

CIACO NID 81 [REDACTED]

June 10, 1981

POLAND: Financing Problems

Poland's financial difficulties remain acute, despite debt relief provided by Western government creditors in April. [REDACTED]

Complex negotiations with Western banks on rescheduling debt repayments continue to drag. [REDACTED]

[REDACTED]

As a result of delays and uncertainties associated with rescheduling, the Polish party Central Committee reportedly strongly favors declaring a five-year moratorium on debt payments. [REDACTED]

[REDACTED]

If the banks agree to reschedule virtually all of the principal owed to them or continue to honor the informal moratorium on principal repayments, Poland will still need an estimated \$2.5 billion to meet its obligations this year. Despite the hard line being taken by lenders, this gap probably can be bridged. [REDACTED]

Western creditors may provide new loans to avert the damaging impact of a default or the disruptions that would result if Warsaw had to balance its accounts with the West. Despite its present tough line, Moscow may eventually agree to extend further assistance. [REDACTED]

Approved for Release
Date AUG 1999