Peruvian Prime Minister: Debt Payments Will Be Further Reduced In Line With Payment Capacity

by John Neagle
Category/Department: General
Published: Thursday, October 2, 1986

In an Oct. 1 speech before the 151 delegates of member nations of the International Monetary Fund (IMF) and the World Bank in Washington, Peruvian Prime Minister Luis Alva Castro said his government would further reduce debt payments in the future in line with the deterioration of payment capacity. As reported by the Agence France Presse (10/01/86), Castro also reiterated that the debt problem demands global solutions as opposed to individual debtor-creditor negotiations and fundamental reform of the international monetary system. The prime minister told the same gathering at the joint annual meetings of the IMF and World Bank last year that the IMF had lost its legitimacy. In a more moderate vein, this year Alva Castro insisted that IMF prescriptions are simply inadequate to resolve balance of payments and economic imbalances in the majority of debtor nation cases. He affirmed that the decision of President Alan Garcia to limit debt payments to 10 percent of export revenues was for Peru "the only realistic alternative, the only one short of declaring a moratorium or repudiation of the debt." Alva Castro explained that his country finds itself obligated to dedicating a large portion of financial resources toward keeping payments to the World Bank and the Interamerican Development Bank (IDB) current. The latter two institutions are the only ones that continue to loan money to Peru. In passing, Alva Castro pointed out that a large portion of IDB and World Bank credits "have been in a sense export credits benefitting industrialized countries," since Peru is obliged to import more goods and services than are strictly necessary.

-- End --