

MOBILIZATION OF PRODUCTIVE RESOURCES

Exchange of notes at Washington March 3, 1942
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The Brazilian Minister of Finance to the Acting Secretary of State

[TRANSLATION]

EMBASSY OF THE
UNITED STATES OF BRAZIL
WASHINGTON, *March 3, 1942*

MR. ACTING SECRETARY OF STATE:

In resolution II of the Third Meeting of the Ministers of Foreign Affairs of the American Republics at Rio de Janeiro,¹ the Brazilian Government undertook to cooperate to the utmost possible degree with the other American republics in the mobilization of its economic resources with the special objective of increasing the production of strategic materials essential to the defense of the hemisphere and to the maintenance of the economies of Brazil and the other American republics.

The Government of Brazil, through the Economic Mission which I have the honor to head, proposes at once to take measures to carry out that undertaking effectively and to further the program of developing the production of such materials, which are already being produced.

The Government of Brazil believes that the most effective way of carrying out its high purposes will be to create a new official organization to investigate and promote the development of strategic materials and other natural resources of Brazil. The new organization, which might be a new department of the Brazilian Government or a government-controlled corporation, would examine all feasible projects for promoting such a development and would make possible the realization of the projects recommended, either by means of existing enterprises in Brazil or, where suitable entities do not exist, by means of new departments, independent organizations, or private enterprises to be established for that purpose.

In any case, however, the new organization would function as an agency of the Brazilian Government, not for profit, but primarily to promote to the fullest degree possible the development of Brazil's natural resources, in order best to serve the interests of the country and of the other American republics.

¹ For text, see *Department of State Bulletin*, Feb. 7, 1942, p. 119.

The work of the new Brazilian organization would be greatly facilitated if it could have positive assurance of technical assistance from the United States. Moreover, in order to carry out its program, the Brazilian Government, in addition to the funds for local expenditures, which it would provide, would require dollar credits in the approximate total amount of \$100,000,000, to be drawn against as needed for dollar expenditures in connection with the projects adopted.

Such credits would be utilized in projects undertaken directly by the Brazilian Government or by private individuals approved by it.

On behalf of the Government of Brazil, and in accordance with understandings between the Brazilian Economic Mission, which I have the honor to head, and the representatives of the Government of the United States, I should greatly appreciate it if Your Excellency's Government would study sympathetically the present program of technical and financial cooperation.

I am firmly convinced that a program of collaboration, such as that outlined above, can be of the greatest value for both of our countries in carrying out the aims of the resolution of the Rio de Janeiro Meeting to mobilize all the economic resources of the hemisphere in our common defense.

I avail myself of the opportunity to renew to Your Excellency the assurances of my highest consideration.

A. DE SZA COSTA

His Excellency

SUMNER WELLES

*Acting Secretary of State
of the United States of America*

The Acting Secretary of State to the Brazilian Minister of Finance

DEPARTMENT OF STATE

WASHINGTON

March 3, 1942

EXCELLENCY:

I acknowledge the receipt of your note of March 3, 1942, outlining a program for further economic cooperation between the United States and Brazil in furtherance of Resolution II of the Third Meeting of the Ministers of Foreign Affairs of the American Republics at Rio de Janeiro, calling for the mobilization of the productive resources of the American republics.

I have the honor to inform you that the appropriate agencies of the Government of the United States have considered carefully this program and are prepared to extend the financial and expert cooperation essential to its success. I have been informed by the Secretary of Commerce that he is

agreeable to the opening of a line of credit of up to \$100,000,000 for the purpose of financing dollar expenditures in connection with specific projects to be undertaken by the Brazilian Government through the agency of the proposed new organization. It is contemplated that such projects shall be undertaken after agreement between the Brazilian Government, acting through the new organization, and the Government of the United States, acting through the Department of Commerce, and that appropriate United States technical and expert assistance shall be made available as necessary and desirable. The Secretary of Commerce will consider and act upon such projects within the period in which the Export-Import Bank of Washington is in a position to provide these credits, and to the extent that its funds may be available for this purpose. Details of the arrangements may be worked out between representatives of the Government of Brazil and the Secretary of Commerce.

It is of course understood that although the United States is desirous of cooperating to the fullest extent in the general development of the Brazilian economy, the carrying out of specific projects which require important amounts of machinery, equipment or other materials produced in the United States must be conditioned upon careful investigation and determination that the particular project will contribute in an important manner to the progress of our war effort and to the security of the Hemisphere, and has accordingly been granted the appropriate priority ratings.

I believe that the cooperative program which the Governments of Brazil and the United States of America are undertaking will constitute a further great step forward in mutually beneficial economic relationships between our two countries and in the mobilization of the economic resources of the Western Hemisphere.

Accept, Excellency, the assurances of my most distinguished consideration.

SUMNER WELLES
Acting Secretary of State

His Excellency

Dr. ARTHUR DE SOUZA COSTA
Minister of Finance of Brazil