DEBT CONVERSION SCHEMES AND FINANCIAL SECTOR DEVELOPMENT IN THE CARIBBEAN

by

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1. Introduction

The international response to the debt crisis of the early 1980s has concentrated on two broad fronts. There have been strategies for dealing with external debt management per se, and policies that emphasise microeconomic and macroeconomic adjustments intended to remove economic distortions within the domestic economy. In general debt management techniques have mainly been characterised by new borrowings to refinance existing loans, rescheduling negotiations between creditors and debtors and, recently, debt conversion schemes.

Only few moderately - indebted countries are able to borrow to refinance outstanding loans. Debt reschedulings serve to buy time for debtor countries by delaying repayment of principal but preserve the face value of the debt. Debt conversions usually operate on discounted values of debt and are the direct result of the desire by debtors and creditors to convert part of outstanding external obligations into domestic debt or into claims based on equity participation. They owe their emergence to the rapid development of the secondary market where foreign debt may be traded at a discount.

To the commercial banks debt conversion frees them from the drudgery and exhaustion of repeated debt reschedulings and affords them the opportunity to recoup at least part of their investment through the use of market-based voluntary schemes. Its appeal to the debtor nations is based on the possibility of securing a flow of investable resources while reducing the stock of external debt.

Much of the growing literature on debt conversion schemes has focused on the concepts, mechanics, applications and problems of debt swaps. The works of Blackwell and Nocera (1988a), Moreno (1988) and Parhizgari (1988) are examples in this direction. Others have concentrated on specific country programmes as is evidenced by the efforts of Garces (1987) on Chile and Davis (1988) and Robinson (1993) on Jamaica. Also, studies by Bird (1988), Dooley (1988b) and Perasso (1989) have highlighted the economic forces that come into play to determine prices of foreign debt on the secondary market.

This paper discusses the main principles involved in debt swaps, concentrating on their economic implications, and how such implications have influenced specific country programmes. It then discusses the possible application of the principles to regional and national debt issues.

In the next section we discuss the definitions and examples of debt swaps are discussed after which there is a brief description of the secondary markets, including highlights of price determination on that market. An analysis of some economic implications of debt swaps in section four precedes a discussion of some countries' experiences with the schemes, including those in the Caribbean. Section six discusses the application of the principles to regional and national situations and their implication for financial sector development in the region. A brief summary of the main issues discussed concludes the paper. The analysis highlights a need for institutional framework and technical expertise to help employ debt conversion instruments to local and regional environment.

2. Definitions and Examples of Debt Swaps

The basic idea underlying most debt conversion schemes is to have discounted debt owed to transnational commercial banks exchanged for either cash, services, bonds or equity. Thus several forms of debt conversion instruments have emerged, of which debt equity swaps are the most important and widely used. Other instruments are debt-for-debt swaps, debt-'peso' swaps, debt securitisation and debt for nature schemes, among others.

In a typical debt-equity swap, the debtor government offers to exchange its debt for domestic currency to be used to purchase local equity. A creditor holding a country's debt, usually a commercial bank, sells it at a discount in the secondary market to a potential investor. The investor sells it at or near the face value of the debt to the central bank of the debtor country in local currency and then buys portions or all of specified local enterprises. However, the local currency is registered as a foreign investment with the privileges normally available to foreign investors under the usual fiscal incentive legislation governing such investments.

A debt-for-debt swap involves an exchange of debt among creditors independent of the debtor countries. Often small creditors trade their outstanding debt of one country for the debt of another country deemed more credit worthy. The rationale for such action derives from a desire by the small creditors to consolidate their exposure in countries where there is a long-term strategic interest.

In a debt-peso swap, residents of a country purchase the country's foreign debt at a discount in the secondary market and sell the debt back to the government of the country of issue, receiving in exchange assets denominated in domestic currency. In this case the 'peso' is used synonymously with local currency. The domestic asset normally takes the form of capital investment or equity shares in domestic companies. Residents use funds held abroad or hard currency obtained in the local parallel foreign exchange market to finance these purchases. The overall objective of this scheme is to encourage the repatriation of illegal flight capital as well as to reduce the size of the external debt.

