MD'L

# Colombia--Statement to the Steering Committee of Banks

I would like to inform you about economic developments in Colombia in 1987-88 and prospects for 1989-90.

## Recent economic performance

After successful implementation of a stabilization program in 1985-86 under a special monitoring arrangement with the Fund, the Colombian authorities continued to implement policies that contributed to a strong economic performance in 1987. Despite the almost 50 percent drop in coffee export prices, real GDP grew by 5.3 percent and the rate of unemployment declined from a peak of nearly 15 percent in mid-1986 to about 10 percent at the end of 1987. The 12-month rate of increase of consumer prices was 24 percent by end-1987. The current account of the balance of payments declined from a surplus of about 1.6 percent of GDP in 1986 to a surplus of 0.2 percent of GDP in 1987 because of the aforementioned decline in coffee prices. A successful export diversification policy based on the expansion of petroleum and coal exports and the continued flexibility of exchange rate policy helped to cushion the balance of payments.

The authorities' program for 1988 maintained the basic thrust of recent policies, including the pursuit of fiscal and monetary policies which enabled Colombia to limit the adverse effects of the drop in oil prices. The rate of growth of real GDP is estimated to have decelerated to less than 4.5 percent in 1988. The 12-month rate of inflation increased somewhat during the year, to about 28 percent by year-end, in part reflecting the negative impact on food supplies of poor weather

conditions during the year. The external current account balance is estimated to have turned into a deficit of 1 percent of GDP in 1988, with a reduction in the trade surplus (associated with lower oil export prices) largely explaining this change. Capital inflows covered the current account deficit and permitted an increase in reserves in 1988, more than offsetting the small drop of the previous year. In relation to imports, however, reserves have registered a modest decline in the past two years.

The 1989-90 program

The main objectives of the authorities' program for 1989-90 are to maintain the rate of growth of real GDP at about 4.5 percent a year, to reduce the rate of inflation to about 24 percent in 1989 and 21 percent in 1990, and to achieve some improvement in international reserves. Consistent with these objectives, the authorities' program envisages limiting the overall deficit of the public sector to about 2.7 percent of GDP in 1989 and 2.2 percent of GDP in 1990. Furthermore, the authorities intend to continue pursuing a prudent monetary policy and to maintain the present level of external competitiveness through the continued pursuit of a flexible exchange rate policy.

In the fiscal policy area, the authorities project a slight increase in total current revenue relative to GDP in 1989-90 (mainly reflecting higher oil and tax revenues), while keeping the growth of current outlays virtually in line with GDP. As a result, public sector savings and capital outlays would rise in relation to GDP.

The authorities intend to limit the net domestic bank financing to the public sector to less than 1 percent of GDP in 1989 and 1990, with net external financing amounting to about 1.8 percent and 1.3 percent of GDP in 1989 and 1990, respectively. The projected foreign financing involves net external borrowing from sources other than commercial banks.

Medium-term prospects

The medium-term outlook points to a strengthening of the external payments position. Through the continued pursuit of prudent financial policies, including the maintenance of a flexible exchange rate policy, Colombia should be able to attain the objective of maintaining economic growth at about 4.5 percent a year while reducing inflation. These policies are expected to be consistent with a reduction in the external current account deficit as a percent of GDP. Total net disbursements from multilateral institutions and bilateral and suppliers' sources are projected to remain roughly stable during the 1989-93 period. These inflows together with the maintenance of the nominal exposure of commercial banks to Colombia's public sector would enable the authorities to achieve their objective of sustaining the present rate of economic growth and preserving a level of foreign reserves that is adequate in the light of the sensitivity of Colombia's balance of payments to changes in the prices of coffee and oil as well as to changes in international interest rates. Under these conditions just described, the country's external debt would decline in relation to GDP and to exports.

Relations with the Fund

In recent years Colombia has had frequent contacts and an open dialogue with the Fund staff. In particular, the staff has had the opportunity to review with the authorities their policies for 1988 and the economic program for 1989-90, as well as the medium-term outlook. An Article IV consultation mission visited Bogota in May 1988 and a second mission in July reviewed the economic program for 1989-90. The 1988 Article IV consultation procedures were concluded by the Executive Board in October 1988.

Conclusion

Colombia is a country that has followed responsible financial and economic policies that have effectively addressed its adjustment needs and have provided the basis for economic growth. The main thrust of these policies was maintained in 1988 and the plans for 1989-90 call for the continued implementation of sound economic policies. Moreover, the medium-term prospects for Colombia are favorable.

It is important to recognize the very responsible way in which Colombia has managed its external indebtedness policy. We would therefore wish to convey to you our strongest support to the Colombian request for the financing from commercial banks. Successful implementation of this operation will be an important step in Colombia's efforts

to maintain its very satisfactory economic performance and will underscore that the achievement of such a record facilitates progress toward the re-establishment of normal market relations.

Michel Camdessus
Managing Director
International Monetary Fund

# *Office Memorandum*

TO: The Managing Director
The Deputy Managing Director

DATE: February 7, 1989

FROM: S. T. Beza

SUBJECT: Visit of Colombian Officials

A Colombian delegation headed by Mr. Luis Fernando Alarcon, Minister of Finance, will visit Washington on Wednesday to meet with the Fund, the World Bank, and the U.S. Government to discuss progress in the marketing of a US$1.7 billion loan from commercial banks. This loan would cover the bulk of amortization payments to banks falling due in 1989-90.

The proposed loan comprises two facilities: (a) a syndicated loan for US$1,525 million with a maturity of 12 1/2 years (grace period--5 3/4 years) and a 7/8 percent spread over LIBOR; and (b) a keystone note facility for US$175 million with a maturity of 8 years (grace period--5 years) and a 1 1/2 percent spread over LIBOR. The authorities have announced that while subscription of the loan is being completed, which is expected at the latest by the end of the first half of 1989, amortization payments to banks that fall due will be deposited into an escrow account. This could involve up to US$600 million. The terms for the loan also opened the possibility that debt reduction techniques might be employed, including cash debt buy-backs at a discount and the introduction of a debt/equity swap scheme.

A problem that may arise in securing full subscription of the loan is the rescheduling of about US$135 million of amortization payments of the Metropolitan Train Authority of the City of Medellin with German and Spanish export guarantee agencies as well as a group of European banks. Some of these banks also belong to the universe of creditors participating in the syndication, and the authorities are concerned that these banks may be only willing to reschedule by limiting their participation in the syndicated loan.

