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June 25, 1984

To: Members of the Executive Board

From: The Secretary

Subject: International Capital Markets - Recent Developments

The attached paper provides background material for the paper on "International Capital Markets - Developments and Prospects, 1984" (SM/84/134, 6/13/84), which has been tentatively scheduled for discussion by the Executive Board on Friday, July 13, 1984.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. Watson (ext. (5)7350).

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INTERNATIONAL MONETARY FUND

International Capital Markets: Recent Developments

Prepared by a staff team 1/

Approved by C. David Finch

June 22, 1984

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This paper provides background information to the report on "International Capital Markets--Developments and Prospects, 1984" (SM/84/134, 6/13/84). Section I discusses in detail recent developments in international banking flows, together with regulatory developments that had a bearing on banks' international activities. Other capital flows, including developments in international bond markets and direct foreign investments are addressed in Section II.

The paper contains four annexes. Annex I provides information on the International Banking Statistics (IBS) used, for the first time, in the present reports on capital markets to derive estimates of cross-border bank lending and deposit taking, while Annex II contains updated tables and charts following the format of previous reports and based

on BIS data. Annex III presents an econometric analysis of global bank lending flows based on the model used in previous reports. Finally, Annex IV provides tables setting out amounts and terms of bank debt restructurings and new financing packages through April 1984; these tables update information provided earlier in SM/83/227 (11/7/83), 1/ published as Occasional Paper No. 25. 2/

I. International Banking Flows

1. Measurement of international banking flows

In contrast to previous years, the discussion of international banking flows now is largely based on data derived from the Fund's International Banking Statistics (IBS) published in International Financial Statistics (IFS). Lending is measured as changes in the outstanding liabilities of borrowing countries, while deposit-placement is measured as changes in the outstanding assets with banks of depositing countries. Use of the IBS data permits the disaggregation of total bank lending and deposit-taking flows into transactions among banks and between banks and nonbanks. In discussing recent developments use is made of the major analytical and regional country groupings as defined in World Economic Outlook (WEO), Occasional Paper No. 27 (1984) (pp. 167-168). For the purposes of the staff papers, changes in assets and liabilities attributable to exchange rate movements are excluded to the extent possible. Data on currency composition for certain groups of countries were provided by the Bank for International Settlements (BIS). Thus, bank lending and deposit-placing flows involving industrial countries, non-oil developing countries, oil exporters, and centrally planned economies (excluding Fund member countries) have been corrected for changes attributed to exchange rate movements. Exchange rate corrections however are not feasible for individual

1/ "Recent Experience with Multilateral Debt Restructurings with Official Creditors and with International Banks."

2/ Recent Multilateral Debt Restructurings with Official and Bank Creditors (December 1983).

countries and subgroups including geographical areas. A description of the concepts of international bank claims and liabilities in the IBS series and the methodology used to derive the estimates of international banking flows is provided in Annex I.

The analysis of banking flows in previous staff papers on developments in capital markets was largely based on the BIS measure of "net international bank credit," 1/ and on related estimates of bank lending and deposit-taking flows, derived from data on the external position of banks in the BIS reporting area. 2/ To provide continuity, selected BIS data are updated and summarized, following the format of earlier reports, in a set of tables and charts that are included as Annex II.

Developments in international banking activity as shown by the BIS and IBS series over the last two years are broadly similar (Tables 1 and 2). The absolute magnitudes of assets and liabilities as recorded in the IBS statistics however are much larger, reflecting in part a more comprehensive coverage. As shown in Table 2, both series indicate a growth in international banks' claims on non-oil developing countries of about 6 percent in 1983. Similarly, the data in Table 3 (IBS) and in Annex II, Table I (BIS) indicate a strong recovery in international bank lending to industrial countries in the second half of 1983. In interpreting the lending and deposit-taking flows, it is necessary to bear in mind that the Fund's IBS series follows a balance of payments approach to recording banking flows, and is based on the geographical location of banks rather than their nationality. Thus, the review of recent developments which follows is based on data that do not reflect interbank lending within the major banking centers, even where it involves banks of different nationality; nor is cross-border redepositing between banks netted out. 3/

A technical note on the IBS series is included in this paper as Annex I. In addition, an article "Fund's Compilation of International Bank Data" in the IMF Survey dated June 18, 1984, provides further background on the compilation of international banking statistics in the IBS series, and on directions for future work in this area.

1/ Which represents total foreign lending net of repayment by banks in the BIS reporting area after (partly estimated) adjustment to exclude double-counting due to redepositing among reporting banks.

2/ Excluding changes attributed to exchange rate movements.

3/ The BIS, in some of its presentation nets out the estimated redepositing among banks within the reporting area.

Table 1. Growth in International Lending and Selected Economic Indicators, 1973-83

(In billions of U.S. dollars; unless otherwise indicated)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
International lending											
Net new international lending											
through banks and bond markets											
(BUR based) 1/										215 3/	185 3/
(BIS based) 2/	40	59	58	96	95	114	148	179	199	147 3/	133 3/
Bond issues (net) 4/	7	9	18	26	27	24	23	19	34	52	48
Bank lending											
(BUR based) 1/										163 3/	137 3/
(BIS based) 2/	33	50	40	70	68	90	125	160	165	95 3/	85 3/
Growth in the stock of											
bank claims (in percent)										(7)	(6)
(BUR based) 1/										(10)	(8)
(BIS based) 2/	(24)	(29)	(18)	(27)	(20)	(20)	(23)	(24)	(20)		
Share of net external claims											
in total bank claims in											
14 industrial countries											
(in percent) 5/	8.7	9.9	10.9	12.0	12.7	12.7	14.3	15.8	17.7	18.3	(N.A.)
International payments											
Total of identified current											
account deficits 6/	-22	-75	-70	-66	-75	-89	-95	-148	-172	-171	-154
Seven largest industrial countries	(-4)	(-23)	(-8)	(-9)	(-18)	(-16)	(-11)	(-31)	(-15)	(-20)	(-37)
Other countries	(-18)	(-52)	(-62)	(-57)	(-58)	(-73)	(-84)	(-117)	(-157)	(-151)	(-117)
Oil exporting countries'											
current account balance	7	69	35	39	29	6	63	111	53	-12	-16
Non-oil developing countries'											
current account balance	-11	-37	-46	-33	-30	-42	-62	-88	-109	-82	-56
Reserve accumulation of non-oil											
developing countries 7/											
(accumulation +)	10	3	-2	13	12	16	12	7	5	-4	6
Growth in value of world trade											
(in percent)	38.3	46.3	5.7	12.7	14.5	16.1	26.8	21.8	--	-6.4	-2.6
Production and investment											
in industrial countries											
Percentage growth of real GNP	6.1	0.5	-0.6	5.0	3.9	4.1	3.5	1.3	1.6	-0.1	2.3
Percentage growth in real gross											
fixed investment	...	...	...	...	7.3	7.0	4.7	-1.9	0.8	-3.6	3.7
Percentage change in GNP deflators	7.5	11.5	11.1	7.6	7.6	7.5	8.0	9.1	8.6	7.1	5.1
Monetary developments											
Monetary expansion in seven											
major industrial countries											
(in percent) 8/	11.9	9.3	12.5	12.7	11.2	10.3	9.5	8.4	10.0	10.8	10.9
Interest rates (six-month											
Eurodollar deposit rate:											
in percent per annum	9.3	11.2	7.6	6.1	6.4	9.2	12.2	14.0	16.6	13.5	9.8

Sources: Bank for International Settlements; Organization for Economic Cooperation and Development; International Monetary Fund, International Financial Statistics, and World Economic Outlook, Occasional Paper No. 27 (May 1984); and Fund staff estimates.

1/ Data on bank lending to and deposit-taking from are derived from the International Banking Statistics (IBS) of the Fund's Bureau of Statistics (cross-border interbank accounts by residence of borrowing bank plus international bank credits to nonbanks by residence of borrower), excluding changes attributed to exchange rate movements.

2/ Data on bank lending and deposit-taking are derived from the BIS International Banking Developments quarterly statistics; the figures shown are net of redepositing among banks within the BIS reporting area and, for the years after 1976, adjusted for the valuation effects of exchange rate movements on end-of-period stocks.

3/ Different coverages account for most of the differences between the Fund's Bureau of Statistics data (BUR) and the BIS data.

4/ Net of redemption and of double-counting due to bank purchases of bonds.

5/ Group of Ten countries and Switzerland, plus Austria, Denmark, and Ireland.

6/ Goods, services, and private transfers.

7/ Based on balance of payments definitions.

8/ Weighted average (1979 GNP weights) of rate of growth of money plus quasi-money.

Table 2. Developments in International Bank Claims on Non-Oil Developing Countries (NODCs), 1981-83 ^{1/}

	Outstanding Claims At End-1981	Increase in Claims in 1982		Outstanding Claims At End-1982	Increase in Claims in 1983	
	In billions of U.S. dollars	In billions of U.S. dollars	In per- cent	In billions of U.S. dollars	In billions of U.S. dollars	In per- cent
<u>International Bank Claims on NODCs</u>						
BIS quarterly data						
Corrected for exchange rate changes		25	8.7		17	5.6
Uncorrected for exchange changes	286	21	7.3	306	13	4.3
Bureau of Statistics data						
Corrected for exchange rate changes ^{2/}		43	11.3		26	6.2
Uncorrected for exchange rate changes	382	37	9.7	419	19	4.6
<u>International Bank Claims on NODCs in Latin America</u>						
BIS quarterly data						
Corrected for exchange rate changes ^{3/}		12	7.4		9	5.2
Uncorrected for exchange rate changes	162	11	6.8	173	7	4.1
Bureau of Statistics data						
Uncorrected for exchange rate changes	201	20	9.8	221	15	6.7

Sources: Bank for International Settlements, International Banking Developments (Fourth Quarter 1983); and International Monetary Fund, International Financial Statistics.

^{1/} Fund country classification, but excluding claims on seven offshore centers in the NODC group (i.e., Bahamas, Bahrain, Cayman Islands, Hong Kong, Netherlands Antilles, Panama, and Singapore).

^{2/} Exchange rate correction made by Fund staff based on Bureau of Statistics methodology, using the currency composition provided by the BIS.

^{3/} Excluding Ecuador and Trinidad and Tobago but including Cuba; BIS methodology.

Table 3. Total Cross-Border Bank Lending and Deposit-Taking Excluding Changes Attributed to Exchange Rate Movements, 1982-83 1/

(In billions of U.S. dollars)

	1982	1983	1982		1983	
			1st half	2nd half	1st half	2nd half
Lending to <u>2/</u>	163	137	73	90	12	125
Industrial countries	118	93	63	55	6	87
Of which: United States <u>3/</u>	(46)	(42)	(39)	(7)	(5)	(37)
Developing countries <u>4/</u>	52	31	32	20	8	23
Oil exporting	(9)	(5)	(5)	(4)	(-2)	(7)
Non-oil	(43)	(26)	(27)	(16)	(10)	(16)
Offshore centers <u>5/</u>	23	10	4	19	-2	12
Centrally planned economies <u>6/</u>	-1	-2	--	-1	-1	-1
Unallocated <u>7/</u>	-29	5	-26	-3	1	4
Deposit-taking from <u>8/</u>	176	163	88	88	34	129
Industrial countries	122	103	60	62	16	87
Of which: United States <u>3/</u>	(80)	(34)	(52)	(28)	(19)	(15)
Developing countries <u>4/</u>	11	24	5	6	6	18
Oil exporting	(-4)	(1)	(-3)	(-1)	(-3)	(4)
Non-oil	(15)	(23)	(8)	(7)	(9)	(14)
Offshore centers <u>5/</u>	21	25	12	9	7	18
Centrally planned economies <u>6/</u>	3	3	-1	4	1	2
Unallocated <u>7/</u>	19	8	12	7	4	4
Change in net claims on <u>9/</u>	-13	-26	-15	2	-22	-4
Industrial countries	-4	-10	3	-7	-10	--
Of which: United States <u>3/</u>	(-34)	(8)	(-13)	(-21)	(-14)	(22)
Developing countries <u>4/</u>	41	7	27	14	2	5
Oil exporting	(13)	(4)	(8)	(5)	(1)	(3)
Non-oil	(28)	(3)	(19)	(9)	(1)	(2)
Offshore centers <u>5/</u>	2	-15	-8	10	-9	-6
Centrally planned economies <u>6/</u>	-4	-5	1	-5	-2	-3
Unallocated <u>7/</u>	-48	-3	-38	-10	-3	--

Sources: International Monetary Fund, International Financial Statistics; and Fund staff estimates.

1/ Data on lending and deposit-taking are derived from stock data on the reporting countries' liabilities and assets.

2/ As measured by differences in the outstanding liabilities of borrowing countries, defined as cross-border interbank accounts by residence of borrowing bank plus international bank credits to nonbanks by residence of borrower.

3/ Not corrected for valuation changes attributed to exchange rate movements.

4/ Excluding offshore centers.

5/ Consisting of Bahamas, Bahrain, Cayman Islands, Hong Kong, Netherlands Antilles, Panama, and Singapore.

6/ Excludes Fund member countries.

7/ Including certain international organizations.

8/ As measured by differences in the outstanding assets of depositing countries, defined as cross-border interbank accounts by residence of lending bank plus international bank deposits by nonbanks by residence of depositor.

9/ Lending to minus deposit-taking from.

2. Developments in banking flows

a. Overview of lending and deposit-taking

International bank lending slowed further in 1983, with the increase in total international bank claims 1/ amounting to \$137 billion compared with \$163 billion in 1982 (Table 3); this corresponded to a rate of growth of 5.6 percent, 2/ down slightly from 7.2 percent in 1982. Lending was particularly low in the first half of 1983, with international bank claims increasing by only \$12 billion, compared with \$90 billion in the second half of 1982 and \$73 billion in the first half of 1982. However, in the second half of 1983, cross-border bank lending reached \$125 billion. It is believed that this reflected in part a normal seasonal pattern in cross-border lending between banks, 3/ but the increase in international borrowing by U.S. entities (mainly U.S. banks) appears to have resulted from a shift in their pattern of funding, associated with the expansion in their domestic lending. Global lending to nonbanks was relatively more stable; there was no change in its pace between the first and second half of 1982, and then a relatively moderate decline and recovery in the first and second half of 1983 respectively (Chart 1 and Appendix Table II).

Recourse by industrial countries to bank lending declined in 1983. Lending to industrial countries as a group accounted for 68 percent of total lending in 1983 compared with 72 percent in 1982; this took primarily the form of cross-border interbank lending (Appendix Table I). Claims on non-oil developing countries (excluding seven offshore centers) grew by \$26 billion in 1983 (6.2 percent 4/) compared with \$43 billion in 1982 (11.3 percent). With the spreading debt-servicing difficulties among developing countries, and the increased awareness among banks of cross-border interbank lending risks, only a relatively small number of non-oil developing countries continued to have access to spontaneous bank lending on a significant scale. Concerted lending to non-oil developing countries (in conjunction with debt restructurings and Fund programs) totaled an estimated \$13 billion in 1983, representing about half of total lending to this group of countries. Claims on oil exporting

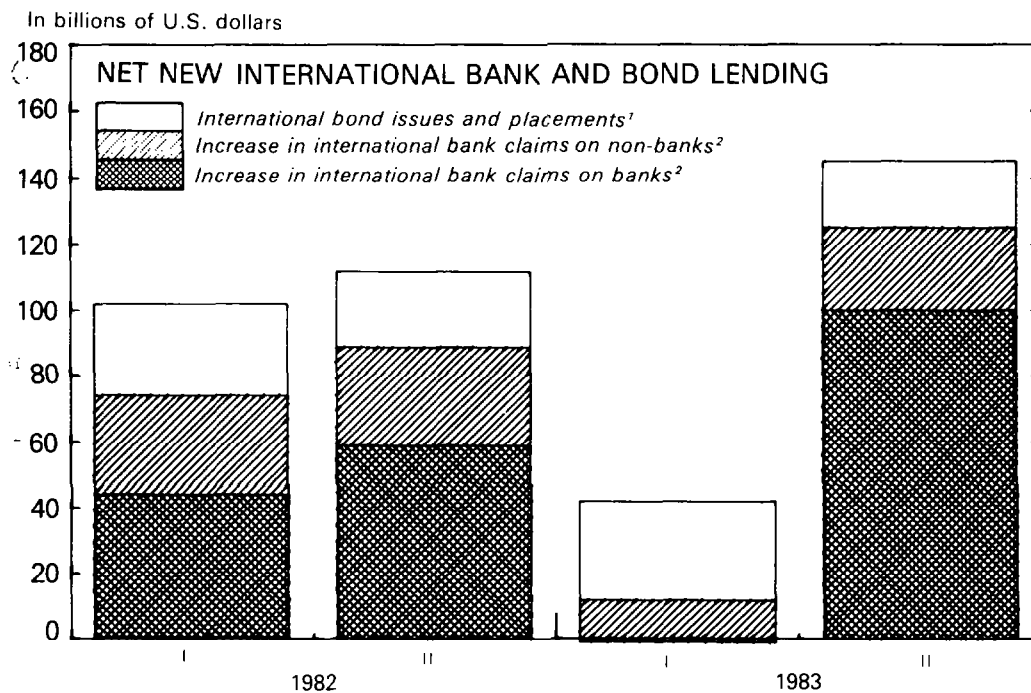
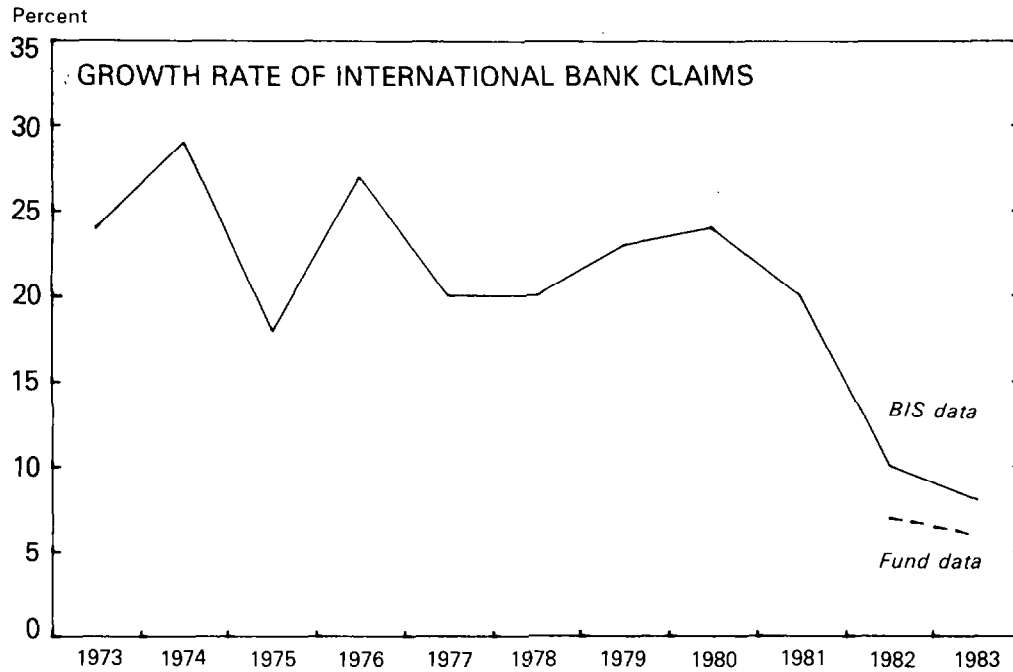
1/ International bank claims are measured as the sum of cross-border interbank accounts by residence of borrowing bank and of international bank credits to nonbanks by residence of borrower. Changes attributed to exchange rate movements are excluded.

2/ Based on a stock of claims of \$2,456 billion at the end of 1982 (Appendix Table III).

3/ Half-yearly fluctuations in global cross-border interbank flows appear large relative to other flows, but they are small if scaled by the aggregate stock of global cross-border interbank claims of some \$1,800 billion (Appendix Table IV).

4/ Excluding changes attributed to exchange rate movements. Based on a stock of claims on this group of countries of \$419 billion at the end of 1982 (Appendix Table III).

CHART 1
NET LENDING THROUGH
INTERNATIONAL CAPITAL MARKETS, 1973-83





countries grew by \$5 billion in 1983, compared with \$9 billion in 1982. However, there were wide variations within this group. There was a strong expansion in lending to both high- and low-absorbing Middle Eastern countries, notably in the second half of 1983, while lending to some countries outside this area was negatively affected by the emergence of debt difficulties. As regards lending to nonmember countries in Eastern Europe, the stock of international bank claims on these countries declined in absolute terms in both 1982 and 1983.

Total deposit-taking ^{1/} from both banks and nonbanks declined from \$176 billion in 1982 to \$163 billion in 1983. The growth of deposits of the industrial countries declined from \$122 billion in 1982 to \$103 billion in 1983. This was more than accounted for by banks in the United States, which increased their deposits by only \$16 billion in 1983, compared with an increase of \$82 billion in 1982 (Appendix Table I). However, owing in part to increased depositing by nonbanks (including nonbank financial institutions), industrial countries as a group continued to be the single largest supplier of funds to the international banking system, accounting for 63 percent of total flows. At the same time, there was a significant increase in deposits with the international banking system by non-oil developing countries, particularly in the second half of 1983. Depositing by this group of countries, which amounted to \$15 billion in 1982, increased to \$23 billion in 1983. This increase resulted in part from a buildup of gross official reserves by some countries in the group; however, there was an even larger increase in private deposits. In several instances, this may have reflected a shift in portfolio preferences of private depositors due to increased economic and financial uncertainties. Following a decline of \$4 billion in 1982, the withdrawal of deposits by the oil exporting countries continued in the first half of 1983. However, this trend later was reversed and their deposits increased marginally for 1983 as a whole. Centrally planned economies continued to expand their deposits in 1983, at about the pace of the preceding year, reflecting a build-up of official exchange reserves.

As a result of these developments in lending and deposit-taking in 1983, there was a shift in the distribution in net banking flows (net lending less depositing). Industrial countries, as a group, continued to be net suppliers of funds. However, within this group, the United States, which had supplied US\$34 billion in 1982, became a net taker of funds of US\$8 billion in 1983. This reflected primarily the switch of banks located in the United States from net suppliers of US\$36 billion in 1982 to net takers of US\$24 billion in 1983. At the same time, nonbanks in the United States (including nonbank financial institutions) became net suppliers of \$16 billion to the international banking system

^{1/} Deposit-taking flows are measured as differences in the outstanding assets of depositing countries, excluding changes attributed to exchange rate movements.

in 1983 (Appendix Table II). Net banking flows to non-oil developing countries from banks in the rest of the world were down sharply to \$3 billion for 1983 as a whole compared with \$28 billion in 1982.

b. Medium- and long-term external bank credit commitments ^{1/}

Recorded new publicized medium- and long-term external bank credit commitments amounted to about \$67 billion in 1983--a contraction by approximately one third compared with the previous year, and proceeded at an annual rate of about \$65 billion in the first quarter of 1984 (Table 4 and Appendix Tables XII and XIII). It should be noted, however, that recorded commitments do not include loans to restructure maturities on medium- and long-term debt of developing countries, of which an estimated \$24 billion fell due in 1983. Including such restructured maturities, new bank credit commitments fell short of the 1982 level by only about \$7 billion. On the other hand, new loans in 1983 included nearly \$15 billion of concerted loans committed in the context of bank debt restructurings. Net of concerted loans, spontaneous lending commitments in 1983 amounted to only \$52 billion, a 47 percent decline from 1982. Commitments to industrial countries, including loans contracted by the European Community (EC) on behalf of some of its members, dropped by 46 percent to \$28 billion in 1983. Commitments to non-oil developing countries declined by 23 percent, to \$28 billion in 1983 from \$37 billion in 1982. Commitments to oil exporting countries declined from about \$8 billion in 1982 to about \$6 billion in 1983. There was a modest increase in new commitments to non-Fund member countries in Eastern Europe, notably the U.S.S.R., in 1983, but new commitments remained small in absolute terms.

^{1/} This analysis is based on OECD data on medium- and long-term external bank credit commitments, which cover new publicized medium- and long-term bank loans--including not only syndicated loans, but also "club" deals and single bank loans--signed or completed during a certain period, which have an original maturity of more than one year. They are not directly comparable to the data on lending previously referred to in the text, both because the amounts committed are not necessarily disbursed during the period [in some cases, they are never disbursed], and because they relate to gross commitments and do not take account of amortization. These data nevertheless provide a useful indication about trends in the international banking markets. (Appendix Table XIV shows also OECD data on medium- and long-term international bank commitments. This is a wider aggregate which, in addition to external credit commitments, comprises credit facilities backing other forms of financing, such as large stand-by credit facilities opened in favor of some American oil companies in relation to takeover operations, which totaled \$34 billion in the first quarter of 1984. Thus, because they often correspond to the expansion of other forms of financing, these international commitments data may largely overstate the size of the bank credit market. The discussion in the text refers only to external credit commitments, unless specific reference is made to the wider aggregate.)

Table 4. New Publicized Medium- and Long-Term External Bank Credit Commitments, 1979-84

	1979 <u>1/</u>	1980 <u>1/</u>	1981	1982	1983	1982		1983		1984
						1st half	2nd half	1st half	2nd half	1st quarter
(In billions of U.S. dollars)										
Industrial countries	24.1	39.3	44.8	51.6	28.0	22.7	29.0	15.5	12.5	5.9
Seven largest	12.9	23.4	27.8	31.2	15.2	14.0	17.2	7.9	7.2	1.3
Others	11.2	15.9	17.0	20.4	12.9	8.7	11.7	7.6	5.3	4.6
Oil exporting countries	7.7	5.4	5.6	7.7	6.4	4.0	3.7	4.5	1.9	1.0
Non-oil developing countries	43.2	32.9	42.5	36.9	28.5	22.0	14.9	16.7	11.8	8.6
Major exporters of manufactures	16.0	15.4	19.7	17.7	13.8	9.6	8.2	7.7	6.1	7.6
Net oil exporters	12.5	9.0	10.9	10.9	8.1	7.9	3.0	6.6	1.5	0.3
Low-income countries	3.8	0.8	2.0	1.2	1.1	0.3	0.9	0.6	0.5	0.2
Other net oil importers	10.9	7.7	9.9	7.1	5.4	4.2	2.8	1.7	3.7	0.4
Centrally planned economies <u>2/</u>	3.6	1.7	0.7	0.2	0.4	0.2	--	--	0.4	--
International organizations and unallocated	0.4	0.7	1.0	1.7	3.8	1.0	0.8	1.1	2.7	0.5
Total	<u>79.1</u>	<u>79.9</u>	<u>94.6</u>	<u>98.2</u>	<u>67.1</u>	<u>49.9</u>	<u>48.3</u>	<u>37.8</u>	<u>29.3</u>	<u>15.9</u>
Memorandum items:										
International credit commit- ments <u>3/</u>	...	...	147.7	103.4	80.4	52.4	51.0	41.0	39.4	50.5
Industrial countries	...	...	91.3	54.7	40.3	24.2	30.5	18.3	22.0	40.4
Oil exporting countries	...	...	5.6	8.1	6.5	4.0	4.1	4.6	1.9	1.0
Non-oil developing countries	...	...	49.0	38.4	29.2	22.9	15.6	17.0	12.2	8.7
Other	...	...	1.8	2.1	4.3	1.3	0.8	1.1	3.2	0.5
(In percent)										
Share of non-oil developing countries in new external commitments	54.8	41.2	45.0	37.6	42.4	44.1	30.9	44.2	40.2	53.7
Ratio of new commitments to net bank lending <u>4/</u>	...	...	...	60.3 <u>4/</u>	48.6 <u>4/</u>	67.4 <u>4/</u>	54.3 <u>4/</u>	315.0 <u>4/</u>	23.3 <u>4/</u>	...
	(63.3)	(49.9)	(57.3)	(103.4)	(78.9)	(99.8)	(107.3)	(151.2)	(65.5)	(...)

Sources: Organization for Economic Cooperation and Development, Financial Statistics Monthly; International Monetary Fund, International Financial Statistics; and Fund staff estimates.

1/ Includes only Eurocredit commitments.

2/ Excludes Fund member countries (i.e., in accordance with WEO country classification).

3/ Includes also medium- and long-term bank facilities, usually backing other forms of financing.

4/ Based on the Fund's International Banking Statistics (cross-border interbank accounts by residence of borrowing bank plus international bank credits to nonbanks by residence of borrower); figures shown in parentheses are based on the Bank for International Settlements' quarterly data provided in International Banking Developments.

c. Terms of bank lending

Statistics published by the BIS show that the maturity of outstanding bank debt of most of the countries outside the BIS reporting area continued to lengthen somewhat in the first half of 1983, as evidenced by the reduced share of short-term debt in total debt outstanding (Table 5 and Appendix Table XV). Though data for 1983 as a whole are not yet available, it is generally believed that the trend toward a lengthening of maturities continued through the second half of 1983 as well. If sustained, this development would mark a significant departure from the tendency toward a general increase in short-term indebtedness that had prevailed through mid-1982. In some instances, the declining share of short-term debt reflected the lengthening of maturities resulting from recent bank debt restructuring arrangements, whereby sizable proportions of short-term debt were converted into medium-term debt. It also reflected a deliberate effort by some borrower countries enjoying access to spontaneous credits to lengthen the maturity of their debt. In other instances, it may have resulted from a withdrawal of short-term loans and deposits by creditor banks.

The OECD data covering the maturity of new medium- and long-term bank credit commitments indicate that the average final maturity of new medium-term bank credit commitments shortened somewhat from seven years five months in 1982 to seven years three months in 1983, continuing a trend observed since 1979 (Table 6). Grace periods also appear to have shortened in many cases. However, the shortening of final maturities affected mostly spontaneous lending, while maturities and grace periods of loans extended in the context of concerted lending lengthened. Thus, maturities of loans to non-oil developing countries, about half of which corresponded to concerted lending, remained constant at about seven years.^{1/} As shown by the OECD maturity data, final maturities on loans to OECD countries, which were entirely of a spontaneous nature, declined to seven years eight months in 1983 from eight years three months in 1982.

As regards interest rates, reference rates ^{2/} in 1983 were at levels substantially below the 1982 average rates, resulting in a considerable lowering of average interest rates applicable to new and existing floating rate bank credits (Chart 2 and Appendix Table XVIII). However, these rates increased markedly in the first four months of 1984 and, by end-May 1984, were above those reached one year earlier. As regards the weighted average spread on new publicized medium-term bank credit commitments, such lending margins increased to 1.14 percent

^{1/} In the first quarter of 1983, average maturities for all loans rose to eight years five months (Table 6 and Appendix Table XVI), reflecting largely the arrangement of a US\$6.5 billion new loan to Brazil with a maturity of nine years, in the context of that country's bank debt restructuring.

^{2/} Primarily comprising LIBOR, U.S. prime rate, and interest rate on certificates of deposit.

Table 5. Short-Term Claims 1/ in Percent
of Outstanding Bank Claims, 1978-83

(In percent)

	Dec. 1978	Dec. 1979	Dec. 1980	Dec. 1981	Dec. 1982	June 1983
Industrial countries (other than Group of Ten and Switzerland, Austria, Denmark and Ireland)	<u>41.5</u>	<u>41.4</u>	<u>43.0</u>	<u>44.0</u>	<u>43.7</u>	<u>42.2</u>
Oil exporting countries	<u>47.6</u>	<u>50.8</u>	<u>53.1</u>	<u>56.9</u>	<u>55.4</u>	<u>54.5</u>
Nigeria	<u>34.8</u>	<u>28.6</u>	<u>31.1</u>	<u>33.3</u>	<u>36.8</u>	<u>39.0</u>
Venezuela	54.3	61.1	58.8	61.5	57.5	57.2
Other	45.8	47.1	52.0	57.6	58.0	56.4
Non-oil developing countries	<u>44.7</u>	<u>43.2</u>	<u>45.5</u>	<u>46.1</u>	<u>46.4</u>	<u>45.7</u>
Six largest borrowers <u>2/</u>	<u>34.6</u>	<u>37.5</u>	<u>44.4</u>	<u>44.5</u>	<u>45.7</u>	<u>45.1</u>
Argentina	(51.4)	(51.5)	(52.3)	(46.8)	(54.3)	(53.4)
Brazil	(28.3)	(29.3)	(35.4)	(34.7)	(34.9)	(34.0)
Korea	(57.3)	(55.8)	(62.3)	(57.8)	(60.0)	(56.5)
Mexico	(31.8)	(34.6)	(44.2)	(48.7)	(47.6)	(47.7)
Philippines	(50.0)	(52.7)	(58.1)	(56.9)	(60.0)	(59.7)
Yugoslavia	(19.4)	(23.2)	(27.9)	(28.0)	(26.7)	(30.0)
Other	54.2	49.2	46.9	48.2	47.3	46.5
Centrally planned economies <u>3/</u>	<u>41.9</u>	<u>41.0</u>	<u>38.4</u>	<u>43.1</u>	<u>39.3</u>	<u>39.0</u>
All countries	44.4	43.8	45.6	47.1	46.7	45.9

Source: Bank for International Settlements, The Maturity Distribution of International Bank Lending.

1/ Remaining maturity of one year or less.

2/ As of end-December 1980.

3/ Excluding Fund member countries (i.e., in accordance with WEO country classification).

Table 6. Terms on New Publicized Medium- and Long-Term
International Bank Credit Commitments, 1979-84

(In percent unless otherwise indicated)

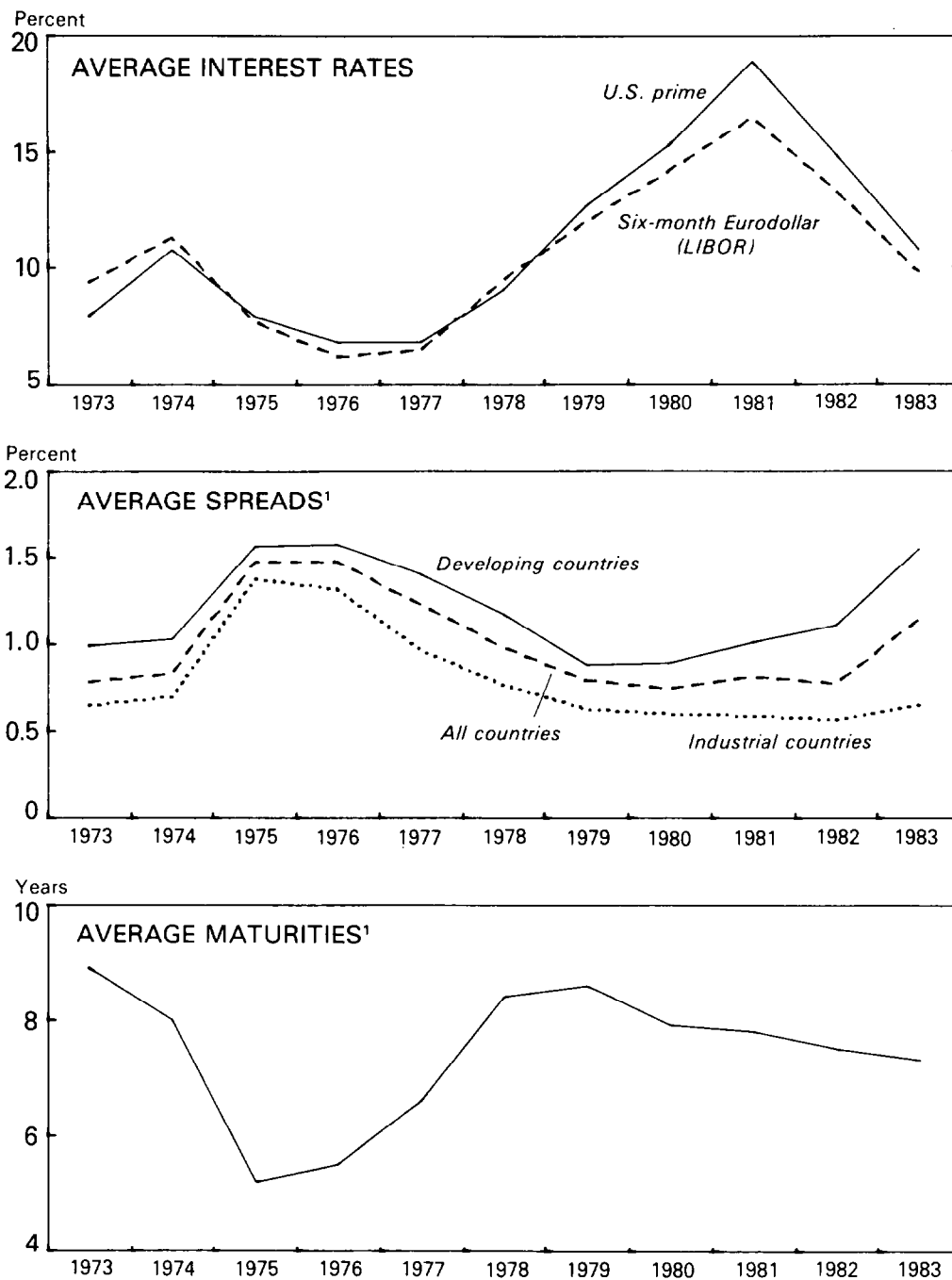
	1979	1980	1981	1982	1983	1982		1983		1984
						1st half	2nd half	1st half	2nd half	1st quarter
Six-month Eurodollar interbank rate (average)	12.0	14.15	16.52	13.31	9.77	15.13	11.49	9.44	10.11	9.88 <u>1/</u>
U.S. prime rate (average)	12.66	15.26	18.87	14.86	10.79	16.38	13.34	10.69	10.90	11.0
Average maturity (in years/months)	8/6	7/9	7/8	7/5	7/3	7/5	7/9	7/7	7/0	8/5
OECD countries	...	8/0	7/8	8/3	7/8	...	...	...	...	...
Centrally planned economies	...	6/7	5/7	4/9	4/5	...	...	...	...	...
Oil exporting countries	...	7/3	7/9	6/0	7/2	...	...	...	...	...
Other developing countries	...	7/8	7/9	7/0	7/0	...	...	...	...	...
Average spread										
All borrowers	0.79	0.74	0.81	0.77	1.14	0.78	0.75	1.18	1.04	...
OECD countries	0.62	0.59	0.58	0.52	0.64	0.52	0.51	0.64	0.65	...
Centrally planned economies	0.70	0.88	0.62	1.03	1.12	...	...	...	...	...
Oil exporting countries <u>2/</u>	1.05	0.77	0.79	0.94	0.85	0.81	1.05	0.73	1.04	...
Other developing countries	0.85	0.91	1.04	1.14	1.70	1.06	1.27	1.70	1.56	...

Sources: Organization for Economic Cooperation and Development, Financial Market Trends; International Monetary Fund; Morgan Guaranty Trust, World Financial Markets (for LIBOR); Federal Reserve Bulletin (for prime rate); and OECD unpublished data (details on maturities).

1/ January only.

2/ OPEC countries.

CHART 2
**TERMS ON INTERNATIONAL BANK LENDING
 COMMITMENTS, 1973-83**



Sources: OECD, *Financial Market Trends*; and IMF, *International Financial Statistics*.

¹New publicized medium- and long-term international bank credit commitments.

in 1983, compared with 0.77 percent in 1982 and 0.81 percent in 1981. Even so, average spreads remained well below the levels experienced in 1974-78. Developments in 1983 and early 1984, were, however, sharply differentiated by type of borrower, reflecting the increasingly bimodal assessment of cross-border lending risks. The average spread on new commitments to OECD countries increased by 12 basis points in 1983, to 0.64 percent, while the average spread on commitments to non-oil developing countries increased by 56 basis points to 1.70 percent. At the same time, the differential in spread between OECD and non-oil, non-OECD countries rose from 54 basis points in the first half of 1982 to 76 basis points in the second half of 1982, and on average to 106 basis points in 1983; it reached a peak of 125 basis points in the third quarter of 1983 (Appendix Table XVI). This is, however, an imprecise measure of the price differential as fees and charges are not reflected (because adequate information is not available). Moreover, many developing countries were unable to obtain significant new loans at the prevailing margins. In contrast, many industrial borrowers, selected non-oil developing countries and some oil exporting countries have been able to obtain new bank credits at increasingly fine spreads over the reference interest rates in the second half of 1983 and the first few months of 1984. However, in several instances, the terms applied to concerted lending, which were negotiated terms that did not reflect market conditions, were more favorable to the borrowers than terms obtained by some countries with access to spontaneous lending. In particular, toward the end of 1983 and during the first months of 1984, banks agreed to terms more favorable to the borrower on new concerted lending to some large debtor countries that had restructured their debt in 1983 and whose performance in the context of their respective adjustment program was being viewed as satisfactory. For example, as regards the new \$3.8 billion loan for Mexico, lending spreads were reduced by 75 basis points over LIBOR and by 100 points over the U.S. prime rate, the final maturity was extended from 6 to 10 years, and the period of grace from 3 to 5.5 years, in comparison with the new money facility that had been arranged in early 1983. Recent lending to Brazil and Chile provide further examples.

In 1983, the currency denomination of new medium- and long-term bank credit commitments changed markedly, reflecting in part borrowers' expectations about exchange and interest rate developments, as well as an increased preference by international banks for lending in their respective domestic currencies, reflecting funding concerns (see Section I. 3. e. below). Thus, while lending to Latin American countries had traditionally been denominated in U.S. dollars, a substantial number of non-dollar based creditor banks opted for the use of their domestic currency for their participation in the provision of new financing, where this option was available. In 1983, U.S. dollar-denominated loans accounted for less than 80 percent of the overall committed amounts, as compared with a share of 90 percent in 1981 and of 86 percent in 1982. This decline was broadly matched by the increase in the shares of pound sterling and yen loans from about 1 percent of the market each in 1980 to about 3.5 percent in 1982. In

1983 yen-denominated loans accounted for about 7 percent of total new commitments, while pound sterling loans accounted for 4.5 percent of the overall commitments. Loans denominated in European Currency Units (ECUs), which had made their first appearance in the market in 1982, accounted for about 1 percent of overall external loans in 1983.

d. Banking flows to non-oil developing countries 1/

(1) Overall developments

In the second half of 1982, lending to non-oil developing countries slowed to \$16 billion, down from \$27 billion in the first half of that year. Lending slowed further in the first half of 1983 to \$10 billion but increased to \$16 billion in the second half. Overall, lending to non-oil developing countries amounted to \$26 billion in 1983 compared with \$43 billion in 1982; this corresponded to a growth in bank claims on non-oil developing countries of 6.2 percent, compared with 11.3 percent in 1982.

The deceleration in bank lending since mid-1982 largely has been the result of the unwillingness of international banks to extend spontaneous credits on a significant scale to more than a few well-established borrowers in the group of non-oil developing countries that had remained relatively unaffected by the spreading debt servicing difficulties. Some European and Asian countries and South Africa have continued to have access to substantial bank lending at market terms, at a pace comparable to previous years, and, on occasion, at exceedingly fine terms. Spontaneous lending to some of these countries expanded at a relatively rapid pace in the final quarter of 1983. A reduction in the growth of some of these countries' bank borrowing may be largely attributed to a decline in their demand for credit, partly as a result of ongoing adjustment processes. Some countries, particularly in Asia, pursued increasingly cautious borrowing strategies, while others took greater recourse to the bond market, notably to issues of floating rate notes. In contrast, most other non-oil developing countries experienced a further reduction in their already limited access to bank credits, with lending flows in many cases increasingly restricted to trade-related and project financing. About half of the growth of banks' claims on non-oil developing countries in 1983 took the form of concerted lending to Latin American countries and Yugoslavia in conjunction with bank debt restructurings and Fund-supported programs; concerted lending to Mexico alone accounted for \$5 billion.

While borrowing by non-oil developing countries as a group contracted, there was a significant increase in deposits with the international banking system by non-oil developing countries, particularly in the second half of 1983. This increase resulted in part from

1/ Excluding seven offshore centers discussed in Section I. 2. e. below.

a buildup of gross official reserves by some countries in the group (mostly Asian countries but also certain Latin American countries, notably Mexico). However, in several instances, the increase in international bank deposits by nonbanks may also have reflected a shift in the portfolio preferences of private depositors due to increased economic and political uncertainties. As a result of the contraction in borrowing and increased deposit-placement in 1983, non-oil developing countries' net use of funds from banks in the rest of the world was down sharply to very small amounts in both the first and second half of 1983; on occasion, these countries as a group were net suppliers of funds to banks in the rest of the world. For 1983 as a whole, net flows to non-oil developing countries amounted only to \$3 billion compared with \$28 billion in 1982; in 1983 Asian countries as a group were net suppliers of funds of about \$9 billion. ^{1/}

The net oil-exporters--a group dominated in a statistical sense by Mexico--continued to be the most reliant on bank lending to finance their current account deficit, while low income countries had virtually no access to bank lending and had to rely entirely on official assistance to finance their current account deficit.

