



COMMISSION OF THE EUROPEAN COMMUNITIES

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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 30 June 2007**

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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 Fund or 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 EIB<sup>1</sup>:

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.

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<sup>1</sup> 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. Due to exchange rate fluctuations, 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 30 June 2007.

**TABLE A1: CAPITAL OUTSTANDING IN RESPECT OF OPERATIONS DISBURSED at 30.06.2007 (in EUR million)**

Operations	Authorised ceiling	Capital outstanding at 31.12.2006	Capital outstanding at 30.06.2007	Remainder to be disbursed at 30.06.2007
<b>MEMBER STATES</b>				
EIB (new Member States)		4 482	4 224	1 222
MFA to Bulgaria and Romania		365	309	
Euratom to Bulgaria and Romania		436	436	
<b>MEMBER STATES - TOTAL</b>	<b>0</b>	<b>5 283</b>	<b>4 969</b>	<b>1 222</b>
<b>THIRD COUNTRIES</b>				
<b>A. Macro-Financial Assistance</b>				
Albania	9	9	9	
Bosnia-Herzegovina	40	40	40	
Bulgaria	750			
FYROM	90	90	90	
Georgia	142	86	58	
Romania	780			
Serbia and Montenegro	280	280	280	
Tajikistan	75	36	28	
Ukraine	453	64	64	
<b>Sub total MFA</b>	<b>2 619</b>	<b>604</b>	<b>568</b>	
<b>B. EURATOM<sup>1</sup></b>		<b>0</b>	<b>39</b>	<b>23</b>
<b>C. Other</b>				
EIB South-eastern Neighbours (2000-2007) <sup>5</sup>	10 235	2 691	3 236	3 070
EIB Mediterranean	15 442	5 325	5 382	3 088
EIB Central & Eastern Europe	8 220	32	29	58
EIB Asia, Latin America	4 405	1 478	1 457	416
EIB South Africa	1 500	721	729	198
EIB The Baltic Sea basin of Russia	100	64	68	15
EIB Russia + WNIS	500	0	0	30
<b>Sub total EIB<sup>2</sup></b>	<b>40 402</b>	<b>14 793</b>	<b>15 125</b>	<b>8 097</b>
<b>THIRD COUNTRIES - TOTAL</b>	<b>43 021</b>	<b>10 915</b>	<b>11 508</b>	<b>6 898</b>
<b>GRAND TOTAL</b>	<b>43 021</b>	<b>16 198</b>	<b>16 477</b>	<b>8 120</b>

(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 30.06.2007 (in EUR million)**

Operations	Credit line authorised	Loans made available minus cancellations	Amounts disbursed	Amounts outstanding at 30.06.2007
<b>General Mandate 2000/2007:</b>				
South-eastern Neighbours <sup>5</sup>	10 235	6 510	3 416	3 236
New Member States <sup>4</sup>		2 790	1 693	1 326
Mediterranean <sup>6</sup>	6 520	6 475	3 377	2 947
Asia, Latin America	2 480	2 114	1 372	951
South Africa	825	736	460	449
<b>sub-total 65 %<sup>3</sup></b>	<b>20 060</b>	<b>18 625</b>	<b>10 318</b>	<b>8 909</b>
Central and Eastern Europe (29.01.97)	3 520	22	22	16
Mediterranean (29.01.97)	2 310	1 822	1 689	1 036
New Member States <sup>4</sup>		3 237	3 071	1 810
Asia, Latin America ALA II (29.01.97)	900	687	570	288
Asia, Latin America (ALA INTERIM.)	122	122	104	28
South Africa (29.01.97)	375	374	288	184
BOSNIA-HERZEGOVINA (99/2001)	100	100	67	63
FYROM ( 98-2000 )	150	150	123	103
<b>sub-total 70 %<sup>3</sup></b>	<b>7 477</b>	<b>6 514</b>	<b>5 934</b>	<b>3 528</b>
EU-countries	1 350	1 323	1 397	
Mediterranean and Balkan countries <sup>4</sup>	6 362	5 211	5 174	1 233
New Member States <sup>4</sup>		534	563	147
<b>sub-total 75 %<sup>3</sup></b>	<b>7 712</b>	<b>7 068</b>	<b>7 134</b>	<b>1 380</b>
EU-countries	150	141	169	
Central and Eastern Europe	4 700	29	29	13
New Member States <sup>4</sup>		3 840	3 916	941
Baltic Sea Basin of Russia	100	85	69	68
Russia + WNIS	500	30	0	0
South Africa	300	285	211	96
Asia, Latin America	903	710	720	190
<b>sub-total 100 %<sup>3</sup></b>	<b>6 653</b>	<b>5 120</b>	<b>5 114</b>	<b>1 308</b>
<b>Total</b>	<b>41 902</b>	<b>37 327</b>	<b>28 500</b>	<b>15 125</b>

