Annex

Note on Country Groupings

1. IMF's Classification

I. Industrial Countries:

Australia
Austria
Belgium
Canada
Denmark
Finland
France
Germany, Fed. Rep. of
Iceland
Ireland
Italy
Japan
Luxembourg
Netherlands
New Zealand
Norway
Spain
Sweden
Switzerland
United Kingdom
United States

II. Developing Countries:

A. Oil Exporting Developing Countries:
Defined as those whose oil exports (net of any crude oil imports) in 1978–80 amounted to at least two-thirds of the value of total exports, and were at least 100 million barrels a year.

Algeria
Indonesia
Iran, Islamic Republic of
Iraq
Kuwait
Libyan Arab Jamahiriya
Nigeria
Oman
Qatar
Saudi Arabia
United Arab Emirates
Venezuela

B. Non-Oil Developing Countries:
Includes all Fund members except those listed above in I and IIA.

(i) Net Oil Exporters:
Those developing countries that export more oil than they import but which are outside the group defined at A.

Bahrain	Malaysia
Bolivia	Mexico
Congo, People's Republic of the	Peru
Ecuador	Syrian Arab Republic
Egypt	Trinidad and Tobago
Gabon	Tunisia

(ii) Net Importers of Oil:
All developing countries except those listed at A and B(i).

(a) Major Exporters of Manufactures
All middle-income (see below) net oil importers having relatively large exports of manufactures.

Argentina	Korea
Brazil	Portugal
Greece	Singapore
Hong Kong	South Africa
Israel	Yugoslavia

(b) Low-income Countries:
43 countries whose per capita GDP did not exceed the equivalent of $350 in 1978.

Afghanistan	Lao People's Democratic Republic
Bangladesh	Lesotho
Benin	Madagascar
Bhutan	Malawi
Burma	Maldives
Burundi	Mali
Cape Verde	Mauritania
Central African Republic	Nepal
Chad	Niger
China, People's Republic of	Pakistan
Comoros	Rwanda
Ethiopia	Senegal
The Gambia	Sierra Leone
Guinea	Solomon Islands
Guinea-Bissau	Somalia
Haiti	Sri Lanka
India	Sudan
Democratic Kampuchea	Tanzania
Kenya	

Togo	Vanuatu
Uganda	Viet Nam
Upper Volta	Zaire

(c) Other Net Oil Importers:

All other developing countries which are not included in any category above. These are middle-income countries which export mainly primary commodities. They include:

Botswana	Fiji
Cameroon	Papua New Guinea
Djibouti	Philippines
Ghana	Thailand
Ivory Coast	W. Samoa
Liberia	
Mauritius	Cyprus
Morocco	Hungary
Sao Tome & Principe	Malta
Seychelles	Romania
Swaziland	Turkey
Zambia	
Zimbabwe	Jordan
	Lebanon
	Yemen Arab Republic
	Yemen P.D. Republic
Antigua & Barbuda	Guatemala
Bahamas	Guyana
Barbados	Honduras
Belize	Jamaica
Chile	Nicaragua
Colombia	Panama
Costa Rica	Paraguay
Dominica	St. Lucia
Dominican Republic	St. Vincent
El Salvador	Suriname
Grenada	Uruguay

C. Major Borrowers:

Countries with the largest outstanding external indebtedness in 1982.

Algeria	India
Argentina	Indonesia
Brazil	Israel
Chile	Korea
Colombia	Malaysia
Egypt	Mexico
Hungary	Morocco

Nigeria
Pakistan
Peru
Philippines
Portugal
Romania
South Africa
Thailand
Turkey
Venezuela
Yugoslavia

2. **World Bank's Classification**

* Developing countries are divided into: low-income economies, with 1982 gross national product (GNP) per person of less than $410; and middle-income economies, with 1982 GNP per person of $410 or more. Middle-income countries are also divided into oil exporters and oil importers, identified below.
* Middle-income oil exporters comprise Algeria, Angola, Cameroon, Congo, Ecuador, Egypt, Gabon, Indonesia, Islamic Republic of Iran, Iraq, Malaysia, Mexico, Nigeria, Peru, Syria, Trinidad and Tobago, Tunisia, and Venezuela.
* Middle-income oil importers comprise all other middle-income developing countries not classified as oil exporters. A subset, major exporters of manufactures, comprises Argentina, Brazil, Greece, Hong Kong, Israel, Republic of Korea, Philippines, Portugal, Singapore, South Africa, Thailand, and Yugoslavia.
* High-income oil exporters (not included in developing countries) comprise Bahrain, Brunei Darussalam, Kuwait, Libya, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

3. **UN Classification**

The Least Developed Countries are those identified as least developed on the basis of their very low per capita income, very low literacy rate and low contribution of manufacturing industries to GDP. There are 36 countries currently classified as Least Developed: Afghanistan, Bangladesh, Benin, Bhutan, Botswana, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Democratic Yemen, Djibouti, Equatorial Guinea, Ethiopia, Gambia, Guinea, Guinea Bissau, Haiti, Lao People's Democratic Republic, Lesotho, Malawi, Maldives, Mali, Nepal, Niger, Rwanda, Samoa, Sao Tome and Principe, Sierra Leone, Somalia, Sudan, Togo, Uganda, Tanzania, Upper Volta, Yemen.

4. **OECD** comprises: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.