The decline in bank lending to non-oil developing countries in 1983 was to some extent foreshadowed by the decline in new publicized medium- and long-term international bank credit commitments to these countries (Table 7). This decline reflected a sharp and continuing fall in spontaneous commitments, which was only partly offset by large concerted loans arranged in connection with bank debt restructuring arrangements and Fund-supported programs. The contraction in spontaneous commitments began in the second half of 1982, as banks reacted to the emergence of debt difficulties in a number of large debtor countries; commitments fell from \$22 billion in the first half of 1982 to \$15 billion in the second half. This contraction became even more marked in 1983 when spontaneous commitments amounted to only \$14 billion for the year as a whole. Concerted commitments, however, mostly to a limited number of Latin American countries and Yugoslavia, totaled about \$15 billion (Table 7). Even so, commitments to those non-oil developing countries which restructured their debt obligations in 1983 fell by 40 percent, compared with the rate at which commitments were flowing during the first part of 1982 (i.e., prior to the emergence of large-scale debt-servicing difficulties). New commitments to other countries in the group fell by less than 30 percent. During the first few months of 1984, spontaneous commitments continued at a rate somewhat lower than in 1983, with African and Western Hemisphere countries particularly affected by the contraction in banks' spontaneous lending. The external debt-servicing problems of some large African borrowers and the deterioration in the external payments position of others greatly reduced the number of African countries with relatively easy access to bank credit. Most of the bank lending to Western Hemisphere

^{1/} Not corrected for changes related to exchange rate movements.

Table 7. New Publicized Medium- and Long-Term External Bank
Credit Commitments to Non-Oil Developing Countries, 1979-84

(In billions of U.S. dollars)

	1979 <u>1/</u>	1980 <u>1/</u>	1981	1982	1983	1982		1983		1984
						1st half	2nd half	1st half	2nd half	1st quarter
Non-oil developing countries	43.2	32.9	42.5	36.9	28.5	22.0	14.9	16.7	11.8	8.6
Africa	1.8	1.6	2.1	2.2	0.7	1.4	0.8	0.4	0.3	0.1
Asia	10.3	8.2	11.7	11.5	8.4	5.5	6.0	4.2	4.1	1.4
Europe	7.8	4.9	4.7	3.7	3.6	2.1	1.6	1.3	2.3	--
Spontaneous lending <u>2/</u>	7.8	4.9	4.7	3.7	3.0	2.1	1.6	1.3	1.7	0.5
Concerted lending <u>2/</u>	...	...	...	...	0.6	...	...	...	0.6	...
Middle East	0.2	0.7	0.2	0.6	0.7	--	0.6	0.3	0.3	0.1
Western Hemisphere	23.0	17.5	23.8	18.9	15.1	13.0	5.9	10.5	4.6	6.6
Spontaneous lending <u>2/</u>	23.0	17.5	23.8	18.9	1.1	13.0	5.9	0.2	0.9	6.6
Concerted lending <u>2/</u>	...	...	...	...	14.0	...	...	10.3	3.7	6.5
Memorandum item:										
Countries restructuring in 1983 <u>3/</u>	24.4	18.9	23.5	18.4	15.0	12.7	5.7	10.3	4.7	6.5
Africa	0.7	0.5	0.6	0.4	0.2	0.3	0.1	--	0.1	--
Europe	1.9	2.3	1.4	0.5	0.6	0.3	0.2	--	0.6	--
Western Hemisphere	21.7	16.1	21.5	17.5	14.2	12.1	5.3	10.3	3.9	6.5

Sources: Organization for Economic Cooperation and Development, Financial Statistics Monthly; and Fund staff estimates.

1/ Includes only Eurocredit commitments.

2/ Spontaneous lending excludes new commitments to countries which, in 1983, obtained new bank credit in conjunction with a Fund program; these countries are: Argentina, Brazil, Chile, Ecuador, Mexico, Peru, Uruguay, and Yugoslavia. Commitments to these countries in 1983 are considered concerted lending.

3/ Including: Argentina, Bolivia, Brazil, Chile, Costa Rica, Dominican Republic, Ecuador, Guyana, Jamaica, Liberia, Madagascar, Malawi, Mexico, Morocco, Peru, Romania, Sudan, Togo, Uruguay, Yugoslavia, and Zambia.

countries was in the form of concerted commitments, with spontaneous credit being extended at a reduced pace to the nonrestructuring countries in the region. With some exceptions, Asian and European developing countries were relatively less affected by the contraction in banks' lending commitments.

(2) Western Hemisphere countries 1/

Until mid-1982, the non-oil developing countries in Latin America had been particularly important borrowers from international capital markets and as a result banks' claims on these countries presently account for nearly half of their total claims on non-oil developing countries. Since mid-1982, the pattern of bank lending to these countries has been highly influenced by the emergence of debt-servicing problems and their resolution.

Growth in international bank claims on the non-oil developing countries in the Western Hemisphere declined from an annual rate of 15 percent in the first half of 1982 to about 4 percent in the second half of 1982 and in the first half of 1983. Following the completion of new money packages, lending accelerated somewhat to an annual rate of 9 percent in the second half of 1983. For 1983 as a whole, international bank claims on these countries expanded by about 7 percent, compared with 10 percent in 1982. As indicated earlier, most of the new lending was in the form of concerted lending made in connection with bank debt restructurings and adjustment programs supported by the use of Fund resources. 2/ New publicized medium-term international bank credit commitments to non-oil developing countries in the Western Hemisphere in the form of concerted lending are estimated to have reached \$14 billion in 1983, i.e., they accounted for more than 90 percent of new medium- and long-term bank credit commitments extended to these countries.

1/ This group excludes Venezuela, which is classified as an oil-exporting developing country, but includes Mexico, which is classified among the net oil exporter category of non-oil developing countries. Moreover, the data referred to in this discussion cannot be corrected for changes due to exchange rate movements.

2/ For a more extensive coverage of these events and the progress made toward the resolution of the debt servicing difficulties of developing countries, including this group of countries, see SM/43/47 (3/9/83), "Payments Difficulties Involving Debt to Commercial Banks," and Occasional Paper No. 25, Recent Multilateral Debt Restructurings with Official and Bank Creditors (December 1983). Annex IV of this paper contains tables on the scope and terms of debt restructurings and new money packages through end-April 1984.

(3) Asian countries ^{1/}

In general, non-oil developing countries in Asia were relatively less affected than other countries in that group by the spreading of debt-servicing difficulties since mid-1982. A number of major borrowers in Asia were able to maintain the flow of their borrowing from banks at about the levels of 1981 and 1982. Moreover, since late 1983, some borrowers have been able to obtain new bank credits at increasingly fine terms.

Nevertheless, in 1983 the growth of international banks' claims on non-oil developing countries in Asia slowed to about 3 percent in 1983, compared with 17 percent in 1982. The slowdown reflected a number of factors: the Philippines, which used to be a major borrower, encountered debt-servicing difficulties and banks' claims on the Philippines actually declined in 1983 by about \$2 billion. Partly as a result of these events, including some reduced access to medium- and long-term loans, a number of other borrowers in Asia reduced their reliance on bank credits as part of an increasingly cautious debt management policy and implemented strong adjustment policies. Moreover, some of the major borrowers increased their recourse to the international bond markets, notably floating rate notes, which they were able to obtain at relatively low margins.

Deposits of non-oil developing countries in Asia as a group continued to increase (18 percent), with deposits of nonbanks expanding at a rate of about 45 percent. The People's Republic of China was the largest single supplier (Appendix Table VI), accounting for about one third of the overall increase in deposits by non-oil developing countries in Asia with banks in the rest of the world. As a result, Asian countries as a group were again major suppliers of funds to banks in the rest of the world. After allowing for their borrowing from international banks, their net supply of funds to the international banking system increased to \$9 billion in 1983 compared with less than \$3 billion in 1982.

e. Offshore centers

Seven offshore centers, comprising the Bahamas, Bahrain, Cayman Islands, Hong Kong, the Netherlands Antilles, Panama, and Singapore are treated separately from other non-oil developing countries for the purposes of this report. Reflecting the major retrenchment in lending to foreign branches and subsidiaries of banks domiciled in some non-oil developing countries, lending to offshore centers slowed considerably in 1983. The growth of claims of international banks on these countries was down to \$10 billion, compared with \$23 billion in 1982; there was no net lending to nonbanks for these countries taken as a group.

^{1/} The discussion excludes Indonesia, which is classified as an oil exporting developing country; the data referred to in this discussion cannot be corrected for changes attributed to exchange rate movements.

f. Oil exporting developing countries

Overall, banks' claims on oil exporting developing countries grew by \$5 billion in 1983, compared with \$9 billion in 1982. ^{1/} However, bank lending was very unevenly distributed. After negative lending flows in early 1983, lending to Middle Eastern countries in the group increased by more than \$4 billion in the final quarter of 1983. Factors accounting for this growth included stagnating or declining oil revenues, and large external financing requirements stemming from sizable investment projects initiated at the time of a more buoyant oil market. For 1983 as a whole there was also a slowdown in lending to oil-exporting countries outside the Middle Eastern area, reflecting to a large extent the banks' unwillingness to continue lending to some of the major oil exporters with unsettled debt problems (notably Nigeria and Venezuela).

As a result of further declines in the price and volume of petroleum exports, the current account deficit of the oil exporting countries increased to \$16 billion in 1983 from \$12 billion in 1982, following surpluses of \$53 billion in 1981 and \$111 billion in 1980 (Tables 1 and 8). Reflecting these developments, deposits by the oil exporting countries increased little (\$1 billion) in 1983, having declined by \$4 billion in 1982. As a result, these countries as a group were again net takers of funds in 1983 from the international banking system.

g. Industrial countries ^{1/}

Industrial countries' recourse to bank lending also declined in late 1982 and in the first half of 1983, with the contraction even more pronounced than the slowdown in lending to developing countries. However, in contrast to developing countries, lending to industrial countries showed a strong recovery in the second half of 1983, mainly due to a rapid expansion in cross-border interbank lending. Even so, for 1983 as a whole, lending to industrial countries was down to \$93 billion from \$118 billion in 1982. There was a major shift in the composition of bank lending to industrial countries in 1983, with most of it taking the form of cross-border interbank lending: such lending accounted for nearly 90 percent of the total in 1983 as compared with 59 percent in 1982. The developments in international bank lending to industrial countries were to some extent foreshadowed by the contraction in new medium- and long-term bank credit commitments, reflecting to a large extent the overall decline in the demand for funds and a large recourse to the bond market. The pace of expansion of new commitments to industrial country borrowers continued to be slow during the first months of 1984, with new commitments extended at an annual rate of US\$24 billion.

^{1/} Excluding changes attributed to exchange rate movements.

Table 8. Current Account Surpluses and Bank Deposits of
Oil Exporting Countries, 1974-83

(In billions of U.S. dollars; and in per cent)

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Current account surplus	69	35	39	29	6	63	111	53	-12	-16
Plus: Oil sector capital transactions <u>1/</u>	-12	1	-6	-1	2	-9	-2	3	6	3
Net borrowing <u>2/</u>	<u>2</u>	<u>3</u>	<u>9</u>	<u>11</u>	<u>16</u>	<u>10</u>	<u>7</u>	<u>7</u>	<u>15</u>	<u>16</u>
Equals: Cash surplus available for disposition	59	39	42	39	24	64	116	63	9	3
Increase in deposits with banks in the BIS reporting area <u>3/</u>	30	14	12	11	3	37	41	5	-19	-11
Increase in bank deposits as a per cent of current account surplus	44	40	30	36	50	59	37	9	...	...
Increase in bank deposits as a per cent of cash surplus	50	36	29	28	13	58	35	8	...	...

Sources: Bank for International Settlements; International Monetary Fund; and staff estimates.

1/ Changes in accounts receivable from oil exports and in net direct investment of foreign-owned oil companies.

2/ Total net increase in external liabilities of the public and private sectors (including banks). Includes small amounts of official transfer receipts, inward non-oil direct investment capital, and other miscellaneous capital items. Excludes borrowing from other oil exporting countries.

3/ For years after 1976, excluding valuation effects of exchange rate movements on end-of-year stocks.

Depositing by industrial countries declined from \$122 billion in 1982 to \$103 billion in 1983, largely as a result of a sharp deceleration in depositing by banks located in the United States. There was a strong increase in deposit placement by banks in the other industrial countries. In part, this resulted from transfers from branches and subsidiaries of U.S. banks located in Europe and possibly other industrial countries, reflecting the increased funding needs of their head offices associated with the private sector recovery and the large public sector financing needs. Owing in part to increased deposits by nonbanks (including nonbank financial institutions), industrial countries as a group continued to be the largest single supplier of funds to the international banking system, accounting for 63 percent of the world total, compared with 69 percent of 1982. As a result of these developments, industrial countries, as a group, increased their net supply of new funds from \$4 billion in 1982 to \$10 billion in 1983. Within this group, the United States, which had supplied US\$34 billion in 1982, became a net taker of US\$8 billion in 1983. This reflected primarily the switch of banks located in the United States from net suppliers of US\$36 billion in 1982 to net takers of US\$24 billion; nonbanks (including nonbank financial institutions) located in the United States became substantial net suppliers in 1983.

h. Centrally planned economies (excluding
Fund member countries) 1/

Outstanding bank claims on the centrally planned economies declined by \$2 billion in 1983, following a decline of about \$1 billion in 1982. 2/ The decline in outstanding claims reflected at least in part the transfer of bank claims on some of these countries to export credit insurance institutions in the creditor countries in conjunction with debt restructurings. Lending to centrally planned economies recovered somewhat in the second half of 1983. For 1983 as a whole, there were new bank loans to the U.S.S.R. and Czechoslovakia, with some lending to Poland taking place in conjunction with the ongoing bank debt restructurings, as well as to the German Democratic Republic with the guarantee of the Federal Republic of Germany. After the emergence of the severe debt-servicing problems in Poland in 1981, banks were generally unwilling to lend to Eastern European countries without explicit third-party guarantees.

Deposits by centrally planned economies increased by \$3 billion in each of the last two years. As a result of the decline in bank claims on centrally planned economies, together with the increase in their deposits, the ratio of their bank deposits to bank debt increased

1/ The definition of centrally planned economies corresponds to the WEO country classification. Bank claims on the centrally planned economies represent less than 2 percent of total bank international claims.

2/ Excluding changes attributed to exchange rate movements.

to 42 percent in 1983, compared with 35 percent in 1982 and 28 percent in 1981. However, there is considerable variation in this ratio between countries, ranging from 64 percent in the case of the U.S.S.R. to 10 percent in the case of Poland.

3. Regulatory developments

a. Overview

As described above, approximately half of the growth in banks' claims on non-oil developing countries in 1983 took the form of coordinated lending to a limited number of countries, while much of banks' other international lending was extended on relatively fine terms, reflecting competition to lend to highly regarded borrowers. These developments in banks' international lending took place against a background of economic recovery in many of the industrial countries, accompanied in a number of cases by higher bank earnings and an improvement in the quality of some banks' domestic assets, after several years of heavy loan-loss experience on domestic transactions.

In these circumstances, issues of sovereign or foreign exchange transfer risk continued to command the attention of banks and bank supervisors. Supervisory authorities have become concerned in recent years about the deterioration in the quality of banks' international assets, about the effect of this on the financial strength of major banks in particular, and about the implications of these developments for the stability of the international financial system. They have been concerned for some time to secure a strengthening in banks' capital positions, and to extend the improvements in their risk assessment systems so as to ensure that lending through all instruments, and through all affiliates, is subjected to regular monitoring and review on a consolidated basis. Various aspects of these issues have been the subject of discussions in the Basle Committee on Banking Regulations and Supervisory Practices, and other international supervisory groupings. Banks, in turn, have placed greater emphasis on selectiveness rather than overall growth in managing their international assets. The shift toward a conservative and on occasion defensive lending policy has encompassed the interbank market as well as lending to nonbanks. To a much greater extent than in the past, banks in a number of financial market countries--often with the encouragement of supervisors--have also made significant provisions against their exposure to sovereign or foreign exchange transfer risks in relation to their international lending.

The moves to strengthen banks' financial positions reflected a sharp cyclical deterioration in asset quality during the recent protracted recession, but also banks' increased awareness of significant medium-term risks affecting their business. Firstly, many lenders have revised their expectations about economic growth and real interest rate levels in the international economy, and have also become concerned about the impact on the external accounts of developing countries of

the spread of protectionism. Secondly, high and variable interest rates have been seen to have serious implications for the creditworthiness of highly indebted countries, and some high concentrations of exposure to specific countries and selected economic sectors have been judged to require progressive dilution relative to total assets and capital and--in many cases--heavier loan-loss provisioning. Finally, banks in a number of financial market countries are increasingly aware of the risks to earnings which result from the nature of banking in a competitive and (in some cases newly deregulated) financial environment. These factors, among others, have been reflected in a downgrading by rating agencies of the status of securities issued by a number of major international banks, and in the level of the share prices of some banks, which are trading significantly below book value. Banks' willingness to continue to increase their international exposure to many countries will depend upon their ability to deal with these medium-term risks. In this respect, the strengthening of capital ratios and constitution of appropriate loan-loss provisions appear as prerequisites if banks are to enjoy public confidence and continue to play a part in supporting growth in the international economy.

b. Capital adequacy

Supervisors' concern about the adequacy of banks' capital position has reflected, in part, the impaired value of domestic assets due to the severity of the recent economic downturn. Indeed, large exposures to troubled domestic sectors or companies have been much more serious sources of realized losses, thus far, than international lending. In some countries, such as the United States, domestic loan loss experience worsened initially as the economy emerged from recession. More broadly, changes in domestic conditions (or tax regulations, for example) have a very strong potential to weaken or strengthen the position of major banks. Nonetheless, over the past decade banks' international assets have grown more rapidly than domestic assets or capital (Chart 3), and concern about the quality of these international claims has been a significant factor in the pressure to increase capital ratios. These claims remain highly concentrated on a few major borrower countries, many of which are experiencing debt servicing difficulties and undergoing debt restructurings. Furthermore, the majority of these assets are held by a relatively small number of major international banks. Thus, for some international banks, claims on large debtor countries experiencing debt servicing difficulties amount to a very high proportion of the banks' capital. In the United States, where much country exposure information is in the public domain, the exposure of some banks to individual sovereign borrowers that have entered into debt restructurings is well in excess of 50 percent of each bank's capital. For some of the money-center banks in the United States, exposure to these major developing countries which have experienced payments difficulties exceeds in aggregate 150 percent of capital. High degrees of exposure to individual borrowers also occur in some banks in other countries, although the degree of concentration of cross-border lending exposure is believed to be generally less for most major continental European

banks. Thus, the capital and earnings of a number of major international banks remain vulnerable to interruptions in debt service on their international claims. For some countries' banks this situation is compounded by relatively modest provisions against international exposure, especially in the case of lending to public sector bodies.

The impaired quality of banks' assets, and the general increase in the risks faced by banks, led supervisory authorities in financial market countries to encourage banks to increase their capital resources in 1983. As discussed in SM/84/134, 1/ an examination of published capital to assets ratios of banks in major financial market countries does not reveal a uniform trend, but it does suggest a clear downward tendency in ratios in the period to 1982, followed by a strengthening in many countries in 1983. One reason for the deterioration prior to 1983 was that the rapid accumulation of external claims that had occurred prior to 1982 had not been matched by a similar buildup of banks' capital. Moreover, for nondollar-based banks 2/ with claims denominated in U.S. dollars, the domestic currency value of international assets was inflated by the increased strength of the dollar, without a corresponding increase in the value of the capital base. A slowdown in the accumulation of external and domestic claims together with banks' improved earnings positions and bank supervisors' emphasis upon a buildup of capital, were factors influencing the reversal of this trend in many countries in 1983. However, the observed movements in the capital-asset ratios must be treated with caution as they do not take into account factors such as the differences in the quality of banks' capital and the valuation of banks' assets. Differences in national definitions of bank capital, the treatment of provisioning against loan losses, the existence of hidden reserves, and the valuation of banks' assets, impede intercountry comparisons. For the immediate future, banks have been advised in many cases to increase their capital base somewhat more rapidly than the growth in their overall assets, while at the same time shifting their portfolio balance over time to achieve a deconcentration of lending risks.

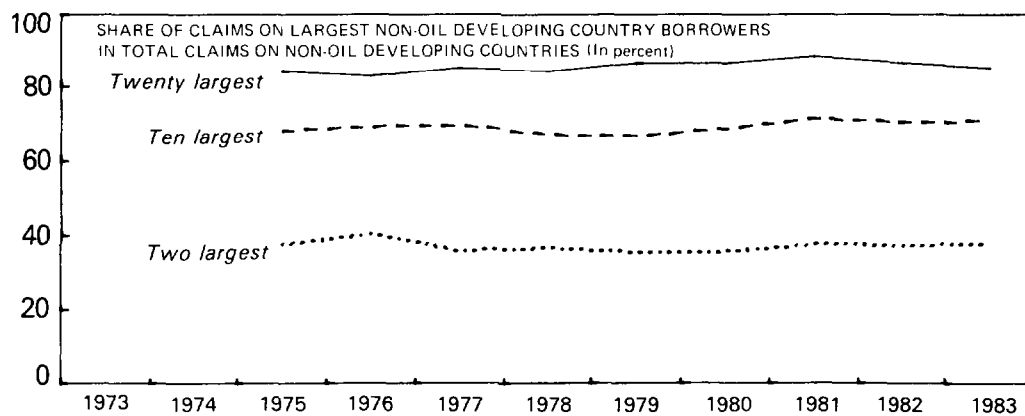
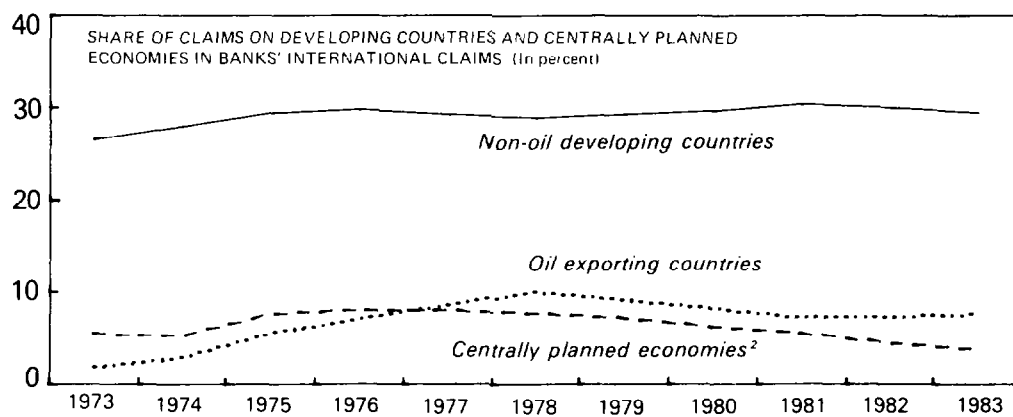
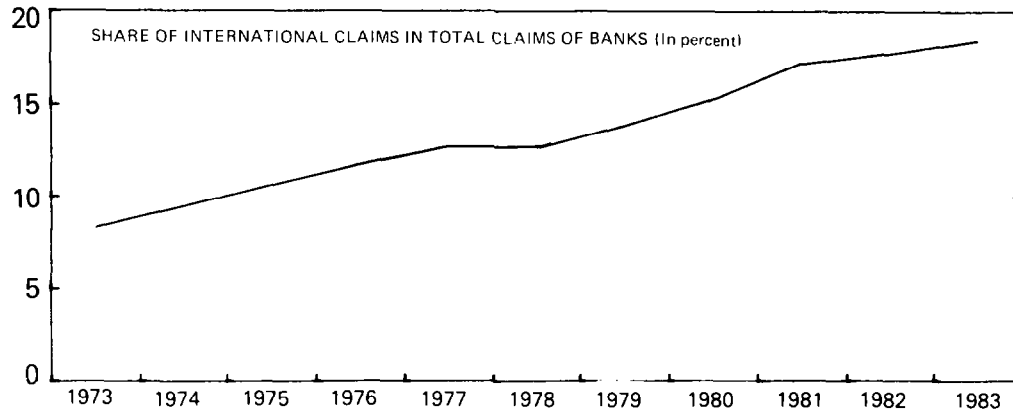
Banks in many countries have accomplished the strengthening of their increased capital position by issuing equity and other eligible securities. A second and important element in strengthening banks' positions in some countries has been a conservative dividend policy and thus an increase in the proportion of earnings which were retained, in various forms, rather than distributed. 3/ Indeed, despite improved

1/ "International Capital Markets--Developments and Prospects, 1984" (SM/84/134, 6/13/84).

2/ Banks with capital denominated in currencies other than the U.S. dollar. A few European banks have affiliates with U.S. dollar capital, through which much of their dollar-denominated lending is channeled.

3/ However, earnings retained as general reserves can be used as a base for an expansion of lending, whereas specific provisions against loans usually are not available for use in that way.

CHART 3
CONCENTRATION OF
INTERNATIONAL BANK CLAIMS¹, 1973-83



Source: Staff estimates based on BIS data provided in *International Banking Developments*.

¹Excludes interbank transactions within the 15 BIS reporting countries.

²Excludes Fund member countries.



earnings, some banks which face less pressures from shareholders to pay large or increased dividends are foregoing increases in dividends in order to strengthen the capital position of the bank. Distributions can, of course, make an indirect contribution to strengthening the capital of a bank, if the earnings are considered to be of sound quality and investors are prepared to supply additional equity. However, it is very possible that stockholders, in the present international environment, are becoming less concerned with higher dividends than with evidence of prudent asset valuation and of a direct strengthening of the reserves of a bank. Some banks and bank supervisors would make the case strongly that high retentions and cautious valuation of assets can also increase the underlying profitability of a bank by enhancing the confidence of investors and depositors and reducing its cost of funds.

While some countries use a ratio of capital to unweighted assets as the primary basis for evaluating capital adequacy, others relate banks' capital to different categories of banks' assets, weighted according to the nature (or risk category) of the underlying claim. In addition to the tendency toward a selective approach to weighting assets when assessing the adequacy of capital, supervisors in most countries would regard certain components of banks' capital as providing a more effective base than others; there is some movement toward harmonization of approaches to this question, both in the EC and more widely. Notably, subordinated debt would generally be viewed as a less than perfect substitute for equity, and some countries, such as Germany, do not include subordinated debt in the definition of banks' capital. In some other countries subordinated debt cannot exceed a certain percentage of equity capital for the purpose of calculating capital ratios. In the United Kingdom, cross holdings of subordinated loan stocks by banks have recently been deducted from the holding bank's capital, except where these relate to securities trading activities, to avoid double counting the capital backing the banking system.

In the context of developments in capital adequacy, actual and proposed changes in the United States and Germany are particularly noteworthy. In the United States consideration of the quality of banks' capital has been addressed in the International Lending Act of 1983 which instructs Federal bank supervisory agencies to "... establish examination and supervisory procedures to assure that factors such as foreign currency exposure and transfer risk are taken into account in evaluating the adequacy of the capital of banking institutions." Indeed, the pursuit of higher international standards for capital adequacy has been advocated in this legislation. ^{1/} A second notable

^{1/} "The Chairman of the Board of Governors of the Federal Reserve System . . . shall encourage governments, central banks, and regulatory authorities of other major banking countries to work toward maintaining and, where appropriate, strengthening the capital bases of banking institutions involved in international lending." The Federal Reserve is also due to report to the Congress shortly on international banking supervision in G-10 countries.

development is in Germany, where, in accordance with the EC directive on consolidation, a draft amendment to the German Banking Law to require consolidated banking supervision has been submitted to the Federal Parliament. Under this law the gearing rule limiting weighted risk assets to 18 times a bank's capital would be extended to overseas affiliates of German banks, including those in Luxembourg. It is believed that this would require some major German banks to raise their capital during a phasing-in period of several years, in order to maintain or increase their overall loan volume.

c. Provisioning

Policies regarding banks' loan-loss provisioning on international exposure vary widely across countries. Broadly, provisioning against commercial risks in international lending has followed the same guidelines as in domestic lending, but the question of providing against the sovereign or general foreign exchange transfer risk affecting international loans is an area where practices are evolving. Overall, there has been a shift by banks and supervisors toward the view that the stream of income and amortization on any international lending (including sovereign lending) can become seriously impaired, notably on account of foreign exchange shortages. In many cases banks or their accountants have not felt that this possibility of impairment of sovereign debt has fitted easily into the existing categories of provisions and reserves (which in many cases comprise, respectively, specific provisions against individual loans which are not expected to be repaid in full, and general reserves which form part of the capital base of a bank). In the United States, the concept of the Allocated Transfer Risk Reserve (ATTRR) has been introduced to meet this need. ^{1/} In a number of other countries variants on existing types of provision have been introduced. One variant is the setting up by banks of a "basket" provision against the risks of lending to groups or categories of countries. Such provisions reflect the general risks considered to be latent in banks' international exposure, but not easily specified or quantified for individual countries or borrowers.

In general, supervisory authorities do not expect absolute uniformity in the approach taken by their own country's banks, in part because of the different composition of claims held by individual banks, and also because of differences in banks' earning positions (and hence capacity to make provisions). Where there are no specific requirements, supervisory authorities judge the adequacy of provisioning

^{1/} The International Lending Supervision Act of 1983 provided that if a bank's assets have been impaired by a protracted inability of public or private obligators to pay, or if no prospects exist for an orderly restoration of debt service, then Federal regulators may decide that these assets must be either written off or have special provisions made against them. These special provisions would be made through the establishment of "Allocated Transfer Risk Reserves."

in the light of banks' overall situation. There are also important variations in the accounting treatment of provisions. These differences appear across countries and also between published accounts, tax accounts, and supervisory reports. (For example, in some cases assets are written down, while in some instances the asset is shown at full value but an offset is provided on the liability side.) Provisioning against loan-losses may also be influenced to a significant extent by the degree of tax deductibility allowed, and whether such provisions are treated as part of general capital. In many countries, for prudential purposes, general provisions against possible loan-losses are treated as part of general capital and reserves but are not tax deductible. Loan-loss provisions on specific debts frequently are not considered as part of general capital but are tax deductible. However, as noted above, loan-loss provisioning on sovereign risks does not necessarily fit neatly into either of these categories. There may be some trend in the direction of recognizing that prudent provisioning would be favored by making such provisions tax-deductible, and possibly by excluding them from the general capital resources of a bank. In the United States ATRR allocations, which cannot be treated as part of capital, form a deductible charge against current income (as do write-offs). In Japan, banks have recently begun to set aside provisions against sovereign risks out of after-tax profits, but some easement in the tax position has been agreed for the future. In the United Kingdom the tax status of provisions against sovereign risk has been clarified to be closely comparable to that on commercial debt. In a number of continental European countries tax charge-offs are reviewed case-by-case by local fiscal authorities, and some degree of tax deductibility is afforded on sovereign risk provisions.

Reflecting a number of factors, including strong supervisory emphasis on building banks' general capital and also the limited tax deductibility available, U.S. banks have not made sizable provisionings against exposure to the public sectors of most borrowing countries. Recently, however, ATRRs for varying percentages of exposure have been required for a small number of countries experiencing very protracted debt-servicing difficulties. At the other end of the spectrum are many banks in continental Europe, which have made provisions on the order of 15-25 percent, and at times considerably more, in the case of loans to some major borrowing countries. In addition, some major banks in Europe dispose of "hidden" or "inner" reserves (for example, through the use of conservative asset valuation techniques), which enable them to smooth profits with a view to enhancing public confidence. In some countries, as the status of domestic loans has improved, provisions released in respect of these loans can be applied to international credits.

d. Country risk assessment

In parallel to the general consensus to strengthen banks' capital, and to set up provisions against sovereign or foreign exchange transfer risks, bank supervisory authorities have actively addressed inadequate

monitoring and control of exposure due to the failure of banks' risk assessment systems to capture lending through subsidiaries and other affiliates. ^{1/} To ensure that the international activities of banks do not escape supervision, the supervisory authorities represented on the Basle Committee for some time have been pressing toward the widespread introduction of consolidated reporting, and the supervision of banks on a consolidated basis. Under the existing EC directive, countries which are members of the EC are required to implement appropriate legislation in this regard. Several countries have already adopted the principle of supervision on a consolidated basis, while others are moving to implement it. In some countries, such as Germany, banks already have been required to report on a consolidated basis, although the formal capital-asset ratios are not yet calculated on such a basis.

Following the events in Eastern Europe and then in Latin America, banks, in conjunction with bank supervisors, have also undertaken a basic re-examination of their cross-border lending strategy and risk assessment procedures, particularly as regards lending to developing countries and transactions on the international interbank markets. In assessing the risk of lending to a specific country, the factors most widely considered appear to be the political situation, the condition of the domestic economy and balance of payments, the status of the country's relations with the Fund, and other banks' experience. Also, despite the increasing awareness of risks inherent in lending to countries with a large proportion of short-term debt, much recent international lending to developing countries has taken the form of short-term trade financing. This form of lending may be subject, in the final analysis, to similar transfer risks as syndicated lending, but banks generally believe that they can monitor more closely the use to which funds are put. In addition, such loans often help to finance the export activities of banks' domestic clients.

In general, supervisory authorities have viewed the assessment of the quality of banks' assets, including country risk, as primarily the responsibility of bank management and of external auditors. They have emphasized the importance of ensuring that bank managements have adequate internal procedures to manage such risks, and sufficient information on which to base their lending decisions. In addition, some supervisory authorities have taken further initiatives in this area. In the United States, the Interagency Country Exposure Review Committee is charged with determining the transfer-risk rating for individual countries. Assets with substandard ratings are "classified" and listed, which may influence the supervisor's evaluation of a bank's capital adequacy. In the case of assets classified as "doubtful," some degree of provisioning

^{1/} The texts of the revised Concordat on the Supervision of Banks' Foreign Establishments and of the EC Directive on the Supervision of Credit Institutions on a Consolidated Basis were published in International Capital Markets, Developments and Prospects, 1983, Occasional Paper No. 23 (July 1983).

must be undertaken, and specific criteria for this have been published. ^{1/} In some other countries, specific limits or guidelines are placed on the percentage of a banks' capital which may be extended to any one borrower or group of borrowers. Alternatively, loans in some countries must be reported to the supervisory authority if they exceed a certain limit as a percentage of capital, or certain absolute levels.

Finally, banks have responded to the present international financial environment by increasing their efforts to obtain information on countries' economic and financial conditions, and their ability to assess developments in the major borrower countries, by establishing in 1983 the Institute of International Finance (IIF). The recent activities of the IIF are described in the Annex to SM/84/134 (6/13/84).

e. Liquidity management

In 1983, there was also a general tendency among banks to strengthen their funding positions. Many nondollar-based banks moved to secure their sources of dollar funding, for example by issuing floating rate notes and by diversifying their funding sources. At the same time, some banks also placed greater emphasis upon extending international loans in their domestic currency.

The deterioration in the quality of banks' assets in the changed economic environment of the past few years has focused particular attention on the potential instability of banks' wholesale deposits. Whereas retail deposits in many countries benefit from deposit insurance or broader assurances of official support, the position of larger domestic and international depositors in the case of failure of a bank has often been less clearcut. Supervisory authorities face a difficult choice in this area. If they provide absolute assurances that larger deposits will be repaid without loss, this results in a serious moral hazard; it breaks the link between the sound management of a bank and the cost of its funds. On the other hand, to acknowledge that wholesale deposits might not be fully repaid lays open the risk that doubts about a major bank's solvency could give rise to a pre-emptive (and potentially self-fulfilling) withdrawal of money market deposits on a scale which might prove difficult to contain and reverse. Such a development could spread by contagion and have extremely serious repercussions through the channel of the international interbank market. Generally, supervisors, in conjunction with unaffected major banks, have adopted a pragmatic approach. They have acted swiftly to contain problems if general confidence in the financial markets seemed threatened. One recent example of this was the arrangements made for other banks to take over the business of a German bank (Schroeder-Munchmeyer-Hengst) which is believed to have circumvented limits and reporting requirements on exposure concentrations in its relations with a domestic borrower, in part through the use of its foreign affiliate in Luxembourg. The

^{1/} However, the classification of individual countries generally has not been officially disclosed.

experience of the U.S. authorities has also been noteworthy. Notwithstanding the recent trial of a "modified payoff" scheme (i.e., a partial--rather than full--repayment of wholesale depositors in smaller banks which failed), the U.S. authorities acted rapidly to avoid the spread of funding problems affecting a money center bank (Continental Illinois) in May 1984, eventually guaranteeing the totality of its deposit liabilities, much of it representing cross-border deposits.

More broadly, the experience of the last few years serves to underline that supervisors face multiple objectives in seeking to foster the sound development of banks' international (as well as their domestic) activities. As discussed in (SM/83/227, 11/7/83) in the context of bank debt restructurings, supervisors have at times found it necessary to strike a balance between short-run considerations and the longer run objective of rebuilding the quality of banks' assets and maintaining stable conditions in the financial markets.

f. Disclosure

In the European Communities and in other groupings, bank supervisors are working to reduce divergences in disclosure requirements between countries. The present diversity affects banks' competitive positions as well as the possibility of assessing risks associated with banking activity. The EC is currently preparing a directive for a model of annual financial statements of banks, which is a first step toward harmonization of disclosure requirements. Despite the movement toward harmonization among supervisory authorities, notably in Europe, substantial differences remain in the approach to disclosure taken in various countries. U.S. banks' international exposure is now publicly and regularly available on a country-by-country basis, but this is not the case in many countries. The analysis and valuation of assets is, in many countries, based on the responsibility of management, internal auditors, and external auditors in the preparation of banks' balance sheets, which are then examined by bank supervisory authorities. Some countries allow offsets between hidden reserves and losses which are not clearly evident from published accounts, in part in order to allow the smoothing of bank profits with a view to retaining public confidence.

II. Nonbank Capital Flows

With the decline in the flow of net international bank lending in 1982 and 1983, other sources of external finance became increasingly important for both developed and developing countries. For many sovereign, financial, and nonfinancial private borrowers in the industrial countries, international bond issues have become an increasingly attractive alternative to international syndicated loans. As regards developing countries, there was almost a complete reversal of the relative role of foreign private credits, on the one hand, and of foreign direct investment and official transfers and lending, on the other,

in balance of payments finance. This section reviews these recent changes in nonbank private and official flows.

1. Developments in international bond markets

a. Overview

Since 1981, issues of international bonds ^{1/} have risen in absolute terms and even more sharply relative to the declining volume of international syndicated loans. Following large increases in 1981 and 1982, international bond issues rose only slightly in 1983 to \$77 billion, of which \$48 billion represented net new issues (Table 9). ^{2/} In 1983, Eurobond issues remained at their 1982 value of \$50 billion, and foreign bond sales rose from \$25 billion to \$27 billion. In contrast to the sharp decline in nominal interest rates experienced in 1982, most financial markets witnessed relatively limited changes in interest rates (especially for long-term maturities) between December 1982 and December 1983. Declining rates of inflation in many financial market countries, however, implied the continuation of high ex post real returns on bonds. The vast majority of international bonds were issued and purchased by entities in the industrial countries. Developing countries as a group continued to have only very limited access to these markets. The relative importance of different types of bonds has been strongly affected by the rapid expansion in the issuance of floating rate notes (FRNs).

b. Interest rate developments

Charts 4 and 5 and Appendix Table XVIII show interest rate movements in the major financial markets during 1983. Between December 1982 and December 1983, short-term interest rate movements were relatively limited; in most cases, rates fluctuated within a 1 percentage point band throughout the year. These developments in conjunction with declining inflation sustained high ex post real interest rates (Appendix Table XVII). The persistence of relatively high nominal and real interest rates reflected a number of factors, including the relatively tight monetary policies pursued in many of the major industrial countries, the recovery of real activity, especially in Canada and the United States, and concerns about the future impact of large fiscal imbalances in certain major industrial countries.

^{1/} International bonds consist of foreign and Eurocurrency bonds. Foreign bonds are issued by a borrower who is of a nationality different from the country in which the bonds are issued. Such issues are usually underwritten and sold by a group of banks of the market country and are denominated in that country's currency. In contrast, Eurocurrency bonds are those underwritten and sold in various national markets simultaneously, usually through international syndicates of banks.

^{2/} Issues net of redemptions and bank purchases of bonds.

Table 9. International Bond Issues and Placements, 1978 - May 1984 ^{1/}

(In millions of U.S. dollars)

	1978	1979	1980	1981	1982	1983	Jan.-May 1984
Foreign Bonds							
Industrial countries	10,328	13,421	11,339	14,129	16,837	18,624	11,295
Developing countries	2,583	1,431	746	1,212	726	894	570
Oil exporting	571	105	46	242	38	78	--
Non-oil developing	2,012	1,326	700	970	688	816	570
Centrally planned economies ^{2/}	--	43	--	--	--	--	--
International Organizations	4,906	5,259	5,714	5,030	7,461	7,265	1,766
Other	2,896	154	125	159	191	323	--
Total foreign bonds	20,713	20,308	17,924	20,530	25,199	27,042	13,631
Eurobonds							
Industrial countries	9,774	14,212	17,206	25,210	42,816	41,013	26,894
Developing countries	3,162	1,885	1,403	3,185	3,970	2,382	1,359
Oil exporting	1,110	329	132	170	470	288	50
Non-oil developing	2,052	1,556	1,271	3,015	3,500	2,094	1,309
Centrally planned economies ^{2/}	30	30	--	55	--	25	--
International Organizations	1,820	2,220	1,710	2,486	3,280	6,073	1,037
Other	175	344	75	358	263	602	125
Total Eurobonds	14,961	18,691	20,394	31,294	50,329	50,095	29,415
International bonds							
Industrial countries	20,102	27,633	28,545	39,339	59,653	59,637	38,189
Developing countries	5,745	3,316	2,149	4,397	4,696	3,276	1,929
Oil exporting	1,681	434	178	412	508	366	50
Non-oil developing	4,064	2,882	1,971	3,985	4,188	2,910	1,879
Centrally planned economies ^{2/}	30	73	--	55	--	25	--
International Organizations	6,726	7,479	7,424	7,516	10,741	13,338	2,803
Other	3,071	498	200	517	454	925	125
Total international bonds	35,674	38,999	38,318	51,824	75,528	77,137	43,046

Source: Organization for Economic Cooperation and Development, Financial Market Trends.

^{1/} The country classifications are those used by the Fund.

^{2/} Excluding Fund member countries.

