

Message Text

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60

ACTION XMB-07

INFO OCT-01 ARA-16 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01 /094 W

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R 231311Z FEB 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 2356

UNCLAS LA PAZ 1184

E.O. 11652: N/A

TAGS: BPRO, BL

SUBJ: FCIA CREDIT INSURANCE FOR SALE OF COTTON GINNING
MACHINERY TO COOPERATION AGRICOLA WARNES, LTDA.

REF: STATE 33637

1. FNCB MANAGER LA PAZ STATES FNCB CONSIDERED DIRECT
DOLLAR FINANCING AS WELL AS GUARANTEE FOR SUBJECT SALE.
DECIDED AGAINST ANY PARTICIPATION IN FINANCING BECAUSE
STUDY PREPARED BY ASOCIACION DE CONSULTORES, LTA.
OF SANTA CRUZ FOR COOPERATION AGRICOLA WARNES SHOWED BARELY
SUGGICIENT CASH FLOW WOULD NOT BEGIN UNTIL 1975 CROP
HARVESTED IN MAY, 1975). WARNES STUDY SHOWED TOTAL INVESTMENT
OF US\$ 568,000 INCLUDING FOR WORKING CAPITAL (US\$361,000
FOR GIN F.A.S. SOUTHERN U.S. PORT). COTTON SUPPLY ESTIMATED
AT 87,000 QUINTALES ANNUALLY FROM 6,000 HECTARES OR 14.5
QUINTALES PER HECTARE WHICH HIGHER THAN AVERAGE YIELD IN
SANTA CRUZ. WARNES PLANNED CHARGE US\$ 3 PER QUINTAL GENERATING
US\$261,000. AFTER DEDUCTION COSTS INCLUDING INTEREST
(CALCULATED AT 11 PERCENT BY FNCB) ABOUT US\$79,000 IN FIRST
YEAR AND US\$104,000 IN FOURTH YEAR REMAIN IN NET PROFIT
AND DEPRECIATION ALLOWANCE TO COVER ROUGHLY US\$99,000
PER YEAR LOAN AMORTIZATION.

2. FINANCING MIGHT BE MORE ACCEPTABLE IF COOPERATIVE COULD
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GIVE "SECOND PLEDGE" ON ITS TOTAL INCOME.

3. ACCORDING WENHPSLAO ALBA, PRESIDENT OF UNION DE BANCOS DE BOLIVIA (A NEW ASSOCIATION OF BOLIVIAN-OWNED BANKS) STATES THAT OTHER MEMBERFS HAVE JOINED IN PROJECT AND THAT A CORPORATION WILL BE FORMED WITH US\$100,000 CAPITAL. THE NEW MEMBERS WILL INCREASE COTTON LAND SUPPLYING GIN TO 8,000 HECTARES AND CASH FLOW SHOULD IMPROVE ACCORDINGLY. ACCORING ALBA, BANCO INDUSTRIAL, BANCO MERCANTIL, BANCO HIPOTECARIO, BANCO BOLIVIANO-AMERICANO AND BANCO DE SANTA CRUZ WILL TAKE PARTICIPATION IN A US\$360,000 GUARANTEE ON CREDIT.

4. WILL ATTEMPT PROVIDE MORE DATA, IF RAPUESTED, ON FEBRUARY 27.

STEDMAN

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Message Attributes

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Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
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