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EBS/90/211

CONFIDENTIAL

December 12, 1990

To: Members of the Executive Board

From: The Secretary

Subject: Sudan - Overdue Financial Obligations to the Fund -
Further Review Following Declaration of Ineligibility

The attached paper is scheduled for consideration by the Executive Board on Friday, December 21, 1990. A draft decision appears on pages 11 and 12.

Mr. Blalock (ext. 8341) or Mrs. Lorie (ext. 8343) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

Att: (1)

CONFIDENTIAL

INTERNATIONAL MONETARY FUND

Sudan - Overdue Financial Obligations to the Fund -
Further Review Following Declaration of Ineligibility

Prepared by the Treasurer's, Middle Eastern, and Legal Departments

(In consultation with the Exchange and Trade Relations Department)

Approved by Gerhard Laske, A.S. Shaalan, and F.P. Gianviti

December 11, 1990

On December 21, 1990, the Executive Board is scheduled to conduct its thirteenth review of Sudan's overdue financial obligations to the Fund following the declaration of Sudan's ineligibility to use the general resources of the Fund effective February 3, 1986. In the decision adopted at the last review on July 23, 1990, 1/ the Fund decided to issue and publish a declaration of noncooperation regarding Sudan by September 14, 1990, unless by that time, following discussions with the Sudanese authorities, the Managing Director had, in the light of actions taken by Sudan in the meantime regarding settlement of its arrears to the Fund and the formulation and implementation of a comprehensive adjustment program, brought the matter for consideration by the Executive Board. 2/ It was further decided that the next review of Sudan's arrears would take place not later than December 21, 1990. The decision also indicated that in the event Sudan had not resumed active cooperation with the Fund in seeking a solution to the problem of its overdue financial obligations to the Fund, the Fund would give consideration to the initiation of further procedures in accordance with the strengthened arrears strategy within nine months from the date of the decision.

This paper provides a summary of recent economic developments, and recent information with respect to Sudan's arrears to the Fund, and contains a draft decision for adoption by the Executive Board at the December 21 review.

1/ See Attachment I.

2/ In the event, following staff discussions with the authorities, the Managing Director did not find a basis for bringing the matter back for the consideration of the Executive Board, and the declaration of noncooperation was issued and published on September 14, 1990.

2. Sudan's arrears to the Fund increased from SDR 227.1 million at the time of the declaration of ineligibility on February 3, 1986 to SDR 928.5 million at the time of the last review on July 23, 1990 and to SDR 970.6 million as of December 10, 1990, as shown in Attachment II. 1/ The estimated total of overdue and forthcoming financial obligations of Sudan through 1991, when the last of Sudan's principal obligations falls due, amounts to SDR 1,076.0 million, and further obligations estimated at SDR 199.5 million will fall due before end-1993 (Attachment III). Deferred income resulting from overdue charges of Sudan, which is subject to burden sharing, totaled SDR 194.5 million as of October 31, 1990.

Sudan's total arrears to the Fund of SDR 970.6 million are equal to 572.0 percent of quota and 144.5 percent of Fund credit outstanding to Sudan (including Trust Fund loans). Of these arrears, SDR 657.7 million represents overdue principal, which is equal to 387.6 percent of quota and 97.9 percent of Fund credit outstanding to Sudan.

The overdue financial obligations which gave rise to the complaint under Rule K-1 with respect to Sudan and the subsequent declaration of ineligibility first emerged in July 1984. Sudan has thus been in arrears to the Fund on a continuous basis for more than six years. The Executive Board has reviewed the matter of Sudan's arrears to the Fund in the General Department on twelve occasions since the declaration of ineligibility. As regards payments to the Fund, Sudan has paid a total of SDR 105.6 million since the issuance of the complaint on December 12, 1984, of which SDR 49.5 million has been paid since the declaration of ineligibility on February 3, 1986. Since the last review on July 23, 1990, Sudan has made payments to the Fund totaling SDR 0.7 million while its overdue obligations to the Fund have increased during that period by SDR 42.1 million.

Prior to the Board meeting of July 23, 1990, the Government of Sudan indicated its intention to remain current in the SDR Department, and to make additional payments of not less than US\$0.4 million per month which would be augmented when conditions of foreign exchange improved. However, the monthly payments by Sudan were not maintained after September 1990, and arrears also emerged on obligations in the SDR Department. A complaint by the Managing Director under Rule S-1 was issued on October 4, 1990, and was considered by the Executive Board on November 2, 1990, at which time the Executive Board decided to suspend the right of Sudan to use SDRs it acquires after the suspension for purposes other than settlement of financial obligations to the Fund.

Sudan has continued to make debt service payments to other creditors on a scale larger than to the Fund. Sudan's debt service to the Fund decreased from 23 percent of all debt service paid by Sudan to its foreign creditors on medium- and long-term loans in 1989/90 to 6 percent during July-October

1/ An additional repurchase obligation of SDR 4.0 million falls due on December 11, 1990.

1990. The share of debt service paid to the Fund in total debt service to international institutions has declined from 56 percent in 1989/90 to 17 percent during July-October 1990. Sudan is current with the World Bank Group, although there have been frequent, relatively short-term payments delays in recent years. There has been no IBRD lending to Sudan since 1977. An IDA credit of US\$82 million was approved in December 1989 for the rehabilitation of the Khartoum to Port Sudan highway. The Bank does not envisage new IDA lending to Sudan at this time. IDA gross disbursements to Sudan averaged US\$79 million a year over the five fiscal years 1985-89 and are estimated to have been US\$102.5 million in 1989/90.

As of end-December 1989, Sudan's debt to the African Development Bank/Fund was estimated at US\$112 million, of which US\$17 million was in arrears. The African Development Bank continues to make commitments for new loans and disburse from existing loans to Sudan. In addition to project aid, the African Development Bank provides commodity assistance to Sudan, which is estimated to have amounted to US\$65 million in the twelve months ended June 1990. As regards other regional multilateral institutions, Sudan's overdue financial obligations are estimated to have been US\$323 million as of end-December 1989, of which US\$176 million was to the Arab Monetary Fund and US\$88 million to the Arab Fund for Economic and Social Development. Tables 1 and 2 below provide information on various factors relevant to Sudan's recent payments position vis-a-vis the Fund.

