



COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT FROM THE COMMISSION

**to the budgetary authority on guarantees covered by the general
budget - situation at 30 June 2001**

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Part One:

Events since the report at 31 December 2000, the risk situation and activation of budget guarantees

1. INTRODUCTION: TYPES OF OPERATION

The risks covered by the Community budget derive from a variety of lending and guarantee operations which can be divided into two categories: loans with macroeconomic objectives and loans with microeconomic objectives.

1.1. Operations with macroeconomic objectives

The first of these are the balance-of-payments loans for Member States or non-member countries, normally carrying strict economic conditions and undertakings.

1.2. Operations with microeconomic objectives

These are loans to finance projects which are usually repaid over the long term from funds which these projects are expected to generate; as a rule, they are granted to companies, financial institutions or non-member countries and, in addition to the Community guarantee, are covered by the usual guarantees demanded by banks.

This covers Euratom and NCI loans in Member States and the Euratom and EIB loans outside the Community (Mediterranean countries, Central and Eastern Europe, countries of Asia and Latin America, Republic of South Africa).

2. EVENTS SINCE THE REPORT AT 31 DECEMBER 2000

There are no events to be reported in the first half of 2001.

3. RISK SITUATION

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

- The method, often used by bankers, of the total amount of capital outstanding for the operations concerned on a given date (situation described in Table 1 below),
- 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 2 below showing the lower limit of this maximum risk to the Community 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 the Commission's proposals are accepted (see Table 3 below showing the upper limit of this maximum risk borne by the Community 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 in the annex) as well as interest¹ and exchange rates².

The results are shown in Tables 1 to 3, 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 guaranteed by the borrowers in the case of NCI and EIB operations, for example.

The following analysis distinguishes between total risk, the risk in respect of Member States and the risk in respect of non-member countries.

3.1. Amount outstanding at 30 June 2001

The amount outstanding is set out in Table 1.

The total risk at 30 June 2001 came to €15 041 million, as against €13 808 million at 31 December 2000, an increase of 8.9%³.

The following table shows the operations which have had an effect on the amount outstanding since the last report.

	<i>€ million</i>
Amount outstanding at 31 December 2000	13 808.00
Loan repayments	
Euratom	0.00
NIC	- 1.30
Financial assistance	0.00
Former Soviet Union	- 54.50
EIB	- 342.80
Loans disbursed	
Euratom	40.00
Financial assistance	80.00
EIB	1 683.18
Exchange rate differences between the Euro and other currencies	- 171.58
Amount outstanding at 30 June 2001	15 041.00

¹ An average interest rate of 8% is assumed for EIB loans; The average interest rate assumed for borrowing and lending operations is 4.4%. An interest rate of 4.89% has been applied for the new operations in Table 3.

² The exchange rates used for loans in currencies other than the euro are those of 30 June 2001.

³ Part of the change over the past six months is due to exchange rate differences on loans in currencies other than the Euro.

The capital outstanding in respect of operations in the Member States was €127 million at 30 June 2001, a fall of 4.5% compared with 31 December 2000.

The capital outstanding from non-member countries at 30 June 2001 was €14 914 million, an increase of 9% compared with 31 December 2000.

3.2. Maximum annual risk borne by the Community budget: operations disbursed at 30 June 2001

The maximum annual risk is set out in Table 2.

The total risk for the second half of 2001 comes to €1 050 million.

- The risk in respect of the Member States comes to €81 million.
- The risk in respect of non-member countries comes to €969 million.

The risk in respect of non-member countries will average €1 390 million over the period 2001-2009.

3.3. Maximum theoretical annual risk borne by the Community budget

The situation is set out in Table 3.

This risk comes to €1 598 million during 2001. It will increase from 2002 onwards and reach €4 662 million in 2009.

- The trend in the maximum risk in respect of Member States is the same in Table 2.
- The risk in respect of non-member countries amounts to €1 508 million for 2001. The risk will increase from 2002 onwards to reach €4 662 million by 2009.

TABLE 1
CAPITAL OUTSTANDING IN RESPECT OF OPERATIONS DISBURSED
million Euro

Operations	Authorised ceiling	Capital outstanding at 31.12.00	Capital outstanding at 30.06.01	Remainder to be disbursed 30.06.01
MEMBER STATES				
A.Balance of payments	14000			
1. Italy		0	0	0
B.Others				
2. Euratom (*)	4000	0	0	0
3. NCI and NCI earthquake	6830	90	89	0
4. EIB Mediterranean Spain, Greece, Portugal	1500	43	38	0
MEMBER STATES - TOTAL	26330	133	127	0
THIRD COUNTRIES				
A.Financial assistance				
1. Bulgaria	750	460	460	0
2. Romania	780	225	225	100
3. Algeria	600	250	250	100
4. FYROM	90	40	50	40
5. Bosnia-Herzegovina	20	10	20	0
6. Baltic States	220	25	25	85
7. Moldova	75	55	55	15
8. Ukraine	435	343	343	92
9. Belarus	55	30	30	25
10. Georgia	142	100	100	32
11. Armenia	28	23	23	0
12. Tajikistan	75	0	60	75
13. Albania	20	0	0	20
14. Euratom (*)		0	40	0
B.Other				
15. EIB Mediterranean(**)	16147	5089	5468	2817
16. EIB Central & Eastern Europe	17150	5124	5384	3392
17. EIB Asia, Latin America	4405	1251	1786	946
18. EIB South Africa	1500	596	595	161
THIRD COUNTRIES - TOTAL	42492	13621	14914	7900
GRAND TOTAL	68822	13754	15041	7900

(*) The overall ceiling is 4 000 million Euro. 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 countries.

(**) The amount outstanding has been increased by 65,7 million Euro to take account of the principal due but not paid at 30.06.01.

ANNEX TO TABLE 1
SITUATION IN RESPECT OF EIB OPERATIONS (30.06.01)

Operations	Credit line authorised	Loans made available minus cancellations	Amounts disbursed	Amounts outstanding at 30.06.01
Mediterranean: Member States	1500	1465	1789	38
Non-EU countries, old mandates				
Mediterranean Protocols	6362	5931	6246	4016
Central & Eastern Europe I and II	4700	4125	4304	3343
Asia, Latin America I and II	903	757	855	682
South Africa	300	285	285	285
Non-EU countries, decision of 14.4.97				
Mediterranean	2310	2290	1263	1249
Central & Eastern Europe	3520	3414	1968	1926
Asia, Latin America	1022	1022	772	751
South Africa	375	375	310	310
FYROM, decision of 19.5.98	150	150	53	53
Bosnia, decision of 14.12.98	100	100	0	0
Turkey, decision of 29.11.99	600	375	165	165
Non-EU countries, decision of 22.12.99				
Mediterranean	6425	861	38	38
Central & Eastern Europe	8680	1471	62	62
Asia, Latin America	2480	745	353	353
South Africa	825	90	0	0
Turkey, decision of 04.12.2000	450	0	0	0
Total	40702	23456	18463	13271

NB: As the loans are disbursed in national currencies, the loan ceiling may be exceeded when the amount disbursed up to the date of the report are converted into Euro.

TABLE 2
MAXIMUM ANNUAL RISK BORNE BY THE COMMUNITY BUDGET
(Estimate in million Euro based on all operations disturbed at 30.06.01)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	TOTAL
MEMBER STATES										
CAPITAL										
A. Balance of payments										0
1. Italy										0
B. Structural loans										0
2. Euratom										0
3. NCI and NCI EQ	70			19						89
4. EIB Mediterranean										
Spain, Greece, Portugal	4	9	10	4	3					30
Capital - subtotal	74	9	10	23	3	0	0	0	0	119
INTEREST										
A. Balance of payments										0
1. Italy										0
B. Structural loans										0
2. Euratom										0
3. NCI and NCI EQ	6	2	2	2						13
4. EIB Mediterranean										
Spain, Greece, Portugal	1	2	1	1	1					6
Interest - subtotal	7	4	3	3	1	0	0	0	0	19
MEMBER STATES - TOTAL	81	13	13	26	4	0	0	0	0	138
NON-MEMBER COUNTRIES										
CAPITAL										
A. Financial assistance										
5. Bulgaria	70		40		63	73	88	88	25	445
6. Romania		55		70			25	25	25	200
7. Algeria	150	100								250
8. FYROM								5	8	13
9. Bosnia										0
10. Lithuania		25								25
11. Moldova	9	12	12	12	7	3				55
12. Ukraine	17	37	57	57	57	55	35	15	15	343
13. Belarus	6	6	6	6	6					30
14. Georgia									22	22
15. Armenia									6	6
16. Tajikistan										
17. Euratom										
B. Guarantees										
18. EIB Mediterranean	119	255	299	302	309	323	326	333	317	2583
19. EIB Central & Eastern Europe	189	405	465	568	499	440	378	330	342	3616
20. EIB Asia, Latin America	42	106	140	154	155	156	173	131	67	1124
21. EIB South Africa	27	26	26	55	22	23	59	37	129	404
Capital - subtotal	629	1027	1045	1224	1118	1072	1083	963	955	9116
INTEREST										
A. Financial assistance										
5. Bulgaria	10	17	17	15	14	12	9	5	2	100
6. Romania	5	10	7	7	4	4	4	3	2	46
7. Algeria	13	4								18
8. FYROM	1	2	2	2	2	2	2	2	2	18
9. Bosnia	0	1	1	1	1	1	1	1	1	8
10. Lithuania	1	1								2
11. Moldova	1	2	2	1	0	0				6
12. Ukraine	8	15	13	10	8	5	3	1	1	63
13. Belarus	1	1	1	1	0					3
14. Georgia	2	4	4	4	4	4	4	4	4	38
15. Armenia	0	1	1	1	1	1	1	1	1	8
16. Tajikistan	1	3	3	3	3	3	3	3	3	23
17. Euratom		2	2	2	2	2	2	2	2	18
B. Guarantees										
18. EIB Mediterranean	108	199	184	168	151	135	118	100	83	1246
19. EIB Central & Eastern Europe	129	222	201	176	149	126	105	87	72	1267
20. EIB Asia, Latin America	35	51	47	43	39	35	30	26	22	328
21. EIB South Africa	24	31	28	26	21	21	20	15	12	198
Interest - subtotal	340	567	513	461	401	352	302	250	206	3391
NON-MEM. COUNTRIES - TOTAL	969	1594	1558	1685	1518	1424	1385	1213	1161	12506
GRAND TOTAL	1050	1607	1571	1711	1522	1424	1385	1213	1161	12644
(Eastern Europe)	405	738	733	839	732	658	611	545	478	5740
(Other non-member countries)	564	856	825	845	786	766	774	668	683	6767

