

Buff Document No. 92/67 - April 7, 1992

Statement by the Staff Representative on Financing Requirements
for Countries of Central and Eastern Europe
Executive Board Meeting 92/49
April 8, 1992

The attached tables summarize the most recent information on the financing needs of countries of central and eastern Europe for 1991 and 1992. The information is circulated as background for the concluding discussion by Executive Directors of the World Economic Outlook and as background also for the forthcoming meeting of the Interim Committee.

The tables update information provided earlier to Executive Directors for the meeting of the EC/G-24 at the time of the Annual Meetings in Bangkok in October 1991; and, more recently in January 1992, for Bulgaria and Romania, both of which are requesting further financial assistance from the EC/G-24 for 1992. Programs for Albania and Poland remain to be discussed and gaps shown measure both external financing or domestic adjustment needs. The request for new financing from the EC/G-24 for Bulgaria in 1992 (US\$240 million) was presented to the EC/G-24 on March 30, 1992; that for Romania (US\$180 million) is expected to be presented to the EC/G-24 in mid-April 1992.

Attachments

--1991--
Central and Eastern Europe: Balance of Payments
and Financing
(In billions of U.S. dollars)

	Bulgaria			Czech and Slovak Republic			Hungary			Poland			Romania			Total		
	Init.	Bangkok	Latest	Init.	Bangkok	Latest	Init.	Bangkok	Latest	Init.	Bangkok	Latest	Init.	Bangkok	Latest	Init.	Bangkok	Latest
Current account	-2.0	-2.0	-0.9	-2.5	-1.5	0.7	-1.2	-0.8	0.5	-2.7	-3.7	-2.2	-1.7	-2.4	-1.4	-10.1	-10.4	-3.3
Exports	6.6	4.2	3.4	12.6	10.7	10.9	12.6	10.8	9.6	15.0	13.7	12.8	5.4	3.9	3.5	52.2	43.3	40.2
Imports	-8.0	-5.5	3.4	-14.9	-12.0	-11.2	-12.1	-10.9	-9.4	-15.0	-14.4	-12.7	-7.0	-6.2	-4.9	-57.0	-49.0	-34.8
Trade Balance	-1.5	-1.3	0.0	-2.3	-1.2	-0.3	0.5	-0.1	0.2	0.0	-0.7	0.1	-1.6	-2.3	-1.4	-4.9	-5.6	-1.4
Services and transfers, net	-0.5	-0.8	-0.9	-0.2	-0.3	1.0	-1.7	-0.7	0.3	-2.7	-3.0	-2.3	-0.1	-0.1	0.0	-5.2	-4.9	-1.9
Other capital 1/	-1.0	-0.9	-1.2	0.4	-0.6	-1.3	-2.7	-2.5	-2.9	-4.6	-5.9	-8.9	-0.3	0.1	0.3	-8.2	-9.8	-14.1
Reserve change (increase -)	-0.5	-0.5	-0.6	-1.6	-1.1	-2.1	-0.9	-0.9	-2.4	-0.7	1.1	1.1	-0.7	-0.5	-0.2	-4.4	-1.9	-4.2
Change in arrears	-0.4	-0.4	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.2	4.5	0.0	0.0	0.0	-0.4	1.8	4.1
Financing requirements	3.9	3.8	3.2	3.7	3.2	2.7	4.8	4.2	4.8	8.0	6.3	5.5	2.7	2.8	1.2	23.1	20.3	17.4
Financing	3.9	3.8	3.2	3.7	3.2	2.7	4.8	4.2	4.8	8.0	6.3	5.5	2.7	2.8	1.2	23.1	20.3	17.4
Private capital 2/	1.6	1.6	1.5	1.0	0.9	0.9	2.1	1.9	2.9	0.3	0.3	0.5	0.5	0.6	0.2	5.5	5.3	5.9
Direct investment	0.1	0.1	0.0	0.4	0.6	0.6	0.6	0.7	1.3	0.3	0.1	0.1	0.1	0.1	0.0	1.5	1.6	2.0
Other	0.0	0.0	0.0	0.0	0.3	0.3	1.5	1.2	1.6	0.0	0.2	0.4	0.4	0.5	0.1	1.9	2.2	2.4
Debt relief	1.5	1.5	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.5	1.5
Official capital	2.3	2.0	1.6	2.7	2.3	1.9	2.7	2.3	2.0	3.4	6.0	5.0	2.2	1.9	1.1	13.3	14.5	11.5
World Bank and parallel financing 3/	0.3	0.2	0.1	0.3	0.2	0.2	0.5	0.5	0.4	0.6	0.4	0.4	0.3	0.3	0.0	2.0	1.6	1.1
EIB/EBRD	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EC (outside G-24) 4/	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.0	0.1	0.0	0.0	0.0	0.0	0.4	0.5	0.4
G-24: Current year 5/	0.8	0.6	0.2	1.0	0.8	0.3	0.6	0.4	0.3	0.0	0.0	0.0	1.0	0.7	0.3	3.4	2.5	1.1
Debt relief	0.7	0.9	0.9	0.0	0.0	0.0	0.0	0.0	0.0	1.9	5.0	4.3	0.0	0.0	0.0	2.6	5.9	5.2
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Use of Fund resources	0.5	0.4	0.4	1.4	1.3	1.3	1.2	1.0	0.9	0.9	0.5	0.3	0.8	0.8	0.8	4.8	4.0	3.7
Remaining financing gap	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.3	0.0	0.0	0.0	0.3	0.0	4.3	0.5	0.0

