

# Brazil—West Germany Demand The Right To 'Energy Independence' From The Trilateral Commission

The Brazil-West Germany agreement for a sweeping nuclear power development program in Brazil has emerged as a key battle in the Western European and Third World fight for the right to energy and economic development independent of the dying Dollar Empire. The extreme pressure tactics employed by the Carter Administration to force a renunciation — or severe dismembering — of the development pact has been met with unprecedented vocal opposition from the U.S.' two major "junior partners," Brazil and West Germany.

The Carter administration is using the issue of Brazil's refusal to sign the Non-Proliferation Treaty — and the general "protection" against nuclear proliferation — as a pretext for establishing complete U.S. control of world energy supplies and, with it, control over subject national economies. This crusade for "non-proliferation" has been denounced by European and Latin American press alike as a totally bogus issue. The International Atomic Energy Agency (IAEA) approved the deal after working out a special set of "safeguards" with Brazil, and an official spokesman for the West German government pointed out in a press conference this week that, contrary to the Carter Administration, both the Ford Administration and Soviet representatives to the IAEA had characterized the BRD-Brazil deal as a "model agreement" in terms of safeguards for technology transfer.

The importance of this treaty in terms of the strengthening of European relations with the Third World and European initiatives toward the establishment of a new monetary system is widely recognized by press outlets and political spokesmen throughout Europe. The weekly German magazine *Der Spiegel* warned Jan. 31 that "If Bonn fulfills American wishes and breaks the export agreement, they run the risk of not only damaging their prestige in Latin America: they degrade themselves in the eyes of the Third World." Capitulation to U.S. strongarming would threaten "the ability to establish Bonn as an alternative to Washington among 'Yankee-tired' Latin Americans," *der Spiegel* warned.

• As in West Germany, the great majority of Brazilian political forces — including the opposition party MDB and both rightist and nationalist military layers — are united in demanding that Brazil adhere to the terms of the nuclear program. Despite their acceptance of Wall Street austerity measures over the past years, the

Brazilians have drawn the line at the nuclear program, lambasting U.S. "interference in the sovereign affairs" of Brazil and accusing the Carter Administration of "showing its imperialist claws, by humiliating and subjecting Brazil." One congressional deputy warned Washington that "Brazil and West Germany are free and sovereign nations — not two colonies of the U.S."

Through its attempts to break the Brazil-German deal, the Carter Administration has awakened a strong reaction within Latin America which could derail the whole gamut of Trilateral Commission economic and political policies toward the Americas. Most important is the case of Argentina, which, like Brazil, has not signed the Non-Proliferation Treaty and is far more advanced in nuclear technology and "know-how." Argentina has one reactor (natural uranium-heavy water) in operation, providing 10 per cent of the country's electrical energy requirements, and the government has proposed the construction of a regional enrichment facility for the export of enriched uranium fuel.

The Argentine military magazine *Estrategia* dedicated 100 pages of its latest edition to developing the importance of nuclear energy for the development of Latin America and the Third World as a whole. Rejecting the provocative zero-growth propaganda that warns of the "dangers" that Brazil wants only to build atomic bombs, *Estrategia* presents "united front" proposals for cooperation with Brazil for energy and economic development, which severely undermine the potential for success of the Rand Corporation-scripted regional war scenarios pitting Argentina and Brazil against each other as the continent's "axis" powers that form the basis of Carter administration South American policy.

## *Westinghouse, U.S. Lost Out*

There is, no doubt, a special resentment felt by Brazil towards the Carter Administration, since Brazil first approached the U.S. to provide them with full nuclear technology and was sharply rebuffed. Westinghouse, one of the major reactor producers in the world, won the contract to build the first Brazilian reactor in 1972 at Angra dos Reis, to be fueled with enriched uranium supplied by the United States. Brazil had already deposited advance payment for the first shipment of enriched uranium when the U.S. broke its contract without explanation in July 1974. This probably cost Westinghouse future contracts, and provided a further impetus to the Brazil-West German cooperation developing since the late 1960s.

### *A Unique Agreement*

The Brazil-West German nuclear agreement is unique in the world, representing the first instance in which a highly developed country transfers the technological "know-how" required for an underdeveloped nation to build and operate a complete nuclear energy system. The program — which lasts 15 years and represents an investment of about \$15 billion (at current estimates) — will provide the technology and training for construction of up to eight 1,200 megawatt light water-enriched uranium reactors, fuel processing facilities, and the development of Brazilian heavy industry manufacture of nuclear plant components. The planned reprocessing facility is at this point the lowest priority in the program, under contracts and financing agreements signed in July, 1976, a consortium of German banks led by Dresdner Bank and Deutsche Bank will provide \$1.7 billion for construction of the first two 1,200 megawatt plants scheduled for completion in 1982 and 1984. The British-Dutch-German consortium URENCO has contracted to supply the enriched uranium for the first two plants, representing the largest single URENCO order outside of the three member countries.

