

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SAB-01 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 EB-11 CIEP-02 TRSE-00 STR-08

OMB-01 CEA-02 COME-00 FRB-02 XMB-07 OPIC-12 LAB-06

SIL-01 AGR-20 SWF-02 TAR-02 IO-14 CG-00 DOTE-00 DRC-01

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R 022111Z APR 74

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TO SECSTATE WASHDC 2719

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UNCLAS LA PAZ 2035

E.O. 11652: N/A

TAGS: PFOR, PN, BL

SUBJ: BOLIVIAN VIEWS ON PROPOSED PANAMA CANAL TOLL INCREASE

REF: LA PAZ 1831, STATE 58007

1. FOREIGN MINISTRY HAS NOW RESPONDED TO EMBASSY'S NOTE OF MARCH 25, CONCERNING PROPOSAL BY PANAMA CANAL COMPANY TO INCREASE TOLLS BY TWENTY PERCENT. FOLLOWING IS TEXT OF FOREIGN MINISTRY'S COMMENTS ON PROPOSED TOLL INCREASE

2. QUOTE THE GOVERNMENT OF BOLIVIA WOULD VIEW WITH CONCERN ANY INCREASE IN CANAL TOLLS AND IS OPPOSED TO ANY NEW CHARGE FOR THE FOLLOWING REASONS:

1) BOLIVIA, BECAUSE OF ITS LAND-LOCKED SITUATION, BEARS THE BURDEN OF A SURCHARGE OF MORE THAN TEN PERCENT ON ITS FOREIGN TRADE. THIS FACT DIMINISHES THE COMPETITIVENESS OF ITS EXPORTS.

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2) LIKEWISE, SHOULD THE PROPOSED TOLL INCREASE TAKE PLACE, BOLIVIA WOULD HAVE TO SUPPORT AN INCREASE IN THE PRICES OF ITS MINERAL AND AGRICULTURAL EXPORTS, THE LATTER OF WHICH ARE AT PRESENT STARTING TO DIVERSIFY BOLIVIA'S EXPORT SITUATION. IN THE SAME MANNER, IT WOULD SUFFER DAMAGE TO ITS IMPORT CAPABILITY, IN SUCH AREAS AS MINING MACHINERY, SMELTING EQUIPMENT, AGRICULTURAL AND INDUSTRIAL MACHINERY, ETC. THEREFORE, IN CASE AN INCREASE TAKES PLACE, IT IS UNDENIABLE THAT BOLIVIA WOULD SUFFER SEVERELY FROM BOTH THE DIRECT AND INDIRECT EFFECTS OF THIS MEASURE. IT SHOULD BE EMPHASIZED THAT MOST OF BOLIVIAN FOREIGN TRADE PASSES THROUGH THE PANAMA CANAL.

3. PAST EXPERINCE TEACHES US THAT ADDITIONAL TRANPORTATION CHARGES GIVE RISE TO ADVERSE CUMULATIVE EFFECTS INFLUENCING THE GENERAL LEVEL OF INTERNAL PRICES FOR COMMODITIES AND SERVICES.

4. LIKEWIDE, IT SHOULD BE TAKEN INTO ACCOUNT THAT BOLIVIA HAS BEEN CLASSIFIED WITH THE GROUP OF NATIONS OF LEAST ECONOMIC DEVELOPMENT AND FOR THIS REASON, AS WELL AS BECAUSE OF ITS TRANSITORY LAND-LOCKED STATUS, IT SHOULD RECEIVE PREFERENTIAL TREATMENT.

5. CONSEQUENTLY, THE GOVERNMENT OF BOLIVIA SUPPORTS FULLY THE RESOLUTION APPROVAD BY THE SPECIAL COMMITTEE FOR CONSULTATION AND NEGOTIATION (CECON) WHICH STATES THAT AN INCREASE IN CANAL TOLLS WOULD ADVERSELY EFFECT "SOME IMPORT SECTORS" OF THE ECONOMIES OF THE DEVELOPING COUNTRIES IN LATIN AMERICA, ESPECIALLY THOSE WHICH, BECAUSE OF THEIR GEOGRPHIC SITUATION, ARE USERS OF THE CANAL. END QUOTE.

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