(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 30.06.2007**

Ranking	Country	2nd Half of 2007	2008	2009	2010	2011	2012	2013	2014 until 2037	Total Outstanding
1	Turkey	100.9	201.5	208.4	244.7	248.2	242.5	227.4	1 444.6	2 918.2
2	Romania	119.7	254.1	242.3	232.8	243.6	189.4	189.1	1 219.0	2 690.1
3	Egypt	75.2	184.6	187.2	169.2	150.3	142.5	129.1	804.3	1 842.3
4	Morocco	61.0	123.5	124.7	125.2	129.2	126.5	123.8	925.4	1 739.3
5	Tunisia	58.5	117.7	119.5	124.8	121.2	121.0	117.2	655.1	1 434.7
6	Serbia and Montenegro	24.5	51.6	55.1	57.2	64.4	103.4	101.3	695.1	1 152.5
7	Bulgaria	90.4	153.3	88.6	78.4	61.9	74.5	59.8	345.0	951.9
8	Czech Republic	45.7	87.3	138.9	81.1	72.3	69.8	67.2	232.1	794.5
9	South Africa	69.0	72.3	119.4	77.1	61.0	72.9	44.7	270.7	787.0
10	Poland	48.7	88.0	80.9	77.0	74.6	72.2	66.5	237.5	745.5
11	Slovakia	35.1	74.9	69.7	69.1	69.7	54.7	40.9	150.9	564.9
12	Croatia	17.5	35.9	28.7	28.7	37.4	40.0	39.3	336.2	563.7
13	Brazil	82.7	85.6	69.8	53.9	38.2	32.2	61.6	37.7	461.7
14	Lebanon	54.2	56.6	61.9	51.3	49.9	38.5	33.8	55.7	401.9
15	Bosnia and Herzegovina	15.3	26.3	26.1	27.9	28.1	50.5	21.8	174.8	370.7
16	Syria	11.3	22.9	24.4	27.7	27.7	27.8	25.7	192.4	360.0
17	Jordan	21.8	42.3	43.7	39.6	37.9	34.5	28.1	83.3	331.1
18	former Yugoslav Republic of Macedonia	14.7	20.8	24.1	23.6	23.2	24.8	21.5	111.4	264.0
19	Hungary	19.7	30.8	28.7	26.0	25.1	22.7	13.8	24.2	191.0
20	Slovenia	19.6	37.9	25.9	20.8	14.3	11.4	9.4	13.9	153.2
21	Albania	4.2	9.4	10.5	10.7	10.6	11.8	9.2	72.8	139.3
22	Indonesia	6.4	12.0	15.7	19.3	11.9	9.4	9.4	41.9	126.0
23	Ukraine	36.6	19.5	20.7	5.4	5.2	5.0	4.8	19.6	116.7
24	Mexico	3.3	23.9	23.9	24.3	3.4	3.4	3.4	20.5	106.1
25	Argentina	6.4	20.9	18.2	11.7	11.5	11.1	11.3	7.5	98.6
26	China	5.7	9.3	9.5	9.6	8.4	7.2	7.3	37.7	94.7
27	Pakistan	2.3	8.7	10.5	12.4	12.4	12.4	9.4	26.5	94.5
28	Peru	4.7	7.2	7.0	10.5	10.9	10.7	10.5	26.9	88.4
29	Cyprus	7.8	15.6	15.7	15.7	15.3	8.9	5.0	3.4	87.3
30	Vietnam	3.8	6.5	9.4	10.6	11.1	10.9	10.8	21.3	84.3
31	Sri Lanka	1.4	1.2	2.7	3.3	4.9	6.8	7.0	41.2	68.6
32	Russia	1.9	2.0	4.8	4.8	4.8	6.3	6.3	37.7	68.5
33	Latvia	4.7	8.0	7.2	7.0	6.8	5.3	5.1	24.1	68.3
34	Georgia	1.1	2.5	24.5	23.6	14.1	0.0	0.0	0.0	65.8
35	Lithuania	3.6	6.8	6.3	5.5	5.4	5.2	5.0	26.8	64.7
36	Colombia	1.6	0.0	0.0	3.1	6.1	6.1	6.1	33.7	56.7
37	Philippines	4.4	8.8	8.8	8.8	8.8	8.8	3.2	4.2	55.7
38	Algeria	3.9	7.6	7.4	7.1	6.9	6.1	5.4	2.3	46.7
39	Gaza-Westbank	1.7	3.5	4.3	4.3	4.3	4.3	4.3	19.1	45.9
40	Thailand	2.5	5.6	6.2	5.1	4.7	6.5	8.8	2.1	41.6
41	Panama	0.5	0.0	1.6	2.5	2.5	2.5	2.5	25.3	37.6
42	Laos	0.0	0.0	0.0	0.0	0.2	0.4	0.4	34.1	35.1
43	Tajikistan	0.6	1.2	1.2	1.2	1.2	13.0	12.4	4.1	35.0
44	Ecuador	0.8	0.0	0.0	1.6	3.2	3.2	3.2	17.4	29.2
45	Bangladesh	2.2	4.3	4.3	4.3	4.3	4.3	4.3	0.0	28.1
46	Costa Rica	1.9	3.8	3.8	3.8	3.8	3.8	3.8	0.0	24.6
47	Israel	2.0	2.9	2.9	2.9	2.9	2.9	2.9	4.4	24.0
48	Maldives	0.6	1.1	1.7	2.5	2.5	2.5	2.5	9.4	22.8
49	Regional - Central America	3.2	5.0	3.2	2.6	2.5	1.4	1.4	2.6	21.9
50	India	1.6	3.2	3.2	3.2	3.2	3.2	3.2	0.0	20.9
51	Estonia	2.4	4.2	3.4	2.5	2.4	1.9	1.3	0.6	18.7
52	Regional - Andean Pact	1.7	3.1	3.1	3.1	1.9	1.9	0.9	0.0	15.9
53	Malta	0.5	0.8	0.6	0.6	0.6	0.6	0.3	0.0	4.2
54	Uruguay	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8
<b>Total Outstanding</b>		<b>1 112.2</b>	<b>1 976.2</b>	<b>2 010.3</b>	<b>1 869.9</b>	<b>1 777.0</b>	<b>1 739.4</b>	<b>1 593.6</b>	<b>8 576.6</b>	<b>20 655.3</b>
<b>Sub-total for Member States</b>		<b>398.0</b>	<b>761.6</b>	<b>708.4</b>	<b>616.8</b>	<b>592.1</b>	<b>516.5</b>	<b>463.5</b>	<b>2 277.6</b>	<b>6 334.4</b>

Member States

## 1.2. Loan operations covered by the Budget guarantee

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

**TABLE A3a**  
**Borrowing and lending operations by the Communities to Member States**  
**Period 31.12.2006 to 30.06.2007**

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 dedicated to 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 at 31.12.2006 in EUR million	Outstanding amount at 30.06.2007 in EUR million
<b>BOP</b>	2002/332/EC	18.02.02		100%		(d)	12 000.00	0.00	0.00
<b>EURATOM</b>			(3)	100%			4 000.00	436.00	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		
<b>Bulgaria</b>							212.50		
1st tranche			20		10.05.2021	(c)		40.00	40.00
2nd tranche			15		15.01.2017	(c)		15.00	15.00
3rd tranche			17		19.08.2019	(c)		25.00	25.00
4th tranche			15		18.06.2018	(c)		25.00	25.00
5th tranche			15		16.01.2019	(c)		35.00	35.00
6th tranche			16		10.09.2020	(c)		30.00	30.00
7th tranche			16		04.04.2021	(c)		25.00	25.00
8th tranche			14		23.02.2020	(c)		17.50	17.50
<b>Romania</b>							223.50		
1st tranche			17		21.07.2022	(c)		100.00	100.00
2nd tranche			19		26.11.2024	(c)		90.00	90.00
3rd tranche			18		23.02.2024	(c)		33.50	33.50
<b>NCI</b>			(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		
<b>TOTAL</b>							22 830.00	436.00	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 (MFA) and Euratom loans to non-member States**  
**Changes in amounts outstanding during six-month period 31.12.2006 to 30.06.2007, broken down by countries and tranche**  
*\* Member States as of 01.01.2007*

