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Brazil: Plans For Talks With I.m.f., Commercial Bankers

by John Neagle

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On May 19, Clodoaldo Huguiney, director the Economy Ministry's international affairs division, told reporters that government officials will begin negotiations in June to obtain a \$2 billion stand-by loan with the International Monetary Fund. He said President Fernando Collor de Mello will rely on the "success" of his austerity program mainly a far-reaching privatization plans and transforming a large fiscal deficit into a surplus equal to 2% of GDP. On May 21-22, Economy Minister Zelia Cardoso de Mello and Jorio Dauster, the government's principal foreign debt negotiator, were scheduled to make preliminary contacts in New York with executives of the country's six major foreign commercial bank creditors, including Citibank, Manufacturers Hanover, Chase Manhattan, Morgan Guaranty Trust, Chemical Bank y Bankers Trust. Debt payment arrears since last July total \$8 billion, including interest to private banks and to the Paris Club, and the frozen Total debt arrears since last July are \$8 billion, including interest to private banks and to the Paris Club, and profit and dividend repatriation amounts frozen by the Central Bank. At a May 22 press conference in New York, Cardoso said the talks with bank executives were "extremely positive." Meanwhile, Chase Manhattan president Willard Butcher told reporters that the "climate" for negotiations would be improved if Brazil made payments on its interest arrears. (Basic data from AFP, 05/18/90, 05/19/90, 05/22/90)

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