March 23, 1980

Report from the President of Nuclebrás Paulo Nogueira Batista to Foreign Minister Saraiva Guerreiro, 'Trip to Buenos Aires'

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Summary:

The document reports that the presidents of CNEN, Hervásio de Carvalho, and Nuclebrás, Paulo Nogueira Batista, had an unplanned meeting with the Argentine Foreign Minister, Pastor, which said "to consider the Brazilian-Argentine understanding [in the nuclear field] a fundamental issue for a inductive strategy of strengthening political and economic stability in the region to the extent that both countries would be in a stronger position to collaborate with their neighbors".

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RELATÓRIO ENVIADO PELO PRESIDENTE DA NUCLEBRÁS AO MINISTRO SARAIVA GUERREIRO

23 MAK 1980

2. ''ENCERROU-SE ONTEM, SABADO, DIA 22, COM A VISITA AA CENTRAL NUCLEAR DE ATUCHA I, O PROGRAMA DE CONTACTOS COM AS AU-TORIDADES DO SETOR NUCLEAR ARGENTINO. HOUVE OPORTUNIDADE PARA CO-NHECIMENTO DAS PRINCIPAIS INSTALACOES NUCLEARES DO PAIS, DESDE UNI-DADES DE TRATAMENTO MINERAL ATEH UNIDADE INDUSTRIAS EM CONSTRUCAO, COMO A USINA PILOTO DE REPROCESSAMENTO.

3. "EM TODOS OS CONTACTOS E EM QUALQUER NIVEL, PREVA-LECEU CLIMA DE GRANDE CORDIALIDADE E FRANQUEZA, INDICATIVO DO IN-TERESSE EXISTENTE EM UMA APROXIMACAO COM O BRASIL NO SETOR NUCLEAR:

4. "A IMPRENSA LOCAL DEU GRANDE DESTAQUE AA VISITA, EM TOM POSITIVO, PARTICULAMENTE NO MOMENTO DA CHEGADA DA MISSAO, DIRIGINDO O NOTICIARIO PARA AS PERSPECTIVAS DE UM ACORDO A SER ASSINADO POR OCASIAO DA VISITA PRESIDENCIAL EM MAIO PROXIMO. NA ENTREVISTA CO-LETIVA NO AEROPORTO, O PROFESSOR HERVASIO DE CARVALHO E EU RESPONDE-MOS A PERGUNTAS NESSE SENTIDO, NOS TERMOS DAS INSTRUCOES RECEBIDAS A RESPEITO DO CARATER TECNICO E PRELIMINAR DA NOSSA MISSAO. NAO SE REGISTROU , POREM, QUALQUER COMENTARIO DE CARATER EDITORIAL. 5. "A CNEA SOMENTE DIVULGOU O PROGRAMA RELATIVO AAS SUAS PROPRIAS INSTALACOES, NAO MENCIONANDO A VISITA FEITA AAS 'INDUSTRIAS PESCARMONA, EM MENDOZA,O QUE SOH FOI OBJETO DE NOTICIA-RIO NA IMPRENSA DAQUELA PROVINCIA.

6.

" FORA DO PROGRAMA PREPARADO PELA CNEA, OCCRREU, NA

CONTINUA

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(((PR-068/80 de 25.03.80))) ao M.R.E.

