

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	re: President-Elect Sanchez de Lozada Requests USG Support for Stable and Effective Democratic Government (4 pages)	06/17/1993	P1/b(1) VL 4/3/2020
002. cable	re: President-Elect Goni on the Transition Process (2 pages)	06/18/1993	P1/b(1) VL 4/3/2020
003. cable	re: President-Elect Goni on Coea Eradication (2 pages)	06/18/1993	P1/b(1) VL 4/3/2020
004. cable	re: The Trials and Tribulations of Transition (5 pages)	06/28/1993	P1/b(1) VL 4/3/2020
005. cable	re: Goni Discusses the Max Option (3 pages)	06/30/1993	P1/b(1) VL 4/3/2020
006. cable	re: Embassy Briefs Goni and Goni's Washington Agenda (2 pages)	07/07/1993	P1/b(1) VL 4/3/2020
007. cable	re: President-Elect Sanchez de Lozada's Meeting with Acting Secretary (3 pages)	07/14/1993	P1/b(1) VL 4/3/2020
008. cable	re: Changing Attitudes of Bolivians Toward the U.S. (6 pages)	07/14/1993	P1/b(1) VL 4/3/2020
009. cable	re: Sanchez de Lozada's Meeting with ARA A/S Watson (4 pages)	07/16/1993	P1/b(1) VL 4/3/2020
010. cable	re: The Next GOB: The Shape of Things to Come? (3 pages)	07/26/1993	P1/b(1) VL 4/3/2020
011. cable	re: USDEL's Meeting with GOB President-Elect: The OAS and Green Issues (4 pages)	08/13/1993	P1/b(1) VL 4/3/2020
012. cable	re: USDEL's Meeting the GOB President Elect: Fidel and Drugs (4 pages)	08/13/1993	P1/b(1) VL 4/3/2020

COLLECTION:

Clinton Presidential Records
 NSC Cables
 Jan 1993-Dec 1994
 OA/Box Number: 505000

FOLDER TITLE:

[06/17/1993-11/18/1994]

2015-0909-M
 rs1371

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
 PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
 RR. Document will be reviewed upon request.

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
013. cable	re: Ambassador's 8/13 Call on New FONMIN: CN Economic and UNGA Issues (4 pages)	08/18/1993	P1/b(1) <i>VL</i> 4/3/2020
014. cable	re: August 15 Meeting Between ONDCP Director Brown and President Sanchez de Lozada (4 pages)	08/19/1993	P1/b(1) <i>VL</i> 4/3/2020
015. cable	re: Bolivian President On His Government, Coalition, and Travel Plans (4 pages)	08/31/1993	P1/b(1) <i>VL</i> 4/3/2020
016. cable	re: Ambassador and President Sanchez de Lozada on Drugs, Terrorism, and Politics (6 pages)	05/17/1994	P1/b(1) <i>VL</i> 4/3/2020
017. cable	re: Ambassador Calls on President Sanchez de Lozada (4 pages)	06/13/1994	P1/b(1) <i>VL</i> 4/3/2020
018. cable	re: Meeting President Sanchez de Lozada: Suggested Topics for A/S Watson... (5 pages)	10/21/1994	P1/b(1) <i>VL</i> 4/3/2020
019. cable	re: A/S Gelbard's October 28 Meeting with Bolivian President Sanchez de Lozada (5 pages)	11/02/1994	P1/b(1) <i>VL</i> 4/3/2020
020. cable	re: A/S Watson Oct. 28 Meeting with Bolivian President Sanchez de Lozada (5 pages)	11/04/1994	P1/b(1) <i>VL</i> 4/3/2020
021. cable	re: Ambassador Presents Credentials: Conversation with Bolivian President Sanchez de Lozada (7 pages)	11/18/1994	P1/b(1) <i>VL</i> 4/3/2020