Appendices

Appendix 1.1: Debt Servicing Capacity of Some Developing Countries

Countries	Total External Debt ($bn.): Total: 'Best' estimate 1983 (1)	Medium and Long Term: 1982 (2)	Short Term 1983 (3)	Measures of Total Debt Servicing: Debt (medium & long) ÷ GNP (in per cent) 1973 (4)	1982 (4)	Basic Debt Service Ratio (in per cent) 1973 (5)	1982 (5)	All Interest ÷ Exports of Goods and Services (in per cent) 1983 (6)	Liquidity Measures: Reserves: months supply of imports mid-1983 (7)	Cash Flow Ratio (in per cent) (8)	Undisbursed Bank Credit ($ million) (9)
Middle-income NICs											
Argentina	43.6	15.8	11.0 (8.7)	7.4	25.8	17.7	28.8	32.1	7.1	173.6	1,600 (6.2)
Brazil	93.0	47.6 (70.7)	16.8 (8.5)	9.1	16.9	13.4	39.1	42.6	3.2 (end-1982)	149.2	5,500 (9.1)
Colombia	11.8	6.2 (7.4)	2.84 (0.4)	19.3	15.9	13.1	26.7	20.2	8.1	100.7	940 (15.0)
Korea	40.1	20.1 (21.5)	12.6 (–)	26.8	30.4	15.1	14.5	13.0	1.3	70.6	3,200 (14.0)
Malaysia	12.4	7.67	1.33 (–)	9.7	31.0	2.6	8.2	6.4	3.3	17.7	1,900 (23.8)
Mexico	90.0	50.41	25.2 (21.2)	10.2	32.7	22.2	55.8	27.9	1.5	141.1	4,300 (6.5)
Philippines	24.6	8.84 (12.0)	7.55 (3.5)	7.8	22.5	8.6	17.7	27.6	2.5	131.3	1,900 (14.4)
Thailand	11.0	6.21 (8.5)	2.40 (–)	4.2	17.1	2.5	12.9	10.6	1.9	47.0	1,400 (29.2)

Appendix 1.1—*continued*

Countries	Total External Debt ($bn.)			Measures of Total Debt Servicing					Liquidity Measures		
	Total: 'Best' estimate	Medium and Long Term:	Short Term	Debt (medium & long) ÷ GNP (in per cent)		Basic Debt Service Ratio (in per cent)		All Interest ÷ Exports of Goods and Services (in per cent)	Reserves: months supply of imports	Cash Flow Ratio (in per cent)	Undis-bursed Bank Credit ($ million)
	1983	1982	1983	1973	1982	1973	1982	1983	mid-1983		
	(1)	(2)	(3)	(4)		(5)		(6)	(7)	(8)	(9)
Middle-income Primary Product Exporters											
Chile	17.9	5.24 (14.0)	3.66 (2.3)	27.5	23.7	10.6	15.4	28.1	8.0	100.7	820 (7.5)
Costa Rica	4.1	2.47	0.52 (–)	16.8	100.2	10.3	34.3	20.7	2.9	91.2	65 (5.3)
Guyana	..	0.61	0.03 (–)	59.6	126.5	7.0	46.4[a]	12.7[b]	neg.	57.5[c]	17 (15.2)
Mauritius	..	0.37 (0.38)	0.02 (–)	8.6	35.0	1.3	15.0[a]	8.0[b]	0.5	19.2[c]	27 (15.8)
Jamaica	..	1.51	0.09 (–)	18.9	49.3	5.4	30.5[a]	9.1[b]	0.5	34.8[c]	50 (9.2)
Ivory Coast	7.0	4.54	0.07 (–)	25.1	63.4	7.2	45.6	13.0	neg.	77.8	350 (11.2)
Zambia	..	2.38	0.03 (–)	31.4	82.7	30.6	34.5[a]	12.9[b]	0.5	40.8[c]	35 (4.4)
Low-income Countries											
Bangladesh	..	4.35	0.05 (–)	6.3	38.3	2.4	16.5[a]	7.7[b]	2.0	21.3[c]	38 (34.3)
Ghana	..	1.12	0.17 (–)	23.5	3.6	3.5	8.3[a]	4.9[b]	0.9	26.6[c]	14 (3.9)
Malawi	..	0.69	0.06 (–)	45.2	48.0	7.7	38.6[a]	14.5[b]	1.3	61.5[c]	4 (2.0)
Kenya	..	2.4	0.13 (–)	18.7	30.9	4.8	21.8[a]	9.7[b]	2.3	30.0[c]	170 (23.5)
India	..	19.6 (19.8)	0.09 (–)	13.8	12.1	18.7	11.2[a]	5.3[b]	5.3	12.3[c]	2,300 (95.8)
Sierra Leone	..	0.3	0.05 (–)	19.0	24.6	8.7	21.3[a]	9.1[b]	0.3	59.0[c]	12 (10.6)
Sri Lanka	..	1.84	0.41 (–)	22.4	38.9	12.0	11.2[a]	8.8[b]	1.8	14.3[c]	209 (28.5)
Tanzania	..	1.63	0.06 (–)	24.9	30.4	7.0	13.1[a]	5.7[b]	neg.	19.3[c]	64 (20.3)
Uganda	..	0.59	0.02 (–)	9.6	6.8	8.5	58.8[a]	9.9[b]	neg.	68.7[c]	10 (22.1)

Appendix 1.1—*continued*

Countries	Total External Debt ($bn.)			Measures of Total Debt Servicing					Liquidity Measures		
	Total: 'Best' estimate	Medium and Long Term:	Short Term	Debt (medium & long) ÷ GNP (in per cent)		Basic Debt Service Ratio (in per cent)		All Interest ÷ Exports of Goods and Services (in per cent)	Reserves: months supply of imports	Cash Flow Ratio (in per cent)	Undis-bursed Bank Credit ($ million)
	1983	1982	1983	1973	1982	1973	1982	1983	mid-1983		
	(1)	(2)	(3)	(4)		(5)		(6)	(7)	(8)	(9)
OPEC											
Algeria	15.4	13.6	0.64 (–)	32.6	32.5	12.2	28.8	9.5	2.8	34.2	2,570 (36.0)
Indonesia	28.8	18.4	3.24 (–)	33.5	22.1	6.3	17.4	9.7	2.2	77.8	3,180 (29.5)
Nigeria	12.0	6.1	2.77 (–)	7.0	8.5	4.0	18.3	9.4	2.1	41.5	2,840 (37.2)
Venezuela	34.0	12.1	14.2 (11.4)	9.4	17.8	5.8	25.3	18.3	7.3	107.1	1,290 (4.8)

Notes: (1) 'Best' estimate is the most comprehensive available; this is conspicuously in excess of World Bank (medium-term) plus BIS (short-term) estimates. Mostly, figures are 'market' estimates supplied by Amex.

(2) World Bank estimates relate to medium and long-term debt at end 1982 (inclusive of private debtors unguaranteed debt in brackets).

(3) Short-term estimates for 1983 from BIS. 'Excess' short-term debt is in brackets. 'Excess' is in excess of six months import requirements–a proxy for nominal trade credit.

(4) From World Bank, *World Debt Tables,* 1983–84.

