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EXTERNAL DEBT OF THE ISLAMIC COUNTRIES: THE PRESENT SITUATION AND FUTURE PROSPECTS*

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The developing countries, which include all the Islamic countries, aspire to achieve rapid economic growth and accelerated development, since both production and consumption levels are very low in them and overall welfare remains much below contemporary standards. Yet, the domestic resources in many of these countries in the form of investible funds and foreign exchange earnings are not sufficient to fully finance these aspirations. As a result, they have to resort to continuous external borrowing at larger amounts, not only to finance their growth and development programmes, but also at times to even sustain their basic needs. Thus, the external debt stocks of the Islamic countries, and the developing countries as a whole, rapidly accumulated into substantial sums, and serious difficulties started to appear in even servicing such large sums. Furthermore, official development assistance flows levelled off and private borrowing sources with higher costs became a necessity. Thus, debt servicing and actual repayment of borrowed external funds became even more difficult, even to the extent of threatening the viability of the international financial system. The present paper analyses the different aspects of the external debt problem of the Islamic countries during the last three decades and puts forth a number of recommendations, not only to help break the present deadlock, but also to pave the way for a more manageable future. A brief look is also taken at foreign direct investment as a possible complementary source for the pressing foreign exchange needs of the Islamic countries.

1. INTRODUCTION

Production and consumption constitute the two basic economic activities of human societies. Both are very low in the developing countries. For this reason, all the developing countries are striving to achieve rapid growth and

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accelerated development. Their own resources in the form of investible funds and foreign exchange earnings, however, are not sufficient to meet their growth and development requirements. Consequently, these countries are in constant need for outside resources in one form or another not only to implement their development programmes, but also sometimes even to sustain their basic needs. Grants-in-aid might help to some extent and often only in extreme emergencies, but the countries either have to borrow or be able to attract foreign investors to help them with their growth and development projects and plans. Yet, both the debts incurred and the foreign funds invested have costs attached to them. Not only will the original external funds lent or invested have eventually to be expatriated to their rightful owners, but interest on borrowed funds and a certain return on foreign investment will also have to be paid to the parties concerned.

In the light of the experience of especially the 1980s and 1990s, it is observed that only a handful of the developing countries that borrowed extensively from outside could achieve rapid growth and realise quantum leaps in development. Furthermore, as a result of these achievements, they have attained a status whereby they not only have very little difficulty in borrowing (even in private markets), but they also constitute attractive destinations for foreign investment.

The majority of the developing countries, however, were not that successful. While they were falling in arrears on their repayment obligations on account of a complex set of national and international factors, they continued to borrow even larger amounts. So much so, that the world has come face to face with the present crisis situation that threatens more than just these countries.

This presentation will concentrate on the present state and future prospects of external debts of a sub-group of developing countries called the Islamic countries. A brief review of foreign direct investments will also be included in the end to gauge the prospect of such flows constituting at least a complementary source of foreign exchange for these countries. First, however, it would be useful to give some background information about the countries in question and the Organisation of the Islamic Conference that has kept them together for three decades.

2. BACKGROUND ON ISLAMIC COUNTRIES

For the purposes of this paper, the Islamic countries are defined as the 56 members of the Organisation of the Islamic Conference (OIC). The OIC was established in 1969 and has developed, on its thirtieth anniversary, into the second largest International Organisation after the UN. Its General Secretariat is situated in Jeddah, Kingdom of Saudi Arabia.

The OIC Foreign Ministers meet annually, while the OIC Summit Conferences are held every three years. The regular agenda of the Foreign Ministers contains over 140 items, close to 50 of them relating to subjects of common interest in the economic and commercial areas, including those in technical co-operation, science and technology. The OIC has also three specialised standing committees in the areas of economic and commercial co-operation, culture and information and science and technology under the OIC Summit. A Head of State chairs each committee. The three committees meet regularly at the ministerial level.

The OIC has an extensive organisational structure modelled after the UN and made up of a number of subsidiary, specialised and affiliated institutions located in various countries. Established in 1975, the Islamic Development Bank finances trade among member countries and development projects in the Muslim world, and undertakes technical assistance and technical co-operation activities in support of especially the less developed and more needy among its membership. It has a capital of around eight billion dollars.

The OIC has also developed over the years a number of multilateral co-operation agreements and have put most of them into effect. They are in such areas as overall economic co-operation, protection and guarantee of investments, trade preferences, and the like. It has recently reviewed and reformulated its ten-sector Plan of Action to Strengthen Economic and Commercial Co-operation among the Member Countries. Initial implementation meetings on three of these sectors have already been held. The Plan encourages the proposal and implementation of specific projects in the ten sectors among interested member countries.

The member countries of the OIC are dispersed over four continents (26 in Africa, 26 in Asia, two in Europe and two in South America). They cover one fifth of the total land area of the world and house one fifth of its population. Many of them have gained independence quite recently, following years of subjugation as colonies, semi-colonies, administered territories, etc.

All OIC members are developing countries. While 13 of the 56 member countries are considered petroleum-exporting countries, 21 have been officially designated as Least-Developed Countries by the UN, and were accorded special treatment by the international organisations. Yet, at least another 10 could easily be included in this latter category if criteria besides per capita GDP were to be applied in this designation. The remaining 12 countries are middle-income countries. They include some extraordinary achievers in terms of growth and development, at least until the outbreak of the latest crisis in East and Southeast Asia.

Consequently, the OIC membership brings together a heterogeneous group of countries made up of some of the poorest and richest countries of the world in terms of per capita income. This figure varies from $86 in Mozambique to $17,000 in Brunei. The prospects for improvement in the lot of the OIC countries as a group are not that great either, because they fare worse than the overall group of developing countries in per capita growth as can be seen in the following table:

REAL PER CAPITA GDP GROWTH RATES IN OIC COUNTRIES
(Average annual, in per cent)

	1993	1994	1995	1996	1997
Total OIC countries	1.9	-0.3	1.5	2.7	2.0
Developing countries	4.5	4.5	4.2	4.5	4.0
Developed countries	0.6	2.5	1.8	1.9	2.4

Source: SESRTCIC, *Annual Economic Report on the OIC Countries 1998*, December 1998.

Given this state of affairs, it is not surprising that many of the OIC member countries experience large gaps in the area of basic needs, low levels of income, backward technologies, lack of diversity in production, etc.

Although all of the OIC countries are developing countries, there are also large differences among them in terms of size, population, development levels, human and natural resource endowments, growth and trade potentials, economic structures and performance, levels of integration into the world economy, etc.

On the other hand, they jointly command substantial portions of the world's existing resource endowments in oil, certain key minerals, cultivable land and output of a number of important raw materials and basic commodities. Furthermore, they represent a very large actual and an even larger potential market for all sorts of goods and services.

Despite their many shortcomings, all of the OIC countries have, understandably, been aspiring for rapid economic development to help increase incomes and boost overall welfare in their countries so that they could become a part of the contemporary world. Yet, their own resources and incomes are not enough to provide them with the necessary investments. Thus, as was the case with the developing countries as a whole, since they were unable to save enough to realise their development programmes, they started to borrow.

Yet, only a few among them were able to place these funds into productive endeavours. In the case of many, external funds quite often had to be used to import basic human necessities. Most had no other choice but to continue to borrow, although they found it more and more taxing even to pay the interest on the debts they already owed. Consequently, the debts of the developing world rapidly accumulated and the issue eventually reached the proportions of a global crisis that threatened even the world economic and financial system. Before going into the details of the problem, however, it would be useful to review briefly the debt problem of all of the developing countries, of which the OIC countries constitute a proper sub-group.

