

OD(81) 7

COPY NO 46

9 February 1981

CABINET

DEFENCE AND OVERSEA POLICY COMMITTEE

—
ECONOMIC ASSISTANCE TO POLAND: LONGER-TERM APPROACH

Note by the Chairman of the Official Group
on Economic Assistance to Poland

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The Committee, at their meeting on 10 December 1980 (OX(80)26th Meeting), approved proposals to enable the United Kingdom to participate in international efforts to assist Poland in the next few months, while arrangements for longer-term assistance are being worked out. The Chancellor of the Exchequer, in his minute of 21 January, has reported the details of the United Kingdom response, covering the first quarter of 1981, to Polish requests for assistance; and will report similarly on interim arrangements to cover the second quarter of the year, if these prove necessary.

2. The Committee also called for a report by officials on the options for British policy on assistance for Poland in the longer term, ie in the period beyond the first half of 1981. The attached report, by the interdepartmental Group on Economic Assistance to Poland, is intended to fulfil that remit.

3. The Group's analysis may be summarised as follows. Poland is not able both to service its very heavy burden of past debt and to finance the imports of food and of raw materials and industrial goods which it needs. Assuming, therefore, that we and Western governments generally are prepared to do something to help, there are four basic and interrelated questions -

i. Should we continue to press for a concerted debt relief operation?

The Group conclude that we should and invite Ministers to agree (paras 6 - 7).

ii. What technique should we use to provide debt relief for Poland? The arguments between rescheduling and refinancing are finely balanced, and the implications of the decision for the PSER could be substantial. Ministers are invited to choose between the two options (paras 21 - 27).

iii. Should we offer Poland new officially-guaranteed export credit, in addition to debt relief? The provision of new credit would allow Poland to finance the import of food (to help avert social unrest) and of raw materials and industrial goods (to improve the prospects for long-term recovery). But there would be a high risk of losing our money eventually. Ministers are invited to decide whether they would in principle be prepared to guarantee new credit if other governments do so (paras 28 - 31).

iv. If we provide new credit for Poland, what powers should be used for the purpose? It would not be appropriate to use the Aid Budget, even if it were not already fully allocated. Ministers are therefore invited to choose between justifying the use of the "encouragement of trade" provisions of Section 2 of the 1978 Export Guarantees Act and reactivating the dormant powers of Section 2(1) of the same Act (paras 32 - 33).

4. These are the key issues for decision. There are two others on which the Group seek Ministerial endorsement -

v. What period should a longer-term debt settlement cover - up to the end of 1982? (para 11)

vi. We cannot decide precisely how much help to offer, or on what terms, until we know more about what others, especially the United States, intend to do; but do Ministers agree that we should aim initially for about 85 per cent debt relief, on the understanding that the proportion would need to be reconsidered if we were to join others in affording Poland new credit as well? (paras 16 - 17)

MINISTERIAL ASSISTANTS TO SECRETARY OF STATE, POLAND, 1981

Report by officials

MEMORANDUM

5. Ministers will also wish to take note of the approach being adopted by officials on a number of subsidiary aspects of the operation to assist Poland (paras 8 - 10, 12 - 15, 18 - 20, 34).