(5) Basic debt service ratio is medium-term debt service over exports and services.
Derived from World Bank (1973) or Amex (1984) or in cases indexed 'a' was calculated indirectly from World Bank estimated 1983 debt service and 1982 export figures.

(6) From Amex or elsewhere, in cases indexed 'b', calculated as in (5) plus interest on short-term debt calculated at 10% of short-term debt.

(7) IMF figures for mid-1983 (there are considerable month-to-month variations, and import figures not always up to date).

(8) Debt service including short-term debt, interest and principal divided by exports of goods and services. These indexed 'c' calculated as in (5) and (6).

(9) Bank for International Settlements (mid-1984)–(Undisbursed bank credit as a per cent of bank claims in total is given in brackets).

Appendix 2.1: Recent Bank Debt Reschedulings, 1983 – April 1984

				Terms				*IMF arrangement*	
Country	*Date of Agreement*	*Coverage (Medium- and Long-term and short-term debt)*	*Amounts restructured* (US $million)	*Maturity/ grace* period (in years)	*Interest (in per cent; spread over Libor/US prime)*	*New Medium-term loan* (US $million)	*Bridge loan* (US $million)	*In Place/*	*Conditional Upon Rescheduling*
Argentina	January 1983	Public and publicly-guaranteed, public sector, due in 1983 and short-term public	5,500	7/3	$2\frac{1}{8}$–2	1,500	1,100 from creditor banks and 500 from BIS	Yes	Yes
	March 1984						500 emergency package to clear interest arrears: 300 from Mexico, Brazil, Colombia and Venezuela, guaranteed by the US Government 100 from banks (at spread of $\frac{1}{8}$ over Libor) and 100 from Argentina's reserves		

Appendix 2.1—*continued*

Country	*Date of Agreement*	*Coverage (Medium- and Long-term and short-term debt)*	*Amounts restructured* (US $million)	*Terms*		*New Medium-term loan* (US $million)	*Bridge loan* (US $million)	*IMF arrangement*	
				Maturity/ grace period (in years)	*Interest (in per cent; spread over Libor/US prime)*			*In Place/ Conditional Upon Rescheduling*	
Bolivia	March 1983	Public sector	205	within Sept. 1983	$2\frac{1}{4}$	No	No	No	Yes
	May 1983 (informal agreement: extension of 1981 rescheduling).		416	5/2	$2\frac{1}{4}$	No	No	No	Yes
	(Rescheduling of 1983, 1984, 1985 maturities)		225	7/3	$2\frac{1}{4}$	No	No		

Appendix 2.1—*continued*

Country	*Date of Agreement*	*Coverage (Medium- and Long-term and short-term debt)*	*Amounts restructured* (US $million)	*Terms*		*New Medium-term loan* (US $million)	*Bridge loan* (US $million)	*IMF arrangement*	
				Maturity/grace period (in years)	*Interest (in per cent; spread over Libor/US prime)*			*In Place/*	*Conditional Upon Rescheduling*
Brazil	February 1983	Public and publicly-guaranteed, public sector, private, due in 1983, and short-term public and private	4,800	$8/2\frac{1}{2}$	$2\frac{1}{8}-1\frac{7}{8}$	4,400	1,230 from US Treasury and 1,200 from BIS	Yes	Yes
	January 1984	Public and publicly-guaranteed, public sector, private, due in 1984, and short-term public and private	5,350	9/5	$2-1\frac{3}{4}$	6,500	No	Yes	Yes
Chile	July 1983 (agreement in principle)	Public and publicly-guaranteed, private, due in 1983 and 1984 and short-term public and private	3,400	7/4	$2\frac{1}{4}-2\frac{1}{8}$	1,300	350 from BIS and 180 from creditor banks	Yes	Yes
	February 1984			$9/5\frac{1}{2}$	$1\frac{3}{4}-1\frac{1}{2}$	780		Yes	Yes
Costa Rica	September 1983	Public and publicly-guaranteed, due in 1983/84, short-term public	615	8/4	$2\frac{1}{4}-2\frac{1}{8}$	225	No	Yes	Yes

Appendix 2.1—*continued*

Country	*Date of Agreement*	*Coverage (Medium- and Long-term and short-term debt)*	*Amounts restructured* (US $million)	*Terms*		*New Medium-term loan* (US $million)	*Bridge loan* (US $million)	*IMF arrangement*	
				Maturity/ grace period (in years)	*Interest (in per cent; spread over Libor/US prime)*			*In Place/*	*Conditional Upon Rescheduling*
Cuba	January 1984	Public sector due between September 1982 and December 1983	128	$7\frac{1}{2}/3$	$2\frac{1}{4}$	No	No	–	–
Dominican Republic	September 1983	Public and publicly-guaranteed, private, due in 1983 and short-term public and private	568	5/1	$2\frac{1}{4}$–$2\frac{1}{8}$	No	No	Yes	Yes
Ecuador	October 1983	Public and publicly-guaranteed, private, public, due in 1983, and short-term public and private	1,970	7/1	$2\frac{1}{4}$–$2\frac{1}{8}$	431	No	Yes	Yes
	April 1984 (agreement in principle)	Public and publicly-guaranteed, private, public, due in 1984	600	8/4	$1\frac{3}{4}$–$1\frac{1}{2}$	350–400 (requested)	No		

Appendix 2.1—*continued*

Country	*Date of Agreement*	*Coverage (Medium- and Long-term and short-term debt)*	*Amounts restructured* (US $million)	*Terms*		*New Medium-term loan* (US $million)	*Bridge loan* (US $million)	*IMF arrangement*	
				Maturity/ grace period (in years)	*Interest (in per cent; spread over Libor/US prime)*			*In Place/*	*Conditional Upon Rescheduling*
Guyana	July 1983 (deferment agreement)	Public and publicly-guaranteed, deferred in June 1982 (covering 1982 and 1983 maturities) and amounts due until January 1984	38.5	Until January 1984	$2\frac{1}{2}$	No	No	No	Yes
Honduras	In process (requested by authorities in January 1982)	Public and publicly-guaranteed and public due between 1981 and 1984	120	6/between 3 to 15 months	$2\frac{1}{4}$	40.0 trade facility	No	Yes	Yes
Ivory Coast	In process (requested by authorities in December 1983)	Public sector, due between December 1983 and December 1984	900				No	Yes	Yes
Jamaica	June 1983 (agreement in principle)	Public sector, due between July 1983 and March 1985	166	5/2	$2\frac{1}{2}$–$2\frac{3}{8}$	18.0 under negotiation	No	Yes	Yes