3. FOREIGN DEBTS OF DEVELOPING COUNTRIES

The global economic and financial circles have become increasingly concerned in recent years with the problem of the external indebtedness of the developing countries, especially the non-oil ones among them, as well as a number of individual countries, as the size of the total figure involved kept rising rapidly. The situation became acute during the early 1980s, when the external obligations of some of the large borrowing countries exceeded their capacity for repayment, and debt-servicing difficulties set in. Thus, debt rescheduling became a necessity for an increasing number of debtor countries as an attempt to stave off the imminence of a world-wide debt crisis.

3.1. Debt accumulation and increasing debt burdens for developing countries

The total long-term foreign debt of developing countries continued to grow and accumulate during the 1970s and 1980s, expanding from $62 billion in 1970 to $445.3 billion in 1980. With the addition of short- term debts and IMF credits, the latter figure for this group of countries reached above $603 (Table 1). This was twice the export earnings for the whole group. By 1990, the total debt figure for the developing countries had reached $1444 billion and the trend continued to reach above $2095 billion in 1996. The estimate for 1998 stands at a little over $2465 billion. So, the total indebtedness of the developing countries in 1998 was almost 40 times what it was in 1970. Growth was almost tenfold in the 1970s, 2.4 times in the 1980s and higher by 70 per cent since 1990. Although one should remember that the number of independent countries increased considerably, especially in the 1970s, and continued to do so afterwards, these are still very large figures, and the growth rates involved are phenomenal.

The great leap in the foreign debt stock and the steep increase in interest rates pushed the total debt service from $10 billion in 1970 to $91.2 billion in 1980, $160.3 billion in 1990 and $261.8 billion in 1996, with an amount of $296.1 billion being estimated for 1998.

Such rapid accumulation of external debt and the steep increases in debt service payments made the debt burden so great for many of the debtor countries in the developing world that many of them came very close to defaulting on their external obligations. This development spelled serious trouble particularly for the private creditors, the banks. They were facing serious liquidity shortages, leading possibly to insolvency, and threatening the whole of the international financial system.

In terms of the basic components of the total debt, Long-term Debts jumped from around 74 per cent in the 1980s to above 80 per cent in 1990 and remained at that level ever since, with minor annual fluctuations. Short-term obligations of the developing countries, on the other hand, moved around the 17-18 per cent mark during that period from the much higher shares of about 25 per cent prior to the crisis (Table 1). IMF credits, meanwhile, showed a steady upward trend from below 2 per cent to close to 4 per cent in 1998. Within the long-term debts, the share of private, non-guaranteed debt dropped to the 5-10 per cent range in the early 1990s, as compared to the higher figures of the previous decade. But thanks to the increasing amounts of the private credits being extended to the rapidly developing East and South East Asia particularly, this share went up to almost 13 per cent in 1998. One can easily see that there would be a dramatic change in this picture in the aftermath of the recent crisis.

The basic point here is that the majority of the developing countries depend on official or officially guaranteed loans. Only the relatively more developed among them have a chance to borrow from private sources. It is understandable why total net lending to developing countries by the non-official sector (including short-term flows) would decline in a crisis situation. It is similarly clear why the shift in private lending from large positive to negative flows was particularly marked in Western Hemisphere countries and in Africa. It would not be too surprising if a similar picture should emerge in the Asian countries in the next few years: Private lenders are not only profit seekers, but they are also risk averters.

A complex set of factors caused the precipitation of the debt crisis, when many developing countries' debt obligations started to surpass their capacities to procure the necessary foreign exchange resources to meet them. The major ones among these factors can be enumerated as: the large increases in oil prices, the falling export earnings, the increases in the real interest rates and the growing difficulties in foreign borrowing, as well as inefficiencies in the utilisation of the funds actually received. We shall provide some more details on these factors later on when we discuss the case of the Islamic countries.

4. FOREIGN DEBTS OF ISLAMIC COUNTRIES

4.1. Islamic countries and the debt crisis

Islamic countries being a part of the Third World, the debt crisis projected a similar picture as above for a large number of them as well. This section looks into the position of the indebted Islamic countries to identify and assess their foreign debt problems in some detail and put forth a number of recommendations.

International economic and financial developments that led to the current state of the foreign debt problem affected most of the OIC members since, as capital-deficit countries, they, like other developing countries, have been facing rapidly-growing debts as a result of the same adverse developments.

4.2. Reasons for debt accumulation and its implications

The external debt of the Islamic countries accumulated rapidly simply because they needed increasing amounts of foreign exchange to pay for their ever-growing imports while their earnings from exports of goods and services continuously lagged behind. This created a growing foreign exchange gap, which had to be closed by borrowing larger amounts from abroad. Yet, soon the debts thus accumulated created an additional need for foreign resources besides those needed for the growing imports: debt-service payments. With lagging export earnings and substantially exhausted international reserves, the foreign exchange gap became larger every year and, thus, more had to be borrowed than before.

A number of intricate causes underlay this façade of direct factors. The foreign exchange gap continued to widen basically because of the divergence between the national development aspirations and needs of the debtor countries and their ability to generate the means to fulfil such aspirations and needs through the workings of their national economies due to various structural shortcomings. These include, among many other gaps, defects and shortages that cripple domestic economies, natural resource shortages, inefficiency in production, technological backwardness, infrastructure problems and small markets.

As a result, from the very start of the development process, a typical underdeveloped economy had to interact with and become dependent upon other economies, particularly the industrial giants of the world, for almost everything. This dependence quickly expanded into finance due to the ever-present problem of the lack of domestic capital in large enough amounts to support the growth and development process in most of the Islamic countries. It was then a short and direct route to expanding foreign exchange gaps and rapidly accumulating debts. So the deep-lying and chronic structural defects started the foreign exchange gap and quickly built it up into the vicious circle of external indebtedness. They are visible in the widely contrasting import and export compositions of the developing countries, the insufficiency of domestic supply to meet the growing overall demand, the limited state and extent of basic and intermediate industries, the insufficient quality of the methods and technology used in production, the underdeveloped state of infrastructure and the overall economic environment, inefficient markets and many more. All of these factors act to limit the generation in sufficient amounts of the desperately needed foreign exchange resources. In contrast, the import demand continued to expand by leaps and bounds. Since the same structural defects and shortcomings acted to keep the international reserves as well limited, the only option left was to borrow externally and continue to do so at an increasing rate. Thus, in addition to becoming burdened with rapidly rising and accumulating foreign debts, these countries became more and more susceptible to the vagaries of international economy and global finance.

Namely,

(a) The unabated rise in the prices of manufactured goods, oil and foodstuffs expanded the import bills of the debtor Islamic countries.

(b) Meanwhile, the prices of exports of these countries have decreased almost continuously due to the fall in the price of primary commodities world-wide, thus pulling down these countries’ export earnings.

(c) Furthermore, the demand for the exports of these debtor countries failed to grow on account of the global recession caused mostly by that in the industrially developed countries.

(d) Thus, these two developments acted together to depress the volume of the foreign exchange earnings of the debtor countries.

(e) In the area of finance, on the other hand, official credits became more difficult to obtain, particularly from the governments of the industrialised countries. Here, mention should be made of the fact that the large political attention focused by the industrialised countries on the needs of the countries that emerged after the collapse of the Soviet Union has had a contractionary effect on resources that were previously made available much more easily and in greater amounts to the Islamic countries and the Third World in general.