TABLE 3
MAXIMUM THEORETICAL ANNUAL RISK BORNE BY THE COMMUNITY BUDGET
(Estimate in million Euro based on all operations disbursed, adopted and proposed by the Commission)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	TOTAL
MEMBER STATES										
CAPITAL										
A. Balance of payments										0
1. Italy										
B. Structural loans										89
2. Euratom and NCI	70			19						
3. EIB Spain, Greece, Portugal	11	12	13	5	3					44
Capital - subtotal	81	12	13	24	3	0				133
INTEREST										
A. Balance of payments										0
1. Italy										
B. Structural loans										12
2. Euratom and NCI	6	2	2	2						
3. EIB Spain, Greece, Portugal	3	2	1							6
Interest - subtotal	9	4	3	2	0	0				18
MEMBER STATES - TOTAL	90	16	16	26	3	0				151
NON-MEMBER COUNTRIES										
CAPITAL										
A. Financial assistance										
4. Bulgaria	70		40		63	73	88	88	25	445
5. Romania		55		70			25	25	50	225
6. Algeria	150	100								250
7. FYROM								5	8	13
8. Bosnia										0
9. Lithuania		25								25
10. Moldova	9	12	12	12	7	3	2	3	3	63
11. Ukraine	17	37	57	57	57	55	35	25	38	377
12. Belarus	6	6	6	6	6					30
13. Georgia									22	22
14. Armenia									6	6
15. Tajikistan										0
16. FR Yugoslavia										0
17. Euratom	94	177	270	217	153	115	80	43		1149
B. Guarantees										
18. EIB Mediterranean	152	302	326	354	431	526	627	716	754	4188
19. EIB C + E Europe	159	354	352	438	476	604	751	853	951	4938
20. EIB Asia, Latin America	46	125	168	223	267	307	385	359	277	2157
21. EIB South Africa	27	26	27	62	34	48	101	100	229	654
Capital - subtotal	730	1219	1258	1439	1494	1730	2094	2217	2362	14542
INTEREST										
A. Financial assistance										
4. Bulgaria	10	17	17	15	14	12	9	5	2	100
5. Romania	5	12	11	11	8	8	8	7	6	77
6. Algeria	13	4								18
7. FYROM	1	4	4	4	4	4	4	4	4	31
8. Bosnia	0	1	1	1	1	1	1	1	1	8
9. Lithuania	1	1								2
10. Moldova	1	3	2	2	1	1	1	1	0	11
11. Ukraine	8	17	17	14	12	9	7	5	4	92
12. Belarus	1	1	1	1	0					3
13. Georgia	2	4	4	4	4	4	4	4	4	38
14. Armenia	0	1	1	1	1	1	1	1	1	8
15. Tajikistan	1	3	3	3	3	3	3	3	3	23
16. FR Yugoslavia		9	9	9	9	9	9	9	9	73
17. Euratom	5	15	30	43	60	77	91	99		420
B. Guarantees										
18. EIB Mediterranean	296	318	388	431	471	583	779	926	992	5184
19. EIB C + E Europe	314	255	384	536	512	558	701	832	864	4956
20. EIB Asia, Latin America	57	119	124	121	115	167	215	326	242	1486
21. EIB South Africa	62	44	63	71	89	88	116	138	169	840
Interest - subtotal	778	828	1059	1267	1304	1525	1947	2360	2300	13368
THIRD COUNTRIES - TOTAL	1508	2047	2317	2706	2798	3255	4041	4577	4662	27910
GRAND TOTAL	1598	2063	2333	2732	2801	3255	4041	4577	4662	28061
(Eastern Europe)	661	918	1112	1338	1294	1454	1759	1963	1913	12411
(other non-member countries)	848	1129	1205	1368	1504	1801	2282	2613	2750	15499

4. ACTIVATION OF BUDGET GUARANTEES

4.1. Payments from cash resources

The Commission draws on its cash resources under 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, in order to avoid delays and resulting costs in servicing its borrowing operations when a debtor is late in paying.

4.2. Activation of the Guarantee Fund

Council Regulation (EC, Euratom) No 2728/94 of 31 October 1994 established a Guarantee Fund for external action. In the event of late payment by a recipient of a loan granted by the Community, the Guarantee Fund is called on to cover the default within three months of the date on which is payment is due. If a borrower defaults on an EIB loan guaranteed by the Community budget, the Community will act within three months of receiving a letter from the Bank calling for the guarantee to be activated. The Commission will then authorise the Bank to take the corresponding amounts from the Guarantee Fund.

Default interest for the time between the date on which cash resources are made available and the date of activation of the Fund is drawn from the Fund and repaid to the cash resources.

In the last six months the Fund has been called on to honour guarantees for the following debtors:

€uro

Non-member country	Date	Amount (principal + interest)
Former Yugoslavia		
Vojvodina	30.04.01	2 215 236.71
Serbia	30.04.01	2 845 592.70
Kosovo	30.04.01	15 213.44
Total		5 076 042.85

4.3. Arrears at 30 June 2001⁴

Arrears due from non-member countries

€uro

Non-member country	Guarantees activated (2)	Default interest (3)	Total
Tajikistan	0.00	0.00	0.00
Vojvodina (1)	34 258 866.49		
Serbia (1)	89 482 290.39		
Montenegro (1)	459 653.54		
Kosovo (1)	237 534.05		
Subtotal former Yugoslavia	123 978 690.93	41 516 726.29	165 955 070.76
Total	123 978 690.93	41 516 726.29	165 955 070.76

1) The breakdown of unpaid amounts between the republics of former Yugoslavia is intended as a guide.

2) The guarantees activated in respect of EIB operations include amounts not paid on time and the default interest incurred when the Community guarantee enters into force.

3) Default interest entered in the accounts between the date on which the guarantee is activated and the date of the report. For the former Yugoslav republics the amount shown is the overall total.

5. ANALYSIS OF THE COMMUNITY'S THEORETICAL LENDING AND GUARANTEE CAPACITY IN RESPECT OF NON-MEMBER COUNTRIES

In practice, the Guarantee Fund and reserve facility limits the Community's lending and guarantee capacity to non-member countries, since the appropriations available for provisioning the Fund whenever a new lending decision (or any annual tranche in the case of guarantees for multiannual operations) is adopted are limited by the amount entered for the guarantee reserve in the Financial Perspective⁵.

At any given time, lending capacity corresponds to the margin remaining in the guarantee reserve. This margin is equal to the difference between the reserve and the estimated amount needed to provision the Guarantee Fund for operations which have already been adopted and which are in preparation.

Table 4 shows an estimate of the Community's lending capacity in respect of non-EU countries over the period 2001-2004 in line with the Guarantee Fund mechanism. The method of calculation and references to legal texts are set out in greater detail in the Annex.

On the basis of the decisions adopted by the Council and decisions proposed and in preparation (see Table 4), €34.82 million is expected to be used from the guarantee reserve during the second half of 2001, leaving €8.02 million available at the end of the year.

⁴ Arrears due from Tajikistan on the € 1 250 million loan which the Community granted to the former Soviet Union and its republics and arrears on the EIB loan granted to former Yugoslavia under the Mediterranean protocols. The figures include defaults covered by the budget.

⁵ The figure entered in the 2000-2006 Financial Perspective is € 200 million at 1999 prices.

If account is taken of the effect on the guarantee reserve of the provisioning of the Fund in respect of loans already decided and loans proposed and in preparation for 2001, the annual capacity available for loans is as follows:

- €89.10 million for loans with a 100% guarantee under the Community budget, or
- €137.08 million for loans with a 65% guarantee (in accordance with Council Decision 2000/24/EC of 22 December 1999).

The current estimates in Table 4 for the provisioning of the Fund in 2001 show that the remaining lending capacity is very limited.

At 30 June 2001, outstanding lending and loan guarantee operations for non-member countries plus unpaid interest due totalled €15 116.73 million.

€ million

	Situation au 30.06.01
1. Capital outstanding, borrowing and lending	1 641.00
2. Capital outstanding, EIB	13 271.00
3. Capital outstanding, payment defaults	60.34
4. Default interest	41.50
Unpaid interest due ⁶	101.89
TOTAL	15 116.73

The ratio between the Fund's resources and outstanding capital liabilities within the meaning of the Regulation establishing the Fund was 10.17%, which is higher than the target figure of 9% set in Regulation No 1149/1999 amending Regulation No 2728/94 establishing the Fund. The rules state that at the end of a year the surplus shall be paid back to a special heading in the statement of revenue in the general budget of the European Communities.

The surplus of €165.36 million at the end of the financial year 2000 will be repaid to the budget in the second half of 2001.

6. SITUATION OF THE GUARANTEE FUND AT 30 JUNE 2001

At 30 June 2001, the Guarantee Fund amounted to €1 540 million. The following movements were recorded in the first half of 2001:

- €5.1 million drawn from the Fund as a result of further defaults;
- late repayment by Tajikistan of €78.9 million in arrears;
- net revenue of around €34.3 million on investments from the Fund's assets.

⁶ Unpaid interest due within the meaning of the Regulation establishing the Guarantee Fund.

The Guarantee Fund could amount to around €1 898 million at the end of 2001 assuming:

- a transfer of €169.1 million from the 2001 reserve;
- €169.36 million repaid to the budget as Fund surplus at 31 December 2000;
- no further defaults requiring activation of the Fund other than a call made in April 2001 concerning €4.5 million;
- late repayment by FRY of €204 million in principal and interest arrears plus interest for late payment;
- net revenue of around €36.9 million on investments from the Fund's assets.

7. RELATIVE SOLIDITY

The ratio between the amount in the Fund at 30 June 2001 (€ 1 540 million) and the maximum annual risk for loans to non-member countries (defined as the total amount falling due) shown for 2001 in Table 3 (€1 508 million) is 102 %.

Indicative amounts of loans to be provisioned under the reserve for guarantees

(in Euro million)

Provisioning rate of 9%										
Year	2000		2001		2002		2003		2004	
	Loan Amounts	Provis. Amounts	Loan Amounts	Provis. Amounts	Loan Amounts	Provis. Amounts	Loan Amounts	Provis. Amounts	Loan Amounts	Provis. Amounts
Amount of the reserve		203		208		213		216		221
1. EIB LOANS										
Decided operations										
Mediterranean Basin, 4th Syrian Protocol	75,00	6,75	15,00	1,01						
1997-2000 general lending mandate	140,00	8,82	15,00	0,95						
2000-2007 general lending mandate	2 210,09	129,29	2.993,00	167,19	3.111,50	182,02	3.039,50	177,81	3.102,00	181,47
Special Turkey reconstruction facility	95,01	5,56								
Extension of the general lending mandate to Croatia (2000/688/EC)	124,96	7,31			62,50	3,65	62,50	3,65		
Extension of the general lending mandate to a Turkey customs union special action	350,00						50,00	2,93	50,00	2,93
Provisional estimates										
Extension of the general mandate to FRY			150,00	8,78	150,00	8,78	130,00	7,61	100,00	5,85
Baltic sea Russia special action			100,00	5,85						
2. MACROFINANCIAL ASSISTANCE										
Decided operations										
Albania III, Bosnia II, Bulgaria IV, Romania IV, FYROM										
Tajikistan	75,00	6,75								
Moldavia III	15,00	1,35								
Provisional estimates										
Western Balkans (FRY, Bosnia, Croatia)			180,00	16,20						
3. EURATOM										
Provisional estimates										
Ukraine					127,00	11,43	127,00	11,43	154,00	13,86
Other loans									146,00	13,14
Use of the reserve (1+2+3)		186,30		199,98		205,89		203,44		217,25
Margin within the reserve (after provisioning of above-indicated loans)		16,70		8,02		7,11		12,56		3,75
Residual lending capacity for macro-financial assistance		185,58		89,08		79,00		139,56		41,67
Residual lending capacity for EIB loans		285,50		137,04		121,54		214,70		64,10

- The EC guarantee to EIB loans covers 75% of the principal for loans provided under the 4th Syrian Protocol (Mediterranean Basin), 70% of the principal for loans provided under the 1997-2002 general lending mandates, and 65% of the principal for loans provided under the other mandates and facilities.
- From 2002, the figures mentioned under the 2000-2007 general lending mandate include the amounts for Croatia and those for the Turkey customs special action.
- As agreed in principle at COREPER level, the EC guarantee will cover 100% of the principal of the loan. Decision expected before end 2001.
- The reduction of 1 million euro in the provisioning in 2000 results from a change in the provisioning rate (from 10% to 9%) and a correction in the 1999 volume.
- For Ukraine, under the 627 million euro loan for the K2-R4 project, 503 million euro are already provisioned from previous years and 154 million euro are planned to be provisioned in 2004. For Romania, under the 400 million euro loan for Cemavoda 2 Project, provisioning is planned in 2002,2003,2004. For Bulgaria, under the 212 million euro loan for the Kozloduy NPP upgrading, provisioning took place in previous years.