CHART 4

DOMESTIC MONEY MARKET RATES

(In percent per annum)

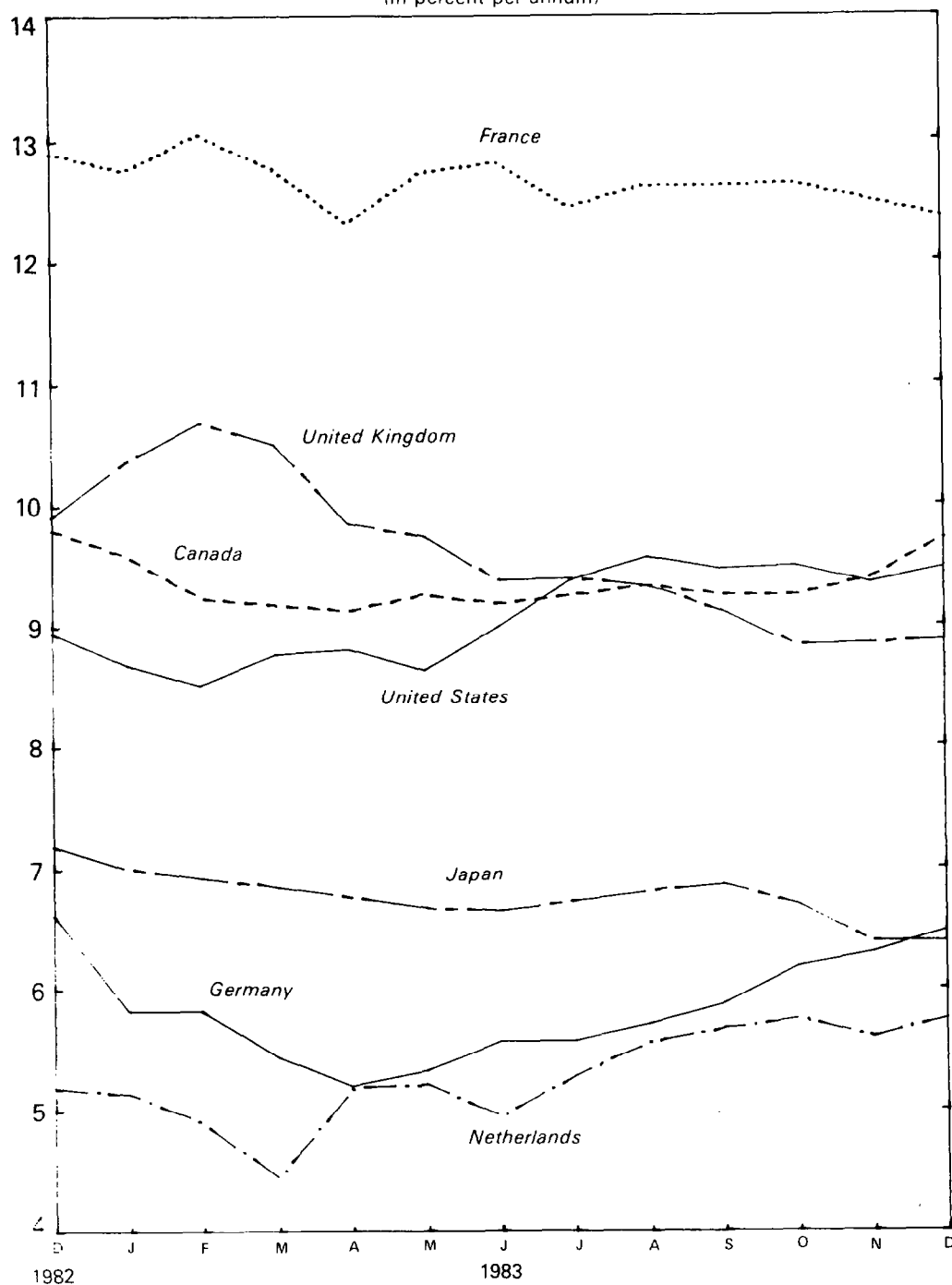
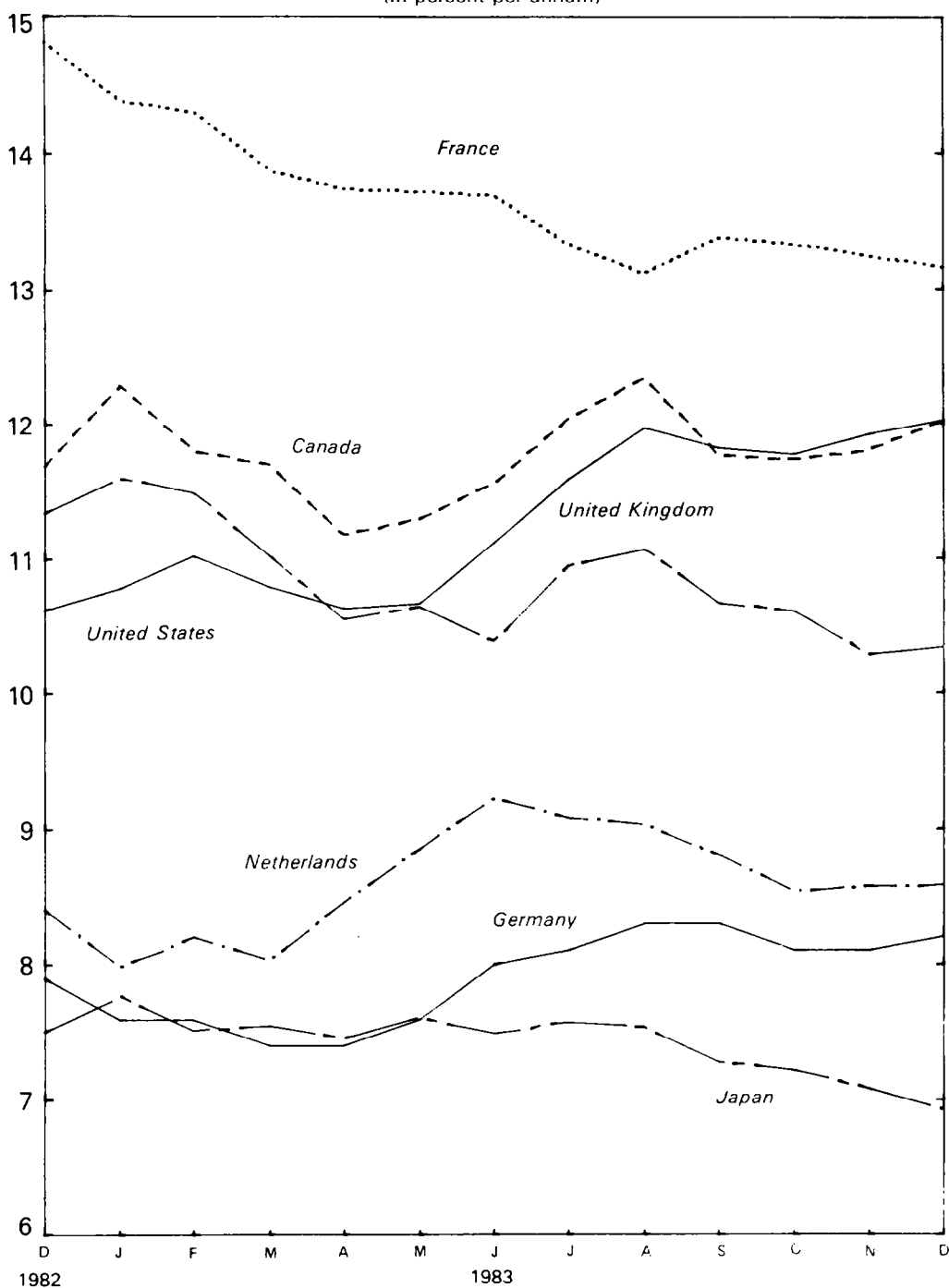
Source: IMF, *International Financial Statistics*



CHART 5
DOMESTIC LONG-TERM INTEREST RATES
(In percent per annum)



Source: IMF, *International Financial Statistics*.



c. Foreign bonds versus Eurobonds

Following two years of rapid growth in international bond issues (35 percent in 1981 and 46 percent in 1982), these issues increased by only 2 percent in 1983 (Table 9). The volume of international bonds issued by industrial country entities remained virtually constant between 1982 and 1983, and these countries' share in total bond issues thus declined marginally from 79 percent in 1982 to 77 percent in 1983. In contrast, issues by developing countries fell by 30 percent between 1982 and 1983, resulting in a decline in their share of total issues from 6 percent in 1982 to less than 4 percent in 1983. Over the same period, international organizations increased their total bond issuance by 24 percent, and their share in total issues thereby rose from 14 percent in 1982 to 17 percent in 1983.

The decline in the relative share of the developing countries reflected their reduced access to bond markets since August 1982. The recourse of individual developing countries to the bond markets is shown in Appendix Table XIX. The major developing country issuers during 1983 have been Indonesia, Korea, Malaysia, South Africa, and Thailand. These five countries accounted for 80 percent of total developing country issues. Although almost all developing countries have continued to service promptly their payments of interest and principal on outstanding bonds, access to international bond markets increasingly have become limited to what market participants regard as the "best" credit risks, primarily from the industrial countries, international organizations, and selected developing countries.

In 1983, international bond issues net of redemptions were approximately equal to net issues in 1982 at \$48 billion dollars. ^{1/} These net flows went principally to the industrial countries and international organizations. The net flows to developing countries declined to very low levels as reduced levels of new issuance combined with rising redemptions in 1982 and 1983.

Foreign bond issues rose from \$25 billion in 1982 to \$27 billion in 1983 (Table 10); whereas Eurobond issues remained virtually unchanged at \$50 billion (Table 11). Most foreign bonds were issued by industrial country borrowers (\$19 billion) and international organizations (\$7 billion). These two groups accounted for approximately 96 percent of total foreign bond issues in 1982 and 1983. This encompassed an increase in the share of industrial country borrowers from 67 percent in 1982 to 69 percent in 1983, and a fall in the share of the international organizations from 30 percent in 1982 to 27 percent in 1983. While developing country issues increased from \$726 million in 1982 to \$894 million in 1983, this greater issuance was mainly associated with the activities of three countries (Korea, Malaysia, and South Africa) which accounted for nearly three quarters of developing country foreign bond issues. The share of developing countries in foreign bonds amounted to 3 percent during both 1982 and 1983 (versus 6 percent in 1981).

^{1/} Issues net of redemptions and bank purchases of bonds.

Table 10. Foreign Bond Issues and Placements by
Market Country, 1978 - May 1984

(In millions of U.S. dollars)

	1978	1979	1980	1981	1982	1983	Jan.-May 1984
Austria	29	100	81	--	34	82	--
Belgium	147	137	63	54	45	137	63
France	230	198	261	89	221	188	--
Germany	1,431	2,690	4,951	1,196	2,109	2,616	864
Japan	4,387	2,671	1,543	2,723	3,317	3,854	2,017
Luxembourg	206	208	200	131	140	136	77
Netherlands	351	163	325	439	854	933	367
Saudi Arabia	164	30	123	--	--	--	--
Switzerland	7,405	9,718	7,470	8,118	11,325	13,495	6,853
United Kingdom	--	--	178	911	1,129	856	760
United States	6,358	4,364	2,709	6,856	6,025	4,735	2,550
Other countries	--	30	20	--	--	10	80
Total	20,713	20,308	17,924	20,513	25,199	27,042	13,631

Source: Organization for Economic Cooperation and Development, Financial Market Trends.

Table 11. Total Eurobond Issues and Placements by Currency of Denomination by All Countries, 1978 - May 1984

(In millions of U.S. dollars; and in percent)

	1978		1979		1980		1981		1982		1983		Jan.-May 1984	
	Total amount	Per-cent	Total amount	Per-cent	Total amount	Per-cent	Total amount	Per-cent	Total amount	Per-cent	Total amount	Per-cent	Total amount	Per-cent
Deutsche mark	6,478	43.3	5,881	31.5	3,457	17.0	1,396	4.5	3,253	6.5	4,039	8.0	1,809	6.1
French franc	103	0.7	374	2.0	882	4.3	513	1.6	--	--	--	--	--	--
Japanese yen	79	0.5	184	1.0	301	1.5	410	1.3	598	1.2	233	0.5	305	1.0
Netherlands guilder	384	2.6	308	1.6	549	2.7	490	1.6	618	1.2	747	1.5	461	1.6
U.S. dollar	6,767	45.2	10,360	55.4	13,649	66.9	25,761	82.3	42,228	83.9	39,205	78.2	23,122	78.6
Composite currency units	235	1.6	412	2.2	97	0.5	708	2.3	836	1.7	2,196	4.4	1,302	4.4
European currency units	--	--	--	--	--	--	153	0.5	823	1.6	2,196	4.4	1,302	4.4
European unit of account	203	1.4	306	1.6	78	0.4	126	0.4	12	0.1	--	--	--	--
Special drawing right	32	0.2	107	0.6	20	0.1	430	1.4	--	--	--	--	--	--
Canadian dollar	--	--	481	2.6	270	1.3	688	2.2	1,200	2.4	1,066	2.1	450	1.5
Kuwaiti dinar	481	3.2	384	2.0	26	0.1	388	1.2	173	0.3	--	--	--	--
Pound sterling	287	1.9	291	1.6	975	4.8	535	1.7	846	1.7	2,148	4.3	1,705	5.8
Saudi Arabian riyal	95	0.6	--	--	--	--	--	--	--	--	--	--	--	--
Norwegian krone	--	--	--	--	100	0.5	53	0.2	31	0.1	67	0.1	52	0.2
Other currencies	51	0.3	17	0.1	88	0.4	352	1.1	547	1.1	393	0.8	209	0.7
Total	14,961	100.0	18,691	100.0	20,394	100.0	31,294	100.0	50,329	100.0	50,095	100.0	29,415	100.0

Source: Organization for Economic Cooperation and Development, Financial Market Trends.

1/ May not add to one due to rounding error.

Eurobond issues declined marginally between 1982 and 1983, which reflected lower levels of issuance by borrowers in industrial countries (\$41 billion in 1983 versus \$43 billion in 1982) and developing countries (\$2 billion in 1983 versus \$4 billion in 1982). The share of industrial country issues thus fell from 85 percent in 1982 to 82 percent in 1983, and the share of developing country issues declined from 8 percent in 1982 to 5 percent in 1983. In contrast, issues by international organizations rose from \$3.3 billion to \$6.1 billion, and their share increased from 7 percent in 1982 to 12 percent in 1983.

During the first five months of 1984, the scale of bond issuance accelerated; \$14 billion of foreign bonds and \$29 billion of Eurobonds were sold. If this rate of issuance were sustained throughout 1984, there would be nearly \$103 billion of international bond issues--over one third higher than in 1983. Industrial country bond issues represented 83 percent of foreign bond issues and 91 percent of Eurobond offerings. Although developing countries issued \$2 billion of international bonds, their share of total issues remained at 4 percent, and these issues were accounted for by only nine countries (with Malaysia and South Africa being the largest issuers) (Appendix Table XIX). International bond issues by international organizations totaled \$3 billion and accounted for 7 percent of total issues, which was considerably below the 17 percent share experienced in 1983.

d. Currency composition and market share

The currency composition of international bond issues reflects the sales of foreign bonds in the various financial centers and the currency of denomination of Eurobonds (Table 11). Expectations regarding inflation, interest rates, and exchange rates, as well as official limitations on market access, play important roles in determining the extent to which individual currencies are utilized in international bond markets. During 1981 and 1982 these factors generally worked to increase the use of the U.S. dollar as the primary currency of denomination, although this trend was more pronounced in the Eurobond markets than in the foreign bond markets. In 1983, however, the relative importance of the U.S. dollar diminished somewhat in international bond markets as utilization of the deutsche mark, the Swiss franc, the Japanese yen, the pound sterling, and the European Currency Unit (ECU) increased (Appendix Table XX).

(1) Foreign bond markets

In foreign bond markets (Table 10), the diminished role of the U.S. dollar reflected the decline in new issues of foreign dollar (Yankee) bonds for the second consecutive year. After reaching a volume of \$7 billion in 1981, new issues declined to \$6 billion in 1982 and \$5 billion in 1983. To a significant degree, this reduced volume reflected the decision of international agencies such as the World Bank to reduce their bond issuance in the U.S. market. Issues by such institutions fell from \$2 billion in 1982 to approximately \$1 billion in 1983. Canadian issuers also reduced their issuance from about \$3 billion in 1982 to \$2 billion in

1983, as they found they could obtain lower borrowing costs at home or in the Euro-Canadian dollar markets. The share of U.S. dollar issues in total foreign bond issues thus declined from 24 percent in 1982 to 18 percent in 1983.

In contrast, the share of Swiss franc issues in total foreign bond sales rose from 45 percent in 1982 to 50 percent in 1983, as volume in this market increased from \$11 billion to \$13 billion. Borrowers were attracted to this market by relatively low interest rates, as well as by steps taken by the Swiss authorities to liberalize access to Swiss capital markets. The ceiling on individual public issues by foreigners was increased from Sw F 100 million to Sw F 200 million effective January 1, 1984, and the authorities no longer establish an issuance calendar, though banks are still required to report regarding individual issues. It is still the case, however, that foreign banks are not allowed to lead or co-manage public issues. Japanese companies were major issuers of Swiss franc convertible bonds during this period. The volume of Swiss franc convertible bonds grew from \$1 billion in 1982 to \$4 billion in 1983. This market also saw increased use of dual currency bonds, and bonds associated with both currency and interest rate swaps. These dual currency bonds and swap operations are discussed below in the section on types of bonds.

Foreign bond issues in the Japanese (Samurai) market increased from \$3.3 billion in 1982 to \$3.9 billion in 1983, and the share of foreign bonds denominated in yen thereby increased from 13 to 14 percent. While borrowers were attracted by relatively low interest rates, investor interest was sustained by the prospect of a yen appreciation.

The issuance of foreign bonds denominated in deutsche mark increased from \$2 billion in 1982 to \$3 billion in 1983. As a result, the proportion of foreign bonds denominated in deutsche mark rose from 8 percent in 1982 to 10 percent in 1983. Much of the issuing activity in 1983 was in the first half of the year, when monetary growth accelerated. Foreign issues took place at a much slower rate during the second half of 1983, when monetary conditions tightened as the Bundesbank brought the growth of central bank money back into its target range. The Bundesbank continues to discourage the use of deutsche mark-denominated bonds for currency swap operations.

Foreign bond issues in the Netherlands market increased from \$854 million in 1982 to \$933 million in 1983. A growing current account surplus and weak domestic private sector credit demands allowed increased foreign borrowing to take place despite a large volume of domestic issues by the Netherlands' Government. Foreign bond issues also increased in the Austrian and Belgian markets, while they declined somewhat in the French, Luxembourg, and United Kingdom (bulldog) markets.

During the period January-May 1984, over 50 percent of all foreign bond issues took place in Switzerland where \$7 billion bonds were marketed. Foreign issues in the United States, which had represented 18 percent of

all foreign issues in 1983, totaled \$3 billion and equaled 19 percent of foreign issues in the first quarter of 1984. While no foreign bonds were issued on the Austrian and French markets, the other major European and Japanese markets witnessed rate of bond issuance in the first quarter of 1984 not very different from those seen in 1983.

(2) Eurobond markets

Although the total volume of issues in the Eurobond markets remained unchanged between 1982 and 1983, there was considerable change in the currency composition of Eurobonds (Table 11). Eurodollar bond issues declined from \$42 billion in 1982 to \$39 billion in 1983, and the share of Eurodollar bonds in total Eurobond issues thus fell from 84 percent in 1982 to 78 percent in 1983. While Eurodollar bonds had been issued at a rapid rate during the first half of 1983, rising bond yields in July and August discouraged new borrowing, especially in the third quarter. This decline in volume took place despite a number of innovations designed to increase the attractiveness of Eurobonds to investors. International bond markets have also witnessed the use of dual currency bonds, partially paid or deferred payment bonds, and bonds with warrants for bonds or common stock. As will be discussed in the next section, these instruments were designed to increase the attractiveness of bonds to investors by allowing them to take advantage of declining interest rates, by reducing exchange rate risks, or by providing a mix of debt and equity instruments. The issuance of Eurodollar floating rate notes has also expanded sharply, and these instruments constituted over 50 percent of total Eurodollar issues during 1983. One other factor influencing the Eurodollar market has been the prospect of a possible change in the U.S. withholding tax; currently, nonresidents holding securities issued on U.S. markets have 30 percent of their interest payments deducted at source. In contrast, bearer bonds issued in the Eurodollar market are not subject to a withholding tax. There is currently legislation before the U.S. Congress which proposes to repeal the withholding tax on domestic issues purchased by foreigners.

While the share of U.S. dollar-denominated Eurobonds declined in 1983, there was increased use of bonds denominated in deutsche mark, pounds sterling, and European Currency Unit. Issues of Euro-deutsche mark bonds increased from \$3 billion in 1982 to \$4 billion in 1983, and, as a result, the share of total Eurobonds denominated in deutsche mark rose from 7 to 8 percent. As with foreign bonds denominated in deutsche mark, the level of Euro-deutsche mark bond issuance was strongly affected by monetary conditions in Germany as well as the position of the deutsche mark in foreign exchange markets. Issues of Euro-deutsche mark bonds slowed during the second half of 1983 from a rather rapid pace in the first half as the stance of monetary policy was tightened and as the deutsche mark depreciated slowly against the U.S. dollar.

Euro-sterling bond issues rose from nearly \$1 billion in 1982 to \$2 billion in 1983, which raised the proportion of Eurobonds denominated in sterling from 2 to 4 percent. Declining interest rates (and hence

rising bond prices) stimulated investor interest in sterling bonds, and borrowers were attracted by the fact that, late in 1983, yields on Euro-sterling bonds fell below those on Eurodollar bonds.

Eurobond issues denominated in ECU more than doubled in 1983, rising from nearly \$1 billion in 1982 to over \$2 billion in 1983 and increasing their share in Eurobonds from 2 to 4 percent. ECU bond issuers have primarily been EC institutions, such as the European Investment Bank, as well as borrowers from France and Italy. The latter borrowers have generally found it cheaper to raise funds through ECU-denominated issues rather than in U.S. dollars or their domestic currencies once the depreciation of the domestic currency on foreign exchange markets has been taken into account. This market has been heavily dependent, however, on investors from Belgium and Luxembourg, who are reported to buy as much as 70 percent of all new issues. These investors appear to have been attracted to ECU bonds, in part, by the desire to protect themselves from depreciation of their domestic currencies. The ECU bond markets have also been aided by the growing activity in ECU-denominated loans and deposits. While outstanding ECU bonds totaled \$5 billion, it is estimated that there are ECU-denominated loans and deposits of roughly \$5-10 billion. The clearing arrangements for ECU deposits have become more sophisticated in recent years. While ECU deposits were initially cleared by "unbundling" the deposits into the component currencies, there now exists an ECU clearing arrangement between banks active in the ECU market without unbundling. Discussions are currently under way to formalize this clearing system to make use of clearing accounts with the Bank for International Settlements. As in 1982, there were no issues of SDR-denominated Euro-bonds.

Issues of Euro-yen bonds declined from \$0.6 billion in 1982 to \$0.2 billion in 1983, and there was no issuance of such bonds during the second and third quarters of 1983. Euro-yen bonds have been issued by sovereign borrowers, international organizations, and government-guaranteed Japanese entities. Beginning in 1984, the level of activity in the Euro-yen bond market is likely to be affected by a series of measures aimed at broadening the use of the yen as an international currency and liberalizing the Japanese domestic financial markets. Effective December 1, 1984, non-Japanese private corporations, national, state, and local governments, and government agencies and organizations will be authorized to issue bonds in the Euro-yen market. Initially, these issuers will have to meet the issuance criteria of the foreign (Samurai) bond market. From April 1985, there will be a relaxation of these criteria to allow general participation by borrowers with a credit rating of AA or better, as well as a number of international corporations with A ratings. As of April 1984, the conditions for Euro-yen issues by Japanese residents were also liberalized with the effect that 30 Japanese corporations may now make straight debt issues and about 100 corporations may issue convertibles. There are no limits on the size or the total number of issues. Withholding tax will continue to apply to interest payments on such issues.

In the five months of 1984, there was a sharp expansion in the rate of issuance of Eurobonds with total issues equaling \$29 billion (an annual rate of \$71 billion--nearly 50 percent higher than the rate experienced in 1983). Eurodollar bonds represented 79 percent of total issues (\$23 billion) with much of this issuance taking the form of FRNs. Issues denominated in pound sterling were nearly \$2 billion and accounted for 6 percent of all Eurobonds, replacing the deutsche mark as the second most utilized currency of denomination in the Eurobond market.

e. Type of bonds and other instruments

Chart 6 and Table 12 indicate the types of bonds utilized in the international bond markets in recent years. While the share of fixed-rate, straight Eurodollar bonds increased from 53 percent in 1980 to 57 percent in 1981, and to 68 percent in 1982, this type of bond accounted for only 55 percent of Eurodollar issues in 1983. In contrast, the share of FRNs increased from 29 percent of Eurodollar bonds in 1982 to 40 percent in 1983. Following the spread of debt servicing problems on international loans since mid-1982, there has been a shift by banks toward purchases of securities (which were regarded as relatively safe and liquid instruments) rather than participation in large syndicated international loans. Banks have regarded FRNs issued by good credit risks in large volumes not only as liquid assets but also as offering relatively attractive risk-adjusted returns, even though the nominal yields on these instruments is often as low as 1/4 or 1/8 percent over LIBOR. These low spreads have not meant that the total return (interest income plus any capital gains or losses) on floating rate notes has been less than that on other international financial securities. While the returns on straight debt bonds have often been higher than those on FRN during periods of substantial declines in nominal interest rates (such as 1982), the total returns over the period 1978-83 (in average annual percentage rates) were as follows:

Table 13. Average Returns on
Financial Securities, 1978-83

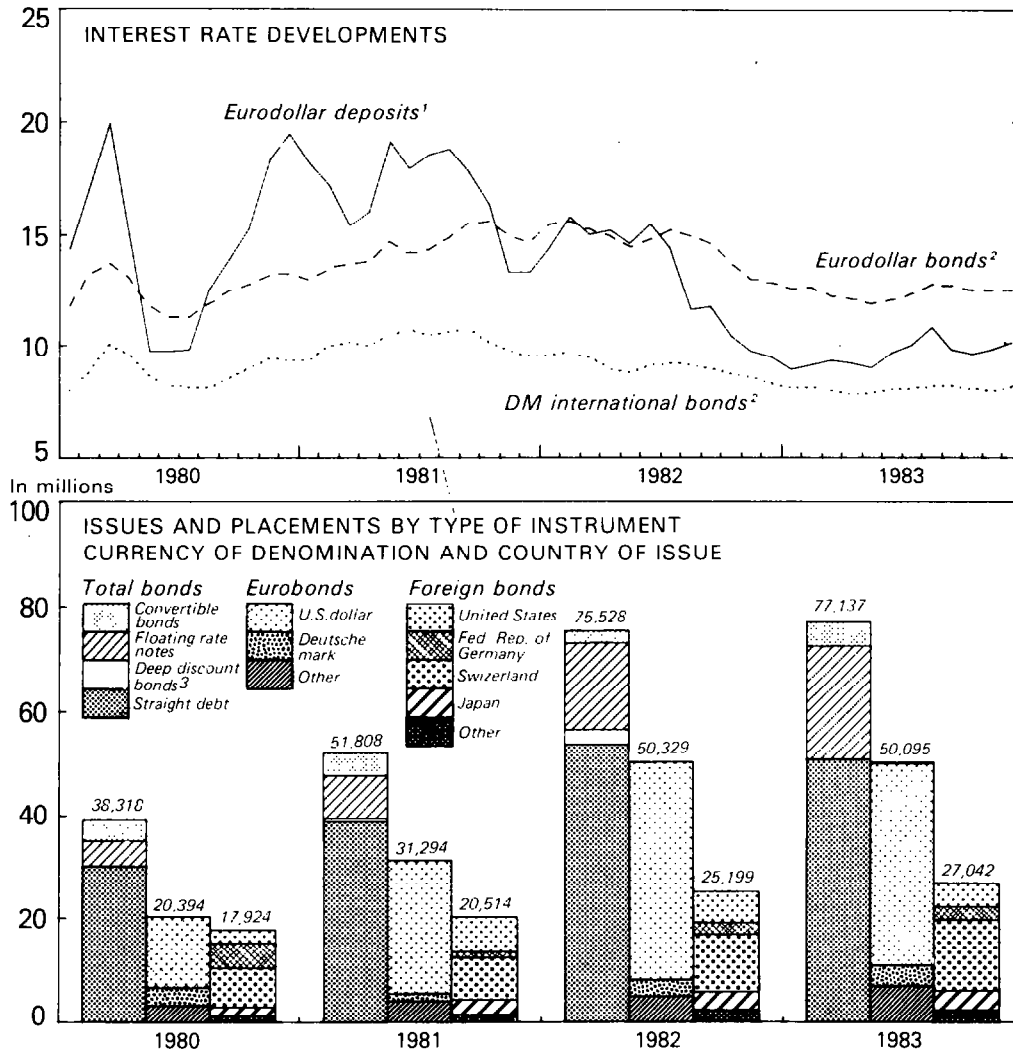
(In percent)

Eurodollar FRNs	13.7
U.S. Treasury bills	11.0
Eurodollar bonds	8.6
Foreign dollar (Yankee) bonds	7.5
U.S. government bonds	6.2

Source: Gioia M. Parente, An Anatomy of the Eurodollar Floating Rate Note Market, Salomon Brothers, Inc., New York (March 1984).

CHART 6

DEVELOPMENTS IN INTERNATIONAL BOND MARKETS, 1980-83



¹Three-month deposits.

²Bonds with remaining maturity of 7 to 15 years.

³Only in 1982 did this type of bond represent a significant proportion of total bond issues.

Table 12. International Bonds, by Type,
Selected Eurobonds, 1979-83

(In percent of total)

	1979	1980	1981	1982	1983
<hr/>					
Eurodollar bonds					
Straight	57	53	57	68	55
Floating rate notes	36	33	33	29	40
Convertibles	7	14	10	3	5
Swiss franc bonds					
Foreign straight and floating rate notes	--	85	85	87	74
Foreign convertibles	--	15	15	13	26
Eurodollar bonds issued by U.S. borrowers					
Straight	65	71	83	90	87
Floating rate notes	29	8	9	8	5
Convertible	6	21	8	2	8
Eurodollar bonds issued by Canadian borrowers					
Straight	100	88	92	87	85
Floating rate notes	--	7	--	12	11
Convertible	--	5	8	1	4

Source: Salomon Brothers, Inc., International Bond and Money
Market Performance.

In addition, the fee and commissions associated with the issuance of FRNs could add 1/4 or 1/2 percent to the yield over the lifetime of the FRNs and more for banks which underwrote the issue.

The demand of financial institutions for FRNs has also been stimulated by a number of special factors. U.S. savings and loan associations have purchased FRNs to balance floating rate interest liabilities arising from their newly permitted money market deposits. Some international banks have purchased large amounts of FRNs, in some cases possibly influenced by a treatment of these assets for the purposes of prudential regulation that was less onerous (in terms of capital ratios or maturity matching) than would be the case for syndicated lending.

FRNs have been issued primarily by sovereign borrowers and commercial banks. Banks have thus been both major issuers and purchasers of FRNs. Many banks have issued FRNs as a means of securing floating rate medium- and long-term funding, especially U.S. dollar funding for non-U.S. banks. One contributing factor was that many nondollar-based banks found short-term assets converted into longer term claims as a result of debt rescheduling. Sovereign borrowers, which are regarded as good credit risks, often raised relatively large volumes of medium-term funds through FRNs at finer terms than in the syndicated loan markets. As noted earlier, this lower cost reflected the fact that banks regarded FRNs as more liquid (and secure) assets than syndicated loans and therefore were willing to accept a lower spread on FRNs than on loans.

Interest and currency swaps have become increasingly important transactions in the international bond markets. Interest swaps have been used to arbitrage differences between the cost of funds in the fixed-rate and floating-rate Eurobond markets for different types of borrowers. For example, a highly rated bank would issue a fixed rate bond, while a relatively lower-rated corporation raised a corresponding amount of money in the floating-rate market (where nonbank paper would be scarce). These borrowers would then agree to "swap" their interest payments obligations. The corporation thus obtains fixed rate financing at a rate well below what it would otherwise have had to pay, had it directly accessed the fixed-rate market. To induce the bank to engage in this swap of interest obligations, the corporation would also agree to pay a small proportion of the floating-rate interest cost. The bank therefore often found that the net cost of raising floating-rate funds by the swap operation was well below LIBOR. As interest swap operations expanded during 1983, however, banks found that they had to pay relatively higher rates on the fixed-rate market, and, by late 1983, this higher cost reduced the incentive for interest swap operations.

In a typical currency swap, a borrower with a good credit rating in U.S. financial markets but with poor access to the Swiss franc market would agree to swap fixed-rate dollar debt obligations for fixed rate Swiss franc obligations, to obtain relatively low Swiss franc interest rates. The other party to the swap arrangement would generally have good access to the Swiss franc market but would be

looking for dollar funds that the good U.S. credit risk could provide at a relatively low cost. Currency swaps tend to be more complex than interest swaps since they involve evaluations not only of interest rate differentials but also of likely exchange rate movements over the period of the swap. It is estimated that \$4 billion in currency swaps and \$10 billion in interest rate swaps took place in 1983.

Interest and currency swaps represent an attempt to expand the arbitrage of interest rate differentials across countries from the short-term money markets to the short- and medium-term bond markets. In the money markets, interest rate arbitrage regularly ensures that interest rate differentials between two countries on comparable securities (e.g., Treasury bills) will differ by the anticipated rate of change in the exchange rate. ^{1/} Since money market securities generally have short maturities, market participants can readily arbitrage on interest rate differentials that are larger or smaller than the expected rate of change in the exchange rate implied by the difference between the current spot exchange rate and the forward exchange rate that corresponds to the maturity of the security being considered. Given that forward exchange rate markets exist only for relatively short maturities, however, they cannot be as readily used to arbitrage medium- and long-term bond market interest rate differentials. In the absence of medium-term forward exchange markets, interest rate and currency swaps allow borrowers and lenders to arbitrage what they regard as "large" differentials in the cost of funds across countries, given their respective expectations regarding exchange rate movements. If this type of activity continues to expand, it should play an important role in linking financial market conditions across countries not only in the money markets but also in the short- and medium-term bond markets.

During the early part of 1983, partially paid or deferred payment bonds played an important role (\$2.4 billion of issues during the first two months of 1983) as long as there was the prospect of declining interest rates. Issues of these bonds virtually disappeared as interest rates rose in mid-year. In order to compete with equity markets, a number of issuers marketed bonds with warrants that could be converted into common stock. For example, Eurodollar bonds with warrants totaled \$6 billion in 1983.

In late 1983, dual currency bonds were used extensively in the Swiss capital market. These bonds typically consisted of a straight foreign Swiss franc issue with interest being paid in Swiss francs and principal paid in U.S. dollars at a fixed Swiss franc/U.S. dollar exchange rate. Swiss investors were attracted by the higher coupon rates generally available on these securities. In 1983, dual currency bond issues totaled \$675 million.

^{1/} This relationship may not be an exact equality because of capital controls and market or political risks.

In the first quarter of 1984, FRNs accounted for nearly 40 percent of all international bond issues and the use of convertible bonds also expanded significantly. In the Eurodollar bond market, FRNs represented more than 50 percent of total issues; convertibles and bonds with equity warrants rose to 10 percent of all issues; and straight debt issues declined to roughly only one third of these issues.

f. Maturities

As indicated in Table 14, there have been only limited changes in bond maturities during the period since 1981. In a number of markets, there has been a shift out of relatively short (0-5 years) maturities to medium-term (6-10 years) maturities. However, the proportion of international bonds with maturities of over ten years has not increased significantly, and most international bonds have a maturity of from six to ten years. As will be discussed in the next section, the absence of a significant lengthening of bond maturities during a period of record bond market issuance between 1981 and 1983 most likely reflects investor uncertainties regarding future changes in inflation, exchange rates, and interest rates.

2. Bond market trends

As noted in Appendix II of last year's report, the record level of bond market issuance during 1981-82 represented a recovery from almost a decade-long decline in bond market activity, especially during the late 1970s. The high level of bond issuance in 1983 was a continuation of that trend, but the pace of the recovery slowed considerably in 1983 relative to that in 1981 and 1982. This section examines the extent of this recovery as well as the reasons for the slowing of the growth of issue activity in 1983.

a. The 1981-83 bond market recovery

The deterioration in the level of real activity in the international bond markets during the late 1970s is illustrated in Table 15. High levels of inflation, increased exchange rate and interest rate variability (Appendix Table XXI), and the large capital losses experienced on fixed interest rate securities due to rising interest rates combined to reduce the attractiveness of financial assets in general and long-term fixed interest rate bonds in particular. This experience resulted in a decline in the real volume of bond issuance, higher real bond yields, declining bond maturities, and the shift of interest rate and exchange rate risks from the investor to the issuers. ^{1/} The extent of the decline in real issue activity in the bond market is measured in three ways in Table 15. Since net issuance of international bonds is stated in current U.S. dollars, the value of bonds issued must be adjusted for the general

^{1/} For a detailed discussion of this experience see Appendix II, International Monetary Fund, International Capital Markets: Developments and Prospects, 1983, Occasional Paper No. 23 (July 1983).

Table 14. Maturity Profile of International Bonds in 1981-83

(In percent)

Currency of Denomination	0-5 years			6-10 years			Over 10 years		
	1981	1982	1983	1981	1982	1983	1981	1982	1983
U.S. dollar	25	20	14	54	59	60	21	21	26
Canadian dollar	35	21	17	58	79	80	7	0	3
Deutsche mark	12	11	12	82	81	83	6	8	5
Japanese yen	0	2	0	24	69	76	76	29	24
Pound sterling	41	32	17	2	27	40	57	41	42
Swiss franc	32	36	41	64	60	54	4	4	5
Netherlands guilder	37	39	30	35	48	54	28	13	5

Source: Salomon Brothers, Inc., International Bond and Money Market Performance.

Table 15. Measures of the Real Size of the Bond Market, 1975-83

	1975	1976	1977	1978	1979	1980	1981	1982	1983
	<u>(Billions of U.S. dollars)</u>								
Bond issues (net) <u>1/</u>	20	30	31	30	32	28	41	62	60
	<u>(Billions of U.S. dollars at 1975 prices)</u>								
Deflated by U.S. GNP deflator	20	29	28	25	25	20	24	35	35
	<u>(Percent)</u>								
Bond issues as ratio to world imports in U.S. dollars	2.5	3.2	2.9	2.4	2.2	1.5	2.1	3.4	3.5
As ratio to international bank lending (net) <u>2/</u>	50.0	42.3	45.6	33.3	26.4	17.5	22.4	61.0	70.6

Sources: International Monetary Fund; Orion Royal Bank, Ltd. (London); and Bank for International Settlements.

1/ New international bond issues less redemptions and repurchases.

2/ International bank lending as measured by the external lending by banks in the BIS reporting area.

rise in the price level to measure real activity; thus the second item represents the results of deflating the U.S. dollar value of bond issues by the U.S. GNP deflator. In terms of 1975 prices, international bond issues declined from \$29 billion in 1976 to \$20 billion in 1980 (31 percent). Real activity then recovered to \$24 billion in 1981, and \$35 billion in 1982 and 1983. As an alternative measure of the relative scale of bond market activity, the level of bond issuance can be scaled by the value of international trade. With the recovery in bond markets since 1981, the real value of net international bond issues also rose relative to the real size of international trade. As shown in the last item of Table 15, the recovery of bond market activity has combined with a reduction in new international bank lending to create a situation where net international bond issues rose from less than 20 percent in 1980 to more than 70 percent of the net international lending in 1983 (as reported by BIS reporting area banks). As discussed elsewhere in this report, this situation reflects not only the recovery of bond market activity, but also the sharp slowdown in international bank lending in recent years.

The decline in the real issues of bonds during the late 1970s reflected investors' primarily negative experience with greater variability of exchange rates and long-term interest rates, rising short- and long-term interest rates, and higher rates of inflation. The rising interest rates imposed large capital losses on holdings of fixed interest rate securities during the late 1970s (Table 16). As a result of these developments, borrowers found that they had to offer high real yields as well as to alter the risk-sharing characteristics of their bonds in order to attract purchasers. Real bond yields began to rise sharply in 1979 and 1980 (Table 16 and Appendix Table XVII) and remained at historically high levels during the 1981-83 period. In addition, there was increased issuance of bonds denominated in currencies expected to appreciate, a shift toward shorter bond maturities (to limit the extent of capital losses), the use of floating rate notes, and the introduction of a variety of other instruments designed to shift a portion of the risk associated with interest rate and exchange rate variability from bond purchasers to the issuers of bonds.

These changes in bond yields and characteristics were sufficient to allow borrowers to find a ready market for their bond issues in the period from late 1981 through 1983. The combination of a higher level of nominal interest rates, declining inflation, and major exchange rate movements, led to a situation where the currency of denomination of a bond strongly influenced the total return earned by an investor. Table 16 illustrates examples of the real return earned by German and U.S. investors on bonds denominated in U.S. dollars or deutsche mark. It was generally the case that investors earned a relatively high real return by purchasing bonds denominated in deutsche mark during the 1975-77 period and U.S. dollar-denominated bonds in the period since 1980. The high yields earned by German investors on U.S. dollar bonds in 1982 and 1983 reflected high nominal coupon rates, capital gains generated by declining interest rates, and the depreciation of the deutsche mark relative to the U.S. dollar over this period.

Table 16. Real Return on Bond Holdings, 1975-83 ^{1/}

(In percent per annum)

Purchased in December of:	1975	1976	1977	1978	1979	1980	1981	1982
U.S. Investor Holding a U.S. Dollar Eurobond								
Sold in Dec. of:								
1976	11.32	--	--	--	--	--	--	--
1977	5.93	0.48	--	--	--	--	--	--
1978	2.59	-2.00	-5.18	--	--	--	--	--
1979	-0.66	-4.65	-8.23	-13.42	--	--	--	--
1980	-1.32	-4.97	-7.22	-9.91	-8.55	--	--	--
1981	-0.40	-3.41	-5.38	-6.72	-5.00	-3.09	--	--
1982	1.35	-1.05	-2.13	-2.28	1.22	6.27	17.27	--
1983	2.37	0.40	-0.20	0.28	3.95	8.56	16.00	14.00
U.S. Investor Holding a Deutsche Mark Eurobond								
Sold in Dec. of:								
1976	28.02	--	--	--	--	--	--	--
1977	29.29	27.12	--	--	--	--	--	--
1978	25.14	20.38	10.80	--	--	--	--	--
1979	17.42	11.94	2.68	-5.95	--	--	--	--
1980	7.37	1.59	-5.80	-13.65	-23.61	--	--	--
1981	3.37	-1.42	-7.54	-11.82	-16.10	-11.30	--	--
1982	2.95	-0.99	-5.69	-9.28	-10.23	-4.41	3.71	--
1983	1.38	-1.80	-5.46	-8.07	-9.24	-5.44	-2.29	-7.72
German Investor Holding a Deutsche Mark Eurobond								
Sold in Dec. of:								
1976	17.64	--	--	--	--	--	--	--
1977	17.86	18.40	--	--	--	--	--	--
1978	13.22	10.98	3.07	--	--	--	--	--
1979	8.42	5.48	-1.50	-6.94	--	--	--	--
1980	6.16	2.66	-2.59	-6.37	-7.32	--	--	--
1981	5.80	2.67	-2.12	-3.04	-1.76	4.05	--	--
1982	6.28	3.69	-0.06	-1.46	1.65	6.91	10.35	--
1983	6.54	4.36	1.30	0.55	2.44	6.69	8.37	6.10
German Investor Holding a U.S. Dollar Eurobond								
Sold in Dec. of:								
1976	2.29	--	--	--	--	--	--	--
1977	-2.13	-6.41	--	--	--	--	--	--
1978	-4.73	-8.41	-11.79	--	--	--	--	--
1979	-5.83	-8.74	-11.55	-14.33	--	--	--	--
1980	-2.15	-4.17	-4.17	-1.88	10.94	--	--	--
1981	1.57	0.02	0.71	4.15	14.04	13.68	--	--
1982	4.36	3.61	4.90	9.04	18.99	20.24	24.78	--
1983	7.89	7.64	9.73	14.93	25.40	26.79	30.80	31.07

Sources: Orion Royal Bank, Ltd., The Orion Royal Guide to the International Capital Markets (Euromoney Publications Limited, London, 1982); the Organization for Economic Cooperation and Development; and the International Monetary Fund, International Financial Statistics.

^{1/} In calculating the real rates of return in this table, the following assumptions were made: (1) The bond is assumed to be purchased in December of the year at the top of the table. (2) All interest on the bond is paid on December 31 of each year and the initial coupon rate of interest is taken as equal to the prevailing market interest rate. (3) Principal is repaid only at maturity. (4) Bonds are sold in December of the year given at the side of the table at a price which ensures that the bond yields a return to maturity equal to the prevailing (December) interest rate. (5) All coupon interest received is assumed to be continuously reinvested in three-month Eurocurrency deposits (at the prevailing Eurocurrency deposit rate) in the same currency as the interest rate payments and bonds are denominated. (6) In calculating the real return on bonds not denominated in the domestic currency, the accumulated interest income and bond sale proceeds are converted at the prevailing exchange rate, and any exchange gain or loss is included in the calculation of the real return. (7) The real return is calculated using the consumer price index in the investors' home countries. (8) The bonds are those issued by private corporations.

Despite the recovery of bond market issuance and real yields, bond market maturities have not lengthened significantly. This probably reflects the presence of considerable uncertainty regarding medium- and longer term movements in inflation, interest rates, and exchange rates. A significant lengthening of bond maturities will require the emergence of lower real yields on short- and medium-term instruments and an extended period of stable financial market conditions.

Although the level of international bond issuance reached a historically high volume of \$77 billion in 1983, Table 15 indicates that in real terms this volume was about the same as in 1982. This level of real activity was still 80 percent higher than the volume issued in 1980, but the rate of increase in real issuance has slowed considerably from 20 percent in 1981 and 46 percent in 1982. In a sense, the bond market recovery of 1981-83 has basically restored the position of real bond market activity relative to the level of real activity in the world economy (which has been proxied by the level of world trade) that existed prior to the period of rising inflation and interest rates during the late 1970s. The recovery has been generated by a financial market environment characterized by lower rates of inflation and high real returns on bonds. This combination has made it possible for borrowers to market large volumes of bond issues which investors have found to be attractive portfolio assets. The bond market recovery has not been complete, in the sense that bond maturities are still considerably shorter than in the late 1960s and early 1970s, and bond issuers have found it necessary to take on an increasing share of the risk associated with interest rate and exchange rate movements. One of the keys to the next phase of the bond market's development will be the presence or absence of a significant lengthening of maturities.

b. Developing country access

In general, developing countries have not participated significantly in the recovery of bond market activity in the period 1981-83. As illustrated in Table 9, developing country issues declined from a recent peak of \$4.7 billion in 1982 to \$3.3 billion in 1983. The share of developing country issues in total issues declined from 8 percent in 1981 to 4 percent in 1983. Much of this issuance has been accounted for by a limited number of countries (Appendix Table XIX). In 1983, for example, issues by Indonesia, Korea, Malaysia, South Africa, and Thailand represented nearly 80 percent of all developing country issues. Only those developing countries that are regarded as the "best" credit risks are able to access the international bond markets. While access to the international bond markets by developing countries has traditionally been more limited than to the syndicated loan market, the limitations on entry have been even more pronounced since the emergence of external payments difficulties for many developing countries in 1982. The position of developing countries in the bond market has nonetheless been strengthened by the fact that principal and interest payments on developing country bonds have generally been paid even by countries experiencing severe debt difficulties, and bond payments have usually

not been included in reschedulings. The continued servicing of these payments had a strong impact on the differential between the returns on developing country bonds and those on industrial country bonds. Chart 7 illustrates the behavior of these yield differentials during 1982-83 in the secondary markets for bonds denominated in deutsche mark. In the period prior to mid-1982, the yield differentials do not appear to indicate any significant market anticipation of the external payments difficulties of the group of developing countries included in Chart 7. However, the yield differential between bonds issued by the Mexican Government and those of industrial country issuers rose from less than 2 percentage points in the period prior to mid-1982 to approximately 4 percent by the fall of 1982. The yield differential on Brazilian bonds increased from about 2 percent in the first half of 1982 to as much as 6 percent during certain periods in 1983. By late 1983 and early 1984, however, these differentials had come down to approximately 2 percent for Mexican bonds, 3 percent for the Venezuelan bonds, 3 percent for the Brazilian bonds, and 4 percent for the Argentine bonds. These movements in yield differentials imply considerable changes in the risk that market participants perceive as attached to holding developing country bonds.

