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Folder Title:

POTUS [President of the United States]-Travel (Venezuela, Brazil, Argentina, October 13-18, 1997): Background Papers, Brazil

Staff Office-Individual:

Inter-American Affairs

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Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. briefing paper	Handbook for Brazil, October 1997 (20 pages)	ca. 10/1997	b(7)(E)
002. briefing paper	Brazil: UNSC Reform (1 page)	ca. 10/1997	P1/b(1)
003. briefing paper	Brazil: Brazilian Economic and Financial Situation (1 page)	ca. 09/1997	P1/b(1)
004. briefing paper	Brazil: Counternarcotics (1 page)	ca. 09/1997	P1/b(1)

COLLECTION:

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FOLDER TITLE:

POTUS [President of the United States]-Travel (Venezuela, Brazil, Argentina, October 13-18, 1997): Background Papers, Brazil

2009-1155-F
ke2447

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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BRAZIL: BRASILIA - RECEPTION AT FOREIGN MINISTRY

After arrival in Brasilia and prior to the State Dinner with President Cardoso, you will attend a reception at the Foreign Ministry, where some remarks are expected. (Formal arrival ceremonies will be the next day.)

This event will be at the open-air, third-floor reception area of "Itamaraty Palace", headquarters of the Foreign Ministry. Approximately 800 guests are expected.

Background

Itamaraty Palace derives its name from the historic building in Rio de Janeiro in which the Ministry was housed prior to creation of Brasilia. Itamaraty is also the term used to refer to Brazil's Foreign Ministry and its highly respected corps of diplomats.

Designed by Oscar Niemeyer, as part of the city's overall architectural ensemble, its distinctive features include a succession of exterior arches, interior gardens designed by the internationally-renowned landscape architect Burle Marx (who also designed the gardens of the U.S. Embassy), and a reflecting pool surrounding the building from which rises Bruno Giorgi's sculpture "Meteor."

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BRASILIA: FOREIGN MINISTRY (ITAMARATY) RECEPTION

After arrival in Brasilia and prior to the State Dinner with President Cardoso, you will attend a reception at the Foreign Ministry. Your car will be met outside Itamaraty Palace (the Foreign Ministry) by Ambassador Frederico Araujo, Chief of Protocol. He will escort you to Foreign Minister Luiz Felipe Lampreia's office, where you and Mrs. Clinton will meet with President Fernando Henrique Cardoso and Mrs. Ruth Cardoso, the Foreign Minister and his wife, Lenir Lampreia. Your group will include Secretary of State Albright, Special Envoy McLarty, National Security Adviser Berger and Ambassador Melvyn Levitsky and Mrs. Joan Levitsky. You will chat informally for about 10-15 minutes.

Both Presidents and their groups will then be escorted upstairs to a reception where you will greet some of the 300-500 guests (a mix of Members of Congress, the diplomatic corps, government officials and private sector leaders). Then you will work a ropeline as you exit. (The third floor reception area is an open-sided, covered pavilion.)

Following the ropeline, you will depart for the State Dinner.

Background

Itamaraty Palace derives its name from the historic building in Rio de Janeiro in which the Ministry was housed prior to creation of Brasilia. Itamaraty is also the term used to refer to Brazil's Foreign Ministry and its highly respected foreign service.

Designed by Oscar Niemeyer, as part of the city's overall architectural ensemble, its distinctive features include a succession of exterior arches, interior gardens designed by the internationally-renowned landscape architect Burle Marx (who also designed the gardens of the U.S. Embassy), and a reflecting pool surrounding the building from which rises Bruno Giorgi's sculpture "Meteor."

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BRAZIL: DINNER AT THE PRESIDENTIAL PALACE

You and Mrs. Clinton will be met at your car by a Brazilian protocol officer who will escort you to the door of the Alvorada Palace, where President and Mrs. Cardoso will welcome you to their residence. There will be a photo-op with the press pool (which will then be dismissed until the after-dinner entertainment). The Cardosos will walk you to their guest book (you will sign but are not expected to write any comments).

The Cardosos will then take you up a ramp into position for the receiving line. Approximately 50 guests, who have been waiting in the library until your arrival, will go through the line, after which you will proceed to the dining room.

President Cardoso will offer a toast in your honor and you will toast your hosts. The party will then move to the backyard, by the swimming pool, for coffee and liqueurs and 20 minutes of Brazilian music performed by Caetano Veloso. Shortly thereafter, you will depart the Palace.

Background

Oscar Niemeyer designed the Palace of the Alvorada ("Dawn"), the first building in the new capital, which was inaugurated on June 30, 1958, by President Kubitschek. As you enter the Palace, you will see on the wall above the guest book an excerpt from Augusto Frederico Schmidt's poem in honor of Kubitschek:

"From this central plateau, this solitude which soon will be transformed into the brain of high national decisions, I turn my eyes once again to the tomorrow of my country and foresee this dawn with unbreakable faith in its great destiny."

The Cardosos may point out to you certain pieces of 17th- and 18th-century Brazilian furniture mixed with modern masterpieces, including a tapestry by the renowned Brazilian painter Di Cavalcanti. The gardens were designed by the Japanese architect Ioshi Aikuawa, with brazilwood (a dye from its bark was the first product sent back to Europe and gave the country its name), coconut, bamboo, royal palms, cibipiruna, aracaurias, azaleas, jasmine, roses and hibiscus. The Chapel is dedicated to Our Lady of the Dawn.

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POTUS 10/12-19 TRIP PUBLIC STATEMENTS

BRAZIL: STATE DINNER TOAST

{NB: The dinner will be hosted at the Official Presidential residence, the Palacio da Alvorada (Palace of the Dawn), which was the first building to be completed in Brasilia in 1958 and has become the symbol of the city. The Palace contains many works of art and sculpture by renowned Brazilian artists. The dinner will be attended by prominent Brazilians and will feature outstanding entertainment. There may be a saxophone available for the President to play if he desires.}

Mr. President, Hillary and I want to thank you for this magnificent dinner and for the fine music and entertainment. Brazilian music has been popular in the United States for generations. I have for many years been a fan of Brazilian music and of its derivatives in our own music. But there is no substitute for hearing Brazilian music, played by Brazilians, in Brazil. I will always remember and appreciate these performances tonight in the beautiful *Palacio da Alvorada*, the Palace of the Dawn.

I am told that when the internationally renowned architect Oscar Niemeyer designed this building, he intended it to be the symbol of Brasilia, which was itself to be the symbol of a new Brazil. Appropriately, we are in this inspiring setting not only to renew old friendships and acquaintances, but to chart a new course for our two countries, a course that will be marked by even closer bilateral relations and better cooperation that will

lead us into the future. I would like to pay tribute to the future of that relationship with a toast.

I would also like to pay tribute to my good friend Fernando Henrique Cardoso. President Cardoso's visionary management of Brazil's economy and the implementation of the Real (Ray-ahl) Plan has produced one of the most remarkable economic transformations in history. His positive leadership has been a force in the strengthening of our bilateral relations, and in Brazil's taking its place on the world's stage as a key player in global affairs. The respect Brazil has gained over the past several years is matched by the respect of all the world's leaders for this remarkable man. President Cardoso, I salute you.

Finally, let me just say that our two countries share many things in common: our vast territories filled with enormous natural resources and scenic treasures; our multicultural roots, which bring people of all races, creeds, and colors, together to find strength from diversity; our immigrant heritage, which permitted people from many lands to begin new lives in the New World. This is the place for celebrating the unity we feel as Brazilians and Americans, who have shared so much in the past, and are intent on helping each other to enjoy the fruits of a better future. I offer a toast to a long and warm friendship between our countries.

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BRASILIA: AIRPORT ARRIVAL

Upon arrival you will be met by U.S. Ambassador Melvyn Levitsky and the Brazilian Chief of Protocol, Ambassador Frederico Araujo. They will escort you to a waiting motorcade which will proceed directly to the Ambassador's residence. Formal arrival ceremonies will be held the following morning at the Presidential Offices in the Planalto Palace. Also, there will be a reception and State Dinner the evening of your arrival.

Background

Brasilia International Airport is located at the south end of Lake Paranoa, approximately six miles from the city. The decision to build a new capital was taken to encourage the opening of Brazil's vast hinterland, much as the U.S. moved westward. The airport was probably the first construction in Brasilia. As authorities flew over the area searching for the best location to build the planned city, they first selected a likely airstrip to land. Later they improved the airstrip to bring in heavy equipment to build the city.

Currently, there are no American flag carriers operating from Brasilia. At present, only Transbrasil flies direct flights to the U.S. (Miami and Washington, D.C.) from Brasilia.

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POTUS 10/12-19 TRIP PUBLIC STATEMENTS

BRAZIL: ARRIVAL REMARKS

I am here to affirm a new relationship with a new Brazil. Since the year of Brazil's independence through our wartime alliance, through our move together to this new capital, our countries have had a close and important relationship -- but never as close or as important as today.

I have enormously enjoyed my association with President and Mrs. Cardoso, and Hillary and I now want to use this opportunity to see the country and meet the people which have had such a large impact on this hemisphere and the world.

You will be witnessing the close and multifaceted nature of our relationship when we sign a number of agreements which will improve our abilities to work together in areas of mutual interest.

None of these will be more important than the Education agreement. This reflects the subject which has been at the top of both administration's lists of priorities because our children are our future. Neither the U.S. or Brazil will succeed in our concrete goals or fondest dreams if we do not do a better job of preparing our citizens for the 21st century.

Over the next few days, Brazil and the United States will have the opportunity to advance our shared interests on many fronts:

As "guarantor" nations under the Rio Protocol of 1942, Brazil and the U.S., along with Chile and Argentina, are engaged militarily as observers to keep the Peruvian-Ecuadoran border calm, and diplomatically to facilitate talks between Peru and Ecuador which will lead to resolution of this long-lasting border dispute.

As fellow victims of narco-trafficking, we work increasingly together to stem the flow of drugs which corrupts our societies and poisons our youth.

We seek to lower barriers to trade and investment, welcoming the contributions of Mercosul and looking forward to the Free Trade Area of the Americas.

We are partners in working with other nations to help curb the proliferation of weapons of mass destruction. Equally important, Brazil serves as a model, demonstrating that the path to development, influence, and prosperity does not lie in the pursuit of such weapons.

We applaud Brazil's participation in UN observer missions and peacekeeping operations around the world and are grateful for Brazil recently hosting a successful multilateral peacekeeping command post exercise involving U.S. military in Rio.

We are partners in a host of bilateral and multilateral programs dedicated to environmental preservation and sustainable development, so that we all can prosper while exercising responsible stewardship over God's gifts to us.

Again, we look forward to experiencing the beauty and vitality of Brazil and to strengthening the bonds of friendship between our two countries.

POTUS 10/12-19 TRIP PUBLIC STATEMENTS

BRAZIL: STATEMENT FOR JOINT PRESS CONFERENCE

President Cardoso and I have just concluded extremely fruitful discussions on a wide range of issues affecting relations between the U.S. and Brazil. I have an outstanding working relationship with President Cardoso, dating back to when we first met at the Summit of the Americas in Miami, which has broadened and deepened since his state visit to the United States in April 1995 and in our subsequent meetings and conversations. I have the highest professional regard for President Cardoso, and these highest professional regard for President Cardoso, and these talks have opened for us a personal dialogue which will, I am sure, serve us well in the future as new issues arise.

Brazil is a key economic and political partner for us, both in the hemisphere and globally, on such issues as nonproliferation, security and peacekeeping, counternarcotics, human rights, and the environment.

Together we have made great strides in building international consensus needed to make progress on many of these issues and I look forward to continuing our close collaboration.

I am particularly proud of our new joint initiative with brazil in the field of education. Under the memorandum of

understanding signed today, we agreed to work together to enhance the application of technology in education, strengthen educational standards, increase the professionalism of educators, and expand educational exchanges between our two countries.

We will also be formalizing agreements in the areas of law enforcement, nuclear cooperation, space cooperation, and the environment.

U.S. Brazilian relations are excellent. The level of engagement between our two countries has never been higher, and has never been better.

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BRAZIL: MEETING WITH CONGRESSIONAL LEADERS

You will be met at your car by a Brazilian protocol officer who will escort you to the door of the "Salao Negro" (Black Reception Hall), where you will be joined by Antonio Carlos Magalhaes, President of the Senate (and the Congress), and Michel Temer, President of the Chamber of Deputies. You will walk with them to the "Salao Nobre" (Noble Reception Hall), where the Senate keeps a small collection of historical artifacts preserved from its previous location in Rio. You will greet the Presidents of the two chambers and the party leaderships (a total of 12-15 Deputies and Senators). Senator Antonio Carlos Magalhaes, an important national political figure, and Deputy Michel Temer will make brief welcoming remarks and you will respond (3-5 minutes). After this exchange, a press pool would be allowed in for a photo opportunity (signing the guest book, shaking hands). You will then depart.

Background

Brazil's Congress has been meeting since April 1960 (except for a short period during the 1964-1985 military governments) in landmark buildings designed by Oscar Niemeyer. City planner Lucio Costa symbolically located the Congress between the Executive and Judicial branches on the Plaza of the Three Powers.

Brazil is a republic, with 26 states and the Federal District of Brasilia. There are 81 senators, three for each state and the Federal District, popularly elected to 8 year terms. The 513 representatives, also popularly elected, serve for four years.

Fifteen political parties are represented in the Congress and they vary across the spectrum. President Cardoso was elected with the support of an alliance of his own center-left Social Democratic Party (PSDB) and two center-right parties, the Liberal Front Party (PFL) and the Brazilian Labor Party (PTB). Brazil's largest party, the centrist Brazilian Democratic Movement Party (PMDB) joined the governing coalition after the election, as did the center-right Brazilian Progressive Party (PPB). Weak party discipline and lack of ideological coherence among and within the coalition parties means that deputies and senators do not always vote with the administration. As a result, President Cardoso, who received 54% of the vote in the 1994 election, has had difficulty putting together sufficient support for many of his legislative programs, even though his coalition parties hold an overwhelming majority of congressional seats.

President Cardoso has an ambitious legislative agenda pending before the Congress, including constitutional amendments for administrative and civil service, tax regime, and social security

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reform. This legislation is critical to sustain Brazil's economic reform program. Other issues of particular interest to the U.S. include Congressional ratification of the Nuclear Non-Proliferation Treaty (NPT) and the Test Ban Treaty (CTBT), and legislation concerning money laundering, drug interdiction, software copyright and others. Also, agreements to be signed during your visit (such as the Mutual Legal Assistance Treaty, the Nuclear Cooperation Agreement, the Space Station Agreements) will need congressional approval.