With regard to recent developments, the overall deficit of the nonfinancial public sector in 1988 was 2.6 percent of GDP, or somewhat below the authorities' original projection, and the overall balance of payments shifted to a surplus of about US$350 million. At the same time, however, real GDP growth declined slightly to 4 percent and inflation increased by 4 percentage points to 28 percent on an end-of-year basis. In late January 1989 the temporary controls over interest rates introduced last August were eliminated and the legal reserve requirement on demand deposits was lowered by 1 percentage point to 40 percent. For 1989 the authorities expect that it will be possible to reduce inflation somewhat, but they continue to be quite cautious about the speed of bringing that about.

cc: Mr. Brau
Mr. H. Simpson

# *Office Memorandum*

Mr. Whittome
cc: Mr. Brau
Mr. Acquah
Mr. Johnson
Mr. Puig
Mr. Rodlauer

RECEIVED
88 JUL 25 PM 3:02
EXCHANGE AND TRADE RELATIONS DEPT.

TO: The Managing Director
The Deputy Managing Director

DATE: July 22, 1988

FROM: J. Ferrán

SUBJECT: Mission to Colombia

Attached is Mr. Bonangelino's debriefing on the mission to Colombia. The assessment of the mission is that the authorities' economic program for 1989-90 is coherent and its broad objectives are reasonable. These are a rate of growth of real GDP of about 4.5 percent a year, a significant reduction in the rate of inflation, and overall balance of payments equilibrium. Consistent with these objectives, the authorities' plan calls for an increase in public sector savings and a reduction in the overall deficit of the public sector from a projected 3 percent of GDP in 1988 to about 2 percent in 1990. The authorities will continue their flexible exchange rate policy with the objective of maintaining the present level of external competitiveness.

As regards external financing, the authorities noted that initial talks with foreign creditors and government officials abroad for a new loan to cover Colombia's financing needs for 1989-90 had gone reasonably well, even though banks in Canada, France, and Germany would seem to prefer to provide the needed financing through a rescheduling of current maturities rather than a new syndicated loan (as requested by the authorities). The next step in these discussions will be a meeting with a group of about 20 banks to take place around mid-August, for which the authorities would like the participation of the staff of the Fund and the IBRD. The authorities felt that contacts between Fund management and the Canadian, French, and German authorities prior to the August meeting would be extremely helpful to secure the support of banks from these countries.

Attachment

cc: Mr. Beza (o/r)
Mr. H. Simpson

# *Office Memorandum*

TO: The Managing Director
The Deputy Managing Director

DATE: July 22, 1988

FROM: M. E. Bonangelino *MEB*

SUBJECT: Mission to Colombia

The mission that returned from Bogota on July 20, 1988 reviewed Colombia's economic program and policies for 1989-90, which would serve as a basis for the forthcoming negotiations with commercial banks on a new loan for that period. The mission met with Mr. Luis Garay, main Advisor to the Minister of Finance, Mr. Juan Carlos Jaramillo, Technical Manager of the Banco de la Republica and with other government officials. The mission was unable to meet with the Minister of Finance and the General Manager of the Banco de la Republica because they were abroad holding talks with representatives of commercial banks and foreign governments. However, Mr. Garay was in contact by telephone with the Minister to keep him informed of the discussions.

The mission confirmed that the projections for 1988 put together by the May mission were still valid. For 1989-90 the authorities intend to implement policies that would be consistent with a significant reduction of inflation--from a projected 26 percent in 1988 to 22 percent in 1989 and 20 percent in 1990--and overall balance of payments equilibrium. They believe that these policies would allow for an increase of real GDP of about 4.5 percent a year.

To achieve the objectives for 1989-90, the authorities plan to implement a fiscal policy aimed at reducing the overall deficit of the public sector from the estimated 3 percent of GDP for 1988 to 2.6 percent in 1989 and 2.1 percent in 1990. The authorities estimate that the net external financing of the public sector deficit would be equivalent to 1.7 percent of GDP and 1.4 percent of GDP in 1989 and 1990, respectively, while net domestic bank financing will be less than 1 percent of GDP in each year. The authorities project a slight increase in total current revenue as a ratio to GDP (mainly reflecting higher oil and tax revenues) and plan to keep the growth of current outlays in line with nominal GDP. As a result, public sector savings are projected to rise by nearly 1.5 percentage points of GDP over 1989-90. The strenghtening of public sector savings would permit an increase in capital outlays from an estimated 7 percent of GDP in 1988 to 7.5 percent of GDP in 1990.

The monetary program for 1989-90 is based on the assumption that private sector financial savings would grow in line with nominal GDP, which would appear reasonable particularly if inflation is to be reduced. The program would be consistent with the objective of overall balance of payments equilibrium and would allow for an expansion of credit to the private sector at a rate slightly below the expected growth in nominal GDP.

Important elements of the authorities' program for 1989-90 will be the continuation of their flexible exchange and interest rate policies, and the further liberalization of the trade and exchange system. Regarding the exchange rate, the authorities' intention is to maintain the present level of external competitiveness, which is considered adequate.

The mission emphasized that a prudent wage policy would be essential to achieve the objective of reducing inflation in 1989-90. The foreign financing projected for the public sector seems reasonable given that it is consistent with a decline in Colombia's outstanding external debt of nearly 4 percentage points of GDP. However, the staff was concerned that it implied significant increases in borrowing from the IDB, governments and suppliers which will require a strong effort on the part of the authorities to secure. They made clear their intention to offset any shortfalls in foreign financing with either revenue measures and/or a reduction in outlays to keep the level of domestic financing within the amounts projected for 1989-90.

The mission concluded that the authorities program for 1989-90 is internally consistent and that its objectives are reasonable, particularly when seen in the medium-term context. The authorities agreed that the public sector deficit would need to be further reduced over 1991-93 in order to gradually reduce the external current account deficit to slightly below 0.5 percent of GDP by 1993 (from this year's level of about 1.8 percent of GDP). The projected external financing for 1991-93 (assuming the maintenance of the exposure of commercial banks) is estimated to be sufficient to cover the current account deficit and permit a small buildup of foreign reserves in that period.

Mr. Garay, who had returned earlier from the talks with foreign creditors and government officials abroad, indicated that their conversations had gone reasonably well. While banks in France, Germany and Canada would seem to prefer the route of rescheduling to address Colombia's needs for 1989-90 (basically to cover amortization payments to banks), there was no rejection of the authorities' proposal for negotiating a new loan. However, Mr. Garay foresaw difficult negotiations and noted that the banks had indicated that the syndication of a new loan would require the maintenance of regional exposures to Colombia constant.

With the purpose of formalizing the request for the new loan, the authorities intend to invite about 20 banks for a meeting around mid-August. It is expected that an advisory committee, to be in charge of the operation, will be formed at that time. The authorities would like our participation and that of the IBRD at this meeting. Mr. Garay emphasized his concern about the reserved position of French, German,

and Canadian banks and asked for the support of the Fund. He felt that contacts by Fund management with the authorities of these countries before the mid-August meeting would be extremely helpful.

cc: Mr. Beza (o/r)
Mr. Frenkel
Mr. Gianviti
Mr. Laske
Mr. Mohammed
Mr. Narvekar
Mr. Ouattara
Mr. Russo
Mr. Shaalan
Mr. Tanzi
Mr. Teyssier
Mr. Van Houtven
Mr. Whittome
Mr. H. Simpson

Col. File

INTERNATIONAL MONETARY FUND

April 23, 1987

Mr. Bonangelino:

Following further comments and suggestions from Messrs. Guitian, Keller and Kincaid, I have redrafted the Colombia memo. Herewith the "new, improved" version to replace the April 21 original.

