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POLICY BRIEF

23-12 Korea has increased its lending to emerging-market and developing economies but faces risks if their debt problems grow

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INTRODUCTION

The COVID-19 pandemic and its harmful economic effects, including abrupt monetary policy tightening in many industrial countries, have helped create sovereign debt problems for many emerging-market and developing economies (EMDEs).[1] These problems pose a threat to the global economy—and a challenge for South Korea, as a creditor of many of these countries. Some countries, such as Lebanon and Sri Lanka, are already in the midst of debt crises and face difficult paths to recovery. Four countries are now seeking debt relief under the Group of Twenty (G20) Common Framework, a process that has been long and complex.

Korea's lending to EMDEs has helped it increase trade, and it stands to raise its international stature as a provider of financing and global public goods. But its domestic debt problems could pose difficulties for the Korean financial system, limiting its ability to lend to EMDE borrowers. At the same time, the risks of exposure to EMDE borrowers, potentially exacerbated by geopolitical tensions over China, are not small.

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1 The countries included under EMDEs and Advanced Economies groupings in this Policy Brief are the ones classified as Developing Economies and Developed Countries, respectively, in the Bank for International Settlements Locational Banking Statistics' Interactive Tool. We use the terms *EMDE* and *developing countries* interchangeably in this Policy Brief.

This Policy Brief examines the role of Korea as a creditor to EMDEs and how EMDE debt problems affect Korea as a creditor.

For now, Korea's direct exposure to EMDEs is not large. In 2021, the latest year with comprehensive data, the stock of Korea's claims on EMDEs amounted to 0.6 percent of its GDP. Although this share is larger than those of some comparator countries, it is well below the shares of others, such as China and Japan.

The immediate risks from its lending are limited. But Korea is vulnerable to risks from a systemic EMDE debt crisis in other ways, particularly through trade. It is therefore in Korea's interest to continue to play a constructive role in ongoing international efforts, especially through the G20, to establish more effective debt restructuring frameworks.

KOREA AS A CREDITOR TO EMDEs

Over the last few decades, Korea has transitioned from an aid beneficiary to a provider of financial aid to EMDEs.[2] Its transition to a creditor to EMDEs is still unfolding.

How much EMDE lending has Korea undertaken? By 2021, its total financial involvement in these economies amounted to almost $11 billion, about 0.6 percent of Korea's GDP (table 1). Over half of this amount was directed to developing countries in Asia and the Pacific region.[3]

Korea lends a larger share of its GDP to EMDEs than some countries with similar GDP per capita, such as Italy and Spain. It lags far behind countries like China and Japan, however. Japan, with a GDP of $5 trillion in 2021, delivered $121 billion in funding to developing countries (2.4 percent of GDP).[4] (The appendix compares lending to EMDEs by Korea and peer countries between 2000 and 2021). If Korea were to emulate Japan's approach and contribute 2.4 percent of its GDP, its financing of EMDEs would surge to about $43 billion—more than three times its current amount of $11 billion, underscoring the potential for Korea to increase its support for EMDEs.

Through 2021, just under 2 percent of Korea's overall lending was allocated to developing economies. Within EMDEs, Korea lent mostly to Asia and Pacific (excluding China) (figure 1). Within Developing Asia and Pacific, Korea's largest borrowers were Vietnam, Indonesia, and Bangladesh (figure 2).

Korean banking statistics reveal a similar pattern. Figure 3 shows the geographic distribution of Korean banks' claims on advanced and developing economies based on the Consolidated Banking Statistics (CBS) of the Bank for International Settlements (BIS). Korean banks' claims on developing economies represented roughly 20 percent of their total foreign claims by the end of 2022, 8 percentage points of which were claims on Asian and Pacific EMDEs.[5] Japanese banks' claims on EMDEs amount to 9 percent of its foreign claims. This

2 Nearly all of Korea's external lending reported in the Debt Reporting System is in the form of long-term public and publicly guaranteed debt. External debt is defined on a residence basis. Official lending is provided through various agencies, such as the Export-Import Bank of Korea.

3 Few data points were reported in the World Bank's International Debt Statistics on Korea's claims on China, as shown in table 1. Throughout this document, Developing Asia and Pacific excludes China, unless explicitly stated.

4 This figure includes China. Without China, Japan provided financing to the countries included in the aggregates included in this document equal to 2.3 percent of its GDP in 2021.

5 Korean banks' claims on China represented 12 percent of total foreign claims by the end of 2022. Bank claims on all developing economies, including China, represented 31 percent of Korean banks' foreign claims for the same period.

comparison might suggest that Korean banks are more exposed to EMDEs than are Japanese banks. They are not: At the end of 2021, Korean banks' claims on developing economies excluding China represented 3 percent of Korea's GDP; for Japan these claims represented 8 percent of its GDP.[6]

Table 1
External debt stocks owed to Korea, by country group, 2015–21 (millions of current US dollars)

Economy/region	2015	2016	2017	2018	2019	2020	2021
Developing Asia and Pacific	4,646	5,836	6,838	6,986	6,806	7,007	6,427
Developing Africa and Middle East	2,145	2,828	2,999	3,152	3,285	3,434	3,500
Developing Europe	800	713	634	547	472	443	489
Developing Latin America and Caribbean	242	275	371	405	431	469	436
Total developing economies debt stocks owed to Korea	7,833	9,652	10,842	11,089	10,993	11,353	10,852
China	1	0	NA	NA	NA	NA	NA
ASEAN	3,329	3,760	4,270	4,235	4,224	4,518	4,187
Memo: Developing economies external debt stocks owed to each country, as a percentage of each country's GDP							
Korea	**0.5**	**0.6**	**0.7**	**0.6**	**0.7**	**0.7**	**0.6**
Japan	2.4	2.2	2.4	2.3	2.3	2.5	2.4
China	0.9	1.1	1.2	1.2	1.1	1.1	1.0
Spain	0.7	0.6	0.6	0.5	0.4	0.6	0.5
Italy	0.3	0.3	0.3	0.3	0.3	0.4	0.3
United States	0.3	0.2	0.2	0.2	0.2	0.2	0.2

