

AIRGRAM

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TO : Department of State 1965 APR 26 PM 2 59

INFO : RIO DE JANEIRO, BRASILIA

DEPARTMENT OF STATE
BUREAU OF

ANALYSIS & DISTRIBUTION
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INTER-AMERICAN AFFAIRS

APR 27 1965

FROM : Amcongen SAO PAULO

DATE: April 20, 1965

SUBJECT: Permanent Group for Industrial Mobilization: Possible Establishment of a Brazilian Industrial College in

REF : Sao Paulo

Attached is a memorandum of conversation with Mr. Victorio W. R. Ferraz, President of the Permanent Group for Industrial Mobilization of the Federation of Industries in Sao Paulo. Mr. Ferraz outlined the activities of his organization in working with the Brazilian Armed Forces on military procurement. He also indicated that President Castello Branco was interested in establishing in Sao Paulo an Industrial College of the Brazilian Armed Forces.

Niles W. Bond
Minister Consul General

Enclosure: a/s

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WLWright Jr:ca

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WLWright Jr

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MEMORANDUM OF CONVERSATION

Participants: Mr. Victorio W. R. Ferraz, President of the
Permanent Group for Industrial Mobilization
of the Federation of Industries, State of
Sao Paulo
William L. Wight, Jr., Deputy Consul General
Miss Evelyn R. Hessler, Consul

Place : American Consulate General, Sao Paulo

Date : April 19, 1965

Mr. Ferraz came in to discuss with Consulate General officers the coming visit to Sao Paulo of the Industrial College of the Armed Forces. He was much interested in the trip of the U.S. group because his organization is a newly formed commission concerned with industrial mobilization and close cooperation with the Brazilian military in matters of military procurement. Mr. Ferraz said that another reason for his interest was the desire of President Castello Branco to organize a Brazilian Industrial College of the Armed Forces. President Castello Branco was said to have already spoken to the Rector of the University of Sao Paulo to inquire whether the University could set up industrial college-type courses in Sao Paulo; this proposed institution would be a branch of the Escola Superior da Guerra in Rio. I informed Mr. Ferraz that I was sure the proposed Brazilian industrial college would be of interest to our visiting delegation from the Industrial College of the Armed Forces, and that we would be pleased to cooperate in any way possible.

Mr. Ferraz mentioned that his organization had come about as a direct result of cooperation between the Brazilian armed forces and Sao Paulo industrialists during the Revolution of March 31. At that time the Brazilian forces had presented Mr. Ferraz and his colleagues with a list of urgently needed items which would enable the armed forces to move; i.e., tires, petroleum products, spare parts, trucks, buses, and other items. This cooperation had been so effective immediately prior to and after the Revolution that the Federation of Industries in May 1964 had set up a Permanent Commission of Industrial Mobilization to collaborate with the Brazilian military on government contracts, spare parts, and all types of military procurement. This is a civilian commission, all sections of which are headed by civilians, but with the participation and active cooperation of local military officers of the Police and Armed Forces who are concerned with military procurement. (There is attached a list of the senior civilian and military members of the Commission.) Under the Permanent Group for Industrial Mobilization a number of subsidiary committees have been created to cover various fields of procurement such as textiles, medicines, vehicles and parts, munitions and armaments, electrical and electronic equipment, leather and shoes, and foodstuffs.

Mr. Ferraz, in addition to his interest in industrial mobilization, outlined the activities of his commission as follows: When any of the armed forces have requirements for particular items they bring their needs to the attention of the Permanent Group. In turn, these requests are sent to associations of producers in the particular field desired, i.e., textiles for new uniforms, the pharmaceutical industry for medicines, etc. The industries' representatives then provide technical advice, work out specifications, and discuss with the military whether the needs can be fulfilled in a practical way and for a reasonable price. The military then submit invitations to bid which are circulated to interested members of the Federation of Industries in Sao Paulo and to other members of the industry throughout Brazil. According to Mr. Ferraz, this method of operation had resulted in vastly improved coordination between industry and the armed forces, and provided cheaper prices and better quality for the items purchased.

Mr. Ferraz feels that his group can be of great assistance in obtaining production by Sao Paulo industry of spare parts for the obsolete equipment which makes up much of the Brazilian armed forces' supplies. He feels also that Sao Paulo industry might supply parts and equipment to the armed forces of Paraguay, Argentina, Uruguay and Chile, who also are using obsolete equipment for which it is difficult to obtain replacement parts in the United States.

Mr. Ferraz has arranged to bring together the senior members of his Industrial Mobilization Group at a luncheon for members of the Industrial College of the Armed Forces when they arrive in Sao Paulo on May 3, 1965. He is also anxious to discuss mutual problems with them and to take the ICAF group to inspect the Cia. Brasileira de Cartuchos, a munitions plant outside Sao Paulo. He mentioned also that Sao Paulo industrialists plan to produce a Brazilian-made machine-gun which it was hoped would be procured by the Brazilian Armed Forces.

Comment: The formation of the Permanent Group for Industrial Mobilization is an interesting development, and the group appears to have done magnificent work since its inauguration in May, 1964. It is an interesting example of local private initiative which should prove advantageous to the Brazilian Armed Forces and to all concerned. The Consulate General feels that the group can make a real contribution in the Brazilian economic-military field, and that it deserves the full cooperation of the U.S. Government. Mr. Ferraz told me that he already had received material about the U.S. Industrial College of the Armed Forces, and that he was grateful for the assistance rendered him by the U.S. Army Attache in Rio.

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Encl. 2 to
A-290 from
Sao Paulo

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