

TELEGRAM

SUBJECT
Foreign Service of the
United States of America

MAY 18 INCOMING
1 20 PM '67

AMEMBASSY RIO DE JANEIRO

FT 4

ACTION: ECON AMERICAN EMBASSY
INFO BRASILIA, BRAZIL

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Classification

Control: 503

DCM R 121840Z MAY 67
 MINECON FM SECSTATE WASHDC
 ECON/COM TO RUCLMKD/AMEMBASSY PORT OF SPAIN
 USAID RULPAL/POLAD CINCSO
 FINATT RUESAL/AMEMBASSY SANSALVADOR
 USIS RUESAS/AMEMBASSY ASUNCION
 ADDP RUESBA/AMEMBASSY BENOS AIRES
 BRAS 2 RUESBG/AMEMBASSY BOGOTA
 RDG RUESDO/AMEMBASSY MONTEVIDEO
 FILE RUESGT/AMEMBASSY GUATEMALA CITY
 RUESJO/AMEMBASSY SAN JOSE
 RUESKN/AMEMBASSY KINGSTON
 RUESLM/AMEMBASSY LIMA
 RUESLZ/AMEMBASSY LA PAZ
 RUESMG/AMEMBASSY MANAGUA
 RUESMO/AMEMBASSY MEXICO CITY
 RUESNA/AMEMBASSY SANTIAGO
 RUESON/AMEMBASSY GEORGETOWN
 RUESPR/AMEMBASSY PORT AU PRINCE
 RUESQI/AMEMBASSY QUITO
 RUESRS/AMEMBASSY CARACAS
 RUESSD/AMEMBASSY SANTO DOMINGO
 RUESTE/AMEMBASSY TEGUCIGALPA
 RUESUA/AMEMBASSY RIO DE JANEIRO
 RUESVARXAMEMBASSY PANAMA CITY
 INFO RUFHGV/USMISSION GENEVA
 RUFNCR/AMEMBASSY PARIS
 STATE GRNC
 BT

Recd: MAY 12
1817

EMBOFFICE
Brasilia

P.O.	
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C O N F I D E N T I A L

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REF: DEPCIRTEL 175246

GATT

CEDTO

1. FYI. FROM DISCUSSIONS DEPARTMENT OFFICERS HAVE HELD RECENTLY WITH CHAIRMAN SANZ DE SANTAMARIA OF CIAP AD OAS ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS SEDWITZ IN PREPARATION FOR UPCOMING MEETINGS AT VINA DEL MAR OF CIAP (JUNE 10-24) AND CIES (JUNE 15-26) WE HAVE IMPRESSION THAT (A)

KKC/12/2330

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ON THE ONE HAND THERE IS AS YET RELATIVE LACK OF APPRECIATION IN LA OF SIGNIFICANCE OF US POLICY DECISION ANNOUNCED BY PRESIDENT JOHNSON AT SUMMIT TO SEEK COOPERATION OF OTHER INDUSTRIALIZED COUNTRIES ON POSSIBILITY OF TEMPORARY NON-RECIPROCAL TRADE PREFERENCES BY ALL DCS FOR EXPORTS OF ALL LDCS AND (B) ON THE OTHER HAND THERE MAY BE QUITE UN-REALISTIC EXPECTATIONS AMONG LATIN AMERICANS AS TO SPEED WITH WHICH PREFERENCES MIGHT BE ESTABLISHED IN FAVOR OF LATIN AMERICA AND OTHER LDCS.

2. THIS COULD LEAD TO UNFORTUNATE CONFRONTATION AT CIES. END FYI.

3. ACCORDINGLY MISSIONS ARE REQUESTED SEEK EARLY CONTACTS WITH HOST GOVERNMENTS ESPECIALLY WITH OFFICIALS RESPONSIBLE FOR PREPARING POSITIONS FOR CIES OR LIKELY TO ATTEND CIES TO REVIEW WITH THEM INFORMATION CONTAINED IN REFTEL AND TO INFORM THEM ORALLY OF US PLANS RE CIES ON SUBJECT OF PREFERENCES, AS FOLLOWS.

