

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

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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 REFTTEL 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 MENTIONED 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 LIMITED OFFICIAL USE

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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 UNWILLINGNEWW USUAL SUPPLIER--ARGENTINA--TO SHIP FLOUR.
STEDMAN

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