3. Foreign direct investment and official flows as sources of finance

Since many non-oil developing countries have faced greatly reduced access to the international bank credit and securities markets, it has been suggested that foreign direct investment and official flows could provide a higher proportion of the external financing of these countries in future. This section therefore reviews the role of foreign direct investment and official flows, in relation to private credit flows, as sources of financing for the non-oil developing countries' current account deficits and reserve accumulations during the 1970s and early 1980s and considers the role these flows are likely to play in the medium term. ^{1/}

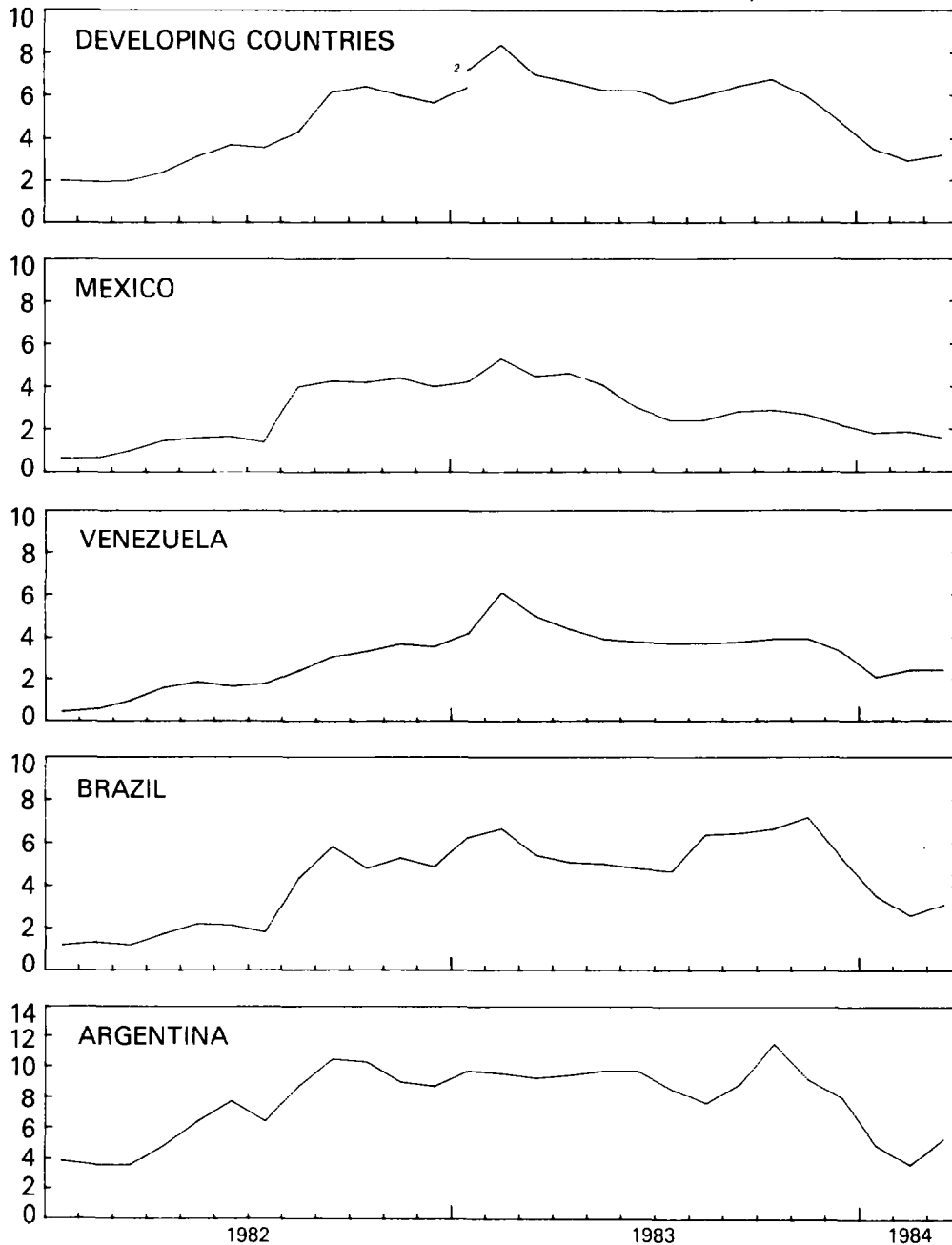
a. The role of foreign direct investment in private capital flows

Foreign direct investment can take the form of new equity capital, reinvestment of earnings, or net short- and long-term borrowing from the

^{1/} In April 1984, the OECD and the BIS jointly published the first of a series of semiannual reports combining statistics on the external claims of banks in the BIS reporting area with OECD data on official and officially guaranteed buyers' and suppliers' credits. This report shows the component of external bank claims which can be identified as guaranteed claims, which accounted for approximately 12 percent of the total bank claims of \$521 billion as of June 30, 1983. It also shows trade-related credits provided by nonbanks, where such claims are officially guaranteed; these amounted to \$132 billion at the same date. This latter figure includes credits in the form of intercompany transactions, where these are officially guaranteed in the lending country.

CHART 7

YIELD DIFFERENTIALS ON DEUTSCHE MARK-DENOMINATED PUBLIC BONDS ISSUED BY DEVELOPING COUNTRIES, 1982-84¹



Source: Information provided by the Deutsche Bundesbank.

¹These differentials equal the yield on the bonds of the individual developing country or the average for all developing countries and minus the average yield on bonds for industrial country entities other than bonds issued by German residents.

²Since 1983, excluding southern European countries, particularly Spain.



parent company or its affiliates. Most foreign direct investment involves flows between developed economies. As shown in Table 17, developing countries (including both oil exporting and non-oil developing countries) have been the recipients of approximately only about one third of total foreign direct investment in the period 1960-79. The absolute flow of investment funds to the developing countries increased from \$2 billion in the early 1960s to \$13 billion by 1979, and had a significant impact on growth and capital stocks. The outstanding level of foreign direct investment in developing countries, which increased at an average annual rate of 11.4 percent in 1973-83 to reach a total of \$138 billion, grew more slowly than total external debt, which expanded at a rate of almost 18 percent per annum to reach \$669 billion in 1983. As was the case with international bank lending, these foreign direct investment flows to non-oil developing countries have been concentrated on a small number of recipients. Brazil, Malaysia, Mexico, Singapore, and South Africa accounted for nearly one half of the stock of foreign direct investment for non-oil developing countries at the end of 1983 (Table 18). In part, this concentration was due to the positive attitude of these developing countries toward foreign investment.

The primary source of foreign direct investment has been the United States, but its relative importance as a source has declined in recent years along with that of the United Kingdom and France, while flows from Germany and Japan have grown rapidly. The stock of U.S. direct investment in developing countries grew at an average annual rate of less than 10 percent in the period 1970-82, compared with growth rates of 17 and 21 percent for Germany and Japan. The United Kingdom and France saw the stocks of their investment expand at roughly 9 percent per annum.

During the late 1970s and early 1980s, there was a striking difference between the payments required by the non-oil developing countries to service foreign direct investment as opposed to their external debt. Income payments ^{1/} by developing countries on foreign direct investment rose from \$9.5 billion in 1973 to over \$25 billion in 1981 but then declined to about \$16 billion in 1983 when profits fell sharply as a result of the world recession and a decline in oil prices. ^{2/} Interest payments on external debt of non-oil developing countries grew significantly, especially after 1979, primarily reflecting high rates of borrowing. The variability of payments on direct investment is clearly an advantageous element for the recipient country, but it would be negated to the extent that foreign investors increase the proportion of these investments in the form of intercompany loan claims.

^{1/} Dividends and net interest payments on borrowings from parent companies or affiliates (net of host country taxes) plus the investor's share of reinvested earnings.

^{2/} These payments are discussed in greater detail in a forthcoming IMF staff report, "Foreign Direct and Portfolio Equity Investment in Developing Countries."

Table 17. Gross Foreign Direct Investment Flows, 1960-79

(In millions of U.S. dollars)

	Recipient Regions				Global Total	Percent of total going to Developing Countries
	United States	Western Europe	Industrial countries <u>1/</u>	Developing countries		
1960	315	749	2,150	1,806	3,956	46
1961	311	1,573	2,815	1,839	4,654	39
1962	346	1,598	2,790	1,469	4,259	35
1963	231	1,819	2,836	1,659	4,495	38
1964	322	2,255	3,412	1,819	5,231	35
1965	415	2,652	4,227	2,488	6,715	37
1966	425	2,878	4,504	2,159	6,663	33
1967	698	2,893	4,791	2,103	6,894	30
1968	807	2,646	4,735	2,900	7,635	38
1969	1,263	3,300	5,928	2,804	8,732	32
1970	1,464	4,200	7,522	3,689	11,211	33
1971	367	4,892	7,523	3,307	10,830	31
1972	949	5,925	8,702	4,234	12,936	33
1973	2,800	8,054	11,688	4,719	16,407	29
1974	4,760	9,962	16,695	1,123	18,088	6
1975	2,603	7,244	11,153	10,494	21,647	49
1976	4,347	5,611	10,791	7,824	18,615	42
1977	3,338	8,972	13,851	9,500	23,351	40
1978	7,900	10,470	20,978	11,154	32,132	35
1979	9,730	9,403	22,098	13,491	35,589	<u>38</u>

35 2/

Sources: United Nations Centre of Transnational Corporations; and The Group of Thirty.

1/ Besides flows into the United States and Europe other flows went mainly into Canada and Australia. Flows into Japan averaged well below \$100 million a year throughout.

2/ Average for period.

Table 18. Stocks of Foreign Direct Investment
in Selected Developing Countries

(In billions of U.S. dollars)

	<u>Stock of Foreign Direct Investment</u>			<u>Outstanding External Debt Total, end of 1983 <u>2/</u></u>
	1973	1983 <u>1/</u>	Average annual growth rate, 1973-83 (percent)	
Argentina	2.5	5.7	8.6	40.7
Brazil	7.5	23.6	12.1	87.4
Chile	0.5	3.0	19.6	17.4
Colombia	1.0	2.4	9.1	10.7
India	1.8	2.5	3.3	26.2
Indonesia	1.7	6.9	15.0	32.6
Korea	0.7	1.4	7.2	40.4
Malaysia	1.2	7.1	19.5	13.4
Mexico	3.1	12.8	15.2	90.0
Nigeria	2.3	3.8	5.1	17.1
Philippines	0.9	3.0	12.8	24.9
Singapore	0.6	7.3	28.4	0.6
South Africa	8.4	17.1	7.4	17.4
Thailand	0.5	1.4	10.8	13.7
Turkey	0.4	1.3	12.5	17.5
All non-oil developing countries	47.0	138.0	11.4	668.6

Source: "Foreign Direct and Portfolio Equity Investment in Developing Countries" (forthcoming IMF staff report).

1/ The 1983 end of year stock figures equal the estimated book value of the stock of direct investment from industrial countries at the end of 1978 plus total direct investment flows during 1979-83.

2/ Includes short-term debt.

Table 19 contrasts the roles of foreign direct investment and external borrowing in the financing of the current account deficits and reserve accumulations of the non-oil developing countries and the 25 largest debtors among the non-oil developing countries. In 1973, net foreign direct investment inflows was equivalent to 20 percent of the current account deficits and reserve accumulations of the non-oil developing countries, whereas borrowing from financial institutions and other creditors equalled 27 percent of the financing requirement. The relative importance of both flows then changed; by 1977 foreign direct investment accounted for only 13 percent of financing needs and the share of private borrowing had risen to 44 percent. While both foreign direct investment and private borrowing grew rapidly in the period after the second oil price increase in 1977, private borrowing expanded much more sharply. In 1981, just prior to the emergence of external payments difficulties for a growing number of developing countries, the share of foreign direct investment had fallen to 11 percent, whereas the share of private external borrowing had risen to 62 percent. As the debt crisis developed, the share of foreign direct investment rose to 14 percent in 1982 and 13 percent in 1983; while the share of private credit flows fell to 46 percent in 1982 and 32 percent in 1983, with much of the flow from financial institutions in late 1982 and 1983 taking the form of concerted lending. For the 25 largest developing country debtors, the relative importance of private credit flows in comparison to foreign direct investment has been even greater. In 1977 foreign direct investment accounted for 12 percent and external borrowing from private creditors for 63 percent of the financing needs of the 25 developing countries with the largest external debt. By 1980, the share of foreign direct investment had fallen to 10 percent, but that of external borrowing had reached 94 percent. In 1983, however, the share of foreign direct investment had risen slightly to 11 percent, but that of external borrowing had fallen sharply to 49 percent, with most of this lending taking the form of concerted lending. Thus, the role of foreign direct investment in financing the current account deficits and reserve accumulations of the non-oil developing countries remained relatively stable in the 10-12 percent range, but the share of net external borrowing initially rose dramatically between 1977 and 1980 before diminishing just as sharply between 1981 and 1983.

Flows of foreign direct investment have been influenced by a variety of economic and political factors. In a recent survey conducted by The Group of Thirty (G-30), ^{1/} for example, 52 major international corporations reported on the factors that they regarded as most important in determining their level of foreign direct investment in developing countries. According to these companies, the primary considerations determining their level of foreign direct investment were the shrinking of investment opportunities in their domestic markets, the need to compete more efficiently in the recipient countries, the need to overcome tariff or nontariff barriers in recipient countries, the desire to gain

^{1/} The Group of Thirty, Foreign Direct Investment, 1973-87, New York (1984).

Table 19. Non-Oil Developing Countries: Financing of Current
Account Deficit and Reserve Accumulation, 1973-83

(In billions of U.S. dollars)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
(1) Current account deficit	11.0	37.1	46.3	31.7	30.4	42.3	62.0	87.7	109.1	82.2	56.4
(2) Reserve accumulation	9.7	1.6	-1.6	14.5	11.5	16.3	11.8	6.8	5.4	-3.8	6.1
Financing: Sum of (1) and (2)	20.7	38.7	44.7	46.2	41.9	58.6	73.8	94.5	114.5	78.4	62.5
(3) Direct investment, net	4.2	5.1	5.3	5.3	5.4	7.1	9.3	9.4	13.1	11.2	7.9
(4) Official transfers	5.5	8.8	7.1	7.4	8.3	8.3	11.5	12.8	13.5	12.9	13.2
(5) Long-term borrowing from official creditors, net	5.7	6.8	11.0	12.3	13.1	13.8	17.0	20.0	22.6	21.6	22.6
(6) Net external borrowing from private creditors	5.6	17.9	23.0	19.2	18.4	32.8	36.5	60.6	70.5	36.2	20.2
(7) Other sources <u>1/</u>	-0.3	0.1	-1.7	2.0	-3.3	-2.4	-0.5	-8.3	-5.2	-3.5	-1.4

Source: International Monetary Fund, World Economic Outlook, Occasional Paper No. 27 (1984).

1/ Includes errors and omissions.

access to particular regional markets, and the general prospects for current and future economic conditions in the recipient country. In general, these investors stated that they were not as influenced by considerations relating to political stability, labor costs, or exchange rate and interest rate fluctuations. Most firms also indicated that official incentives played a somewhat limited role in their decisions regarding where to locate foreign direct investment on a worldwide basis. These official incentives have been offered by the governments of both the supplier and the recipient countries. In many of the major industrial countries, for example, there are programs which provide investment guarantees covering a variety of political risks. There are also fiscal measures, which in general provide preferential treatment for capital invested in developing countries through some type of tax deferral. Official financial support can sometimes be obtained to finance either some portion of the investment or the imports of certain types of goods to be used in the investment process.

Developing country policies toward foreign direct investment have combined some elements of regulation and control, designed to improve the benefits received by the host country with incentives that attract such investment. ^{1/} Some developing countries, with large domestic markets and thereby the potential to attract foreign investment for import substitution, have established restrictions in an attempt to limit the share of foreign ownership in certain industries or to increase the net contribution of direct investment to the domestic economy. These measures have included such policies as restrictions on foreign portfolio investment, limits on capital repatriation, minimum investment periods, and high taxes on dividends. At the same time, there have also been a variety of incentives for foreign investment which have included tax concessions, official financial support, and special measures pertaining to exchange controls, labor agreements, and environmental standards. In examining the influence of these incentives, the Group of Thirty study found that over time foreign direct investment tends to respond primarily to economic and financial conditions created by an appropriate mix of fiscal, financial, trade, and exchange rate policies. Although fiscal incentives and the removal of restrictions on foreign direct investments can enhance the attractiveness of such investments, they cannot offset the effects of overvalued exchange rates, large and continuous fiscal imbalances, and inappropriate relative price signals in both the goods and financial markets. In this regard, protectionism in both developed and developing countries can have an adverse effect on foreign direct investment flows to developing countries. The establishment of protectionist barriers in developed countries against imports from developing countries directly reduces the incentives to undertake production of export goods in developing countries. While protectionism in developing countries may encourage foreign investment in relatively inefficient import substitution industries, the general rise in production costs often associated with

^{1/} A forthcoming IMF staff report on "Foreign Direct and Portfolio Equity Investment in Developing Countries," provides a more detailed analysis of these policies.

such a strategy make investment in export industries in developing countries less attractive. The response of foreign direct investment to appropriate incentives is likely to develop gradually. Thus, while foreign direct investment can play an important medium-term role as a source of development finance, it is unlikely to be a major source of balance of payments financing in the immediate future.

The recent WEO exercise and the G-30 survey provide information on the medium-term outlook for foreign direct investment in non-oil developing countries. If the investment plans of the large corporations included in the G-30 survey were carried out, then the growth of foreign direct investment is likely to slow somewhat during the coming five-year period relative to that in the two preceeding five-year periods, when real foreign direct investment increased by 25 percent or more in each period. However, a substantial amount of real investment would still take place.

For 1984 and 1985, the WEO forecasts that foreign direct investment will account for 14 and 15 percent, respectively, of the current account deficit and reserve accumulations of the non-oil developing countries. During 1986-90, the medium-term scenario described in the WEO assumes that foreign direct investment to the non-oil developing countries will increase by nearly 5 percent per annum in real terms. In contrast, these flows grew at only 3 1/2 percent a year from 1973 to 1981. This rate of growth implies that the 1981 peak flow of direct investment would again be attained in 1988. Since bank exposure is assumed to grow less rapidly, the share of foreign direct investment in financing the current account deficit and reserve accumulation of the non-oil developing countries would rise from nearly 11 percent in 1979-81 to 15 percent in 1988-90. Since foreign direct investment flows have traditionally focused on a relatively narrow set of developing countries, not all developing countries will benefit from these larger flows unless there are changes in their policies regarding foreign investment. In this regard, the most important policies are those fiscal and financial policies which lead to greater domestic stability and more manageable external positions. Appropriate relative prices, especially for exchange rates and interest rates, will also encourage such inflows. While specific incentive programs can play a role in attracting direct investment flows, they are not likely to offset inappropriate macroeconomic policies.

b. Official transfers and lending

Official transfers and lending have been important sources of financing for the non-oil developing countries throughout the 1973-83 period, but their relative contribution to the financing of the current account deficits and reserve accumulations of this group of countries has varied considerably, especially during the periods when these countries came to rely heavily on external borrowing from private creditors. As shown in Table 19, official transfers and lending accounted for more than

40 percent of the sum of current account deficits and reserve accumulations of the non-oil developing countries in the period 1973-77. As borrowing from private markets expanded during 1978-81, however, the relative share of official inflows was consistently below the 40 percent level and reached a low of 32 percent in 1981. In contrast, the slowdown in the growth of private credit in 1982 and 1983 raised the share of official transfers and lending to 57 percent by 1983.

The share of official lending has always been more important than that of official transfers, but both have followed somewhat similar trends over the 1973-83 period. Official transfers accounted for 27 percent of the financing needs of the non-oil developing countries in 1973, but fell to only 14 percent in 1980, before recovering to 21 percent in 1983. The share of official lending declined from 28 percent in 1973 to 21 percent in 1981, before increasing to 38 percent in 1982.

The role of official transfers and lending can also be evaluated in terms of the real resources made available through these programs. One measure of the flow of real resources from world markets which could be obtained through the use of these funds is to deflate the nominal flows by the unit value of imports of the non-oil developing countries. By this measure, the real value of official transfers fell from \$8.9 billion in 1973 to \$8.1 billion in 1983. In addition, the real level of official transfers remained constant at approximately \$8 billion between 1981 and 1983, which represented a period of considerable difficulty for the non-oil developing countries. The real level of official lending totaled \$8 billion in 1973, increased to \$11-12 billion in the 1977-1980 period, and then rose to \$13-14 billion in 1981-83. Together, the real value of official transfers and lending increased from \$16 billion in 1973 to a peak of \$22 billion in 1983. Thus, in real terms, the resources provided to the non-oil developing countries through official lending and transfers increased during the 1981-83 period, but there was a shift away from official transfers toward official lending. The real value of official transfers in 1983 was not significantly different from that in 1979, while the real value of official lending had increased from \$12 billion to \$14 billion in the same period.

It is unlikely that official transfers and lending will show significant real growth in the near future in view of the difficulties in obtaining additional funds during periods of restraint on public expenditures as now exist in many donor countries. The WEO medium-term scenarios assume that official development assistance is likely to remain constant in real terms throughout the 1985-90 period at the level projected for 1984.

Table 1. Cross-Border Interbank Lending and Deposit-Taking, 1982-83 ^{1/}

(In billions of U.S. dollars)

	1982	1983	1982		1983	
			1st half	2nd half	1st half	2nd half
Lending to ^{2/}	104	99	44	60	-1	100
Industrial countries	69	82	32	37	--	82
Of which: United States	(46)	(40)	(40)	(6)	(4)	(36)
Developing countries ^{3/}	20	5	13	7	-1	6
Oil exporting	(2)	(-2)	(2)	(--)	(-4)	(2)
Non-oil	(18)	(7)	(11)	(7)	(3)	(4)
Offshore centers ^{4/}	15	10	1	14	--	10
Centrally planned economies ^{5/}	-1	-1	--	-1	-1	--
Unallocated	1	3	-2	3	1	2
Deposit-taking from ^{6/}	125	116	54	71	18	98
Industrial countries	108	79	52	56	6	73
Of which: United States	(82)	(16)	(51)	(31)	(10)	(6)
Developing countries ^{3/}	--	8	-5	5	3	5
Oil exporting	(-3)	(-1)	(-3)	(--)	(-2)	(1)
Non-oil	(3)	(9)	(-2)	(5)	(5)	(4)
Offshore centers ^{4/}	16	22	11	5	6	16
Centrally planned economies ^{5/}	3	3	-1	4	1	2
Unallocated	-2	4	-3	1	2	2
Change in net claims on ^{7/}	-21	-17	-10	-11	-19	2
Industrial countries	-39	3	-20	-19	-6	9
Of which: United States	(-36)	(24)	(-11)	(-25)	(-6)	(30)
Developing countries ^{3/}	20	-3	18	2	-4	1
Oil exporting	(5)	(-1)	(5)	(--)	(-2)	(1)
Non-oil	(15)	(-2)	(13)	(2)	(-2)	(--)
Offshore centers ^{4/}	-1	-12	-10	9	-6	-6
Centrally planned economies ^{5/}	-4	-4	1	-5	-2	-2
Unallocated	3	-1	1	2	-1	--

Sources: International Monetary Fund, International Financial Statistics; and Fund staff estimates.

^{1/} Data on lending to or funds received by and deposit-taking from or funds taken from are derived from stock data on the reporting countries' liabilities and assets, excluding changes attributed to exchange rate movements.

^{2/} As measured by differences in the outstanding liabilities of borrowing countries, defined as cross-border interbank accounts by residence of borrowing bank.

^{3/} Excluding offshore centers.

^{4/} Consisting of Bahamas, Bahrain, Cayman Islands, Hong Kong, Netherlands Antilles, Panama, and Singapore.

^{5/} Excludes Fund member countries (i.e., in accordance with WEO country classification).

^{6/} As measured by differences in the outstanding assets of depositing countries, defined as cross-border interbank accounts by residence of lending banks.

^{7/} Funds received by minus funds taken from.

Table II. International Bank Lending to Nonbanks
and Deposit-Taking from Nonbanks, 1982-83 1/

(In billions of U.S. dollars)

	1982	1983	1982		1983	
			1st half	2nd half	1st half	2nd half
Lending to <u>2/</u>	<u>59</u>	<u>38</u>	<u>29</u>	<u>30</u>	<u>13</u>	<u>25</u>
Industrial countries	<u>49</u>	<u>11</u>	<u>31</u>	<u>18</u>	<u>6</u>	<u>5</u>
Of which: United States <u>3/</u>	(--)	(2)	(-1)	(1)	(1)	(1)
Developing countries <u>4/</u>	<u>32</u>	<u>26</u>	<u>19</u>	<u>13</u>	<u>9</u>	<u>17</u>
Oil exporting	(7)	(7)	(3)	(4)	(2)	(5)
Non-oil	(25)	(19)	(16)	(9)	(7)	(12)
Offshore centers <u>5/</u>	<u>8</u>	--	<u>3</u>	<u>5</u>	<u>-2</u>	<u>2</u>
Centrally planned economies <u>6/</u>	--	-1	--	--	--	-1
Unallocated <u>7/</u>	-30	2	-24	-6	--	2
Deposit-taking from <u>8/</u>	<u>51</u>	<u>47</u>	<u>34</u>	<u>17</u>	<u>16</u>	<u>31</u>
Industrial countries	<u>14</u>	<u>24</u>	<u>8</u>	<u>6</u>	<u>10</u>	<u>14</u>
Of which: United States <u>3/</u>	(-2)	(18)	(1)	(-3)	(9)	(9)
Developing countries <u>4/</u>	<u>11</u>	<u>16</u>	<u>10</u>	<u>1</u>	<u>3</u>	<u>13</u>
Oil exporting	(-1)	(2)	(--)	(-1)	(-1)	(3)
Non-oil	(12)	(14)	(10)	(2)	(4)	(10)
Offshore centers <u>5/</u>	<u>5</u>	<u>3</u>	<u>1</u>	<u>4</u>	<u>1</u>	<u>2</u>
Centrally planned economies <u>6/</u>	--	--	--	--	--	--
Unallocated <u>7/</u>	21	4	15	6	2	2
Change in net claims on <u>9/</u>	<u>8</u>	<u>-9</u>	<u>-5</u>	<u>13</u>	<u>-3</u>	<u>-6</u>
Industrial countries	<u>35</u>	<u>-13</u>	<u>23</u>	<u>12</u>	<u>-4</u>	<u>-9</u>
Of which: United States <u>3/</u>	(2)	(-16)	(-2)	(4)	(-8)	(-8)
Developing countries <u>4/</u>	<u>21</u>	<u>10</u>	<u>9</u>	<u>12</u>	<u>6</u>	<u>4</u>
Oil exporting	(8)	(5)	(3)	(5)	(3)	(2)
Non-oil	(13)	(5)	(6)	(7)	(3)	(2)
Offshore centers <u>5/</u>	<u>3</u>	<u>-3</u>	<u>2</u>	<u>1</u>	<u>-3</u>	<u>--</u>
Centrally planned economies <u>6/</u>	--	-1	--	--	--	-1
Unallocated <u>7/</u>	-51	-2	-39	-12	-2	--

Sources: International Monetary Fund, International Financial Statistics; and Fund staff estimates.

1/ Data on lending and deposit-taking are derived from stock data on the reporting countries' liabilities and assets, excluding changes attributed to exchange rate movements.

2/ As measured by differences in the outstanding liabilities of borrowing countries, defined as international bank credits to nonbanks by residence of borrower.

3/ Not corrected for valuation changes attributed to exchange rate movements.

4/ Excluding offshore centers.

5/ Consisting of Bahamas, Bahrain, Cayman Islands, Hong Kong, Netherlands Antilles, Panama, and Singapore.

6/ Excludes Fund member countries.

7/ Including certain international organizations.

8/ As measured by differences in the outstanding assets of depositing countries, defined as international bank deposits by nonbanks by residence of depositor.

9/ Lending to minus deposit-taking from.

Table III. Total External Liabilities of Banks and
Nonbanks to Banks, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Industrial countries	1,347.4	1,363.6	1,430.7	1,411.5	1,476.7
Major industrial countries	1,283.0	1,296.3	1,354.1	1,341.2	1,403.2
Other industrial countries	64.4	67.3	71.6	70.4	73.2
Australia	8.1	10.7	13.5	14.9	16.7
Finland	8.8	8.7	11.2	10.7	12.0
Norway	10.2	10.4	10.9	10.8	10.1
Spain	32.0	32.0	29.2	27.3	26.9
New Zealand	3.9	4.0	4.8	5.0	5.3
Other	1.4	1.5	2.0	1.7	2.2
Centrally planned economies <u>1/</u>	48.0	45.8	45.1	42.9	41.0
Czechoslovakia	3.2	2.9	2.7	2.7	2.5
German Democratic Republic	10.0	8.9	8.6	8.2	7.9
Poland	14.6	13.3	13.5	11.7	10.5
U.S.S.R.	15.8	14.9	14.6	14.8	15.2
Other	4.4	5.8	5.7	5.5	4.9
Oil exporting countries	74.7	78.7	82.8	79.6	85.9
Algeria	9.7	9.3	9.8	9.6	9.6
Indonesia	8.4	9.5	11.1	12.2	13.0
Nigeria	5.9	5.9	7.0	7.1	7.8
Venezuela	21.3	22.6	21.9	21.1	21.0
Middle East	29.4	30.4	31.4	28.4	32.0
High absorbers	(6.0)	(5.6)	(5.3)	(5.1)	(6.0)
Low absorbers	(23.5)	(24.8)	(26.1)	(23.3)	(26.0)
Other	--	1.0	1.6	1.2	2.5
Offshore centers <u>2/</u>	324.6	325.4	345.1	342.0	353.1
Non-oil developing countries <u>3/</u>	382.0	401.1	418.9	423.8	438.1
Western Hemisphere	201.1	216.6	220.8	225.3	235.5
Argentina	(22.6)	(22.6)	(22.3)	(22.9)	(24.1)
Brazil	(59.2)	(63.1)	(70.0)	(72.2)	(73.7)
Chile	(11.0)	(12.1)	(12.6)	(11.3)	(12.0)
Colombia	(5.5)	(5.6)	(6.3)	(6.7)	(6.5)
Ecuador	(3.3)	(3.5)	(3.4)	(3.5)	(3.8)
Mexico	(76.1)	(85.0)	(79.8)	(80.9)	(85.1)
Peru	(3.1)	(3.6)	(3.6)	(4.0)	(4.2)
Other	(20.3)	(21.1)	(22.8)	(23.8)	(26.1)
Middle East	20.4	22.0	24.3	23.9	24.3
Egypt	(9.8)	(10.9)	(11.4)	(11.3)	(12.0)
Israel	(5.8)	(5.8)	(7.0)	(6.9)	(6.4)
Other	(4.8)	(5.3)	(5.9)	(5.7)	(5.9)

Table III (concluded). Total External Liabilities of Banks and Nonbanks to Banks, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Asia	61.3	63.3	71.8	73.2	73.9
China	(4.5)	(3.5)	(3.7)	(3.9)	(4.1)
India	(0.8)	(1.0)	(1.3)	(1.8)	(2.0)
Korea	(18.5)	(18.8)	(22.5)	(22.5)	(23.4)
Malaysia	(5.7)	(6.9)	(8.4)	(9.9)	(10.0)
Philippines	(13.5)	(15.1)	(16.8)	(16.7)	(14.7)
Thailand	(5.2)	(4.9)	(5.2)	(5.1)	(5.4)
Other	(13.1)	(13.1)	(13.3)	(13.3)	(14.3)
Africa	35.3	37.0	38.2	36.9	37.9
Ivory Coast	(2.4)	(1.2)	(2.3)	(2.3)	(2.4)
Morocco	(3.7)	(3.9)	(4.1)	(4.0)	(4.1)
South Africa	(7.7)	(9.7)	(9.5)	(9.6)	(10.6)
Other	(21.5)	(21.2)	(22.3)	(21.0)	(20.8)
Europe	63.9	62.2	63.8	64.5	66.5
Greece	(8.7)	(8.3)	(9.2)	(9.0)	(9.9)
Hungary	(9.5)	(8.4)	(8.6)	(8.3)	(8.6)
Portugal	(6.9)	(8.1)	(8.7)	(10.0)	(9.6)
Romania	(10.5)	(9.9)	(9.3)	(9.0)	(9.0)
Turkey	(8.3)	(8.1)	(8.4)	(8.4)	(8.7)
Yugoslavia	(15.1)	(14.4)	(14.2)	(14.2)	(14.6)
Other	(4.9)	(5.0)	(5.4)	(5.6)	(6.1)
Unallocated and international organizations	<u>161.5</u>	<u>133.0</u>	<u>133.9</u>	<u>133.0</u>	<u>136.8</u>
Of which:					
International organizations	(29.7)	(28.2)	(32.8)	(34.8)	(38.4)
Total	2,338.2	2,347.6	2,456.5	2,432.8	2,531.6

Source: International Monetary Fund, International Financial Statistics.1/ Excludes Fund member countries.2/ Consisting of seven offshore centers, i.e., Bahamas, Bahrain, the Cayman Islands, Hong Kong, the Netherlands Antilles, Panama, and Singapore.3/ Excludes the seven offshore centers.

Table IV. External Liabilities: Cross-Border Interbank Accounts
by Residence of Borrowing Bank, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Industrial countries	<u>1,155.3</u>	<u>1,150.7</u>	<u>1,197.5</u>	<u>1,177.9</u>	<u>1,243.1</u>
Major industrial countries	<u>1,128.3</u>	<u>1,123.7</u>	<u>1,171.5</u>	<u>1,154.0</u>	<u>1,218.3</u>
Other industrial countries	27.0	27.0	26.0	23.9	24.8
Australia	0.3	0.3	0.3	0.2	0.4
Finland	4.9	4.6	6.8	6.4	7.6
Norway	2.8	3.4	3.3	3.7	3.3
Spain	17.6	17.4	14.1	12.2	11.8
New Zealand	1.2	1.2	1.3	1.1	1.2
Other	0.2	0.1	0.2	0.3	0.5
Centrally planned economies ^{1/}	<u>37.2</u>	<u>35.1</u>	<u>34.5</u>	<u>32.4</u>	<u>31.6</u>
Czechoslovakia	<u>2.7</u>	<u>2.3</u>	<u>2.1</u>	<u>2.1</u>	<u>1.9</u>
German Democratic Republic	7.9	7.0	7.0	6.7	6.5
Poland	10.3	9.5	9.7	8.5	7.6
U.S.S.R.	12.6	11.4	11.1	10.8	11.7
Other	3.7	4.9	4.6	4.3	3.9
Oil exporting countries	<u>25.3</u>	<u>26.5</u>	<u>26.6</u>	<u>22.9</u>	<u>25.0</u>
Algeria	<u>3.4</u>	<u>3.6</u>	<u>3.8</u>	<u>3.8</u>	<u>3.8</u>
Indonesia	1.4	1.5	1.5	1.4	1.3
Nigeria	0.9	0.5	0.7	0.5	0.6
Venezuela	2.6	3.5	3.0	2.8	2.9
Middle East	17.0	17.4	17.6	14.4	16.3
High absorbers	(3.5)	(3.4)	(3.0)	(3.0)	(3.0)
Low absorbers	(13.6)	(14.0)	(14.6)	(11.4)	(13.3)
Other	--	--	--	--	0.1
Offshore centers ^{2/}	<u>303.9</u>	<u>302.7</u>	<u>317.5</u>	<u>316.1</u>	<u>324.9</u>
Non-oil developing countries ^{3/}	<u>173.7</u>	<u>181.5</u>	<u>189.6</u>	<u>190.4</u>	<u>195.4</u>
Western Hemisphere	<u>79.3</u>	<u>87.0</u>	<u>90.2</u>	<u>92.4</u>	<u>96.2</u>
Argentina	(6.1)	(5.8)	(6.1)	(6.4)	(7.5)
Brazil	(24.6)	(27.7)	(31.9)	(33.8)	(34.2)
Chile	(6.5)	(6.8)	(7.4)	(6.4)	(6.5)
Colombia	(1.8)	(1.7)	(2.2)	(2.5)	(2.4)
Ecuador	(0.1)	(0.2)	(0.2)	(0.3)	(0.4)
Mexico	(31.4)	(35.3)	(32.5)	(32.6)	(33.8)
Peru	(1.0)	(1.1)	(0.8)	(0.9)	(0.8)
Other	(7.8)	(8.4)	(9.1)	(9.5)	(10.6)
Middle East	14.7	15.9	17.6	17.2	17.3
Egypt	(8.3)	(9.3)	(9.6)	(9.4)	(10.0)
Israel	(4.0)	(3.8)	(4.9)	(4.8)	(4.3)
Other	(2.4)	(2.8)	(3.1)	(3.0)	(3.0)

Table IV (concluded). External Liabilities: Cross-Border Interbank Accounts
by Residence of Borrowing Bank, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Asia	30.4	31.2	34.5	34.2	34.7
China	(3.9)	(2.9)	(2.4)	(3.2)	(3.3)
India	(--)	(--)	(--)	(--)	(--)
Korea	(9.2)	(9.7)	(11.7)	(11.9)	(12.1)
Malaysia	(1.5)	(1.8)	(1.5)	(1.8)	(1.8)
Philippines	(7.4)	(9.1)	(10.1)	(9.8)	(8.9)
Thailand	(1.5)	(1.4)	(1.4)	(1.4)	(1.7)
Other	(6.9)	(6.3)	(6.9)	(6.1)	(6.9)
Africa	7.2	8.2	7.6	7.4	7.3
Ivory Coast	(0.4)	(0.3)	(0.3)	(0.2)	(0.4)
Morocco	(0.7)	(0.6)	(0.6)	(0.6)	(0.6)
South Africa	(1.5)	(2.6)	(1.5)	(1.8)	(1.7)
Other	(4.6)	(4.7)	(5.2)	(4.8)	(4.6)
Europe	42.1	39.2	39.7	39.2	39.9
Greece	(4.7)	(4.3)	(4.9)	(4.5)	(5.0)
Hungary	(8.6)	(7.3)	(7.5)	(7.0)	(7.3)
Portugal	(1.0)	(1.0)	(0.9)	(1.6)	(1.1)
Romania	(9.5)	(8.9)	(8.5)	(8.0)	(8.0)
Turkey	(6.7)	(6.6)	(6.9)	(6.9)	(7.0)
Yugoslavia	(11.5)	(11.1)	(11.0)	(11.2)	(11.5)
Other	(0.1)	(--)	(--)	(--)	(--)
Unallocated and international organizations	<u>27.7</u>	<u>25.0</u>	<u>29.1</u>	<u>29.9</u>	<u>32.4</u>
Of which:					
International organizations	(27.7)	(25.0)	(29.1)	(29.9)	(32.4)
Total	1,723.1	1,721.5	1,794.1	1,769.6	1,852.4

Source: International Monetary Fund, International Financial Statistics.

1/ Excludes Fund member countries.

2/ Consisting of seven offshore centers, i.e., Bahamas, Bahrain, the Cayman Islands, Hong Kong, the Netherlands Antilles, Panama, and Singapore.

3/ Excludes the seven offshore centers.

Table V. External Liabilities: International Bank Credits
to Nonbanks by Residence of Borrower, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Industrial countries	192.1	212.9	233.2	233.6	233.6
Major industrial countries	154.7	172.6	187.6	187.2	184.9
Other industrial countries	37.4	40.3	45.6	46.4	48.7
Australia	7.8	10.4	13.2	14.7	16.3
Finland	3.9	4.1	4.4	4.3	4.4
Norway	7.4	7.0	7.6	7.1	6.8
Spain	14.4	14.6	15.1	15.1	15.1
New Zealand	2.7	2.8	3.5	3.9	4.1
Other	1.2	1.4	1.8	1.3	2.0
Centrally planned economies ^{1/}	10.8	10.7	10.6	10.5	9.4
Czechoslovakia	0.5	0.6	0.6	0.6	0.6
German Democratic Republic	2.1	1.9	1.6	1.5	1.4
Poland	4.3	3.8	3.8	3.2	2.9
U.S.S.R.	3.2	3.5	3.5	4.0	3.5
Other	0.7	0.9	1.1	1.2	1.0
Oil exporting countries	49.4	52.2	56.2	56.7	60.9
Algeria	6.3	5.7	6.0	5.8	5.8
Indonesia	7.0	8.0	9.6	10.8	11.7
Nigeria	5.0	5.4	6.3	6.6	7.2
Venezuela	18.7	19.1	18.9	18.3	18.1
Middle East	12.4	13.0	13.8	14.0	15.7
High absorbers	(2.5)	(2.2)	(2.3)	(2.1)	(3.0)
Low absorbers	(9.9)	(10.8)	(11.5)	(11.9)	(12.7)
Other	--	1.0	1.6	1.2	2.4
Offshore centers ^{2/}	20.7	22.6	27.6	25.9	28.2
Non-oil developing countries ^{3/}	208.3	219.6	229.3	233.4	242.7
Western Hemisphere	121.8	129.6	130.6	132.9	139.3
Argentina	(16.5)	(16.8)	(16.2)	(16.5)	(16.6)
Brazil	(34.6)	(35.4)	(38.1)	(38.4)	(39.5)
Chile	(4.5)	(5.3)	(5.2)	(4.9)	(5.5)
Colombia	(3.7)	(3.9)	(4.1)	(4.2)	(4.1)
Ecuador	(3.2)	(3.3)	(3.2)	(3.2)	(3.4)
Mexico	(44.7)	(49.7)	(47.3)	(48.3)	(51.3)
Peru	(2.1)	(2.5)	(2.8)	(3.1)	(3.4)
Other	(12.5)	(12.7)	(13.7)	(14.3)	(15.5)
Middle East	5.7	6.1	6.7	6.7	7.0
Egypt	(1.5)	(1.6)	(1.8)	(1.9)	(2.0)
Israel	(1.8)	(2.0)	(2.1)	(2.1)	(2.1)
Other	(2.4)	(2.5)	(2.8)	(2.7)	(2.9)

Table V (concluded). External Liabilities: International Bank Credits to Nonbanks by Residence of Borrower, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Asia	30.9	32.1	37.3	39.0	39.2
China	(0.6)	(0.6)	(0.8)	(0.7)	(0.8)
India	(0.8)	(1.0)	(1.3)	(1.8)	(2.0)
Korea	(9.3)	(9.1)	(10.8)	(10.6)	(11.3)
Malaysia	(4.2)	(5.1)	(6.9)	(8.1)	(8.2)
Philippines	(6.1)	(6.0)	(6.7)	(6.9)	(5.8)
Thailand	(3.7)	(3.5)	(3.8)	(3.7)	(3.7)
Other	(6.2)	(6.8)	(7.0)	(7.2)	(7.4)
Africa	28.1	28.8	30.6	29.5	30.6
Ivory Coast	(2.0)	(1.9)	(2.0)	(2.1)	(2.0)
Morocco	(3.0)	(3.3)	(3.5)	(3.4)	(3.5)
South Africa	(6.2)	(7.1)	(8.0)	(7.8)	(8.9)
Other	(16.9)	(16.5)	(17.1)	(16.2)	(16.2)
Europe	21.8	23.0	24.1	25.3	26.6
Greece	(4.0)	(4.0)	(4.3)	(4.5)	(4.9)
Hungary	(0.9)	(1.1)	(1.1)	(1.3)	(1.3)
Portugal	(5.9)	(7.1)	(7.8)	(8.4)	(8.5)
Romania	(1.0)	(1.0)	(0.8)	(1.0)	(1.0)
Turkey	(1.6)	(1.5)	(1.5)	(1.5)	(1.7)
Yugoslavia	(3.6)	(3.3)	(3.2)	(3.0)	(3.1)
Other	(4.8)	(5.0)	(5.4)	(5.6)	(6.1)
Unallocated and international organizations	133.8	108.1	104.8	103.1	104.4
Of which:					
International organizations	(2.0)	(3.1)	(3.7)	(4.9)	(6.0)
Total	615.1	626.1	661.7	663.2	679.2

Source: International Monetary Fund, International Financial Statistics.

1/ Excludes Fund member countries.

2/ Consisting of seven offshore centers, i.e., Bahamas, Bahrain, the Cayman Islands, Hong Kong, the Netherlands Antilles, Panama, and Singapore.

3/ Excludes the seven offshore centers.

