
Interview: Shigeaki Ueki, President of Petrobrás

'North-South understanding has never been so important'

Mr. Shigeaki Ueki, the President of Petrobrás, Brazil's state oil company, granted the following interview April 28 to EIR's correspondent at Cancún, Josefina Menéndez. Mr. Ueki served as Brazil's Minister of Mines and Energy from 1974 to 1979, before being named head of Petrobrás, which has \$16 billion annual sales. A previous interview with Mr. Ueki was published in EIR, on May 18, 1982.

Menéndez: How do you see the world economic panorama, especially in relation to oil prices?

Ueki: I think that the world situation is quite problematic. It is not only the oil price shock—the two oil price shocks; nor only the deterioration of world trade; nor only, in isolation, the lack of international liquidity. I believe that the interaction of all these interconnected problems has reached a climax, a point which really demands profound reflection from everybody. The world problem, in my view, is much, much graver than in the most pessimistic articles in the press.

I think the crisis is very serious and that it requires a courageous, unconventional, and unorthodox solution. And, unfortunately, this solution can only emerge after a major disaster. Because only then, unfortunately, will the top world leaders become convinced that the crisis is not something made up by the press, that the crisis really is deep. We hope that no greater disaster occurs, since the world already has enough conflicts in various regions to awaken the leaders to reality.

I think that the solution for developing nations has already slipped beyond their reach. The violent shrinkage of international liquidity has brought with it the end of capital flow from the developed nations into the underdeveloped nations. We are now probably witnessing the return of the capital invested over many decades in these underdeveloped countries back to the industrialized nations. Instead of capital transfer, capital is leaving.

In this environment, there is no way for the developing countries to overcome the crisis through their own efforts.

On the other hand, neither will the developed countries be able to solve on their own their crises of unemployment, which are a troubling source of increased social tension, even in the developed nations. The solution for the developed nations is also out of reach, beyond the capacity of the developed countries themselves. Thus, within such a complex international picture, it has never been so important as it is now to have a greater understanding between the developed and the underdeveloped countries.

In the developed countries, we see today idle capacity in all the industrial sectors, because with advanced technology, needs can be met with less utilization of raw materials. Plant and equipment are becoming obsolescent much more rapidly than the capacities of depreciation and amortization of the capital invested. . . . Thus, this change, this technological advance, combined with psychosocial reactions including the back to nature movement, of being more simple, is what is causing large-scale unemployment in the industrialized countries where the only expansion is in the service or tertiary sector. But we should all be conscious that the tertiary sector can only survive if the primary sector of agricultural and mineral production, and the secondary sector of industrial transformation, create the basis for the tertiary sector jobs. . . .

Well, how can we utilize this idle industrial capacity if we do not invigorate the economies of the underdeveloped countries? Therefore, in my opinion, if we don't first of all strengthen the International Monetary Fund (IMF) and create other more efficient instruments of cooperation in the international financial area, it will be tough to solve international liquidity problems. And without increasing international liquidity, we cannot expect to expand world trade, nor to resume the development of many countries in the world.

And second, all politicians must make a great effort to again sell the hope, the perspective of better lives for three quarters of the world's population. . . . This show of trust and this contagion of optimism, of hope for better days, can

only emerge from a union of the industrialized countries with the developing countries.

What rules today is strong pessimism that the solution is very distant. This is an environment favorable to the emergence of ideologies and movements which are no good, which are detrimental to world peace and harmony. I think it is time for deep reflection and courageous solutions.

Menéndez: What are the perspectives for development that Brazil found with Mexico? I understand that there is an agreement for Mexico to sell an additional 20,000 barrels per day of oil to Brazil.

Ueki: I am optimistic that bilateral trade between Brazil and Mexico constantly increase. In 1981, Brazilian exports to Mexico and Brazilian imports from Mexico were on the order of \$700 million each way; that is a practically balanced bilateral trade totaling \$1.4 billion. During the first half of 1982, the balance continued, but in the second half, for reasons both countries already know, trade flows became quite unequal: Brazil imported \$450 million more than it exported to Mexico. In the first quarter of this year, the imbalance is at a greater rate, which would become \$600 million if it continued all year.

Faced with this situation, our country, which is desperate to export in order to import products which are essential for our economy, must explore every possibility to sell any kind of Brazilian goods and services to Mexico to cut down this imbalance. From the varied contacts we made here in Cancún, many possibilities

to Mexico; and decided to expand our oil purchases by 20,000 barrels per day, mostly because Mexico had a manifest desire for that increase, which also promotes greater economic cooperation between the two countries.

Menéndez: Could this type of accord with Mexico become a model for similar oil agreements with other Latin American countries? For example, between Brazil and Venezuela or Ecuador?

Ueki: It is not so easy with Venezuela and Ecuador because, first, the two countries as OPEC members have established base-lines for their production and made multilateral commitments which make bilateral understandings quite difficult. Second, both Venezuela and Ecuador—despite being at a stage of development similar to ours and Mexico's—have relatively limited markets. For this reason, to expect an understanding like the one we are seeking here with Mexico, will not be easy. . . . Naturally, to the extent we intensify trade with the countries of Latin America like Mexico, Venezuela, Ecuador, the relative weight of exports from other regions to Brazil will diminish. That is, countries outside of the area of Latin America will lose shares of our oil market.

Menéndez: Mr. LaRouche, the founder of the magazine

Executive Intelligence Review, has been speaking of the possibility for the countries of Latin America to organize around a Ibero-American common market, and to seek joint renegotiation of their foreign debts. Do you think that the barter agreements between Mexico and Brazil could be the beginning of establishing the foundation for an Ibero-American common market?

Ueki: Well, a broader understanding between the developing countries, intensifying exchange of their products as much as possible, above all without using up convertible currency, naturally, becomes an instrument which we all should try to bring into being. This is not an easy task because each one of our countries has specific problems and for historical and economic reasons we have stronger commercial links with the industrialized countries. . . .

It is politically desirable, economically desirable, in every way desirable for the developing countries to have stronger trade relations among themselves. I am not so pessimistic as to think that because it is difficult, we should not try. Our company, Petrobrás, for example, has been putting great efforts into building up trade, precisely with developing countries. . . .

About the idea of forming a debtors' cartel, I think—this is my personal opinion—that it is not in my way of thinking a good idea because we lack necessary justification. First of all, a moral base. If we all went to the market and borrowed money, whether to consume or to invest, those out there who lent it refrained from consuming—saved while they could have spent it on other things, but decided not to spend and lent it to us. So, what we borrow, we must return. And, uniting the debtor countries gives a connotation of a collective action in order not to pay. Thus this posture is extremely difficult for us to adopt, because it could have a connotation of an irresponsible attitude. And we all should recognize that, unfortunately, the underdeveloped countries, our countries, despite the difficulties, despite the crisis there still share two other negative characteristics. One is waste; despite being poor debtors, unfortunately, we have a much greater wasteful tendency than the industrialized countries. . . .

The other characteristic we must also recognize is that, unfortunately, we work less. In our countries, there are more holidays than in the developed countries. So if we were all working more, wasting less, and through some international scheming we were pulled into a crisis, we could consider a collective reaction. But before we take such a drastic position of collective reaction, we must have self-criticism in which each one of us who is responsible in the developing countries sees if we are really doing what we should. . . .

Then, if we are pressured by the foreign debt to the banks and by asphyxiating real interest rates, we will have the moral authority of collectively demanding a change. But without that, I don't think we have the moral conditions to impose any conditions nor any basis for a collective dialogue about this. That is my point of view.