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Accompanying document to the

REPORT FROM THE COMMISSION

**to the budgetary authority on guarantees covered by the general budget
situation at 31 December 2006**

{COM(2007) 454 final}

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

1.1. Tables A1 and A2

The purpose of Tables A1 and A2 is to show the outstanding amount of guarantees and annual repayments of capital and interest in respect of borrowing and lending operations for which the risk is covered by the Budget. The figures show the maximum possible risk for the Community in respect of these operations and must not be read as meaning that these amounts will actually be drawn from the budget.

In these tables, figures related to “New Member States” refer to the Member States which acceded to the European Union on 1 May 2004 and on 1 January 2007.

1.1.1. *Authorised ceiling (Table A1)*

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

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

Factor increasing the risk:

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

Factors reducing the risk:

- limitation of the guarantee given to the EIB¹:

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

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

65% of the total amounts of loans signed as part of lending operations with certain non-Member States authorised by the Council Decisions 99/786/EC, 2000/24/EC as amended and 2006/1016/EC, and a sharing of risk between the Community and the EIB as the budget guarantee covers only political risks in some cases;

- operations already repaid, since the amounts concerned are the maximum amount of loans granted and not outstanding amounts authorised;
- the amounts authorised are not necessarily taken up in full.

¹ Within each portfolio individual EIB loans are, de facto, guaranteed at 100% until the global ceiling is reached.

Another factor to be considered is that some loans are disbursed in currencies, the ceiling may be exceeded when the amounts disbursed up to the date of the report are converted into EUR.

1.1.2. Capital outstanding (Table A1)

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

Compared with the previous aggregate, the amount outstanding does not include loans which have not yet been disbursed or the proportion of disbursed loans which have already been repaid.

1.1.3. Annual risk (Tables A2)

Estimated amount of principal and interest due each financial year by each country according to disbursements made until 31 December 2006.

TABLE A1: CAPITAL OUTSTANDING IN RESPECT OF OPERATIONS DISBURSED at 31.12.2006 (in EUR million)

Operations	Authorised ceiling	Capital outstanding at 30.06.2006	Capital outstanding at 31.12.2006	Remainder to be disbursed 31.12.2006
MEMBER STATES				
EIB (new Member States)		2,801	4,482	2,214
MFA to Bulgaria and Romania			365	
Euratom to Bulgaria and Romania			436	
MEMBER STATES - TOTAL	0	2,801	5,283	2,214
THIRD COUNTRIES				
A. Macro-Financial Assistance				
Albania	9	9	9	
Bosnia-Herzegovina	40	40	40	
Bulgaria	750	256		
FYROM	90	90	90	
Georgia	142	86	86	
Moldova	60	3	0	
Romania	780	150		
Serbia and Montenegro	280	280	280	
Tajikistan	75	36	36	
Ukraine	453	118	64	
Sub total MFA	2,679	1,068	604	0
B. EURATOM¹		436		63
C. Other				
EIB South-eastern Neighbours (2000-2007) ⁵	10,235	3,153	2,691	3,220
EIB Mediterranean	15,442	5,244	5,325	3,430
EIB Central & Eastern Europe	8,220	1,143	32	64
EIB Asia, Latin America	4,405	1,496	1,478	614
EIB South Africa	1,500	727	721	268
EIB The Baltic Sea basin of Russia	100	21	64	20
EIB Russia + WNIS	500			
Sub total EIB²	40,402	14,585	14,793	9,830
THIRD COUNTRIES - TOTAL	43,081	13,288	10,915	7,679
GRAND TOTAL	43,081	16,089	16,198	9,893

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

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

ANNEX TO TABLE A1: SITUATION IN RESPECT OF EIB OPERATIONS at 31.12.2006 (in EUR million)

Operations	Credit line authorised	Loans made available minus cancellations	Amounts disbursed	Amounts outstanding at 31.12.2006
General Mandate 2000/2007:				
South-eastern Neighbours ⁵	10,235	6,068	2,829	2,691
New Member States ⁴		3,795	1,594	1,278
Mediterranean ⁶	6,520	6,531	3,140	2,737
Asia, Latin America	2,480	2,150	1,236	914
South Africa	825	764	429	421
sub-total 65 %³	20,060	19,308	9,228	8,041
Central and Eastern Europe (29.01.97)	3,520	22	22	17
Mediterranean (29.01.97)	2,310	1,822	1,696	1,098
New Member States ⁴		3,237	3,072	1,921
Asia, Latin America ALA II (29.01.97)	900	687	578	313
Asia, Latin America (ALA INTERIM.)	122	122	105	35
South Africa (29.01.97)	375	374	292	197
BOSNIA-HERZEGOVINA (99/2001)	100	100	67	65
FYROM (98-2000)	150	150	118	101
sub-total 70 %³	7,477	6,514	5,950	3,747
EU-countries	1,350	1,324	1,397	
Mediterranean and Balkan countries ⁴	6,362	5,212	5,172	1,324
New Member States ⁴		534	563	163
sub-total 75 %³	7,712	7,070	7,132	1,487
EU-countries	150	141	170	
Central and Eastern Europe	4,700	29	29	15
New Member States ⁴		3,840	3,930	1,120
Baltic Sea Basin of Russia	100	85	64	64
Russia + WNIS	500			
South Africa	300	285	214	103
Asia, Latin America	903	710	725	216
sub-total 100 %³	6,653	5,090	5,132	1,518
Total	41,902	37,982	27,442	14,793

(3) Percentage figures relate to the Guarantee rate.

(4) Loans to New Member States were drawn from 'South-eastern Neighbours' or from 'Central and Eastern Europe' or from 'Mediterranean' ceilings. Bulgaria and Romania are included in the "New Member States".

(5) Including Turkey Terra and Special Action Turkey.

(6) As some loans are disbursed in currencies other than EUR, the ceiling may be exceeded when the amounts disbursed up to the date of the report are converted into EUR.

Table A2: Total Annual Risk borne by the Budget in EUR million based on the amounts (capital and interest) due under all operations (MFA, Euratom and EIB) disbursed at 31.12.2006