Appendix 2.1—*continued*

Country	*Date of Agreement*	*Coverage (Medium- and Long-term and short-term debt)*	*Amounts restructured* (US $million)	*Terms*: *Maturity/grace* period (in years)	*Terms*: *Interest (in per cent; spread over Libor/US prime)*	*New Medium-term loan* (US $million)	*Bridge loan* (US $million)	*IMF arrangement*: *In Place/*	*IMF arrangement*: *Conditional Upon Rescheduling*
Liberia	In process	Public and publicly-guaranteed, due between July 1983 and June 1984	14	6/3	–	No	No	Yes	Yes
Madagascar	September 1983 tentative[a] agreement	Public and publicly-guaranteed and short-term public – restructuring of total stock of outstanding debt	195.3	8/2	2	12.0 revolving trade facility equivalent to principal repayment due in 1983 or a one year grace period on that amount	No	Yes	Yes
Malawi	March 1983	Public sector, due from September 1982 to August 1984	57.0	$6\frac{1}{2}/3$	$1\frac{7}{8}$	No	No	Yes	Yes
Mexico	August 1983	Public and publicly-[b] guaranteed and public sector, due from August 1982 to December 1984	20,000	8/4	$1\frac{7}{8}$–$1\frac{3}{4}$	5,000 (for 6 years/3 years' grace and spreads of $2\frac{1}{4}$–$2\frac{1}{8}$)	2,000 from US Treasury and 1,850 from BIS	Yes	Yes

a. The agreement is subject to Madagascar being current on interest payments.

b. Mexico's private sector debt was renegotiated under separate schemes.

Appendix 2.1—*continued*

Country	*Date of Agreement*	*Coverage (Medium- and Long-term and short-term debt)*	*Amounts restructured* (US $million)	*Terms*		*New Medium-term loan* (US $million)	*Bridge loan* (US $million)	*IMF arrangement*	
				Maturity/grace period (in years)	*Interest (in per cent; spread over Libor/US prime)*			*In Place/*	*Conditional Upon Rescheduling*
Mexico cont'd	January 1984					3,800 (for 10 years/5½ years' grace and spreads of 1½–1)		Yes	–
Morocco	April 1984 (agreement in principle)	Public and publicly-guaranteed and public sector, due from September 1983 to December 1984	500	7/4	1¾	No	No	Yes	Yes
Nicaragua	In process (requested by authorities in June 1983)	Public sector and short-term public due between June 1983 and June 1984	–	–	–	150	No	No	No

Appendix 2.1—*continued*

Country	*Date of Agreement*	*Coverage* (*Medium- and Long-term and short-term debt*)	*Amounts restructured* (US $million)	*Terms*: *Maturity/ grace* period (in years)	*Terms*: *Interest* (*in per cent; spread over Libor/US prime*)	*New Medium-term loan* (US $million)	*Bridge loan* (US $million)	*IMF arrangement*: *In Place/*	*IMF arrangement*: *Conditional Upon Rescheduling*
Nigeria	July and September 1983	100 per cent of arrears on letters of credit owed by private sector, due July 31, 1983	1,350	3/5½ months	1½–1⅜	1,000 revolving trade facility	–	No	No*
			480	3/3½ months	1½–1⅜				
	April 1984	Uninsured trade arrears	3,000	6 year promissory notes/2½ years grace	1	–	–	negotiations in process	
Panama	October 1983	Public and publicly-guaranteed, due between July 1983 and December 1984	180	6/3	2¼–2⅛	98	No	Yes	Yes
Peru	July 1983	Public and publicly-guaranteed, due between March 7, 1983 and March 7, 1984	380	8/3	2¼–2⅛	450	200 from banks – part of the new money facility of 450	Yes	Yes
	February 1984 (agreement in principle)	Public and publicly-guaranteed, due in 1984 and first half of 1985, and short-term	600	9/5	1¾–1½	780 requested	–	Yes	Yes
			950	,,	,,				

* A good faith effort to reach a stand-by arrangement with the Fund was required by the banks.

Appendix 2.1—*continued*

Country	*Date of Agreement*	*Coverage (Medium- and Long-term and short-term debt)*	*Amounts restructured* (US $million)	*Terms*		*New Medium-term loan* (US $million)	*Bridge loan* (US $million)	*IMF arrangement*	
				Maturity/grace period (in years)	*Interest (in per cent; spread over Libor/US prime)*			*In Place/*	*Conditional Upon Rescheduling*
Philippines	In process (requested by authorities in October, 1983)	Medium- and short-term, due from October 14, 1983 to December 31, 1985	–	–	–	1,650	500 from US Treasury	No	Yes
Poland	November 1983	Public sector, due during 1983	2,600	10/5	$1\frac{7}{8}$	65 per cent of $1.1 billion interest due relent as three-year trade credits	No	–	–
	April 1984 (agreement in principle)	Public sector, due from 1984 to 1987	1,600	10/5	$1\frac{3}{4}$	700: 350 as six-year revolving trade credits and remainder as five-year renewal of 1982 trade credits which expire in 1985	No	–	–
Romania	June 1983	Public sector, due in 1983	572	$6\frac{1}{2}/3\frac{1}{2}$	$1\frac{3}{4}$	No	No	Yes	Yes

Appendix 2.1—*continued*

Country	*Date of Agreement*	*Coverage (Medium- and Long-term and short-term debt)*	*Amounts restructured* (US $million)	*Terms*		*New Medium-term loan* (US $million)	*Bridge loan* (US $million)	*IMF arrangement*	
				Maturity/grace period (in years)	*Interest (in per cent; spread over Libor/US prime)*			*In Place*	*Conditional Upon*
Senegal	March 1984	Public and publicly-guaranteed, due from May 1981 to June 1984	97	6/3	2	No	No	Yes	Yes
Sudan	April 1983 (modification of 1981 agreement)	Public and publicly-guaranteed, short-term private – arrears as of April 1983	646	6/2	$1\frac{3}{4}$	No	No	Yes	Yes
Togo	October 1983	Public and publicly-guaranteed, due in 1983 and 1984 and arrears as of end-1982	83.5	$7\frac{1}{4}$	2	No	No	Yes	Yes
Uruguay	July 1983	Public sector, due in 1983 and 1984 and short-term private	693	6/2	$2\frac{1}{4}$–$2\frac{1}{8}$	240	No	Yes	Yes