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POTUS 10/12-19 TRIP PUBLIC STATEMENTS

BRAZIL: REMARKS TO EMBASSY STAFF

We appreciate the excellent and tireless work of the entire Embassy team -- Americans and Brazilians alike, and especially want to recognize the important contributions of the Foreign Service Nationals who provide an invaluable link to Brazil, vital local knowledge and continuity in Embassy operations.

We value your efforts and the concrete achievements of your work that we are emphasizing on this visit: the establishment of the sister park agreement between the Everglades National Park and the Pantanal National Park; the forging of the U.S. -- Brazil Education Partnership; the critical role of the Embassy in the Peru-Ecuador dispute, working closely with the Brazilian government to fulfill our role as guarantor nations to maintain peace on the border and to seek a lasting settlement to this long-standing dispute.

Your willingness to work long hours to advance our nation's interest in Brazil is a vital contribution. You are on the front line of important issues of international cooperation in removing barriers to trade and travel. Relations between our countries are better than ever, and you have been an important part of this improvement. We appreciate your commitment to service that calls for you to spend long periods of time outside the U.S., away from your families and friends. We want to say thank you to the spouses and children of our employees who, contrary to the prevailing myth, do not enjoy a glamorous life abroad. Whatever path you choose, whether to tend to family responsibilities at home, to work in volunteer community activities or to work in the Embassy in positions away from your chosen professions, we recognize and thank you for your loyalty, commitment and sacrifices.

And to the young people who are with us today, I hope you will remember that your experiences abroad are an invaluable opportunity for you to know and experience our new global community. The presence here today of American, Brazilian and international students from the American School (EAB) is a vivid reminder that the children are showing us in their daily example of living and studying together the way to the 21st Century, what the global community can be and what we hope it will become.

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BRASILIA: MEETING WITH EMBASSY STAFF

You will meet with Embassy staff, their families and children (American, Brazilian, and internationals) from the American School in Brasilia. An estimated 500 persons will be assembled. Accompanied by Mrs. Clinton and Secretary Albright, you will enter the Embassy compound at the rear gate and then the Chancery through the side door. At the front lobby photos will be taken with the Marine Security Detachment. You will then exit the front of the Chancery with Mrs. Clinton, Secretary Albright and Ambassador Levitsky, proceed to the plaque commemorating your visit to Brazil and then directly to the stage to address the audience. After your remarks, you will proceed to the rope-line and greet Embassy staff. The high school band will play popular Brazilian music. Estimated time for this event is 45 minutes.

Background

The United States was the first nation to establish an Embassy in the newly created city of Brasilia. President Eisenhower laid the symbolic cornerstone of the chancery on February 23, 1960. Officially inaugurated in April, 1961, the original chancery was a one-story structure built around an internal patio with tropical gardens created by the famous Brazilian landscape architect, Burle Marx. Construction of the present chancery was completed in 1976; the two story structure features simple modern lines with a facade of white Vermont marble. The original one story wing is connected to the new building by another interior courtyard, again designed by Burle Marx.

Direct hire American employees number 110 including members of the U.S. Foreign Service (with 150 family members at post) and there are 240 foreign service nationals currently employed at Embassy Brasilia.

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BUENOS AIRES: EMBASSY SITE

At the U.S. Embassy you will officially open the new Embassy Information Resource Center (IRC) in a short ribbon cutting ceremony and receive an honorary membership in the Argentine Center for International Relations (CARI).

Your vehicle will enter the chancery compound through the gate on Colombia Avenue and you will be escorted by the Chargé d'Affaires, Ronald D. Godard, to the IRC for the ribbon cutting and photo opportunity. From the IRC you will proceed to a podium at the top of the steps in front of the main chancery door where the Foreign Service and Argentine staff and their families will be assembled at the large brick patio area. You will be presented with an honorary membership by CARI, followed by delivery of your prepared remarks. After completing your remarks you will be introduced to members of the embassy staff, and have the opportunity to shake hands of staff as you exit the chancery compound.

Background:

The IRC is the United States Information Agency's state-of-the-art reference center which provides targeted information on the US to key Argentine opinion makers. It offers unique access to information on relevant USG legislation, trade, environmental and education issues as well as other areas of interest via multiple computer databases and the Internet.

CARI is a well-known and respected Argentine forum focused on foreign policy, and has conferred such honorary membership to previous visiting dignitaries, including President Bush, Secretary Albright, and the Heads of State of Spain, Panama, Haiti, Hungary and Finland.

The current U.S. chancery was completed in 1976. It occupies a tract of land in the Palermo District of Buenos Aires. The building itself consists of 90,000 square feet, providing office space for the Department of State, Defense Attaché Office, Drug Enforcement Agency, Federal Aviation Association, Federal Bureau of Investigation, Foreign Agricultural Service, Foreign Commercial Service, and USIS. The Embassy staff consists of 104 U.S. officials accompanied by 164 dependents, and 160 local employees.

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POTUS 10/12-19 TRIP PUBLIC STATEMENTS

BRAZIL: SPEECH ON U.S. RELATIONS
ECONOMIC SPEECH IN SAO PAULO

- SECTION I - Toward FTAA**
 Summit of the Americas
 Fast Track
- SECTION II - Mercosur**
- SECTION III - Education**
- SECTION IV - Brazil Specifics**
- SECTION V - U.S.-Brazil Bilateral Relations**
- SECTION VI - Local Color-Sao Paulo**

Section I - Toward FTAA

- President Clinton convened the Miami Summit of the Americas in December 1994 to define a common agenda among the democratic leaders of the Western Hemisphere. The Summit touched off a new wave of international cooperation along a broad spectrum of issues, many of which just years before were considered taboo.
- We have had some successes and some setbacks. But as we approach the Santiago Summit, the governments of the hemisphere have an opportunity to take concrete action toward reaching our goals.
- Education will be a key theme of the Summit because it provides everyday people with the skills to participate in the global economy. President Cardoso has been a proponent of education reform, with a platform similar to that of President Clinton. President Frei of Chile has also made similar calls for an emphasis on education.
- The other themes of the Summit are also vitally important: strengthening democracy and protecting human rights (including counternarcotics, terrorism, and corruption), achieving economic integration and free trade, and eradicating poverty and discrimination.

- We will also continue to monitor our progress on the environmental agreements of the Miami Summit as well as those of the December 1996 Santa Cruz Summit attended by Vice President Gore.
- Hemispheric summits are an important new component of the inter-American system. Periodic meetings (every three to four years) of heads of state and government are necessary to focus and refine our collective hemispheric efforts.
- **The U.S. has taken a leading role in the FTAA process, but we are now at a point where our leadership will inevitably recede without fast-track.**
- What fast-track provides is reassurance to our trading partners that the delicately balanced and arduously negotiated deal will not be undone by Congressional amendments or inordinate delay. Without fast-track, no country will negotiate seriously with us.
- We are preparing for the second Summit of the Americas next spring in Santiago, Chile, at which the hemisphere's leaders will launch the negotiating phase of the FTAA.
- The future of the FTAA, and the nature of our relationship with Latin America will depend on how these events play out, and particularly on our actions on fast-track.
- **Over the past decade, the Western Hemisphere reached an unprecedented consensus that governments should be democratic and economic systems should be market-based.**
- This has produced an unprecedented openness in Latin America for cooperation with the U.S. on mutual objectives -- embodied in the Summit of the Americas and its Plan of Action endorsed by all the democratic leaders of the hemisphere in Miami in December 1994.
- The hemisphere is ready -- as it never was before -- for greater cooperation and economic integration. This is the context in which President Clinton proposed, and the region enthusiastically agreed, that a Free Trade Area of the Americas be negotiated by 2005.

Since 1994, there has been an explosion of activity in the trade arena. This includes:

- Unilateral trade liberalization. Latin America's tariffs, which averaged around 45% in the mid-1980's, now average in

the low teens. But the momentum for action has now shifted from unilateral liberalization to multilateral negotiation.

- And we have been witnessing the construction of a comprehensive network of sub-regional trade arrangements, which now number about 30. These range from NAFTA, to bilateral free trade arrangements (such as those between Venezuela and Colombia), to common markets (such as MERCOSUR which Argentina, Brazil, Paraguay and Uruguay are in the process of constructing and which currently accounts for about 200 million consumers and \$1 trillion in GDP). Of those 30-some agreements, the U.S. is a member of only one - NAFTA.
- The prosperity and stability of Latin America and the Caribbean are important for all of us interested in controlling crime and drugs in our streets, enhancing the environment, promoting human rights, and encouraging intellectual and human interchange.
- The same process of globalization that we see occurring in manufacturing or banking also operate in other areas such as the narcotics trade, international terrorism, crime or illegal migration.
- Trade is not a zero-sum game where if one country benefits, inevitably its partner must lose. History as well as theory have demonstrated that openness spurs growth, that protectionism kills it, and that trade benefits both sides of the transaction.
- Contrary to conventional wisdom in some labor circles, working people in the Americas have a lot to gain from trade. A recent study by the Manufacturing Institute and the Institute for International Economics reports that plants that export create jobs at a rate 18% faster than plants that only sell domestically. They are 10% less likely to go out of business, pay 15% more wages on average and provide benefits that are 40% higher.
- Trade promotes better working conditions and enhances protection of the environment without setting up new barriers to trade.
- The U.S. has over \$125 billion in direct investment in Latin American and Caribbean countries, about one-sixth of total U.S. foreign investment. Our investment profits alone from the region were around \$15 billion in 1995.

- Estimates of the necessary annual infrastructure investments to support rapid growth in Latin America are on the order of \$60 to \$70 billion for the next decade.
- The FAA predicts that by 2008 Latin America will be the destination of more travelers than either the trans-Atlantic or trans-Pacific markets.

Section II - Mercosur

- We welcome Mercosur (Mercosul in Portuguese). The United States fully supports regional trade pacts among our hemispheric neighbors which create but don't divert trade, which do not increase discrimination against trading partners who are not parties to the agreement, which create wealth and which will be followed by broader trade agreements such as the FTAA and further trade and investment liberalization under the World Trade Organization.
- We do not seek to divide trade groupings or trading partners, nor do we seek to force anyone to sign on to regional agreements before they are ready. Still, we will continue to urge that the nations of the Summit of the Americas begin actual FTAA negotiations when we convene again in Santiago, as trade ministers from the hemisphere agreed during their May meeting in Belo Horizonte.

Section III - Education

- And we must invest in the education and training of our workers and also, through improvements throughout our educational system, prepare our young people with skills for the new millennium.
- Despite substantial spending and a long-held commitment to universal education, in practice, it is difficult to reach those who need it most.

Section IV - Brazil Specifics

- Brazil's GDP is nearly \$800 billion, the largest in South America and the eighth largest in the world.
- Currently, Brazil enjoys relative economic stability, due in large part to reforms grouped around the anti-inflationary Real (pronounced "RHAY-all" Plan).

- These reforms have succeeded in bringing annual inflation down from over 3000 to 5-6 per cent, raising real incomes, reducing protectionist barriers, fueling consumption and attracting renewed interest from foreign investors.
- Brazil is the top destination for our direct foreign investment (FDI) to South America. The U.S. is also the leading foreign investor in Brazil.
- In 1996, U.S. firms accounted for one-third of Brazilian foreign direct investment. The amount exceeded \$26 billion, equal to half of all U.S. investments in South America.
- Four of the top ten companies are American (GM, Ford, Texaco and Exxon). Citibank, Bank of Boston and Chase Manhattan rank in the top 25 in the restructured banking sector. Nations Bank and Bell South have participated actively in the privatization process.
- Some 2,000 U.S. firms now have direct investments in Brazilian companies. Of the 500 largest firms in Brazil, 58 are U.S. companies.
- U.S.-Brazil trade relations have been characterized by a great deal of progress, good will and tangible results.
- Many U.S. investors have been in Brazil for generations through the ups and downs of economic cycles and have made a major impact on the economy. U.S. firms are heavy investors in manufacturing and banking/finance. The U.S. is rapidly increasing its stake in the power and telecom sectors due to privatization.
- Brazil is a leader in Latin American regional integration through the Southern Cone Common Market.
- Brazil's overall trade deficit for 1997 is projected to grow to \$12 billion, a sharp increase over previous years. The trade deficit reflects increased consumption and imports of capital goods and raw materials for economic restructuring.
- U.S. exports to Brazil rose by 56 % between 1994 and 1996. In 1996 we imported \$8.8 billion from Brazil while sending \$12.7 billion in exports.
- The U.S. is Brazil's largest trading partner in Latin America, in fact, larger than MERCOSUL, the Andean Pact, the Central American Common Market and CARICOM combined.

- A significant element of our relationship with Brazil is our shared commitment to an open global trading system. Both our countries recognize the multitude of benefits that accrue to our economies through trade.
- Brazil's commitment to free trade is also a central policy tenet. Since the beginning of the 1990s, Brazil has implemented an extensive program of liberalization, economic reform and privatization.

Section V - U.S. - Brazil Bilateral Relations

- The United States was the first country to recognize Brazil's independence in 1822. The two countries have traditionally enjoyed friendly, active relations encompassing a broad political and economic agenda.
- With the inauguration of the internationally-oriented, reformist President Cardoso on January 1, 1995, U.S.-Brazil engagement and cooperation have intensified.
- This is reflected in the unprecedented number of high-level contacts between the two governments, including President Cardoso's state visit to Washington in April 1995, visits to Brazil by First Lady Hillary Clinton, former Secretary of State Christopher, the late Secretary of Commerce Ronald Brown and other Cabinet-level U.S. officials, and numerous trips to Washington by senior Brazilian officials.
- There has been extensive cooperation on a number of issues of mutual interest. On law enforcement, a new agreement for cooperation in counternarcotics was signed in March 1995, and the two governments are negotiating a Mutual Legal Assistance Treaty (MLAT) to be signed during President Clinton's visit, which will assist in combating international crime.
- In response to Brazil's request for U.S. assistance in controlling the inflow of illegal weapons, we have provided increased cooperation on weapons tracing and have tightened export controls.
- On the trade front, we are consulting closely to advance progress toward a Free Trade Area of the Americas (FTAA) and to develop closer ties with Mercosul. Brazil is a key player in hemispheric efforts to negotiate an FTAA by 2005, and hosted the May 1997 FTAA Trade Ministerial in Belo Horizonte.

We are also engaged in negotiations over a tax treaty which would simplify trade transactions.