(f) As a consequence, most of the Islamic countries started to borrow in larger amounts from private financial markets at less lenient terms, which, in turn, increased the debt-service payments on newer credits.

Although it is generally believed that developing countries seek external credits mainly to finance the imports needed by their development programs and their debt-service payments, there is considerable evidence that the Islamic countries, like some other developing countries, borrowed also to finance imports for consumption, whenever export earnings were not sufficient to pay for these needs.

4.3. External debt situation of the Islamic debtor countries

The total outstanding external debt of the OIC debtor countries, as a group, grew quite rapidly during the 1970s, although one fourth of the membership, the oil exporters, were having a very different experience in those years on account of the oil shocks that rocked the whole world. By 1980, nevertheless, the total debt stock of these countries came to $153 billion and rose by close to 160 per cent during the next decade to reach $394 billion (Table 2). The expansion continued until 1994 ($495 billion) at an average annual rate of around 6 per cent. There was a big drop to $456 billion in 1995 and a tapering off to $454 billion in 1996. Yet, in 1997, there was a 25 per cent jump to above $567 billion. The share of the OIC group in the total debt of the developing countries as a whole showed a slow and steady decline during the 1990s from 27.2 per cent (in 1990) to 24.5 per cent (in 1997). This decline is likely to continue, but this would only mean that the accumulation in the total debts of the larger group is faster than that of the OIC countries.

Although the four largest OIC debtors, Iraq (due to the Gulf War), Indonesia, Turkey and Algeria, account for almost 50 per cent of the total OIC debt and none of these is likely to experience much difficulty in debt servicing, it would be too rash to be optimistic about the OIC group. This is because of the Islamic LDCs (LDICs). They officially number 21 out of 56 OIC countries and there are around 10 other countries that are right above the boundary line and equally poor. Their total debt figure jumped from $17.6 billion in 1980 (11 per cent of total OIC debt) to almost $58 billion in 1990 and slowly climbed up to $67.7 billion in 1994. It stands close to $65 billion in 1997 (Table 2), which is 11.4 per cent of the total OIC debt and it makes about $3 billion per country on average. The latter average does not look insurmountable, yet, these are small countries with very weak economies and the debt crisis is most serious for them. Their resource endowments and borrowing possibilities are quite limited, which makes debt servicing very difficult.

To get a better idea of the crippling dimensions of the total accumulated debt of the OIC countries, one can look at two key ratios: the percentages of Total Debt Outstanding to Gross National Product and to Total Exports of Goods and Services. It is observed that in terms of the first ratio, the total OIC figure was 36 per cent in 1980, but has jumped substantially in the 1990s to 72 per cent in 1995 and came down to 51.6 per cent in 1997 (Table 3). This means that all the Islamic countries will have to allocate a little more than six months' worth of their annual combined income to clear their total accumulated outstanding debt. The corresponding figure is 35 per cent in the case of all of the developing countries taken together. Yet, this percentage is much higher for some of the ICs taken individually. For quite a few, it even reaches three digits. Thus, for Mozambique, for instance, the figure fluctuated between 257 and 457 per cent.

Since the main potential source through which the debts could be paid is export earnings, the ratio of Total Outstanding Debt to Exports is a good general indicator of the ability to repay. The actual percentages here are several multiples of those in the previous ratio as would be expected. The OIC total varies between 200 to 244 per cent during the 1990s, although it was 170 per cent in 1980 (Table 4). The comparable figures for the whole of the developing countries are again lower, and those about the Least-Developed Islamic Countries are again multiples of the OIC group values. In the case of the individual countries, one can observe percentages even in four digits. A figure like 2562 for Guinea-Bissau in 1997, for example, means that the total accumulated debt of that country was more than 25 times the total exports in that year. This requires no further explanation as an indication of the gravity of the situation.

4.4. Servicing the debt

The debtors are expected to repay every year a part of the principal of each loan borrowed plus the interest. It is observed that while the total debt service payments by the Islamic countries were close to $20 billion in 1980, they climbed to well above that level in the 1990s: the lowest level being almost $43 billion in 1990 and the peak level of above $69 billion having been reached in 1997 (Table 5). Yet, the debt servicing capability of countries is rarely evaluated in terms of absolute amounts. The most commonly used measure in this connection is the ratio of total debt service (TDS) payments to exports. For all of the OIC countries, again, there was an increase in this percentage from 17 per cent in 1980 to 26 per cent in 1990, and the figure declined almost continuously to around 21 per cent in 1997 (Table 6). The same was true for the Least-Developed Islamic Countries, but, interestingly, the percentages were considerably lower (11 to 20 per cent) than those for the whole OIC group throughout the 1990s. On the other hand, this figure for all of the Developing countries was a near constant at 17-18 per cent during the 1990s, although it was 13 per cent in 1980. Meanwhile, the TDS/GDP ratio shows the annual cost of debt servicing in terms of the output forgone.

One may note that, as far as the debt-service payments are concerned, the burden carried by the ICs is undoubtedly less heavy than that carried by the severely indebted countries owing to a combination of debt rescheduling and the forgiveness of official development assistance loans. For a few countries, the ratios are very low because debts are not being serviced. For many other countries, the ratios are low because of debt relief. Yet, a number of Islamic countries have had Total Debt Service/Exports ratios above 20 per cent despite debt relief.

The international reserves of a country are made up of the country's savings (gold and convertible currencies and the IMF special drawing rights). As acceptable means of payment for foreign creditors and exporters, they can be used for financing external debt-service payments as well as imports. The ratio of the international reserves of a debtor country to its external debt shows the country's external position. These ratios were high for 1980-81 for the whole group, because they included the oil exporters (Algeria, Indonesia, Malaysia, Nigeria and Oman). As oil prices declined, so did the said ratio for these countries. Turning to oil-importing countries, one can observe low ratios for especially some of the Least Developed Islamic countries, which brings the LDIC average below that for the whole of the OIC (Table 7).

As a means of external payment, the ratio of international reserves to the value of imports measures the extent to which the country can finance its imports during the year. If one divides the Reserves/Imports over twelve months, it can be seen that the international reserves of the Islamic countries have been enough to pay for imports of only a few months during most of the past years (Table 8). In some countries, international reserves were not enough to pay for imports of even two months. Partly because of the increases in the external payments by these countries, international reserves fell to such low levels. Also, because of this, most of these countries have become almost totally dependent on their exports and foreign borrowing.

4.5. Foreign investments as an additional recourse for drawing foreign exchange

We have studied Foreign Borrowing as a major recourse for the developing countries to procure additional resources for their pressing growth and development needs. We have also seen, however, that with the alarmingly high levels of the accumulated debts of many of these countries, foreign borrowing has become more difficult and costly in different ways. To complete the picture, we should also look into foreign investments as yet another potential source that could accommodate, at least in part, the growth and development requirements of the Islamic countries.[*]

Foreign investment flows comprise Foreign Direct Investment (FDI) and Portfolio Investment (FPI). The total value of the World FDI outflows in 1996 is estimated at $318 billion, with $268 billion or 84 per cent of this total emanating from the OECD countries (27 per cent of it from the US). The breakdown by products of OECD FDI outflows shows that services is the leading sector with 55 per cent, followed by manufacturing with 37 per cent and the primary sector with 8 per cent. The OECD countries are also responsible for $205 billion of the total FDI inflow (65 per cent). The total FDI stock, meanwhile, stood at $3500 billion, having risen from $650 billion in 1985.