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OCORREU, NA SEXTA-FEIRA, 21, POR INICIATIVA DO ALMIRANTE CASTRO MADERO. UMA AUDIENCIA COM O CHANCELER PASTOR, AA QUAL COMPARECI JUNTAMENTE COM O EMBAIXADOR CARLOS DUARTE E O PRESIDENTE DA CNEN, HERVASIO DE CARVALHO. PRESENTE AA ENTREVISTA -QUE NAO FOI REGISTRADA NA IMPREN-SA - O ALMIRANTE CASTRO MADERO INICIOU A CONVERSA COM UM RELATO DO PROGRAMA DA MISSAC BRASILEIRA, CONCLUINDO COM FRASE ATRAVES DA QUAL DEIXAVA ENTENDER QUE ESTARIAM AGORA VIRTUALMENTE TERMINADOS OS CON-TATOS EM NIVEL TECNICO, CABENDO AAS CHANCELARIAS INICIA-LOS A NIVEL POLITICO-DIPLOMATICO.COM VISTAS AO ACORDO. O CHANCELER PASTCR PROSSEGUIU ACENTUANDO A GRANDE IMPORTANCIA QUE ATRIBUIA PESSOALMEN-TE A UM ACORDO NUCLEAR BRASIL-ARGENTINA NO QUADRO DE UMA POLITICA DE APROXIMAÇÃO GERAL ENTRE OS DOIS PAISES. SEM CHEGAR A AMARRAR A CONCLUSAO DO ACCRDO NUCLEAR AA VISITA DO PRESIDENTE DO BRASIL.COLO-COU SUAS OBSERVACOES SOERE O ASSUNTO CLARAMENTE NO CONTEXTO DA VI-SITA PRESIDENCIAL. PASTOR DECLAROU CONSIDERAR O ENTENDIMENTO ARGEN-TINO-BRASILEIRO QUESTAO FUNDAMENTAL NUMA ESTRATEGIA INDUSTIVA DE MAIOR ESTABILIDADE POLITICA E ECONOMICA DA REGIAO .NA MEDIDA EM QUE AMBOS OS PAISES ESTARIAM EM CONDICCES AINDA MELHORES DE COLAEO-RAR COM SEUS VIZINHOS.

7. NODIA ANTERIOR AA SNTREVISTA COM O CHANCELER PASTOR, O PROFESSOR HERVASIO DE CARVALHO INFORMARA-ME E AO EMBAIXADOR DUARTE, A RESPEITO DA DECEPCAO QUE O ALMIRANTE CASTRO MADERO LHE MANI-

FESTARA SOBRE A RELUTANCIA DA PARTE BRASILEIRA EM FALAR SOBRE UM ACORDO. NO CURSO DA AUDIENCIA COM O CHANCELER PASTOR,O PROFESSOR HERVASIO DE CARVALHO, REFLETINDO ESSA PREGCUPACAO, FEZ ALGUMAS ABERTU-RAS QUANTO AA ASSINATURA DO ACORDO. NO QUADRO DAS INSTRUCOES RECEBIDAS ,MANIFESTEI QUE AS IMPRESSOES POR MIM RECOLHIDAS SCBRE O

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RECOLHIDAS SOBRE O ANDAMENTO DO PROGRAMA NUCLEAR ARGENTINO INDICA-VAM POSSIBILIDADES CONCRETAS DE COOPERACAO QUE NOS PERMITIAM IR ALEM DE ATOS SIMPLESMENTE DECLARATORIOS, DE MENOR SIGNIFICACAO REAL NO NI-VEL DE MATURIDADE ALCANCADO_PELOS DOIS PAISES NO CAMPO NUCLEAR.

8. 'DURANTE TODA A PROGRAMACAO, CASTRO MADERO ESQUIVOU-SE DE CRIAR OPORTUNIDADES PARA CONTATOS DE MAIOR PROFUNDIDADE, ORIEN-TANDO A REUNIAO FINAL DE TRABALHO NA SEXTA-FEIRA, AAS 17 HORAS - AA QUAL SE SEGUIRIA AAS 18.30 HORAS ENTREVISTA COLETIVA AA IMPRENSA -PARA UM MERO REPASSE DA LISTA DE POSSIBILIDADES DE COOPERACAO QUE HA-VIA DEIX. DO CONOSCO NO ERASIL, POR OCASIAO DE SUA VISITA.

9. "NESSA REUNIAO DE TRABALHO, PRATICAMENTE A UNICA -NA PRIMEIRA LIMITOU-SE A MAIS DETALMES SOBRE O PROGRAMA DE VISITAS A SER CUMPRIDO - CASTRO MADERO, EM TERMOS MUITO GERAIS, DESTACCU NA LISTA INTERCAMBIO DE INFORMACOES SOBRE CONTRATOS, FORMACAO DE RECUR-SOS HUMANOS, PROTECAO RADIOLOGICA E PESQUISA EASICA. O PROFESSOR HER-VASIO DE CARVALHO MANIFESTOU-SE INTERESSADO EM CONTACTOS ENTRE A CNEM E A CNEA NO CAMPO DA PROTECAO RADIOLOGICA E NO DA PESQUISA CIENTIFI-CA, DENTRO DO QUAL DESTACOU O DA FUSAO NUCLEAR.

