

# TELEGRAM

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Foreign Service of the  
United States of America  
**SUBJECT**

DEF 2553

JAN 16 10 25 AM '67  
RIO DE JANEIRO

ACTION: ,POL -2 AMERICAN EMBASSY  
INFO BRASILIA, BRAZIL

**CONFIDENTIAL**  
Classification

Control: 1172

Recd: DEC 31  
1400

AMB  
DCM  
MINECON  
USIS  
POL/R  
econ  
DAO  
BRAS-2  
RDG  
FILE

R 302349Z DEC 66  
FM SECDEF  
TO RULPAL/USCINCSO  
INFO RULPAF/USAFSO  
RULPNA/USNAVSO  
RUESUA/AMEMBASSY RUO DE JANEIRO  
RULPBZ/COMUSMILGP BRAZIL  
RUCIJDA/CINO  
ZEN/CSAF  
BT

EMBOFF	
Brasilia	
P.O.	
Pol/Person	
Adm.	
PER	
CSO	
Cons	
Legis	
PSO	
IRI	
MSO	
CF	
ACTION TAKEN	

**C O N F I D E N T I A L** DEF 2553 OASD/ISA  
SUBJECT CREDIT ARRANGEMENTS; BRAZIL

1. 30 T-37C AIRCRAFT

A. OSD REP AND BRAZILIAN AMBASSADOR SIGNED FY 67 CREDIT SALES ARRANGEMENT ON 30 DECEMBER FOR \$7,033,618 CRDIT WITH REPAYMENTS AT 5 1/2 PER CENT INTEREST FOR 30 T-37C AIRCRAFT AND RELATED EQUIPMENT.

B. GOB AND CESSNA REPS SIGNED CONTRACT FOR 40 T-37C AIRCRAFT AT \$10,403,808 SAME DATE. \$520,190 DOWN PAYMENT PAID DIRECT TO CESSNA BY GOB REPRESENTATIVE.

C. CREDIT ARRANGEMENTS FOR ALL 40 AIRCRAFT ADJUSTED AS A RESULT OF DIRECT DOWN PAYMENT TO CESSNA BY BRAZIL IS NOW AS FOLLOWS:

TOTAL COST	10,403,808
DOWN PAYMENT	520,190
TOTAL CREDIT	9,883,618
FY 66 CREDIT REVISED	),850,000
FY 67 CREDIT	7,033,618

D. \$150,000 OF DOWN PAYMENT PREVIOUSLY CHARGED TO FY 66. FY66 CREDIT SALES ARRANGEMENT WILL BE AMENDED TO REFLECT \$2.85 MILLION VICE \$3.0 MILLION. FOR 10 T-37C'S.

2. FY 66 CREDIT SALES ARRANGEMENT FOR \$4.275 MILLION FOR MODERNIZATION OF 3 DDS AND HELO SUPPORT. AMENDMENT SIGNED 30 DEC BY OSD REP AND BRAZILIAN AMBASSADOR PROVIDES ENTIRE \$3 MILLION FOR DD HANCOCK VICE ONE MILLION EACH FOR 3 DDS. THE AMENDMENT ALSO CHANGES REPAYMENT SCHEDULE OF \$4.275 MILLION FOR DD HANCOCK AND HELICOPTER SUPPORT WITH SEMI-ANNUAL PAYMENTS NOW DUE 1 APRIL AND 1 OCTOBER VICE 1 JAN AND 1 JULY AND FIRST PAYMENT DUE 1 APRIL 67 VICE 1 JAN 67.

3. COPIES OF T-37 CREDIT SALES ARRANGEMENT WILL BE MAILED TO SOUTHCOM, USAFSO AND MILGP. COPIES OF AMENDMENT TO FY 66 CREDIT ARRANGEMENT FOR BRAZNAV WILL BE MAILED TO SOUTHCOM, USNAVSO & MILGP.

DEF 19-8 MAP - BRAZIL

12-30-66

CVS/31/1410

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Classification

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4. BRAZNAV AND AIR ATTACHE ARRANGING FOR EARLY DELIVERY OF COPIES OF DOCUMENTS TO THEIR RESPECTIVE MINISTRIES.
5. FYI-CREDIT ARRANGEMENTS ARE UNCLASSIFIED, BUT THERE IS NO INTENT TO PUBLICIZE THEM. GOB/CESSNA CONTRACT CLASSIFIED RESTRICTED BY AIR MINISTRY, CONSEQUENTLY RELEASE OF ANY INFO RE CONTRACT REQUIRES AIR MINISTRY CLEARANCE. ANY QUERIES, PENDING FURTHER GUIDANCE, SHOULD BE REFERRED TO WASHINGTON. END FYI. GP-4