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 31.12.2006	Operations in six-month period		Amount outstanding at 30.06.2007
								Amounts disbursed	Amounts repaid	
<b>BULGARIA III*</b>	97/472/EC	22.07.97				<b>250.00</b>				
1st tranche			10	10.02.2008	(c)	125.00	62.50		31.25	31.25
2nd tranche			10	22.12.2008	(c)	125.00	62.50			62.50
<b>BULGARIA IV*</b>	99/731/EC	08.11.99				<b>100.00</b>				
1st tranche			10	21.12.2009	(c)	40.00	30.00			30.00
2nd tranche			-	-	(c)	60.00	60.00			60.00
<b>ROMANIA III*</b>	94/369/EC	20.06.94				<b>125.00</b>				
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
<b>ROMANIA IV*</b>	99/732/EC	08.11.99				<b>200.00</b>				
1st tranche			10	29.06.2010	(c)	100.00	100.00		25.00	75.00
2nd tranche			10	17.07.2013	(c)	50.00	50.00			50.00
3rd tranche			-	-	(a)	50.00				
<b>BOSNIA AND HERZEGOVINA I</b>	99/325/EC	10.05.99				<b>20.00</b>				
1st tranche			15	22.12.2014	(c)	10.00	10.00			10.00
2nd tranche			-	-	(c)	10.00	10.00			10.00
<b>BOSNIA AND HERZEGOVINA II</b>	02/883/EC	09.11.02				<b>20.00</b>				
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
<b>REPUBLIC OF MOLDOVA I</b>	94/346/EC	13.06.94				<b>45.00</b>				
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
<b>REPUBLIC OF MOLDOVA II</b>	96/242/EC	25.03.96				<b>15.00</b>				
<b>FYROM I</b>	97/471/EC	22.07.97				<b>40.00</b>				
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
<b>FYROM II</b>	99/733/EC	08.11.99				<b>50.00</b>				
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 (MFA) and Euratom loans to non-member States**  
**Changes in amounts outstanding during six-month period 31.12.2006 to 30.06.2007, 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 31.12.2006	Operations in six-month period		Amount outstanding at 30.06.2007
								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	(a)	50.00	0.00			0.00
1/2 tranche			10	30.10.2006	(a)	50.00	0.00			0.00
2nd tranche			10	25.09.2007	(c)	100.00	20.00			20.00
UKRAINE III	98/592/EC	15.10.98				150.00				
1st tranche			10	30.07.2009	(c)	58.00	43.50			43.50
			-	-	(a)	92.00				
UKRAINE IV	2002/639/EC	12.07.02			(d)	110.00				
GEORGIA	97/787/EC	17.11.97	15	24.07.2013	(c)	110.00	85.50		28.00	57.50
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				
TAJIKISTAN	2000/244/EC	20.03.00			(b)	75.00				
1st tranche			15	30.03.2016	(c)	60.00	36.00		8.00	28.00
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
UKRAINE (Euratom)	94/179/EC	21.03.94	11	15.03.2018	(a)	EUR equivalent of USD 83 million	0.00	39.00		39.00
TOTAL							969.00	39.00	92.25	915.75

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 31.12.06	at 30.06.07	at 31.12.06	at 30.06.07
MED. Financial protocols(1)		8.03.77	75% (2)	30.10.78/10.11.78	6 062	5 555	5 553	880	824
MED. Horizontal cooperation	R/1762/92/EEC	29.06.92	75% (2)	09.11.92/18.11.92	1 800	1 656	1 656	607	556
<b>TOTAL MED. (3)</b>					<b>7 862</b>	<b>7 211</b>	<b>7 209</b>	<b>1 487</b>	<b>1 380</b>
<b>C and E Europe I</b>	90/62/EEC(4)	12.02.90	100%	24.04.90/14.05.90	1 000	912	912	169	146
	91/252/EEC(5)	14.05.91	100%	19.01.93/04.02.93	700	493	493	36	25
<b>C and E Europe II</b>	93/696/EC(6)	13.12.93	100%	22.07.94/12.08.94	3 000	2 464	2 464	930	782
<b>Asia, Latin America I</b>	93/115/EEC	15.02.93	100%	04.11.93/17.11.93	750	571	571	177	164
<b>Asia, Latin America Interim</b>	96/723/EC	12.12.96	100%	18.03.97/26.03.97	153	139	139	40	27
<b>Asia, Latin America Interim</b>	96/723/EC	12.12.96	70%	21.10.97	122	122	122	35	28
<b>South Africa</b>	95/207/EC	01.06.95	100%	04.10.95/16.10.95	300	285	285	103	96
<b>New mandates</b>	97/256/EC(7)	14.04.97	70%	25.07.97/29.07.97	7 105	6 142	6 142	3 545	3 334
<b>FYROM</b>	98/348/EC	19.05.98	70%	29.07.98/07.08.98	150	150	150	101	103
<b>Bosnia and Herzegovina</b>	98/729/CE	14.12.98	70%	16.06.99/22.06.99	100	100	100	65	63
<b>Turkey Terra</b>	99/786/EC	29.11.99	65%	18.04.00/23.05.00	600	600	600	538	535
<b>Mandates 2000-2007</b>	2000/24/EC(8)	22.12.99	65%	19.07.00/24.07.00 (11)	19 460	18 708	18 025	7 503	8 374
<b>The Baltic Sea basin of Russia</b>	2001/777/EC(9)	06.11.01	100%	06.05.02/07.05.02	100	85	85	64	68
<b>Russia, Belarus, Rep. Of Moldova and Ukraine</b>	2005/48/EC(10)	22.12.04	100%	21.12.05/09.12.05	500	0	30	0	0
<b>Mandate 2007-2013</b>	2006/1016/EC(12)	19.12.06	65%	01.08.07/29.08.07 (13)	27 800		0		0
<b>TOTAL</b>					<b>69 702</b>	<b>37 982</b>	<b>37 327</b>	<b>14 793</b>	<b>15 125</b>

(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, Republic of Moldova and Ukraine.

(11) Restated and amended in 2005.

