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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

Prime Minister 2
You need read only the covering letter.
N.L.W.
20.12

Nigel Wicks Esq
10 Downing Street
LONDON
SW1

19 December 1985

Dear Nigel,

INTERNATIONAL FINANCIAL SCENE

...I enclose the latest in the regular series of reports on the major debtor countries.

As the Bank's paper makes clear the external economic environment for the debtors has been broadly favourable. However, an important new factor is the uncertainty in the oil markets. Although the overall position is not very different from the expectation of a fall in the real oil price built into our earlier forecasts, it will put additional pressure on the oil-producing debtor countries, especially Nigeria and Mexico. If the price settles towards the lower end of the range it is difficult to see how they would cope. Venezuela and Indonesia would also be hard hit.

On the policy front, the focus continues to be the Baker initiative. The action so far has centered on the commercial banks. The American, British and Japanese banks have each welcomed the initiative and in rather similar terms confirmed their willingness to play their part provided that all other parties do the same. The French and Belgian banks are thought near to making a similar declaration. Thereafter, the focus is likely to move to the official institutions, particularly the IBRD but also export credit agencies.

The Cartagena Group met on 16 December. First reports suggest that the Group's members have not been moved to reduce their list of bids by the Baker initiative, despite the improvement in the general climate.

The real test will come with the selection of a first candidate for the new initiative. Although Argentina looks like the favourite candidate, on the basis of her current economic performance, Mexico could come up from behind. Generally, there may be problems in

matching those who need the Baker initiative (both extra funds and further adjustment) with those who are willing to participate and to accept the conditionality involved. This could give rise to credibility problems, as could developments in some African indebted countries, eg Zambia which is willing to accept conditionality but where it may be difficult to put together sufficient resources to enable an adjustment programme to be carried out.

On individual countries, Brazil gives cause for concern. The Government recently made it clear that they wanted neither an IMF programme nor enhanced surveillance and a bank MYRA. However the Brazilians will need to roll over some $16 billion of short term credit lines on 17 January. The commercial banks are still divided on how to deal with this in the absence of any Fund endorsed programme or policies. Mexico, too is worrying. Her economic prospects have deteriorated and the Government estimates a need for $2.5 billion of new money next year. It remains to be seen how effectively the Government can implement the necessary adjustment measures.

President Babingda has now announced that Nigeria will not take an IMF loan and will discontinue negotiations with the Fund. The Government seems likely to implement the sort of adjustment measures advocated by the Fund without the formal Fund endorsement which would provide the key to rescheduling. Special treatment for Nigeria would be extremely difficult given the pressures currently being put on the arrangements for handling the debt situation by countries such as Brazil and Peru. The Paris Club will be sending a message to the Nigerians encouraging them to seek Fund endorsement.

Finally, the South African Government has extended the debt moratorium, from end December to end March 1986 and has made proposals on rescheduling to the major creditor banks concerned. These will be discussed in the New Year. The question mark over Egypt, noted in our last report, remains.

I am copying this letter and attachment to Len Appleyard(FCO), John Mogg(DTI) and John Bartlett(Bank of England).

Yours ever
Rachel

RACHEL LOMAX

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INTERNATIONAL FINANCIAL SCENE

Consideration of the Baker initiative, and of how to take it forward, continues to dominate discussions on debt questions. The World Bank President and the Fund MD have issued a joint statement supporting the initiative; a number of national authorities including the UK have also expressed their support. For their part, the banks continue to meet in various groupings, in order to flesh out their responses. Major US banks are reportedly close to agreement on a 'pledge' of support for the initiative; a group of European banks met in Zurich on 28 November, and have sent a statement of support from themselves to the World Bank President and Fund MD. In addition, they agreed that banks would issue a further statement of support on a country-by-country basis. The group will meet again on 19 December to decide whether it would be appropriate to issue also a longer statement setting out in more detail a number of pre-conditions for banks' participation in the initiative. Meanwhile, the Presidents of both Argentina and Brazil have expressed a guarded welcome for the initiative, although a number of countries have suggested that its scope is far too restricted to have much effect on the overall debt situation. Yugoslavia has stated that it does not wish to be included with the Baker countries, considering that inclusion in this group would carry a stigma which it does not wish, and does not need, to bear. As attention turns towards selecting the first debtor country that should participate in the initiative, this seems increasingly likely to be Argentina which continues to impress bankers and international organisations with the seriousness with which it is tackling its economic problems. Mexico also has a need for new money in 1986, but in present circumstances might have more difficulty in reaching agreement on an IMF programme.