The OIC countries account for about $15 billion or 5 per cent of the world FDI inflows. Of this amount, the EU is supplying 37 per cent (to Turkey, Indonesia, Malaysia, Iran, Egypt and Morocco), the USA 34 per cent (to Malaysia, Indonesia, Saudi Arabia and the UAE) and Japan 23 per cent (to Indonesia, Malaysia and Turkey).

In Portfolio investments, the OIC countries account for 2 per cent of the world outflows (Saudi Arabia, Turkey and Kuwait) and 0.86 of inflows (to Indonesia and Turkey).

In terms of the net FDI flows [inflow(-)outflow], the largest part of these flows are accounted for by seven or eight middle-income countries, with the Least-Developed Islamic Countries appearing at the bottom of the scale, as would be expected.

From 1990 to 1996, there was, on average, a slightly rising trend in the net FDI flows for the majority of the OIC countries, yet these flows peak earlier (in 1992-1994) in the case of some of the largest FDI takers (Table 9).

FDI flows among the OIC countries themselves are quite limited, with the main suppliers being Saudi Arabia, Malaysia, Kuwait and the UAE.

As far as intra-OIC investments are concerned, it can be observed that, despite the lack of sufficient information, the total FDI flows are around $3 billion, which is very low given the potentials. The target sectors are services with 48 per cent, followed by manufacturing (44 per cent) and agriculture (8 per cent). In this regard, there is no difference between the OECD pattern of FDI and the intra-OIC pattern.

4.6. Factors impeding foreign investments and issues relating to their removal

The impediments to foreign investment in the OIC countries are well known: the small size of the domestic markets and the low world market share; inefficiency, lack of transparency and stability of investment policies and regulations; financial and monetary obstacles; lack of infrastructure and the high cost of certain factors of production; economic and political instability; and lack of promotional activities and information on investment opportunities.

As regards the legal and institutional agreements governing foreign investment, it is observed that the existing inter-governmental arrangements comprise a panoply of bilateral, regional and multilateral instruments that differ in terms of their legal nature, scope and objectives.

There are some 1630 bilateral investment treaties (BITs), but the bilateral approach is less than ideal in a rapidly integrating world economy, and most BITs are limited to the protection of investments after they are made. The result of a bilateral approach will always yield a number of different outcomes and, hence, a lack of coherence, considerable uncertainty and the potential for international friction. Regional agreements, such as NAFTA, that include investment provisions, represent a major advance but are necessarily partial in their geographic coverage. The OECD instruments are not all binding or comprehensive, and they lack effective dispute settlement mechanisms. At the same time, the global competition for capital has intensified, and while market factors are, of course, the primary determinants of investment decisions, stable and responsible investors are seeking long-term stability of rules and procedures.

These considerations have led the governments of the OECD countries to conclude that the global economy has reached the stage where international investment rules can and should begin to be multilateralised. They have proposed a Multilateral Agreement on Investment (MAI) and kept it under negotiation at the OECD since 1995. It was conceived as a treaty that will lay down internationally agreed standards for the treatment of foreign investors and investments, combining for the first time into a single multilateral instrument the three principles of investment rule-making: protection, liberalisation, and dispute settlement. The ultimate objective of the MAI was to encourage high-quality international investment, thereby contributing to development and prosperity. Yet, the recent information is that the negotiations have been stopped.

Even if the MAI had been agreed upon and implemented, it would not have altered the fundamental market determinants of foreign investment patterns but would have contributed to the reduction of the risks of investing, even if the return from that investment did not change. The information costs of investing would also have been reduced by providing investors with a standard framework for assessing the openness -- and hence investment opportunities -- in each country. Finally, it would also have lent credibility to the home country authorities' commitment to reform and transparency in the eyes of foreign as well as domestic investors.

Any future initiative on the part of the big investors, similar to MAI, would always be of concern to a large number of developing countries regarding the extent of liberalisation required and the degree of policy flexibility which will remain to apply discriminatory policies in the interests of development, i.e. to keep foreign investors out of some sectors of the economy and, in other sectors, make market access conditional on the fulfilment of certain performance criteria. So any such arrangement in the future would do well to offer, as MAI did, considerable flexibility in these areas through a list of exceptions and through the rules applying to performance requirements. Yet, at the same time, it bears asking whether such flexibility would actually serve the interests of development. Developing countries would be wary of the establishment of any MAI-like arrangement on the grounds that it will not be trade-related, but eventually turns out to be a classical package for protection of foreign investment.

5. CONCLUSIONS AND RECOMMENDATIONS

The external debt of the Islamic developing countries in particular, and the developing countries in general, has been rapidly and continuously accumulating since the late 1970s. The situation threatened to develop into an international crisis relatively recently, as many of the debtor countries, including the small ones started to encounter serious debt-servicing difficulties. This, in turn, brought their external creditors, the banks, face to face with liquidity problems verging on possible insolvency.

Faced with the recent downward trends in the inflow of official development assistance, most of the Islamic countries increased their borrowings from private sources, namely commercial banks, on shorter terms and higher costs. Since these funds were borrowed to finance longer-term development projects, debt accumulation accelerated. Their dependence on foreign trade and external borrowing, on the one hand, and their concomitant susceptibility to external developments and disturbances emanating from the developed industrialised countries, on the other, thus grew.

Although the number of debt scheduling cases increased in recent years, they remained mostly ineffective. They were not only applied in an ad hoc manner, but also on a case-by-case basis, and they were mostly set up as arrangements to relieve extreme cases of liquidity shortage by spreading the debt burden over a longer period and providing new loans to the countries concerned. Furthermore, the conditions attached to these arrangements, made basically of austerity programmes for adjustment, rarely pay due consideration to the social and political realities in the debtor countries and their longer term growth and development aspirations. The emphasis in these arrangements is on generation of export surpluses so that the external debt of the country concerned could be serviced properly. There is little guarantee that the debt problem would be solved in the long run.

More fundamental action, rather than ad hoc arrangements with a limited optique that aim to buy time, would be needed to turn the tide on the debt crisis and bring it to an eventual and lasting solution. There is even a considerable risk that the present policies and arrangements involving rescheduling, with their stringent conditions, might eventually prove counter-productive for the debtor countries, since the original structural defects and other fundamental issues would not only remain untouched, but may even be exacerbated on account of the piecemeal and ad hoc arrangements being applied. A new alternative approach that would take into account the following would be needed:

(a) The debt crisis should be viewed as something much more than a liquidity problem. Taken also as an issue of equality: distributing equitably the responsibility and the costs between the debtors and all the creditors, public or private.

(b) Assistance programmes and arrangements for the benefit of the debtor developing countries should support economic growth and export expansion in these countries in order to allow them to rebuild and promote their debt repayment capacities.

(c) Through guarantees and other instruments, creditor countries must help debtor countries secure the resources needed to service their debts, obtain new funds (commercial bank loans, official bilateral lending, multilateral lending through the IMF, the World Bank and the regional development finance institutions) that will ensure higher growth rates and sufficient imports and obtain debt relief at lower interest rates than the current ones.

(d) Rescheduling arrangements should be enlarged in scope, with longer maturities and grace periods, supported by fixed or capped interest rates.

(e) Direct foreign investment should be encouraged through support measures to be applied by both developing and industrial countries in a mutually acceptable framework.

(f) The terms of reference of the international financial institutions (especially the IMF and the World Bank) should be revised and their resources increased substantially. This would allow them to play a much more active and enlarged role in resolving the debt problem and in meeting the financing needs of developing economies in a long-term framework.