Table 1. Sudan: Payments Indicators, 1987/88-1989/90 1/

	1987/88	1988/89	1989/90 (Provisional)
<hr/>			
1. Payments to the Fund	(In millions of SDRs)		
a. Obligations falling due to the Fund	182.3	150.1	141.2
b. Payments made to the Fund	5.5	2.7	15.9
c. Burden sharing adjustments and SFF subsidies received	1.0	--	1.5
d. Arrears to the Fund <u>2/</u>	642.9	790.2	914.1
2. Foreign exchange receipts			
a. Exports	363.0	421.1	360.4
b. Total current account receipts <u>3/</u>	826.2	801.8	665.8
3. Foreign exchange obligations and use			
a. Imports	913.6	936.7	762.6
b. Debt service payments due <u>4/</u>	949.4	1,112.4	1,143.2
c. Debt service payments made <u>5/</u>	102.3	47.7	74.1
4. Gross international reserves <u>2/</u>	8.5	16.0	7.1
5. Total external debt arrears <u>2/</u>	4,306.4	5,698.9	6,396.2
6. Obligations falling due to the Fund, as percent of:	(In percent)		
a. Exports	50.2	35.6	39.2
b. Total current account receipts <u>3/</u>	22.1	18.7	21.2
c. Imports	20.0	16.0	18.5
d. Debt service payments due <u>4/</u>	19.2	13.5	12.4
e. Debt service payments made <u>5/</u>	178.2	314.7	190.6
f. Gross international reserves <u>2/</u>	2,144.7	938.1	1,988.7

Table 1. Sudan: Payments Indicators, 1987/88-1989/90 1/ (concluded)

	1987/88	1988/89	1989/90 (Provisional)
7. Payments made to the Fund, as percent of:			
a. Exports	1.5	0.6	4.4
b. Total current account receipts <u>3/</u>	0.7	0.3	2.4
c. Imports	0.6	0.3	2.1
d. Debt service payments due <u>4/</u>	0.6	0.2	1.4
e. Debt service payments made <u>5/</u>	5.4	5.7	21.5
f. Gross international reserves <u>2/</u>	64.6	16.9	223.7
g. Obligations falling due to the Fund	3.0	1.8	11.2
8. Arrears to the Fund, <u>2/</u> as percent of:			
a. Exports	177.1	187.7	253.5
b. Total current account receipts <u>3/</u>	77.8	98.6	137.2
c. Imports	70.4	84.4	119.8
d. Debt service payments due <u>4/</u>	67.7	71.0	80.0
e. Debt service payments made <u>5/</u>	628.4	1,656.6	1,233.6
f. Gross international reserves <u>2/</u>	7,563.5	4,938.8	12,874.6
h. Total external debt arrears <u>2/</u>	14.9	13.9	14.3

Sources: IMF Treasurer's Department and staff estimates based on data provided by the Sudanese authorities.

1/ Fiscal year July 1-June 30.

2/ End of period.

3/ Includes private transfers.

4/ Includes scheduled medium- and long-term debt payments, payments to the Fund, and interest on short-term debt.

5/ Includes actual medium- and long-term debt payments and payments to the Fund.

Table 2. Sudan: Actual Debt Service Payments on Medium- and Long-Term Loans, 1987/88-1990/91 1/

(In millions of U.S. dollars)

	1987/88	1988/89	1989/90	1990/91 (July-October)
International institutions	26.5	23.3	39.3	12.9
World Bank Group	(18.2)	(19.8)	(17.2)	(10.7)
IMF <u>2/</u>	(8.3)	(3.5)	(22.1)	(2.2)
Regional multilateral institutions	31.0 <u>3/</u>	11.3	16.4	1.6
Paris Club creditors	42.5	22.4	8.0	--
of which:				
United States	(28.9)	(22.4)	(8.0)	(--)
Other official creditors	36.8	5.0	32.1	24.2
of which:				
Arab national funds	(22.9) <u>4/</u>	(3.9)	(16.9)	(2.4)
Libya	(...)	(...)	(...)	(21.5)
Commercial banks	--	--	--	--
Total	136.8	62.3	95.8	38.6

Source: Staff estimates based on data provided by the Sudanese authorities.

1/ Fiscal year July 1-June 30. Excludes payments related to short-term trade credits. Also excludes payments to China of US\$25.5 million during 1989/90, as these were related to short-term suppliers' credits rather than medium- and long-term loans.

2/ Gross of adjustments received from the Fund.

3/ Includes US\$0.5 million of refinancing by the Arab Fund for Economic and Social Development.

4/ Includes US\$10.5 million of refinancing by the Kuwait Fund and the Saudi Fund.

3. The most recent comprehensive description of the economic and financial situation of Sudan is contained in the staff report for the 1990 Article IV consultation (SM/90/127, 6/27/90, and Sup. 1, 7/19/90), which was considered by the Executive Board at the same time as the review of Sudan's overdue financial obligations to the Fund on July 23, 1990, and in the report on recent economic developments (SM/90/133, 7/9/90).

At the time of the Annual Meetings, the Sudanese authorities maintained that it was too early to appraise initial performance under the National Economic Salvation program that had been announced in July 1990. The authorities were intent on implementing the elements of their own program, and planned to review it periodically in light of their experience in its implementation and the advice of the Fund staff and management that a substantial strengthening of the program was required. In that regard the staff urged that a comprehensive program be adopted urgently, involving a broad-ranging liberalization of the economy, including prices, exchange rate reform, fiscal policy measures, and reform of the policy on rates of return and charge.

A staff team that visited Khartoum during November 7-12, 1990 discussed policy implementation with the authorities and obtained information on the recent performance of the economy. The authorities indicated that while technical reviews of performance under the government program were held each month, no major review of the objectives and policy elements had yet taken place.

The mission found that economic policy was being conducted against a background of increasing difficulties. The civil conflict has continued in the south, and disturbances have been reported in the west. Emerging shortages of food and a squeeze of the real incomes of public servants have also led to outbreaks of social unrest. In addition, the Middle East crisis has had an adverse impact on Sudan, both directly through higher oil costs and reduced remittances, and indirectly through reduced aid.