Table VI. Total External Assets of Banks and Nonbanks with Banks, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Industrial countries	<u>1,327.7</u>	<u>1,351.8</u>	<u>1,423.1</u>	<u>1,416.0</u>	<u>1,483.2</u>
Major industrial countries	<u>1,286.5</u>	<u>1,307.3</u>	<u>1,382.1</u>	<u>1,379.1</u>	<u>1,443.6</u>
Other industrial countries	41.2	44.5	41.0	36.9	39.6
Australia	1.4	1.5	1.4	1.6	1.7
Finland	4.5	4.2	5.1	4.8	5.9
Norway	6.6	6.7	6.2	5.1	5.1
Spain	26.9	26.3	22.1	18.6	19.7
New Zealand	1.1	0.9	1.1	0.9	1.0
Other	0.7	4.9	5.1	5.9	6.2
Centrally planned economies <u>1/</u>	<u>13.3</u>	<u>11.4</u>	<u>15.8</u>	<u>16.1</u>	<u>17.3</u>
Czechoslovakia	0.8	0.6	0.7	0.9	0.9
German Democratic Republic	2.1	1.6	1.9	2.4	3.2
Poland	0.7	0.7	0.9	1.0	1.1
U.S.S.R.	8.4	6.8	10.0	9.5	9.7
Other	1.3	1.7	2.3	2.3	2.4
Oil exporting countries	<u>165.2</u>	<u>159.3</u>	<u>159.2</u>	<u>154.1</u>	<u>156.9</u>
Algeria	4.2	3.2	3.2	3.2	3.2
Indonesia	9.8	8.6	6.5	7.5	8.0
Nigeria	2.4	2.3	2.8	2.1	2.5
Venezuela	18.6	14.9	13.6	13.8	16.0
Middle East	130.1	129.2	131.8	126.1	125.1
High absorbers	(30.5)	(28.2)	(27.4)	(27.1)	(27.6)
Low absorbers	(99.9)	(101.0)	(104.4)	(99.0)	(97.5)
Other	0.1	1.1	1.3	1.4	2.1
Offshore centers <u>2/</u>	<u>309.5</u>	<u>318.5</u>	<u>328.4</u>	<u>334.0</u>	<u>351.1</u>
Non-oil developing countries <u>3/</u>	<u>182.0</u>	<u>184.1</u>	<u>191.3</u>	<u>198.0</u>	<u>210.9</u>
Western Hemisphere	67.3	65.2	63.7	66.9	69.1
Argentina	(7.8)	(6.5)	(7.2)	(7.6)	(6.6)
Brazil	(9.4)	(8.9)	(7.7)	(7.4)	(8.7)
Chile	(5.0)	(4.7)	(3.9)	(3.3)	(4.5)
Colombia	(5.2)	(4.5)	(4.7)	(4.4)	(2.8)
Ecuador	(1.1)	(1.1)	(0.9)	(1.0)	(1.4)
Mexico	(11.7)	(11.8)	(10.4)	(12.6)	(14.1)
Peru	(2.1)	(2.2)	(2.4)	(2.7)	(3.3)
Other	(25.3)	(25.5)	(26.5)	(27.9)	(27.7)
Middle East	30.0	30.9	33.2	33.3	33.4
Egypt	(6.4)	(7.5)	(8.6)	(9.3)	(10.2)
Israel	(9.9)	(10.5)	(10.7)	(10.4)	(10.2)
Other	(13.7)	(12.9)	(13.9)	(13.6)	(13.0)

Table VI (concluded). Total External Assets of Banks and Nonbanks with Banks, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Asia	49.6	57.0	62.6	65.4	73.8
China	(5.0)	(7.4)	(11.5)	(13.3)	(14.6)
India	(4.4)	(4.0)	(4.2)	(5.1)	(4.9)
Korea	(6.2)	(5.9)	(6.8)	(5.8)	(6.6)
Malaysia	(4.9)	(4.8)	(5.4)	(5.3)	(5.1)
Philippines	(5.6)	(5.9)	(5.5)	(4.7)	(3.2)
Thailand	(2.2)	(2.2)	(2.3)	(2.4)	(2.0)
Other	(20.5)	(26.8)	(26.9)	(28.8)	(37.4)
Africa	13.5	13.5	12.7	13.2	13.9
Ivory Coast	(0.4)	(0.5)	(0.5)	(0.4)	(0.4)
Morocco	(0.6)	(0.7)	(0.6)	(0.4)	(0.6)
South Africa	(1.6)	(1.6)	(1.6)	(1.7)	(2.1)
Other	(10.9)	(10.7)	(10.0)	(10.7)	(10.8)
Europe	21.6	17.5	19.1	19.2	20.7
Greece	(5.4)	(5.2)	(5.5)	(5.4)	(5.5)
Hungary	(1.4)	(0.4)	(1.1)	(0.8)	(1.5)
Portugal	(2.9)	(2.8)	(2.9)	(2.9)	(2.9)
Romania	(0.6)	(0.8)	(0.7)	(1.0)	(0.9)
Turkey	(2.6)	(2.5)	(2.4)	(2.5)	(2.6)
Yugoslavia	(3.7)	(2.8)	(2.9)	(3.1)	(3.0)
Other	(5.0)	(3.0)	(3.6)	(3.5)	(4.3)
Unallocated and international organizations	<u>201.6</u>	<u>208.8</u>	<u>219.7</u>	<u>223.3</u>	<u>225.5</u>
Of which:					
International organizations	(28.1)	(25.3)	(29.6)	(31.6)	(34.2)
Total	2,199.3	2,233.9	2,337.5	2,341.5	2,444.9

Source: International Monetary Fund, International Financial Statistics.

1/ Excludes Fund member countries.

2/ Consisting of seven offshore centers, i.e., Bahamas, Bahrain, the Cayman Islands, Hong Kong, the Netherlands Antilles, Panama, and Singapore.

3/ Excludes the seven offshore centers.

Table VII. External Assets: Cross-Border Interbank
Accounts by Residence of Lending Bank, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Industrial countries	<u>1,135.7</u>	<u>1,151.8</u>	<u>1,217.1</u>	<u>1,202.5</u>	<u>1,258.1</u>
Major industrial countries	<u>1,099.7</u>	<u>1,116.7</u>	<u>1,186.4</u>	<u>1,176.4</u>	<u>1,229.7</u>
Other industrial countries	36.0	35.1	30.7	26.1	28.4
Australia	0.9	1.0	0.9	1.1	1.2
Finland	4.3	3.9	4.8	4.5	5.7
Norway	5.1	5.6	5.1	4.1	4.0
Spain	24.9	24.1	19.3	15.8	16.9
New Zealand	0.8	0.5	0.6	0.6	0.6
Other	--	--	--	--	--
Centrally planned economies <u>1/</u>	<u>12.7</u>	<u>11.0</u>	<u>15.1</u>	<u>15.5</u>	<u>16.7</u>
Czechoslovakia	0.8	0.6	0.7	0.9	0.9
German Democratic Republic	2.0	1.5	1.8	2.3	3.1
Poland	0.6	0.6	0.8	0.9	0.9
U.S.S.R.	8.1	6.6	9.7	9.3	9.5
Other	1.2	1.7	2.1	2.1	2.3
Oil exporting countries	<u>122.3</u>	<u>116.5</u>	<u>116.9</u>	<u>113.9</u>	<u>114.2</u>
Algeria	4.0	2.9	2.9	2.9	2.9
Indonesia	9.4	8.2	6.1	7.1	7.6
Nigeria	1.4	1.3	1.7	1.0	1.4
Venezuela	7.6	6.2	5.8	5.5	7.4
Middle East	99.9	97.9	100.4	97.3	94.4
High absorbers	(25.5)	(23.6)	(23.4)	(23.3)	(23.8)
Low absorbers	(74.4)	(74.3)	(77.0)	(74.0)	(70.6)
Other	--	--	--	0.1	0.5
Offshore centers <u>2/</u>	<u>288.1</u>	<u>296.1</u>	<u>301.9</u>	<u>306.4</u>	<u>321.2</u>
Non-oil developing countries <u>3/</u>	<u>115.6</u>	<u>110.5</u>	<u>116.0</u>	<u>119.8</u>	<u>122.9</u>
Western Hemisphere	36.5	32.1	27.8	28.6	28.3
Argentina	(3.3)	(2.8)	(2.9)	(3.1)	(1.6)
Brazil	(8.0)	(7.3)	(5.7)	(5.5)	(6.4)
Chile	(4.0)	(3.6)	(2.7)	(2.0)	(2.8)
Colombia	(4.2)	(3.4)	(3.3)	(2.9)	(1.2)
Ecuador	(0.6)	(0.6)	(0.3)	(0.4)	(0.7)
Mexico	(4.7)	(2.5)	(1.6)	(3.4)	(4.5)
Peru	(1.7)	(1.6)	(1.6)	(1.8)	(2.4)
Other	(10.0)	(10.3)	(9.7)	(9.5)	(8.7)
Middle East	22.3	22.9	24.9	25.3	24.6
Egypt	(5.2)	(6.2)	(7.0)	(8.0)	(8.8)
Israel	(8.3)	(8.9)	(9.1)	(8.9)	(8.5)
Other	(8.8)	(7.8)	(8.8)	(8.4)	(7.3)

Table VII (concluded). External Assets: Cross-Border Interbank
Accounts by Residence of Lending Bank, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Asia	37.9	39.6	47.1	49.3	51.4
China	(4.8)	(7.1)	(11.1)	(13.0)	(14.3)
India	(3.6)	(3.2)	(3.4)	(4.3)	(4.0)
Korea	(6.0)	(5.8)	(6.5)	(5.6)	(6.4)
Malaysia	(3.8)	(3.4)	(4.3)	(4.2)	(4.0)
Philippines	(5.1)	(5.4)	(5.0)	(4.1)	(2.4)
Thailand	(2.0)	(2.0)	(2.1)	(2.2)	(1.8)
Other	(11.8)	(12.7)	(14.7)	(15.9)	(18.5)
Africa	5.4	5.2	4.9	5.1	5.9
Ivory Coast	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Morocco	(0.3)	(0.4)	(0.3)	(0.1)	(0.2)
South Africa	(0.8)	(0.7)	(0.8)	(0.9)	(1.3)
Other	(4.2)	(4.0)	(3.7)	(4.0)	(4.3)
Europe	13.5	10.7	11.3	11.5	12.7
Greece	(2.6)	(2.3)	(2.2)	(2.1)	(2.1)
Hungary	(1.3)	(0.4)	(1.1)	(0.8)	(1.5)
Portugal	(2.0)	(1.9)	(1.9)	(1.9)	(1.9)
Romania	(0.6)	(0.8)	(0.7)	(1.0)	(0.9)
Turkey	(2.1)	(2.0)	(1.9)	(2.0)	(2.1)
Yugoslavia	(3.5)	(2.6)	(2.6)	(2.8)	(2.8)
Other	(1.4)	(0.7)	(0.9)	(0.9)	(1.4)
Unallocated and international organizations	25.0	21.5	25.3	26.6	28.3
Of which:	(25.0)	(21.5)	(25.3)	(26.6)	(28.3)
International organizations					
Total	1,699.4	1,707.4	1,792.3	1,784.7	1,861.4

Source: International Monetary Fund, International Financial Statistics.

1/ Excludes Fund member countries.

2/ Consisting of seven offshore centers, i.e., Bahamas, Bahrain, the Cayman Islands, Hong Kong, the Netherlands Antilles, Panama, and Singapore.

3/ Excludes the seven offshore centers.

Table VIII. External Assets: International Bank Deposits
of Nonbanks by Residence of Depositor, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Industrial countries	192.0	200.0	206.0	213.5	225.1
Major industrial countries	186.8	190.6	195.7	202.7	213.9
Other industrial countries	5.2	9.4	10.3	10.8	11.2
Australia	0.5	0.5	0.5	0.5	0.5
Finland	0.2	0.3	0.3	0.3	0.2
Norway	1.5	1.1	1.1	1.0	1.1
Spain	2.0	2.2	2.8	2.8	2.8
New Zealand	0.3	0.4	0.5	0.3	0.4
Other	0.7	4.9	5.1	5.9	6.2
Centrally planned economies <u>1/</u>	0.6	0.4	0.7	0.6	0.6
Czechoslovakia	--	--	--	--	--
German Democratic Republic	0.1	0.1	0.1	0.1	0.1
Poland	0.1	0.1	0.1	0.1	0.2
U.S.S.R.	0.3	0.2	0.3	0.2	0.2
Other	0.1	--	0.2	0.2	0.1
Oil exporting countries	42.9	42.8	42.3	40.2	42.7
Algeria	0.2	0.3	0.3	0.3	0.3
Indonesia	0.4	0.4	0.4	0.4	0.4
Nigeria	1.0	1.0	1.1	1.1	1.1
Venezuela	11.0	8.7	7.8	8.3	8.6
Middle East	30.2	31.3	31.4	28.8	30.7
High absorbers	(5.0)	(4.6)	(4.0)	(3.8)	(3.8)
Low absorbers	(25.2)	(26.7)	(27.4)	(25.0)	(26.9)
Other	0.1	1.1	1.3	1.3	1.6
Offshore centers <u>2/</u>	21.4	22.4	26.5	27.6	29.9
Non-oil developing countries <u>3/</u>	66.4	73.6	75.3	78.2	88.0
Western Hemisphere	30.8	33.1	35.9	38.3	40.8
Argentina	(4.5)	(3.7)	(4.3)	(4.5)	(5.0)
Brazil	(1.4)	(1.6)	(2.0)	(1.9)	(2.3)
Chile	(1.0)	(1.1)	(1.2)	(1.3)	(1.7)
Colombia	(1.0)	(1.1)	(1.4)	(1.5)	(1.6)
Ecuador	(0.5)	(0.5)	(0.6)	(0.6)	(0.7)
Mexico	(7.0)	(9.3)	(8.8)	(9.2)	(9.6)
Peru	(0.4)	(0.6)	(0.8)	(0.9)	(0.9)
Other	(15.0)	(15.2)	(16.8)	(18.4)	(19.0)
Middle East	7.7	8.0	8.3	8.0	8.8
Egypt	(1.2)	(1.3)	(1.6)	(1.3)	(1.4)
Israel	(1.6)	(1.6)	(1.6)	(1.5)	(1.7)
Other	(4.9)	(5.1)	(5.1)	(5.2)	(5.7)

Table VIII (concluded). External Assets: International Bank Deposits of Nonbanks by Residence of Depositor, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Asia	11.7	17.4	15.5	16.1	22.4
China	(0.2)	(0.3)	(0.4)	(0.3)	(0.3)
India	(0.8)	(0.8)	(0.8)	(0.8)	(0.9)
Korea	(0.2)	(0.1)	(0.3)	(0.2)	(0.2)
Malaysia	(1.1)	(1.4)	(1.1)	(1.1)	(1.1)
Philippines	(0.5)	(0.5)	(0.5)	(0.6)	(0.8)
Thailand	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Other	(8.7)	(14.1)	(12.2)	(12.9)	(18.9)
Africa	8.1	8.3	7.8	8.1	8.0
Ivory Coast	(0.3)	(0.4)	(0.4)	(0.3)	(0.3)
Morocco	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)
South Africa	(0.8)	(0.9)	(0.8)	(0.8)	(0.8)
Other	(6.7)	(6.7)	(6.3)	(6.7)	(6.5)
Europe	8.1	6.8	7.8	7.7	8.0
Greece	(2.8)	(2.9)	(3.3)	(3.3)	(3.4)
Hungary	(0.1)	(--)	(--)	(--)	(--)
Portugal	(0.9)	(.09)	(1.0)	(1.0)	(1.0)
Romania	(--)	(--)	(--)	(--)	(--)
Turkey	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Yugoslavia	(0.2)	(0.2)	(0.3)	(0.3)	(0.2)
Other	(3.6)	(2.3)	(2.7)	(2.6)	(2.9)
Unallocated and international organizations	<u>176.6</u>	<u>187.3</u>	<u>194.4</u>	<u>196.7</u>	<u>197.2</u>
Of which:					
International organizations	(3.1)	(3.8)	(4.3)	(5.0)	(5.9)
Total	499.9	526.5	545.2	556.8	583.5

Source: International Monetary Fund, International Financial Statistics.

1/ Excludes Fund member countries.

2/ Consisting of seven offshore centers, i.e., Bahamas, Bahrain, the Cayman Islands, Hong Kong, the Netherlands Antilles, Panama, and Singapore.

3/ Excludes the seven offshore centers.

Table IX. Net External Claims of Banks and Nonbanks on Banks, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Industrial countries	19.7	11.8	7.6	-4.5	-6.5
Major industrial countries	-3.5	-11.0	-28.0	-37.9	-40.4
Other industrial countries	23.2	22.8	30.6	33.5	33.6
Australia	6.7	9.2	12.1	13.3	15.0
Finland	4.3	4.5	6.1	5.9	6.1
Norway	3.6	3.7	4.7	5.7	5.0
Spain	5.1	5.7	7.1	8.7	7.2
New Zealand	2.8	3.1	3.7	4.1	4.3
Other	0.7	-3.4	-3.1	-4.2	-4.0
Centrally planned economies ^{1/}	34.7	34.4	29.3	26.8	23.7
Czechoslovakia	2.4	2.3	2.0	1.8	1.6
German Democratic Republic	7.9	7.3	6.7	5.8	4.7
Poland	13.9	12.6	12.6	10.7	9.4
U.S.S.R.	7.4	8.1	4.6	5.3	5.5
Other	3.1	4.1	3.4	3.2	2.5
Oil exporting countries	-90.5	-80.6	-76.4	-74.5	-71.0
Algeria	5.5	6.1	6.6	6.4	6.4
Indonesia	-1.4	0.9	4.6	4.7	5.0
Nigeria	3.5	3.6	4.2	5.0	5.3
Venezuela	2.7	7.7	8.3	7.3	5.0
Middle East	-100.7	-98.8	-100.4	-97.7	-93.1
High absorbers	(-24.5)	(-22.6)	(-22.1)	(-22.0)	(-21.6)
Low absorbers	(-76.4)	(-76.2)	(-78.3)	(-75.7)	(-71.5)
Other	-0.1	-0.1	0.3	-0.2	0.4
Offshore centers ^{2/}	15.1	6.9	16.7	8.0	2.0
Non-oil developing countries ^{3/}	200.0	217.0	227.6	225.8	227.2
Western Hemisphere	133.8	151.4	157.1	158.4	166.4
Argentina	(14.8)	(16.1)	(15.1)	(15.3)	(17.5)
Brazil	(49.8)	(54.2)	(62.3)	(64.8)	(65.0)
Chile	(6.0)	(7.4)	(8.7)	(8.0)	(7.5)
Colombia	(0.3)	(1.1)	(1.6)	(2.3)	(3.7)
Ecuador	(2.2)	(2.4)	(2.5)	(2.5)	(2.4)
Mexico	(64.4)	(73.2)	(69.4)	(68.3)	(71.0)
Peru	(1.0)	(1.4)	(1.2)	(1.3)	(0.9)
Other	(-5.0)	(-4.4)	(-3.7)	(-4.1)	(-1.6)
Middle East	-9.6	-8.9	-8.9	-9.4	-9.1
Egypt	(3.4)	(3.4)	(2.8)	(2.0)	(1.8)
Israel	(-4.1)	(-4.7)	(-3.7)	(-3.5)	(-3.8)
Other	(-8.9)	(-7.6)	(-8.0)	(-7.9)	(-7.1)

Table IX (concluded). Net External Claims of Banks and Nonbanks on Banks, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Asia	11.7	6.3	9.2	7.8	0.1
China	(-0.5)	(-3.9)	(-7.8)	(-9.4)	(-10.5)
India	(-3.6)	(-3.0)	(-2.9)	(-3.3)	(-2.9)
Korea	(12.3)	(12.9)	(15.7)	(16.7)	(16.8)
Malaysia	(0.8)	(2.1)	(3.0)	(4.6)	(4.9)
Philippines	(7.9)	(9.2)	(11.3)	(12.0)	(11.5)
Thailand	(3.0)	(2.7)	(2.9)	(2.7)	(3.4)
Other	(-7.4)	(-13.7)	(-13.0)	(-15.5)	(-23.1)
Africa	21.8	23.5	25.5	23.7	24.0
Ivory Coast	(2.0)	(0.7)	(1.8)	(1.9)	(2.0)
Morocco	(3.1)	(3.2)	(3.5)	(3.6)	(3.5)
South Africa	(6.1)	(8.1)	(7.9)	(7.9)	(8.5)
Other	(10.6)	(10.5)	(12.3)	(10.3)	(10.0)
Europe	42.3	44.7	44.7	45.3	45.8
Greece	(3.3)	(3.1)	(3.7)	(3.6)	(4.4)
Hungary	(8.1)	(8.0)	(7.5)	(7.5)	(7.1)
Portugal	(4.0)	(5.3)	(5.8)	(7.1)	(6.7)
Romania	(9.9)	(9.1)	(8.6)	(8.0)	(8.1)
Turkey	(5.7)	(5.6)	(6.0)	(5.9)	(6.1)
Yugoslavia	(11.4)	(11.6)	(11.3)	(11.1)	(11.6)
Other	(-0.1)	(2.0)	(1.8)	(2.1)	(1.8)
Unallocated and international organizations	-40.1	-75.8	-85.8	-90.3	-88.7
Of which:					
International organizations	(1.6)	(2.9)	(3.2)	(3.2)	(4.2)
Total	138.9	113.7	119.0	91.3	86.7

Source: International Monetary Fund, International Financial Statistics.

1/ Excludes Fund member countries.

2/ Consisting of seven offshore centers, i.e., Bahamas, Bahrain, the Cayman Islands, Hong Kong, the Netherlands Antilles, Panama, and Singapore.

3/ Excludes the seven offshore centers.

Table X. Net External Claims of Banks, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Industrial countries	19.6	-1.1	-19.6	-24.6	-15.0
Major industrial countries	28.6	7.0	-14.9	-22.4	-11.4
Other industrial countries	-9.0	-8.1	-4.7	-2.2	-3.6
Australia	-0.6	-0.7	-0.6	-0.9	-0.8
Finland	0.6	0.7	2.0	1.9	1.9
Norway	-2.3	-2.2	-1.8	-0.4	-0.7
Spain	-7.3	-6.7	-5.2	-3.6	-5.1
New Zealand	0.4	0.7	0.7	0.5	0.6
Other	0.2	0.1	0.1	0.3	0.5
Centrally planned economies <u>1/</u>	24.5	24.1	19.4	16.9	14.9
Czechoslovakia	1.9	1.7	1.4	1.2	1.0
German Democratic Republic	5.9	5.5	5.2	4.4	3.4
Poland	9.7	8.9	8.9	7.6	6.7
U.S.S.R.	4.5	4.8	1.4	1.5	2.2
Other	2.5	3.2	2.5	2.2	1.6
Oil exporting countries	-97.0	-90.0	-90.3	-91.0	-89.2
Algeria	-0.6	0.7	0.9	0.9	0.9
Indonesia	-8.0	-6.7	-4.6	-5.7	-6.3
Nigeria	-0.5	-0.8	-1.0	-0.5	-0.8
Venezuela	-5.0	-2.7	-2.8	-2.7	-4.5
Middle East	-82.9	-80.5	-82.8	-82.9	-78.1
High absorbers	(-22.0)	(-20.2)	(-20.4)	(-20.3)	(-20.8)
Low absorbers	(-60.8)	(-60.3)	(-62.4)	(-62.6)	(-57.3)
Other	--	--	--	-0.1	-0.4
Offshore centers <u>2/</u>	15.8	6.6	15.6	9.7	3.7
Non-oil developing countries <u>3/</u>	58.1	71.0	73.6	70.6	72.5
Western Hemisphere	42.8	54.9	62.4	63.8	67.9
Argentina	(2.8)	(3.0)	(3.2)	(3.3)	(5.9)
Brazil	(16.6)	(20.4)	(26.2)	(28.3)	(27.8)
Chile	(2.5)	(3.2)	(4.7)	(4.4)	(3.7)
Colombia	(-2.4)	(-1.7)	(-1.1)	(-0.4)	(1.2)
Ecuador	(-0.5)	(-0.4)	(-0.1)	(-0.1)	(-0.3)
Mexico	(26.7)	(32.8)	(30.9)	(29.2)	(29.3)
Peru	(-0.7)	(-0.5)	(-0.8)	(-0.9)	(-1.6)
Other	(-2.2)	(-1.9)	(-0.6)	(--)	(1.9)
Middle East	-7.6	-7.0	-7.3	-8.1	-7.3
Egypt	(3.1)	(3.1)	(2.6)	(1.4)	(1.2)
Israel	(-4.3)	(-5.1)	(-4.2)	(-4.1)	(-4.2)
Other	(-6.4)	(-5.0)	(-5.7)	(-5.4)	(-4.3)

Table X (concluded). Net External Claims of Banks, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Asia	-7.5	-8.4	-12.6	-15.1	-16.7
China	(-0.9)	(-4.1)	(-8.2)	(-9.8)	(-11.0)
India	(-3.6)	(-3.2)	(-3.4)	(-4.3)	(-4.0)
Korea	(3.2)	(3.9)	(5.2)	(6.3)	(5.7)
Malaysia	(-2.3)	(-1.6)	(-2.8)	(-2.4)	(-2.2)
Philippines	(2.3)	(3.7)	(5.1)	(5.7)	(6.5)
Thailand	(-0.5)	(-0.6)	(-0.7)	(-0.8)	(-0.1)
Other	(-4.9)	(-6.4)	(-7.8)	(-9.8)	(-11.6)
Africa	1.8	3.0	2.7	2.3	1.4
Ivory Coast	(0.3)	(0.2)	(0.2)	(0.1)	(0.3)
Morocco	(0.4)	(0.2)	(0.3)	(0.5)	(0.2)
South Africa	(0.7)	(1.9)	(0.7)	(0.9)	(0.4)
Other	(0.4)	(0.7)	(1.5)	(0.8)	(0.3)
Europe	28.6	28.5	28.4	27.7	27.2
Greece	(2.1)	(2.0)	(2.7)	(2.4)	(2.9)
Hungary	(7.3)	(6.9)	(6.4)	(6.2)	(5.8)
Portugal	(-1.0)	(-0.9)	(-1.0)	(-0.3)	(-0.8)
Romania	(8.9)	(8.1)	(7.8)	(7.0)	(7.1)
Turkey	(4.6)	(4.0)	(5.0)	(4.9)	(4.9)
Yugoslavia	(8.0)	(8.5)	(8.4)	(8.4)	(8.7)
Other	(-1.3)	(-0.7)	(-0.9)	(-0.9)	(-1.4)
Unallocated and international organizations	<u>2.7</u>	<u>3.5</u>	<u>3.8</u>	<u>3.3</u>	<u>4.1</u>
Of which:					
International organizations	(2.7)	(3.5)	(3.8)	(3.3)	(4.1)
Total	23.7	14.1	2.5	-15.1	-9.0

Source: International Monetary Fund, International Financial Statistics.

1/ Excludes Fund member countries.

2/ Consisting of seven offshore centers, i.e., Bahamas, Bahrain, the Cayman Islands, Hong Kong, the Netherlands Antilles, Panama, and Singapore.

3/ Excludes the seven offshore centers.

Table XI. Net External Claims of Nonbanks on Banks, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Industrial countries	0.1	12.9	27.2	20.1	8.5
Major industrial countries	-32.1	-18.0	-8.1	-15.5	-29.0
Other industrial countries	32.2	30.9	35.3	35.6	37.5
Australia	7.3	9.9	12.7	14.2	15.8
Finland	3.7	3.8	4.1	4.0	4.2
Norway	5.9	5.9	6.5	6.1	5.7
Spain	12.4	12.4	12.3	12.3	12.3
New Zealand	2.4	2.4	3.0	3.6	3.7
Other	0.5	-3.5	-3.3	-4.6	-4.2
Centrally planned economies <u>1/</u>	10.2	10.3	9.9	9.9	8.8
Czechoslovakia	0.5	0.6	0.6	0.6	0.6
German Democratic Republic	2.0	1.8	1.5	1.4	1.3
Poland	4.2	3.7	3.7	3.1	2.7
U.S.S.R.	2.9	3.3	3.2	3.8	3.3
Other	0.6	0.9	0.9	1.0	0.9
Oil exporting countries	6.5	9.4	13.9	16.5	18.2
Algeria	6.1	5.4	5.7	5.5	5.5
Indonesia	6.6	7.6	9.2	10.4	11.3
Nigeria	4.0	4.4	5.2	5.5	6.1
Venezuela	7.7	10.4	11.1	10.0	9.5
Middle East	-17.8	-18.3	-17.6	-14.8	-15.0
High absorbers	(-2.5)	(-2.4)	(-1.7)	(-1.7)	(-0.8)
Low absorbers	(-15.3)	(-15.9)	(-15.9)	(-13.1)	(-14.2)
Other	-0.1	-0.1	0.3	-0.1	0.5
Offshore centers <u>2/</u>	-0.7	0.2	1.1	-1.7	-1.7
Non-oil developing countries <u>3/</u>	141.9	146.0	154.0	155.2	154.7
Western Hemisphere	91.0	96.5	94.7	94.6	98.5
Argentina	(12.0)	(13.1)	(11.9)	(12.0)	(11.6)
Brazil	(33.2)	(33.8)	(36.1)	(36.5)	(37.2)
Chile	(3.5)	(4.2)	(4.0)	(3.6)	(3.8)
Colombia	(2.7)	(2.8)	(2.7)	(2.7)	(2.5)
Ecuador	(2.7)	(2.8)	(2.6)	(2.6)	(2.7)
Mexico	(37.7)	(40.4)	(38.5)	(39.1)	(41.7)
Peru	(1.7)	(1.9)	(2.0)	(2.2)	(2.5)
Other	(-2.5)	(-2.5)	(-3.1)	(-4.1)	(-3.5)
Middle East	-2.0	-1.9	-1.6	-1.3	-1.8
Egypt	(0.3)	(0.3)	(0.2)	(0.6)	(0.6)
Israel	(0.2)	(0.4)	(0.5)	(0.6)	(0.4)
Other	(-2.5)	(-2.6)	(-2.3)	(-2.5)	(-2.8)

Table XI (concluded). Net External Claims of Nonbanks on Banks, 1981-83

(In billions of U.S. dollars)

	Dec. 1981	June 1982	Dec. 1982	June 1983	Dec. 1983
Asia	19.2	14.7	21.8	22.9	16.8
China	(0.4)	(0.3)	(0.4)	(0.4)	(0.5)
India	(--)	(0.2)	(0.5)	(1.0)	(1.1)
Korea	(9.1)	(9.0)	(10.5)	(10.4)	(11.1)
Malaysia	(3.1)	(3.7)	(5.8)	(7.0)	(7.1)
Philippines	(5.6)	(5.5)	(6.2)	(6.3)	(5.0)
Thailand	(3.5)	(3.3)	(3.6)	(3.5)	(3.5)
Other	(-2.5)	(-7.3)	(-5.2)	(-5.7)	(-11.5)
Africa	20.0	20.5	22.8	21.4	22.6
Ivory Coast	(1.7)	(1.5)	(1.6)	(1.8)	(1.7)
Morocco	(2.7)	(3.0)	(3.2)	(3.1)	(3.1)
South Africa	(5.4)	(6.2)	(7.2)	(7.0)	(8.1)
Other	(10.2)	(9.8)	(10.8)	(9.5)	(9.7)
Europe	13.7	16.2	16.3	17.6	18.6
Greece	(1.2)	(1.1)	(1.0)	(1.2)	(1.5)
Hungary	(0.8)	(1.1)	(1.1)	(1.3)	(1.3)
Portugal	(5.0)	(6.2)	(6.8)	(7.4)	(7.5)
Romania	(1.0)	(1.0)	(0.8)	(1.0)	(1.0)
Turkey	(1.1)	(1.0)	(1.0)	(1.0)	(1.2)
Yugoslavia	(3.4)	(3.1)	(2.9)	(2.7)	(2.9)
Other	(1.2)	(2.7)	(2.7)	(3.0)	(3.2)
Unallocated and international organizations	-42.8	-79.2	-89.6	-93.6	-92.8
Of which:					
International organizations	-1.1	-0.7	-0.6	-0.1	0.1
Total	115.2	99.6	116.5	106.4	95.7

Source: International Monetary Fund, International Financial Statistics.1/ Excludes Fund member countries.2/ Consisting of seven offshore centers, i.e., Bahamas, Bahrain, the Cayman Islands, Hong Kong, the Netherlands Antilles, Panama, and Singapore.3/ Excludes the seven offshore centers.

Table XII. Medium- and Long-Term External Bank Credit Commitments, 1981-84 (First Quarter)

(In millions of U.S. dollars)

	1981	1982	1983	1982		1983				1984
				III	IV	I	II	III	IV	First Quarter
<u>Medium- and long-term Eurocredits</u>										
Industrial countries	43,160	48,226	24,727	17,080	10,283	5,842	8,737	5,362	4,786	5,252
Seven largest	27,533	29,550	13,340	8,792	7,790	3,559	4,013	3,100	2,668	1,176
Other	15,627	18,676	11,387	8,288	2,493	2,283	4,724	2,262	2,118	4,076
Oil exporting countries	5,560	7,349	5,657	1,100	2,440	1,976	2,076	754	851	987
Non-oil developing countries	41,742	34,519	26,942	6,970	6,001	11,563	4,762	6,831	3,786	8,226
Africa	1,886	2,006	591	337	360	346	34	100	111	50
Asia	11,602	10,218	7,461	2,966	1,801	1,278	2,703	1,171	2,309	1,165
Europe	4,427	3,554	3,370	615	962	179	1,076	1,427	687	428
Middle East	209	407	491	218	158	241	95	125	30	53
Western Hemisphere	23,618	18,335	15,030	2,835	2,720	9,519	854	4,008	649	6,530
Centrally planned economies	700	209	436	14	--	--	--	436	--	--
International organizations and unallocated	101	447	2,404	10	134	--	350	1,452	602	8
Total	<u>91,263</u>	<u>90,750</u>	<u>60,166</u>	<u>25,174</u>	<u>18,858</u>	<u>19,381</u>	<u>15,925</u>	<u>14,835</u>	<u>10,025</u>	<u>10,913</u>
<u>Medium- and long-term foreign loans</u>										
Industrial countries	1,609	3,396	3,313	638	952	345	615	1,404	949	677
Seven largest	222	1,658	1,838	364	279	126	238	1,052	422	150
Other	1,387	1,768	1,475	274	673	219	377	352	527	527
Oil exporting countries	73	321	706	60	75	49	386	100	171	--
Non-oil developing countries	759	2,424	1,546	1,185	775	316	84	733	413	335
Africa	192	175	134	71	55	34	--	100	--	31
Asia	111	1,252	911	744	440	165	84	472	189	220
Europe	283	182	237	--	52	21	--	83	133	58
Middle East	--	237	168	207	27	--	--	77	91	--
Western Hemisphere	173	577	96	163	201	96	--	--	--	26
Centrally planned economies	--	13	--	--	--	--	--	--	--	--
International organizations and unallocated	941	1,275	1,392	299	309	337	398	445	212	459
Total	<u>3,382</u>	<u>7,429</u>	<u>6,957</u>	<u>2,182</u>	<u>2,111</u>	<u>1,047</u>	<u>1,483</u>	<u>2,682</u>	<u>1,745</u>	<u>1,471</u>
<u>Total medium- and long-term External Bank credits</u>										
Industrial countries	44,769	51,622	28,040	17,718	11,235	6,187	9,352	6,766	5,736	5,929
Seven largest	27,755	31,178	15,178	9,156	8,069	3,685	4,251	4,152	3,091	1,326
Other	17,014	20,444	12,862	8,562	3,166	2,502	5,101	2,614	2,644	4,603
Oil exporting countries	5,633	7,671	6,363	1,160	2,515	2,025	2,462	854	1,022	987
Non-oil developing countries	42,501	36,942	28,488	8,155	6,776	11,879	4,846	7,564	4,199	8,561
Africa	2,078	2,182	725	408	415	380	34	200	111	81
Asia	11,713	11,470	8,372	3,710	2,241	1,443	2,787	1,643	2,499	1,385
Europe	4,710	3,732	3,607	615	1,014	200	1,076	1,510	820	486
Middle East	209	644	659	425	185	241	95	202	121	53
Western Hemisphere	23,791	18,913	15,125	2,998	2,921	9,615	854	4,008	649	6,556
Centrally planned economies	700	222	436	14	--	--	--	436	--	--
International organizations and unallocated	1,042	1,722	3,796	309	443	337	748	1,892	814	467
Total	<u>94,645</u>	<u>98,179</u>	<u>67,123</u>	<u>27,356</u>	<u>20,969</u>	<u>20,428</u>	<u>17,408</u>	<u>17,517</u>	<u>11,770</u>	<u>15,944</u>

Source: Organization for Economic Cooperation and Development, Financial Statistics Monthly.

Table XIII. Medium- and Long-Term External Bank Credit
Commitments, 1979-83

(In millions of U.S. dollars)

	1979 ^{1/}	1980 ^{1/}	1981	1982	1983
Industrial countries	24,145	39,266	44,769	51,622	28,040
Australia	731	1,693	3,879	5,918	2,675
Belgium	1,000	3,060	476	2,031	135
Canada	926	6,439	5,101	7,025	2,007
Denmark	1,217	1,566	1,590	1,552	2,248
France	2,787	1,922	3,665	6,557	1,566
Italy	3,332	6,483	6,435	5,329	2,913
Spain	3,730	4,524	4,759	2,027	3,070
Sweden	1,471	1,324	2,042	2,294	3,102
United Kingdom	1,990	1,871	2,560	2,162	1,055
United States	3,723	6,387	12,903	10,040	7,349
Other	3,208	3,997	4,359	7,441	1,920
Centrally planned economies	3,640	1,658	700	222	436
Czechoslovakia	450	475	--	--	50
German Democratic Republic	656	397	516	69	386
Poland	861	736	--	--	--
U.S.S.R.	330	50	25	153	--
Other	1,353	--	159	--	--
Oil exporting countries	7,678	5,393	5,633	7,671	6,363
Algeria	1,800	343	--	131	1,665
Indonesia	695	967	1,099	1,126	1,975
Nigeria	1,212	668	2,005	396	223
Venezuela	3,035	2,937	1,350	4,044	220
Middle East	936	478	1,178	1,974	2,279
High absorbers	130	--	344	--	963
Low absorbers	736	478	834	1,974	1,316
Non-oil developing countries	43,155	32,895	42,502	36,943	28,488
Africa	1,821	1,571	2,078	2,181	725
Ivory Coast	227	385	613	491	20
Morocco	590	450	581	200	69
South Africa	52	385	311	1,019	236
Other	952	351	573	471	400
Asia	10,313	8,252	11,713	11,476	8,372
China	3,070	374	453	316	108
India	50	79	1,043	375	694
Korea	2,694	2,037	3,167	3,574	3,468
Malaysia	197	875	762	372	1,435
Philippines	1,773	1,278	949	1,146	600
Thailand	297	875	762	372	388
Other	2,232	2,527	3,827	3,265	1,679
Europe	7,808	4,879	4,710	3,736	3,607
Greece	945	1,191	998	931	1,171
Hungary	950	550	571	341	567
Portugal	811	706	1,656	1,537	1,007
Turkey	3,171	--	--	308	262
Yugoslavia	1,651	1,832	1,037	549	600
Other	280	600	447	70	--
Middle East	234	695	209	644	659
Jordan	128	161	151	36	309
Egypt	13	186	46	434	109
Bahrain	70	328	12	169	104
Other	23	20	--	5	137
Western Hemisphere	22,989	17,498	23,791	18,913	15,125
Argentina	2,107	2,389	2,819	1,276	1,750
Brazil	6,498	5,279	6,921	7,328	4,627
Chile	682	919	2,287	1,194	1,401
Colombia	888	662	1,026	584	444
Ecuador	885	714	336	64	441
Mexico	10,438	5,980	7,899	6,510	5,095
Peru	550	344	929	1,066	450
Other	941	1,211	1,574	891	917
Unallocated and international organizations	441	706	1,042	1,722	3,796
Total	79,069	79,918	94,646	98,179	67,123

Source: Organization for Economic Cooperation and Development, Financial Statistics Monthly.^{1/} Includes only Eurocredits.

Table XIV. Medium- and Long-Term International Bank Credit Commitments, 1981-1984 (First Quarter)

(In millions of U.S. dollars)

	1981	1982	1983	1982		1983				1984
				III	IV	I	II	III	IV	I
										Quarter
<u>Medium- and long-term external loans</u>										
Industrial countries	44,769	51,622	28,040	17,718	11,235	6,187	9,351	6,766	5,736	5,929
Seven largest	27,755	31,178	15,178	9,156	8,069	3,685	4,250	4,152	3,091	1,326
Other	17,014	20,444	12,862	8,562	3,166	2,502	5,101	2,614	2,644	4,603
Oil exporting countries	5,635	7,671	6,363	1,160	2,515	2,025	2,462	854	1,022	987
Non-oil developing countries	42,502	36,942	28,488	8,155	6,766	11,880	4,846	7,564	4,199	8,561
Africa	2,078	2,182	725	408	415	380	34	200	111	81
Asia	11,713	11,470	8,372	3,710	2,241	1,443	2,787	1,643	2,499	1,385
Europe	4,710	3,732	3,607	615	1,014	200	1,076	1,510	820	486
Middle East	209	644	659	425	185	241	95	202	121	53
Western Hemisphere	23,791	18,913	15,125	2,998	2,921	9,615	854	4,008	649	6,556
Centrally planned economies	700	222	436	14	--	--	--	436	--	--
International organizations and unallocated	1,042	1,722	3,796	309	443	337	748	1,892	814	467
Total	<u>94,646</u>	<u>98,179</u>	<u>67,123</u>	<u>27,356</u>	<u>20,969</u>	<u>20,429</u>	<u>17,407</u>	<u>17,517</u>	<u>11,770</u>	<u>15,944</u>
<u>Other international medium- and long-term bank facilities</u>										
Industrial countries	46,487	3,097	12,285	967	616	1,057	1,690	2,750	6,788	34,477
Seven largest	45,888	1,418	10,445	401	130	760	1,286	2,181	6,218	34,390
Other	599	1,679	1,840	566	486	297	404	569	570	87
Oil exporting countries	--	452	150	250	202	50	100	--	--	--
Non-oil developing countries	6,529	1,522	769	457	172	208	101	100	360	123
Africa	57	16	28	--	16	--	28	--	--	--
Asia	200	148	365	--	57	--	65	100	200	71
Europe	30	383	216	87	99	208	8	--	--	52
Middle East	--	--	160	--	--	--	--	--	160	--
Western Hemisphere	6,242	975	--	370	--	--	--	--	--	--
Centrally planned economies	--	--	--	--	--	--	--	--	--	--
International organizations and unallocated	85	150	100	--	--	--	--	100	--	--
Total	<u>53,101</u>	<u>5,221</u>	<u>13,304</u>	<u>1,674</u>	<u>990</u>	<u>1,315</u>	<u>1,891</u>	<u>2,950</u>	<u>7,148</u>	<u>34,600</u>
<u>Total international loans</u>										
Industrial countries	91,256	54,719	40,325	18,685	11,851	7,244	11,041	9,516	12,524	40,406
Seven largest	73,643	32,596	25,623	9,557	8,199	4,445	5,536	6,333	9,309	35,716
Other	17,613	22,123	14,702	9,128	3,652	2,799	5,505	3,183	3,214	4,690
Oil exporting countries	5,633	8,123	6,513	1,410	2,717	2,075	2,562	854	1,022	987
Non-oil developing countries	49,031	38,464	29,257	8,612	6,948	12,088	4,947	7,664	4,559	8,684
Africa	2,135	2,198	753	408	431	380	62	200	111	81
Asia	11,913	11,618	8,737	3,710	2,298	1,443	2,852	1,743	2,699	1,456
Europe	4,740	4,115	3,823	702	1,113	408	1,084	1,510	820	538
Middle East	209	644	819	425	185	241	95	202	281	53
Western Hemisphere	30,033	19,888	15,125	3,368	2,921	9,615	854	4,008	649	6,556
Centrally planned economies	700	222	436	14	--	--	--	436	--	--
International organizations and unallocated	1,126	1,872	3,896	309	443	337	748	1,997	814	467
Total	<u>147,746</u>	<u>103,400</u>	<u>80,427</u>	<u>29,030</u>	<u>21,959</u>	<u>21,744</u>	<u>19,298</u>	<u>20,467</u>	<u>18,918</u>	<u>50,544</u>

Source: Organization for Economic Cooperation and Development, Financial Statistics Monthly.