The primary entities involved in the intergovernmental agreement are the Brazilian nuclear holding company Nuclebras, and the Siemens subsidiary Kraftwerke Union (KWU) in West Germany. In the last month, KWU, the other German nuclear-related firms (involved in the Brazil program), and the Dresdner and Deutsche banks have formed a consortium which will facilitate the technology transfer to Brazil, and to other Third World nations in the future. For Germany, the Brazil deal alone could generate contracts for up to 300 German firms, and provide job stability for 13,000 KWU workers.

For Brazil, the deal represents the energy potential required to pursue policies of industrial and economic development in the next decades. Brazil has extremely limited reserves of oil, and increased oil prices since the 1973 "Oil Hoax" have contributed significantly to Brazil's massive balance of payments deficit and \$28 billion-plus foreign debt. Energy specialists are concerned, as well, that the nation's hydroelectric resources will be substantially taxed by 1990, and the cost of transporting that energy from untapped areas to the industrial centers is extremely high. Brazil hopes to have 10,000 megawatts of installed nuclear energy capacity by 1990 which could substitute for the import of about 100 million barrels of oil per year, a potential savings of close to \$1 billion annually. By 2010, nuclear energy could supply 41 per cent of Brazil's total energy needs. Brazil foresees the possibility, at some future date, of exporting both nuclear fuel and reactors.

The supply of uranium will surface as a potential problem in the future; experts estimate that Brazil's limited uranium reserves will last only until the late 1980s. While Brazil is rich in the mineral thorium, no economical process of converting thorium into a usable nuclear fission fuel has yet been developed.

Five jointly owned Brazilian-West German subsidiaries of the Brazilian nuclear holding company NUCLEBRAS — West German firms are the junior

partners in all five — were created to implement the technology transfer:

*Nuclep* (Nuclebras Equipamentos Pesados SA) is charged with developing the heavy nuclear components manufacturing base, with a capacity to produce one complete set of components by 1979. The plant, representing an investment of \$150 million, will be located about 50 kilometers from Rio de Janeiro.

*Nuclen* (Nuclebras Engenharia SA) will handle design and construction of nuclear plants, and has solid contracts for the first two reactors.

*Nuclei* (Nuclebras Enriquecimento Isotopico SA) was created to build and operate the first demonstration uranium enrichment plant employing the Becker jet-nozzle process (a variety of the centrifuge system). The plant is scheduled to begin operation, according to most recent schedules in the Brazilian press, in 1982 with capacity to provide enriched uranium fuel for two 1,200 plants.

*Nustep* (Trenndüsen Entwicklungs-und Patentverwertungsgesellschaft MbH), the only subsidiary based in Germany, is charged with development of the jet nozzle technology of uranium enrichment from an experimental to commercial stage. The subsidiary holds all patents and licenses.

*Nuclam* (Nuclebras Auxiliar de Mineracao SA) was created to handle exploration and mining for uranium in Brazil.

### *Emphasis on Training*

Brazil, unlike Argentina, is lacking in trained nuclear technicians, scientists, and engineers, and has undertaken a major educational and R and D drive. In 1975, Brazilian President Geisel signed a law setting up a 10-year training program to graduate close to 10,000 nuclear technicians and engineers at an estimated cost of over \$200 million. Groups of Brazilian engineers are being sent to Germany for two-years intensive "on the job" training working on aspects of the nuclear program, while 40 German engineers are beginning training programs within Brazil. The United Nations and international Atomic Energy Agency are jointly providing \$8 million for construction of a training center, and for other training programs for nuclear facility operations.

### *The U.S. Official Position: No!*

The Carter Administration and the Trilateral Commission policymakers behind and in it are determined to break this deal for "energy independence." A major focus of Vice President Mondale's whirlwind tour to Europe immediately following Carter's inauguration was to wheedle and threaten West German Chancellor Schmidt into breaking the deal. U.S. Secretary of State Cyrus Vance shortly afterward issued a call to Germany and Brazil to "freeze" the program pending "consultations" with the Carter Administration. According to the Argentine press, Vance may go to Brazil in March. The U.S. has simultaneously offered to supply Brazil with enriched uranium in exchange for agreement not to build its own enrichment and reprocessing facilities, an "offer" loudly rejected by Brazilian press and politicians.