10. 'PARTINDO DA LISTA FORNECIDA NO RIO DE JANEIRO POR CASTRO MADERO - ALIAS DE GRANDE HETEROGENEIDADE DE TEMAS E CARACTERI-ZADA PELO DESCOMPASSO QUANTO AA FORMA E PROFUNDIDADE DE SEU TRATAMEN-TO - PROCUREI DEMONSTRAR A GRANDE CONVENIENCIA DE FAZERMOS UMA PRIMEI RA SELECAO DAQUELAS AREAS EM QUE DEVERIAMOS CONCENTRAR ATENCAO E AS-SIM OBTERMOS RESULTADOS CONCRETOS MAIS IMEDIATOS.

11. "CONSOANTE A PRECCUPACAO DE ESTABELECER UM EQUILIBRIO NA COOPERACAO, FAZENDO-A UM INTERCAMBIO NAS DUAS DIRECOES, INDIQUEI CINCO AREAS QUE ME PARECIAM MERECEDORAS DE UMA EXPLORACAO MAIS APRO-FUNDADA: 1) FORNECIMENTO PELO BRASIL DE COMPONENTES NUCLEARES PESADOS PARA ATUCHA II., 2) FORNECIMENTO PELA ARGENTINA DE TECNOLOGIA DE

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DE LIXIVIACAO EM PILHAS PARA TRATAMENTO DE URANIO., 3) '' LEASING'' PELA ARGENTINA DE CONCENTRADO DE URANIO AO BRASIL., 4) FORNECIMENTO PELA ARGENTINA DE SERVICOS DE FABRICACAO DE TUBOS DE ZIRCALOY E 5) FORNECIMENTO PELO BRASIL DE SERVICOS DE ENRIQUECIMENTO ATEH 20 PCR CENTO PARA REATORES DE PESQUISA.

12. 'AO INTRODUZIR ESSES TEMAS, DEIXEI CLARO QUE A NUCLE-ERAS NAO SE ENCONTRAVA EM BUENOS AIRES NUMA POSICAO DE VENDEDORA DE SERVICOS E MATERIAIS, MAS SIMPLESMENTE COMO INSTRUMENTO DE COOPE-RACAO BRASILEIRA COM O PROGRAMA NUCLEAR ARGENTINO. QUE COMPREENDIA-MOS E RESPEITAMOS INTEIRAMENTE OS OEJETIVOS ARGENTINOS DE MEDIO E LONGO PRAZO DE AUTONOMIA AMPLA NO SETOR - PROPOSITOS QUE ERA TAM-BEM NOSSOS- MAS ENTENDIAMOS HAVER A CURTO PRAZO POSSIBILIDADES DE COOPERACAO,QUE NOS PERMITIRIAM,A CADA UM, OTIMIZAR SEUS INVESTIMEN-TOS E REDUZIR DEPENDENCIAS DE TERCEIROS PAISES.

13. 'ASSINALEI, NESSE CONTEXTO, OS EXEMPLOS ESPECIFI-COS DOS COMPONENTES PESADOS E DO ZIRCALOY. ADIANTEI NO CASO DESTE QUE DE ACORDO COM UMA POLITICA DE FORMACAO DE ESTOQUES ESTRATEGICOS DE ZIRCALOY, SERIA PERFEITAMENTE POSSIVEL AA NUCLEBRAS ADIAR DECISOES DE INVESTIMENTOS EM CAPACIDADE DE FABRICACAO DE TUBOS ATEH QUE NOS-SAS NECESSIDADES CRIASSEM UMA ADEQUADA ESCALA DE MERCADO. VIA, ASSIM, NESSE CASO, UMA OPORTUNIDADE DE COMPLEMENTACAO PROVISORIA COM A ARGEN TINA, EM PRINCIPIO DE NOSSO INTERESSE.

