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Ecuadoran President On Suspension Of Negotiations With Foreign Commercial Bank Creditors

by Barbara Khol
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On May 19 in Quito, President Rodrigo Borja told reporters that negotiations on restructuring the foreign debt have been suspended, due to commercial bank creditors' unreasonable demands. (See Chronicle 05/16/91 for previous coverage.) After a 15-day stay in New York, the government's negotiating team returned to Quito. The team will return to New York, said officials, when the two sides' "positions" are "closer together." Of a total foreign debt of $11.5 billion, commercial banks are owed $5.646 billion. The government has attempted to refinance the bank debt for the past two years. Included in the negotiations are $1.185 billion in interest arrears. Borja's government has proposed cutting debt principal by 30%, or reducing the annual interest rate on old debt to 2%, or a combination of the two. When asked about the alternative to finding an acceptable refinancing accord, Borja said the government will continue paying 30% of interest due in quarterly installments. (Basic data from AFP, 05/19/91)

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