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## **Mexico Signs International Monetary Fund Agreement**

*by John Neagle*

*Category/Department: General*

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Finance Secretary Pedro Aspe announced April 11 that Mexico had signed an accord with the International Monetary Fund under which his government will receive up to \$3.65 billion over three years. The accord stipulates, said Aspe, that the IMF supports Mexico's current economic austerity and modernization programs and requires no additional austerity measures. An unidentified official told AP that this means the Fund will not required further devaluations of the peso, as has been called for in previous agreements in an effort to stimulate exports. Aspe also announced that Mexico will conclude "in the next several days" an agreement with the World Bank for \$1.5 billion in credits to support the government's restructuring programs. The secretary said the IMF agreement will promote Mexico's efforts to reach restructuring agreements with creditor government banks. The Fund agreement may be extended for a fourth year at Mexico's request. On April 19, Mexico will formally present to creditor banks its proposals to reduce the foreign debt's value, cut servicing and obtain additional lending over several years, Aspe said. The loan amount is \$2.79 billion in Special Drawing Rights, a denomination used by the IMF and also known as "paper gold." SDRs are a measure of a nation's reserve assets in the international monetary system, and their value is based on an amalgam of major currencies. The value in this case is \$1.30 for every dollar in the reserve assets, making the total loan worth about \$3.6 billion. In 1988, Mexican economic growth was zero. (Basic data from AP, 04/11/89)

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