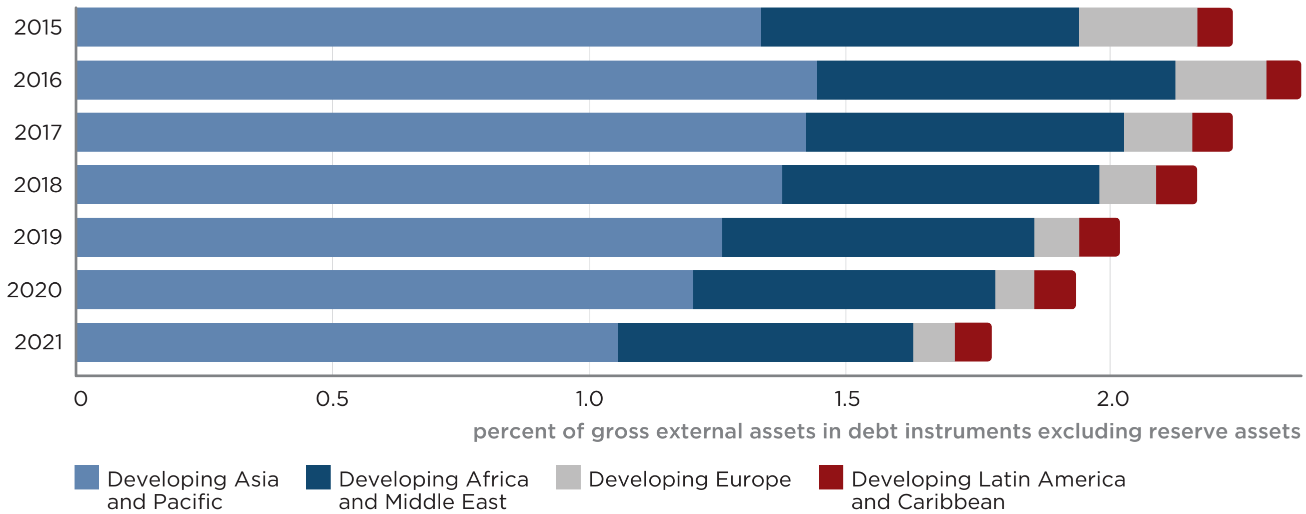
Notes: Total external debt is the sum of public and publicly guaranteed long-term debt and short-term debt. Short-term debt includes all debt having an original maturity of one year or less and interest in arrears on long-term debt. Country groups are as classified in the Locational Banking Statistics by the Bank for International Settlements, available at https://www.bis.org/statistics/statx/dreamcatcher/creditx.htm (accessed on June 8, 2023). Developing Asia and Pacific excludes China. The Association of Southeast Asian Nations (ASEAN) includes debt owed to Korea by Cambodia, Indonesia, Laos, Myanmar, the Philippines, and Vietnam that was reported to the World Bank Debt Reporting System (DRS). Data for other ASEAN countries are not included because the World Bank lacks data on them for the period under consideration. For memo: External debt stocks owed to Japan, China, Spain, Italy, and the United States exclude Korea's debt; unlike the top of the table, these data include China's debt.

Sources: Authors' calculations based on IMF, *World Economic Outlook* (April 2023) via Data Mapper, available at https://www.imf.org/external/datamapper/NGDPD@WEO/OEMDC/ADVEC/WEOWORLD?year=2023 (accessed on June 9, 2023); and World Bank, International Debt Statistics, available at https://databank.worldbank.org/source/international-debt-statistics (accessed on June 8, 2023).

6 If China is included, the figure is 5 percent of GDP for Korea and 11 percent for Japan.

Figure 1

External debt to Korea as a share of Korea's gross external assets in debt instruments excluding reserve assets, by region, 2015–21



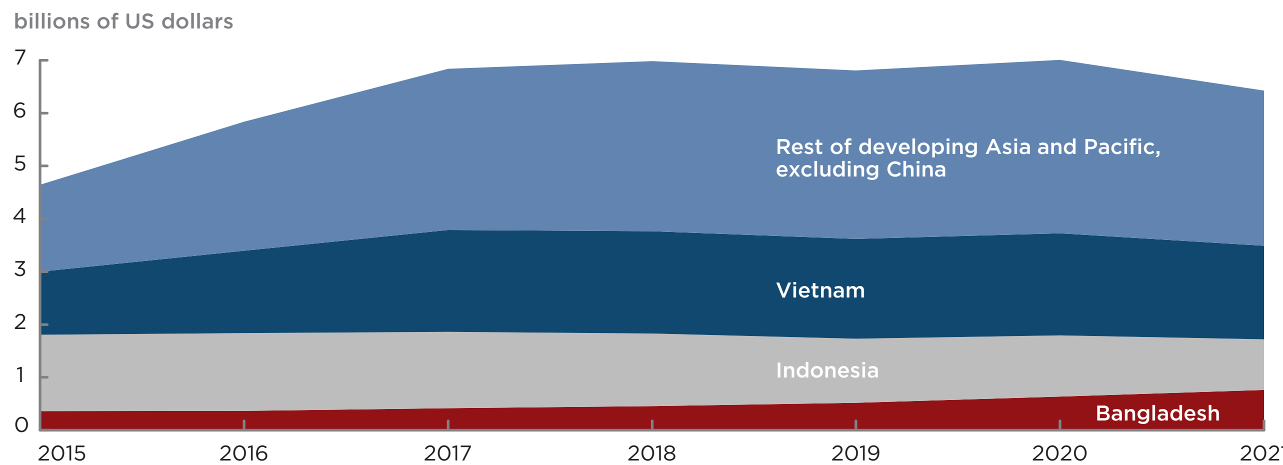
Notes: Total external debt is the sum of public, and publicly guaranteed long-term debt and short-term debt. Country groups include those countries classified in the Locational Banking Statistics by the Bank for International Settlements, excluding China, available at https://www.bis.org/statistics/statx/dreamcatcher/creditx.htm (accessed on June 8, 2023).

Developing Asia and Pacific excludes China. The calculations include only countries for which data are available in the World Bank's International Debt Statistics. External assets in debt securities excluding reserve assets include direct investment assets in debt instruments, portfolio investment assets in debt securities, and other investment assets in debt instruments.

Sources: Authors' calculations based on IMF, Balance of Payments and International Investment Position Statistics, available at https://data.imf.org/?sk=9e3a98f4-6674-41f3-a98b-e541dde3e757&hide_uv=1 (accessed on June 10, 2023); and World Bank, International Debt Statistics, available at https://databank.worldbank.org/source/international-debt-statistics (accessed on June 8, 2023).

Figure 2

Top debtors to Korea from developing Asia and Pacific, 2015–21



Notes: Figure shows external debt stocks owed to Korea. It excludes China, for which few data points were available in the World Bank's International Debt Statistics. For definitions, see figure 1 notes.