Table XV. External Assets of Banks by Maturity and Undisbursed Credit Commitments, December 1979-June 1983 ^{1/}

(In billions of U.S. dollars)

	December 1979			December 1980			December 1981			December 1982			June 1983		
	External Assets	Undis-		External Assets	Undis-		External Assets	Undis-		External Assets	Undis-		External Assets	Undis-	
	Of which:	bursed		Of which:	bursed		Of which:	bursed		Of which:	bursed		Of which:	bursed	
	up to and	credit		up to and	credit		up to and	credit		up to and	credit		up to and	credit	
	including	commit-		including	commit-		including	commit-		including	commit-		including	commit-	
	Total	1 year	ments	Total	1 year	ments	Total	1 year	ments	Total	1 year	ments	Total	1 year	ments
Industrial countries outside	44.2	18.3	9.7	50.5	21.7	15.7	57.5	25.3	18.3	67.3	29.4	20.1	66.7	28.1	19.7
the reporting area	6.6	2.5	1.9	7.3	2.6	5.2	9.8	4.0	6.9	15.0	5.2	9.0	16.0	5.0	8.3
Australia	6.0	2.6	1.8	7.0	3.9	2.1	7.4	4.1	2.6	9.0	5.1	2.0	8.7	4.9	2.1
Finland	9.7	2.8	2.2	10.8	3.7	2.6	10.6	3.9	2.9	11.3	5.1	3.4	10.9	4.9	3.5
Norway	16.9	7.1	2.7	19.7	8.0	3.8	23.1	9.3	4.1	24.6	10.1	2.8	23.7	9.8	2.8
Spain	5.0	3.3	1.1	5.7	3.5	2.0	6.6	4.0	1.8	7.4	3.9	2.9	7.4	3.5	3.0
Other															
Oil exporting countries	60.4	30.7	17.7	64.6	34.3	16.1	67.8	38.6	16.9	74.8	41.4	16.7	75.0	40.9	15.9
Algeria	9.0	1.3	3.8	9.0	1.5	2.9	8.3	1.5	1.9	7.7	1.4	2.2	7.1	1.2	2.6
Indonesia	5.8	2.3	2.1	6.3	2.6	2.2	7.2	3.0	2.6	9.9	3.8	2.2	10.9	3.9	2.2
Iran	5.9	1.8	1.3	5.2	1.9	0.7	2.7	1.5	0.4	2.3	1.4	0.1	2.1	1.5	0.2
Nigeria	3.5	1.0	2.2	4.5	1.4	2.4	6.0	2.0	3.6	8.5	3.1	3.9	9.2	3.6	2.8
Venezuela	20.8	12.7	4.1	24.3	14.3	3.7	26.2	16.1	3.2	27.5	15.8	2.4	26.8	15.3	1.3
Other	15.4	11.6	4.2	15.3	12.6	4.2	17.4	14.5	5.2	18.9	15.9	5.9	18.9	15.4	5.8
Non-oil developing countries	214.9	92.8	54.1	262.9	119.6	59.9	313.7	144.7	61.2	345.4	160.2	48.2	350.9	160.3	47.5
Africa	23.5	8.1	5.8	24.6	8.1	6.4	29.6	12.2	6.6	33.3	15.0	6.6	33.3	15.1	6.5
Ivory Coast	(2.4)	(0.7)	(0.4)	(3.0)	(1.0)	(0.4)	(3.2)	(0.9)	(0.5)	(3.4)	(0.9)	(0.4)	(3.2)	(0.8)	(0.3)
Morocco	(3.4)	(0.6)	(0.3)	(3.5)	(0.7)	(0.3)	(3.7)	(1.2)	(0.5)	(3.9)	(1.0)	(0.4)	(3.8)	(1.8)	(0.3)
South Africa	(7.3)	(2.8)	(2.7)	(7.2)	(2.5)	(3.1)	(11.2)	(6.0)	(3.4)	(14.3)	(8.7)	(3.5)	(14.9)	(9.3)	(3.4)
Zaire	(1.3)	(0.4)	(0.2)	(1.2)	(0.3)	(0.1)	(1.1)	(0.3)	(0.1)	(0.9)	(0.3)	(0.1)	(0.8)	(0.3)	(--)
Other	(9.1)	(3.6)	(2.2)	(9.7)	(3.6)	(2.5)	(10.4)	(3.8)	(2.1)	(10.8)	(4.1)	(2.2)	(10.6)	(3.7)	(2.5)

Table XV (continued). External Assets of Banks by Maturity and Undisbursed Credit Commitments, December 1979-June 1983 1/

(In billions of U.S. dollars)

	December 1979			December 1980			December 1981			December 1983			June 1983		
	External Assets	Undis-	of which:	External Assets	Undis-	of which:	External Assets	Undis-	of which:	External Assets	Undis-	of which:	External Assets	Undis-	of which:
	Total	1 year	including commit-	Total	1 year	including commit-	Total	1 year	including commit-	Total	1 year	including commit-	Total	1 year	including commit-
Asia	35.4	19.3	16.3	44.8	25.6	17.6	53.3	29.6	20.1	61.2	32.9	17.3	62.6	32.5	18.3
China	(2.5)	(1.3)	(3.8)	(2.6)	(0.9)	(4.0)	(2.3)	(1.1)	(5.0)	(1.3)	(0.6)	(3.1)	(1.5)	(0.7)	(3.6)
India	(0.9)	(0.3)	(0.7)	(1.0)	(0.5)	(0.9)	(1.3)	(0.7)	(2.0)	(2.3)	(1.1)	(1.8)	(2.4)	(1.0)	(2.3)
Korea	(12.0)	(6.7)	(4.0)	(16.7)	(10.4)	(4.3)	(19.9)	(11.5)	(4.1)	(23.2)	(13.9)	(3.9)	(22.7)	(12.8)	(3.2)
Malaysia	(2.2)	(0.8)	(0.7)	(2.7)	(1.0)	(1.4)	(4.4)	(1.4)	(1.3)	(6.6)	(1.6)	(1.3)	(7.9)	(2.2)	(1.0)
Philippines	(7.4)	(3.9)	(2.9)	(9.3)	(5.4)	(2.4)	(10.2)	(5.8)	(2.8)	(12.6)	(7.5)	(2.4)	(13.3)	(8.0)	(1.9)
Thailand	(3.7)	(2.4)	(0.8)	(4.0)	(2.4)	(1.3)	(5.1)	(3.1)	(1.3)	(4.9)	(2.8)	(1.6)	(4.9)	(2.7)	(1.4)
Other	(6.7)	(3.9)	(3.4)	(8.5)	(5.0)	(3.3)	(10.1)	(6.0)	(3.6)	(10.3)	(5.4)	(3.2)	(9.9)	(5.1)	(4.0)
Europe	35.1	13.2	6.9	43.1	15.6	8.6	45.7	15.7	6.8	45.4	14.7	5.8	45.9	15.3	4.8
Greece	(6.2)	(2.5)	(1.8)	(8.4)	(3.2)	(3.0)	(9.7)	(3.6)	(2.6)	(10.0)	(3.3)	(2.2)	(11.2)	(3.9)	(1.8)
Hungary	(7.9)	(3.8)	(0.4)	(8.0)	(3.4)	(0.7)	(7.7)	(3.1)	(0.4)	(6.8)	(2.2)	(0.5)	(6.4)	(2.3)	(0.4)
Portugal	(4.1)	(1.3)	(1.0)	(5.6)	(2.1)	(1.2)	(7.7)	(3.0)	(1.5)	(10.0)	(3.8)	(1.2)	(10.3)	(3.7)	(0.9)
Romania	(4.6)	(2.2)	(0.8)	(5.8)	(2.5)	(1.1)	(5.1)	(1.8)	(0.5)	(4.2)	(1.7)	(0.4)	(4.1)	(1.3)	(0.4)
Turkey	(3.9)	(1.4)	(0.7)	(4.4)	(1.3)	(0.6)	(4.2)	(1.0)	(0.5)	(4.0)	(1.0)	(0.5)	(3.8)	(1.0)	(0.5)
Yugoslavia	(8.2)	(1.9)	(2.0)	(10.4)	(2.9)	(2.0)	(10.7)	(3.0)	(1.3)	(9.8)	(2.6)	(0.7)	(9.6)	(2.9)	(0.6)
Other	(0.4)	(0.1)	(0.2)	(0.5)	(0.3)	(0.2)	(0.6)	(0.2)	(-)	(0.6)	(0.1)	(0.3)	(0.5)	(0.2)	(0.2)
Middle East	12.5	9.4	3.1	13.6	10.4	2.8	16.3	12.7	2.8	19.6	15.2	2.9	18.8	14.1	2.6
Egypt	(2.2)	(1.3)	(1.3)	(3.3)	(2.0)	(1.5)	(4.4)	(3.0)	(1.5)	(4.9)	(3.2)	(1.8)	(5.2)	(3.4)	(1.3)
Israel	(4.6)	(3.1)	(1.0)	(4.8)	(3.4)	(0.5)	(6.0)	(4.3)	(0.6)	(6.7)	(4.4)	(0.5)	(6.7)	(4.4)	(0.5)
Other	(5.7)	(5.0)	(0.8)	(5.5)	(5.0)	(0.8)	(5.4)	(5.4)	(0.7)	(8.0)	(7.6)	(0.6)	(6.9)	(6.3)	(0.8)

Table XV (concluded). External Assets of Banks by Maturity and Undisbursed Credit Commitments, December 1979-June 1983 ^{1/}

(In billions of U.S. dollars)

	December 1979			December 1980			December 1981			December 1982			June 1983		
	External Assets	Of which:	Undis-	External Assets	Of which:	Undis-	External Assets	Of which:	Undis-	External Assets	Of which:	Undis-	External Assets	Of which:	Undis-
	Total	1 year	bursed up to and including commitments	Total	1 year	bursed up to and including commitments	Total	1 year	bursed up to and including commitments	Total	1 year	bursed up to and including commitments	Total	1 year	bursed up to and including commitments
Western Hemisphere	108.4	42.8	22.0	136.8	59.9	24.5	168.8	74.5	24.9	185.9	82.4	15.6	190.3	83.3	15.3
Argentina	(13.4)	(6.9)	(2.9)	(19.9)	(10.4)	(4.0)	(24.8)	(11.6)	(3.9)	(25.7)	(13.9)	(1.9)	(25.5)	(13.6)	(1.6)
Brazil	(38.6)	(11.3)	(6.7)	(45.7)	(16.2)	(6.4)	(52.5)	(18.2)	(6.1)	(60.5)	(21.1)	(5.3)	(62.8)	(21.4)	(5.4)
Chile	(4.9)	(2.0)	(1.5)	(7.3)	(2.9)	(1.6)	(10.5)	(4.2)	(1.8)	(11.6)	(4.6)	(1.0)	(10.9)	(4.1)	(0.8)
Colombia	(3.6)	(2.2)	(1.4)	(4.6)	(2.5)	(1.7)	(5.4)	(2.6)	(1.6)	(6.3)	(2.9)	(1.2)	(6.6)	(3.2)	(0.9)
Ecuador	(3.1)	(1.4)	(0.9)	(3.9)	(1.8)	(1.0)	(4.5)	(2.3)	(0.9)	(4.5)	(2.5)	(0.5)	(4.4)	(2.4)	(0.4)
Mexico	(30.9)	(10.7)	(6.1)	(42.5)	(18.8)	(6.7)	(57.1)	(27.8)	(7.3)	(62.9)	(29.9)	(3.7)	(65.5)	(31.2)	(4.3)
Peru	(3.8)	(1.9)	(0.7)	(4.1)	(2.4)	(1.3)	(4.4)	(2.7)	(1.4)	(5.4)	(3.2)	(1.1)	(5.3)	(3.1)	(1.0)
Other	(10.1)	(6.4)	(1.8)	(8.8)	(4.9)	(1.9)	(9.6)	(5.1)	(1.9)	(9.0)	(4.3)	(0.9)	(9.3)	(4.3)	(0.9)
Centrally planned economies	46.6	19.1	8.8	48.4	18.6	8.0	50.1	21.6	6.3	43.6	17.1	6.4	41.3	16.1	5.5
Czechoslovakia	3.0	1.4	0.3	3.5	1.5	0.3	3.3	1.3	0.2	2.8	0.9	0.3	2.7	0.9	0.3
German Democratic Republic	8.6	3.7	1.4	9.9	3.8	1.5	10.7	4.6	1.7	8.9	3.5	1.2	8.3	3.2	0.9
Poland	15.8	6.2	3.9	16.2	5.4	3.9	15.2	5.5	1.8	13.9	4.6	0.7	12.2	3.6	0.5
U.S.S.R.	13.0	5.0	2.8	13.4	5.6	1.7	16.3	8.2	2.0	14.6	6.6	3.9	15.0	6.9	3.5
Other	6.2	2.8	0.4	5.4	2.3	0.6	4.6	2.0	0.6	3.4	1.5	0.3	3.1	1.5	0.3
Total	366.1	160.9	90.3	426.4	194.2	99.7	489.0	230.1	102.7	531.1	248.1	91.4	533.9	245.4	88.6

Source: Bank for International Settlements, The Maturity Distribution of International Bank Lending.

^{1/} The reporting area for these data is generally broader than that for the data in Tables 33 to 41 in that it includes branches of U.S. banks and the affiliates in offshore reporting centers of banks in other countries; but the number of banks reporting is somewhat smaller. This series is only available semiannually and has longer lags than the data presented in quarterly publication of the Bank for International Settlements on international capital markets developments.

Table XVI. Terms on Publicized Medium-Term Bank Credit Commitments, 1979-First Quarter 1984

(Rates in percent)

	Six-Month Eurodollar Deposit Rate <u>1/</u>	U.S. Prime Rate	Spreads over LIBOR <u>2/</u>					Maturities	
			Weighted averages (percent)				Other non-OECD countries <u>5/</u>	Longest (in years)	Average (in years/ months)
			Lowest	All borrowers	OECD countries <u>3/</u>	CMEA <u>4/</u> countries			
1979 I	10.69	11.75	1/2	0.87	0.65	0.90	0.95	15	8/9
II	10.73	11.72	3/8	0.76	0.62	0.63	0.87	18	9/3
III	12.00	12.11	3/8	0.73	0.67	0.61	0.76	15	7/9
IV	14.56	15.08	1/4-3/8	0.64	0.49	0.57	0.74	15	9/3
1980 I	16.98	16.40	3/8-1/2	0.67	0.56	0.58	0.78	15 1/2	8/9
II	11.29	16.32	3/8-1/2	0.69	0.57	0.73	0.84	15	7/8
III	12.17	11.61	1/4-1/2	0.68	0.54	1.17	0.82	12	7/6
IV	16.16	16.73	1/4-3/8	0.75	0.56	0.96	1.03	12	7/8
1981 I	16.10	19.21	1/4-3/8	0.70	0.54	0.66	0.82	14	8/4
II	17.06	18.93	1/4	0.77	0.47	0.62	1.12	13	7/9
III	18.43	20.32	1/4-1/2	0.69	0.46	0.62	0.94	15	7/10
IV	14.48	17.01	1/4-3/8	0.69	0.46	0.62	0.90	15	7/7
1982 I	15.17	16.27	1/4-3/8	0.75	0.57	)	0.85	15	7/11
II	15.10	16.50	0.17	0.78	0.47	) 1.03	1.10	15	6/10
III	13.04	14.72	0.22	0.69	0.48	)	1.05	15	7/8
IV	9.94	11.96	0.24	0.83	0.56	)	1.29	15	7/9
1983 I	9.40	10.88	0.25	1.58	0.72	)	1.82	14	7/5
II	9.48	10.50	0.17	0.96	0.59	) 1.12	0.71	15	7/7
III	10.32	10.80	0.13	1.25	0.65	)	1.90	15	6/9
IV	9.90	11.00	0.25	0.73	0.65	)	0.84	10	7/5
1984 I <u>6/</u>	10.12	11.00	0.13	...	...	...	...	12	8/5

Sources: Morgan Guaranty Trust Company, World Financial Markets (for series on Eurodollar rate); Federal Reserve Bulletin (for prime rate); and Organization for Economic Cooperation and Development, Financial Market Trends.

1/ Average of month-end prime banks' bid rates; the London interbank offered rate (LIBOR) commonly used as a basis for Eurodollar lending is generally 0.125 per cent above bid rates.

2/ On loans of \$50 million and over with a maturity of at least three years completed or signed during the period; excludes tax-sparing loans.

3/ Excluding Turkey.

4/ Council for Mutual Economic Assistance.

5/ Excluding the People's Republic of China.

6/ January and February.

Table XVII. Nominal and Real Interest Rates, 1978-83

(In percent)

	1978	1979	1980	1981	1982	1983
<hr/>						
United States						
Three-month Eurodollar deposit rate	8.9	12.1	14.2	16.8	13.2	9.6
GNP deflator	7.4	8.6	9.2	9.4	6.0	4.2
Real interest rate	1.4	3.2	4.6	6.8	6.8	5.2
Germany						
Three-month money market rate	3.7	6.7	9.5	12.1	8.9	5.8
GNP deflator	4.2	4.0	4.5	4.2	4.8	3.2
Real interest rate	-0.5	2.6	4.8	7.6	3.9	2.5
Japan						
Three-month gensaki rate	5.1	5.9	10.7	7.4	6.8	6.5
GNP deflator	4.6	2.6	2.8	2.7	1.7	0.7
Real interest rate	0.5	3.2	7.7	4.6	5.0	5.8
<hr/>						

Sources: International Monetary Fund, International Financial Statistics, Deutsche Bundesbank, Monthly Report; and Bank of Japan, Economic Statistics Monthly.

Table XVIII. Interest Rates on International Markets, 1982 and 1983

(In percent)

	1982	1983											
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Eurocurrency markets ^{1/}													
U.S. dollars in London	9.52	8.99	9.18	9.35	9.23	9.02	9.71	10.04	10.83	9.86	9.61	9.84	10.14
Sterling in London	10.63	11.20	11.29	10.99	10.26	10.27	9.84	--	9.87	9.68	9.36	9.31	9.41
Swiss francs in London	3.72	2.77	3.01	3.68	4.25	4.59	5.02	4.82	4.67	4.47	4.14	4.14	4.37
Deutsche mark in London	6.33	5.51	5.65	5.04	4.99	5.02	5.32	5.18	5.47	5.71	5.80	6.09	6.27
Netherlands guilders in London	5.76	5.0	4.84	4.42	5.23	5.03	5.85	5.68	6.09	6.23	6.12	6.26	6.28
French francs in London	22.69	20.74	22.16	27.28	13.43	13.99	14.62	14.15	15.19	14.68	14.28	12.99	13.25
Japanese yen in London	7.02	6.51	6.69	6.70	6.29	6.30	6.52	--	6.67	6.80	6.52	6.48	6.65
International bond markets ^{2/}													
Dollar-denominated bonds:													
3- to 7-year maturity	13.68	13.28	12.68	12.13	11.91	11.55	11.89	11.88	12.21	12.50	12.45	12.15	12.24
7- to 15-year maturity ^{3/}	12.82	12.56	12.64	12.23	12.13	11.92	12.09	12.34	12.78	12.69	12.52	12.48	12.49
Deutsche mark-denominated bonds:													
3- to 7-year maturity	8.9	8.6	8.86	8.36	8.0	7.96	8.23	8.4	8.5	8.5	8.3	8.3	8.3
7- to 15-year maturity ^{3/}	8.3	8.1	8.2	8.0	7.9	7.9	8.1	8.1	8.2	8.2	8.1	8.0	8.2
Netherlands guilder-denominated notes:													
3 or more years maturity	8.22	7.71	7.94	7.81	7.83	8.12	8.51	8.55	8.64	8.60	8.35	8.36	8.31
French franc-denominated bonds:													
3- to 7-year maturity	15.39	14.96	14.97	15.05	14.05	14.01	14.02	13.88	13.49	13.25	13.35	13.31	13.19

Source: Organization for Economic Cooperation and Development, Financial Statistics Monthly.^{1/} Three-month deposits.^{2/} Secondary market yields.^{3/} Unweighted average for international organizations, the public sector, and private corporations.

Table XIX. Developing Country Issues and Placements in International Markets, 1978 - May 1984 ^{1/}

(In millions of U.S. dollars)

	1978	1979	1980	1981	1982	1983	Jan.-May 1984
Algeria	756.8	182.8	--	--	--	--	--
Argentina	266.4	416.6	163.9	195.3	--	--	--
Bahrain	--	--	--	30.0	--	--	--
Bermuda	--	--	--	--	60.0	--	--
Bolivia	--	--	--	--	--	--	--
Brazil	936.1	735.6	316.2	60.8	100.9	--	--
Chile	--	83.5	82.2	30.0	--	--	--
China	--	--	--	--	44.5	20.5	--
Colombia	--	--	55.0	20.0	35.0	15.0	--
Costa Rica	20.0	--	109.3	--	--	--	--
Ecuador	62.0	--	--	--	--	--	--
Egypt	25.0	--	--	--	65.0	40.0	--
El Salvador	25.0	--	--	--	--	--	--
Gabon	--	--	--	--	33.2	--	--
Greece	--	--	--	30.0	50.0	42.0	150.0
Guinea	--	--	--	--	--	--	--
Haiti	--	8.0	--	--	--	--	--
Hong Kong	--	--	--	123.8	71.7	62.8	--
Hungary	--	--	50.0	20.0	--	--	--
India	--	--	30.0	281.7	185.0	60.0	75.0
Indonesia	104.2	62.7	45.8	96.5	363.1	366.0	50.0
Iran	68.6	--	--	--	--	--	--
Israel	425.5	200.0	130.0	117.0	110.0	135.0	--
Ivory Coast	--	--	14.3	--	--	--	--
Jamaica	--	--	--	--	--	--	--
Korea	56.0	43.6	47.8	322.8	141.5	547.1	281.3
Kuwait	61.6	--	--	25.0	110.0	--	--
Malaysia	139.7	152.4	--	--	816.8	884.1	385.0
Mexico	687.5	363.0	353.5	2,344.1	1,602.5	--	--
Morocco	91.5	21.8	23.2	--	--	--	--
Nicaragua	--	--	--	--	--	--	--
Oman	--	--	--	--	--	--	--
Panama	215.1	110.7	25.0	--	--	21.0	--
Papua New Guinea	--	--	--	--	--	--	--
Peru	--	--	--	25.0	--	--	--
Philippines	216.0	176.2	66.8	68.5	30.0	--	--
Portugal	--	--	30.0	20.0	183.3	76.2	245.6
Romania	--	--	--	--	--	--	--
Saudi Arabia	--	14.7	--	--	--	--	--
Singapore	25.0	25.0	--	55.6	125.0	70.0	--
South Africa	481.9	243.6	365	92.0	314.1	532.3	466.1
Sri Lanka	--	--	--	--	11.3	--	--
Sudan	--	--	--	--	--	--	--
Thailand	68.8	176.2	45.9	98.7	62.5	253.5	184.0
Trinidad and Tobago	150.0	--	--	--	--	50.0	92.0
Tunisia	25.7	--	--	--	--	60.0	--
United Arab Emirates	--	--	--	--	--	--	--
Venezuela	689.6	173.6	131.5	290.8	35.0	--	--
Yugoslavia	126.7	96.3	37.2	--	--	--	--
Zaire	--	--	--	--	--	--	--
Total	5,724.7	3,286.3	2,122.6	4,347.6	4,550.4	3,235.5	1,929.0

Source: Organization for Economic Cooperation and Development, Financial Market Trends.^{1/} Foreign bonds and Eurobonds.

Table XX. International Bond Issues and Placements
by Currency of Denomination, 1978 - May 1984

(In millions of U.S. dollars; and in percent)

	1978		1979		1980		1981		1982		1983		Jan.-May 1984	
	Amount	Share of Total	Amount	Share of Total	Amount	Share of Total	Amount	Share of Total	Amount	Share of Total	Amount	Share of Total	Amount	Share of Total
U.S. dollar	13,126	36.8	14,724	37.8	16,358	42.7	32,617	63.0	48,253	63.9	43,940	57.0	25,672	59.6
Eurobonds	6,768		10,360		13,649		25,761		42,228		39,205		23,122	
Foreign bonds	6,358		4,364		2,709		6,856		6,025		4,735		2,550	
Deutsche mark	7,909	22.2	8,571	22.0	8,408	21.9	2,592	5.0	5,362	7.1	6,655	8.6	2,673	6.2
Eurobonds	6,478		5,881		3,457		1,396		3,253		4,039		1,809	
Foreign bonds	1,431		2,690		4,951		1,196		2,109		2,616		864	
Swiss francs	7,406	20.8	9,718	24.9	7,470	19.5	8,118	15.7	11,325	15.0	13,495	17.5	6,853	15.9
Eurobonds	---		---		---		---		---		---		---	
Foreign bonds	7,406		9,718		7,470		8,118		11,325		13,495		6,853	
Japanese yen	4,467	12.6	2,855	7.4	1,844	4.9	3,132	6.1	3,915	5.2	4,087	5.3	2,322	5.4
Eurobonds	79		184		301		410		598		233		305	
Foreign bonds	4,388		2,671		1,543		2,722		3,317		3,854		2,017	
Netherlands guilder	736	2.1	470	1.2	874	2.3	929	1.8	1,974	2.6	1,680	2.2	828	1.9
Eurobonds	384		308		549		490		618		747		461	
Foreign bonds	352		162		325		439		854		933		367	
Pound sterling	287	0.8	291	0.7	1,152	3.0	1,446	2.8	1,974	2.6	3,004	3.9	2,465	5.7
Eurobonds	287		291		974		535		846		2,148		1,705	
Foreign bonds	---		---		177		911		1,129		856		760	
French franc	334	0.9	571	1.5	1,142	3.0	602	1.2	221	0.3	188	0.2	---	0.0
Eurobonds	103		374		882		513		---		---		---	
Foreign bonds	231		197		260		89		221		188		---	
Other currencies	1,410	4.0	1,799	4.7	1,070	2.8	2,373	4.6	3,005	4.0	4,088	5.3	2,233	5.2
Eurobonds	862		1,294		582		2,189		2,786		3,722		2,013	
Foreign bonds	548		505		488		184		219		366		220	
Total	35,674	100.0	38,999	100.0	38,318	100.0	51,808	100.0	75,527	100.0	77,136	100.0	43,046	100.0
Eurobonds	14,961		18,691		20,394		31,294		50,329		50,095		29,415	
Foreign bonds	20,713		20,308		17,924		20,514		25,199		27,042		13,631	

Source: Organization for Economic Cooperation and Development, Financial Market Trends.

Table XXI. Inflation, Interest Rate, and Exchange Rate Experience of Selected Financial Market Countries, 1970-83

(In percent)

	1970-75		1976-80		1981-83	
	Mean	Standard deviation	Mean	Standard deviation	Mean	Standard deviation
United States						
Rate of inflation as measured by the rate of change in						
Consumer price index	6.6	2.9	8.9	3.3	6.6	3.6
GNP deflator	6.4	2.1	7.3	1.7	6.5	4.6
Nominal treasury bill interest rate	5.9	1.5	7.8	2.9	11.1	3.2
Nominal long-term treasury bond interest rate	7.1	0.9	8.9	1.5	12.7	3.1
Real treasury bill rate $\frac{1}{l}$	-0.4		0.5		4.3	
Real treasury bond rate $\frac{1}{l}$	0.6		1.6		5.8	
United Kingdom						
Rate of inflation as measured by the rate of change in						
Consumer price index	12.1	6.9	14.4	3.8	8.4	5.7
GDP deflator	12.2	7.8	14.8	3.0	9.4	12.8
Rate of change of exchange rate (\$/£)	-1.2	3.2	1.6	12.8	-13.3	7.5
Nominal treasury bill interest rate	8.2	2.5	11.1	3.1	11.4	3.8
Nominal treasury bond interest rate	11.2	2.7	13.3	0.8	12.8	3.9
Real treasury bill rate $\frac{1}{l}$	-3.3		-3.2		2.6	
Real treasury bond rate $\frac{1}{l}$	-0.7		-1.3		4.1	
Germany, Federal Republic of						
Rate of inflation as measured by the rate of change in						
Consumer price index	5.7	1.3	4.1	1.0	4.7	2.6
GNP deflator	6.7	0.9	4.0	0.4	4.0	2.2
Rate of change of exchange rate (DM/\$)	-7.5	4.7	-5.7	6.4	12.3	7.9
Nominal call money rate	7.1	2.5	5.3	2.3	8.4	2.3
Nominal public authorities' bond yield	8.7	1.0	7.1	1.1	9.1	1.3
Real call money rate $\frac{1}{l}$	0.4		1.3		4.3	
Real public bond yield $\frac{1}{l}$	1.9		3.1		4.9	
Japan						
Rate of inflation as measured by the rate of change in						
Consumer price index	11.0	7.2	6.6	2.7	3.1	6.9
GNP deflator	9.7	5.9	4.4	1.7	2.2	3.8
Rate of change of exchange rate (¥/\$)	-2.9	7.7	-4.7	10.9	1.9	11.4
Nominal call money rate	8.3	2.9	6.8	2.5	6.9	2.2
Nominal government bond yield	7.8	1.1	7.8	1.2	8.4	1.0
Real call money rate $\frac{1}{l}$	-1.1		2.3		4.9	
Real government bond yield $\frac{1}{l}$	-1.5		3.3		6.0	
Switzerland						
Rate of inflation as measured by the rate of change in						
Consumer price index	7.0	2.1	2.3	1.4	5.0	2.6
Rate of change of exchange rate (SwF/\$)	-8.2	6.1	-7.8	10.4	8.0	6.7
Nominal government bond yield	5.9	0.8	4.1	0.8	5.0	1.2
Real government bond yield $\frac{1}{l}$	-1.0		1.8		-0.1	

Source: International Monetary Fund, International Financial Statistics.

$\frac{1}{l}$ The average real interest rate (r) is derived from the corresponding average nominal interest rate (i) and average rate of inflation (p) via $1+r = (1+i)/(1+p)$. In all countries except Switzerland, p is the average rate of change in the GNP or GDP deflator. For Switzerland, p equals the average rate of change in the consumer price index.

Measurement of International Bank Lending Flows

The analysis of international bank lending flows in earlier papers on capital markets was based largely on data provided by the Bank for International Settlements (BIS), the Organization for Economic Cooperation and Development (OECD), and the World Bank. International banking flows (i.e., cross-border lending and deposit-taking) were measured by the changes in the stock of BIS reporting banks' external assets on and liabilities to a given individual country or group of countries. For broad country groupings changes attributed to exchange rate movements were excluded; such adjustments were not feasible for individual country data or geographic subgroups.

In this year's report on capital markets, the analysis of international bank lending flows is based primarily on the Fund's new International Banking Statistics (IBS) which are being collected and processed by the Fund's Bureau of Statistics. IBS data were first circulated to the Executive Board in "International Banking Statistics" (EBS/83/238, 11/7/83). Subsequently, six new tables on international banking statistics were introduced in the January 1984 issue of International Financial Statistics (IFS). Data on area and world developments, current to end-September 1983, were circulated to the Executive Board in "International Banking Statistics" (EBS/84/20, 1/27/84) and subsequently published in the February 1984 issue of IFS. An update through end-1983 was circulated to the Executive Board in "International Banking Statistics" (EBS/84/89, 4/23/84) and subsequently published in the May 1984 issue of IFS.

1. Coverage of the IBS data

The IBS series are a source of comprehensive data on a country's gross liabilities to and claims on foreign banks, and on its banks' liabilities to and claims on foreign nonbanks.

The following matrix briefly describes the overall coverage of the IBS series (together with information on availability of data):

<u>Sector in Borrowing Country</u>	<u>Foreign Lending Source</u>	<u>Data Availability</u>
Banking System	Deposit Banks ^{1/}	Monthly
Nonbanks	Deposit Banks	Quarterly
Deposit Banks	Nonbanks	Monthly
(Nonbanks)	(Nonbanks)	(not available)
<u>Sector in Lending Country</u>	<u>Foreign Destination</u>	<u>Data availability</u>
Banking System	Deposit Banks ^{1/}	Monthly
Deposit Banks	Nonbanks	Monthly
Nonbanks	Deposit Banks	Quarterly
(Nonbanks)	(Nonbanks)	(not available)

^{1/} Bank-to-bank positions include external positions of monetary authorities with nonresident deposit banks and external positions of deposit banks with nonresident monetary authorities, but exclude external positions between resident and nonresident monetary authorities.

2. Definition of the IBS data

The IBS data are presented in IFS in six world tables on the foreign assets and liabilities of the international banking system, which have been developed by the Fund's Bureau of Statistics and published since January 1984. They consist of:

(i) Two tables on cross-border interbank accounts, one by residence of borrowing bank, reporting the liabilities of banks in a given country to nonresident banks; and a second table by residence of lending bank, which reports the assets of banks in a given country with nonresident banks;

(ii) Two tables on international bank credit to nonbanks: one by residence of borrower, which reports the liabilities of resident nonbanks in a given country to nonresident banks in international banking centers derived from a geographic analysis of the external claims of those banks; and a second table, by residence of lending bank, which reports on the assets of resident banks in a given country with nonbanks in the rest of the world; and

(iii) Two tables on international bank deposits of nonbanks: one by residence of borrowing bank, reporting the deposit liabilities of resident banks in a given country with nonbanks in the rest of the world; and a second table by residence of depositor, reporting the assets of resident nonbanks in a given country with nonresident banks in international banking centers derived from a geographic analysis of the external liabilities of those banks.

These six new tables are supplemented by two tables on deposit banks' foreign assets and liabilities that have been a regular feature of the IFS publication for some years. ^{1/}

3. Sources of the IBS data

The IBS data are drawn in part from data on the banks' external positions included in the regular money and banking returns made by Fund members for publication in IFS and in part from confidential reports giving geographic analyses of the external accounts of deposit banks in a number of international banking centers. Information provided in the money and banking returns of Fund members ^{2/} is used to derive the series on cross-border interbank accounts (excluding those between monetary authorities), international bank credits by residence of lending bank, and international bank deposits by residence of borrowing bank. Information provided in the geographic analyses is used to derive

^{1/} The specific features of each of these eight series on international banking activity were described in the January 9, 1984 issue of the IMF Survey, particularly in the table on page 14.

^{2/} Information for non-Fund members is derived from data supplied by reporting international financial centers.

international bank credits by residence of borrower and international bank deposits by residence of lender.

Detailed reports on the geographic distribution of the foreign assets and liabilities of deposit banks are made to the Fund by the authorities of 18 international banking centers. These reports, although individually highly confidential, are aggregated across reporting centers to produce two of the six IFS tables. However, the world totals shown in each of the two tables "international bank credit to nonbanks by residence of borrower" and "international bank deposits of nonbanks by residence of lender" are the "all country" totals in the tables "international bank credit to nonbanks by residence of lending bank" and "international bank deposits of nonbanks by residence of borrowing bank," respectively. 1/ International banking centers whose reports are currently included consist of those of the BIS reporting area, i.e., Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands, Sweden, Switzerland, the United Kingdom, and the United States 2/--plus Bahrain, Hong Kong, 3/ and Singapore. 3/

4. Measures of countries' gross and net indebtedness to nonresident banks

In the analysis of international bank lending developments, four of the new IBS series are used: i.e., cross-border interbank accounts by residence of borrowing and lending banks, international bank credit to nonbanks by residence of borrower, and international bank deposits by residence of depositor. Cross-border interbank accounts by residence of borrowing bank and international bank credit to nonbanks by residence of borrower are combined to derive the total amount of liabilities or gross indebtedness of banks and nonbanks in a given country to banks in the rest of the world. Cross-border interbank accounts by residence of lending bank and international bank deposits by nonbanks by residence of depositor are combined to derive the total assets of banks and nonbanks in a given country with banks in the rest of the world. Netting out total liabilities against total assets gives the net indebtedness of banks and nonbanks in a given country to banks in the rest of the world.

1/ This procedure gave rise to relatively large unallocated items in 1982 and to a lesser extent in 1983. These items are expected to be reduced over time as the reports of an increasing number of international banking centers will be made available to the Fund; the area residuals reflect the extent to which reporting banks identify positions by area but not by individual country as well as all reporting banks' positions with countries not specifically listed.

2/ The United States also provides reports for the branches of U.S. banks in the Bahamas, the Cayman Islands, and Panama.

3/ A geographic analysis of deposits by nonresident nonbanks in these two centers with banks in Hong Kong is not available.

5. Lending and deposit-taking flows

The IBS series also provide an extensive data base for a comprehensive analysis of international bank lending and deposit-taking flows by country of residence in terms of the total sources and uses of funds in the international banking system. Since these data are on a residency basis from the point of view of both the reporting and reported country, they are conceptually close to the balance of payments data on both monetary and nonmonetary capital movements.

Data on bank lending and deposit-taking flows are derived from the stock data detailed above. Separate estimates are generated for cross-border lending flows to banks, deposit-taking from banks, lending flows to nonbanks, and deposit-taking from nonbanks. Lending flows to banks are measured by changes in stock figures on the cross-border interbank accounts by residence of borrowing bank, and those to nonbanks by changes in the stock figures on international bank credits to nonbanks by residence of borrower. Deposit-taking flows from banks are measured by the changes in stock figures on the cross-border interbank accounts by residence of lending bank and those from nonbanks by the changes in stock figures on international bank deposits by nonbanks by residence of depositor.

These flows, derived from stock data, have been adjusted to exclude when possible changes attributed to exchange rate movements. Fluctuation in dollar/nondollar exchange rates affect the dollar equivalent value of outstanding external assets and liabilities and, without excluding changes attributed to exchange rate movements, calculations based on changes in stock data are likely to provide a distorted picture of international banking flows. Procedures have been developed to eliminate changes that stem from fluctuations in exchange rates, so that estimates of lending and deposit-taking reflect, to the extent possible, underlying transactions. ^{1/}

Estimates of changes due to exchange rate movements can be compiled only to the extent that the currency composition of the stock figures is

^{1/} Even so, however, factors other than changes in exchange rate movements may still distort somewhat the underlying changes in international banking activity; these other factors are primarily technical factors that are inherently difficult to quantify. In 1983, for instance, three factors, in particular, might also have led to some understatement of the actual lending flows. First, decisions by banks to write down cross-border claims could have had the effect of lowering the level of claims, as reported in IFS. Second, and probably of greater importance, the transfer of claims from banks to official creditors, such as export credit guarantee agencies, might also have contributed to reducing the measured flow of international bank credit. Third, it is not known to what extent creditor banks in practice report arrears on interest payments as increases in their exposure; to the extent that interest arrears are not included, bank lending flows defined in accordance with the Fund's Balance of Payments Manual would be understated.

known. Such estimates in the present report are based on data on the currency composition of the external accounts of deposit banks in the BIS reporting countries, which have been made available to the Fund by the BIS. These data have been cross-classified to provide a limited geographic analysis and a distinction between reporters' accounts with banks and nonbank customers in selected countries or regions; this procedure essentially involves a recasting of the BIS currency details to fit the Fund's statistical framework. The basic framework that has been already used for eliminating exchange rate effects from changes in international reserves was applied. Specifically, valuation effects have been eliminated by (1) converting the stock data back to original currencies; (2) estimating flows by taking changes in terms of original currencies; (3) converting the estimated flows in each currency into U.S. dollars, at period average exchange rates; (4) summing the estimated flows across currencies; and (5) estimating exchange rate effects as the difference between unadjusted changes in stocks and estimated adjusted flows expressed in U.S. dollars. Annual changes are obtained by summing the quarterly changes, excluding changes attributed to exchange rate movements.

6. Other definitional aspects

The external bank claims on and liabilities to non-oil developing countries in these papers exclude positions with seven offshore banking centers, i.e., Bahamas, Bahrain, the Cayman Islands, Hong Kong, the Netherlands Antilles, Panama, and Singapore. There are substantial analytic advantages in separating out the major offshore banking centers from other developing countries.

Industrial countries as a WEO analytical group consist of the 15 BIS reporting countries and other industrial countries as defined in the WEO and IFS. Centrally planned economies exclude Fund members. Oil exporting countries correspond to the WEO analytical group and exclude Bahrain, which is treated as an offshore banking center.

Table I. External Lending and Deposit-Taking 1/ of Banks in the BIS Reporting Area, 2/ 1981-83

(In billions of U.S. dollars)

	1981	1982	1983	1982				1983			
				1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
Lending to <u>3/</u>	165	95	85	20	30	25	20	10	15	20	40
Industrial countries	99	55	51	15	10	19	11	6	8	14	23
Of which: BIS reporting area	(143)	(96)	(56)	(28)	(3)	(37)	(28)	(8)	(-3)	(21)	(30)
Oil exporting developing countries	2	8	9	1	3	3	1	--	1	1	7
Non-oil developing countries	51	25	17	5	14	--	6	3	5	1	8
Centrally planned economies <u>4/</u>	5	-4	-1	-2	-1	-1	--	-1	--	-1	1
International organizations and unallocated	8	11	9	1	4	4	2	2	1	5	1
Deposit-taking from <u>3/</u>	165	95	85	20	30	25	20	10	15	20	40
Industrial countries	141	100	77	22	30	26	22	22	17	11	27
Of which: BIS reporting area	(155)	(97)	(74)	(36)	(11)	(30)	(20)	(7)	(11)	(17)	(39)
Oil exporting developing countries	5	-19	-11	-1	-6	-3	-9	-8	-7	3	1
Non-oil developing countries	9	5	13	-3	4	-1	4	--	3	4	6
Centrally planned economies <u>4/</u>	--	2	1	-3	1	1	3	-1	--	--	2
International organizations and unallocated	10	7	5	4	1	2	--	-3	2	2	4
Change in net claims <u>5/</u>	--	--	--	--	--	--	--	--	--	--	--
On industrial countries	-42	-45	-26	-7	-20	-7	-11	-16	-9	3	-4
Of which: BIS reporting area	(-12)	(-1)	(-18)	(-8)	(-8)	(7)	(8)	(1)	(-14)	(4)	(-9)
On oil exporting developing countries	-3	27	16	2	9	6	10	8	8	-2	2
On non-oil developing countries	42	20	4	7	10	1	2	3	2	-3	2
On centrally planned economies <u>4/</u>	5	-6	-4	1	-2	-2	-3	--	--	-3	-1
International organizations and unallocated	-2	4	6	-3	3	2	2	5	-1	5	-3

Sources: Bank for International Settlements (BIS); and Fund staff estimates.

1/ The data on lending and deposit-taking are derived from stock data on banks' claims and liabilities (net of re-depositing among banks in the BIS reporting area) including an adjustment for valuation changes due to exchange rate movements. Data on adjusted flows are provided by the BIS, but the distribution of those adjusted flows among the major groups of countries according to Fund classifications is a staff estimate.

2/ The BIS reporting area includes all banks in the Group of Ten countries, Austria, Denmark, Ireland, and Switzerland, and the branches of U.S. banks in the Bahamas, the Cayman Islands, Hong Kong, Panama, and Singapore.

3/ The classification by major groups of borrowers (depositors) was derived from BIS data in the following manner. For industrial countries, gross claims (liabilities) were reduced by re-depositing among banks in the reporting area but increased by claims on (liabilities to) offshore centers. The latter thus were assumed, in the absence of the availability of a country classification of the on-lending from (deposit-taking by) offshore centers, to represent lending to (deposit-taking from) industrial countries. For the other groups of borrowers and depositors, net claims (liabilities) were taken to be equivalent to gross claims (liabilities).

4/ Excluding Fund member countries (i.e., in accordance with WEO country classification).

5/ Lending minus sources of funds.

Table II. Bank Lending to Non-Oil Developing Countries, 1976-83 ^{1/}

(In billions of U.S. dollars; and in percent)

	1976	1977	1978	1979	1980	1981	1982	1983
Bank lending to non-oil developing countries	21	15	25	40	49	50	25	17
Net oil exporters ^{2/}	6	2	5	10	14	19	7	7
Major exporters of manufactures ^{3/}	11	6	13	—	—	24	16	8
Low-income countries	—	—	2	3	1	1	—	1
Other net oil importers	2	4	9	9	9	7	3	2
Unallocated	2	3	-4	—	1	—	-1	-1
Bank lending as a per cent of aggregate current account deficit	64	52	61	66	55	46	30	30
Net oil exporters	75	33	56	111	108	79	49	101
Major exporters of manufactures	92	75	130	82	70	63	46	47
Low-income countries	—	—	20	30	7	6	—	10
Other net oil importers	22	33	47	47	32	21	-13	-8
Share in bank lending to non-oil developing countries (in per cent) of:								
Net oil exporters ^{2/}	29.2	11.7	19.2	24.8	27.8	37.5	28.0	41.2
Major exporters of manufactures ^{3/}	50.0	40.0	53.1	45.8	47.9	48.2	64.0	47.1
Low-income countries	-1.7	1.7	6.5	6.8	2.9	1.3	—	5.9
Other net oil importers	18.9	24.1	35.9	22.5	19.3	13.3	12.0	11.8
Unallocated	3.3	22.8	-14.7	-0.5	2.1	-0.3	-4.0	-5.8
Percentage increase in bank claims on non-oil developing countries	28.7	14.9	19.3	26.6	26.2	22.2	8.8	4.1
Net oil exporters ^{2/}	34.3	6.9	15.3	28.0	30.5	33.7	10.0	3.7
Major exporters of manufactures ^{3/}	31.6	12.9	22.5	25.9	26.9	22.8	12.6	6.9
Low-income countries	-12.8	9.8	38.1	44.3	16.3	6.9	-2.9	8.9
Other net oil importers	33.9	21.7	40.6	29.8	24.5	14.5	2.3	2.1
Memorandum items:								
Increase in total net international claims of banks in the BIS reporting area (in per cent)	26.9	20.2	20.0	23.4	24.1	20.4	10.1	8.3
Share of non-oil developing countries in total net bank lending (in per cent)	30.0	21.3	27.7	32.0	30.6	30.3	26.3	20.0

Sources: Bank for International Settlements; and Fund staff estimates.

