

April 16, 2004



PRESS-RELEASE

THE PARIS CLUB RESCHEDULES US\$ 193 MILLION OF THE DOMINICAN REPUBLIC'S DEBT

On April 16, 2004, the Paris Club concluded an agreement with the Government of the Dominican Republic. This agreement consolidates around US\$ 155 million of maturities falling due between January 1, 2004 and December 31, 2004, and US\$ 38 million of arrears due to Paris Club creditors. This rescheduling is expected to reduce debt service due to Paris Club creditors between January 1, 2004 and December 31, 2004 from US\$ 479 million to US\$ 293 million.

This agreement follows the IMF's approval of the Stand-by Arrangement on August 29, 2003, modified at the first review (February 11, 2004) and is consistent with the financing expectations of the Dominican Republic in 2004. This consolidation is expected to make an important positive contribution to the Dominican Republic's economic outlook and to strengthen its external position. Paris Club creditors took note of the measures of adjustment in the economic and financial programme undertaken by the Government of the Dominican Republic and stressed the importance they attach to the continued and full implementation of this programme. The Government of Dominican Republic reaffirmed its commitment with regards to the application of the principle of comparability of treatment.

The rescheduling is conducted under the so-called "Classic terms": all credits are to be repaid progressively over 12 years, including 5 years of grace (see table attached). ODA loans will be rescheduled at a rate not higher than the interest rate of the original loans. Other loans will be rescheduled at a market interest rate (known as "appropriate market rate") defined on the basis of risk-free rates for the currency considered.

On a voluntary and bilateral basis, each creditor may also undertake debt for nature, debt for aid, debt for equity swaps or other debt swaps.

The Dominican Republic agreed to seek comparable treatment from non-Paris Club bilateral and private creditors. The principle of comparability of treatment aims to ensure a balanced treatment among all external creditors of the debtor country. As a general rule, for private creditors, comparability of treatment is assessed with the effect of private treatment, compared to the effects of Paris Club treatment, in terms of duration, Net Present Value and flow relief. The provision of new money can also be taken into account.

Background notes

1. The Paris Club was formed in 1956. It is an informal group of creditor governments from major industrialized countries. It meets on a monthly basis in Paris with debtor countries in order to agree with them on restructuring their debts.

2. The members of the Paris Club which participated in the reorganization of the Dominican Republic's debt were representatives of the governments of France, Germany, Japan, Spain and the United States of America.

Observers at the meeting were representatives of the governments of Belgium, Canada, Denmark, Italy, Norway, Switzerland and the United Kingdom, as well as the IMF, the International Bank for Reconstruction and Development, the Interamerican Development Bank, the Secretariat of the UNCTAD and the Organization for Economic Cooperation and Development.

The delegation of the Dominican Republic was headed by Mr. Carlos DESPRADEL, Technical Secretary of the Presidency. The meeting was chaired by Mrs Stéphane PALLEZ, Assistant Secretary for European and International Affairs at the French Treasury of the Ministry of Economy, Finance and Industry, Co-Chairperson of the Paris Club.

Technical notes

1. A Stand-by Arrangement was approved by the International Monetary Fund on August 29, 2003.

2. The stock of debt owed to Paris Club creditors as at January 1, 2004 was estimated to be US\$ 1 561 million, out of which US\$ 687 million of pre-cut off date debt, and US\$ 874 million of post-cut off date debt.

The cut off date (June 30, 1984 for the Dominican Republic) is used by Paris Club creditors for the sole internal purposes of the Paris Club agreement for official bilateral creditors. When a debtor country first meets with Paris Club creditors, the "cut off date" is defined and is not changed in subsequent Paris Club treatments and credits granted after this cut off date are not subject to rescheduling. Thus, the cut off date helps restore access to credit for these debtor countries.

PROFIL DE REMBOURSEMENT
RESCHEDULING PROFILE

| | (%) |
|----------|------|
| 1-avr-10 | 5,50 |
| 1-oct-10 | 5,71 |
| 1-avr-11 | 5,94 |
| 1-oct-11 | 6,17 |
| 1-avr-12 | 6,41 |
| 1-oct-12 | 6,66 |
| 1-avr-13 | 6,92 |
| 1-oct-13 | 7,19 |
| 1-avr-14 | 7,47 |
| 1-oct-14 | 7,76 |
| 1-avr-15 | 8,06 |
| 1-oct-15 | 8,38 |
| 1-avr-16 | 8,75 |
| 1-oct-16 | 9,08 |
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