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AMERICAN EMBASSY
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June 5, 1970

Inauguration of US\$76.6 million Ultrafertil Plant

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Ultrafertil's 76.6 million dollar petrochemical complex at Piaçaguera, near Cubatão (60 miles from São Paulo and five from Santos), was inaugurated on June 1st. by President Garrastazu MEDICI.

In bright sunshine, and before a select gathering of about 500 top businessmen, bankers, industrialists, military leaders and clergymen from all over Brazil, President Medici descended from his heavily guarded Brazilian Air Force helicopter, reviewed a smartly turned-out honor guard, unveiled two bronze plaques respectively commemorating the event and paying tribute to Marshal Castello Branco's Government, strode quickly to a covered podium and, with a nod, signified the inauguration ceremony was on.

Pery Igel, the dynamic Brazilian Chairman of Ultrafertil then gave a 20-minute talk on the new plant, how it came into being, who financed it, who planned and built it, and who engineered it. He paid tribute to the International Finance Corporation, to USAID and to the Phillips Petroleum Company, whose President, Mr. John Houchin, attended the ceremony, along with five other Company executives from Bartlesville, Oklahoma. Mr. Igel enhanced the role played by the "revolutionary" governments of Marshals Castello Branco and Costa e Silva, as well as by President Medici's team, all of whose Cabinets with the exception of the present Ministers of Finance, Interior and Transportation, who were travelling in the Northeast and in the US, were present. He pointed out the benefits Ultrafertil's seven-plant complex would bring to Brazil's agriculture (total daily final production: 760 short tons of ammonium

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nitrate solutions, 690 short tons of ammonium nitrate prills, 535 short tons of di-ammonium phosphate) and to the country's balance of payments by making it "self-sufficient in these all-important raw materials."

The Minister of Industry and Commerce, young and dapper Hector Vinicius Pratini de Moraes, spoke for the Brazilian Government instead of the President. He extolled the virtues of those who had made Ultrafertil possible and explained how the achievements of joint ventures benefitted Brazil and foreign private enterprise alike. He, too, mentioned agriculture and said that 90% of Brazil's farmers currently had to "get along with no phosphates."

The Army generals present were obviously pleased by the event. The ceremony was watched from afar by hundreds of citizens of nearby Cubatão, some 1,400 of whom will eventually be employed by Ultrafertil.

USAID has financed the new plant with \$14.8 million, the IFC with \$7.6 million and a group of six American insurance companies with \$23 million. IFC also owns about 12% of the capital. The IFC representative at the inauguration, Mr. John Dolin, informed the Consulate officers that both USAID and IFC were "somewhat concerned over Ultrafertil's cost management policies." He said that an IFC team would shortly be visiting São Paulo to confer with Ultrafertil's directors about the matter. He added that it was only after "some persuasion" by Mr. Pery Igel himself that IFC agreed to complete its financing for the plant.

Later at a dinner given by Mr. ^{Neg}Igel in honor of Mr. Houchin, the Consul General delivered an address (in Portuguese and English) in which he took note of Brazil's economic achievements, its climate of prosperous and orderly development, and its patent desire to pursue a course of international dependence and cooperation. One passage referred to the Ultrafertil project as a "felicitous marriage of private enterprise and governmental support, on both the Brazilian and American sides, and on the side of the international Community." On the same occasion, Mr. Igel expressed thanks to Phillips, IFC and the United States Government. However, it is not without interest that he made a point that the value of US exports in connection with the new Complex exceeded the total of USAID's financial assistance.

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Speech Given by Consul General Corrigan at
Dinner in Connection with Inauguration of
the Ultrafertil Industrial Complex in
Piaçaguera, São Paulo, June 1, 1970:

The inauguration this morning of the Industrial Complex in Piaçaguera at Cubatão marks an important milestone of Brazilian development and of Brazilian-American and general international collaboration. The managers of Brazil's economy and destinies are wise enough to know that a country as vast as Brazil, and as promising, can progress to the degree it must to satisfy the rising expectations of its growing population and to respond adequately to the challenge of history only with the help of large infusions of capital investment; and that a large percentage of this investment must come from beyond Brazil's borders. To create conditions that will attract such investment, the present Government of Brazil eschews sterile and counter-productive notions of exaggerated nationalism to embrace instead broad-gauged policies of visionary nationalism, an internationalistic nationalism, if you will, that at once is solicitous of national dignity, for it clearly lays down its own proper rules and conditions, and that militates in favor of improvement and growth. When on the threshold of the industrial revolution, my own nation chose a way or manner that led to our own development and prosperity. And our way encouraged very large investments from abroad. Similarly Brazil today is choosing its way; and its impressive recent record in respect of fiscal probity, per capita income, gross national product and exports that has been achieved under three successive revolutionary governments, suggests that this way of Brazil's is a prudent and fruitful one. It is also one the Brazilian Government seems determined to pursue. The gifted Finance Minister, Delfim Neto, declared only last week in New York: "Nos vamos fazer o desenvolvimento segundo nosso proprio modelo." And he asked rhetorically what political or economic rationalization (raciocinio) could be postulated to prove that social disorder, political intranquility and institutional paralysis would be better able to overcome traditional obstacles and generate progress and Brazilian society's well-being than discipline, political stability and the execution of an adequate economic policy.

The adequate economic policy pursued by the Brazilian Government has made possible today's important event, which is a concrete and visible

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manifestation of development and a tribute to international dependence and cooperation. The project represents a felicitous marriage of private enterprise and Governmental support, on both the Brazilian and American sides and on the side of the international community as represented by the International Finance Corporation. The Phillips Petroleum company of the United States has invested sizeable capital and provided managerial and technical expertise in the concept and construction of the new plant and in the projected marketing of the product which, incidentally, should make a valuable contribution to Brazilian agriculture, a priority area of development of the Medici Government. My Government, through the Agency for International Development, has made financing available to the tune of something over \$14,000,000. Brazilian private enterprise, with heavy infusions of capital, know-how, imagination and industry on the part of Ultrafertil and the Ultralar group, is the sine qua non of this event. And the Brazilian Government, of course, has been a key factor in the bringing of this venture to fruition. That Government's primordial interest and blessing are amply attested by the fact that the President of Brazil presided over this morning's inauguration ceremony. The Government's incentive policies, its extraordinarily successful recovery and stabilization programs since 1964, and its visionary attitudes have created the indispensable climate conducive to the investments of capital, labor and techniques which have made this great and inspiring joint effort possible. I respectfully salute these various elements, express the hope that this partnership will endure and inspire, and wish the company and all of its employees success, happiness and prosperity.

I thank you.

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