Attachment

B

José M.F. Braz

# Office Memorandum

TO: Mr. Bonangelino April 23, 1987

FROM: José Braz

SUBJECT: Colombia--Financing of Prospective Gaps

Recent discussions with the Colombian authorities focussed on two alternatives for meeting the financing requirement projected in the medium-term BOP scenario, namely "new money" from commercial banks or a longer-term MYRA-type deal. This note, based on conversations with Mr. Keller of this Division and Mr. Kincaid of the International Capital Markets Division, sets out some implications of each alternative:

1. Usually, a MYRA represents a positive step in a country's debt management, a progression from a period of severe debt servicing difficulties (with annual reschedulings and economic programs, typically supported by an SBA) to a more advance stage in the adjustment process (reduced financing need; enhanced surveillance procedure). The situation is different in the case of Colombia, which has thus far not required a formal rescheduling, even though it is one of the "Baker 15." To the principal creditor banks a choice for rescheduling instead of refinancing probably would not alter their perception of Colombia's economic fundamentals, but a rescheduling could affect Colombia's access to other financing possibilities (including, for instance, the bond market).

2. As mentioned in the meetings with the authorities last week, the MYRA option would probably entail--at the insistence of the banks--a Paris Club rescheduling, which in turn could require a formal Fund arrangement. Also, a curtailment of export credit insurance coverage could result, at least temporarily, from a Paris Club rescheduling. (We would expect to be able to give more specific indications on this point when the export credit mission, currently in the field, returns to Headquarters; Colombia is one of the countries on the agenda.)

3. If the authorities opt for rescheduling, a MYRA would have advantages over a year-by-year series of reschedulings. However, a multiyear rescheduling risks giving a signal to the markets that Colombia does not anticipate being able to attract spontaneous financing for at least the next four or five years. Even though recent bank deals with heavily-indebted developing countries have included terms (longer maturities and lower spreads) which appear to be very attractive, relative to market terms, the benefits to Colombia of continued market access should not be overlooked.

4. In summary, the decision in large part is one of whether or not Colombia wishes to maintain its status as the only major debtor in Latin America that has access to spontaneous financing on foreign capital markets. The rescheduling option could involve the more

favorable terms which appear to be available under concerted lending, at the cost of a loss of market access and with the probable requirement of a more traditional arrangement with the Fund. Under the alternative of continued access to spontaneous market finance, a broader spectrum of financing modes would be available, including greater use of bond underwriting by the commercial banks, export-related financing (similar to Ecuador's arrangement of last year based on future oil exports), and securitization. Opting for a multiyear solution at this stage locks in the debtor as well as the creditors; on the basis of strong economic fundamentals, relative to other debtors in the region, Colombia may prefer not to reduce its options for future action.

cc: Mr. Guitian
Ms. Dillon (o/r)
Mr. Keller
Mr. Kincaid
Mr. Duran-Downing (o/r)
Ms. Flug

INTERNATIONAL MONETARY FUND

April 21, 1987

Mr. Guitian:

The attached refers to current discussions at Headquarters with the Colombian authorities. I understand the Colombians may be seeking the opinion of the WHD Front Office regarding which course of action to pursue vis-a-vis the banks; ETR may wish to say something about what each alternative implies in terms of a role for the Fund, particularly under the MYRA-type option (point 1. of the memo).

JB

José Braz

ccs given to
Ms. Dillon
Mr. Duran Downing
Mr. Guitian

Colombia

# Office Memorandum

TO: Mr. Bonangelino | April 21, 1987

FROM: José Braz

SUBJECT: Colombia--Financing of Prospective Gaps

Recent discussions with the Colombian authorities focussed on two alternatives for meeting the financing requirement projected in the medium-term BOP scenario, namely "voluntary new money" from commercial banks or a longer-term MYRA-type deal. This note, based on conversations with Mr. Keller of this Division and Mr. Kincaid of the International Capital Markets Division, sets out some implications of each alternative:

1. As mentioned in the meetings with the authorities last week, the MYRA option would probably entail a Paris Club rescheduling, a formal Fund arrangement--Surveillance or even a Stand-By--and quite possibly a curtailment of export credit coverage. (We would expect to be able to give more specific indications on this point when the export credit mission, currently in the field, returns to Headquarters: Colombia is one of the countries on the agenda.) In light of the mixed experience with MYRAs to date, it should not be taken for granted that the Executive Board would favor a Fund commitment to a long-term role in such an arrangement with Colombia.

2. A MYRA would signal to the markets that Colombia does not anticipate being able to attract spontaneous financing for at least the next four or five years. Even though recent bank deals with heavily-indebted creditors have included terms (longer maturities and lower spreads) on concerted financing which appear to be very attractive, relative to market terms, continued market access would be beneficial in terms of investor confidence.

3. The longer-term nature of the MYRA option, presently seen as an advantage is that it resolves the financing need for several years, could become a burden if external conditions (e.g., oil prices) improve faster than presently anticipated. In such event, Colombia's access to fully spontaneous financing would be more immediate if it did not have a record of recent rescheduling.

4. In summary, the decision in large part is one of whether Colombia wishes to join the "debt-problem" group of countries or remain the exceptional case in Latin America that has access to more-or-less spontaneous financing on foreign capital markets. The former option could involve the more favorable terms which appear to be available under concerted lending, at the cost of exclusion from voluntary markets and with the requirement of a formal arrangement with the Fund. Under

the alternative of continued access to spontaneous market finance, a broader spectrum of financing modes would be available, including greater use of bond underwriting by the commercial banks, export-related financing (similar to Ecuador's arrangement of last year based on future oil exports), and securitization.

cc: Mr. Keller
Mr. Kincaid
Ms. Flug

~~1. Cove~~
2. File: Colombia - Debt

# I. Overview of the International Debt Strategy

A key objective of the debt strategy has been to facilitate a return to normal market access for those developing countries that experienced constrained access, or no access, since the onset of widespread debt servicing problems in 1982. This return was not meant to imply a resumption of the unsustainably large bank flows of the late 1970s or early 1980s. Rather, it was intended that economic adjustment, combined with a recovery of investment and a resumption of growth, would provide the basis for renewed creditor confidence and make available foreign savings--both in the form of debt and direct investment--that would be consistent with a sustainable external position. Concerted lending and debt rescheduling were seen as a bridge to the resumption of spontaneous flows. To date, only one country that has rescheduled its debt (Turkey) has been able to regain spontaneous access to the international market. In contrast, a few developing countries that were able to avoid a rescheduling during periods in which foreign financing was difficult to obtain (e.g. Korea, Hungary) have regained access to financial markets (Table 1 and Chart 1 present information on the recent experience with bank lending to developing countries).