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Cable

PREC: IMMEDIATE
 CLASS: ~~CONFIDENTIAL~~
 LINE1: OAACZYUW RUEHLPA8395 1682213-CCCC--RHEHAAX.
 LINE2: ZNY CCCCC ZZH
 LINE3: O 172213Z JUN 93
 LINE4: FM AMEMBASSY LA PAZ
 OSRI: RUEHLP
 DTG: 172213Z JUN 93
 ORIG: AMEMBASSY LA PAZ
 TO: RUEHC/SECSTATE WASHDC IMMEDIATE 9506
 RUEADWW/NSC WASHDC PRIORITY
 INFO: ****
 SUBJ: PRESIDENT-ELECT SANCHEZ DE LOZADA REQUESTS USG
 SUPPORT FOR STABLE AND EFFECTIVE DEMOCRATIC GOVERNMENT
 TEXT:

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By RL NARA, Date 12/4/2019
 2015-0909-M (1.01)

~~CONFIDENTIAL~~ SECTION 01 OF 02 LA PAZ 008395
 EXDIS
 P - UNDERSECRETARY TARNOFF
 CA - A/S RYAN
 ALSO FOR ARA, ARA/AND
 NSC FOR FEINBERG
 E.O. 12356: DECL: OADR
 TAGS: PGOV, PREL, CVIS, PINR, SNAR, BL
 SUBJECT: PRESIDENT-ELECT SANCHEZ DE LOZADA REQUESTS USG
 SUPPORT FOR STABLE AND EFFECTIVE DEMOCRATIC GOVERNMENT
 REF: A) LA PAZ 8215, B) LA PAZ 8179
 1. ~~CONFIDENTIAL~~ -- ENTIRE TEXT.
 2. THIS IS AN ACTION REQUEST. SEE PARA 12.
 SUMMARY: A COMPLICATED PANORAMA

 3. BOLIVIAN PRESIDENT-ELECT GONZALO "GONI" SANCHEZ DE
 LOZADA TOLD THE AMBASSADOR, JUNE 16, THAT HE NEEDS USG
 SUPPORT TO FORM A STABLE GOVERNMENT. IN THIS REGARD, GONI
 ASKED THAT THE USG RESOLVE NOW THE LONG-STANDING ISSUE OF
 A U.S. TOURIST VISA TO MAX FERNANDEZ. GONI SAID HE NEEDS
 MAX'S UCS CONGRESSIONAL VOTES TO FORM A STABLE COALITION
 AND A CONGRESSIONAL MAJORITY. THE NON-ISSUANCE OF A U.S.
 VISA, HOWEVER, TAINTS MAX AND IMPEDES GONI'S ABILITY TO
 SEPARATE MAX FROM TTE UCS. GONI SAID HE WILL BE PERCEIVED
 AS ASSOCIATING WITH SOMEONE ACCUSED BY THE USG OF BEING A
 NARCO IF THE US CONTINUES TO WITHHOLD ISSUANCE. IN ORDER
 TO GET UCS CONGRESSIONAL VOTES, THE ISSUE OF MAX MIGHT
 NEED TO BE RESOLVED FIRST. UNLESS THE USG HAS WHAT GONI
 CALLED A "SMOKING GUN," HE ASKED THAT WE BE PREPARED TO
 ISSUE THE VISA TO MAX WITHIN THE NEXT FEW WEEKS. FAILURE
 TO DO SO, GONI SAYS, WILL UNDERMINE HIS EFFORTS TO SEND
 MAX OFF TO PASTURE AND PEEL AWAY THE UCS FROM MAX. IF THE
 U.S. CAN TAKE CARE OF THE VISA, GONI SAID HE WILL PUT
 TOGETHER A PACKAGE THAT INCLUDES TRYING TO HELP MAX WITH
 HIS FINANCIAL PROBLEMS WHICH THREATEN THE STABILITY OF THE
 LOCAL BANKING SYSTEM AND THE FUTURE OF BOLIVIA'S LARGEST

PRIVATELY-OWNED ENTERPRISE, CBN BREWERY. END SUMMARY.

