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Japan Reaches Agreement With Brazil To Release Loans Held Up Since 1987

by John Neagle

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On Nov. 3, the Japanese and Brazilian governments reached agreement on the disbursement of \$500 million in 1990 of a total \$1.4 billion loan from Japan's Nakasone Fund. The new loans had been withheld since 1987, when Brazil suspended foreign debt service payments. Japanese officials had demanded that Brazil end the debt payment moratorium, and finalize agreements with the Club of Paris and the International Monetary Fund as conditions for disbursement. Tokyo apparently decided to lift the IMF agreement condition, at least in terms of formally completing such accords prior to announcing disbursement of part of the \$1.4 billion loan. The \$500 million are programmed for irrigation projects in the Jaiba Valley (Minas Gerais state), rural electrification in the state of Goias, and modernization of the country's major port facilities at Santos, Sao Paulo state. (Basic data from Jornal do Comercio, O Estado de Sao Paulo, 11/07/89; Gazeta Mercantil, 11/08/89)

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