- Brazil -- along with the U.S., Argentina, and Chile -- is one of the four guarantors of the Peru-Ecuador peace process and has agreed to provide helicopter support commencing in December 1997 and chairs the guarantors of the Rio Protocol.
- We have coordinated closely our responses to threats to Paraguay's fragile democracy over the past 18 months.
- Relations are advancing in environmental, scientific and technical fields as well. In October 1995, the two countries signed a Common Agenda on the Environment to cooperate in promoting environmental protection and sustainable development.
- Brazil, in coordination with NASA, leads the Large-Scale Biosphere Atmosphere Experiment in Amazonia (LBA). The LBA focuses on the effects of land-use change and climatic variability and provides for the basis for sustainable land use in Amazonia.
- NASA has cooperated on space issues with Brazilian scientists.
- We have worked with the Brazilian government to improve intellectual property rights. The Industrial Property Bill that entered into force in 1997 provides effective patent protection.
- We recognize the importance of Brazil to regional cooperative security and look forward to deepening our relationship in this area as we work together with other members of the region to develop a security architecture appropriate to the challenges of the coming century.
- U.S. and Brazilian officials are currently developing an education initiative to be announced during President Clinton's visit.
- In June, President Cardoso announced Brazil's intention to accede to the Nuclear Nonproliferation Treaty (Brazil is already a member of the Missile Technology Control Regime and Nuclear Suppliers Group).
- We intend to sign a bilateral Nuclear Cooperation Agreement during the visit.

- During his 1996 visit, former Secretary of State Christopher signed a Space Cooperation agreement, which will be further developed during the President's visit.
- We have begun negotiating a tax treaty.

Section VI - Local Color Sao Paulo

CAPITAL OF STATE

- Greater Sao Paulo, the capital of the state of Sao Paulo, is the second largest urban agglomeration (behind Tokyo and ahead of New York) in the world, according to the United Nations agency HABITAT.
- The Sao Paulo metropolitan area is composed of 38 cities, has a population of 16.5 million, and concentrates 53% of the accrued value of the industry in the state.
- The other two large urban areas in the state are Campinas (pop. 2 million) and Santos (pop. 1.2 million); both of these areas are within 100km of the city of Sao Paulo.
- Sao Paulo State's produces 36.24% of GDP, more than that of any other state.
- Sao Paulo has the largest concentration of industry in Latin America. Important industries include automobile, metallurgy, food processing and electronics.

PEOPLE

- Sao Paulo state has the largest population of any Brazilian state -- 33.7 million and is a real melting pot. In the city, there are 3 million Brazilians of Italian descent, more than the population of Rome. Brazil has the largest Japanese community outside Japan (1.2 million immigrants and descendants), 72% of them in Sao Paulo State. There are 50,000 Brazilians of Korean descent, 50,000 of German descent, and 20,000 of U.S. descent in Sao Paulo state.
- A number of disenfranchised southerners accepted the Brazilian emperor's invitation to the city of Americana in Sao Paulo where many inhabitants still speak English as it was spoken in the American South in the 1860's. Another group settled in the Amazon region and disappeared.
- Since its 1973 inauguration, the Sao Paulo city subway has transported 9.9 billion passengers.

ECONOMY

- The GDP of Sao Paulo alone--\$354 billion--is larger than the combined GDPs of Argentina, Paraguay, and Uruguay--\$320 billion (Based on estimated 1995 GDPs corrected for purchasing power parity, from CIA's The World Factbook) One-third of Brazil's GDP is produced in Sao Paulo state.

- Sao Paulo city has the largest stock exchange in Latin America and has the world's third largest futures and commodities options stock exchanges.
- Over one-third of the country's telephones are in the state.
- The world's largest fruit and vegetable market is located in the Sao Paulo city, trading 10,000 tons of produce every day.
- Sao Paulo has 46% of Brazil's bank deposits and 43% of its credit operations.
- Of the 10 biggest Brazilian private banks, 9 are headquartered in Sao Paulo city.
- One-third of all Brazil's exports come from Sao Paulo state.
- Every year in the Sao Paulo state, there are 45,000 business and cultural events--congresses, conferences, concerts, etc.--congregating over 10 million persons and generating \$2 billion in income.
- If the state were a country, it would be the tenth largest manufacturer of cars in the world.
- American companies believe in Sao Paulo. Current plans call for the following investments in the next years.
 - Compaq - \$100 million
 - Procter & Gamble - \$100 million
 - Schaeffer - \$100 million
 - Du Pont - \$260 million
 - Ford - \$1.2 billion
 - GM - \$2.2 billion

AGRICULTURE

- The Sao Paulo state is the richest agricultural state in Brazil.
- Brazil is the largest citrus producer and exporter of frozen orange juice in the world. Almost 90% of this comes from Sao Paulo state.
- Brazil is the largest sugarcane producer in the world. Over 60% (close to 180 million tons/yr) comes from Sao Paulo state.

OTHER FACTOIDS

- The Sao Paulo state has the country's largest university, the University of Sao Paulo, with 60,000 students.
- Sao Paulo state has one of the world's largest vocational training systems--SENAI (Portuguese acronym for National Industrial Apprenticeship Service)--with over 500,000 persons enrolled in 1995.
- \$15 million is spent on English-language learning materials every year in Brazil.
- One chain of academies teaching English as a foreign language has over 1.5 million students Brazil-wide.

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RIO DE JANEIRO: MANGUEIRA/XEROX PROJECT

You will visit the Mangueira/Xerox project accompanied by Brazilian and Xerox officials, including Marcelo Alencar, the governor of the state, and Luis Conde, mayor of the city, as well as the Minister of Sports and legendary former soccer star Edison Arantes do Nascimento ("Pele").

The Mangueira/Xerox Project, known as "Vila Olimpica" (Olympic Village), began in 1987 as an integrated education and sports program. A unique example of corporate and community involvement, Xerox maintains the 33,000 square meter sports complex in one of Rio's major slums, with yearly donations of about \$600,000.

Background

Vila Olimpica was intended to offer opportunities to children in Mangueira, one of the city's poorest urban areas ("favelas") to keep them from dropping out of school and turning to crime and drugs. Every year, more than 1,000 children between ages of 8 and 18 take part in the project, participating in volleyball, basketball, swimming, soccer and Olympic athletics. School attendance is a condition for the sports program. Today, almost 100% of Vila Olimpica children are attending school (compared to a previous 40%).

In addition to the sports facilities, the project provides vocational training at the Mangueira school. Xerox and other Rio businesses employ young trainees in a successful work-study program. The school enjoys strong community involvement and also provides a health clinic.

Xerox do Brazil entered the Brazilian market 32 years ago. Today, the company has sales of \$2 billion, employs 5,500 Brazilians, and dominates the photocopy business. For Mangueira, Xerox is the sole provider for the acquisition of sports materials, food, transportation, payment of coaches and physical education teachers and affiliation to sports federations. Xerox sponsors similar projects in Sao Paulo and Manaus, but considers the Rio project its most successful.

The state of Rio de Janeiro built the gymnasium, the medical center, and the high school. Recently, the state donated a new soccer field with assistance from Pele. The state of Rio de Janeiro seeks to establish other sports and educational centers using the Mangueira model.

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RIO DE JANEIRO: "THE MARVELOUS CITY"

With a unique combination of mountains and beaches, Rio de Janeiro is one of the world's most beautiful cities and is affectionately nicknamed "the Marvelous City." You may hear a song of this name -- "A Cidade Maravilhosa" -- often during your visit.

Rio's inhabitants -- known as "Cariocas" -- are famous for their hospitality, sense of humor and personal warmth. All Brazilians are proud of Rio.

Rio de Janeiro (River of January) was discovered in January 1502 by Portuguese explorers who thought they had discovered the mouth of a large river. It is actually a bay, dominated by inlets and peaks such as the famous Sugarloaf and Corcovado.

Rio was the capital of Brazil from 1763 until 1960 when it was moved to Brasilia. With some 10 million inhabitants Rio is Brazil's second largest city. It is Brazil's capital of culture and tourism and home to the world's most famous carnival celebration and parade of the "Samba Schools" as well as some of the world's best soccer teams. After hosting the UN World Conference on Environment and Development in 1992, Rio has become synonymous with efforts to promote environmentally responsible and sustainable development.

Rio also has some of the world's most famous beaches -- Ipanema and Copacabana - outdoor cafes and a vibrant night life. Bossa Nova originated here and Antonio Carlos Jobim composed "the girl from Ipanema" at a popular corner bar of that name in this beach neighborhood.

It is also a city of sometimes stark contrasts: lush greenery and tall buildings alternate with some of the country's most desperately poor urban slums ("favelas"). Rio's -- and subsequently the nation's -- social conscience was awakened by the much-beloved sociologist Herbert de Souza, a Rio resident until his death in August 1997. Known by his affectionate nickname, "Betinho" is credited with creating a culture of volunteerism where little previously existed, through a series of community campaigns to combat hunger and poverty.

The statue of Christ the Redeemer atop Corcovado can be seen from almost all parts of the city and is particularly impressive after dark. It was inaugurated in 1931 when the Italian engineer and inventor Guglielmo Marconi himself turned on the lights by radio telegraph from Pisa, Italy. Today's lights are made by GE. The view from there is spectacular.

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RIO DE JANEIRO: MANGUEIRA/XEROX PROJECT

You will visit the Mangueira/Xerox project accompanied by Brazilian and Xerox officials, including the governor of the state and mayor of the city, as well as legendary soccer star Edison Arantes do Nascimento (Pele). If President Cardoso joins you the Education Memorandum of Understanding could either be signed by the Minister/Secretary of Education or highlighted.

Background

The Mangueira/Xerox Project, known as "Villa Olimpica" (Olympic Village) began in 1987 as an integrated program of education and sports to give opportunities to children living in one of Rio's poorest shanty towns ("Favelas"). In a unique example of corporate and community involvement, the Xerox Company maintains the 33,000 square meter sports complex with yearly donations of about \$500,000. The Xerox connection celebrated its 10th anniversary in July.

Every year, more than 1,000 children between ages of 8 and 18 take part in the project by participating in volleyball, basketball, swimming, soccer and Olympic athletics. School attendance is a condition for participation in the sports project.

In addition to the sports facilities, the project provides vocational training at the Mangueira school. Xerox and other Rio businesses employ young trainees in a successful work-study program. The school enjoys strong community involvement and even provides a health clinic.

The Villa Olimpica has contributed to a continuous reduction in juvenile delinquency in the neighborhood. Today, almost 100% of Villa Olimpica children are attending school (compared to previous attendance rates of 40%).

POTUS 10/12-19 TRIP PUBLIC STATEMENTS

BRAZIL: DEPARTURE STATEMENT

Hillary and I greatly enjoyed Brazil's legendary hospitality and particularly appreciated the many kindnesses shown us by President and Mrs. Cardoso. We have seen and admired Brazil's great cities and rich lands.

But more than this, Brazil and the United States share many qualities -- our dedication to democracy and the free market, the continental scope of our countries, and the forward-looking optimism of our people.

With so much in common, we can only expect that our two nations will work even more closely together in pursuit of these shared aspirations.

This visit has confirmed much of our common vision and reinforced the basis for increasing that collaboration. During this visit we were able to sign the MOU on U.S.-Brazil Partnership for Education, the Bilateral Clean Energy Agreement, the Bilateral Nuclear Cooperation Agreement, and the Mutual Legal Assistance Treaty (MLAT), among other things. And it is not just government to government programs. More visas are issued to Brazilians who travel to the United States -- for business, for academic pursuits, for tourism -- than to any other single country in the world.

Americans and American business have been part of Brazil for generations. It was enormously gratifying to see evidence of that today here in Rio, where American businesses -- such as Xerox -- have become part of the community, investing in Brazil's future with projects like the one I saw at Mangueira.

I had heard about the feeling people have about Brazil after experiencing it. Now I'm sure that, like so many others before me, I too will have a personal sense of "saudades" (saw-ooH-DAHD-jees) about this great country.

POTUS 10/12-19 TRIP PUBLIC STATEMENTS

BRAZIL: SPEECH ON U.S. RELATIONS
ENVIRONMENT SPEECH

26 September 1997

Revised Text Piece for Brazil Environment Speech by the President
on his trip to South America

[New USG Support for the Brazil Pilot Program]

"The United States is proud to be a partner with Brazil in the Pilot Program to Conserve the Brazilian Rain Forest. This cooperative initiative addresses the conservation and environmentally sustainable management of Brazil's forests -- which include the single largest tract of tropical humid forest on earth.

It is with pleasure that I announce that the United States Agency for International Development has committed an additional ten million dollars over the next five years to the Brazil Pilot Program's science and technology initiatives. These funds will be used to promote innovative research that will address effective ways to protect unique Amazon natural resources while providing science-based solutions to development of these resources in an environmentally sustainable manner. We will build upon the successes of our prior collaborative activities -- both within the Pilot Program as well as through our various bilateral environmental initiatives.

The U.S. looks forward to continuing active participation in the Rainforest Pilot Program, and we ourselves look forward to continuing our partnership with Brazil in efforts to better understand and sustain the critical environmental services provided by our natural forests. The lessons learned will provide guidance for similar efforts around the world."

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BRAZIL: VISIT TO IGUACU NATIONAL PARK

Iguacu National Park will serve as the locale for an environmentally-oriented event where you will announce additional U.S. financial support for the G-7 Pilot Program to Protect the Amazon, and witness the signing of a Partner Parks Agreement between the Everglades National Park and the Pantanal National Park. You will arrive at Foz do Iguacu (Brazil) International Airport where you are expected to be met by Environment Minister Gustavo Krause, IBAMA (Brazil's Environmental Protection Agency, including park service functions) President Eduardo Martins, Parana State Governor Jaime Lerner, and Foz do Iguacu Mayor Harry Daijo. You, Mrs. Clinton, and Minister Krause will travel by motorcade to the park entrance (5 minutes) and continue on a road surrounded by tropical forest to a point (15 additional minutes) where the Hotel Tropical das Cataratas will be on your left and a breathtaking overlook of the waterfalls to the right.

You will descend steps toward the falls and then continue down a ramp to a flat area (usually used as a helipad) where there will be a podium from which you will speak. The falls will be directly behind you. Your audience will have representatives from various environmental institutions working in Brazil, including The Nature Conservancy (TNC), Ecotropica Foundation (TNC's local partner in the Pantanal), and others. During the visit, remarks, and signing ceremony, a press pool will take video and still photographs.

After the remarks, Minister Krause, and/or IBAMA President Martins, and/or Iguacu National Park Director Julio Gonchorosky will accompany you down the trail to view the falls. The walk will take approximately 45 minutes. Near the end of the trail, there will be a cat walk over the water which offers an up-close view of the "Devils Throat." At the end of the trail, you will take an elevator to a vantage point offering views of all the falls.

Near the vantage point, the motorcade will be waiting to take you (10 minutes to the entrance of the Macuco Boat Safari. You will then descend (via a four-wheel drive vehicle) a narrow dirt road surrounded by tropical forest until you reach the boat dock on the Iguacu River (20 minutes). A high-powered boat will take you upstream for an up-close view of the falls. Thirty minutes later, you will return to the dock and return up the same road to the entrance where your motorcade will be waiting.

