EN

COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION STAFF WORKING DOCUMENT

accompanying the

REPORT FROM THE COMMISSION

to the budgetary authority on guarantees covered by the general budget situation at 31 December 2008

{COM(2009) 398 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 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[1]:

75% of the total amounts of loans signed in the Mediterranean countries based on the Mediterranean protocols of 1977 and 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 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 financing operations with certain non-Member States authorised by Council Decisions 99/786/EC, 2000/24/EC 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 amounts of capital authorised (ceilings) and not outstanding amounts;
- the ceilings are not necessarily taken up in full.

Another factor to be considered is that some loans are disbursed in currencies other than the EUR. 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] Within each portfolio individual EIB loans are, de facto, guaranteed at 100% until the global ceiling is reached.

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 (Table A2)

Estimated amount of principal and interest due each financial year by each country according to disbursements made until 31 December 2008.

TABLE A1: CAPITAL OUTSTANDING IN RESPECT OF OPERATIONS DISBURSED at 31.12.2008 (in EUR million)

Operations	Authorised ceiling	Capital outstanding at 30.06.2008	Capital outstanding at 31.12.2008	Remainder to be disbursed at 31.12.2008
MEMBER STATES				
EIB (new Member States)		3 976	3 921	782
MFA to Bulgaria and Romania		253	140	
Euratom to Bulgaria and Romania		435	433	
BoP[1]				
Hungary	6 500		2 000	4 500
MEMBER STATES - TOTAL		**4 663**	**6 494**	**5 282**
THIRD COUNTRIES				
A. Macro-Financial Assistance				
Albania	9	9	9	
Bosnia-Herzegovina	40	40	40	
Bulgaria	750			
FYROM	90	90	85	
Georgia	142	58	58	
Lebanon	50			50
Romania	780			
Serbia and Montenegro	280	280	280	
Tajikistan	75	28	28	
Ukraine	453	29	15	
Sub total MFA	**2 669**	**534**	**514**	**50**
B. EURATOM[2]		**39**	**53**	**9**
C. Other				
EIB Pre-Accession countries	28 755	4 703	5 372	4 487
EIB Neighbourhood and Partnership countries	28 342	5 274	5 777	4 426
EIB Asia and Latin America	8 205	1 520	1 731	662
EIB South Africa	2 400	562	599	401
Sub total EIB[3]	**67 702**	**16 034**	**17 401**	**10 758**
THIRD COUNTRIES - TOTAL	**70 371**	**12 631**	**14 047**	**10 035**
GRAND TOTAL	**70 371**	**17 295**	**20 541**	**15 316**

(1) By Decision 1360/2008/EC of 2 December 2008 the Council decided to increase the ceiling from EUR 12 000 million to EUR 25 000 million.

(2) 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 in certain non-member States.

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

ANNEX TO TABLE A1: SITUATION IN RESPECT OF EIB OPERATIONS at 31.12.2008 (in EUR million)

Operations	Credit line authorised	Loans made available minus cancellations	Amounts disbursed	Amounts outstanding at 31.12.2008
Mandate 2007/2013:	**25 800**	**5 943**	**929**	**928**
Pre-Accession countries	*8 700*	*2 397*	*324*	*324*
Neighbourhood and Partnership countries:	*12 400*	*2 570*	*279*	*279*
Mediterranean	8 700	2 400	279	279
Eastern Europe, Southern Coucasus and Russia	3 700	170		
Asia and Latin America:	*3 800*	*774*	*321*	*321*
Asia	1 000	150		
Latin America	2 800	624	321	321
South Africa	*900*	*203*	5	5
Previous General Mandate 2000/2007[5]:	**20 060**	**19 602**	**13 617**	**11 500**
Pre-Accession countries	10 235	7 394	5 005	4 604
Neighbourhood and Partnership countries	6 520	6 446	4 444	3 837
Asia and Latin America	2 480	2 175	1 626	1 083
South Africa	825	824	463	426
Member States (following the accession)		2 763	2 079	1 550
sub-total 65 %[3]	**45 860**	**25 545**	**14 546**	**12 429**
Financial agreements (70% Guarantee rate)	**7 477**	**6 513**	**5 942**	**2 915**
Pre-Accession countries	3 770	477	431	312
Neighbourhood and Partnership countries	2 310	1 617	1 497	737
Asia and Latin America:	1 022	809	663	187
South Africa	375	375	255	128
Member States (following the accession)		3 236	3 096	1 550
sub-total 70 %[3]	**7 477**	**6 513**	**5 942**	**2 915**
Financial agreements (75% Guarantee rate)	**7 712**	**7 062**	**7 174**	**1 049**
Pre-Accession countries	1 350	713	720	122
Neighbourhood and Partnership countries	6 362	4 492	4 495	844
Member States (following the accession)		1 857	1 958	83
sub-total 75 %[3]	**7 712**	**7 062**	**7 174**	**1 049**
Financial agreements (100% Guarantee rate)	**6 653**	**5 320**	**5 145**	**1 008**
Pre-Accession countries	4 700	29	29	9
Neighbourhood and Partnership countries	750	315	84	80
Asia and Latin America	903	710	717	141
South Africa	300	285	202	41
Member States (following the accession)		3 982	4 113	737
sub-total 100 %[3]	**6 653**	**5 320**	**5 145**	**1 008**
Total	**67 702**	**44 440**	**32 807**	**17 401**

(3) Percentage figures relate to the Guarantee rate.

(4) Loans to New Member States were drawn from 'Pre-Accession countries' or from 'Neighbourhood and Partnership countries' ceilings. Bulgaria and Romania are included in the "New Member States".

(5) Including Turkey Terra and Special Action Turkey.

Table A2: Total Annual Risk borne by the Budget in EUR million based on the amounts (capital and interest) due under all operations (MFA, BoP, Euratom and EIB) disbursed at 31.12.2008

Ranking	Country	2009	2010	2011	2012	2013	2014	2015	2015 until 2038	Total Outstanding
1	Turkey	293.4	308.2	314.5	344.6	341.0	351.2	337.0	2 558.2	4 848.1
2	Romania	264.5	256.1	269.3	214.9	214.1	194.6	193.7	1 056.7	2 663.7
3	Hungary	93.7	90.8	2 089.9	22.5	13.6	9.0	8.6	6.5	2 334.7
4	Egypt	208.7	194.6	184.6	177.4	170.6	150.9	150.5	904.1	2 141.4
5	Morocco	137.1	140.1	146.7	148.7	149.0	141.4	126.7	939.5	1 929.3
6	Tunisia	131.2	138.3	136.6	137.5	140.6	134.7	127.9	736.6	1 683.3
7	Serbia	56.9	57.4	64.4	105.6	102.7	110.6	160.1	536.1	1 193.8
8	Bulgaria	96.1	85.8	69.8	82.4	67.8	68.3	64.8	278.8	813.8
9	Czech Republic	144.3	81.7	72.9	70.3	67.8	56.4	45.7	130.0	669.1
10	South Africa	115.2	67.2	56.9	70.6	43.0	45.4	39.6	197.8	635.6
11	Poland	85.8	81.3	78.8	76.3	70.5	53.1	43.1	142.2	631.1
12	Brazil	80.8	63.7	48.4	42.5	71.0	94.7	204.8	14.6	620.6
13	Croatia	31.7	31.1	39.7	42.7	42.8	39.4	38.5	301.8	567.7
14	Syria	35.6	43.3	43.3	43.3	41.6	41.6	39.4	248.0	536.1
15	Lebanon	70.6	63.5	64.1	64.0	58.6	40.9	39.9	106.7	508.3
16	Slovak Republic	66.2	65.5	66.0	51.0	37.2	25.8	15.1	116.1	442.9
17	Bosnia and Herzegovina	33.1	31.4	31.7	55.0	27.0	26.4	67.1	130.4	402.2
18	Jordan	45.8	41.1	39.5	36.8	30.4	24.5	16.9	63.9	299.0
19	The former Yugoslav Republic of Macedonia	27.5	25.4	25.1	26.9	23.4	25.4	23.8	82.7	260.3
20	Albania	13.4	13.4	13.3	14.5	12.5	14.2	14.0	100.4	195.7
21	Israel	8.0	8.9	10.2	10.1	10.2	10.4	8.7	108.4	175.0
22	Peru	8.3	10.2	17.8	18.7	18.5	15.1	15.1	30.7	134.4
23	Indonesia	15.6	18.9	15.1	12.4	12.4	12.4	12.4	29.8	129.2
24	Sri Lanka	4.9	3.2	4.8	7.8	10.5	13.2	13.2	53.5	111.1
25	Vietnam	10.7	14.4	14.9	14.9	14.8	14.6	6.9	12.6	103.7
26	Slovenia	26.2	20.8	14.3	11.4	9.4	7.4	4.4	2.1	96.1
27	Colombia	1.4	4.2	9.9	9.9	9.9	9.9	9.9	37.2	92.2
28	Pakistan	10.5	12.0	12.0	12.0	9.1	6.2	6.2	13.4	81.5
29	Russia	5.4	4.8	4.8	7.3	7.3	7.3	7.3	36.2	80.2
30	Argentina	17.7	14.7	14.6	11.5	11.4	3.8	3.8	0.0	77.5
31	Mexico	23.9	23.6	3.3	3.3	3.3	3.3	3.3	13.3	77.4
32	the Philippines	7.0	9.1	9.0	9.2	9.6	9.5	7.3	15.4	76.1
33	Ukraine	22.7	6.7	6.6	6.5	6.3	6.2	6.1	14.6	75.6
34	China	8.6	8.4	7.7	7.0	7.1	7.2	7.3	22.1	75.3
35	Georgia	24.2	22.7	13.8	0.0	0.0	0.0	0.0	0.0	60.7
36	Lithuania	6.4	5.7	5.5	5.3	5.1	5.0	4.8	17.9	55.6
37	Latvia	7.3	6.9	6.7	5.2	5.1	5.0	4.8	13.9	55.1
38	Montenegro	1.5	1.6	2.4	3.1	3.5	3.4	3.3	34.9	53.8
39	Maldives	2.5	3.0	4.5	5.3	5.3	5.3	5.3	17.4	48.6
40	Cyprus	9.5	9.6	9.2	7.1	4.6	3.0	0.0	0.0	43.1
41	The West Bank and the Gaza Strip	4.2	4.2	4.2	4.2	4.2	4.2	4.2	10.2	39.4
42	Ecuador	0.6	2.0	4.1	4.1	4.1	4.1	4.1	14.3	37.3
43	Laos	0.0	0.0	0.2	0.4	0.5	0.5	0.6	34.5	36.7
44	Panama	1.8	2.5	2.5	2.5	2.5	2.5	2.5	19.6	36.1
45	Paraguay	0.2	0.0	3.6	7.2	7.2	7.2	7.2	3.6	36.1
46	Algeria	7.1	6.9	6.7	6.0	5.3	2.2	0.0	0.0	34.2
47	Thailand	6.0	5.0	4.6	6.3	8.6	2.1	0.0	0.0	32.5
48	Tadjikistan	1.0	0.6	0.6	12.5	12.2	4.0	0.0	0.0	30.9
49	Bangladesh	4.9	4.9	4.9	4.8	4.8	0.0	0.0	0.0	24.3
50	Uruguay	1.6	1.9	2.4	2.8	3.3	3.6	2.8	4.2	22.6
51	Costa Rica	3.7	3.7	3.7	3.7	3.7	0.0	0.0	0.0	18.3
52	El Salvador	2.7	2.1	2.0	0.9	1.3	1.3	1.2	5.2	16.7
53	India	3.2	3.2	3.2	3.2	3.2	0.0	0.0	0.0	16.0
54	Malaysia	3.1	3.0	1.8	1.8	0.9	0.0	0.0	0.0	10.7
55	Estonia	1.0	1.0	1.0	0.5	0.0	0.0	0.0	0.0	3.5
56	Malta	0.7	0.7	0.7	0.7	0.3	0.0	0.0	0.0	3.0
57	Republic of Moldova	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.6	1.1
	Total outstanding	2 295.8	2 130.9	4 088.4	2 057.3	1 950.7	1 828.8	1 910.1	9 216.4	25 478.3
	Member States	801.8	705.8	2684.0	547.7	495.5	427.6	385.0	1764.2	7811.6

