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Venezuelan President: Minimum Acceptable Debt Reduction 40% In Talks With Private Banks

by John Neagle
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On June 29, President Carlos Andres Perez told reporters that Venezuela will "never" accept a debt reduction scheme from commercial creditors of less than 40%. He said, "To the present, the maximum offer made to reduce the debt made by the foreign bank creditors to Mexico is 30%. It is not sufficient." Venezuela is to begin negotiations with commercial bank creditors on debt restructuring in July. Terms of an International Monetary Fund (IMF) agreement completed early this year include a 150% currency devaluation, termination of the differential exchange rate system, liberalization of prices and interest rates, and wage and domestic consumption reductions. Principal debt negotiator Edgar Leal said the government's aim in talks with private banks is to see the Venezuelan debt to the banks reduced by 50%, or from $21.7 billion to less than $11 billion. (Basic data from Xinhua, 06/30/89).

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