40
<b>External debt</b>					
Convertible currency external debt (end of period)	(m USD)		2523,00	2572,00	2562,00
Convertible currency debt service	(m USD)		121,00	178,61	-
principal	(m USD)		51,20	109,83	-
interest	(m USD)		69,80	68,79	-
External debt/GDP	(%)		42,20	34,00	33,00
External debt/exports of goods and services	(%)		198,19	155,13	120,39
Debt service/exports of goods and services	(%)		8,50	7,80	6,60
Arrears (on both interest and principal)	(m USD)		none	none	none
Debt relief agreements and rescheduling		(5)	yes	yes	yes
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)	0,42	0,57	1,13
EU exposure/external debt	(%)		1,83	3,63	4,22
EU exposure/exports of goods and services	(%)		3,52	5,64	5,08
<b>IMF arrangements</b>					
Type			SBA II	SBA II	SBA II
(Date)			(8/02-11/03)	(8/02-02/04)	
On track			Yes	Yes	Yes
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)		(b)	none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney		(c)	03/02 09/03	03/03 09/03	09/03 03/04
Position in the ranking			161 152	152 110	110 107
(number of countries)			(185) (185)	(185) (185)	(185) (185)

**Footnotes**

- (1) Data refer to the entire country unless otherwise indicated.  
(2) Data for 2003 refer to the average first nine months of the year, compared to the same period in 2002  
(3) World Bank informal estimates are one half the official estimate (ie 20%)  
(4) Including official transfers.  
(5) Paris Club in 1998 USD 588m, in 2000 USD 9m  
(a) (b) (c) See explanatory notes at beginning of tables.



Country-risk indicators					
Country: Former Yugoslav Republic of Macedonia					
		footnotes	2002	2003	2004 est
Real GDP growth rate	(%)	(1)	0,90	3,00	-3,60
Industrial production	(% change)	(4)	-5,30	4,70	-11,70
Unemployment (end of period)	(% of labour force)		31,90	36,70	n.a.
Inflation rate (CPI) (Dec/Dec)	(% change)	(4)	1,10	2,60	0,40
Exchange rate (end of period)	(Denar per USD)	(4)	58,80	48,30	50,00
<b>General government balance</b>	(% of GDP)		-5,70	-1,50	n.a.
<b>Balance of payments</b>					
Exports of goods and services	(m USD)	(1)	1113,00	1324,00	432,00
Current account balance	(% of GDP)		-8,60	-6,20	n.a.
Net inflow of foreign direct investment	(m USD)	(4)	77,00	53,00	90,00
Official reserves, including gold (end of period)					
m USD		(1)	735,00	765,00	902,00
months' imports of goods and services		(1)	4,30	3,90	4,00
<b>External debt</b>					
Convertible currency external debt (end of period)	(m USD)	(2), (5)	1447,00	1512,00	1736,96
Convertible currency debt service	(m USD)	(1) (3)	231,70	167,90	83,62
principal	(m USD)	(1)	181,10	128,00	69,65
interest	(m USD)	(1)	50,60	39,90	13,97
External debt/GDP	(%)	(1)	38,80	33,00	n.a.
External debt/exports of goods and services	(%)	(1)	130,01	114,20	100,52
Debt service/exports of goods and services	(%)	(1),(3)	20,82	12,68	19,36
Arrears (on both interest and principal)	(m USD)		none	none	n.a.
Debt relief agreements and rescheduling	(m USD)		none	none	n.a.
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)	1,24	1,42	2,40
EU exposure/external debt	(%)		10,20	15,29	13,16
EU exposure/exports of goods and services	(%)		13,32	17,46	52,90
<b>IMF arrangements</b>					
Type			none	SBA	SBA
(Date)			12/01 - 06/02	04/03 - 06/04	
On track			no	yes	yes
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)		(b)	none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			03/02 09/02	03/03 09/03	09/03 03/04
Position in the ranking		(c)	136 102	103 109	109 106
(number of countries)			(185) (185)	(185) (185)	(185) (185)

#### Footnotes

(1) Q1 for 2004

(2) Medium-term and long-term including IMF

(3) Debt service excluding IMF; it includes an estimate of debt service due to commercial creditors.