Economic developments have been overshadowed by a second consecutive year of drought. Rainfall in several major food production areas has been very poor. In addition to the disruption caused by the conflict in the south and the difficulties of sustaining relief efforts for the affected population (under the UN-sponsored Operation Lifeline), a poor harvest in 1990/91 combined with negligible food stocks opens the prospect of a substantial food deficit for the country as a whole. Foodgrain production in 1989/90 totaled only 2.1 million tons, compared to Sudan's annual foodgrain consumption of approximately 3 million tons, with the shortfall made up largely by exhaustion of stocks remaining from the record harvest of 1988/89. By contrast, following a poor early harvest of millet and sorghum in some northern regions, food shortages were already evident in the first months of 1990/91. Most of the country's sorghum and wheat will be harvested during the period November 1990 to May 1991 and a detailed assessment of production is now being undertaken by the FAO. The

authorities, while awaiting a full assessment of food output, are hopeful that the shortfall will be lower than last year. In support of this, they point to the decision to increase substantially the acreage devoted to irrigated wheat (largely by reducing acreage for cotton) and they expect higher yields, in part due to timely provision of inputs. The shortfall will be felt mainly in the period following May 1991, though internal distribution problems, including shortages of transport and fuel, and very high domestic prices will leave some parts of the population short of food throughout the year.

The prospects for real GDP in 1990/91, following the estimated decline of 7 percent in 1989/90, will be greatly influenced by the harvest as well as the legacy of policy shortcomings in recent years. In addition, production of cotton is likely to decline with the reallocation of some land to wheat production, following the Government's policy to aim at self sufficiency in wheat (thereby reducing dependence on food aid). Such a move, based on an administrative decision rather than market signals, will reduce cotton export earnings and may ultimately aggravate Sudan's already perilous food security position. The supply situation in general remains very difficult, particularly in the absence of a market determined exchange rate and the lack of incentives to producers.

The authorities have taken several steps since July 1990 in the direction of liberalization of trade and prices. These include, most notably, allowing self-financed imports under a "commercial investment program," and permitting retail prices of these goods to reflect the market price of foreign exchange paid by the importers. The range of allowable imports under this scheme was extended in September and October 1990 and includes building materials, agricultural inputs, spare parts, and some consumer goods. Licenses issued totaled approximately US\$80 million in those two months. In addition, since July 1990 exporters have been permitted to retain some proportion of export earnings (as described in SM/90/127, Sup. 1, 7/19/90), and holders of foreign currency deposits are now permitted to use those deposits for the purchase of specified imports. However, these ad hoc initiatives still involve administrative approval (including the declaration of import costs and mandated profit margins) and the resort to such schemes is a clear indication of the need for a comprehensive reform of the exchange, trade, and pricing systems. While the officially recognized exchange rates range from LSd 4.5-12.1 per U.S. dollar, parallel market rates are reported to be in the range of LSd 35-40 per U.S. dollar. The incentives to exporters therefore remain severely distorted; in addition, a move to allow the private sector a role in export marketing arrangements for sesame was introduced in October but was withdrawn following a surge in prices. This quick reversal of policy on sesame marketing diminished private sector confidence. Though the authorities are committed to press ahead with privatization, initially of loss-making enterprises, progress in this area has been slow and is unlikely to be successful without a more far-reaching economic reform.

Recent data on public finances indicate a further deterioration in the already fundamentally weak fiscal position. Details of the final outturn for 1989/90 are not yet available. However, provisional data point to a fiscal deficit of about 12 percent of GDP, and government bank financing of about LSd 7.8 billion, more than triple the budgeted figure of LSd 2.5 billion. Preliminary information for the first quarter of 1990/91 shows that the average monthly recourse to bank financing of LSd 660 million was similar to the average for 1989/90 and twice as high as projected in the authorities' budget. While tax revenue in the first quarter was close to the budget target, nontax revenues were very low. Although the authorities succeeded in reducing the extent of the carryover of current expenditures from the 1989/90 budget authorizations, expenditure can be expected to increase sharply in coming months. In particular, the first quarter saw extremely low development expenditures, and other outlays, including a wage bonus for public employees (estimated at LSd 0.2 billion) and the financing of wheat production (LSd 0.4 billion), will be reflected in the second quarter.

The continued recourse by the Government to bank borrowing on an excessive scale remains the major impetus to the high rates of monetary growth. Data for 1989/90 indicate that net credit to the Central Government contributed nine-tenths of the 48 percent increase in broad money. By contrast, growth in claims on the public enterprise and private sectors contributed only a small fraction of the increase in broad money. The authorities have announced that access to Bank of Sudan credit by some major public enterprises, including the large agricultural schemes, would be reduced and a consortium of commercial banks would be invited to extend credit instead. The implications of this change in policy on total credit expansion are not yet clear but there may be some risks given the excess liquidity of the commercial banks. In the context of declining economic activity, little or no foreign exchange reserves, and negative real rates of return on financial assets, monetary growth has continued to fuel rapid inflation. The most recent data indicate an increase in the CPI of 80 percent in the twelve months ended August 1990. This may well understate the underlying inflation, given the importance of price controlled items in the CPI basket.

Recent data on the external sector remain limited. Recorded exports in the first quarter of 1990/91 were depressed, and remittances through official channels have dwindled. Given the poor export incentives noted above, the prospect is for difficulties in maintaining even the low export level of US\$465 million reached in 1989/90. In particular, the value of cotton exports in 1990/91 may fall as much as a quarter from the previous year's level of US\$240 million on account of the reduced acreage allotted to cotton. On the import side, while the world price of oil has increased sharply since August, Sudan has received larger shipments on credit terms from the Socialist People's Libyan Arab Jamahiriya which have eased the shortages of petroleum. Other commodity aid is being curtailed and project assistance is also being reduced. The issuing of import licenses under the

new self-financed schemes noted above should contribute to increased imports in the coming months without imposing any additional constraints on official resources. Usable foreign exchange reserves at end-October were estimated to be only US\$4 million. Priority for the use of available foreign exchange remains the purchase of petroleum, wheat, and government imports and very limited debt service payments. In this context, Sudan has continued to give priority to debt service payments to creditors providing net resource inflows.

4. At the review of Sudan's overdue obligations on July 23, 1990, the Executive Board decided that if Sudan did not resume active cooperation with the Fund in seeking a solution to the problem of its overdue obligations to the Fund, it would within nine months of the date of the decision (i.e. not later than April 23, 1991) give consideration to the initiation of further procedures under the strengthened arrears strategy. It was understood that these further procedures referred to procedures which could lead to the compulsory withdrawal of Sudan from the Fund, and this was explained to the authorities. ^{1/} The discussion earlier in this paper indicates that, since the Executive Board meeting in July, Sudan has neither adopted adjustment measures adequate to deal with its economic and balance of payments problems, nor has it made substantial efforts to reduce its overdue obligations to the Fund or contain their increase. There thus is no basis, at the present time, to conclude that Sudan is actively cooperating with the Fund in seeking a solution to its arrears problem.

