

JOINT COMMUNIQUE BY THE FINANCE MINISTERS OF ARGENTINA, BRAZIL AND MEXICO

New York, September 24, 1987

As a means of strengthening the ongoing consultations between Argentina, Brazil, and Mexico, and in light of the decisions taken by the Presidents of their respective countries, the three Finance Ministers have agreed to hold periodic meetings with a view to examining their economic relations and matters of common interest, with particular attention to trade and the external debt. The Ministers decided to continue to hold meetings at regular six-month intervals, and additional special sessions should the need arise. Thus the G-3 has now come into existence.

At this first meeting, the Ministers agreed on the following basic points:

I. External debt

1. Internal adjustment measures are not in themselves sufficient to solve the debt problem, which has had serious repercussions on investment rates, public deficit, and price stability. The root of the problem lies in maladjustments in the international economy, calling for the assumption of joint responsibility by debtors and creditors in a scenario of shared growth.

2. To ensure an appropriate rate of investment, a limit on net transfers of funds abroad must be placed.

3. To ensure investment stability, it is necessary to devise mechanisms offering:

- a) a more automatic procedure for adequate interest refinancing;
- b) a more automatic procedure for disbursements of lending volumes envisaged in financial agreements.

4. To find a long-term solution to the debt problem compatible with each country's effective payment capacity, financing alternatives offering more suitable interest rates and repayment periods than those currently in effect are needed.

II. Multilateral agencies

1. During the present stage, the volume of new loan disbursements by multilateral agencies should exceed the amounts collected from the borrower countries in the form of interest and principal payments.

2. Their policies should be development-oriented and incorporate a higher degree of flexibility.

3. A capital increase for the World Bank and the Inter-American Development Bank should be approved as soon as possible.

III. Foreign trade

The Ministers took notice that debt service is incompatible with protectionism in the lender countries. Debtor countries should be able to generate the necessary trade surplus by increasing their exports and not by import reduction.

New York, September 24, 1987

Signed:

Juan Vital Sourrouille, Minister of Economy, Argentina

Luiz C. Bresser Pereira, Minister of Finance, Brazil

Gustavo Petricoli, Secretary of Finance and Public Credit, Mexico