Ranking	Country	2007	2008	2009	2010	2011	2012	2013	2014 until 2035	Total Outstanding
1	Romania*	263.4	252.0	238.7	228.9	239.7	185.6	185.4	1,191.5	2,785.2
2	Turkey	151.0	189.0	195.0	217.7	221.2	213.2	196.5	1,070.8	2,454.6
3	Egypt	152.9	183.8	184.2	164.0	144.7	136.7	121.7	743.9	1,831.8
4	Morocco	117.4	120.7	121.9	121.9	124.3	121.6	118.9	833.9	1,680.6
5	Tunisia	112.2	115.6	117.2	121.4	116.2	114.0	110.2	604.3	1,411.0
6	Serbia and Montenegro	43.5	50.3	53.7	55.4	61.9	99.4	96.3	587.4	1,047.9
7	Bulgaria*	155.7	149.5	85.2	75.2	58.8	71.4	56.9	319.5	972.1
8	Czech Republic	102.2	97.8	151.5	90.8	81.6	79.7	74.5	232.1	910.3
9	Poland	98.4	89.0	81.8	77.9	75.4	73.0	67.3	237.7	800.5
10	South Africa	93.6	74.2	122.2	76.9	58.2	70.5	41.2	250.0	786.9
11	Slovakia	72.8	73.2	67.9	66.8	66.3	51.4	37.7	115.1	551.1
12	Croatia	33.3	35.2	27.8	27.8	36.2	37.9	37.2	314.9	550.5
13	Brazil	130.3	105.2	77.8	61.6	45.5	39.3	29.3	51.5	540.5
14	Lebanon	56.4	56.7	62.2	51.5	50.0	38.4	33.6	52.2	401.0
15	Jordan	44.8	44.2	45.2	41.0	39.3	36.0	29.4	78.8	358.8
16	Syria	16.1	19.5	20.2	23.6	23.6	23.6	21.6	167.0	315.2
17	Bosnia and Herzegovina	23.3	23.7	23.5	25.2	24.6	23.6	20.6	119.4	283.9
18	former Yugoslav Republic of Macedonia	17.1	23.1	24.5	23.2	22.0	23.7	20.4	106.6	260.6
19	Hungary	35.6	31.0	29.0	26.2	25.3	22.8	13.9	24.2	208.0
20	Slovenia	39.2	38.2	25.9	20.8	14.3	11.4	9.4	13.9	173.2
21	Indonesia	12.7	12.3	16.1	19.9	12.3	9.6	9.6	43.0	135.4
22	Lithuania	14.8	14.3	13.5	12.4	11.9	11.4	10.9	39.9	129.0
23	Albania	8.1	8.8	9.8	10.0	10.0	9.8	7.3	59.0	122.8
24	Argentina	19.5	21.0	18.1	11.5	11.3	10.9	11.1	7.7	111.0
25	Mexico	4.2	24.5	24.5	24.9	3.5	3.5	3.5	21.0	109.6
26	China	10.0	9.6	9.7	9.9	8.6	7.4	7.5	38.7	101.3
27	Pakistan	3.7	8.8	10.7	12.6	12.6	12.6	9.6	27.1	97.9
28	Cyprus	15.7	15.7	15.8	15.9	15.5	9.0	5.0	3.4	96.0
29	Georgia	30.5	2.3	24.3	23.4	14.0	0.0	0.0	0.0	94.6
30	Peru	8.4	7.4	7.2	10.3	10.1	9.9	9.7	21.6	84.5
31	Vietnam	6.9	6.6	9.6	10.1	10.0	9.9	9.8	16.0	79.0
32	Philippines	10.8	10.8	10.8	10.9	10.9	11.0	3.3	4.3	72.9
33	Latvia	8.5	8.1	7.3	7.1	6.9	5.3	5.2	24.4	72.8
34	Ukraine	36.8	15.7	15.1	0.0	0.0	0.0	0.0	0.0	67.5
35	Russia	2.7	2.0	4.4	4.4	4.4	5.9	5.9	34.8	64.6
36	Sri Lanka	1.4	1.3	2.8	3.4	5.0	6.6	6.6	37.4	64.6
37	Algeria	8.0	7.8	7.5	7.3	7.1	6.3	5.6	2.4	51.9
38	Gaza-Westbank	3.6	3.6	4.4	4.4	4.4	4.4	4.4	19.6	48.8
39	Thailand	6.0	5.7	6.3	5.3	4.9	6.6	9.1	2.2	46.1
40	Tajikistan	9.2	1.1	1.1	1.1	1.1	12.9	12.4	4.1	43.1
41	Panama	0.5	0.0	1.7	2.6	2.6	2.6	2.6	25.9	38.5
42	Laos	0.0	0.0	0.0	0.0	0.2	0.4	0.4	34.1	35.1
43	Bangladesh	4.4	4.4	4.4	4.4	4.4	4.4	4.4	0.0	31.1
44	Costa Rica	3.9	3.9	3.9	3.9	3.9	3.9	3.9	0.0	27.1
45	Israel	4.2	3.0	3.0	3.0	3.0	3.0	3.0	4.5	26.8
46	Regional - Central America	6.6	5.1	3.3	2.6	2.6	1.4	1.4	2.7	25.7
47	India	3.2	3.2	3.2	3.2	3.2	3.2	3.2	0.0	22.5
48	Estonia	4.7	4.2	3.4	2.5	2.4	1.9	1.3	0.6	21.1
49	Regional - Andean Pact	3.4	3.2	3.2	3.2	1.9	1.9	1.0	0.0	17.9
50	Maldives	0.4	1.1	1.8	1.8	1.8	1.8	1.8	5.3	15.6
51	Malta	1.0	0.8	0.7	0.7	0.7	0.7	0.3	0.0	4.7
52	Uruguay	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7
	Total Outstanding	2,015.2	1,988.4	2,003.4	1,830.5	1,720.2	1,651.3	1,481.6	7,594.5	20,285.1
	Sub-total for Member States	812.1	773.8	720.7	625.1	598.7	523.5	467.8	2,202.3	6,724.1

* Member States
Member State as of 01.01.2007.

1.2. Loan operations covered by a budget guarantee

Tables A3a, A3b(1), A3b(2) and A4

TABLE A3a
Borrowing and lending operations by the Communities to Member States
Period 30.06.2006 to 31.12.2006

The outstanding amount under these Decisions was zero as of 30.06.2006. As Bulgaria and Romania join the EU as of 01.01.2007, the outstanding amounts under the Euratom instrument are covered by the Euratom Decisions specially dedicated the Member States.

Instrument	Decision	Date of decision	Loan term (years)	Guarantee Rate	Maturity Date	Loan situation - closed (a) - partially disbursed (b) - disbursed in full (c) - not yet disbursed (d)	Amount decided	Outstanding amount	Outstanding amount
								at 30.06.2006 in EUR million	at 31.12.2006 in EUR million
BOP	2002/332/EC	18.02.02		100%		(d)	12,000.00	0.00	0.00
EURATOM			(3)	100%			4,000.00	0.00	436.00
	77/270-271/Euratom	29.03.77				(c)	500.00		
	80/29/Euratom	20.12.79				(c)	500.00		
	82/170/Euratom	15.03.82				(c)	1,000.00		
	85/537/Euratom	05.12.85				(c)	1,000.00		
	90/212/Euratom	23.04.90				(b)(4)	1,000.00		
Bulgaria							212.50		
1st tranche			20		10.05.2021	(c)			40.00
2nd tranche			15		15.01.2017	(c)			15.00
3rd tranche			17		19.08.2019	(c)			25.00
4th tranche			15		18.06.2018	(c)			25.00
5th tranche			15		16.01.2019	(c)			35.00
6th tranche			16		10.09.2020	(c)			30.00
7th tranche			16		04.04.2021	(c)			25.00
8th tranche			14		23.02.2020	(c)			17.50
Romania							223.50		
1st tranche			17		21.07.2022	(c)			100.00
2nd tranche			19		26.11.2024	(c)			90.00
3rd tranche			18		23.02.2024	(c)			33.50
NCI			(3)	100%			6,830.00		
	78/870/EEC	16.10.78				(c)	1,000.00		
	81/19/EEC(1)	20.01.81				(c)	1,000.00		
	81/1013/EEC(2)	14.12.81				(c)	80.00		
	82/169/EEC	15.03.82				(c)	1,000.00		
	83/200/EEC	19.04.83				(c)	3,000.00		
	87/182/EEC	09.03.87				(c)	750.00		
TOTAL							22,830.00	0.00	436.00

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

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

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

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

TABLE A3b (1)
European Community loans to non-member States (MFA)
Changes in amounts outstanding during six-month period 30.06.2006 to 31.12.2006, broken down by countries and tranche
** Member States as of 01.01.2007*

in EUR million

COUNTRY	Decision	Date of decision	Loan term (years)	Expiry date	Loan situation - closed (a) - partially disbursed (b) - disbursed in full (c) - not yet disbursed (d)	Amount decided	Amount outstanding at 30.06.2006	Operations in six-month period		Amount outstanding at 31.12.2006
								Amounts disbursed	Amounts repaid	
BULGARIA III*	97/472/EC	22.07.97				250.00				
1st tranche			10	10.02.2008	(c)	125.00	62.50			62.50
2nd tranche			10	22.12.2008	(c)	125.00	93.75		31.25	62.50
BULGARIA IV*	99/731/EC	08.11.99				100.00				
1st tranche			10	21.12.2009	(c)	40.00	40.00		10.00	30.00
2nd tranche			-	-	(c)	60.00	60.00			60.00
ROMANIA III*	94/369/EC	20.06.94				125.00				
1st tranche			7	20.11.2002	(a)	55.00	0.00			0.00
2nd tranche			7	20.11.2004	(a)	40.00	0.00			0.00
3rd tranche			7	23.12.2004	(a)	30.00	0.00			0.00
ROMANIA IV*	99/732/EC	08.11.99				200.00				
1st tranche			10	29.06.2010	(c)	100.00	100.00			100.00
2nd tranche			10	17.07.2013	(c)	50.00	50.00			50.00
3rd tranche			-	-	(a)	50.00				
BOSNIA AND HERZEGOVINA I	99/325/EC	10.05.99				20.00				
1st tranche			15	22.12.2014	(c)	10.00	10.00			10.00
2nd tranche			-	-	(c)	10.00	10.00			10.00
BOSNIA AND HERZEGOVINA II	02/883/EC	09.11.02				20.00				
1st tranche			15	16.01.2019	(c)	10.00	10.00			10.00
2nd tranche			15	09.02.2021	(c)	10.00	10.00			10.00
MOLDOVA I	94/346/EC	13.06.94				45.00				
1st tranche			10	07.12.2004	(a)	25.00	0.00			0.00
2nd tranche			10	08.08.2005	(a)	20.00	0.00			0.00
MOLDOVA II	96/242/EC	25.03.96				15.00				
1st tranche			10	30.10.2006	(c)	15.00	3.00		3.00	0.00
FYROM I	97/471/EC	22.07.97				40.00				
1st tranche			15	27.09.2012	(c)	25.00	25.00			25.00
2nd tranche			15	13.02.2008	(c)	15.00	15.00			15.00
FYROM II	99/733/EC	08.11.99				50.00				
1st tranche			15	15.01.2016	(c)	10.00	10.00			10.00
2nd tranche			15	30.01.2017	(c)	12.00	12.00			12.00
3rd tranche			15	04.06.2018	(c)	10.00	10.00			10.00
4th tranche			15	23.12.2018	(c)	18.00	18.00			18.00

