

École Supérieure  
de Commerce  
de la Région  
de la Seine  
Saint-Denis

# CRISES DE DETTE EXTÉRIEURE ET RESTRUCTURATIONS II

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## SFAX ESC 2020

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- ▶ Reinhart C., Rogoff K.: This time it's different (Princeton, 2009)
- ▶ Paris Club 2020
- ▶ IIF 2020
- ▶ IMF, annual report 2019-20
- ▶ Club de Paris 2020
- ▶ BIS reports 2014-20
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## Origines des crises d'endettement?

Croissance excessive de la masse monétaire → Pressions inflationnistes → Pressions sur la balance des paiements

Absorption excessive →  $\Delta$  taux de dépense sur les biens nationaux et d'importations

**AJUSTEMENT**

- \* Politique de stabilisation = ajustement des taux de change et contrôle de l'offre de monnaie + diminution des crédits bancaires +  $\Delta$  taux d'intérêts
- \* Ajustements fiscaux
- Mesures structurelles d'ajustement
- Financement du FMI + Banque Mondiale + Club de Paris
- Retour sur les marchés de capitaux?



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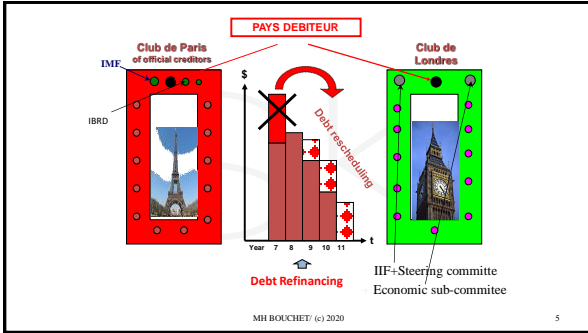
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## Qui sont les principaux créanciers?:

1. IFIs: FMI, Banque Mondiale et BDRs (BAD)
2. **Club de Paris**: 22 pays de l'OCDE (et Russie + Brésil)
3. Fournisseurs privés et dette commerciale
4. **Club de Londres** et banques internationales (IIF)
5. Euro-obligations = porteurs d'obligations, créanciers privés et institutionnels (fonds de pension)

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**LONDON & PARIS CLUB DEBT DEFAULTS**

Main Debt Defaults & Restructuring 1991-2017					
COUNTRY	Restructuring (haircut/loss level) \$ billion		Restructuring		Debt relief \$ billion
	Bonds & London Club	Paris Club			
Argentina	2001-2005	77%	61	2003-2014	n.a
Cyprus					
Cyprus	2009	68%	6,7	1999-2003	n.a
Ecuador	1996-2004	92%	0,2	1996-2004	85%
Ethiopia	2004-2005	11%	1,3	2005	37%
Dominican Rep.	2011-2012	71%		2012-2016	0,1
Greece	1998-2004	91%		1996-2004	90%
Guyana	1998-2004	82%		2005	71%
Honduras	2005				n.a
Iceland	2005	89%	18	2004-2006	30%
Ireland	2010	55%	2,9	1998-2012	80%
Ivory Coast	1998-2004	40%		1998-2004	69%
Kenya	1995-2004	92%	1,1	1995-2004	96%
Nicaragua	1991	40%	5,9	2005	60%
Nigeria	1999	15%	1,4	2001	0%
Pakistan	1997	64%	10,6	1996	6,7
Peru	1997	25%	4,5	1991-1994	1,6
Philippines	1994	49%	13,5	1990-1991	30
Poland	1997-2000	51%	32	1999-2006	68
Russia	2004	62%	2,7	2003-2006	51%
Serbia	2010	56%	0,3	2009-2015	0,02
Seychelles	2004	88%		2002	90%
Tanzania	1998-2000	18%	2,2	2001	0,6
Uruguay	2003	10%	3,1	2003	20%
Vietnam	1997	52%	0,8	1993	50%
Yemen	2003	97%	0,6	2003	67%

Source: IMF, IIF

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# 1. Le Club de Paris

<http://www.clubdeparis.org/sections/donnees-chiffres/chiffres-cles>

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- ## 1. LA RESTRUCTURATION DE LA DETTE PAR LE CLUB DE PARIS
- ▶ Le Club de Paris est un groupe informel de 22 créanciers publics dont le rôle est de trouver des solutions coordonnées et durables aux difficultés de paiement de pays endettés.
  - ▶ Les créanciers du Club de Paris accordent un allègement de dette pour les aider à rétablir leur situation financière, rééchelonnement/refinancement ou, en cas de traitements concessionnels, réduction des obligations du service de dettes pendant une période définie (traitements de flux) ou une date fixée (traitements de stock).
  - ▶ L'origine du Club de Paris remonte en 1956.
  - ▶ Depuis 1956, le Club de Paris a conclu 433 accords avec 90 pays endettés. Le montant total de la dette traitée par les accords du Club de Paris s'élève à >583 milliards de \$.
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## LA RESTRUCTURATION DE LA DETTE PAR LE CLUB DE PARIS