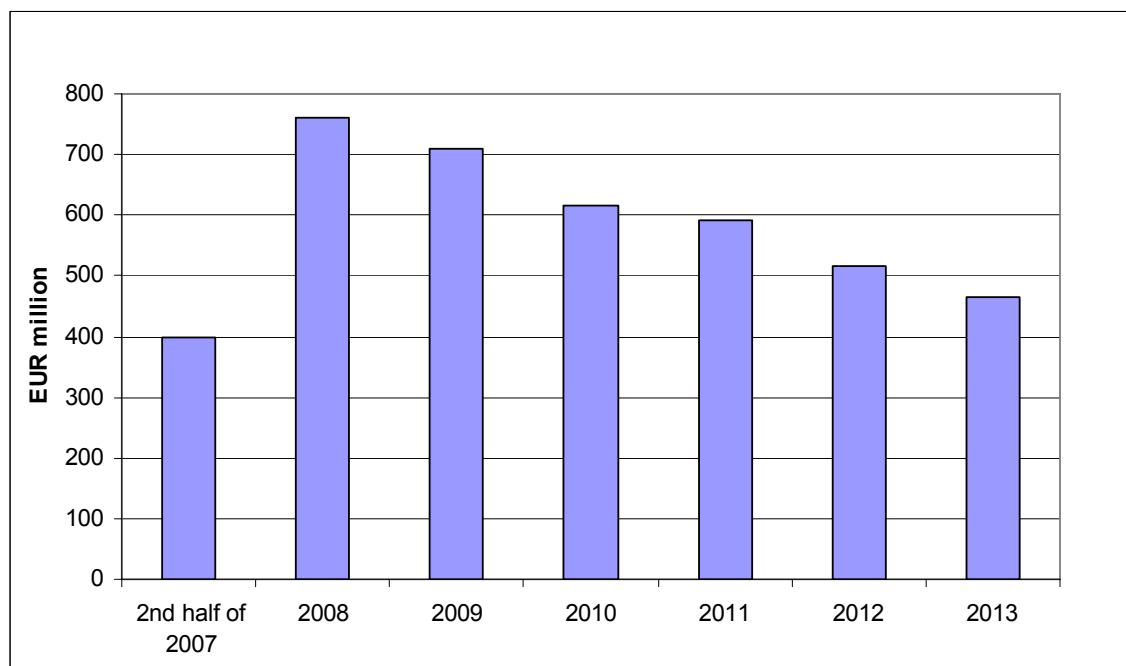
(12) Non-member States: Pre-Accession countries, Neighbourhood and Partnership countries, Asia and Latin America, Republic of South Africa.

(13) The amount decided of EUR 27 800 million is broken down into a basic ceiling of a fixed maximum amount of EUR 25 800 million and an optional mandate of EUR 2 000 million.

### 1.3. Disbursement forecast

The risk towards Member States should decrease in future as the loans are reimbursed 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)<sup>2</sup> or call upon the Euratom facility.

**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 30 June 2007<sup>3</sup>**



<sup>2</sup> Council Regulation (EC) No 332/2002 of 18 February 2002, OJ L 53, 23.2.2002, p. 1. This facility is limited to EUR 12 billion and has not yet been used.

<sup>3</sup> As of 31 December 2006, the 2007 annual risk for Member States was EUR 812 million.

At 30 June 2007, the EIB had still to disburse a total of EUR 6 649 million under the EUR 20 060 million current general mandate 2000 – 2007 for third countries:

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

		EUR million	
	Ceiling	Loans made available (minus cancellations) at 30.06.2007*	to be disbursed under signatures**
Mediterranean***	6 520	6 475	2 965
South-Eastern Neighbours****	10 235	6 510	3 070
Asia, Latin America	2 480	2 114	416
South Africa	825	736	198
	<b>20 060</b>	<b>15 835</b>	<b>6 649</b>

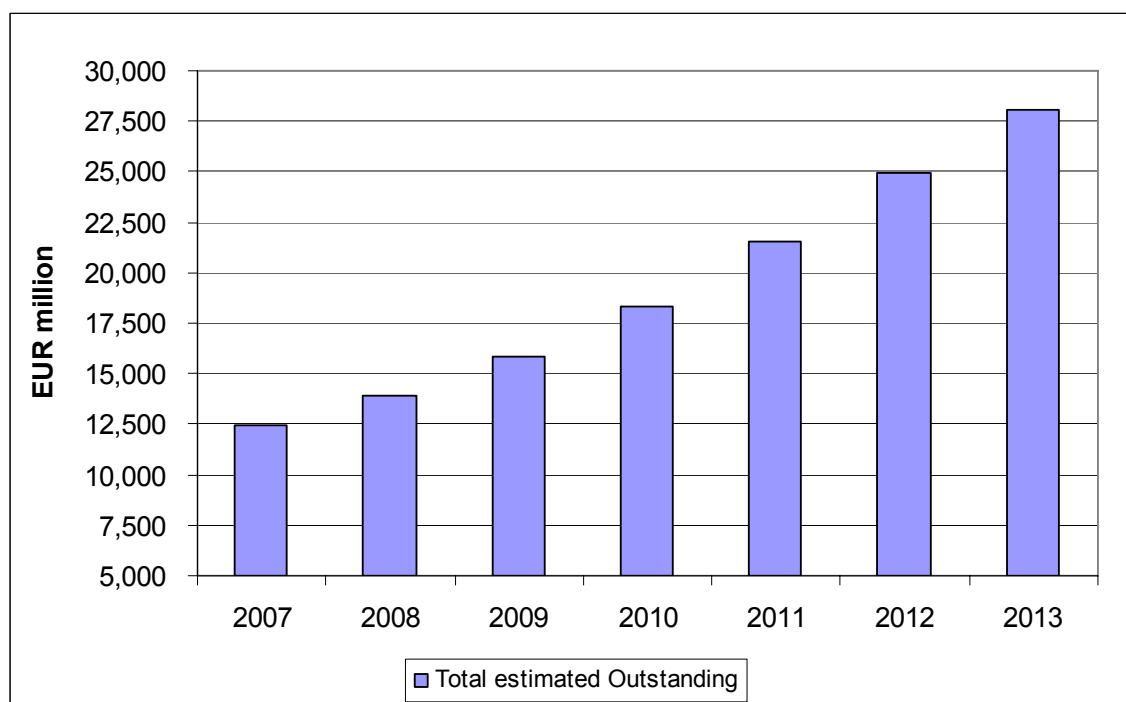
\* EUR 2,790 million for Member States are not included (Bulgaria, Hungary, Lithuania, Romania, Slovakia, Slovenia).

\*\* EUR 1,110 million for 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 EUR 1,017 million which had not been disbursed at 31.12.2006 in favour of Bulgaria and mainly Romania was deemed cancelled and could 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 general mandate, MFA and Euratom loans and total estimated outstanding covered by the Fund**



## **1.4. Payment of the Budget guarantee<sup>4</sup>**

### *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), third countries (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 Council Decision (EC, Euratom) No 728/1994 of 31 October 1994, 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 defaulting entity in accordance with the relevant 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.

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<sup>4</sup> 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 actions<sup>5</sup>, 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 was revised in order to reflect the provisions of Council Decision (EC) No 1016/2006 of 19 December 2006 granting a Community guarantee to the EIB against losses under loans and loan guarantees for projects outside the Community<sup>6</sup>. The new Recovery Agreement, which has replaced the implementation agreement, was signed by the Community and the EIB on 1 and 29 August 2007.

#### *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.

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<sup>5</sup> Council Regulation (EC, Euratom) No 2728/94 of 31 October 1994 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 of 25 May 1999, OJ L 139, 2.6.1999, p. 1, Council Regulation (EC, Euratom) No 2273/2004 of 22 December 2004, OJ L 396, 31.12.2004, p. 28, and Council Regulation (EC, Euratom) No 89/2007 of 30 January 2007, OJ L 22, 31.1.2007, p. 1.