The motorcade will take you to the Hotel Tropical das Cataratas (10 minutes). The hotel offers swimming and tennis, as well as views from the Presidential Suite. You will depart via motorcade for the airport (20 minutes) en route to Washington.

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Background

Iguacu National Park, established by federal decree in 1939 and administered by IBAMA, is set in the tri-border area of Brazil, Argentina, and Paraguay. The most spectacular feature of the park is the series of 275 inter-linking cataracts, shared with Argentina, as the Iguacu river plunges over an 80-meter-high cliff, 15 kilometers before it merges into the Parana river. The "Devil's Throat" is where fourteen separate falls combine to form the world's most powerful single water fall in terms of the volume of water per second.

Besides the magnificent falls, the park features one of the largest remaining areas of Atlantic rainforest in Brazil, comprising 185,265 hectares. The forest is home to over 2000 plant varieties, 400 bird species, dozens of types of mammals, not to mention innumerable insects and reptiles. Brazil, Argentina, and Paraguay are exploring the idea of creating a tri-national park to join and preserve the adjacent forest in the three countries.

Iguacu National Park receives approximately 800,000 visitors, nearly half of them foreign tourists, per year, making it Brazil's most visited national park after the Tijuca Forest in Rio de Janeiro (where the Christ the Redeemer statue is located). It's counterpart on the Argentine side receives less than half as many visitors. Iguacu Falls is the site of the movie "The Mission," which told the story of utopian Jesuit communities for Indian converts to Christianity during the colonial era.

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BRAZIL: U.S.-BRAZIL TRADE RELATIONS

Liberalization of Brazil's trade regime has led to a surge in imports that has increased the current account deficit. By 1996, Brazilian imports had more than doubled their 1993 level. Brazil's overall trade deficit for 1997 is projected to grow to \$12 billion, a sharp increase over previous years. This trade deficit stems partly from the import of capital goods and raw materials for economic restructuring. U.S. exports to Brazil rose by 56 percent between 1994 and 1996. In 1996 we imported \$8.8 billion from Brazil while sending \$12.7 billion in exports.

The U.S. is Brazil's largest trading partner, in fact, larger than MERCOSUL, the Andean Pact, the Central American Common Market and CARICOM combined. The two countries enjoy a generally healthy trading relationship. Brazilian trade complaints -- which have a high public profile in Brazil -- focus on U.S. market access for footwear, steel, and various agricultural exports. Brazil claims that combined U.S. barriers against sugar, tobacco, meat, shrimp, orange juice and fruit exports cost Brazil \$5 billion per year. Some of these imports are limited by phytosanitary and environmental protection guidelines.

The U.S. has urged Brazil to liberalize markets in information technology and financial services and end its restriction on short-term loans for importers. Brazil's recent passage of intellectual property legislation eased an area of friction. However, Brazil remains on the USG's "301 Watch List" because its existing IPR legislation does not adequately protect software, copyrights or computer circuits.

Brazil has opened the telecommunications market, but regulatory obstacles remain (e.g. fiber optic cable) and it has not yet joined the Information Technology Agreement. The U.S. Federal Maritime Commission has opened a case on several discriminatory practices against U.S. shipping companies. Brazil enacted an auto regime which clearly violated its commitments under the WTO Trade-Related Investment Measures (TRIMS) Agreement, but some progress has been made in recent talks.

TALKING POINTS

- I am very pleased with the strong trading partnership we have with Brazil which has become one of our most important.
- I know you have a number of concerns over market access issues for footwear, steel and various agricultural products such as sugar, tobacco, meat, orange juice and others. I am confident that we will resolve the frictions that normally arise between countries with high levels of trade.
- We will also continue to seek greater liberalization in the areas of financial services, autos, optical fiber, import financing restrictions, intellectual property, maritime shipping and other areas.

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FACT SHEET: U.S.-BRAZIL RELATIONS

The United States was the first country to recognize Brazil's independence in 1822. The two countries have traditionally enjoyed friendly, active relations encompassing a broad political and economic agenda. With the inauguration of the internationally-oriented, reformist President Cardoso on January 1, 1995, US-Brazil engagement and cooperation have intensified. This is reflected in the unprecedented number of high-level contacts between the two governments, including President Cardoso's state visit to Washington in April 1995, visits to Brazil by First Lady Hillary Clinton, former Secretary of State Christopher, the late Secretary of Commerce Ronald Brown and other Cabinet-level U.S. officials, and numerous trips to Washington by senior Brazilian officials.

There has been extensive cooperation on a number of issues of mutual interest. On law enforcement, a new agreement for cooperation in counternarcotics was signed in March 1995, and the two governments are negotiating a Mutual Legal Assistance Treaty (MLAT) to be signed during President Clinton's visit, which will assist in combating international crime. Additionally, Brazil has asked for U.S. assistance in controlling the inflow of illegal weapons and we are exploring ways to assist.

On the trade front, we are consulting closely to advance toward a Free Trade Area of the Americas (FTAA) and to develop closer ties between NAFTA and Mercosul. Brazil is a key player in hemispheric efforts to negotiate an FTAA by 2005, and hosted the May 1997 FTAA Trade Ministerial in Belo Horizonte.

Several security and diplomatic initiatives are also underway. Brazil -- along with the U.S., Argentina, and Chile -- is one of the four guarantors of the Peru-Ecuador peace process and has agreed to provide helicopter support commencing in December 1997. Additionally, we have coordinated closely our responses to threats to Paraguay's fragile democracy over the past 18 months.

Relations are advancing in scientific and technical fields as well. In October, 1995, the two countries signed a Common Agenda on the Environment, laying the foundation for cooperative efforts in environmental protection. US and Brazilian officials are currently developing an education initiative to be announced during President Clinton's visit. In June, President Cardoso announced Brazil's intention to join the Nuclear Nonproliferation Treaty (Brazil is already a member of the Missile Technology Control Regime and Nuclear Supplier's Group) and we intend to conclude a Bilateral Nuclear Agreement during the visit as well as further develop a Space Cooperation agreement.

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BRAZIL: U.S. ASSISTANCE TO BRAZIL

USAID assistance to Brazil, approximately \$12 million per year, is carefully targeted in areas of critical need for the Brazilian development process, focusing on: environmental protection, renewable energy and energy efficiency, women's health, AIDS prevention, and at-risk youths.

Brazil is considered a major contributor to greenhouse gas emissions because of deforestation and burning that take place in the Amazon. USAID is supporting environmentally sound land use at the local, state, and regional level and providing systems for sustainable management of cleared and forested areas in the Amazon. USAID is also an active contributor to the G-7 Pilot Program to conserve the Brazilian Rain Forest and prevent global climate change.

The estimated energy needs to sustain Brazil's impressive economic growth are immense and generation capacity is below requirements. USAID assistance promotes energy efficiency and use of renewable energy sources (wind, solar, biomass).

Health care in Brazil has been characterized by a weak delivery system that neglects preventive care. USAID is assisting the efforts of the current administration to develop and implement public and private service delivery systems for low-income people emphasizing preventive services.

Brazil has the second highest number of reported AIDS cases in the world. USAID works with local health facilities and non-governmental organizations (NGOs) to provide assistance for educational and informational campaigns, improvement of service delivery systems and training of critical health care personnel to prevent further spread of HIV/AIDS.

USAID also supports organizations assisting at-risk youth between 10-18 years of age who are at risk of becoming involved in drug use, prostitution, delinquency or living on the streets.

TALKING POINTS

- The USG is pleased to contribute an additional \$10 million over the next five years to the G-7 Pilot Program to Conserve the Brazilian Rain Forest.
- We are also pleased to note that our work with the state health departments in the northeastern states of Ceara and Bahia and Brazilian NGOs has helped the quality of women's health programs and preventive services to achieve marked improvement over the last few years.

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BRAZIL: HUMAN RIGHTS OVERVIEW

Our 1996 Country Report on Human Rights Practices notes that the Government of Brazil (GOB) has continued its progress in fostering respect for human rights, strengthening democratic institutions and supporting economic reform begun since the end of military rule in 1985. This progress, evidenced by the continuing implementation of constitutional reforms in accordance with the 1988 Constitution, acknowledges the importance the GOB now attaches to protecting human rights and promoting democracy.

There continue to be instances of extrajudicial killings and torture by the police and the military, with police frequently implicated in killings and abuse of prisoners in urban areas. A separate system of special state police courts (which rarely investigates effectively, brings officers to trial or convicts abusers) contributes to a climate of impunity. Justice is slow and unreliable, especially in rural areas where powerful landowners use violence to settle land disputes and influence the local judiciary.

Prison conditions run the gamut from poor to harsh. Despite a growing framework of legal protections, the rights of indigenous peoples are frequently violated in order to serve commercial interests, especially land demarcation issues related to logging and mining in the Amazon. Violence and discrimination against women, homosexuals and minorities and child prostitution are problems. Laws against forced and child labor are still inadequately enforced, particularly in the highly fragmented sugar and charcoal industries. However, Brazil has many programs to deal with these problems including a cooperative program with the ILO against child labor and a task force to improve enforcement.

The GOB is continuing to improve its compliance with international human rights norms. In order to address problems and better coordinate human rights policy, the GOB introduced an action plan to combat human rights abuses which includes an interministerial group to address the serious problems of racism and other discrimination. Brazil, assisted by Canada, is leading efforts to draft parts of the Action Plan on democracy and human rights for the April 1998 Summit of the Americas' declaration of principles. Legal provisions guaranteeing civil liberties, political rights, worker rights and freedom of religion are generally respected. Academic freedom is not restricted. There are no legal limits on the participation of women in politics. There were no reports of political prisoners. Local and international groups involved with human rights matters operate freely.

TALKING POINTS

- We applaud your efforts to combat human rights abuses and coordinate human rights policy through your human rights action plan.
- We welcome your efforts, supporting the Miami Summit initiatives, to advance human rights throughout the hemisphere

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by playing a leading role in developing a strategy within the OAS to promote democracy and human rights.

- We encourage you to continue upgrading the selection precepts and training for all administration of justice personnel and monitoring security forces' compliance with international human rights norms during all operations.

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- P1 National Security Classified Information [(a)(1) of the PRA]
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- b(1) National security classified information [(b)(1) of the FOIA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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BRAZIL: BRAZIL'S ROLE IN PEACEKEEPING AND REGIONAL SECURITY

As part of its policy to demonstrate greater responsibility in international fora, Brazil has become a ready contributor to UN-sponsored peacekeeping missions, particularly in Portuguese-speaking countries of Africa, and in regional security arrangements such as the Multilateral Observer Mission in Peru-Ecuador (MOMEPE). Brazil recently had the seventh largest national contingent among UN forces worldwide.

From 1992-94, Brazil contributed some 750 troops and the first commander to the UNOMOT peacekeeping force in Mozambique. Brazil later contributed over 1100 troops to the UNAVEM-III force in Angola. Brazilian troops in Africa won high marks for their professionalism and for their skill in mediating local disputes. Small contingents of Brazilian troops have also served with UN forces in the former Yugoslavia; several Brazilians were among the UNPROFOR forces taken hostage in Bosnia in 1995. Brazil has expressed an interest in participating in the African Crisis Response Initiative (ACRI).

Regionally, Brazil plays an important role in MOMEPE; addition to joining Argentina, Chile, and the United States in providing observers, a Brazilian general serves as the senior representative on the observer team. In the coming months Brazil will expand its MOMEPE participation, for example, by taking over the aviation support function from the US in early December. Their contribution to the Peru-Ecuador mission reflects the GOB's growing interest in participating in international peacekeeping operations.

Preparations are already underway for transferring the MOMEPE aviation support function from the U.S. to Brazil. In July, the GOB purchased four helicopters (the civilian version of the Blackhawk) from Sikorsky and ten pilots and ten aviation crew chiefs are now training in Troy, Alabama. They are expected to be available in early December, thereby allowing the U.S. to drawdown its troop contributions. Follow-on training for the Brazilians will be necessary to continue the aviation support mission.

TALKING POINTS

- Praise President Cardoso for the outstanding service of his military in international peacekeeping and regional security operations.
- The training of Brazilian helicopter pilots in the U.S. is going well and we are optimistic that everything is on track for an early December transfer of MOMEPE aviation support functions from the U.S. to Brazil.

UNCLASSIFIED

BRAZIL: EDUCATION AND TECHNOLOGY

Brazil and the US are formalizing the "U.S./Brazil Partnership for Education" covering five broad areas of cooperation: technology; standards, assessments and indicators; professional development of teachers and school managers; educational exchanges; and enhancing civil society's role in education. The Partnership will be launched during your visit. President Cardoso has given educational reform top priority and made his longtime political advisor and friend, Paulo Renato Souza, Minister of Education.

For years, under Brazil's federal system, federal universities have received the bulk of the national education budget and the vast majority of their students from prestigious private schools. Public schools have been poorly funded by states and localities. UN agencies say Brazil has the world's fifth worst primary completion rate. Blame lies with low funding, union pressures, high grade repetition rates and poor teacher preparation.

The Partnership's five areas focus on practical, achievable projects; the technology area merits some explanation. It envisions using computers and other distance learning media for language and science teachers, student networks like Project GLOBE, and Internet applications. Brazil also wants to cooperate on the Next Generation Internet Initiative (NGII), including high bandwidth testbed experiments. Indeed Brazil is one of the few countries in the hemisphere that can undertake such an initiative. However, the cost will be high, if it is done, about \$10 million a year, and Brazil is debating internally whether to make this kind of commitment to what is a research project at this stage.

TALKING POINTS

- Your interest and mine in giving our people the best education opportunities opens the door to wide-ranging cooperation in this area. The US/Brazil Partnership for Education is a great way to highlight this.
- Effective education should better prepare our people for the workplace of the 21st Century and enhance civic participation in our democratic societies.

UNCLASSIFIED

BRAZIL: NUCLEAR COOPERATION

The United States and Brazil initialed the text of a new Agreement for Cooperation Concerning Peaceful Uses of Nuclear Energy in Brasilia on March 1, 1996. Now that both sides have completed their respective internal review procedures, US and Brazilian representatives can sign the agreement in conjunction with the President's visit to Brazil. Following signature, US law requires that the agreement be submitted to Congress for a review period of 90 days continuous session before it may be brought into force.

The proposed agreement with Brazil provides a comprehensive framework for peaceful nuclear cooperation based on a strong mutual commitment to nuclear non-proliferation. The agreement, with an initial term of 30 years, permits the transfer of technology, material, equipment (including reactors) and components for nuclear research and nuclear power production. It replaces a 1972 agreement.

