

INCOMING TELEGRAM *Department of State*

43

DEF 19-8 US-BRAZ

CONFIDENTIAL

84

Action

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FM AMEMBASSY RIO DE JANEIRO

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INFO RULPAL/USCINCSO

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BT

C O N F I D E N T I A L RIO DE JANEIRO 5512

SUBJECT - BRAZILIAN NAVY REQUESTS CONCERNING MAP

STATE/DEFENSE MESSAGE

1. BRAZILIAN NAVMIN HAS GIVEN CHNAVMIS BRAZIL LETTER CONCERNING DESTROYER ESCORT CONSTRUCTION AND NEW PROPOSAL FOR RETENTION AND OVERHAUL SUBMARINE HUMAITA EX-SS-262 LOANED TO BRAZIL RESULT OF 1957 LEGISLATION, CURRENTLY SCHEDULED FOR RETURN TO US CUSTODY.

2. NAVMIN ALSO PROVIDED NAVMIS WITH COPY SIMILAR LETTER ADDRESSED TO FONMIN DATED NOVEMBER 8 REQUESTING FONMIN EXPEDITE FORMAL ARRANGEMENTS THROUGH DIPLOMATIC CHANNELS (BRAZEMB WASHINGTON TO SATISFY BRAZNAV FEQUESTS).

3. TRANSLATION FULL TEXT NAVMIN LETTER BEING FORWARDED BY AIRGRAM.

4. MINNAV LETTER (A) REVIEWS BRAZNAV PLANS FOR FLEET RENOVATION BY COMBINATION IN-COUNTRY CONSTRUCTION AND SHIP LOANS FROM US

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AND THE INTEGRATION OF THESE PLANS WITH PROJECTED MAP FOR BRAZIL; (B) PROBABLE EFFECTS FULRIGHT AMENDMENT; (C) NEED FOR CLARIFICATION MAP SITUATION TO PERMIT FURTHER PLANNING; (D) DIFFICULTY OBTAINING SUBMARINE ON A NEW SHIP LOAN. THE REQUIREMENT FOR THREE OPERATING SUBMARINES CAN BE MET BY RETENTION AND OVERHAUL OF HUMAITA (EX-SS-262) NOW SCHEDULED TO BE RETURNED TO U.S. OVERHAUL TO BE IN USA PAID FOR BY ONE-HALF LINE OF CREDIT PROJECTED FOR CONSTRUCTION OF FIRST DE IN FY-67.

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5. MINNAV MAKES FOLLOWING SPECIFIC REQUESTS OF FONMIN:

"A. ARRANGE THROUGH DIPLOMATIC CHANNELS WITH THE U.S. GOVERNMENT FOR AN ANSWER TO THE BRAZILIAN GOVERNMENT'S AIDE MEMOIRE OF 8 APRIL 1966.

B. AUTHORIZATION FROM THE U.S. GOVERNMENT TO RETAIN THE SUBMARINE HUMAITA IN THE CUSTODY OF THE BRAZILIAN NAVY IN LIEU OF RETURNING IT TO U.S. CUSTODY AS PREVIOUSLY PROPOSED BY THIS MINISTRY BY LETTER 0556 OF 8 APRIL 1965.

C. APPROVAL OF THE US DOLS 5.0M LINE OF CREDIT FOR FY67 WITH AUTHORIZATION FOR USING DOLS 2.5M FOR THE SUBMARINE REPAIR COSTS AND U.S. DOLS 2.5M FOR PURCHASE OF U.S. SOURCE ELECTRONIC AND ARMAMENT COMPONENTS FOR THE FIRST BRAZILIAN BUILT DESTROYER ESCORT.

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D. REALIZE ON THE SS HUMAITA A GENERAL STRUCTURAL REPAIR AND OVERHAUL IN A U.S. SHIPYARD, EITHER PRIVATE OR GOVERNMENT. INASMUCH AS THE BATTERY AND MAIN PROPULSION PLAN OF THE SS HUMAITA ARE IN REASONABLE CONDITION, WE BELIEVE THAT ONLY A GENERAL STRUCTURAL OVERHAUL WILL BE NECESSARY AND FOR THIS WE ESTIMATE A COST OF US DOLS 2.5M AND

E. AS SOON AS THE FY 67 MAP IS APPROVED THAT THE BRAZILIAN NAVY BE ALLOWED TO FIRM UP CONTRACTS FOR THE PURCHASE OF RADARS, SONAR AND COMMUNICATIONS AND ARMAMENT EQUIPMENTS FOR WHICH WE HAVE THE SPECIFICATIONS IN HAND AND ARE PREPARED TO PLACE ORDERS."

6. USMILGRP WITH EMBASSY CONCURRENCE HAS PROVIDED FOLLOWING COMMENT TO CINCSO ON BRAZ NAV PROPOSAL: "RETENTION AND OVERHAUL OF SUBMARINE HUMAITA IS A LATE-DATE PROPOSAL WHICH CAN COMPLICATE THE FY1967 MAP. WE DO NOT KNOW IF RETENTION THIS SUBMARINE WOULD BE ACCEPTABLE TO U.S. NAVY ON BASIS OTHER REQUIREMENTS. PERHAPS THE RETURN OF THE SUBMARINE RIACHUELO SCHEDULED FOR SCRAPPING IN BRAZIL WOULD SUFFICE. IF AFFIRMATIVE, THEN FROM U.S. POINT OF VIEW AS SEEN HERE, PROPOSAL SEEMS REASONABLE. THE U.S. WOULD GET BACK ONE SUBMARINE AND BRAZIL WOULD BE ABLE TO HAVE THREE SUBMARINES IN COMMISSION PROVIDING THE NEEDED SUBMARINE OVERHAUL COULD BE ACCOMPLISHED IN THE USA WITH FINANCIAL

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CORRECTION ISSUED: 11/13/66, 12:30 a.m., HC
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IN FORM OF DOLS 2.5M CREDIT LOAN. NOTE THAT BRAZIL OFFICIALLY
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BASED ON CON-
GRESSIONAL CLIMATE RATHER THAN ON DOD/STATE
OBJECTION THE NEED.

ESTIMATE DOLS 2.5M MAY COVER THE COST BUT IF NOT BRAZNAV
UNDERSTANDS THEY WILL HAVE TO PAY CASH FOR SHORTFALLS.
IMPORTANT TO NOTE THAT ALTHOUGH INCOUNTRY CAPABILITY IS BEING
DEVELOPED FOR SUBMARINE HULL REPAIRS EXTENT OF HUMAITA
REPAIRS IS BEYOND PRESENT IN-COUNTRY CAPACITY."

7. COUNTRY-TEAM RECOMMENDS SERIOUS CONSIDERATION BE GIVEN TO
APPROVAL BRAZNAV PROPOSAL FOR RETENTION HUMAITA AS PROVIDING
ACCEPTABLE SOLUTION TO DIFFICULT PROBLEM. COUNTRY TEAM ALSO
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WITHOUT THE PROPOSED DOLS 5.0M CREDIT IN FY 1967 IT WILL LOOK TO
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PAGE 5 RUESUA 5512 C O N F I D E N T I A L
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APPARENT OMISSION. CORRECTION TO FOLLOW

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