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 30.06.2008 to 31.12.2008

As Bulgaria and Romania joined 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 30.06.2008 in EUR million	Outstanding amount at 31.12.2008 in EUR million
BOP	2002/332/EC (5)	18.02.02		100%		(d)	**25 000.00**	**0.00**	**2 000.00**
Hungary	2009/102/EC	04.11.08		100%		(b)	**6 500.00**		**2 000.00**
1st tranche		09.12.08	3		09.12.2011	(c)			**2 000.00**
EURATOM			(3)	100%			**4 000.00**	**434.50**	**432.50**
	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	40.00
2nd tranche			15		15.01.2017	(c)		13.50	12.75
3rd tranche			17		19.08.2019	(c)		25.00	25.00
4th tranche			15		18.06.2018	(c)		25.00	23.75
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
Romania							**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
NCI			(6)	100%			**6 830.00**		
TOTAL							**35 830.00**	**434.50**	**2 432.50**

(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.

(5) By Decision 1360/2008/EC of 2 December 2008 the Council decided to increase the ceiling from EUR 12 000 million to EUR 25 000 million.

(6) Decisions abrogated

TABLE A3b (1)

European Community (MFA) and Euratom loans to non-member States*

Changes in amounts outstanding during six-month period 30.06.2008 to 31.12.2008, 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 30.06.2008	Operations in six-month period		Amount outstanding at 31.12.2008
								Amounts disbursed	Amounts repaid	
BULGARIA III*	97/472/EC	22.07.97				**250.00**				
1st tranche			10	10.02.2008	(c)	*125.00*	0.00			0.00
2nd tranche			10	22.12.2008	(c)	*125.00*	31.25		31.25	0.00
BULGARIA IV*	99/731/EC	08.11.99				**100.00**				
1st tranche			10	21.12.2009	(c)	*40.00*	20.00		10.00	10.00
2nd tranche			-	-	(c)	*60.00*	45.00		15.00	30.00
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*	50.00			50.00
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
REPUBLIC OF 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
REPUBLIC OF MOLDOVA II	96/242/EC	25.03.96	10	30.10.2006	(a)	**15.00**	0.00			0.00
FYROM I	97/471/EC	22.07.97				**40.00**				
1st tranche			15	27.09.2012	(c)	*25.00*	25.00		5.00	20.00
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 (MFA) and Euratom loans to non-member States

Changes in amounts outstanding during six-month period 30.06.2008 to 31.12.2008, 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 30.06.2008	Operations in six-month period		Amount outstanding at 31.12.2008
								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*	0.00			0.00
UKRAINE III	98/592/EC	15.10.98				**150.00**				
1st tranche			10	30.07.2009	(c)	*58.00*	29.00		14.50	14.50
			-	-	(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**	57.50			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	28.00			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
LEBANON	2007/860/EC	21.12.07			(d)	**50.00**				
UKRAINE (Euratom)	94/179/EC	21.03.94	11	15.03.2018	(b)	EUR equivalent of USD 83 million	39.00	16.90	3.00	52.90
TOTAL							**768.75**	**16.90**	**78.75**	**706.90**

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 30.06.08	at 31.12.08	at 30.06.08	at 31.12.08
MED. Financial protocols(1)		8.03.77	75% (2)	30.10.78/10.11.78	6 062	5 548	5 548	674	608
MED. Horizontal cooperation	R/1762/92/EEC	29.06.92	75% (2)	09.11.92/18.11.92	1 800	1 656	1 656	455	441
TOTAL MED. (3)					**7 862**	**7 204**	**7 204**	**1 129**	**1 049**
C and E Europe I	90/62/EEC(4)	12.02.90	100%	24.04.90/14.05.90	1 000	912	912	109	120
	91/252/EEC(5)	14.05.91	100%	19.01.93/04.02.93	700	493	493	11	9
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	677	618
Asia, Latin America I	93/115/EEC	15.02.93	100%	04.11.93/17.11.93	750	571	571	129	136
Asia, Latin America Interim	96/723/EC	12.12.96	100%	18.03.97/26.03.97	153	139	139	19	5
Asia, Latin America Interim	96/723/EC	12.12.96	70%	21.10.97	122	122	122	14	11
South Africa	95/207/EC	01.06.95	100%	04.10.95/16.10.95	300	285	285	51	41
New mandates	97/256/EC(7)	14.04.97	70%	25.07.97/29.07.97	7 105	6 142	6 142	2 833	2 730
FYROM	98/348/EC	19.05.98	70%	29.07.98/07.08.98	150	150	150	114	117
Bosnia and Herzegovina	98/729/CE	14.12.98	70%	16.06.99/22.06.99	100	100	100	59	57
Turkey Terra	99/786/EC	29.11.99	65%	18.04.00/23.05.00	600	600	600	515	524
Mandates 2000-2007	2000/24/EC(8)	22.12.99	65%	19.07.00/24.07.00 (11)	19 460	19 008	19 002	9 933	10 976
The Baltic Sea basin of Russia	2001/777/EC(9)	06.11.01	100%	06.05.02/07.05.02	100	85	85	75	80
Russia, Belarus, Rep. Of Moldova and Ukraine	2005/48/EC(10)	22.12.04	100%	21.12.05/09.12.05	500	230	230	1	1
Mandate 2007-2013	2006/1016/EC(12)	19.12.06	65%	01.08.07/29.08.07 (13)	27 800	3 761	5 943	364	928
TOTAL					**69 702**	**42 264**	**44 441**	**16 034**	**17 400**

(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) Poland, Hungary.
(5) Czech Republic and Slovak Republic, Bulgaria, Romania.
(6) Poland, Hungary, Czech Republic and Slovak Republic, Bulgaria, Romania, Baltic States and Albania.
(7) Central and Eastern Europe, Mediterranean, Asia and Latin America, South Africa.
(8) 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) 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. Evolution of risk

