

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 DRC-01 (ISO) W

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R 261252Z APR 74

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E.O. 11652: N/A

TAGS: BIZCQB, BL

SUBJECT: APPLEGATE-YOUNGQUIST CASE

1. ARA/BC OFFICE DIRECTOR KARKASHIAN, ACCCOMPANIED BY DCM AND
EMBOFF, CALLED ON MIN IND/COM APRIL 23. CONVERSATION QUICKLY
SETTLED ON APPLEGATE-YOUNGQUIST LAND EXPROPRIATION DISPUTE.
MINISTER CALLED IN SEVEN HIGH-LEVEL MINISTRY OFFICIALS WHO ARE
DEALING WITH CASE, AND HOUR-LONG WIDE-RANGING CONVERSATION FOLLOWED.

2. ANTONIO TAPIA OF SUGAR INSTITUTE WAS PRINCIPAL SPOKESMAN AND
ARGUED THAT LEGAL CONTROVERSY INVOLVING BOLIVIAN LAW COULD NOT
BE SETTLE OUTSIDE BOLIVIA. THIS NORMAL PRACTICE AND IN PAST
INVESTMENT DISPUTES U.S. FIRMS OR THEIR REPRESENTATIVES HAD COME TO
BOLIVIA FOR NEGOTIATIONS. HE CONCLUDED THAT APPLEGATE, YOUNGQUIST
OR THEIR REPRESENTATIVE MUST COME TO BOLIVIA TO NEGOTIATE MATTER.
TAPIA NOTED THAT BOLIVIAN LAW PROVIDES THAT LAND EXPROPRIATIONS
COMPENSATED BY 25 YEAR 2 PERCENT BONDS BUT THAT "HIGHEST LEVELS"
OF GOB IN RECENT PAST HAD ORDERED THAT CASE BE SETTLE BY EX-
CEPTIONAL MEASURE OF OFFERING COMPENSATION IN LAND.

3. KARKASHIAN STATED THAT HE UNDERSTOOD TAPIA'S LEGAL POSITION
BUT THERE HAVE BEEN CONTRADICTORY STATEMENTS BY PARTIES THAT
LEFT GOB POSITION UNCLEAR AND CONFUSED RESOLUTION OF ISSUE. HE
URGED GOB TO SET DOWN DETAILS OF ITS CASE AND AS PRACTICAL AID
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TO RESOLUTION OF ISSUES BE MORE SPECIFIC. FOR EXAMPLE, HE

SUGGESTED THAT GOB MAKE REQUESTS FOR SPECIFIED DOCUMENTS THAT IT LACKS RATHER THAN DEMANDING APPLEGATE-YOUNGQUIST SUBMIT "ALL DOCUMENTS." THE BOLIVIAN OFFICIALS VOICED GENERAL AGREEMENT WITH SUCH AN APPROACH.

4. MINISTER NOTED THAT IMPORTANT FACTS IN CASE REMAIN TO BE DETERMINED BUT THIS CAN MOST APPROPRIATELY AND MOST EASILY BE DONE IN BOLIVIA WHERE DOCUMENTARY EVIDENCE AVAILABLE. HE SAID THAT GOB FLEXIBLE AND READY TO NEGOTIATE SIZE AND LOCATION OF LAND FOR COMPENSATION. HE REPEATED EARLIER STATEMENT THAT ONCE CASE SETTLED, APPLEGATE AND YOUNGQUIST COULD SELL LAND FOR CASH. HE CONCLUDED BY STATING THAT HE WAS CONFIDENT THAT WITH GOOD WILL ON BOTH SIDES, CASE COULD BE CONCLUDED IN MONTH AND ONE HALF.

5. COMMENT: MEETING WAS CLEAR INDICATION THAT GOB READY TO NEGOTIATE SETTLEMENT OF CASE IN GOOD FAITH, ALTHOUGH IT WILL INSIST THAT NEGOTIATION TAKE PLACE IN BOLIVIA. ARGUMENT THAT THIS PRESENTS HARDSHIP TO U.S. CLAIMANTS LESS PERSUASIVE SINCE APPLEGATE HAS RETURNED TO BOLIVIA AND IS FARMING IN SANTA CRUZ AREA.

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