Source: Authors' calculations based on World Bank, International Debt Statistics, available at https://databank.worldbank.org/source/international-debt-statistics (accessed on June 8, 2023).

Figure 3
Bank claims by nationality of reporting bank on a guarantor basis, amounts outstanding, 2015–22 (billions of US dollars)

a. Korea

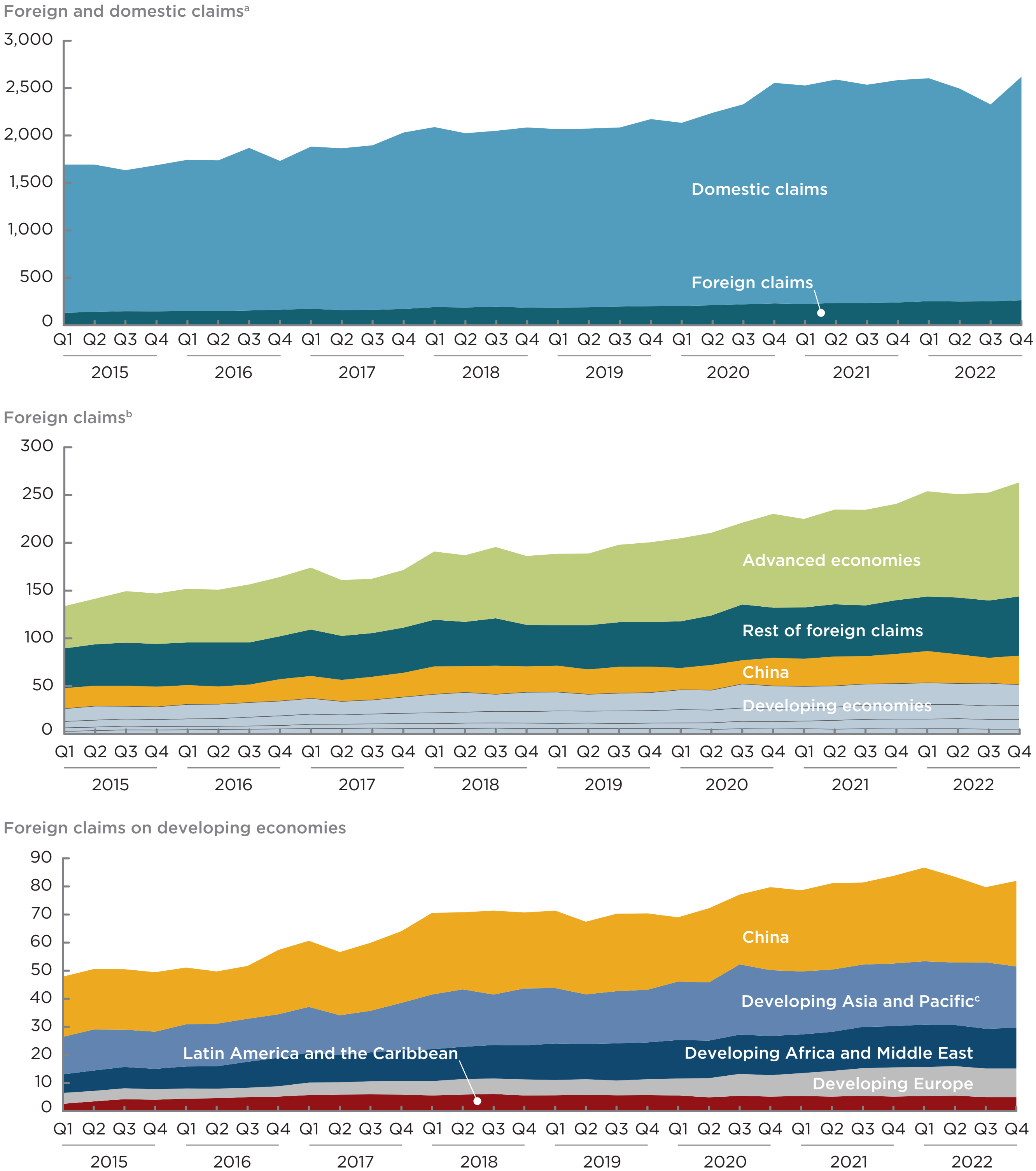
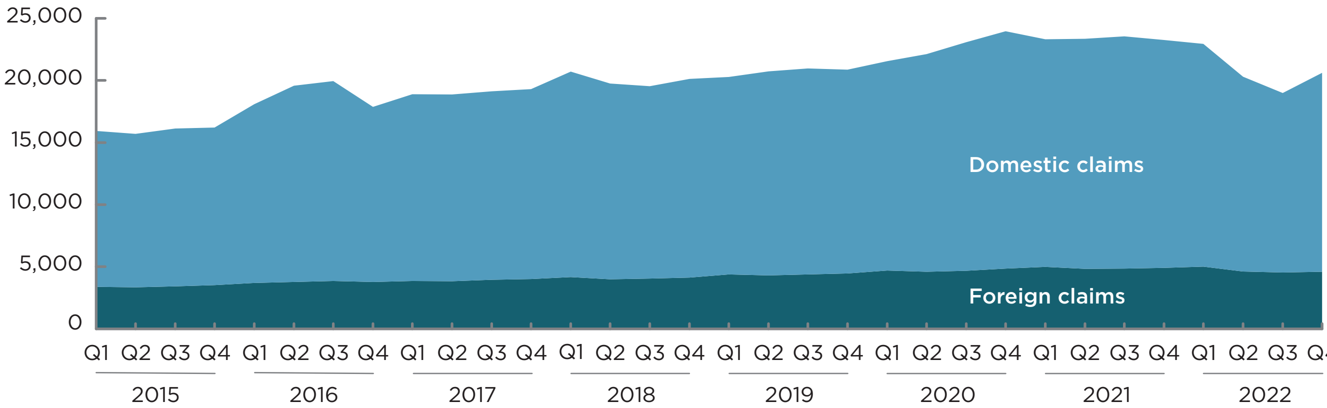