Signed R L WADE-GERY

Cabinet Office

9 February 1981

ECONOMIC ASSISTANCE TO POLAND: LONGER-TERM APPROACH

Report by officials

INTRODUCTION

1. In December (OD(80) 26th Meeting) Ministers agreed on the basis for short-term United Kingdom credit assistance for Poland, and asked officials to report further on the options for assistance in the period beyond the first half of 1981.
2. Action has been taken to arrange, in consultation with other creditor governments a "bridging operation" covering both provision of new credit and debt relief. This covers only the first quarter of 1981, and it may prove necessary to extend it until a more permanent settlement can be reached. The bridging operation includes both limited debt relief and some new credit.
3. In preparation for a longer term arrangement, France, as chairman of the unofficial creditors' group, is trying to arrange a meeting of some fifteen creditors with the Poles towards the end of February. This timing depends on the ability of the new United States Administration to formulate its policy by then, and the meeting may slip. The attitude of the United States, as one of the major creditors, is critical to the success of the operation; and it will therefore be necessary to encourage the United States to play a constructive part. France and Germany both seem willing to join in. Most of the other creditors recognise the need for debt relief, though the case for further new credits for exports is much more doubtful.
4. Ministers have already accepted in principle the case for support, which is not further argued in this paper. In considering the scale and form of such support the Group have had in mind the British interests to be served by it. These include the survival of political liberalisation in Poland; the avoidance of economic collapse; the protection of our existing claims on Poland; and the promotion of long-term United Kingdom trading interests there (however remote the prospect now seems). If the political climate in Poland changed, Ministers would of course have the chance to reconsider their policy.

5. Against this background, this report considers what should be done about the problems of Poland's accumulated debt; and whether to extend further credit to Poland, despite the financial risks and possible pressure from other debtor countries to be similarly treated.

DEBT RELIEF

6. Poland cannot go on servicing its debts. Interest and capital repayments together eat up almost all Poland's export earnings (figures at Annex I). This cannot continue, so some form of relief is inevitable. Poland's total debt to the *West* Polish estimates of which are at Annex II, has three parts:- a. direct Government-to-Government loans (mainly CCC credits given by the United States) - roughly \$1.5 billion; b. government-guaranteed loans and export credits - roughly \$9 billion; and c. unguaranteed commercial loans and credits - roughly \$12.5 billion. The bridging operation covers only b. Any long-term governmental agreement will have to proceed in parallel with a settlement with the unguaranteed commercial creditors, including banks.

7. The bridging operation is only a stop-gap measure. It must be replaced by something more permanent, as quickly as possible: both to help the Poles (who went to plan ahead) and avoid a disorderly collapse. A long-term settlement should also cover those countries (like the United States) who did not join in the bridging operation; this will spread the burden more fairly and help exert some leverage on Poland to adjust its economy. It may take time to organise a multilateral arrangement of this kind, which will also entail a cost (because it will be necessary to accord concessionary rates of interest). But the cost of default would be greater, and the Group think it is in the United Kingdom's interests to participate and actively to encourage other countries (notably the United States) to do so. Do Ministers agree? The negotiations will take some time. The United Kingdom need not take up final positions on all points yet. But there are a number of issues on which we have to take up an initial negotiating position. Some of these require Ministerial decisions, as indicated below.

a. Forum for Negotiation

8. The multilateral settlement of developing countries' debt problems is habitually organised through the "Paris Club" arrangements. Under these, all Western creditor countries with official or officially-guaranteed claims

above a minimal level are invited to a debt relief conference held in Paris with the French in the chair. In the case of Poland, the French have taken the initiative in hosting and chairing the current series of informal meetings. The approach of those participating has been similar to the Paris Club, but, to avoid offending the Poles, the Paris Club procedure has not formally been invoked. The Poles are evidently content with this approach. We see no advantage in trying to shift the venue or leadership. Ministers are asked to take note.

b. Other official creditors

9. The Poles are slowly coming to accept the principle of broadly comparable treatment between the debts relieved under the multilateral agreement and debts to other countries; though they may still wish to give some preference to socialist countries, which we would not in principle be prepared to accept. Ministers are asked to take note.

c. Private Creditors

10. A clause would need to be inserted to the effect that Poland had negotiated, or undertook to negotiate, with private creditors including commercial banks, arrangements under conditions similar to those negotiated with official creditors. On 23 January at a secret meeting in Vienna the Poles explained their debt problem to representatives of nine international banks and sought advice. They were asked to provide a maturity analysis of their debts and other statistics, and they said they would convene in London a meeting of representatives of some 50 banks accounting for a high proportion of their banking debts, probably in February. It will be difficult for the banks to arrive at a common basis for relieving Polish unguaranteed banking debt, partly because the Poles have already negotiated roll-overs or rescheduling of some debts with individual banks. It will be important from the point of view of governments however that discrimination between different categories of creditors should be avoided, and we and other Western countries should work together to impress this on the Poles. Ministers are asked to take note.