Debt securitization involves the conversion of debt into some form of security, such as fixed or floating rate bonds, variable maturity bonds, exit bonds and other notes and financial instruments that can be traded in the secondary market or passed to investors through multilateral institutions. Debt for nature schemes arose out of the concern of environmentalist groups for adequate protection of the environment of some debtor countries. Usually groups such as the World Wild Life Fund and Conservation International provide funds to small and poor debtor countries to purchase commercial bank debt at a discount on the secondary market. In exchange the local authorities promise to use the local currency equivalent to protect rare natural resources such as endangered wild life, tropical forests and national parks.

3. The Secondary Market

The development of the secondary market is a recent activity, tracing its beginnings in 1983 when a few banks began to buy, sell and swap international bank loans to create portfolios that were consistent with longer-term objectives. It enabled some banks to reduce exposure, while others consolidated loans within a geographic region or in specific countries, where they desire to concentrate their loan portfolios.

The gradual settling down of the secondary market into a more structured form around 1986 attracted many participants including international banks, developing country-based banks, transnational corporations, investors in developing countries, debtor nations, investment bankers and speculators. As banks continue to make provisions against rescheduled debt, and as creative new applications for such debts are developed, the market becomes deeper and more efficient, providing cheaper sources of investment funds for international companies than direct investment.

Price Determination in the Secondary Market

The secondary market price of a country's debt is crucial in the context of debt conversion programmes as it determines the price at which a buy back or a swap will occur. Research indicates that it is largely the behaviour of different economic agents which determines prices in the secondary market (Bird (1988) and Perasso (1989)). Bird posits that the demand to buy a country's foreign debt is driven mainly by the desire to invest (by both nationals and foreigners) in the country whose debt is acquired. Thus the main factors that influence demand are: the size of the discount on the debt, the availability of specific investment opportunities, the overall credit worthiness of the country involved, the return on other assets available to the investor in his own country and elsewhere, the extent of limitations on capital repatriation and

profit remittances and finally, the extent of the transaction fee for debt conversion. The demand for debt to convert is influenced positively by positive changes in the first three factors but negatively by the last three.

The main suppliers of discounted debt are the transnational banks which hold developing countries' debt. A representative bank would, in general, not consider selling in the secondary market unless it considers the discounted price of the debt greater than the expected interest and amortisation payments, also appropriately discounted. The former is a function of the size of the discount while the latter depends on the bank's assessment of the country's credit worthiness. This, in turn, depends on the perception of the present value of the country's overall debt service obligations (over a defined period) compared with the value of the country's resources.

Another factor likely to influence the credit holder's desire to sell is the size of the debt held. In general the supply of debt for conversion may be expected to rise as the discount falls, as the size of the debt held increases, and as the credit holder's perception of the country's credit-worthiness falls. The interaction of the supply and demand conditions help to identify the market clearing price, once some slight assumptions are made[1].

4. Some Economic Implications of Debt conversion

The mechanics underlying debt-equity conversions appear simple but there are a number of positive as well as restricting implications which ultimately may account for the various measures that countries which engage in the schemes put in place. Some of these implications relate to the extent of the external debt reduction, monetary and fiscal policy effects for financing swaps, exchange rate and balance of payments effects and the implications for growth and foreign investment.

External Debt

The most obvious advantage with debt-equity conversion scheme is that it reduces the size of the external debt, with consequential benefits for the debtor, creditor and investor alike. The debtor country is able to reduce its stock of debt and secure a flow of new investment. The creditor bank has a doubtful debt partially restored and the investor receives low cost investment. By reducing its stock of debt the debtor country reduces contractual claims on scarce foreign exchange for debt servicing, enabling the country to relax foreign exchange controls and ensure flexibility in its balance of payments management. Also by reducing part of the interest load, the debtor country's ability to service its remaining debt is enhanced. This in turn tends to enhance its international credit worthiness, raising the prospect of attracting new funds by way of new investment to meet short-term balance of payments liquidity problems.

The repayment of debt related interest and amortisation is replaced by outflows associated with foreign direct investment (profit remittances and dividends) when debt is swapped for equity. However, such outflows are based on profit earnings from the investment which may be re-invested without necessarily being repatriated. Moreover, most conversion schemes include clauses to limit capital repatriation and the remittance of profits. To that extent the country's foreign exchange position is strengthened, at least in the short-term.

Implications for Monetary and Fiscal Policy

The method of financing the local currency components of debt swaps may have significant implications for domestic monetary policy, especially if the volume of swaps is large. In situations where the equity sought is owed by Government, the swap could involve a shift of asset from the public to the private sector with little or no domestic financing required. Debt conversion would then not involve substantial new money creation. However, in general the equity attractive to private investors is owned by the private sector of the debtor countries. In such circumstances the original owner of the private property must be paid cash for his equity. The debtor government has the option of financing the swap either through new taxes, through money creation or by issuing domestic bonds.