14. ''DESSA MESMA FORMA ,ASSINALEI ESTARMOS EM CONDICOES DE FORNECER COMPONENTES PESADOS PARA O SISTEMA PRIMARIO DE ATUCHA II, EVITANDO INVERSOES PREMATURAS PARA FABRICACAO DESSES COMPONENTES NA ARGENTINA,PARTICULAMENTE QUANDO NAO SERAH DEFINIDO ANTES DE 3 A 4 ANOS QUAL A TECNOLOGIA DA CENTRAL SEGUINTE AA ATUCHA II QUE PODERAH VIR A SER DO TIPO CANDU,COMO EMBALSE. OS INVESTIMENTOS NAS INDUSTRIAS PESCARMONA -FEITOS ALIAS SEM UM PLANEJAMENTO GLOBAL-PARECERIAM,POR OUTRO LADO,ATRASADOS PARA ATENDIMENTO DO CRONOGRAMA

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ATENDIMENTO DO CRONOGRAMA DE ATUCHA II, CUJA ENTRADA EM OPERACAO CAS-TRO MADERO CONFIRMOU ESTAR PREVISTA PARA 1987, SEM MAIOR FLEXIBILIDA-DE EM VIRTUDE DAS EXIGENCIAS DO MERCADO DE ELETRICIDADE.

15. 'CASTRO MADERO PARECEU-ME NAO ESTAR PREPARADO PARA UMA DISCUSSAO, AINDA QUE EXPLORATORIA, SOBRE AS COLOCACCES QUE LHE FIZ. POR ESSA RAZAO, SUGERIU QUE TRANSFORMASSEMOS A SESSAO FINAL DE TRABALHO DAS DELEGACOES NUMA REUNIAO RESTRITA COMIGO E COM O PRO-FESSOR HERVASIO DE CARVALHO. NESSA REUNIAO, ACERTAMOS, POR MINHA SU-CESTAO, QUE O PROXIMO PASSO SERIA A CONSTITUICAO DE UM GRUPO DE TRA-BALHO PARA DEFINIR ''DIRETRIZES'' A SEREM APLICADAS, EM CADA UMA DAS AREAS SELECICNADAS, AA FORMULACAO DE CONVENIOS E CONTRATOS. ESTES INSTRUMENTOS SERIAM DISCUTIDOS E NEGOCIADOS APOS A APROVACAO DAS 'DIRETRIZES'' PELOS GOVERNOS E A ASSINATURA DE UM ACORDO QUADRO. A PARTIR DAS DIFICULDADES EM QUE AINDA SE ENCONTRA CASTRO MADERO FARA FECHAR NA SEMANA ENTRANTE AS NEGOCIACOES COM A RFA SOBRE SALVAGUAR-DAS E NAS DUAS SEMANAS IMEDIATAMENTE SEGUINTES OS CONTRATOS COM A KWU FICOU ENTENDIDO QUE O GT SE REUNIRIA DENTRO DE UMAS 4 SEMANAS, PROVA-VELMENTE NO BRASIL E QUE, DEPENDENDO DO RITMO DOS TRABALHOS, SUAS CON CLUSOES PODERIAM ESTAR DISPONIVEIS ANTES DA VISITA PRESIDENCIAL, PER-MITINDO EVENTUAL ASSINATURA DE ACORDO QUADRO NA OCASIAO. ESSA CONSLU-SAO SOBRE O PROSSEGUIMENTO DOS CONTACTOS FOI TRANSMITIDA, EM FORMA SINTETICA, AA IMPRENSA, PELO PROPRIO CASTRO MADERO NA ENTREVISTA CO-LETIVA OUE SE SEGUIU.

16. "NO JANTAR QUE CFERECEU AA DELEGACAO BRASILEIRA NA MESMA NOITE DE SEXTA-FEIRA, CASTRO MADERO DISSE-ME ESTAR CONTENTE COM OS RESULTADOS DA VISITA E QUE COMPREENDIA A. NECESSIDADE DE AGIR-MOS COM CUIDADO NA PREPARACAO DA COOPERACAO NUCLEAR COM O BRASIL.TE-MA QUE REITEROU CONSIDERAR DA MAIOR IMPORTANCIA. DEU-ME A ENTENDER QUE, NAO OBSTANTE O GRANDE APOIO QUE EXISTE NA ARGENTINA PARA ESSA POLITICA, HAN NECESSIDADE DE UM TRABALHO MAIOR PARA VENCER AS RESIS-TENCIAS DOS QUE AINDA NAO TEM ESSA VISAO.