(4) January - July 2004

(5) May 2004

(a) (b) (c) See explanatory notes at beginning of tables

Country-risk indicators					
Country: Serbia and Montenegro					
		footnotes	2002	2003	2004 est
Real GDP growth rate	(%)		4,00	3,00	4,50
Industrial production	(% change)		1,80	-3,00	NA
Unemployment (end of period)	(% of labour force)		29,00	30,00	34,00
Inflation rate (CPI) (Dec/Dec)	(% change)		14,20	7,80	8,50
Exchange rate (end of period)	(YuD per EUR)		61,52	68,31	76,00
<b>General government balance</b>	(% of GDP)		-4,50	-4,20	-3,40
<b>Balance of payments</b>					
Exports of goods and services	(m USD)		2412,00	2917,00	3483,00
Current account balance	(% of GDP)		-12,80	-12,60	-11,00
Net inflow of foreign direct investment	(m USD)		562,00	1395,00	713,00
Official reserves, including gold (end of period)					
m USD			2280,00	3550,00	3600,00
months' imports of goods and services			3,20	4,40	4,30
<b>External debt</b>					
Convertible currency external debt (end of period)	(m USD)		11839,00	14303,00	14843,00
Convertible currency debt service	(m USD)		183,00	436,00	1014,00
principal	(m USD)		43,00	221,00	NA
interest	(m USD)		141,00	256,00	NA
External debt/GDP	(%)		73,00	69,00	55,00
External debt/exports of goods and services	(%)		365,00	360,00	280,00
Debt service/exports of goods and services	(%)		5,70	10,70	29,00
Arrears (on both interest and principal)	(m USD)			5134,00	NA
Debt relief agreements and rescheduling		(1)	yes	yes	yes
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)	2,59	3,37	5,70
EU exposure/external debt	(%)		3,65	3,84	3,66
EU exposure/exports of goods and services	(%)		13,81	18,83	15,60
<b>IMF arrangements</b>					
Type			Extended Arrangement	Extended Arrangement	Extended Arrangement
(Date)			05/02-05/05	05/02-05/05	05/02-05/05
On track			yes	yes	yes
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)		(b)	none	none	none
S&P long-term foreign currency rating (end of period)			none	none	expected soon
Euromoney			03/02 09/02	03/03 09/03	09/03 03/04
Position in the ranking		(c)	176 129	137 136	136 166
(number of countries)			(185) (185)	(185) (185)	(185) (185)

#### Footnotes

- (1) In November 2001, the Paris Club creditors agreed on a highly concessional two-phased debt restructuring of 66% in NPV terms. The first phase (51%) became effective in May 2002 when the IMF adopted the new three-year Extended Arrangement (EA); the second phase (15%) will become effective upon successful completion on the EA.
- (a) (b) (c) See explanatory notes at beginning of tables.

Country-risk indicators					
Country: Armenia					
		footnotes	2002	2003	2004 forecast
Real GDP growth rate	(%)		12,9	13,9	7,0
Industrial production	(% change)		14,2	15,4	5,0
Unemployment (end of period)	(% of labour force)		10,8	10,1	n.a.
Inflation rate (CPI) (Dec/Dec)	(% change)		2,0	8,6	5,0
Exchange rate (end of period)	(Dram per USD)		585	566	n.a.
<b>General government balance</b>	(% of GDP)		-0,6	-1,1	-2,0
<b>Balance of payments</b>					
Exports of goods and services	(m USD)		689	884	950
Current account balance	(% of GDP)		-6,6	-7,1	-6,0
Net inflow of foreign direct investment	(m USD)		111	136	100
Official reserves, including gold (end of period)					
m USD			430	504	490
months' imports of goods and services			3,7	4,1	3,7
<b>External debt</b>					
Convertible currency external debt (end of period)	(m USD)		1025	1065	1110
Convertible currency debt service principal	(m USD)		68	77	72
interest	(m USD)				
External debt/GDP	(%)		43,3	39,5	38,0
External debt/exports of goods and services	(%)		150	120	115
Debt service/exports of goods and services	(%)		9,9	8,7	7,5
Arrears (on both interest and principal)	(m USD)		17,0	0	0
Debt relief agreements and rescheduling				Debt to equity swap (Russia)	
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)		0,07	0,03
EU exposure/external debt	(%)			1,07	0,22
EU exposure/exports of goods and services	(%)			1,29	0,26
<b>IMF arrangements</b>					
Type (Date)			PRGF (05/01-05/04)	PRGF (05/01-05/04)	PRGF (05/01-12/04)
On track			yes	yes	yes
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)		(b)	none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney		(c)	03/02 09/02	03/03 09/03	09/03 03/04
Position in the ranking (number of countries)			106 112 (185) (185)	130 121 (185) (185)	121 125 (185) (185)

(a) (b) (c) See explanatory notes at beginning of tables.