As regards the timing of the consideration of initiation of procedures with respect to the compulsory withdrawal of Sudan, Executive Directors may, in indicating their views on this matter, wish to note that the Sudanese authorities have recently agreed that the staff discussions for the 1991 Article IV consultation, which on the normal cycle would be held in April/May 1991, should be brought forward, and a staff mission is scheduled to visit Khartoum for this purpose in February 1991. These discussions would provide a further opportunity for a comprehensive evaluation of the economic situation and of the policy intentions of the authorities, including their intentions as regards payments to the Fund. The staff's discussions could also provide an appropriate basis for a judgment whether Sudan has resumed active cooperation with the Fund toward a solution of the problem of its arrears. Under this schedule, the staff could prepare the report for the Article IV consultation, together with a further review of Sudan's overdue financial obligations to the Fund, for consideration by Executive Directors not later than April 23, 1991. It would be for consideration at that time whether it would be necessary to initiate procedures that could lead to the compulsory withdrawal of Sudan from the Fund--i.e., the issuance of a complaint that Sudan was failing to meet its

^{1/} See the Acting Managing Director's communication to the Governor of the Fund for Sudan following the July 23, 1990 review (SM/90/133, Sup. 2, 8/23/90).

obligations under the Articles. Such a complaint could be issued by the Managing Director or any member of the Fund. 1/

As regards the decision to be adopted at this review, the draft decision below expresses the Fund's deep regret concerning the continuing failure of Sudan to fulfill its financial obligations to the Fund and regrets that payments to the Fund have remained modest since the last review, while Sudan has continued to make payments to other creditors. It again urges Sudan to make full and prompt settlement of its overdue financial obligations to the Fund, and stresses that settlement of these arrears should be given the highest priority. The decision also urges Sudan to adopt as a matter of urgency a comprehensive set of measures that would bring about necessary economic adjustment.

The draft decision regrets that it has been necessary to issue and publish a declaration of noncooperation with respect to Sudan, and that Sudan has not resumed active cooperation with the Fund in seeking a solution to the problem of its overdue financial obligations to the Fund.

The decision provides for a further review at the time of the 1991 Article IV consultation with Sudan or not later than April 23, 1991, whichever is earlier. It indicates that in the absence of a resumption of active cooperation with the Fund by Sudan in seeking a solution to the problem of its overdue financial obligations to the Fund, the Fund will give consideration to the initiation of further procedures in accordance with the strengthened arrears strategy not later than April 23, 1991.

The following draft decision, which could be adopted by majority of the votes cast, is proposed for adoption by the Executive Board.

Draft Decision

1. The Fund has reviewed further the matter of Sudan's continuing failure to fulfill its financial obligations to the Fund in the light of the facts and developments described in EBS/90/211, 12/12/90).

2. The Fund deeply regrets the continuing failure of Sudan to fulfill its financial obligations to the Fund, which places a financial burden upon other members and reduces Fund resources needed to help others. The Fund regrets that Sudan's payments to the Fund have remained modest since the last review, while Sudan has continued to make payments to other creditors. The Fund again urges Sudan to make

1/ The steps leading to the compulsory withdrawal of a member from the Fund are described in "Overdue Financial Obligations to the Fund-- Ineligibility to Use the General Resources and Subsequent Actions by the Fund--Legal Aspects" (SM/86/102, 5/14/86).

full and prompt settlement of its overdue financial obligations to the Fund, and stresses that settlement of these arrears should be given the highest priority.

3. The Fund urges Sudan to adopt as a matter of urgency a comprehensive set of measures within the context of the cooperative approach that would bring about necessary economic adjustment. The Fund continues to stand ready to assist the authorities in support of efforts to formulate and implement a comprehensive adjustment program.

4. The Fund regrets that it has been necessary to issue and publish a declaration of noncooperation with respect to Sudan. The Fund further regrets that Sudan has not resumed active cooperation with the Fund in seeking a solution to the problem of its overdue financial obligations to the Fund.

5. The Fund will review the matter of Sudan's overdue financial obligations to the Fund again at the time of the 1991 Article IV consultation with Sudan or not later than April 23, 1991, whichever is earlier. In the absence of a resumption of active cooperation with the Fund by Sudan in seeking a solution to the problem of its overdue financial obligations to the Fund, the Fund will give consideration to the initiation of further procedures in accordance with the strengthened arrears strategy not later than April 23, 1991.

Attachments

INTERNATIONAL MONETARY FUND

Sudan - Overdue Financial Obligations -
Further Review Following Declaration of Ineligibility

Executive Board Decision No. 9509-(90/120),
Adopted July 23, 1990

1. The Fund has reviewed further the matter of Sudan's continuing failure to fulfill its financial obligations to the Fund in the light of the facts and developments described in EBS/90/133 (7/16/90).

2. The Fund deeply regrets the continuing failure of Sudan to fulfill its financial obligations to the Fund, which places a financial burden upon other members and reduces Fund resources needed to help others. The Fund acknowledges the payments made to the Fund by Sudan since the last review, and notes the authorities' intention to make further payments to the Fund. The Fund regrets that these payments remain modest, while Sudan has continued to make payments to other creditors. The Fund again urges Sudan to make full and prompt settlement of its overdue financial obligations to the Fund, and stresses that settlement of these arrears should be given the highest priority.

3. The Fund urges Sudan to adopt as a matter of urgency a comprehensive set of measures within the context of the cooperative approach that would bring about necessary economic adjustment. The Fund continues to stand ready to assist the authorities in support of efforts to formulate and implement a comprehensive adjustment program.

4. The Fund shall issue and publish a declaration of noncooperation regarding Sudan by September 14, 1990 unless by that time, following discussions with the Sudanese authorities, the Managing Director has, in light of actions taken by Sudan in the meantime regarding settlement of its arrears to the Fund and the formulation and implementation of a comprehensive adjustment program, brought the matter for consideration by the Executive Board.

5. In any event, the Fund will review the matter of Sudan's overdue financial obligations to the Fund again not later than December 21, 1990, in light of the actions taken by Sudan in the meantime in settling its arrears to the Fund and in implementing a comprehensive adjustment program. In the event that Sudan has not resumed active cooperation with the Fund in seeking a solution to the problem of its overdue financial obligations to the Fund, the Fund will give consideration to the initiation of further procedures in accordance with the strengthened arrears strategy within nine months of the date of this decision.

