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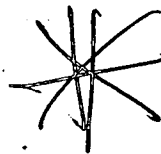
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TRANSIT/221205Z/221712Z/005:07TOR0221655
DE RUESUZ #0377 0221455
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R 221205Z JAN 73
FM USDAO/BRASILIA BRAZIL
TO RUEKJCS/DIA WASHDC
INFO RULPALJ/USCINCSO CZ
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DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHOD EXEMPTION 3028
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2006

- SECRET 049 JAN 73.
FM USDAO BRASILIA BRAZIL
THIS IS IR NO: 6 809 0062 73
1. BRAZIL
 2. (S) GEN. MURICY HEADS BRAZIL-BASED INTERNATIONAL ARMS MANUFACTURING COMPANY
 3. N/A
 4. 1972
 5. RIO DE JANEIRO, 17 JAN 1973
 6. A-2
 7. GEN. (RET) ANTONIO CARLOS DA SILVA MURICY, FORMER CHIEF OF STAFF OF THE ARMY AND NOW A PROMINENT BUSINESSMAN; HE HAS REPORTED FAITHFULLY AND ACCURATELY OVER A PERIOD OF 27 YEARS.
 8. IR 6 809 0062 73
 9. 22 JANUARY 1973
 10. FIVE
 11. DIRMS 5B12, 5F, 7A; IR 6 809 0638 72.
 12. USDAO BRASILIA BRAZIL
 13. & 1. ARTHUR S. MOURA. BG. DATT USDAO BRAZIL
 15. SUMMARY: (S) THIS IR EXPANDS UPON THE INFORMATION FURNISHED

#130
 WH ADDED AT 1510 11/24/73 per WH 69 913

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IN REFERENCE AND DISCUSSES GEN9& MURICY'S PROMINENT ROLE IN THE INTERNATIONAL ARMS MANUFACTURING COMPLEX WHICH HE HOPES TO ESTABLISH IN BRAZIL.

1. (S) NOTWITHSTANDING HIS 66 YEARS AND A HEART ATTACK, GEN. MURICY CONTINUES TO MOVE AT THE WHIRLWIND PACE WHICH WAS CHARACTERISTIC OF HIS DISTINGUISHED MILITARY CAREER. AS A CIVILIAN DURING THE PAST TWO YEARS, HE HAS MAINTAINED HIS HIGH LEVEL MILITARY CONTACTS WITH SUCH CLASSMATES AS ARMY MINISTER ORLANDO GEISEL, WHOM HE SEES ON AN AVERAGE OF TWO HOURS PER WEEK. DESPITE BEING THE PRINCIPAL EXECUTIVE OFFICER OF A BUSINESS EMPIRE MADE UP OF EIGHT COMPANIES, GEN. MURICY ALSO FINDS TIME TO CONTINUE SERVING AS THE GOVERNMENT'S UNOFFICIAL LIAISON ELEMENT WITH THE HIERARCHY OF THE CATHOLIC CHURCH -- A ROLE HE DEVELOPED WHILE ON ACTIVE DUTY. HIS LATEST UNDERTAKING IS AN ATTEMPT TO ESTABLISH A MULTI-NATIONAL ARMS MANUFACTURING COMPLEX IN BRAZIL.

2. (S) WHILE AT GEN. MURICY'S OFFICE TO DISCUSS THE BRAZILIAN POLITICAL SITUATION, OUR MEETING WAS INTERRUPTED BY A VISIT FROM RECENTLY-CASHIERED AIR FORCE BRIGADIER HIPOLITO, ALSO AN OLD FRIEND OF MINE. MURICY TOLD HIPOLITO TO STATE HIS BUSINESS AND NOT TO WORRY OVER MY PRESENCE BECAUSE "WE SHOULD TELL OUR AMERICAN BROTHERS ABOUT THESE THINGS." HIPOLITO THEN PRODUCED SEVERAL DOCUMENTS WHICH WERE STAMPED "SECRET." I WAS SHOWN THE DOCUMENTS AND THEY CONSTITUTED A PROPOSAL TO THE SECRETARIAT OF THE NATIONAL SECURITY COUNCIL REQUESTING AUTHORITY TO ESTABLISH THE MULTI-NATIONAL ARMS MANUFACTURING FIRM TO BE KNOWN AS EQESA (EQUIPAMENTOS ESPECIALIZADOS, SOCIEDADE ANONIMA).

3. (S) GEN. MURICY SAID THAT HE HAD BEEN IN SWITZERLAND TWO WEEKS AGO AND HAD CONTACTED THE OERLIKON FIRM. ACCORDING TO MURICY, OERLIKON IS WORKING AT LESS THAN HALF OF CAPACITY BECAUSE OF THE SHORTAGE OF LABOR. MOREOVER, THE FIRM IS CONCERNED OVER POLITICAL RESTRICTIONS WHICH THE SWISS GOVERNMENT PLACES ON SALES TO DEVELOPING NATIONS. MURICY DETECTED GENUINE INTEREST IN PARTICIPATING IN A MANUFACTURING UNDERTAKING IN BRAZIL. HE ALSO POINTED OUT THAT TENTATIVE CONTACTS WITH OTHER EUROPEAN MANUFACTURERS HAVE PRODUCED ENTHUSIASTIC RESPONSES.

