

GRS 270

UNCLASSIFIED

FM BRASILIA 061515Z JUL 83

TO ROUTINE FCO

TELEGRAM NUMBER 238 OF 6 JULY

AND TO ROUTINE DTI, BANK OF ENGLAND, ECGD, UKDEL IMF/IBRD
WASHINGTON

INFO SAVING RIO, SAO PAULO, MEXICO CITY

BRAZIL: MONTHLY TRADE SURPLUS

1. FINANCE MINISTER ERNANE GALVEAS ANNOUNCED YESTERDAY THAT THE BRAZILIAN VISIBLE TRADE SURPLUS FOR JUNE WAS US DOLLARS 834 MILLION. FOR THE FIRST TIME IN THE LAST 17 MONTHS (SINCE DECEMBER 1981) BRAZILIAN EXPORTS HAVE SURPASSED DOLLARS 2 BILLION IN ONE MONTH. EXPORTS AT DOLLARS 2.2 BILLION AND IMPORTS AT DOLLARS 1.7 BILLION WERE 18% UP AND 28% DOWN RESPECTIVELY ON JUNE 1982 FIGURES.
2. THIS SURPLUS IS A MONTHLY RECORD IN BRAZIL'S FOREIGN TRADE BALANCE, AND THE ACCUMULATED 6-MONTH SURPLUS OF DOLLARS 2.955 MILLION (DOLLARS 10.4 BILLION IN EXPORTS, DOLLARS 7.45 BILLION IN IMPORTS, THE LATTER 23% DOWN ON 1982) WILL IN GALVEAS'S VIEW MAKE IT POSSIBLE FOR THE COUNTRY TO EXCEED THE INTERNATIONAL MONETARY FUND GOAL OF A DOLLARS 6 BILLION TRADE BALANCE SURPLUS AT THE END OF 1983. TO MEET THE DOLLARS 6 BILLION FIGURE, MONTHLY SURPLUSES UNTIL THE END OF THE YEAR MUST NOW AVERAGE APPROXIMATELY DOLLARS 510 MILLION. GALVEAS BELIEVES THIS WILL BE POSSIBLE, BECAUSE THERE IS "GREATER MOVEMENT IN INTERNATIONAL COMMERCIAL TRANSACTIONS".
3. GALVEAS SAID HE EXPECTED NEGOTIATIONS WITH THE IMF TO BE CONCLUDED THIS WEEK, OR AT THE LATEST NEXT WEEK. HE THOUGHT BRAZIL'S NEGOTIATING POSITION STRENGTHENED BY THIS NEWS. THE THREE MAIN MEMBERS OF THE IMF MISSION TO BRAZIL ARE EXPECTED TO RETURN FROM WASHINGTON TODAY. GALVEAS SAID BRAZIL SHOULD RECEIVE THE SECOND PART OF THE IMF LOAN BEFORE THE END OF AUGUST.
4. GALVEAS ALSO SAID THAT THE INFLATION RATE FOR THE MONTH OF JUNE WOULD BE 12.1 PERCENT, ITSELF ALSO A RECORD FIGURE SINCE MARCH 1964.

FCO PLEASE PASS SAVING TO MEXICO CITY.

HARDING

MONETARY

SAMD

(REPEATED AS REQUESTED)

THIS TELEGRAM
WAS NOT
ADVANCED

GRS 260

UNCLASSIFIED

FM BRASILIA 061625Z JUL 83

TO PRIORITY FCO

TELEGRAM NUMBER 240 OF 6 JULY

INFO PRIORITY UKDEL IMF/IBRD WASHINGTON, ROUTINE DTI (OT5), ECGD
INFO SAVING RIO DE JANEIRO, SAO PAULO

BRAZIL: NEW JUMBO LOAN

1. TODAY'S BRAZILIAN PRESS REPORTS THE CONFIRMATION GIVEN AT A PRESS CONFERENCE YESTERDAY BY FINANCE MINISTER GALVEAS THAT BRAZIL WOULD SHORTLY BE SEEKING A NEW JUMBO LOAN OF AT THE MOST US DOLLARS 3.5 BILLION. NEGOTIATIONS WILL BEGIN AS SOON AS THE NEW ADVISORY COMMITTEE'S ECONOMIC TEAM, WHICH HAS BEEN IN BRAZIL, HAVE PRODUCED THEIR REPORT. THE OUTCOME OF THE NEGOTIATIONS WILL DEPEND ON THE RESULT OF THE FINAL AGREEMENT BETWEEN BRAZIL AND THE IMF.
2. GALVEAS STRESSED THAT THE FIGURE OF US DOLLARS 3.5 BILLION WAS STILL ONLY AN ESTIMATE AND WAS SUBJECT TO ANY FUTURE CHANGES IN THE BALANCE OF PAYMENTS COMPONENTS. THE ADDITIONAL BORROWING REQUIREMENT HAD BEEN ARRIVED AT BY REDUCING THE ESTIMATES FOR DIRECT INVESTMENT AND SUPPLIER CREDITS AND INCREASING THE ESTIMATES FOR INTEREST PAYMENTS AND LEASING. IT ALSO TAKES INTO ACCOUNT THE DROP IN COMMITMENTS TO PROJECT 4 (INTERBANK LINES OF CREDIT) AND THE POSSIBILITY OF INCREASING BRAZIL'S FOREIGN RESERVES.
3. GALVEAS DENIED THAT BRAZIL WAS NEGOTIATING A 600 MILLION DOLLAR LOAN WITH THE US TREASURY TO TIDE BRAZIL OVER WHILE THE NEW JUMBO WAS BEING NEGOTIATED. HE DENIED TOO THAT SUCH A LOAN COULD BE USED TO REPAY 400 MILLION OWING TO THE BIS. THE BIS HAVE AGREED TO POSTPONE REPAYMENT UNTIL 15 JULY AND GALVEAS ADMITTED THAT THIS EXTENSION WOULD BE INSUFFICIENT. BRAZIL WOULD BE ABLE TO PAY BIS ONLY WHEN THE IMF LIBERATED THE SECOND TRANCHE OF STANDBY CREDIT OF 411 MILLION US DOLLARS: INDEED, THE CONCEPT OF AUTOMATIC POSTPONEMENT UNTIL THE IMF LIBERATED ITS FUNDS STILL PREVAILED.

HARDING

MONETARY
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THIS TELEGRAM
WAS NOT
ADVANCED