Country-risk indicators					
Country: Belarus					
		footnotes	2002	2003 (d)	2004 (est)
Real GDP growth rate	(%)		4,7	6,8	10,3
Industrial production	(% change)		3,9	7,0	14,4
Unemployment (end of period)	(% of labour force)			3,2	
Inflation rate (CPI) (Dec/Dec)	(% change)		33,0	28,0	21
Exchange rate (end of period)	(BRB per USD)		1791	2156	2157,00
<b>General government balance</b>	(% of GDP)		-1,2	1,3	n.a.
<b>Balance of payments</b>					
Exports of goods and services	(m USD)		9305	11577	13800
Current account balance	(% of GDP)		-2,1	-3,0	n.a.
Net inflow of foreign direct investment	(m USD)		453,3	170,3	140,0
Official reserves, including gold (end of period)					
m USD			475,6	495,5	500
months' imports of goods and services			0,6	0,5	0,5
<b>External debt</b>					
Convertible currency external debt (end of period)	(m USD)		813	736	n.a.
Convertible currency debt service principal	(% of GDP)		154,0	176,0	n.a.
interest	(m USD)		n.a.	n.a.	n.a.
External debt/GDP	(%)		6,1	4,4	
External debt/exports of goods and services	(%)		33,2	29,6	
Debt service/exports of goods and services	(%)				
Arrears (on both interest and principal)	(m USD)		n.a.	n.a.	n.a.
Debt relief agreements and rescheduling	(m USD)		none	none	none
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)		0,09	0,15
EU exposure/external debt	(%)			2,06	n.a.
EU exposure/exports of goods and services	(%)			0,13	0,11
<b>IMF arrangements</b>					
Type			none	none	none
(Date)					
On track					
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)		(b)	none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney		(c)			
Position in the ranking			03/02 09/02	03/03 09/03	09/03 03/04
(number of countries)			128 128	128 133	133 134
			(185) (185)	(185) (185)	(185) (185)

(a) (b) (c) See explanatory notes at beginning of tables.

Country-risk indicators					
Country: Georgia					
		footnotes	2002	2003	2004 est
Real GDP growth rate	(%)		5,5	11,1	6,0
Industrial production	(% change)		7,8	14,0	n.a.
Unemployment (end of period)	(% of labour force)		12,3	11,5	n.a.
Inflation rate (CPI) (Dec/Dec)	(% change)		5,4	7,0	5,0
Exchange rate (end of period)	(Lari per USD)		2,2	2,1	n.a.
<b>General government balance</b>	(% of GDP)		-2,0	-2,5	-1,6
<b>Balance of payments</b>					
Exports of goods and services	(m USD)		1024	1180	1235
Current account balance	(% of GDP)		-6,0	-7,9	-9,6
Net inflow of foreign direct investment	(m USD)		131	306	350
Official reserves, including gold (end of period)					
m USD			198	191	210
months' imports of goods and services			1,8	1,5	1,5
<b>External debt</b>					
Convertible currency external debt (end of period)	(m USD)		1858	1954	2040
Convertible currency debt service	(m USD)		232,5	200,9	222,2
principal	(m USD)		194,0	n.a.	n.a.
interest	(m USD)		42,1	n.a.	n.a.
External debt/GDP	(%)		54,8	49,6	46,5
External debt/exports of goods and services	(%)		190	n.a.	
Debt service/exports of goods and services	(%)		22,7	17,0	18,0
Arrears (on both interest and principal)	(m USD)		n.a.	51,0	n.a.
Debt relief agreements and rescheduling					Paris Club (July)
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)		0,71	1,17
EU exposure/external debt	(%)			5,95	5,48
EU exposure/exports of goods and services	(%)			9,85	9,05
<b>IMF arrangements</b>					
Type			PRGF	PRGF	PRGF
(Date)			(01/01-01/04)	(01/01-01/04)	(06/04-06/07)
On track			yes	no	yes
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)		(b)	none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney		(c)	03/02 09/02	03/03 09/03	09/03 03/04
Position in the ranking			141 111	141 157	157 136
(number of countries)			(185) (185)	(185) (185)	(185) (185)