Appendix 2.1—*continued*

				Terms				*IMF arrangement*	
Country	*Date of Agreement*	*Coverage (Medium- and Long-term and short-term debt)*	*Amounts restructured* (US $million)	*Maturity/ grace* period (in years)	*Interest (in per cent; spread over Libor/US prime)*	*New Medium-term loan* (US $million)	*Bridge loan* (US $million)	*In Place*	*Conditional Upon*
Yugoslavia	September 1983	Public and publicly-guaranteed, private and public sector, due in 1983, short-term private and public	1,020	6/3	$1\frac{7}{8}$–$1\frac{3}{4}$	600	1 300 from Western governments and 500 million from BIS	Yes	Yes
	March 1984 (agreement in principle)	Medium- and long-term, due in 1984	1,400	7/4	$1\frac{5}{8}$–$1\frac{1}{2}$	No	No	Yes	Yes
Zambia	August 1983 (agreement in principle)	Public and publicly-guaranteed, due between March 1983 and February 1985	75	7/3	$2\frac{1}{4}$–2	No	No	Yes	Yes

Source: Derived from IMF, *Recent Multilateral Debt Restructuring with Official and Bank Creditors*, Occasional Paper 25, December 1983.

Appendix 2.2: Reform Proposals for the International Banking Crisis

(1) **Restructuring of Debt Overhang**

Schemes	Main Objectives	Key Elements	Distribution of Losses	Institutional Vehicle	Scale of Operation
Kenen (Princeton University) *New York Times* March 6, 1983	1. Modest debt relief for some borrowers as agency would purchase debt from banks at discount which would enable it as new creditor to grant some reduction in interest rate payable. 2. Agency would renegotiate debt to longer maturities. 3. Participating banks reduce risk but accept losses.	1. Agency (IDDC) buys ldc debts at discount (10%) in exchange for long-term bonds. 2. Uniform discount applied to a uniform proportion of eligible loans. 3. IDDC lends to ldc at lower interest and over longer-term (10/20 years) with modest debt relief. 4. Limited period within which banks would have to decide whether or not to discount their assets with IDDC.	Banks carry losses for reduced risk.	1. Creation of International Debt Discount Corporation (IDDC) by OECD governments. 2. IMF programme defines eligible debtor countries.	Restricted in bank and debtor coverage. Estimated $30 to $40 billion. Subscription for guarantees (but no cash outlay).
Rohatyn (Lazard Frères) Testimony before Committee on Foreign Relations, US Senate, January 17, 1983 *Business Week* February 28, 1983	1. Debt stretched out to long-term maturities and interest reduced. 2. Substantial debt relief for borrowers as debt service cut to 25%–30% of exports. 3. Major risk transfer from banks who share losses. 4. Allows for secondary market to attract non-bank contributions.	1. Agency (MAC) buys bank loans in exchange for low-interest bearing long-term bonds. 2. Agency (MAC) lends to ldcs at 6% interest over 15/30 years (ldcs save interest of $15 to $20 billion p.a. 3. Comprehensive and most radical of all schemes for ldc debts.	Large losses subject to negotiation between debtor countries, tax payers and bank stockholders, while still leaving assets frozen until a reasonable secondary market is established.	1. Creation of global Municipal Assistance Corporation (MAC). – Subsidiary of World Bank or IMF or new agency 2. IMF to oversee rescheduled loans.	Estimated $300 billion in guarantees. Across-the-board mandatory buy out.

Appendix 2.2—*continued*

Schemes	Main Objectives	Key Elements	Distribution of Losses	Institutional Vehicle	Scale of Operation
Bailey (US National Security Council) et al. *Business Week* January 10, 1983 and Georgetown University Centre for Strategic Studies – paper 1983	1. Repayments linked to capacity to pay. 2. No risk transfer 3. No debt relief	1. Debtor Central Banks issue new asset – EPNs to replace principal obligations on bank debt. 2. Principal repayment based on agreed percentage of foreign exchange earnings. 3. Interest continues as before but priority to EPN notes.	None – or not explicit. Banks could make losses from sale of Exchange Participation Notes (EPNs) in secondary market.	No new institution. Debtor Central Banks issue notes.	Suggested limitations in terms of degree of country insolvency and type of loans (suggested $50–60 billion). Scale depends on market response to EPNs.
Weinert (*Foreign Policy* 1983 Spring)	Features of Rohatyn and Kenen – debt relief – stretch out restructured debt – banks reduce risk and accept losses – developing countries acquire new form of liability	1. World Bank swaps bonds for bank loans at a rate below market rates and set as a function of countries' ability to pay. 2. In theory, voluntary bank participation: to relieve threatened banks of all ldc exposure. 3. Agency would restructure debt for borrowers.	A minimum rate would be set to satisfy banks' income needs (at the level needed to "stay sound"), the World Bank making up any difference between this rate and ldcs' payment capacity.	World Bank.	Probably large scale of voluntary operation would be such as to drastically affect market value of loans of non-participating banks or creditworthiness of non-participating countries.
Lindbeck Chatham House Lecture (*Financial Times,* 1984)	1. Restructure debt into long-term claims via bond issues. 2. Risk transfer without debt relief. 3. Mechanism for new flows.	1. Old debt transformed into long-term bonds or consols which are marketable. 2. Voluntary for banks; Central Banks in creditor countries offer to buy part of bond issue. 3. Debtors issue 'priority bonds' for new money with precedence over old bonds.	Bank losses from market sale of claims (cushioned by Central Bank intervention).	IMF approves 'priority bonds'	Appears to depend on voluntary action at national (creditor) level.

