

## ACC SUB-COMMITTEE ON STATISTICAL ACTIVITIES

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### EXTERNAL DEBT STATISTICS

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1. During the 1980s the issue of the external debt has become one of the principal concerns of the countries of Latin America. Consequently, the Secretariat of ECLAC requires relatively detailed information on the debt in order to be able, on the one hand, to prepare studies on the subject, and, on the other hand, to satisfy the constant requests for quantitative and qualitative information which it receives from public and private bodies of the countries of the region.
2. As is known, among the agreements concluded by the members of the ACC Sub-Committee on Statistical Activities, in the case of the external debt the compilation of primary statistics is done mainly by three of these members, namely: the International Monetary Fund (IMF), the World Bank and the Organization for Economic Development and Co-operation (OECD); moreover, the Bank for International Settlements (BIS) is another specialized body which also prepares this type of statistics. The functions of these four agencies and their institutional agreements on this subject, are clearly described in other documents that will be presented at this meeting.
3. The World Bank is currently providing ECLAC with magnetic tapes containing information on its Debt Reporting System (DRS). This system contains mainly the data obtained from two reports of the creditor countries; namely: a) loan by loan data on long-term debt of the public sector and debts guaranteed by the public sector; and, b) summary reports on the long-term debt of the private sector that is not publicly guaranteed. In addition, the International Monetary Fund provides magnetic tapes with

"International Financial Statistics"; various international banking statistics may be extracted from the latter. After March 1985, the data is based on declarations made by a greater number of international banking centers which provide detailed geographic breakdowns on the external positions of the resident banks of deposit. It is also possible to obtain, among other things, data on extra-territorial bank credit to non-banking entities, by country of residence of the creditor bank; extra-territorial bank deposits of non-banking entities, by country of residence of the creditor bank; extra-territorial banking deposits of non-banking entities, by country of residence of the depositor; etc.

4. For the work being undertaken by ECLAC in the macroeconomic field, such data is generally satisfactory; however, where specialized research is being conducted, significant gaps remain which would need to be filled. In this regard, for example, in a study carried out by ECLAC on "El Comportamiento de los Bancos Transnacionales y la Crisis Internacional de Endeudamiento" (LC/G.1553, March 1989), an attempt was made to analyze the total external financing of the Transnational Banks (TNB); in other words, public and private sector financing, guaranteed and non-guaranteed financing short and long-term financing, and trade-related and non-trade-related financing. The absence of primary data information made it necessary to have recourse to indirect data which enabled certain estimates to be made, particularly in dealing with the subject of the exposure of the TNB in the non-guaranteed private sector. For this purpose, recourse was had to the publicly available sources of the BIS, World Bank, and of the U.S. Federal Financial Institution Examination Council (FFIEC), in order to obtain at least a disaggregation of the non-United States and total bank commitments to the private sector. The methodology followed was based on suggestions put forward in the document "External Debt: Definition, Statistical Coverage and Methodology" (Paris, 1988), prepared by the four organizations mentioned in paragraph 2.

5. In our view, ECLAC should have complete access to the data prepared by these bodies since, without such access, it would have to establish its own mechanisms for compiling background data, which would lead to a duplication of efforts and would weaken both the agreements of the Statistical Commission and those of the ACC Sub-Committee on Statistical Activities.

6. The information that ECLAC requires could be obtained in two ways. The first would be to submit a request to the compiling agencies when it needs information that these agencies do not include in their regular publications. The second would be to have access to the data banks of such bodies so that the information may be obtained in a timely manner and in the degree of detail necessary to satisfy its requirements. It is clear that the second procedure offers clear advantages, since the requirements in this field are very high and varied. The greatest obstacle to the implementation of the second option appears to be the confidential nature which countries and specialized agencies usually attribute to this kind of data. In ECLAC's view, this problem can be overcome if the parties subscribe to norms of good faith in the handling of the information.

7. The ideal would be for the specialized bodies to establish by common agreement data banks that summarize and, as far as possible, standardize the data drawn from all contracts under which loans are granted. The principal users should be consulted for the elaboration of such a system. In the case of ECLAC, quite apart from the amounts involved and the schedule of payment of the principal and interest, other information is required such as, for example, the identity of the creditors in the case of loans made by consortiums, the currency in which the loan is granted and the collateral where applicable. In this regard, it seems clear that the four agencies mentioned above have varying possibilities of obtaining access to the information on the different loans, depending on their nature; it therefore follows that its research will sometimes fail to achieve the optimum level of detail. This is why it is imperative for the other

members of the ACC to have adequate knowledge of the nature and content of the data banks.

8. In recent years further difficulties have been encountered in obtaining timely and useful data on the external debt. Debt renegotiation procedures create conceptual problems which must be resolved in order to be able to compile the information using standard criteria, and thus facilitate its interpretation by the users. One is aware, for example, of the heterogeneous manner in which different countries note in their balance-of-payments accounts, moratoriums on payments, the conversion of debt to capital, the reduction of the value of the principal, etc. It is therefore essential for the users to be familiar with the agreements reached on these matters by the compiling agencies, and, as far as possible, for these agencies to be consulted before their research is transformed into definitive norms and routines.

9. It would therefore be extremely useful for the ACC to adopt procedures that facilitate access to information, as well as to the methodologies employed by the compiling agencies. The latter in turn should be made aware at an early stage of the views of the users. In this regard, an important step has already been taken with the publication of the aforementioned document "External Debt, Definition, Statistical Coverage and Methodology"; nevertheless, we feel that there is need for a more detailed examination of certain specific procedures such as those mentioned above, which, without being overly complex, require explicit agreements between the producing agencies and the users of this type of statistics in order to facilitate the establishment of norms and routines which permit an easy and accurate interpretation of the numerous debt-related variables.