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17. "FICOU-ME, DE TUDO ISSO, A IMPRENSSAO DE QUE CASTRO MADERO CONTA APENAS COM RESPALDO GOVERNAMENTAL PARA UM ACORDO DE TIPO DECLARATORIO, MAS QUE NECESSITA DE ''LUZ VERDE'' PARA UM FROGRAMA MAIS

CONCRETO EM QUE SE EVIDENCIARAH INEVITAVELMENTE NAO EXISTIR A DECAM-TADA SUPERIORIDADE ARGENTINA NO SETOR NUCLEAR. A VIAGEM QUE AGORA ENCERRAMOS PARECE TE-LO CONVENCIDO DE QUE REALMENTE NAO ESTAMOS PREPARADO PARA UM ENTENDIMENTO APENAS NESSE NIVEL POLITICO, ONDE OEVIAMENTE OS ARGENTINOS COLHERIAM AS MAIORES VANTAGENS, SOBRETUDO DE CURTO PRAZO, ATEH A CONCLUSAO DAS NEGOCIACCES SOERE SALVACUARDAS COM A RFA E COM A PROPRIA AIEA.

18. ''NESSA CONVERSA, CASTRO MADERO DISSE-ME QUE ESPERA MANDAR DENTRO DE 3 A 4 SEMANAS UMA PROPOSTA DE DIRETRIZES E QUE GOSTARIA DE RECEBER A NOSSA ANTES DA REUNIAO DO GT.

19. 'EM RELATORIO DE CARATER MAIS TECNICO,A SER ELABO-RADO NO REGRESSO AO BRASIL,TENTAREMOS FAZER UMA AVALIACAO DO PRO-GRAMA NUCLEAR ARGENTINO.

20. "A EMBAIXADA, PELO SEU TITULAR, EMBAIXADOR CARLOS DUARTE, E PELA PRESENCA NAS VISITAS DO SEGUNDO SECRETARIO EDUARDO DOS SANTOS E DO ADIDO CIVIL PEDRO VERRASTRO, ACOMPANHOU DE PERTO A MISSAO, PRESTANDO-LHE INESTIMAVEL AJUDA EM TODOS OS MOMENTOS, SEM OFERECER, ENTRETANTO, COM ESSA PARTICIPACAO, QUALQUER OPORTUNIDADE DE DISCUSSOES FORA DO AMBITO TECNICO PRESCRITO AA MISSAO.

21. EM TEMPO, INFORMO QUE A ARGENTINA, SEGUNDO CASTRO MADERO, JAH DECLAROU AOS EUA QUE NAO ACEITA ''DE FACTO FULL-SCOPE SAFEGUARDS'' DO TIPO QUE TAMBEM FORMA PROPOSTAS AO BRASIL NO ''NON-PAPER'' DE SETEMBRO DE 1979. NO TOCANTE AA RFA, DISSE-ME CASTRO MADERO ESTAR EM DIFICULDADES PARA ACEITAR QUALQUER COISA QUE VAH ALEM DAS REGRAS DO GRUPO DE LONDRES. ADMITIU QUE PODERIAM VIR A RATIFICAR O TRATADO DE TLATELOCO, O QUE FARIAM PROVAVELMEN-TE COM AS MESMAS RESSALVAS FEITAS PELO ERASIL.

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PELO ERASIL. EM BONN, POR OCASIAC DA COMISSAO MISTA CIENTIFICO-TEC-NOLOGICA. SOUBE PELO SECRETARIO DE ESTADO HUNSCHILD QUE UMA DAS IDE-IAS A SEREM PROFOSTAS AOS ARGENTINOS ERA UMA DECLARACAO UNILATERAL ALEMAN, CUJO FORMATO NAO ME FICOU CLARO, A RESPEITO DA EXISTENCIA DE ''FULL-SCOPE SAFEGUARD DE FATO NA ARGENTINA, DECLARACAO AA QUAL ESTE 'AIS NAO OBJETARIA. COM ESSA FORMULA, PENSAVAM EM EONN PODER CONTOR-NAR A RECUSA ARGENTINA EM FIRMAR UM DOCUMENTO SOBRE FULL-SCOPE SAFE-GUARDS DE FATO. PAULO NOGUEIRA BATISTA''.

