

2-20-1991

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Recommended Citation

Ranieri, Steven. "On Foreign Debt & Debt Service In 1990." (1991). <https://digitalrepository.unm.edu/sourcemex/296>

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On Foreign Debt & Debt Service In 1990

by Steven Ranieri

Category/Department: General

Published: Wednesday, February 20, 1991

In 1990, Mexico's foreign debt service payments totaled \$9.2 billion. Of the total, \$4.784 billion or 52% consisted interest, and the remainder, principal payments. Projected debt service for 1991 is about \$10 billion, equivalent to 2.3% of estimated GDP. Since the 1989 debt restructuring agreement, about \$3 billion in flight capital has returned to Mexico, and direct foreign investment totals approximately \$7 billion. According to a report submitted to the Chamber of Deputies on Feb. 15 by the Finance Ministry (SHCP), the government's foreign debt at year-end 1990 totaled \$77.7565 billion, up \$1.6975 billion compared to year-end 1989. In fourth quarter 1990, foreign debt service payments came to \$3.2825 billion, comprised of \$1.8886 billion in principal payments, and \$1.3939 billion in interest. The ministry reported that interest paid on the foreign debt last year was \$3.3381 billion less than in 1989. Consequently, debt service in 1990 was equivalent to 4.72% of GDP, compared to 6.95% in 1989. (Sources: El Financiero, 02/04/91; Agence France-Presse, 02/16/91)

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