

GRS 420
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DESKBY 231445Z

FM PARIS 231310Z NOV 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1075 OF 23 NOVEMBER

INFO PRIORITY BRASILIA, UKDEL IMF/IBRD WASHINGTON.

Mr Jumbull
To see
23/11

PARIS CLUB: BRAZIL DEBT.

1. AGREEMENT WAS SIGNED TODAY BETWEEN BRAZIL AND PARIS CLUB REPRESENTATIVES ON A RESCHEDULING/REFINANCING OF OFFICIALLY GUARANTEED COMMERCIAL DEBT. THE AGREED TERMS ARE:

(A) DEBT WITH MATURITIES OF ONE YEAR OR OVER ENTERED INTO BEFORE 31 MARCH 1983 ARE INCLUDED.

(B) 85 PERCENT OF PRINCIPAL AND INTEREST FALLING DUE IN THE PERIOD 1 AUGUST 1983 TO 31 DECEMBER 1984 TO BE PAID IN 8 EQUAL INSTALMENTS COMMENCING 1 JANUARY 1989 FINISHING 1 JULY 1992.

(C) THE REMAINING 15 PERCENT TO BE PAID AS FOLLOWS:

(I) 5 PERCENT ACCORDING TO THE ORIGINAL SCHEDULE OR IF IN ARREARS ALREADY NOT LATER THAN 31 MARCH 1984.

(II) 4 PERCENT, 3 PERCENT AND 3 PERCENT ON 30 JUNE IN 1985-1987.

(D) ACCUMULATED ARREARS OF PRINCIPAL AND INTEREST DUE ON 31 JULY 1983 TO BE PAID IN 3 EQUAL INSTALMENTS ON 31 MARCH AND 30 SEPTEMBER 1984 AND 31 MARCH 1985.

2. CAMDESSUS OPENED THE DISCUSSION BY URGING GENEROSITY.

THERE WAS NO DISPOSITION BY CREDITOR DELEGATIONS TO HOLD OUT FOR TOUGHER TERMS EXCEPT FROM THE DUTCH, WHO COMPLAINED THAT OFFICIAL AGENCIES WERE BEING FORCED TO ACCEPT TERMS CONSIDERABLY LESS FAVOURABLE THAN THOSE AGREED BY THE BANKS. THE ARITHMETIC ON WHICH THIS OBJECTION WAS BASED SEEMED OPEN TO QUESTION AND THEY EVENTUALLY ACCEPTED THE ABOVE TERMS.

3. THERE WAS NO DISCUSSION OF NEW PLEDGES OF EXPORT CREDIT. THE IMF (WIESNER) SAID THEY WERE CONFIDENT THAT DOLLARS 2.5 BILLION WOULD BE AVAILABLE.

4. THE CREDITORS FIGURES FOR DEBTS COVERED IN THIS SETTLEMENT ARE DOLLARS 3.8 BILLION OF THE BRAZILIAN FIGURE OF DOLLARS 2.4 BILLION: BUT IT REMAINS OBSCURE HOW MUCH OF THE EXTRA SUM IS OFFICIALLY GUARANTEED BANK CREDIT, AND THUS ORIGINALLY COUNTED UNDER A DIFFERENT HEAD IN THE OVERALL EXTERNAL DEBT STATISTICS, OR IS ADDITIONAL. THIS WILL NOT BE CLARIFIED UNTIL AFTER THE BILATERAL NEGOTIATIONS. IN THE CASE OF THE UK THE DISCREPANCY IS DOLLARS 331 MILLION (UK FIGURES) AGAINST DOLLARS 198 MILLION (BRAZILIAN FIGURES).

5. TO MINIMISE SUCH DISCREPANCIES IN FUTURE IT WAS AGREED THAT THE PARIS CLUB SECRETARIAT WOULD COLLECT CREDITORS DATA MORE QUICKLY AFTER AN APPLICATION TO THE CLUB AND TRANSMIT IT TO THE IMF ON REQUEST. THE FIRST SUCH CALL WILL BE FOR DATA ON THE PHILIPPINES.

6. FCO PLEASE ADVANCE TO: BALFOUR (BANK OF ENGLAND) MOUNTFIELD (TREASURY) TWYFORD (ECGD) APPLEYARD (FCO).

FRETWELL
FINANCIAL
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(ADVANCED AS REQUESTED)

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