External economic developments for the debtors continue meanwhile to be broadly favourable. The US dollar continues to fall, and is now over 9% (in effective terms) below its level at the time of the G5 Plaza Agreement and almost 20% below its February peak. Protectionist pressure in the US seems for the moment at least to be receding slightly. With the US authorities wishing to see a gradual decline in the dollar, there seems to have been no tightening in monetary policy since September; and, recognising that there have been serious distortions in the recent behaviour of the monetary aggregates, Volcker has said that the Fed has decided "not to more aggressively to tighten" in response to rapid monetary growth, and that above-target M1 growth over 1985 H2 "would be acceptable". Eurodollar interest rates have edged up only slightly in response to the dollar depreciation; three month rates stand around 8 1/4%. Real GNP is now estimated to have grown by 4.3% (ar) in the third quarter, and real personal consumption rose by 5.6% (ar), its highest rate this year, but other economic data covering Q4 suggest a less buoyant picture.

Commodity prices remain almost 12% below their levels of a year ago, although there has been at least a small temporary reversal of the declining trend. In November the Economist Index of non-oil commodity prices rose 0.5% in SDR terms: within this, food prices rose by almost 2% whilst industrial input prices fell by around 1%. Oil prices, of course, have differing impacts on the various debtors. Most oil prices rose in November: North Sea prices rose in SDR terms by 3.5%, and reached their mid-1984 levels, although they have subsequently fallen back sharply, and there is at present great uncertainty over oil prices following OPEC's reported decision to attempt to increase its market share. The London tin market remains closed, pending resolution of the financial difficulties of the buffer stock manager: a sharp fall in prices is inevitable when the market reopens. But perhaps of more concern to the overall debt situation is the demonstration effect to debtor countries of the apparent reluctance of some members of the International Tin Agreement to honour their contractual obligations.

Looking at the debtor countries themselves, it has become clear in recent weeks that some of those countries that are now in no immediate need of new money are prepared to adopt a harder line in

negotiations with the Fund and/or the banks in order to defend their own domestic objectives. Brazil, for instance, has announced that it is no longer interested in a bank MYRA, or in negotiating any agreement with the Fund, as it intends to give priority to achieving 5% pa domestic growth, which the Fund considers is not yet warranted, given Brazil's lack of internal adjustment. Similarly, South Africa has adopted a more expansionary domestic stance which is bound to reduce the country's current account surplus and hence the amount available to repay bank debt. The Brazilians are likely to have to ask the banks to extend the present agreement to maintain their trade and interbank lines when the agreement expires on 17 January; the South African moratorium on short-term debt which was due to expire on 31 December has now been unilaterally extended to end-March 1986. Although banks are unlikely to be happy with either of these developments, they may decide to go along with them, for fear of the increased risks if there were a serious confrontation.

Mexico, on the other hand, has admitted that it will need $2.5 bn of new money next year. With its economic prospects apparently still deteriorating, the country has introduced further austerity measures and is aiming for (at best) virtually no growth over the coming year. The severity of the country's problems, and the uncertainty over whether the country has yet fully got to grips with them, seem, however, to be making the Fund and the banks reluctant to use Mexico as an early Baker candidate. Nevertheless, a further small return by Mexico to the markets has been achieved with a private placement by PEMEX of bonds worth Yen 10 bn ($40 mn) with Japanese investors in early November.

Peru meanwhile continues to state that it will limit its debt-servicing to 10% of its export receipts (although currently there is little evidence that it is making any payments on public sector commercial bank debt); the country appears to be continuing to transfer deposits to the BIS and the Panamanian banks, and arrears to the Fund are mounting. President Marcos of the Philippines publicly endorsed the Peruvian example recently, but there are so far no signs that the Philippines intends to adopt a similar policy. Meanwhile, Costa Rica convened a

meeting of smaller debtors* on 9 December, to co-ordinate a response to the apparent disparity of treatment between themselves and the larger debtors due to the lack of interest by creditors and multilateral organisations in countries that do not appear to pose a systemic threat. The Cartagena Group itself is due to meet again on 16 December. The extent of progress on the Baker initiative by that date is likely to influence the mood of the meeting.

