

Message Text

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62

ACTION ARA-20

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E.O. 11652: N/A

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SUBJ: PORT TALKS END

SUMMARY. THREE-DAY MEETING OF PORT COMMISSIONS OF BOLIVIA AND CHILE CONCLUDED IN LA PAZ SEPTEMBER 4. IN SUBSEQUENT DAYS BOLIVIAN PRESS HAS CARRIED DEBATE OVER WHETHER TALKS SUCCESS OR FAILURE. IN ATTEMPT AT LAST WORD FON OFF ISSUED STATEMENT PUBLISHED SEPT. 6 THAT CHILEAN DELEGATIONS'S AGREEMENT TO CONSIDER BOLIVIAN SOCIAL AND ECONOMIC NEEDS WHEN SETTING PORT CHARGES IS CLEAR ADVANCE FOR BOLIVIAN INTERESTS. END SUMMARY.

1. BOLIVIANS CALLED FOR MEETING AFTER CHILEAN AUTHORITIES ONCE AGAIN RAISED PORT AND RAIL CHARGES LAST JUNE. CHILEAN DELEGATION OF ELEVEN HEADED BY AMBASSADOR HENRIQUE BERNSTEIN MET WITH BOLIVIAN DELEGATION OF TWENTY-SIX, INCLUDING REPRESENTATIVES FROM PRIVATE SECTOR.

2. EARLY STATEMENTS STRESS CORDIAL ATMOSPHERE OF TALKS BUT PRESS CARRIED STORIES DESCRIBING CARGO DELAYS AND MISHANDLING IN CHILEAN PORTS AND CHARGE THAT RECENT FLOUR SHIPMENTS STORED

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IN OPEN AIR HAVE BEEN DAMAGED BY LIGHT RAIN IN ARICA. FRONT-

PAGE STORIES CONCLUDED SEPT. 5 THAT TALKS WERE FAILURE BECAUSE CHILEAN DELEGATION WAS NOT IN FACT EMPOWERED TO NEGOTIATE AGREEMENT AND "ONLY PROMISED TO RECOMMEND" TO GOC THAT JUNE INCREASE IN CHARGES BE TEMPORARILY SUSPENDED. FON OFF RELEASE POINTED OUT THAT COMMISSIONS AGREED TO MEET AGAIN WITHIN SIXTY DAYS TO MAKE TECHNICAL STUDY OF NOMENCLATURE AND TARIFF STRUCTURE, TAKING INTO ACCOUNT FOR FIRST TIME BOLIVIA'S " NEEDS FOR ECONOMIC AND SOCIAL DEVELOPMENT."

3. COMMENT: PORT CHARGES HAVE BEEN CONTINUAL PROBLEM DUE TO CHILEAN INFLATION. CHILEAN DELEGATION PROPOSED AND BOLIVIANS REJECTED SUGGESTION THAT CHARGES BE COLLECTED IN U.S. DOLLARS AS WAY

OF AVOIDING NEED FOR FREQUENT ADJUSTMENT. (BOLIVIAN CUSTOMARILY OBTAIN BLACK MARKET ESCUDOS TO PAY PORT CHARGES.) BOLIVIA IS SUFFERING ONE OF PERIODIC PORT CRISES WITH LARGE BACKLOGS OF CARGO IN PERUVIAN PORT OF MATARANI (SEE A-169 OF SEPT 9) AND APPARENTLY ALSO ARICA.

LATTER PORT HAS RECEIVED LARGE QUANTITY OF FLOUR DESTINED FOR BOLIVIA AND THIS HAS SLOWED DOWN OTHER SHIPMENT. COMMISSIONS DID NOT DISCUSS LONGER-RANGE SOLUTIONS TO PORT PROBLEMS. BOLIVIANS INSTEAD TAKE OUT THEIR FRUSTRATIONS ARISING THEIR LACK OF CONTROL OF OWN FACILITIES BY MAKING SHORT-TERM PRACTICAL SOLUTIONS MORE DIFFICULT. NEGATIVE PUBLICITY DURING MEETING CAME FROM MINISTRY OF INDUSTRY AND COMMERCE SOURCES.

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