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TO : Department of State

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HANDLING INDICATOR *Qm*

RM/AN
ANALYSIS & DISTRIBUTION
BRANCH

FROM : AmEmbassy RIO DE JANEIRO

DATE: February 28, 1963

SUBJECT : JOINT WEEKA 9

REF :

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Action Assigned to *BAR*
Action Taken *Recd*
Date of Action *3/6/63*
Action Office Symbol *BAR*
Name of Officer *RM dhr...*
Action to be taken *file*

MAR 27 1963

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FORM 4-62 DS-323

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Drafted by: See "Contributors" above./pm

Contents and Classification Approved by:
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Clearances:

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POLITICAL

1. Brazil "Stops"; Carnival

Brazil plunged with no less than its customary frenzy into this year's pre-Lenten blow-out. Technically three days long, Carnival really lasts almost a week, with government officials and businessmen departing their offices, sometimes their homes at advanced hours on Friday, not returning until noon on Ash Wednesday, if then. Unsurprisingly, therefore, only a handful of government officials were to be found in Rio or Brasilia by February 22, Friday before Carnival. Newspapers published through Sunday, but even then much of their news was of Carnival. No papers were published Monday and Tuesday. Afternoon papers appearing Ash Wednesday devoted themselves almost exclusively to Carnival news. Thus, the few developments reported below for most part took place early in the period covered by this Weeka.

(UNCLASSIFIED)

2. Brazilian-French Relations: The Little Lobster War

The smoldering three-year old controversy over French lobster fishing in Brazilian waters heated up on the eve of Carnival. Involved are (1) an annual catch of approximately four million dollars worth of lobsters; (2) the question of whether the lobster is a fish that swims the sea and is thereby free to all beyond the 3-mile limit, (as the French claim)--or whether it is a crawling denizen of the continental shelf, like the oyster or mineral deposits, thus belonging exclusively to the Brazilian national patrimony, and (3) enormous amounts of Brazilian and Gallic pride. During past "negotiations" in which neither side apparently budged an inch in its position, French lobstermen had been operating under special permission of the GOB. Nevertheless, in the twelve-month period just ended the Brazilian Navy arrested nine French boats, all well outside the 3-mile limit. Finally, yielding to pressures from national fishing interests, the GOB served notice on the French that their boats should withdraw by noon, February 20. On February 21 the French Ambassador delivered a note to the Foreign Office to the effect that French lobstermen would continue operations off the Brazilian coast and that a French naval vessel had been ordered into the area to guarantee their right to do so. Brazilians reacted by predicting "unforseeable consequences", and President Goulart so informed President de Gaulle, reportedly requesting that the French warship turn back. Concomitantly, Brazilian headlines and editorials demanded that Brazilian forces repel the "affront" to the national sovereignty; and, notwithstanding its preoccupation with the festivities of the season, Brazil got ready to do just that. By Carnival's end, February 27, word was received of the French decision to divert the destroyer Tartu from its Brazilian mission and send instead the frigate Paul Goffeny; the press generally interpreted this as a conciliatory gesture. If the French persist in any threat of the use of force the Brazilians reportedly will not resume discussion but will resort to the UN or the OAS, or both. Rio's Jornal do Brasil pointed out editorially on February 28, "...it would be the height of the ridiculous if the two largest Latin nations failed to find a common policy on the lobster." Jornal do Brasil urged that the two countries do everything possible to avoid a break in relations, because: "...France can open for Brazil the half-closed doors of the European Common Market...and France cannot have a Latin American policy

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without Brazil." (UNCLASSIFIED)

In any case, the dispute has provided a new slogan for Brazilian ultranationalists and humorists: "The lobster is ours."

Comment: The episode is without doubt acutely embarrassing to the Goulart regime, coming as it did at a time when press and other sources close to the President have been making favorable comparisons between Goulart and de Gaulle and speaking of the possibilities of establishing a "Brasilia-Paris axis". (CONFIDENTIAL)

3. Dispute Over Dantas Policies Continues

Before Carnival drowned them out, the echoes and reverberations of the battle over the government's anti-inflation campaign continued to be heard. In a speech February 20 before the CNTI, Finance Minister Dantas defended his policies as designed to favor the workers by protecting the purchasing power of their wages. War Minister Kruei, after a meeting February 22 with Dantas, stated that "the Army supports the financial policy executed by the government." Meanwhile, it was reported, the Nationalist Parliamentary Front (FPN), led by Brizola who met with Goulart in this connection February 20, prepared to declare its open opposition to Dantas' anti-inflationary policies as burdensome for the worker. According to one report, the gauntlet would be thrown down while Dantas is in the U.S.; another version has it that the declaration of war will await the opening of Congress March 15. Biggest question mark is the President himself, who is said to welcome the controversy as serving his personal interests. Another puzzle is Almino Afonso, Labor Minister, who has gone along with Dantas thus far but is rumored to be contemplating a shift and alignment with his old cronies of the PTB grupo compacto in the FPN. Celso Furtado, who has been pushed into the background by Dantas, said February 22 in Porto Alegre that the Three Year Plan "is a development plan, not one of the containment of expenditures, such as the IMF would wish." (UNCLASSIFIED)

Comment: Only Dantas has made an irrevocable, public self-commitment to anti-inflationary policies. He seems indeed to be staking his political future on their success, as he has told the Ambassador. The rest of the waverers, Joao Goulart, Almino Afonso, Celso Furtado, are acting typically, maintaining their readiness to jump either way. Clear-cut definitions of their positions will probably not come before at least the initiation of the talks in Washington and first reports of their trends. (CONFIDENTIAL)

4. "ANZOATEGUI" Arrives in Brazil; Crew Detained

The hijacked Venezuelan Freighter "ANZOATEGUI" arrived in Brazilian waters on Tuesday, February 19 and was reported to have been escorted to the Port of Belem by a Brazilian corvette. Later the ship was turned over the Venezuelan Navy Attache. The ship, under its own power and manned by the formerly imprisoned crew, returned to Venezuela, arriving on the 26th.

