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Brazil: Debt Restructuring Negotiations With Foreign Commercial Bank Creditors To Begin Aug. 21

by Barbara Khol

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On Aug. 2 during a luncheon meeting with foreign correspondents in Brasilia, Economy Minister Marcilio Marques Moreira said negotiations on restructuring the government's medium- and long-term debt with foreign commercial banks will begin Aug. 21. The minister added that his government plans to offer a range of options for creditors to choose from. Marques Moreira described direct and indirect foreign capital inflow of between \$3 billion and \$4 billion over the first half of the year as "surprising." Brazil's outstanding debt with commercial banks comes to \$52 billion, representing 42% of total foreign debt. Pedro Malan, Brasilia's top debt negotiator, said the new proposal will be premised on public finance projections to the year 2000. He said the proposal includes debt principal and debt service reduction strategies as well as a request for new loans. Under an agreement concluded in April, the government began payment in July on \$2 billion of a total \$7.9 billion in interest arrears to commercial bank creditors. The remaining \$5.9 billion are to be converted into bonds, payable in 10 years with a three-year grace period. Brazilian GDP in 1990 came to \$343.68 billion, representing a negative 4% growth rate compared to 1989. (Basic data from EFE, AFP, 08/02/91)

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