about in public. The cash value of the Mexican loan package is set out in Table 2. It is noteworthy that the total amounts to over $12 billion, roughly three times as much as was being discussed only two months earlier.

TABLE 2

Mexican Loan Package
($ millions)

Source	1986	1987	Total
International Monetary Fund	700	900	1,600
World Bank	900	1,000	1,900
Inter-American Development Bank	200	200	400
Commercial banks	2,500	3,500	6,000
International export credits	500	1,000	1,500
U.S. farm credits	200	600	800
Total	$5,000	$7,200	$12,200

Although the July proposal called for the commercial banks to put up $6 billion, that is, more than double the amount discussed earlier, the bank advisory group for Mexico had not agreed, prior to the announcement, on any figure. It took over two months of intensive negotiations between Mexico and the lead banks to secure agreement to the terms under which the commercial banks would furnish the full amount of $6 billion in private loans that had been projected. In addition, a contingency fund totalling $1.7 billion to be financed by the banks was set up, called the "investment support facility". This included a credit from the banks of $1.2 billion for public and private investment if the price of oil were to fall and remain below $9 a barrel for three months and an additional $500 million if Mexico failed to meet its growth target of 3.5 per cent in 1987. The terms were, however, less generous than Mexico was seeking:

- Mexico had hoped that the commercial bank lending would be medium term, that is extend beyond the 18 months covered by the IMF program. In fact, the bankers held out for a shorter, 15-month term. Of the $6 billion in bank loans, $5 billion is to be repaid over 12 years with a five-year grace period. The remaining $1 billion, involving cofinancing with the World Bank, is to be repaid over 15 years, with a nine-year grace period.

- $44 billion of outstanding debt was rescheduled with payments to extend over a 20-year period, with a seven-year grace period on repayment of principal.

- The interest rate finally agreed upon for both parts was higher than Mexico wanted, although lower than the rate which it had earlier been paying. It has been calculated that this slight reduction — to 13/16 from 1.8 per cent over the rate the banks charge each other for borrowing — could be worth $300 million a year to Mexico or $6 billion over the 20-year repayment period.