1.3.1. Situation of loans to Member States

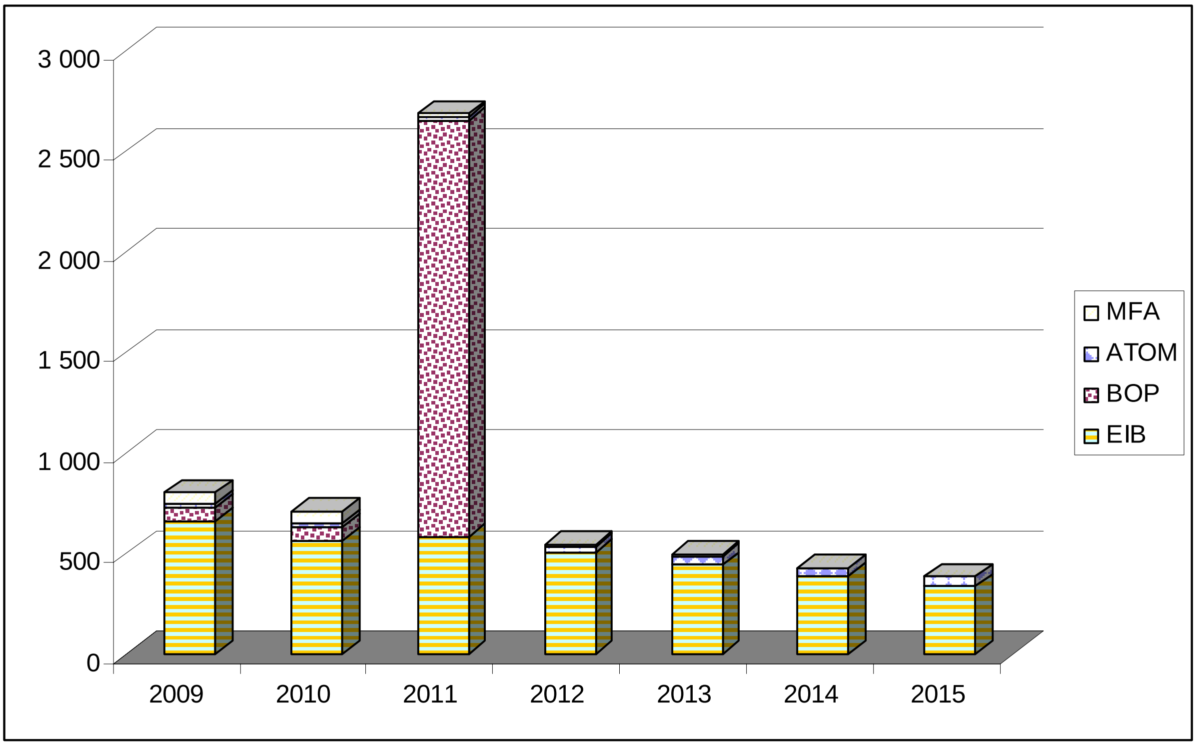
The risk towards Member States should decrease in future for the loans disbursed under Euratom, MFA, or EIB guaranteed financing.

However, the total risk toward Member States is increasing. This situation is explained by the activation of the Balance-of-Payment[2] facitity in 2008.

Hungary will reimburse in 2011 its first tranche of EUR 2 000 million disbursed in December 2008 (included in Graph A1).

In addition, one tranche of EUR 2 000 million disbursed in 2009 for Hungary will be reimbursed in 2014. Another tranche of EUR 1 000 million for Latvia disbursed in 2009, will be reimbursed in 2014. These tranches are not included in Graph A1 as they were not yet disbursed at 31 December 2008.

Graph A1: Total Annual Risk borne by the Budget in EUR million based on the amounts (capital and interest) due under operations (MFA, BoP, Euratom and EIB) disbursed at 31.12.2008[3] with the Member States. (EUR million)



2 Council Regulation (EC) No 332/2002 of 18 February 2002 (OJ L 53, 23.2.2002, p.1).

3 As of 31 December 2008, the 2009 annual risk for Member States was EUR 802 million.

1.3.2. *Situations of loans to third countries*

At 31 December 2008, a total of EUR 5 307 million remained to be disbursed by the EIB under the EUR 20 060 million general mandate 2000– 2007 for third countries:

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

EUR million

	Ceiling	Loans made available (minus cancellations) at 31.12.2008*	to be disbursed
Mediterranean	6 520	6 446	1 849
South-Eastern Neighbours**	10 235	7 394	2 365
Asia, Latin America	2 480	2 175	192
South Africa	825	824	204
Member States*		2 763	697
	20 060	**19 602**	**5 307**

* EUR 2,763 million for Member States are not included (Bulgaria, Hungary, Lithuania, Romania, Slovakia, Slovenia).

** The ceiling includes Terra Turkey and Special Action Turkey.

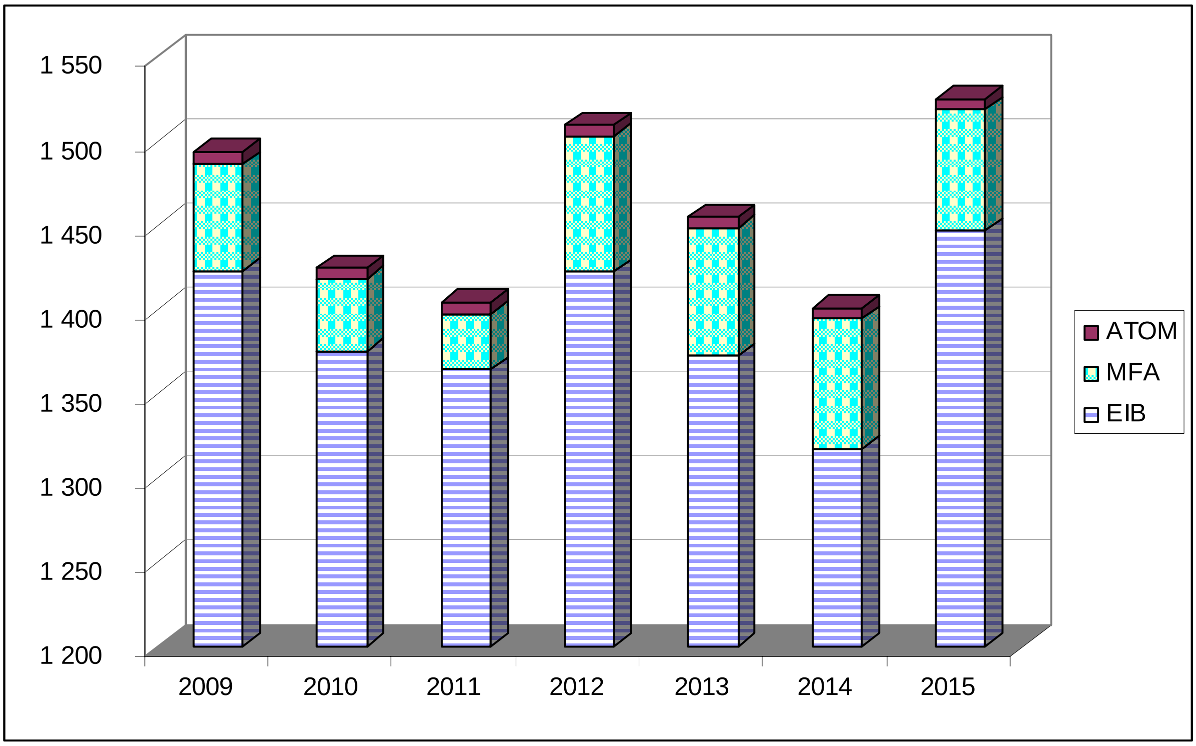
At the same date, an amount of EUR 5 053 million were to be disbursed under the general mandate 2007-2013.

Table A6: Disbursement forecast for EIB loans on general mandate 2007 - 2013

EUR million

	Ceiling	Loans made available (minus cancellations) at 31.12.2008	to be disbursed
A. Pre-Accession Countries	8 700	2 397	2 091
B. Neighbourhood and partnership countries	12 400	2 570	2 295
C. Asia and Latin America	3 800	774	470
D. South Africa	900	203	197
	25 800	**5 944**	**5 053**

Graph 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 31.12.2008 with the third countries. (EUR million)

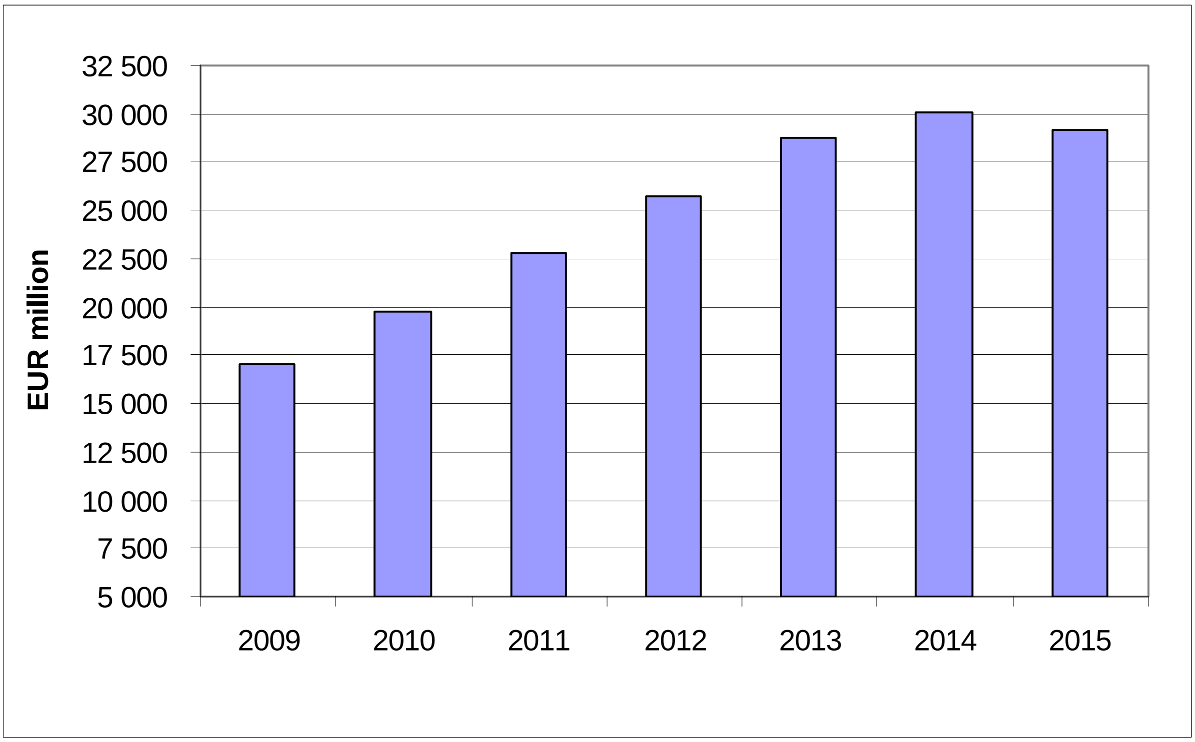


*It should be noted that, following an action undertaken by the Parliament, on 6 November

2008 the Court of Justice annulled Council Decision 2006/1016/EC on the grounds that it should have been adopted under a dual legal basis. The Court, while annulling the Decision, ordered "*that its effects be maintained for EIB financing arrangements entered into before the entry into force, within a period of 12 months from the date of delivery of this judgment, of a new decision adopted on the appropriate legal basis, namely Articles 179 EC and 181a EC together*". The Commission adopted a proposal to the European Parliament and the Council to replace the annulled decision on 14 January 2009 COM (910) 2008.

