11-190

Statement Regarding Agreement Between the United States and Guinea Regarding the Consolidation, Reduction and Rescheduling of Certain Debts Owed to, Guaranteed by, or Insured by the United States Government and Its Agencies. Signed at Conakry October 29, 1997

RELEASE IN FULL

Explanation of Agreement

The agreement reduces 50 percent of the arrears and debt service on non-concessional loans and guarantees previously rescheduled in agreements concluded between the United States and Guinea on February 27, 1987 and November 22, 1989. The remaining 50 percent (Consolidated Debt and Consolidated Arrears) will be rescheduled. The agreement also reschedules, but does not reduce, arrears and debt service coming due on official development assistance (Concessional) loans that were previously rescheduled in agreements described above, and debt service that was not previously rescheduled (Consolidated ODA Debt and Consolidated ODA Arrears). In addition, the agreement defers principal and interest arrears as of December 31, 1996 on concessional and non-concessional loans and guarantees previously rescheduled in an agreement between the United States and Guinea concluded on June 23, 1993 (Deferred Arrears).

Background Information on Negotiations

The reduction and rescheduling of a portion of Guinea's debt arises from multilateral negotiations which took place on February 26, 1997, in Paris, and covers a portion of the debt in arrears as of December 31, 1996, and debt service falling due from January 1, 1997, through December 31, 1999, inclusive. The agreement reflects the understandings reached at that time between Guinea and its official creditors.

Effect of Agreement

U.S. participation via this agreement protects our interest in assuring equitable burden-sharing among creditors and in maintaining efficient international procedures for the extension of debt relief.

Legal Authority

42 Op. Att'y Gen. 421 (1970); section 603(a)(2) of the International Development and Food Assistance Act of 1978, 22 U.S.C. 2395a; section 635(g) of the Foreign Assistance Act of 1961, as amended, 22 U.S.C. 2395(g); 12 U.S.C. section 635(a)(1).