

GRS 450

UNCLASSIFIED [CULL]

FM BRASILIA 231700Z NOV 83

TO IMMEDIATE FCO DESKBY 240900Z NOV 83

TELEGRAM NUMBER CULL 2 OF 23 NOV 83

AND TO IMMEDIATE PARIS DESKBY 240900Z

AND TO IMMEDIATE UKDEL IMF/IBRD WASHINGTON DESKBY 241400Z

AND TO IMMEDIATE NEW DELHI (FOR SECRETARY OF STATE'S PARTY) DESKBY 240500Z

INFO SAVING RIO DE JANEIRO, SAO PAULO (PASSED LOCALLY)

*Brazil file*

*Mr Turnbull*  
*24/11*

BRAZIL'S DEBT: PRESS REACTIONS TO BRITISH POSITION

1. THE BRITISH GOVERNMENT'S NEGATIVE ATTITUDE TO BRAZILIAN REQUESTS FOR EXPORT CREDIT FINANCE IS INCREASINGLY SINGLED OUT FOR CRITICISM IN THE BRAZILIAN PRESS.
2. GENERAL COMMENT HERE ON THE OUTCOME OF THE IMF BOARD MEETING ON 22 NOVEMBER IS OF RELIEF AND SATISFACTION. BUT THREE BRAZILIAN NEWSPAPERS - FOLHA DE SAO PAULO, JORNAL DE BRASILIA AND CORREIO BRASILIENSE - CARRY IN VARYING FORMS A STORY DATED LONDON TO THE EFFECT THAT THE CHANCELLOR, WITH FIRM SUPPORT FROM THE PRIME MINISTER AND IN DEFIANCE OF PRESSURE NOT ONLY FROM THE IMF AND BRAZIL BUT ALSO FROM BRITISH BANKS AND OTHERS, HAD REFUSED TO TAKE A 200 MILLION US DOLLAR SHARE OF THE 2.5 BILLION US DOLLARS SOUGHT BY BRAZIL IN NEW OFFICIAL EXPORT CREDITS. THE FOLHA'S HEADLINE IS 'BRITISH GOVERNMENT WILL NOT GIVE CREDIT', WHILE THE JORNAL DE BRASILIA HAS 'THATCHER DOES NOT WANT TO LEND TO BRAZIL'.
3. MR LAWSON IS QUOTED AS SETTING OUT THE REASONS FOR OUR REFUSAL TO PARTICIPATE AS (I) BRITAIN'S CONTRIBUTION VIA THE IMF TO THE BRAZILIAN ADJUSTMENT PROGRAMME, (II) THE SERIOUS RISK BRITAIN ALREADY RUNS WITH BRAZIL, GIVEN THAT THE BRITISH GOVERNMENT HAS GUARANTEED APPROXIMATELY 2.5 BILLION US DOLLARS LENT BY BRITISH COMMERCIAL BANKS, AND (III) THE PRIME MINISTER'S VIEW THAT THE BRAZILIANS SHOULD MAKE FURTHER SACRIFICES (AS HAVE THE BRITISH OVER THE LAST FEW YEARS) TO PUT THEIR HOUSE IN ORDER.
4. THE BRITISH DECISION IS SAID TO HAVE BEEN CONVEYED TO THE FINANCE MINISTER IN THE COURSE OF YESTERDAY'S MEETING IN PARIS. GALVEAS IS REPORTED AS HAVING TOLD JOURNALISTS BEFORE THE MEETING BEGAN THAT HE WAS SURE THAT THE BRITISH DELEGATION 'WOULD NOT CREATE PROBLEMS'.
5. THE JORNAL DE BRASILIA REPORTS THAT 'SOME SECTORS' FEAR THAT THE BRITISH ATTITUDE MAY AFFECT COMMERCIAL AND POLITICAL RELATIONS BETWEEN LONDON AND BRASILIA. BE THAT AS IT MAY, WE ARE CERTAINLY SEEN HERE AS AN UNHELPFUL - EVEN SPITEFUL - MINORITY OF ONE ON THIS ISSUE.

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