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Argentina: Notes On Debt Negotiations

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On Nov. 1, Notimex cited unidentified banking sources who said that the Argentine government's expectations for obtaining a 50% overall reduction in negotiations with foreign commercial banks are "excessively optimistic." On Oct. 31, Economy Minister Nestor Rapanelli said the government will demand a 50% reduction in debt principal and in interest arrears accumulated since mid-1986. Of Argentina's total $64 billion foreign debt, $40 billion are owed to private banks. Interest arrears total about $5 billion. A 50% reduction would mean a cut of about $22.5 billion from Argentina's debt to commercial banks. This month Buenos Aires plans to make an $80 million payment on its interest arrears with the Inter-American Development Bank. Next, government officials are currently attempting to "normalize" their relationship with the Paris Club. Argentina owes western governments $920 million in interest arrears accumulated during 1988. (Basic data from Notimex, 11/01/89)

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