TABLE A3b (2)
European Community loans to non-member States
Changes in amounts outstanding during six-month period 30.06.2006 to 31.12.2006, broken down by countries and tranche

in EUR million

COUNTRY	Decision	Date of decision	Loan term (years)	Expiry date	Loan situation - closed (a) - partially disbursed (b) - disbursed in full (c) - not yet disbursed (d)	Amount decided	Amount outstanding at 30.06.2006	Operations in six-month period		Amount outstanding at 31.12.2006
								Amounts disbursed	Amounts repaid	
UKRAINE I	94/940/EC	22.12.94	10	28.12.2005	(a)	85.00	0.00			0.00
UKRAINE II	95/442/EC	23.10.95				200.00				
1/2 tranche			10	29.08.2006	(c)	50.00	10.00		10.00	0.00
1/2 tranche			10	30.10.2006	(c)	50.00	10.00		10.00	0.00
2nd tranche			10	25.09.2007	(c)	100.00	40.00		20.00	20.00
UKRAINE III	98/592/EC	15.10.98				150.00				
1st tranche			10	30.07.2009	(c)	58.00	58.00		14.50	43.50
			-	-	(a)	92.00				
UKRAINE IV	2002/639/EC	12.07.02			(d)	110.00				
BELARUS	95/132/EC	10.04.95				55.00				
1st tranche			10	28.12.2005	(a)	30.00	0.00			0.00
2nd tranche			-	-	(a)	25.00				
ALGERIA II	94/938/EC	22.12.94				200.00				
1st tranche			7	27.11.2002	(a)	100.00	0.00			0.00
2nd tranche			-	-	(a)	100.00				
GEORGIA	97/787/EC	17.11.97	15	24.07.2013	(c)	110.00	85.50			85.50
ARMENIA	97/787/EC	17.11.97	15	30.12.2013	(a)	28.00	0.00			0.00
REPS FORMER USSR	91/658/EEC	16.12.91	3	28.09.1997	(a)	1,250.00				
TAJKISTAN	2000/244/EC	20.03.00			(b)	75.00				
1st tranche			15	30.03.2016	(c)	60.00	36.00			36.00
SERBIA AND MONTENEGRO	2001/549/EC	16.07.01	15	17.10.2016	(c)	225.00	225.00			225.00
SERBIA AND MONTENEGRO	2002/882/EC	09.11.02				55.00				
1st tranche			15	28.02.2018	(c)	10.00	10.00			10.00
2nd tranche			15	01.09.2018	(c)	30.00	30.00			30.00
3rd tranche			15	04.05.2020	(c)	15.00	15.00			15.00
SERBIA AND MONTENEGRO	2003/825/EC	25.11.03	-	-	(a)	25.00				
ALBANIA	2004/580/EC	29.04.04	15	23.03.2021	(c)	9.00	9.00			9.00
TOTAL							1,067.75	0.00	98.75	969.00

TABLE A4

LOAN GUARANTEES TO EIB

in EUR million

Geographical Area	Decision	Date of decision	Rate of guarantee	Date of guarantee contract	Amount decided	Loans signed (minus cancellations)		Amount outstanding	
						at 30.06.06	at 31.12.06	at 30.06.06	at 31.12.06
MED. Financial protocols(1)		8.03.77	75% (2)	30.10.78/10.11.78	6,062	5,647	5,555	996	880
MED. Horizontal cooperation	R/1762/92/EEC	29.06.92	75% (2)	09.11.92/18.11.92	1,800	1,656	1,656	663	607
TOTAL MED. (3)					7,862	7,303	7,211	1,659	1,487
C and E Europe I	90/62/EEC(4)	12.02.90	100%	24.04.90/14.05.90	1,000	912	912	194	169
	91/252/EEC(5)	14.05.91	100%	19.01.93/04.02.93	700	493	493	50	36
C and E Europe II	93/696/EC(6)	13.12.93	100%	22.07.94/12.08.94	3,000	2,464	2,464	1,006	930
Asia, Latin America I	93/115/EEC	15.02.93	100%	04.11.93/17.11.93	750	571	571	194	177
Asia, Latin America Interim	96/723/EC	12.12.96	100%	18.03.97/26.03.97	153	139	139	45	40
Asia, Latin America Interim	96/723/EC	12.12.96	70%	21.10.97	122	122	122	42	35
South Africa	95/207/EC	01.06.95	100%	04.10.95/16.10.95	300	285	285	109	103
New mandates	97/256/EC(7)	14.04.97	70%	25.07.97/29.07.97	7,105	6,170	6,142	3,771	3,545
FYROM	98/348/EC	19.05.98	70%	29.07.98/07.08.98	150	150	150	99	101
Bosnia and Herzegovina	98/729/CE	14.12.98	70%	16.06.99/22.06.99	100	100	100	68	65
Turkey Terra	99/786/EC	29.11.99	65%	18.04.00/23.05.00	600	600	600	492	538
Mandates 2000-2007	2000/24/EC(8)	22.12.99	65%	19.07.00/24.07.00 (11)	19,460	17,024	18,708	6,835	7,503
The Baltic Sea basin of Russia	2001/777/EC(9)	06.11.01	100%	06.05.02/07.05.02	100	85	85	21	64
Russia, Belarus, Moldova and Ukraine	2005/48/EC(10)	22.12.04	100%	21.12.05/09.12.05	500				
Mandate 2007-2013	2006/1016/EC(12)	19.12.06	65%	2007 (13)	27,800				
TOTAL					69,702	36,418	37,982	14,585	14,793

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

(2) General guarantee of 75% for all credits made available under lending operations under a guarantee contract signed between the Community and the EIB on 30.10.78 and 10.11.78.

By way of exception, a 100% guarantee applies to the emergency aid granted to Portugal in accordance with the Council Decision of 7 October 1975.

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

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

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

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

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

(8) Non-member States: South-eastern Neighbours, Mediterranean countries, Latin America and Asia, Republic of South Africa, Special action Turkey, as amended (2005/47/EC).

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

(10) A special lending action for certain types of projects in Russia, Belarus, Moldova and Ukraine.

(11) Restated and amended in 2005.

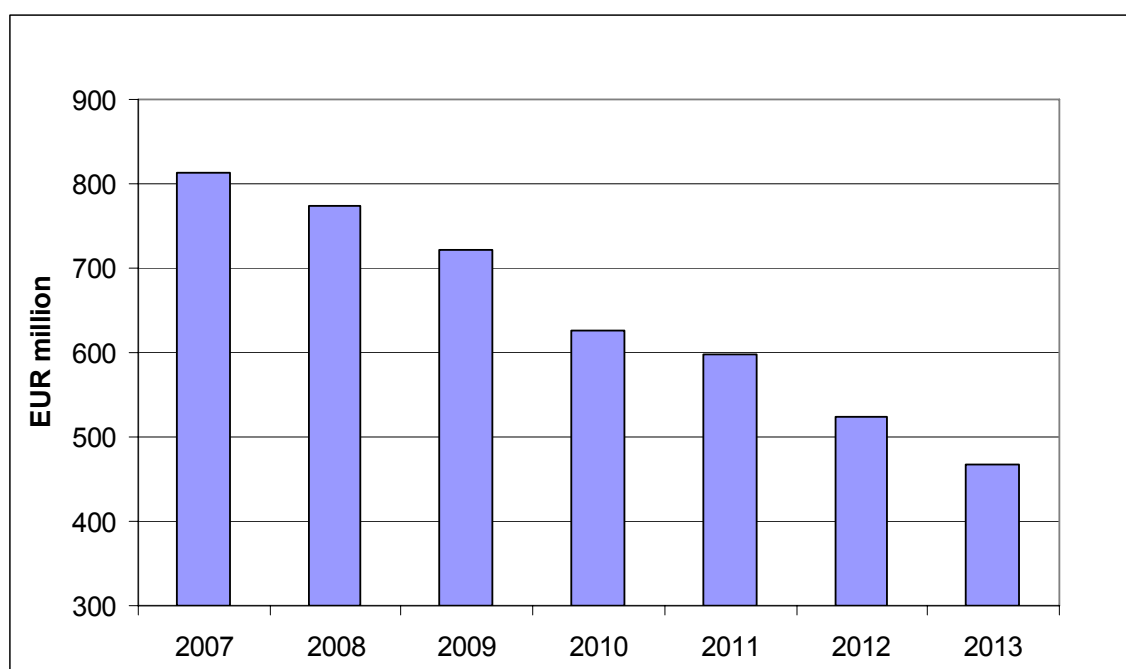
(12) Non-member States: Pre-Accession countries, Neighbourhood and Partnership countries, Asia and Latin America, Republic of South Africa.

