

September 15, 2000

PARIS CLUB

PRESS RELEASE

**THE PARIS CLUB AGREES TO A DEBT RESTRUCTURING
FOR ECUADOR**

On September 15, 2000, the Paris Club of creditors concluded an agreement with the Government of the Republic of Ecuador to consolidate roughly \$880 million in arrears and amounts falling due to official bilateral creditors until April 30, 2001. In conjunction with Ecuador's successful debt exchange of Eurobonds and Brady bonds, the Paris Club rescheduling is expected to fully satisfy Ecuador's financing requirements for the year. In addition, looking forward to Ecuador's negotiation of a follow-on program with the IMF, the Paris Club creditors also agreed in principle to review the case for a further restructuring of their claims falling due after April 30, 2001.

The Paris Club agreement comes on the heels of the International Monetary Fund's successful first review under Ecuador's Fund program. The consolidation is expected to make an important positive contribution to Ecuador's economic outlook. To further this objective, part of the Paris Club creditors' financing will support the Government's high priority programs, supported by international financial institutions, thus enhancing the country's medium-term prospects for recovery.

The rescheduling is conducted under the so-called "Houston terms" : non-ODA credits are to be repaid over 18 years, with 3 years of grace and progressive payments, at the appropriate market rate ; ODA credits are to be repaid over 20 years, with 10 years of grace, at a rate at least as favourable as the concessional rates applying to those loans.

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.

Background notes

1. The Paris Club was formed in 1956. It is an informal group of Creditor Governments from major industrialized countries (i.e. OECD). 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 were representatives of the Governments of Canada, France, Germany, Israel, Italy, Japan, Norway, Spain, the United Kingdom and the United States of America.

3. Observers at the meeting were representatives of the Governments of Belgium, Brazil, Denmark and the Russian Federation, as well as of the International Monetary Fund, the International Bank for Reconstruction and Development, the Secretariat of the UNCTAD and the Organization for Economic Cooperation and Development.

4. The delegation of Ecuador headed by Mr Jorge GALLARDO, Head of the External Debt Commission, expressed its thanks to the Participating members of the Paris Club for their help in strengthening Ecuador's economic and financial situation.

5. The meeting was chaired by Mr Bruno BÉZARD, Deputy Assistant Secretary at the Treasury of the French Ministry of Economy, Finance and Industry, Vice President of the Paris Club.

6. The arrangement concluded by Ecuador with the International Monetary Fund was approved by the Fund's Executive Board on April 19, 2000.