

INCO 14 BRAZ

INCOMING TELEGRAM *Department of State*

*File 1944
3-18-65*

84

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Action

ARA RR RUEHC 16943 1965 MAR 18 PM 8 28
Info DE RUESUA 500 18/2330Z
SP ZNR
P R 182118Z
USIA FM AMEMBASSY RIO DE JANEIRO
NSC TO RUEHC/SECSTATE WASHDC
INR INFO RUESUP/AMCONSUL SAO PAULO
CIA STATE GRNC
NSA BT
AID UNCLAS ACTION DEPT/1942 INFO SAO PAULO 72 FROM RIO EIGHTEENTH
SIL REFERENCE: A-988, MARCH 9 *INCO 14 BRAZ FN 16 BRAZ
RE LAB 11 BRAZ E 8-1 BRAZ new price restraint program*
E 1. THREE GOVERNMENT-CONTROLLED COMPANIES AND 27 PRIVATE FIRMS
AGR INCLUDING MESBLA ARE REPORTED BY PRESS TO HAVE ENTERED INTO
COM FORMAL AGREEMENTS TO MAINTAIN FIXED PRICES AS PER PORTARIA GB-71.
FRB FIRMS REPRESENT AGRICULTURAL TRACTOR INDUSTRY AND TEXTILE
HEW MANUFACTURERS IN RIO DE JANEIRO AND NORTHEAST MANUFACTURERS OF
LAP PHARMACEUTICALS, AUTO PARTS, AND FINE STEEL REPORTEDLY STUDYING
TAR MEASURE. CIA. SIDERURGICA NACIONAL (CSN) HAS STATED INTEND
TRSY ENTER INTO SUCH AGREEMENT REGARDING ITS PRICES FOR STEEL
CFN 1942 72 A-988 9 1 27 GB-71

RMR

PAGE TWO RUESUA 500 UNCLAS
PRODUCTS AND CHEMICAL BYPRODUCTS AND NO LONGER ACCEPTS AUTOMATIC
PRICE READJUSTMENT CLAUSE IN CONTRACTS WITH SUPPLIERS RAW MATERIALS
AND EQUIPMENT.

2. FIRMS APPARENTLY MOTIVATED AS MUCH BY ATTRACTION MONETARY
INCENTIVES OFFERED AS BY DESIRE COOPERATE PRICE STABILIZATION
EFFORT. MONETARY VALUE THESE INCENTIVES CURRENTLY BEING CALCULATED
BY PLANNING MINISTRY. ONLY PUBLISHED CRITICISM OF PORTARIA GB-71
HAS BEEN STATEMENT BY PRESIDENT NATIONAL CONFEDERATION INDUSTRY
THAT PORTARIA INCONSISTENT WITH INDUSTRIAL REALITIES. CRITICISMS
OTHER ELEMENTS NEW PRICE CONTAINMENT PHASE STABILIZATION PROGRAM,
PARTICULARLY OF PROPOSED LAW ESTABLISHING FISCAL AS OPPOSED TO
MONETARY INCENTIVES AND PENALTIES AS DESCRIBED REPAIR HAVE,
HOWEVER BEEN WIDESPREAD. GORDON
BT
CFN 2 GB-71

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