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Brazil: Notes On Negotiations With I.m.f.

by John Neagle

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On June 9, International Monetary Fund mission chief Thomas Reichmann told reporters that \$850 million, originally scheduled for disbursement to the Brazilian government in November 1988, may be released in July after the conclusion of an agreement with the Fund. The government reportedly is anxious to receive the funds, since \$2.3 billion in debt service payments are due in September. Reichmann refused to comment on the possibility of a debt payment moratorium in the event an agreement is not concluded, and the funds not released. Meanwhile, the Finance Ministry's secretary of international affairs, Sergio Amaral, discarded the possibility of a unilateral moratorium since Brazil's foreign reserves are adequate. He added that Brasilia expects to conclude agreements with the IMF, the World Bank, other multilateral institutions, and commercial bank creditors. Finance Minister Mailson da Nobrega has told reporters that an IMF agreement would pave the way for Brazil to receive a total of \$4.22 billion in new credit from the Fund, World Bank, the Japanese government, and commercial banks. Brazil's foreign reserves at the end of March totaled \$7.2 billion, compared to \$6.3 billion in February. (Basic data from Notimex, 06/12/89)

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