## 1. Evolution of bank financing packages

### a. Traditional modalities

With the emergence of widespread debt servicing problems, bank financing packages put together in 1982-83 typically involved rescheduling agreements and "new money" or "concerted lending," (i.e., equiproportional increases in bank exposure coordinated by a bank

Table 1. Total Cross-Border Bank Lending to Developing Countries, 1983-87

(In millions of U.S. dollars) 1/

| | 1983 | 1984 | 1985 | 1986 | Jan.-Sept. 1986 | Jan.-Sept. 1987 |
|---|---|---|---|---|---|---|
| Developing countries 2/ | 34.3 | 14.9 | 6.4 | -0.8 | -4.4 | 4.4 |
| | | | | | | |
| Africa | 5.4 | — | 1.5 | -2.1 | -1.8 | -1.9 |
| Algeria | 0.2 | 0.1 | 1.9 | 0.9 | 0.8 | -0.4 |
| Cameroon | ... | — | — | — | -0.1 | — |
| Cote de'Ivoire | -0.1 | -0.3 | — | — | 0.2 | 0.1 |
| Morocco | 0.3 | 0.1 | 0.1 | — | -0.1 | — |
| Nigeria | 1.3 | -0.4 | -0.7 | -0.3 | -0.1 | -0.6 |
| South Africa | 3.0 | -1.4 | -0.3 | -2.1 | -1.9 | -0.6 |
| Tunisia | ... | 0.2 | 0.1 | — | — | -0.1 |
| Other Africa | ... | 1.6 | 0.4 | -0.8 | -0.6 | -0.4 |
| | | | | | | |
| Asia | 9.0 | 7.9 | 6.7 | 5.1 | 1.7 | 2.0 |
| China | 0.8 | 1.3 | 4.8 | 0.7 | -0.3 | 3.5 |
| India | 0.9 | 0.1 | 1.7 | 0.3 | -0.2 | 0.4 |
| Indonesia | 2.7 | 0.7 | — | 0.6 | 0.6 | 0.8 |
| Korea | 2.0 | 3.5 | 2.2 | -2.3 | -0.2 | -5.5 |
| Malaysia | 1.9 | 1.4 | -1.4 | -0.5 | -0.8 | -1.2 |
| Philippines | -1.3 | 0.1 | -0.5 | -0.1 | -0.3 | -0.1 |
| Thailand | ... | 1.1 | -0.3 | -0.6 | -0.2 | -0.3 |
| Other Asia | ... | -0.3 | 0.1 | 7.0 | 3.1 | 4.5 |
| | | | | | | |
| Europe | 1.3 | 2.1 | 2.1 | -0.1 | 0.4 | — |
| Greece | 1.3 | 1.8 | 1.6 | 0.4 | 0.6 | -0.2 |
| Hungary | 0.9 | 0.2 | 2.1 | 2.0 | 1.1 | 0.5 |
| Poland | ... | — | -1.4 | -0.9 | -0.5 | -0.4 |
| Portugal | ... | -0.1 | — | -1.9 | -1.1 | 0.3 |
| Romania | ... | -0.6 | -0.8 | -0.5 | -0.3 | -0.6 |
| Turkey | 0.5 | 0.9 | 0.5 | 1.5 | 1.6 | 1.0 |
| Yugoslavia | — | 0.2 | 0.2 | -0.9 | -1.1 | -0.8 |
| Other Europe | ... | -0.3 | — | 0.2 | 0.1 | 0.2 |
| | | | | | | |
| Middle East 2/ | 3.6 | -1.0 | -2.3 | -2.4 | -2.4 | 0.2 |
| Egypt | -0.7 | 0.6 | -0.3 | -0.1 | -0.7 | -0.4 |
| Other Middle East | 4.3 | -1.6 | -2.0 | -2.3 | -1.7 | 0.6 |
| | | | | | | |
| Western Hemisphere 2/ | 15.0 | 6.0 | -1.5 | -1.2 | -2.3 | 4.0 |
| Argentina | 2.3 | -0.2 | 0.5 | 1.2 | 1.4 | -0.1 |
| Bolivia | ... | -0.1 | — | -0.1 | -0.1 | — |
| Brazil | 5.2 | 5.1 | -2.9 | — | — | 3.0 |
| Chile | 0.3 | 1.2 | -1.5 | -0.3 | -0.1 | -0.8 |
| Colombia | 0.6 | 0.1 | — | 0.4 | -0.5 | -0.3 |
| Ecuador | 0.2 | -0.1 | 0.2 | 0.3 | 0.1 | 0.1 |
| Mexico | 2.8 | 1.6 | -0.8 | -0.8 | -0.8 | 2.1 |
| Peru | ... | 0.4 | -0.1 | 0.4 | 0.3 | — |
| Uruguay | ... | — | — | — | -0.1 | -0.1 |
| Venezuela | -1.2 | -2.2 | 0.5 | -1.1 | -0.5 | — |
| Other Western Hemisphere | ... | 0.2 | 1.0 | -1.2 | -1.9 | — |