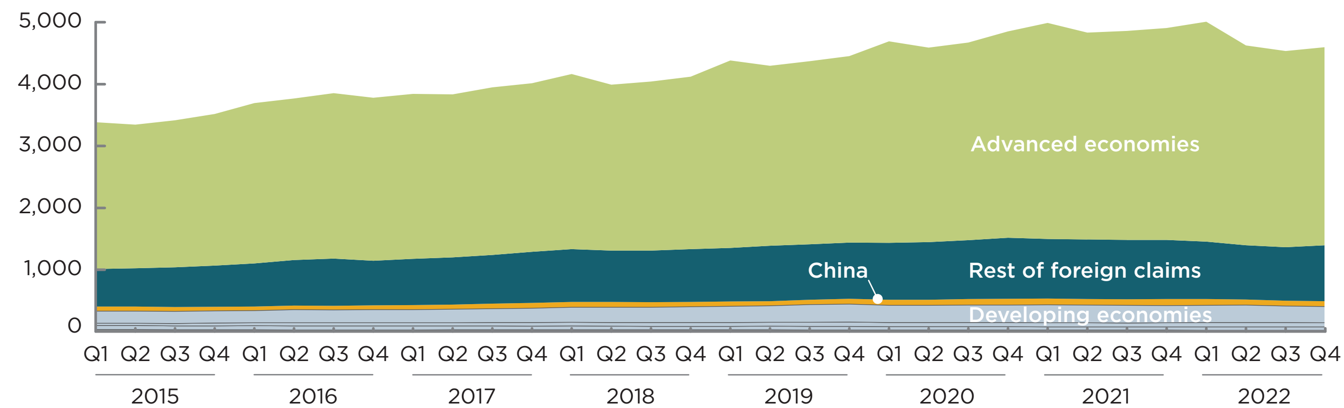
figure continues

b. Japan

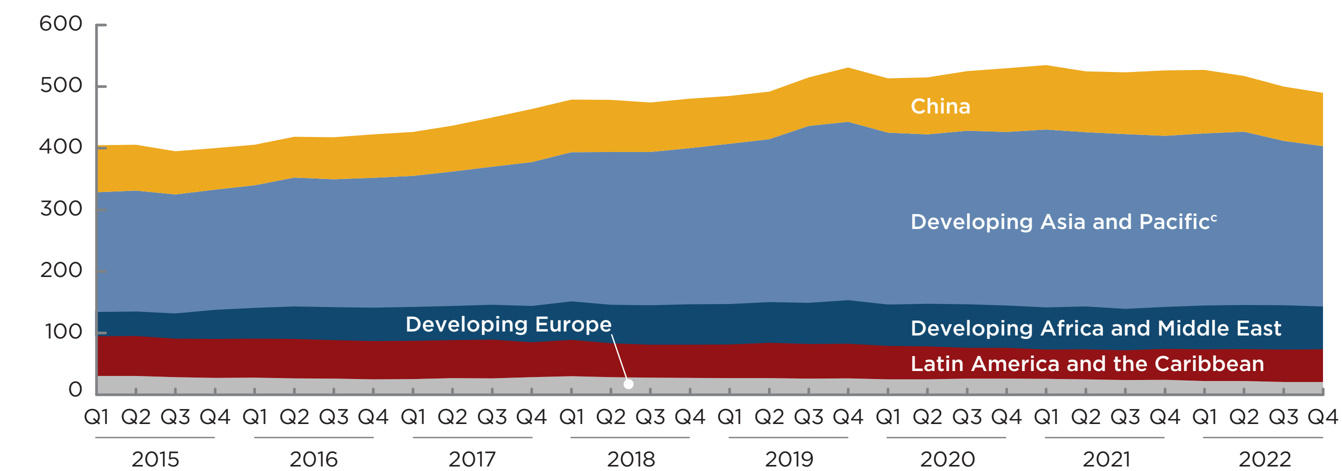
Foreign and domestic claims[a]



Foreign claims[b]



Foreign claims on developing economies



a. The sum of foreign and domestic claims do not add up to total assets of the country given that claims exclude derivatives because (a) derivative assets are more volatile than other types of claims and excluding them allows for comparability across time and (b) banks have different netting practices for derivatives. CBS claims are composed of loans, deposits, reverse repos, debt securities holdings, equity instruments, and accounts receivable. For more information, see www.bis.org/statistics/bankstatsguide.pdf.

b. Country groups are based on BIS country groups for locational banking statistics, available at https://www.bis.org/statistics/statx/dreamcatcher/creditx.htm (accessed on June 8, 2023).

c. Developing Asia and Pacific excludes China.

Source: Authors' calculations based on Bank for International Settlements (BIS), Consolidated banking statistics (CBS) on a guarantor basis. Available at https://www.bis.org/statistics/consstats.htm (accessed on June 6, 2023).

WHAT EXPLAINS KOREA'S LENDING PATTERNS?

Several factors are likely to have affected Korea's lending practices.

Korea lacks experience in foreign financing

Korea does not have long experience in providing international assistance and financing. Not long ago, Korea was an aid-receiving country itself.[7] Korea became a member of the Organization for Economic Cooperation and Development's Development Assistance Committee (OECD DAC) only in 2010. It has been providing some of its support to EMDEs through co-financing of projects via multilateral institutions, such as the African Development Bank, the Asian Development Bank, and the World Bank.[8] Korean financial institutions have made some inroads in international markets, but they have not focused on EMDEs.

Korean financial institutions focus on domestic lending

Korean banks and nonbank financial institutions have raised their exposure to EMDEs substantially over the years.[9] But their overseas exposure has been overwhelmed by the expansion of their domestic lending (figure 4), especially to households, which have borrowed heavily for investment in real estate. Household debt rose sharply in recent years, standing at 106 percent of GDP in 2021; as a percent of disposable income, it stood at 206 percent in 2021, one of the highest ratios in the OECD. With the softening of real estate prices, Korean banks and other domestic financial institutions face considerable risks from their claims on households, to the point that Korea may have a domestic debt problem and may require some deleveraging.[10]

Korea's lending focuses on Asian countries

Korea's external lending, official and private, focuses on Asian and Pacific countries (figure 5). This pattern is in line with Korea's trade pattern and likely reflects its greater familiarity with the region as well as policy choices, which may reinforce this pattern in the coming years. The focus on Asia is likely to grow, especially with Korea's New Southern Policy (NSP). Initiated in 2017, the NSP was designed to expand Korea's trade and financial relations with the 10 ASEAN countries and India in light of prevailing geopolitical tensions and diversify away from its traditional partners (Botto 2021).

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7 Some investors continue to view Korea as an emerging market county. The MSCI still categorizes it as such.