Market borrowing by LDCs and Eastern Bloc countries, at $429 mn in November, fell to only 30% of October's figure. The USSR was the only Eastern Bloc borrower. Among, LDCs, the fall in total borrowing is largely explained by the absence of South Korea from the market. This may reflect resistance on the part of lenders in the face of South Korea's mounting debt, or may simply indicate that the country has achieved this year's borrowing target.

Further details on individual countries are given below.

(i) Latin America

Economic developments in Argentina continue to be broadly reassuring. Monthly inflation rates remain at the relatively subdued levels achieved over the last few months (although there is some concern that inflation could revive when the present price controls are relaxed), and the authorities are reported to be finalising details of the 1986 budget which should consolidate the reforms introduced last June. Given the present generally favourable economic climate, US Assistant Treasury Secretary Mulford had talks with President Alfonsin in the week beginning 4 November, against a background of speculation that Argentina might be the first beneficiary under the Baker initiative. The Argentines gave a basically favourable reaction to the plan, while echoing the feelings of other debtor countries that the plan does

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* The countries involved were Guatemala, El Salvador, Honduras, Nicaragua, Dominican Republic, Bolivia and Panama as well as Costa Rica itself. Ecuador attended as observer, but did not sign the final communique.

not go far enough. The Economy Ministry subsequently confirmed that Argentina will require additional external financing in the early months of 1986. Volcker visited the country in the week beginning 25 November to discuss the June austerity package and currency reform as well as the implications of the Baker initiative. On 26 November, Argentina drew down the second ($800 mn) disbursement of its $4.2 bn bank loan; on the same date, about $340 mn in interest payments were made, and the authorities now claim that interest is current on all public sector debt owed to banks.

In Brazil, the political situation remains volatile after the November mayoral elections, the first electoral test for the ruling Democratic Alliance since the return to civilian rule. The PMDB, the main party in the Democratic Alliance, won the majority of mayorships in the state capitals but lost in four of Brazil's biggest cities. In the short-term Sarney's position is likey to be unaffected but further changes in party alignments may erode his support in Congress. Finance Minister Funaro visited the United States on 23 November for talks with de Larosiere and Baker. At a press conference in Washington afterwards, he said that Brazil would not now propose an accord with the IMF, arguing that it is "unnecessary at the present time". He also announced that, instead of negotiating a MYRA, the country would now attempt to agree a further temporary freeze on debt repayments and a one or two year extension of short-term credit lines totalling $16 bn. Brazil intends to submit an economic programme to the IMF, but it will be non-negotiable. This represents a change of course following nine months of negotiations with the IMF on a new economic programme which could have paved the way for commercial and official MYRAs, and without which ECGD and other official export credit agencies have said medium-term cover for Brazil will not be resumed. If the Brazilian stance is serious (and some bankers still regard Funaro's statement with scepticism), it may influence foreign banks' decisions about the short-term credit lines when the current extension expires on 17 January (previous rollovers were only agreed on the recommendation of de Larosiere) and how to deal with medium-term debt in the absence of a Fund programme. This new situation could increase the risk of a split

among creditor banks, between those willing to do a deal without any Fund programme and others insistent on a Fund agreement. The picture may be clearer after the next meeting of the Advisory Committee on 12 December.

The attitude of foreign banks to Brazil will have been further coloured by the Brazilian authorities' response to the recent collapse of three domestic banks, Banco Comind, Banco Auxiliar and Banco Maisonnave. Although the authorities have announced that they will honour the banks' short-term external debts ($150-$180 mn), they have yet to clarify their position on the medium and long-term foreign debts (about $450 mn). Central Bank President Bracher stated that these debts would not be assumed by the authorities: later reports suggest that creditors will receive up to 40-50% payment for their claims, from the proceeds of sales of the failed banks' assets.

In Mexico, the authorities unveiled both their "General Criteria for Economic Policy" and the 1986 Budget in mid-November. The principal targets will be GDP growth of between plus and minus 1%, inflation of 50%, a public sector deficit of 5% (after an expected 9 1/2% this year), and a current account surplus of no more than $500 mn. The authorities have ruled out the possibility of a debt moratorium, but have stated that they will be seeking a reduction in the cost of debt-service. In line with moves towards greater trade liberalisation, the Mexicans have also announced that they will try to negotiate entry into GATT. Mexican officials met the banks' Advisory Committee on 2-3 December to discuss progress on the economy and the prospects for 1986 and beyond. The Mexicans publicly stated that discussions would begin with the IMF with a view to agreeing a new programme, probably a Standby, and that no additional purchases under the existing EFF would be requested; they hoped for agreement with the Fund in early 1986. Discussions with the Advisory Committee will resume in January to detail the banks' role in meeting Mexico's 1986 borrowing requirement. Earlier speculative pressure on the free market rate of the peso has somewhat abated in recent weeks; with the controlled rate (at which 80% transactions are undertaken) increasingly depressed as a

result of the poorer trade performance, there has been a narrowing in the differential between the rates (to 28% from 36% in mid-November).