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## LA RESTRUCTURATION DE LA DETTE PAR LE CLUB DE PARIS

### CHIFFRES CLÉS

Nombre total des traitements	433
Nombre total des pays ayant signé un accord avec le Club de Paris	90
Montant total de la dette traitée	583 milliards de \$
Nombre de pays ayant bénéficié des "Termes Classiques"	60
Nombre de pays ayant bénéficié des "Termes de Houston"	21
Nombre de pays ayant bénéficié des "Termes de Naples"	36
Nombre de pays ayant bénéficié des "Termes de Cologne"	33

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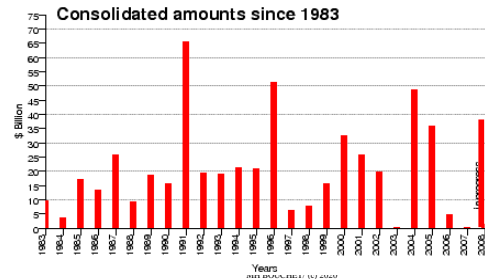
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## LES CRÉANCES DU CLUB DE PARIS

Pays emprunteurs	Créances APD	Créances NAFD	TOTAL
Niger	128	-	128
Nigeria	433	6	439
Oman	-	985	985
Ouganda	362	111	473
Ouzbékistan	5 559	340	1 560
Pakistan	8 416	2 378	10 791
Panama	181	-	181
Papouasie Nouvelle Guinée	147	-	147
Paraguay	193	26	221
Perou	868	6	812
Philippines	1 666	138	7 734
Pologne	5	1 478	1 483
Portugal	-	-	-
République Centrafricaine	-	3	3
République Démocratique	697	12	713
République Dominicaine	-	18	18
République Tabaque	454	-	454
Roumanie	26	47	71
Royaume-Uni	2	-	2
Saint-Christophe-et-Niévès	3	-	3
Equateur	306	-	306
Saint-Vincent-et-les-Grenadines	3	-	3
Senegal	1 027	16	1 047
Sao-Tomé-et-Principe	286	1 657	1 943
Soudan	49	18	68
Soudan du Sud	26	-	26
Soudane	31	-	31
Soudans	432	1 172	1 604
Soudanais	875	3 128	4 304
Sri Lanka	4 364	220	4 584
Sri Lanka	45	-	45
Syrie	981	248	1 229
Tadjikistan	48	292	340
Tanzanie	917	240	1 157
Tchad	62	-	62
Thaïlande	3 406	-	3 406
Togo	16	-	16
Tonga	-	34	34
Tonkin et Tchad	2 224	17	2 241

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## PARIS CLUB CONSOLIDATED DEBT AMOUNTS IN US\$ BILLION



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## CLUB DE PARIS: FONCTIONNEMENT

► Un pays endetté est invité à une réunion de négociation avec ses créanciers du Club de Paris lorsqu'il a conclu un programme approprié avec le FMI qui montre que ce pays n'est pas en mesure de respecter ses obligations en matière de dette extérieure et qu'il a besoin d'un nouvel accord concernant les paiements envers ses créanciers extérieurs (principe de conditionnalité)

► Meetings are held in Paris. The Chairman is a senior official of the French Treasury. Deputies to the Chairman in the French Treasury serve as co-president and vice-president. The current Chairman is the head of the Treasury

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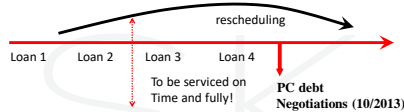
## SIX PRINCIPES:

1. • **Solidarité:** Dans le cadre de leurs négociations avec un pays endetté, tous les membres du Club de Paris agissent en tant que groupe et sont sensibles aux répercussions que la gestion de leurs propres créances est susceptible d'avoir sur les créances d'autres membres.
2. • **Consensus:** Aucune décision ne peut être prise au sein du Club de Paris si elle ne reflète pas un consensus des pays créanciers participants.
3. **Partage d'informations:** Les membres du Club de Paris partagent régulièrement les informations et leurs points de vues avec chacun sur la situation des pays débiteurs
4. • **Cas par cas:** Le Club de Paris prend ses décisions au cas par cas de façon à s'adapter en permanence à la situation particulière de chaque pays débiteur.
5. **Conditionnalité:** Le Club de Paris rencontre un débiteur seulement lorsque :
  - il y a un besoin d'allègement de dette. Le pays débiteur doit fournir une description détaillée de sa situation économique et financière. Et le débiteur s'engage à mettre en œuvre les réformes pour restaurer sa situation économique et financière.
6. • **Comparabilité de traitement:** Le pays débiteur qui signe un accord avec ses créanciers du Club de Paris s'engage à ne pas accepter de ses créanciers non membres du Club de Paris bilatéraux et commerciaux un traitement de sa dette selon des termes moins favorables pour lui que ceux agréés dans le cadre du Club de Paris.

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## PRE AND POST CUT-OFF DATE DEBT?



► To preserve new money and market access, only **pre cut-off date** debt is eligible to debt relief negotiations through rescheduling, refinancing, debt conversion and debt reduction

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## PARIS CLUB DEBT RESTRUCTURING

► From debt rescheduling to debt reduction and debt conversion

- 09/1990: Houston terms: debt service rescheduling (15/8) for countries with GDP per capita <\$1345
- Toronto 1988 : 33% debt reduction: Menu approach
- 12/1991: London or « Enhanced Toronto terms » for 23 poorest countries: 50% reduction of eligible debt payments or consolidated debt in NPV, with promise of considering « stock reduction »
- Naples 1994 67% NPV (flow rescheduling) for EMCs with per capita GDP<US\$500 and D/X ratio >350%
- Lyon 1996 HIPC 80% debt stock rescheduling
- Cologne June 1999: debt stock reduction up to 80%

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## « LONDON TERMS » DEBT RESTRUCTURING

In December 1991, Paris Club creditors agreed to implement a new treatment on the debt of the poorest countries, called "London terms", to raise the level of debt cancellation from the 33.33% as defined in Toronto terms to 50%. 23 countries benefited from London terms between 1991 and 1994, when these terms were replaced by Naples terms.

London terms included the possibility for creditor countries to conduct, on a bilateral and voluntary basis, debt swaps with the debtor country. These swap operations in principle could be carried out without limit on official development aid loans, and up to 20% of the outstanding amount or 15 up to 30 million SDR for non-ODA credits.

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## PARIS CLUB DEBT RESTRUCTURING UNDER THE « LONDON TERMS »

- ▶ **Non-ODA credits = 50% debt cancellation with 4 options:**
  - "debt reduction option" ("DR"): 50% of the claims treated were cancelled (after possible topping-up), the outstanding part being rescheduled at the appropriate market rate (23 years repayment period including 6-year grace and progressive payments).
  - "debt service reduction option" ("DSR"): the claims treated were rescheduled at a reduced interest rate (23 years repayment period with progressive payments).
  - "moratorium interest capitalization option" ("MIC"): the claims treated were rescheduled at a reduced interest rate (23-year repayment period including 6-year grace and progressive payments).
  - "commercial option": the claims treated were restructured at the appropriate market rate over a longer period (25-year repayment period including 14-year grace). This was a non-concessional option.
- ▶ **ODA credits = rescheduled at an interest rate at least as favorable as the original concessional interest rate applying to these loans (30-year repayment period including 12-year grace and progressive repayment).**

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## VIETNAM AND THE PARIS CLUB 12/93

- ▶ Amounts treated = \$544 million
- ▶ Repayment profile treatment = London terms (50% debt cancellation)
- ▶ Cutoff date= January 01, 1990
- ▶ Participating creditors: AUSTRALIA , AUSTRIA , BELGIUM , DENMARK , FRANCE , GERMANY , ITALY , NETHERLANDS , NORWAY , UNITED KINGDOM , UNITED STATES OF AMERICA
- ▶ Observers: JAPAN , SPAIN , SWEDEN , Asian Development Bank , IMF , OECD , UNCTAD , World Bank

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## TERMES DE COLOGNE: CÔTE D'IVOIRE DEBT RELIEF AGREEMENT 11/2011

1. Paris Club external debt relief following the approval by the International Monetary Fund (IMF) of a new 3-year arrangement under the Extended Credit Facility on November 4, 2011.
2. "Cologne terms" for implementation of the HIPC initiative interim debt relief = 80%
3. On an exceptional basis, creditors have agreed to defer and reschedule over a ten-year period the repayment of maturities due on **short term and post-cut off date debts**; and, over an eight-year period the arrears on those claims. They also agreed to defer all the interest due on the amounts treated.
4. To reduce the debt service (including the arrears) due to Paris Club creditors between 1st July 2011 and 30 June 2014 by more than 78% which corresponds to \$1822 million, of which \$397 million cancelled.