Appendix 2.2—*continued*

Schemes	Main Objectives	Key Elements	Distribution of Losses	Institutional Vehicle	Scale of Operation
Congressman Schumer *Journal of Commerce* 13 April 1983 *New York Times* 10 March 1983.	1. Radical restructuring or loan concession by banks without new financial intermediary 2. Repayments set at manageable fraction of export earnings.	1. Banks remain creditors and restructure loans into long-term low-interest loans via bilateral negotiations with debtors. 2. IMF supervises restructuring arrangements. 3. Increased loan-loss reserve requirements for debts not paid on time. 4. Insurance fund with surcharges for renegotiated debt. 5. Country ceilings for short-term loans.	Losses appear to be borne by banks alone who also retain ldc debt commitments.	Crucial role of IMF to supervise and approve country restructuring (US veto to be used wherever necessary).	Unspecified: scheme has little to offer banks and would only be used by them under duress.
Gutentag and Herring (Pennsylvania University) Testimony before US Congress, House Committee on Banking, Finance and Urban Affairs, April 26, 1983 (Refs. in Cline monograph, *International Debt and the Stability of the World Economy*)	1. Banks forced to mark down foreign loans or opportunity to sell. 2. Risk transfer from banks. 3. Countries in difficulty convert debt to consols.	1. Agency (IMF, World Bank or new body), buys loans from banks at 'market' rate 2. Agency combines and re-issues loans. 3. Consols for countries with serious repayment problems – but commercial interest payable and any arrears automatically result in mark-down.	Losses appear to be borne by banks (but risk transfer)	New agency or existing bodies.	Probably large – since compulsory mark-down.
Morgan Grenfell	1. Rediscounting facility. Aim to assist banks by providing liquidity to permit new lending. 2. Shift risk from banks	1. Banks sell loans to new agency at face value, receive non-interest bearing bonds in return. 2. Bonds can be held or sold in a secondary market	Banks absorb losses to clear balance sheets.	New agency (perhaps IMF-backed)	Not specified. Depends on national governments of creditor countries.

Appendix 2.2—*continued*

Schemes	Main Objectives	Key Elements	Distribution of Losses	Institutional Vehicle	Scale of Operation
Leslie (Barclays) *The Banker*, April 1983	1. Aim to ensure bank assets are freed to support OECD exports (an incentive for OECD governments to back the idea). 2. Aim to ensure ldcs do pay but banks are not let off the hook.	1. Banks sell loans to Central Banks at a discount. 2. Central Banks buy loans on condition of new loans to worthy ldc borrowers of export credit, guaranteed by national export credit agency.	Banks absorb losses to clear balance sheets.	Central Banks	Not specified. Depends on national governments of creditor countries.
		(2) **Incentives for New Commercial Lending**			
Lever (former Financial Secretary, UK Government) (*The Economist* July 1983)	1. First of proposals has central banks discounting banks' ldc assets on condition that banks increase loan-loss reserves. Aim to give banks time to provide for loans 'without calling their liquidity or solvency into question.' 2. Second scheme aims to insure new lending to ensure additional net flows to meet ldc current account deficits and maintain world trade.	1. Export credit agencies insure new commercial bank lending. 2. Central international agency advises country limits for credit to cover trade deficits and interest payments. 3. Rescheduling of loan principal – part of agreed IMF package.	Contingent liability for public sector. Some risk borne by banks.	IMF advises country credit limits. National agencies operate with IMF/World Bank support.	Estimated $40 to 60 billion of *additional* lending. (declining over time)
Bolin and Canto (Bank of America) (formerly IMF) *Foreign Affairs* Summer, 1983.	Like Lever's second proposal.	1. New Agency makes (and/or guarantees) new loans of 8 to 15 years maturities to support industrial countries' capital goods exports. 2. Agency raises funds by placing 8 to 14 year floating rate notes with investors in European markets.	Contingent liability for public sector. Some risk borne by banks.	New multilateral body – Export Development Fund allied to World Bank and backed by national export credit agencies.	Not specified.

Appendix 2.2—*continued*

Schemes	Main Objectives	Key Elements	Distribution of Losses	Institutional Vehicle	Scale of Operation
Zombanakis (Financier) *The Economist* April 30, 1983.	Like Lever's second proposal.	1. 13-year IMF country loan agreements. 2. After 10 years, countries which despite adhering to agreements could not pay the banks have new loans guaranteed by IMF under special Loan Guarantee Fund.	IMF makes longer loans and carries guarantees.	IMF	Not specified.
Witteveen (former Managing Director of IMF) (1983 Per Jacobsson lecture)	1. Like Lever's second proposal. 2. A specific area (political risk) tackled where banks have limited expertise and/or inability to negotiate in times of difficulty.	1. International Credit Guarantee Fund – an IMF backed political risk insurance facility for bank loans. 2. Premiums and percentage insured fixed according to need of borrower. 3. Parallel extension of supervisory requirements to prevent overlending in the future. (i) re-solvency; applied to sovereign loans (ii) re-liabilities; reserve requirements for Eurodollar deposits.	Premium paid by lender. At least 25% of risk borne by banks. Shareholders in Fund include Central Banks, governments and private banks.	IMF contains Fund; also fixes country lending limits subject to performance.	Depending on demand, IMF resources could expand in parallel (via government guarantees).
World Financial Markets (June 1983)	Aim to encourage banks to supply additional financing.	*Either* Insurance pool for loans to ldcs, backed by IMF. *or* Link between World Bank lending and bank lending. Guarantee lies in agreement that World Bank disbursements cease if other loan service ceases.	Ldcs pay insurance premium but get lower spread because of IMF guarantee. Ldc runs danger of compounding liquidity problems if falls behind with service.	IMF guarantee for loans based on Fund assets. World Bank implicit guarantee.	Not specified. Modest since linked to scale of World Bank lending (i.e. in effect an extension of co-financing).

Appendix 2.2—*continued*

Schemes	Main Objectives	Key Elements	Distribution of Losses	Institutional Vehicle	Scale of Operation
Mahbub ul Haq (Planning and Development Minister of Pakistan)	1. Aim to make immediate servicing of debt manageable. 2. Aim to create liquidity in banking system for new loans. 3. Aim for efficient domestic economic management in debtor country. 4. Aim to reverse declining net resource transfers.	IMF Debt Refinancing Subsidiary to provide resources for: (1) extending maturities (2) reducing interest payments to declining ceiling of export earnings (3) guarantees for new loans	Losses distributed among banks and debtors New resources from SDR issue	Establishment of IMF Debt Refinancing Subsidiary for middle income countries.	Not specified.
Deposit Insurance proposals (e.g. Grubel, *Princeton Essays on International Finance).*	1. Aim to prevent lack of confidence in banking system. 2. Aim to create liquidity for loan expansion.	1. International Deposit Insurance Corporation insures deposits not currently covered under existing national arrangements. 2. Not specifically geared to ldc lending.	Insurance partial (80 to 90%) Premiums vary by risk class	Major effort of international coordination required.	All countries (otherwise banks miss premium in uncovered territory).