(a) (b) (c) See explanatory notes at beginning of tables

Country-risk indicators					
Country: Moldova					
		footnotes	2002	2003	2004 (est)
Real GDP growth rate	(%)		7,2	6,3	6,0
Industrial production	(% change)		11,0	14,0	13,0
Unemployment (end of period)	(% of labour force)				
Inflation rate (CPI)	(% change)		4,4	12,0	13,6
Exchange rate (end of period)	(Leu per USD)		13,8	13,2	12,0
<b>General government balance</b>	(% of GDP)		-1,8	0,4	-0,7
<b>Balance of payments</b>					
Exports of goods and services	(m USD)		741	878	1150
Current account balance	(% of GDP)		-6,1	-8,1	-7,1
Net inflow of foreign direct investment	(m USD)		116,7	47,8	76,0
Official reserves, including gold (end of period)					
m USD			268,8	259,4	259,4
months' imports of goods and services			2,1	2,1	1,7
<b>External debt</b>					
Convertible currency external debt (end of period)	(m USD)		1371	1469	-
Convertible currency debt service principal	(m USD)		180,0	170,0	-
interest	(m USD)		n.a.	n.a.	-
External debt/GDP (public and publicly guaranteed debt)	(%)		64,8	52,5	-
External debt/exports of goods and services (public and publicly guaranteed debt)	(%)				-
Debt service/exports of goods and services	(%)		14,1	13,9	-
Arrears (on both interest and principal)	(m USD)		none	none	-
Debt relief agreements and rescheduling	(m USD)		40	40	-
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)		0,17	0,28
EU exposure/external debt	(%)			1,89	n.a.
EU exposure/exports of goods and services	(%)			3,16	2,33
<b>IMF arrangements</b>					
Type (Date)			PRGF (12/01-12/04)	PRGF (12/01-12/04)	PRGF (12/01-12/04)
On track			yes	no	no
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)		(a)	Ca	caa2	Caa2
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney		(c)	03/02 09/02	03/03 09/03	09/03 03/04
Position in the ranking			139 150	134 137	137 130
(number of countries)			(185) (185)	(185) (185)	(185) (185)

(a) (b) (c) See explanatory notes.

Country-risk indicators					
Country: Tajikistan					
		footnotes	2002	2003	2004 est
Real GDP growth rate	(%)		9,1	10,2	8,5
Industrial production	(% change)		8,2	11,7	11,7
Unemployment (end of period)	(% of labour force)	(1)	2,7	n.a.	n.a.
Inflation rate (CPI) (Year-end)	(% change)		14,5	13,7	7,0
Exchange rate (end of period)	(Somoni per USD)		2,76	3,07	3,00
<b>General government balance</b>	(% of GDP)	(2)	-0,1	0,9	-0,5
<b>Balance of payments</b>					
Exports of goods and services	(bn USD)		0,7	0,9	1,1
Current account balance	(% of GDP)		-2,7	-1,3	-3,5
Net inflow of foreign direct investment	(m USD)		36	32	20
Official reserves, including gold (end of period)	m USD		96,2	135,4	189,1
months' imports of goods and services			1,8	1,9	1,9
<b>External debt</b>					
Convertible currency external debt (end of period)	(m USD)		976	1000	700
Convertible currency debt service principal	(m USD)		117	131	121
interest	(m USD)				
External debt/GDP	(%)		82,0	73,0	50,0
External debt/exports of goods and services	(%)		139,6	111,0	63,6
Debt service/exports of goods and services	(%)		16,7	14,5	11,0
Arrears (on both interest and principal)	(m USD)				
Debt relief agreements and rescheduling			yes (Russia)	yes Russia	yes Russia
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)		0,34	0,56
EU exposure/external debt	(%)			5,56	7,64
EU exposure/exports of goods and services	(%)			6,17	4,86
<b>IMF arrangements</b>					
Type			SMP	PRGF	PRGF
(Date)			(01/02-06/02)	(09/02-09/05)	(09/02-09/05)
On track			yes	yes	yes
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			03/02 09/02	03/03 09/03	09/03 03/04
Position in the ranking (number of countries)		(b)	156 118 (185) (185)	166 144 (185) (185)	144 174

#### Footnotes

(a) (b) (c) See explanatory notes at beginning of tables.

