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PRESS RELEASE

PUBLICATION OF THE 2009 ANNUAL REPORT OF THE PARIS CLUB

The 2009 annual report of the Paris Club is now available on the Paris Club website.

2009 was a year of economic crisis not only for industrial countries but also for developing countries. Although emerging and developing economies have been affected by this crisis, they have also proven to be much more resilient than in previous crises, mainly due to their overall prudent macroeconomic policies. Debt relief efforts have contributed to this resilience, as well as proactive measures taken by the international financial community following G20 recommendations. Therefore, emerging and developing countries generally have much lower debt vulnerabilities than previously.

Nevertheless, the Paris Club provided transparent and coordinated treatment to solve payment difficulties experienced by debtor countries. Indeed, a number of low-income countries still have to graduate from the HIPC initiative. In this respect, 2009 saw important progress, described in the annual report. Regarding non HIPCs, the Paris Club also contributed to restoring debt sustainability in the Seychelles, a country which has now put into place a successful economic reform strategy despite the challenging global environment.

In addition to its debt treatment activities, the Paris Club also committed to improving creditor coordination and is engaged in an outreach policy towards non-Paris Club bilateral creditors and private creditors to develop dialogue and encourage more orderly debt restructuring. It is also still very much committed to safeguarding long term debt sustainability through promoting cautious lending and borrowing practices in line with the guidelines defined by the international financial institutions and the OECD and to helping prevent the action of litigating creditors against HIPC countries. All these issues are developed in the 2009 annual report.

Finally, in order to give some perspective on the effects of Paris Club treatments, this annual report also provides a case analysis of the impact of past Paris Club agreements on the financial and economic situation of debtor countries, this year with the example of Peru.

Notes

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

2. The members of the Paris Club are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, the Netherlands, Norway, Russian Federation, Spain, Sweden, Switzerland, the United Kingdom and the United States of America.

3. The publication of an annual report, decided in 2008, demonstrates Paris Club creditors' commitment to enhance transparency on Paris Club work and functioning.

4. The 2009 Paris Club annual report comprises three main chapters:

- one chapter on Paris Club activity regarding debt treatment during the year,
- one chapter on the impact of Paris Club debt treatment on the situation of developing countries
- one chapter on general issues discussed in the framework of the Paris Club, mainly topical subjects regarding international debt.

In addition to these three main chapters, the annual report includes detailed annexes, especially on the presentation, functioning and main principles of the Paris Club.