4. AMBASSADOR, DCM, AND POLCOUNS CALLED ON BOLIVIAN PRESIDENT-ELECT GONI SANCHEZ DE LOZADA, JUNE 16, AT THE HOME OF GONI'S BROTHER, SENATOR-ELECT TONI SANCHEZ DE LOZADA. WITH GONI WAS HIS AMCIT CAMPAIGN ADVISOR ED REILLY. THE MEETING, AT GONI'S REQUEST, WAS INTENDED TO BEGIN A POST-ELECTION DIALOGUE WITH THE EMBASSY ON A RANGE OF ISSUES. THIS MESSAGE COVERS GONI'S COMMENTS ON HIS EFFORTS TO FORM A VIABLE LEGISLATIVE COALITION THAT WILL PERMIT BOLIVIA TO HAVE A STABLE DEMOCRATIC GOVERNMENT FOR THE NEXT FOUR YEARS. OTHER TOPICS SEPTTEL.

5. GONI SAID HE FACES A VERY COMPLICATED NEGOTIATING PROCESS IN THE NEXT FEW DAYS AND WEEKS. WHILE HE HAS NO DOUBT HE WILL BE FORMALLY ELECTED PRESIDENT BY CONGRESS IN AUGUST, GONI'S MNR PARTY ALONE DOES NOT HAVE ENOUGH CONGRESSIONAL SEATS (AROUND 70 OUT OF 157) TO BE ABLE TO GOVERN ALONE. THE MNR NEEDS ALLIES WHO WILL GO ALONG WITH GONI'S MAJOR ECONOMIC REFORM PACKAGE. HE HAS PROBLEMS WITH MNR'S "NATURAL" ALLIES, CONDEPA AND MBL. AN ALLIANCE WITH EITHER DOES NOT PRODUCE ENOUGH SEATS. HE NEEDS BOTH. THAT MEANS, HE SAID, HIS GOVERNMENT WOULD BE VULNERABLE TO "BLACKMAIL" FROM EITHER PARTY; EITHER WOULD, IN EFFECT, HAVE A VETO OVER THE GOB'S LEGISLATIVE EFFORTS. HE DOES NOT TRUST MBL OR CONDEPA. MBL, HE SAID, IS ALREADY DEMANDING A GREAT DEAL (MFA AND AGRICULTURE AS REPORTED EARLIER) AND HAS MADE CLEAR IT OPPOSES GONI'S PLAN TO "CAPITALIZE" (I.E., PRIVATIZE) MONEY-LOSING PARA-STATAL ENTERPRISES--THE GUTS OF HIS ECONOMIC PROGRAM. CONDEPA, HE SAID, IS LIKewise AN UNCERTAIN PARTNER AND IS BEING "UNREASONABLE" IN NEGOTIATIONS. GONI DOES NOT WANT TO ALLY WITH THE CORRUPTION-RIDDEN AP COALITION HE JUST DEFEATED FOR THE PRESIDENCY.

6. ACCORDING TO GONI, THAT LEAVES UCS AS THE BEST POTENTIAL ALLY FOR THE MNR. THE PROBLEM WITH UCS? ITS MERCURIAL LEADER MAX FERNANDEZ. GONI REFERRED TO MAX AS "AUTHORITARIAN, FASCIST, ALCOHOLIC." HE SAID MAX IS VERY DIFFICULT TO DEAL WITH; HE CHANGES POSITIONS FROM ONE DAY TO THE NEXT. FURTHERMORE, GONI BELIEVES, THE MNR WON THE VICTORY IT DID BECAUSE OF PUBLIC ANGER OVER GOB CORRUPTION AND THE MNR'S SUCCESSFUL EFFORT TO LINK MAX WITH BANZER, "A VOTE FOR MAX IS A VOTE FOR BANZER." EMBRACING MAX OPENLY, GONI SAID, COULD LEAD VOTERS TO FEEL BETRAYED. IN SUM, GONI WANTS (AND NEEDS) THE UCS, BUT NOT MAX.

