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Report On Mexican Efforts To Reduce Foreign Debt

by John Neagle

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On April 17, Undersecretary of International Financial Affairs for the Finance Secretariat, Jose Angel Gurria, said Mexico has made progress on reducing its foreign debt. In real terms, he said, between 1982 and 1988 the debt total fell 13%. Gurria addressed a public forum on the foreign debt called by the Chamber of Deputies. Next, as a result of successive restructuring agreements, said Gurria, the country transferred to the exterior 5% of its GDP per year in the 1982-87 period. If the debt had not been renegotiated, he added, the proportion of GDP transferred to the exterior would have been 12.5% per year. According to Gurria, the net resource transfer to the exterior in 1988 was equivalent to 6.4% of GDP on a total debt of \$100.384 billion. Despite these and other favorable indicators, said Gurria, the continual decline in terms of trade and rising foreign interest rates continue to exert formidable pressure on public finances and the balance of payments. Consequently, he said, a consensus exists that the size of the debt and its service limit economic growth and possibilities for raising Mexicans' standard of living. (Basic data from Notimex, 04/17/89)

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