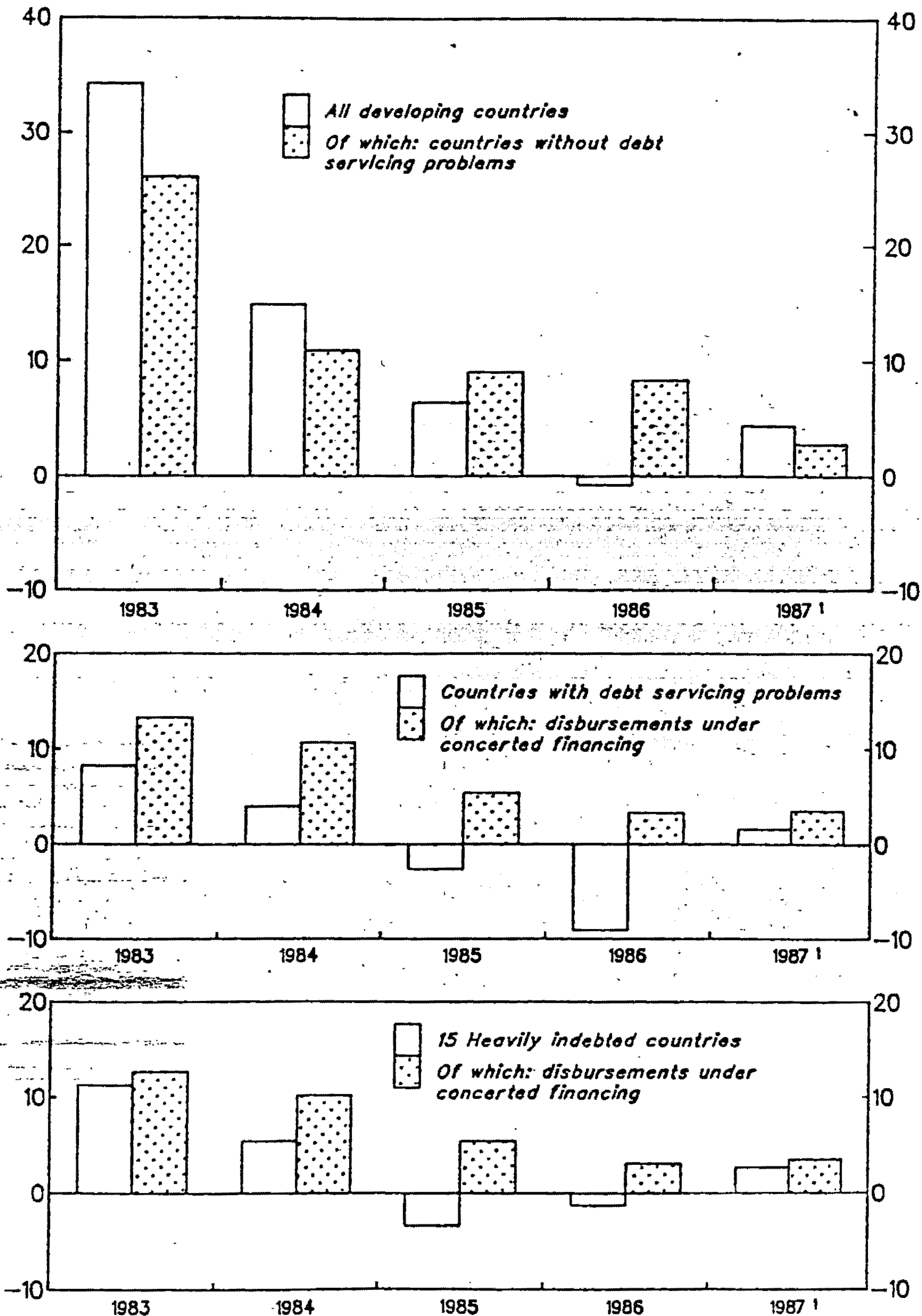
Sources: International Monetary Fund, International Financial Statistics; Bank for International Settlements data reported to the Fund on currency distribution of banks' external accounts; and Fund staff estimates.

1/ As measured by changes in the outstanding liabilities of borrowing countries, defined as cross-border interbank accounts by residence of borrowing banks plus cross-border bank credits to nonbanks by residence of borrower. Adjusted for changes attributed to exchange rate movements.
2/ Excluding offshore banking centers.

CHART 1

BANK LENDING TO DEVELOPING COUNTRIES, 1983-1987

(In billions of U.S. dollars)




Sources: *International Banking Activity in the First Three Quarters of 1987*, SM/88/45 (2/19/88): and Fund staff estimates.

[1] Data for January - September 1987 are at annualized rates, except for concerted financing which are actuals.

advisory committee) in the form of general purpose financing to governments. Consolidation periods over which the rescheduling took place covered only one or two years, reflecting the perception that the debtor country's debt-servicing difficulties were temporary. 1/ Generally, countries undertaking concerted lending and rescheduling operations had a formal arrangement with the Fund.

Rescheduling of commercial bank debt restricts both the public and private sectors' spontaneous access to medium-term bank credits and to the international bond market. Notably, no Latin American country that has rescheduled since 1982 has regained more than modest spontaneous medium-term access to international financial markets. In addition, a bank debt rescheduling automatically results in the establishment of loan loss reserves in a number of creditor countries (e.g., Canada, Japan, Switzerland, and the United Kingdom). The existence of these reserves makes it more difficult to assemble concerted loans and adds to the supply of claims in the secondary market, which in turn depresses the prices of these claims.

A decision to seek a debt rescheduling can also have an important impact on a country's access to new export credits. Credits from or guaranteed by official creditors (e.g., for the United States, Eximbank, FCIA, CCC, etc.), including guaranteed commercial bank credits, can be rescheduled only under the aegis of the Paris Club. When a debtor requests, or is considered likely to request, a Paris Club rescheduling,

---

1/ Under these arrangements grace periods varied from three to five years, maturities for the rescheduled debt ranged up to ten years, and spreads were typically about 2-2 1/4 percent.

most agencies will go "off cover" for new credits and guarantees to that country, and the debtor will find that its access to new export credits is rapidly and sharply curtailed. (Official creditors will, however, normally maintain cover for short-term trade credits if it is clear that a rescheduling of short-term debt will not not be requested.) While some countries (e.g., Venezuela and Uruguay) have had bank debt reschedulings without requesting a parallel Paris Club rescheduling, the banks have usually asked, and sometimes insisted, that a country seeking a bank rescheduling also go to the Paris Club. The request for a bank rescheduling can, therefore, result in a drying up of access to export credits, at least until the intent vis-a-vis the Paris Club is clarified. If a country does request a Paris Club rescheduling, most agencies will remain off cover at least until the bilateral agreement implementing the Paris Club agreed minute has been negotiated--a process that can take up to one year or more--and in some cases they stay off cover much longer. For countries that are Fund members, official creditors generally require an upper credit arrangement prior to a Paris Club negotiation.

b. Efforts to rebuild market-based relations

A significant development in banks' relations with heavily indebted countries in recent years has been the attempt by creditor banks to rebuild commercial ties by adopting a more market-based approach and a medium-term perspective in certain reschedulings. In addition, banks have indicated a preference to shift away from balance of payment loans, which has been cited by the Institute for International Finance (see Restoring Market Access--New Directions in Bank Lending, Washington,

D.C. 1987). These evolving attitudes have been influenced by banks' long-term business interests, including regional trading ties and financing patterns, and their regulatory, tax, and accounting environments. Such business ties are largely related to trade and project lending, generally in support of the activities of industrial country clients. This form of lending has often benefited from officially supported export credit guarantees.

Adaptations in concerted financing packages during 1984-85 reflected a desire to facilitate participation in financing packages by shaping them to banks' business interests. For example, onlending/relending facilities have switched claims back to the private sector and parastatals from the central government or central bank, while trade facilities have permitted some banks to maintain ties with private sector clients in developing countries while servicing industrial country clients.

Commercial banks have also shown a preference to link their loans to lending from multilateral development institutions, giving prominence to the support of structural reforms and the revitalization of investment. Banks participating in cofinancing arrangements with multilateral development institutions benefit from these institutions' project analysis, supervision of implementation, and varying degrees of financial protection, including guarantees. The World Bank has made selective use of guarantees in heavily indebted countries to help assemble financing packages (e.g., Chile, Mexico, and Uruguay). Over the near term the World Bank envisages a more extensive and diversified role for itself in catalyzing commercial bank financing for heavily

indebted countries.