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### ACCORD SUR LA DETTE ENTRE CUBA ET LE GROUPE DES CRÉANCIERS DE CUBA (12/2015)

Les représentants du Groupe des Créanciers de Cuba et du Gouvernement de la République de Cuba sont parvenus le 12 décembre 2015 à un accord d'apurement de la dette en arriérés au Groupe des Créanciers de Cuba, soit 2,6 milliards de dollars, sur une période de 18 ans.

Cet accord offre un cadre de résolution définitive et durable à la question des arriérés dus par la République de Cuba au Groupe des Créanciers de Cuba, soit un stock total de dette de 11,1 milliards de dollars (dont les intérêts de retard) au 31 octobre 2015.

Groupe des Créanciers de Cuba = Australie, l'Autriche, la Belgique, le Canada, le Danemark, la Finlande, la France, l'Italie, le Japon, les Pays-Bas, l'Espagne, la Suède, la Suisse et le Royaume-Uni.

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### Le Club de Londres et la restructuration des dettes souveraines avec les banques internationales



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### DEBT RESTRUCTURING OF LONDON CLUB DEBT

- ▶ Commercial banks' claims on EMCs and OECD countries
- ▶ The debt renegotiation workouts

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### QU'EST-CE QUE LE « CLUB DE LONDRES »?

- ▶ Since the 1970s, countries facing default have used the London Club process to restructure sovereign debt owed to banks.
- ▶ The London Club has evolved as an ad hoc forum for restructuring negotiations. Each London Club is formed at the initiative of the **debtor country** and is dissolved when a restructuring agreement is signed.
- ▶ Ad hoc London Club "Advisory Committees" are chaired by a leading financial bank.
- ▶ Recently, Advisory Committees have included representatives from nonbank creditors (fund managers holding sovereign bonds)



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### QU'EST-CE QUE LE CLUB DE LONDRES/ « LONDON CLUB »?

- ▶ *ad hoc* forum for restructuring negotiations.
- ▶ Each London Club is formed at the initiative of the debtor country
- ▶ London Club "Advisory Committees" are chaired by a leading financial firm with representatives from a cross-section of international banks
- ▶ Meetings in London, New York, Paris, and other financial centers.
- ▶ IIF + Economic Subcommittee = macroeconomic, BOP analysis and debt sustainability reports to the Advisory Committees

Source: IIF

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### WHAT IS THE IIF?

- ▶ The Institute of International Finance, Inc. (IIF), is the world's only global association of financial institutions.
- ▶ Created in 1983 in response to the international debt crisis, the IIF has evolved to meet the changing needs of the financial community.
- ▶ Members include most of the world's largest commercial banks and investment banks, as well as insurance companies and investment management firms. Among the Institute's Associate members are MNCs, trading companies, ECAs, and multilateral agencies.
- ▶ The Institute has more than **450 members** headquartered in more than 70 countries.

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### L'APPROCHE PAR LE MENU DES RESTRUCTURATIONS DE DETTE



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### THE 1989-2018 BRADY DEBT REDUCTION PLAN

- ▶ **Debtor countries:**
  1. Strict macroeconomic adjustment programs under the monitoring of the IMF/WB (SALS)
  2. Cofinance LT debt repayment guarantees with purchase of zero-coupon bonds
- ▶ **London Club banks:**
  1. Provide deep discounts through interest or debt stock reduction
  2. Get accounting and regulatory incentives (provisioning)
  3. Shift to specific purpose financing and voluntary lending (2003-2013)

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### BRADY PLAN'S OBJECTIVES

- ▶ Objective: defaulted sovereign London Club bank loans would be exchanged for collateralized, easily **tradeable** 30-year bonds, with bullet repayment
- ▶ London Club banks would grant some amount of debt relief to debtor nations, in some proportion of secondary market discounts.
- ▶ The new Brady bonds would be guaranteed by zero-coupon US Treasury bonds which the defaulting nation would purchase with financing support from the IMF/World Bank.

