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POLAND: Debt Rescheduling

Poland will request rescheduling of 90 to 95 percent of its official debt at a meeting with 15 Western creditor countries in Paris on Monday and Tuesday, and the creditors are likely to agree.

At the previous meeting early this month, the Poles accepted a tentative rescheduling package that would defer only 80 percent of government and government-backed debt falling due from 1 May through 31 December. A West German official said yesterday, however, that Bonn will strongly recommend a 90-percent figure and that he expects the French will agree. Bonn and Paris had previously been the leading advocates of a lower rescheduling percentage, while the US has all along urged at least 90 percent.

Officers of 19 Western banks representing several hundred banks in 11 countries made only limited progress in their efforts last week to reschedule Poland's unguaranteed debt at meetings in London. They reportedly reached agreement to postpone principal repayments due from late March through the end of June--but most Western banks had already agreed to this.

The meeting did not work out an arrangement for rescheduling debt due after 30 June. Over the longer term, the bankers apparently remain strongly committed to requiring Poland to meet all of its interest payments.

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