

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 L-03 NSC-10 SS-20 STR-08

CEA-02 INT-08 DRC-01 /145 W

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P 252011Z JAN 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC PRIORITY 2055

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E.O. 11652: N/A

TAGS: EMIN, BDIS, BL.

SUBJ: SOUTH AMERICAN PLACERS INC.

REF: LA PAZ 0359, STATE 14198.

1. IN HOUR AND HALF MEETING WITH EMBOFFS MINMINES AGREED TO PRUDENT POSTPONEMENT OF AUTOMATIC REVISION OF JANUARY 26, 1974 TO GOB OF SAPI'S UNWORKED CONCESSIONS ABOUT (12,000 HECTARES) AS ORDERED BY LAW DECREENO. 10998 OF JULY 26, 1973. EMBASSY BELIEVES POSTPONEMENT MAY BE ONE MONTH.

2. MINMINES INSISTS THAT SAPI END DELAYING TACTICS AND NOT TRY TO BARGAIN REVERSION OF CONCESSION ISSUE WITH SETTLEMENT OF OLD TAX PROBLEMS NOT YET SETTLED BY MINISTRY WHICH NOW MATTER FOR CONTROLLER GENERAL AS WELL. HE ACKNOWLEDGED SAPI RIGHT IN SOME OF OLD TAX PROBLEMS BUT WRONG IN OTHERS.

3. DESPITE POSITION ON TAX MATTER AS REPORTED PARA 2, MINMINES STATED THREE SEPARATE ISSUES ARE INVOLVED AND WANTS THREE ISSUES SETTLED IN PACKAGE DEAL. ISSUES ARE (A) UNRESOLVED TAX MATTERS PENDING FOR OVER TEN YEARS, (B) REVERSION OF 12,000 HECTARES OF CONCESSIONS WHICH MINISTER THOUGHT SAPI WOULD NEVER MINE, AND

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(C) FUTURE OF SPAI IN BOLIVIA INVOLVING SAPI'S PLANS TO PARTICIPATE

IN JOINT VENTURE OPERATION WITH BOLIVIAN PRIVATE CAPITAL TO WORK
ON PART OF OLD BOLINCA CONCESSION.

4. MINISTER ASKED FOR GUARANTEE OF USG THAT THESE THREE MATTERS
WOULD BE RESOLVED AND THAT SAPI WOULD END DELAYING TACTICS.
EMBOFFS REPLIED THAT TO OUR KNOWLEDGE SAPI HAD TRIED TO RESOLVE
PROBLEM AT LEAST AS EARLY AS OCTOBER, 1973 AND THAT USG COULD NOT
OFFER GUARANTEES BUT THAT MISSION WOULD USE ITS BEST OFFICES
TOWARD FINDING RAPID SOLUTION.

5. ASKED WHETHER O'NEILL'S PRESENCE IN BOLIVIA REQUIRED, MINISTER
SAID NOT NECESSARY UNTIL PACKAGE DEAL IS READY TO SIGN.

6. FYI. MINMINES BLAMED MOST OF ILL WILL BETWEEN SAPI AND GOB ON
SAPI'S LAWYER, RENE ROJAS, WHO ALWAYS WAITED TO VERY END BEFORE
TRYING TO SETTLE ISSUE. END FYI. REMARKED SAPI CONTRACT VERY BAD
ONE FOR BOLIVIA. STATED FOR 15 YEARS SAPI ONLY WORKED 700 HECTARES AND

GOB UNWILLING TO WAIT FOR ANOTHER TEN YEARS TO GET LAND BACK
WHICH SAPI HAD INDICATED IT DOES NOT INTEND TO WORK.

7. MINMINES STATED OLD TAX QUESTION HAD BEEN REFERRED TO BOLIVIA'S
INTERNAL REVENUE DEPARTMENT (DIRECCION NACIONAL DE LA RENTA,
DNR,) AND TO CONTROLLER GENERAL. SAID COMMISSION FORMED BY
MINISTRY OF MINES TO LOOK INTO TAX QUESTION, MOSTLY INVOLVING
TAXES PAID ON REDREDGING OF TAILINGS, WILL VISIT SAPI'S OLD WORKING
SITES AND WOULD BE ACCCOMPANIED BY REPRESENTATIVES OF CONTROLLER
GENERAL, DNR, AND BANCO MINERO. MINISTER ADDED THAT UNDER BOLIVIAN
LAW TAX CLAIMS COULD NOT BE A MATTER OF NEGOTIATION AND COMPROMISE
AS IS OFTEN THE CASE IN THE U.S. HE SAID THIS ESPECIALLY TRUE AT
PRESENT DUE TO INTENSIVE "MORALIZATION CAMPAIGN" BEING CONDUCTED
BY MINISTER OF STATE CURRUTO WHICH BRINGING OUT NUMBER OF OLD
UNRESOLVED TAX ISSUES.

8. COMMENT: MINMINES SEEMED DISPOSED TO GRANT NEW GOLD MINING
CONCESSION TO ECHAZU GROUP WHICH WOULD HAVE CONNECTION WITH SAPI,
BUT IT WAS OBVIOUS THAT MINISTER PREFERS CONCESSION TO BE IN
NATIONAL HANDS.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TIN, LAND, MEETINGS, MINING INDUSTRY, JOINT VENTURES, NEGOTIATIONS, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 25 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LAPAZ00548
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LA PAZ
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740116/aaaaaoms.tel
Line Count: 99
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: LA PAZ 0359, STATE 14198.
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 09 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 SEP 2002 by kelleyw0>; APPROVED <10-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SOUTH AMERICAN PLACERS INC.
TAGS: EMIN, BDIS, BL
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005