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TR	XMB	AIR
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OSD	USIA	NSA
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NO.

TO : DEPARTMENT OF STATE

INFO: RIO DE JANEIRO

FROM : Amconsul SAO PAULO

SUBJECT : General Economic - Annual Report of Companhia Docas de Santos Deplores Port Deficiencies.

REF :

ANALYSIS & DISTRIBUTION BRANCH

RM/A

HANDLING INDICATOR

1966 MAY 2

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS

DATE: MAY 3 - 1966
April 29, 1966

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1. The Santos port concessionaire, Companhia Docas de Santos, has now published its annual report covering calendar year 1965.
2. Stating that practically no urgently required port expansion work has been carried out since 1958 the company in no uncertain terms, puts the blame for the port's inefficient operations on bureaucratic red tape of successive federal administrations which refrained from supplying funds for an overall expansion and modernization program elaborated by the company as far back as 1950. Docas warns that losses to the national economy and especially to users of the port of Santos will continue, and will worsen--especially in times of port congestion--unless additional dock capacity is built in accordance with the company's 1950 project.
3. The only substantial work program completed in 1965 was the installation of mechanical gear for the loading of grain in bulk. However, even this program was not completely successful because this part of the dock area, rather than being reserved strictly for solid bulk, is also used--for lack of space--for the loading and unloading of other merchandise. As a result, instead of moving out some 900,000 tons of corn in 1965 as planned, the port of Santos shipped only some 412,000 tons of corn in 1965. Bottlenecks to increased exports of corn were inadequate railway rolling equipment, limited warehouse space, and the failure of the exporters to "pool" their shipments on transit through Santos.

FORM 4-62 DS-323

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Drafted by: ECON:ADventura:11 4/28/66

Contents and Classification Approved by:

Clearances:

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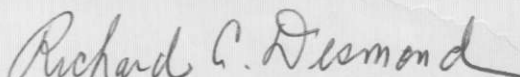
4. The company congratulates the present federal administration for taking energetic measures to pare away at a number of special fees and fringe benefits to dock workers that had been authorized by the Goulart regime. The new wage policy introduced in 1965 was instrumental in reducing dock costs to users of the port of Santos by an overall 33 percent. Changes in the number of work hours of dock hands, and in the system of shifts permitted the company to implement a more efficient dock service.

5. Another positive government measure, introduced late in 1965, was the creation of the Executive Group for the Integration of Transport Policy GEIPOT which will include in its program studies to improve port operations at Santos. In this connection a Dutch firm (NEDECO--Netherlands Engineering Consultants) was contracted to study in detail the lacunas in the Santos port activities and recommend steps to bring about increased efficiency.

6. Despite the negative factors mentioned above, and because of the improvement in the dock service, the port of Santos moved 12,951,091 tons of merchandise in 1965, an increase of over 693,000 tons over 1964 port movement.

7. Comment: The Federal Ministry of Transport has just announced that it will earmark 12.8 billion cruzeiros during calendar 1966 for port improvements at Santos. This will help bring some increased efficiency to the port operations in the near future.

For the Minister Consul General:


Richard C. Desmond
Consul

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