SECRETO

23 MAR 1980

Report sent to the Minister of Foreign Affairs Subject: Trip to Buenos Aires 03.23.80

Secret

Report Sent by the President of Nuclebrás to Minister Saraiva Guerreiro March 23rd, 1980

2. Yesterday, on Saturday the 22nd, the agenda of contacts with Argentine officials on nuclear affairs ended with a visit to Atucha I Nuclear Power Plant. We had the opportunity of getting to know the country's main nuclear facilities, from the mineral treatment plants to industrial units under construction, such as the pilot reprocessing plant.

3. During all conversations, at all levels, there was great cordiality and frankness, a sign of Argentinian interest in getting acquainted to Brazil on nuclear affairs;

4. Local media covered the visit with great and positive visibility, in special at the mission's arrival, focusing the news on the perspectives of an agreement to be signed during the Presidential visit next May. On the press conference at the airport, Professor Hervásio de Carvalho and I answered questions on such topic, according to the instruction received on the technical and preliminary aspect of our mission. However, no editorial comment was registered.

5. CNEA has only publicized the visits to its own facilities, and it has not mentioned the visit we have paid to Pescarmona Industries in Mendoza, which was only commented by local news.

6. On Friday the 21st, there was a meeting with Chancellor Pastor on Admiral Castro Madero's initiative, which was not scheduled by CNEA, to which I, Ambassador Carlos Duarte and President of CNEN Hervásio de Carvalho were present. During the meeting - which was not covered by the press - Admiral Castro Madero started by informing the schedule for the Brazilian mission, and concluded with a sentence that led us to understand that all discussions at technical level were virtually over, and that it was the Foreign Ministries' duty to start such conversations with the purpose of executing an Agreement at political_diplomatic level. Chancellor Pastor was next and highlighted the great importance he personally gave to an Agreement between Brazil and Argentina on nuclear affairs, which suited a larger picture of proximity between the two countries. Although the execution of an Agreement during the visit by the Brazilian President was not assured, he made his personal observations regarding such presidential visit. Pastor declared to consider the Brazilian-Argentinian agreement a fundamental issue within a strategy for more political and economic stability in the region, as both countries would be in even better conditions to collaborate with its neighbors.

7. The day before the meeting with Chancellor Pastor, Professor Hervásio de Carvalho had informed me and Ambassador Duarte about the disappointment expressed by Admiral Castro Madero regarding Brazil's reluctance in discussing an Agreement. During the meeting with Chancellor Pastor, Professor Hervásio de Carvalho cited the execution of an Agreement, in response to such worries.

Within the instructions received, I said that the impressions I had on the development of the Argentinian nuclear program pointed to concrete possibilities of cooperation, which allowed us to move on from meaningless declarations of the countries' maturity level.

8. During all the events, Castro Madero avoided opportunities to deepen contacts, making the final working meeting on Friday at 5 pm - followed by a press conference at 6:30 PM - a simple review of the list with possible cooperation areas that he had already left us during his visit to Brazil.

9. In this working meeting - basically the only one - the first conversation was limited to more details on the schedule - Castro Madero, generally highlighted the exchange of information on contracts, staff training, radiological protection and basic research. Professor Hervásio de Carvalho showed interest in putting CNEN and CNEA in contact regarding radiological protection and scientific research, in which he emphasized the nuclear fission.

10. From the list given by Castro Madero in Rio de Janeiro - by the way, with highly heterogeneous topics and characterized by the abyss between form and depth - I

tried to demonstrate how convenient it would be to first select those areas to which give more attention and therefore get more immediate concrete results.

11. In accordance with the intention of establishing a balanced cooperation, as a two-way exchange channel, I named five areas that I believed to be worth giving more attention to: 1) Brazilian supply of heavy nuclear components to Atucha II; 2) Argentinian supply of leaching technology for batteries to treat uranium, 3) Argentinian "lease" of yellowcake (uranium concentrate) to Brazil; 4) Argentinian manufacturing of zirconium alloy tubes; and 5) Brazilian services for research reactions, by enriching uranium up to 20%.