The Graph A3 presents simulations of some scenarios of disbursements under the mandates preceding the general mandate 2007-2013, as well as under the general mandate 2007-2013. The rhythm of disbursements has a strong impact on the amount of the provisioning of the Fund in future years.

Graph A3: Estimated outstanding amount covered by the Fund from 2009 to 2015.



1.4. Payment under the Budget guarantees[4]

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 utility companies (Euratom).

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

[4] The Communities have granted loans and guaranteed loans to accession countries. Those loans and guarantees were covered by the Guarantee Fund and remain outstanding 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.

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 implementing Council Decision 2007/436/EC, Euratom of 7 June 2007 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 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 recovered funds, if any.

1.4.2. Guarantees given to third parties

The Community provides a guarantee in respect of financing granted by the EIB under the external mandates. 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 good banking practice and is obliged to seek to recover the payments due after the guarantee has been activated.

Since the entry into force of the Regulation establishing the Guarantee Fund for external actions[5], 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, see 1.4.1 above.

An Implementation Agreement was concluded between the Community and the EIB on 20 and 22 January 1999 to determine recovery procedures in connection with Community guarantees to the EIB. This agreement was revised in order to reflect the provisions of Council Decision 2006/1016/EC of 19 December 2006 granting a Community guarantee to the EIB against losses under loans and loan guarantees for projects outside the Community[6]. The new Recovery Agreement, which has replaced the Implementation Agreement for new operations, 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

[5] 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).

[6] OJ L 414, 30.1.2.2006, p. 95.

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 (see 1.4.2 above).

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. From the date of payment to the EIB, default interest is due to the Commission.

2. COUNTRY-RISK EVALUATION

Third countries other than those presented in the main report, but representing important risks to the Budget in 2009, notably through EC macro-financial assistance, Euratom loans or guarantees of EIB projects related financing, 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 and tables of risk indicators.

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

2.1. Candidate countries

2.1.1. Turkey

In **Turkey**, annual GDP growth was 1.2% in real terms in 2008. The growth slump is broad-based and is expected to continue in 2009, due to the sharp contraction in external demand, weak consumer and business confidence and tighter lending. Nevertheless, Turkey has proven relatively resilient to the global financial crisis so far, particularly in the banking sector. The current account deficit declined from 5.7% in 2007 to 5.6% of GDP in 2008, but is expected to decline below 2% of GDP in 2009, given the collapse of imports. The recent sharp decline of external deficits together with a reasonable roll-over of debt by the Turkish private sector ease concerns over external financing constraints although uncertainty remains going forward. Gross FDI inflows fell from 3.3% of GDP in 2007 to 2.4% of GDP in 2008. The external debt of the country rose slightly to 38% of GDP in 2008. Central bank reserves dropped somewhat in nominal terms and in terms of months of imports in 2008. Turkey's large external re-financing needs are expected to feel gradually the adverse effect of the global credit squeeze. The currency has already been under heavy pressure and lost about a quarter of its value against the euro in 2008.

Country-risk indicators:	Turkey		footnotes	2006	2007	2008 *estimate
General indicators	Real GDP growth rate	(%)		6.9	4.6	*1.2
	Industrial production	(% change)		5.8	5.4	-0.9
	Unemployment (end of period)	(% of labour force)		10.5	10.6	12.3
	Inflation rate (CPI) (Dec/Dec)	(% change)		9.7	8.4	10.1
	Exchange rate (end of period)	(TL per EUR)		1.86	1.72	2.15
	General government balance	(% of GDP)		-0.1	-1.2	-1.3
Balance of payments	Exports of goods and services	(m EUR)		95 780	105 110	119 180
	Current account balance	(% of GDP)		-6.1	-5.7	-5.6
	Net inflow of foreign direct investment	(m EUR)		15370	14530	10340
	Official reserves, including gold (end of period)					
	m EUR			48490	53500	48440
	months' imports of goods and services			5.0	5.0	4.1
External debt	Convertible currency external debt (end of period)	(m EUR)		164 013	180 292	189 116
	Convertible currency debt service	(m EUR)		31 927	35 547	34 694
	principal	(m EUR)		24 797	26 591	25 952
	interest	(m EUR)		7 130	8 957	8 742
	External debt/GDP	(%)		39.2	37.9	38.3
	External debt/exports of goods and services	(%)		171.2	171.5	158.7
	Debt service/exports of goods and services	(%)		33.3	33.8	29.1
	Arrears (on both interest and principal)	(m EUR)		none	none	none
	Debt relief agreements and rescheduling			none	none	none
Indicators of EU exposure	EU exposure (capital and interest due)	(m EUR)		1 972	2 285	4 848
	EU exposure/total EU exposure	(%)	(a)	22.6	22.4	34.5
	EU exposure/external debt	(%)		1.2	1.3	2.6
	EU exposure/exports of goods and services	(%)		2.1	2.2	4.1
IMF arrangements	Type			*SBA*	*SBA*	*SBA*
	(Date)			*(05/08)*	*(05/08)*	*(until 05/08)*
	On track			*yes*	*yes*	*yes*
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			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(b)	71 69	72 68	69 76
	(number of countries)			(185) (185)	(185) (185)	(185) (186)
	The Institutional Investor			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking			72 74	71 71	70 70
	(number of countries)			(173) (173)	(173) (173)	(174) (177)

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

2.2. Potential candidate countries

2.2.1. Serbia

In **Serbia** real GDP growth slowed to 6.0% in 2008. The current account deficit widened to 18.2% of GDP compared to 16.5% in 2007. However, during the second half of 2008 the current account deficit started to narrow. Serbia became increasingly affected by the global economic crisis and imports fell substantially faster than exports, a trend which continued in early 2009. Net FDI slowed to 6.0% of GDP in 2008, compared to 6.3% of GDP in 2007. Foreign borrowing slowed to 9.5% of GDP in 2008, from 10.8% a year earlier. As a result of the slowdown in capital inflows in 2008, foreign exchange reserves of the National Bank of Serbia declined to 3.4% of GDP but still remained at 6.3 months of imports. External debt reached at 67% of GDP.

Country-risk indicators:	Serbia		footnotes	2006	2007	2008
General indicators	Real GDP growth rate	(%)		5.6	7.1	6.0
	Industrial production	(% change)		4.7	3.7	0.9
	Unemployment (end of period)	(% of labour force)		21.6	18.8	NA
	Inflation rate (RPI) (Dec/Dec)	(% change)		6.6	10.1	3.0
	Exchange rate (end of period)	(CSD per EUR)		83.91	79.90	81.90
	General government balance	(% of GDP)		-1.6	-2.0	-2.2
Balance of payments	Exports of goods and services	(m EUR)		5 102	6 432	7 428
	Current account balance	(% of GDP)		-13.1	-16.5	-18.2
	Net inflow of foreign direct investment	(m EUR)		3 235	1 505	1 890
	Official reserves, including gold (end of period)					
	m EUR			9 025	9 641	8 160.0
	months' imports of goods and services			9.5	8.2	6.3
External debt	Convertible currency external debt (end of period)	(m EUR)		14 876	17 983	21 460
	Convertible currency debt service	(m EUR)		1 974	2 140	3 400
	principal	(m EUR)		NA	NA	NA
	interest	(m EUR)		NA	NA	NA
	External debt/GDP	(%)		63.0	61.1	66.6
	External debt/exports of goods and services	(%)		292	280	289
	Debt service/exports of goods and services	(%)		38.7	33.3	45.8
	Arrears (on both interest and principal)	(m EUR)		301	1 763	2 161
	Debt relief agreements and rescheduling		(1)	yes	no	no
Indicators of EU exposure	EU exposure (capital and interest due)	(m EUR)		671	812	1 194
	EU exposure/total EU exposure	(%)	(a)	7.7	8.0	8.5
	EU exposure/external debt	(%)		4.5	4.5	5.6
	EU exposure/exports of goods and services	(%)		13.2	12.6	16.1
IMF arrangements	Type			-	-	
	(Date)			-	-	
	On track			-	-	
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)	BB-	BB-	BB-
	Euromoney			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(b)	104 93	87 87	88 126
	(number of countries)			(185) (185)	(185) (185)	(185) (186)
	The Institutional Investor		(2)	03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking			87 89	94 89	85 86
	(number of countries)			(173) (173)	(173) (173)	(174) (177)

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.