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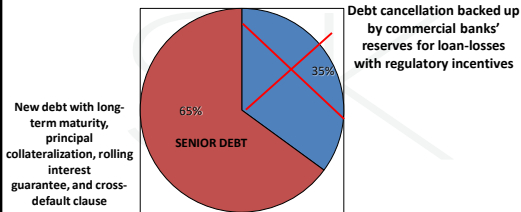
### BRADY BONDS

- ▶ Brady Bonds are named after former U.S. Treasury Secretary Nicholas Brady.
- ▶ Brady bonds have their principal guaranteed as well as x semi-annual interest payments, whose guarantee is rolled over.
- ▶ Bullet repayment is collateralized by 30-year zero coupon bonds, with a specific-purpose issue of the US Treasury, the Banque de France or the BIS.
- ▶ Cross-default clause

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### THE BRADY PLAN IN ACTION



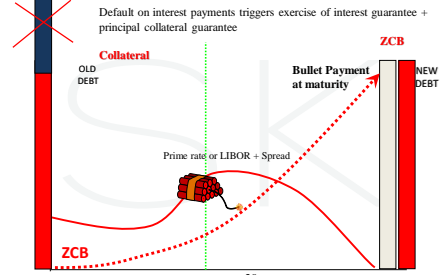
New debt with long-term maturity, principal collateralization, rolling interest guarantee, and cross-default clause

Debt cancellation backed up by commercial banks' reserves for loan-losses with regulatory incentives

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### BRADY BONDS



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### Types of Brady Bonds

- ▶ **Par Bonds** *Maturity:* Registered 30 year bullet issued at par *Coupon:* Fixed rate semi-annual below market coupon *Guarantee:* Rolling interest guarantees from 12 to 18 months Generally principal is collateralized by U.S. Treasury zero-coupon bonds
- ▶ **Discount Bonds (DB)** *Maturity:* Registered 30 year bullet amortization issued at discount *Coupon:* Floating rate semi-annual LIBOR *Guarantee:* Rolling interest guarantees from 12 to 18 months.
- ▶ **Front Loaded Interest Reduction Bonds (FLIRB)** *Maturity:* Bearer 15 to 20 year semi-annual bond. Bond has amortization feature in which a set proportion of bonds are redeemed semi-annually. *Coupon:* LIBOR market rate until maturity. *Guarantee:* Rolling interest guarantees generally of 12 months available only the first 5 or 6 years.

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### BRADY BONDS

- ▶ **Debt Conversion Bonds (DCB)** *Maturity:* Bearer bonds maturing between 15-20 years. Bonds issued at par. *Coupon:* Amortizing semi-annual LIBOR market rate. *Guarantee:* No collateral is provided
- ▶ **New Money Bonds (NMB)** *Maturity:* Bearer bonds maturing 15-20 years. *Coupon:* Amortizing semi-annual LIBOR. No collateral
- ▶ **Past Due Interest (PDI)** *Maturity:* Bearer bonds maturing 10-20 years. *Coupon:* Amortizing semi-annual LIBOR. No collateral
- ▶ **Capitalization Bonds (C-Bonds)** Issued in 1994 by Brazil in their Brady plan. *Maturity:* Registered 20 year amortizing bonds initially offered at par. *Coupon:* Fixed below market coupon rate stepping up to 8% during the first 6 years and holding until maturity. Both capitalized interest and principal payments are made after a 10 year grace period.

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### EXEMPLES DE BRADY BONDS

▶ <a href="#">Arg Par</a>	48.000	50.000
▶ <a href="#">Arg FRB</a>	41.000	42.000
▶ <a href="#">Arg '27</a>	31.000	33.000
▶ <a href="#">Brz C</a>	75.250	75.437
▶ <a href="#">Brz '27</a>	72.750	73.000
▶ <a href="#">Bul IAB</a>	85.000	85.500
▶ <a href="#">Mex Par</a>	93.000	93.250
▶ <a href="#">Pol Par</a>	75.250	76.250
▶ <a href="#">Rus '28</a>	107.750	108.000
▶ <a href="#">Ven DCB</a>	78.250	78.750
▶ <a href="#">Vie Par</a>	44.000	45.000

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### VIETNAM & BRADY

- ▶ Brady debt restructuring (12/97)=
  - ▶ (P= 311 million) + (PDI= 486)
  - = 797 million
- ▶ 30-year bonds with 50% discount, par bonds, and buyback at 44%

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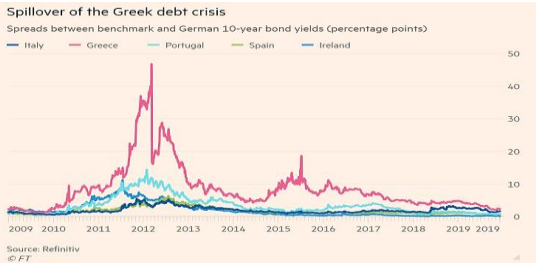
SNAPSHOT AT VIETNAM'S GOVERNMENT SECURITIES