The first option of raising new taxes may be the most appropriate in terms of the effect on the rest of the economy, but that may be politically not feasible. The second option of printing money may tend to generate inflationary pressures in the domestic economy. Blackwell and Nocera (1988) have estimated that a 5% reduction in the stock of debt through debt-equity swaps financed by printing money in four of the major indebted countries in Latin America increased domestic money supply by 33%-59%. To the extent that there exists a high degree of substitutability between money and real assets in many developing countries, this has implications of substantial inflationary pressures.

The inflationary impact may be minimised by directly selling government bonds to the private sector. However, even this may not avoid difficult policy choices to the extent that the sale of government paper could put upward pressure on interest rates and potentially crowd out domestic economic agents and possibly investment. Furthermore, the limited size of the domestic capital market in most debtor countries means there would be not much scope for financing substantial debt-equity swaps. This constitutes a major limitation with regards to the volume of debt swaps that could reasonably be accommodated, especially where there are no on-going programme of privatisation.

The implications for fiscal policy may be different. Following a swap an external liability is replaced by domestic obligation and in situations where domestic interest rates are higher than the rate applicable to the external debt, the cost of servicing the domestic obligations may be higher, with obvious implications for fiscal policy. On the other hand, to the extent that government or its operating agency, the central bank, charges debt conversion fees, this will serve to raise government revenue and reduce the fiscal deficit.

Exchange Rate and Balance of Payments

The effect of debt swapping on a country's exchange rate may take different forms. In situations where the main demand for a country's external debt for conversion comes from residents, (as for example, Chile) the favourable exchange rate offered by the swap arrangement relative to the official exchange rate may create favourable conditions for arbitrage. As long as the discount on the debt is greater than the discount obtained when the debt is redeemed in local currency, the demand for foreign exchange on the local parallel market will tend to cause exchange rate depreciation.

If the amount of external debt retired is large and the equity sought is financed through money creation, the resulting inflationary pressure could lead to over valuation of the exchange rate at the old nominal rate, putting downward pressure on the value of the local currency. However, in situations where debt reduction generates increased confidence in the economy, it is possible that the increased demand for local currency resulting from the inflow of new investment funds would tend to raise the value of the local currency on the foreign exchange market.

The effect of debt swaps on the balance of payments derives from two sources. Inflows of new investment funds would tend to strengthen the balance of payments. Similarly to the extend that the reduced external debt lowers the debt-servicing requirements of the debtor country, the current account of the balance of payments is strengthened. In the long run, the effect on the balance of payments depends on the relative size of the out payments for dividends and profit repatriation associated with the equity investment, relative to the interest and principal payments that would have been due on the reduced external debt.

Growth and Investment

Although the reduction of outstanding external debt is the primary motive for debtor countries to participate in debt-equity schemes, the swaps provide important investment opportunities for investors and debtors alike.

The flow of new foreign investment accompanying debt-equity conversions could promote exports and improve the inflow of foreign capital in sectors with potential foreign exchange earning capacities, such as tourism in some caribbean countries. Naturally, these investments can also stimulate the economy by creating additional production and employment. An added attraction is the potential gains in new technology and management expertise which usually accompany foreign investment.

However, the flow of new foreign investment would normally take place in situations where the swaps are linked to the purchase of private sector assets. For public sector assets, the investor gets ownership of equity without necessarily injecting new money in the local economy unless immediate refurbishing of the asset acquired becomes necessary. Moreover it is argued that the investments made possible through swaps merely substitute for investment that would have come in even without the swaps. To that extent the swaps provide an expensive way for the country to secure foreign direct investment. For this reason some countries such as Jamaica and Argentina have formulated their programmes in such a way that debt exchanged for equity would have to be accompanied by 'new' money. By varying the inducements according to the direction of investments, or new money invested, debtor countries may be able to modify the distribution as well as the total amount of foreign investment.