2.2.2. *Montenegro*

In **Montenegro** the economy expanded in 2008 by 8.1% in real terms. Yet, the contraction of exports, but also of imports of goods, contributed to curb the current account deficit in the last quarter of 2008. However, the cool-down of the real estate market reflected a decline of FDI by 17% year-on-year. Meanwhile, the stronger moderation of outflows kept net FDI at similar levels as in the previous year (17% of GDP). The impact of the global economic crisis hit the domestic manufacturing sector, which contracted by more than 16% in the last quarter of 2008. Yet, given the considerably bigger share of employment in services, this continued growing by 6% annually, while the unemployment rate further contracted. The public debt increased by nominal 21.4% in 2008. However, the external public debt grew much more moderately by 4.2% and represents some 14% of GDP. Overall, the consolidated budget recorded a surplus of 1.5% of GDP.

Country-risk indicators:	Montenegro		footnotes	2006	2007	2008 (Estimate)
General indicators	Real GDP growth rate	(%)		8.6	10.7	8.1
	Industrial production	(% change)		1.0	0.1	-1.1
	Unemployment (end of period)	(% of labour force)		14.7	11.9	10.8
	Inflation rate (CPI) (Dec/Dec)	(% change)		2.8	7.7	6.9
	Exchange rate (end of period)	(EUR per EUR)		1.0	1.0	1.0
	General government balance	(% of GDP)		2.7	6.4	1.5
Balance of payments	Exports of goods and services	(m EUR)		920.9	1 333.8	1 282.0
	Current account balance	(% of GDP)		-24.7	-29.4	-29.2
	Net inflow of foreign direct investment	(m EUR)		475.0	524.9	567.6
	Official reserves, including gold (end of period)					
	m EUR			310.3	490.4	336.1
	months' imports of goods and services			2.7	2.6	1.7
External debt	Convertible currency external debt (end of period)	(m EUR)		845	1 656	2 287
	Convertible currency debt service	(m EUR)		n.a.	n.a.	n.a.
	principal	(m EUR)				
	interest	(m EUR)				
	External debt/GDP	(%)		43.7	65.5	77.2
	External debt/exports of goods and services	(%)		91.8	124.2	178.4
	Debt service/exports of goods and services	(%)		n.a.	n.a.	n.a.
	Arrears (on both interest and principal)	(m EUR)		0	0	0
	Debt relief agreements and rescheduling			yes	yes	yes
Indicators of EU exposure	EU exposure (capital and interest due)	(m EUR)		75	63	54
	EU exposure/total EU exposure	(%)	(a)	0.9	0.6	0.4
	EU exposure/external debt	(%)		8.8	3.8	2.4
	EU exposure/exports of goods and services	(%)		8.1	4.7	4.2
IMF arrangements	Type			none	none	none
	(Date)					
	On track					
Indicators of market's perception of creditworthiness	Moody's long-term foreign currency rating (end of period)			none	Baa1	Baa1
	S&P long-term foreign currency rating (end of period)			BB/Positive/B	BB+/Stable/B	BB+/Negative/B
	Euromoney			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(b)	none	none	none
	(number of countries)			(185) (185)	(185) (185)	(185) (186)
	The Institutional Investor			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking			87 89	89 96	87 88
	(number of countries)			(173) (173)	(173) (173)	(174) (177)

Footnotes

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

2.3. New Independent States

2.3.1. Georgia

The geo-political situation in Georgia remains fragile, due to the consequences of the military conflict with Russia. The newly-implemented monetary policy in order to curb inflation was put to the test in the immediate aftermath of military conflict. This forced the authorities to allow a 16% depreciation of the lari against the dollar in November 2008. After several years of very high real GDP growth, the economy is expected to slow down in 2009. Supportive fiscal and monetary policy measures aim to also cushion the consequences of the global crisis. The fiscal policy will remain accommodative, with the government budget deficit increasing to 7% of GDP in 2009. In view of the expected deceleration of inflation consumer price is expected to decrease by 9%. Against the background of a heavy dependence on external funding, evidenced by a current account deficit that reached more than 20% of GDP in 2008, the Georgian financial sector seems to have difficulties to accede the capital markets.Vulnerabilities are mitigated, however, by the ample assistance (around 4.5 billion US$ over a three year period) pledged by the international community at an international donor's conference in October 2008. In addition, in late 2008 Georgia obtained access to an 18-month IMF Stand-By Arrangement of SDR 477.1 million to help ensure market access, and is seeking additional MFA funding from the EU.

Country-risk indicators:	Georgia		footnotes	2006	2007	2008 (projected)
General indicators	Real GDP growth rate	(%)		9.4	12.4	2.0
	Industrial production	(% change)		15.9	15.0	n.a.
	Unemployment (end of period)	(% of labour force)		13.8	13.9	n.a.
	Inflation rate (CPI) (Dec/Dec)	(% change)		9.2	10.0	5.0
	Exchange rate (end of period)	(Lari per USD)		1.71	1.59	1.66
	General government balance	(% of GDP) (commitments)		-2.4	-3.0	-4.7
Balance of payments	Exports of goods and services	(m USD)		2567	3240	3500
	Current account balance	(% of GDP)		-15.1	-19.6	-21.1
	Net inflow of foreign direct investment	(m USD)		1076	1562	1200
	Official reserves, including gold (end of period)					
	m USD			881	1361	1378
	months' imports of goods and services			1.8	2.1	2.4
External debt	Convertible currency external debt (end of period)	(m USD)		1 697	1 790	2 800
	Convertible currency debt service	(m USD)		270	171	n.a.
	principal	(m USD)		234.4	131.7	n.a.
	interest	(m USD)		36.0	38.9	n.a.
	External debt/GDP	(%)		30.0	30.7	34.6
	External debt/exports of goods and services	(%)		66	57	80
	Debt service/exports of goods and services	(%)		10.5	8.2	14.0
	Arrears (on both interest and principal)	(m USD)		0	0	0
	Debt relief agreements and rescheduling			no	no	no
Indicators of EU exposure	EU exposure (capital and interest due)	(m EUR)		86	65	61
	EU exposure/total EU exposure	(%)	(a)	1.0	0.6	0.4
	EU exposure/external debt	(%)		6.6	5.3	3.0
	EU exposure/exports of goods and services	(%)		4.4	2.9	2.4
IMF arrangements	Type			PRGF	PRGF	Stand-by
	(Date)			(06/04-06/07)	(06/04-06/07)	(09/08-03/10)
	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)			B+	B+	B
	Euromoney			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(b)	106 120	114 114	126 88
	(number of countries)			(185) (185)	(185) (185)	(185) (186)
	The Institutional Investor			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(b)	119 113	110 117	103 92
	(number of countries)			(173) (173)	(173) (173)	(174) (177)

Footnotes

(a) (b) See explanatory notes.

2.3.2. *Ukraine*

In **Ukraine,** real GDP growth decelerated strongly already in 2008 (2.1% against 7.8% in 2007), and is foreseen to collapse in 2009 (some forecasts are as low as -12.5%). This change was driven by the reduction in domestic demand, and especially investment, on the back of the reduction of domestic credit growth and a severely curtailed access to external financing of the domestic financial system. In early November 2008, Ukraine concluded a stand-by arrangement with the IMF worth USD 16.4 billion (eight times its quota); the first USD 4.5 billion was drawn upon its approval. The programme includes a sharp tightening of fiscal and monetary policy and the implementation of a flexible exchange rate regime; it also envisages support for the domestic banking sector. The recapitalisation needs of the 17 largest Ukrainian banks were estimated at a USD 3 billion, including USD 1.8 billion needed by the foreign banks (also from the EU). The first programme review initially scheduled for March was delayed as the IMF staff mission that ended in early February did not reach an agreement with the authorities due to slippages in the budgetary policy and several other outstanding matters, including a re-pegging of the currency and protectionist measures. In mid-April, however, the government and the IMF staff reached an agreement on the resumption of the lending under the programme, and the IMF Board will review the programme in the first half of May. In the meantime, the government has approached several bilateral donors (including the EU) for financial support.

Country-risk indicators:	Ukraine		footnotes	2006	2007	2008
General indicators	Real GDP growth rate	(%)		7.3	7.8	2.1
	Unemployment (average)	(% of labour force)	(a)	6.8	6.4	6.5
	Consumer price Inflation (average)	(% change)		9.1	12.8	25.2
	Exchange rate (end of period)	(UAH per USD)		5.1	5.1	5.3
	General government balance	(% of GDP)		-0.7	-1.1	-1.5
Balance of payments	Exports of goods and services f.o.b.	(bn USD)		39.0	49.8	67.7
	Current account balance	(% of GDP)		-1.5	-4.1	-6.6
	Net inflow of foreign direct investment	(bn USD)		5.3	9.2	9.9
	Official reserves, including gold (end of period)					
	bn USD			22.3	32.5	31.5
	in months of next years imports of goods and services			6.1	6.5	4.5
External debt	Convertible currency external debt (end of period)	(bn USD)				
	Convertible currency debt service	(bn USD)				
	principal	(bn USD)				
	interest	(bn USD)				
	External debt/GDP	(%)		50.6	57.9	60.2
	External debt/exports of goods and services	(%)				
	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 (capital and interest due)	(m EUR)		64	81	76
	EU exposure/total EU exposure	(%)	(1)	0.7	0.8	0.5
	EU exposure/external debt	(%)		N/A	N/A	N/A
	EU exposure/exports of goods and services	(%)		1.6	1.3	1.1
IMF arrangements	Type			-	-	
	(Date)			-	-	
	On track			-	-	
Indicators of market's perception of creditworthiness	Moody's long-term foreign currency rating (end of period)			B2	Ba3	B1
	S&P long-term foreign currency rating (end of period)			BB-	BB-	CCC+
	Euromoney			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	78 78	76 80	76 81
	(number of countries)			(185) (185)	(185) (185)	(185) (186)
	The Institutional Investor			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	75 80	78 78	79 80
	(number of countries)			(173) (173)	(173) (173)	(174) (177)

Sources: International Monetary Fund.