(13) Under negotiation.

1.3. Disbursement forecast

The risk towards Member States should decrease in future as the loans are reimbursed and no new loans will be signed with Member States or for projects in Member States under Euratom, MFA or EIB guaranteed lending. This situation could change in case some Member States which have not adopted the Euro call upon the Community medium-term financial assistance instrument (Balance-of-Payment)². This facility is limited to EUR 12 billion.

Graph A1: Annual Risk borne directly by the Budget in EUR million from 2007 to 2013 based on the amounts (capital and interest) due by Member States under all operations (MFA, Euratom and EIB) disbursed at 31.12.2006



² Council Decision 2002/332/EC of 18 February 2002, OJ L 53, 23.2.2002, p. 1.

At 31 December 2006, the EIB had still to disburse a total of EUR 7,389 million under the EUR 20,060 million current mandate 2000 - 2007:

Table A5: Disbursement forecast for EIB loans on current mandate 2000 - 2007

	Ceiling	Loans made available (minus cancellations) at 31.12.2006*	to be disbursed under signatures**
Mediterranean***	6,520	6,531	3,287
South-Eastern Neighbours****	10,235	6,068	3,220
Asia, Latin America	2,480	2,151	614
South Africa	825	764	268
	20,060	15,514	7,389

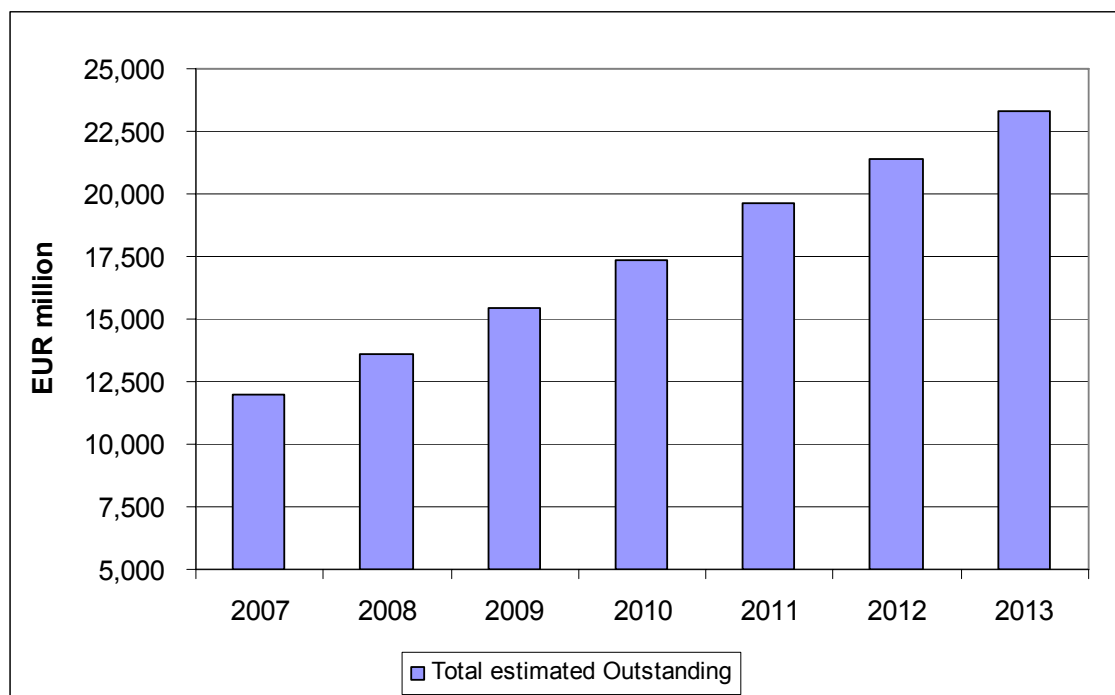
* EUR 3,795 million for new Member States are not included (Bulgaria, Hungary, Lithuania, Romania, Slovakia, Slovenia).

** EUR 2,214 million for new Member States are not included (Bulgaria, Romania, Slovakia).

*** As some loans are disbursed in currencies, the ceiling may be exceeded when the amounts disbursed up to the date of the report are converted into EUR.

**** An amount of 1,017 EUR million which has not been disbursed at 31.12.2006 in favour of Bulgaria and mainly Romania will be deemed cancelled and re-used for new loans in the South-Eastern Neighbours countries. The ceiling includes Terra Turkey and Special Action Turkey.

Graph A2: Disbursement forecast of EIB loans including the new mandate, MFA and Euratom loans and total estimated outstanding covered by the Fund



1.4. Payment of the budget guarantee³

1.4.1. Borrowing/lending operations

In this type of operation, the Community borrows on the financial market and on-lends the proceeds (back-to-back) to Member States (balance of payments), non-Member States (Macro-financial assistance) or firms (Euratom).

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

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

- a) the amount required may be taken provisionally from cash resources in accordance with Article 12 of Council Regulation (EC, Euratom) No 1150/2000 of 22 May 2000, as amended, implementing Decision 94/728/EC, Euratom, on the system of the Communities' own resources. This method is used so that the Community can immediately repay the borrowing on the date scheduled in the event of late payment by the recipient of the loan;
- b) if the delay reaches to three months after the due date, the Commission draws on the Fund to cover the default. The funds obtained are used to replenish the Commission's cash resources;
- c) the transfer procedure can be used to provide the budget heading with the appropriations needed to cover the default. This method is used when there are insufficient appropriations in the Fund and must be authorised in advance by the budgetary authority;
- d) the re-use of amounts repaid by debtors who have defaulted, leading to activation of the Community guarantee, allows payments to be made within a short period of time always providing, of course, that there are recovered funds available.

1.4.2. Guarantees given to third parties

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

³ The Communities have granted loans and guaranteed loans to accession countries. Those loans and guarantees were covered by the Guarantee Fund and remain outstanding or in force after the date of accession. From that date, they cease to be external actions of the Communities and are therefore covered directly by the budget.

Since the entry into force of the Regulation establishing a Guarantee Fund for external actions⁴, the provisions of the Agreement between the Community and the EIB on management of the Fund state that, after the EIB calls in the guarantee in the event of a default, the Commission must authorise the Bank to withdraw the corresponding amounts from the Fund within three months.

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

An implementation agreement was concluded between the Community and the EIB on 20 and 22 January 1999 to determine payment and repayment procedures in connection with Community guarantees to the EIB. This agreement is currently under revision in order to reflect the provisions of Council Decision 2006/1016/EC granting a Community guarantee to the European Investment Bank against losses under loans and loan guarantees for projects outside the Community⁵.

1.4.3. Activation of budget guarantees

If a borrower defaults on an EIB loan guaranteed by the budget, the Community guarantee is called upon at the earliest three months after the date on which payment has fallen due. The Community will act within three months of receiving such a letter from the EIB calling for the guarantee to be activated, authorising the EIB to take the corresponding amounts from the Fund.

For loans granted by the EC or Euratom, default interest owed by loan beneficiaries for the time between the date on which cash resources are made available by the budget and the date of activation of the Fund is drawn from the Fund and repaid to the budget. For EIB loans, default interest is calculated during the period between the due date of a defaulted loan instalment and the date of receipt of the cash resources by the EIB from the Commission.

⁴ Council Regulation (EC, Euratom) No 2728/94 establishing a Guarantee Fund for external actions, OJ L 293, 12.11.1994, p.1, as amended by Council Regulation (EC, Euratom) No 1149/1999, OJ L 139, 2.6.1999, p. 1, Council Regulation (EC, Euratom) No 2273/2004, OJ L 396, 31.12.2004, p. 28, and Council Regulation (EC, Euratom) No 89/2007, OJ L 22, 31.1.2007, p. 1.

⁵ OJ L 414, 30.1.2.2006, p. 95.

2. COUNTRY-RISK EVALUATION

Other countries representing important risks to the Budget, notably through EC macro-financial assistance, Euratom loans or guarantees of EIB projects related lending, and either categorised as “severely indebted” according to criteria set by the World Bank or facing significant imbalances in their external or debt situation are also included in the risk evaluation. The country risk evaluation presented below comprises short analyses or tables of risk indicators.

2.1. Analyses on other countries

For **Romania**, real GDP growth remains strong at 7.4% in the first half of 2006, driven in particular by household consumption growth of 11.8% and investment growth of 11.9%. Over the course of 2006, the current account deficit continued to widen from 8.7% of GDP reported in 2005 to around 9.6% in July 2006, but the deficit remains largely covered by FDI and portfolio investments. The external debt of the country grew to around 34% of GDP in mid-2006 from around 30% of GDP one year earlier due in particular to the short-term private external debt growing rapidly.

