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C O N F I D E N T I A L SAVACALL

FOR: AMBASSADOR ROUNTREE FROM: BRIG. GEN JOHN J. LISET

SUBJECT: SUMMARY OF LATEST P-3 ACITIVITY

UPON NOTICE THAT MR WILDER HAD ARRIVED IN RIO FRIDAY MORNING AND WITHOUT TALKING TO HIM I CONTACTED MR ALNE OF OSD/ISA TO ASCERTAIN LATEST STATUS. HE ADVISED ME THAT LATE THRUSDAY NIGHT DEPARTMENT OF STATE AND DEFENSE HAD FULLY AGREED ON A NEW PROPOSAL TO BE SUBMITTED TO THE AIR MINISTER. THEY HOWEVER NEEDED TO CLEAR THE PROPOSAL WITH THE WHITE HOUSE AND THAT A PAPER WAS DRAFTED AND COULD BE EXPECTED TO BE CLEARED AS EARLY AS FRIDAY NOON. I WAS ADVISED THAT THE ESSENCE OF THE PAPER AND THE AGREED POSITION WAS AVAILABLE TO MR WILDER AND THAT ESSENTIALLY IT WOULD PROVIDE FOR US GOVT FINANCING OF ONE HALF OF THE TOTAL PACKAGE COST OF $72 MILLION FOR EIGHT AIRCRAFT. FURTHER THAT PRIVATE FINANCING HAD BEEN FOUND FOR THE BALANCE OF $36 MILLION AT A FIXED RATE OF INTEREST OF EIGHT AND ONE HALF PERCENT. THE NET EFFECT OF THIS INTEREST RATE COUPLED TO A FIXED US GOVT RATE OF 6 PERCENT WOULD PROVIDE FOR A NET EFFECTIVE INTEREST RATE OVER THE TEN YEAR PERIOD OF 6.99 PERCENT. I SPECIFICALLY ASKED IF WE WERE AUTHORIZED TO PROCEED ON THE BASIS OF WHAT HE HAD ADVISED ME. THE ANSWER WAS TO AFFIRMATIVE. HE SUGGESTED THAT A ANYTIME OVER THE WEEKEND I COULD EXPECT A MESSAGE TO BE DISPATCHED AS A STATE/DEFENSE MESSAGE CONTAINING THE AUTHORITY. AFTER ADVISING THE DCM I MET WITH MR WILDER AND WE AGREED TO AWAIT RECEIPT OF THE AUTHORITY PRIOR TO MAKING CONTACT IN AN AUTHORITATIVE WAY WITH THE MINISTER OR HIS STAFF. MONDAY MORNING CAME WITH NO WORLD FROM WASHINGTON AND TELEPHONIC CONTACT WITH ALNE AGAIN REVEALED THAT THEY WERE STILL AWAITING WHITE HOUSE CLEARANCE AND THE PROBLEM APPARENTLY WAS SAN CLEMENTE VS WASHINGTON IN TERMS OF ADMINISTRATIVE LOSS OF TIME. MR WILDER DECIDED AND I AGREED THAT IT WOULD PERHAPS BE BETTER FOR HIM TO BE IN BRASILIA SINCE I HAD AN AIRPLANE SHCEDULED TO LEAVE RIO TUESDAY MORNING AND COULD BE THERE SHOULD AUTHORITY BE RECEIVED. WE BOTH AGREED THAT OFFICIAL PRESENTATION OF THE TERMS SHOULD BE AVOIDED BUT THAT THEY CERTAINLY COULD ASSURE THE WORKING STAFF THAT WE ARE WORKING ON GETTING A PACKAGE THAT WOULD CONTAIN REPAYMENT SCHEDULES TO MEET THEIR BUDGET REQUIREMENTS. TUESDAY MORNING CAME WITH NO FURTHER INFO. MR ALNE ADVISES THAT EVERYONE IN WASHINGTON, STATE AND DEFENSE, ARE AS ANXIOUS TO GET THE WORD AS WE ARE HERE. I THEREFORE DID NOT COME UP ON THE AIRPLANE BUT AM STILL AWAICITING WORLD. SHOULD I RECEIVE WORLD TONIGHT OR TOMORROW IT WILL BE MY INTENTION TO GO TO BRASILIA TO MEET WITH YOU AND MR WILDER PREPARATORY TO PRESENTING THE MINISTER WITH A RESTATEMENT OF OUR PROPOSAL. THERE IS NONE NOTE I SHOULD HAVE ADVISED YOU OF EARLIER AND THAT IS THAT A GRACE PERIOD FOR REPAYMENT OF NAY PRINCIPAL HAS BEEN APPROVED UP THROUGH SEPTEMBER 1974. THE ABOVE IS FORWARDED BY SAVACALL AT THE SUGGESTION OF STEVE LOW.
BT

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