Footnotes

(1) (2) See explanatory notes at beginning of tables.

(a) Officially registered unemployed.

2.4. Mediterranean partners

2.4.1. Jordan

The Jordanian economy maintained a strong growth performance in 2008, despite the sharp increase of the food and oil prices and the slowdown of the economy in the second semester. Real GDP growth averaged around 5.5% but could drop to 3.5% in 2009.

Fiscal policy has been prudent in 2008 and allowed the fiscal deficit to narrow to 5% (including grants). Jordan also managed to repay a USD 2.1 billion of its external debt (reducing it to 62% of GDP) sending a strong signal to its creditors and donors. The current account deficit is expected to narrow to 16% of GDP in 2009. However it still remains large calling for acceleration in the export diversification efforts. The agreement of the Jordanian government with Iraq (as of August 2008) to receive low priced crude oil will help reducing further the energy bill.

The impact of the financial turbulences was manageable for the Jordanian banking sector. The absence of sophisticated financial instruments and the limited scale of most banking operations allowed banks to build a buffer against future short-term instability and authorities boosted confidence announcing a guarantee scheme of bank deposits.

Country-risk indicators:	Jordan		footnotes	2006	2007	2008 (prelim.)
General indicators	Real GDP growth rate	(%)		6.4	6	5.5
	Unemployment (average)	(% of labour force)	(a)	13.9	13.5	12.6
	Consumer price Inflation (average)	(% change)		6.3	5.4	14.9
	Exchange rate (end of period)	(JOD per USD)		0.7	0.7	0.71
	General government balance	(% of GDP)		-4.4	-6.2	-5.5
Balance of payments	Exports of goods and services f.o.b.	(bn USD)		5.2	5.7	6.5
	Current account balance	(% of GDP)		-11.3	-16.7	-23.9
	Net inflow of foreign direct investment	(bn USD)		3.1	1.9	2.3
	Official reserves, including gold (end of period)					
	bn USD			6.2	7.9	8.6
	in months of next years imports of goods and services			5.6	5	3.6
External debt	Convertible currency external debt (end of period)	(bn USD)				
	Convertible currency debt service	(bn USD)				
	principal	(bn USD)				
	interest	(bn USD)				
	External debt/GDP	(%)		51.9	47.0	24.0
	External debt/exports of goods and services	(%)				
	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 (capital and interest due)	(m EUR)		359	302	299
	EU exposure/total EU exposure	(%)	(1)	4.1	3.0	2.1
	EU exposure/external debt	(%)		N/A	N/A	N/A
	EU exposure/exports of goods and services	(%)		9.1	7.8	6.4
IMF arrangements	Type			-	-	
	(Date)			-	-	
	On track			-	-	
Indicators of market's perception of creditworthiness	Moody's long-term foreign currency rating (end of period)			Ba3	Baa3	Baa3
	S&P long-term foreign currency rating (end of period)			BB	BB	BB
	Euromoney			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	74 76	74 74	74 75
	(number of countries)			(185) (185)	(185) (185)	(185) (186)
	The Institutional Investor			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	73 76	81 82	81 83
	(number of countries)			(173) (173)	(173) (173)	(174) (177)

2.4.2. *Syria*

Syrian economy performed well during 2008. Non-oil GDP increased by an estimated 6 % however, the overall growth is estimated around 5% due to the decline of the oil production. Given its low integration with the global financial system Syria is likely to be only indirectly affected by a regional slowdown resulting from the economic linkages with other countries in the region and the Gulf countries. FDI, worker remittances and demand for Syrian exports may decline; therefore growth is expected to drop to 3.0% in 2009. Inflation averaged to around 14.5%. Inflationary pressures are expected to ease to 8% in 2009 as a result of the fall in the global prices. Additionally, any significant return of the Iraqi refugees to Iraq would help demand pressures to ease.

The fiscal deficit improved marginally to 3.5% in 2008 because public-sector salaries and crop purchases both increased largely offsetting the fiscal savings. For 2009, the Syrian government has embarked on an expansive fiscal policy which will be driven by large increases in capital expenditures but also in recurrent expenses. As a result, according to the budget the fiscal deficit will reach 9% of GDP. In early 2009, the government had secured around USD 600 million (including € 275 million from the EIB) for funding electricity and other development projects. The current account deficit widened slightly to around 4% in 2008 as a result of the declining oil production and is expected to widen marginally in 2009 as a result of the lower exporting oil prices and an expected slowdown in remittances, FDI and tourist inflows.

Country-risk indicators:	Syria		footnotes	2006	2007	2008 (prelim.)
General indicators	Real GDP growth rate	(%)		5.1	4.2	5.2
	Unemployment (average)	(% of labour force)	(a)	8.3	8.4	9
	Consumer price Inflation (average)	(% change)		10.4	4.7	14.5
	Exchange rate (end of period)	(SYR£ per USD)		51.0	49.9	46.5
	General government balance	(% of GDP)		-1.2	-3.4	-3.5
Balance of payments	Exports of goods and services f.o.b.	(bn USD)		10.2	11.7	12.5
	Current account balance	(% of GDP)		-2.8	-3.3	-4.1
	Net inflow of foreign direct investment	(bn USD)		0.8	1.1	2.1
	Official reserves, including gold (end of period)					
	bn USD			6.7	6.4	6.7
	in months of next years imports of goods and services			13.7	11.6	9.4
External debt	Convertible currency external debt (end of period)	(bn USD)				
	Convertible currency debt service	(bn USD)				
	principal	(bn USD)				
	interest	(bn USD)				
	External debt/GDP	(%)		19.2	14.5	10.4
	External debt/exports of goods and services	(%)				
	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 (capital and interest due)	(m EUR)		260	378	536
	EU exposure/total EU exposure	(%)	(1)	3.0	3.7	3.8
	EU exposure/external debt	(%)		N/A	N/A	N/A
	EU exposure/exports of goods and services	(%)		3.4	4.8	6.0
IMF arrangements	Type			-	-	
	(Date)			-	-	
	On track			-	-	
Indicators of market's perception of	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			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	124 130	124 122	116 115
	(number of countries)			(185) (185)	(185) (185)	(185) (186)
	The Institutional Investor			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	56 56	61 60	110 110
	(number of countries)			(173) (173)	(173) (173)	(174) (177)

Sources: International Monetary Fund.

Footnotes

(1) (2) See explanatory notes at beginning of tables.

(a) Officially registered unemployed.

2.4.3. *Egypt*

Economic growth accelerated from 7.1% in 2007 to 7.2% in 2008 underpinned by investment, especially FDI and private consumption (also via tourism). However, the global financial crisis is affecting the economy of Egypt. The Egyptian stock market has been rallying down since May by more than 50%, equalling a loss of more than 30% of GDP. This impacts the funding for enterprises negatively. As to the real side of the economy, economic growth decelerated steeply to 5.8% in Q1 and further down to 4.1% in Q2 of 2009. The multitude of public enterprises remains a drain on the government budget and hampers a proper functioning of the internal market. The tourism sector will slow down, as will inward foreign direct investment. On a positive side, inflation has come down from the huge level of more than 20% in 2008 to 14% in January 2009. The lower global energy prices are expected to bring down the high food prices in Egypt. So far, the government finances are stable, with deficits in the range of 7 to 8% of GDP. For this reason gross government debt is high, at almost 90% of GDP. In order to stimulate the Egyptian economy, a fiscal package of USD 15 billion, of which 50% will be spent before July 2009, is already launched.

Country-risk indicators:	**Egypt**		**footnotes**	**2006**	**2007**	**2008** (projections)
General indicators	Real GDP growth rate	(%)		6.8	7.1	7.2
	Unemployment (average)	(% of labour force)	(a)	11.5	9.5	8.5
	Consumer price Inflation (average)	(% change)		4.2	11.0	11.7
	Exchange rate (end of period, + is depreciation of LE)	(LE per EUR)		7.2	7.5	8.1
	General government balance	(% of GDP)		-9.2	-7.5	-7.8
Balance of payments	Exports of goods and services f.o.b.	(bn USD)		35.9	42.5	56.6
	Current account balance	(% of GDP)		1.6	1.7	0.5
	Net inflow of foreign direct investment	(bn USD)		6.0	10.5	12.1
	Official reserves, including gold (end of period)					
	bn USD			22.9	28.4	35
	in months of next years imports of goods and services			5.9	6.1	7.5
External debt	Convertible currency external debt (end of period)	(bn USD)		29.6	29.9	33.9
	Convertible currency debt service	(bn USD)		59.6	54.7	60.0
	principal	(bn USD)				
	interest	(bn USD)				
	External debt/GDP	(%)		27.6	22.8	20.1
	External debt/exports of goods and services	(%)				
	Debt service/exports of goods and services	(%)		1.7	1.3	1.1
	Arrears (on both interest and principal)	(m USD)				
	Debt relief agreements and rescheduling	(m USD)				
Indicators of EU exposure	EU exposure (capital and interest due)	(m EUR)		1 562	1 680	2 141
	EU exposure/total EU exposure	(%)	(1)	17.9	16.5	15.2
	EU exposure/external debt	(%)		7.0	8.3	8.8
	EU exposure/exports of goods and services	(%)		5.7	5.8	5.3
IMF arrangements	Type			-	-	
	(Date)			-	-	
	On track			-	-	
Indicators of market's perception of creditworthiness	Moody's long-term foreign currency rating (end of period)			Ba2	Ba1	Ba1
	S&P long-term foreign currency rating (end of period)			BB+	BB+	BB+
	Euromoney			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	68 68	71 69	68 68
	(number of countries)			(185) (185)	(185) (185)	(185) (186)
	The Institutional Investor			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	70 70	*70* *72*	73 71
	(number of countries)			(173) (173)	(173) (173)	(174) (177)

Sources: International Monetary Fund.