For the **former Yugoslav Republic of Macedonia**, GDP growth was 2.6% (in real terms) in the first quarter of 2006, compared to 4.0% in 2005. The current account deficit reached 1.4% of GDP in 2005 and is expected to widen to 3% in 2006. Gross FDI inflows reached 1.7% of GDP in 2005 and the external debt of the country amounted to 47% of GDP at the end of 2005.

In **Albania** annual GDP growth amounted to 5.5% (in real terms) in 2005. The current account deficit (including official transfers) reached 6.9% of GDP in 2005. The trade deficit stood at 24.1% of GDP in 2005 and during the first five months of 2006, it widened further by 18% on an annual basis). Gross FDI inflows reached 3.1% of GDP in 2005 and the external debt of the country amounted to 17.6% of GDP at the end of 2005. Total public debt declined to 55.3% of GDP in 2005.

In **Bosnia and Herzegovina** annual GDP growth amounted to around 5.5% (in real terms) in 2005. Growth is expected to remain around 5% in 2006. The current account deficit widened to 22.5% of GDP in 2005, partly reflecting effects of VAT introduction on import flows. It narrowed again in the first half of 2006 and is expected to be around 20% at year end. Gross FDI inflows reached 3.2% of GDP in 2005. Public external debt of the country amounted to 30% of GDP at the end of 2005, while private external debt was estimated to also amount to around 30% of GDP.

Economic growth of **Georgia** remained strong, at around 9% (9.3% in 2005), despite the external shocks, (trade blockade imposed by Russia) supported by privatisation, foreign direct investment and structural reforms. Thanks to this strong growth performance, Georgia's external public debt was further reduced to about 22% of GDP (27% in 2005). The main economic policy challenge is to keep inflation in single digits. The 12-month inflation peaked at 14.5% in mid-2006 but subdued to 8.8% by end-2006. In October, Standard & Poor's changed the outlook on Georgia's sovereign credit rating (B+) from positive to stable against the backdrop of the increased geopolitical tensions.

Tajikistan's economy has continued to grow strongly in 2006, recording a growth rate of 8% of GDP. The government budget is expected to register an increased deficit in 2006 of 4.5% of GDP (IMF estimate). Thanks to the successful bilateral debt agreements with mainly Russia – Tajikistan's largest creditor – and debt relief from the IMF (MDRI initiative in 2006), external debt has fallen to less than 35% of GDP in 2006. A deteriorating trade deficit (from 7% of GDP in 2004 and 12% in 2005 to the estimated more than 16% in 2006) is largely offset by a rapid growth in remittances. As a result, the current account deficit is expected to increase only moderately in 2006 (from 3.4% in 2005 to about 4.2%).

Algeria experienced a minor dip in economic growth in 2006 with a GDP growing at only 2.7%. In 2006 the current account reached more than 20% of GDP. The government balance was buoyant as well, as it was also composed of two digits. These surpluses offer good opportunities for further reform. The Algerian underdeveloped financial market needs a broadening and deepening to boost both investment and economic growth. Next to the financial markets, the overall business climate needs major improvements. With accession to the World Trade Organisation (WTO) at the horizon and the EU Association Agreement, Algeria can potentially move to free markets and free trade. The major challenge for the country is to create new jobs and consequently push the unemployment rate below the 10%. A recently launched programme to modernise the small and medium-size enterprise (SME) sector will help to prepare SMEs for inclusion in the free-trade zone between Algeria and the EU, as well as its integration into the WTO.

The economy of **Argentina** continues to grow rapidly, led by strong domestic investment and consumption, and is expected to expand by around 8% in 2006. However, several years of buoyant growth and an undervalued peso have pushed up inflation pressure. In order to curb price increases the authorities undertook a series of measures, whose result was a contained inflation rate of 10% at the end of 2006. The foreign trade dynamism has allowed the country to run large current account surpluses. The strength of the economy has also led to a significant improvement in public finances, with the primary surplus expected to reach about 3.5% of GDP in 2006. In addition, the presidential election of October 2007 and the fact that the country no longer needs to turn to the IMF after fully repaying all its IMF debt in December 2005, do not appear conducive to progress on structural reforms to address long-term vulnerabilities. Argentina remains in arrears to the EIB, having failed to pay the penalty interest (USD 1.7 million) stemming from previous arrears on a Regional Road Transportation project.

2.2. Explanatory notes for country-risk indicators

Standard footnotes

- a) Includes only EC and EIB loans (outstanding disbursements) to CEEC, NIS and MED.
The major changes in these figures are due to the transfer of accession countries from the "third countries" section in the "Member States" section as of 1 May 2004.
- b) The higher the ranking number indicated by Euromoney, the lower the creditworthiness of the country.

- c) Countries were rated on a scale of zero to 100 by The Institutional Investor; 100 represents the least chance of default. A given country may improve its rating and still fall in the ranking if the average global rating for all rated countries improves.

Abbreviations and English words used in tables

S&P	Standard and Poor's
CCFF	Compensatory and Contingency Financing Facility
EFF	Extended Fund Facility
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
SBA	Stand-By Arrangement
STF	Systemic Transformation Facility
est.	estimates
m EUR	EUR million
bn USD	USD billion
n.a.	not available
prelim.	preliminary
p.	provisional

Country-risk indicators (tables)

Country-risk indicators					
Country: Turkey					
		footnotes	2004	2005	2006
Real GDP growth rate	(%)		8.9	7.4	6.0
Industrial production	(% change)		9.7	3.9	7.0
Unemployment (end of period)	(% of labour force)		10.2	10.3	9.5
Inflation rate (CPI) (Dec/Dec)	(% change)		9.3	7.7	9.7
Exchange rate (end of period)	(TL per EUR)		1.84	1.68	1.65
General government balance	(% of GDP)		-5.7	-1.2	-1.2
Balance of payments					
Exports of goods and services	(m EUR)		73122	82500	95000
Current account balance	(% of GDP)		-5.2	-6.3	-8.0
Net inflow of foreign direct investment	(m EUR)		1107	3000	9800
Official reserves, including gold (end of period)	m EUR		43144	48300	48000
months' imports of goods and services			6.3	6.5	6.5
External debt					
Convertible currency external debt (end of period)	(m EUR)		123174	115689	125000
Convertible currency debt service principal	(m EUR)		24052	22154	23000
interest	(m EUR)		18400	18654	18200
External debt/GDP	(%)		5652	3500	4800
External debt/exports of goods and services	(%)		43.2	38.7	40.2
Debt service/exports of goods and services	(%)		175.3	145.8	130.0
Arrears (on both interest and principal)	(m EUR)		37.1	35.6	35.0
Debt relief agreements and rescheduling			none	none	none
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(a)	15.4	15.9	22.6
EU exposure/external debt	(%)		1.2	1.5	1.6
EU exposure/exports of goods and services	(%)		2.1	2.1	2.1
IMF arrangements					
Type			SBA	SBA	SBA
(Date)			(02/05)	(05/07)	(05/07)
On track			yes	yes	yes
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			B3	B1	B1
S&P long-term foreign currency rating (end of period)			BB-	BB-	BB-
Euromoney			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking (number of countries)		(b)	75 69	73 72	71 69
The Institutional Investor			(185) (185)	(185) (185)	(185) (185)
Position in the ranking (number of countries)			03/04 09/04	03/05 09/05	03/06 09/06
			77 76	73 74	72 74
			(172) (173)	(173) (173)	(173) (173)

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

Country-risk indicators					
Country: Serbia					
		footnotes	2004	2005	2006
Real GDP growth rate	(%)		9.3	6.3	5.4
Industrial production	(% change)		7.1	0.8	5.5
Unemployment (end of period)	(% of labour force)		18.5	20.8	NA
Inflation rate (CPI) (Dec/Dec)	(% change)		13.8	17.5	6.6
Exchange rate (end of period)	(CSD per EUR)		72.6	82.9	79.1
General government balance	(% of GDP)		0.9	1.9	1.6
Balance of payments					
Exports of goods and services	(m EUR)		3,803	5,597	6,520
Current account balance	(% of GDP)		-11.7	-8.4	-11.5
Net inflow of foreign direct investment	(m EUR)		709	1,314	3,329
Official reserves, including gold (end of period)	m EUR		3,117	4,935	9,025
months' imports of goods and services			4.4	5.9	9.6
External debt					
Convertible currency external debt (end of period)	(m EUR)		10,350	13,108	14,876
Convertible currency debt service principal	(m EUR)		465	645	1,948
interest	(m EUR)		NA	NA	NA
External debt/GDP	(%)		61.1	62.1	58.4
External debt/exports of goods and services	(%)		272	234	228
Debt service/exports of goods and services	(%)		12.2	11.5	29.9
Arrears (on both interest and principal)	(m EUR)		1,965	1,855	301
Debt relief agreements and rescheduling		(1)	yes	yes	yes
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(a)	4.6	5.0	7.7
EU exposure/external debt	(%)		4.4	4.3	4.5
EU exposure/exports of goods and services	(%)		11.9	10.0	10.3
IMF arrangements					
Type			Extended Arrangement	Extended Arrangement	
(Date)			05/02 -12/05	05/02 - 02/06	
On track			yes	completed	
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)		(2)	B+/BB	BB-	BB-
Euromoney			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking (number of countries)		(b)	166 166	158 96	104 93
The Institutional Investor			(185) (185)	(185) (185)	(185) (185)
Position in the ranking (number of countries)			03/04 09/04	03/05 09/05	03/06 09/06
			138 119	121 105	87 89
			(172) (173)	(173) (173)	(173) (173)