4. OECD SPECIAL GROUP ON TRADE WITH LDCS (REF PARA 3C REFTEL) MEETS PARIS MAY 23-4. IT IS IN THIS FORUM THAT US INTENDS TAKE FIRST SIGNIFICANT STEP TO IMPLEMENT PRESIDENT'S PROMISE "TO SEEK THE COOPERATION OF OTHER COUNTRIES IN THE WORLD TRADING COMMUNITY TO SEE WHETHER A BROAD CONSENSUS CAN BE REACHED". WE BELIEVE WOULD BE HELPFUL TO HAVE US REPORT TO CIES ON STATUS ON WORK UNDER WAY THIS TOPIC IN OECD. WE PLAN HAVE US REP ON OECD SPECIAL GROUP (DEPUTY ASST. SEC. GREENWALD) ATTEND CIES SPECIFICALLY FOR THIS PURPOSE.

5. OECD SPECIAL GROUP WILL HOLD ADDITIONAL MEETINGS OVER COMING MONTHS AIMING AT REPORT FOR CONSIDERATION AT OECD MINISTERIAL NOVEMBER 67. OUR OBJECTIVE IS TO REACH CONSENSUS AMONG DCS TO BE PRESENTED AT UNCTAD 137.-MARCH 68. THIS SHOULD NOT RPT NOT BE MISINTERPRETED AS IMPLYING AN ULTIMATE DC OFFER TO LDCS ON TAKE-IT-OR-LEAVE-IT BASIS. SHOULD BE NOTED THIS CONNECTION THAT UNCTAD GROUP ON PREFERENCES WILL MEET JULY 4 AND UNCTAD TDB AUGUST WHERE THERE WILL BE OPPORTUNITY FOR EXCHANGE OF VIEWS BETWEEN DCS AND LDCS, IN ADDITION TO OPPORTUNITY AT FORTHCOMING

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CIES MEETING FOR US-LA EXCHANGE OF VIEWS.

6. DISCUSSIONS AMONG DCS LOOKING TOWARD CONSENSUS IN FAVOR GENERALIZED PREFERENCES WILL OF NECESSITY BE COMPLEX AND DELICATE. WHILE WE APPRECIATE ACTIVE INTEREST LATIN AMERICA THIS SUBJECT, AT PRESENT STAGE WE DO NOT RPT NOT THINK IT WOULD BE HELPFUL IF US AND LATIN AMERICA WERE TO GIVE APPEARANCE ATTEMPTING JOIN TOGETHER IN PRESSING ON REST OF WORLD THEIR CONCEPT OF HOW PREFERENCES MIGHT BE EXTENDED.

THUS DO NOT BELIEVE IT WOULD BE WISE FOR CIAP OR CIES, AT THIS TIME, TO TRY TO WORK OUT ANY SPECIFIC SCHEME SINCE WOULD PROBABLY ENCOURAGE OR PROVOKE CERTAIN EUROPEAN COUNTRIES TO REACT DEFENSIVELY AND TO UNDERTAKE CONSULTATIONS WITH THOSE LDCS ENJOYING DISCRIMINATORY PREFERENCES TO FORM SOLID BLOC HOLDING VIEWS CONTRARY TO SENTIMENT IN FAVOR GENERALIZED PREFERENCES. SUCH DEVELOPMENT WOULD BE MOST UNFORTUNATE AS IT WOULD FURTHER COMPLICATE MULTILATERAL DISCUSSIONS AND PROBABLY RETARD CONSENSUS WHICH WOULD BE IN BEST INTERESTS LATIN AMERICA. ON OTHER HAND BELIEVE IT MIGHT BE USEFUL FOR CIES TO ISSUE A STATEMENT OR RESOLUTION URGING EARLY ACTION ON ACHIEVING SOME FORM OF GENERALIZED PREFERENCES AND PERHAPS SETTING FORTH SOME BASIC PRINCIPLES. SUCH A RESOLUTION MIGHT STRENGTHEN HAND US REPRESENTATIVE ON OECD SPECIAL GROUP.

7. ADVISE DEPT TELEGRAPHICALLY IF HOST GOVT RECEPTIVE OUR IDEAS (AS WELL AS ANY SUGGESTIONS THEY MAY HAVE) ABOUT HANDLING THIS ITEM AT CIES.
RUSK

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