Footnotes

(1) (2) See explanatory notes at beginning of tables.

(a) Officially registered unemployed.

2.4.4. Lebanon

Lebanon will be affected by the crisis primarily via trade linkages, remigration of emigrant workers, and a decline in remittances. Given the high public and external debt and the reduction in oil revenue recycling from the Gulf region, Lebanon's access to capital inflows will be reduced in the wake of financial risk aversion. Reductions in capital flows may have important repercussions, as in 2007 Lebanon was the middle income country with the highest share of FDI inflows in domestic investment (64%). Against this background, investment is set to decelerate. On the positive side, however, the well-capitalised and highly liquid banking sector has withstood the financial headwinds quite well so far. Stringent prudential regulation has meant that Lebanese banks were hardly involved in the trade in structured products. With foreign reserves still increasing, the stable exchange rate to the dollar has also provided a cushion. Also, inflation has been falling from its peak in mid-2008, reflecting strong global disinflationary forces.

The availability of IMF financing under EPCA II and the disbursement of the first grant tranche of EU MFA in late December 2008 (€ 15 million) should help stabilise public finances. Nevertheless, Lebanese public finances remains precarious in view of high debt and deficit ratios. For lack of recent fiscal data, the exact impact of the crisis on the public accounts is difficult to estimate. Refinancing costs being pushed up as a result of risk aversion would weigh on the budget. As a result of rising interest rate spreads, the planned issue of a government euro bond already has to be postponed.

Country-risk indicators:	**Lebanon**		**footnotes**	2006	2007	2008 (estimates)
General indicators	Real GDP growth rate	(%)		0.6	7.5	4.2
	Industrial production (period average)	(% change)		n.a.	n.a.	n.a
	Unemployment rate (average)	(% of labour force)	(a)	n.a.	n.a.	n.a
	Inflation rate (CPI, av)	(% change)		5.6	4.1	12.1
	Exchange rate (av)	(L£ per USD)		1508	1508	1508
	Total government debt	(% of GDP)		177	171	162
Balance of payments	Exports of goods and services	(m USD)		3 207	4 077	5 259
	Current account balance	(% of GDP)		-5.6	-7.2	-10.9
	Net inflow of foreign direct investment	(m USD)		2 669	3 077	3 529
	Official reserves, including gold (end of period)	(gross useable)				
	m USD			11 353	11 494	17 115
	months' imports of goods and services			7.2	6.6	7.2
External (foreign currency) government debt	Convertible currency external debt (end of period)	(m USD)		20 330	21 221	21 550
	Convertible currency debt service	(m USD)		1 677	1 511	1 534
	principal	(m USD)		n.a.	n.a.	n.a
	interest	(m USD)		n.a.	n.a.	n.a
	Foreign currency debt/GDP	(%)		90.0	84	n.a
	External debt/GDP	(%)		196.0	197.3	190.4
	External debt/exports of goods and services	(%)		748	576	472
	Debt service/exports of goods and services	(%)		61.7	41	33.6
	Arrears (on both interest and principal)	(m USD)		n.a.	n.a.	n.a
	Debt relief agreements and rescheduling	(m USD)		n.a.	n.a.	n.a
Indicators of EU exposure	EU exposure (capital and interest due)	(m EUR)		330	354	508
	EU exposure/total EU exposure	(%)		3.8	3.5	3.6
	EU exposure/external debt	(%)		2.1	2.5	3.3
	EU exposure/exports of goods and services	(%)		13.6	12.8	13.5
IMF arrangements	Type		(1)	-	-	EPCA II
	(Date)			-	-	adopted 3-11
	On track			-	-	-
Indicators of market's perception of creditworthiness	Moody's long-term foreign currency rating (end of period)			B3	B3	B 3
	S&P long-term foreign currency rating (end of period)			B-	B-	B-
	Euromoney			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	98 106	111 116	127 134
	(number of countries)			(185) (185)	(185) (185)	(185) (186)
	The Institutional Investor			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	101 99	109 121	115 113
	(number of countries)			(173) (173)	(173) (173)	(174) (177)

Sources: International Monetary Fund.

Footnotes

(1) (2) See explanatory notes at beginning of tables.

(a) Officially registered unemployed.

2.4.5. *Tunisia*

Economic growth in Tunisia remained buoyant in 2008 and is estimated to have reached around 8%. Tunisia is well-integrated with the EU economy. While the direct impact of the crisis on Tunisia's financial sector has been relatively muted, reflecting its closed character and the lack of currency convertibility, indirect effects are being increasingly felt, in particular via the trade channel. Inflation peaked at around 6% in the spring of 2006 and has been moderating since, facilitating the adjustment Government finances continued to improve in 2008, even though extensive subsidies (notably on food) put a burden on public finances, Last year, higher food subsidies led to a marked increase in government expenditure of around 0.8 percentage points of GDP in 2008.

The public deficit and debt are expected to slightly increase in 2009 in view of economic headwinds. The persistently high nonperforming loans ratio (estimated at around 17%) underlines the vulnerability of the Tunisian banking sector to adverse shocks, whereas persistently high unemployment will remain an important challenge.

Country-risk indicators:	Tunisia		footnotes	2006	2007	2008 (projections)
General indicators	Real GDP growth rate	(%)		5.7	6.3	5.1
	Unemployment (average)	(% of labour force)	(a)	14.3	14.1	14.0
	Consumer price inflation (average)	(% change)		4.6	3.1	5.1
	Exchange rate (end of period)	(TD per USD)		1.32	1.27	1.23
	General government balance	(% of GDP)		-2.7	-2.9	-2.7
Balance of payments	Exports of goods and services f.o.b.	(bn USD)		11.5	15.0	19.5
	Current account balance	(% of GDP)		-2.0	-2.6	-3.9
	Net inflow of foreign direct investment	(bn USD)		3.3	1.6	1.9
	Official reserves, including gold (end of period)					
	bn USD			6.8	7.9	8.9
	in months of next years imports of goods and services			5.0	4.6	4.1
External debt	Convertible currency external debt (end of period)	(bn USD)				
	Convertible currency debt service	(bn USD)				
	principal	(bn USD)				
	interest	(bn USD)				
	External debt/GDP	(%)		58.3	54.9	51.8
	External debt/exports of goods and services	(%)		160.9	123.3	94.9
	Debt service/exports of goods and services	(%)		18.8	13	9.9
	Arrears (on both interest and principal)	(m USD)				
	Debt relief agreements and rescheduling	(m USD)				
Indicators of EU exposure	EU exposure (capital and interest due)	(m EUR)		1 411	1 562	1 683
	EU exposure/total EU exposure	(%)	(1)	16.2	15.3	12.0
	EU exposure/external debt	(%)		N/A	N/A	N/A
	EU exposure/exports of goods and services	(%)		16.2	15.3	12.0
IMF arrangements	Type			-	-	
	(Date)			-	-	
	On track			-	-	
Indicators of market's perception of creditworthiness	Moody's long-term foreign currency rating (end of period)			Baa2	Baa2	Baa2
	S&P long-term foreign currency rating (end of period)			BBB (stable)	BBB (stable)	BBB (stable)
	Euromoney			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	59 62	62 64	62 64
	(number of countries)			(185) (185)	(185) (185)	(185)) (186)
	The Institutional Investor			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	56 56	61 60	56 60
	(number of countries)			(173) (173)	(173) (173)	(174) (177)

Sources: International Monetary Fund.

Footnotes

(1) (2) See explanatory notes at beginning of tables.

(a) Officially registered unemployed.

2.4.6. *Morocco*

Official figures forecast real GDP growth at 6.5% in 2008, and anticipate a slowdown to 5.5% in 2009. The economy continues to be dependent on the agricultural output, although non-agricultural GDP growth continues to perform rather well, at an expected growth rate of 6% in 2008 and 2009. The overall fiscal deficit is projected at 3.8% in 2008 from a close-to-balance position in 2007. The expansion in wages (an increase in the minimum wage of civil servants) and extraordinary spending on food and oil subsidies (5% of GDP compared with 2.6% in 2007) are the key factors behind the substantial deterioration of the public finances in 2008. Public deficit in 2009 is expected to remain in the same order (3.7%) in spite of government's announcements about a potential overhaul of the current subsidy system and oil price moderation since August 2008. Total government debt was close to 54% of GDP end-2007 but is expected to contract to around 52% in 2008 and 2009 in spite of mounting levels of public deficit.

Inflation has been low in recent years (1.8% in average). Inflation peaked to 5.1% as a result of high international oil and commodity prices**,** although it moderated to 3.5% in October. The current exchange rate regime is tightly managed against a euro-dominated basked of currencies. The authorities have taking gradual steps to lessen currency controls, with the aim of introducing a fully floating currency at an unspecified date. The external environment remains shaped by a substantial trade deficit standing in 2008 at 22% of GDP (2007: 19.2%). Large increases in tourism revenues (+13.2%) and remittances (+15.1%) have been insufficient to offset the trade deficit resulting in a negative current account balance standing at 0.7% of GDP in 2007. However, rising GDP is expected to consolidate the steady fall in the external debt-to-GDP ratio about 21% of GDP at the end of 2008.