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The nine rebels were taken into custody by the Brazilian Government and were flown to Rio in a FAB C-47. Their fate is still in question. Pending settlement of their status in Brazil, they are being held in the Friburgo Naval Sanitarium. The Venezuelan Government had vigorously sought their extradition, but now asks for "repatriation." The case is now before the Brazilian Supreme Court which has said that it will report on it within the next week. (UNCLASSIFIED)

Comment: There seems to be a marked preference in the press for a solution that would use the "SANTA MARIA" case as a mode. This would involve the granting of political asylum to the rebels. (OFFICIAL USE ONLY)

5. Dantas and the States

The governors of Minas Gerais (Magalhaes Pinto), Parana (Ney Braga), Goias (Mauro Borges), Rio Grande do Norte (Aluisio Alves), and a representative of the governor of Para, met in Rio February 19 to make plans for a governors' conference to be held in Parana in May or June. The governors mentioned comprise the Council of Governors established at the June 1962 meeting of governors at Araxa. (UNCLASSIFIED)

Comment: The main thing on the governors' minds is money--Federal government money. In this connection, Finance Minister Dantas gathered in Rio February 18-20 the secretaries of finance of all the states to "coordinate" his program with the states. He told them, inter alia, that the Federal government will not finance state budget deficits caused by irresponsible personnel hiring programs.

(OFFICIAL USE ONLY)

6. Magalhães Pinto declares candidacy

On February 20, Minas Gerais Governor Magalhães Pinto declared himself to be a "potential candidate for the Presidency of the Republic." In his announcement he noted that he would be "insincere if he didn't admit his position as a candidate... in light of the popular manifestations that are gathering." (UNCLASSIFIED)

Comment: Magalhães Pinto's announcement comes as no surprise. The early timing of the release may be a maneuver to consolidate his position within the UDN at a time when party leadership is undergoing changes that could work to his advantage in obtaining the party's nomination as Presidential candidate. (UNCLASSIFIED)

MILITARY

7. Army - Negative

8. Navy -

Promotions in the Medical Corps: On 15 February RADM Jose da Cunha Soares Londres was promoted to VADM, and Captain Vitor Jaime Vieira de Sa was promoted to RADM. (UNCLASSIFIED)

Assignment Changes: a) VADM Jose da Cunha Soares Londres (MC) from Director

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Hospital Central of the Navy to Director of Health of the Navy; b) VADM Waldir Caldas Pires (MC) transferred to the retired list; c) RADM Augusto Simas de Alcantara from Sub-chief of Staff for Intelligence to Escola Superior da Guerra (National War College); and d) RADM Haroldo Mathias da Costa from Sub-chief of Staff for Organization to Escola Superior da Guerra. (UNCLASSIFIED)

New Peruvian Naval Attache to Brazil: Captain Juan FREUNDT Sparovich has been named as relief for RADM Raul DELGADO Espantozo, present Peruvian Naval Attache to Brazil. (CONFIDENTIAL)

Comment: Actual transfers will take place in late April or early in May 1963. (CONFIDENTIAL)

9. Air -

Visit by Vice-Chief of Staff, U.S. Air Force: General William F. McKee, Vice-Chief of Staff, Hq. US Air Force visited Brazil 17-19 February. The program of his visit included a stop at Brasilia, a wreath-laying ceremony at the tomb of the unknown soldier (WWII), and a luncheon hosted by the Air Minister. (UNCLASSIFIED)

Comment: General McKee's visit was very well received by the Brazilian Air Force. His visit also received excellent coverage by the press and television networks. (UNCLASSIFIED)

Election of BAF Officer to Position of Vice-President of "VASP." Colonel (Av.) ATILA Gomes Ribeiro, Public Relations Officer on Air Minister's Cabinet, has been elected Vice-President of "VASP" (Brazilian Airline). Lt. Col. (Av.) Jose Rebelo MEIRA de Vasconcellos has been named to replace Colonel ATILA. (UNCLASSIFIED)

Comment: Colonel ATILA will leave active duty in the near future to take his new position. He will be located in Sao Paulo. Colonel ATILA accompanied Russian Ambassador's body to Moscow in November 1962. (UNCLASSIFIED)

PSYCHOLOGICAL

10. Brazil Gets Cuba Jitters

News (mostly of a speculative variety) about Cuba got heavy press attention during the week ending February 23. Newspapers tied together stories of top-level Washington meetings, including the CIA Director's testimony before the Senate Foreign Relations Committee, with visits to President Goulart by the Soviet and U.S. Ambassadors, and came out with invasion rumors. On the positive side, Foreign Minister Lima told a group preparing a "Continental Congress for Solidarity with Cuba," scheduled to be held in Rio next month and that the Government of Brazil considers such plans "inopportune" and would deny GOB "facilities" to foreign delegates to the meeting. (LIMITED OFFICIAL USE)

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