Part Two:

Evaluation of potential risks - economic and financial situation of the non-member countries benefiting from the most important loan operations

1. INTRODUCTION

The figures in Part One provide information on quantitative aspects of the risk borne by the general budget. However, these data should be accompanied by an assessment of the quality of the risk, which depends on the type of operation and the standing of the borrower. Recent events which may influence the portfolio country risk are analysed below.

The country risk evaluation presented in Part Two presents a table of risk indicators (see Annexes) for each non-member country that has received EC macro-financial assistance and still has outstanding debts to the EC. To complement this, textual analysis is provided for those countries where significant new information influencing the risk evaluation has become available since the previous report, which covered the last six months of 2000.

The evaluation in this Part does not deal with countries other than those mentioned, mainly because Community exposure elsewhere (notably through guarantees of EIB lending) represents only a small fraction of total exposure and is also well diversified among countries.

2. ACCESSION COUNTRIES

2.1. Bulgaria

In 2000 growth increased in Bulgaria from 2.4% to 5.8%, thanks to favourable internal and external developments. Inflation accelerated to over 12% as the result of high energy prices and a disappointing harvest, but it decelerated significantly during the first part of 2001 (9.7% in May compared with May 2000). The currency board arrangement (DM 1 = BGN 1 or EUR 1 = BGN 1.96) has been maintained over the period.

Unemployment remains high: after falling slowly in the course of 2000, it rose in the first half of 2001, reaching 19.5% in June. These job losses reflect employment losses associated with structural reforms, which have not yet been compensated by job creation because of the weak business climate and also a skills mismatch. As a result the participation rate is falling and long-term unemployment remains high (nearly 60% of total unemployed).

Bulgarian public finances remain sound. The general government deficit stood at 0.7% of GDP in 2000 and the authorities foresee an increase to 1.4% of GDP in 2001. Meanwhile, public debt is falling rapidly, from well above 100% of GDP in 1997 to an expected 69.1% of GDP at the end of 2001.

2.2. Lithuania

In 2000, real GDP rose by 3.3%, and in the first half 2001 it is estimated to have grown by 5.1%, year-on-year. The main driving force for the recovery has been strong exports.

Consumer price inflation has been particularly subdued recently, because of weak domestic demand and the strength of the liras against the Euro. In 2000, the consumer price index rose by 1.0% compared with the previous year. Despite some inflationary effects from price liberalisation and increasing world commodity prices, inflation is likely to remain relatively low in the near future. In June 2001 it was 1.5%, year on year.

Registered unemployment increased by 3.1% points to 11.5% on average in 2000. Unemployment has continued to rise, although a slight decline was registered in the second quarter of 2001; at the end of that quarter it stood at 12.4%.

During 2000, public finances improved significantly, thanks to the implementation of the November 1999 “anti-crisis” programme. The programme entailed a significant tightening of the fiscal stance, in order to correct the fiscal and external imbalances. In March 2000, a precautionary IMF stand-by arrangement was signed, so as to avoid potential liquidity constraints. The fiscal consolidation is now largely on track, and the deficit was reduced to 2.8% of GDP in 2000. The planned budget deficit for 2001 is 1.4% of GDP.

Thanks to stronger export growth and weak domestic demand, the current-account deficit declined from 11.2% of GDP in 1999 to 6.0% in 2000. The current account has continued to decline in 2001 and was 5.4% of GDP in the first quarter (against 5.7% in the same quarter of 2000). Foreign direct investment has remained relatively unaffected by the economic slowdown and has contributed to the financing of the current account deficit.

Structural reforms progressed during 2000. While the privatisation process continued satisfactorily during the first half of 2001 and new bankruptcy and enterprise restructuring laws were adopted in June, the adoption of the pension reform was delayed.

2.3. Romania

Following a three-year decline and a modest rebound in 2000, GDP rose by 4.9% in the first half of 2001 as private consumption grew by 7.6% and investment by 6.7%. The policy measures of the newly elected government were instrumental in the strengthening of the recovery. In particular, an increase in social transfers, a freeze on energy prices and a rise in public enterprise wages boosted households’ real income and consumption expenditure. Coming on top of temporary factors, such as the impact of last year’s drought on food import needs, rising domestic demand played a large role in the sharp deterioration of the current account over the first six months of 2001, when the cumulative deficit amounted to 3.5 % of projected GDP (against a total of 3.7 % of GDP for all of 2000).

In spite of this, there are no immediate concerns for Romania’s external vulnerability. On the contrary, most external vulnerability indicators have been improving, as reflected in a more favourable debt servicing profile, growing exports and renewed access to international financial sources. By the end of June, gross reserves held by the central

bank rose to US\$3.6 billion, or 3.1 months of imports, compared to US\$2.5 billion, or 2.5 months of imports, at the end of 2000. In addition, after regaining access to the international capital market towards the end of 2000, Romania was able to launch a €600 million Eurobond on improved terms in June 2001 when Standard and Poor's raised its rating of Romanian long-term foreign currency debt. While external indebtedness is still rather low by international standards, it has increased rapidly in recent months pointing to the need for halting the ongoing deterioration of the current account.

Apart from the privatisation of Banca Agricola, no other significant actions were completed in the area of structural reforms during the first half of 2001. In particular, public enterprise wages increased more than planned and inter-enterprise arrears accumulated again, rising above 7% of projected GDP.

3. WESTERN BALKANS

3.1. Bosnia and Herzegovina

General elections took place in November 2000, but only in March 2001 were governments formed in the Federation of Bosnia and Herzegovina (FBiH), the Republika Srpska (RS) and the State, after protracted negotiations and the intervention of the OHR. Although these delays hampered economic reform and led to an extended legislative paralysis, the new governments appear reform-oriented and eager to regain momentum.

After GDP growth decelerated from 10% in 1999 to an estimated 5% in 2000, it is expected to recover to about 8% in 2001. Unemployment is still very high: it was 40.1% of the labour force in 2000, and is expected to remain at similar levels in 2001. The high ratio of external financing to GDP in 2000 (44%) implied that the economy continued to depend heavily on foreign assistance - mainly transfers and loans - which undoubtedly fuelled GDP growth. Tentative estimates for 2001, however, indicate a sharp reduction to 23%.

The currency board arrangement, with the Konvertible Marka (KM) pegged 1:1 to the deutsche mark, has helped to moderate inflationary pressures: average inflation for the entire country was 5.5% in 2000, though there were significant disparities between the entities (2% in FBiH, 14.5% in RS). No change in average inflation is expected for 2001. Weak fiscal discipline and poor expenditure control continue to be a major source of macroeconomic risk, as recently revealed by OHR/OSCE special audits conducted at the level of Entity budgets. General government expenditure is still very high: it was about 56% of GDP in 2000 and is likely to remain at a similar level in 2001.

The export recovery initiated in 2000 (partly thanks to a reopening of the Yugoslav market), and the decline in imports (arising mainly from reductions in donor finance for reconstruction) both continued in the first half of 2001. As a result, the current account deficit (excluding transfers) is expected to narrow further in 2001 to 20.8% of GDP, from 22.2% in 2000. Foreign debt remains high (though on a downward trend), partly because of the debt burden inherited from the former Socialist Federal Republic of Yugoslavia. The ratio of debt service to exports, however, is relatively low, reflecting the concessional nature of much of the debt and debt rescheduling agreed with the London and Paris Clubs. During 2000 and so far in 2001, BiH remained current on its external debt-service obligations.

In May 2001 the IMF completed its final reviews of the Stand-By Arrangement (SBA) signed in May 1998. Negotiations for a new SBA with the BiH authorities are under way and should be completed before the end of the year.

Although foreign debt is decreasing, recent macro-economic developments may have increased the country risk of BiH. None of the rating agencies provides risk indicators. EBRD transition indicators, which reflect progress with reform in Central and East European countries, placed BiH towards the low end of the scale in 2000. The inhospitable business environment also explains BiH's weak performance in attracting much-needed foreign investment, for which it has one of the poorest records among Central and East European countries.

3.2. Former Yugoslav Republic of Macedonia

The risk to the Community budget stemming from the guarantees for loans to the country increased in the first half of 2001, as clashes between ethnic Albanian rebels and the security forces erupted and the economic and financial situation deteriorated. It is estimated that real GDP fell by 3.8% year-on-year in the first quarter of the year. A number of domestic and foreign investments were put on hold, reducing aggregate domestic demand.

However, some degree of macroeconomic stability was maintained. CPI inflation remained at around 4% year-on-year, while the central bank managed broadly to maintain a stable exchange rate against the DM/Euro. Despite repeated interventions by the National Bank, official reserves, which had increased around the turn of the year, notably thanks to a sizeable inflow of foreign exchange revenue from the sale of shares in the telecom company to a foreign investor, remained at a satisfactory level and well above the recommended minimum of three months of imports.

Because of the closure of border crossings, as well as the general uncertainty regarding the situation in the country, foreign trade was disrupted. In the first half of 2001 the fall in imports was stronger than the fall in exports and accordingly the trade deficit narrowed. Political, financial and economic links with the EU, which remains the largest trading partner, were strengthened in April with the signature of the Stabilisation and Association Agreement, which will gradually lead to a free trade area between the country and the EU.

The external debt/GDP ratio has increased significantly in recent years, mostly as a result of valuation effects (a significant share of the foreign debt is in US\$). It is expected that the debt/GDP ratio will continue to grow slightly in 2001 while the decline in exports could cause the debt service ratio to increase from its current level of around 13% of exports.

