

OPERATIONS MEMORANDUM

TO: American Embassy, Rio de Janeiro DATE: October 16, 1964

FROM: American Consulate, SALVADOR

SUBJECT: ECONOMIC REPORTING: Reduction in Costs at Ports of Ilhéus and Salvador

REF: Rio's telegram 80, 10/14/64

After talks with exporters, shipping lines and port officials (for both Salvador and Ilhéus) it would appear that the most significant factor leading to reduced costs at these two ports was the post-Revolution return to payment of stevedores on a tonnage rather than cubic volume basis. Moore McCormack has prepared some comparative cost analyses:

1) A 715 ton shipment of sisal in June 1964 (prior to the return to payment by tonnage) from Salvador cost $\text{Cr} \$14,300$ per ton. A 695 ton shipment at the end of September cost $\text{Cr} \$5,600$ per ton. Neither shipment involved overtime. Both figures are total cost to the shipping line and include payment for tally clerks, coopers, wharfage and use of cranes, gratuities, watchmen and miscellaneous, in addition to stevedore charges.

2) A 5000 ton shipment of cocoa from Ilhéus in March 1964 cost $\text{Cr} \$1,763$ per bag. A recent shipment of 17,000 bags paying stevedores by weight cost $\text{Cr} \$848$ per bag. Both shipments were loaded from lighters.

There have been no port improvements at Salvador during the past year that might have led to a reduction in shipping costs. However, the Dock Company recently removed a surcharge of 15% over its normal fees that had been imposed to repay the Bank of Brazil for money lent to pay the 13th month to its employees last year.

At Ilhéus the picture is more complicated, with some difference of opinion as to the effect on costs of the improvements being carried out. Approximately one year ago, ships tied up at the docks inside the bar for the first time in 20 years. The piers are being repaired. At present they can accommodate two ships of up to 110 meters and 4000 tons each. Within four months a third pier is expected to be ready. Reportedly, ships drawing up to 13 feet can cross the bar at all times. However, most shipping lines continue to anchor their ships outside the bar and use either their own or the Dock Company's barges. For the ships willing to risk crossing the bar, the stevedoring costs per bag are lower.

A breakwater is being constructed at Ilhéus as the first step toward construction of a new port. It is not expected that this

will be finished for a number of years. In the meantime the partially completed breakwater is being utilized as an off-loading point for stevedores working on ships at anchor so that less time will be used in travelling to and from meals.

In addition to the above-mentioned factors, there is fairly general agreement that port worker efficiency improved after the Revolution. Whether this is a temporary or permanent improvement remains to be seen.

964

INJ110/15526 NIO 86 14 1500 GOVT

FROM: Embassy NIO DE JABINGO

DATE: 20, Oct. 14, 1964

1) Following telegram received from Department quote: would appreciate airgram covering previous status operations principal areas including evaluation of improvements in productivity and reduction in cost of operations for example, commercial sources report significant reduction loading costs in Ilheus with resultant restoration as important cocoa shipping point and increased efficiency in handling coffee shipments Santos and other ports which enabled shipping lines reduce freight from three dollars per bag to 2.75 unquots

2) Would appreciate your comments Ilheus port

OSBORN

Handwritten notes:
Downward help
Management

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TELEGRAM

Foreign Service of the
United States of America

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Control:

Recd: Oct. 14, 1964
3:45 pm

XNJ110/15526 RIO 86 14 1500 GOVT

FROM: AmEmbassy RIO DE JANEIRO

NO: 80, Oct. 14, 1964

1) Following telegram received from Department quote would appreciate airgram covering present status operations principal ports including evaluation of improvements in productivity and reductions in cost of operations for example, commercial sources report significant reduction loading costs in Ilheus with resultant restoration as important cocoa shipping point and increased efficiency in handling coffee shipments Santos and other ports which enabled shipping lines reduce freight from three dollars per bag to 2.75 unquote

2) Would appreciate your comments Ilheus port

GORDON

*Worley could help -
Barnwell also -*

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