

TELEGRAM

Foreign Service of the
United States of America

INCOMING

AMEMBASSY BRASILIA

R 301602Z MAR 76

FM AMCONSUL RIO DE JANEIRO

TO RUESUZ/AMEMBASSY BRASILIA 67

INFO RUESUP/AMCONSUL SAO PAULO 72

ZEN/AMCONSUL BELEM UNN

LIMITED OFFICIAL

LIMITED OFFICIAL USE RIO DE JANEIRO 1252

EO 11652: NA

TAGS: EMIN BR

SUBJ: CARAJAS IRON ORE PROJECT

REF: A. RIO 1021; B. BRASILIA 2356

1. ON MARCH 29 OREN HUDSON, PRESIDENT MERIDIONAL (US STEEL), INFORMED CONSUL GENERAL THAT ON MARCH 23 HE DELIVERED LETTER FROM US STEEL EXECUTIVE VICE PRESIDENT ROLLINS TO CVRD, WITH COPY TO MIN OF MINES AND ENERGY UEKI. LETTER WAS IN RESPONSE TO CVRD LETTER PRESENTED TO ROLLINS BY UEKI IN FEB (REFTEL B, PARA 3). ACCORDING TO HUDSON, ROLLINS LETTER GENERALLY REFUTES VARIOUS ALLEGATIONS MADE BY CVRD, BUT DOES NOT ATTEMPT TO DO SO ITEM BY ITEM. MAIN THRUST OF ROLLINS LETTER IS TO GET ACROSS POINT THAT IF CVRD INSISTS ON TOTAL MANAGEMENT AND TECHNICAL CONTROL OF AMAZONIA MINERACAO (AMZA), US STEEL WILL HAVE NO CHOICE BUT TO COMPLETELY RE-STUDY ITS POSITION IN THE CARAJAS PROJECT.

2. HUDSON SAID US STEEL WOULD GIVE SOME THOUGHT TO POSSIBILITY OF TRYING TO MEET WITH UEKI IN US DURING MINISTER'S UPCOMING TRIP IN ORDER TO ATTEMPT ONCE MORE TO RESOLVE OUTSTANDING CARAJAS PROBLEMS.

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