

TELEGRAM

Foreign Service of the
United States of America

INCOMING Amembassy Brasilia

ACTION:

CONFIDENTIAL

POL-2

Classification

Control:

INFO:

Recd: Aug 28, 1964
0807

PRINOFF
RF
FILES

FROM: AMEMBASSY RIO DE JANEIRO

NO: 31, Aug 27, 8 PM

*additional
material will
be distributed to
all today*

POLITICA Ref: Brasilia's 26.

RD ✓ 1. We do wish you actively seek influence congressional vote
LB ✓ on Amforp purchase. On other hand also important you not be
TD ✓ also obtrusive in your efforts as to rouse ire of opponents of
RE ✓ Amforp purchase. We believe your information dissemination
PM ✓ activities will be most productive if concentrated on con-
gressional supporters of legislation and on officials in
executive branch. We shall also be disseminating materials
here to Eletrobras and Ministry Mines and Energy.

ADMIN. 2. We are sending by pouch data (1) showing magnitude of Amforp
US postwar investment to counter "Ferro Velho" argument and (2)
AID compaign remittances by GOB under purchase contract with
AIR remittances due Amforp under Brazilian law if company remaining
CF ✓ in business here.

3. Claim that Amforp has already taken out "billions" as
profits is refuted by fact annual Amforp remittances have
averaged only 4% on investment since 1938.

4. Requirements that payment be made New York entirely
consistent with usual GOB practice in making debt service payments.
Funds from which payments will be made are located in New York
as are Amforp offices. GOB debt repayments to Eximbank, US
Treasury and private US banks are made in US. Payments to
European banks are made in Europe. Would congressmen wish
Amforp maintain representative here for next 45 years simply
to receive payments from Eletrobras?

5. Recent STGLEment\$ by San Tiago Dantas contained 2 errors.
First was assertion that GOB-Amforp agreement of April 22, 1963
contained requirement for financial as well as physical accounting
of Amforp investment. In fact only a physical verification of
existence of assets was stipulated in agreement (see Para 11
of April 22 memo). Second erroneous assertion was that Goulart
Government did not commit GOB to Amforp purchase. From Goulart
letter to Kennedy of March 8, 1963 and April 22 memo of agreement
it is clear that aommitment was in fact made. April 22 memo,
which approved in advance by Goulart and several cabinet
ministers, stated in first paragraph "the parties shall ENGVR\$ into
a contract of purchase and sale on the
basis hereof...".

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GP-3

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