(S) AS FAR AS THE BRAZILIAN DOMESTIC SCENE IS CONCERNED, MURICY IS SEEKING TO SELL HIS CONCEPT ON THE BASIS OF THE NEED TO HAVE THE TECHNOLOGY THAT WOULD ACCRUE FROM SUCH AN INDUSTRIAL

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COM-LEX. HE ALSO STRESSES BRAZIL'S ULTIMATE SELF-SUFFICIENCY IN MILITARY HARDWARE AND THE FACT THAT SUCH A FIRM COULD ADD SIGNIFICANTLY TO THE EXPORT SIDE OF THE LEDGER. ONE OF THE MAJOR INDUCEMENTS WHICH HE IS UTILIZING IS THE FACT THAT A MODERN AND SOPHISTICATED RESEARCH AND DEVELOPMENT LABORATORY WOULD BE BUILT BY THE FIRM. FINALLY, HE SAID, IN THE CURRENT EUPHORIA OF REACHING FOR MAJOR POWER STATUS, IT IS NOT DIFFICULT TO PERSUADE MILITARY MEN THAT A MODERN ARMS INDUSTRY IS A DISTINCT SYMBOL OF INTERNATIONAL PROMINENCE. GEN. MURICY SAID THAT THE PROJECTED INDUSTRIAL COMPLEX WOULD NOT CONCERN ITSELF WITH SUCH MINOR ITEMS AS AMMUNITION, MACHINE GUNS, OR RIFLES. INSTEAD, IT WOULD STRESS MISSILES.

5. (S) HE ENVISIONS AN INVESTMENT OF APPROXIMATELY \$200 MILLION DOLLARS. HE HAS SEVERAL RETIRED MILITARY MEN WORKING WITH HIM (HIPO, ITO, LANNA AND KUEPPEL OF THE AIR FORCE; PALHARES OF THE NAVY) AND HAS BEEN IN TOUCH WITH CIVILIAN ENTREPRENEURS PAULO GEYER (AN ASSOCIATE OF ROBERTO CAMPOS), CAMPOS HIMSELF, ROCHA MIRANDA (THE CRACK SALESMAN OF BRITISH MILITARY HARDWARE, SHIPS AND PLANES), ETC. HE ALSO HAS ENLISTED THE SUPPORT OF GEN. AMERICO, PRESIDENT OF THE NATIONAL STEEL COMPANY AND BRIGADIER PAULO VICTOR, THE FOUNDER OF EMBRAER. IN POLITICAL TERMS, GEN. MURICY SAID THAT HE FIRST DISCUSSED THE MATTER WITH ARMY MINISTER GEISEL WHO SUGGESTED THAT HE CALL ON HIS BROTHER, GEN. ERNESTO GEISEL, PRESIDENT OF "PETROBRAS" AND THE LIKELY NEXT PRESIDENT OF BRAZIL. GEN. ERNESTO GEISEL REPORTEDLY TOLD MURICY THAT HE SUPPORTS THE IDEA ENTHUSIASTICALLY, EVEN THOUGH THERE WAS NO WAY IN WHICH HE COULD INVOLVE PETROBRAS IN THE UNDERTAKING.

6. (S) I MET MURICY AT THE AIRPORT LATER ON THE 17TH, AND HE SAID THAT HE HAD MET WITH ARMY MINISTER GEISEL FOR TWO HOURS THAT AFTERNOON. THE MINISTER REPORTEDLY GAVE MURICY THE GREEN LIGHT TO CONTACT GEN. DALE COUTINHO, CHIEF OF THE ARMY'S ORDNANCE DEPARTMENT, IN AN ATTEMPT TO EXPLORE SPECIFIC AREAS OF ARMY INTEREST IN SOPHISTICATED WEAPONRY WHICH MIGHT BE BUILT IN BRAZIL. MURICY SAID THAT HE WOULD LIKE TO ESTABLISH A MIXED GOVERNMENT-PRIVATE SECTOR FIRM AND TO GIVE THE PRESIDENCY TO AN ACTIVE DUTY GENERAL. IN THAT MANNER, HE POINTED OUT, THERE WOULD BE NO REASON FOR MILITARY SUSPICION THAT CIVILIANS HELD A POTENTIALLY POWERFUL TOOL OF POLITICAL PRESSURE IN THEIR HANDS.

COMMENT: (S) EVEN THOUGH HE NOW FACES THE HANDICAP OF NOT

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CARRYING THE CLOUT ATTACHED TO ACTIVE DUTY STATUS, GEN. MURICY IS AN ARTICULATE, INFLUENTIAL, PERSUASIVE AND PERSISTENT INDIVIDUAL. HE OBVIOUSLY DOES NOT NEED MORE MONEY, THUS HE CAN COMFORTABLY STRESS BRAZIL'S NATIONAL INTEREST AS HIS SOLE MOTIVATION. HE FEELS THAT HE HAS CLEARED THE AIR BY DISMISSING HUNGARIAN-BRAZILIAN DE PECHEY, AN INTERNATIONAL HIGH-STEPPER WHO WAS DEMANDING \$1,500 PER MONTH AND EXPENSES FOR SCOOTING AROUND THE GLOBE TO ESTABLISH CONTACTS. INSTEAD, MURICY NOW DOES THAT UNDER THE UMBRELLA OF HIS EIGHT FIRMS, SOME OF WHICH INCLUDE EXTENSIVE EUROPEAN PARTICIPATION. IT IS SIGNIFICANT THAT MURICY CLAIMS TO HAVE THE SUPPORT OF THE GEISEL BROTHERS. AS FAR AS HIS DESIRE TO KEEP THE U.S. GOVERNMENT INFORMED, HE UNDOUBTEDLY SENSES THAT LATIN AMERICA WON'T OFFER MUCH OF A MARKET FOR THE COMPANY'S PRODUCTION, THEREFORE THE U.S. MARKET MUST BE COURTED. MOREOVER, HE AND HIS GROUP PROBABLY WOULD WELCOME AS PARTNERS ANY U.S. FIRM WISHING TO TAKE ADVANTAGE OF THE CHEAP LABOR ANGLE ADVERTISED BY BRAZIL. XGDS-2

BT

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ANNOTES

MS 117

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