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Brazilian Government Approves "debt For Nature Swaps"

by Barbara Khol

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On June 26, Economy Ministry spokesperson Pedro Luis Rodrigues told reporters that the government will permit foreign institutions to cancel portions of the government's foreign debt in exchange for Amazon preservation and reclamation projects. The debt would be purchased at a 25% discount, and the swaps would be limited to $100 million a year. The money received, said Rodrigues, will be placed in a special fund to administer environmental projects. In 1990, the World Bank estimated last year that overall 12% of the 2 million square miles of the rain forest had been destroyed. President Fernando Collor de Mello's decision to permit foreign involvement in debt-nature swaps took place during a meeting he chaired June 24 to prepare the United Nations conference on the environment and development scheduled for June 1992 in Rio de Janeiro. During the 1985-1990 administration of President Jose Sarney, Brazil received up to $150 million a month in debt-equity swaps involving state-run companies. The Sarney government refused to accept debt-for-nature swaps, saying they represented foreign interference in the country's domestic affairs. Collor recently fired the head of the National Indian Foundation, Cantidio Guimaraes, who was accused of moving too slowly in demarcating lands for the Yanomami Indians of northwestern Brazil. Some of the tribal lands were given over to gold miners under the Sarney administration. In February this year, a $4 million debt-for-nature swap was made between Mexico and the environmental group Conservation International, marking the largest such swap thus far. Under the agreement, Conservation International was to invest $2.6 million to pay off $4 million in discounted Mexican debt. In return, $2.6 million worth of pesos were used to support several conservation research stations and education campaigns. (Basic data from Xinhua, 06/25/91; AFP, 06/26/91)

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