

Yugoslavia requests rescheduling of debt

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By Laura Silber in Belgrade

YUGOSLAVIA'S federal government yesterday asked the Paris Club to reschedule \$1.3bn of foreign debt payments due this year following the sharp drop in foreign currency earnings. Mr Zarko Trbojevic, vice governor of the national bank, said the request for rescheduling amounted to 60 per cent of principal payments due to foreign governments this year.

The request is aimed at making up for declining hard currency reserves. They totalled \$10bn last year, but have fallen to \$4.7bn.

The authorities are also seeking a refinancing of \$4.6bn in principal and interest owed this year to western commercial banks.

The federal government, which owes about \$3.2bn, has guaranteed 80 per cent of the Yugoslav foreign debt of

30/7
\$14.6bn. But the six republics also have a share of the total external debt and agreement between the federal government and the republics on how these debts will be repaid has still to be reached.

Despite this, Mr Trbojevic yesterday emphasised that Yugoslavia would honour "all other obligations, principals, and interest... which are being fulfilled regularly". Yugoslavia owes \$3.3bn to the IMF, the World Bank, and other multilateral institutions.

"Reserves dropped in the first half of this year, and a further decline is indicated," Mr Trbojevic said. "The drop is not only due to the lack of foreign financial support, but results from the fall in currency earnings in all areas: exports, tourism and remittances [from guestworkers abroad]."