The worsened economic and financial situation will probably necessitate redesigning the economic programme agreed with the IMF. The authorities have been unable to fulfil all macroeconomic performance criteria and structural reform requirements under the first year of the EFF/PRGF programme.

4. NEWLY INDEPENDENT STATES

4.1. Armenia

After stagnating in the early part of 2000, GDP began to grow again later in the year. Overall, GDP grew by 6% in 2000. This favourable trend was maintained during the first months of 2001.

In 2000, budget revenues continued to be below projected levels, resulting in expenditure cuts and a rapid build-up in expenditure arrears (over 5 % of GDP). The budget deficit was 4.7% of GDP, roughly the same as in 1999. In the first months of 2001, however, the first signs emerged that the reform of the tax administration was beginning to bear fruit, as budget revenues increased substantially. Inflation was halted in 2000, with an increase in consumer prices of only 0.4%, despite a substantial increase in energy prices, but it accelerated again in 2001 – to about 5% annually. The currency depreciated by about 6% in nominal terms against the US\$ in 2000, but has stabilised since then.

In 2000, the trade turnover increased by 13% (compared to 1999) to US\$740 million. Exports rose by 25% and imports by 9.6%. The trade and current account deficits are expected to remain very high (over 15% of GDP) in the coming years, as long as the external commercial blockade resulting from the unsettled Nagorno-Karabakh conflict remains in force. The total volume of FDI increased substantially in the first half of 2001, reflecting large inflows from established foreign investors and resurgent investment from Russia.

Gross international reserves were equivalent to 3.5 months of imports at the end of 2000. External debt amounted to US\$858.7 million or 44.1 % of GDP at the end of 2000 and has not changed substantially in 2001. The burden of external debt is heavy when measured in terms of the debt-stock and debt-service to export ratios, but the country is expected to benefit from substantial transfers and investment from abroad. Debt is fairly sustainable when measured by the debt-stock and debt-service to fiscal revenue ratios.

4.2. Belarus

Since the incumbent president, Mr. Lukashenko, won the elections in September, no major changes are to be expected in economic and financial policies. His authoritarian style and reluctance to liberalise the economy have made for difficult relations with the International Financial Institutions and donor countries.

The IMF, in the context of its special monitoring programme which came to an end at the end of September, has in recent months commented favourably on the exchange-rate stability and disinflation achieved in Belarus, but raised concerns over the continued use of barter, growing levels of stocks and excessive interference by the government in the industrial sector. Although the Belarus administration hopes that the monitoring programme will pave the way for multilateral financing, this appears unlikely as long as the government resists pressure to begin restructuring the economy.

Real GDP grew by 3% in the first half of 2001, helped by continued external demand for Belarus industrial goods and by further strong growth in real income. However, fixed capital investment continued to decline sharply. Monthly inflation remains significantly down in year-on-year terms, and the currency's nominal depreciation has slowed. A year-

on-year decline in expenditure on imports, particularly from non-Commonwealth of Independent States sources, has more than outweighed the sluggish growth in export revenue that occurred in the first half of 2001, resulting in a trade surplus. The current account was in surplus in the first quarter, as in the previous quarter (the first time that the current account had been in surplus in two successive quarters). Foreign debt continues to decline, owing to highly restricted access to external financing.

4.3. Georgia

The macroeconomic situation of Georgia deteriorated in 2000, as GDP growth slowed significantly to 1.9% for the year as a whole, the lowest rate since 1995. This resulted from a severe drought which caused a significant decline in agricultural production. In 2001, GDP growth is expected to pick up a little.

In the first eight months of 2000, the state budget revenue was again below target mainly as a result of weak administration, corruption and difficulty in collecting revenue, in particular customs duties, in a divided country with a sizeable black economy. However, revenue collection improved in the second half of the year. End-year inflation was 4.6 %, half that of end-1999. Inflationary pressures are expected to increase, however, as a result of a rise in the regulated prices of utilities and higher food prices following the drought in 2000. In early 2001, the exchange rate of the Lari was stable at around 2 Lari/US\$.

In 2000, Georgia's current account deficit remained at the very high level of 13.7 % of GDP (excluding official transfers). Foreign trade suffered from the severe drought and the resulting lower agricultural production. In the first months of 2001 it deteriorated further, owing to the consequences of the financial crisis in Turkey (the chief market for Georgia's exports) and stronger consumer demand and investment expenditure in Georgia.

Foreign exchange reserves were still low in April 2000 (at little more than one month's imports); they are expected to increase slightly to 1.5 months by end of 2001. External debt at end of 2000 amounted to US\$1.8 billion or about 59 % of GDP (48 % of GDP in 1998), while its servicing was equivalent to 25 % of total budget expenditure. External debt is rather high when measured in terms of the debt-stock and debt-service to export ratios, and extremely heavy when measured by the debt-stock and debt-service to fiscal revenue ratios. Agreement on a debt rescheduling arrangement was reached with the Paris Club of creditors in March 2001. As a result, debt repayments for 2001 have been reduced from US\$88 million to US\$33 million.

4.4. Moldova

In February 2001, the Moldovan Communist Party won the majority of seats in the parliament. Initially, the new government's apparent intention to increase state interference in the economy caused relations with the IMF and other donors to deteriorate, and led the Fund to suspend its Poverty Reduction and Growth Programme for Moldova in May 2001. Subsequently, the government sought hard to restore cooperation with the IMF and showed willingness to push forward privatisation. As a result, the IMF board is expected to decide a resumption of lending in October 2001. This decision will be crucial to Moldova's economic and financial future. The Commission intends to send a mission to Moldova in October to restart negotiations on a macro-financial assistance package, amounting in total to €15 million.

Economic growth has speeded up markedly in 2001. In the first half of the year GDP increased by 4% year-on-year, following a 1.9% rise in 2000 and a 3.4% contraction in 1999. The acceleration of growth was spread throughout the economy. Industrial production was up by 12% year-on-year, and agricultural output, in recent years a drag on the economy, rose by 15%. Restrained money-supply growth and relative currency stability over the first six months of 2001 helped to ensure seasonally low (0.6%) average monthly consumer price inflation, and a decline in year-on-year inflation to under 9% in August, its lowest level since 1998.

The budget deficit declined from 3% of GDP in 1999 to only 1% in 2000. Fiscal policy has been loosened somewhat this year, and the deficit is projected at just under 1.5% of GDP for 2001.

A sharp rise in imports caused the merchandise trade deficit to double as a percentage of GDP in 2000 to an extremely high 24%. In the first half of 2001, exports surged by about 30% year-on-year, while imports continued to rise, but more slowly. Nevertheless, since export growth started from a relatively low base, the trade deficit increased slightly. Foreign debt at the end of 2000 equated to 120% of GDP.

4.5 Tajikistan

After GDP expanded by 3.7% in 1999, growth accelerated to 8.3% in 2000 and in the first months of 2001. This rapid growth occurred despite a severe drought that hampered electricity generation, resulted in a very bad grain harvest (only 50% of the 1999 level) and disrupted regional trade.

In 2000, fiscal consolidation was achieved thanks to improved collection of revenue. In the early part of 2001 the budget was again running a primary surplus. Inflation surged in the second half of 2000, mainly as a result of slippage in monetary policy and uncertainty surrounding the introduction of the new currency on 30 October, and also high energy prices. More recently, however, inflation has moderated: consumer prices rose by 9% in the first five months of 2001, compared with 17% in the fourth quarter of 2000.

The current account position worsened in 2000, recording a deficit of 6.4% of GDP. The drought caused a shortfall in domestic electricity production and necessitated sizeable net electricity imports. Higher oil prices also contributed to the pressures on the balance of payments. Because of increased capital inflows, arising mainly from advance payments to the cotton sector, gross foreign exchange reserves rose to US\$87.2 million at the end of 2000, which corresponded to 2.4 months of imports coverage. In the first part of 2001 the current account deficit was at a comparable level.

Tajikistan's external debt rose to 129% of GDP at the end of 2000. This increase resulted entirely from the depreciation of the exchange rate (the value of the debt stock changed very little). External debt is fairly sustainable when measured in terms of the debt-stock and debt-service to export ratios, but very high when measured by the debt-stock and debt-service to fiscal revenue ratios. The debt problem is a key constraint on the poverty reduction and growth strategy. In the next 4-5 years, the annual net resource transfer abroad (deriving from debt payments) will be no less than 5% of GDP.

4.6. Ukraine

Real GDP, after expanding by 5.8% in 2000, the first year of growth since Ukraine's independence, is estimated to have grown by 9.1% (year-on-year) in the first half of 2001. Growth is being supported by both exports and domestic spending.

Despite the strengthening of economic activity, inflation has been on a downward trend, with the consumer price index increasing by only 5.3% in the first half of 2001, compared to 18.7% in the same period of 2000. By the end of 2001 annual inflation is expected to be about 14% (sharply down from 25.8% in December 2000). The decline in inflation reflects a combination of factors, including the stability of the hryvnia since March 2000, a prudent fiscal policy and more moderate world oil prices.

On the fiscal front, privatisation revenues in 2001 are expected to be much lower than budgeted. To compensate for this, the government has agreed with the IMF to reduce the target for the fiscal deficit (excluding privatisation revenues) from the 3% of GDP implicit in the original budget to 1.75% of GDP. This is to be achieved through expenditure cuts and the positive effect on tax collection of stronger than expected economic activity, which should more than compensate for the adverse revenue effects of the amnesty on tax arrears adopted by the parliament in early 2001.

Progress with structural reforms slowed significantly in the first half of 2001, partly reflecting the political impasse that surrounded the resignation of Prime Minister Yushenko in May 2001. Certain promising steps have been taken, however, such as the withdrawal of the banking licence of Banka Ukraina, an insolvent state-owned bank, and the improvement in cash collection rates in the power sector.

The current account surplus is projected to narrow from 4.7% of GDP in 2000 to about 2% of GDP in 2001. This reflects both faster import growth resulting from the strength of domestic demand and a deceleration of export growth from its 2000 peak, caused by lower foreign demand and the appreciation of the real exchange rate. Although the current account continues to be in surplus, the balance of payments remains vulnerable. Access to the international bond markets was lost in the wake of the Russian crisis of 1998 and FDI inflows have continued to be disappointing. Against this background, official foreign exchange reserves remain low (about US\$2 billion, or 5.2 weeks of imports, at end of June 2001), although they have shown a moderate upward trend since March 2000. The debt rescheduling agreed by the Paris Club in July 2001 and the expected reactivation of the IMF's EFF in the autumn of 2001, however, should pave the way for significant official financial flows and the eventual return of Ukraine to the international capital markets. Ukraine's external debt stock stood at the equivalent of 36% of GDP at the end of 2000.

5. OTHER NON-MEMBER COUNTRIES

5.1. Algeria

High oil and gas prices have had a positive impact on Algeria's financial position and country risk, as the hydrocarbon sector accounts for more than 90% of exports and approximately 30% of GDP. The current account reached a surplus of about 17% of GDP in 2000. Under the current assumption of an average oil price of US\$20 per barrel, the balance of payments will remain strong in 2001 (current account surplus projected at 12% of GDP). Official reserves equated to over one year's imports at the end of 2000

(US\$11.9 billion). The trend continued in the first half of 2001 and the official reserves rose to US\$15.2 billion at end-June 2001.

