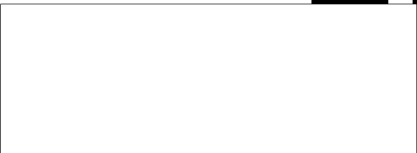




# The National Intelligence Daily

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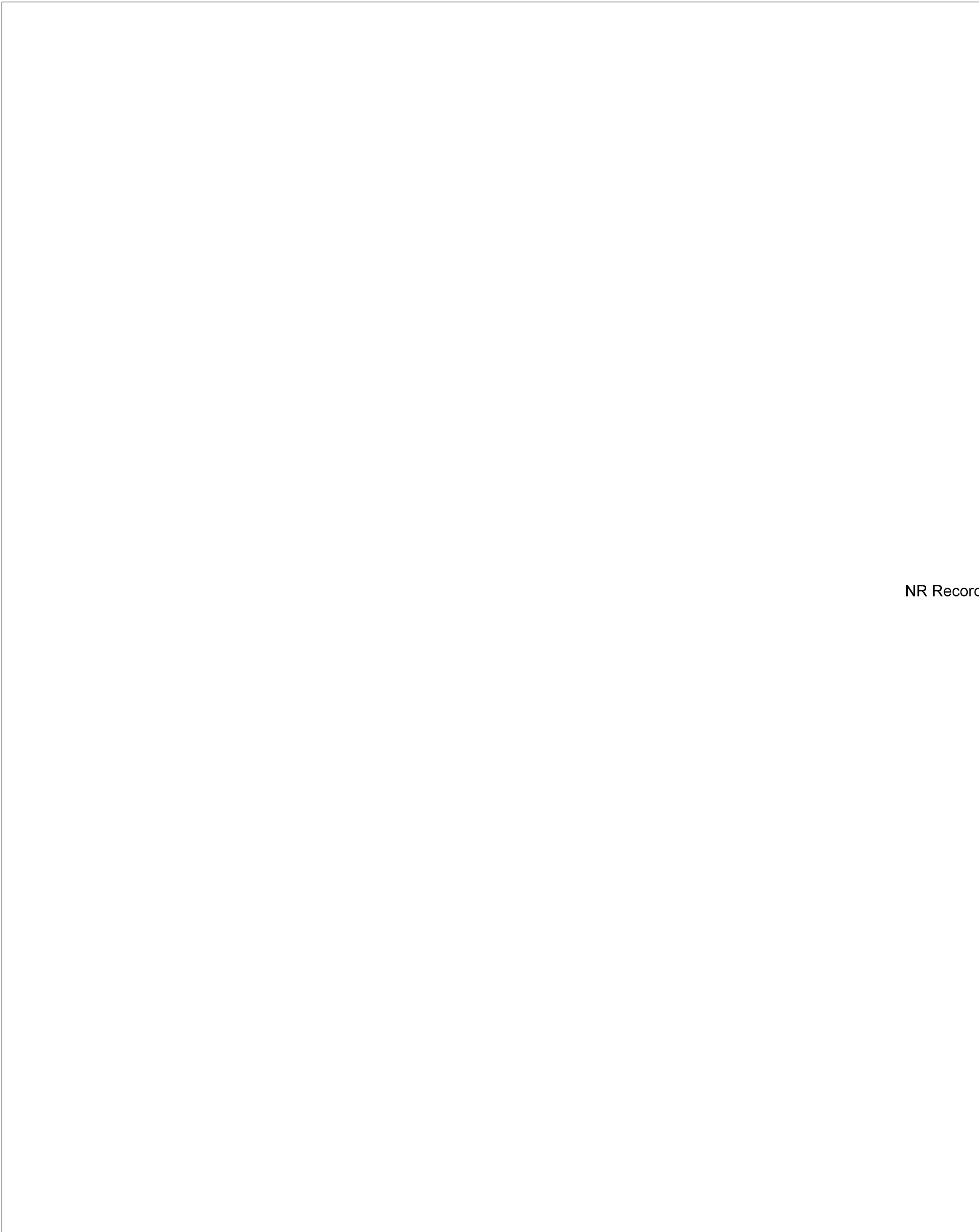
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## BRAZIL - WEST GERMANY

***Political Benefits of Geisel's Nuclear Stand***

President Geisel is benefiting politically from his refusal to consider revisions in the Brazilian - West German nuclear accord or to delay its implementation. Under the agreement, West Germany will sell Brazil plants for uranium enrichment and spent fuel reprocessing. The support Geisel is receiving from military leaders and politicians in both political parties is apparently stiffening his resolve to persist in his hard-line approach.

Until a few weeks ago, opposition to Geisel appeared to be growing. One of Brazil's leading newspapers strongly attacked his year-end address to the nation for its failure to admit any responsibility for current economic problems. In mid-January, a presidential decision to add a surcharge to the price of gasoline sparked more public criticism and threats of major strikes by bus and taxi drivers in Sao Paulo.