Brazilian political leaders have taken major strides in recent years to adopt international non-proliferation norms by joining the Latin American Nuclear Weapons-Free-Zone Treaty, the Nuclear Suppliers Group, and the Missile Technology Control Regime, and by announcing Brazil's intention to join the Nuclear Non-Proliferation Treaty (NPT). It is appropriate to recognize these steps by signing a new peaceful nuclear cooperation agreement.

TALKING POINTS

- I am very pleased that we have today signed our proposed new agreement for cooperation concerning peaceful uses of nuclear energy.
- This new agreement, when brought into force, will establish the necessary framework for mutually beneficial peaceful nuclear cooperation between Brazil and the United States for many years to come.
- It will also demonstrate in a very concrete way the commitment we share to promoting a strong global nuclear non-proliferation regime.
- The United States looks forward to a very long and fruitful partnership with Brazil in the peaceful uses of nuclear energy.

UNCLASSIFIED

BRAZIL: SPACE COOPERATION

The U.S. and Brazil have engaged in mutually beneficial cooperation in space for over three decades. Our basic interests have been to facilitate scientific cooperation in areas where Brazil can make a unique contribution (e.g., global climate change), to encourage Brazilian support for our missile nonproliferation objectives, and to bolster ties with the civilian space community. In 1995, Brazil joined the Missile Technology Control Regime (MTCR). In 1996, we signed a framework agreement for space cooperation, which opened the door to a wide range of cooperative activities.

NASA and the Brazilian Space Agency (AEB) have agreed on Brazilian participation in the International Space Station (ISS) Program. AEB will contribute to the U.S. portion of the ISS. Brazil will provide hardware valued at \$100-200m, in exchange for ISS utilization rights and a crew flight opportunity. An agreement for this cooperation is expected to be ready for signature during the President's visit as well as an announcement of the crew flight opportunity.

NASA and AEB are discussing the long-term loan to Brazil of NASA's C-130B aircraft. Brazil would use the aircraft for monitoring forest fires and deforestation in the Amazon, other environmental management activities, training of personnel, and Brazil-U.S. cooperative projects. NASA and AEB are working on an agreement for signature during the President's visit.

The Large-Scale Biosphere-Atmosphere Experiment in Amazonia (LBA) is an international research effort, led by Brazil, to understand the climatological, ecological, biogeochemical and hydrological functioning of Amazonia. LBA will be NASA's largest science program with Brazil over the next five to ten years. AEB is in the final stages of preparing an agreement with NASA for cooperation in LBA. We hope to have this agreement ready for signature during the President's visit.

TALKING POINTS

- We are especially pleased with Brazil's participation in the International Space Station Program, where Brazil will make a significant contribution to the largest scientific cooperative program in history. We are also pleased to announce that Brazil will be sending an astronaut candidate to NASA for training in 1998.
- Our work in understanding and protecting the environment has taken an important step forward with the loan to Brazil of a NASA aircraft specially designed for environmental monitoring and our agreement to cooperate in large-scale research of the Amazon.

UNCLASSIFIED

BRAZIL: BRAZIL AND THE FTAA

Brazil defines its approach to FTAA negotiations largely through MERCOSUL, the Southern Common Market, of which it is the undisputed heavyweight member. MERCOSUL is a trading bloc comprised of Brazil, Argentina, Uruguay and Paraguay, and associate members Chile and Bolivia. Created in 1991, MERCOSUL came into force as a partial customs union in 1995 with the establishment of a common external tariff and the liberalization of most intra-regional trade. The MERCOSUL free trade area has a combined GDP of over \$1.1 trillion.

MERCOSUL's institutional structure remains weak and, to safeguard its dominance, Brazil has consistently opposed other members' efforts to deepen the trading bloc into a full common market. Recently, Brazil has imposed several unilateral trade measures that have antagonized other MERCOSUL members. In the absence of U.S. fast-track authority, Brazil has pushed MERCOSUL to expand its reach. In 1995, it signed a framework agreement with the EU leading to EU-MERCOSUL trade talks scheduled for 1999. In 1996, MERCOSUL added Bolivia and Chile as associate members. MERCOSUL and the Andean Community are pressing for a free-trade agreement (FTA) by year-end. MERCOSUL is also discussing FTAs with Canada, Mexico and South Africa. In 1997, the MERCOSUL members agreed to negotiate as a bloc on FTAA issues.

Brazilian media reports routinely portray the U.S. as trying to use the promise of a free trade agreement with Chile and Major Non-NATO Ally status for Argentina to drive wedges between Southern Cone nations in an effort to destroy MERCOSUL.

TALKING POINTS:

- We support Brazil's efforts to strengthen and expand MERCOSUL to the extent that these efforts are trade liberalizing and WTO-consistent.
- To forge the hemispheric economic partnership of an FTAA, we should commit to a simultaneous launch of negotiations on all issues with everything on the table and a clear, unequivocal focus on the ultimate goal of free trade.
- As we agreed in Miami, it is of utmost importance to achieve concrete progress by the end of the century. This can be achieved by agreeing to a very significant package of interim agreements by the year 2000.
- To fulfill Miami's vision of prosperity for the Americas, we must address worker rights and environmental concerns of all citizens that the fruits of free trade benefit as many as possible in the FTAA process.

SENSITIVE BUT UNCLASSIFIED

BRAZIL: U.S. - BRAZIL TRADE RELATIONS

Liberalization of Brazil's trade regime has led to a surge in Brazilian imports that has increased the current account deficit. By 1996, imports had more than doubled the 1993 level. US exports to Brazil rose by 56 percent between 1994 and 1996. This trade deficit stems partly from the import of capital goods and raw materials which are used for economic restructuring. The projected trade deficit for 1997 is \$12 billion, a sharp increase over previous years.

The U.S. is Brazil's largest trade partner, and the two countries enjoy a generally healthy trading relationship. Brazilian trade complaints -- which have a high public profile in Brazil -- focus on U.S. market access for footwear, steel, and various agricultural exports. Brazil claims that combined U.S. barriers against sugar, tobacco, meat, shrimp, orange juice and fruit exports cost Brazil \$5 billion per year. Some of these imports are limited by phytosanitary and environmental protection guidelines.

The U.S. has urged Brazil to liberalize markets in information technology and financial services, and end its restriction on short-term loans for importers. Brazil's recent passage of intellectual property legislation eased an area of friction. However, Brazil remains on the USG's "301 Watch List" because its existing IPR legislation does not adequately protect software, copyrights or computer circuits.

Brazil has opened the telecommunications market, but regulatory obstacles remain (e.g. fiber optic cable) and has not yet joined the international Information Technology Agreement. The U.S. Federal Maritime Commission has opened a case on several discriminatory practices against U.S. shipping companies. Brazil enacted an auto regime which clearly violated its commitments under the WTO Trade-Related Investment Measures (TRIMS) Agreement, but some progress has been made in recent talks.

TALKING POINTS

- I am very pleased with the strong trading partnership we have with Brazil and I am confident that we will resolve the frictions that normally arise between countries with high levels of trade.
- In light of the growing importance of information technology and electronic commerce to economic development and trade, I encourage you to work with us on the Global Electronic Commerce Initiative and to join the Information Technology Agreement.
- We will continue to seek greater liberalization in the areas of financial services, autos, optical fiber, import financing restrictions, intellectual property, maritime shipping and other areas.

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003. briefing paper	Brazil: Brazilian Economic and Financial Situation (1 page)	ca. 09/1997	P1/b(1)

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- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

QUESTIONS AND ANSWERS

BRAZIL: HUMAN RIGHTS

Q: Each year the U.S. Government publishes a Human Rights report on Brazil. Given the large number of human rights violations in the U.S., what right does the U.S. have to accuse other countries of human rights violations?

A:

- Every nation has the right to determine what factors it needs to consider in its relations with other countries. We feel we must take into consideration the human rights practices of all other countries in making foreign policy and have developed a rigorous methodology for doing so. The State Department's Annual Human Rights Report to the U.S. Congress is required by U.S. law. It covers those rights that have been incorporated in the Universal Declaration of Human Rights or one of the Multilateral Accords to which the United States is a party.
- We recognize we have problems in the United States, and we are working to solve them. Likewise, President Cardoso is admired all over the world for publicly acknowledging Brazil's human rights problems and taking concrete steps to solve them.

BRAZIL: MNNA STATUS

Q. The United States has just granted Argentina MNNA status. What was the reason behind this decision? Is it part of a plan of the United States to drive a wedge between Brazil and Argentina politically and in Mercosul?

A:

- The "major non-NATO ally" designation, which is proposed for Argentina, recognizes the excellent U.S.-Argentine partnership on international security issues, and Argentina's international peacekeeping role, which has been demonstrated by its participation in Operation Desert Shield/Desert Storm, as well as in a variety of UN Peacekeeping Operations.
- Seven other countries have this designation (Australia, New Zealand, South Korea, Israel, Egypt, Japan, and Jordan). As in these other cases, the MNNA Designation for Argentina is directed against no one and entails no mutual defense obligation in the event of war. MNNA is, in principle, open to countries such as Brazil if they express interest.
- The United States welcomes the dramatic improvement in Brazilian-Argentine relations in recent years and has

recognized the important role played by MERCOSUL in this development. Rather than waiting to drive wedges between these countries, we are interested in encouraging additional steps toward economic, political, and military cooperation in the region, as shown by our participation in multilateral peacekeeping operations involving both countries.

BRAZIL: FBI OFFICE

Q: What is the status of the FBI office in Brazil? Press reports indicate that it will be used as cover for CIA, DEA and DIA operations in Brazil. What is your comment on that?

A:

- The FBI anticipates opening an office at the American Embassy in Brasilia, between October 1, 1997 and September 30, 1998. This Legal Attaché Office will be staffed by two FBI agents and a secretary.
- The overseas program of the FBI is a highly effective tool for the exchange of evidence and information with the law enforcement entities of foreign countries. In addition, it is an effective vehicle for facilitating an exchange of police training opportunities which promotes professionalism and democratic values in the law enforcement context. The mission of the FBI overseas does not include foreign intelligence gathering nor does it involve using the FBI as a cover for intelligence-gathering operations. The underlying theme of the Legal Attaché Program of the FBI is cooperation and coordination between the FBI and host country law enforcement authorities, in order to more effectively fight transnational crime.

BRAZIL: PURPOSE OF VISIT

Q. What is the purpose of your trip to Brazil? .

A.

- I have come to meet with President Cardoso, for whom I have the highest professional and personal regard, and with other Brazilian leaders, to discuss an agenda of international and regional issues and to strengthen our bilateral cooperation in a number of areas. The U.S.-Brazil partnership has yielded tangible results in keeping the peace along the Peru-Ecuador Border, in protecting the fragile democracy in Paraguay, and in a host of other areas.
- I am particularly proud of our new joint initiative with Brazil in the field of education. Under the Memorandum of Understanding signed today, we agreed to work together on:

The application of Technology to Education;
Educational Standards, Assessments, and Indicators;
Strengthening Professional Development of Teachers and
School Managers;
Increasing Educational Exchanges; and
Enhancing Business, Community and Family
Involvement in Education.

Other new agreements being signed during this visit include:

Mutual Legal Assistance Treaty;
Nuclear Cooperation Agreement;
Space Cooperation Package, including a Space Station
Agreement; and
A new U.S. contribution to the G-7 Pilot Program for the
Amazon.

- I am also looking forward to seeing more of Brazil, and meeting your vibrant people whom I have heard so much about from Hillary's visit here in 1995.

BRAZIL: BILATERAL RELATIONS

Q: How do you evaluate U.S.-Brazilian relations?

A:

- Brazilian relations are excellent. The level of interchange between our two countries has never been higher, has never been better.
- Speaking personally, I have an outstanding working relationship with President Cardoso, dating back to when we first met at the Summit of the Americas in Miami, which has broadened and deepened since his state visit to the United States in April 1995 and in our subsequent meetings and conversations. I also look forward to meeting with other Brazilians from all walks of life.
- Brazil is a key economic and political partner for us, both in the hemisphere as well as on such global issues as nonproliferation, security and peacekeeping, counternarcotics, human rights, and the environment to mention only a few.
- Together we have made great strides in building international consensus needed to make progress on many of these issues and we look forward to continuing our close collaboration with Brazil.

BRAZIL: IMPORTANCE OF U.S. RELATIONS WITH HEMISPHERE

Q. If relations with Latin America are important, why has it taken so long in your Presidency to visit South America and Brazil?

A.

- Relations with Latin America have been a high priority in my administration, and for me personally, from the outset.
- We now see a hemisphere in which every country except one is democratic. Never before has our relations with the countries of the region been so heavily keyed to cooperative action and joint approaches to common problems and mutual opportunities.
- From the first days of my administration we have emphasized this in concluding and ratifying NAFTA, and at the Miami Summit, one of the highlights of my first term. There, we worked so successfully, with our partners, to reach consensus on achieving a free trade area of the American by 2005 and on mutual goals in the areas of support for democracy and human rights and sustainable development.
- But the Miami Summit was more than a meeting, it was the beginning of a process in which we continue to work closely with our friends in the region, like Brazil, to build a better more prosperous future for all the peoples of the hemisphere.

BRAZIL: ALLEGATIONS OF CIA INVOLVEMENT IN 64 COUP

Q: In a recent interview in the Brazilian magazine "IstoE," the former CIA agent Philip Agee said that the CIA helped plan Brazil's 1964 military coup. Is this true?

A:

- This is the first I have ever heard of this, but I am not going to comment on an unsubstantiated allegation of a former employee.
- During the period you are referring to, I was not even in government. I was still in high school.

Next question please.

BRAZIL: UN SECURITY COUNCIL EXPANSION

Q: What is the U.S. position on a permanent seat on the UN Security Council for Brazil? Also, the U.S. has expressed the opinion that reform of the Council should not include veto power for the new permanent members. Why not?

A:

- The United States supports permanent seats for Japan and Germany in a Security Council of up to 20-21 seats. We could also accept permanent seats for three developing countries from the regions of Latin America, Asia, and Africa.

It is up to each region to decide on how it will allocate a new seat. Brazil is one of a number of well qualified countries, but there are many factors to be considered and we believe the countries of the region are best placed to make this decision.

- We have not yet taken a position on extending the veto to new permanent members of the Council. We support the creation of a High Level Working Group on Decision Making that would consider the veto and other Council procedures, so that progress can be made in other areas where there is agreement.

VISA POLICY

Q: Many Brazilians have difficulties in getting a visa for the United States. There have been allegations of discrimination against Brazilians at U.S. Consulates on the basis of race and appearance. A former State Department Consul, Robert Olsen, alleges that consulates routinely use codes such as "LP - looks poor" or LR - looks rough" as methods to refuse visas to applicants on the basis of ethnic background, appearance or wealth. What are your views on these discriminatory practices?