d. Period to be covered by debt relief

11. The original Polish request to the United Kingdom was for assistance in 1981 and 1982, whereas in Paris they asked for three years. However, the political and economic uncertainties argue in favour of not going significantly beyond the usual minimum annual period for debt relief, ie around 1 year, as a start. The difficulty of applying effective conditionality (dealt with in paragraph 17 below) and the need to gain experience in any monitoring arrangements point in the same direction. The Group accordingly consider that the aim should be to cover the period up to 31 December 1982, and that this is likely to be the wish of other creditors. Do Ministers agree? In practice of course it is unlikely to be possible to avoid the need for a second operation; indeed, help may well be needed for the best part of a decade.

e. Repayment periods

12. At the Paris meetings on 22-23 December the Poles said they needed assistance repayable over ten years, including a five year grace period. They did not provide a full maturity profile of their convertible currency debts beyond 1985 or an exhaustive analysis of their total indebtedness (including that to the Soviet Bloc). Nevertheless it is clear from the information they have provided that 1981 and 1982 are critical years, and that some 70 per cent of their outstanding medium and long-term debt matures in the next three years. (See Annex II)

13. It will be important to seek information from the Poles on the maturity profile of all classes of debt, including debt to the Soviet Bloc, before firm conclusions can be reached on the appropriate terms including grace period. It is possible that part of the bunching of maturities in the next year or so may reflect convertible currency debt to CMEA countries and institutions, and we would wish to avoid a situation where debt relief by the West permits payments of debts to the Soviet Bloc on time. The major creditors would therefore need to insist on knowing the maturity profile of the various categories of convertible currency debts so that they can judge the appropriate terms for their own relief. Further, it is normal not to accede to the full extent of a debtor country's initial bid for relief, in order to encourage greater efforts towards the solution of their problems than they are prepared to admit or envisage.

14. In similar debt relief operations with other countries it has been thought desirable to make the repayment terms such as will give the debtor a reasonable prospect of meeting obligations without having to come back for new relief on the maturities already relieved. In the Polish case it is more than usually difficult to arrive at a judgment about this, because of the absence of detailed information compiled by impartial sources about the future prospects of the Polish economy, and the other major economic and political uncertainties. The Poles themselves, who have hitherto tended to excessive optimism, now see their current account deteriorating and do not forecast a current account surplus until 1986. In practice the magnitude of the problem suggests it would be unrealistic to think of a repayment term of much less than the Poles' bid for ten years, or a shorter grace period than their suggestion of five years. But more information is clearly required. Ministers are asked to take note.

f. Repayment terms

15. The rate of interest to be charged by creditor countries for the period of debt relief is left for bilateral decision under a normal multi-lateral operation. HMG has normally aimed in such cases to get as close as possible to the commercial rate ruling at the time; but in practice a preferential rate has invariably been agreed, involving a cost to ECGD's reserves and the PSER. Under the bridging operation for the first quarter of 1981 the Poles are being required to pay the rate of interest charged by the lending banks. Ministers are asked to take note.

g. Proportion of relief

16. The Poles have implied that they are hoping for total debt repayments in the next two or three years to be rephased. The provision of 100 per cent relief by Western creditors is virtually unprecedented. The usual arrangement is relief of 85-90 per cent of the repayments of capital and interest due in the chosen period, with the remaining percentage usually met on time or sometimes spread over a year or two: it is a matter of discipline that some proportion of the payments due should be forthcoming at once, or at least very soon. Relief of 85 per cent on maturities to the Western countries would not solve Poland's problems, but would go a long way towards it because much of the present current account deficit