High oil prices also contributed to improving the fiscal position. The increase in hydrocarbon revenue resulted in a surplus of almost 10% of GDP in 2000 (against -0.4% of GDP in 1999).

However, strong oil prices did not suffice to fuel economic growth, which reached only 2.4% of GDP in 2000 (compared with 3.3% of GDP in 1999). This modest result can be attributed in particular to poor agricultural performance and low industrial output, which continued to decline in the first quarter of 2001. GDP growth for 2001 is projected at 3.8%: it is expected that a contraction in oil production, resulting from lower OPEC quotas, will be offset by a rebound in demand and in agricultural production.

In 2000, food prices decreased (-0.8% on average) which limited the CPI increase to 0.3%. However, core inflation (non-food prices) rose to over 3% in the first quarter of 2001.

External debt indicators improved substantially in 2000. Medium- and long-term external debt decreased from US\$28.3 billion at end of 1999 (59.1% of GDP) to US\$25.5 billion (47.9% of GDP) at end of 2000 and is projected to decrease further, to US\$23.3 billion (40.7% of GDP), by end of 2001. Debt service has also been falling sharply from 39.6% of exports in 1999 to 20.9% of exports in 2000 and is projected to stabilise at 21.6% of exports in 2001.

List of abbreviations

DM	Deutsche Mark
EC	European Community
EFF	Extended Fund Facility
EIB	European Investment Bank
EU	European Union
EUR	Euro
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IMF	International Monetary Fund
SBA	Stand-By Arrangement
US\$	Dollar of the United States of America

ANNEX

1. EXPLANATORY NOTES ON THE SITUATION OF RISKS COVERED BY THE COMMUNITY BUDGET

1.1. Tables 1 to 3

The purpose of Tables 1 to 3 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 Community 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 3, in particular, it is not certain that all the operations described will actually be disbursed.

1.1.1. *Authorised ceiling (Table 1)*

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 to 75% of the loans signed in the Mediterranean countries;
 - limitation of the guarantee given to the EIB to 70% of the loans signed as part of lending operations with certain non-member countries authorised by the Council Decision of 14 April 1997 and a sharing of risk between the Community and the EIB as the budget guarantee covers only political risks in some cases;
 - limitation of the guarantee given to the EIB to 65% of the loans signed as part of lending operations with certain non-member countries authorised by the Council Decision of 22 December 1999 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.

1.1.2. Capital outstanding (Table 1)

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.

1.1.3. Annual risk (Tables 2 and 3)

Estimated amount of principal and interest due each financial year.

This amount is calculated for:

- a) disbursements alone (Table 2) 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 3)

in which case the capital to be repaid corresponds to the ceiling on loans authorised plus, where applicable, the amounts in respect of operations proposed by the Commission and not yet decided.

1.2. Loan operations covered by a budget guarantee

Tables 5a, 5b(1), 5b(2) and 6.

TABLE 5a

Borrowing and lending operations: Member States

Changes in amounts outstanding during six-month period

in million Euro

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 01.01.01	Operations in six-month period		Amount outstanding at 30.06.01
							Amounts disbursed	Amounts repaid	
ITALY	93/67/CEE	18.01.93			8.000,00	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	(3)	(c)	4.000,00	0,00	40,00	0,00	40,00
				(c)	500,00				
				(c)	500,00				
				(c)	1.000,00				
				(b)(4)	1.000,00				
				(d)(4)	1.000,00				
NCI	78/870/EEC	16.10.78	(3)	(c)	6.830,00	90,30		1,30	89,00
				(c)	1.000,00				
				(c)	1.000,00				
				(c)	80,00				
				(c)	1.000,00				
				(c)	3.000,00				
				(c)	750,00				
				(c)	750,00				
TOTAL				18.830,00	90,30	40,00	1,30	129,00 ⁽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 countries.

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

TABLE 5b (1)

Financial assistance to non-member countries
Changes in amounts outstanding during six-month period, broken down by countries and tranche

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 01.01.01	in million Euro		Amount outstanding at 30.06.01
								Operations in six-month period		
								Amounts disbursed	Amounts repaid	
BULGARIA II	92/511/EEC	19.10.92				110,00				
1st tranche			7	07.12.2001	(c)	70,00	70,00			70,00
2nd tranche			7	29.08.2003	(c)	40,00	40,00			40,00
BULGARIA III	97/472/EC	22.07.97				250,00				
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
BULGARIA IV	99/731/EC	08.11.99				100,00				
1st tranche			10	21.12.2009	(c)	40,00	40,00			40,00
2nd tranche			-	-	(c)	60,00	60,00			60,00
ROMANIA II	92/551/EEC	27.11.92	7	26.02.2000	(a)	80,00				0,00
ROMANIA III	94/369/EC	20.06.94				125,00				
1st tranche			7	20.11.2002	(c)	55,00	55,00			55,00
2nd tranche			7	20.11.2004	(c)	70,00	70,00			70,00
ROMANIA IV	99/732/EC	08.11.99				200,00				
1st tranche			10	29.06.2010	(c)	100,00	100,00			100,00
2nd tranche			-	-	(d)	100,00	0,00			0,00
BALTIC STATES	92/542/EEC	23.11.92				220,00				
ESTONIA						40,00				
1st tranche			7	31.03.2000	(a)	20,00	0,00			0,00
2nd tranche			-	-	(d)	20,00	0,00			0,00
LATVIA						80,00				
1st tranche			7	31.03.2000	(a)	40,00	0,00			0,00
2nd tranche			-	-	(d)	40,00	0,00			0,00
LITHUANIA						100,00				
1st tranche			7	27.07.2000	(a)	50,00	0,00			0,00
2nd tranche			7	16.08.2002	(b)	50,00	25,00			25,00
FYROM I	97/471/EC	22.07.97				40,00				
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
FYROM II	99/733/EC					50,00				
1st tranche					(c)	10,00	0,00	10,00		10,00
2nd tranche					(d)	40,00	0,00			0,00

TABLE 5b (2)

Financial assistance to non-member countries

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

in million Euro

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 01.01.01	Operations in six-month period		Amount outstanding at 30.06.01
								Amounts disbursed	Amounts repaid	
BOSNIA	99/325/EC	10.05.99				20,00				
1st tranche			15	22.12.2014	(c)	10,00	10,00			10,00
2nd tranche			-	-	(c)	10,00	0,00	10,00		10,00
MOLDOVA I	94/346/EC	13.06.94				45,00				
1st tranche			10	07.12.2004	(c)	25,00	20,00			20,00
2nd tranche			10	08.08.2005	(c)	20,00	20,00			20,00
MOLDOVA II	96/242/EC	25.03.96				15,00				
1st tranche			10	30.10.2006	(c)	15,00	15,00			15,00
UKRAINE I	94/940/EC	22.12.94				85,00				
1st tranche			10	28.12.2005	(c)	85,00	85,00			85,00
UKRAINE II	95/442/EC	23.10.95				200,00				
1/2 tranche			10	29.08.2006	(c)	50,00	50,00			50,00
1/2 tranche			10	30.10.2006	(c)	50,00	50,00			50,00
2nd tranche			10	30.10.2008	(c)	100,00	100,00			100,00
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	30,00			30,00
2nd tranche			-	-	(d)	25,00	0,00			0,00
ALGERIA I	91/510/EEC	23.09.91				400,00				
1st tranche			5	15.12.1997	(a)	250,00	0,00			0,00
2nd tranche			7	17.08.2001	(c)	150,00	150,00			150,00
ALGERIA II	94/938/EC	22.12.94				200,00				
1st tranche			7	27.11.2002	(c)	100,00	100,00			100,00
2nd tranche			-	-	(d)	100,00	0,00			0,00
GEORGIA	97/787/EC	17.11.97				110,00				
1st tranche			15	24.07.2013	(c)	110,00	100,00			100,00
ARMENIA	97/787/EC	17.11.97				28,00				
1st tranche			15	30.12.2013	(c)	28,00	23,00			23,00
REPS FORMER USSR	91/658/EEC	16.12.91				1.250,00				
1st tranche			3	28.09.1997	-	1.250,00	54,50		54,50	0,00
TAJKISTAN	2000/244/EC	20.03.00				75,00				
1st tranche			15		(b)	75,00	0,00	60,00		60,00
TOTAL						4.028,00	875,50	70,00	54,50	1.641,00

TABLE 6
LOAN GUARANTEES TO EIB

in million Euro

GEOGRAPHICAL AREA	Decision	Date of decision	Rate of guarantee	Date of guarantee contract	Amount decided	Loans signed		Amount outstanding	
						at 01.01.01	during six-month period	at 01.01.01	at 30.06.01
MED. Financial protocols(1)		8.03.77	75% (2)	30.10.78/10.11.78	6062	5514	115	2290	2429
MED. Horizontal cooperation	R/1762/92/EEC	29.06.92	75% (2)	09.11.92/18.11.92	1800	1768	0	1570	1625
TOTAL MED.					7862	7282 (3)	115	3860	4054 (*)
C and E Europe I	90/62/EEC(4)	12.02.90	100%	24.04.90/14.05.90	1000	912		659	654
	91/252/EEC(5)	14.05.91	100%	19.01.93/04.02.93	700	498	-	342	340
C and E Europe II	93/696/EC(6)	13.12.93	100%	22.07.94/12.08.94	3000	2792	-	2265	2349
Asia, Latin America I	93/115/EEC	15.02.93	100%	04.11.93/17.11.93	750	621	-	488	529
Asia, Latin America II	96/723/EC	12.12.96	100%	18.03.97/26.03.97	153	153	-	147	153
Asia, Latin America II	96/723/EC	12.12.96	70%	21.10.97	122	122	-	108	118
South Africa	95/207/EC	01.06.95	100%	04.10.95/16.10.95	300	300	-	271	285
New mandates	97/256/EC(7)	14.04.97	70%	25.07.97/29.07.97	7105	7009	60	3499	4118
FYROM	98/348/EC	19.05.98	70%	29.07.98/07.08.98	150	130	0	45	53
Bosnia	98/729/CE	14.12.98	70%	16.06.99/22.06.99	100	60		60	0
Turkey	99/786/EC	29.11.99	65%	18.04.00/23.05.00	600	375		150	165
Mandates 2000-2007	2000/24/EC(8)	22.12.99	65%	19.07.00/24.07.00	18860	847	673	154	453
TOTAL					40702	21102	848	12048	13271

(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 countries: Poland, Hungary.

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

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

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

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

(*) The amount outstanding has been increased by EUR 65.7 million to take account of the principal due and not paid at 30.06.01.

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 3 (EIB loans to non-member countries from its own resources).

