

CONFIDENTIAL

GRS 250

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FM BRASILIA 242100Z NOV 83

TO IMMEDIATE FCO DESKBY 250900Z

TELEGRAM NUMBER CULL 3 OF 24 NOV 83

AND TO IMMEDIATE PARIS DESKBY 250900Z

AND TO IMMEDIATE UKDEL IMF/IBRD WASHINGTON DESKBY 251400Z
INFO SAVING RIO DE JANEIRO, SAO PAULO (ACTIONED)

Mr. Turnbull

MY TELNO CULL 2: BRAZIL'S DEBT AND ANGLO-BRAZILIAN RELATIONS

1. IN MY TELNO 405 OF 19 OCTOBER I DREW ATTENTION TO THE RISK THAT OUR APPARENTLY SOLITARY OPPOSITION TO PARTICIPATING IN NEW GOVERNMENT-BACKED CREDITS TO BRAZIL MIGHT PREJUDICE OUR LONGER TERM INTERESTS IN THIS COUNTRY.
2. SINCE THEN THE BRAZILIANS HAVE REPEATEDLY VOICED THEIR CONCERN AT OUR UNYIELDING STANCE, WHICH THEY SEE AS INFLUENCING UNHELPFULLY THE ATTITUDE OF OTHER GOVERNMENTS AND THEREBY PUTTING AT RISK THE REFINANCING PACKAGE AS A WHOLE. MOST RECENTLY THIS WAS DONE BY THE BRAZILIAN AMBASSADOR TO MR CHANNON, BY KAFKA (THE BRAZILIAN IMF DIRECTOR) TO WICKS, AND BY ITAMARATY AND SEPLAN OFFICIALS TO THIS EMBASSY.
3. AS I SEE IT, ALL THAT IS REQUIRED TO DISPEL THE BRAZILIANS' SUSPICIONS AND AVERT THE RISK OF SOME DAMAGING DISCRIMINATION BY THEM AGAINST OUR TRADING INTERESTS IN FAVOUR OF OUR COMPETITORS IS A PROMPT AND AUTHORITATIVE STATEMENT THAT, IF OTHER IMPORTANT CREDITOR GOVERNMENTS PLEDGE AN APPROPRIATE CONTRIBUTION, WE SHALL DO LIKEWISE. THIS WOULD HAVE THE ADDED ADVANTAGE OF SMOKING OUT OTHERS, SUCH AS THE FRENCH, AND PERHAPS ALSO THE GERMANS AND JAPANESE, WHO I SUSPECT ARE CONVENIENTLY HIDING BEHIND OUR SKIRTS AND AVOIDING THE ODIUM WHICH IS AT PRESENT BEING FOCUSSED ENTIRELY ON US.

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MR THOMAS

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