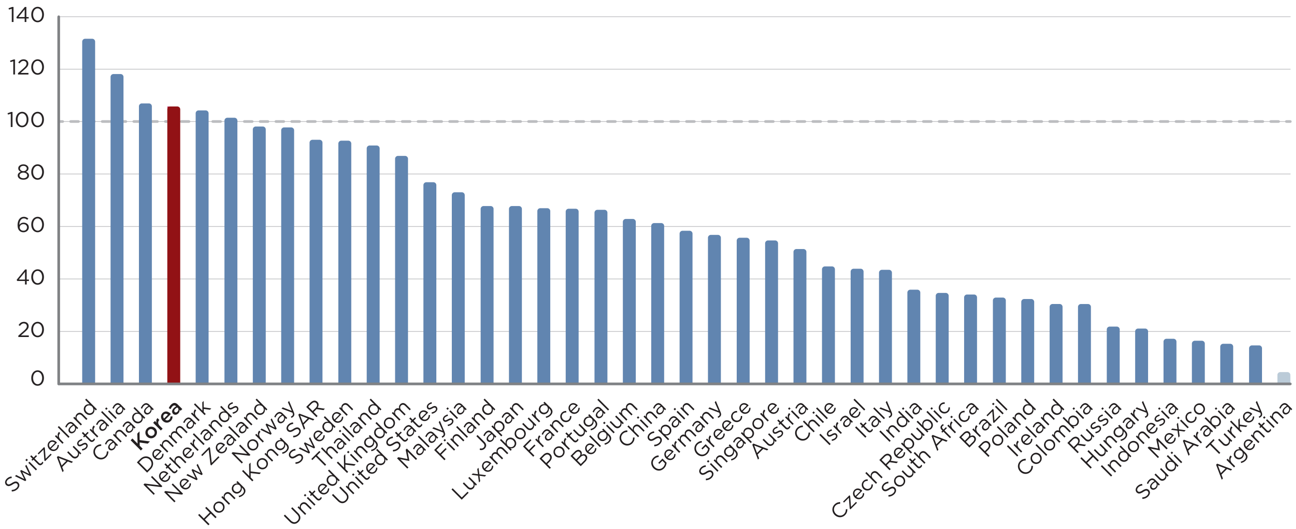
8 Korea provided Official Development Assistance of $2.8 billion, or 0.17 percent of its gross national income (below the target level of 0.7 percent) in 2022 (OECD Library). This aid was directed primarily to Asia and Africa.

9 There are no restrictions on lending to nonresidents, but there are notification requirements to the Bank of Korea (IMF 2022a).

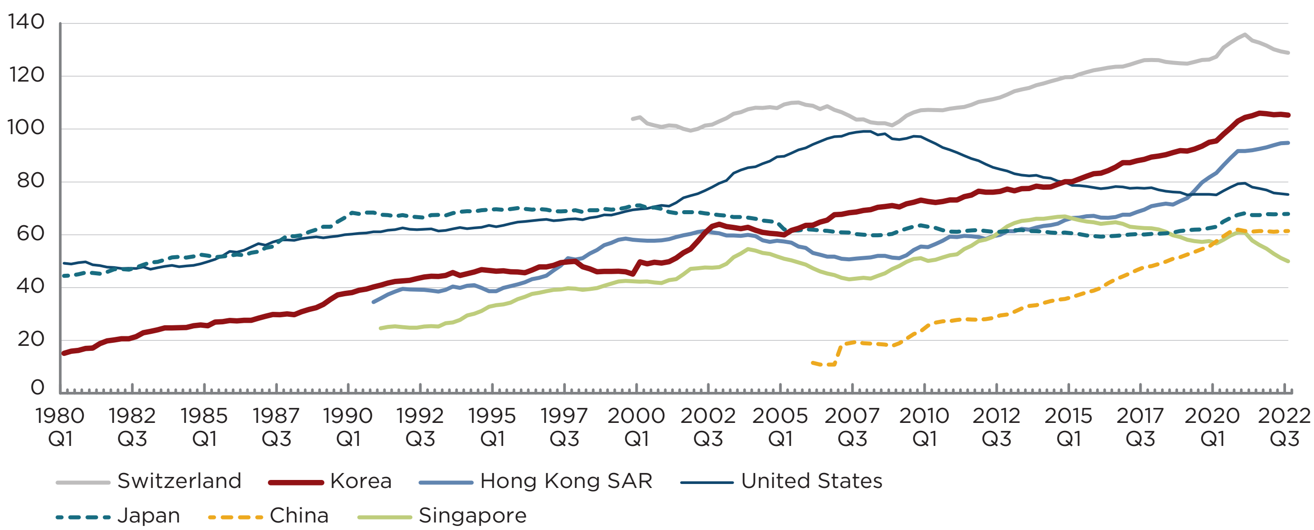
10 With increasing risks at home, some Korean banks have been looking abroad for lending opportunities, focusing on Southeast Asia (Morgan 2020). Korean banks benefit from overseas investment insurance (e.g., commercial and political risks) from the Korea Trade Finance Insurance Corporation (K-Sure). Korea's sovereign wealth fund, the Korea Investment Corporation, which already invests in emerging markets, is considering increasing its exposure to some Asian emerging market countries (*Korean Economic Daily*, April 28, 2023).