<sup>6</sup> 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<sup>7</sup>

#### 2.1.1. *Former Yugoslav Republic of Macedonia*

In the **former Yugoslav Republic of Macedonia**, output growth accelerated markedly in the first half of 2007 to around 5.5% (in real terms), compared to 2.5% during the first half in 2006. The current account registered a minor deficit of 0.3% of GDP in 2006, which however turned into a slight surplus of about 1% of GDP during the first half of 2007, reflecting a continuously strong increase in metal exports and in private transfers. Gross FDI inflows came back to some 1% of GDP during the first half of 2007, after a single privatisation project in the energy sector had raised FDI inflows to nearly 6% of GDP in 2006. Early debt repayments reduced the external debt of the country by about 3 percentage points of GDP (to 34% of GDP) during the first half of 2007.

#### 2.1.2. *Bosnia and Herzegovina*

In **Bosnia and Herzegovina** real GDP growth was 6.2% in 2006 and is projected to remain around 6% in 2007. The current account deficit almost halved to around 11% of GDP in 2006, but widened again to around 12% in the first half of 2007. The 2006 improvement was due to favourable export prices and the introduction of VAT which led to a more accurate reporting of export values and a frontloading of imports in the second half of 2005. After a two year decline of net FDI inflows as a share of GDP, the ratio is projected to exceed 10% of GDP in 2007. External public debt declined to around 21% of GDP at the end of 2006, bringing the total external debt close to 50% of GDP.

#### 2.1.3. *Georgia*

In **Georgia**, the trade balance and the current account deteriorated in 2006 owing to strong import demand and sluggish export growth, as Georgia sought after new export markets in the aftermath of Russia's transport and trade blockade. The trade deficit for 2006 is estimated at 26% of GDP. The growth in remittances and official transfers cushioned the impact on the current account deficit which nonetheless is estimated to have widened to 13.8% of GDP (9.8 % in 2005). In 2007 the current account deficit is forecast to increase to 16% of GDP, notably because of the increase in the import price of natural gas while exports have not yet taken off substantially. The current account deficit is however financed comfortably by an inflow of foreign direct investment, and the

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<sup>7</sup> In this Section 2.1, other countries than those presented in the main report (see Chapter 7) are analysed.

external debt is not projected to increase from the current USD 1.7 billion. Georgia's external public debt as a percentage of GDP continued to decrease to about 22% (27% in 2005), and a further decline is projected for 2007 to around 18% thanks to the strong growth of the economy. Fitch assigned Georgia a sovereign credit rating BB- with a stable outlook in July 2007, reflecting notably the decline in the public debt burden.

#### *2.1.4. Tajikistan*

**Tajikistan's** economy has continued to grow strongly in 2006, recording a growth rate of 7% of GDP. The government budget is expected to register an increased deficit in 2007 of 14.1% of GDP (IMF estimate). Thanks to the successful bilateral debt agreements, in particular with Russia, Tajikistan's largest creditor, and debt relief from the IMF MDRI initiative in 2006, external debt has fallen to 30.6% of GDP in 2006. A deteriorating trade deficit is only partly offset by the rapid growth in foreign remittances. The current account deficit is expected to increase sharply from 2.5% in 2006 to about 14.1% in 2007. Import coverage of gross official reserves remains relatively low, around two months of imports. The IMF PRGF arrangement was successfully completed in 2006. The authorities have started the preparation of a successor arrangement, possibly under the PSI programme (IMF Policy Support Instrument).

#### *2.1.5. Argentina*

The **Argentinean** economy continues to grow rapidly, led by strong domestic investment and consumption, and is expected to expand by more than 8% in 2007. However, several years of buoyant growth and an undervalued peso have led to increased inflationary pressures. The authorities have previously undertaken a series of measures to curb price increases, Inflation is now suspected to be well into double-digits. The foreign trade dynamism, resulting from both strong world demand for commodities and the policy of exchange rate undervaluation, has allowed the country to run large current account surpluses above 3% of GDP. The strength of the economy has also led to a significant improvement in public finances. However, the primary surplus looks certain to deteriorate this year as a result of pre-election spending, and unless more restrictive policies are put in place, the Argentinean economy risks overheating. Moreover, uncertainties concerning the legal framework and government policy towards public utilities persist and continue to have detrimental effects on the confidence of foreign investors. Finally, Argentina remains in arrears to the EIB, having failed to pay the penalty interest (USD 1.7 million) steaming 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.
- b) The higher the ranking number, the lower the creditworthiness of the country.



Countries are rated on a scale of zero to 185; 185 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

## 2.3. Country-risk indicators (tables)

Country-risk indicators					
Country: Turkey					
		Footnotes	2005	2006	2007 (preliminary)
Real GDP growth rate	(%)		7.4	6.1	4.5
Industrial production	(% change)		5.4	5.8	6.0
Unemployment (end of period)	(% of labour force)		10.2	9.9	9.7
Inflation rate (CPI) (Dec/Dec)	(% change)		7.7	9.6	7.5
Exchange rate (end of period)	(TL per EUR)		1.68	1.80	1.75
<b>General government balance</b>	(% of GDP)		-0.3	0.4	-1.5
<b>Balance of payments</b>					
Exports of goods and services	(m EUR)		82500	95000	96000
Current account balance	(% of GDP)		-6.2	-7.9	-7.8
Net inflow of foreign direct investment	(m EUR)		3000	9800	15000
Official reserves, including gold (end of period)					
m EUR			48300	55000	65000
months' imports of goods and services			6.5	7.0	8.0
<b>External debt</b>					
Convertible currency external debt (end of period)	(m EUR)		115689	125000	145000
Convertible currency debt service	(m EUR)		22154	23000	24500
principal	(m EUR)		18654	18200	18700
interest	(m EUR)		3500	4800	5800
External debt/GDP	(%)		38.7	40.2	43.0
External debt/exports of goods and services	(%)		145.8	138.0	150.0
Debt service/exports of goods and services	(%)		35.6	35.0	39.0
Arrears (on both interest and principal)	(m EUR)		none	none	none
Debt relief agreements and rescheduling			none	none	none
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)	15.9	22.6	24.5
EU exposure/external debt	(%)		1.5	1.6	1.6
EU exposure/exports of goods and services	(%)		2.1	2.1	2.4
<b>IMF arrangements</b>					
Type			SBA	SBA	SBA
(Date)			(05/08)	(05/08)	(05/08)
On track			yes	yes	yes
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)			B1	B1	Ba3
S&P long-term foreign currency rating (end of period)			BB-	BB-	BB-
Euromoney			03/05 09/05	03/06 09/06	09/06 03/07
Position in the ranking		(b)	73 72	71 69	69 72
(number of countries)			(185) (185)	(185) (185)	(185) (185)