Multiyear rescheduling agreements (MYRAs) were developed to smooth debt amortization profiles and, by providing a more certain planning horizon, to facilitate eventually a return to international capital markets for those debtor countries that had successfully carried out domestic and external adjustment. Thus, MYRAs were an attempt to move away from a concerted approach to an approach based on new spontaneous lending. In such cases, banks sought economic monitoring procedures for the period when the debtor country would no longer be using Fund resources. In this connection, the concept of enhanced surveillance by the Fund was developed.

c. The market-based menu approach

Bank financing packages have become more difficult to complete in recent years. A factor behind this development has been the weakening in bank cohesion resulting from a sharper divergence in banks' interests and exposure. Many smaller, less exposed banks, with little strategic interest in cross-border activity, have sought to exit the new money process without making further contributions--that is, to become free riders.

The menu approach, offering a range of financial options, was explicitly adopted in the 1987 Argentina financing package to tackle the problems of divergence in banks' interests. An early participation fee of 3/8 of one percent--to be lowered over time to zero--was offered for an early commitment to the new money package. Banks were also permitted to exchange up to US$5 million of their claims on public sector turnovers into Alternative Participation Instruments (APIs), or exit

bonds. These instruments had a fixed interest rate of 4 percent and a maturity of 25 years and would be exempted from future reschedulings or new money calculations--hence the term exit bonds. The APIs gave banks with small exposures an alternative financing technique, although at the cost of a lower stream of interest payments. In the event, the commercial banks' demand for the instrument in the two cases where they have been offered (Argentina and Ecuador) has been very limited.

Debt conversion schemes have been the most extensively used menu option, both in terms of the number of countries and the amounts involved. These have provided both the debtor country and potential investors a means of benefiting--at least indirectly--from the prevailing discounts in the secondary market for bank claims. 1/ During the period 1983-87, debtor countries using debt conversion schemes (excluding Chile) were able to convert in the range of 1 1/2-3 percent of their external debt to commercial banks (Table 2). The success of the Chilean experience, in which almost 30 percent of medium-term debt to banks was converted, stands out as exceptional and may, in part, be attributed to investors' perception of a favorable environment to direct foreign investment coupled with a significant repatriation of private sector capital.

---

1/ An example of a debt conversion scheme is a debt-equity swap. Under this scheme investors typically purchase existing bank debt at a discount in the secondary market (in the case of commercial banks their own holdings are utilized) and present it to the debtor government for redemption in local currency at a price above the purchase price. In essence, the government can be thought of as offering a preferential exchange rate for this type of transactions. The local currency proceeds are then normally used to purchase local equity, finance selected projects, or to cancel domestic debts.

Table 2. Colombia: External Debt Comparatives 1/

| | Colombia | Argentina | Brazil | Chile | Mexico | Philippines | Venezuela | Total |
|---|---|---|---|---|---|---|---|---|
| | (In billions of U.S. dollars) | | | | | | | |
| Total external debt (end of 1987) | 15.1 | 56.7 | 118.7 | 20.5 | 102.6 | 28.7 | 31.6 | 373.9 |
| Public sector external debt to commercial banks (end of 1987) | 4.7 | 32.5 | 78.8 | 11.1 | 77.3 | 14.1 | 22.0 | 240.5 |
| Total debt conversions during 1983-87 | -- | 0.5 | 2.2 | 3.3 | 1.5 | 0.3 | ... | 7.8 |
| | (In percent) | | | | | | | |
| Share of debt to banks to total external debt | 31.1 | 57.3 | 66.4 | 54.2 | 75.3 | 49.1 | 69.6 | 64.3 |
| Share of conversions relative to debt to banks 2/ | -- | 1.5 | 2.8 | 29.7 | 1.9 | 2.1 | ... | 3.6 3/ |
| Price of debt in the secondary market | | | | | | | | |
| October 1987 | 74-75 | 35-37 | 40-41 | 51-52 | 48-49 | 53-55 | 50-51 | ... |
| April 1988 | 65-67 | 28-29 | 50-51 | 58-60 | 51-52 | 51-52 | 54-56 | ... |

1/ Preliminary staff estimates.
2/ Debt to banks is based upon end-1987 data which overstates somewhat this ratio.
3/ Excluding Colombia and Venezuela.

2. Securitization

The use of more tradeable financial assets rather than book claims facilitates reorganization of banks' portfolios and may provide debtor countries greater access to new nonbank sources of finance. It has been used by both rescheduling and nonrescheduling countries. In general, securitization can (i) take the traditional form of raising new financing through the issue of securities; and/or (ii) be used to transform existing loans into securities, which may or may not be collateralized.

Colombia's successful floating of bond issues in Japan in 1986 (equivalent to US$30 million) and in Luxemburg in 1987 (equivalent to US$50 million) are examples of uncollateralized bond issues. More recently, Venezuela floated the first of three US$100 million bond issues in an effort to raise some US$300 million. These bonds have a maturity of 5 years and offer an 11 1/8 percent interest rate. To date, about two thirds of the subscribers have been domestic residents enticed by the attractive interest rate and tax exemptions.

In 1986 Hungary, which had experienced constrained access to international capital markets, borrowed US$250 million in the Euromarket through the issuance of 20-year floating rate notes that it collateralized by a matching zero-coupon U.S. treasury bond and cash reserve fund. Earnings on the cash reserve fund in later years were to cover interest payments, while the zero-coupon bond was to cover the principal falling due at maturity. This financial arrangement enabled Hungary to tap the international capital market by providing a higher risk-adjusted

interest rate to its lenders, although some of the components of borrowing costs were not made very transparent. The recent financing packages for Argentina and Ecuador also permitted banks to receive a securitized new money contribution (NMIs), or new money bond, which have the same terms as the bank claims.

Securitization of existing bank loans has occurred through a variety of techniques--most notably the recent Mexican exchange of bank claims for newly issued 20-year Mexican bonds, which were collateralized by a 20-year zero coupon U.S. treasury bond. In contrast to the Hungarian case, no collateral was available for interest payments. Before the exchange could take place, a waiver had to be obtained of various legal provisions in the loan agreement, including the sharing procedures, pari passu clauses, and negative pledge clauses. Banks voluntarily tendered bids and the auction was completed on February 26, 1988. Mexico accepted bids for US$3.7 billion at an average discount of 30 percent; reportedly, Mexico had been prepared to accept bids for up to US$20 billion presuming an acceptable price.

Another technique of securitization has involved the conversion of outstanding interbank lines of credit which had been frozen by the maintenance of exposure, or other, agreements. In 1986 three Mexican banks and one Brazilian bank refinanced US$500 million of such debt using note issuance facilities and floating rate notes.