For international companies, debt conversion transactions offer a cheaper source of funds than direct investment, benefitting not only from a more attractive rate of exchange but also from possible fiscal incentives available to foreign investors. With the relaxation in 1987 of the regulations governing United States bank operations in non-financial companies, many of the

creditor banks themselves became involved in the investment end of the scheme, swapping their own credits for equities in the debtor countries.[2]

5. Country Experiences with Debt Swaps

As discussed earlier, most countries get involved in debt conversions with the primary intention of reducing the burden of external debt, obtaining investment in selected priority sectors and stemming the outflow of foreign exchange reserves through capital flight. However, worries about the inflationary and interest rate costs associated with financing swaps have given rise to diverse rules which ultimately affect the effectiveness of some schemes.

The common features underlying debt-equity schemes include some indication of the type of investment to be approved, a conversion fee that varies with the kind of equity sought, a definition of what classes of foreign debt would be entertained for swaps and an indication of how the investment is to be treated in relation to taxation and capital and profit repatriation.

According to the World Bank estimates, a total of US$ 111.3 billion of developing country debt were coverted into one form of swap or the other between 1985 and 1994. Of this amount, debt equity swaps represent approximately 40.4% (US$45 billion). While this represents only a small proportion of total debt outstanding, for the five main countries heavily involved in the programme (Argentina, Brazil, Chile, Mexico and the Phillipines), debt conversion has played a major role in their overall debt reduction programmes, with a total conversion amounting to about US$99.3 billion.

Brazil and Argentina are among the first countries to introduce post - 1982 debt swaps, both as part of major rescheduling packages. Following brief suspensions to allow for some restrictions and modifications that ensured that the swaps did bring in new investment, the schemes became integral parts in both countries privatisation schemes from 1988. By 1994, Argentina had coverted US$23 billion of its debt and Brazil US$27.3 billion. About 20% - 30% of the conversion were for debt-equity swaps.

Chile, which entered the debt swap market in 1985, is widely considered to have the most successful debt conversion scheme. It had managed to convert nearly US$12 billion of its eligible debt by the end of 1994. Mexico suspended its debt conversion programme in 1992 but, aided by provisions in the Brady plan, it had by then converted nearly US$30 billion of its long term debt which had peaked at nearly US$100 billion in 1987.

Among the five early starters the Phillipines debt conversion programme has been relatively the least successful mainly because of restrictive conditions. The guiding principle was that the swap must increase the availability of foreign resources to the economy. Thus approval was, in general, not given to proposals intended to purchase claims to stockholders of existing assets, for working capital or for paying off obligations to existing firms. Nevertheless, by the end of 1994, the Philippines had succeeded in converting a total of US$7.4 billion of its long term debt.

In the Caribbean a few countries, like Guyana and Belize, have shown interest in debt conversion schemes but only Jamaica and the Dominican Republic have active programmes in

place. Faced with a commercial bank debt of about US$400 million, Jamaica launched the scheme in 1987, with the intention of converting US$200 million over a five year period. As is the case with such schemes in other countries, Jamaica's was designed to stimulate foreign investment in designated priority sectors and to reduce the burden of external debt.

The priority areas identified were hotel construction, export manufacturing, employment generating activities and investment in the free zone. Capital remittance requirements are also not much different from those of other countries. There is a holding period of three years for dividend remittances and three to seven year period for capital repatriation. The main measure intended to deal with the monetary implications of the scheme is to stagger the local currency transfer to the investor over a period. Initially local residents were excluded from active participation out of concern for possible speculative activities on the foreign exchange market. By July 1990 a total of 25 swaps valued at US$53.5 million had been completed, an increase of US$20.5 million from December 1989.

In 1990 the programme was opened to local residents with the proviso that local participants had sufficient foreign assets or were able to borrow overseas in order to finance the debt conversion. This helped to accelerate the pace of conversions and by end-1994, about US$229 million or about 57% of the commercial debt outstanding in 1987 had been converted. The Dominican Republic started its programme in 1989 and achieved moderate successes in 1991 and 1992 when it completed US$177 million and US$285 million conversions, respectively. It achieved a major breakthrough of US$1.1 billion in 1994, bringing the total converted to US$1.6 billion at the end of 1994.

The relatively modest success rate of the Jamaican programme brings into focus the question of the applicability of debt swaps in the English speaking Caribbean. Table 1 provides information on the proportion of commercial bank debt in the overall debt outstanding and suggests that for the period 1988-1994 the possibility of retiring significant proportions of debt through debt conversion exist only for Trinidad and Tobago with approximately 25% of its outstanding debt owed to commercial banks, Barbados (21.2% and Jamaica (6.6%). The applicability of debt-equity swaps for Guyana and most of the countries in the OECS is severely restricted given that these countries owe only small fractions of their debt to international commercial banks[3]. Moreover these territories are not likely to benefit much from the on-going initiative for the multilateral financial institutions and bilateral creditors to provide debt relief to the heavily indebted poor countries. There is a need for alterative strategies to help reduce the stock of debt for Guyana and the small territories in the OECS.