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

Country-risk indicators					
Country: Brazil					
		Footnotes	2005	2006	2007 (preliminary)
Real GDP growth rate	(%)		2.9	3.7	4.8
Industrial production	(% change)		3.1	2.8	5.5
Unemployment (end of period)	(% of labour force)		9.8	10.0	9.7
Inflation rate (CPI) (Dec/Dec)	(% change)		6.9	3.1	4.2
Exchange rate (end of period)	(Reais per EUR)		3.0	2.7	2.5
<b>General government balance</b>	(% of GDP)		-3.0	-3.0	-2.1
<b>Balance of payments</b>					
Exports of goods and services	(m EUR)		83901	97518	107447
Current account balance	(% of GDP)		1.6	1.2	1.0
Net inflow of foreign direct investment	(m EUR)		13333	17872	17305
Official reserves, including gold (end of period)					
m EUR			38156	60851	122553
months' imports of goods and services			8.7	11.2	18.4
<b>External debt</b>					
Convertible currency external debt (end of period)	(m EUR)		133333	141277	145532
Convertible currency debt service	(m EUR)		52396	33340	na
principal	(m EUR)		42243	23175	na
interest	(m EUR)		10153	10165	na
External debt/GDP	(%)		19.1	16.1	16.0
External debt/exports of goods and services	(%)		159	145	135
Debt service/exports of goods and services	(%)		62	34	na
Arrears (on both interest and principal)	(m EUR)		no	no	no
Debt relief agreements and rescheduling			no	no	no
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)	5.5	5.7	4.5
EU exposure/external debt	(%)		0.5	0.4	0.3
EU exposure/exports of goods and services	(%)		0.7	0.5	0.4
<b>IMF arrangements</b>					
Type			SBA	No	No
(Date)					
On track			yes		
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)			B1	Ba3	Ba1
S&P long-term foreign currency rating (end of period)			BB	BB	BB+
Euromoney			03/05 09/05	03/06 09/06	09/06 03/07
Position in the ranking		(b)	68 69	69 66	66 67
(number of countries)			(185) (185)	(185) (185)	(185) (185)

(a) (b) See explanatory notes

Country-risk indicators					
Country: Morocco					
		Footnotes	2005	2006	2007 (preliminary)
Real GDP growth rate	(%)		2.4	8.1	2.5
Industrial production in public enterprises					
Unemployment (average)	(% of labour force)	(1)	11.1	9.7	
Wholesale price Inflation (average)	(% change)		1.0	3.3	2.5
Exchange rate (end of period)	(MAD per USD)		8.86	8.79	
<b>General government balance</b>	(% of GDP)				
before grants			-5.2	-2.1	-2.5
after grants, privatization and including Fonds Hassan II			-4.1	-1.5	-2.6
<b>Balance of payments</b>					
Exports of goods a f.o.b.	(bn USD)		11.2	12.7	14.42
Current account balance	(% of GDP)		2.4	3.4	1.8
Net inflow of foreign direct investment	(bn USD)		2.94	2.89	n.a.
Official reserves, including gold (end of period)					
bn USD			16.08	19.97	23.61
in months of next years imports of goods and services			7.4	7.8	8.4
<b>External debt</b>					
Convertible currency external debt (end of period)	(bn USD)		12.4	13.7	14.2
Convertible currency debt service	(bn USD)				
principal	(bn USD)				
interest	(bn USD)				
External debt/GDP	(%)		25.4	23.3	22.0
External debt/exports of goods and services	(%)				
Debt service/exports of goods and services	(%)		10.8	8.4	9.1
Arrears (on both interest and principal)	(m USD)		-	-	-
Debt relief agreements and rescheduling	(m USD)		-	-	-
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)	9.5	13.6	13.2
EU exposure/external debt	(%)		10.0	11.4	11.7
EU exposure/exports of goods and services	(%)		11.1	12.3	11.5
<b>IMF arrangements</b>					
Type				-	-
(Date)				-	-
On track				-	-
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)			Ba2	Ba2	Ba1
S&P long-term foreign currency rating (end of period)		(b)	BB+	BB+	BB+
Euromoney			03/05 09/05	03/06 09/06	09/06 03/07
Position in the ranking			64 64	66 65	65 65
(number of countries)			185 185	185 185	185 185

Sources: International Monetary Fund.

#### Footnotes

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

Country-risk indicators					
Country: Tunisia					
		Footnotes	2005	2006	2007 (preliminary)
Real GDP growth rate	(%)		4.0	5.4	6.0
Industrial production in public enterprises					
Unemployment (average)	(% of labour force)	(1)	14.2	14.2	14.1
Inflation (average)	(% change)		2.0	4.5	3.0
Exchange rate (average)	(dinar per EUR)		1.67	1.71	
<b>Central government balance (including grants, excluding privatisations)</b>	(% of GDP)		-3.0	-2.8	-2.7
<b>Balance of payments</b>					
Exports	(bn USD)		10.2	11.5	13.5
Current account balance (excluding grants)	(% of GDP)		-1.1	-2.3	-2.5
Net inflow of foreign direct investment	(bn USD)		0.7	3.3	0.9
Official reserves, including gold (end of period)					
bn USD			4.4	6.8	7.8
in months of next years imports of goods and services			3.7	5.1	5.0
<b>External debt</b>					
Foreign currency public debt	(percent of total debt)		63.9	59.8	56.1
Convertible currency debt service	(bn USD)				
principal	(bn USD)				
interest	(bn USD)				
External debt/GDP	(%)		65.4	59.1	58.9
External debt/exports	(%)		126.0	120.9	111.7
External debt service/exports of goods and services	(%)		13.2	12.9	12.4
Arrears (on both interest and principal)	(m USD)				
Debt relief agreements and rescheduling	(m USD)				
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)	8.6	12.1	11.5
EU exposure/external debt	(%)				
EU exposure/exports of goods and services	(%)		11.0	12.1	10.8
<b>IMF arrangements</b>					
Type					
(Date)					
On track					
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)			Baa2	Baa2	A3
S&P long-term foreign currency rating (end of period)			BBB	BBB	BBB
Euromoney			03/05 09/05	03/06 09/06	09/06 03/07
Position in the ranking		(b)	58 60	59 62	62 64
(number of countries)			185 185	185 185	185 185

Sources: International Monetary Fund.

#### Footnotes

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

(1) Officially registered unemployed.

