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DE RUESUZ #1758 0591010
O R 282111Z FEB 79
FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 1124

INFO AMCONSUL RIO DE JANEIRO PRIORITY 2291
AMCONSUL SAO PAULO PRIORITY 3629
AMEMBASSY CARACAS PRIORITY 2811

LATIN AMERICA

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

LIMITED OFFICIAL USE BRASILIA 1758
EO 12065 NA
TAGS POIP OVIP - MONDALE WALTER F - BR
SUBJECT: VICE PRESIDENT'S VISIT: SUBSTANTIVE SCENARIO FOR MEETING WITH US BUSINESSMEN
REF: BRASILIA 1483 (PARA 2.C.) #52

1. EVENT: COFFEE MEETING WITH US BUSINESSMEN.

2. DATE AND TIME: MARCH 14, 9:30-10:30 AM

3. LOCATION: COPACABANA PALACE HOTEL, RIO DE JANEIRO.

4. SETTING: THIS WOULD BE AN INFORMAL MEETING, OVER COFFEE, WITH SELECTED LEADERS OF THE US BUSINESS COMMUNITY IN BRAZIL, INCLUDING THE PRESIDENTS OF THE AMERICAN CHAMBERS OF COMMERCE IN SAO PAULO AND RIO DE JANEIRO, AND THE HEADS OF THE MOST IMPORTANT US COMPANIES AND BANKS IN BRAZIL. THEY REPRESENT OUR VERY IMPORTANT INVESTMENT INTEREST IN BRAZIL--THE LARGEST INVESTMENT WE HAVE IN ANY COUNTRY OF LATIN AMERICA. US DIRECT INVESTMENT IN BRAZIL TOTALED ALMOST $8 BILLION AT THE END OF 1977 AND US COMMERCIAL BANK LOANS TO BRAZIL ARE BELIEVED TO BE TWO TO THREE TIMES THIS AMOUNT. US EXPORTS TO BRAZIL WERE SLIGHTLY UNDER $3 BILLION IN 1978.
US BUSINESSMEN IN BRAZIL ARE GENERALLY OPTIMISTIC ABOUT THE LONG TERM ECONOMIC PROSPECTS OF BRAZIL. THEIR MAIN CONCERN RELATES TO THE ATTITUDE OF THE GOB TOWARD US BUSINESS-WHICH HAS TRADITIONALLY BEEN FRIENDLY-AND THE POSSIBILITY THAT THIS ATTITUDE MIGHT BE CHANGED BY NATIONALISTIC PRESSURES FROM BRAZILIAN ECONOMIC INTERESTS OR BY DEVELOPMENTS IN US-BRAZILIAN POLITICAL RELATIONS.

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EXCEPT FOR THE CARMAKERS, WHO ARE FACED WITH A HIGHLY COMPETITIVE SITUATION AND THE GOB'S MEASURES DESIGNED TO REDUCE GASOLINE CONSUMPTION, US COMPANIES HAVE FOUND THEIR INVESTMENTS IN BRAZIL VERY PROFITABLE. LOANS TO BRAZIL ACCOUNT FOR A SUBSTANTIAL PART OF CITIBANK'S TOTAL EARNINGS FROM INTERNATIONAL OPERATIONS, WHILE DIRECT INVESTORS HAVE EXPERIENCED A HIGH LEVEL OF PROFITS AND HAVE REINVESTED MOST OF THEM IN THE COUNTRY.

5. TALKING POINTS. YOU MAY WISH TO REASSURE THE US BUSINESSMEN THAT THE ATTITUDE OF THE USG TOWARD BRAZIL WILL NOT JEOPARDIZE OUR IMPORTANT ECONOMIC INTERESTS IN THE COUNTRY. YOU COULD SAY THAT:

--THE USG APPRECIATES THE IMPORTANCE OF OUR TRADE AND INVESTMENT INTERESTS IN BRAZIL;

--THE USG, WITHOUT LESSENING ITS CONCERN FOR HUMAN RIGHTS OR NUCLEAR NON-PROLIFERATION, DESIRES GOOD RELATIONS, ON A BISIS OF MUTAL RESPECT, WITH THE GOB;

--THE VISIT OF PRESIDENT CARTER TO BRAZIL MADE A SIGNIFICANT CONTRIBUTION TO IMPROVING THE TONE OF OUR RELATIONS; WE EXPECT THIS IMPROVEMENT IN OUR RELATIONS WITH BRAZIL TO CONTINUE UNDER THE FIGUEIREDO GOVERNMENT;

--WE WELCOME BRAZIL'S ECONOMIC DEVELOPMENT AND ITS GROWING ROLE IN WORLD AFFAIRS; A PROSPEROUS COUNTRY MAKES THE BEST TRADING PARTNER AND A STRONG COUNTRY, PLAYING A RESPONSIBLE ROLE IN WORLD AFFAIRS, IS NOT A THREAT TO US, BUT RATHER A VALUABLE PARTNER IN INTERNATIONAL AFFAIRS.

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