September 14, 1990

Declaration of Noncooperation

The Fund notes that Sudan has remained in arrears in its financial obligations to the Fund since July 1984 and was declared ineligible to use the Fund's general resources on February 3, 1986, and has persisted in its failure to fulfill its obligations under the Articles, with arrears amounting to SDR 942.6 million as of September 14, 1990, equivalent to 555.4 percent of Sudan's quota;

Notes that Sudan has made payments to other creditors while not discharging to the same extent its financial obligations to the Fund, thus ignoring the preferred creditor status that members are expected to give to the Fund;

Finds that Sudan is not cooperating with the Fund toward the discharge of its financial obligations to the Fund;

Urges Sudan to discharge its financial obligations to the Fund promptly and to cooperate with the Fund;

Reminds Sudan that arrears to the Fund, which is a cooperative institution, are detrimental to the whole membership of the Fund in that they hamper the proper performance by the Fund of its function of assisting members facing balance of payments difficulties; and

Notifies Sudan that if Sudan does not resume active cooperation with the Fund in seeking a solution to the problem of its overdue financial obligations to the Fund, the Fund will give consideration to the initiation of further procedures in accordance with the strengthened arrears strategy.

Sudan - Overdue Financial Obligations to the Fund

(As of December 10, 1990) 1/

Type of Obligation	Date of Purchase or Loan	Due Date	SDR Amount
<u>General Department</u>			
CF repurchase	4/13/81	7/12/84	2,904,860
CT repurchase	4/13/81	7/12/84	2,480,672
Quarterly charges	--	8/08/84	5,378,717
CF repurchase	11/18/80	8/16/84	2,725,000
CT repurchase	9/27/79	9/25/84	2,143,867
EF repurchase	4/03/80	10/02/84	2,187,500
EF repurchase	4/03/80	10/02/84	1,458,333
EF repurchase	10/03/79	10/02/84	625,000
EF repurchase	10/03/87	10/02/84	937,500
CF repurchase	4/13/81	10/11/84	3,950,000
CT repurchase	4/13/81	11/11/84	2,480,672
CF repurchase	11/13/79	11/08/84	4,500,000
Quarterly charges	--	11/08/84	5,471,536
EF repurchase	11/17/80	11/15/84	4,750,000
CF repurchase	11/18/80	11/15/84	2,725,000
EF repurchase	5/27/80	11/26/84	625,000
EF repurchase	5/29/79	11/28/84	625,000
EF repurchase	5/29/79	11/28/84	937,500
EF repurchase	6/12/79	12/11/84	6,537,500
CF repurchase	4/13/81	1/11/85	3,950,000
CT repurchase	4/13/81	1/11/85	2,480,672
Quarterly charges	--	2/06/85	5,476,587
CF repurchase	11/18/80	2/14/85	2,725,000
EF repurchase	4/03/80	4/02/85	1,458,333
EF repurchase	10/03/79	4/02/85	937,500
EF repurchase	4/03/80	4/02/85	2,187,500
EF repurchase	10/03/79	4/02/85	625,000
CF repurchase	4/13/81	4/11/85	3,950,000
CT repurchase	4/13/81	4/11/85	2,480,672
Quarterly charges	--	5/06/85	5,302,904
EF repurchase	11/17/80	5/16/85	3,166,667
CF repurchase	11/17/80	5/16/85	2,725,000
EF repurchase	11/18/80	5/16/85	4,750,000

1/ In addition, a repurchase obligation of SDR 4.0 million falls due on December 11, 1990.

Type of Obligation	Date of Purchase or Loan	Due Date	SDR Amount
CT repurchase	2/25/82	5/23/85	3,301,347
EF repurchase	5/27/80	5/23/85	625,000
EF repurchase	5/27/80	5/23/85	416,667
EF repurchase	5/29/79	5/28/85	937,500
EF repurchase	5/29/79	5/28/85	625,000
EF repurchase	6/12/81	6/11/85	6,537,500
CT repurchase	4/13/81	7/11/85	2,480,672
CF repurchase	4/13/81	7/11/85	3,950,000
Semiannual charges	--	7/18/85	7,295,695
Quarterly charges	--	8/06/85	5,399,776
CF repurchase	11/18/80	8/15/85	2,725,000
CT repurchase	2/25/82	8/22/85	3,301,347
CT repurchase	2/25/82	8/22/85	5,448,653
EF repurchase	4/03/80	10/02/85	1,458,333
EF repurchase	10/03/79	10/02/85	625,000
EF repurchase	10/03/79	10/02/85	937,500
EF repurchase	4/03/80	10/02/85	2,187,500
CT repurchase	4/13/81	10/10/85	2,480,672
CF repurchase	4/13/81	10/10/85	3,950,000
Quarterly charges	--	11/06/85	5,399,776
CF repurchase	11/18/80	11/14/85	2,725,000
EF repurchase	11/17/80	11/14/85	3,166,667
EF repurchase	11/17/80	11/14/85	4,750,000
CT repurchase	2/25/82	11/21/85	3,301,347
EF repurchase	5/27/80	11/26/85	416,667
EF repurchase	5/27/80	11/26/85	625,000
EF repurchase	5/29/79	11/27/85	625,000
EF repurchase	5/29/79	11/27/85	937,500
EF repurchase	6/12/81	12/11/85	6,537,500
EF repurchase	6/12/81	12/11/85	3,975,000
CT repurchase	4/13/81	1/09/86	2,480,672
CF repurchase	4/13/81	1/09/86	3,950,000
Semiannual charges	--	1/17/86	6,774,234
Quarterly charges	--	2/06/86	5,399,776
CT repurchase	2/25/82	2/24/86	5,448,653
CT repurchase	2/25/82	2/24/86	3,301,347
EF repurchase	10/03/79	4/02/86	625,000
EF repurchase	4/03/80	4/02/86	1,458,333
EF repurchase	10/03/79	4/02/86	937,500
EF repurchase	4/03/80	4/02/86	2,187,500
CT repurchase	4/13/81	4/10/86	2,480,675

