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World Bank To Announce Endorsement Of Mexico's Economic Reforms With Approval Of \$1.5 Billion In Loans

by John Neagle

Category/Department: General

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World Bank president Barber Conable was expected to announce on June 13 the bank's endorsement of Mexico's economic reforms with the approval of loans worth up \$1.5 billion. Bank sources told reporters on Monday that a formal announcement is expected at a press conference scheduled for late Tuesday. Negotiations for the three loans, at about \$500 million each, were completed about two weeks ago. Mexican government sources told Notimex that between 20% and 40% of the total can be used in foreign debt reduction schemes. Unidentified sources told Notimex that a loan agreement with Japan will likely be completed by next week. Next, Japan and Mexico are expected to finalize a 10-year petroleum sales contract very soon, which includes an exchange of \$2 billion in old loans with Japan at a 59% discount on face value. The three World Bank loans are earmarked for industrial sector, foreign trade and finance and public enterprise reforms. Since January 1949, Mexico has received a total of 110 loans totaling \$12.526 billion from the World Bank. Of the total, approximately \$9 billion have been disbursed, and \$3 billion repaid. At present, Mexico owes the Bank about \$6 billion. (Basic data from AFP, Notimex, 06/12/89)

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