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Rio de Janeiro  
**BRAZIL**

6. New Minister of Labor

It was reported on December 3 that Minister of Labor Arnaldo Sussekind will be appointed to the Superior Labor Tribunal and will be replaced in the cabinet by Peracchi Barcellos, ex-PSD deputy from Rio Grande do Sul. (UNCLASSIFIED)

COMMENT: Sussekind's move to the labor court has been rumored for many months. His replacement by Barcellos, a tough, seasoned politician, former Commander of the Rio Grande do Sul Brigada Militar, and ex-PSD supporter of the government in the Chamber, indicates that the government is sticking to its plan of increasing its political base through a cabinet shuffle. The new Minister of Labor is known as a supporter and long-time colleague of Minister of the Interior General Cordeiro de Farias. (LIMITED OFFICIAL USE)

7. Brazil Indicates Willingness to Accept Arbitration in Guaira Falls Boundary Dispute

Brazilian Foreign Minister Leitão da Cunha announced this week that Brazil will accept arbitration in its Guaira Falls border conflict with Paraguay (WEEKA 44). In making the announcement, Leitão da Cunha indicated that the recent incidents involving the Brazilian Cultural Mission and the Bank of Brazil in Asuncion were not important. The Brazilian offer to submit the issue to arbitration was made in a formal note to the Government of Paraguay. Following the delivery of the note, General Golbery Couto e Silva visited Asuncion for the purpose of facilitating a settlement. Before he left Brazil after the Conference, Paraguayan Foreign Minister Sepana Pastor declared that the GOP accepts arbitration as a final measure but in the meantime "we want to talk and, in order to talk, it is not necessary to have the presence of forces of any country in territory that is not yet delineated." (UNCL.)

8. Military Command Changes

Partly to contain a developing crisis over the investiture of Governor-elect Negrão de Lima (see Item 1), partly for purely administrative reasons, President Castello Branco made a large number of military command changes last week. The most significant of these was the assignment of General Jurandir Bizarria de Mamede to command the First Infantry Division and the Vila Militar, where the core of the First Army's military hardline group is located. Other key command changes related to the current political situation included the assignment of "Castellista" Major General Raphael Souza Aguiar to the First Military Region, hardlining Major General Cunha Garcia to the 9th Military Region in Mato Grosso, of Major General Manoel Carvalho Lisboa to the 2nd Infantry Division in São Paulo, and of General Dale Coutinho to the Division Artillery of the First Infantry Division. In addition, Navy Captain Sa Earp, a radical and member of the defunct Radical

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Democratic League, was summarily relieved of his command of the Navy's armament center. It is anticipated that further command changes, possibly involving some of the hardline colonels at the Vila Militar, will be announced following the investiture of Negrão de Lima.  
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9. Government Submits New Military Retirement Bill

President Castello Branco sent a new Military Retirement Bill (Lei da Inatividade Militar) to the Congress on November 19 under the thirty day provision of the Institutional Act. The bill is a very detailed legislative proposal, which among other things will increase the number of years service needed for retirement at full pay, decrease the maximum number of years an officer may spend in grade and eliminate automatic promotion upon retirement. The bill is expected to be voted by the Congress before the congressional recess scheduled to begin November 30.  
(UNCLASSIFIED)

COMMENT: This is a badly needed but very controversial piece of legislation which is not at all pleasing to military officers. Anticipation of its passage has already prompted many officers to consider immediate retirement before the new law takes effect (supposedly July, 1966). Further, the government's wisdom in submitting the bill at a time when it has a serious problem with its Armed Forces is open to question.  
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10. UNITAS VI - 10-23 November 1965

UNITAS VI terminated operations in Brazilian waters November 23, 1965. The joint anti-submarine exercises conducted by units of the U.S., Brazilian, Argentine and Uruguayan navies off the coast of Brazil demonstrated that the Brazilian Navy and anti-submarine warfare elements of the Brazilian Air Force can and do operate successfully together.

UNITAS Handclasp and Civic Action projects were executed with a high degree of success and received favorable local press reports.  
(UNCLASSIFIED)

11. Exercise "POTI"

The BAF in conjunction with the Army will conduct a Special Forces Training Exercise in Rio Grande do Norte on December 8, 9, 10 and 11. The exercise nicknamed "POTI" is designed to test the recently formed BAF Special Forces Squadron in anti-guerrilla warfare. (UNCLASSIFIED)

12. Editorial Assessments of OAS Conference Results

Mixed press reactions to the final acts of the OAS Conference represent a continuation of editorial positions taken at the outset of