Figure 4
Household debt as a percent of GDP

a. Comparing selected economies, 2021



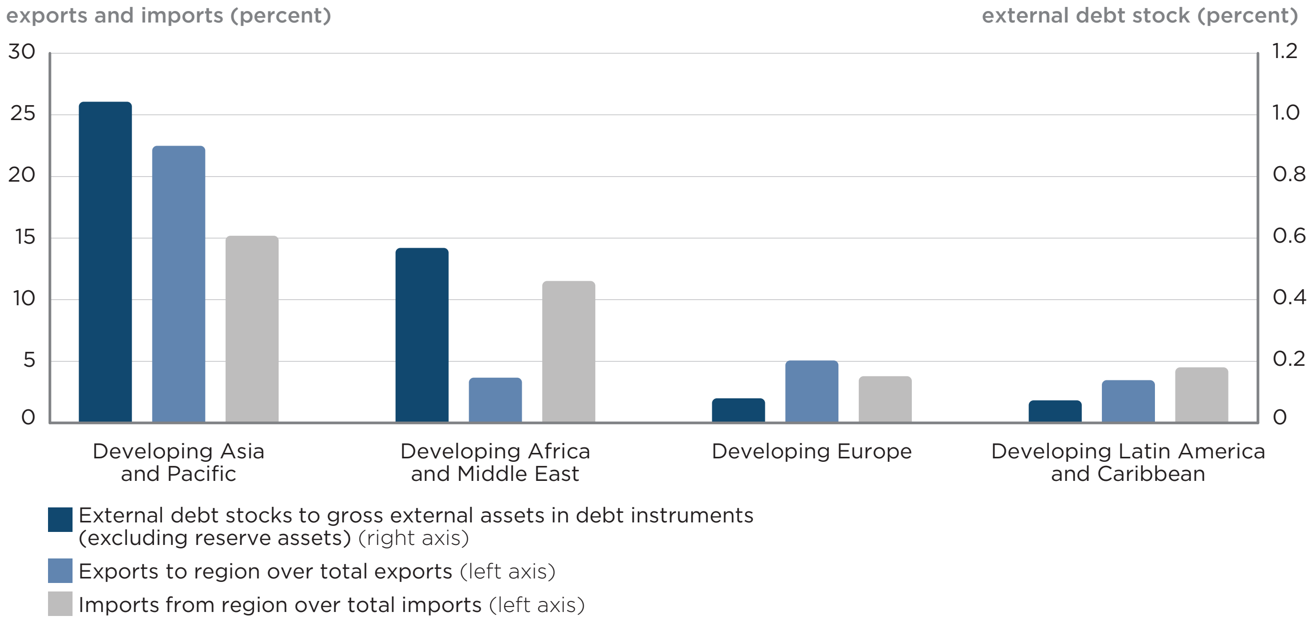
b. Evolution in selected economies, 1980–2022



Notes: Figure includes credit to households and nonprofit institution serving households (NPISHs) from all sectors. Data for 2021 are for the fourth quarter of 2021.

Source: Bank for International Settlements, total credit to the nonfinancial sector, available at https://www.bis.org/statistics/totcredit.htm (accessed on June 10, 2023).

Figure 5
External debt owed to Korea and Korea's trade in 2021



Notes: Developing Asia and Pacific excludes China (there were no data on debt by China owed to Korea for 2021 in the World Bank's International Debt Statistics). Total external debt is the sum of public and publicly guaranteed long-term debt, and short-term debt. Short-term debt includes all debt having an original maturity of one year or less and interest in arrears on long-term debt. External assets in debt securities excluding reserve assets include direct investment assets in debt instruments, portfolio investment assets in debt securities, and other investment assets in debt instruments. Country groups include countries classified as developing in the Locational Banking Statistics by the Bank for International Settlements, excluding China, available at https://www.bis.org/statistics/statx/dreamcatcher/creditx.htm (accessed on June 8, 2023).

Sources: Authors' calculations based on IMF, Balance of Payments and International Investment Position Statistics, available at https://data.imf.org/?sk=9e3a98f4-6674-41f3-a98b-e541dde3e757&hide_uv=1 (accessed on June 10, 2023); Korea Customs Service, available at https://unipass.customs.go.kr/ets/index_eng.do (accessed on June 15, 2023); and World Bank, International Debt Statistics, available at https://databank.worldbank.org/source/international-debt-statistics (accessed on June 8, 2023).

GLOBAL EMDE DEBT LANDSCAPE AND KOREA'S CONTRIBUTION TO RESTRUCTURINGS

Debt levels and the risks of debt distress have risen, the creditor landscape has become more complex and fragmented, and the global frameworks for resolving distressed debt have become less effective. Establishing more effective and inclusive institutions, especially regarding China's involvement, will be a time-consuming process that may take years.

Debt burdens are heavier and global economic prospects weaker

Debt levels in EMDEs have risen sharply in recent years (Kose et al. 2022; World Bank 2022). With the ongoing monetary policy tightening in the advanced economies and the likely weakening of the global economy, EMDEs will likely face increasing risks of debt difficulties. The World Bank estimates that 60 percent of the poorest countries are already in debt distress or face high risks of distress.

The creditor environment has become more complex and fragmented

The rise of China as a major creditor to EMDEs has drastically altered the financing landscape (Chorzempa and Mazarei 2021). The balance of power has shifted away from traditional bilateral and multilateral lenders toward China and other non–Paris Club bilateral creditors.

Aside from geopolitical concerns, several issues related to China complicate debt resolution efforts. They include (a) the lack of transparency regarding the amounts and terms of Chinese lending (Gelpern et al. 2021);[11] (b) ambiguities regarding whether particular Chinese creditor agencies are private or public, which creates uncertainty about the forum in which their credits should be addressed (official or private creditor); and (c) the lack of easy loss-recognition and write-off practices.

At the same time, global private international lending has shifted away from bank lending, which was prevalent in the 1980s and 1990s, toward bonds. Domestic lending, usually in domestic currency, has also become a more important form of borrowing for EMDEs. It is more likely to be included in the debt to be restructured, as is being done in part in Sri Lanka.

Global debt distress resolution mechanisms are ineffective

During previous debt crises, the Paris Club and private creditor committees coordinated creditors. The International Monetary Fund played a central role, through its lending-into-arrears and financing assurance policies, in bringing creditors reluctant to provide debt relief into the fold (Hagan 2020).

Matters are now much more complicated. The fragmentation of lenders and changes in the composition of borrowing toward bonds has made debt resolution mechanisms less effective than they were in the past. China is not a permanent member of the Paris Club and participates in debt restructurings only on an ad hoc basis. Efforts to persuade it to join the Club have not succeeded. It seems unlikely that China will join the Paris Club as long as it is dominated by the G7 countries and is governed by rules that were written without input from China.

Traditional lenders are increasingly concerned that the financing they provide to EMDEs is being used by borrowers to repay Chinese claims. China has provided debt relief to some countries, but it has done so on an ad hoc basis that is tailored to specific debtor country circumstances (Brautigam and Huang 2023). By not being a member of the Paris Club, China has rendered that institution obsolete, or at least increasingly so, and no well-functioning mechanism has emerged to replace it.

The G20 (to which China and Korea belong) has sought to address some of the current weaknesses in the international debt restructuring frameworks, including by improving creditor coordination and resolutions outside the Paris Club. It has established the Common Framework for Debt Treatment to help low-income countries restructure their debt and deal with protracted liquidity and

11 This lack of transparency makes it more difficult to assess the sustainability of the debt of some countries, hindering effective debt restructurings.

solvency problems.[12] Only four countries have applied for debt relief under the framework (Chad, Ethiopia, Ghana, and Zambia). Progress has been very slow, marred by difficulties in reaching agreements, especially with China, and tepid participation by private creditors. Debt treatment agreements have been reached for Chad and Zambia. There have been disagreements on burden sharing[13] and comparability of treatment among creditors in the event debt relief is needed.