(g) The industrial countries should provide more substantial support to the borrowers in their efforts to obtain proper debt relief at rates much more manageable than the current ones. They should also increase ODA to developing countries at much lower interest rates than presently effective and reduce the protectionist measures against the exports of the debtor countries.

(h) The OIC countries, on the other hand, should promote interregional co-operation and economic integration amongst themselves and readjust or co-ordinate development strategies accordingly, while they make every effort to provide sufficiently effective incentives for interregional flows of capital, including private direct investment.

(i) They should also design and diligently implement substantially improved policies of their own that would ensure better mobilisation of domestic resources, more efficient use of these resources, much improved fiscal balances, more realistic exchange rates and better management of external debt.

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TABLE 1: EXTERNAL DEBT OF DEVELOPING COUNTRIES (BILLION US $)

	1980	1990	1991	1992	1993	1994	1995	1996	1997	1998*
Total debt stocks (EDT)	609.5	1443.9	1561.3	1635.1	1799.0	1993.6	2162.6	2338.4	2316.6	2465.1
Long-term debt	451.6	1167.9	1243.3	1285.7	1416.4	1579.7	1674.0	1726.2	1782.8	1957.5
A. Public and publicly guaranteed	381.1	1107.8	1163.7	1185.2	1288.4	1392.5	1454.2	1443.7	1420.1	1637.1
B. Private non-guaranteed debt	70.6	60.1	79.6	100.5	128.0	187.2	219.8	282.4	362.7	320.4
Use of IMF credit	12.2	34.7	38.1	38.3	39.9	44.1	61.1	60.1	70.8	95.5
Short-term debt	145.7	241.4	279.9	311.1	342.7	369.8	427.4	452.1	463.0	412.2
Total debt service	93.3	160.3	162.4	167.2	176.2	199.2	241.9	279.4	305.2	296.1
A. Long-term debt	75.3	136.5	138.3	146.7	154.5	174.9	207.2	246.7	272.4	256.4
B. IMF repurchases and charges	2.8	10.7	9.0	8.3	7.7	8.6	13.9	9.9	10.8	11.4
C. Short-term debt interest	15.6	13.2	15.0	12.1	14.0	15.7	20.9	22.8	22.1	28.3

Source: World Bank, Global Development Finance 1999.
*Estimate.

TABLE 2: TOTAL EXTERNAL DEBT FOR ISLAMIC COUNTRIES (MILLION US $)

	1980	1990	1991	1992	1993	1994	1995	1996	1997
Albania		348.6	511.5	638.8	831.8	925	599.1	672.5	706
Algeria	19365	27858.0	28124.0	27083.0	26033	30167	30991	30808	30921
Azerbaijan					35.5	112.8	206.1	244.9	504
Bangladesh*	4056	12757.0	13470.0	13898.0	14619	16223	15471	15403	15125
Benin*	417	1224.0	1364.0	1407.0	1479	1636	1483	1449	1624
Burkina Faso*	334	834.0	968.0	1040.0	1115	1128	1136	1160	1297
Cameroon	2513	6679.0	6898.0	7349.0	7452	8254	8258	8184	9293
Chad*	218	530.0	634.0	728.0	771.3	824.8	833.3	913.7	1027
Comoros*	44	184.7	179.9	188.0	184.4	188.7	190.3	192.9	197
Djibouti*	31.8	206.3	192.2	192.5	225.4	246.9	226.4	226.2	284
Egypt	20384	32551.0	33026.0	31573.0	31109	33039	30900	29045	29849
Gabon	1513	3967.0	4177.0	3803.0	3818	3967	3990	3874	4285
Gambia*	137	369.0	383.0	403.4	425.4	421.3	384.3	412	430
Guinea*	1117	2469.0	2615.0	2643.0	2848	3108	2987	2981	3520
Guinea-Bissau*	132	668.4	718.9	727.6	802.4	858.7	796.6	856.2	921
Indonesia	20944	69955.0	79548.0	88004.0	89148	96543	98432	96803	136174
Iran	4500	9020.0	11332.0	16033.0	23362	22712	17446	16153	11816
Jordan	1977	8184.0	9553.0	7819.0	7501	7606	7070	7182	8234
Kazakhstan				35.0	1724	2670	2882	2147	4278
Kyrgyzstan				0.6	294.3	449.7	478.3	640.3	928
Lebanon	510	1779.0	1554.0	1807.0	1347	1718	1601	2343	5036
Malaysia	6610	16421.0	18155.0	20024.0	26148	29537	27059	28708	47228
Maldives*	26	78.0	81.2	95.0	112.3	124	151.9	162.6	160
Mali*	733	2478.0	2590.0	2623.0	2656	2796	2739	2776	2945
Mauritania*	845	2140.0	2236.0	2138.0	2174	2329	2048	2073	2453
Morocco	9678	23532.0	21139.0	21273.0	20687	21587	22445	21165	19321
Mozambique*		4474.0	4725.0	5138.0	5209	5651	5270	5476	5991
Niger*	863	1793.0	1565.0	1580.0	1614	1566	1478	1460	1579

Nigeria	8934	33440.0	33527.0	29019.0	30699	33519	28441	25731	28455

TABLE 2: TOTAL EXTERNAL DEBT FOR ISLAMIC COUNTRIES (MILLION US $) (cont'd)

	1980	1990	1991	1992	1993	1994	1995	1996	1997
Oman	599	2736.0	2901.0	2855.0	2657	3085	2640	2649	3602
Pakistan	9941	20661.0	23046.0	24911.0	24518	27342	25401	25690	29665
Senegal	1469	3731.0	3554.0	3634.0	3766	3659	3217	3142	3666
Sierra Leone*	430	1155.0	1303.0	1313.0	1452	1532	906	892	1149
Somalia*	660	2370.0	2449.0	2447.0	2501	2616	1961	1918	2561
Sudan*	5163	15303.0	15227.0	15450.0	15837	16918	10275	9865	16326
Syria	2749	17068.0	18942.0	19016.0	19975	20557	16757	16698	20865
Tajikistan				9.7	382.4	594.4	605.2	671.7	901
Togo*	1049	1275.0	1342.0	1339.0	1278	1444	1472	1463	1339
Tunisia	3527	7691.0	8250.0	8543.0	8682	9348	8919	8877	11323
Turkey	19119	49238.0	50747.0	56451.0	68800	66391	57394	58591	91205
Turkmenistan					276.4	427	374.7	538.2	1771
Uganda*	733	2583.0	2777.0	2928.0	3029	3369	3063	6151	3708
Uzbekistan				60.0	1032	1194	1418	1990	2765
Yemen*	1684	6345.0	6473.0	6571.0	5923	6121	5528	5622	
Total Idcs	153004.8	394096	416277.7	432790.6	464533.6	494505.3	455924.2	454000.2	567424
LDICs	17623.8	57961.4	59951.2	61510.5	62977.2	67657.4	56927.8	59989.6	64633
All DCs	603300	1443900	1524045	1592981	1747780	1899065	2042783	2095428	2316601

*LDICs.

Source: World Bank, Global Development Finance 1998; 1997 figures taken from GDF 1999.