## II. External Debt Management Options Facing Colombia

### 1. Background

As of December 31, 1987 Colombia's total external debt was equivalent to US$15.1 billion. While the public sector external debt--at US$12.1 billion--is a large part of the total, only US$4.7 billion of it is owed to commercial banks. In both absolute terms and as a share of total debt, the debt owed to banks is small when compared with that of other debtor countries. Colombia's external debt service ratio is lower than that of most other Latin American countries (before taking into account debt relief), reflecting both the relatively smaller level of indebtedness and a sizable foreign trade sector. Although Colombia has not received debt relief in a formal sense, the Government has borrowed about US$2 billion from commercial banks since 1984, an amount which has roughly matched principal payments to these creditors. If these are considered equivalent to a rescheduling in their effect on net principal payments, Colombia has also had a lower debt service ratio than that of most other Latin American countries.

Colombia is one of the few Latin American countries not to have sought a rescheduling of its external debt. In January 1988 the Government obtained a US$1 billion loan from commercial banks on a "quasi-voluntary" basis (covering about 70 percent of principal falling due during 1987-88) in a process that was considered by most participants as

long and difficult, 1/ although perhaps no more protracted and arduous than concerted borrowing operations. This loan was provided with a spread of 15/16 percent above LIBOR, a five-year grace period, and a ten-year maturity, which was not so out of line with the terms on spontaneous bank lending to other developing countries (in 1987 average terms provided on spontaneous bank lending to developing countries outside of Latin America were a spread of 1/2 percentage point and a nine-year maturity). Charges included a 1/4 percent commitment fee (with an additional 1/4 percent early participation fee), a 1/2 percent facility fee, and a 1/2 percent drawing fee.

By contrast, the terms offered in some of the recent rescheduling packages have provided concessions to the debtor which have further removed them from more market-related finance. 2/ However, in some recent financing packages assembled for countries which had previously rescheduled, more market-oriented interest rates and fee structures have been introduced to facilitate their re-entry into the capital markets. Examples include early participation fees, the doubling of the spread in the Mexican debt exchange, and the recent Venezuelan Eurobond issue.

The price of Colombian bank debt in the secondary market continues to be higher than for Latin American countries that have rescheduled their debts. In October 1987 it was about 75 percent of face value but

---

1/ These funds, together with about US$440 million in other commercial bank loans in the pipeline, roughly matched the total amortization payments due to commercial banks during 1987-88.

2/ Notably, Argentina, Brazil (in principle), and Mexico were able to rescheduled 100 percent of their amortization payments falling due and obtain a 13/16 spread above LIBOR, a 7-year grace period (8 years for Brazil), and 20-year maturity (19 years for Argentina). No fees were charged on these rescheduled amounts.

since then it has slipped to about 66 percent. The decline since October in the price of Colombian debt is at variance with the experience of other countries, which have, at least temporarily, witnessed some stabilization in the price of their debt. This may reflect a variety of factors including economic and political developments in Colombia, and the decision of some U.S. regional and Canadian banks to sell their Colombian debt in a market characterized by few buyers (in part related to the absence of debt conversion schemes).

Public sector amortization payments falling due to commercial banks in 1989-90 amount to about US$1.8 billion. Colombia will need to explore the various options that may be available to meet these obligations within the context of its medium-term balance of payments strategy.

2. Alternative debt management options

a. "Quasi-voluntary" borrowing combined with "market-based" options

According to the Institutional Investor, Colombia's credit rating is higher than for all countries that have rescheduled since 1982 but below some countries that have in the recent past experienced difficulties in raising capital in financial markets (e.g., Algeria, Hungary, Indonesia, and Turkey). Recognition of the prompt debt servicing record and sound economic policies of Colombia is likely to have facilitated the private sector's access to international capital markets, and more generally, raised the country's prospects for obtaining spontaneous financing in the future. In view of these factors, a first approach to

meeting prospective financing requirements may be to seek further new money along the lines of the loan raised in 1988.

Obtaining new money from commercial banks could be facilitated by incorporating some of the more recently developed menu-based options. In this regard, the "quasi-voluntary" bank loan to Colombia for 1987-88 for the first time included early participation fees and eliminated the conventional approach which requires all banks to participate in the syndicated credit based on their exposure. This represented an attempt to pursue a market-related approach to refinancing. These innovative features could be considered for inclusion in a future operation. As explained below, other new features may have limited scope in the case of Colombia. For example, exit bonds would not appear to be appropriate in Colombia's circumstances because they were primarily designed to be used in the context of a concerted loan and rescheduling package.

Introduction of a debt conversion scheme in Colombia could be useful in two ways. First, it may provide a positive signal as regards Colombia's policy on direct foreign investment. Second, the price of Colombian debt in the secondary market may be supported by the demand for debt conversions. However, in view of the smaller discount on its debt and the large share of amortization payments due in 1989-90, one might, a priori, expect the scope for a debt conversion scheme in Colombia to be no better, if not smaller, than in other countries offering similar schemes. In addition, the banks may have little incentive to participate in these schemes because of the limited use of loan-loss reserves against Colombian debt. The fact that a large number of loans remains outstanding--rather than being consolidated as would be

the case in a rescheduling--could also complicate the establishment of such a scheme in Colombia. If, for expositional purposes, one assumes that Colombia could convert over 1989-90 about 10 percent of a total of US$4.7 billion of public sector debt owed to banks, i.e., US$470 million, total debt service payments would be reduced by close to US$200 million over this period, compared with currently estimated debt service obligations to banks of about US$2.6 billion.

Were, for example, a debt-equity swap to be introduced for public sector debt, its design would need to take account of wider policy implications. If domestic currency was issued as the counterpart to the converted external bank claim, pressures on prices and the balance of payments could increase. If, instead, local currency provided for the swaps were financed by a domestic bond issue, domestic interest rates could rise, which could discourage private investment and add to existing fiscal problems. Regarding the external accounts, one of the risks is that some of the local currency obtained from the swaps could immediately flow out of the country through the parallel market i.e., round-tripping. Related concerns have typically resulted in the imposition of restrictions on profit remittances and capital repatriation on investments financed by converted debt beyond those applied on other types of foreign investment. This has tended to reduce the relative attractiveness of these schemes. Another important issue associated with these schemes is whether the debt reduction would be financed by additional net external inflows. Only if inflows associated with debt conversion schemes are substantial and would not otherwise have taken place would these schemes effectively increase the country's

access to foreign savings.

Buy-backs of sovereign debt have thus far been limited to one case--Bolivia. Because of the relatively low discount on its debt, these schemes could be costly for Colombia in terms of international reserves and could approximate an early retirement of debt at face value. More generally, the scope for such transactions is limited by provisions in syndicated credits that specify that all participants in the credit share equally in such payments-sharing provisions. These provisions need to be waived by creditor banks--typically all creditor banks in each syndicated loan--prior to the buy-back. In the case of Colombia, there are hundreds of syndicated credits that would require waivers which could entail a lengthy process.

