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Brazil: Agreement With Foreign Commercial Banks On Repayment Of $8 Billion In Interest Arrears

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On May 17, government officials in Brasilia told reporters that late Thursday in New York an agreement with foreign commercial banks was concluded on a schedule for repayment of $8 billion in interest arrears accrued since June 1989. The accord was reached by the government's chief negotiator Jorio Dauster and the committee representing 120 creditor banks. Under terms of the agreement, which must be approved by the Brazilian Senate before implementation, $2 billion in interest will be paid by year-end, and the remaining $6 billion spread over a 10-year period, with a three-year grace period ending Jan. 1, 1994. The 1991 payments are scheduled as follows: $900 million 10 days after formal signing of the agreement, and the rest in monthly payments from June to December. Payment of the $6 billion in arrears is conditioned on an accord to pay off the principal of Brazil's public debt, currently estimated at $122 billion. (Basic data from AFP, 05/17/91)

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