Appendix 2.2—*continued*

Schemes	Main Objectives	Key Elements	Distribution of Losses	Institutional Vehicle	Scale of Operation
Soros (New York Fund manager)	Aim to evolve from debt crisis management to better lending system and smooth out interest rate fluctuations.	1. Existing debt converted into 25-year bonds paying fixed rate of interest, say 11%, and portion of margin's proceeds (e.g. 1%) placed into premium account; borrowers would contribute extra 1½% of margin into escrow account. The combined 3% return would form insurance fund – International Lending Agency (ILA) 2. ILA to act as straightforward lending agency at long-term rates and maturities with smoothed out interest rate arrangement (via an Interest Equalisation Account).	Losses distributed among banks and debtors	ILA with capital contributed by present bank lenders and by debtors (in an escrow account). Initial obligations of ILA to carry international guarantee and IMF to make contingent allocation of SDRs.	Not specified.
Wallich (Governor, Federal Reserve Board) *Insurance of Bank Lending*, Group of Thirty, 1984.	Aim to provide confidence in banking system and thereby encourage continued lending, although on more moderate scale	1. Insurance of banks' portfolio of assets (rather than of specific loans, and distinct from present insurance systems which support banks' deposits and/or provide liquidity support via lender of last resort function.) 2. Given historical rate of banking losses of well under 1%, insurance scheme to be only of modest size, i.e. 2% of banks' portfolio.	1. Contribution from banks 2. Contribution from borrowers via additional charges either as surcharge on loan or some fraction of spread 3. Contribution from governments (existing official agencies with insurance or guarantee powers) and private sources (insurance companies) *not* as permanent net contribution but as temporary facility to be repaid over time.	Coordination among banks, IMF, World Bank and existing insurance organizations.	Assuming $20 billion in new bank lending over next five years and 1% premium p.a., a total insurance pool of $3 billion over five years to meet defaults of principal or interest.

Appendix 3.1: Official Multilateral Debt Reschedulings, 1981–February 1984

(1) Date	(2) Country	(3) *Amount $m*	(4) *Consolidation Period* (months & years inclusive)	(5) *Maturity (grace period) years*	(6) *Debt covered*
January 81	Pakistan	250	1.81–7.82	25–30	ODA Debt only
February 81	Togo	232	1981–1982	9(5)	
April 81	Madagascar	140	1.81–6.82	9	
June 81	Cent.Af.Rep.	72	1981	9(5)	
July 81	Zaire	500	1981–1982	10	
October 81	Senegal	75	7.81–6.82	9(5)	
November 81	Uganda	30	7.81–6.82	8–10	
December 81	Liberia	30	1.82–6.83	9(5)	
	Poland	2,200			
March 82	Sudan	400	7.81–12.82	10	
July 82	Madagascar	107	7.81–6.82	9	
July 82	Romania	234	1982	6½(3)	80% of interest and principal, 1981 arrears and maturities.

Appendix 3.1—*continued*

(1) *Date*	(2) *Country*	(3) *Amount $m*	(4) *Consolidation Period* (months & years) inclusive)	(5) *Maturity (grace period) years*	(6) *Debt covered*
September 82	Malawi	25	7.82–6.83	8	
November 82	Senegal	74	7.82–6.83	9	
December 82	Uganda	19	7.82–6.83	10	
January 83	Costa Rica	200			
February 83	Sudan	550	1983	16(6)	100% of principal and arrears, including debt rescheduled in 1979.
April 83	Togo	300			
May 83	Zambia	375		10(5)	
May 83	Romania	195	1983		
June 83	Mexico	2,000	1983	6(3)*	Private sector maturities only, including short-term.
July 83	Cent.Af.Rep.	13			
July 83	Peru	400	5.83–4.84	8(3)	90% of principal and interest due, excluding previously rescheduled debt.

Appendix 3.1—*continued*

(1) *Date*	(2) *Country*	(3) *Amount $m*	(4) *Consolidation Period* (months & years) inclusive)	(5) *Maturity (grace period) years*	(6) *Debt covered*
July 83	Ecuador	200			
October 83	Malawi	30			
November 83	Morocco	600		8	
November 83	Niger	70	1984		
December 83	Senegal	75	7.83–6.84		
December 83	Zaire	1,600	1983–1984	11(5)	75% of principal due
	Brazil	3,800			
	Cuba	413	9.82–12.84	$8(2\frac{3}{4})$	1984 consolidation subject to conditions. 95% includes debt rescheduled in 1977 and 1980.
February 84	Sierra Leone	50			
	Peru	560	5.84–2.85	8(3)	

* 4 years for short-term debt.

Appendix 5.1: Summary of Assumptions and the Main Results of the William Cline, Morgan Guaranty, the Inter and Data

		Assumptions in Regard to:					
Institution/ Person	Projections period covered	Real Growth Rate of GDP in industrial countries	Rates of Interest	Oil Price	Terms of Trade of Non-oil Developing Countries	Rate of Inflation in industrial countries	Protectionism in industrial countries
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. IMF	Up to 1990	3.6% in 1984; 3½% on average during 1985–90	Nominal rates to decline to 7% by 1988–90 from 10% in 1984	To remain constant in nominal terms until end of 1985 and then to remain constant in real terms until 1990	To remain constant in 1985–90 after slight improvement in 1983 and 1984	To decline to 4% in 1986–90	Will remain at the same levels until 1990
2. World Bank	Up to 1995	High Case: 4.3% Low Case: 2.5%	High Case 6.0% Low Case: 9.5%			High Case: 3.5% per year Low Case: 6% per year	No new protectionist measures
3. Cline	Up to 1986	1.5% in 1983 3.0% in 1984–86		$29 until 1985; rises to $34 in 1986	A 3% improvement for each one percentage point *change* in industrial country growth		

Projections on the Debt Situation by the IMF, the World Bank, American Development Bank Resources Inc.*