Expected signatures

At 30 June 2001 a total of € 204 million was still to be signed:

€ million

Mediterranean: former mandates (4th protocol with Syria)	0
Central and Eastern Europe (1)	75
Asia and Latin America	129
FYROM	0
Bosnia	0

(1) The amount still to be signed for Central and Eastern Europe under the Decision of 14 April 1997

The foreseeable timetable for loan signatures under the new mandate of EIB loans (2000-07) adopted by the Council on 22 December 1999 is shown in the financial statement attached to the Commission proposal.

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.

At 30 June 2001, €7 315 million still had to be disbursed against loans signed at that date. The total breaks down as follows:⁷

€ million

Mediterranean countries	2 816
Central and Eastern Europe	3 195
Asia and Latin America	946
South Africa	161
FYROM	97
Bosnia	100

It is assumed that the rate of disbursement for the new mandate (2000-07) will be the same as that set out above.

⁷ Based on a working assumption that 25% of the loan will be disbursed every year for four years and that the average term will be fifteen years with a three-year period of grace.

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 countries (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 European Investment Bank (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 COUNTRIES OVER THE PERIOD 1999-2001 UNDER THE GUARANTEE FUND MECHANISM (TABLE 4)

2.1. Reserve for loan guarantees to non-member countries

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 countries 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. € 200 million at 1999 prices. The amount in the reserve was € 203 million in 2000 and will be € 208 million in 2001.

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

- Council Decision 94/729/EC of 31 October 1994 on budgetary discipline.
- Council Regulation (ECSC, EC, Euratom) No 2730/94 of 31 October 1994 amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities.
- Council Decision 94/728/EC of 31 October 1994 on the system of the Communities' own resources.

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%, 70%, 75% or 100%):

- 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.

For other Community borrowing/lending operations, such as loans for the balance of payments of third countries, whether made in one or more than one tranche, 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.

In the second half of 2000, the budgetary authority accordingly adopted two transfers:

- transfer 69/2000 so that payments could be made into the Guarantee Fund in respect of macro-financial assistance for non-member countries (Tajikistan and Moldova) and in order to pay the annual tranches provided for in the financial statements for EIB loans for projects carried out in Croatia;
- transfer 74/2000 in order to pay the annual tranches provided for in the financial statements for EIB loans to consolidate and reinforce the EC-Turkey customs union.

2.3. Basis for the provisioning of the Fund in the event of a part guarantee

For EIB loans covered by an aggregate 75% guarantee, the Fund is 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 is 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.

2.4. Provisioning of the Guarantee Fund

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 is fixed at 9% from 1 January 2000.

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.

3. EXPLANATORY NOTES FOR COUNTRY-RISK INDICATORS (+ TABLES)

Standard footnotes

- (1) Includes only EC and EIB loans (outstanding disbursements) to CEEC, NIS and MED
- (2) The higher the ranking number, the lower the creditworthiness of the country. No ranking was published by Euromoney in March 1998.
- (3) Countries are rated on a scale of zero to 100; 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 Financing Facility

SBA = Stand-By Arrangement

STF= Systemic Transformation Facility

est.= Estimates

n.a. = Not available

prelim.= Preliminary

Country-risk indicators					
Country: Bosnia & Herzegovina (4)					
		footnotes	1998	1999	2000
Real GDP growth rate	(%)		10	10	5
Industrial production	(% change)				
Federation			24	11	12
Republika Srpska			23	2	6
Unemployment (end of period) (5)	(% of labour force)		40,0	40,0	40,1
Federation			n.a.	n.a.	n.a.
Republika Srpska			n.a.	n.a.	n.a.
Inflation rate (CPI) (Dec/Dec)	(% change)				
Federation (in KM terms)			5	-1	2
Republika Srpska (DM based index) (6)			-14	14	15
Exchange rate (end of period)	KM per DM		1	1	1
	YUD per DM (7)		6,0	6,3	3,3
	Croatian Kuna per DM		3,7	3,9	3,9
	KM per EUR		1,96	1,96	1,96
General government balance	(% of Entity GDP)				
Federation			-1,8	-1,3	-2,8
Republika Srpska			-5,1	-5,1	-3,8
Balance of payments					
Exports of goods and services	(m US\$)		697	649	732
Current account balance (8)	(% of GDP)		-23,7	-23,2	-22,2
Net inflow of foreign direct investment	(m US\$)		100	90	150
Official reserves, including gold (end of period) (9)					
m US\$			175	456	499
months' imports of goods and services			0,8	2,2	2,5
External debt					
Convertible currency external debt (end of period)	(m US\$)		2985	3095	2584
Convertible currency debt service	(m US\$)		44,5	62,9	100,0
principal	(m US\$)		n.a.	n.a.	n.a.
interest	(m US\$)		n.a.	n.a.	n.a.
External debt/GDP	(%)		71,6	68,2	59,4
External debt/exports of goods and services	(%)		352	319	276
Debt service/exports of goods and services	(%)		17	8	12
Arrears (on both interest and principal)	(m US\$)		814	n.a.	n.a.
Debt relief agreements and rescheduling	(m US\$)	(10)	815	20	946
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)		0,1	0,1
EU exposure/external debt	(%)			0,3	0,4
EU exposure/exports of goods and services	(%)			1,6	1,3
IMF arrangements					
Type			SBA	SBA	SBA
(Date)			(5/98-5/01)	(5/98-5/01)	(5/98-5/01)
On track			Yes	Yes	Yes
Indicators of market's perception of creditworthiness					
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					09/00 03/01
Position in the ranking (number of countries)	(2)		none	none	178 124 (185) (185)
The Institutional Investor					
Position in the ranking (number of countries)	(2)		none	none	none
Credit rating	(3)		none	none	none

Footnotes

(1) (2) (3) See explanatory notes.

(4) Data refer to the entire country unless otherwise indicated.

(5) World Bank estimates, adjusted unemployment figures. Official figures are somewhat higher as there is a general tendency of over reporting.

(6) Measured in DM using the RS parallel market exchange rate for FRY dinar (YUD)

(7) YUD/DM exchange rate in the parallel market in the Belgrade area, as reported by the National Bank of FRY.

(8) Excluding official transfers.

(9) Foreign assets of the monetary authorities, excluding earmarked funds and blocked accounts; including foreign exchange held by the payments bureaus.

(10) Paris Club in 1998.

Country-risk Indicators Country: Bulgaria					
		footnotes	1998	1999	2000
Real GDP growth rate	(%)		3,5	2,4	5,8
Industrial production	(% change)		-9,4	-5,0	15,3
Unemployment (end of period)	(% of labour force)		16,0	17,0	16,4
Inflation rate (CPI) (Dec/Dec)	(% change)		1,6	7,0	11,4
Exchange rate (end of period)	(Leva per US\$)		1,96	1,96	1,96
General government balance	(% of GDP)		1,3	0,2	-0,7
Balance of payments					
Exports of goods and services	(m US\$)		6297	5740	6981
Current account balance	(% of GDP)		-0,6	-6,0	-5,0
Net inflow of foreign direct investment	(m US\$)		364	739	865
Official reserves, including gold (end of period)					
m US\$			3056	3222	3273
months' imports of goods and services			5,8	6,4	5,1
External debt					
Convertible currency external debt (end of period)	(m US\$)		10072	9980	10071
Convertible currency debt service	(m US\$)		1099	975	1101
principal	(m US\$)		626	495	546
interest	(m US\$)		469	480	555
External debt/GDP	(%)		83,7	81,3	78,1
External debt/exports of goods and services	(%)		159,9	174,0	167,0
Debt service/exports of goods and services	(%)		19,8	17,0	16,6
Arrears (on both interest and principal)	(m US\$)		none	none	none
Debt relief agreements and rescheduling	(m US\$)		none	none	none
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	6,2	6,0	6,1
EU exposure/external debt	(%)		6,0	6,7	6,6
EU exposure/exports of goods and services	(%)		9,5	11,7	9,5
IMF arrangements					
Type			EFF	EFF	EFF
(Date)			(06/98-06/01)	(06/98-06/01)	(06/98-06/01)
On track			yes	yes	yes
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)		(4)	B2	B2	B2
S&P long-term foreign currency rating (end of period)		(5)	B	B	B+
Euromoney			09/98	03/99 09/99	09/00 03/01
Position in the ranking (number of countries)	(2)		93	87 89	80 76
The Institutional Investor			(180)	(180) (180)	(185) (185)
Position in the ranking (number of countries)	(2)		03/98 09/98	03/99 09/99	09/00 03/01
Credit rating	(3)		100 92	80 79	74 74
			(136) (136)	(136) (136)	(145) (145)
			22.9 26.3	28.6 30.3	37.1 35

Footnotes

(1) (2) (3) See explanatory notes.

(4) In the column for 2000, risk assessment as at 28 August 2001

(5) In the column for 2000, risk assessment as at 7 September 2001

Country-risk indicators					
Country: Former Yugoslav Republic of Macedonia					
		footnotes	1998	1999	2000
Real GDP growth rate	(%)		2.9	2.7	5.1
Industrial production	(% change)		4.5	-2.5	3.5
Unemployment (end of period)	(% of labour force)		34.5	32.4	32.2
Inflation rate (CPI) (Dec/Dec)	(% change)		-1.0	2.3	6.1
Exchange rate (end of period)	(Denar per US\$)		51.8	60.3	65.3
General government balance	(% of GDP)		-1.8	-0.1	3.5
Balance of payments					
Exports of goods and services	(m US\$)		1310	1190	1320
Current account balance	(% of GDP)	(4)	-8.7	-3.0	-3.1
Net inflow of foreign direct investment	(m US\$)		112	38	122
Official reserves, including gold (end of period)					
m US\$			340	460	710
months' imports of goods and services			2.3	3.1	4.5
External debt					
Convertible currency external debt (end of period)	(m US\$)		1470	1490	1490
Convertible currency debt service	(m US\$)		150.0	160.0	170.0
principal	(m US\$)		n.a.	n.a.	n.a.
interest	(m US\$)		n.a.	n.a.	n.a.
External debt/GDP	(%)		37.9	42.1	43.6
External debt/exports of goods and services	(%)		112.2	125.2	112.9
Debt service/exports of goods and services	(%)	(5)	11.5	13.4	12.9
Arrears (on both interest and principal)	(m US\$)		2.0	none	none
Debt relief agreements and rescheduling	(m US\$)		none	22	20
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	0.6	0.7	1.0
EU exposure/external debt	(%)		4.2	5.6	7.0
EU exposure/exports of goods and services	(%)		4.7	7.0	7.9
IMF arrangements					
Type			ESAF	ESAF	EFF/PRGF
(Date)			(04/97-04/00)	(04/97-04/00)	(12/00-12/03)
On track			no	no	no
Indicators of market's perception of creditworthiness					
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			09/98	03/99 09/99	09/00 03/01
Position in the ranking (number of countries)	(2)		143 (180)	146 160 (180) (180)	100 104 (185) (185)
The Institutional Investor					
Position in the ranking (number of countries)	(2)		none	none	none
Credit rating	(3)		none	none	none

Footnotes

(1) (2) (3) See explanatory notes.

