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A-421

HANDLING INDICATOR
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INFO: BRASILIA, RECIFE, SAO PAULO, USCINCSO FOR POLAD

FROM : Amembassy RIO DE JANEIRO

SUBJECT : GOB Foreign Policy Under Medici

REF : RIO A-369, Aug. 7, RIO A-398, Aug. 28, 1970

RECEIVED
DEPARTMENT OF STATE
BUREAU OF INTER-AMERICAN AFFAIRS
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INTRODUCTION: Reference airgram A-369 was an in-depth analysis of the overall political attitudes of the Medici Administration based on the evidence accumulated in the words and deeds of the GOB during its nine months in power. The principal emphasis of the analysis was on internal political affairs. Reference airgram A-398 was a companion description of recent trends in US-Brazil relations, particularly an evolution we perceive in both nations' appraisal of the conditions of the bilateral relationship. This airgram is an attempt to complete the picture by describing and commenting on the Medici Government's attitude and performance during the same period in the overall conduct of its foreign relations.

SUMMARY: In the nine months that General Emilio Garrastazú Medici has been in power the GOB has issued enough statements and more importantly taken sufficient specific actions for a discernible policy direction to be observed which we might identify as a "Medici foreign policy." It is premature to state categorically that it adds up to a "new" policy, but the evidence to date indicates a certain change, at least in emphasis, from the overall policies of the President's immediate predecessors. This shift, while significant, has not brought about a complete overhaul in the day-to-day conduct of Brazil's foreign relations. Perhaps the best evidence of this is GOB policy toward its immediate neighbors. This remains very much the same as it was under previous governments -- that is, adherence to the traditional principles of non-intervention and the maintenance of friendly relations.

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FORM 10-64 DS-323

Drafted by: POL: WGWalker: ael	Drafting Date: 8/16/70	Phone No.:	Contents and Classification Approved by: CHARGE: CABoonstra
Clearances: DAO: Col. Moura; USIS: JMowinkel; MILGP: Col. Renny; ECON: RBloomfield; Brasilia: SLOW (draft) SCIATT: MNHudson, Jr.; POL/R: DPhillips			

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It is more in the area of overall international policy that a shift in direction is perceived. Although there were several indications late in the Costa e Silva Presidency that the GOB was taking a new look at its foreign policy -- particularly at the heavy reliance the Castello Branco Government placed on its "special relationship" with the US -- not until now was there sufficient accumulated evidence to attempt to describe the parameters of this trend.

This airgram presents the evidence from which we conclude that Brazil's foreign policy is evolving toward a strategy of maximizing Brazilian independence of action in any given foreign policy decision. The GOB has attempted to do this so far through: (1) a new willingness to work within the framework of multilateral negotiations and organizations when it suits Brazil's interests; and (2) an increasing GOB awareness of and identification with the forces and problems of the less developed world in opposition to the interests of the already developed nations. Brazil's present strong and expanding economic position not only makes it possible to forge an increasingly independent posture, it also provides an impetus. The GOB sees its new posture as part of its effort to increase its penetration of the world markets at the expense of the established powers.

Although this airgram concludes with a short description of what all this might mean for US-Brazil relations, the reader is directed to Rio A-398 for a more thorough analysis of that aspect.

* * * * *

Brazil's Relations with its Neighbors:

There has been little if any discernible change since the assumption of office by President Medici in the course of the GOB's relationships with its immediate neighbors. The following would be an almost complete list of Brazil's bilateral problems with other occupants of the continent during the last nine months:

(1) Bolivia --

a. Petroleum Agreement - When the Ovando Government nationalized the Gulf Oil properties earlier this year, the GOB was pulled into the resultant confusion (mostly at the instigation of the Government of Bolivia). The Bolivians attempted to use the leverage of talks with the GOB as a proof that they would have little difficulty in marketing the confiscated production. The GOB, at first reported to be considering lending a helping hand to a fellow Latam in distress by offering a premium price for the costly-to-transport Bolivian crude, eventually opted for a more traditional

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attitude of simply offering to consider Bolivian tenders (along with those of its traditional suppliers) on a purely competitive basis. The result was the return to La Paz of a disappointed Bolivian negotiating team and no deal.

b. Ovando Government Instability -- During various periods during the last six months when the present regime in Bolivia appeared headed for a possible coup -- either from within or as a result of terrorist attacks in the city and countryside -- the GOB has reacted calmly and without surfacing informally, as other states bordering on Bolivia do from time to time, reports of contingency plans to intervene with troops in the event of chaos. This is also consistent with past GOB reactions to this seemingly perennial problem.

