

TELEGRAM

Foreign Service of the
United States of America

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Date: 24 Aug 64
1715

TO: RIO 26 PRIORITY
AMFORP

Last few days we have had questions and arguments from Congressmen and newsmen on terms of purchase contract, and expect receive barrage of questions until Congressional action completed. Most questions raised, such as 1) "ferro velho" 2) AMFORP already taken out "billions" in profits, 3) "hidden charges" exist which raise interest rates on purchase effectively to about 10 percent and 4) accusations of partiality by U.S. Government are not new and believe material furnished us by Embassy last year probably adequate ammunition to reply to Congressional questions. We would nevertheless appreciate receiving copies any new material which Embassy may have prepared recently.

A point, possibly minor, that seems to have aroused ire in Congress, is that payment should be made in New York (rather than in Rio or elsewhere). Deputies appear to understand that payment in dollars justifiable, but resent that geographic location of payment is New York, as they interpret memorandum of contract. It our impression that what contract means is that payment should be made by ^uinstrym^uent payable in dollars in New

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York, and that geography does not enter picture, but would appreciate clarification.

Do you wish us actively seek to influence Congressional vote for approval as we did on profits remittance? It our impression that AMFORP somewhat different and that aggressiveness on our part likely be counterproductive. Even without pushing, we expect have many opportunities in next few days present U.S. government views on transaction. ~~EE~~ GP-3

¹¹³ WBeal/RBBentley:avh

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AUG 24 5 15 PM '64

AMERICAN EMBASSY
BRASILIA, BRAZIL

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