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Latin American Finance Conference: 1990's Should Be Improvement Over 1980's

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On Sept. 29-30, about 180 international bankers, government officials and representatives from multilateral lending agencies participated in a conference in Miami organized by Latin Finance Magazine, and the International Finance Corporation (IFC). The IFC is a World Bank affiliate that finances private investment in developing countries. According to Sir William Ryrie, IFC executive vice president, while low real wages, massive debt burdens and economic stagnation persist in Latin America, "the 1990s should be a better decade." Reasons for optimism, said Ryrie, are the following: investment in the region has begun to recover; the aggregate value of regional foreign debt has declined for the first time since the debt crisis began, down from $443 billion to $428 billion; population growth rates have sharply declined in Brazil, Mexico and Colombia; and, Latin American governments have commenced economic restructuring. Ryrie asserted that the time has come to stop blaming the foreign debt for all of the region's ills. Mark Cox, World Bank alternate executive director, said that instead of viewing the 1980s as the lost decade, he preferred to see it as a "period of political and economic transition." He pointed out that nations in the region have commenced liberalization of regulations on foreign investment, and are privatizing state-owned companies. Yukinori Ito, senior adviser to Japan's Export-Import Bank, said that to create an investment climate that is attractive to the Japanese "the debt problem must be solved." He added, "Proper debt management is essential." Bankers reiterated their position that governments insisting on debt reduction packages will encounter difficulties in obtaining new loans in the future. In the words of Louis G. Schirano, senior vice president of First Interstate Bank, Latin American nations demanding debt reduction are assuming there are no penalties attached to this approach. Commercial banks, he said, "will not, for the foreseeable future, be lenders of development capital to the Third World." (Basic data from Miami Herald, 09/30/89)

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