Issuer	Coupon	Maturity	Series	Rtg	Freq	Mtg	Type	Contry	Curr	Ask	Px
1) VIETNAM (REP OF)	6.875	01/15/16	REGS	B+	S/A	BULLET	VN	USD	106.2500		
2) VIETNAM (REP OF)	6.875	01/15/16	144A	B+	S/A	BULLET	VN	USD	106.2500		
3) VIETNAM-POI	VAR	03/12/16	US	NR	S/A	SINKABLE	VN	USD	N.A.		
4) VIETNAM-POI	VAR	03/12/16	18YR	NR	S/A	SINKABLE	VN	USD	88.0000		
5) VIETNAM (REP OF)	6.750	01/29/20	REGS	B+	S/A	BULLET	VN	USD	101.5000		
6) VIETNAM (REP OF)	6.750	01/29/20	144A	B+	S/A	BULLET	VN	USD	102.2500		
7) VIETNAM-PAR	3.750	03/12/20	US	NR	S/A	CALL/SINK	VN	USD	N.A.		
8) VIETNAM-PAR	4.000	03/12/20	30YR	B+	S/A	CALL/SINK	VN	USD	75.0000		
9) VIETNAM-DISC	FL0AT	03/12/20	30YR	B+	S/A	BULLET	VN	USD	84.0000		
10) VIETNAM-DISC	FL0AT	03/12/20	US	NR	S/A	BULLET	VN	USD	N.A.		
11) VIETNAM-DM LOAN	0.000	12/29/49	DM	NR	S/A	CALL/SINK	VN	DEM	N.A.		
12) VIETNAM-US\$ LOAN	0.000	12/29/49	US\$	NR	S/A	CALL/SINK	VN	USD	N.A.		

THE GREEK 2011-12 MENU-BASED « BRADY DEBT RESTRUCTURING » = 65% « HAIR CUT »

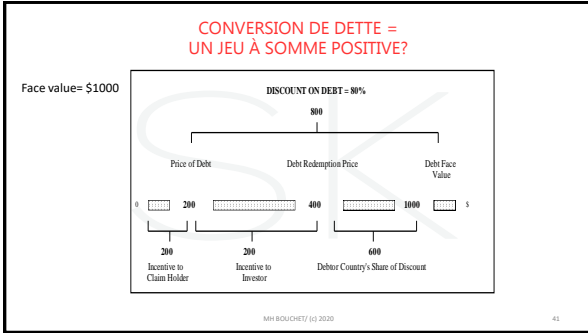
1. Par Bond Exchange into a 30 year instrument (4% coupon)
  2. Par Bond with refinancing of rolling-over maturing Greek government bonds over 30 years
  3. Discount Bond Exchange into a 30 year instrument with 20% discount and 5% coupon
  4. Discount Bond Exchange into a 15 year instrument with 5,9% coupon
  5. Buyback at 35% price (65% discount) of London Club debt (11/2012)
- For instruments 1, 2 and 3 the principal is fully collateralized by 30 year zero coupon AAA Bonds.
- For instrument 4, the principal is partially collateralized through funds held in an escrow account.

LA CONTAGION...



CHALLENGES OF THE GREEK DEBT RESTRUCTURING WORKOUT 2011-13

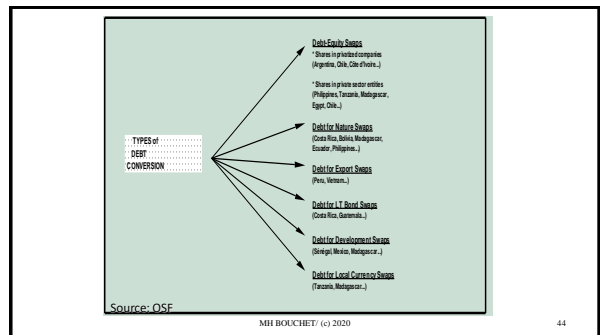
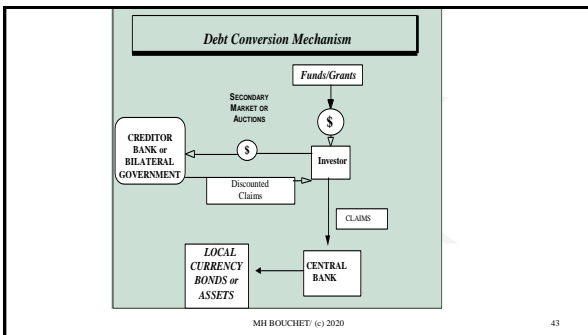
- 1. Pari passu: Private investors insist that government bail-out lenders would be treated the same way as the private sector, to lessen the risk of another cut in their payouts down the line
- 2. New bonds issued to private investors as part of the hair cut to be governed by London rather than Greek law
- 3. Threat of free riders and legal actions: VEGA Hedge Fund