Type of Obligation	Date of Purchase or Loan	Due Date	SDR Amount
CF repurchase	4/13/81	4/10/86	3,950,000
Quarterly charges	--	5/12/86	5,223,697
EF repurchase	11/17/80	5/15/86	4,750,000
EF repurchase	11/17/80	5/15/86	3,166,667
CT repurchase	2/25/82	5/22/86	3,301,347
EF repurchase	5/27/80	5/22/86	416,667
EF repurchase	5/29/79	5/22/86	625,000
EF repurchase	5/29/79	5/28/86	937,500
Special charges (GRA)	--	5/28/86	1,046,847
CT repurchase	3/03/83	6/02/86	3,810,369
EF repurchase	6/12/81	6/11/86	3,975,000
EF repurchase	6/12/81	6/11/86	6,537,500
CF repurchase	3/16/83	6/12/86	4,887,500
Semiannual charges	--	7/18/86	5,967,241
Quarterly charges	--	8/07/86	4,542,259
CT repurchase	2/25/82	8/21/86	3,301,347
CT repurchase	2/25/82	8/21/86	5,448,653
CT repurchase	3/03/83	9/02/86	3,810,369
Special charges (GRA)	--	9/02/86	1,035,487
CT repurchase	3/03/83	9/04/86	4,689,631
CT repurchase	6/15/83	9/11/86	588,852
CF repurchase	3/16/83	9/15/86	4,887,500
EF repurchase	10/03/79	10/02/86	625,000
EF repurchase	3/03/80	10/02/86	1,458,333
EF repurchase	3/03/80	10/02/86	2,187,500
EF repurchase	10/03/79	10/02/86	937,500
Quarterly charges	--	11/06/86	5,068,828
EF repurchase	11/17/80	11/13/86	3,166,667
EF repurchase	11/17/80	11/13/86	4,750,000
Special charges (GRA)	--	11/20/86	1,122,507
CT repurchase	2/25/82	11/24/86	3,301,347
EF repurchase	5/27/80	11/26/86	416,667
EF repurchase	5/27/80	11/26/86	625,000
EF repurchase	5/29/79	11/26/86	625,000
CT repurchase	3/03/83	12/02/86	3,810,369
EF repurchase	6/12/81	12/11/86	3,975,000
CT repurchase	6/15/83	12/11/86	588,852
EF repurchase	6/12/81	12/11/86	6,537,500
CF repurchase	3/16/83	12/15/86	4,887,500
CT repurchase	6/15/83	12/22/86	2,598,648
Semiannual charges	--	1/16/87	5,146,378

Type of Obligation	Date of Purchase or Loan	Due Date	SDR Amount
Quarterly charges	--	2/13/87	2,693,746
Special charges (GRA)	--	2/23/87	1,241,405
CT repurchase	2/25/82	2/24/87	3,301,345
CT repurchase	2/25/82	2/24/87	5,448,653
CT repurchase	3/03/83	3/02/87	8,810,369
CT repurchase	3/03/83	3/05/87	4,689,631
CT repurchase	6/15/83	3/12/87	588,852
CF repurchase	3/16/83	3/12/87	4,887,500
EF repurchase	10/03/79	4/02/87	625,000
EF repurchase	4/03/80	4/02/87	1,458,333
EF repurchase	4/03/80	4/02/87	2,187,500
CT repurchase	9/30/83	4/02/87	3,187,500
Quarterly charges	--	5/11/87	4,661,945
EF repurchase	11/17/80	5/14/87	3,166,667
EF repurchase	11/17/80	5/14/87	4,750,000
Special charges (GRA)	--	5/21/87	1,236,749
EF repurchase	5/27/80	5/26/87	625,000
EF repurchase	5/27/80	5/26/87	416,667
EF repurchase	5/29/70	5/27/87	625,000
CT repurchase	3/03/83	6/02/87	3,810,369
CT repurchase	11/30/83	6/04/87	3,187,500
CT repurchase	6/15/83	6/11/87	588,852
EF repurchase	6/11/81	6/11/87	3,975,000
EF repurchase	6/11/81	6/11/87	6,537,500
CF repurchase	3/16/83	6/15/87	4,887,500
CT repurchase	6/15/83	6/22/87	2,598,648
Semiannual charges	--	7/20/87	5,048,100
Special charges (GRA)	--	7/21/87	163,837
Quarterly charges	--	8/17/87	4,502,153
Special charges (GRA)	--	8/24/87	1,308,063
CT repurchase	2/25/82	8/24/87	5,448,653
CT repurchase	3/03/83	9/02/87	3,810,369
CT repurchase	3/03/83	9/03/87	4,689,631
CT repurchase	6/15/83	9/14/87	588,852
CF repurchase	3/16/83	9/15/87	4,887,500
CT repurchase	3/15/84	9/22/87	3,187,500
EF repurchase	4/03/80	10/01/87	1,458,333
EF repurchase	1/03/83	10/01/87	625,000
CT repurchase	7/02/84	10/01/87	1,250,000
CT repurchase	9/30/83	10/06/87	3,187,500
Quarterly charges	--	11/11/87	4,516,566

Type of Obligation	Date of Purchase or Loan	Due Date	SDR Amount
EF repurchase	11/17/80	11/16/87	3,166,667
EF repurchase	11/17/80	11/16/87	4,750,000
Special charges (GRA)	--	11/20/87	1,726,790
EF repurchase	5/27/80	11/15/87	416,667
EF repurchase	5/29/79	11/25/87	625,000
CT repurchase	3/03/83	12/02/87	3,810,369
CT repurchase	11/30/83	12/03/87	3,187,500
EF repurchase	6/12/81	12/10/87	3,975,000
EF repurchase	6/12/81	12/10/87	6,537,500
CT repurchase	6/15/83	12/14/87	588,852
CF repurchase	3/16/83	12/15/87	4,887,500
CT repurchase	6/15/83	12/22/87	2,598,648
CT repurchase	7/02/84	12/31/87	1,250,000
CT repurchase	7/02/84	1/06/88	1,250,000
Semiannual charges	--	1/15/88	5,401,872
Semiannual charges	--	1/15/88	4,298,896
Quarterly charges	--	2/12/88	4,612,895
CT repurchase	2/25/82	2/24/88	5,448,653
Special charges (GRA)	--	2/24/88	1,584,737
CT repurchase	3/03/83	3/02/88	3,810,372
CT repurchase	3/03/83	3/02/88	4,689,631
CT repurchase	6/15/83	3/14/88	588,852
CF repurchase	3/16/83	3/15/88	4,887,500
CT repurchase	3/15/84	3/22/88	3,187,500
CT repurchase	7/02/84	3/31/88	1,250,000
EF repurchase	4/03/80	3/31/88	1,458,333
EF repurchase	10/03/79	3/31/88	625,000
CT repurchase	9/30/83	4/05/88	3,187,500
EF repurchase	11/17/80	5/16/88	3,166,667
Quarterly charges	--	5/23/88	4,632,419
EF repurchase	5/27/80	5/26/88	416,667
EF repurchase	5/29/79	5/26/88	625,000
CT repurchase	11/30/83	6/06/88	3,187,500
EF repurchase	6/12/81	6/09/88	3,975,000
EF repurchase	6/12/81	6/09/88	6,537,500
CT repurchase	6/15/83	6/14/88	588,855
CT repurchase	6/15/83	6/22/88	2,598,648
CT repurchase	7/02/84	6/30/88	1,250,000
CT repurchase	7/02/84	7/06/88	1,250,000
Special charges (GRA)	--	7/07/88	2,094,860
Semiannual charges	--	7/14/88	5,350,160