Country-risk indicators					
Country: Serbia					
		Footnotes	2005	2006	2007 (preliminary)
Real GDP growth rate	(%)		6.3	5.4	7.0
Industrial production	(% change)		0.8	5.5	5.1
Unemployment (end of period)	(% of labour force)		20.8	22.0	
Inflation rate (CPI) (Dec/Dec)	(% change)		17.5	6.6	6.5
Exchange rate (end of period)	(CSD per EUR)		82.9	79.1	79.5
<b>General government balance</b>	(% of GDP)		1.9	1.6	-0.5
<b>Balance of payments</b>					
Exports of goods and services	(m EUR)		5,597	6,520	5,973
Current account balance	(% of GDP)		-8.4	-11.5	-16.1
Net inflow of foreign direct investment	(m EUR)		1,314	3,329	968
Official reserves, including gold (end of period)					
m EUR			4,935	9,025	9,469
months' imports of goods and services			5.9	9.6	7.9
<b>External debt</b>					
Convertible currency external debt (end of period)	(m EUR)		13,108	14,876	16,801
Convertible currency debt service	(m EUR)		645	1,948	2,821
principal	(m EUR)		NA	NA	NA
interest	(m EUR)		NA	NA	NA
External debt/GDP	(%)		62.1	58.4	60.0
External debt/exports of goods and services	(%)		234	228	281
Debt service/exports of goods and services	(%)		11.5	29.9	47.2
Arrears (on both interest and principal)	(m EUR)		1,855	301	1,653
Debt relief agreements and rescheduling		(1)	yes	yes	no
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)	5.0	7.7	9.3
EU exposure/external debt	(%)		4.3	4.5	5.1
EU exposure/exports of goods and services	(%)		10.0	10.3	14.5
<b>IMF arrangements</b>					
Type			Extended Arrangement	-	-
(Date)			05/02 - 02/06	-	-
On track			completed	-	-
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			BB-	BB-	BB-
Euromoney			03/05 09/05	03/06 09/06	09/06 03/07
Position in the ranking		(b)	158 96	104 93	93 87
(number of countries)			(185) (185)	(185) (185)	(185) (185)

#### 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.

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

Country-risk indicators					
Country: Montenegro					
		Footnotes	2005	2006	2007 (preliminary)
Real GDP growth rate	(%)		4.1	6.5	6.9
Industrial production	(% change)		-1.9	1.0	-12.2
Unemployment (end of period)	(% of labour force)		18.4	14.7	12.7
Inflation rate (CPI) (Dec/Dec)	(% change)		1.8	2.0	1.6
Exchange rate (end of period)	(EUR per EUR)		1.0	1.0	1.0
<b>General government balance</b>	(% of GDP)		-2.9	1.2	4.2
<b>Balance of payments</b>					
Exports of goods and services	(m EUR)		730.9	920.9	466.9
Current account balance	(% of GDP)		-8.6	-29.4	-35.0
Net inflow of foreign direct investment	(m EUR)		383.0	475.0	284.8
Official reserves, including gold (end of period)					
m EUR			172.9	310.3	--
months' imports of goods and services			1.9	2.3	--
<b>External debt</b>					
Convertible currency external debt (end of period)	(m EUR)		772	n.a	
Convertible currency debt service	(m EUR)				
principal	(m EUR)				
interest	(m EUR)				
External debt/GDP	(%)		30.3	27.6	23.7
External debt/exports of goods and services	(%)		5.7	5.5	6.6
Debt service/exports of goods and services	(%)		5.8	3.7	
Arrears (on both interest and principal)	(m EUR)				
Debt relief agreements and rescheduling		(1)	yes	yes	
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)		0.6	0.9	1.0
EU exposure/external debt	(%)	(a)	8.0		
EU exposure/exports of goods and services	(%)		8.5	8.1	19.1
<b>IMF arrangements</b>					
Type			Extended Arrangement	None	None
(Date)			05/02 - 02/06		
On track			completed		
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			BB	BB	BB+
Euromoney			03/05 09/05	03/06 09/06	09/06 03/07
Position in the ranking		(b)	none	none	none
(number of countries)			(185) (185)	(185) (185)	(185) (185)

#### 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)

See explanatory notes at beginning of the tables

Country-risk indicators					
Country: Former Yugoslav Republic of Macedonia					
		Footnotes	2005	2006	2007 preliminary
Real GDP growth rate	(%)	(1)	3.80	3.10	5.00
Industrial production	(% change)	(1)	7.20	0.80	2.70
Unemployment (end of period)	(% of labour force)	(1)	37.30	36.00	35.80
Inflation rate (CPI)	(% change)	(1)	0.50	3.20	2.00
Exchange rate (end of period)	(Denar per <u>EUR</u> )	(1)	61.34	61.20	61.20
<b>General government balance</b>	(% of GDP)	(1)	0.30	-0.60	-1.00
<b>Balance of payments</b>					
Exports of goods and services	(m EUR)	(1)	2019.6	2389.8	2862.7
Current account balance	(% of GDP)	(1)	-1.3	-0.4	-2.0
Net inflow of foreign direct investment	(m EUR)	(1)	77.1	285.9	100.0
Official reserves, including gold (end of period)	(m EUR)	(1)	1123.0	1416.7	1600.0
months' imports of goods and services		(1)	4.00	5.10	5.30
<b>External debt</b>					
Convertible currency external debt (end of period)	(m EUR)	(2)	1928.3	1830.5	1769.8
Convertible currency debt service	(m EUR)	(2)	210.6	455.6	323.5
principal	(m EUR)	(2)	164.8	389.9	295.5
interest	(m EUR)	(2)	45.8	65.6	28.1
External debt/GDP	(%)	(2)	41.6	37.0	33.8
External debt/exports of goods and services	(%)	(2)	95.48	76.60	61.82
Debt service/exports of goods and services	(%)	(2)	10.43	19.06	11.30
Arrears (on both interest and principal)	(m EUR)		none	none	none
Debt relief agreements and rescheduling	(m EUR)		none	none	none
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)	1.9	2.5	2.3
EU exposure/external debt	(%)		10.8	11.7	12.3
EU exposure/exports of goods and services	(%)		10.3	9.0	7.6
<b>IMF arrangements</b>					
Type				SBA (3)	SBA (3)
(Date)				08/05-08/08	08/05-08/08
On track				yes	yes
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)		(b)	none	none	BB+
Euromoney			03/05 09/05	03/06 09/06	09/06 03/07
Position in the ranking			92 95	83 82	82 82
(number of countries)			(185) (185)	(185) (185)	(185) (185)

#### Footnotes

- (1) Estimate for full year  
(2) End June 2007  
(3) Precautionary SBA after first tranche in spring 2006, implying that there are normally no IMF disbursements. In 2007, the country made an early repayment of its debt towards the IMF.