One such strategy calls for concerted efforts by debtor countries to get official bilateral[4] debt eligible for some sort of debt swaps for investment in commodity-based and other development-related ventures.

Elsewhere we have argued for alternative debt reduction strategy to exchange long term bonds (20 - 25 year maturity) for debt, including that owed to official bilateral and multilateral sources. The guarantee for the bonds is to be provided by an international investment agency which manages a fund into which debtor countries would pay the value of prescribed quantity of their commodities each year. (See Boamah (1990)).

In this paper our attention lies in the application of debt swap principles to regional and national debt and in what ways debt conversion would help financial sector development.

6. Regional Debt Conversion Schemes

The main motivation behind debt-equity swaps is the realisation that by granting debt relief, and hence lowering the stock of debt below some critical level, creditors would improve their chances of getting repaid and in turn, shore up their own cash flow. In this paper we argue that the principles as outlined applies as much to soverign debt owed to international commercial banks as to sovereign debt owed to regional institutions as well as debt owed by local companies to local financial institutions.

It has been over ten years since the Caricom Multilateral Clearing Facility (CMCF) folded and in some cases part of Guyana's obligations has been written-off. In other instances creditor countries have capitalised accrued interest and consolidated the debt over a long term period. Perhaps the application of some of the principles involved in debt swaps could have been applied to free up some of the resources that remain tied up.

While Guyana's stock of foreign exchange reserves does not make it feasible to honour its debt obligations under the CMCF to Barbados and Trinidad, Guyana is a resource rich country. Suppose Barbados and Trinidad Governments negotiate with Guyana Government to have designated portions of the outstanding debt available for debt swaps. These creditor Governments, in turn, would inform local and/or regional businessmen how much is at stake and invite them to bid for various amounts at discounted price. Naturally the smaller the amount involved the smaller would be the discount. The successful businesses/companies are then issued with financial instruments which transfer ownership of the debt purchased from the creditor governments to them. These instruments are presented to the Guyana authorities which would provide local Guyana dollars to the new owners less any charges which the Bank of Guyana or the designated debt capitalisation authority would have negotiated.

These funds would then be utilised either to invest in local Guyanese companies or buy raw materials, e.g. lumber, for their businesses in Barbados and Trinidad & Tobago. To minimise the inflationary impact of the transactions one expects the Guyana Govenment to float equity investment bonds to help deepen the local capital market.

At the end of the transaction, Guyana would have reduced its stock of debt outstanding and realised increased investment, with improved job prospects and financial structure. Investments and jobs are also likely to increase in Barbados and Trinidad and Tobago but the main benefit would be the enhanced prospects of receiving the remainder of the debt owed by Guyana in a much shorter time frame than is presently the case.

Domestic Debt-Equity Swaps

The prinicples outlined for swapping and reducing regional debt are also potentially applicable to domestic debt cases. Recently in Barbados a public sector development finance institution, the Barbados Development Bank (BDB) was forced to close because its asset base

had been eroded by non-performing loans, most of which were owed by a number of small hotel companies. In most cases these hotels were not doing well because, apart of weak management, they needed extensive refurbishment to improve the plant stock. If a mechanism existed whereby BDB would have sold portions of its non-performing loans (suitably discounted) to the general public in return for equity in these hotels, it would have been possible to raise new capital for refurbishment as well as hire suitable managemnt to improve the overall operations of these companies. The enhanced plant stock and management should make it possible for these hotels to service the remaining debt to BDB. With strengthened asset base, it would have been possible to attract participation of some commercial banks in the operations of the BDB itself, turning it into a joint private-public sector entity. That could possibly have saved the institution from closure.

Debt-Equity Swaps and the Development of Derivative Instruments

A notable feature of the modern financial landscape is the explosive growth in the use of derivative instruments. These are basically financial instruments that may be used to alter the risk characteristics of securities, enabling investors to reduce their risks, (mainly through hedging) thus making it possible for them to pursue the most advantageous investment opportuinties.

