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For Ambassador Gordon from Martin.

Westfall of IT&T recently expressed to me his concern over implication Brazilian Embassy press release (sent Embassy June 7) that USG endorses Brazilian plan negotiate purchase foreign-owned public utilities. Westfall maintains US business generally believes this US position and that impression being strengthened by US press.

Department intends through public statement by high level officer clarify our position, i.e. USG has neither approved nor disapproved plan since not inter-governmental arrangement but envisages voluntary negotiation between GOB and private companies. USG will continue support principle prompt, adequate, effective compensation US companies when property acquired by foreign government whether by expropriation or negotiation.

You should take advantage first opportunity inform GOB officials, including Goulart if you deem appropriate, of this USG position. You should also point out that proposed Brazilian program could be administered to meet this standard, but also might not, particularly with respect to nature of bonds offered and restrictions on investment of receipts, and we shall be watching actions taken with great interest. END.

ACTING

Drafted by:

ARA:EST/B:RHCrane:am 6/20/62

Telegraphic transmission and classification approved by:

Acting Secretary
ARA:Mr. Martin

Clearances:

EST - Mr. Wellman
ARA - Mr. May

AID/LA/B - Mr. Dawson BALL

S/S - Mr. Roger

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