

EMBASSY OF THE UNITED STATES OF AMERICA

Rio de Janeiro CONFIDENTIAL

11

July 10, 1969

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Jack B. Kubisch, Esquire Country Director ARA/LA/BR Department of State Washington, D. C. 20520

Dear Jack:

Many thanks for your recent letter enclosing the final version of the CASP.

We have just had a meeting this afternoon to discuss how to handle the foreign military sales items in Decision Memorandum No. 37. We feel that to tell the Brazilian military authorities bluntly that we did not offer them an FY 69 FMS program because we did not like their politics would add a large and very unnecessary irritant to our relations, and that the spirit of the decision can be met and, in fact, has already to some extent been met, by more suave means.

The preliminary information on this subject which you so helpfully furnished us, plus the stance we have adopted in the last several months on all such matters, has enabled us to convey to the Brazilian authorities, including the military, the fact that their political situation is creating problems for us in our ability to cooperate with them. If any Brazilian military authority asks about FMS, we have agreed that we will refer to the problems of the last few months, suggest that we will be glad to discuss the subject with him to whatever extent he may be interested, but urge that specific requests to Washington be postponed until after President Costa e Silva has announced the reopening of Congress.

With FY 69 already gone, it seems of questionable utility to make specific reference to the program for that year.

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Few Brazilians are clear about just how our fiscal activities work, so it is our plan to fuzz up any discussion of specific FY authorizations. This would avoid having to make it clear that a year has, in fact, been missed, at least until we can have a clearer idea of the future for this program with Brazil.

Sincerely,

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William Belton Deputy Chief of Mission

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