Debt-equity swaps provide an appropriate vehicle for the development of derivative instruments in the caribbean. Let us for instance consider Jamaica's debt conversion programme. A quantity of equity investment bonds have been issued to provide the Jamaica dollar funding of the programme so as to minimise the inflationary effects on the domestic economy. These bonds carry variable interest rates tied to the yield on six-month Government of Jamaica Treasury Bills, with a 2% margin.

If the conversion programme is to be sustained then one sees these bonds being traded on the Jamaica stock exchange and consequently being exposed to other regional investors. To attract regional investors (or even domestic investors) in an environment of floating exchange rate, it would be necessary to give them confidence that there exists mechanisms to protect their investment against portential risks, principally interest rates and exchange rate risks. Protection against these risks can be provided by futures and options contracts which would give investors hedging opportunities against those risks. This could set the stage for the development of derivative securities in other products, such as commodities, enhancing the region's ability to attract foreign investment.

In sum, the contribution of debt-equity swaps to regional financial sector development lies mainly in the widening of financial instruments available for prospective investors and the possible emergence of new financial products such as derivative securities. However, if debt conversion is to gain currency in the region, the secondary market for securities need to be developed. One expects institutions to emerge to devise models to help evaluate risks associated with sovereign and companies' debt obligations and hence determine their secondary market trading values.

Conclusions

The paper has discussed the principles of debt swaps and some of the economic implications arising from their use. It has also touched on country experiences of these swaps, including those in the Caribbean and the factors that hinder wide applicability in the region.

The paper has argued that the principles involved in swapping debt owed to international commercial banks for equity in developing countries are potentially applicable for reducing inter-regional debt as well as debt owed by domestic entities to domestic financial institutions. The availability of these debt reducing instruments has the potential for widening fiancial instruments for investors and for the development of other financial products. In this regard, the paper has stressed the need for domestic and/or regional risk-valuing financial institutions to provide the necessary catalytic impetus.

NOTES

1. The supply price is inversely related to the size of the discount on the debt but the demand price depends on the extent of the charges imposed by the debtor country when the debt instrument purchased is redeemed.

2. In 1987, Morgan Grenfell arranged for a US bank and a UK bank to convert US$25 million of their Brazilian exposure into a 20% share-holding in a Brazilian pulp and paper company. In the same year American Express Bank converted US$100 million of its own exposure into hotel investment in Mexico (UNCTC, 1989, p.62).

3. Over the period 1988 - 94, the proportion of commercial bank debt in overall outstanding debt ranged from 2.6% for St. Lucia through 0.7% for Grenada to 0% for St. Vincent. (See World Bank Debt Tables, Vol. 2, 1996).

4. The World Bank reoprts that some official bilateral creditors have implemented programmes to convert official debt into local currency funds to finance development projects in some countries. (World Bank Debt Tables, Vol. 1, 1996, p.89).

Table 1 EXTERNAL DEBT OUTSTANDING BY SOURCE
(PUBLIC & PUBLICLY G'TEED)
US$ MILLION

BARBADOS

	1982	1984	1986	1988	1990	1992	1994
Commercial Banks	68.0	71.0	115.0	148.2	163.1	134.8	101.2
	(30.1)	(23.3)	(24.7)	(21.1)	(24.0)	(22.1)	(17.6)
Official	75.0	97.0	136.0	167.1	180.9	171.7	152.8
(Multilateral)	(33.2)	(31.8)	(29.2)	(23.8)	(26.5)	(28.2)	(26.6)
(Bilateral)	46.0	88.0	107.0	54.8	65.1	37.3	29.1
	(20.4)	(28.9)	(23.0)	(7.8)	(9.5)	(6.1)	(5.1)
Others	37.0	49.0	(107.4)	332.9	273.9	265.8	291.3
	(16.3)	(16.0)	(23.0)	(47.3)	(40.1)	(43.6)	(50.7)
Total	226.0	305.0	465.0	703.0	683.0	609.6	574.4
	(100)	(100)	(100)	(100)	(100)	(100)	(100)

Source: World Bank: World Debt Tables (1989-90 and 1996), Volume 2, (Country Tables)
Note: Figures in parentheses represent percentage shares in column totals.