^{1/} Data on bank lending and deposit-taking are net of redepositing among banks within the BIS reporting area and, for the years after 1976, adjusted for the valuation effects of exchange rate movements on end of period stocks.

^{2/} Bolivia, Congo, Ecuador, Egypt, Gabon, Malaysia, Mexico, Peru, Syria, Trinidad and Tobago, and Tunisia. Excludes the offshore banking center Bahrain included in this category in the World Economic Outlook.

^{3/} Argentina, Brazil, Greece, Israel, Korea, Portugal, South Africa, and Yugoslavia. Excludes the offshore banking centers Hong Kong and Singapore, included in this category in the World Economic Outlook.

Table III. External Claims of Banks in the BIS Reporting Area
by Country of Borrower, 1978-83 ^{1/}

(In billions of U.S. dollars)

	Dec. 1978	Dec. 1979	Dec. 1980	Dec. 1981	Dec. 1982	Dec. 1983
Reporting area ^{2/}	232.3	299.8	381.3	454.7	494.8	538.2
Reporting area (gross)	466.9	588.3	704.5	821.1	895.2	923.3
Offshore centers	123.5	157.5	188.7	238.1	268.4	283.8
Less: Interbank deposits	-358.1	-446.0	-511.9	-604.5	-669.0	-668.9
Other industrial countries	40.0	45.9	53.0	59.0	67.1	68.3
Australia	4.4	4.8	6.0	8.0	11.8	14.4
Finland	5.1	5.7	6.7	7.1	8.7	8.8
Norway	8.5	9.3	10.5	10.4	10.9	9.7
Spain	12.7	15.5	18.2	21.9	23.1	22.2
Other	9.3	10.6	11.6	11.6	12.6	13.2
Centrally planned economies ^{3/}	40.9	47.0	49.3	50.3	44.3	40.2
Czechoslovakia	2.0	2.8	3.5	3.2	2.7	2.5
German Democratic Republic ^{4/}	6.2	7.7	9.5	10.1	8.5	7.8
Poland	11.7	15.0	15.1	14.7	13.4	10.4
U.S.S.R.	12.8	12.9	13.4	15.9	14.2	14.9
Other	8.2	8.6	7.8	6.4	5.5	4.6
Oil exporting countries	53.0	60.0	65.3	66.7	73.3	81.2
Algeria	5.7	7.1	7.4	6.9	6.5	6.0
Indonesia	4.5	4.2	4.3	4.6	6.2	7.4
Nigeria	1.8	2.5	3.4	4.7	7.0	8.1
Venezuela	12.8	18.6	21.3	22.3	22.7	22.0
Middle East	22.1	22.5	23.6	23.4	24.7	29.6
High absorbers	(15.3)	(14.2)	(14.8)	(14.1)	(15.3)	(17.3)
Low absorbers	(6.8)	(8.3)	(8.8)	(9.3)	(9.4)	(12.3)
Other	6.1	5.1	5.3	4.8	6.2	8.1
Non-oil developing countries	155.0	195.4	241.3	285.6	306.1	318.6
Western Hemisphere	80.8	103.9	131.5	161.6	173.1	180.4
Argentina	(6.7)	(13.1)	(18.9)	(22.9)	(22.2)	(23.4)
Brazil	(31.7)	(36.9)	(43.3)	(49.6)	(56.1)	(57.5)
Chile	(2.7)	(4.5)	(6.7)	(9.6)	(10.4)	(11.0)
Colombia	(2.1)	(3.5)	(4.3)	(4.9)	(5.5)	(5.9)
Ecuador	(2.4)	(3.0)	(3.6)	(4.2)	(4.1)	(4.2)
Mexico	(23.2)	(30.7)	(41.0)	(55.5)	(59.0)	(62.9)
Peru	(3.4)	(3.6)	(3.9)	(4.3)	(5.2)	(4.5)
Other	(8.6)	(8.6)	(9.8)	(10.6)	(10.4)	(11.0)
Middle East	6.5	8.1	9.8	11.5	12.9	(12.7)
Egypt	(1.6)	(2.0)	(3.1)	(3.9)	(4.3)	(4.9)
Israel	(3.8)	(4.6)	(4.7)	(5.7)	(6.4)	(5.9)
Other	(1.1)	(1.5)	(2.0)	(1.9)	(2.2)	(1.9)

Table III (Concluded). External Claims of Banks in the BIS Reporting Area
by Country of Borrower, 1978-83 ^{1/}

(In billions of U.S. dollars)

	Dec. 1978	Dec. 1979	Dec. 1980	Dec. 1981	Dec. 1982	Dec. 1983
Asia	22.5	30.4	37.9	42.5	46.3	49.5
China	(0.9)	(2.1)	(2.2)	(1.8)	(1.2)	(1.6)
India	(0.7)	(0.9)	(0.9)	(1.1)	(1.6)	(2.0)
Korea	(6.9)	(10.3)	(14.0)	(16.9)	(18.8)	(19.3)
Malaysia	(1.5)	(1.9)	(2.3)	(3.3)	(4.6)	(6.0)
Philippines	(4.0)	(5.4)	(7.0)	(7.2)	(8.3)	(8.1)
Thailand	(2.7)	(3.0)	(3.2)	(3.3)	(3.0)	(3.9)
Other	(5.8)	(6.8)	(8.3)	(8.9)	(8.8)	(8.6)
Africa	19.6	21.5	23.5	27.5	31.6	33.0
Ivory Coast	(1.4)	(2.1)	(2.7)	(2.8)	(2.9)	(2.7)
Morocco	(2.2)	(2.8)	(3.0)	(3.3)	(3.6)	(3.6)
South Africa	(7.2)	(6.4)	(6.8)	(9.9)	(13.1)	(15.1)
Other	(8.8)	(10.2)	(11.0)	(11.5)	(12.0)	(11.6)
Europe	25.6	31.5	38.6	42.5	42.2	43.0
Greece	(4.9)	(5.4)	(7.3)	(9.0)	(9.4)	(10.0)
Hungary	(6.4)	(7.4)	(7.4)	(7.5)	(6.4)	(6.5)
Portugal	(3.0)	(3.9)	(5.2)	(7.4)	(9.6)	(10.0)
Romania	(2.5)	(4.0)	(5.3)	(4.8)	(4.0)	(3.5)
Turkey	(3.0)	(2.9)	(3.3)	(3.1)	(2.9)	(3.2)
Yugoslavia	(5.6)	(7.5)	(9.6)	(9.9)	(9.3)	(9.2)
Other	(0.2)	(0.4)	(0.5)	(0.8)	(0.6)	(0.6)
Unallocated and international organizations	<u>13.8</u>	<u>16.9</u>	<u>19.8</u>	<u>28.7</u>	<u>34.4</u>	<u>38.5</u>
Total	535.0	665.0	810.0	945.0	1,020.0	1,085.0
Memorandum items:						
Total gross claims, BIS	893.1	1,111.0	1,323.9	1,549.7	1,689.0	1,753.9
Gross claims of nonreporting banks in certain offshore centers ^{5/}	107.0	135.0	175.0	239.0	254.0	270.0
Total gross claims, ^{6/} IFS	1,136.4	1,475.8	1,783.9	2,108.9	2,226.8	2,302.7

Source: Bank for International Settlements.

^{1/} The BIS reporting area comprises the Group of Ten countries; Austria, Denmark, Ireland, and Switzerland; and the offshore branches of U.S. banks in the Bahamas, Cayman Islands, Hong Kong, Panama, and Singapore.

^{2/} Net of double counting due to redepositing among reporting banks.

^{3/} Excluding Fund member countries (i.e., in accordance with WEO country classification).

^{4/} Excludes bank credits from West Germany.

^{5/} Claims of non-U.S. banks in the Bahamas, Cayman Islands, Hong Kong, Lebanon, Panama, and Singapore and claims of all banks in Bahrain and Netherlands Antilles.

^{6/} Deposit banks' foreign assets as reported in International Financial Statistics (IMF).

Table IV. External Liabilities of Banks in the BIS Reporting Area
by Country of Depositor, 1978-83 ^{1/}

(In billions of U.S. dollars)

	Dec. 1978	Dec. 1979	Dec. 1980	Dec. 1981	Dec. 1982	Dec. 1983
Reporting area ^{2/}	309.1	372.2	465.4	585.3	673.7	737.9
Reporting area (gross)	533.5	686.4	824.0	951.1	1,025.5	1,072.5
Offshore centers	96.9	140.2	165.9	220.0	250.6	282.5
Less: Interbank deposits	-321.3	-454.4	-524.5	-585.8	-602.4	-617.1
Other industrial countries	25.8	33.0	34.1	36.3	34.3	33.4
Australia	1.1	1.3	1.3	1.1	1.3	1.2
Finland	1.6	2.1	2.7	2.9	3.4	3.8
Norway	3.0	4.0	5.0	6.1	6.2	4.5
Spain	13.1	17.5	17.6	17.5	15.1	14.9
Other	7.0	8.1	7.5	8.7	8.3	9.0
Centrally planned economies ^{3/}	10.1	14.4	14.3	14.3	15.7	17.2
Czechoslovakia	0.6	1.0	0.3	1.0	0.7	0.9
German Democratic Republic ^{4/}	1.2	1.9	2.0	2.2	1.9	3.2
Poland	0.8	1.1	0.6	0.8	1.0	1.1
U.S.S.R.	5.9	8.6	8.6	8.5	10.0	9.7
Other	1.6	1.8	1.8	1.8	2.1	2.3
Oil exporting countries	80.3	117.6	156.3	153.7	131.6	117.0
Algeria	2.7	3.4	4.6	4.2	2.4	1.8
Indonesia	2.7	4.3	6.7	6.1	5.2	5.5
Nigeria	0.7	2.2	5.6	1.7	1.5	1.4
Venezuela	9.5	13.4	15.8	18.5	12.9	12.9
Middle East	57.1	81.3	108.9	111.5	99.1	85.6
High absorbers	(23.1)	(36.7)	(52.0)	(38.6)	(29.3)	(26.1)
Low absorbers	(34.0)	(44.6)	(56.9)	(72.9)	(69.8)	(59.5)
Other	7.6	13.0	14.7	11.7	10.5	9.8
Non-oil developing countries	91.6	105.4	112.5	117.9	120.9	130.9
Western Hemisphere	34.6	39.6	38.1	41.8	39.3	44.8
Argentina	(4.7)	(7.8)	(6.6)	(6.6)	(5.7)	(5.9)
Brazil	(10.7)	(8.1)	(4.7)	(4.8)	(4.3)	(5.3)
Chile	(1.4)	(2.2)	(3.4)	(3.6)	(2.5)	(3.1)
Colombia	(2.0)	(3.1)	(3.0)	(3.6)	(3.7)	(2.6)
Ecuador	(0.7)	(0.7)	(0.9)	(0.8)	(0.7)	(1.3)
Mexico	(6.4)	(8.2)	(9.4)	(12.1)	(10.9)	(15.0)
Peru	(0.8)	(1.4)	(2.1)	(1.5)	(1.9)	(2.0)
Other	(7.9)	(8.1)	(8.0)	(8.8)	(9.6)	(9.6)

Table IV. (Concluded). External Liabilities of Banks in the
BIS Reporting Area by Country of Depositor, 1978-83 ^{1/}

(In billions of U.S. dollars)

	Dec. 1978	Dec. 1979	Dec. 1980	Dec. 1981	Dec. 1982	Dec. 1983
Middle East	13.8	15.4	18.4	19.3	20.9	19.9
Egypt	(3.4)	(3.8)	(5.1)	(5.0)	(6.2)	(6.6)
Israel	(6.0)	(6.9)	(8.2)	(9.0)	(9.2)	(8.7)
Other	(4.4)	(4.7)	(5.1)	(5.3)	(5.5)	(4.6)
Asia	22.3	26.2	28.1	30.8	35.7	39.8
China	(2.4)	(2.7)	(2.5)	(5.0)	(7.9)	(9.2)
India	(3.1)	(3.7)	(3.5)	(2.7)	(2.6)	(3.7)
Korea	(2.5)	(3.1)	(3.3)	(3.2)	(3.7)	(3.2)
Malaysia	(2.1)	(3.2)	(3.6)	(3.1)	(3.7)	(3.6)
Philippines	(2.2)	(2.7)	(3.5)	(3.0)	(2.9)	(2.7)
Thailand	(1.1)	(1.4)	(1.1)	(1.5)	(1.7)	(1.6)
Other	(8.9)	(9.4)	(10.6)	(12.3)	(13.2)	(15.8)
Africa	8.5	11.0	12.0	11.6	10.7	10.8
Ivory Coast	(0.6)	(0.8)	(0.7)	(0.7)	(0.6)	(0.6)
Morocco	(0.9)	(1.0)	(0.7)	(0.6)	(0.6)	(0.6)
South Africa	(1.0)	(1.4)	(2.0)	(1.5)	(1.7)	(1.7)
Other	(6.0)	(7.8)	(8.6)	(8.8)	(7.8)	(7.9)
Europe	12.4	13.3	15.9	14.4	14.3	15.6
Greece	(4.6)	(4.7)	(5.9)	(5.3)	(5.4)	(5.5)
Hungary	(0.9)	(1.2)	(1.4)	(0.9)	(0.7)	(1.3)
Portugal	(1.7)	(2.4)	(2.5)	(1.8)	(2.1)	(2.0)
Romania	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.5)
Turkey	(0.8)	(0.9)	(1.2)	(1.5)	(1.6)	(1.7)
Yugoslavia	(2.8)	(2.0)	(2.7)	(2.6)	(2.0)	(2.0)
Other	(1.4)	(1.8)	(2.1)	(2.0)	(2.2)	(2.6)
Unallocated and international organizations	<u>18.1</u>	<u>22.4</u>	<u>27.4</u>	<u>37.5</u>	<u>43.8</u>	<u>48.6</u>
Total	535.0	665.0	810.0	945.0	1,020.0	1,085.0

Source: Bank for International Settlements.

^{1/} The BIS reporting area comprises the Group of Ten countries; Austria, Denmark, Ireland, and Switzerland; and the offshore branches of U.S. banks in the Bahamas, Cayman Islands, Hong Kong, Panama, and Singapore.

^{2/} Net of double counting owing to redepositing among reporting banks.

^{3/} Excluding Fund member countries except Hungary, which became a member in mid-1982.

^{4/} Excludes bank credits from West Germany.

Table V. Net External Position of Banks in the BIS Reporting Area
by Country of Borrower or Depositor, 1978-83 1/

(In billions of U.S. dollars)

	Dec. 1978	Dec. 1979	Dec. 1980	Dec. 1981	Dec. 1982	Dec. 1983
Reporting area <u>2/</u>	-78.8	-72.4	-84.1	-130.6	-178.9	-199.7
Reporting area (gross)	-66.6	-98.1	-119.5	-130.0	-130.3	-149.2
Offshore centers	26.6	17.3	22.8	18.1	18.0	1.3
Less: Interbank deposits	36.8	-8.4	-12.6	18.7	66.6	51.8
Other industrial countries	14.2	12.9	18.9	22.7	32.8	34.9
Australia	3.3	3.5	4.7	6.9	10.5	13.2
Finland	3.5	3.6	4.0	4.2	5.3	5.0
Norway	5.5	5.3	5.5	4.3	4.7	5.2
Spain	-0.4	-2.0	0.6	4.4	8.0	7.3
Other	2.3	2.5	4.1	2.9	4.3	4.2
Centrally planned economies <u>3/</u>	30.8	32.6	35.0	36.0	28.6	23.0
Czechoslovakia	1.4	1.8	2.2	2.2	2.0	1.6
German Democratic Republic <u>4/</u>	5.0	5.8	7.5	7.9	6.6	4.6
Poland	10.9	13.9	14.5	13.9	12.4	9.3
U.S.S.R.	6.9	4.3	4.8	7.4	4.2	5.2
Other	6.6	6.8	6.0	4.6	3.4	2.3
Oil exporting countries	-27.3	-57.6	-91.0	-87.0	-58.3	-35.8
Algeria	3.0	3.7	2.8	2.7	4.1	4.2
Indonesia	1.8	-0.1	-2.4	-1.5	1.0	1.9
Nigeria	1.1	0.3	-2.2	3.0	5.5	6.7
Venezuela	3.3	5.2	5.5	3.8	9.8	9.1
Middle East	-35.0	-58.8	-85.3	-88.1	-74.4	-56.0
High absorbers	(-7.8)	(-22.5)	(-37.2)	(-24.5)	(-14.0)	(-8.8)
Low absorbers	(-27.2)	(-36.3)	(-48.1)	(-63.6)	(-60.4)	(-47.2)
Other	(-1.5)	-7.9	-9.4	-6.9	-4.3	-1.7
Non-oil developing countries	63.4	90.0	128.8	167.7	185.2	187.7
Western Hemisphere	46.2	64.3	93.4	119.8	133.8	135.6
Argentina	(2.0)	(5.3)	(12.3)	(16.3)	(16.5)	(17.5)
Brazil	(21.0)	(28.8)	(38.6)	(44.8)	(51.8)	(52.2)
Chile	(1.3)	(2.3)	(3.3)	(6.0)	(7.9)	(7.9)
Colombia	(0.1)	(0.4)	(1.3)	(1.3)	(1.8)	(3.3)
Ecuador	(1.7)	(2.3)	(2.7)	(3.4)	(3.4)	(2.9)
Mexico	(16.8)	(22.5)	(31.6)	(43.4)	(48.1)	(47.9)
Peru	(2.6)	(2.2)	(1.8)	(2.8)	(3.3)	(2.5)
Other	(0.7)	(0.5)	(1.8)	(1.8)	(1.0)	(1.4)

Table V (Concluded). Net External Position of Banks in the BIS Reporting Area by Country of Borrower or Depositor, 1978-83 ^{1/}

(In billions of U.S. dollars)

	Dec. 1978	Dec. 1979	Dec. 1980	Dec. 1981	Dec. 1982	Dec. 1983
Middle East	-7.3	-7.3	-8.6	-7.8	-8.0	-7.2
Egypt	(-1.8)	(-1.8)	(-2.0)	(-1.1)	(-1.9)	(-1.7)
Israel	(-2.2)	(-2.3)	(-3.5)	(-3.3)	(-2.8)	(-2.8)
Other	(-3.3)	(-3.2)	(-3.1)	(-3.4)	(-3.3)	(-2.7)
Asia	0.2	4.2	9.8	11.7	10.6	9.7
China	(-1.5)	(-0.6)	(-0.3)	(-3.2)	(-6.7)	(-7.6)
India	(-2.4)	(-2.8)	(-2.6)	(-1.6)	(-1.0)	(-1.7)
Korea	(4.4)	(7.2)	(10.7)	(13.7)	(15.1)	(16.1)
Malaysia	(-0.6)	(-1.3)	(-1.3)	(0.2)	(0.9)	(2.4)
Philippines	(1.8)	(2.7)	(3.5)	(4.2)	(5.4)	(5.4)
Thailand	(1.6)	(1.6)	(2.1)	(1.8)	(1.3)	(2.3)
Other	(-3.1)	(-2.6)	(-2.3)	(-3.4)	(-4.4)	(-7.2)
Africa	11.1	10.5	11.5	15.9	20.9	22.2
Ivory Coast	(0.8)	(1.3)	(2.0)	(2.1)	(2.3)	(2.1)
Morocco	(1.3)	(1.8)	(2.3)	(2.7)	(3.0)	(3.0)
South Africa	(6.2)	(5.0)	(4.8)	(8.4)	(11.4)	(13.4)
Other	(2.8)	(2.4)	(2.4)	(2.7)	(4.2)	(3.7)
Europe	13.7	18.1	22.7	28.1	27.9	27.4
Greece	(0.3)	(0.7)	(1.4)	(3.7)	(4.0)	(4.5)
Hungary	(5.5)	(6.2)	(6.0)	(6.6)	(5.7)	(5.2)
Portugal	(1.3)	(1.5)	(2.7)	(5.6)	(7.5)	(8.0)
Romania	(2.3)	(3.7)	(5.0)	(4.5)	(3.7)	(3.0)
Turkey	(2.2)	(2.0)	(2.1)	(1.6)	(1.3)	(1.5)
Yugoslavia	(2.8)	(5.5)	(7.1)	(7.3)	(7.3)	(7.2)
Other	(-1.2)	(-1.4)	(-1.6)	(-1.2)	(-1.6)	(-2.0)
Unallocated and international organizations	-4.3	-5.5	-7.6	-8.8	-9.4	-10.1

Source: Bank for International Settlements.

^{1/} The BIS reporting area comprises the Group of Ten countries; Austria, Denmark, Ireland, and Switzerland; and the offshore branches of U.S. banks in the Bahamas, Cayman Islands, Hong Kong, Panama, and Singapore.

^{2/} Net of double counting owing to redepositing among reporting banks.

^{3/} Excluding Fund member countries (i.e., in accordance with WEO country classification).

^{4/} Excludes bank credits from West Germany.

Table VI. Developing Countries Ranked by
Debt to Banks, June 1983 1/

(In millions of U.S. dollars)

1. Mexico <u>2/</u>	65,483	40. Bolivia <u>2/</u>	894
2. Brazil <u>2/</u>	62,778	41. Congo	888
3. Venezuela <u>2/</u>	26,765	42. Dominican Republic <u>2/</u>	884
4. Argentina <u>2/</u>	25,451	43. Pakistan	854
5. Korea	22,731	44. Nicaragua <u>2/</u>	825
6. South Africa	14,864	45. Zaire	811
7. Philippines <u>2/</u>	13,339	46. Sri Lanka	734
8. Greece	11,159	47. Iraq	728
9. Chile <u>2/</u>	10,946	48. Kenya	725
10. Indonesia	10,884	49. Jordan	712
11. Portugal	10,266	50. Libya	688
12. Yugoslavia <u>2/</u>	9,552	51. Syrian Arab Republic	606
13. Nigeria <u>2/</u>	9,249	52. Gabon	587
14. Malaysia	7,927	53. Paraguay	580
15. Algeria	7,125	54. Jamaica <u>2/</u>	564
16. Israel	6,658	55. Oman	538
17. Colombia	6,632	56. Zambia <u>2/</u>	527
18. Hungary	6,424	57. Cyprus	526
19. Kuwait	5,579	58. Papua New Guinea	522
20. United Arab Emirates	5,505	59. Honduras <u>2/</u>	428
21. Saudi Arabia	5,423	60. Guatemala	409
22. Peru <u>2/</u>	5,305	61. Qatar	389
23. Egypt	5,241	62. Senegal <u>2/</u>	369
24. Thailand	4,874	63. Ghana	356
25. Ecuador <u>2/</u>	4,382	64. Viet Nam	320
26. Romania <u>2/</u>	4,070	65. Tanzania	310
27. Turkey <u>2/</u>	3,841	66. Madagascar <u>2/</u>	298
28. Morocco <u>2/</u>	3,794	67. Niger	298
29. Ivory Coast <u>2/</u>	3,176	68. El Salvador <u>3/</u>	272
30. India	2,418	69. Burma	214
31. Iran	2,137	70. Malawi <u>2/</u>	205
32. Uruguay <u>2/</u>	1,961	71. Togo <u>2/</u>	205
33. China	1,509	72. Benin	179
34. Costa Rica <u>2/</u>	1,228	73. Mauritius	159
35. Cameroon	1,045	74. Yemen Arab Republic	124
36. Sudan <u>2/</u>	1,042	75. Guinea	116
37. Tunisia	1,012	76. Bangladesh	113
38. Zimbabwe	957	77. Sierra Leone	113
39. Trinidad and Tobago	905	78. Guyana <u>2/</u>	108

Source: Bank for International Settlements, The Maturity Distribution of International Bank Lending.

1/ Besides the Fund member countries listed in this table, some 39 other developing countries are either classified as offshore banking centers or their outstanding debts to BIS reporting banks amount to less than US\$100 million.

2/ Currently in the process of formal multilateral debt restructuring with commercial banks or has completed such a process since January 1982. Liberia also completed such a renegotiation in 1982, however, it is not included in the above table because of its status as an offshore financial center.

3/ Currently in the process of a formal bilateral debt renegotiation.

Table VII. Share of Claims on Developing Countries and Centrally Planned Economies
in Banks' Net International Claims, 1973-83 ^{1/}

(In percent)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Claims on non-oil developing countries	26.4	27.9	29.4	29.8	29.3	28.9	29.3	29.6	30.3	30.0	29.4
Net oil exporters ^{2/}	(...)	(...)	(7.0)	(7.4)	(6.8)	(6.5)	(6.7)	(7.1)	(8.0)	(8.0)	(8.0)
Major exporters of manufactures ^{3/}	(...)	(...)	(12.9)	(13.3)	(12.8)	(13.0)	(13.2)	(13.6)	(13.9)	(14.2)	(13.9)
Low-income countries	(...)	(...)	(1.1)	(0.8)	(1.0)	(1.1)	(1.3)	(1.2)	(1.1)	(0.9)	(0.9)
Other net oil importers	(...)	(...)	(5.4)	(5.7)	(6.3)	(6.8)	(6.9)	(6.7)	(6.4)	(6.0)	(5.8)
Unallocated	(...)	(...)	(3.0)	(2.6)	(2.4)	(1.5)	(1.2)	(1.0)	(0.9)	(0.9)	(0.8)
Claims on oil exporting developing countries	1.7	2.8	5.4	7.0	8.5	9.9	9.0	8.1	7.1	7.2	7.5
Claims on centrally planned economies ^{4/}	5.3	5.2	7.5	8.0	7.9	7.6	7.1	6.1	5.4	4.3	3.7
Memorandum items:											
Share of claims on largest borrowers in total claims on non-oil developing countries											
Largest two (Brazil and Mexico)	...	...	37.8	40.6	36.1	36.9	35.7	35.8	37.8	37.6	37.8
Largest ten ^{5/}	...	...	68.4	69.5	70.0	67.3	67.0	68.8	71.7	70.6	71.0
Largest twenty ^{5/}	...	...	84.2	83.0	85.2	84.1	86.6	86.8	88.2	86.5	85.2
Share of net international claims in total net claims of banks	8.5	9.5	10.6	11.8	12.5	12.4	13.9	15.3	17.2	17.9	18.4

Sources: Bank for International Settlements; and Fund staff estimates.

^{1/} Net of redepositing among banks in the BIS reporting area.

^{2/} Bolivia, Congo, Ecuador, Egypt, Gabon, Malaysia, Mexico, Peru, Syria, Trinidad and Tobago, and Tunisia. Excludes the offshore banking center Bahrain included in this category in IMF, World Economic Outlook (Occasional Paper No. 9, April 1982).

^{3/} Argentina, Brazil, Greece, Israel, Korea, Portugal, South Africa, and Yugoslavia. Excludes the offshore banking centers Hong Kong and Singapore included in this category in IMF, World Economic Outlook (Occasional Paper No. 9, April 1982).

^{4/} Excluding Fund member countries (i.e., in accordance with WEO country classification).

^{5/} The composition of these two groups changed over time but the largest market borrowers were generally countries classified as major exporters of manufactures or net oil exporters in IMF, World Economic Outlook (Occasional Paper No. 4, June 1981).

Table VIII. Gross Foreign Claims, Liabilities, and Net Position of Banks in the BIS Reporting Area, 1980-83 ^{1/}

(In billions of U.S. dollars)

	Exchange Rate				Adjusted Changes				Amounts Outstanding At End-1983
	1980	1981	1982	1983	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	
					1983				
Claims	241.6	264.7	175.7	108.5	17.6	5.9	28.4	56.6	1,753.9
Banks in the European reporting area	158.7	134.0	58.3	45.8	15.3	9.2	17.4	34.5	1,027.2
Banks in Canada	10.1	2.7	0.9	3.5	1.3	0.7	1.0	0.5	41.8
Banks in Japan	18.4	20.7	8.0	18.6	9.0	-3.2	12.4	0.4	109.1
Banks in the United States	40.7	75.4	107.1	32.9	20.0	-1.4	1.8	12.5	396.0
Of which: IBFs	(--)	(63.4)	(81.0)	(28.0)	(11.2)	(3.4)	(8.8)	(4.6)	(172.2)
Offshore branches of U.S. banks	13.7	31.9	1.4	7.7	2.6	0.6	-4.2	8.7	179.8
Liabilities	242.6	237.0	126.9	116.5	8.0	8.8	33.2	66.5	1,702.1
Banks in the European reporting area	179.0	126.0	57.5	48.0	-10.5	11.1	14.3	33.1	1,051.8
Banks in Canada	11.0	18.0	-3.5	3.9	1.2	2.0	0.8	-0.1	62.1
Banks in Japan	28.9	21.8	0.8	7.5	8.1	-6.9	9.9	-3.6	106.6
Banks in the United States	9.4	37.7	68.4	50.8	6.9	1.8	13.0	29.1	296.8
Of which: IBFs	(--)	(46.9)	(76.9)	(31.4)	(4.4)	(5.3)	(13.4)	(8.3)	(156.5)
Offshore branches of U.S. banks	14.3	33.5	3.7	10.0	2.3	0.8	-4.8	8.0	184.8
Net domestic funding	-1.0	27.7	48.8	-8.0	9.6	-2.9	-4.8	9.9	51.8
Banks in the European reporting area	-20.3	8.0	0.8	-2.2	-4.8	-1.9	3.1	1.4	-24.6
Banks in Canada	-0.9	-15.3	4.4	-0.4	0.1	-1.3	0.2	0.6	-20.3
Banks in Japan	-10.5	-1.1	7.2	11.1	0.9	3.7	2.5	4.0	2.5
Banks in the United States	31.3	37.7	38.7	-17.9	13.1	-3.2	-11.2	-16.6	99.2
Of which: IBFs	(--)	(16.5)	(4.1)	(-3.4)	(6.8)	(-1.9)	(-4.6)	(-3.7)	(15.7)
Offshore branches of U.S. banks	-0.6	-1.6	-2.3	-2.3	0.3	-0.2	0.6	0.7	-5.0

Source: Bank for International Settlements.

^{1/} Data on gross claims and liabilities include redepositing among banks in the BIS reporting area.

Table IX. Gross Foreign Claims of Banks in the BIS Reporting Area by Country or Region of Lending Bank, 1978-83 ^{1/}

(In billions of U.S. dollars)

	Dec. 1978	Dec. 1979	Dec. 1980	Dec. 1981	Dec. 1982	Dec. 1983
Banks in European reporting area	<u>611.4</u>	<u>776.0</u>	<u>902.9</u>	<u>998.2</u>	<u>1,023.8</u>	<u>1,027.2</u>
Foreign currency (Eurocurrency market)	502.0	639.7	751.2	846.6	866.8	879.6
Belgium	(31.8)	(39.7)	(52.4)	(58.8)	(57.8)	(58.4)
France	(80.8)	(100.4)	(118.8)	(120.4)	(124.3)	(120.0)
Germany	(20.8)	(21.7)	(21.5)	(23.3)	(21.1)	(19.7)
Italy	(22.2)	(28.3)	(29.7)	(35.6)	(33.2)	(34.5)
Luxembourg	(58.3)	(79.4)	(87.3)	(87.1)	(89.0)	(83.8)
Netherlands	(36.6)	(44.5)	(50.8)	(53.3)	(49.5)	(45.9)
Switzerland	(31.4)	(31.9)	(30.1)	(31.4)	(29.8)	(29.0)
United Kingdom	(202.8)	(270.0)	(333.6)	(408.3)	(431.5)	(456.3)
Other	(17.8)	(23.8)	(27.0)	(28.3)	(30.6)	(32.0)
Domestic currency	109.4	136.3	151.7	151.6	156.2	147.6
France	(18.2)	(23.2)	(24.4)	(23.0)	(23.8)	(21.1)
Germany	(40.3)	(47.6)	(51.8)	(49.9)	(48.6)	(43.4)
Switzerland	(19.8)	(27.2)	(29.5)	(31.7)	(31.7)	(31.2)
United Kingdom	(14.7)	(15.5)	(22.7)	(23.7)	(25.8)	(26.4)
Other	(16.8)	(22.8)	(23.3)	(23.3)	(26.3)	(25.5)
Banks in Canada	22.4	25.6	35.5	38.2	38.8	41.8
Banks in Japan	33.7	45.4	65.7	84.6	90.9	109.1
Banks in the United States	119.2	136.4	176.8	256.6	363.4	396.0
Branches of U.S. banks in certain offshore centers ^{2/}	106.5	127.6	141.0	172.0	172.9	179.8
Total gross external claims	<u>893.2</u>	<u>1,111.0</u>	<u>1,321.9</u>	<u>1,549.5</u>	<u>1,689.0</u>	<u>1,753.9</u>
Less double counting due to redepositing among reporting banks	-363.2	-446.0	-511.9	-604.3	-669.0	-668.9
Total claims net of repositing	<u>530.0</u>	<u>665.0</u>	<u>810.0</u>	<u>945.0</u>	<u>1,020.0</u>	<u>1,085.0</u>
Memorandum item:						
Gross external claims of branches of non-U.S. banks in certain offshore centers ^{2/} and external claims of all foreign bank branches in Bahrain and the Netherlands Antilles	107	135	175	239	254	270

Source: Bank for International Settlements.

^{1/} Includes repositing among reporting banks.^{2/} The Bahamas, the Cayman Islands, Hong Kong, Panama, and Singapore.

Table X. Net Foreign Position of Banks in the
BIS Reporting Area, 1978-83, 1/

(In billions of U.S. dollars)

	Dec. 1978	Dec. 1979	Dec. 1980	Dec. 1981	Dec. 1982	Dec. 1983
Total	<u>36.7</u>	<u>-8.4</u>	<u>-12.6</u>	<u>18.1</u>	<u>66.6</u>	<u>51.8</u>
Banks in the European reporting area <u>2/</u>	<u>18.6</u>	<u>-1.2</u>	<u>-25.5</u>	<u>-16.7</u>	<u>-15.6</u>	<u>-24.6</u>
Foreign currency position	<u>-8.8</u>	<u>-26.1</u>	<u>-49.3</u>	<u>-51.2</u>	<u>-57.7</u>	<u>-65.3</u>
Belgium	(-1.7)	(-3.9)	(-5.5)	(-6.7)	(-6.8)	(-9.4)
France	(2.0)	(0.8)	(-2.9)	(-11.8)	(-12.9)	(-12.8)
Germany	(1.9)	(-1.7)	(-2.0)	(-1.0)	(-1.9)	(-1.3)
Italy	(-5.6)	(-6.9)	(-13.9)	(-11.2)	(-7.8)	(-8.8)
Luxembourg	(3.8)	(3.8)	(3.8)	(4.7)	(6.1)	(5.5)
Netherlands	(1.0)	(-0.1)	(-1.6)	(-0.3)	(-1.8)	(-0.7)
Sweden	(-1.1)	(-3.0)	(-4.4)	(-5.7)	(-6.2)	(-6.5)
Switzerland	(4.5)	(1.1)	(-1.8)	(0.4)	(0.2)	(-0.8)
United Kingdom	(-10.6)	(-12.0)	(-13.1)	(-11.8)	(-19.6)	(-23.7)
Other	(-3.0)	(-4.2)	(-7.9)	(-7.8)	(-7.0)	(-6.8)
Domestic currency position	27.4	24.9	23.8	34.5	42.1	40.8
France	(12.5)	(16.6)	(15.8)	(16.4)	(18.5)	(15.2)
Germany	(0.1)	(-6.7)	(1.1)	(5.9)	(6.5)	(7.0)
Switzerland	(12.5)	(19.8)	(17.5)	(17.5)	(20.5)	(22.2)
United Kingdom	(2.8)	(-3.7)	(-5.0)	(-4.0)	(-5.0)	(-7.8)
Other	(-0.5)	(-1.1)	(-5.6)	(-1.3)	(1.6)	(4.2)
Banks in Canada	-2.7	-7.2	-8.1	-24.4	-19.9	-20.3
Banks in Japan	-5.3	-5.0	-14.5	-15.8	-9.1	2.5
Banks in the United States	27.1	6.2	37.5	78.8	117.2	99.2
Branches of U.S. banks in certain offshore centers <u>3/</u>	-1.0	-1.2	-2.0	-3.8	-6.0	-5.0

Source: Bank for International Settlements.

1/ A negative sign indicates a net foreign liability position.

2/ Austria, Belgium-Luxembourg, Denmark, France, Germany, Ireland, Italy, the Netherlands, Sweden, Switzerland, and United Kingdom.

3/ The Bahamas, the Cayman Islands, Hong Kong, Panama, and Singapore.

Table XI. Gross Foreign Claims, Liabilities, and Net Position
of Banks in the European Reporting Countries, 1983 1/

(In billions of U.S. dollars)

	Exchange Rate Adjusted Changes During 1983			Amounts Outstanding December 1983		
	Foreign currency	Domestic currency	Total	Foreign currency	Domestic currency	Total
Claims	34.0	11.5	45.5	879.6	147.6	1,027.2
Belgium	2.9	0.9	3.8	58.4	2.9	61.3
Luxembourg	1.1	0.3	1.4	83.6	1.6	85.2
France	-0.9	2.1	1.2	120.0	21.1	141.1
Germany	-0.9	0.7	-0.2	19.7	43.4	63.1
Italy	2.2	-0.2	2.0	34.5	0.8	35.3
Netherlands	-1.3	0.9	-0.4	45.9	12.2	58.1
Switzerland	0.1	2.3	2.4	29.0	31.2	60.2
United Kingdom	27.9	3.1	31.0	456.3	25.8	482.1
Other <u>2/</u>	2.9	1.4	4.3	32.2	8.6	40.8
Liabilities	41.5	6.2	47.7	944.9	106.8	1,051.7
Belgium	6.2	0.3	6.5	67.8	4.8	72.6
Luxembourg	0.1	0.2	0.3	78.3	0.8	79.1
France	--	1.9	1.9	132.8	5.9	138.7
Germany	-1.6	-0.4	-2.0	21.0	36.4	57.4
Italy	3.7	0.2	3.9	43.3	2.3	45.6
Netherlands	-2.6	-0.9	-3.5	46.6	8.9	55.5
Switzerland	1.1	-1.3	-0.2	29.8	9.0	38.8
United Kingdom	31.0	5.9	36.9	480.0	34.2	514.2
Other <u>2/</u>	3.6	0.3	3.9	45.3	4.5	49.8
Net position	-7.5	5.3	-2.2	-65.3	40.8	-24.5
Belgium	-3.3	0.6	-2.7	-9.4	-1.9	-11.3
Luxembourg	1.0	0.1	1.1	5.3	0.8	6.1
France	-0.9	0.2	-0.7	-12.8	15.2	2.4
Germany	0.7	1.1	1.8	-1.3	7.0	5.7
Italy	-1.5	-0.4	-1.9	-8.8	-1.5	-10.3
Netherlands	1.3	1.8	3.1	-0.7	3.3	2.6
Switzerland	-1.0	3.6	2.6	-0.8	22.2	21.4
United Kingdom	-3.1	-2.8	-5.9	-23.7	-8.4	-32.1
Other <u>2/</u>	-0.7	1.1	0.4	-13.1	4.1	-9.0

Source: Bank for International Settlements.

1/ Includes redepositing among reporting banks.

2/ Austria, Denmark, Ireland, and Sweden.

Table XII. Gross Foreign Claims of Banks Inside and Outside the
BIS Reporting Area, 1977-82 1/

(In billions of U.S. dollars; and in percent)

	1977	1978	1979	1980	1981	1982	1983
Gross foreign claims of banks in the BIS reporting area	690	893	1,111	1,322	1,549	1,687	1,754
Growth in percent <u>2/</u>	(19.9)	(31.1)	(24.4)	(19.0)	(17.2)	(8.9)	(4.0)
Eurocurrency market <u>3/</u>	385	502	640	751	847	867	880
Growth in percent	(22.6)	(30.4)	(27.5)	(17.3)	(12.8)	(2.4)	(1.5)
Other	305	391	471	571	702	820	874
Growth in percent <u>2/</u>	(16.5)	(32.1)	(20.5)	(21.2)	(23.0)	(16.8)	(6.6)
Gross claims of banks in certain offshore centers outside the BIS reporting area <u>4/</u>	77	107	135	175	236	254	270
Growth in percent	(...)	(39.0)	(26.2)	(28.1)	(34.9)	(7.6)	(6.3)
Gross foreign claims of deposit money banks, <u>IFS</u> series	888	1,137	1,476	1,784	2,109	2,227	2,303
Growth in percent	(26.0)	(28.0)	(29.9)	(20.9)	(18.2)	(5.6)	(3.4)
Memorandum items:							
Net foreign claims of banks in the BIS reporting area	430	535	665	810	945	1,020	1,085
Growth in percent <u>2/</u>	(22.7)	(25.6)	(24.3)	(21.8)	(16.7)	(7.9)	(6.4)
Redepositing among banks in the BIS reporting area	260	358	446	512	604	667	669
Growth in percent <u>2/</u>	(15.6)	(40.0)	(24.6)	(14.8)	(18.0)	(10.4)	(0.3)

Sources: Bank for International Settlements; and IMF, International Financial Statistics.

1/ Gross claims include, and net claims exclude, redepositing among banks within the BIS reporting area.

2/ Growth rates do not always correspond to stock figures because of breaks in the data series.

3/ Foreign currency claims of banks in Europe.

4/ Claims of non-U.S. banks in the Bahamas, the Cayman Islands, Hong Kong, Panama, and Singapore, and claims of all banks in Bahrain and the Netherlands Antilles.

Table XIII. Non-Oil Developing Countries: Current Account Positions and Private Market Financing, 1973-83

(In billions of U.S. dollars)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
All non-oil developing countries											
Current account position	-15	-38	-47	-33	-30	-42	-62	-88	-109	-82	-56
Borrowing through private markets	11	16	16	23	18	29	43	51	54	28	20
Banking	10	15	15	21	15	25	40	49	51	25	17
Bonds	1	1	1	2	3	4	3	2	3	3	3
Medium-term credit commitments	5	9	9	13	13	27	43	33	45	37	28
Net oil exporters											
Current account position	-3	-5	-10	-8	-6	-7	-7	-10	-24	-14	-7
Borrowing through private markets	...	...	...	8	3	6	11	15	21	9	8
Banking	...	...	...	6	2	5	10	14	19	7	7
Bonds	--	--	--	1	1	1	1	--	2	2	1
Medium-term credit commitments	...	2	3	3	4	9	12	9	14	11	8
Major exporters of manufactures											
Current account position	-4	-19	-19	-12	-9	-11	-23	-33	-37	-35	-17
Borrowing through private markets	...	...	...	12	7	15	20	24	25	18	9
Banking	...	...	...	11	6	13	18	23	24	16	8
Bonds	1	1	1	1	1	2	2	1	1	1	1
Medium-term credit commitments	...	4	3	6	5	11	16	15	20	18	14
Low-income countries											
Current account position	-4	-8	-8	-4	-5	-9	-10	-12	-13	-12	-10
Borrowing through private markets ^{1/}	...	...	...	--	--	2	3	1	1	--	1
Medium-term credit commitments	...	--	--	--	--	--	4	1	2	1	1
Other net oil importers											
Current account position	-4	-7	-11	-9	-10	-15	-22	-33	-35	-21	-22
Borrowing through private markets ^{1/}	...	...	...	2	4	9	9	9	7	3	2
Medium-term credit commitments	...	3	3	4	4	7	11	8	10	7	5
Memorandum item:											
Accumulation of reserves	10	3	-2	13	12	16	12	7	5	-4	6

Sources: Bank for International Settlements; Organization for Economic Cooperation and Development; World Economic Outlook, International Monetary Fund; and Fund staff estimates.

^{1/} Almost all borrowing was from banks.