(2) Venezuela-Guyana --

The old problem of the frontier dispute between two of Brazil's northern neighbors -- one relatively large and important, and the other small and of marginal economic interest to the GOB -- produced several crisis situations after the Medici Administration took power. In this case both sides were active in wooing GOB support. Government statements and press coverage from both capitals sought, through planted and often distorted stories, to bring the giant neighbor into the fray. While GOB sympathy probably went out to Guyana, as the underdog and as having the most legally justified position, the GOB also recognized the long-term necessity of staying on good terms with Venezuela, which Brazil sees as a continental source of petroleum and as a future trading partner of some importance. The GOB therefore continued its previous policy of maintaining as much official distance as possible between itself and the disputants. This unwillingness of the GOB to weigh in on either side, while simultaneously holding the potential strength to overturn any reckless aggression by one or the other of the disputants, may have contributed, in small part, to the agreement worked out by Venezuela and Guyana in June 1970 (Treaty of Port of Spain) where both sides agreed to postpone pursuing their claims for twelve years.

(3) Uruguay --

The events of the last month in Montevideo involving the kidnapping of three foreigners, one the Brazilian Consul, have produced the most serious potential Brazilian confrontation with one of its neighbors during the Medici incumbency. Certainly these events have generated the only serious charges that the GOB was interfering

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in the affairs of any foreign state. The GOU has privately complained of GOB "pressures" and referred to press accounts of Brazilian troop movements near the border as proof of this pressure. The degree of truth of these GOU allegations is difficult to ascertain and from here appears considerably suspect. It can be said that the GOB, probably more exactly the Foreign Minister, at first did respond emotionally and not analytically (using strongly worded messages, and repatriating dependents) to a difficult situation over which it had little control but in which it nevertheless had crucial interests -- the life of its Consul was at stake and the GOB foresaw inevitable comparisons of GOU and GOB policies facing a similar crisis. Although at this writing we are not out of the woods on this, the GOB attitude and actions of the last few weeks are markedly calmer and less provocative than during the immediate post-kidnap days. The motives for this change are probably diverse and certainly obscure, but one reason is quite likely the resurgence of the traditional Brazilian policy, after the adrenalin count went down, of complete nonintervention in the internal affairs of other Latin American nations.

With the other neighbors, principally the potentially more troublesome problems of Argentina -- with its size, competitive position and similar experiment in a military backed government, and Peru -- with its philosophically different approach to the reform role of the government, there has been a somewhat surprising absence of bilateral problems. It is not surprising, however, if the present GOB is thought of as carrying out Brazil's traditional policy of friendly and noninterventionist relations with its neighbors.

Brazil - A Self-Appraisal of Its Place in the World

The three post-1964 Revolution Governments have faced the same basic foreign policy decision -- how to interpret Brazil's international position in the developmental spectrum. Three broad characterizations would be possible, that of: (1) Brazil as a truly underdeveloped country with little chance to overcome its developmental problems and thus doomed to accept paternalistic assistance and leadership from the developed nations; (2) Brazil as the pre-eminent power in Latin America, with a destiny to eventually play an international role, but recognizing weaknesses vis-a-vis the overwhelming strength of the U.S., being willing to act as a junior partner in following the latter's lead in return for enjoying the fruits of a "special relationship" with the U. S.; or (3) Brazil as an emerging economic and regional power, a "developing" country, with the potential resources and will to apply in due time for membership in the exclusive "club" of the industrialized, developed nations. In this last category, Brazil would recognize that it is not now in the same league nor does it have the same motivating interests as the superpowers. It would be more naturally

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an ally of the "have-nots" in possible concerted actions to gain access to the previously inaccessible markets of the "already-haves."

The Castello Branco Government opted decisively for the second choice, and to a somewhat lesser extent, so did the Costa e Silva Administration. This choice led both governments to rely heavily on the "special relationship" Brazil has supposedly enjoyed vis-a-vis the United States in return for which Brazil firmly and consistently supported America's lead in the UN, the OAS, and most other international bodies and decisions. This cooperative attitude and sense of mutuality of interests carried over as well into the conduct and tone of bilateral economic relations.

