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Brazil asking for delay of payments owed to IMF

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Brazil is asking for a delay in its payments to the International Monetary Fund, something the fund has never permitted in its more than 40 years, an official familiar with IMF operations says.

"The fund has nothing in its mechanisms to provide for a delay," said the source, who spoke on condition that he not be identified.

Fund officials, following their usual practice, refused to offer any public comment on the request.

The fund — owned by 151 governments, including Canada — was created originally to keep currencies stable among all its members, rich and poor. In recent years, it has devoted almost all its effort to packaging loans for poor countries, in return for promises from their governments to change their economic policies so that they would be in better shape to repay.

Payments of interest and princi-

pal owed to the fund are traditionally a priority for debtor governments — they have been more willing to make governments and private creditors wait for their money. The IMF has traditionally followed a strict policy of refusing new talks with governments that fall too far behind in their payments.

Brazilian Finance Minister Luiz Carlos Bresser Pereira said he hoped the fund would suspend the payment of what his country owes in the second half of this year. Brazil has been paying the IMF about \$1.1-billion (U.S.) a year in principal and interest.

And its debt to the fund comes to about \$4.75-billion, out of a total debt of \$108-billion, the largest in the Third World.

In February, Brazil suspended payment of about \$68-billion in debt to Canadian, U.S., European and Japanese banks, contending that its shrinking foreign trade surplus made it unable to continue meeting payments without seriously depleting reserves.