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Venezuelan President: New Foreign Investment Possible Only After Foreign Debt Problem Is Resolved

by John Neagle

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On Feb. 1 at a news conference in Caracas, President Carlos Andres Perez said he expects no new foreign investment until investors are assured of economic stability, i.e., when the foreign debt problem is resolved. In the absence of a debt restructuring agreement, said Perez, foreign capital will be attracted only to those "obvious" areas in Venezuela, such as the petroleum, petrochemical and aluminum sectors. The president's statements were made a few days after the government announced major revisions of foreign investment legislation, opening many areas of the economy which had previously been off limits to foreign capital. At present, the Venezuelan government owes \$21.7 billion to foreign commercial banks. The government has imposed austerity policies to obtain a three-year \$4.9 billion credit package from the International Monetary Fund. Perez's economic team, however, has not yet convinced creditors of the need for debt reduction. (Basic data from UPI, 02/01/90)

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