The unofficial content of the U.S. opposition to the nuclear development program is nothing but the Trilateral Commission blueprint for eliminating new capital-intensive energy sources in favor of low-investment, labor-intensive sources. In the November, 1976 issue of the Council on Foreign Relations publication *Foreign Affairs*, Norman Gall presents the "alternatives" to the "too costly" Brazilian nuclear energy, matching the Rockefeller Brothers Fund feudal campaign for a "solar-energy economy" in the U.S. Gall suggests that "Brazil is in an excellent position to use the photosynthetic transformation of solar energy to produce liquid and gaseous fuels like alcohol, methane, and hydrogen which are light and easily transported." Scientists, he claims, "calculate that the biomass of the Amazon (jungle) can be industrially transformed into

methane gas at a cost competitive with the current prices of petroleum"!

While both the Germans and Brazilians have indicated a (perhaps only "diplomatic") willingness to talk with the administration, there is no sign at this time that either government intends to give an inch on the deal. As the secretary general of the Brazilian opposition party MDB put it, "the energy problem is the core of independence or submission of nations." The ouster this week of Brazilian nationalist Industries Minister Severo Gomez, and consolidation of a cabinet uniformly committed to meeting drastic IMF and Wall Street austerity dictates, however, create the conditions for a future compromise on the nuclear treaty by President Geisel, who has not yet taken a public stand in the controversy with the U.S.

## Argentine Military Magazine Backs Development Of Nuclear Energy

*Following are excerpts from three articles in the Argentine military magazine Estrategia of Sept.-Oct. 1976, supporting the development of nuclear energy supplies. Estrategia is published by the Argentine Institute of Strategic Studies and International Relations.*

*"Argentina: Nuclear Plan and Foreign Pressures (Proliferation Safeguards and National Security)"*

*by Retired Division General Juan E. Gugliamelli,  
leading Argentine military strategist.*

The peaceful use of nuclear energy occupies a fundamental place in the independent economic development of Argentina, particularly in its applications in the production of electrical energy. In effect, (atomic energy) allows the substitution, with advantages, of other thermal sources that use fossil fuels, as well as complementing in an optimal way hydro-electric resources. On the other hand, the possession of scientific and technological knowledge to build nuclear explosive devices for peaceful ends constitutes a potential security reserve that cannot be underestimated or negated. Thus arises the necessity to achieve the goals and plans programmed for the decade 1975-1985 and to not miss (the opportunity of) what appears to be a future demand: to enrich uranium and reprocess the fuel to obtain plutonium that will be used in nuclear centers that are projected (for operation) on a commercial basis in the future. Only in this way will we be in a position to cooperate effectively in the development of other countries and to participate in the regional and world markets as suppliers of nuclear materials and equipment...

It is appropriate to insist on a proposal formulated in an earlier work: to reach an accord with Brazil (for) information, consultation and eventual technical cooperation in the nuclear field that, among other things,

can determine security measures with regard to possible fabrication of nuclear devices, even though these may be intended for peaceful purposes.

*"Nuclear Energy in Latin America"*  
*by Jorge Sabato and Raul Frydman, leading Argentine nuclear researchers;*  
*conclusions to their detailed survey of*  
*"Nuclear Energy in Latin America."*

What we have described provides ample evidence of the legitimacy of undertaking nuclear electric programs in Latin America, based on the necessity of assuring medium- and long-term satisfaction of energy demand. Thus, despite what sometimes appears in the press of the hegemonic countries about fantasy-ridden plans put together solely for motives of prestige or status or to disguise nuclear armaments plans, these are serious and solidly based programs. A common objective may be discerned in the plans formulated by Argentina, Brazil and Mexico: the use of nuclear electric energy not only as a means to meet electrical consumption requirements, but also as a tool to promote the technical and scientific development needed to provide an autonomous capability to make full use of their sovereignty in nuclear matters.

... Both Argentina and Brazil have emphasized achieving control over the (nuclear) fuel cycle, keystones of any autonomous nuclear electric development process.

... These coherent and rational decisions run up against the firm opposition of the hegemonic countries which, on the pretext of impeding the proliferation of nuclear arms, try at all costs to prevent the developing countries from achieving complete control over reprocessing and enrichment techniques.

... It is thus evident that protests in international forums should be complemented by dynamic programs of cooperation between the developing countries. Only