11-29-1991

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Panama: Debt Restructuring Talks With Foreign Commercial Banks Underway

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Category/Department: General
Published: Friday, November 29, 1991

On Nov. 18, Vice President Guillermo Ford told reporters that the government would begin debt restructuring negotiations with foreign commercial bank creditors on Nov. 25. Of a total foreign debt of about US$4.8 billion, US$2.293 billion are owed commercial banks. Debt service arrears accumulated since 1987 are estimated at around US$600 million. Multilateral organizations account for US$1.285 billion of the debt, and governments and official creditors, US$429 million. On Nov. 25 in New York, the Panamanian delegation commenced talks with Bank America executives, who are representing commercial bank creditors. The government delegation is headed by Economy Minister and Vice President Guillermo Ford, and deputy comptroller general Jose Chen. Panama City has already reached agreements with the World Bank, the International Monetary Fund (IMF), the Inter-American Development Bank (IDB), and Paris Club government creditors. The multilateral creditors, however, have conditioned disbursement of new loans on the Panamanian legislature’s approval of social security and tax system reforms, privatization of state-run companies, and a major reduction in public sector employment. (Basic data from Notimex, 11/18/91; Agence France-Presse, 11/25/91)

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