It would appear that the Medici Government is reappraising this choice. The evidence thus far indicates an evolution is taking place in the direction of the third option, that is, towards a more independent, on-the-road-to-development stance. This is not to say that any benefits that might be derived from continued adherence to the "special relationship" will be spurned, but rather that in those areas wherein Brazil feels its own vital interests are in accord with those of other nations with a potential for future development, the GOB is not hesitating to so identify and act accordingly. Most of these latter areas, as demonstrated by the skirmishes that have already occurred, tend to be economic-commercial rather than political in nature. In those areas of less vital developmental concern to Brazil, on issues such as US moves to counter Communist hemispheric advances or events in areas of peripheral Brazilian interest, the GOB still seems willing to lend support to the United States as the leader of the Free World.

Evidence of this reevaluation is slowly accumulating. The following examples are the most illustrative:

a. Medici's Speech of April 21: In a speech announced as a major foreign policy address on April 21 -- the only one so described -- the President declared it to be his intention that Brazil forge an "independent" stance based on the proposition that foreign policy is a function of a nation's developmental strategy and efforts. Perhaps for the first time since 1964, a Brazilian president openly declared Brazil to be "in solidarity with the developing nations" of the world, particularly those of Latin America. He reaffirmed Brazil's past commitments, which, although no specific mention was made of it, would probably include its traditional friendship for the United States. However, he stressed that Brazil will "repel whatever attempt from whatever source, to establish or restore zones of influence by the superpowers or the imposition by one country of its political views on another." He said that Brazil is on the verge of the technological leap that it must take to reach the developed state, and that his government must therefore "keep its hands

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free in all sectors of scientific research and the peaceful application of the new and unlimited energy sources." Developing the theme that the nation will have to fight for its own interests if it wishes to reach the developed state, Medici predicted that the very fact that Brazil is growing and expanding its sphere of activities will create international conflicts of interest but that "we will face this fact with tranquility, without fear or alarm, and as a signal of growth itself..." He characterized Brazil's reading of the Consensus of Vinã del Mar as a "clear indication that firmness and tenacity can achieve positive objectives." The overall thrust of the speech was a loud and clear announcement that from now on Brazil would be beholden to no outside power to defend or develop those activities that it considers in its best interests.

b. 200-Mile Territorial Seas: On March 25, President Medici unexpectedly promulgated a decree extending Brazil's territorial waters to 200 miles. The decree claimed full sovereignty, including the airspace above and seabed below. The official explanation of the decree was that it was needed to "protect Brazil's biological resources as well as its national security." The decree was unexpected because almost immediately prior to its issuance the US was consulting with the GOB on the advisability of holding a new Law of the Sea Conference. We had approached the GOB in the hope that it would behave as a mature maritime power which would supposedly work with us to defeat the irrational demands of the EPC bloc. During these Foreign Office working-level discussions, the GOB gave every indication that it would support our efforts to convene a LOS Conference. When the decree was issued, without implementing regulations, we immediately requested clarification of GOB intentions and asked for high-level bilateral talks to discuss the potential dangers to US-GOB relations inherent in any "incident." While assuring us that the GOB was fully aware of such a danger and wished to avoid its occurrence, the GOB refused the initiative, explaining: (1) the decree was self-explanatory; (2) it would constitute "interference" in GOB internal affairs to hold discussions with a foreign power on domestic law; and (3) if the USG wished to avoid "incidents" it only had to take advantage of the decree's provision inviting bilateral negotiations -- which clearly would imply US recognition of its legality. The decree itself and the concomitant GOB attitude of turning down our requests to discuss potential dangers to our bilateral relationship indicate a considerable erosion of the cooperativeness of Castello Branco days. Among our first interpretations of the motive behind this sudden move was the thought that the GOB wished to placate nationalist sentiment within its ranks but did not intend to implement the decree. This was quickly disproved at the Montevideo Conference of Latin American 200-milers in May, where the GOB took a vigorous proselytizing role (in itself non-traditional) and tried to rally support on behalf of extreme concerted Latin American action.