(1) Officially registered unemployed only.

(2) Excluding Public Investment projects (approx. 3% of GDP).

Country-risk indicators					
Country: Ukraine					
		footnotes	2002	2003	2004 (est)
Real GDP growth rate	(%)		5,2	9,4	12,5
Industrial production	(% change)		7,0	15,8	16,5
Unemployment (ILO definition)	(% of labour force)		10,1	9,1	n.a.
Inflation rate (CPI) (Dec/Dec)	(% change)		-0,6	8,2	8,5
Exchange rate (end of period)	(Hyrvnia per USD)		5,3	5,3	5,3
<b>General government balance</b>	(% of GDP)	(1)	0,5	-0,7	-4,2
<b>Balance of payments</b>					
Exports of goods and services	(m USD)		23350	28950	30500
Current account balance	(% of GDP)		7,5	5,8	10,2
Net inflow of foreign direct investment	(m USD)		700	1400	800
Official reserves, (end of period)					
m USD			4400	6900	11900
months' imports of goods and services			1,9	2,6	3,8
<b>External debt</b>		(2)			
Public external debt (end of period)	(m USD)		10194	10841	10677
Public external debt service	(m USD)		1260	1824	1950
principal	(m USD)		793	1332	1400
interest	(m USD)		467	492	550
External debt/GDP	(%)		24,6	22,5	19,5
External debt/exports of goods and services	(%)		43,7	37,4	35,0
Debt service/exports of goods and services	(%)		5,7	6,3	5,1
Arrears (on both interest and principal)	(m USD)		no	no	no
Debt relief agreements and rescheduling	(m USD)		no	no	no
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)		1,80	2,96
EU exposure/external debt	(%)			2,70	2,64
EU exposure/exports of goods and services	(%)			1,01	0,92
<b>IMF arrangements</b>					
Type			EFF	no	Stand-by*
(Date)			(09/98-09/02)		(03/04-03/05)
On track			no		review delayed
					*precautionary
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)		(b)	B2	B3*	B3
S&P long-term foreign currency rating (end of period)			B	B	B+
Euromoney		(c)	03/02 09/02	03/03 09/03	09/03 03/04
Position in the ranking			120 103	113 94	94 93
(number of countries)			(185) (185)	(185) (185)	(185) (185)

**Footnotes**

(a) (b) (c) See explanatory notes.

(1) On a cash basis.

(2) Debt service after July 2001 Paris Club rescheduling



Country-risk indicators					
Country: Algeria					
		footnotes	2002	2003	2004 (est)
Real GDP growth rate	(%)		4,1	6,2	6,5
Industrial production	(% change)		...	...	...
Unemployment (end of period)	(% of labour force)		25,9	26,2	25,4
Inflation rate (CPI) (average)	(% change)		2,3	3,5	3,1
Exchange rate (end of period)	(Dinars per USD)		79,723	72,613	73,279
<b>General government balance</b>	(% of GDP)		-0,1	3,2	3,9
<b>Balance of payments</b>					
Exports of goods and services	(m USD)		20.010	26.000	32.173
Current account balance	(% of GDP)		8,6	13,8	18,3
Net inflow of foreign direct investment	(m USD)		965	1.770	1.920
Official reserves, including gold (end of period)	m USD		23.503	33.416	42.669
months' imports of goods and services			19,4	24,5	28
<b>External debt</b>					
Convertible currency external debt (end of period)	(m USD)		22.800	22.818	22.041
Convertible currency debt service	(m USD)		4.166	3.392	3.338
principal	(m USD)		2.948	2.556	2.482
interest	(m USD)		1.218	836	856
External debt/GDP	(%)		40,8	35,0	30,6
External debt/exports of goods and services	(%)		101,1	79,5	62,2
Debt service/exports of goods and services	(%)		18,5	11,8	9,4
Arrears (on both interest and principal)	(m USD)		0	0	0
Debt relief agreements and rescheduling	(m USD)		0	0	0
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)		7,76	12,62
EU exposure/external debt	(%)			5,55	5,46
EU exposure/exports of goods and services	(%)			4,87	3,74
<b>IMF arrangements</b>					
Type			CCFF	CCFF	CCFF
(Date)			5/07/1999	5/07/1999	5/07/1999
On track			yes	yes	yes
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)		(b)	none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney		(c)	03/02 09/02	03/03 09/03	09/03 03/04
Position in the ranking			109 85	89 88	88 85
(number of countries)			(185) (185)	(185) (185)	(185) (185)