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



Country-risk indicators					
Country: Bosnia and Herzegovina (1)					
		Footnotes	2005	2006	2007 preliminary
Real GDP growth rate	(%)		4.3	6.2	6.0
Industrial production	(% change)				
Federation			6.1	7.5	11.9
Republika Srpska			19.8	19.1	0.1
Unemployment (end of period)	(% of labour force)	(1)	44.6	43.9	44.2
Inflation rate (CPI) (12 month average)	(% change)		3.7	7.4	3.1
Exchange rate (end of period)	KM per EUR		1.96	1.96	1.96
	KM per USD		1.66	1.49	1.44
<b>General government balance (after grants)</b>	(% of BiH GDP)		2.4	2.9	n.a.
<b>Balance of payments</b>					
Exports of goods and services	(m EUR)		2848.5	3567.7	4134.0
Current account balance	(% of GDP)		-19.8	-10.7	-13.4
Net inflow of foreign direct investment	(m EUR)		418.7	337.0	110.2
Official reserves, including gold (end of period)					
m EUR			2155.6	2781.6	3165.0
months' imports of goods and services			4.0	5.1	5.3
<b>External debt</b>					
Convertible currency external debt	(m EUR)		8906.0	8999.0	9574.0
(end of period)					
Convertible currency debt service	(m EUR)		117.60	-	
principal	(m EUR)		72.60	-	
interest	(m EUR)		45.00	-	
External debt/GDP	(%)		56.4	50.7	48.5
External debt/exports of goods and services	(%)		312.66	252.24	231.59
Debt service/exports of goods and services	(%)	(2)	8.1	8.9	7.8
Arrears (on both interest and principal)	(m EUR)		none	none	
Debt relief agreements and rescheduling			yes	yes	
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)	1.5	2.7	3.5
EU exposure/external debt	(%)		1.9	2.6	3.4
EU exposure/exports of goods and services	(%)		6.0	6.7	7.8
<b>IMF arrangements</b>					
Type					
(Date)					
On track					
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)			Caa1	B3	B2
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			03/05 09/05	03/06 09/06	09/06 03/07
Position in the ranking		(b)	123 124	110 105	105 104
(number of countries)			(185) (185)	(185) (185)	(185) (185)

#### Footnotes

- (1) The 2005 and 2006 data is only available for September. The LFS conducted in April 2006 shows a lower unemployment rate of 31.1%.
- (2) External debt by the private sector is not included.
- (a) (b) See explanatory notes at beginning of the tables.

Country-risk indicators					
Country: Tajikistan					
		Footnotes	2005	2006	2007 (forecast)
Real GDP growth rate	(%)		6.7	7.0	7.5
Industrial production	(% change)		10.5	11.0	11.0
Unemployment (end of period)	(% of labour force)		n.a.	n.a.	n.a.
Inflation rate (CPI) (Year-end)	(% change)		7.1	12.5	9.0
Exchange rate (end of period)	(Somoni per USD)		3.10	3.3	n.a.
Exchange rate (end of period)	(Somoni per Euro)		3.9	4.1	n.a.
<b>General government balance</b>	(% of GDP)	(1)	-2.9	1.7	-14.1
<b>Balance of payments</b>					
Exports of goods and services	(m USD)		0.601	0.668	0.734
Current account balance	(% of GDP)		-2.5	-2.5	-15.2
Net inflow of foreign direct investment	(m USD)	(2)	55	66	70
Official reserves, including gold (end of period)					
m USD			224	252	284
months' imports of goods and services			2.1	2.0	2.1
<b>External debt</b>					
Convertible currency external debt (end of period)	(m USD)		887	859	1265
Convertible currency debt service principal	(m USD)		60	46	62
interest	(m USD)				
External debt/GDP	(%)		38.4	30.6	40.3
External debt/exports of goods and services	(%)		78.4	72.0	106.0
Debt service/exports of goods and services	(%)		5.7	5.0	5.0
Arrears (on both interest and principal)	(m USD)				
Debt relief agreements and rescheduling			yes Russia, Pakistan	yes Russia, Pakistan, IMF	yes Russia, Pakistan, IMF
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)	0.3	0.4	0.3
EU exposure/external debt	(%)		4.8	5.5	3.0
EU exposure/exports of goods and services	(%)		7.1	7.1	5.2
<b>IMF arrangements</b>					
Type			PRGF	PRGF/PSI	PRGF/PSI
(Date)		(3)	(09/02-02/06)	PSI under negotiation	PSI under negotiation
On track			yes	PRGF expired	PRGF expired
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)		(b)	none	none	none
Euromoney			03/05 09/05	03/06 09/06	09/06 03/07
Position in the ranking			169 170	170 165	165 162
(number of countries)			(185) (185)	(185) (185)	(185) (185)

(1) IMF

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

(3) in 2006 the PRGF expired, a successor via the PSI programme is being discussed

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

Country-risk indicators					
Country: Argentina					
		Footnotes	2005	2006	2007 (forecast)
Real GDP growth rate	(%)		9.2	8.0	8.0
Industrial production	(% change)		8.0	8.3	6
Unemployment	(% of labour force)		10.1	8.7	8.2
Inflation rate (CPI) (Dec. / Dec.)	(% change)		12.3	9.9	8.6
Exchange rate	(Pesos per 1 EUR)		3.6	3.9	4.5
<b>General government balance</b>	(% of GDP)		1.8	1.9	1.9
<b>Balance of payments</b>					
Exports of goods	(m EUR)		28652	33121	37730
Current account balance	(% of GDP)		3.1	3.9	2.8
Net inflow of foreign direct investment	(m EUR)		2553	2128	1631
Official reserves, including gold (end of period)					
bn USD			20.0	22.8	29.9
months' imports of goods and services			11.9	11.0	11.8
<b>External debt</b>					
Convertible currency external debt (end of period)	(m EUR)		80496	77021	75532
Convertible currency debt service	(m EUR)		14158	17397	n.a.
principal	(m EUR)		8034	12123	n.a.
interest	(m EUR)		6124	5274	n.a.
External debt/GDP	(%)		62.5	52.5	44.7
External debt/exports of goods and services	(%)		281	233	200
Debt service/exports of goods and services	(%)		49.4	52.5	n.a.
Arrears (on both interest and principal)	(m EUR)		yes	yes	yes
Debt relief agreements and rescheduling			yes	no	no
<b>Indicators of EU exposure</b>					
EU exposure/total EU exposure	(%)	(a)	1.5	1.2	1.0
EU exposure/external debt	(%)		0.2	0.1	0.1
EU exposure/exports of goods and services	(%)		0.6	0.3	0.2
<b>IMF arrangements</b>					
Type			SBA	No	No
(Date)					
On track			No		
<b>Indicators of market's perception of creditworthiness</b>					
Moody's long-term foreign currency rating (end of period)			Caa1	Caa1	B3
S&P long-term foreign currency rating (end of period)			B	B	B+
Euromoney			03/05 09/05	03/06 09/06	09/06 03/07
Position in the ranking		(b)	141 120	119 100	100 110
(number of countries)			(185) (185)	(185) (185)	(185) (185)

(a) (b) see explanatory notes