Footnotes

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

2 Serbia B+, Montenegro BB.

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

Country-risk indicators					
Country: Montenegro					
		footnotes	2004	2005	2006p
Real GDP growth rate	(%)		3.7	4.1	6.5
Industrial production	(% change)		13.8	-1.9	1.0
Unemployment (end of period)	(% of labour force)		22.3	18.4	14.7
Inflation rate (CPI) (Dec/Dec)	(% change)		4.3	1.8	2.0
Exchange rate (end of period)	(EUR per EUR)		1.0	1.0	1.0
General government balance	(% of GDP)		-2.6	-2.9	1.2
Balance of payments					
Exports of goods and services	(m EUR)		701.7	730.9	920.9
Current account balance	(% of GDP)		-7.6	-9.1	-31.0
Net inflow of foreign direct investment	(m EUR)		3.3	383.0	475.0
Official reserves, including gold (end of period)					
m EUR			60.1	172.9	n.a
months' imports of goods and services			0.8	1.9	n.a
External debt					
Convertible currency external debt (end of period)	(m EUR)		502	772	n.a
Convertible currency debt service principal	(m EUR)				
interest	(m EUR)				
External debt/GDP	(%)		31.2	30.3	27.6
External debt/exports of goods and services	(%)		5.6	5.7	5.5
Debt service/exports of goods and services	(%)				
Arrears (on both interest and principal)	(m EUR)	(1)	yes	yes	yes
Debt relief agreements and rescheduling					
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(a)	0.5	0.6	0.9
EU exposure/external debt	(%)		10.1	8.0	
EU exposure/exports of goods and services	(%)		7.2	8.5	8.1
IMF arrangements					
Type			Extended Arrangement	Extended Arrangement	
(Date)			05/02 -12/05	05/02 - 02/06	
On track			yes	completed	
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			BB/Stable/B	BB/Positive/B	BB/Positive/B
Euromoney		(b)	03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking			166 166	158 96	
(number of countries)			(185) (185)	(185) (185)	(185) (185)
The Institutional Investor			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking			138 119	121 105	87 89
(number of countries)			(172) (173)	(173) (173)	(173) (173)

Footnotes

(1)

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

(a) (b) (c)

See explanatory notes at beginning of the tables

Country-risk indicators					
Country: Brazil					
		footnotes	2004	2005	2006 (est.)
Real GDP growth rate	(%)		4.9	2.3	2.9
Industrial production	(% change)		8.3	3.1	2.8
Unemployment (end of period)	(% of labour force)		9.6	8.3	9.5
Inflation rate (CPI) (Dec. / Dec.)	(% change)		6.6	6.9	3.1
Exchange rate (end of period)	(Reals per EUR)		3.6	3.0	2.7
General government balance	(% of GDP)		-2.7	-3.3	-2.9
Balance of payments					
Exports of goods	(m EUR)		77648	95577	109239
Current account balance	(% of GDP)		1.9	1.8	0.6
Net inflow of foreign direct investment	(m EUR)		14459	12093	13658
Official reserves, including gold (end of period)					
bn USD			37501	45127	52021
months' imports of goods			6.5	5.5	6.4
External debt					
Convertible currency external debt (end of period)	(m EUR)		165508	149715	129420
Convertible currency debt service principal	(m EUR)		42751	58806	37419
interest	(m EUR)		30699	47411	26011
External debt/GDP	(%)		12051	11395	11409
External debt/exports of goods and services	(%)		36.5	26.0	18.9
Debt service/exports of goods and services	(%)		240	170	127
Arrears (on both interest and principal)	(m EUR)		63	49	57
Debt relief agreements and rescheduling	(m EUR)		no	no	no
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(a)	5.2	5.5	5.7
EU exposure/external debt	(%)		0.3	0.4	0.4
EU exposure/exports of goods and services	(%)		0.7	0.6	0.5
IMF arrangements					
Type			SBA	SBA	No
(Date)					
On track			yes	yes	
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			B2	B1	Ba3
S&P long-term foreign currency rating (end of period)			BB-	BB	BB
Euromoney			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking (number of countries)		(b)	78 71 (185) (185)	68 69 (185) (185)	69 66 (185) (185)
The Institutional Investor			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking (number of countries)			68 73 (172) (173)	67 66 (173) (173)	64 61 (173) (173)
Credit rating					

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

Country-risk indicators					
Country: Jordan					
		footnotes	2004	2005	2006 (estimates)
Real GDP growth rate	(%)		7.7	7.2	6.0
Industrial production (period average)	(% change)		9.0	11	12.0
Unemployment rate (average)	(% of labour force)		12.5	15.7	13.9
Inflation rate (CPI, av)	(% change)		3.4	3.5	6.3
Exchange rate (av)	(Dinar per USD)		0.709	0.709	0.709
General government overall balance	(% of GDP)				
before grants			-12.5	-10.1	-7.5
after grants			-1.7	-5.2	-4.3
Balance of payments					
Exports of goods and services	(m USD)		3,900	4,300	5,100
Current account balance	(% of GDP)		0.0	-17.8	-16.0
Net inflow of foreign direct investment	(m USD)		650	1,532	2,850
Official reserves, including gold (end of period)	(gross useable)				
m EUR			4,700	4,700	6,102
months' imports of goods and services			5.1	4.7	5.6
External debt					
Convertible currency external debt	(m USD)	(1)	7,544	7,132	7,123
(end of period)					
Convertible currency debt service	(m USD)		902	819	814
principal	(m USD)		649	550	546
interest	(m USD)		253	269	268
External debt/GDP	(%)	(1)	66.2	56.1	49.8
External debt/exports of goods and services	(%)		127.0	112.1	101.7
Debt service/exports of goods and services	(%)		15.1	12.3	11.2
Arrears (on both interest and principal)	(m USD)		-	-	-
Debt relief agreements and rescheduling	(m USD)	(2)	273	262	n.a.
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(a)	2.3	2.9	3.4
EU exposure/external debt	(%)		4.2	5.3	5.5
EU exposure/exports of goods and services	(%)		8.0	8.8	7.6
IMF arrangements					
Type			SBA	PPM	PPM
(Date)				-	-
On track			completed	-	-
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			Ba3	Ba3	Ba3
S&P long-term foreign currency rating (end of period)			BB	BB	BB
Euromoney					
Position in the ranking		(b)	03/04 09/04	03/05 09/05	03/06 09/06
(number of countries)			81 73	80 80	74 76
			(185) (185)	(185) (185)	(185) (185)
The Institutional Investor					
Position in the ranking			03/04 09/04	03/05 09/05	03/06 09/06
(number of countries)			74 72	74 71	73 76
			(172) (173)	(173) (173)	(173) (173)

Sources: IMF Post Program Monitoring, Economist Intelligence Unit.

Footnotes

- (1) Of the government, including collateralised Brady bonds
- (2) USD 1170 mio treated in July 2002 on Houston Terms. 100% of pre-cut off date maturities falling due from July 2002 to June 2004; 90% of pre-cut off date maturities falling due from July 2004 to December 2005; 80% of pre-cut off date maturities falling due in 2006; 70% of pre-cut off date maturities falling due in 2007.
- (a) (b) See explanatory notes at beginning of the tables.