## Footnotes

(a) (c) See explanatory notes at beginning of tables.

Country-risk indicators					
Country: Argentina					
		footnotes	2002	2003	2004 (est)
Real GDP growth rate	(%)		-10,9	8,8	7,7
Industrial production	(% change)		-10,5	16,2	11,0
Unemployment ( end of period)	(% labour force)		19,7	15,6	13,0
Inflation rate (CPI) (DEC/DEC)	(%change)		41,0	3,7	7,0
Exchange rate ( end of period)	(pesos / 1 USD)		3,1	2,9	2,8
<b>General government balance</b>	(% of GDP)		-1,5	0,5	1,7
<b>Balance of payments</b>					
Exports of goods and services	(millions USD)		30489	29002	38115
Current account balance	(% GDP)		9,0	6,2	5,9
Net inflow of foreign direct investment,	(millions USD)		1093	1020	1000
Official reserves, including gold (end of period) in USD			9,1	14,1	18,4
months' imports of goods and services			8,2	9,1	8,0
<b>External debt</b>					
Convertible currency external debt (end of période)	(millions USD)		135681	146955	150000
Convertible currency debt service principal	(millions USD)		32959	33062	34500
interest	(millions USD)		19647	19708	20700
External debt/GDP	(%)		13312	13354	13800
External debt/exports of goods and services	(%)		132,2	101,1	95,0
Debt service/exports of goods and services	(%)		448,1	506,7	393,5
Arrears( on both interest and principal)	(%)		108,1	114,0	90,5
Debt relief agreements and rescheduling	(millions USD)		yes	yes	yes
			no	no	no
<b>Indicators of EU exposure</b>					
EU exposure/ total EU exposure	(%)			1,71	2,46
EU exposure/ external debt	(%)			0,22	0,20
Eu exposure/ exports of goods and services	(%)			1,12	0,79
<b>IMF arrangements</b>					
Type			No	SBA	SBA
(Date)			No	4-Jan and Sep.	
On track			No	yes (Jan SBA)	No
<b>Indicators of market's perception of creditworthiness</b>					
Moody's foreign currency rating (end of period)		(b)	Ca	Ca	Caa2
S&P long-term foreign currency rating (end of period)		(c)	none	SD	SD
Euro money			03/02 09/02	03/03 09/03	09/03 03/04
Position in the ranking			107 146	155 162	162 140
(number of countries)			(185) (185)	(185) (185)	(185) (185)