Sources: "The Role of the Fund in Assisting Eastern European Countries," SM/91/46 and update 3/8/91 for initial 1991; for September 1991 EBD/91/278; latest refers to most recent staff estimates.

1/ Includes amortization (except Fund repurchases); short-term trade credit; and utilization of CMEA balances accumulated under the CMEA trading system.

2/ Includes officially supported export credits.

3/ Excludes parallel financing that is part of the G-24 process.

4/ PHARE and other assistance is included in the capital account.

5/ Includes parallel financing of World Bank loans when part of the G-24 process.

--1992 Staff Estimates--
Central and Eastern Europe: Balance of Payments
and Financing
(In billions of U.S. dollars)

	Albania ---1992---		Bulgaria -----1992-----		Czech and Slovak Republic ---1992---		Hungary ---1992---		Poland 1/ ---1992---		Romania -----1992-----			TOTALS ---1992---		
	Jan. 92	Latest	Init.	Jan. 92	Latest	Init.	Latest	Init.	Latest	Init.	Latest	Init.	Jan. 92	Latest	Init.	Latest
Current account	-0.3	-0.3	-1.7	-1.5	-1.4	-1.5	-0.6	-0.4	-0.5	-0.9	-2.2	-1.8	-2.1	-1.3	-6.6	-6.3
Exports	0.1	0.1	4.4	3.7	3.9	11.9	10.7	9.8	10.2	14.9	13.8	4.4	3.6	3.9	45.5	42.6
Imports	-0.4	-0.4	-5.3	4.1	4.3	-13.3	-12.2	-9.7	-10.4	-15.9	-14.7	-6.1	-5.6	-5.1	-50.7	-38.5
Trade Balance	-0.3	-0.3	-0.9	-0.4	-0.4	-1.3	-1.5	0.1	-0.2	-1.0	-0.9	-1.7	-2.0	-1.2	-5.1	-4.5
Services and transfers, net	-0.0	-0.0	-0.8	-1.1	-1.0	-0.2	0.9	-0.5	-0.3	0.1	-1.4	-0.1	-0.1	-0.2	-1.5	-2.0
Other capital 2/	-0.1	0.0	-0.7	-0.9	-0.6	-0.2	-0.7	-2.7	-3.1	-1.9	-2.9	-0.2	-0.4	-0.3	-5.8	-7.6
Reserve change (increase -)	-0.0	-0.0	-0.3	-0.3	-0.6	-0.6	-1.1	-0.6	-0.2	-0.2	-0.5	-0.3	-0.5	-0.5	-2.0	-2.9
Change in arrears	-0.3	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.9	2.5	0.0	0.0	0.0	-3.2	2.1
Financing requirements	0.8	0.8	2.7	2.8	2.6	2.3	2.3	3.7	3.8	5.9	3.1	2.3	3.0	2.1	17.7	14.7

