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Brazil: Top Debt Negotiator On Government Plans To Request Stand-by Funds From International Monetary Fund

by Barbara Khol
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In statements to reporters on April 13, Jorio Dauster, the government’s chief debt negotiator, said that before year-end, the government must pay $2 billion in interest arrears to foreign commercial bank creditors. The sum is equal to about 25% of total arrears as of Dec. 31, 1990. The remaining 75% of the interest arrears are to be converted into 10-year bonds. After a three-year grace period, the government would make payments at six-month intervals. Two types of interest rate regimes, said Dauster, are to be applied to the bonds: fixed, and variable, corresponding to changes in the LIBOR (London inter-bank rate). Dauster reiterated the government’s intent to request $2 billion in stand-by funds from the International Monetary Fund. He did not say if the government plans to use the IMF loan to pay the interest arrears. Dauster said negotiations on restructuring the government’s long-term debt with the banks will continue. Conclusion of a restructuring agreement is expected in August. (Basic data from EFE, 04/13/91)

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