In mid-November, Chile was granted a waiver by the IMF of the Q3 performance criterion for reserves, pending receipt of the first disbursements of the $1085 mn new bank package (signature of which has been held up by the refusal on political grounds of three Italian banks to participate). The waiver enabled Chile to draw down the first conditional tranche under the SDR 750 mn EFF and the first $125 mn tranche under the $250 mn IBRD SAL. It is however reported that Chile is seeking to modify the IMF targets for the 1986 public sector and current account deficits, and might also seek to renegotiate the recent 'mini' Paris Club deal to increase the amount of official debt relief. Meanwhile, Ecuador has unified its exchange rate in line with the requirements of its IMF programme. Chemical Bank, which chairs Colombia's Consultative Committee, has announced that the banks' 1985-86 $1 bn loan to the country will be signed around 19 December, after circulation of documentation to creditor banks.

Agreement has now been reached between the Advisory Committee of banks and Venezuela on the draft contract for the $21.2 bn public sector MYRA following a compromise on the Venezuelan request for a contingency clause to reopen negotiations in the event of adverse external circumstances; signature is expected early in the New Year. In October, the UN Secretary General appealed for $150 mn in international assistance for Bolivia. Responses so far have been favourable: Colombia has pledged $10 mn, Argentina $20 mn, Venezuela $25 mn, Brazil $15 mn, Spain $20 mn, and the Andean Development Corporation $10 mn. Peru's Finance Minister has announced a moratorium on payments to the IMF until August of next year. If the authorities carry out this threat, it could lead to the accumulation of arrears totalling SDR 170 mn by that date (cf 41 mn on 19 November). Jamaica failed to meet the end-September performance criteria under its SDR 115 mn SBA (only approved in July); in addition, the country has also built up arrears to the Fund totalling SDR 20 mn. However, a "new look" mission comprising the IMF/IBRD/USAID, is to visit Jamaica to re-examine

the structural adjustment programme; it is expected to take at least two months to report. Meanwhile, outline agreement has been reached with the IMF on a package of measures which might allow the stalled SBA to continue until results of the mission are known.

(ii) Far East

In the Far East there are signs that the IMF Standby for the Philippines may soon be back on course. Following a recent mission to Manila the staff will propose a waiver of the September 1985 net financing target for the fiscal deficit on the basis that the breach will occur as a result of revenue shortfalls associated with weak domestic conditions (GDP is likely to fall by around 5%) and reduced collections of import duties rather than because of expenditure overruns. In addition, the authorities have agreed to a significant reform of the tax structure, and to introduce previously promised, but unfulfilled, reforms in the coconut and sugar sectors early next year. The staff review of the Standby is due to be discussed at Board level on 20 December. If supported, this would release the third and fourth drawings (SDR 212 mn) and the second instalment of commercial new money ($475 mn). Nevertheless, the staff remain concerned about weak export performance, prospects that in 1986 major payments will be needed to offset losses of largely bankrupt public corporations, and that the authorities will relax their policy stance in advance of the presidential elections Marcos has called for 7 February.

In South Korea growth is now expected to be only 5% this year (compared with 7.5% in 1984), but official forecasts show a revival to 6.5% in 1986, as a result of stronger export performance following recent export-stimulating measures and a small upturn in the US market. This could lead to a small trade surplus and the virtual closing of the current account deficit. As regards Indonesia, recent projections of the Institute of International Finance indicate only 1% growth in 1985 and 2.5% in 1986 (lower than official expectations) ~~and suggest that~~ import contraction this year could reduce the current account deficit for 1985 from earlier projections. The government is hinting that an

austere budget is likely for 1986/7 (starting April), with the final version depending on oil developments in the interim.