(b) (c) See explanatory notes at the beginning of the tables

Country-risk indicators					
Country: Brazil					
		footnote	2002	2003	2004 est
Real GDP growth rte	(%)		1,9	-0,2	4,0
Industrial production	(% change)		2,7	-0,1	7,0
Unemployment (end of period)	(% of labour force)		11,7	12,3	11,0
Inflation rate (CPI) (dec./dec.)	(% change)		12,5	9,3	7,2
Exchange rate ( end of period)	(Real / 1 USD)		3,5	2,9	3,2
	(% of GDP)		-10,3	-5,2	-3,8
<b>balance of payments</b>					
Exports of goods and services	(m USD)		69206	82750	95902
Current account balance	(% of GDP)		-1,7	0,8	0,5
Net inflow	(m USD)		14108	9894	10000
Official reserves, including gold(end of period)					
m USD			37823	49296	49805
month's imports of goods and services			7,2	9,1	7,0
<b>External debt</b>					
Convertible currency external debt (end of period)	(m USD)		210711	214930	210000
Convertible currency debt service principal	(m USD)		50952	54137	52000
interest	(m USD)		35677	38809	37500
External debt/GDP	(%)		15275	15328	14500
External debt/exports of goods and services	(%)		46	44	41
Debt service/exports of goods and services	(%)		349	294	219
Arrears (on both interests and principal)	(m USD)		84	74	54
Debt relief agreements and rescheduling	(m USD)		no	no	no
<b>Indicators of EU expenditure</b>					
EU exposure/total EU exposure	(%)			3,43	5,58
EU exposure/external debt	(%)			0,30	0,33
EU exposure/exports of goods and services	(%)			0,79	0,71
<b>IMF arrangements</b>					
Type			SBA+SRF	SBA	SBA
(Date)			6-sept	15 déc	
On track			yes	yes	yes
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period),		(b)	B3	B3	B2
S&P long-term foreign currency rating (end of period)		(c)	B+	B+	BB -
Euromoney			03/02 09/02	03/03 09/03	09/03 03/04
Position in the ranking			79 83	79 75	75 78
(number of countries)			(185) (185)	(185) (185)	(185) (185)

Footnotes

(b) (c) See explanatory notes at beginning of tables.

Country-risk indicators					
Country: Jordan					
		footnotes	2002	2003	2004 (est.)
Real GDP growth rate	(%)		5,0	3,2	5,5
Industrial production (period average)	(% change)		11,1	-6,1	11,9
Unemployment rate (yoy)	(% of labour force)		14,5	14,5	14,0
Inflation rate (CPI, eop)	(% change)		0,5	3,6	2,5
Exchange rate (end of period)	(Dinar per USD)		0,7	0,7	0,7
<b>Central government overall balance</b>	(% of GDP)				
before grants			-10,2	-13,2	-12,6
after grants			-5,0	-1,1	-3,9
<b>Balance of payments</b>					
Exports of goods and services	(m USD)		4282,6	4580,7	5169,7
Current account balance	(% of GDP)		4,5	11,2	5,5
Net inflow of foreign direct investment	(m USD)		31,0	376,0	299,0
Official reserves, including gold (end of period)	(gross useable)				
m USD			3474,0	4745,0	4500,0
months' imports of goods and services			6,9	8,2	7,4
<b>External debt</b>					
Convertible currency external debt (end of period)	(m USD)	(1)	7683,0	7604,0	7067,0
Convertible currency debt service	(m USD)		799,0	866,0	959,0
principal	(m USD)		506,0	545,0	658,0
interest	(m USD)		293,0	321,0	301,0
External debt/GDP	(%)	(1)	81,9	77,1	66,0
External debt/exports of goods and services	(%)		179,4	166,0	136,7
Debt service/exports of goods and services	(%)		18,7	18,9	18,6
Arrears (on both interest and principal)	(m USD)		none	none	none
Debt relief agreements and rescheduling	(m USD)	(2)	1170,0	-	-
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)		2,07	3,18
EU exposure/external debt	(%)			4,43	4,28
EU exposure/exports of goods and services	(%)			7,36	5,85
<b>IMF arrangements</b>					
Type			EFF	SBA	SBA
(Date)			4/99 to 5/02	7/02 to 7/04	7/02 to 7/05
On track			yes	yes	completed
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)		(b)	Ba3	B1	Ba3
S&P long-term foreign currency rating (end of period)			BB-	BB	BB
Euromoney			03/02 09/02	03/03 09/03	09/03 03/04
Position in the ranking		(c)	73 76	80 84	84 81
(number of countries)			(185) (185)	(185) (185)	(185) (185)

**Footnotes**

- (1) Of the government, including collateralised Brady bonds  
 USD 1170 treated in July 2002 on Houston Terms. 100% of pre-cut off date maturities falling due from July 2002 to June 2004; 90% of pre-cut off date maturities falling due from July 2004 to December 2005; 80% of pre-cut off date maturities falling due in
- (2) of pre-cut off date maturities falling due from July 2004 to December 2005; 80% of pre-cut off date maturities falling due in
- (a) (b) (c) See explanatory notes at beginning of tables.

Sources: IMF third Review under SBA June 2004, globalinsight, Paris club