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## **President Sarney: Brazil Cannot Pay Foreign Debt Service Due In March**

*by John Neagle*

*Category/Department: General*

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In a message to the opening session of Congress on Feb. 15, President Jose Sarney said Brazil does not have the money to pay foreign debt service due in March. Since 1985, he said, Brazil has paid \$55 billion in interest, but the total amount owed has not changed. According to Sarney, "The country cannot go on being an exporter of capital to the rich countries. We have normalized our accounts with international creditors, but the total of the debt and its respective servicing still constitute a serious restriction to our economy's development." The president continued by asserting that Brazil does not have enough money in its reserves to pay \$1.3 billion due in March to commercial banks and the International Monetary Fund. A recent debt rescheduling agreement, he said, constituted a "step forward," but "cannot be considered a definitive solution." The \$82 billion agreement consists of rescheduling over a 20-year period debt payments due between 1987 and 1993, lower interest rates and \$5.2 billion in new loans. "It is fundamental to insist on the political responsibility of the industrialized countries for the creation of institutional mechanisms that permit a quick and definitive lowering of the debt," Sarney said. According to the Foreign Ministry, Sarney will discuss the debt problem with US President George Bush when the presidents attend the funeral of Japanese Emperor Hirohito in Tokyo this month. The ministry said Sarney is also scheduled to meet with Japanese Prime Minister Noburo Takeshita to discuss the release of \$600 million in credits by the Japanese government. Estimates of debt service payments this year total between \$12 billion and \$13 billion. (Basic data from AP, 02/16/89)

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