Assumptions in Regard to:				Main Results			
	Financial Flows to Developing Countries						
Growth of GDP for developing countries covered	ODA	Private Invest-ment	Bank credit	Countries covered	Debt Ratio	Debt Service Ratio	Interest Payments Ratio
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
4.6% in 1986–90 for all non oil developing countries; low income group to grow more slowly	Constant in real terms at 1984 levels (implies a fall as a ratio of industrial country GDP)	To rise faster than bank ex-posure (assumed to rise at 9½%)	Exposure to remain con-stant in real terms between 1985 and 1990	(a) All Non-oil developing countries	*1983:* 149.5 *1987:* 132.2 *1990:* 123.8	*1983:* 21.6 *1987:* 24.4 *1990:* 21.3	*1983:* 13.2 *1987:* 10.6 *1990:* 8.9
				(b) Low-income countries	*1983:* 308.7 *1987:* 298.2 *1990:* *307.7*	*1983:* 22.4 *1987:* 24.2 *1990:* *22.2*	*1983:* 13.1 *1987:* 14.2 *1990:* *12.3*
				(c) Major 25 borrowers	*1983:* 194.4 *1987:* 165.1 *1990:* 150.4	*1983:* 29.9 *1987:* 34.1 *1990:* 30.1	*1983:* 18.6 *1987:* 14.9 *1990:* 12.4
High Case: 3.5% a year Low Case 4.7% a year	Loan dis-bursements and official transfers to increase by 33% under the High Case and fall by 7% under the Low Case between 1983 and 1995			(a) All developing countries	*1983:* 121.4 *1995:* 80.3 (High Case) 71.3 (Low case)	*1983:* 20.5 *1995:* 12.7 (High Case) 13.7 (Low case)	N.A. N.A.
				(b) Low-income Africa	*1983:* 242.0 *1995:* 234.7 (High case) 224.1 (Low case)	*1983:* 24.8 *1995:* 19.1 (High case) 20.6 (Low case)	N.A. N.A.
2½% in 1983 3½% in 1984 4½% in 1985 and 1986				(a) 12 Oil importers	*1982:* 1.94 *1986:* 1.28	*1982:* 0.39 *1986:* 0.26	N.A. N.A.
				(b) Seven oil-exporting countries	*1982:* 1.77 *1982:* 2.36	*1982:* 0.34 *1982:* 0.41	N.A. N.A.

Appendix 5.1—*continued*

Institution/ Person (1)	Projections period covered (2)	Real Growth Rate of GDP in industrial countries (3)	Rates of Interest (4)	Oil Price (5)	Terms of Trade of Non-oil Developing Countries (6)	Rate of Inflation in industrial countries (7)	Protectionism in industrial countries (8)
		Assumptions in Regard to:					
4. Morgan Guaranty	Up to 1990	2.0% in 1983 3.5% in 1984–85 3.0% in 1986–90		\$28 in 1983 \$29 in 1984 \$32 in 1985 Stays constant in real terms 1986–90	Terms of trade to deteriorate in 1983 and then improve between 1984 and 1990 between 1 and 2% per year		
5. Inter-American Development Bank	Up to 1990	US: 5% in 1984 3.1% in 1985 2.7% in 1986–90 Europe: 1% in 1984 1.4% in 1985 2.1% in 1986–90 Japan: 4.0% in 1984 3.5% in 1985 3.4% in 1986–90	Not known	Nominal prices to rise at 9% per year to reach 1981 level in real terms by 1990	Not Known	7% per year	Not Known
6. Data Resources Inc.	Up to 1987	US: 4.8% in 1984 3.8% in 1985 3.5% in 1986–87 Four major European countries: 3.0% in 1984–85 2.1% in 1986–87	Euro-dollar rates To rise from 10.2% in 1983 to 11.2% by 1986 and then fall to 10.6% in 1987; Long term rates to fall from 10.2% in 1983 to 9.1% in 1987	To stay below \$31 per barrel up to 1985 and then increase by \$4 per barrel per year thereafter	N.A.	N.A.	N.A.

Note: * The projections summarised here correspond to the 'base case' scenarios—i.e. scenarios which are considered to be plausible or central vis-a-vis other alternative projections by the respective authors.

Sources: (1) IMF, *World Economic Outlook,* April 1984.
(2) World Bank, *World Development Report,* 1984.
(3) W.R. Cline, *International Debt and Stability of the World Economy,* September 1983.

Appendix 5.1—*continued*

Assumptions in Regard to:					Main Results		
	Financial Flows to Developing Countries						
Growth of GDP for developing countries covered	ODA	Private Invest-ment	Bank credit	Countries covered	Debt Ratio	Debt Service Ratio	Interest Payments Ratio
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Not Known				21 Major borrowers	*1982:* 178 *1985:* 166 *1990:* 123	*N.A.*	*N.A.*
Scenario A: per capita consumption to remain constant at 1983 levels during 1985–90 Scenario B: Total unem-ployment not to rise. GDP growth: Scenario A: 2.7% Scenario B: 5.4%	Nominal transfers to increase at the rate of 10–11% per year between 1983 and 1990 (implies a rise in real terms)	To rise at 4–5% per year in nominal terms bet-ween 1983 and 1990 (implies a decline in real terms)	N.A.	Seven Latin American countries	*1983:* 332.7 *1987:* 243.9 *1990:* 184.8 *1987:* 274.9 *1990:* 269.0	*1983:* 68.2 *Scenario A:* *1987:* 53.4 *1990:* 39.1 *Scenario B:* *1987:* 57.1 *1990:* 51.5	*1983:* 39.3 *1987:* 27.2 *1990:* 21.2 *1987:* 29.2 *1990:* 27.8
5.6	N.A.	N.A.	N.A.	Seven Latin American countries	*1982:* 290.0 *1987:* 252.3	N.A. N.A.	N.A. N.A.

(4) Morgan Guaranty Trust Company of New York, "Global Debt: Assessment and Long Term Strategy", *World Financial Markets,* June 1983.

(5) Inter-American Development Bank, *External Debt and Economic Development in Latin America,* January 1984.

(6) Data Resources Inc., quoted in Thomas O. Enders and Richard P. Mattione, Latin America: *The Crisis of Debt and Growth,* (Washington DC; Brookings Institution, 1984).