Another problem is that the Common Framework deals only with the debt of low-income countries. It excludes middle-income countries, such as Sri Lanka, which has been going through a protracted debt restructuring process.

A step to improve the effectiveness of the Common Framework has been the formation of the Global Sovereign Debt Roundtable (GSDR), which consists of loosely formed meetings of debtor countries, Paris Club and non–Paris Club debtors, multilateral institutions, and representatives of the private sector. The GSDR is intended to support the Common Framework by facilitating information sharing, including debt sustainability assessments. Although a step forward, it is intended only to be a transitional arrangement pending the enlargement of the Paris Club or the establishment of another institution.

Other efforts are also being made to ensure the participation of reluctant creditors, which may affect Korea. These efforts include the New York Taxpayer and International Debt Crisis Act, which would require private creditors with debt contracts written under New York Law to participate in debt relief at the same level as governments and other public creditors, and the proposal by Lee Buchheit and Mitu Gulati to include Most Favored Creditor clauses in debt contracts to dissuade hold-out creditors. There have also been suggestions that debt restructurings could be facilitated by including environmental protection incentives (Bolton et al. 2022). A potentially useful approach could be to use auctions instead of negotiations to facilitate restructurings (Willems 2202).

DEBT RELIEF PROVIDED BY KOREA TO EMDEs

Korea has participated in 18 debt restructurings since joining the Paris Club, in 2006, as well as several cases before it became a member. It provided debt deferrals to 10 countries under the G20 Debt Service Suspension Initiative (DSSI) in the amount of $71 million during 2021, or 1.3 percent of the debt relief provided under the DSSI by all creditors representing 0.7 percent of Korea's total debt reported by EMDEs to the World Bank Debt Reporting System. Most of this relief went to Pakistan (table 2).

12 Earlier, the G20 established the Debt Service Suspension Initiative (DSSI), which sough debt payment suspension on official sector debt for the poorest countries. This initiative was motivated mainly by the impact of COVID-19 on fiscal spending; it was intended to ensure that countries maintained space for social and health spending.

13 One such disagreement regarding burden sharing has been China's insistence until recently that multilateral development banks provide haircuts on debt being restructured, akin to bilateral and private creditors.

Table 2
Korea's debt deferrals to Debt Service Suspension Initiative (DSSI) countries, 2021

Debtor country	Millions of dollars
Pakistan	50.84
Angola	8.49
Nepal	4.00
Mozambique	2.45
Cameroon	2.19
Kenya	1.62
Senegal	1.21
Madagascar	0.37
Ethiopia	0.01
Mali	0.01
Total	**71.17**

Source: World Bank, International Debt Statistics, Debt Service Suspension Initiative, available at https://www.worldbank.org/en/programs/debt-statistics/annual-presentation (accessed on June 8, 2023).

Korea is currently involved in three notable debt restructurings. Among the countries applying for debt relief under the G20 Common Framework, Korea has claims on Ethiopia ($230 million) and Ghana ($1.1 billion) in 2021. China is also a creditor to these two countries. As of 2021, Korea also held claims of $364 million against Sri Lanka, which is undergoing complex restructuring with its creditors, in part because China is a significant creditor. The Sri Lanka restructuring is by far the most complicated of the cases with which Korea is involved.

LOOKING AHEAD

Higher lending to EMDEs by Korea can increase both its trade and geopolitical influence. Korea's New Southern Policy could serve as a vehicle for increased lending. Korea could also increase its international influence and recognition by lending for global public goods, as it is through its arrangement with the African Development Bank to cofinance energy investments in Africa.

Korean financial institutions have been raising their exposure to EMDEs. Doing so helps these institutions diversify away from the risks they face from domestic lending. However, although Korea's financial sector remains stable (IMF 2020, 2022b), rising pressures from wide exposure to the domestic market could limit

Korean financial institutions' ability to lend internationally and absorb losses on external lending. A domestic debt problem could erode Korea's resources and limit the authorities' policy space for providing debt relief to EMDEs and lending to EMDEs by Korean financial institutions.

Given the relatively small size of its exposure to EMDEs, Korea may not face a major issue as an international creditor in the immediate future. But the risks of a wave of EMDE debt problems are not small, especially given the current global economic and financial outlook. The shortcomings of the global debt resolution frameworks also mean that countries that enter a debt crisis will not be able to exit from it quickly or smoothly, as Sri Lanka's difficult restructuring demonstrates. There are important risks of spillovers to Korea in terms of trade and financial uncertainty even from countries it has not lent to.

One key risk stems from Korea's emphasis on trade with and lending to ASEAN countries. This focus helps create synergies between Korean corporations and financial relations with ASEAN countries and India. Concentration in trade and finance may also dissuade those countries from defaulting on their debt to Korea.[14] Given the geopolitical tensions between China and Europe/United States, however, the risks of shocks, especially in the event of a Chinese action against Taiwan, are not negligible.

As a member of the Paris Club and the G20, Korea could play a larger leadership role in ongoing efforts in the G20, the IMF, and other fora to improve the global debt resolution frameworks. Korea will likely continue to play a constructive role in the cases that are undergoing debt restructurings. It could help accelerate the process by advocating for guidance on the comparability of treatment of creditors in debt restructurings and more rigorous enforcement of the IMF's lending into arrears policies, which try to prevent recalcitrant creditors from holding up IMF lending to countries. Such efforts would help with future cases of EMDE debt restructurings that may involve Korea.

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14 To the extent that borrower countries that have significant trade and financial relations with a creditor country believe that they face sizable risks in terms of forgone growth in the event of a default, they will be less likely to default on their debts (Rose and Spiegel 2002).