(estimated by the Poles at \$3.2 billion in 1981) represents interest which would be rephased. Assuming Poland obtained comparable relief from all other creditors there would still be some financing gap on Poland's projections (see Annex II). But we should not rule out that the Polish economy might perform rather better than forecast: in particular there might be much better harvests this year and next, which could represent an improvement compared with 1980 of as much as \$1 billion per annum. The percentage chosen should also not be so high as to discourage Poland from seeking to raise further convertible currency assistance from CMEA countries and the CMEA banks. The provision of additional commodity assistance from these countries could also help alleviate the foreign exchange position; and a reduction by these countries in Poland's commitments to export to them could free more goods for which Poland might be able to find a market in the West. Moreover, since Poland has decided not to join the IMF it would hardly seem right for Poland to look to Western Governments to make good the assistance forgone from that source or to receive terms more favourable than those applicable to countries which have accepted IMF conditionality.

17. These considerations suggest that there would be a good case for giving less than 100 per cent relief, and could indeed justify going well below 85 per cent. But this is a matter we shall have to settle with other creditors. There is also a connection between the proportion of relief offered and the question of future cover for new credits (which is dealt with in paragraphs 28-31 below). The Group think that, if no new credit is given we should aim initially at about 85 per cent debt relief. If new credit were to be given, the proportion of debt relief would need to be reconsidered. The exact figures would have to be settled in the light of progress in the talks.

h. Conditionality

18. Clearly, Western help cannot be provided without strings. There must be an element of conditionality, although this will be difficult to enforce on Poland. Nor will it be easy to strike the balance between leniency and stringency. Those elements in Poland who accept the need for economic reforms might privately welcome some conditionality as strengthening their hand. But there is a danger that a genuine attempt to meet stiff conditions would provoke greater domestic unrest and provide the pretext for Russian intervention.

Alternatively, the hard-liners among the Polish leadership could use Western demands as an excuse for cracking down internally and reversing the liberalising trend. The West should seek to ensure that any conditions imposed cannot be misused in such a fashion. The Group therefore consider emphasis should initially be placed on Poland meeting her remaining obligations, once debt relief has been granted. But this is not very effective in itself, since so large a proportion of debt will have to be relieved. Withholding of refinancing loans, or requiring payment of rescheduled debt, is not an effective sanction but runs the risk of precipitating the default which the programme would be designed to prevent. If Ministers agree to grant new credits as well as to give debt relief (paragraphs 28 to 31 below), the threat to withhold disbursement will also be a useful lever.

19. There should of course be monitoring of the position fairly frequently, with the possibility of withholding debt relief if matters were not going as we wished. In recent cases a consortium of commercial banks have made it a condition of their loans that a team of their economists should go to Warsaw every three months to receive an update of the information in the documentation provided when the loans were agreed and a report on economic progress. These meetings provide an opportunity to ask questions and increase knowledge of Polish economic developments. Western governments could hardly seek less than the banks have done, given that they would not have the benefit of an agreed IMF programme to rely upon as has been the case in all other multi-lateral assistance operations.

20. A number of organisations exist through which monitoring could be conducted on behalf of creditor governments. One possibility would be to rely on the group of bank economists already mentioned. Another would be to make use of the central banking expertise of the Bank of International Settlements. Possibly OECD or IMF (if they were willing), though Poland is not a member of either body, could be brought into the act. Yet another possibility would be to make use of the UN Economic Commission for Europe, thus bringing in the Soviet Union; this might have advantages, but would also enable the Russians to use wrecking tactics. These ideas will need to be discussed with other Western creditors, who may have additional suggestions of their own. The most likely solution seems to be the designation of an ad hoc group of

creditors, with one country as "lead banker" for this purpose: this could either be France, which has taken the initiative in summoning meetings so far, or it could be a neutral such as Austria (which might make it easier to talk indirectly to the Russians). Ministers are invited to take note.

i. Refinance versus rescheduling

21. Two alternative techniques, refinancing or rescheduling, are available to the United Kingdom for rephasing government-guaranteed debts due from Poland. This is not a point on which consensus is needed among the creditors. It is a decision for each individual country. France and West Germany customarily adopt refinancing in preference to rescheduling in multilateral debt relief operations. Although Ministers have approved refinancing exceptionally for the bridging operation, this was not intended to prejudice the arrangement applying to any longer-term assistance.

