Argentina: Bonds Issued Under Recent Foreign Debt Reduction Plan Accepted In Privatization Deals

Barbara Khol

Follow this and additional works at: https://digitalrepository.unm.edu/notisur

Recommended Citation

Argentina: Bonds Issued Under Recent Foreign Debt Reduction Plan Accepted In Privatization Deals

by Barbara Khol
Category/Department: General
Published: Thursday, August 13, 1992

In an interview published July 25 by daily newspaper La Nacion, Finance Ministry official Horacio Liendo said Argentina will accept discount and par bonds to be issued under a debt reduction agreement with foreign commercial banks in partial payment for future privatizations of state-run enterprises. The new par bonds accepted in debt-equity swaps would be set at 65% of nominal value, while discount bonds are valued at 100%. The agreement, finalized earlier this year under the so-called Brady plan, refinanced US$31 billion in debt, and aims at reducing debt principal by US$8 billion. Liendo said, "We have had only a few replies, but the proportion is around 60% in favor of the par and 40% for the discount. We will know how creditor banks exercise their options around Aug. 7 when the period expires for them to reply." Liendo said the government planned to cancel around US$6 billion of debt through privatizations in 1992 and 1993, half of which would be foreign debt and the other half domestic. He reiterated government forecasts of US$2.2 billion in foreign debt service payments over the next three years. Of the total, US$1.2 billion would go to commercial creditors, US$500 million to Paris Club members and US$500 million to multilateral financial institutions.

-- End --