Country-risk indicators					
Country: Bosnia & Herzegovina (1)					
		footnotes	2004	2005	2006
Real GDP growth rate	(%)		5.00	5.50	6.00
Industrial production	(% change)				
Federation			13.20	5.00	7.50
Republika Srpska			9.70	20.00	19.10
Unemployment (end of period)	(% of labour force)	(1)	43.10	44.60	-
Inflation rate (CPI) (12 month average)	(% change)		0.40	2.80	7.00
Exchange rate (end of period)	KM per EUR		1.96	1.96	1.96
	KM per USD		1.58	1.58	1.67
General government balance (after grants)	(% of BiH GDP)	(2)	-0.60	0.90	0.70
Balance of payments					
Exports of goods and services	(m EUR)		2393.00	2891.00	3720.00
Current account balance	(% of GDP)		20.80	22.50	15.00
Net inflow of foreign direct investment	(m EUR)	(3)	486.70	418.70	353.00
Official reserves, including gold (end of period)					
m EUR			1763.50	2140.30	2681.30
months' imports of goods and services			3.80	4.20	-
External debt					
Convertible currency external debt (end of period)	(m EUR)	(4)	2057.00	2187.50	2108.50
Convertible currency debt service	(m EUR)		130.80	117.60	-
principal	(m EUR)		84.80	72.60	-
interest	(m EUR)		46.00	45.00	-
External debt/GDP	(%)		29.90	30.00	-
External debt/exports of goods and services	(%)	(4)	85.96	83.90	-
Debt service/exports of goods and services	(%)		5.60	4.10	-
Arrears (on both interest and principal)	(m EUR)		none	none	none
Debt relief agreements and rescheduling			yes	yes	yes
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(a)	1.2	1.5	2.7
EU exposure/external debt	(%)		5.6	7.8	11.3
EU exposure/exports of goods and services	(%)		4.8	5.9	6.4
IMF arrangements					
Type			No new programme		
(Date)					
On track					
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			Caa1	Caa1	B3
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking		(b)	107 113	123 124	110 105
(number of countries)			(185) (185)	(185) (185)	(185) (185)
The Institutional Investor			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking			122 101	107 112	109 108
(number of countries)			(172) (173)	(173) (173)	(173) (173)

Footnotes

- (1) World Bank and IMF estimates are one half the official estimate (ie 20%)
(2) Excl. some lower levels of gov. If estimates for these are incl., 2004 and 2005 gov. balance is estimated at around 0
(3) 2005: First 3 quarters
(4) 2005: September figure
(a) (b) See explanatory notes at beginning of the tables.

Country-risk indicators					
Country: Former Yugoslav Republic of Macedonia					
		footnotes	2004	2005	2006p
Real GDP growth rate	(%)	(1)	4.10	3.80	3.50
Industrial production	(% change)		-2.20	7.20	0.80
Unemployment (end of period)	(% of labour force)		37.20	37.30	35.90
Inflation rate (CPI)	(% change)	(2)	-0.40	0.50	3.20
Exchange rate (end of period)	(Denar per <u>EUR</u>)		61.32	61.34	61.20
General government balance	(% of GDP)		0.00	0.30	-0.60
Balance of payments					
Exports of goods and services	(m EUR)	(1)	1740.9	2090.5	2307.9
Current account balance	(% of GDP)	(1)	-7.7	-1.3	0.1
Net inflow of foreign direct investment	(m EUR)	(1)	126.2	77.1	272.0
Official reserves, including gold (end of period)	m EUR	(1)	717.0	1123.0	1416.7
months' imports of goods and services		(1)	3.30	4.00	5.10
External debt					
Convertible currency external debt (end of period)	(m EUR)		1671.7	1814.1	1897.7
Convertible currency debt service	(m EUR)	(3)	198.5	186.9	375.3
principal	(m EUR)	(3)	160.4	143.1	314.7
interest	(m EUR)	(3)	38.1	43.8	60.6
External debt/GDP	(%)		38.6	39.9	39.1
External debt/exports of goods and services	(%)		96.02	86.78	82.22
Debt service/exports of goods and services	(%)		11.40	8.94	16.26
Arrears (on both interest and principal)	(m EUR)		none	none	none
Debt relief agreements and rescheduling	(m EUR)		none	none	none
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(a)	2.0	1.9	2.5
EU exposure/external debt	(%)		11.9	11.5	11.3
EU exposure/exports of goods and services	(%)		11.4	10.0	9.3
IMF arrangements					
Type			SBA		SBA
(Date)			04/03 - 06/04		08/05-08/08
On track			yes		yes
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking		(b)	106 111	92 95	83 82
(number of countries)			(185) (185)	(185) (185)	(185) (185)
The Institutional Investor			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking			107 109	91 93	85 84
(number of countries)			(172) (173)	(173) (173)	(173) (173)

Footnotes

- (1) Provisional
(2) annual average
(3) long-term debt only
(a) (b) See explanatory notes at beginning of the tables

Country-risk indicators					
Country: Albania					
		footnotes	2004	2005	2006
Real GDP growth rate	(%)		5.9	5.5	5.0
Industrial production	(% change)		--	--	--
Unemployment (end of period)	(% of labour force)		14.7	14.2	13.8
Inflation rate (CPI) (Dec/Dec)	(% change)		2.2	2.0	2.4
Exchange rate (end of period)	(LEK per EUR)		125.9	122.4	123.2
General government balance	(% of GDP)		-5.1	-3.6	-3.1
Balance of payments					
Exports of goods and services	(m EUR)	(1)	1,293	1,461	1,726
Current account balance	(% of GDP)		-3.8	-6.9	-5.9
Net inflow of foreign direct investment	(m EUR)		277.0	212.0	273.0
Official reserves, including gold (end of period)	m EUR		1,025	1,202	1,290
months' imports of goods and services		(1)	4.0	4.2	4.1
External debt					
Convertible currency external debt (end of period)	(m EUR)		1,239	1,391	1,326
Convertible currency debt service principal	(m EUR)		53.0	61.0	88.0
interest	(m EUR)		20.4	20.3	20.1
External debt/GDP	(%)		95.8	95.3	85.2
External debt/exports of goods and services	(%)		3.9	4.1	5.1
Debt service/exports of goods and services	(%)		n.a.	n.a.	n.a.
Arrears (on both interest and principal)	(m EUR)				
Debt relief agreements and rescheduling					
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(a)	0.6	0.6	1.0
EU exposure/external debt	(%)		5.1	4.8	6.7
EU exposure/exports of goods and services	(%)		5.0	4.7	4.7
IMF arrangements					
Type		(2)	PRGF	PRGF	PRGF
(Date)			21/06/2002	21/06/2002	27/01/2006
On track			yes	yes	yes
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking (number of countries)		(b)	122 127	103 122	106 120
			(185) (185)	(185) (185)	(185) (185)
The Institutional Investor			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking (number of countries)			133 126	117 127	117 122
			(172) (173)	(173) (173)	(173) (173)

Footnotes (1) projected data for 2005

(2) The sixth and final review under the extended arrangement under the Poverty Reduction and Growth Facility took place in August 2005.

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

Country-risk indicators					
Country: Argentina					
		footnotes	2004	2005	2006 (est.)
Real GDP growth rate	(%)		9.0	9.2	8.0
Industrial production	(% change)		10.7	9.0	8.3
Unemployment	(% of labour force)		12.1	10.1	10.2
Inflation rate (CPI) (Dec. / Dec.)	(% change)		4.4	12.3	9.8
Exchange rate	(Pesos per 1 EUR)		3.7	3.6	3.9
General government balance	(% of GDP)		2.6	1.8	1.7
Balance of payments					
Exports of goods	(m EUR)		27814	32525	37056
Current account balance	(% of GDP)		2.2	1.9	1.0
Net inflow of foreign direct investment	(m EUR)		3123	2915	3423
Official reserves, including gold (end of period)					
bn USD			15.7	22.4	25.5
months' imports of goods and services			8.4	9.6	7.2
External debt					
Convertible currency external debt (end of period)	(m EUR)		136206	93280	93864
Convertible currency debt service	(m EUR)		9850	15890	19526
principal	(m EUR)		7976	9017	13606
interest	(m EUR)		1874	6873	5919
External debt/GDP	(%)		112.6	76.3	62.3
External debt/exports of goods and services	(%)		490	287	253
Debt service/exports of goods and services	(%)		35.4	48.9	52.7
Arrears (on both interest and principal)	(m EUR)		yes	yes	yes
Debt relief agreements and rescheduling			no	yes	no
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(a)	2.0	1.5	1.2
EU exposure/external debt	(%)		0.1	0.2	0.1
EU exposure/exports of goods and services	(%)		0.7	0.5	0.3
IMF arrangements					
Type			SBA	SBA	No
(Date)					
On track			No	No	
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			Caa2	Caa1	Caa1
S&P long-term foreign currency rating (end of period)			SD	B	B
Euromoney			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking		(b)	140 118	141 120	119 100
(number of countries)			(185) (185)	(185) (185)	(185) (185)
The Institutional Investor			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking			125 128	137 115	91 87
(number of countries)			(172) (173)	(173) (173)	(173) (173)