22. Rescheduling is the mechanism which has always been used by Her Majesty's Government in the past (although the general policy will be reviewed in the light of Ministers' decision in the Polish case). Under this system, to the extent that a country does not repay its debts in accordance with the original maturities, ECGD meet the consequent claims from banks and exporters. These claims payments, together with the impact of any "subsidisation" of interest rates, have to be met from ECGD's reserves and have the effect of increasing the PSER by an equivalent amount. Rescheduled payments are, however, recouped over later years, after expiry of any grace period, provided the country makes the delayed repayments in accordance with the multilateral agreement.

23. A refinancing on the other hand would involve ECGD in guaranteeing new lending to Poland by the banks, which would be used to make repayments on time. The new contingent liabilities created by refinancing would mean that, unless only a proportion of debt were refinanced, ECGD's exposure in respect of Poland would be increased by the amount of interest capitalised. But there would be no increase in the PSER arising from claims payments, provided that the Poles proved capable of repaying the refinancing loans (either directly or with the assistance of their Warsaw Pact allies). ECGD's statutory powers do not preclude them from guaranteeing loans to minimise their losses in this way provided that there is a reasonable prospect that the country will eventually repay the new loans.

24. The main arguments for refinancing in preference to rescheduling are as follows -

- i. Refinancing is as acceptable internationally as rescheduling. Although the United Kingdom has hitherto used rescheduling, the change could be regarded simply as one of technique. In either case ECGD would have to make provision for loss in its trading account if it thought that payments might not ultimately be made.
- ii. Refinancing leaves the banks providing the cash for Poland with a guarantee from ECGD. Rescheduling requires the ECGD itself to find the money, which the creditors, including the banks, then get back immediately.
- iii. The cost of rescheduling to ECGD's reserves and to the PSER could total ¹⁶⁰ £210 million this year and next (assuming a rescheduling of 85 per cent of maturities at commercial rates of interest). At the end of 1979-80 ECGD's cash reserves stood at £480 million, and as a result of continued heavy claims, are expected to fall in 1980-81. If ECGD's cash balances were completely exhausted, as they might well be in the event of a rescheduling of Polish debts, public expenditure would be needed to fund the Department's operations. In this event, ECGD's ability to carry on its normal trading operations would require reappraisal, with adverse effects on exporters.
- iv. Refinancing would avoid the considerable administrative burden of dealing with individual claims involved in a rescheduling and would also give more flexibility when it came to controlling the disbursement of funds than rescheduling.
- v. Refinancing also has the theoretical advantage that such loans can be drafted to allow ECGD to stop further disbursements if political developments make this necessary. However, withholding the loans in this way would, unless the USSR put up the cash instead, simply force Poland to cut back imports and could precipitate a default.

25. In view of ECGD's responsibility to minimise loss and the effect on the overall viability of their operations, ECGD consider that, if rescheduling were to be adopted (which could mean using up their cash reserves), they would need a formal Ministerial instruction to this effect and would need to draw this to the attention of the Comptroller and Auditor General.

26. The main arguments for rescheduling are -

i. Adoption of refinancing would constitute a change in United Kingdom policy and involve changes in ECGD's mode of operation for dealing with debt relief: these changes would no doubt need to be publicly defended.

ii. The refinancing of Polish debts would set a precedent for the handling of future cases, which would be all the more dangerous if it were apparent that Poland was being treated more leniently than other international debtors, including countries forming part of the Western Alliance.

iii. Refinancing means the acceptance of a contingent liability which may be greater than the debt being refinanced. The availability of this option would make it easier (and so tempting) to continue granting export credit cover on future large contracts in risky markets. Rescheduling means accepting the loss (or at best deferment of payments) arising from a debtor's inability to meet his obligations on time. In a case as acute as Poland's it is arguably better that the realities of its economic situation should be squarely faced in this way.

iv. The banks would prefer rescheduling, which would leave them with less guaranteed Polish debt on their books and give them greater flexibility in handling the unguaranteed portion.