TABLE 3: RATIO OF TOTAL EXTERNAL DEBT TO GROSS NATIONAL PRODUCT (%)

	1980	1990	1991	1992	1993	1994	1995	1996	1997
Albania		16	46	100	50	48	30	28	27
Algeria	47	48	65	59	54	74	83	77	73
Azerbaijan					1	3	9	12	13
Bangladesh*	32	59	59	60	61	63	56	51	37
Benin*	36	68	72	66	71	109	82	74	78
Burkina Faso*	20	32	35	35	40	61	55	51	54
Cameroon	37	57	60	70	104	114	128	113	14
Chad*	30	43	50	54	75	103	89	88	67
Comoros*	36	76	75	70	66	96	87	89	95
Djibouti*		47	45	40	47				58
Egypt	95	79	93	76	66	63	57	46	44
Gabon	40	82	86	79	100	108	101	87	95
Gambia*	61	116	121	111	120	119			111
Guinea*		95	94	94	93	95	91	86	97
Guinea-Bissau*	126	269	327	348	339	360	363	352	374
Indonesia	28	64	65	66	59	63	65	60	66
Iran		8	9	15			15	15	11
Jordan		202	250	163	145	134	126	114	123
Kazakhstan				0	7	14	19	14	21
Kyrgyzstan				0	15	31	40	47	34
Lebanon		50	32	31	17	22	26	30	38
Malaysia	28	39	41	36	44	44	43	42	52
Maldives*	108	60	54	54	57	56	62	59	57
Mali*	45	102	109	93	100	149	123	116	116
Mauritania*	126	223	209	190	248	223	228	228	237
Morocco	53	95	79	78	81	74	73	61	58
Mozambique*		364	386	492	424	457	449	349	257
Niger*	35	74	68	68	74	104	87	80	84

Nigeria	9	131	135	109	144	141	149	101	88

TABLE 3: RATIO OF TOTAL EXTERNAL DEBT TO GROSS NATIONAL PRODUCT (%) (cont'd)

	1980	1990	1991	1992	1993	1994	1995	1996	1997
Oman	11	29	32	29	28	33	30		34
Pakistan	42	50	50	50	47	52	50	46	47
Senegal	50	68	67	62	70	99	81	73	76
Sierra Leone*	40	150	184	225	205	184	146	127	136
Somalia*	109	284			167				
Sudan*	66	175	212	262			244		218
Syria	21	126	158	154	157	146	135	131	131
Tajikistan				0	13	27	30	35	45
Togo*		80	85	81	108	165	118	105	98
Tunisia	42	65	66	56	62	61	57	54	63
Turkey	34	33	33	35	38	51	44	43	50
Turkmenistan					5	10	9	19	48
Uganda*	43	63	85	106	96	86	63	61	61
Uzbekistan				0	5	5	8	10	12
Yemen*		135	134	123	104	104	94	120	88
Total Ics	36	62	66	62	66	70	72	63	51.6
LDICs	41	104	124	134	80	94	122	81	91.6
All DCs	21	38	38	40	40	39	36	35	34.9

*LDIC's.

Source: World Bank, Global Development Finance 1998; 1997 figures taken from GDF 1999.

TABLE 4: RATIO OF TOTAL EXTERNAL DEBT TO EXPORTS OF GOODS AND SERVICES (%)

	1980	1990	1991	1992	1993	1994	1995	1996	1997
Albania		99	616	263	160	177	99	82	93
Algeria	130	201	217	208	219	276	265	219	212
Azerbaijan					5	14	41	57	56
Bangladesh*	360	467	458	408	371	378	297	272	251
Benin*	133	259	238	220	246	333	263	254	344
Burkina Faso*	88	165	207	230	260	313	308	289	427
Cameroon	142	285	270	313	358	465	443	425	404
Chad*	398	191	269	319	377	423	284	313	354
Comoros*	280	390	290	279	257	335	332	337	324
Djibouti*				84	88	97	112	115	127
Egypt	208	285	223	169	153	212	182	158	147
Gabon	62	145	164	145	145	154	149	124	134
Gambia*	207	218	169	173	176	193	235	200	202
Guinea*		294	310	387	376	460	454	418	472
Guinea-Bissau*		3410	3653	11713	4918	2567	3753	4073	2,562
Indonesia		234	237	230	213	232	234	221	228
Iran	32	45	58	78	122	114	114		57
Jordan	105	266	313	216	192	186	167	153	157
Kazakhstan				1	41	66	64	42	63
Kyrgyzstan				1	88	133	141	142	163
Lebanon		59	50	58	43	61	66	85	106
Malaysia	45	44	43	43	48	43	40	42	51
Maldives*	40	43	43	43	51	45	48	43	42
Mali*	226	439	459	512	504	555	470	467	512
Mauritania*	306	432	457	439	500	508	454	424	498
Morocco	214	284	239	223	228	226	209	190	166
Mozambique*		1560	1299	1424	1405	1429	1223	1080	1,185
Niger*	133	305	344	343	419	553	480	476	478

Nigeria	32	226	250	222	258	317	319	200	173

TABLE 4: RATIO OF TOTAL EXTERNAL DEBT TO EXPORTS OF GOODS AND SERVICES (%) (cont'd)

	1980	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**
Oman	15	46	54	48	46	53	49	45	49
Pakistan	209	250	249	254	246	276	253	251	253
Senegal	163	229	239	233	279	267	228	213	222
Sierra Leone*	170	547	536	610	779	894	111	1042	982
Somalia*	252								
Sudan*	501	1755	2980	3096	3632	2445	2392	1766	1,530
Syria	106	313	385	380	387	353	339	321	331
Tajikistan					85	105	76	92	111
Togo*	181	176	195	225	355	347	274	283	192
Tunisia	96	131	145	129	138	123	112	110	129
Turkey	333	196	197	200	226	203	178	158	182
Turkmenistan					12	20	19	49	145
Uganda*	209	1050	1375	1471	1252	980	523	492	485
Uzbekistan				4	36	35	46	65	69
Yemen*		206	263	279	244	200	195	177	109
Total Ics	170	225	244	236	244	240	224	208	185.2
LDICs	321	656	858	923	914	727	636	543	509.6
All DCs	85	171	171	177	168	149	137	134	129.0

*LDIC's.

Source: World Bank, Global Development Finance 1998; 1997 figures taken from GDF 1999.

TABLE 5: TOTAL DEBT SERVICE PAYMENTS BY ISLAMIC COUNTRIES (MILLION US $)

	1980	1990	1991	1992	1993	1994	1995	1996	1997
Albania		3.1	3.6	1.9	0.3	11.1	1.8	23.1	39
Algeria	4034	8564.0	9011.0	8889.0	8623.0	4923	3877	3991	4420
Azerbaijan					0.0	0	8.7	4.3	78
Bangladesh*	272	547.0	455.0	466.0	464.0	537	729	595	705
Benin*	20	33.0	28.0	26.0	30.0	38	45	39	55
Burkina Faso*	22	28.0	40.0	29.0	36.0	42	46	45	52
Cameroon	280	391.0	372.0	300.0	391.0	354	346	459	513
Chad*	6	6.6	9.1	9.7	14.4	15.4	7.3	22.9	35
Comoros*	0	0.8	8.1	5.8	2.2	2.7	0.9	1.4	2
Djibouti*	3.1	10.6	10.1	9.4	7.3	5.9	10.9	10.4	7
Egypt	2038	2709.0	2305.0	2493.0	2024.0	2077	2090	1890	1928
Gabon	432	102.0	224.0	338.0	70.0	198	368	357	433
Gambia*	4	30.3	23.5	25.3	24.8	26	19.3	20.1	27
Guinea*	109	148.0	121.0	80.0	78.0	90	164	101	161
Guinea-Bissau*	5	6.2	7.0	8.8	4.5	9.2	13.8	9.6	10
Indonesia	3084	9200.0	10311.0	11552.0	13255.0	13130	9488	11664	19736
Iran	959	253.0	225.0	286.0	564.0	3682	5204	3025	6274
Jordan	210	550.0	624.0	655.0	507.0	484	544	579	621
Kazakhstan				0.0	8.0	51	195	246	502
Kyrgyzstan				0.0	0.4	13.1	56.1	43.7	43
Lebanon	13	39.0	47.0	65.0	68.0	122	158	216	734
Malaysia	934	3402.0	2811.0	4086.0	4310.0	5733	2533	4170	7109
Maldives*	1	7.3	6.8	6.8	8.1	9.4	10.7	11.3	29
Mali*	16	40.0	16.0	34.0	31.0	116	77	106	78
Mauritania*	48	121.0	73.0	72.0	118.0	95	101	106	114
Morocco	1414	1445.0	2120.0	3667.0	3089.0	3156	3503	3101	3082
Mozambique*		33.0	74.0	75.0	112.0	122	156	134	104
Niger*	141	71.0	85.0	40.0	79.0	54	14	15	61