12. When introducing such topics, I made clear that Nuclebrás was not in Buenos Aires as a service and material vendor, but simply as an instrument of the Brazilian cooperation towards Argentina's nuclear program. I said we completely understood and respected their medium and long term goals of a broad autonomy in that field which was also one of our goals - however, we foresaw possibilities of short-term cooperation, which would allow both countries to optimize its investments and reduce dependency on third parties.

13. In this context, I pointed out the specific examples of heavy components and zirconium alloy. I said that in this case, according to a Zirconium alloy strategic stock policy, it would be perfectly possible for Nuclebrás to postpone investment decisions on tube manufacturing until our needs generated an adequate market scale. So, in this case, I envisioned a possible temporary complementary opportunity with Argentina, based on our interest.

14. Therefore, I signaled that we are capable of supplying heavy components to Atucha II's primary system, avoiding premature inversions to manufacture those components in Argentina, especially since the core technology to be used at Atucha II - which can be CANDU-type, such as Embalse Nuclear Power Plant - may only be decided in 3 or 4 years. The investments in Pescarmona Industries - by the way, without a global planning - seemed to be too delayed to answer to Atucha II schedule, whose operation is estimated for 1987, as confirmed by Castro Madero, and had little flexibility due to the energy market requirements.

15. Castro Madero did not seem to be prepared for a debate on the matter I talked about, even at exploratory level. For such reason, he suggested we transformed the delegation's last working session in a closed meeting with Professor Hervásio de Carvalho and me. In this meeting, we agreed that the next step would be the creation of a working group to define "guidelines" to be applied to each one of the selected areas, to create covenants and contracts - as I had suggested. Those instruments would be discussed and negotiated after the governments had approved the "guidelines" and signed a framework agreement. Next week, Castro Madero has problems to solve with the FRG on safeguards negotiation, and in the

immediately two following weeks regarding KWU contracts, so we agreed that the Working Group would meet in about 4 weeks, probably in Brazil and, depending on the pace, conclusions may be available before the Presidential visit, which may enable the execution of an agreement then. In the press conference that followed, Castro Madero briefly informed the press on the decision to maintain conversations open.

16. At the dinner offered to the Brazilian delegation on Friday night, Castro Madero told me he was happy with the visit's results and he understood our need to be cautious when preparing the cooperation with Brazil, which he reinforced to be a topic of the highest importance. He hinted that notwithstanding the great support this policy receives in Argentina, they needed to work more to convince those who do not support the idea yet.

17. After all of this, I had the impression that Castro Madero only has governmental support for a declaratory agreement, but he needs "green light" for a more concrete program that will inevitably show that the amazing Argentinian nuclear superiority do not exist. The trip that has just finished seems to have convinced him that we are not really ready for an understanding solely at political level - where the Argentine advantage is obvious, especially in the short term - until safeguards negotiations with FRG and IAEA are concluded.

18. In this conversation, Castro Madero told me he expected to send us a guideline proposal in 3 or 4 weeks, and he wished to receive ours before the working group meets.

19. On a more technical report to be made when we return to Brazil, we shall try to assess the Argentinian Nuclear Program.

20. The Embassy, through Ambassador Carlos Duarte and the presences of Second Secretary Eduardo dos Santos and civil attaché Pedro Verrastro, has closely accompanied our mission, and they were of inestimable help at all moments, without, however, giving any opportunity of discussion outside the mission's technical scope.

21. I also inform that according to Castro Madero, Argentina has already declared to the US that it does not accept "De facto full-scope safeguards" similar to those proposed to Brazil in the "non-paper" presented in September 1979. Regarding FRG, Castro Madero told me it is difficult to accept anything more than the Group of London rules, he admitted they might ratify the Treaty of Tlatelolco with the same reservations Brazil has.

On behalf of Brazil, in Bonn, during visit of the joint scientific-technological commission, I heard from Secretary of State Munchild that one of the proposals to Argentina was a German unilateral statement, whose format was not clear to me, regarding the existence of "de facto full-scope safeguards" in Argentina, a statement that would not be objected to. With this, Bonn believed it was possible to somehow make Argentina agree with signing a "de facto full-scope safeguard" document.

Paulo Nogueira Batista

March 23rd, 1980