

Report from Rio by Silvia Palacios

State oil company in jeopardy

The Anglo-Americans want to privatize Petrobrás, a symbol of Brazil's sovereign economic development.

Brazil's state-owned oil company, Petrobrás, celebrated its 37th anniversary on Nov. 1 under the cloud of threats from foreign interests and their local allies who want to privatize the giant concern as a big step toward reducing the country to colonial status.

The threats came, not unexpectedly, from the British and the friends of Henry Kissinger:

British Undersecretary of State for Energy Affairs Collin Moynihon, in an interview published in the Oct. 31 issue of *Istoe-Senhor*, stated that "Brazil must understand that one valuable solution should be to bring in international companies for [oil] exploration and production. It can continue with the monopoly, but with joint ventures. The monopoly itself doesn't have to end, but there should be other foreign investment experiences."

Alan Stoga, the president of Kissinger Associates, Inc. in New York City, made a similar "recommendation," in an article published in Mexico City's *El Financiero* on Oct. 31. He suggested that the most productive way to guarantee increased oil exploration and production is to "open Latin America's energy sectors to foreign investment." Since this is often politically unacceptable, Stoga said, "innovative ways can be found to combine foreign capital and technology with local property and control."

The fight over privatization has led to the resignation of Petrobrás President Octavio Motta Veiga, and has unleashed the gravest crisis faced thus far by Brazil's President Fernan-

do Collor de Mello. Motta Veiga charged Secretary General of the Presidency Marcos Coimbra with involvement in a shady deal proposed to BR Distribuidora, Petrobrás's most profitable subsidiary.

Upon taking over as Petrobrás's president on Oct. 23, Eduardo Teixeira gave the green light for privatization. The state oil monopoly, he said, has done its job, but now, "the world is changing." He confirmed that the government thinks that the 1993 plebiscite on the system of government should include reform of other parts of the Constitution, such as the oil monopoly and the law on minerals exploitation. Both of these were consecrated in the 1988 Constitution, after a fierce fight between nationalists and free trade advocates.

The government's plans to privatize Petrobrás are moving forward. The Oct. 25 *O Globo* reported that the Finance Ministry has presented a document to representatives of the Seven Sisters oil companies which operate in Brazil, asking what they would charge for petroleum derivatives for the internal market, if the state monopoly were to cease to exist.

While Anglo-American interests lost out in the 1988 fight over the Constitution, now the government is trying to reverse that defeat. In an interview published Aug. 6 in *Estado de São Paulo*, Finance Minister Zelia Cardoso de Mello stated, "I would like to see Brazil modernize, in the sense of ending the oil monopoly. I favor privatizing everything."

With the Mideast crisis, the gov-

ernment has faced up to the hard fact of the country's vulnerability, because it imports 50% of the oil it consumes. Brazil's attempt to achieve oil independence has been delayed, thanks to the International Monetary Fund program which has reduced Petrobrás's ability to make large investments in oil exploration. Nonetheless, Zelia Cardoso launched a campaign against the company, forcing the ouster of its president.

The nationalist group around former Brazilian President Gen. Ernesto Geisel has mobilized in response to this threat. Geisel is also a former president of Petrobrás. The Nov. 1 celebration of the company's anniversary focused on reviving the 1953 campaign, carried out under the slogan "The oil is ours," which culminated in the law which governs Petrobrás's functioning. Attending the event were the nationalist elite, including former Energy Minister Aureliano Chaves.

An article published in the Nov. 1 *Jornal do Brasil* reflects the spirit behind the defense of Petrobrás. Pointing out that U.S. and British interests are the enemies of the state oil company, author Heraclio Salles noted that Petrobrás "is Brazil's most significant economic and technological conquest, one of the most important instruments of our internal and foreign security."

There will be other similar expressions, and hopefully they will come in time to save what President Getulio Vargas left as his legacy to the nation in 1955, in his political testament: "Through the creation of Petrobrás, I wanted to create the national freedom to realize the potential of our wealth; just as this started to work, the wave of agitation became gigantic . . . they don't want the people to be free. They don't want the people to be independent."