Financing	0.8	0.8	2.7	2.8	2.6	2.3	2.3	3.7	3.8	5.9	3.1	2.3	3.0	2.1	17.7	14.7
Private capital 3/	0.3	0.4	1.3	1.3	1.4	0.9	0.9	2.2	2.6	3.9	0.6	0.9	0.9	0.6	9.5	6.4
Direct investment	0.0	0.0	0.1	0.1	0.1	0.6	0.7	0.8	1.3	0.2	0.2	0.2	0.2	0.2	1.9	2.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.2	1.4	1.3	0.4	0.4	0.7	0.7	0.4	2.5	2.3
Debt relief	0.3	0.4	1.1	1.2	1.3	0.0	0.0	0.0	0.0	3.3	0.0	0.0	0.0	0.0	4.7	1.7
Official capital	0.1	0.2	0.5	0.8	1.0	0.8	1.5	1.5	1.3	2.0	0.9	0.6	1.7	0.9	5.4	5.7
World Bank and parallel financing 4/	0.0	0.0	0.1	0.2	0.2	0.3	0.3	0.4	0.4	1.1	0.6	0.3	0.5	0.5	2.2	2.0
EIB/EBRD	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.2	0.0	0.3	0.1	0.1	0.1	0.1	0.8	0.3
EC (outside G-24) 5/	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.3	0.4
G-24: Current year 6/ 7/	0.0	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
G-24: Program spillovers 6/	0.0	0.0	0.0	0.4	0.4	0.2	0.7	0.1	0.2	0.0	0.0	0.0	0.5	0.5	0.3	1.7
Debt relief	0.0	0.0	0.3	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.3	0.3
Other	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.1	0.1	0.2
Use of Fund resources, net 8/	0.0	0.0	0.1	0.0	0.0	0.2	0.4	0.4	0.3	0.6	0.0	0.1	0.1	-0.2	1.4	0.5
Gross purch. under existing arrangements					0.1		0.4		0.5		0.0			0.0		1.0
Repurchases					0.1		0.0		0.2		0.0			0.2		0.5
Remaining gap 9/ of which: UFR under new arrangements	0.3	0.2	0.9	0.6	0.2	0.6	0.0	0.0	0.0	0.0	1.6	0.8	0.5	0.6	2.6	2.6
					0.2											

Sources: Initial refers to estimates presented at the Annual Meetings in Bangkok, see EBD/91/278; Jan. 92 refers to data for Albania, Bulgaria and Romania presented by staff to G-24 Executive Directors; latest refers to most recent staff estimates.

- 1/ Revisions for Poland reflect in part postponement of commercial debt reduction operation.
- 2/ Includes amortization (except Fund repurchases); short-term trade credit.
- 3/ Includes officially supported export credits.
- 4/ Excludes parallel financing that is part of the G-24 process.
- 5/ PHARE and other assistance is included in the capital account.
- 6/ Includes parallel financing of World Bank loans when part of the G-24 process.
- 7/ Included in the gap for Albania and Romania.
- 8/ For 1992, gross purchases under existing arrangements only (ie EFF for Hungary and Poland; and SBA for Czech and Slovak Republic).
- 9/ Reflects estimated external financing needs for Albania and Romania; and external financing and domestic adjustment needs for Poland.