Country-risk indicators:	Morocco		footnotes	2006	2007	2008 (prelim.)
General indicators	Real GDP growth rate	(%)		7.8	2.7	6.5
	Unemployment (average)	(% of labour force)	(a)	11.1	9.7	9.8
	Wholesale price Inflation (average)	(% change)		3.3	2	3.5
	Exchange rate (end of period)	(MDH per USD)		8.8	8.2	7.8
	General government balance	(% of GDP)		-2.3	-0.5	-3.8
Balance of payments	Exports of goods and services f.o.b.	(bn USD)		35.1	41.5	
	Current account balance	(% of GDP)		2.2	-0.1	-0.7
	Net inflow of foreign direct investment	(bn USD)		3.4	5.2	…
	Official reserves, including gold (end of period)					
	bn USD			20.2	24.0	28.2
	in months of next years imports of goods and services			7.0	6.5	6.8
External debt	Convertible currency external debt (end of period)	(bn USD)				
	Convertible currency debt service	(bn USD)				
	principal	(bn USD)				
	interest	(bn USD)				
	External debt/GDP	(%)		23.9	23.8	21.1
	External debt/exports of goods and services	(%)				
	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 (capital and interest due)	(m EUR)		1 187	1 275	1 929
	EU exposure/total EU exposure	(%)	(1)	13.6	12.5	13.7
	EU exposure/external debt	(%)		N/A	N/A	N/A
	EU exposure/exports of goods and services	(%)		4.5	4.5	N/A
IMF arrangements	Type			-	-	
	(Date)			-	-	
	On track			-	-	
Indicators of market's perception of creditworthiness	Moody's long-term foreign currency rating (end of period)			Ba2	Ba1	Ba1
	S&P long-term foreign currency rating (end of period)			BB+	BB+	BB+
	Euromoney			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	66 65	65 65	66 63
	(number of countries)			(185) (185)	(185) (185)	(185) (186)
	The Institutional Investor			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	65 66	67 67	66 67
	(number of countries)			(173) (173)	(173) (173)	(174) (177)

Sources: International Monetary Fund.

Footnotes

(1) (2) See explanatory notes at beginning of tables.

(a) Officially registered unemployed.

2.5. Other countries

2.5.1. South Africa

South Africa could not escape the consequences of the global financial turmoil. The last quarters in 2008 have been the weakest in terms of growth for a decade. On top of a weak internal demand, tied by the high interest rates to limit inflation (peaking at 14% in August), weakness in manufacturing and mining highlights the impact of the dramatic reduction in external demand. Inflation is set to fall quickly in the coming months and the current account deficit should shrink significantly in 2009 on lower import demand and lower dividend outflow. Due to capital inflows, the overall balance of payments registered surpluses in all quarters in 2008. External debt is below 30% of GDP. Foreign reserves are relatively high covering 200% of foreign currency denominated short-term debt and 3.5 months of imports of goods and services. The main risk to the outlook relates to the current account deficit that is primarily financed by capital inflows. In the global environment of elevated levels of risk aversion a slowdown in portfolio inflows or even a sustained outflow of funds would cause a large depreciation of the Rand. A large depreciation would place upward pressure on the inflation outlook and thus jeopardise the anticipated downward trajectory of interest rates.

Country-risk indicators:	**South Africa**		**footnotes**	**2006**	**2007**	**2008**
General indicators	Real GDP growth rate	(%)		5.4	5.1	4.5
	Industrial production	(% change)		6.2	5.8	22.5
	Unemployment (end of period)	(% of labour force)	(a)	25.5	23.0	11.6
	Inflation rate (CPI) (Dec/Dec)	(% change)		4.7	7.1	12.08
	Exchange rate (end of period)	(SAR per EUR)		9.31	10.04	
	General government balance	(% of GDP)		0.4	0.9	
Balance of payments	*Exports of goods and services*	in bn US $		76.2	89.5	108.6
	Exports of goods and services	(m EUR)		60658	65293	74282.4
	Current account balance	(% of GDP)		-6.5	-7.3	-7.6
	Net inflow of foreign direct investment	(m EUR)				14
	Official reserves, including gold (end of period)			$25,6bn	$33,0bn	$34,1bn
	m EUR			32159	45234	48062
	months' imports of goods and services			3.3	3.4	3.4
External debt	Convertible currency external debt (end of period)	(m EUR)				
	Convertible currency debt service	(m EUR)				
	principal	(m EUR)				
	interest	(m EUR)				
	External debt to official creditors/GDP	(%)		2.0	1.8	1.6
	External debt/exports of goods and services	(%)				
	Debt service/exports of goods and services	(%)		7.0		
	Arrears (on both interest and principal)	(m EUR)		none	none	none
	Debt relief agreements and rescheduling			none	none	none
Indicators of EU exposure	EU exposure (capital and interest due)	(m EUR)		721	666	636
	EU exposure/total EU exposure	(%)	(1)	8.3	6.5	4.5
	EU exposure/external debt	(%)		N/A	N/A	N/A
	EU exposure/exports of goods and services	(%)		1.2	1.0	0.9
IMF arrangements	Type			none	none	none
	(Date)					
	On track					
Indicators of market's perception of creditworthiness	Moody's long-term foreign currency rating (end of period)			Baa1	Baa1	Baa1
	S&P long-term foreign currency rating (end of period)			BBB+	BBB+	BBB+
	Euromoney			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	55 55	55 55	55 54
	(number of countries)			(185) (185)	(185) (185)	(185) (186)
	The Institutional Investor			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	53 51	51 49	52 53
	(number of countries)			(173) (173)	(173) (173)	(174) (177)

Sources: International Monetary Fund.

Footnotes

(1) (2) See explanatory notes at beginning of tables.

(a) Officially registered unemployed.

2.5.2. Brazil

Until September 2008, Brazil had showed significant resilience to the global crisis due to its solid macroeconomic fundamentals. However, the deepening crisis has subsequently impacted the economy through the different channels of transmission. GDP growth is projected to come down from 5.5% in 2008 to near 0% in 2009. . Although exports represent less than 15% of GDP, weaker global demand, jointly with low commodity prices, which represent around 50% of Brazil's exports, have turned the current account surpluses of the last five years into a deficit, which is projected to amount to over 2% of GDP in 2009. Under these circumstances, the government has announced a fiscal package to prevent a more severe economic slowdown. However, fiscal revenues have begun to decline, widening the fiscal deficit from -1.6% of GDP in 2008 to around -2% in 2009. At the same time, it kept its commitment to its inflation target (4.5% ±2 percentage points). On the financial markets scene, reduced availability of external funding following a deleverage path, rising risk aversion and uncertainty about Brazilian economic prospects have significantly tightened financial conditions. The local money market has experienced particular pressure. Finally, the Brazilian currency has sharply depreciated (more than 45% since September). Nevertheless, current low external debt, large international reserves (amounting to above $200bn), well capitalised financial institutions and the fact that Brazil is one of the few emerging markets to benefit from the special swap facility in US dollars established in October by the US Federal Reserve should help the government to roll over the external debt due in 2009.

Country-risk indicators:	**Egypt**		**footnotes**	**2006**	**2007**	**2008**
General indicators	Real GDP growth rate	(%)		3.8	5.4	5.1
	Industrial production	(%)		2.8	6	3
	Unemployment (average)	(% of labour force)		10.0	9.3	6.8
	Consumer price Inflation (average)	(% change)		3.1	4.5	5.9
	Exchange rate (end of period, + is depreciation of LE)	(LE per EUR)		2.7	2.6	3.3
	General government balance	(% of GDP)		-2.8	-2.1	-1.5
Balance of payments	Exports of goods and services f.o.b.	(bn USD)		109748	116800	140539
	Current account balance	(% of GDP)		1.3	0.3	-1.7
	Net inflow of foreign direct investment	(bn USD)		14973	25246	17468
	Official reserves, including gold (end of period)					
	bn USD			68333	131127	137585
	in months of next years imports of goods and services			8.0	14	13
External debt	Convertible currency external debt (end of period)	(bn USD)		158800	177960	170094
	Convertible currency debt service	(bn USD)		33340	37372	27602
	principal	(bn USD)		23175	26160	16617
	interest	(bn USD)		10165	11212	10985
	External debt/GDP	(%)		18.7	18.5	13.7
	External debt/exports of goods and services	(%)		145	152	121
	Debt service/exports of goods and services	(%)		34	32	16
	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 (capital and interest due)	(m EUR)		541	443	621
	EU exposure/total EU exposure	(%)		5.7	4.4	4.4
	EU exposure/external debt	(%)	(1)	0.4	0.3	0.3
	EU exposure/exports of goods and services	(%)		0.5	0.4	0.4
IMF arrangements	Type (Date) On track			No	No	No
Indicators of market's perception of creditworthiness	Moody's long-term foreign currency rating (end of period)			Ba3	Ba1	Ba1
	S&P long-term foreign currency rating (end of period)			BB	BB+	BBB-
	Euromoney			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	69 66	67 66	66 60
	(number of countries)			(185) (185)	(185) (185)	(185) (186)
	The Institutional Investor			03/06 09/06	03/07 09/07	03/08 09/08
	Position in the ranking		(2)	64 61	60 57	60 52
	(number of countries)			(173) (173)	(173) (173)	(174) (177)

Sources: International Monetary Fund.

Footnotes

(1) (2) See explanatory notes at beginning of tables.