(a) (b) see explanatory notes at beginning of the tables

Country-risk indicators					
Country: Georgia					
		footnotes	2004	2005	2006 (preliminary)
Real GDP growth rate	(%)		5.9	9.3	9.0
Industrial production	(% change)		8.6	16.4	n.a.
Unemployment (end of period)	(% of labour force)		12.6	13.8	n.a.
Inflation rate (CPI) (Dec/Dec)	(% change)		7.5	6.2	8.8
Exchange rate (end of period)	(Lari per USD)		1.83	1.79	1.71
General government balance	(% of GDP) (commitments)		3.2	-1.5	-2.9
Balance of payments					
Exports of goods and services	(m USD)		1630	2170	2500
Current account balance	(% of GDP)		-8.4	-5.4	-9.5
Net inflow of foreign direct investment	(m USD)		420	529	860
Official reserves, including gold (end of period)					
m EUR			383	474	930
months' imports of goods and services			1.7	1.7	2.5
External debt					
Convertible currency external debt (end of period)	(m USD)		1858	1735	1700
Convertible currency debt service	(m USD)		186	190	220
principal	(m USD)		n.a.	n.a.	n.a.
interest	(m USD)		n.a.	n.a.	n.a.
External debt/GDP	(%)		36.2	27.1	21.8
External debt/exports of goods and services	(%)		114	80	68
Debt service/exports of goods and services	(%)		9.5	7.2	6.7
Arrears (on both interest and principal)	(m USD)		63	0	0
Debt relief agreements and rescheduling			Paris Club (July)		
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(a)	0.9	0.8	1.0
EU exposure/external debt	(%)		6.7	5.8	6.6
EU exposure/exports of goods and services	(%)		7.7	4.6	4.5
IMF arrangements					
Type			PRGF	PRGF	PRGF
(Date)			(06/04-06/07)	(06/04-06/07)	(06/04-06/07)
On track			yes	yes	yes
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			none	B+	B+
Euromoney			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking		(b)	136 143	149 145	129 138
(number of countries)			(185) (185)	(185) (185)	(185) (185)
The Institutional Investor			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking			141 131	141 134	119 113
(number of countries)			(172) (173)	(173) (173)	(173) (173)

Footnotes

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

Country-risk indicators					
Country: Ukraine					
		footnotes	2004	2005	2006 (forecast)
Real GDP growth rate	(%)		12.1	2.6	7.0
Industrial production	(% change)		12.5	3.1	6.2
Unemployment (ILO definition)	(% of labour force)		8.6	7.8	6.9
Inflation rate (CPI) (Dec/Dec)	(% change)		12.3	10.3	11.6
Exchange rate (end of period)	(Hryvnia per USD)		5.3	5.05	5.05
General government balance	(% of GDP)	(d)	-3.6	-1.9	-2.4
Balance of payments					
Exports of goods and services	(m USD)		41290	44380	45874
Current account balance	(% of GDP)		10.5	3.1	-1.5
Net inflow of foreign direct investment	(m USD)		1711	7533	5300
Official reserves, (end of period)					
m USD			9500	19390	21900
months' imports of goods and services			2.7	4.6	4.2
External debt					
Public external debt (end of period)	(m USD)		12496	12667	12300
Public external debt service	(m USD)		1860	2080	n.a.
principal	(m USD)		1360	1480	n.a.
interest	(m USD)		500	600	n.a.
External debt/GDP	(%)		19.3	14.7	12.2
External debt/exports of goods and services	(%)		30.3	28.5	26.8
Debt service/exports of goods and services	(%)		4.6	4.9	5.1
Arrears (on both interest and principal)	(m USD)		no	no	no
Debt relief agreements and rescheduling	(m USD)		no	no	no
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(a)	1.8	1.1	0.7
EU exposure/external debt	(%)		1.9	1.1	0.7
EU exposure/exports of goods and services	(%)		0.6	0.3	0.2
IMF arrangements					
Type			Stand-by*	Stand-by*	
(Date)			(03/04-03/05)	(03/04-03/05)	
On track			off-track	off-track	
			*precautionary	*precautionary	
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			B2	B2	B2
S&P long-term foreign currency rating (end of period)			B+	BB-	BB-
Euromoney			03/04 09/04	09/04 03/05	03/06 09/06
Position in the ranking (number of countries)		(b)	93 (185) (185)	85 83 (185) (185)	82 78 (185) (185)
The Institutional Investor			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking (number of countries)			86 89 (172) (173)	82 76 (173) (173)	75 80 (173) (173)

Footnotes

(a) (b)
(d)

See explanatory notes.
On a cash basis.

Country-risk indicators					
Country: Algeria					
		footnotes	2004	2005	2006 (projection)
Real GDP growth rate	(%)		5.2	5.3	2.7
Industrial production	(% change)		87.3	88.6	
Unemployment (average)	(% of labour force)	(1)	17.7	15.3	12.3
Inflation rate (CPI) (average)	(% change)		3.6	1.6	2.2
Exchange rate (end of period)	(Dinars per USD)		72.1	73.4	72.9
General government balance	(% of GDP)		6.9	11.9	11.9
Balance of payments					
Exports of goods and services	(bn USD)		31.7	43.8	16.8
Current account balance	(% of GDP)		13.1	20.7	24.4
Net inflow of foreign direct investment	(bn USD)		624	1,068	
Official reserves, including gold (end of period)					
bn EUR			43.1	56.2	74.6
in months of next years imports of goods and services			21	25.7	24.4
External debt					
Convertible currency external debt (end of period)	(bn USD)		21.8	17.2	4.9
Convertible currency debt service principal	(bn USD)				
interest	(bn USD)				
External debt/GDP	(%)		25.7	16.8	4.3
External debt/exports of goods and services	(%)		64.0	35.2	8.6
Debt service/exports of goods and services	(%)				
Arrears (on both interest and principal)	(m USD)				
Debt relief agreements and rescheduling	(m USD)				
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(a)	9.7	5.0	0.5
EU exposure/external debt	(%)		5.9	3.8	1.2
EU exposure/exports of goods and services	(%)		4.1	1.5	0.4
IMF arrangements					
Type			CCFF	-	-
(Date)			5/07/1999	-	-
On track			yes	-	-
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			03/04 09/04	03/05 09/05	03/03 09/06
Position in the ranking		(b)	85 81	79 85	77 77
(number of countries)			(185) (185)	(185) (185)	(185) (185)
The Institutional Investor			03/04 09/04	03/05 09/05	03/03 09/06
Position in the ranking			79 75	72 69	68 69
(number of countries)			(172) (173)	(173) (173)	(173) (173)

Sources: International Monetary Fund.

Footnotes

- (a) (b) See explanatory notes at beginning of the tables.
(1) Officially registered unemployed.

Country-risk indicators					
Country: Tajikistan					
		footnotes	2004	2005	2006 (estimate)
Real GDP growth rate	(%)		10.6	6.7	8.0
Industrial production	(% change)		16.0	10.5	11.0
Unemployment (end of period)	(% of labour force)		n.a.	n.a.	n.a.
Inflation rate (CPI) (Year-end)	(% change)		5.6	7.1	7.8
Exchange rate (end of period)	(Somoni per USD)		3.04	3.20	3.4
General government balance	(% of GDP)	(1)	-2.4	-2.9	-4.5
Balance of payments					
Exports of goods and services	(m USD)		1,097	1,108	1,352
Current account balance	(% of GDP)		-4.0	-3.4	-4.2
Net inflow of foreign direct investment	(m USD)	(2)	272	36	60
Official reserves, including gold (end of period)					
m EUR			189	219	204
months' imports of goods and services			1.8	1.9	1.8
External debt					
Convertible currency external debt (end of period)	(m USD)		819	881	851
Convertible currency debt service	(m USD)		39	64	68
principal	(m USD)				
interest	(m USD)				
External debt/GDP	(%)		40.0	37.0	34.5
External debt/exports of goods and services	(%)		74.3	77.8	71.3
Debt service/exports of goods and services	(%)		3.5	5.7	5.0
Arrears (on both interest and principal)	(m USD)				
Debt relief agreements and rescheduling			yes	yes	yes
			Russia, Pakistan	Russia, Pakistan	Russia, Pakistan, IMF
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(a)	0.4	0.3	0.4
EU exposure/external debt	(%)		6.8	5.6	5.6
EU exposure/exports of goods and services	(%)		5.1	4.4	3.5
IMF arrangements					
Type			PRGF	PRGF	PRGF
(Date)		(3)	(09/02-09/05)	(09/02-02/06)	(09/02-02/06)
On track			yes	yes	expired
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			03/03 09/04	03/05 09/05	03/06 09/06
Position in the ranking		(a)	174 180	169 170	170 165
(number of countries)			(185) (185)	(185) (185)	(185) (185)
The Institutional Investor			03/04 09/04	03/05 09/05	03/06 09/06
Position in the ranking			159 162	162 146	140 155
(number of countries)			(172) (173)	(173) (173)	(173) (173)

(1) excluding the Public Investment Programme

(2) the 2004 figure includes a debt-for-equity swap with Russia

(3) in 2005, the IMF decided to extend the PRGF to Feb. 2006

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