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Mexico Rejects Banks' Counteroffer On Debt Reduction

by John Neagle

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On June 29, the Mexican government rejected a counteroffer presented June 27 by foreign commercial bank creditors to reduce its foreign debt by \$15 billion. Mexico's delegation headed by Deputy Treasury Secretary Jose Angel Gurria is reportedly holding out for a 45% reduction on principal and a fixed 4% interest rate on "old debt." The bank committee proposed on Tuesday a 30% cut in \$38 billion borrowed from commercial banks before 1982, and a 20% reduction in \$16 billion borrowed since then. On June 30, an unidentified banking source told Notimex that the bank committee is aware that the Mexican government rejected its counteroffer, and is "anxious" to be informed of the same officially in order to return to the negotiating table. (Basic data from Notimex, 06/29/89, 06/30/89; AFP, 06/29/89)

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