As with buy-backs, because of the relatively low discount on its debt, securitization involving some form of collateral could be costly for Colombia in terms of international reserves. (The up front costs could, however, be reduced by the establishment of a sinking fund or possibly through credit enhancement by the World Bank). Interest in these schemes could also be small because of the limited use of loss provisions against Colombia debt (noted above). Notwithstanding these caveats, it may be worthwhile to attempt to raise financing through the placement of bonds. Perhaps this could be done in the form of a series of small issues to test the market's receptivity and to diminish somewhat the difficulties associated with a single large loan or bond issue. Colombia could also transform existing loans into securities at par value, but with a longer maturity and grace period. This would effectively be a market-based refinancing similar to an MYRA but without

having the negative consequences. Based on other countries' experiences, however, it is unlikely that bond placements in isolation could provide the full amount of financing needed in the foreseeable future.

b. Rescheduling

Rescheduling represents a nonmarket approach to resolving Colombia's financing requirements. Under a rescheduling, more years of principal repayments could perhaps be rolled over than in a quasi-voluntary package (say a four- to five-year MYRA compared with the recently obtained loan, which covered only two years' maturity); this would reduce the uncertainties associated with refinancing more frequently. Based on other countries' experiences, the repayment period could be somewhat longer and the spread could be narrowed slightly. (It is difficult to predict, however, what the banks would be willing to offer in Colombia's particular situation).

Any financial advantage to the rescheduling approach could, however, be more than offset by a curtailment of access to new export credits and guarantees. Colombia is the only major Latin American country for which export credit agencies generally have remained open for new business throughout the period since 1982. Available data indicate that the agencies' exposure to Colombia has been increasing rapidly, with the outstanding amounts rising from about US$1 billion in 1983 to about US$3 billion in mid-1987 on an exchange rate adjusted basis (US$1 billion of that US$3 billion was guaranteed bank credits, and the balance other direct or guaranteed export credits). Furthermore, Berne Union data indicate that, as of September 1987, there was more than US$1 billion in offers outstanding to exporters for new cover

on Colombia. As noted in Section 1, banks generally urge, and may insist, that a country seeking a bank rescheduling also seek a Paris Club. If Colombia does seek a Paris Club, most agencies are likely to go "off cover," at least until the bilaterals are signed, and, in some cases, possibly for a longer period. Even if Colombia were to manage, as have Venezuela or Uruguay, to avoid a Paris Club, agencies are likely to respond to a request for a bank rescheduling by restricting access to new credits and cover until the situation is clarified. The data would indicate that, for Colombia, the cost of such a loss of cover could be high.

Any rescheduling of public debt is likely to send signals to the market that could affect adversely Colombia's creditworthiness. This could make it more difficult for the country as a whole to attract spontaneous financing in the future and it would probably force Colombia to pay a higher interest rate spread on return to the market. Notably, loan-loss reserves would be triggered in a number of creditor countries. Moreover, a rescheduling may be interpreted as a failure of the debt policy so far pursued by the Colombian authorities. As noted earlier, bank reschedulings combined with a Paris Club rescheduling normally require a financial arrangement with the Fund. In the case of the banks' MYRA for Venezuela, an enhanced surveillance procedure was required by the banks, but this might not be a realistic option if a Paris Club rescheduling is involved since this would require an arrangement with the Fund, at least in the initial stages of an MYRA. A rescheduling could also have negative implications for domestic policy management by relaxing the financial discipline imposed on the various

public sector entities by the need to make principal repayments. Another factor to consider in the case of Colombia is that the most difficult period, in terms of payments falling due to banks, extends through 1991; beginning in 1992 amortization payments start to decline sharply.

# Notes on External Debt Management

I. Overview of the International Debt Strategy

1. Evolution of bank financing

   a. Traditional modalities

   b. Efforts to rebuild market-based relations

   c. The market-based menu approach

2. Securitization

II. External Debt Management Options Facing Colombia

1. Background

2. Alternative debt management options

   a. "Quasi-voluntary" borrowing combined with "market based" options

   b. Rescheduling

B. D. on return

# Office Memorandum

TO: Mr. Bonangelino — April 21, 1987

FROM: José Braz JB

SUBJECT: Colombia--Financing of Prospective Gaps

Recent discussions with the Colombian authorities focussed on two alternatives for meeting the financing requirement projected in the medium-term BOP scenario, namely "voluntary new money" from commercial banks or a longer-term MYRA-type deal. This note, based on conversations with Mr. Keller of this Division and Mr. Kincaid of the International Capital Markets Division, sets out some implications of each alternative:

1. As mentioned in the meetings with the authorities last week, the MYRA option would probably entail a Paris Club rescheduling, a formal Fund arrangement--Surveillance or even a Stand-By--and quite possibly a curtailment of export credit coverage. (We would expect to be able to give more specific indications on this point when the export credit mission, currently in the field, returns to Headquarters: Colombia is one of the countries on the agenda.) In light of the mixed experience with MYRAs to date, it should not be taken for granted that the Executive Board would favor a Fund commitment to a long-term role in such an arrangement with Colombia.

2. A MYRA would signal to the markets that Colombia does not anticipate being able to attract spontaneous financing for at least the next four or five years. Even though recent bank deals with heavily-indebted creditors have included terms (longer maturities and lower spreads) on concerted financing which appear to be very attractive, relative to market terms, continued market access would be beneficial in terms of investor confidence.

3. The longer-term nature of the MYRA option, presently seen as an advantage is that it resolves the financing need for several years, could become a burden if external conditions (e.g., oil prices) improve faster than presently anticipated. In such event, Colombia's access to fully spontaneous financing would be more immediate if it did not have a record of recent rescheduling.

4. In summary, the decision in large part is one of whether Colombia wishes to join the "debt-problem" group of countries or remain the exceptional case in Latin America that has access to more-or-less spontaneous financing on foreign capital markets. The former option could involve the more favorable terms which appear to be available under concerted lending, at the cost of exclusion from voluntary markets and with the requirement of a formal arrangement with the Fund. Under

the alternative of continued access to spontaneous market finance, a broader spectrum of financing modes would be available, including greater use of bond underwriting by the commercial banks, export-related financing (similar to Ecuador's arrangement of last year based on future oil exports), and securitization.

cc: Mr. Keller
Mr. Kincaid
Ms. Flug

EFD/TBL: colombia, 3/27/87

U.S. Direct and Guaranteed Credits to Colombia: Amounts Outstanding as of end-June 1986

(In millions of U.S. dollars)

| | Direct | Guaranteed | Total |
|---|---|---|---|
| Trade-related | 508.8 | 528.5 | 1037.3 |
| Eximbank | (508.8) | (416.1) | (924.9) |
| CCC | ( -- ) | (112.4) | (112.4) |
| Foreign assistance | 611.5 | 135.4 | 746.9 |
| Agricultural trade development | 11.3 | -- | 11.3 |
| Of which: | | | |
| Wheat and flour | (9.1) | (--) | (9.1) |
| Military | 19.8 | -- | 19.8 |
| Total | 1,151.4 | 663.9 | 1,815.3 |

Sources: U.S. Treasury Department, Status of Active Foreign Credits of the U.S. Government, and Contingent Foreign Liabilities of the U.S. Government.