

## Message Text

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63

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 IGA-02 AGR-20 EB-11 COME-00

TRSE-00 OMB-01 SS-20 NSC-10 SPC-03 CIAE-00 INR-10

NSAE-00 RSC-01 L-03 NSCE-00 INRE-00 SSO-00 DRC-01

/123 W

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O R 022125Z JAN 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 1844

INFO AMEMBASSY BUENOS AIRES

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAID, BL

SUBJ: PL-480 TITLE I: AGREEMENT FOR 1974

REF: LA PAZ 7697

SUMMARY: MININD/COM PEREDA CALLED AMBASSADOR TO MINISTRY  
JANUARY 2 AND MADE STRONG PLEA FOR NEW PL-480 AGREEMENT AND  
FOR WHEAT ARRIVALS TO TAKE CARE OF SHORTAGES EXPECTED  
AFTER MARCH 1974. ACTION REQUESTED: ADVISE STATUS OF GOB  
REQUEST FOR NEW PL-480 AGREEMENT (SEE LA PAZ 5021 OF  
AUGUST 16, 1973, AND SUBSEQUENT.)

1. MINISTER BLAMED BOLIVIAN DIFFICULTIES ON FAILURE OF  
ARGENTINE GOVERNMENT TO FULFILL OCTOBER 1973 AGREEMENT FOR  
30,000 METRIC TONS OF WHEAT FLOUR. ACCORDING TO PEREDA,  
DESPITE REPEATED ASSURANCES FROM ARGENTINE EMBASSY,  
ONLY 5,000 TONS HAVE ARRIVED TO DATE AND BOLIVIANS HAVE  
CONCLUDED THAT THEY CANNOT COUNT ON ARGENTINEA TO MEET  
VITAL NEED FOR FLOUR IMPORTS. WHILE RECOGNIZING THAT  
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ARGENTINA TOO HAD WHEAT PROBLEM MINISTER IPINED THAT SLOWNESS OF

SHIPMENTS DUE TO "POLITICS" CONNECTED WITH BILATERAL GAS  
AND PETROLEUM NEGOTIATIONS.

2. MINISTER'S ANXIETIES SEEMED TO BE PROMPTED BY REPORT  
PRESIDENTIAL ECONOMIC ADVISOR WILLY VARGAS BROUGHT BACK  
FROM HIS WASHINGTON VISIT ALLEGING THAT U.S. OFFICIALS NOT  
RPT NOT CONTEMPLATING FURTHER WHEAT SHIPMENTS IN FIRST  
SEMESTER 1974. MININD/COM OFFICIALS MADE CONFUSED DEDUCTION  
FROM THIS THAT U.S. WISHED TO PLACE PL-480 AGREEMENT ON  
U.S. FISCAL YEAR BASIS. AS REPORTED REFTEL AND CONFIRMED  
BY MINISTER PL-480 SHIPMENTS NOW UNDERWAY ARE BELIEVED  
SUFFICIENT WITH NATIONAL WHEAT TO MEET NEEDS UNTIL END OF  
MARCH. MINISTER THUS FEARED THAT COUNTRY WOULD BE WITHOUT  
WHEAT FROM THEN UNTIL JULY.

3. AMBASSADOR EXPRESSED UNDERSTANDING OF MINISTER'S  
ANXIETIES BUT RECORDED THAT EMBASSY HAS NOT YET RECEIVED  
INSTRUCTIONS FOR NEGOTIATION OF NEW AGREEMENT. ADCM  
WHITING EXPLAINED THAT IF NEW AGREEMENT WORKED OUT IN TIME  
SHIPMENTS THEORETICALLY COULD BE MADE IN MARCH TO JULY  
PERIOD BUT STRESSED UNCERTAINTIES RE WHEAT AVAILABILITIES.  
IN VIEW POSSIBILITY ARGENTINA MIGHT NOT SUPPLY, HE NENTIONED  
NEED FOR GOB TO STUDY COMMERCIAL PURCHASES FROM COUNTRIES  
OTHER THAN ARGENTINA. MINISTER ASKED EMBASSY CONVEY HIS  
REQUEST URGENTLY TO WASHINGTON AUTHORITIES AND SAID HE  
WOULD SEND INSTRUCTIONS TO GOB EMBASSY WASHINGTON ASAP.

4. COMMENT: MINISTER'S CONCERN IS WITHOUT DOUBT GENUINE.  
PRICE AND SCARCITY OF FLOUR HAS BEEN ONE OF GOB'S MOST  
CONSTANT AND TRUCULENT POLITICAL PROBLEMS AS EVIDENCED  
BY LONG LINES OF UNHAPPY HOUSEWIVES WAITING TO PURCHASE  
BREAD OR FLOUR THAT HAVE REAPPEARED PERIODICALLY IN RECENT  
MONTHS. BOLIVIA HAS RELIED ON ARGENTINE SHIPMENTS NOT ONLY  
BECAUSE SOUTHERN NEIGHBOR HISTORICAL SUPPLIER TO BOLIVIA  
BUT ALSO BECAUSE LAST YEAR'S BILATERAL AGREEMENT GAVE  
FAVORABLE PRICE (US\$ 165/METRIC TON). NOW WITH PROBLEM OF  
ARGENTINE DELIVERIES ADDED TO WORLD WIDE SHORTAGE GOB  
SEEMS TO BE AWARE OF SERIOUS NEED TO STIMULATE NATIONAL  
WHEAT PRODUCTION. IT WILL TAKE TIME, HOWEVER, TO IMPROVE  
PAST PERFORMANCE AND GOB IS RELYING ON U.S. TO HELP AVOID  
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POLITICALLY SENSITIVE SHORTAGE AFTER MARCH. GOB HAS URGENT  
NEED TO KNOW WHAT SUPPLIES IT CAN COUNT ON. THEREFORE,  
WE SHOULD RESPOND ON NEW AGREEMENT ASAP, AND WE RECOMMEND  
AS AFFIRMATIVELY AS POSSIBLE IN VIEW POLITICAL AND ECONOMIC  
JUSTIFICATIONS AND APPARENT INABILITY AND UNWILLINGNEWWW  
USUAL SUPPLIER--ARGENTINA--TO SHIP FLOUR.

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## Message Attributes

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