

News from Senator

BOB DOLE



(R - Kansas)

2213 Dirksen Building, Washington, D.C. 20510

FOR IMMEDIATE RELEASE
THURSDAY, OCTOBER 14, 1982

CONTACT: WALT RIKER
(202) 224-6521

DOLE HAILS RENEWAL OF MEXICAN GRAIN BUYING

LOS ANGELES -- Mexico's return to the U.S. grain market Wednesday was hailed today by Senator Bob Dole as "an important event" for both countries.

Dole's remarks were prompted by Mexico's purchase yesterday of 420,000 metric tons of U.S. grain sorghum, a sale that added more than \$50 million to the U.S. trade balance. The grain was purchased by Conasupo, the Mexican grain-buying agency.

"The renewal of U.S. grain sales to Mexico is an important event for both countries, given the current economic problems on both sides of the border," Dole said. "This significant first purchase strongly suggests that Mexico intends to take full advantage of the \$1 billion in credit guarantees the Reagan administration has made available."

The announcement of the grain purchase followed weeks of speculation over whether Mexico would be able to use the offered credits due to its much-publicized financial difficulties. The Mexicans have been concerned over the possibility of default on their debt obligations, and U.S. banks have expressed reluctance to add to their already heavy loan portfolio with Mexico. However, following encouragement by Senator Dole and Minnesota Senator Dave Durenberger, the USDA decided Tuesday to increase the guarantee from 98 to 100 percent of the principal, and from 8 to more than 10 percent of the interest on new loans under the program.

"Several trading companies and banks indicate that the logjam on Mexico's creditworthiness would not have been broken without the added guarantees," Dole continued. "Some critics would say that we're just increasing the likelihood of Mexican default, but financial analysts give Mexico a fighting chance of meeting its obligations."

"Given a choice between taking a chance on our long-time neighbor versus extending credits to unfriendly countries which have a greater risk of default, I do not hesitate in extending a hand to our friends to the south. This renewal of grain sales is yet another step in getting our abundant grain supplies moving again."