(4) The current account deficit may be overestimated due to unreported remittances.

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

Country-risk indicators Country: Lithuania					
		footnotes	1998	1999	2000
Real GDP growth rate	(%)		5,1	-3,9	3,3
Industrial production	(% change)		8,2	-11,2	7,0
Unemployment (end of period)	(% of labour force)		6,9	10,0	12,6
Inflation rate (CPI) (Dec/Dec)	(% change)		2,4	0,3	1,4
Exchange rate (end of period)	(Litas per US\$)		4,0	4,0	4,0
General government balance	(% of GDP)		-4,6	-7,8	-2,8
Balance of payments					
Exports of goods and services	(m US\$)		5071	4238	5109
Current account balance	(% of GDP)		-12,1	-11,2	-6,0
Net inflow of foreign direct investment	(m US\$)		921	478	375
Official reserves, including gold (end of period)					
m US\$			1460	1242	1359
months' imports of goods and services			3,3	2,6	2,6
External debt					
Convertible currency external debt (end of period)	(m US\$)		1684,0	2428,8	2474,3
Convertible currency debt service	(m US\$)		n.a.	n.a.	n.a.
principal	(m US\$)		n.a.	n.a.	n.a.
interest	(m US\$)		n.a.	n.a.	n.a.
External debt/GDP	(%)		15,7	22,9	22,0
External debt/exports of goods and services	(%)		33,2	57,3	48,4
Debt service/exports of goods and services	(%)		18,3	20,0	20,9
Arrears (on both interest and principal)	(m US\$)		none	none	none
Debt relief agreements and rescheduling	(m US\$)		none	none	none
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	1,7	1,8	1,5
EU exposure/external debt	(%)		9,9	8,1	6,8
EU exposure/exports of goods and services	(%)		3,3	4,6	3,3
IMF arrangements					
Type			-	-	SBA
(Date)			-	-	(1/00-3/01)
On track			-	-	yes
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)		(4)	Ba1	Ba1	Ba1
S&P long-term foreign currency rating (end of period)		(5)	BBB+	BBB-	BBB-
Euromoney			09/98	03/99 09/99	09/00 03/01
Position in the ranking		(2)	62	63 65	69 67
(number of countries)			(180)	(180) (180)	(185) (185)
The Institutional Investor			03/98 09/98	03/99 09/99	09/00 03/01
Position in the ranking		(2)	77 71	69 66	69 62
(number of countries)			(136) (136)	(136) (136)	(145) (145)
Credit rating		(3)	32.9 34.5	36.1 38.3	43.7 44.0

Footnotes

(1) (2) (3) See explanatory notes.

(4) In the column for 2000, risk assessment as at 28 August 2001

(5) In the column for 2000, risk assessment as at 7 September 2001

Country-risk indicators					
Country: Romania					
		footnotes	1998	1999	2000
Real GDP growth rate	(%)		-4,8	-2,3	1,6
Industrial production	(% change)		-13,8	-7,9	8,0
Unemployment (end of period)	(% of labour force)	(4)	6,3	6,8	7,1
Inflation rate (CPI) (Dec/Dec)	(% change)		40,7	54,9	40,7
Exchange rate (end of period)	(Lei per US\$)		10951	18255	25926
General government balance	(% of GDP)	(5)	-5,0	-3,4	-4,0
Balance of payments					
Exports of goods and services	(m US\$)		9519	9870	12120
Current account balance	(% of GDP)		-7,1	-3,7	-3,8
Net inflow of foreign direct investment	(m US\$)		2040	1025	1009
Official reserves, including gold (end of period)	m US\$		1375	1526	2470
months' imports of goods and services			1,3	1,6	2,5
External debt					
Convertible currency external debt (end of period)	(m US\$)		9916	9138	10303
Convertible currency debt service	(m US\$)	(6)	3451	3415	1927
principal	(m US\$)		2897	2948	n.a.
interest	(m US\$)		554	467	n.a.
External debt/GDP	(%)		23,7	26,1	28,1
External debt/exports of goods and services	(%)		104,2	92,6	85,0
Debt service/exports of goods and services	(%)	(6)	36,3	34,6	15,9
Arrears (on both interest and principal)	(m US\$)		none	none	none
Debt relief agreements and rescheduling	(m US\$)		none	none	none
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	7,8	6,2	7,1
EU exposure/external debt	(%)		7,7	7,5	7,5
EU exposure/exports of goods and services	(%)		8,0	6,9	6,4
IMF arrangements					
Type			SBA	SBA	SBA
(Date)			(4/97-5/98)	(8/99-3/00)	(8/99-2/01)
On track			no (7)	yes (8)	no (8)
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)		(9)	B3	B3	B3
S&P long-term foreign currency rating (end of period)		(10)	B-	B-	B
Euromoney			09/98	03/99 09/99	09/00 03/01
Position in the ranking (number of countries)	(2)		82	89 95	103 83
			(180)	(180) (180)	(185) (185)
The Institutional Investor			03/98 09/98	03/99 09/99	09/00 03/01
Position in the ranking (number of countries)	(2)		70 72	76 85	85 89
			(136) (136)	(136) (136)	(145) (145)
Credit rating	(3)		34.5 33.8	31.2 28.7	30.3 28.3

Footnotes

- (1) (2) (3) See explanatory notes.
(4) ILO methodology
(5) Figure for 1999 is an estimate
(6) For 2000, only medium and long term debt
(7) Off track in September 1997
(8) Cancelled with only two (out of five) tranches disbursed
(9) In the column for 2000, risk assessment as at 28 August 2001
(10) In the column for 2000, risk assessment as at 7 September 2001

Country-risk indicators					
Country: Armenia					
		footnotes	1998	1999	2000
Real GDP growth rate	(%)		7,2	3,3	6,0
Industrial production	(% change)		-2,5	5,2	6,4
Unemployment (end of period)	(% of labour force)		9,3	11,1	11,7
Inflation rate (CPI) (Dec/Dec)	(% change)		-1,3	2,0	0,4
Exchange rate (end of period)	(Dram per US\$)		522	524	552
General government balance	(% of GDP)		-3,7	-5,2	-4,9
Balance of payments					
Exports of goods and services	(m US\$)		229	247	307
Current account balance	(% of GDP)		-21,3	-16,6	-14,5
Net inflow of foreign direct investment	(m US\$)		221	123	160
Official reserves, including gold (end of period)					
m US\$			328	331	330
months' imports of goods and services			3,6	3,7	3,5
External debt					
Convertible currency external debt (end of period)	(m US\$)		787	855	854
Convertible currency debt service	(m US\$)		66,3	61,3	65,8
principal	(m US\$)		44,2	42,2	47,3
interest	(m US\$)		22,1	19,0	18,5
External debt/GDP	(%)		41,6	46,3	44,6
External debt/exports of goods and services	(%)		343,7	346,2	278,2
Debt service/exports of goods and services	(%)		29,0	24,8	21,4
Arrears (on both interest and principal)	(m US\$)		n.a.	n.a.	n.a.
Debt relief agreements and rescheduling	(m US\$)		n.a.	n.a.	n.a.
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	0,3	0,2	0,2
EU exposure/external debt	(%)		4,0	2,9	2,5
EU exposure/exports of goods and services	(%)		13,7	9,9	6,9
IMF arrangements					
Type			ESAF	ESAF	-
(Date)			(12/98-11/99)	(12/98-11/99)	
On track			no	yes	
Indicators of market's perception of creditworthiness					
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			09/98	03/99 09/99	09/00 03/01
Position in the ranking (number of countries)	(2)		137 (180)	159 134 (180) (180)	131 114 (185) (185)
The Institutional Investor					
Position in the ranking (number of countries)	(2)		none	none	none
Credit rating	(3)		none	none	none

Footnotes

(1) (2) (3) See explanatory notes.

Country-risk indicators Country: Belarus					
		footnotes	1998	1999	2000
Real GDP growth rate	(%)		8,3	3,4	5,8
Industrial production	(% change)		12,0	9,7	8,0
Unemployment (end of period)	(% of labour force)		2,4	2,0	2,0
Inflation rate (CPI) (Dec/Dec)	(% change)		181,7	251,3	108,0
Exchange rate (end of period)	(Rbs per US\$)		220000	320000	720000
General government balance	(% of GDP)		-1,5	-2,9	-0,6
Balance of payments					
Exports of goods and services	(m US\$)		7100	5949	7380
Current account balance	(% of GDP)		-6,1	-1,6	-1,3
Net inflow of foreign direct investment	(m US\$)		141,5	150,0	150,0
Official reserves, including gold (end of period)					
m US\$			230,0	102,0	102,0
months' imports of goods and services			0,2	0,2	0,2
External debt					
Convertible currency external debt (end of period)	(m US\$)		1854	1900	1880
Convertible currency debt service	(m US\$)		185	195	182
principal	(m US\$)		n.a.	n.a.	n.a.
interest	(m US\$)		n.a.	n.a.	n.a.
External debt/GDP	(%)		18,5	22,9	18,2
External debt/exports of goods and services	(%)		26,1	31,9	25,5
Debt service/exports of goods and services	(%)		2,6	3,3	2,5
Arrears (on both interest and principal)	(m US\$)		n.a.	n.a.	n.a.
Debt relief agreements and rescheduling	(m US\$)		none	none	none
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	0,3	0,3	0,3
EU exposure/external debt	(%)		1,8	1,7	1,5
EU exposure/exports of goods and services	(%)		0,5	0,5	0,4
IMF arrangements					
Type			-	-	-
(Date)					
On track					
Indicators of market's perception of creditworthiness					
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			09/98	03/99 09/99	09/00 03/01
Position in the ranking (number of countries)	(2)		144 (180)	137 135 (180) (180)	129 131 (185) (185)
The Institutional Investor			03/98 09/98	03/99 09/99	09/00 03/01
Position in the ranking (number of countries)	(2)		122 121 (136) (136)	122 129 (136) (136)	129 130 (145) (145)
Credit rating	(3)		12.9 14.6	11.9 13.4	14.4 14

Footnotes

(1) (2) (3) See explanatory notes.