JAMAICA*

	1982	1984	1986	1988	1990	1992	1994
Commercial Banks	437.0	461.0	451.0	358.0	298.0	254.0	265.0
	(20.7)	(17.8)	(14.2)	(7.8)	(6.4)	(6.0)	(6.1)
Official	504.0	554.0	904.0	1083.0	1168.0	1117.0	1183.0
(Multilateral)	(23.9)	(21.4)	(28.5)	(23.8)	(25.0)	(26.2)	(27.4)
(Bilateral)	1099	1476	1678.0	2022.0	2238.0	2039.0	1911.0
	(52.1)	(57.0)	(53.0)	(44.4)	(47.9)	(47.8)	(44.3)
Others	71.0	100.0	136.0	1090.0	967.0	854.0	959.0
	(3.3)	(3.8)	(4.3)	(23.9)	(20.7)	(20.0)	(22.2)
Total	2111	2591	3169	4553.0	4671.0	4264.0	4318.0
	(100)	(100)	(100)	(100)	(100)	(100)	(100)

Source: World Bank: World Debt Tables (1989-90 and 1996), Volume 2, (Country Tables)
Notes: Figures in parentheses are percentage shares in column totals.
e: estimates.
* Includes private sector debt.

Table 1 (Cont'd) GUYANA*

	1982	1984	1986	1988	1990	1992	1994
Commercial Banks	110.1	111.6	105.1	109.0	80.0	12.0	15.0
	(16.2)	(16.2)	(13.1)	(7.7)	(4.7)	(0.7)	(0.8)
Official	204.8	247.3	300.3	357.0	468.0	536.0	608.0
(Multilateral)	(30.1)	(35.8)	(37.4)	(25.1)	(27.3)	(30.3)	(32.3)
(Bilateral)	286.8	271.2	325.2	409.0	1142.0	1058.0	1108.0
	(42.2)	(39.3)	(40.5)	(28.7)	(66.7)	(59.8)	(58.9)
Others	77.5	(60.3)	72.3	548.0	23.0	163.0	150.0
	(11.5)	(8.7)	(9.0)	(38.5)	(1.3)	(9.2)	(8.0)
Total	679.3	690.4	803.9	1423.0	1713.0	1769.0	1881.0
	(100)	(100)	(100)	(100)	(100)	(100)	(100)

Source: Office of Budget Management, Ministry of Finance, Guyana.
World Bank: World Debt Tables (1989-90 and 1996), Volume 2, (Country Tables)
* Excludes principal and interest arrears on long term debt
Note: Figures in parentheses represent percentage shares in column totals.

TRINIDAD & TOBAGO

	1982	1984	1986	1988	1990	1992	1994
Commercial Banks	510.0	458.0	680.0	706.0	595.0	519.0	442.0
	(56.2)	(43.1)	(38.4)	(34.3)	(23.7)	(21.9)	(19.9)
Official	67.0	51.0	66.0	67.0	103.0	208.0	409.0
(Multilateral)	(7.4)	(4.8)	(4.2)	(3.2)	(4.1)	(8.8)	(18.5)
(Bilateral)	308.0	314.0	310.0	289.0	557.0	579.0	506.0
	(34.0)	(29.5)	(19.6)	(14.0)	(22.2)	(24.3)	(22.8)
Others	22.0	240.0	(601.0)	999.0	1253.0	1068.0	861.0
	(2.4)	(22.6)	(37.8)	(48.5)	(50.0)	(45.0)	(38.8)
Total	907.0	1063.0	1585.0	2061.0	2508	2374.0	2218.0
	(100)	(100)	(100)	(100)	(100)	(100)	(100)

Source: World Bank: World Debt Tables (1989-90 and 1996), Volume 2, (Country Tables)
Central Bank of Trinidad & Tobago: Annual Economic Survey (1989)
Note: Figures in parentheses are percentage shares in column totals.

Table 2

Debt Conversion Programmes in Selected Countries
(US$ Million)

	1985-86	1987-88	1989-90	1991-92	1993-94	1985-94
Argentina	0	1,247	6,783	4,788	10,212	23,030
Brazil	658	6,580	8,120	956	11,028	27,342
Chile	1,314	4,919	3,863	1,159	300	11,595
Dominican Republic	0	0	16	462	1,081	1,559
Jamaica	0	14	43	103	69	229
Mexico	413	9,983	10,765	8,806	2	29,969
Nigeria	0	0	210	3,505	50	3,765
Phillippines	85	1,737	2,459	2,614	475	7,370
Venezuela	0	570	3,212	620	92	4,494

Source: World Debt Tables (Vol. 1) 1966, Table A5.2

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