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Venezuela: Renegotiation Of Public Sector Debt Continues

by John Neagle

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According to Venezuelan economists, the second renegotiation in 1986 of the public sector foreign debt is not likely to be concluded before year-end. Negotiations in New York between the Venezuelan government team headed by Jorge Marcano, and the committee representing 490 creditor banks will continue throughout the week. Caracas is demanding temporary suspension of principal payments, interest rate reduction, and the establishment of an interest payment schedule linked to fluctuations in oil export income. The principal payments in question begin accumulating in 1987, as per the last rescheduling in February. The local press has reported that the foreign bank committee is convinced the Venezuelan government will not make principal payments for the remainder of President Jaime Lusinchi's mandate. Caracas is under pressure to make the initial $750 million principal payment stipulated in the February rescheduling in order to receive new credits and the temporary suspension of additional principal payments. (Basic data from PRENSA LATINA, 12/15/86)

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