

RIO DE JANEIRO (BRAZIL) APRIL 2ND, 1953

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ECONOMIC CONDITIONS:

Transport and Communications: Conjuntura Económica, in its January issue, calls attention to the evolution that is taking place in the motor vehicles industry in Brazil. The National Motor Factory, for instance, which already makes bodies, cabins, tyres, cushions, batteries and other parts for motor lorries is expected this year to be adding wheels and springs, it being reckoned that 46% of the cost of each vehicle will then be of national manufacture. In 1954 it is intended to make front and back axles and headlamps, bringing the national proportion up to 75%, and to be able to raise this to 100% by 1955 when the engine will be included. During the current year, in conjunction with Alfa Romeo, the National Motor Factory is scheduled to build 1,000 8-ton lorries and 1,500 tractors.

According to the same source, there are 6 motor car assembly plants in operation in the country, notably General Motors and Ford, while no fewer than 350 factories are engaged in the production of spare parts and accessories of all kinds.

With regard to tyres and inner tubes, it is noted that this branch of the industry progressed though not at the rate expected. Estimated rubber consumption for 1952 was set at 41,600 tons (including 6,500 tons for light industry), but the increase was little more than 10% over 1951, due principally to a drop of 25% in motor car imports, while the production of tyres and inner tubes for bicycles decreased by 47% on account of accumulated stocks.

Rio Port Strike: In an attempt to solve the month-long partial strike of Rio stevedores, the Government announced that enlisted men from the Brazilian Navy and workers from the Central Railroad would be sent to the wharves to unload cargo. However, due to the lack of skilled dockworkers among this group, the plan has not been particularly successful, and the number of ships waiting for docking space continues to mount. In retaliation against this Government measure to break the port deadlock, spokesmen for the striking stevedores announced the strike would be extended to include passenger ships docking after 4:00 P.M. Up to this time, the workers only refused to unload cargo ships.

Findings of the Textile Convention: Representatives of sixteen textile syndicates from all over the country met in Rio de Janeiro last week to discuss, primarily, the alarming drop in textile exports and to put forward suggestions for assisting Brazil's most important industry. At the close of the Convention, a Memorial was approved for presentation to the President of the Republic, proposing among other things the adoption of the following measures: (1) 80% of exchange from exports to be sold in the free market; (2) exchange to be made available at the official rate for the importation of accessories and spare parts for machinery not made in Brazil; (3) more rapid granting of licenses for goods essential for keeping the industry going; (4) official rate exchange for machinery replacements and for machinery intended to improve production; (5) priority for the importation of raw materials not produced in Brazil. The Memorial alleges that Brazil is now in a position to export between 200,000,000 and 250,000,000 metres of cotton piecegoods and 10,000,000 kilos of cotton yarns (presumably per annum), representing some Cr\$3,000,000,000, and points out that about a quarter of these quantities are in stock at the factories and could be made available immediately.

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Development Commission Studies New Proposals: At its last meeting, the Industrial Development Commission studied the following proposals for the installation of new industries in Brazil: (1) from the Paillard factory of Berne, Switzerland for the possibility of manufacturing Hermes typewriters here; (2) from the Swedish firm Aktiebolaget Olof Myberg to construct a factory for the production of lamp sockets; (3) from the Italian firm Emiliani Litometallica Incisione Targhe for a lithography industry; (4) from Cássio Muniz, S.A., requesting exemption from Customs duties and financing of Cr\$10,000,000 to produce kerosene burning refrigerators; (5) from Adalberto Fazzini of São Paulo for the installation of a factory to manufacture small electric motors; (6) from Ferdinand Karef of Salzburg, Austria, for the installation of a factory to convert steam locomotives to the use of Diesel oil; and (7) from the J. Quirad Co., of France, regarding the industrialization of babassú.

Argentine-Brazil Trade Treaty Signed: After months of negotiations, the Brazil-Argentine trade treaty was signed in Buenos Aires. During the first year, the exchange between the two countries will amount to Cr\$5,500,000,000--Argentina will export products to Brazil valued at Cr\$3,000,000,000, and Brazil will export Cr\$2,500,000,000 to Argentina. Argentina will sell Brazil 1,500,000 tons of wheat at US\$112.00 per ton, which will represent about 80% of all Argentine exports to Brazil. This country's exports to Argentina will consist of timber (40%), cocoa (8%), coffee (30%), iron and steel (6%), machinery and manufactured products (16%). An additional agreement was negotiated for an exchange of US\$28,000,000 in fruit--8,500,000 stems of Brazilian bananas annually in exchange for Argentine apples, pears and grapes. The trade treaty will be in effect four years.

Producers to Collaborate on Import Policies: In response to the voluble complaints made by industrial and commercial circles that they had no voice in the Government's import policies, although they were the ones most affected by it, President Vargas has approved suggestions submitted by Finance Minister Horácio Lafer for the creation of consulting committees. Lafer is advocating the formation of two commissions, one composed of the presidents of the Federations of Industry from the State of São Paulo, the Federal District, and the States of Rio Grande do Sul and Pernambuco; and the other, of representatives from Rural Societies all over Brazil. The purpose of these commissions will be to collaborate with the Export-Import Department of the Bank of Brazil in formulating Brazil's import policies.