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Panama: Government To Settle Arrears Owed To I.m.f., World Bank, I.d.b., &amp; Paris Club

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On Jan. 23, Vice President and Planning Minister Guillermo Ford told reporters that on Jan. 31, the government will liquidate all debt service arrears owed to the International Monetary Fund, the World Bank, Inter-American Development Bank, and Paris Club government creditors. Panama’s foreign debt totals about US$6 billion. Interest arrears accumulated between 1987 and Dec. 31, 1989, surpassed US$500 million. Ford said the governments of Japan, Taiwan, France and the US will support Panama in arrears settlement. He provided no details on the sum provided by each government. The three multilateral institutions and the Paris Club conditioned new loans on reforms of tax legislation, the Social Security Fund (Caja de Seguro Social), and privatization of 11 state-run enterprises. The government has carried out tax reform, sold three of the 11 companies, and set up a program to dismiss 22,000 of 140,000 public employees. The public employee work force reduction program is to commence within the next few months. Since the Dec. 20, 1989 invasion by the US, the Panamanian government has made US$200 million in debt service payments. (Basic data from Agence France-Presse, Spanish news service EFE, 01/23/92)

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