Nigeria	1153	3304.0	2917.0	3709.0	1441.0	1822	1748	2433	1416

TABLE 5: TOTAL DEBT SERVICE PAYMENTS BY ISLAMIC COUNTRIES (MILLION US $) (cont'd)

	1980	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**
Oman	249	714.0	552.0	493.0	583.0	525	466	719	474
Pakistan	855	1437.0	1591.0	1948.0	2144.0	3271	2286	2251	4059
Senegal	259	225.0	236.0	145.0	75.0	177	198	213	247
Sierra Leone*	63	6.0	3.0	22.0	18.0	35	74	54	20
Somalia*	13	7.0	0.0	0.0	0.0	0	0	3	0
Sudan*	264	23.0	22.0	26.0	17.0	3	17	0	58
Syria	382	1191.0	383.0	207.0	174.0	229	155	124	563
Tajikistan					1.2	0.4	0	0.3	37
Togo*	38	60.0	39.0	19.0	13.0	12	14	42	55
Tunisia	545	1267.0	1178.0	1258.0	1261.0	1389	1376	1338	1413
Turkey	1607	6824.0	7753.0	8516.0	7832.0	9497	9110	8372	10716
Turkmenistan					10.4	97.7	102.2	167.5	263
Uganda*	44	87.0	102.0	77.0	142.0	122	104	95	191
Uzbekistan				5.0	20.0	122	228	278	516
Yemen*	35	108.0	151.0	103.0	99.0	81	91	79	98
Total Ics	19552.1	42993.9	43937.2	49748.7	47749.6	52479.9	45736.7	47154.6	69075
LDICs	1066.1	1313.8	1234.6	1115.8	1285.3	1403.6	1680.9	1447.7	3859
All DCs	73284	136349	136005	142689	150322	168018	198509	233278	305236

- LDICs.

Source: World Bank, Global Development Finance 1998; 1997 figures taken from GDF 1999.

TABLE 6: RATIO OF DEBT SERVICE TO EXPORTS OF GOODS AND SERVICES (%)

	1980	1990	1991	1992	1993	1994	1995	1996	1997
Albania		1	4	1	0	2	1	4	5
Algeria	27	67	70	74	73	46	34	28	30
Azerbaijan					0	0	1	1	9
Bangladesh*	24	21	21	17	14	14	15	12	12
Benin*	6	7	6	4	5	9	8	7	12
Burkina Faso*	6	9	10	7	9	12	12	11	17
Cameroon	15	17	16	16	23	22	20	24	22
Chad*	8	6	5	5	8	9	5	10	12
Comoros*	3	3	13	8	3	5	2	2	4
Djibouti*				5	4	4	5	5	3
Egypt	13	32	17	15	14	15	13	12	10
Gabon	18	8	12	16	6	10	15	11	14
Gambia*	6	14	14	13	12	14	15	13	13
Guinea*		20	16	13	11	15	25	15	22
Guinea-Bissau*		42	113	102	22	22	64	49	27
Indonesia		38	34	33	34	31	31	37	33
Iran	7	3	4	5	9	22	29		30
Jordan	11	20	24	20	15	14	13	12	12
Kazakhstan				0	0	2	4	10	7
Kyrgyzstan				0	0	5	14	9	8
Lebanon		3	4	4	4	5	5	6	15
Malaysia	6	13	7	9	9	9	7	8	8
Maldives*	1	5	4	3	4	3	3	3	8
Mali*	5	12	8	11	14	18	14	18	14
Mauritania*	17	30	20	18	30	24	22	22	23
Morocco	33	22	27	40	36	36	33	28	27
Mozambique*		26	23	23	33	31	38	32	22
Niger*	22	17	25	12	24	24	17	17	18

Nigeria	4	23	22	29	13	18	17	16	9

TABLE 6: RATIO OF DEBT SERVICE TO EXPORTS OF GOODS AND SERVICES (%) (cont'd)

	1980	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**
Oman	6	12	11	9	10	9	8	10	6
Pakistan	18	23	21	24	24	35	27	27	35
Senegal	29	20	21	14	8	16	16	16	16
Sierra Leone*	24	10	6	17	18	96	75	53	17
Somalia*	5								
Sudan*	26	6	4	5	5	1	9	5	5
Syria	11	23	10	6	6	7	5	4	9
Tajikistan					0	0	0	0	5
Togo*	9	12	8	6	7	6	6	11	8
Tunisia	15	25	24	20	21	19	17	17	16
Turkey	28	29	32	32	29	31	28	22	21
Turkmenistan					0	5	5	11	21
Uganda*	17	60	73	57	65	44	20	20	25
Uzbekistan				0	1	4	6	8	13
Yemen*		6	8	6	5	4	3	2	3
Total Ics	17	26	24	24	22	23	22	21	21.8
LDICs	20	18	20	16	16	14	14	11	12.1
All DCs	13	18	18	18	18	17	17	17	17.0

- LDICs.

Source: World Bank, Global Development Finance 1998; 1997 figures taken from GDF 1999.

TABLE 7: RATIO OF RESERVES TO TOTAL EXTERNAL DEBT (%)

	1980	1990	1991	1992	1993	1994	1995	1996	1997
Albania					20	23	35	41	48.5
Algeria	37	10	12	12	14	16	13	19	31.3
Azerbaijan					2	2	38	49	
Bangladesh*		5	10	13	15	18	22	24	10.6
Benin*	4	5	15	18	17	17	13	17	15.8
Burkina Faso*	23	37	36	33	35	21	28	27	26.8
Cameroon	8	1	1	0	0	0	0	0	0.1
Chad*	4	25	20	12	6	10	16	17	13.5
Comoros*	15	16	16	15	21	23	22	25	20.7
Djibouti*		46	53	43	33	33	30	32	
Egypt	13	11	19	37	45	45	51	58	64.9
Gabon	8	7	8	2	0	5	4	6	6.7
Gambia*	4	15	18	23		23	25	23	
Guinea*			3	3	5	3	3	3	
Guinea-Bissau*		0	1	1	1	1	2	1	
Indonesia	33	12	13	13	14	12	12	15	12.8
Iran	284								
Jordan	88	14	12	13	26	26	28	25	28.7
Kazakhstan					41	44	45	67	52.0
Kyrgyzstan					11	12	16	15	
Lebanon	1377	237	292	253	436	350	273	234	171.8
Malaysia	87	70	69	90	108	90	72	70	45.5
Maldives*	4	31	29	30	24	30	35	46	61.7
Mali*	4	8	13	11	12	9	11	15	14.3
Mauritania*	17	3	3	3	2	2	4	6	8.3
Morocco	9	10	16	18	19	21	17	19	21.7
Mozambique*		5	5	5	4	3	3	6	
Niger*	15	13	14	15	13	7	6	5	3.6