A.

- Discrimination based on race or ethnicity is illegal in the United States and is not tolerated within the Department of State. However, visa officers are charged by law to distinguish between bona fide travelers, who will depart the U.S. after a temporary stay, and intending immigrants who will not. The vast majority of Brazilians seeking to travel to the U.S., 93%, are successful in obtaining visas. The most recent figures show that an astounding 635,000 visitor visas were issued to Brazilians during the twelve-month period ending September 30, 1996; more than any other nationality. The Department of State has not accepted Mr. Olson's charges and this matter is currently the subject of litigation in the U.S. courts.

Q: Why does the United States discriminate between Brazil and Argentina in allowing Argentina to have a visa waiver program? Isn't this part of the U.S. attempt to drive a wedge between Brazil and Argentina?

A.

- The Visa Waiver Program is governed by strict criteria. For a country to be admitted into the program it must, among other things, have a refusal rate of less than 3.5% and an overstay rate of less than 1.5%. Argentina met the requirements of the law. Brazil has not. Brazil's current visa refusal rate is 7%, and is unlikely to decrease in the near future. There has been no discrimination; the requirements of the law have been applied equally to all countries.

Q: Ferreira Neta, a well-known Brazilian journalist, was arrested at Miami Airport recently and jailed for five days for entering the country with Rohypnol, a medicine banned in the U.S. but legal in Brazil. Many other Brazilians have been subjected to harsh treatment by immigration authorities, sometimes for no reason at all. While tourists from other countries in the region also represent risks from carrying drugs and overstaying their visas, Brazilians seem to be routinely and arrogantly selected out as potential illegal immigrants both at U.S. consulates in Brazil and at the ports of entry. Why are Brazilians targeted for this treatment?

A.

- The fact that over a half a million -- 635,000 actually -- visitor visas were issued to Brazilians this past year and that close to a million Brazilian tourists enter the U.S. each year without any problems seems to indicate not only that the U.S. immigration authorities do not target Brazilians, but more importantly that most Brazilians enjoy their stay and either come back or tell their friends to visit. But specifically on this incident, I understand that on a past trip, Mr. Ferreira Neto had already been found with this drug, but was released after signing a statement to the effect that he was aware that the drug was illegal in the U.S. and that he would not attempt to enter the country again with it. Even though he entered the U.S. a second time with the same drug, I understand that the INS dropped the charges and let him leave the country. You must understand that narcotics and other unapproved drugs are prohibited from entry into the United States and that there are severe penalties if imported. A traveler requiring medicines containing habit-forming drugs or narcotics needs to have either a prescription or written statement from their personal physician that the medicines are being used under a doctor's direction and are necessary for the person's well-being while traveling.

EDUCATION

Q: Why have you and President Cardoso chosen to highlight the importance of education during your visit to Brazil?

A:

- We both agree that as our hemisphere moves toward greater economic integration quality basic education for all citizens is essential to assure that everyone shares in the increased prosperity, and that none of our citizens are left behind.
- This is why I am urging the U.S. Congress to pass voluntary national education standards for basic education, to help our teachers and students achieve the skills that are needed in today's more competitive, technologically sophisticated globalized economy. It's why I am seeking \$50 million for after-school, weekend and summer programs to turn schools into vital community centers for adults and children alike, offering a safe and productive place for students who have no where to go during non-school hours.
- We have learned in the U.S. that it requires a national commitment with all parts of society pulling together to improve education. I am very impressed with President Cardoso's efforts to improve education in Brazil. As the two largest and most culturally diverse democracies in this hemisphere, we face many of the same challenges. Through the new U.S.-Brazil Partnership for Education, we can share experiences and learn from each other as we move forward.

Q: What does the U.S.-Brazil Partnership for Education consist of?

A:

The Partnership sets forth five areas for collaborative action:

Cooperation in the development and use of Technology in education, including distance learning;

Ensuring that every child learns through educational standards, assessments and indicators;

Strengthening professional development of teachers and school managers;

Enhancing business, community and family involvement in education;

Increasing educational exchange between the U.S. and Brazil through the Fulbright program and other initiatives.



U.S. Department of State

Background Notes: Brazil, September 1997

Released by the Bureau of Inter-American Affairs.

Official Name: Federative Republic of Brazil

PROFILE

Geography

Area: 8,511,965 sq. km. (3,290,000 sq. mi.) Slightly smaller than the U.S.

Capital: Brasilia (pop. 1.8 million).

Other cities: Sao Paulo (11 million), Rio de Janeiro (6 million), Belo Horizonte (2.3 million), Salvador (2 million), Fortaleza (1.8 million), Recife (1.4 million), Porto Alegre (1.4 million), Curitiba (1.4 million).

Terrain: Dense forests in northern regions including Amazon Basin; semiarid along northeast coast; mountains, hills, and rolling plains in the southwest including Mato Grosso; and coastal lowland.

Climate: Mostly tropical or semitropical with temperate zone in the south.

People

Nationality: Noun and adjective--Brazilian(s).

Population (1995): 156 million.

Annual growth rate: 1.7%.

Ethnic groups: Portuguese, Italian, German, Japanese, African, indigenous people.

Religion: Roman Catholic (80%).

Language: Portuguese.

Education: Literacy--81% of adult population.

Health: Infant mortality rate--44/1,000. Life expectancy--67 years.

Work force (65 million): Services--40%; agriculture--35%; industry--25%.

Government

Type: Federative Republic.

Independence: September 7, 1822.

Constitution: Promulgated October 5, 1988.

Branches: Executive--president (chief of state and head of government popularly elected to no more than two 4-year terms).

Legislative--Senate (81 members popularly elected to 8-year terms), Chamber of Deputies (513 members popularly elected to 4-year terms).

Judicial--Supreme Federal Tribunal.

Political parties: Brazilian Democratic Movement Party (PMDB), Brazilian Social Democratic Party (PSDB), Liberal Front Party (PFL), Social Democratic Party (PSD), Democratic Workers Party (PDT), Workers Party (PT), Brazilian Labor Party (PTB), Liberal Party (PL), Brazilian Socialist Party (PSB), Communist Party of Brazil (PC do B), Brazilian Progressive Party (PPB), Popular Socialist Party (PPS), Green Party (PV), The Social Liberal Party (PSL), The National Mobilization

Party (PMN).

Economy (1996)

GDP: U.S.\$600 billion.

Annual real growth rate: 3.9%.

Per capita GDP: U.S. \$4,200.

Natural resources: Iron ore, manganese, bauxite, nickel, uranium, gemstones, oil.

Agriculture (13% of GDP): Products--coffee, soybeans, sugarcane, cocoa, rice, beef, corn, oranges, cotton, wheat.

Industry: Types--steel, chemicals, petrochemicals, machinery, motor vehicles, consumer durables, cement, lumber.

Trade: Exports--\$47 billion. Major markets--United States 19%, Argentina 10%, Netherlands 8%, Japan 6%, Germany 4%, Italy 3%, France 2%. Imports--\$50 billion. Major suppliers--United States 25%, Argentina 12%, Germany 9%, Italy 5%, Japan 4%.

Official exchange rate: 1.05 Reais = U.S. \$1.

U.S.-BRAZILIAN RELATIONS

The United States was the first country to recognize Brazil's independence in 1822. The two countries have traditionally enjoyed friendly, active relations encompassing a broad political and economic agenda.

With the inauguration of Brazil's internationally oriented, reformist President Fernando Henrique Cardoso on January 1, 1995, U.S.-Brazil engagement and cooperation have intensified. This is reflected in the unprecedented number of high-level contacts between the two governments, including President Cardoso's state visit to Washington in April 1995, visits to Brazil by First Lady Hillary Clinton, Secretary of State Warren Christopher, the late Secretary of Commerce Ronald Brown and many other exchanges between U.S. and Brazilian cabinet and sub-cabinet officials. Important topics of discussion and cooperation have included trade and finance, hemispheric economic integration, United Nations reform and peacekeeping efforts, nonproliferation and arms control, follow-up to the 1994 Miami Summit of the Americas, common efforts to help resolve the Peru-Ecuador border conflict, support for Paraguay's democratic development, human rights, counternarcotics, and environmental issues.

A new agreement for cooperation in counternarcotics was signed in March 1995, and a national drug control plan has been drafted. During a visit of Under Secretary of State Timothy Wirth to Brazil in October 1995, the two countries signed a Common Agenda on the Environment, laying the foundation for cooperative efforts in environmental protection. The two governments are negotiating a Mutual Legal Assistance Treaty, which will assist in combating international crime.

Former U.S. Trade Representative Mickey Kantor and Brazilian Foreign Minister Lampreia submitted a joint report to Presidents Clinton and Cardoso on the U.S.-Brazil Bilateral Trade Review, completed October 25, 1995. The Bilateral Trade Review lays the groundwork for closer cooperation in resolving bilateral trade issues as well as in joint efforts to advance progress toward a Free Trade Area of the Americas (FTAA) and to develop closer ties between NAFTA and Mercosul, the Common Market of the South. Brazil is a key player in hemispheric efforts to negotiate an FTAA by 2005, and hosted the May 1997 FTAA Trade Ministerial in Belo Horizonte.

Relations are advancing well in various aspects of scientific and technical work as well. During his 1996 visit, former Secretary of State Christopher signed a Space Cooperation agreement and initialed an agreement on Peaceful Uses of Nuclear Energy.

Principal U.S. Embassy Officials

Ambassador--Melvyn Levitsky

Deputy Chief of Mission--James Derham

Defense Attaché--Col. Layton Dunbar, U.S. Army
 Economic Counselor--John H. Lewis
 Commercial Counselor--Miguel Pardo de Zela (resident in Sao Paulo)
 Political Counselor--John Caswell
 Science Counselor--Xenia Wilkinson
 Public Affairs Counselor (USIS)--John Dwyer
 Consul General in Sao Paulo--Melissa Wells
 Consul General in Rio de Janeiro--Cristobal Orozco
 Consul in Recife--Earl Irving

The U.S. embassy in Brasilia is located at SES Avenida das Nações, quadra 801, lote 3, Brasilia, DF, CEP: 70.403-900 (tel. 55-61-321-7272). (fax 55-61-321-2833).
 Internet: <http://www.embaixada-americana.org.br/>

There are U.S. consulates general in Rio de Janeiro and Sao Paulo and a consulate in Recife. Consular agents are located in Manaus, Belem, Salvador, Fortaleza, and Porto Alegre. Branch offices of the U.S. Information Service (USIS) are located in Brasilia, Rio de Janeiro, and Sao Paulo. Branch offices of the U.S. Foreign Commercial Services are located in Brasilia, Sao Paulo, Rio de Janeiro and Belo Horizonte.

U.S. Embassy and Consulate Functions

In addition to working closely with Brazilian Government officials to strengthen our bilateral relationship, the U.S. embassy and consulates in Brazil provide a wide range of services to U.S. citizens and business. Political, economic, and science officers deal directly with the Brazilian Government in advancing U.S. interests, but are also available to provide information to U.S. citizens on general conditions in the country. Attaches from the Foreign Commercial Service and Foreign Agriculture Service work closely with hundreds of U.S. companies which maintain offices in Brazil. These officers provide information on Brazilian trade and industry regulations and administer several programs intended to aid U.S. companies starting or maintaining business ventures in Brazil.

The consular section of the embassy provides vital services to the estimated 50,000 U.S. citizens residing in Brazil. Among other services, the consular section assists Americans who wish to participate in U.S. elections while abroad and provides U.S. tax information. Besides the U.S. residents living in Brazil, some 150,000 U.S. citizens visit annually. The consular section offers passport and emergency services to U.S. tourists as needed during their stay in Chile.

ECONOMY

Brazil is the 10th-largest economy in the world, with 1996 GDP over U.S.\$600 billion. It is a highly diversified economy with wide variations in levels of development. Most large industry is concentrated in the south and southeast. Although traditionally the poorest part of Brazil, the northeast is beginning to attract new investment.

Brazil embarked on its most successful economic stabilization program, the Plano Real (named for the new currency, the real, plural: reais) in July 1994. Inflation--which had reached an annual level of nearly 5000% at the end of 1993--has since dropped to its lowest level in over 40 years and is expected to be less than 10% in 1997. Brazil has accomplished this through a combination of a strong exchange rate, tight monetary policies, trade liberalization and privatization. In addition, the Cardoso Administration has introduced to Congress a series of constitutional reform proposals to replace a state-dominated economy with a market-oriented one and to restructure all levels of government on a financially sound basis. Congress has approved amendments to open the economy to greater private sector participation, including foreign investors. Reforms to bring order to government fiscal accounts have made less progress--because of their greater political

sensitivity--but remain under consideration by the Congress. The Administration places great importance on these fiscal reforms for sustainable long-term growth. The Plano Real has raised the income of poor Brazilians, but Brazil continues to have one of the world's most inequitable distributions of income. The Administration has acknowledged the need to invest more in education and health to redress this inequity.

Market liberalization and economic stabilization have significantly enhanced Brazil's growth prospects. Brazil's trade has almost doubled since 1990, from U.S.\$50 billion to an estimated U.S.\$100 billion in 1996. The United States represents about 20% of that trade, and ran small trade surpluses in 1995 and 1996 after many years of deficits with Brazil. Foreign direct investment has increased from less than U.S.\$1 billion in 1993 to an estimated U.S.\$7 billion in 1996. The United States is the largest foreign investor in Brazil, accounting for almost U.S.\$20 billion, or 34% of total foreign investment. Ongoing and upcoming privatization in the telecommunication, energy and mining sectors of Brazil planned for 1997 and 1998 is of major interest to U.S. companies.

Brazil is endowed with vast agricultural resources. There are basically two distinct agricultural areas. The first, located in the central-south region, has temperate rainfall, the best soils, high technology and input use, reasonable infrastructure, and more experienced farmers. It produces most of Brazil's food and export crops. The other, located in the drought-ridden northeast region and in the Amazon basin, lacks well-distributed rainfall, good soil, adequate infrastructure, or sufficient development capital. Although producing mostly for self-sufficiency, the latter regions are becoming increasingly important in exports of forest products, cocoa, sugarcane and tropical fruits. Central Brazil contains substantial areas of grassland with only scattered trees. The Brazilian grasslands are less fertile than those of North America and are generally more suited for grazing.