These problems are not resolved, but they have been overshadowed by US efforts to force a revision of the nuclear treaty that Brazil signed with West Ger-

*President Geisel*

many in 1975.

Brazilians view US pressure on this issue as an insult and have rallied behind Geisel's decision. Pro-government senti-

ment is so strong that widely circulating reports that the administration will not permit direct elections for state governors in 1978, and that Geisel intends to reorganize the party structure before Congress reconvenes next month have provoked little public comment. Both rumors, however, are causing extreme uneasiness in opposition circles.

In the past, the Brazilian government has rarely used foreign policy issues to rally domestic support; it has preferred to tie diplomatic relations closely to national economic objectives. Brazil regards nuclear development, however, as essential to technological and economic progress.

One prominent political commentator predicts that if the nuclear controversy is prolonged and Geisel does not shift his position, his popularity could increase to the point where he would exercise more control over the choice of his successor than any of his predecessors have and reinforce the concept that Brazil continues to need a military president. [redacted]

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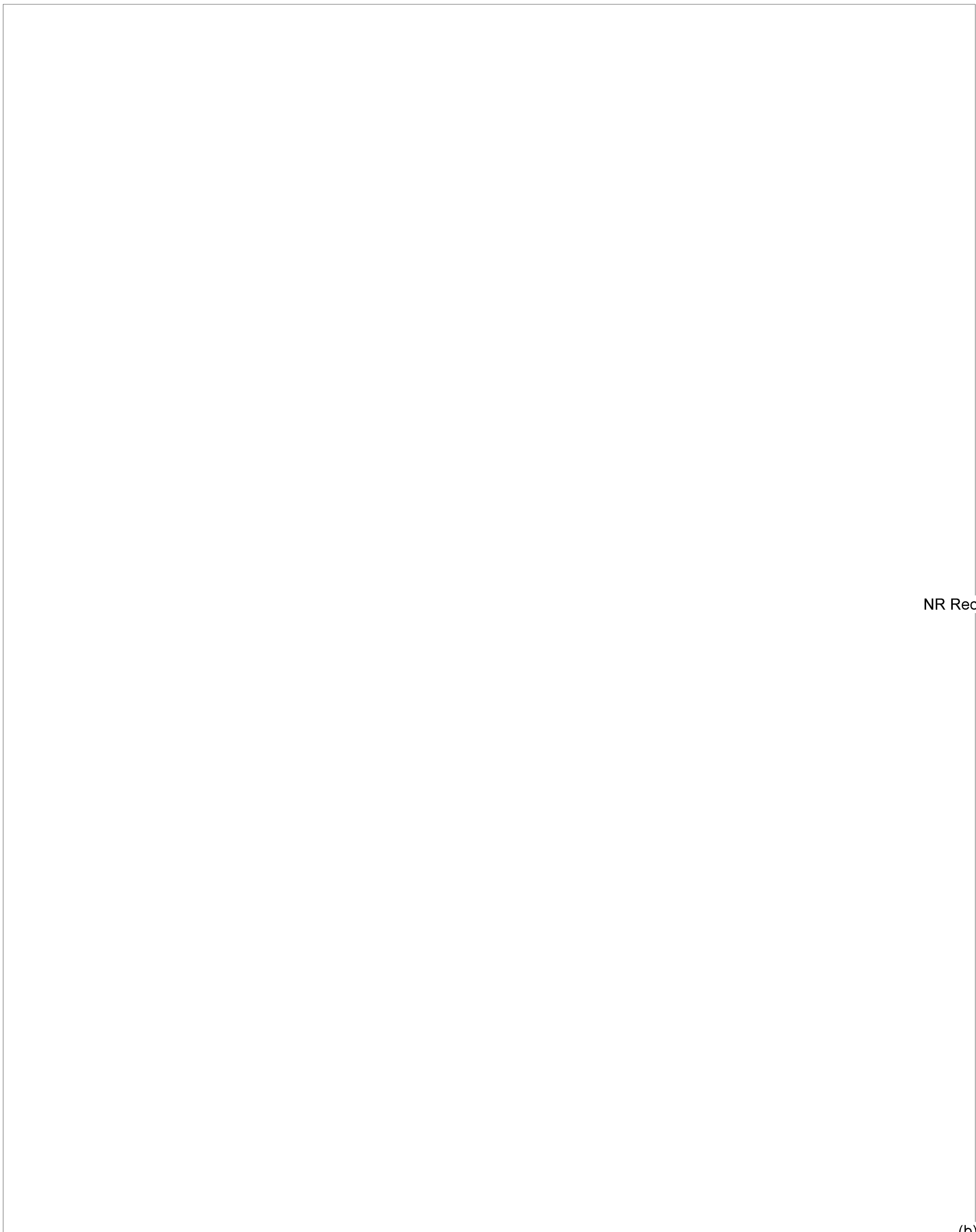
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- S—Secret
- C—Confidential
- U—Unclassified
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- ORCON—Dissemination and Ex- (OC) traction of Information Controlled by Originator
- REL...—This Information has been Authorized for Release to...



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