Country-risk indicators Country: Georgia					
		footnotes	1998	1999	2000
Real GDP growth rate	(%)		2,9	3,0	1,9
Industrial production	(% change)		-2,7	4,5	10,8
Unemployment (end of period)	(% of labour force)		4,1	4,8	5,1
Inflation rate (CPI) (Dec/Dec)	(% change)		10,6	10,9	4,6
Exchange rate (end of period)	(Lari per USD)		1,8	1,9	2,0
General government balance	(% of GDP)		-3,7	-4,5	-3,3
Balance of payments					
Exports of goods and services	(m USD)		478	477	521
Current account balance	(% of GDP)		-11,1	-8,0	-8,1
Net inflow of foreign direct investment	(m USD)		221	60	77
Official reserves, including gold (end of period)	m USD		123	132	110
months' imports of goods and services			1,2	1,6	1,1
External debt					
Convertible currency external debt (end of period)	(m USD)		1600	1700	1700
Convertible currency debt service	(m USD)		65,9	99,3	193,8
principal	(m USD)		23,5	49,2	144,4
interest	(m USD)		42,4	50,1	49,4
External debt/GDP	(%)		44,0	60,0	54,0
External debt/exports of goods and services	(%)		334,7	356,4	326,3
Debt service/exports of goods and services	(%)		13,8	20,8	37,2
Arrears (on both interest and principal)	(m USD)		n.a.	n.a.	n.a.
Debt relief agreements and rescheduling	(m USD)		n.a.	n.a.	yes
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	1,3	1,1	0,8
EU exposure/external debt	(%)		7,7	6,9	5,4
EU exposure/exports of goods and services	(%)		25,8	24,6	17,7
IMF arrangements					
Type			ESAF	ESAF	-
(Date)			(07/98-06/99)	(07/98-06/99)	
On track			yes	yes	
Indicators of market's perception of creditworthiness					
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			09/98	03/99 09/99	09/00 03/01
Position in the ranking (number of countries)	(2)		134 (180)	141 (180) 150 (180)	133 (185) 150 (185)
The Institutional Investor			03/98 09/98	03/99 09/99	09/00 03/01
Position in the ranking (number of countries)	(2)		128 (136) 128 (136)	126 (136) 127 (136)	108 (145) 112 (145)
Credit rating	(3)		10.6 10.9	10.9 10.8	21.0 18.2

Footnotes

(1) (2) (3) See explanatory notes.

Country-risk indicators Country: Moldova					
		footnotes	1998	1999	2000
Real GDP growth rate	(%)		-6,5	-3,4	1,9
Industrial production	(% change)		-11,0	-13,6	6,9
Unemployment (end of period)	(% of labour force)		1,9	2,0	2,1
Inflation rate (CPI) (Dec/Dec)	(% change)		18,2	39,3	31,3
Exchange rate (end of period)	(Leu per US\$)		8,3	11,6	12,4
General government balance	(% of GDP)		-3,4	-3,2	-1,0
Balance of payments					
Exports of goods and services	(m US\$)		644	469	597
Current account balance	(% of GDP)		-19,7	-3,8	-9,4
Net inflow of foreign direct investment	(m US\$)		81,0	30,5	127,5
Official reserves, including gold (end of period)					
m US\$			167	202	230
months' imports of goods and services			1,5	3,2	3,8
External debt					
Convertible currency external debt (end of period)	(m US\$)		1452	1465	1530
Convertible currency debt service	(m US\$)		244,0	178,0	90,5
principal	(m US\$)		n.a.	n.a.	n.a.
interest	(m US\$)		n.a.	n.a.	n.a.
External debt/GDP	(%)		86,0	126,5	123,0
External debt/exports of goods and services	(%)		225,5	312,4	256,3
Debt service/exports of goods and services	(%)		37,9	38,0	15,2
Arrears (on both interest and principal)	(m US\$)		none	none	none
Debt relief agreements and rescheduling	(m US\$)		none	none	none
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	0,7	0,6	0,5
EU exposure/external debt	(%)		4,6	4,4	3,3
EU exposure/exports of goods and services	(%)		10,4	13,6	8,5
IMF arrangements					
Type			EFF	EFF	-
(Date)			(05/96-05/99)	(05/96-05/99)	
On track			yes	yes	
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)		(4)	B2	B2	Caa1
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			09/98	03/99 09/99	09/00 03/01
Position in the ranking (number of countries)	(2)		142 (180)	117 127 (180) (180)	140 134 (185) (185)
The Institutional Investor					09/00 03/01
Position in the ranking (number of countries)			none	none	125 116 (145) (145)
Credit rating	(3)		none	none	15.8 17.6

Footnotes

(1) (2) (3) See explanatory notes.

(4) In the column for 2000, risk assessment as at 28 August 2001

Country-risk indicators Country: Tajikistan					
		footnotes	1998	1999	2000
Real GDP growth rate	(%)		5,3	3,7	8,3
Industrial production	(% change)		8,2	5,6	10,3
Unemployment (end of period)	(% of labour force)		3,2	3,0	3,0
Inflation rate (CPI) (Dec/Dec)	(% change)		2,7	31,3	60,6
Exchange rate (end of period)	(Somoni per US\$)		1,0	1,4	2,2
General government balance	(% of GDP)		-3,8	-3,1	-0,6
Balance of payments					
Exports of goods and services	(m US\$)		586	666	792
Current account balance	(% of GDP)		-9,3	-3,4	-6,4
Net inflow of foreign direct investment	(m US\$)		24	21	62
Official reserves, including gold (end of period)					
m US\$			65	58	87
months' imports of goods and services			1,5	1,7	2,4
External debt					
Convertible currency external debt (end of period)	(m US\$)		1193	1214	1300
Convertible currency debt service	(m US\$)		35,5	22,8	58,7
principal	(m US\$)		22,8	15,8	43,8
interest	(m US\$)		12,7	7,0	14,9
External debt/GDP	(%)		91,0	118,0	136,0
External debt/exports of goods and services	(%)		203,6	182,3	164,1
Debt service/exports of goods and services	(%)		6,1	3,4	7,4
Arrears (on both interest and principal)	(m US\$)		n.a.	n.a.	n.a.
Debt relief agreements and rescheduling	(m US\$)		n.a.	n.a.	n.a.
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	0,5	0,5	0,5
EU exposure/external debt	(%)		5,2	4,8	3,9
EU exposure/exports of goods and services	(%)		10,5	8,8	6,4
IMF arrangements					
Type			ESAF	ESAF	PRGF
(Date)			(07/98-06/99)	(07/98-06/99)	(10/00-09/01)
On track			yes	yes	yes
Indicators of market's perception of creditworthiness					
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				03/99 09/99	09/00 03/01
Position in the ranking (number of countries)	(2)		134 (180)	139 142 (180) (180)	176 165 (185) (185)
The Institutional Investor				09/00 03/01	09/00 03/01
Position in the ranking (number of countries)	(2)		none	none	130 134 (145) (145)
Credit rating	(3)		none	none	14.2 12.3

Footnotes

(1) (2) (3) See explanatory notes.

Country-risk indicators Country: Ukraine					
		footnotes	1998	1999	2000
Real GDP growth rate	(%)		-1,9	-0,4	5,8
Industrial production	(% change)		-1,4	4,3	12,9
Unemployment (end of period)	(% of labour force)		4,3	5,4	5,3
Inflation rate (CPI) (Dec/Dec)	(% change)		20,0	19,2	25,8
Exchange rate (end of period)	(Hyrvnia per US\$)		3,4	5,2	5,4
General government balance (4)	(% of GDP)		-2,8	-2,4	-1,5
Balance of payments					
Exports of goods and services	(m US\$)		17621	16230	17712
Current account balance	(% of GDP)		-3,1	2,7	4,7
Net inflow of foreign direct investment	(m US\$)		747	489	587
Official reserves, including gold (end of period)					
m US\$			782	1090	1150
months' imports of goods and services			0,6	0,8	1,0
External debt					
Convertible currency external debt (end of period)	(m US\$)		11700	11879	10368
Convertible currency debt service	(m US\$)		2449	1964	2373
principal	(m US\$)		934	860	1039
interest	(m US\$)		1515	1104	1334
External debt/GDP	(%)		27,4	39,0	36,2
External debt/exports of goods and services	(%)		66,4	73,2	58,5
Debt service/exports of goods and services	(%)		13,9	12,1	13,4
Arrears (on both interest and principal)	(m US\$)		none	none	yes
Debt relief agreements and rescheduling	(m US\$)		yes	yes	yes
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	3,3	3,3	2,9
EU exposure/external debt	(%)		2,7	3,1	3,1
EU exposure/exports of goods and services	(%)		1,8	2,3	1,8
IMF arrangements					
Type			EFF	EFF	EFF
(Date)			(07/98-06/01)	(09/98-03/01)	(09/98-03/01)
On track			no	no	yes
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)		(5)	B3	Caa1	Caa1
S&P long-term foreign currency rating (end of period)			none	none	none
Euro money			09/98	03/99 09/99	09/00 03/01
Position in the ranking		(2)	118	126 129	115 122
(number of countries)			(180)	(180) (180)	(185) (185)
The Institutional Investor			03/98 09/98	03/99 09/99	09/00 03/01
Position in the ranking		(2)	105 108	112 110	117 117
(number of countries)			(136) (136)	(136) (136)	(145) (145)
Credit rating		(3)	20.5 19.8	17.2 18.7	17.7 17.2

Footnotes Footnotes

(1) (2) (3) See explanatory notes.

(4) On a cash basis and showing privatisation revenues as a financing item.

(5) In the column for 2000, risk assessment as at 28 August 2001

Country-risk indicators					
Country: Algeria					
		footnotes	1998	1999	2000
Real GDP growth rate	(%)		5,1	3,3	2,4
Industrial production	(% change)		7,2	4,8	3,1
Unemployment (end of period)	(% of labour force)		~30	~30	~30
Inflation rate (CPI) (Dec/Dec)	(% change)		5,0	2,6	0,3
Exchange rate (end of period)	(Dinars per US\$)		60,4	69,3	75,3
General government balance	(% of GDP)		-3,6	-0,4	9,9
Balance of payments					
Exports of goods and services	(m US\$)		10100	12300	21650
Current account balance	(% of GDP)		-1,9	0,0	16,8
Net inflow of foreign direct investment	(m US\$)		500	460	420
Official reserves, including gold (end of period)					
m US\$			6800	4400	11900
months' imports of goods and services			7,6	4,6	12,2
External debt					
Convertible currency external debt (end of period)	(m US\$)		30665	28300	25500
Convertible currency debt service	(m US\$)		4525	4871	4507
principal	(m US\$)		3143	n.a.	n.a.
interest	(m US\$)		1993	n.a.	n.a.
External debt/GDP	(%)		64,9	59,1	47,9
External debt/exports of goods and services	(%)		280,1	217,1	113,0
Debt service/exports of goods and services	(%)		44,8	39,6	20,9
Arrears (on both interest and principal)	(m US\$)		none	none	none
Debt relief agreements and rescheduling	(m US\$)		454,9	none	none
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	7,2	8,7	10,7
EU exposure/external debt	(%)		2,3	3,4	4,6
EU exposure/exports of goods and services	(%)		6,9	7,8	5,4
IMF arrangements					
Type			EFF	CCFF	-
(Date)			(05/95-05/98)	(05/1999)	
On track			yes	yes	
Indicators of market's perception of creditworthiness					
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			09/98	03/99 09/99	09/00 03/01
Position in the ranking	(2)		103	113 117	96 85
(number of countries)			(180)	(180) (180)	(185) (185)
The Institutional Investor			03/98 09/98	03/99 09/99	09/00 03/01
Position in the ranking	(2)		97 96	93 93	81 80
(number of countries)			(136) (136)	(136) (136)	(145) (145)
Credit rating	(3)		25.1 25.8	25.2 26.5	33.1 31.6

Footnotes

(1) (2) (3) See explanatory notes.