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c. Moratorium on Seabeds Exploitation and Exploration: Brazil had also surprised us in December 1969 by co-sponsoring and actively proselytizing for an amendment to "freeze" all exploration and exploitation of the seabeds until a control treaty would be ratified. The amendment, which passed, supposedly was designed to protect those nations as yet incapable of exploiting this important future resource from countries which already have the technological capabilities to mine the seabeds -- i.e., the US, USSR, Japan and some countries in Western Europe.

d. NPT Treaty: The Medici Government merely reasserted a previous GOB policy of non-ratification of the NPT. We noted with regret, however, the vehemence of GOB statements reasserting that the treaty was a super-power ploy to freeze potential nuclear powers out of achieving their destiny and big power status.

e. IA-ECOSOC and CECLA: Brazil also has taken a tough stance in recent IA-ECOSOC and CECLA meetings. From a previous position of generally opposing concerted actions against the United States, Brazil has turned -- starting with Magalhães Pinto -- into a forceful and skillful advocate of such collective action.

f. Commercial Problems: The existence of conflict between the US and Brazil on specific commercial problems is nothing new. What is new is the GOB's willingness to take a hard line on the particular issue at hand at the risk of incurring US displeasure generally. Thus, Brazil refused to increase the export tax on soluble coffee whereas a year before it had bowed to US pressure and imposed a 13-cent a lb. levy. In 1969, the GOB's rationale for acceding to US wishes was that the soluble controversy threatened the continuation of the International Coffee Agreement. In 1970, the soluble problem equally threatens the existence of the ICA, yet the GOB has stood fast in refusing to increase the export tax. In another commercial area, that of textile exports to the US, in 1970 the GOB has reacted to US import restrictions by shutting the US out of the Brazilian wheat market; in 1966 when the US imposed similar limitations on Brazilian textile imports, the Government was passive and the local textile industry had to take its medicine. On the shipping front, Brazil stood fast on its insistence in the face of the threat of boycotts that the US and Brazilian authorities set the ground rules and early this year the USG agreed to do just that.

A final piece of evidence worth mentioning in this context would be President Medici's choice as his Foreign Minister. Mario Gibson Barboza was not an entirely unknown entity at the time of his selection. During the administrations of Presidents Quadros and Goulart, both of whom were pre-Revolutionary proponents of maximizing Brazil's independence in

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foreign affairs, Gibson Barboza was the Chéfe de Gabinete at Itamaraty. He was later chosen to be Secretary General of the Foreign Ministry (the No. 2 slot) by his alleged mentor, the then Foreign Minister, José de Magalhães Pinto. The latter also was suspected of having considerable reservations toward the United States. The later selection of Gibson Barboza by Magalhães Pinto to serve as Brazil's Ambassador in Washington might conceivably have been a signal that the GOB was reappraising its policy toward the United States even during the Costa e Silva regime.

Although Gibson Barboza probably holds a relatively free hand in the day-to-day operations of his Ministry, the personal authority of the President, the latter's style of holding all the reins in his own hands, and the fact that the Foreign Minister has no revolutionary credentials probably explain what we see as Gibson Barboza's personal sense of being an "outsider" in the present government hierarchy and thus vulnerable. As a result of his sense of insecurity, the Foreign Minister recently has painted himself into several difficult corners --

1. His excessively harsh treatment of Ambassador Elbrick following the latter's statement expressing concern after the Cutter kidnap attempt;
2. The initial heavy handed reaction of the Foreign Ministry to the kidnapping of the Brazilian Consul in Montevideo;
3. The Minister's threats of resignation, and scurrying about to reverse the results after Brazil's IAJC election fiasco (which was interpreted by the Foreign Minister as an affront to Brazil but probably was attributable to mishandling by his own Ministry's officers).

In all of these instances the Foreign Minister has resorted to precipitous actions in apparent attempts to demonstrate that he -- a civilian with suspect pre-Revolutionary ties -- and his Ministry can be as tough and as nationalistic as anyone. He is thus both oversensitive to supposed interference in Brazilian "internal affairs" and nervous in his relations with the Brazilian military. He is apparently willing to take aggressive anti-American actions when and if he feels such activities will make points with those he believes are watching over his shoulder.

Gibson Barboza has several other problems: (1) his Ministry has been shown to contain several "enemies of the revolution" -- three foreign service employees were recently dismissed for the dissemination of anti-Brazil tracts overseas; (2) as a result of the discovery of this "subversion" within its ranks, the Foreign Ministry is currently in the throes of an investigation by the National Intelligence Service. This,

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taken with the reading of Gibson Barboza by his peers as being opportunistic and trying too hard to please, all lends itself to the Minister's perhaps accurate self-appraisal of the vulnerability of his position.

