

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 AID-20

EB-11 IGA-02 AGR-20 COME-00 TRSE-00 OMB-01 PM-07

NSC-10 SPC-03 SS-20 RSC-01 PA-04 PRS-01 CIAE-00

INR-10 NSAE-00 L-03 H-03 DRC-01 /138 W

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O 121300Z JAN 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 1929

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E.O. 11652: N/A

TAGS: EAID BL

SUBJ: PL 480 TITLE I FOR BOLIVIA

REF: STATE 5919

1. PRESIDENT BANZER CALLED ME TO HIS OFFICE ON JANUARY 11 TO INQUIRE WHETHER EMBASSY HAD RECEIVED OFFICIAL REPLY FROM WASHINGTON TO GOB REQUEST FOR PL-480 TITLE I PROGRAM. HE ASKED ME TO MAKE EVERY EFFORT TO OBTAIN SUCH A REPLY IF IT HAD NOT BEEN RECEIVED. I TOLD HIM THAT THIS VERY DAY WE HAD RECEIVED THE DEFINITIVE ANSWER FROM WASHINGTON WHICH UNFORTUNATELY WAS NEGATIVE. I TOLD HIM, IN ACCORDANCE WITH STATE/AIDAC 5919, THAT NO FURTHER PL-480 TITLE I WHEAT WILL BE POSSIBLE DURING FY 74. I TOLD HIM THAT FY 75 AVAILABILITIES AND ALLOCATION NOT YET DETERMINED BUT SITUATION IS BLEAK. PRESIDENT BANZER WAS DISMAYED AT THE NEWS WHICH HE CHARACTERIZED AS "VERY BAD." HE ASKED WHETHER HE SHOULD DISPATCH THE MINISTER OF INDUSTRY AND COMMERCE TO WASHINGTON ON AN EMERGENCY MISSION TO TRY TO SEEK RECONSIDERATION OF WASHINGTON'S POSITION. I TOLD HIM THAT SUCH A MISSION WOULD BE FRUITLESS BECAUSE THERE IS NO WHEAT FOR PL-480 ALLOCATION IN THE NEXT FIVE MONTHS. THE

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PRESIDENT THEN INQUIRED WHAT BOLIVIA COULD DO UNDER THESE

CIRCUMSTANCES, GIVEN THAT ARGENTINA HAS NOT MET ITS COMMITMENTS TO DELIVER FLOUR FOR THE BOLIVIAN MARKET. I INDICATED THAT EXPORT CREDITS MAY BE AVAILABLE FROM

PRIVATE US BANKS AND/OR PRIVATE EXPORTERS FOR THE IMPORTATION OF WHEAT FOR BOLIVIAN CONSUMPTION. HE IMMEDIATELY TELEPHONED THE MINISTER OF INDUSTRY AND COMMERCE TO RELAY TO HIM WHAT HE CALLED THE "BAD NEWS" AND ASKED THE MINISTER TO UNDERTAKE IMMEDIATELY TO WORK OUT SOME ALTERNATIVE BASIS FOR ACQUISITION OF WHEAT.

2. WE WILL NOW DO WHAT WE CAN TO INTEREST US BANKS REPRESENTED HERE AND ALSO TO STIMULATE REPRESENTATIVES OF COMMODITIES CONCERNS TO MAKE BEST POSSIBLE OFFERS TO GOB. IN THIS CONNECTION WASHINGTON HELP WITH MAJOR WHEAT SUPPLIERS WOULD BE WELCOMED. WE INTEND HAVE EARLY MEETING WITH MINISTRY OF INDUSTRY AND COMMERCE AND WILL REPORT RESULTS THOSE TALKS.

3. REFTELL STATES THAT CCC CREDIT POLICY IS TO CONTINUE FINANCING UNDER EXISTING LINES OF CREDIT BUT NOT TO AUTHORIZE NEW LINES. I WOULD LIKE TO ASK FOR SPECIAL CONSIDERATION FOR BOLIVIA UNDER CCC SO AS TO GET THE BEST POSSIBLE TERMS FOR FINANCING OF BOLIVIA'S WHEAT IMPORT REQUIREMENTS. THE VOLUME OF WHEAT REQUIRED TO MEET DEMAND FOR THE BALANCE OF THIS CALENDAR YEAR IS SUCH THAT THE ORDINARY COMMERCIAL TERMS WOULD PLACE AN EXTRAORDINARY BURDEN ON THE PRESENT FOREIGN EXCHANGE EARNING CAPACITY OF THIS ECONOMY. POLITICALLY, IT WOULD BE IN THE BEST INTERESTS OF THE US TO MOVE BY STAGES, IF THAT IS NECESSARY, AWAY FROM PL-480 TO STRAIGHT COMMERCIAL TRANSACTION BY PASSING THROUGH A CCC CREDIT ARRANGEMENT AT LEAST FOR THIS YEAR. I MIGHT NOTE THAT IN A RECENT MEETING WITH US BUSINESSMEN IN LA PAZ, MANY OF WHOM ARE LONG TIME RESIDENTS HERE, I WAS TOLD THAT THE PRESENT WHEAT SITUATION IS THE GRAVEST THAT THEY HAVE SEEN AND OUTWEIGHS, IN THEIR JUDGMENT, ON POLITICAL AND ECONOMIC TERMS, THE EXPULSION OF DR. VICTOR PAZ, HEAD OF THE MNR, FROM THE COUNTRY. I AM ESPECIALLY INTERESTED IN HAVING AS FORTHCOMING AS POSSIBLE A USG POLICY IN FACE OF THE CRITICAL SHORTAGE OF WHEAT AT THIS TIME IN BOLIVIA. A CCC CREDIT FOR BOLIVIA WOULD GO A LONG WAY TOWARD MEETING THOSE INTERESTS.

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