Type of Obligation	Date of Purchase or Loan	Due Date	SDR Amount
Semiannual charges	--	7/14/88	6,585,935
Quarterly charges	--	8/18/88	4,898,945
CT repurchase	2/25/82	8/24/88	5,448,653
Special charges (GRA)	--	8/25/88	2,205,065
CT repurchase	3/03/83	9/06/88	4,689,631
CT repurchase	3/15/84	9/22/88	3,187,500
CT repurchase	7/02/84	10/01/88	1,250,000
EF repurchase	4/03/80	10/02/88	1,458,333
EF repurchase	10/03/79	10/02/88	625,000
CT repurchase	9/30/83	10/06/88	3,187,500
Quarterly charges	--	11/14/88	4,968,957
EF repurchase	11/17/80	11/16/88	3,166,667
Special charges (GRA)	--	11/21/88	3,368,834
EF repurchase	5/27/80	11/26/88	416,667
EF repurchase	5/29/79	11/28/88	625,000
CT repurchase	11/30/83	12/06/88	3,187,500
EF repurchase	6/12/81	12/11/88	3,975,000
CT repurchase	6/15/83	12/22/88	2,598,648
CT repurchase	7/02/84	1/01/89	1,250,000
CT repurchase	7/02/84	1/06/89	1,250,000
Semiannual charges	--	1/13/89	7,143,604
Semiannual charges	--	1/13/89	5,481,752
Quarterly charges	--	2/15/89	6,363,744
Special charges (GRA)	--	2/22/89	2,920,339
CT repurchase	2/25/82	2/24/89	5,448,655
CT repurchase	3/03/83	3/06/89	4,689,631
CT repurchase	3/15/84	3/22/89	3,187,500
CT repurchase	7/02/84	4/01/89	1,250,000
EF repurchase	10/3/79	4/02/89	625,000
EF repurchase	4/03/80	4/02/89	1,458,333
CT repurchase	9/30/83	4/06/89	3,187,500
Quarterly charges	--	5/10/89	6,206,503
EF repurchase	11/17/80	5/16/89	3,166,667
Special charges (GRA)	--	5/19/89	3,765,203
EF repurchase	5/27/80	5/26/89	416,667
EF repurchase	5/29/79	5/28/89	625,000
CT repurchase	11/30/83	6/06/89	3,187,500
EF repurchase	6/12/81	6/11/89	3,975,000
EF repurchase	6/15/83	6/22/89	2,598,648
CT repurchase	7/02/84	7/01/89	1,250,000
CT repurchase	7/02/84	7/06/89	1,250,000

Type of Obligation	Date of Purchase or Loan	Due Date	SDR Amount
Semiannual charges	--	7/13/89	5,708,735
Semiannual charges	--	7/13/89	7,237,863
Quarterly charges	--	8/10/89	6,767,047
Special charges (GRA)	--	8/23/89	3,884,954
CT repurchase	3/03/83	9/06/89	4,689,631
CT repurchase	3/15/84	9/22/89	3,187,500
EF repurchase	10/03/79	10/02/89	1,458,333
EF repurchase	3/03/80	10/02/89	625,000
CT repurchase	9/30/83	10/06/89	3,187,500
Quarterly charges	--	11/09/89	6,782,086
EF repurchase	11/17/80	11/16/89	3,166,667
Special charges (GRA)	--	11/21/89	4,331,757
EF repurchase	5/27/80	11/26/89	416,667
CT repurchase	11/30/83	12/06/89	3,187,500
EF repurchase	6/12/81	12/11/89	3,975,000
CT repurchase	6/15/83	12/22/89	2,598,648
CT repurchase	7/02/84	1/06/90	1,250,000
Semiannual charges	--	1/11/90	6,481,900
Semiannual charges	--	1/11/90	5,890,950
Quarterly charges	--	2/12/90	7,229,633
Special charges (GRA)	--	2/23/90	4,665,867
CT repurchase	3/03/83	3/02/90	4,689,628
CT repurchase	3/15/84	3/22/90	3,187,500
EF repurchase	4/03/80	4/02/90	1,458,337
CT repurchase	9/30/83	4/06/90	3,187,500
Quarterly charges	--	5/14/90	7,142,201
EF repurchase	11/17/80	5/16/90	3,166,667
Special charges (GRA)	--	5/21/90	4,946,917
EF repurchase	5/27/80	5/26/90	416,663
CT repurchase	11/30/83	6/06/90	3,187,500
EF repurchase	6/12/81	6/11/90	3,975,000
CT repurchase	6/15/83	6/14/90	2,598,645
CT repurchase	7/02/84	7/06/90	1,250,000
Semiannual charges	--	7/16/90	6,455,538
Semiannual charges	--	7/16/90	6,854,909
Quarterly charges	--	8/16/90	7,092,762
Special charges (GRA)	--	8/23/90	5,614,413
CT repurchase	3/15/84	9/21/90	3,187,500
CT repurchase	9/30/83	9/28/90	3,187,500
Quarterly charges	--	11/13/90	7,513,219

