

Brazil's Debt to Lower to 55% of GDP

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Brazil's head of the Secretariat of the National Treasury, Joaquim Levy, says that at the moment the Brazilian government does not plan any more bond issues on foreign money markets this year.

Levy says the target of raising US\$ 6 billion for the year remains in place.

With regard to the size of public debt, Levy reports that it is expected to fall for the second consecutive year.

"I think that this year it should come down more than two percentage points to around 55% of GDP," he declared, explaining that as it comes down it gets easier to continue the downward tendency.

"It is a kind of snowball that will get bigger as we continue to pursue our present reduction policy," he said.

Levy said the administration is moving ahead on track with rigid fiscal responsibility policies.

"We are only spending within budgetary and fiscal limits," he said, adding that achieving fiscal targets will not depend on raising more capital on international money markets.

"We have not issued anything linked to the dollar and probably will not do so in the future. As a result, dollar-linked debt has fallen from around 40% of total public debt to 14% and should drop further to 5% by the end of the year," explained Levy.

A consequence of less dollar-linked debt is that the private sector is less exposed and more profitable, while the economy as a whole less vulnerable, he concluded.

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