27. In the light of the arguments in paragraphs 21 to 26 above Ministers are asked to indicate a preference for refinancing or for rescheduling in the Polish case.

NEW CREDIT FACILITIES

28. The previous paragraphs deal with the various forms of debt relief which might be available. Since the service of external debt currently takes up almost all of Poland's export earnings (compared with a typical ratio for a less developed country of say 30 per cent), Poland will clearly be unable to afford any significant volume of imports, unless substantial relief is given. But imports will remain necessary. The Polish Government understandably insists that it cannot forgo imports of essential machinery and raw materials to keep its industry going or of food to keep its population content. Since there are cogent reasons (set out above) against being over-generous on the proportion of debt relief to be offered, it is natural to consider whether part of the offer to sustain Poland's capacity to import should take the form of new credit facilities. A balance has to be struck.

29. In the case of a country like Poland, where debt relief is needed and there can be no assurance that the maturities of any new credit will be met without the need for further refinancing or rescheduling in the future, it would normally be considered inappropriate to give cover for new export credit. The usual practice in such cases is to stay "off cover" for so long as there is substantial debt outstanding; and to resume cover only gradually, as confidence in the recovery of the economy grows. Turkey, for example, has been off cover for three years. Rather than agree more credit when existing credit cannot be repaid on time, it is thought more sensible to agree as necessary to a more generous rephasing of existing debt. The effect on the debtor's balance of payments is the same either way.

30. For political reasons, however, Ministers may feel that it is essential to go on giving Poland some export credit, even though on a more limited basis than the Poles might wish. Such credit would also help to maintain a British presence in Polish markets until such time as the Polish economy recovers. Unlike extra debt relief, it could be tied to British goods. But ECGD (as the Department concerned) would not recommend supporting new credit for the purpose of encouraging trade on the scale that will be necessary if Poland is to be supported on a long-term basis. They have been able to go on doing so during the bridging operation on a de minimis basis.

31. A final decision should no doubt depend on what other countries are prepared to do, but Ministers are asked to decide whether they would in principle be prepared to go on giving new credit if other countries do so.
32. If further credits are to be given, this could with difficulty be done under the "encouragement of trade" provisions of section 2 of the Export Guarantees and Overseas Investment Act 1978, which normally apply to guarantees given "in the national interest". However, this would be stretching the meaning of the Act considerably, particularly in the case of Poland where the benefits to the United Kingdom economy are so remote and uncertain. In view of this and of the adverse effects which the provision of such guarantees could have on ECGD's accounts, they would require a Ministerial instruction if these powers were to be used. ECGD are also strongly of the view that Parliament would need to be informed. Alternatively, it might be more appropriate to reactivate the dormant powers in section 2(1) of the Act to "render economic assistance to countries outside the United Kingdom". An undertaking has been given that Parliament would be informed before these powers are reactivated. They have not been used since the establishment of the Overseas Development Administration. Use of these separate powers would allow new credits for Poland to be carried on a separate account, thus avoiding any loss to ECGD's normal section 2 operations.
33. Revival of these powers to provide assistance for Poland would lead to pressure for such support in a number of other markets. The alternative would in theory be to give aid to Poland through the ODA on the Aid Budget. But this is unlikely to be politically acceptable, either to the Poles or in terms of British aid policy. In any case the Aid Budget is already fully allocated. Ministers are therefore asked to decide whether they prefer to rely on the existing powers or to reactivate the dormant powers.
34. If Ministers agree to make new credits available it will be necessary to decide on the terms. These might follow those agreed for the bridging operation - five years, no grace period, interest at Consensus rates, and a reasonable rationing of the available credit so as to ensure a manageable spread of new maturities. This would also allow the operation to be brought to an end if there were further serious deterioration in the Polish economy or any sign of Russian intervention. Ministers are asked to take note.

