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C [REDACTED] TEGUCIGALPA 07647

CLASS: CONFIDENTIAL  
CHRG: PROG 7/21/83  
APPRV: AMB: JDNEGROPONTE  
DRAFTED: AMB: JDNEGROPONTE  
CLEAR: 1. ECON: PWACKER  
2. ECON: LCOHEN  
DISTR: AMB DCM POL  
ECON CML AID

FOR ARA/AMBASSADOR RYAN FROM NEGROPONTE

E.O. 12356: DECL: 7/21/89  
TAGS: EAID, ECON, EFIN, EINV, EKIM, IMF, HO  
SUBJECT: NEW DEBT RESCHEDULING CONDITIONS PERPLEX GOH TEAM

1. CO [REDACTED] ENTIRE TEXT
2. IN CONVERSATION WITH HONDURAN CHAIRMAN OF SPECIAL COMMISSION ON DEBT RESCHEDULING, ROBERTO GALVEZ BARNES, GALVEZ TOLD AMBASSADOR THAT HE HAD RECEIVED A TELEX FROM BANK OF AMERICA LAYING OUT "CONDITIONS" FOR CONTINUED RESCHEDULING NEGOTIATIONS. ACCORDING TO GALVEZ, CONDITIONS INCLUDE WHAT GALVEZ CALLED A DOUBLING OF THE PREVIOUSLY MENTIONED AGENCY FEE, A SIGNIFICANT INCREASE IN EARLIER ANTICIPATED ARRANGEMENT FEES AND AN UNEXPECTED PROPOSED CHARGE FOR \$50,000 IN ECONOMIC ADVISORY SERVICES PAYABLE IN 1983 AND \$40,000 PER ANNUM FOR SIMILAR SERVICES PAYABLE IN 1984 AND 1985. THESE FEES ARE OVER AND ABOVE THE NORMAL EXTENSION AND CONVERSION FEE WHICH WILL HAVE TO BE PAID IN ANY EVENT. THE BOTTOM LINE OF BANK OF AMERICA TELEX IS THAT HONDURANS, IN EXCHANGE FOR DEBT RESCHEDULING AND ADDITIONAL FINANCING OF \$40 MILLION, WILL HAVE TO PAY AN ADDITIONAL FEE STRUCTURE OF \$646,500 OVER A SEVEN-YEAR PERIOD. THE UP-FRONT COST OF THIS SERVICE WILL BE \$246,500 PAYABLE WITHIN FIVE DAYS OF SIGNATURE OF AGREEMENT.
3. GALVEZ SAID THAT GOH IS PERPLEXED BY INTRODUCTION OF THESE NEW ELEMENTS AT THIS STAGE OF RESCHEDULING NEGOTIATIONS AND GOH INTENDS TO GO BACK TO BANKERS IN EFFORT TO EITHER ELIMINATE OR SIGNIFICANTLY REDUCE SOME OF THE PROPOSED FEES. MEANWHILE, GALVEZ POINTED OUT THAT BANKS HAVE NOT SENT GOH SECOND DRAFT OF RESCHEDULING AGREEMENT WHICH GOH HAS BEEN EXPECTING SINCE LAST FEBRUARY.
4. GALVEZ ASKED IF WE MIGHT INFORMALLY INTERCEDE ON HIS BEHALF WITH CONSORTIUM TO ASCERTAIN REASON FOR THESE APPARENTLY NEW DEVELOPMENTS AND TO CONVEY GOH'S SERIOUS CONCERN AT LENGTHY DELAYS IN CONCLUSION OF NEGOTIATION PROCESS. GALVEZ IS CONCERNED, AS ARE WE, AT FACT THAT COMPOSITION OF BANKERS' STEERING COMMITTEE IS APPARENTLY UNDERGOING ITS THIRD CHANGE SINCE THE MEMORANDUM OF UNDERSTANDING WAS INITIALED IN FEBRUARY. GOH UNDERSTANDABLY IS CONCERNED THAT BANKERS ARE HAVING DIFFICULTY APPLYING CONSISTENT APPROACH TO THEIR PROBLEM WHICH FOR GOH, OF COURSE, IS OF CRITICAL URGENCY.

Dept. of State, RPS/IPS, Margaret P. Grafeld, Dir.  
( ) Release ( ) Excise ( ) Deny ( ) Declassify  
Date 6/2/97 Exemption

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5. ACTION REQUESTED: WE WOULD GREATLY APPRECIATE DEPARTMENT TAKING INFORMAL SOUNDINGS WITH BANK OF AMERICA, WHICH HAS REPLACED WELLS FARGO AS CHAIRMAN OF THE STEERING COMMITTEE. WE BELIEVE IT WOULD BE APPROPRIATE TO POINT OUT URGENCY OF THIS MATTER TO GOH; FACT THAT GOH HAS BEEN A MOST RELIABLE INTERLOCUTOR; AND THAT IT HAS KEPT ITS INTEREST PAYMENTS CURRENT. WE UNDERSTAND THAT NEW STEERING COMMITTEE CHAIRMAN IS HELMUT STROHMEYER (TELEPHONE: 305/443-8381) WHO ALSO HAS EXPERIENCE WITH COSTA RICAN DEBT RESCHEDULING. IN EVERY CONVERSATION WE HAVE HAD WITH KNOWLEDGEABLE BANKERS ON THIS SUBJECT, THEY HAVE INVARIABLY SAID THAT HONDURAN DEBT RESCHEDULING IS A CONSIDERABLY LESS COMPLEX AND MORE STRAIGHTFORWARD MATTER THAN COSTA RICA'S. WE WOULD HOPE THAT MR. STROHMEYER COULD BE PERSUADED TO ASCERTAIN THIS FOR HIMSELF ON AN URGENT BASIS. NEGROPONTE

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