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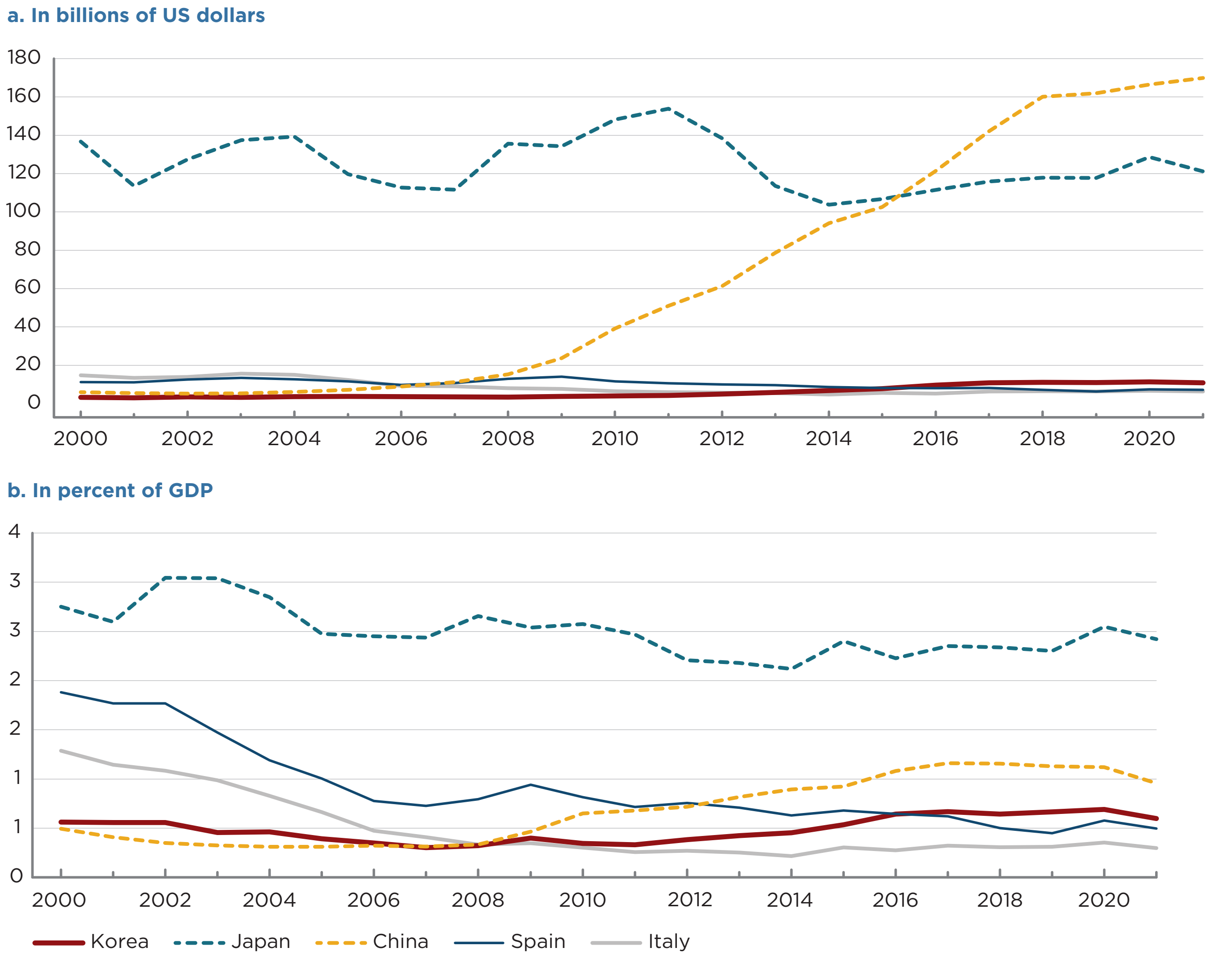
APPENDIX
Claims on EMDEs, Korea vs. peers

Table A.1
EMDE debt by creditor, 2000–21

Creditor	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	In billions of dollars										
Korea	**3.2**	**3.1**	**3.5**	**3.2**	**3.7**	**3.7**	**3.7**	**3.5**	**3.4**	**3.8**	**3.9**
Japan	136.7	113.6	127.4	137.4	139.3	119.6	112.7	111.6	135.6	134.2	148.3
China	6.0	5.5	5.1	5.4	6.1	7.1	8.9	11.2	15.3	23.7	39.2
Spain	11.3	11.1	12.5	13.4	12.7	11.6	9.8	10.7	13.0	14.0	11.6
Italy	14.8	13.4	13.8	15.6	15.0	12.4	9.2	9.0	8.0	7.6	6.5
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Korea	**4.2**	**4.9**	**5.8**	**6.7**	**7.8**	**9.7**	**10.8**	**11.1**	**11.0**	**11.4**	**10.9**
Japan	153.9	138.4	113.6	103.8	106.7	111.4	116.0	117.8	117.8	128.7	121.2
China	51.0	61.2	78.7	94.1	102.5	121.4	142.3	160.2	161.9	166.5	169.9
Spain	10.6	10.0	9.6	8.6	8.1	8.0	8.2	7.1	6.3	7.4	7.1
Italy	5.9	5.7	5.4	4.7	5.6	5.2	6.3	6.4	6.3	6.7	6.3

Creditor	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	In percent of GDP										
Korea	**0.6**	**0.6**	**0.6**	**0.5**	**0.5**	**0.4**	**0.3**	**0.3**	**0.3**	**0.4**	**0.3**
Japan	2.8	2.6	3.0	3.0	2.8	2.5	2.4	2.4	2.7	2.5	2.6
China	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.5	0.6
Spain	1.9	1.8	1.8	1.5	1.2	1.0	0.8	0.7	0.8	0.9	0.8
Italy	1.3	1.1	1.1	1.0	0.8	0.7	0.5	0.4	0.3	0.3	0.3
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Korea	**0.3**	**0.4**	**0.4**	**0.5**	**0.5**	**0.6**	**0.7**	**0.6**	**0.7**	**0.7**	**0.6**
Japan	2.5	2.2	2.2	2.1	2.4	2.2	2.4	2.3	2.3	2.5	2.4
China	0.7	0.7	0.8	0.9	0.9	1.1	1.2	1.2	1.1	1.1	1.0
Spain	0.7	0.8	0.7	0.6	0.7	0.6	0.6	0.5	0.4	0.6	0.5
Italy	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.3

Figure A.1
EMDE debt by creditor, 2000–21



Notes: Data are external debt stocks of EMDEs owed to each country (see note on country groupings in figure 1). Debt includes China's debt to these creditors.
Sources: Authors' calculations based on IMF, *World Economic Outlook* (April 2023) via Data Mapper, available at https://www.imf.org/external/datamapper/NGDPD@WEO/OEMDC/ADVEC/WEOWORLD?year=2023 (accessed on June 9, 2023); and World Bank, International Debt Statistics, available at https://databank.worldbank.org/source/international-debt-statistics (accessed on June 8, 2023).

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