File

GRS 200

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FM BRASILIA

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TO PRIORITY FCO

TELNO 417

OF 281935Z OCTOBER 85

INFO SAVING KUALA LUMPUR, JAKARTA, LA PAZ, CANBERRA, LAGOS, KINSHASA, UKREP BRUSSELS, UK MIS GENEVA, UKMIS NEW YORK, RIO DE JANEIRO, SAO PAULO

YOUR TELNO 459: INTERNATIONAL TIN AGREEMENT

1. WE HAVE SPOKEN TO LIGIERO, ASSISTANT HEAD OF MINERALS DIVISION IN ITAMARATY. HE REPEATED MUCH OF WHAT HE TOLD DE CHASSIRON BEFORE (SEE HIS TELELETTER TO ERD OF 27 AUGUST), EMPHASISING BRAZIL'S ROLE AS A MAJOR NEW PRODUCER, UNWILLING TO RESTRICT PRODUCTION OR JOIN THE ITC. THOUGH THE INTERNAL MARKET WAS DEPRESSED,HE WAS CONFIDENT IT WOULD RECOVER, AND BRAZILIAN TIN EXPORTS WERE DOING WELL. HE MENTIONED THAT A MALAYSIAN TECHNICAL MISSION HAD RECENTLY VISITED BRASILIA, BUT CLAIMED NO PRESSURE HAD BEEN BROUGHT ON THE BRAZILIANS TO JOIN THE COUNCIL.

2. THERE HAS BEEN NO SUGGSTION SO FAR FROM THE BRAZILIAN PRESS OR ITAMARATY THAT THE BANK OF ENGLAND OR HMG ARE IN ANY WAY RESPONSIBLE FOR THE PROBLEM, BUT WE DREW ON PARA 4 OF YOUR TUR WITH THE LATTER.

3. THE BRAZILIAN MEDIA REPORTING HAS SO FAR BEEN FACTUAL, QUOTING BRAZILIAN PRODUCERS AS SAYING THAT THE LME CLOSURE SHOULD NOT HAVE ANY MAJOR EFFECT ON BRAZILIAN EXPORTS, AS MOST ARE WITH PRE-FIXED PRICES. BOTH PARANAPANEMA AND BRUMADINHO (THE FIRST AND THIRD BIGGEST PRODUCERS) ARE QUOTED AS BEING UNWORRIED, SIMPLY AWAITING REOPENING OF LME (THOUGH THE FORMER'S SHARES HAVE FALLEN ON THE SAO PAULO STOCK MARKET) , AND AS AGREEING WITH THE GOVERNMENT'S POLICY OF NOT JOINING THE ITC.

FCO PLEASE PASS SAVING TO ALL EXCEPT RIO DE JANEIRO AND SAO PAULO

URE

FRAME EXTERNAL
ERD
SEAD
SAMD
WAD
CAFD
LEG. ADV.
SIR W. HARDING
MR WILSON
MR DAVID THOMAS

THIS TELEGRAM WAS NOT ADVANCED

COPIES TO
MR M. LUNN MN
MR J DENISON CROSS
MR K HALL MN
MR P GENT ITP2
MR T VENESS ITP2
MR R TAYLOR ITP2
} DTI

MR D. FRY MAFF

MR MOUNTFIELD
MR REDLEY
} TRSY

MR B. GUNN B of E.

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