

21 October 2005



PRESS-RELEASE

**THE PARIS CLUB RESCHEDULES US\$ 137 MILLION OF THE
DOMINICAN REPUBLIC'S DEBT**

On 21 October 2005, the Paris Club concluded an agreement with the Government of the Dominican Republic. This agreement consolidates around US\$ 137 million of maturities falling due in 2005. This rescheduling is expected to reduce debt service due to Paris Club from US\$ 357 million to US\$ 222 million.

Paris Club creditors welcomed the completion of the 1st and 2nd review under the IMF Stand-by arrangement approved on 31 January 2005; they also welcomed the success of the private debt restructuring completed by the authorities of the Dominican Republic, in conformity with the principle of comparability of treatment. 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 welcomed 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 rescheduling is conducted under the so-called "Classic terms": claims 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.

Paris Club creditors will review the external financing needs of the Dominican Republic in December 2005 in connection with satisfying the conditions for the 3rd review under the IMF Stand-by Arrangement with a view to providing additional relief in 2006, if needed, to support the programme.

www.clubdeparis.org

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, as well as the IMF, the International Bank for Reconstruction and Development, the Inter American Development Bank, the European Commission and the Secretariat of the UNCTAD.

The delegation of the Dominican Republic was headed by Mr. Juan TEMISTOCLES MONTAS, Technical Secretary of the Presidency and Mr. Vicente BENGEOA, Secretary of Finance. The meeting was chaired by Mr. Ramon FERNANDEZ, Deputy Assistant Secretary at the Treasury and Economic Policy Department of the French Ministry of Economy, Finance and Industry, Vice President of the Paris Club.

Technical notes

1. A Stand-by Arrangement was approved by the International Monetary Fund on 31 January 2005.

2. The stock of debt owed to Paris Club creditors as at 1 September 2005 was estimated to be US\$ 2 047 million, out of which US\$ 733 million of pre-cut off date debt, and US\$ 1 314 million of post-cut off date debt.

The cut off date (30 June 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-11	5,50
1-oct-11	5,71
1-avr-12	5,94
1-oct-12	6,17
1-avr-13	6,41
1-oct-13	6,66
1-avr-14	6,92
1-oct-14	7,19
1-avr-15	7,47
1-oct-15	7,76
1-avr-16	8,06
1-oct-16	8,38
1-avr-17	8,75
1-oct-17	9,08