Type of Obligation	Date of Purchase or Loan	Due Date	SDR Amount
EF repurchase	11/17/80	11/16/90	3,157,892
Special charges (GRA)	--	11/21/90	6,053,565
CT repurchase	11/30/83	11/29/90	<u>3,187,500</u>
Subtotal			891,309,302
<u>SDR Department</u>			
Net SDR charges	--	8/01/90	907,440
Net SDR Charges	--	11/01/90	<u>1,223,090</u>
Subtotal			2,130,530
<u>Trust Fund</u>			
Repayment	7/27/78	7/26/84	2,984,215
Interest	--	12/31/84	169,362
Repayment	7/27/78	1/25/85	2,984,215
Repayment	7/31/79	1/30/85	1,706,400
Repayment	10/31/79	4/30/85	475,200
Interest	--	6/28/85	167,060
Repayment	7/27/78	7/26/85	2,984,215
Repayment	7/31/79	7/30/85	1,706,400
Repayment	1/31/80	7/30/85	612,000
Repayment	4/30/80	10/29/85	885,600
Repayment	10/30/79	10/30/85	475,200
Interest	--	12/31/85	169,828
Repayment	7/27/78	1/24/86	2,984,215
Repayment	1/31/80	1/30/86	612,000
Repayment	7/31/79	1/30/86	1,706,400
Repayment	7/31/80	1/30/86	345,600
Repayment	4/30/80	4/29/86	885,600
Repayment	10/31/79	4/30/86	475,200
Special charges (TF)	--	5/28/86	164,701
Interest	--	6/30/86	167,060
Repayment	7/27/78	7/25/86	2,984,215
Repayment	7/31/79	7/30/86	1,706,400
Repayment	1/30/80	7/30/86	612,000
Repayment	7/31/80	7/30/86	345,600

Type of Obligation	Date of Purchase or Loan	Due Date	SDR Amount
Special charges (TF)	--	9/02/86	163,254
Repayment	4/30/80	10/29/86	885,600
Repayment	10/31/79	10/30/86	475,200
Special charges (TF)	--	11/20/86	192,967
Interest	--	12/31/86	169,828
Repayment	7/27/78	1/26/87	2,984,215
Repayment	1/31/80	1/30/87	612,000
Repayment	7/31/79	1/30/87	1,706,400
Repayment	7/31/80	1/30/87	345,600
Special charges (TF)	--	2/23/87	210,617
Repayment	4/30/80	4/29/87	885,600
Repayment	10/31/79	4/30/87	475,200
Special charges (TF)	--	5/21/87	232,374
Interest	--	6/30/87	167,060
Repayment	7/27/78	7/24/87	2,984,215
Repayment	7/31/79	7/30/87	1,706,400
Repayment	6/31/80	7/30/87	612,000
Repayment	7/31/80	7/30/87	345,600
Special charges (TF)	--	8/24/87	241,500
Repayment	4/30/80	10/29/87	885,600
Repayment	10/31/79	10/30/87	475,200
Special charges (TF)	--	11/20/87	301,169
Interest	--	12/31/87	169,828
Repayment	7/27/78	1/26/88	2,984,215
Repayment	7/31/79	1/29/88	345,600
Repayment	1/31/80	1/29/88	612,000
Repayment	7/31/80	1/29/88	1,706,400
Special charges (TF)	--	2/24/88	291,177
Repayment	4/30/80	4/29/88	885,600
Repayment	10/31/79	4/29/88	475,200
Special charges (TF)	--	7/07/88	308,642
Repayment	7/27/78	7/26/88	2,984,217
Repayment	7/31/79	7/29/88	1,706,400
Repayment	1/31/80	7/29/88	612,000
Repayment	7/31/80	7/29/88	345,600
Special charges (TF)	--	8/25/88	351,012
Repayment	10/31/79	10/28/88	475,200
Repayment	4/30/80	10/28/88	885,600
Special charges (TF)	--	11/21/88	455,375
Interest	--	1/03/89	169,362
Repayment	7/31/80	1/30/89	345,600
Repayment	7/31/79	1/30/89	1,706,400

Type of Obligation	Date of Purchase or Loan	Due Date	SDR Amount
Repayment	1/31/80	1/30/89	612,000
Special charges (TF)	--	2/22/89	505,586
Repayment	4/30/80	4/28/89	885,600
Repayment	10/31/79	4/28/89	475,200
Special charges (TF)	--	5/19/89	563,584
Interest	--	6/30/89	167,060
Repayment	7/31/80	7/28/89	345,600
Repayment	7/31/79	7/28/89	1,706,400
Repayment	1/31/80	7/28/89	612,000
Special charges (TF)	--	8/23/89	605,870
Repayment	4/30/80	10/27/89	885,600
Repayment	10/31/79	10/30/89	475,200
Special charges (TF)	--	11/21/89	647,181
Interest	--	1/02/90	169,828
Repayment	7/31/80	1/30/90	345,600
Repayment	7/31/80	1/30/90	612,000
Special charges (TF)	--	2/23/90	711,153
Repayment	4/30/80	4/27/90	885,600
Special charges (TF)	--	5/21/90	716,335
Interest	--	7/02/90	167,060
Repayment	7/31/80	7/30/90	345,600
Special charges (TF)	--	8/23/90	742,355
Special charges (TF)	--	11/21/90	<u>751,582</u>
Subtotal			77,115,707
Total			970,555,539 =====

Sudan - Overdue and Forthcoming Financial Obligations
as of December 10, 1990

(In millions of SDRs)

Type of Obligation	Overdue as of December 10, 1990	Forthcoming 1/				Total Through 1993 3/
		1990 2/	1991	1992	1993	
Repurchases	590.6	4.0	9.7	--	--	604.3
Quarterly charges 4/	143.3	--	29.2	29.3	29.2	231.0
Semiannual charges 4/	103.1	--	27.3	27.3	27.3	185.0
Special charges 4/	62.5	--	29.5	34.6	39.6	166.2
Net SDR charges	2.1	--	5.0	5.5	6.0	18.6
Trust Fund repayments and interest	<u>69.0</u>	<u>0.2</u>	<u>0.6</u>	<u>0.3</u>	<u>0.3</u>	<u>70.4</u>
Total 3/	970.6	4.1	101.3	97.0	102.4	1,275.5

1/ On the basis of present use of Fund credit, Trust Fund loans outstanding, and Sudan's present position in the SDR Department. Charges are projected on the basis of current rates of charge.

2/ Due after December 10, 1990.

3/ Totals may not add due to rounding.

4/ Forthcoming charges and special charges estimated on the assumption that overdue obligations remain outstanding and forthcoming obligations are not settled through the projection period. To the extent that obligations are settled, actual charges and special charges will be lower.