Table XIV. Net Financing Flows to Centrally Planned Economies
From Banks in the BIS Reporting Area, 1976/83 ^{1/}

(In billions of U.S. dollars)

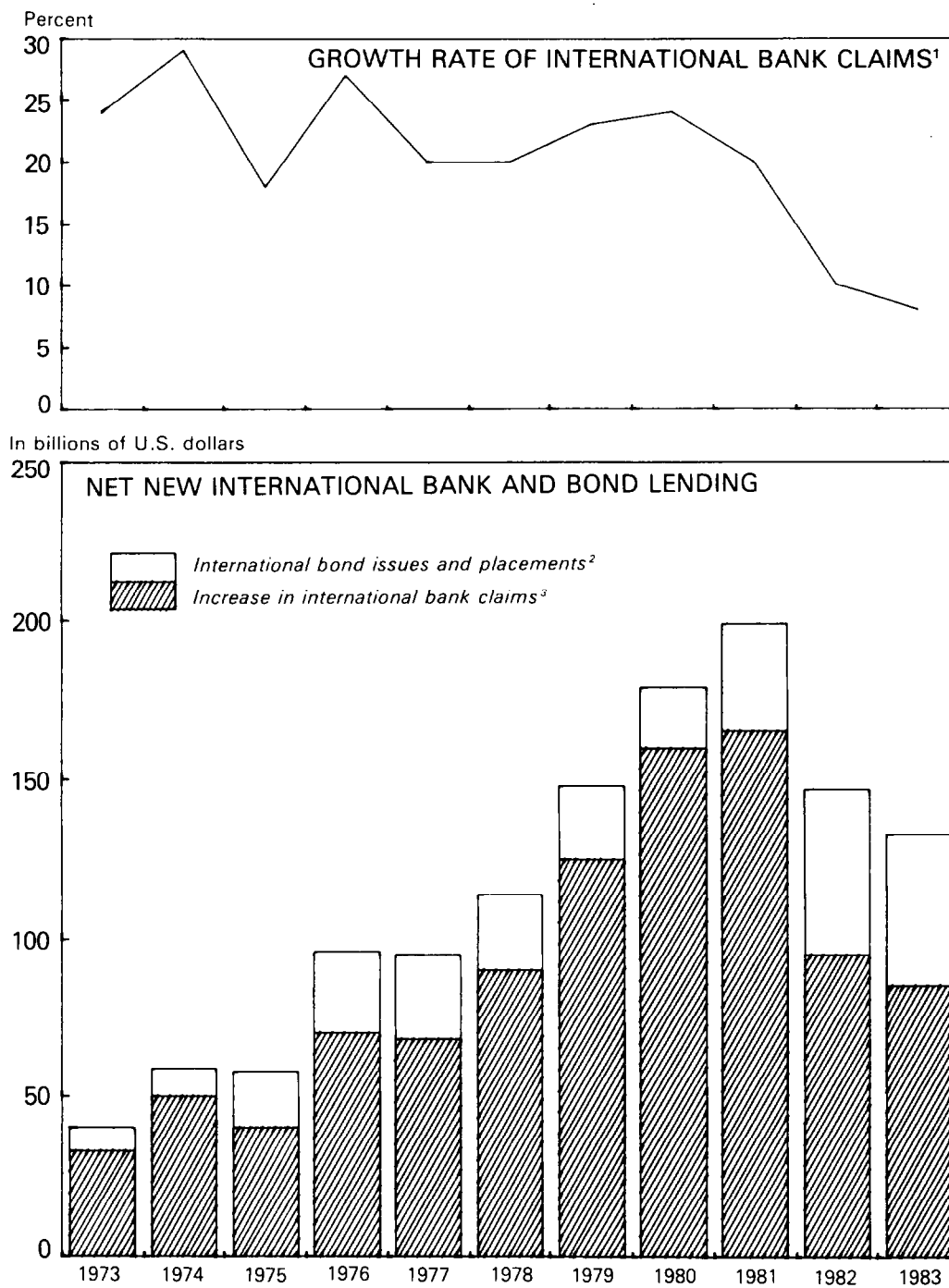
	Flows								Stock At
	1976	1977	1978	1979	1980	1981	1982	1983	End-1983
Eastern Europe	6.5	3.0	6.5	4.9	5.5	4.3	-3.5	-2.0	40.2
Albania	--	--	--	--	--	--	--	--	--
Bulgaria	0.4	0.3	0.6	-0.2	-0.2	-0.4	-0.1	-0.1	1.6
Czechoslovakia	0.6	0.4	0.5	0.7	0.9	-0.1	-0.3	-0.1	2.5
German Democratic Republic ^{2/}	1.0	0.5	1.3	1.3	2.3	1.3	-1.0	-0.4	7.8
Poland	1.5	1.2	2.6	3.0	0.9	0.5	-0.8	-0.6	10.4
U.S.S.R.	2.7	0.3	1.2	-0.2	1.2	3.5	-1.1	-0.6	14.9
Residual	0.3	0.3	0.3	0.3	0.4	-0.5	-0.2	-0.2	3.0
Memorandum item:									
Eastern Europe excluding U.S.S.R.	3.8	2.7	5.3	5.1	4.3	0.8	-2.4	-1.4	25.3

Sources: Bank for International Settlements, Quarterly Press Releases; and Fund staff estimates.

^{1/} For the years 1976-78 net financing flows are measured by the change in the stock of bank claims in current U.S. dollars. For the years 1979-82, the BIS has published additional data including those for the East European countries as a group, which show the net financing flows (i.e., change in the stock of claims) once the non-U.S. dollar claims are valued using the same exchange rate vis-a-vis those currencies and the U.S. dollar at the beginning and end of each year.

^{2/} Excluding credits from West German banks.

CHART 1 NET LENDING THROUGH INTERNATIONAL CAPITAL MARKETS, 1973-83



Sources: BIS, OECD, and Fund staff estimates.

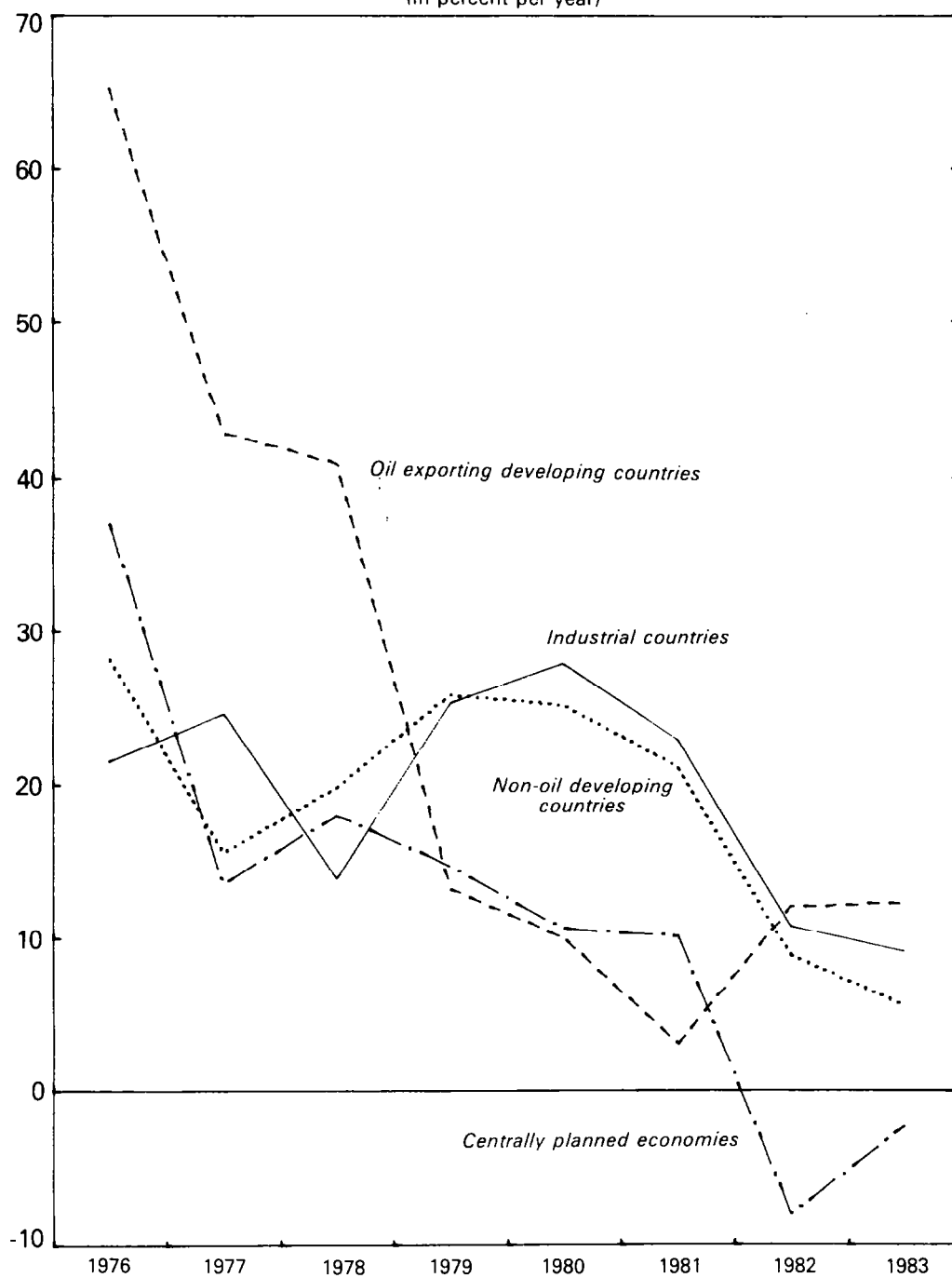
¹Measured in U.S. dollars; for the years after 1976, corrected for valuation effects of exchange rate changes.

²Net of repayments, excludes double counting due to banks' issuing and holding of bonds.

³Net of interbank transactions within BIS reporting area; excluding changes attributable to exchange rate movements.



CHART 2
GROWTH RATE IN INTERNATIONAL BANK CLAIMS¹
BY COUNTRY GROUPS, 1976-83
(In percent per year)



Source: BIS and Fund staff estimates.

¹Net of interbank transactions within BIS reporting area. Data not corrected for exchange rate changes.

An Econometric Analysis of the Growth
in International Bank Claims

In the last three International Capital Markets Reports, ^{1/} the growth of the gross external assets of banks (including redepositing) was analyzed with the help of an econometric model. The model related the quarterly growth rate of gross external assets of banks (GRQ) to the quarterly growth of world imports in U.S. dollars (GRWIMP), the quarterly growth rate of the sum of the U.S. dollar value of the GNP of the United States, Canada, Japan, the Federal Republic of Germany, and the United Kingdom (GRSUM), and the quarterly growth rate in the ratio of the sum of the absolute values of the trade deficits and surpluses of 56 countries to world imports (GRIMB). The latest re-estimation of the single, reduced form equation of the model is based on a sample of data from the second quarter of 1970 to the second quarter of 1982. ^{2/} Thus these estimates are not affected by the

^{1/} International Monetary Fund, International Capital Markets: Developments and Prospects, Occasional Paper No. 23 (July 1983); International Capital Markets: Developments and Prospects, 1982, Occasional Paper No. 14 (July 1982); and International Capital Markets: Recent Developments and Short-term Prospects, 1981, Occasional Paper No. 7 (August 1981).

^{2/} For the period from the second quarter of 1970 through the second quarter of 1982, the ordinary least-squares estimates of this relationship are:

$$GRQ = a^0 + a^1 GRWIMP + a^2 GRSUM + a^3 GRIMB + a^4 HERS + a^5 Q4 + a^6 Q1$$

$a^0 \quad a^1 \quad a^2 \quad a^3 \quad a^4 \quad a^5 \quad a^6$

Coefficient	2.62	0.14	0.65	0.12	-4.84	5.53	-2.11
t-value	3.70	2.25	3.38	4.06	-2.03	5.59	-2.61

$$R^2 = 0.75, \bar{R}^2 = 0.72, D.W. = 2.30$$

where: HERS = dummy variable with one in third quarter of 1974 to represent the aftermath of the collapse of the Herstatt Bank

Q4 = fourth-quarter dummy

Q1 = first-quarter dummy

As a comparison, the results of a sample through the fourth quarter of 1980 are:

	a^0	a^1	a^2	a^3	a^4	a^5	a^6
Coefficient	2.93	0.13	0.63	0.11	-5.23	5.32	-2.16
t-value	2.93	1.79	2.44	3.24	-2.00	4.54	-2.29

$$R^2 = 0.72, \bar{R}^2 = 0.67, D.W. = 1.94$$

The results for a sample through the first quarter of 1983 are:

	a^0	a^1	a^2	a^3	a^4	a^5	a^6
Coefficient	2.64	0.17	0.65	0.12	-4.82	4.92	-2.35
t-value	3.79	2.58	3.31	3.94	-1.95	4.96	-2.89

$$R^2 = 0.73, \bar{R}^2 = 0.69, D.W. = 2.21$$

events since mid-1982. The equation was used to compare actual lending and that "predicted" by the model for 1983, as an indication of how well the equation could forecast in a period of turbulence in financial markets. In the light of the model's specification and its generally good predictive qualities in the past, any significant divergence between the actual and forecast growth rates could be interpreted as an illustration of the impact of the debt servicing difficulties, and other events, on "normal" market growth. The current model is primarily demand oriented and, a priori, it would be therefore expected to over-estimate the growth of banks' international assets at times when the willingness of banks to continue international lending to a number of countries is impaired by the perception of increased risk. Using the values of the explanatory variables derived from the World Economic Outlook, the model "predicts" a growth of gross international assets of deposit banks of 16.2 percent for 1983. The actual growth rate in the GRQ measure was 4 percent. ^{1/} ^{2/} The divergence between the actual and "predicted" values points to the structural shift in the market. While preserving the basic structure of the existing model, an indication of this development may be obtained through the inclusion of a disturbance dummy variable and the specification of the phasing of its impact. In the case reported here, a one quarter lagged dummy variable was inserted and it was assumed that the shock would dissipate over a three-year period in a linear fashion. The re-estimation of the equation under these conditions ^{3/} is such as to "predict" a growth rate of 3.5 percent in 1983.

^{1/} This measure corresponds to the BIS grand total of external positions of banks in 15 reporting countries and of certain offshore branches of U.S. banks, adjusted for coverage modifications in the period considered.

^{2/} It should be noted that the cited actual growth rate takes account of, inter alia, nonspontaneous lending and dollar valuation effects. On the one hand, the inclusion of the former implies that the growth in market-related spontaneous lending was less than indicated by the growth in the GRQ measure. On the other hand, the appreciation of the U.S. dollar vis-a-vis the major European currencies reduced the value of the stock of nondollar assets and, as a result, the growth measure would tend to understate the change in banks' nondollar claims.

^{3/} For the period from the second quarter of 1970 through the first quarter of 1983, the ordinary least-squares estimates of this relationship are:

	a ⁰	a ¹	a ²	a ³	a ⁴	a ⁵	a ⁶	a ⁷
Coefficient	2.68	0.14	0.66	0.12	-4.90	5.49	-2.10	-4.32
t-value	4.05	2.21	3.55	4.21	-2.10	5.68	-2.70	-2.48

$$R^2 = 0.76 \quad \bar{R}^2 = 0.72, \text{ D.W.} = 2.32$$

Where a⁷ is the coefficient on the one quarter lagged dummy variable representing the market disturbance.

Both specifications were utilized to forecast the growth in gross international bank assets for 1984. Projections were made on the basis of the World Economic Outlook's forecasts for the explanatory variables. These were that the U.S. dollar value of world imports will grow by 7.1 percent in 1984. The total nominal GNP measured in U.S. dollars of the five major industrial countries included in the model is forecast to rise by 8.6 percent in 1984, while the payments imbalance ratio is expected to decline by 9.4 percent. The projected recovery of world trade and GNP would tend to increase the demand for trade-related financing--thereby stimulating the growth of gross external assets. However, the decline in overall payments imbalances would work in the opposite direction by reducing the need for balance of payments finance. Under the "normal" financial conditions experienced earlier, the combination of these factors would result, according to the original specification, in an increase in 1984 of 20.5 percent in the gross external assets of banks. However, it appears unlikely that such a large acceleration in the growth of external assets will take place, in light of the discussion elsewhere in the Report. The modified equation containing the disturbance dummy variable forecasts a growth rate of 11.5 percent for 1984.

The model's projection for the growth in bank claims may be indicative of the potential for demand-induced growth under the sets of conditions specified. However, the model does not include an explicit specification of a number of important supply influences. These considerations reduce the model's forecasting ability at a time when supply factors seem likely to continue to play an important role. In particular, as discussed in SM/84/134, it appears that banks may now seek to hold the growth in their total lending, including their international lending, to a somewhat slower rate than the increase in their capital base. They may also seek to limit the growth in some areas of their international lending, such as interbank transactions, which yield relatively low returns on capital. Under such circumstances, it may remain interesting to compare the forecasts of a demand-determined model with actual bank lending flows, to provide some illustration of changes in the pattern of bank behavior and the extent to which such changes do or do not prove to be enduring.

Terms and Conditions of Bank Debt Restructurings, 1978-May 1984

ANNEX IV

Country, Date of Agreement, and Type of Debt Rescheduled	Basis	Amount Provided (US\$ million)	Grace Period	Maturity (In years, unless otherwise noted)	Interest Rate (In percent; spread over LIBOR-U.S. Prime)
Argentina					
Agreed on "draft principles" 1/ January 1983					
Arrears at end-1982	100 percent of principal)	8,000	3	7	2 1/8 - 2
Due in 1983	100 percent of principal)		3	7	2 1/8 - 2
New medium-term loan (1983)	New financing	1,500	3	4 1/2	2 1/4 - 2 1/8
Bridge loan (1982)		1,100 2/	7 months	1 year and 2 months	1 5/8 - 1 1/2
Bolivia					
Deferment of August 1980 of short- and medium-term debt falling due August 1980- January 1981	100 percent of principal	156	--	to April 1981	1 3/4
Agreement of April 1981 3/ Deferred short-term debt	80 percent of principal	99	2	3 1/2	2
Deferred medium-term debt	90 percent of principal	69	3	7	2 1/4
Due April 1981/March 1982	90 percent of principal	122	3	6	2 1/4
Due April 1982/March 1983	90 percent of principal	126	2	5	2 1/4
Agreement of March 1983 Principal payments falling due April 6-Oct. 6, 1983	Moratorium on 100 percent of principal	87	--	--	Originally contrac- ted rates
Arrears on interest payments	New schedule of payments 4/	118	--	Within Sept. 1983.	
Informal agreement of May 1983 3/ 5/ Extension of 1981 resched- uling	100 percent of resched- uled principal	Amounts resched- uled in 1981	2 more years	5	2 1/4
Rescheduling of maturities in 1983, 1984, 1985	100 percent of principal	225	3	7	...
On May 31, 1984 the Bolivian Government announced a temporary suspension of all foreign debt payments due to private banks					
Brazil					
Agreement of February 25, 1983 Rescheduling of medium- and long-term due in 1983	100 percent of principal	4,532 b/	2 1/2 7/	8	2.125 - 1.875 8/ 2.250 - 2.000 8/ 2.50 - 2 1/4 8/
Short-term debt (1983)	100 percent rollover in 1983	9,400 (trade-related)	--	--	...
New loan commitments (1983)	New financing	4,400	2 1/2	8	2.125 - 1.875 9/
Bridge loan (1982)		2,339	...	...	...
Agreement of January 27, 1984 Rescheduling of medium- and long- term debt due in 1984	100 percent of principal	5,350 6/	5	9	2.0 - 1.75
Short-term debt (1984)	100 percent rollover	10,300 (trade-related)	--	--	...
New loan commitment 1984	New financing	6,500	5	9	2.0 - 1.75

- 1/ The new Government has indicated its desire to renegotiate these terms.
- 2/ The cumulative loan disbursements outstanding should never exceed US\$1.1 billion at any point.
- 3/ The April 1981 agreement was subject to the requirement of a Fund program. As this requirement was not satisfied, it was informally extended in May 1983.
- 4/ On arrears as of June 5, 1983. Thirty percent of arrears on interest payments were paid by April 5, 1983. The remainder was divided into five monthly payments.
- 5/ The agreement would be finalized, subject to (1) payment of interest arrears according to the schedule agreed on in March; (2) the payment of the existing arrears on the 10 percent of principal due on the basis of the 1981 agreement; and (3) the reaching of an agreement with the Fund. Since Bolivia was unable to make the final payment of US\$30 million in interest arrears by September as agreed, an interim agreement was reached with the banks in which Bolivia made a good faith deposit of US\$3 million and agreed to repay US\$30 million in monthly installments of US\$7.5 million each between October 1983 and January 1984. In return the banks agreed to extend the standstill agreement on repayments and regular maturities falling due after April 1, 1983 without penalty payments until January 31, 1984. Bolivia has made these payments and, since January 1984, has continued making monthly payments of US\$7.5 million without further explicit agreement.
- 6/ Maximum amount potentially subject to rescheduling. Total may be lower as some of Brazil's debt to banks and suppliers may be eligible for rescheduling through Paris Club. A definitive accounting of Paris Club rescheduling will be available upon termination of bilateral agreements in 1984.
- 7/ First principal payment due 30 months after rescheduling.
- 8/ The spreads over LIBOR/U.S. prime rate are 2.125 percent/1.875 percent for amounts on deposit with the Central Bank or--as generally acceptable maxima--for loans to public sector borrowers with the Republic's guarantee, PETROBAS, and CVRD; 2.25 percent/2.0 percent as the generally acceptable maxima for public sector borrowers without the Republic's guarantee, private sector borrowers with Development Bank guarantee and for commercial and investment banks under Resolution 63; 2.5 percent/2.25 percent as generally acceptable maxima for private sector borrowers.
- 9/ The Central Bank stands ready to borrow the committed funds at either 2.125 percent over LIBOR or 1.875 percent over U.S. prime rate. For loans to other borrowers, the spreads agreed must be acceptable to the Central Bank, which indicated the following maxima for spreads over LIBOR to be generally acceptable (spreads over U.S. prime rate in parentheses): public sector borrowers with the Republic's guarantee as well as PETROBAS and CVRD--2.125 percent (1.875 percent); public sector borrowers without the Republic's guarantee, private sector borrowers with Development Bank guarantee, and Resolution 63 loans to commercial and investment banks--2.25 percent (2.0 percent); private sector borrowers, including multinationals--2.5 percent (2.25 percent). Brazil is also prepared to pay a 0.5 percent commitment fee on undisbursed commitments, payable quarterly in arrears, and a 1.5 percent flat facility fee on amounts disbursed, payable at the time of disbursement.

[illegible]

13/ Payments of 100 percent of the maturities falling due are to be deferred until December 31, 1984, when 90 percent of the amount will be refinanced.

Terms and Conditions of Bank Debt Restructurings, 1978-May 1984 (Continued)

Country, Date of Agreement, and Type of Debt Rescheduled	Basis	Amount Provided	Grace Period	Maturity	Interest Rate
		(US\$ million)	(In years, unless otherwise noted)		(In percent; spread over LIBOR-U.S. Prime)
Guyana					
Deferment Agreement of June 1982 ^{14/} Public and publicly guaranteed medium- and long-term debt due during March 11, 1982- March 31, 1983	100 percent of principal	14.5	--		2 1/2
Deferment Agreement of July 1983 Amount deferred in June 1982, plus amount due until January 1984	100 percent of principal	24.0	--		2 1/2
Deferment Agreement of Jan. 1984 Amount deferred in July 1983, plus amount due until July 1984		29.0			2 1/2
Honduras					
In process, asked by the Authorities in Jan. 1982 ^{15/} Refinancing of medium- and long-term debt (public entities):					
Due 1981 (arrears)	100 percent of principal	11.4	9 months	6	2 1/4
Due 1982 (arrears)	100 percent of principal	41.3	9 months	6	2 1/4
Due 1983 (arrears)	100 percent of principal	35.8	3 to 15 months ^{16/}	6	2 1/4
Due 1984	100 percent of principal	32.1	3 to 15 months ^{16/}	6	2 1/4
Ivory Coast					
In process, requested by the authorities in December 1983 Refinancing of principal falling due between December 1, 1983 and December 31, 1984	Principal	...	...	...	...
Jamaica					
Agreement of September 1978 Due April 1978/March 1979	7/8 of principal	63.0	2 ^{17/}	5 ^{17/}	2
Agreement of April 1979 Due April 1979/March 1980	7/8 of principal ^{18/}	77.0	2	5	2
Due April 1980/March 1981	7/8 of principal ^{18/}	72.0	2	5	2
Agreement of June 1981 Due April 1981/March 1983 (of which: 1982/1983)	100 percent of principal (100 percent of principal)	89.0 (41.0)	2 (2)	5 (5)	2 (2)
Syndicated loan (July 1981)	New financing	71.0	3	7	2 1/4
Other new loans (March 1982)	New financing	17.5	2	7	2 1/2
Agreement (in principle) of June 1983 Due July 1983 to March 1984	100 percent of principal	66.8	2	5	2 1/2 - 2 3/8
Due April 1984 to March 1985	100 percent of principal	97.6	2	5	2 1/2 - 2 3/8
New loan (under negotiation)		18.0	...	...	...
Liberia					
Agreement of December 1, 1982 ^{19/} Due July 1, 1982 - June 30, 1983	95 percent of principal	30	3	6	1 3/4
In process: Maturities falling due during July 1983-June 1984	95 percent of principal	14	3	6	...

^{14/} In June 1982, banks indicated their intention to negotiate a refinancing agreement to convert the principal repayment into a longer term loan prior to January 31, 1983, conditional upon successful completion of negotiations for an upper credit tranche program with the Fund. As negotiations with the Fund have not yet been completed, further deferments under the same conditions were agreed in July 1983 and January 1984.

^{15/} Agreement in principle was tentatively reached in early 1983.

^{16/} Original proposals were for repayments to start in March 1984, for the maturity due in 1983 and in March 1985, for the maturities due in 1984, but no agreement has yet been reached.

^{17/} Grace period and maturity were measured from the date of the first disbursement of the refinancing loan.

^{18/} The rescheduled amounts were rolled over on a short-term basis and were converted into medium-term loans on April 1, 1980 and on April 1, 1981 for the 1979/80 and 1980/81 reschedulings, respectively.

^{19/} Also, the bank that was owed most of the arrears informally agreed to allow Liberia to repay the arrears in 12 monthly installments.

Terms and Conditions of Bank Debt Restructurings, 1978-May 1984 (Continued)

Country, Date of Agreement, and Type of Debt Rescheduled	Basis	Amount Provided (US\$ million)	Grace Period	Maturity In years, unless otherwise noted	Interest Rate (In percent; spread over LIBOR-U.S. Prime)
Madagascar					
Agreement of July-Nov. 1981 Rescheduling of arrears on overdrafts	100 percent of principal	147.0 ^{20/}	--	3 1/2	1 1/2
September 1983: tentative agreement ^{21/}					
Global restructuring of total stock of outstanding debt ^{22/}		195.3			
Of which: in arrears	100 percent of principal	69.6	--	7 1/2	...
(a) medium-term		(18.0)	(--)	(7 1/2)	2
(b) short-term		(51.6)	(--)	(7 1/2)	1 3/4
Of which: future maturities	100 percent of principal	125.7	(--)	7 1/2	...
(a) medium-term		(60.0)	(--)	(7 1/2)	2
(b) short-term		(65.1)	(--)	(7 1/2)	(1 3/4)
Malawi					
Agreement of March 6, 1983 Medium- and long-term debt					
Due during Sept. 1982 to August 1983	85 percent of principal	28.0	3	6 1/2	1 7/8
Due during Sept. 1983 to August 1984	85 percent of principal	29.0	3	6 1/2	1 7/8
Mexico					
Agreement of August 27, 1983 ^{23/} Mexico's public sector short-, medium- and long-term	100 percent of principal	18,800	4	8	1 7/8 - 1 3/4
debt ^{24/} due during August 23, 1982 - December 31, 1984					
Syndicated loan ^{25/}	New financing (net)	5,000	3	6	2 1/4 - 2 1/8
Official financing	New financing	3,100	...	...	...
Settlement of interest in arrears on private sector's debt ^{26/}	--	1,367	--	--	1.0 - 7/8
In progress					
New loan	New financing	4,100	5 3/4	10	1 1/2 - 1 1/8
On June 5, 1984 the Advisory Committee agreed in a meeting convened by the Fund's Managing Director to negotiate a multi-year restructuring of public debt					
Morocco					
In progress					
Medium- and long-term debt due from September 9, 1983 to December 31, 1984	100 percent of principal		4	8	1 3/4
Medium- and long-term debt due in 1984	90 percent of principal	530	4	8	1 3/4

^{20/} Includes about US\$50 million of arrears on overdrafts rescheduled on similar terms in late 1980.

^{21/} The agreement is subject to Madagascar being current on interest payments. The agreement also envisages the provision of a revolving trade facility, for an amount equivalent to the principal payments falling due in 1983 (US\$12 million) or a one-year grace period on that amount.

^{22/} Based on outstanding debt, including short-term debt, as of December 31, 1982 and including payments arrears on both short- and medium-term debt. Includes a special agreement for the rescheduling of Air Madagascar debt, secured by aircrafts.

^{23/} Agreement took effect with disbursement of a new loan in March 1983.

^{24/} For the purpose of the rescheduling, Mexico's public sector debt (short-, medium-, and long-term) excludes (1) loans made, guaranteed, insured, or subsidized by official agencies in the creditor countries; (2) publicly issued bonds, private placements (including Japanese yen-denominated registered private placements) and floating rate certificates of deposit and notes (including floating rate notes); (3) debt to official multilateral entities; (4) forward exchange and precious metal contracts; (5) spot and lease obligations in respect of movable property, short-term import and export-related trade credits; (6) interbank obligations (including placements) of the foreign agencies and branches of Mexican banks, excluding guarantees on interbank placements; (7) financing secured by legally recognized security interest in ships, aircraft and drilling rigs; and (8) the Central Bank's obligations arising from the arrangements to liquidate interest payments in arrears.

^{25/} The US\$5 billion loan was raised in the form of a medium-term international syndicated credit in which banks participated on the basis of their pro rata exposure to Mexico as of August 23, 1982. The loan document included a specific reference to a written explanation and confirmation from the Fund Managing Director with respect to a US\$2-2.5 billion financial assistance to be obtained from official creditors (other than the Fund), a requirement to provide information about the implementation of the financial program, a request on the part of the lending syndicate not to object to the final restructuring principles of the contemplated rescheduling operation, the customary cross-default clause, a specification of events of defaults (including the failure of Mexico to comply with the performance criteria agreed with the Fund in connection with the three-year extended arrangement, and nonmembership), and the implementation of the proposed mechanism to eliminate the interest arrears on the private sector debt.

^{26/} Specifically, Mexican private borrowers owing interest on foreign bank debts payable in foreign currency and outstanding prior to September 1, 1982 could use the procedures proposed by the Mexican authorities to settle interest payments due in the period from August 1, 1982 to January 31, 1983. Settlement had to be made by depositing the local currency equivalent of the amount of interest due in foreign currency, at the controlled exchange rate of the date at which the deposit was constituted. Special foreign currency deposits were being opened by the foreign lenders with the Bank of Mexico, and the amounts of interest owed were being credited to these accounts. Ten per cent of the outstanding balance in these accounts was paid to creditors on January 31, 1983, while the remainder had to be settled subject to the availability of foreign exchange. As of March 7, 1984 all outstanding arrears were eliminated.

Terms and Conditions of Bank Debt Restructurings, 1978-May 1984 (Continued)

Country, Date of Agreement and Type of Debt Rescheduled	Basis	Amount Provided (US\$ million)	Grace Period (In years, unless otherwise noted)	Maturity	Interest Rate (In percent; spread over LIBOR-U.S. Prime)	
Nicaragua						
Agreement of December 1980						
Arrears on interest or due up to December 1980 <u>27/ 28/</u>	75 percent of arrears and amount due	90	--	5	) 3/4 - 1 1/4, but) with deferred) interest pay-) ment provision) and interest re-) capture clause <u>29/</u>
Arrears on principal as of December 1979 <u>27/</u>	100 percent of arrears on principal	252	5	11		
Due after December 1979	100 percent of principal	240	5	12		
Agreement of September 1981						
Accumulated arrears	90 percent of interest) and principal)		1	10	) 3/4 - 1 1/4, but) with deferred) interest payment) provision and) interest recap-) ture clause <u>29/</u>
Due after September 1981 (debt of nationalized banks)	100 percent of principal)	180	5	10		
Agreement of March 1982						
Accumulated arrears	90 percent of interest) and principal)		--	10		
Due after March 1982 (debt of nationalized businesses)	100 percent of principal)	55	5	10		
Requested by the authorities <u>30/</u> Rescheduling of interest and principal due June 1983 to June 1984	...	...	...	...	...
Nigeria						
Agreement of July 1983						
Arrears as of end-March 1983	100 percent of arrears on letters of credit	1,350	5 1/2 months	3	1.5-1.375	
Agreement of Sept. 1983						
Arrears as of end-March 1983	100 percent of arrears on letters of credit	480	3 1/2 months	2 5/6	1.5-1.375	
In progress <u>31/</u> New loan	New financing	1,000 to 1,200	2 1/2	6	...	
Peru <u>32/</u>						
Agreement of June 1978						
Due during second semester of 1978	Rollover of 100 percent of principal	186 <u>33/</u>	--	due 1/3/79	...	
Agreement of December 1978						
Due in 1979	90 percent of principal)		2	6	1 7/8	
Due in 1980	90 percent of principal)	200 <u>33/</u>	2	5	...	
Due in Jan. 1979 as per June 1978 agreement	50 percent of amount) rolled over)		--	1	1 3/4	
Agreement of January 1980 <u>34/</u>						
Due in 1980	90 percent of principal	340 <u>33/</u>	2	5	1 1/4	
Agreement of July 1983						
Medium- and long-term maturities falling due between March 7, 1983 and March 7, 1984	100 percent	380	3	8	2 1/4	
Bridge loan	--	200	...	...	...
New loan	New financing	450	3	8	2 1/4	
Proposed 1984 agreement						
Medium- and long-term maturities falling due between March 7, 1984 and June 30, 1985	100 percent	460	5	10	1 1/4	
Short-term working capital outstanding on March 6, 1984	100 percent	955	5	10	1 1/4	
Loan covering the undis- bursed portion of the 1983 new loan	New financing	200	3	8	2 1/4	
Short-term trade-related credit outstanding on May 31, 1984	100 percent	600	--	1 1/2	5/8 + 1 1/2 percent acceptance commission	

27/ On short- and medium-term debt.

28/ Banks agreed to recalculate the interest due but unpaid at a spread of 1/2 percentage point above the actual LIBOR during the relevant period, rather than at the higher spreads specified in the original contracts.

29/ All four categories of debt are subject to interest accrual at a spread of 1 percent above LIBOR between December 15, 1980 and December 14, 1983; of 1 1/4 percent between December 15, 1983 and December 14, 1986; of 1 1/2 percent between December 15, 1986 and December 14, 1990; and of 1 3/4 percent between December 15, 1990 and December 14, 1992. However, actual payments of interest can be limited to 7 percent a year for the agreement of 1980 and to 6 percent for the agreements of 1981 and 1982. Any excess of accrued interest will be added to a deferred interest payment pool which will be repaid whenever the accrued interest rate payments are less than 7 percent per annum, or, if this does not exhaust the pool by December 15, 1985, the balance will be amortized between 1986 and 1990 with 10 percent due in each of 1986 and 1987, and the rest during the remaining three years. The agreement also contains an interest recapture clause. If Nicaragua fulfills all the terms of the contract, the interest rate spread would be reduced by 1/8 percentage point for every US\$20 million of principal repaid after 1985 for up to 1 percentage point.

30/ Data refer to the request by the Nicaraguan authorities.

31/ Proceeds of this loan, which will carry the guarantee of the ECGD, are to be used to repay insured trade creditors in the United Kingdom.

32/ All rescheduling agreements cover only public sector obligations. Bank loans with creditor country guarantees were included in the Paris Club agreement, rather than the bank reschedulings.

33/ Under the 1978 and 1980 bank reschedulings, amounts were initially rolled over on a short-term basis to be consolidated into a medium-term loan at a specified date early in the following year.

34/ In January 1980 Peru prepaid the 1979 bank rescheduling and the terms of the 1980 rescheduling were renegotiated.

Terms and Conditions of Bank Debt Restructurings, 1978-May 1984 (Continued)

Country, Date of Agreement, and Type of Debt Rescheduled	Basis	Amount Provided	Grace Period	Maturity	Interest Rate
		(US\$ million)	(In years, unless otherwise noted)		(In percent; spread over LIBOR-U.S. Prime)
Philippines					
Moratorium on all debt to banks due from October 17, 1983 to July 12, 1984	100 percent of principal	...	...	...	...
Proposed by the authorities					
Rescheduling of arrears on principal due between October 17, 1983 and end-December 1983	Principal	110	5	10	1.75
All principal falling due in 1984	Principal	440	5	10	1.75
All principal falling due in 1985	Principal	740	5	10	1.75
New loan	New financing	1,650	5	10	1.75
Romania					
Agreement of December 7, 1982					
Arrears on the 1981 debt obligations	80 percent of such debt obligations	)	3	6 1/2	1.75
Due in 1982 on all debts (including short-term)	80 percent of principal	) 1,598	3	6 1/2	1.75
Agreement of June 20, 1983					
Medium- and long-term due) in 1983)	10 percent of principal	81	1 1/2	1 1/2	1.75
	60 percent of principal	486	3 1/2	6 1/2	1.75
Senegal					
Agreement of February 1984)			
Due between May 1, 1981 and June 30, 1982 (including arrears)	100 percent of principal	) 114	3 35/	7	2.00
Due between July 1, 1982 and June 30, 1984	100 percent of principal)			
Sierra Leone					
Agreement of January 1984					
Principal arrears	100 percent	25	2	7	1.75
Sudan					
Agreement of December 1981					
Arrears on interest as of) end-December 1979)	82 percent of interest in arrears	) 115	--	3	1 3/4
Arrears on interest due in) first quarter of 1981 )		) 55	5 months	9 months	1 3/4
Arrears on principal as of end-December 1979	100 percent of arrears on principal as of end-1979	398	3	7	1 3/4
Modification (April 1983) of 1981 agreement	100 percent of principal and interest, including arrears as of April 1983	646	2	6	1 3/4
Modification (April 1984) of 1981 agreement	100 percent of principal and interest	...	1	5	1 3/4
Togo					
Agreement of March 1980					
Arrears as of end-1979	100 percent of arrears	8.0	Settlement to be made in 1980 in 3 equal installments 6 months 1 1/2		
Interest		17.4			
Principal					Original rates main- tained. However, spreads on Euroloan reduced to 1 1/2
Due in 1980 on a number of specific loans	100 percent of principal	44.0	1	3 1/2	Original rates main- tained
Agreement of October 1983					
Arrears as of end-1982	100 percent of arrears	57.5	--	7 1/4	2
Due in 1983 and 1984 on medium- and long-term public and publicly guaranteed loans	100 percent of principal	26.0	--	7 1/4	2

35/ This schedule applies to 90 percent of principal, repayment terms also include that 10 percent of principal must be repaid in four equal quarterly instalments in the year to March 31, 1985.

Terms and Conditions of Bank Debt Restructurings, 1978-May 1984 (Continued)

Country, Date of Agreement, and Type of Debt Rescheduled	Basis	Amount Provided	Grace Period	Maturity	Interest Rate
		(US\$ million)	(In years, unless otherwise noted)		(In percent; spread over LIBOR-U.S. Prime)
Turkey					
Euroloan of June 1979 ^{36/}	New financing (net)	407	3	7	1 3/4
Agreement of June 1979					
Bankers' credits	100 percent of principal	429 ^{37/}	3	7	1 3/4
Agreement of August 1979					
Convertible Turkish lira deposits ^{38/}	100 percent of principal	2,269 ^{39/}	3	7	1 3/4
Agreement of August 1981					
Third party reimbursement claims	100 percent of principal	100	--	3	1 1/2
Agreement of March 1982					
Improve the maturity profile of the August 1979 rescheduling agreement	100 percent of principal	40/	2 ^{41/}	3 ^{41/}	1 3/4
Uruguay					
Agreement of July 29, 1983					
New medium-term loan	--	240	2	6	2 1/4 - 2 1/8
Short-term other than trade related ^{42/}	90 percent of principal	425	2	6	2 1/4 - 2 1/8
Medium-term maturities falling due in 1983	90 percent of principal	39	2	6	2 1/4 - 2 1/8
Medium-term maturities falling due in 1984	90 percent of principal	111	2	6	2 1/4 - 2 1/8
Venezuela ^{43/}					
Refinancing of short-term debt of public sector and publicly guaranteed debt	100 percent of principal	...	...	...	...
Rescheduling of maturities on medium- and long-term public debt falling due in 1983 and 1984	100 percent of principal	...	...	...	...
Yugoslavia					
Agreement of October 1983					
Medium-term loans due in 1983	Refinancing of 100 per- cent of principal	950	3	6	1 3/4
Short-term debt	Rolled over (through either 1983 or 1984)	800	2	2	
New syndicated loan	New financing (net)	600	3	6	1 3/4
Agreement of May 16, 1984 ^{44/}					
Medium-term maturities falling due in 1984	100 percent of principal	1,100-1,200	4	7	1 5/8 - 1 1/2

^{36/} The disbursement was to be based on letter of credit financing for imports. Other conditions for the first disbursement (50 percent) included making the first purchase under IMF stand-by arrangement and the signing of the agreement on convertible Turkish lira deposits. For the second and third disbursements (25 percent each), other conditions included making the purchases under the IMF stand-by arrangement scheduled for November 1979 and March 1980, and the implementation of programs for third-party reimbursement claims and arrears on nonguaranteed debts.

^{37/} All previously rolled over.

^{38/} Holders were allowed to switch currency of denomination, with liability being switched from commercial banks to the Central Bank.

^{39/} US\$2.0 billion rolled over prior to June 30, 1979; US\$0.2 billion due in second half of 1979.

^{40/} The amount rescheduled is equivalent to the sum of obligations rescheduled in June and August 1979, including a new syndicated credit extended at that time.

^{41/} The years shown represent the extension to the grace period and maturity granted under the original rescheduling arrangement.

^{42/} The trade-related short-term debt was rolled over with the guarantee of the Central Bank of Uruguay until July 1, 1984.

^{43/} In March 1983, with the endorsement of the Steering Committee, Venezuela declared a deferral on principal payments of external public sector debt owed to foreign commercial banks. The amount of short-term debt involved was about US\$11 billion. The deferral was extended until October 1, 1983. It was twice further extended, first until January 31, 1984 and then until April 31, 1984.

^{44/} Conditional upon refinancing of US\$700 million in officially-guaranteed loans.

Terms and Conditions of Bank Debt Restructurings, 1978-May 1984 (Concluded)

Country, Date of Agreement and Type of Debt Rescheduled	Basis	Amount Provided (US\$ million)	Grace Period (In years, unless otherwise noted)	Maturity	Interest Rate (In percent; spread over LIBOR-U.S. Prime)
Zaire 45/ Agreement of April 1980 Arrears on principal as of end-1979	76 percent of principal	287	5	10	1 7/8 for first 5 years 2 thereafter
Principal payments due after end-1979	100 percent of principal	115	5	10	1 7/8 for first 5 years 2 thereafter
Informal agreement of January 1983 46/					
Zambia					
In process					
Principal payments of medium- and long-term public and publicly guaranteed unsecured debt, falling due between March 1983 and February 1985 47/	90 percent of principal	40 in the first year 35 in the second year	3	7	2 1/4
Memorandum item:					
Non-Fund members					
Cuba					
Agreement of December 30, 1983 Rescheduling principal payments on medium-term debt due between September 1, 1982 and December 31, 1984	100 percent of principal	128	2	5 1/2	2 1/4
Rollover of short-term credit 48/	...	490	...	...	1 1/4
Mozambique					
Preliminary discussions on bank debt	...	1,400	...	...	...
Poland					
Agreement of April 1982 49/ Medium-term debt due March 26, 1981-Dec. 1981	95 percent of principal	2,300	4	7	1 3/4
Agreement of November 1982 50/ Medium-term debt due in 1982, including arrears on unrescheduled maturities due in 1981	95 percent of principal	2,300	4	7 1/2	1 3/4 - 1 1/2
Agreement of Nov. 1983 51/ Medium-term debt due during 1983	95 percent of principal	1,400	5	10	1 7/8
Agreement of April 28, 1984 Medium- and long-term debt due in 1984-1987	95 percent of principal	1,615	5	10	1 3/4
New loan 52/	New financing	335		5	1 5/8
Rollover of short-term credit facility 53/	...	365			

Sources: Restructuring agreements, press reports; and Fund staff calculations.

45/ Bank debt refinancing agreement covers only syndicated loans (and other floating rate loans) without creditor country guarantee.

46/ Under this agreement Zaire would make monthly payments of US\$5 million to the London Club banks. This amount is to be increased to US\$6 million if U.S. producer prices for copper rise above the threshold price of US\$75 per pound.

47/ Data shown in the table are those indicated in the banks' proposal. Payments cover principal repayments on public and publicly guaranteed debt. The agreement is subject to payment of interest and principal payment arrears. In addition, three other conditions have to be fulfilled, i.e., (1) an operative stand-by with the Fund has to be in place; (2) an agreement has to be reached with the Paris Club regarding debt service falling due in 1983 and 1984; and (3) all interest payments have to be kept current.

48/ All lines of credit with Banco Nacional de Cuba will remain as they were at February 28, 1983 until September 30, 1984.

49/ The agreement, which covers maturities due during March 26-December 31, 1981, was effective May 10, 1982. Short-term facilities and interbank deposits were specifically excluded.

50/ A six-month trade credit, revolving up to three years was extended under separate agreement; the amount of the credit was equivalent to 50 percent of the US\$1.1 billion in interest due.

51/ A six-month trade credit, revolving up to three years, was extended under separate agreement.

52/ A first tranche of US\$260.6 million will be made available later in 1984 when payment on all arrears is made and the remainder will be disbursed at the end of 1985.

53/ The new facility will have to be repaid every six months and will be available for 4 to 5 years.