Nigeria	119	12	14	4	5	5	5	26	

TABLE 7: RATIO OF RESERVES TO TOTAL EXTERNAL DEBT (%) (cont'd)

	1980	1990	1991	1992	1993	1994	1995	1996	1997
Oman	118	65	61	73	38	35	39	44	45.3
Pakistan	16	5	5	6	8	14	8	4	6.0
Senegal	2	1	1	1	0	5	7	8	10.8
Sierra Leone*	7	1	1	2	2	3	3	2	
Somalia*	4								
Sudan*	1	0	0	0	0	1	1	1	
Syria	23								
Tajikistan									
Togo*	8	28	28	21	13	7	9	6	9.1
Tunisia	20	11	11	11	11	17	17		18.0
Turkey	17	15	13	13	11	13	19	22	21.7
Turkmenistan									
Uganda*	0	2	2	3	5	10	13	14	
Uzbekistan					82	102	95	69	
Yemen*		7	11	5	3	5	10	16	31.6
Total Ics	78	21	22	25	30	28	27	30	18.8
LDICs	5	6	9	9	9	11	14	16	10.3
All DCs	38	18	18	21	22	26	29	30	28.1

- LDICs.

Source: World Bank, Global Development Finance 1998; 1997 figures taken from GDF 1999.

TABLE 8: RESERVES EXPRESSED AS MONTHS OF IMPORTS

	1980	1990	1991	1992	1993	1994	1995	1996	1997
Albania					3	4	4	4	5.0
Algeria	6	3	4						9.1
Azerbaijan							1		
Bangladesh*		2	4	5	6	7	6	6	2.5
Benin*	0	1	4	4	4	6			4.2
Burkina Faso*	2	5	6	6	7	6			5.7
Cameroon	1	0	0	0	0	0	0	0	0.0
Chad*	2	3	3	2	1	2			2.8
Comoros*	2	4	3	3	5	6	5		5.1
Djibouti*				3	2	3	3		
Egypt	3	3	4	9	10	11	11	11	11.9
Gabon	1	1	2	0	0	1	1	0	1.2
Gambia*	0	3	3	5		5	5	4	
Guinea*			1	1	2	1	1	1	
Guinea-Bissau*		0	0	1	1	1	2		
Indonesia	3	3	3	3	3	3			3.0
Iran	9								
Jordan	8	3	3	3	5	5	5	4	4.7
Kazakhstan					2	3	3	3	3.1
Kyrgyzstan					1	1	2	1	
Lebanon		17	14	12	13	14	13	14	12.0
Malaysia	5	4	3	4	6	4	3		2.6
Maldives*	0	2	1	1	1	2	2	3	2.8
Mali*	1	3	5	4	5	4			5.3
Mauritania*	4	1	2	1	1	1	2		4.2
Morocco	2	3	4	4	5	5	4	4	4.2
Mozambique*		2	2	2	2	2	2		
Niger*	2	3	4	4	5	3	2		1.4

Nigeria	6	5	4	1	2	2	2	8	

TABLE 8: RESERVES EXPRESSED AS MONTHS OF IMPORTS (cont'd)

	1980	1990	1991	1992	1993	1994	1995	1996	1997
Oman	3	5	5	5	2	3	3	3	3.0
Pakistan	3	1	1	1	2	4	2	1	1.5
Senegal	0	0	0	0	0	1	2		2.5
Sierra Leone*	1	0	1	1	1	1			
Somalia*	1								
Sudan*	0	0	0	0	1	1	2	1	
Syria	2								
Tajikistan									
Togo*	1	5	5	4	3	2			1.9
Tunisia	2	2	2	1	1	2	2		2.6
Turkey	4	3	3	3	3	3	4	4	3.9
Turkmenistan									
Uganda*	0	1	1	2	2	4	4	4	
Uzbekistan									
Yemen*		2	3	1	1	1	3	3	4.0
Total Ics	4	3	3	4	4	4	4	4	3.1
LDICs	1	2	3	3	3	4	4	4	2.2
All DCs	4	4	3	4	4	4	5	5	4.1

TABLE 46. LDICs.
Source: World Bank, Global Development Finance 1998; 1997 figures taken from GDF 1999.

TABLE 9. NET FOREIGN DIRECT INVESTMENT (US MILLION $)

	1980	1990	1991	1992	1993	1994	1995	1996	1997
Albania		0	0	20	58	53	70	90.1	48
Algeria	349	0	12	12	15	18	5	4	7
Azerbaijan					0	22	275	601	650
Bangladesh*	0	3	1	4	14	11	2	15	135
Benin*	4	1	13	7	10	5	1	2	3
Burkina Faso*	0	0	13	0	0	1	0	0	0
Cameroon	130	-113	-15	29	5	-9	7	35	45
Chad*	0	0	4	2	15	27	13	18	15
Comoros*	0	-1	3	-1	2	3	1	2	2
Djibouti*	0	0	0	2.3	1.4	1.4	3.2	5	5
Egypt	548	734	253	459	493	1256	598	636	891
Gabon	32	74	-55	127	-114	-103	-113	-65	-100
Gambia*	0	0	10	6	11	9.8	7.8	11	12
Guinea*	34	18	39	20	3	1	1	24	1
Guinea-Bissau*	0	2	0	0	0	1	1	1	2
Indonesia	180	1093	1482	1777	2004	2109	4348	7960	4,677
Iran	0	-362	0	0	0	2	17	10	50
Jordan	34	38	-12	41	-34	3	13	16	22
Kazakhstan				100	150	185	284	310	1,321
Kyrgyzstan				0	10	38.2	96.1	46.3	50
Lebanon	0	6	0	4	6	7	35	80	150
Malaysia	934	2333	3998	5183	5006	4342	4132	4500	5,106
Maldives*	0	6	7	7	7	9	7	8	10
Mali*	2	-7	4	-8	-20	45	12	23	15
Mauritania*	27	7	2	8	16	2	7	5	3
Morocco	89	165	317	422	491	551	290	311	1,200
Mozambique*		9	23	25	32	35	45	29	35
Niger*	49	-1	15	56	-34	-11	0	0	2

Nigeria	-740	588	712	897	1345	1959	2201	1391	1,539

TABLE 9. NET FOREIGN DIRECT INVESTMENT (US MILLION $) (cont'd)

	1980	1990	1991	1992	1993	1994	1995	1996	1997
Oman	98	141	135	104	142	76	46	67	90
Pakistan	63	244	257	335	346	419	719	690	713
Senegal	15	57	-8	21	-1	67	32	45	30
Sierra Leone*	-19	32	8	-6	-7	-4	1	5	4
Somalia*	0	6	0	0	2	1	1	0	0
Sudan*	0	0	0	0	0	0	0	0	0
Syria	0	71	0	0	176	251	100	89	80
Tajikistan				0	0	10	15	16	20
Togo*	42	0	7	0	0	0	0	0	0
Tunisia	235	76	126	526	562	432	264	320	316
Turkey	18	684	810	844	636	608	885	722	805
Turkmenistan					0	0	0	108	85
Uganda*	0	0	1	3	55	88	121	121	180
Uzbekistan				40	45	50	115	55	285
Yemen*	34	-131	593	714	897	11	-218	100	-138

* LDICs.

Source: World Bank, Global Development Finance 1998; 1997 figures taken from GDF 1999.