(iii) Eastern Europe

Official creditors meeting in Paris on 19 November signed an agreement rescheduling 100% of Poland's principal and non-moratorium interest (approximately $1.4 bn) due in 1985 over ten years including five years' grace. Further talks are due to be held on 17-18 December about a possible adjustment of the $520 mn moratorium interest due on 31 December under the 1982-84 rescheduling agreement signed in July. (The UK bilateral was signed on 30 November.) Official creditors called in Paris for comparability of treatment between creditors in the future: the Poles for their part accepted the need to reopen their 1981 bank rescheduling (although they expressed the fear that to do so might lose them some of the short-term credit facilities the banks have been making available) and the Chairman of the banks' Steering Group has been advised (in strict confidence) that the Poles will seek shortly to defer the $245 mn principal repayment due on 10 December under the 1981 agreement. This should lead the way to an informal meeting between the banks' representatives and the Chairman of the Paris Club. However, it remains unclear whether the Poles will take the action they have promised. Press reports give the impression that the payment to the banks might still be made. Meanwhile reports suggest also that the Poles intend to cut imports further following a $700 mn shortfall on exports this year.

Yugoslavia seems convinced that its official creditors have assured it of a block MYRA covering eligible maturities from mid-May 1986 to end 1988, with enhanced surveillance rather than an IMF programme. Official creditors have, however, mandated the Chairman of the Paris Club to inform the Yugoslavs that there was no consensus: while the IMF are clearly unsure what their future role in Yugoslavia should be, a number of creditors, the UK included, would prefer continued Fund involvement, regarding it as inconsistent to give a MYRA without an SBA because of the difficulty in setting targets. Meanwhile, the commercial bank

MYRA is due to be signed in the week beginning 16 December. Elsewhere in Eastern Europe the $400 mn facility for Hungary has been signed, thereby completing the country's financing requirements for 1985. There is, however, some concern that the Hungarian authorities are becoming complacent about their ability to raise funds in the market; the convertible currency current account is expected to record a deficit of between $100-200 mn this year, as against a original target of a $300 mn surplus. Despite earlier reports, it is now clear that Romania has only raised one loan so far: the $150 mn credit discussed in June, and agreed in September, and now expected to be signed this month.

(iv) Southern Europe

Following the announcement by the Greek government on 11 October of an austerity package, including a 15% devaluation of the drachma, mandatory import deposits, partial dismantling of wage indexation and a profits tax, agreement was reached on the provision of an ECU 1.75 bn ($1.5 bn) conditional loan under the Community Loan Mechanism. The six-year loan will be disbursed in two equal instalments, the first as soon as funds have been raised by the EC and the second by end-1986, provided economic performance targets have been met. These include stipulated reductions in wage and price inflation, in the PSBR:GDP ratio and in the current account deficit (now expected to be $2.8 bn this year). The recently-announced budget aims also to achieve a 2 1/2 percentage point reduction in the CGBR:GDP ratio (to 10.6%), through increased tax revenue and cuts in public expenditure plans.

As widely expected, Portugal's newly-elected minority government has drawn up a programme of "controlled expansion" aimed at achieving growth of up to 4% next year. Interest rates have already been reduced by 4 percentage points to stimulate investment and the crawling-peg depreciation of the escudo has been suspended until April, when it will be resumed at a slower pace. Recent significant increases in administered prices nonetheless demonstrate the authorities' commitment to further adjustment.

(v) Africa

In Egypt, an IMF mission has just completed discussions in Cairo on a possible Standby Arrangement. No details are yet available, but the authorities appear (at least in private) to have accepted the Fund's estimates of outstanding external debt (hitherto a sticking point). Both the President and the Prime Minister have also reiterated Egypt's readiness to undertake the kind of economic reforms advocated by the Fund, although no substantive measures have yet been announced. Meanwhile Egypt (like some other countries in the region including Iraq and Libya) has sought bilateral rescheduling of some trade credits and military debt.

In Nigeria, there are indications that the government may now be prepared to implement structural reforms through the forthcoming budget. However, public opposition to the IMF may result in the government introducing the reforms without accepting an IMF loan or formalising an agreement at this stage. As regards the reconciliation of trade arrears, the Central Bank of Nigeria extended the deadline for receipt of amended submissions only to 30 November, and the Paris Club have sent a further message to the Nigerian authorities drawing attention to specific difficulties which have arisen in the reconciliation exercise. The accumulation of new arrears on letters of credit, totalling at least $1 bn, has meant that many foreign banks are not rolling over payments received into new credits.