Several general observations might be drawn from a review of this evidence:

(1) The GOB under Medici has demonstrated a new and increasing willingness to work in the context of the multinational forum. Previous Brazilian Governments have for the most part relied on bilateral means to discuss significant issues, particularly when relations with the United States were involved. Apparently, the GOB has become aware of the value of the strength-in-numbers concept, especially when espousing a policy in opposition to one of the United States. Not only does the multilateral vehicle promise the best chance of success, it also has the advantage of dispersing over a greater number of targets the inherent threat of countermeasures. Thus Brazil can hold up the multilateralism of the Declaration of Montevideo (on LOS) to avoid bilateral discussions and/or problems with the USG. Our best guess is that the present Government retains a preference for and feels more comfortable within bilateral agreements. It will, however, no longer hesitate to gain whatever advantage it can from the strength of collective pressures.

(2) Each of the specific issues involves protection of what Brazil views as an as-yet-untapped resource or potential source of revenue, i. e., the seabed, nuclear energy, territorial seas, shipping, exports, etc., and in each case the GOB interprets its interests as coinciding with the Third World in opposition to the big powers' present monopoly.

(3) Often Brazil has not been satisfied to merely adopt a policy; it has also seen fit to take that adherence to an extreme length -- thus the GOB co-sponsors and actively seeks others to support the Seabeds Moratorium and CBW amendments; it not only adopts a 200-mile territorial sea, it campaigns for a stricter definition of "control" over that claim than other adherents, etc.

(4) The GOB has not consulted with us on any of the issues prior to taking action. On the Seabeds Moratorium, 200-mile territorial seas and the CBW resolution it achieved complete surprise by unexpectedly hitting us with a fait accompli.

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Medici Government's Relations with Soviet Bloc

To date there is no appreciable change in GOB attitude toward the Soviet Union or its European satellites. That attitude, developed through the years, could be characterized as a desire not to let political issues and animosity get in the way of conducting normal trade relations (which at present account for about 8% of Brazilian exports and 5% of its imports). There are scant prospects of any major change in the near future. The USSR and the Bloc countries with which Brazil maintains diplomatic or commercial relations are aware that they are in a hostile environment in Brazil. This GOB, in the manner of its immediate predecessors, does little to dissuade them of this attitude. The Bloc countries are anxious to maintain present relations and therefore approach any bilateral issue with extreme caution. On political issues there has been no forward movement beyond an ever so slight relaxation in the GOB's attitude of stiffness. On the trade side, a distinction should be made between GOB treatment of the USSR and its dealings with a few Bloc countries. Trade with the Soviet Union has remained virtually static during the last few years, basically because neither side has much to trade with the other. Commercial activities with East Germany and Czechoslovakia have shown a constant rate of increase and the prospects are that this will continue. On the cultural side, the pattern remains the same as it has been throughout the past few years. The Soviet Union keeps a constant low-key pressure on for expansion of cultural and academic exchanges, and the GOB just as constantly refuses to permit such expansion.

What All This Might Mean for US-Brazil Relations

If the above reading of the GOB's movement toward a more "independent" position is correct, it follows that we should expect our bilateral relations to show increasingly more strain in direct positive correlation to: (1) the extent that Brazil identifies itself as an LDC which is being treated unfairly by the developed world; (2) the success which the more independent and collective actions achieve in advancing GOB objectives; and (3) the strength which Brazil accrues as it achieves increasing economic independence deriving from a sound balance of payments position, strong foreign reserves and other measures of economic power. The evidence discussed indicates that such a trend has indeed occurred during the latest years of the Revolution for all of these reasons. Thus the GOB under Medici finds itself, based on Brazil's recent strong economic gains and possibly for the first time in recent history, in a sound enough economic position to risk conflicts with the United States. Our relations, therefore, while still friendly, are not as close as in the early years of the Revolution.

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Even if the various specific bilateral problems were to disappear, it is difficult to see a return to the balmy days of 1964-66 when Brazilian policy was inevitably considerate of US interests. There are too many areas in which Brazil feels its interests are in conflict with those of the US as the leading developed nation. The very success of its independent strategies, such as in the shipping dispute, will probably ensure more rather than less of the same to come.

This general trend of Brazilian policy since the Revolution toward independence of the US should not be regarded as surprising, as unusual for a country in Brazil's state of development, nor as necessarily disadvantageous from the standpoint of overall US interests. We should bear in mind President Medici's thoughts that as Brazil matures and develops (both US policy goals), it is inevitable that conflicts of interests will arise which will put short-run stress on long-standing international relationships. We should try to keep these conflicts in perspective, and prevent them from threatening our basic and long-term interests in this part of the Continent.

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