### POSITIVE SUM GAME!

- ▶ Debtor: debt cancellation with local currency payments while stimulating foreign direct investment and enhancing the role of private sector activity in the local economy (privatization)
- ▶ Creditor: cleaning up of portfolio with upfront cash payment while accounting losses get absorbed by loan-loss reserves
- ▶ Investor: access to local currency at a discounted exchange rate that boils down to an investment subsidy, thereby mitigating the overall country risk and the specific project risk

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### EXTERNAL DEBT ANALYSIS: DEBT CRISIS FORECAST

- ▶ Liquidity & Solvency indicators
- ▶ CDS, bond spread evolution and secondary market of commercial bank claims =
  1. Early warning indicators of payment default
  2. Barometer of market confidence
- ▶ Most traded debt: Mexico, Russia, Brazil, Argentina, Nigeria, Russia, Vietnam

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#### Weak Liquidity:

Angola, Nicaragua, Cameroon, Albania, Congo, Tanzania, Zaire (Rep. Democr.), Zambia, Iraq, North Korea

#### Limited Liquidity:

Cuba, Egypt, Jordan, Madagascar, Panama, Jamaica, Ivory Coast, Senegal

#### Moderate Liquidity:

Nigeria, Morocco, Costa Rica, Bulgaria, Peru, Russia, Vietnam

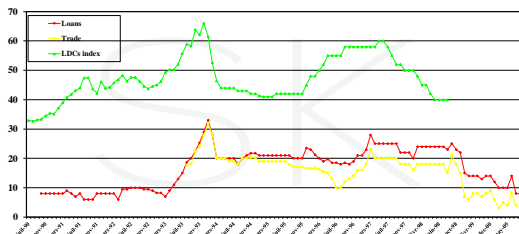
#### Good Liquidity

Brady Bonds + Eurobonds= Argentina, Brazil, Ecuador, Mexico, Philippines, Poland, Venezuela. South Africa, Turkey

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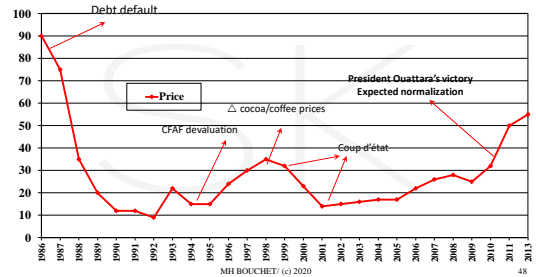
### SECONDARY MARKET PRICES OF CUBA'S LONDON CLUB DEBT (1990-2011 in percent of face value)



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### IVORY COAST'S SECONDARY MARKET DEBT PRICE (1986-2013 IN % OF FACE VALUE)



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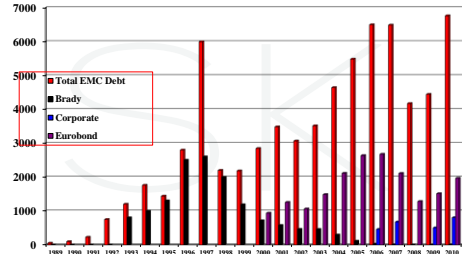
### HYPER-EXOTIC DEBT PRICES

- ▶ Myanmar 20%
- ▶ Cambodia 20%
- ▶ Mongolia 22%
- ▶ North Korea 10%
- ▶ Argentina (2033 bonds)= 62% following ruling by NY court in 11/2012)
- ▶ Cuba Loans 5-10%
- ▶ Cuba Trade 2-4%
- ▶ Albania 36%
- ▶ Bosnia 36%
- ▶ Serbia 44%
- ▶ Irak Bonds 90%
- ▶ Libya 25-35%
- ▶ Syria 6-11%
- ▶ Yemen 30%
- ▶ Angola 50%
- ▶ Ethiopia 10%
- ▶ Senegal 15%
- ▶ Sudan 11-14%
- ▶ Uganda 14%
- ▶ Zimbabwe 11%

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### EMERGING MARKET DEBT TRADING 1989-2011 (US\$ BILLION)



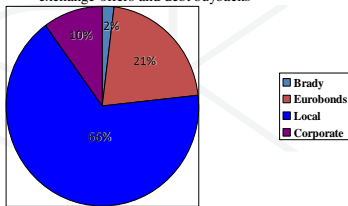
Source: EMTA-London

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### TRADING VOLUME BY INSTRUMENT TURNOVER

