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AmEmbassy RIO DE JANEIRO

May 6, 1968

Sale of Yugoslav Harvesters to Brazil

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1. An official in the Ministry of Agriculture has confirmed that a contract was signed on April 27, 1968, for the purchase of 300 automatic harvesters from Yugoslavia. The acquisition was negotiated by Minister of Agriculture Ivo Arzua during his recent stay in Belgrade. The purchase price of \$2,722,500 will be applied against Brazil's favorable commercial balance of \$30 million with Yugoslavia. Financing will be over seven years, with two years of grace and interest of six per cent, repayment being made in six annual payments.

2. The harvesters were manufactured by the Yugoslav firm Poljoprivednih Masina Zemun, have an 80 horsepower motor, cylinder dimension of 1,000 by 600 millimeters, and hydraulic steering. Technical service will be provided by the São Paulo firm Stil.

3. The reduction of this amount of Brazil's favorable commercial balance should increase possibilities for augmented Brazilian exports of coffee and other products to Yugoslavia.

4. It is understood that the harvesters will be used in the Rio Grande do Sul and Santa Catarina wheat-growing areas of southern Brazil. These additional 300 machines should increase significantly Brazilian capacity to harvest wheat in a timely fashion, thus increasing effective yield.

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