

TELEGRAM

SUBJECT

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AmEmbassy, RIO DE JANEIRO

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Control:

XR PET 14

9456

Date:

March 29, 1967

ACTION: Secstate WASHDC 4855

RIO DE JANEIRO 9456

SUBJECT: Administered Price Adjustments

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FILE

1. Contacts in National Railway network informed Embassy March 29 that 30 to 50 percent commuter fare increases effected March 11 for all Rede lines with exception Central (Rio and Niteroi) and Leopoldina (Rio) where they postponed owing service curtailment resulting from power shortages and landslides. Note that Rede interurban passenger fares and general freight rates increased by 30 and 26 percent, respectively, effective March 1.
2. According press, chief National Petroleum Council secretariat stated on March 28 that retail petroleum products prices will go up 13 percent mid-April. Increase necessitated by February 13 devaluation and rising internal costs. Change in relationship cruzeiro cost crude imports to retail prices petroleum products effected by Decree Law 61 (see A-532 of Dec. 6, 1966) permits retail price

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GRAM

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Foreign Service of the
United States of America

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Date:

adjustment

/ less than proportionate to exchange devaluation. Increases retail

prices gasoline and diesel fuel would be proportionate exchange

devaluation (i. e., 23 percent) were state excise taxation these items

to go into effect April 1 as per Castello Branco Decree Law 208.

Instead, Costa e Silva Decree has postponed effective date this law

until Jan 1, 1968. DL 208 designed restore to local govts road

resources lost in reallocation of revenues from federal tax on

petroleum products.

3. Proposed 10 percent increase in Rio bus fares has been submitted
for

to federal Planning Ministry ~~for~~ approval. Apparently Beltrao will

take up this adjustment with Costa e Silva upon his-Beltrao's- return

from CIAP.

TUTHILL

Drafted by: *RA* *LS*

ECON:RHipskind:FRayndal:cms

3/29/67

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