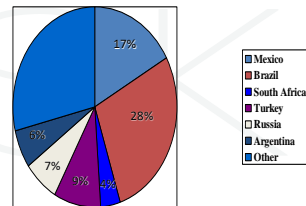
Brady's transactions which accounted for 50% of debt trading in the mid-1990s have shrunk due to early redemption, exchange offers and debt buybacks



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### TRADING VOLUME BY COUNTRY (EMTA)



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THE EVOLVING STRUCTURE IN THE SECONDARY DEBT MARKET

MARKET SHARE COMPARISON

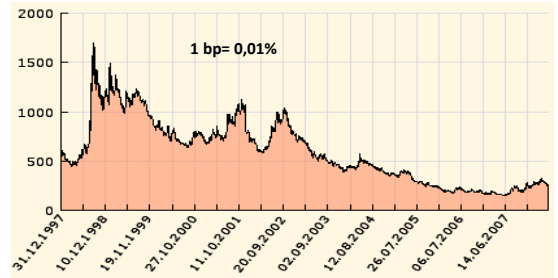
	2005	1997
Eurobonds	48%	23%
Local Instruments	47%	25%
Options and Warrants	2%	6%
Brady Bonds	2%	41%
Loans	>1%	5%

Source: EMTA

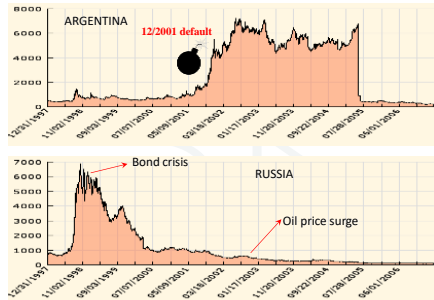
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EMERGING MARKET BOND SPREAD INDEX 1997-2008

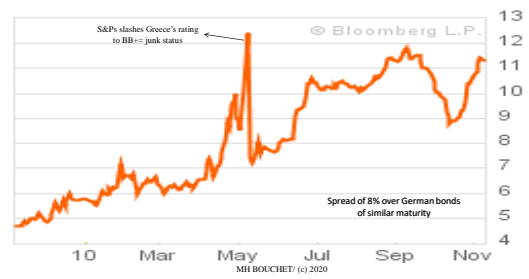


ARGENTINA'S AND RUSSIA'S SHRINKING SPREADS 1997-2008

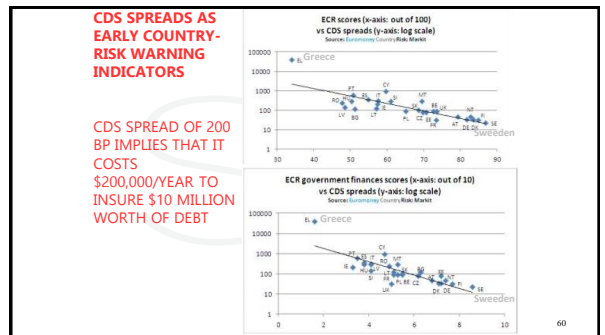
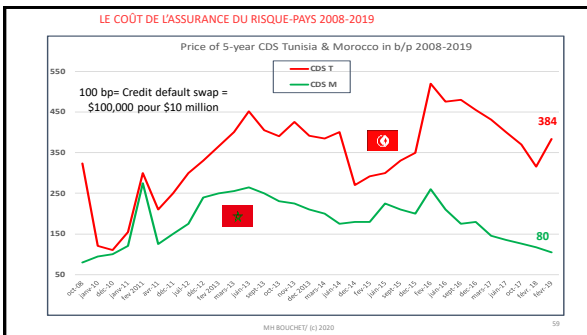
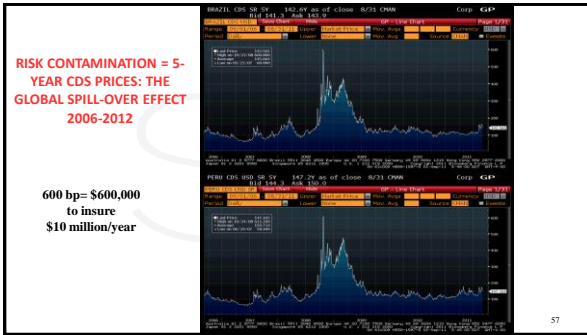


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MARKET PRICE OF RISK: YIELD ON GREECE'S 10-YEAR BONDS 2009-2010



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**EXTERNAL DEBT ANALYSIS:  
DEBT CRISIS FORECAST**

- ▶ Bond spread evolution and secondary market of commercial bank claims =
  1. Early warning indicator of payment default
  2. Barometer of market confidence
- ▶ Most traded debt: Mexico, Russia, Brazil, Argentina, Nigeria