Brazilian agriculture is highly diversified, and the country is largely self-sufficient in food. Agriculture accounts for 13% of the country's GDP, and employs about one third of the labor force in more than 6 million agricultural enterprises. Crop production accounts for about 90% of the total agricultural output. Brazil is the world's largest producer of sugarcane and coffee, and an exporter of rice, corn, cocoa, cotton, soybeans, oranges, tobacco, forest products, and other tropical fruits and nuts. The remaining 10% of the agricultural economy involves livestock activities, mainly the production of beef, poultry, pork, milk, and eggs.

Brazil is a net exporter of agricultural and food products, which account for about 35% of the country's exports. In 1995, farm and food exports totaled U.S.\$16 billion. Record levels of imports amounted to nearly U.S.\$7 billion. In 1994 and 1995, agricultural exports were hurt by the sharp appreciation of the Brazilian real, lack of export financing, and high taxes and port costs. On the other hand, agricultural and food imports grew substantially during this period as a result of production shortfalls, lower prices due to import liberalization and a strong currency, and increased consumer demand. In the long run, however, the trend of agricultural imports is back toward pre-1995 levels.

Half of Brazil is covered by forests, with the largest rain forest in the world located in the Amazon Basin. Recent migrations into the Amazon and large-scale burning of forest areas have placed the international spotlight on Brazil. The government has reduced incentives for such activity and is beginning to implement an ambitious environmental plan.

Brazil has one of the most advanced industrial sectors in Latin America. Accounting for one-third of GDP, Brazil's diverse industries range from automobiles, steel, and petrochemicals, to computers, aircraft, and consumer durables. With the increased economic stability provided by the Plano Real, Brazilian firms and multinationals have invested hundreds of millions of dollars in new equipment and technology, a large share of which has been purchased from U.S. firms. However, the country's power, transportation, and communications systems--particularly outside the more developed southern states--suffer from lack of investment and poor maintenance.

Brazil has a diverse and sophisticated services industry as well. During the early 1990s, the banking sector accounted for as much as 16% of GDP. Although undergoing a major overhaul, Brazil's financial services industry provides local firms a wide range of products and is attracting numerous new entrants, including U.S. financial firms. The Sao Paulo and Rio de Janeiro stock exchanges have been among the fastest growing in the world in the last two years.

The Brazilian Government has undertaken an ambitious program to reduce dependence on imported oil. Imports previously accounted for more than 70% of the country's oil needs but now account for less than 50%. Brazil is one of the world's leading producers of hydroelectric power, with a potential of 106,500 megawatts. Existing hydroelectric power provides 90% of the nation's electricity. Two large hydroelectrical projects, the 12,600 megawatt Itaipu Dam on the Parana River--the world's largest dam--and the Tucurui Dam in Para in northern Brazil, are in operation.

Brazil's first commercial nuclear reactor, Angra I, located near Rio de Janeiro, has been in operation for more than 10 years. Angra II is under construction, and Angra III is planned. The three reactors would have combined capacity of 3,000 megawatts when completed.

Proven mineral resources are extensive. Large iron and manganese reserves are important sources of industrial raw materials and export earnings. Deposits of nickel, tin, chromite, bauxite, beryllium, copper, lead, tungsten, zinc, gold, and other minerals are exploited. High-quality coking-grade coal required in the steel industry is in short supply.

GOVERNMENT AND POLITICS

Brazil is a federal republic with 26 states and a federal district. The 1988 constitution grants broad powers to the federal government, made up of executive, legislative, and judicial branches. The President holds office for four years and appoints his own cabinet. There are 81 senators, three for each state and the Federal District, and 513 deputies. Senate terms are for eight years, with election staggered so that two-thirds of the upper house is up for election at one time and one-third four years later. Chamber terms are for four years, with elections based on a complex system of proportional representation by states. Each state is eligible for a minimum of 8 seats; the largest state delegation (Sao Paulo's) is capped at 70 seats. The result is a system weighted in favor of geographically large but sparsely populated states.

Fifteen political parties are represented in Congress. Since it is common for politicians to switch parties, the proportion of congressional seats held by particular parties changes regularly. The following are the major ones, in order of the size of their congressional delegations:

- PFL--Liberal Front Party (center-right)
- PMDB--Brazilian Democratic Movement Party (center)
- PSDB--Brazilian Social Democratic Party (center-left)
- PPB--Brazilian Progressive Party (center-right)
- PT--Workers Party (left)
- PDT--Democratic Labor Party (left)
- PTB--Brazilian Labor Party (center-right)
- PSB--Brazilian Socialist Party (left)
- PCdoB--Communist Party of Brazil (left)
- PL--Liberal Party (center-right)

President Cardoso was elected with the support of a heterodox alliance of his own center-left Social Democratic Party, the PSDB, and two center-right parties, the Liberal Front Party (PFL) and the Brazilian Labor Party (PTB). Brazil's largest party, the centrist Brazilian Democratic Movement Party (PMDB), joined Cardoso's governing coalition after the election, as did the center-right PPB, the Brazilian Progressive Party, in 1996, after its formation from three conservative parties the previous year. Federal deputies and senators who belong to the parties comprising the government coalition do not always vote with the government, a consequence of weak party discipline and lack

of ideological coherence both among and within coalition parties. As a result, President Cardoso has had difficulty cobbling together sufficient support for many of his legislative priorities, despite the fact that his coalition parties hold an overwhelming majority of congressional seats. Among several opposition parties, the left-of-center Workers Party (PT) is the largest and most ideologically coherent.

States are organized like the federal government, with three government branches. Because of the mandatory revenue allocation to states and municipalities provided for in the 1988 Constitution, Brazilian governors and mayors have exercised considerable power since 1989.

Presidential, congressional, and gubernatorial elections took place in October 1994. Fernando Henrique Cardoso won the presidential election with approximately 54% of the vote, while his closest challenger, Luiz Inacio Lula da Silva (PT), had about 27%. Elections for the nation's mayors were held in October and November 1996. The next national elections will be in 1998.

FOREIGN RELATIONS

Traditionally, Brazil has been a leader in the inter-American community and has played an important role in collective security efforts as well as in economic cooperation in the Western Hemisphere. Brazil aligned with the allies in both World Wars. During World War II its expeditionary force in Italy played a key role in the allied victory at Monte Castello. It is a party to the Inter-American Treaty of Reciprocal Assistance (Rio Treaty) and a member of the Organization of American States (OAS). Recently, Brazil has given high priority to expanding relations with its South American neighbors and is a founding member of the Amazon Pact, the Latin American Integration Association (ALADI), and Mercosul (Mercosur in Spanish), uniting Argentina, Uruguay, Paraguay, and Brazil. Along with Argentina, Chile, and the United States, Brazil is one of the guarantors of the Peru-Ecuador peace process.

Brazil is a charter member of the United Nations and participates in many of its specialized agencies. It has contributed troops to UN peacekeeping efforts in the Middle East, the former Belgian Congo, Cyprus, Mozambique, and most significantly, Angola.

As Brazil's domestic economy has grown and diversified, the country has become increasingly involved in international politics and economics. The United States, Western Europe, and Japan are primary markets for Brazilian exports and sources of foreign lending and investment. As an indication of Brazil's broader international role, trade with other developing countries increased from 9% of the total in the 1970s to nearly 30% in 1993. Brazil has also bolstered its commitment to non-proliferation through the signing of a full-scale nuclear safeguard agreement with the International Atomic Energy Agency (IAEA), accession to the Treaty of Tlatelolco, and membership in the Missile Technology Control Regime and the Nuclear Suppliers Group.

Principal Government Officials

President--Fernando Henrique Cardoso
 Vice-President--Marco Maciel
 Minister of Foreign Affairs--Luiz Felipe Lampreia
 Ambassador to the U.S.--Paulo Tarso Flecha de Lima
 Ambassador to the UN--Celso Amorim
 Ambassador to the OAS--Carlos Alberto Leite Barbosa

Brazil maintains an embassy in the United States at 3006 Massachusetts Avenue NW, Washington, DC 20008 (tel. 202-238-2700). Brazil maintains consulates general in New York, Chicago, and Los Angeles; and consulates in Miami, Houston, Boston, San Francisco, Atlanta, and Orlando.

PEOPLE AND HISTORY

With an estimated 156 million inhabitants, Brazil has the largest population in Latin America and ranks sixth in the world. The majority live in the south-central area, which includes the industrial cities of Sao Paulo, Rio de Janeiro, and Belo Horizonte. Urban growth has been rapid: by 1991, 75% of the total population were living in urban areas. Rapid growth has aided economic development but has also created serious social, environmental, and political problems for major cities.

Four major groups make up the Brazilian population: the Portuguese, who colonized in the 16th century; Africans brought to Brazil as slaves; various other European, Middle Eastern, and Asian immigrant groups who have settled in Brazil since the mid-19th century; and indigenous people of Tupi and Guarani language stock. Inter-marriage between the Portuguese and indigenous people or slaves was common. Although the major European ethnic stock of Brazil was once Portuguese, subsequent waves of immigration have contributed to a diverse ethnic and cultural heritage.

From 1875 until 1960, about 5 million Europeans emigrated to Brazil, settling mainly in the four southern states of Sao Paulo, Parana, Santa Catarina, and Rio Grande do Sul. Immigrants have come mainly from Italy, Germany, Spain, Japan, Poland, and the Middle East. The largest Japanese community outside Japan is in Sao Paulo. Despite class distinctions, national identity is strong, and racial friction is a relatively new phenomenon.

Indigenous full-blooded Indians, located mainly in the northern and western border regions and in the upper Amazon Basin, constitute less than one percent of the population. Their numbers are declining as contact with the outside world and commercial expansion into the interior increase. Brazilian Government programs to establish reservations and to provide other forms of assistance have existed for years but are controversial and often ineffective.

Brazil is the only Portuguese-speaking nation in the Americas. Approximately 80% of all Brazilians belong to the Roman Catholic Church; most others are Protestant or follow practices derived from African religions.

Brazil was claimed for Portugal in 1500 by Pedro Alvares Cabral. It was ruled from Lisbon as a colony until 1808, when the royal family, having fled from Napoleon's army, established the seat of Portuguese government in Rio de Janeiro. Brazil became a kingdom under Dom Joao VI, who returned to Portugal in 1821. His son declared Brazil's independence on September 7, 1822, and became emperor with the title of Dom Pedro I. His son, Dom Pedro II, ruled from 1831 to 1889, when a federal republic was established in a coup by Deodoro da Fonseca, marshal of the army. Slavery had been abolished a year earlier by the Regent Princess Isabel while Dom Pedro II was in Europe.

From 1889 to 1930, the government was a constitutional democracy, with the presidency alternating between the dominant states of Sao Paulo and Minas Gerais. This period ended with a military coup that placed Getulio Vargas, a civilian, in the presidency; Vargas remained as dictator until 1945. From 1945 to 1961, Eurico Dutra, Vargas, Juscelino Kubitschek, and Janio Quadros were elected presidents. When Quadros resigned in 1961, he was succeeded by Vice President Joao Goulart.

Goulart's years in office were marked by high inflation, economic stagnation, and the increasing influence of radical political elements. The armed forces, alarmed by these developments, staged a coup on March 31, 1964. The coup leaders chose as president Humberto Castello Branco, followed by Arthur da Costa e Silva (1967-69), Emilio Garrastazu Medici (1968-74), and Ernesto Geisel (1974-79) all of whom were senior army officers. Geisel began a liberalization which was carried further by his successor, Gen. João Baptista de Oliveira Figueiredo (1979-85). Figueiredo not only permitted the return of politicians exiled or banned from political activity during the 1960s and 1970s but also allowed them to run for state and federal offices in 1982.

At the same time, an electoral college consisting of all members of congress and six delegates chosen from each state, continued to choose the president. In January 1985, the electoral college voted Tancredo Neves from the opposition Brazilian Democratic Movement Party (PMDB) into office as

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BRAZIL: USAID ASSISTANCE

The U.S. Agency for International Development (USAID) assistance to Brazil, approximately \$12 million per year, is carefully targeted in areas of critical need for the Brazilian development process, focusing on: environmental protection, renewable energy and energy efficiency, women's health, AIDS prevention, and at-risk youths.

Brazil is considered a major contributor to greenhouse gas emissions because of deforestation and burning that take place in the Amazon. USAID is supporting environmentally sound land use at the local, state, and regional level and providing systems for sustainable management of cleared and forested areas in the Amazon. USAID is also an active contributor to the G-7 Pilot Program to conserve the Brazilian Rain Forest and prevent global climate change.

The estimated energy needs to sustain Brazil's impressive economic growth are immense, and generation capacity is below requirements. USAID assistance promotes energy efficiency and use of renewable energy sources (wind, solar, biomass).

Health care in Brazil has been characterized by a weak delivery system that neglects preventive care. USAID is assisting the efforts of the current administration to develop and implement public and private service delivery systems for low-income people emphasizing preventive services.

Brazil has the second highest number of reported AIDS cases in the world. USAID works with local health facilities and non-governmental organizations (NGOs) to provide assistance for educational and informational campaigns, improvement of service delivery systems and training of critical health care personnel to prevent further spread of HIV/AIDS.

USAID also supports organizations assisting at-risk youth between 10-18 years of age who are at risk of becoming involved in drug use, prostitution, delinquency or living on the streets.

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BRAZIL: EDUCATION

Overview: In spite of progress over the past 25 years, much still needs to be done to ensure universal quality basic education. National net enrollment rates are now over 96%. However, some regions of the country, such as the chronically poor Northeast where 25% of school-age children do not attend, are far below this level. Girls' net enrollment in primary school is roughly on par with boys; female enrollment actually expanded more rapidly than that of boys at the secondary level. High rates of grade repetition prevent many children from completing primary school. First grade repetition rates approach 53%, with grade one repetition for students from poor families reaching 90%. Although primary school completion rates doubled between 1980 and 1994, only 24% of children finish all eight grades.

Low quality schooling, especially in the Northeast, is the major cause of grade repetition. Teachers may have only a primary school education and teach with rote methods only two hours a day; traditionally parents have not had much role in their children's schooling. But there is great variability among states and municipalities; in some states such as Sao Paulo there are many high quality, innovative education programs.

Improving education has become a top social policy priority for the Brazilian government. Total financing for education has increased to nearly 6% of GNP. Monitoring and evaluation have improved, so student progress can be assessed and appropriate standards developed. Timely textbook distribution improved dramatically, and a TV-School program has provided 52,000 public schools--serving 80% of students--with televisions, VCRs and related instructional materials. A new federal government program to install 100,000 computers in public primary schools is under way. PTAs, school councils and school campaigns have been initiated to increase community involvement in education, and large-scale programs have been developed in various states to bring chronic repeaters up to their appropriate grade levels.