Cabinet Office

9 February 1981

BALANCE OF PAYMENT WITH COUNTRIES OF MARKET ECONOMY
FOR 1980 AND ESTIMATED FOR 1981-1990

	\$ billion										
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. GOODS											
Exports	8.2	8.2	9.4	10.8	12.5	14.5	16.8	19.5	22.7	26.5	30.0
Imports	9.0	9.0	9.3	10.0	10.8	11.9	13.2	14.7	16.5	18.5	20.8
Balance of trade	-0.8	-0.8	+0.1	+0.8	+1.7	+2.6	+3.6	+4.8	+6.2	+8.0	+10.1
2. Balance of services and remittances	+0.4	+0.4	+0.5	+0.6	+0.7	+0.7	+0.7	+0.8	+0.9	+1.0	+1.1
3. Balance of interest on credits received and granted	-2.5	-2.8	-3.1	-3.4	-3.6	-3.7	-3.7	-3.5	-3.3	-2.8	-2.4
4. Balance on current account	-2.9	-3.2	-2.5	-2.0	-1.2	-0.4	+0.6	+2.1	+3.8	+6.2	+3.8
5. Repayment of medium and long term credits received	-5.8	-7.5	-7.3	-7.0	-7.7	-7.8	-9.1	-11.0	+11.9	-12.5	-8.6
6. Balance of credits granted	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4
7. Total of 4 + 5 + 6	-8.9	-10.9	-10.1	-9.3	-9.2	-8.5	-8.8	-9.3	-8.5	-6.7	-0.2
8. Inflows of medium and long term credits - total	+7.7	+10.9	+10.1	+9.3	+9.2	+8.5	+8.8	+9.3	+8.6	+7.7	+3.2
Commodity type	+5.2	+6.4	+6.1	+6.3	+7.2	+8.0	+8.8	+9.3	+8.6	+7.7	+3.2
financial type	+2.5	+4.5	+4.0	+3.0	+2.0	+0.5	-	-	-	-	-
9. Surplus and other movements	+1.2	-	-	-	-	-	-	-	0.1	1.0	3.0
10. Medium and long term debt as of 01.01	21.0	22.9	26.3	29.1	31.4	32.9	33.6	33.3	31.6	28.3	23.5
11. Increase or decrease	+1.9	+3.4	+2.8	+2.3	+1.5	+0.7	-0.3	-1.7	-3.3	-4.8	-5.4
12. Medium and long debt as at 31.12.	22.9	26.3	29.1	31.4	32.9	33.6	33.3	31.6	28.3	23.5	18.1

Source: Polish authorities December 22/23rd 1980

POLISH FOREIGN DEBT WITH MARKET ECONOMIES COUNTRIES
AS AT 31.12.1980

\$ billion

Country	Total	Debt maturity schedule				
		1981	1982	1983	1981-83	Later Years
Total debt	22.940	7.538	5.756	5.174	16.468	6.472
of which guaranteed:	10.350	3.567	2.706	1.584	7.857	2.493
USA	3.091	1.149	876	456	2.481	610
of which guaranteed	1.311	574	411	217	1.202	109
France	2.633	1.077	606	261	1.944	629
of which guaranteed	1.354	701	272	139	1.112	242
United Kingdom	2.000	486	388	264	1.138	662
of which guaranteed	1.361	343	293	235	871	490
FRG	4.456	955	901	606	2.462	1.994
of which guaranteed	1.421	224	208	178	610	811
Italy	1.033	409	256	133	799	239
of which guaranteed	738	303	182	109	594	144
Sweden	493	233	178	35	446	47
of which guaranteed	397	204	133	28	365	32
Austria	1.736	578	569	380	1.527	209
of which guaranteed	1.297	375	475	275	1.125	172
Japan	870	165	160	244	569	301
of which guaranteed	370	70	70	60	200	170
Canada	769	147	237	230	614	515
of which guaranteed	671	122	184	210	516	155
Switzerland	603	214	213	65	492	111
of which guaranteed	305	107	106	32	245	60

Source: Polish authorities December 22/23rd 1980