In Morocco, the first review of the 18 month IMF Standby Arrangement, approved in September, is now being held. Reportedly, the performance criteria regarding the elimination of external arrears and the fiscal target have not been met. The prospects for agreeing a suitable programme for 1986 (also a condition for successful completion of the first review), and for covering the projected 1986 financing gap of some $490 mn, are not encouraging at this stage.

The South African government appears to be continuing to move away from its previously deflationary stance; on 19 November it announced a range of tax cuts and reduced the bank rate by a

further one percentage point to 13%. At the same time, largely because of the past depreciation of the rand, inflation continues to increase: the year-on-year consumer price index rose by 16.8% in October, its highest post-war rate of increase. Meanwhile, there is continuing uncertainty over the debt negotiations. Dr Leutwiler, the mediator between the South Africans and the banks, postponed the meeting between the creditor banks and the Standstill Co-Ordinating Committee (due on 26 November), on the grounds that he was not yet in a position to circulate papers sufficiently in advance of the meeting to make it a useful exercise. He has now sent to the 30 major creditor banks a package which contains the promised figures on debt and the South African government's proposals on rescheduling. These envisage, not a further one-year extension of the moratorium as the banks had expected, but retaining the present short-term obligations for varying periods of 4-6 years. The debt standstill, which was originally scheduled to last until end-December, has now been extended to end-March 1986. Both Leutwiler and Governor de Kock have warned the South African authorities that political reforms will be necessary if agreement with the banks is to be achieved.

In Sudan, the Committee of Ministers has rejected or failed to implement adjustment measures agreed with the IMF in early November and the Finance Minister has offered to resign, but this has so far not been accepted. Official creditors remain reluctant or unwilling to help Sudan clear its IMF arrears, and little progress has been made towards covering the large external financing gap projected for 1986. The chances of the IMF approving a $40 mn Standby Arrangement in early January, as earlier hoped, now appear remote.

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INDEBTEDNESS AND BRITISH EXPOSURE $ billion

	Total external debt	British-owned banks' exposure[1]	ECGD amounts at risk	
	End-Dec 1984	End-June 1985	End-Sept 1985 [2]	End-Sept 1985 [3]
Latin America				
Argentina	48	2.5	0.2	0.2
Brazil	100	6.7(0.6)	0.8	1.8
Chile	19	1.3(0.1)	-	0.1
Colombia	12	0.6(0.1)	-	0.2
Ecuador	7	0.6	0.1	0.1
Mexico	97	6.4(0.3)	0.5	1.3
Peru	14	0.3	0.1	0.1
Venezuela	39	2.3(0.1)	-	-
Far East				
Indonesia	35	0.7(0.3)	0.8	1.6
Philippines	26	1.3(0.1)	0.2	0.2
South Korea	43	2.2(0.5)	0.4	0.8
Eastern Europe (convertible currency)				
East Germany	13	0.5(0.1)	0.1	0.1
Hungary	9	0.5(0.1)	-	0.1
Poland	27	0.5	1.2	1.3
Romania	7	0.2	0.3	0.5
Yugoslavia	19	0.9(0.1)	0.7	1.0
Southern Europe				
Greece	16	1.3(0.2)	0.3	0.4
Portugal	15	1.2(0.1)	0.2	0.3
Spain	39	2.4(0.9)	0.1	0.1
Turkey	21	0.4	0.2	0.4
Africa				
Egypt	32*	0.4(0.3)	0.2	0.9
Morocco	12	0.2	0.1	0.2
Nigeria	18	1.3(0.1)	1.9	3.3
South Africa	27[4]	3.9(0.5)[5]	0.8	2.8
Sudan	9	0.0	0.2	0.2
Middle East				
Israel	30	0.5	0.1	0.2

[1] This column now shows exposure defined as consolidated external claims, adjusted for certain inward and outward risk transfers in respect of guaranteed loans, plus any net claims on local residents in local currency.
Amounts in brackets represent total unused commitments adjusted for certain inward and outward risk transfers in respect of guaranteed loans.
[2] Defined as unrescheduled principal disbursed, plus political claims paid and claims under examination.
[3] Defined as guaranteed principal and contractual interest, plus political claims paid and claims under examination.
[4] Total debt estimated at $24 bn at end-August 1985
[5] Data not compatible with those previously shown, because of deconsolidation of subsidiaries which are no longer majority owned.
* current estimate