US assistance for Brazilian education ended in 1976, after providing substantial technical advice, loans and other assistance to improve primary education. A major new Brazil-U.S. Partnership for Education has now been developed, through which the two governments will facilitate relationships between organizations at all levels of the two education systems. The new Partnership will focus on cooperation and the exchange of ideas to improve school performance through the effective use of technologies, improved standards, assessments, and indicators, strengthening preparation of teachers and school managers, increasing educational exchanges, and promoting family, community and business involvement in education. Other donors,

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particularly the Inter-American Development Bank and the World Bank and many private foundations, are also extensively involved in promoting school reform in Brazil.

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BRAZIL: U.S.-BRAZIL ENVIRONMENTAL AGENDA

Rain Forests/Biodiversity: The Food and Agriculture Organization estimates almost one quarter of all tropical rain forest loss occurs in Brazil. You are scheduled to announce a new \$10 million package from USAID for a highly innovative, \$280 million Pilot Program to Conserve the Brazilian Rain Forest (PPG-7), which is funded by the G-7 nations. Since 1993, USAID has provided over \$30 million to protect rain forests and biodiversity, including in the biodiversity-rich and highly threatened Atlantic Coastal Rain Forest. Other potential USG assistance for Brazil's rain forest includes current negotiations for NASA to loan Brazil a C-130 aircraft for enhanced remote sensing capabilities and participation in the Brazilian-led Large Scale Biosphere-Atmosphere Experiment in Amazonia (LBA), to be undertaken by NASA, the EU and, potentially, organizations from other countries. (See Brazil: Space Cooperation for details).

Common Agenda/Other Environmental Cooperation: In October 1993, the U.S. and Brazil signed a Common Agenda for the Environment to cooperate in promoting environmental protection and sustainable development, as well as to encourage technical cooperation and information exchange. The fourth annual meeting is tentatively scheduled for March 1998 in Brazil. Discussions include both "green" (biodiversity, forest, endangered species) and urban "brown" issues, such as solid waste and waste water management. Since the 1996 Bolivia Sustainable Development Summit, the U.S., Brazil, and Mexico have collaborated to develop a hemispheric Inter-American Biodiversity Information Network which will link databases that are presently incompatible, facilitating the scientific exchange of information throughout the region. NOAA and Brazil are leading a multilateral initiative to establish an International Research Institute for Climate Prediction to research the effects of El Niño weather phenomenon, which causes severe droughts and flooding particularly in eastern Brazil. During your trip, the U.S. Parks Service plans to sign a sister parks agreement between the Everglades and the Pantanal, the largest wetlands in Latin America. EPA is assisting the Sao Paulo state environmental agency to improve its technical capability in waste water management.

Problem Areas: Shortly after your visit, we will be required to announce a ban on shrimp exports until Brazil's shrimping industry can take adequate measures, such as turtle excluder devices on its nets, to protect sea turtles. Brazil is the largest Latin America emitter of greenhouse gases and the third largest developing country source of CO2 in the world, particularly from deforestation. Brazil's cooperation in climate change negotiations is therefore vital. USAID's Brazil program promotes U.S. clean energy and energy efficiency technologies, which address climate change. Brazil strongly opposes obligations for developing countries and not open to the use of Joint Implementation as a means of using the private sector for transferring clean energy technologies.

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TALKING POINTS

- I congratulate you on your leadership in vigorously addressing the issue of management of your vast forests. We see the Pilot Program to Conserve the Brazilian Rain Forest and look to it as a model that, once proven in Brazil, might be profitably exported to other developing countries.
- I look forward to continued close cooperation on a wide range of environmental issues and projects, from wetlands and forests to climate change.

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BRAZIL: THE FOURTH WORLD CONFERENCE ON WOMEN (BEIJING)

First Lady Dr. Ruth Correa Leite Cardoso led the Brazilian delegation to the Fourth World Conference on Women.

Brazil joined 90 other governments in announcing "commitments" to implement the Beijing Declaration and Platform for Action. Brazil's commitment was to strengthen the public education system in order to raise women's educational level, especially in areas of health, sanitation and work training.

Brazil participated in the 1997 session of the Commission on the Status of Women as a member.

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BRAZIL: POPULATION AND FAMILY PLANNING

With 163 million people, Brazil is home to about one-third of the Latin American and Caribbean population. Brazil has seen a major decline in its population growth, with fertility rates plunging from 6.0 births per woman in 1960 to 2.3 in 1996. Brazil's population growth rate stood at 1.2% in 1996.

It is estimated that three-fourths of Brazilian couples use contraception, mostly modern methods. However, usage varies significantly by region and options are generally limited to female sterilization and the pill. Reports of high rates of illegal abortion, unwanted births and teenage pregnancies indicate significant unmet need for reliable contraception. Infant and, especially, maternal mortality rates are high -- exceeding the target levels of the 1994 International Conference on Population and Development (ICPD) in Cairo -- and sexually transmitted diseases are a problem. Over one-half million Brazilians are HIV-positive, and Brazil ranks second in the world in terms of reported AIDS cases with 110,872 to date. Three-quarters of the population depends on the State public health system, which has deteriorated due to nationwide economic difficulties.

The Brazilian Government established a National Commission on Population and Development in 1995, and last year announced initiatives to broaden family planning options and improve reproductive health services. However, perhaps reflecting the fact that it is the world's largest Catholic country, Brazil has neither an explicit population policy nor a formal national family planning program. Practiced for years, sterilization was only legalized in 1997, when the public sector was also required to provide free counseling in all contraceptive methods.

USAID support has played an important role in the development of family planning in Brazil over the last two decades, helping to legitimize family planning, broaden method mix, improve service quality and expand service delivery. USAID provided \$4.7 million in population assistance in fiscal year 1997, focusing on two poor and underserved states in the Northeast. While USAID is currently phasing out this assistance with a target of the year 2000, their close-out strategy incorporates objectives to improve the quality and sustainability of family planning services in both the private and public sectors. The Rockefeller Foundation is considering including Brazil among several case studies of country approaches to the ICPD Program of Action.

The U.N. Population Fund (UNFPA), World Bank, World Health Organization, and a large number of NGOs currently provide funding to Brazil for a variety of projects focusing on reproductive health/family planning including information, education and communication, and population policy.

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BRAZIL: CHILDREN'S ISSUES

The situation of many impoverished children and youth in Brazil is precarious. The Inter-American Development Bank (IDB) calculates that over 45 million Brazilians live below the poverty line, of whom 30 million are under the age of 18. Many children do not receive an education and more than 3 million between ten and fourteen work to survive.

Moreover, as elsewhere in Latin America, street children are a serious problem. This at-risk population is subject to sexual exploitation, drugs, delinquency, and summary execution at the hands of death squads, drug gangs or the police. Although landmark progressive legislation has been passed to defend the rights of these children and to introduce rehabilitative, rather than punitive, treatment, the institutions charged with enforcing the law are not yet capable of doing their job effectively.

Since October 1994, with funding from the Displaced Children and Orphans Fund, USAID has been implementing an At-Risk Youth project through Partners of the Americas to support organizations assisting youth in the three largest cities in northeast Brazil: Recife, Salvador and Fortaleza. Small, innovative school-based programs in Brasilia have been added to the program recently. UNICEF and IDB are currently the major donors to at-risk youth in Brazil and the USAID project has been coordinated with them. By 1996 the program had assisted 22,000 children and their families.

In 1991 the United States, with funding from the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL) initiated a pilot drug intervention program for high-risk youth in Campinas, near Sao Paulo. The results have attracted the interest of USG agencies and other governments because it has produced results with our assistance that we would like to see replicated in this country. For instance, in the US only 3 to 15% of the client population stays in the programs for 12 months; in Brazil it is 76%. The United Nations, with our collaboration, has established a sub-regional training center in Brazil to teach this drug intervention methodology to other Latin American countries. We are now developing a program to determine how US based demand reduction technology is effectively used in other countries, in order to further improve US programs with their lessons learned.

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BRAZIL: HEALTH ISSUES

Brazil has an overall infant mortality rate (IMR) of 48 per thousand live births which is considerably higher in the northeast than in the wealthier southeastern states. The maternal mortality ratio is 220 per 100,000. Life expectancy in Brazil is 67 years; in South America only people in Bolivia (60) and Guyana (63) have lower life expectancies. Seventy-seven percent of women in union (e.g. a continuing relationship) use contraceptives and total fertility is 2.5 children per woman. USAID's phaseout population strategy in Brazil focuses on improving the quality of family planning services and ensuring that programs are sustainable; all activities are in the northeastern states of Bahia and Ceara.

According to the latest available statistics parasitic and infectious diseases, an indicator of poor living conditions, constituted the third cause of death in northeastern Brazil; in both southern and southeastern Brazil they ranked sixth.

Brazil, with approximately one-third of the people of the Latin America and Caribbean (LAC), has reported 110,872 AIDS cases since 1980 which represents 52% of the region's reported AIDS cases. Between 560,000 and 850,000 Brazilians are now estimated to be infected with the human immunodeficiency virus (HIV), with São Paulo and Rio de Janeiro states the most affected; together these two states account for 69% of Brazil's reported AIDS cases.

USAID has donated an average of approximately 28 million condoms, valued at \$1.4 million, to Brazil annually as part of our family planning and HIV/AIDS assistance. USAID-donated condoms are rigorously tested here in the United States and must meet standards higher than those the FDA applies to condoms distributed domestically. No further USAID condom donations are planned as Brazil will purchase condoms with funds from the World Bank AIDS loan.

A new strategy for HIV/AIDS programming in Brazil was developed recently. The strategy emphasizes identifying and disseminating proven interventions, improving the management capacity of local organizations working in prevention and achieving sustainability in condom social marketing. The new program will work closely with the World Bank-supported program in all three areas.

The Department of Health and Human Services is working with the Ministry of Health to conclude a cooperative agreement on a range of public health topics such as epidemiology, biomedical research, health policy and human resources development and regulation. Secretary Shalala is expected to visit Brazil early next year to sign the agreement.

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BRAZIL: PROTOCOL AND ETIQUETTE

Generally speaking, social customs are not much different from those of other western countries.

Personal Interaction

Most Brazilians are excellent conversationalists, and many understand English. It is risky to assume that any remarks made in English will pass unnoticed. Brazilians generally prefer that Americans do not address them in Spanish. In conversations, the distance maintained by Brazilians is somewhat closer than Americans find comfortable. Moving away by Americans, to find their own "comfort" level, can be misunderstood.

Surnames are rarely used. People often start on a first name basis, but titles of respect -- "senhor" for men, "senhora" for women -- are used to be polite to strangers or to show respect to someone older. The media often refer to President and Mrs. Cardoso by their first names, usually preceding "Ruth" with the title of respect "Dona".

The American sign for "A-OK", using thumb and index finger to form a circle, has a very vulgar connotation in Brazil and should be avoided. A thumbs-up is widely used to signify "A-OK."

Espresso coffee is routinely served at all meetings and calls.

Women give each other a kiss in the air on both cheeks as is the case between men and women who are close acquaintances or relatives. Handshakes as greetings are routine at every first encounter of the day.

At the Table

It is considered poor taste for women to leave their purses on the floor or hung on the back of a chair. Purses either remain on one's lap or are placed on a neighboring chair. Waiters routinely bring extra chairs to a table for that purpose.

Cigarette smoking is allowed virtually everywhere, including inside buildings.

In Sum

Notwithstanding these differences, generally U.S. and Brazilian standards of good behavior are similar.

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BRAZIL: WOMEN'S POLITICAL PARTICIPATION

Politics in Brazil has traditionally been a male domain. While the 1988 Constitution prohibits discrimination based on sex in employment, the realities of Brazilian society and political tradition are a formidable barrier to women's entry into politics. Consequently, inroads in politics by women have occurred even more slowly than in some other male-dominated professions, such as the diplomatic service.

In recent years, this pattern has begun to change. Laws which until recently discriminated against women's participation -- such as the right of husbands to prohibit their wives from accepting employment (annulled in 1988) -- are giving way to laws which mandate higher levels of participation by women. A gender quota law for the 1996 municipal elections required at least 20% of the candidates of each political party to be women. A bill currently under consideration by the Congress would extend the gender quota law to 1998 races for federal congressional and state legislative positions, and raise the quota to 25%.

Seven percent of the members of the Brazilian Congress are women, a roughly equivalent percentage in each house. In 1988, Luiza Erundina was elected mayor of Brazil's largest city, Sao Paulo. In 1990, Junia Marise became the first Brazilian woman elected Federal Senator. In 1994, Roseana Sarney (daughter of former President Jose Sarney) was the first woman elected governor of a state. In the 1996 municipal elections, only 3.4% of those elected mayor and city council members were women. However, the overall influence of women mayors is somewhat higher since five of the mayors of Brazil's 50 largest cities and state capitals are women.

Women candidates for mayor and council members have been most plentiful in the cities of the northeast and north, the poorest and least developed regions of Brazil. One example was the former mayor of Salvador, Lidice da Mata, whom the First Lady met during her 1995 visit to the city. In 1996, two northeastern state capitals (Maceio, Alagoas and Natal, Rio Grande do Norte) featured runoff elections in which all opponents were women.

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BRAZIL: WOMEN'S ISSUES

Recent public opinion polls indicate that the most serious problems facing women in Brazilian society are: lack of legal rights, social equality, and health assistance; sexual abuse and violence; discrimination within the workplace; and lack of jobs. Over 8,000 women's groups form a strong and vocal force in Brazil. Despite diverging positions and varied priorities, the groups have formed networks to address key women's issues.

Nevertheless, many Brazilian women remain marginalized. Constitutional guarantees of equality have not been fully incorporated into law, or just as importantly, enforced. Women lag behind in access to employment and salary levels and a large majority of Brazilians working in the informal sector of the economy are women. This has become more significant as the number of households headed by women is increasing rapidly, especially among the poor. Women have little access to power and decision-making positions, while mechanisms to promote gender equality are fragile and insufficient.

Although men and women have equal access to education, the educational system tends to segregate men and women by area of occupation. Moreover, gender inequality is aggravated by social-economic, racial and ethnic differences within Brazilian society.

To control Brazil's high incidence of physical abuse of women, most major cities and towns have established special police offices to deal with crimes against women. In rural areas, abused women have little recourse since there are no specialized police offices available to them. The Supreme Court in 1991 struck down the archaic concept of "defense of honor" as a justification for wife murder. Nevertheless, in some cases, men who commit crimes against woman, including sexual assault and murder, are unlikely to be brought to trial. Brazil has ratified the Inter-American Convention on the Prevention, Punishment and Eradication of Violence Against Women at an OAS General Assembly held in Brazil. Women's groups often cite this convention to support changes in national legislation.

A women's integrated health care program (including family planning) was created by the government in 1983, but implementation has been fragmented and non-existent in some cases. In Brazil, non-governmental organizations have been important providers of family planning services.

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