7. POLCOUNS BRIEFED GONI ON A POL SECTION MEETING EARLIER THAT DAY (SEPTTEL) WITH KEY MEMBERS OF UCS, INCLUDING VICE-PRESIDENTIAL CANDIDATE EDGAR TALAVERA. THE UCESISTAS, WHO STRONGLY BACK GONI'S PROPOSED ECONOMIC REFORM PACKAGE, SEEK ALLIANCE WITH MNR AND TO PUT MAX INTO POLITICAL SEMI-RETIREMENT. THEY ARE ENCOURAGING MAX TO DEVOTE HIMSELF TO HIS BUSINESSES AND LEAVE THE RUNNING OF UCS TO TALAVERA AND OTHERS. GONI ACKNOWLEDGED THE MNR IS IN CONTACT WITH THESE UCS MEMBERS AND, IN FACT, WOULD MEET THEM AGAIN THAT

~~C O N F I D E N T I A L~~ SECTION 02 OF 02 LA PAZ 008395

EXDIS

P - UNDERSECRETARY TARNOFF

CA - A/S RYAN

ALSO FOR ARA, ARA/AND

NSC FOR FEINBERG

E.O. 12356: DECL: OADR

TAGS: PGOV, PREL, CVIS, PINR, SNAR, BL

SUBJECT: PREYVDENT-ELECT SANCHEZ DE LOZADA REQUESTS USG SUPPORT FOR STABLE AND EFFECTIVE DEMOCRATIC GOVERNMENT VERY NIGHT. GONI WAS GLAD THEY ARE LOOKING FOR WAYS TO GIVE MAX A "GOLDEN WATCH." GONI SAID IT IS IMPORTANT FOR THE POLITICAL STABILITY OF BOLIVIA TO GET MAX OUT OF POLITICS. IT HAS TO BE DONE, HOWEVER, IN A WAY THAT DOES NOT CRUSH OR HUMILIATE HIM; MAX STILL HAS HIGH FAVORABLE RATINGS, EVEN AMONG PEOPLE WHO DID NOT VOTE FOR HIM.

8. GONI HOPES EVENTUALLY TO CUT A DEAL WITH MAX IN WHICH MAX GIVES UP POLITICS IN EXCHANGE FOR HELP WITH HIS FINANCIAL PROBLEMS. GONI SAID IMPORTANT BANKS ARE IN SERIOUS TROUBLE BECAUSE OF EXCESSIVE LENDING TO FERNANDEZ. THE BANKING SYSTEM HAS TO BE SAVED, GONI SAID, AS DOES HEAVILY-INDEBTED CBN BREWERY, BOLIVIA'S LARGEST PRIVATELY-OWNED BUSINESS. GONI WOULD HELP MAX WORK OUT A COMFORTABLE TAX-PAYMENT SCHEDULE IN ORDER TO SAVE CBN.

9. AS PART OF THIS "RETIREMENT PACKAGE, THE PRESIDENT-ELECT STRESSED, HE WOULD LIKE TO SEE INCLUDED MAX'S LONG-SOUGHT U.S. VISA. GONI SAID MIR ACTING CHIEF OSCAR EID USED THE VISA ISSUE FOR POLITICAL PURPOSES; EID STRESSED TO MAX THAT THE GRINGOS WOULD NEVER LET HIM BE PRESIDENT, HENCE, MAX'S ONLY HOPE OF BEING A POLITICAL PLAYER WAS TO SUPPORT AP CANDIDATE BANZER. AT THE RIGHT TIME IN THE "RETIREMENT" NEGOTIATIONS WITH MAX, GONI WOULD LIKE TO BE ABLE TO "INTERCEDE" WITH THE U.S. TO GET MAX HIS VISA. IF DONE CORRECTLY, HE SAID, THE VISA ISSUANCE WOULD HELP EASE THE PAIN FOR MAX OF RETIRING AND MAKE IT EASIER FOR GONI TO CREATE A STABLE GOVERNING COALITION OVER THE NEXT FOUR YEARS. GONI SAID HE WOULD HAVE DIFFICULTY CUTTING A DEAL WITH MAX IF THE "NARCO CLOUD" REMAINS OVER FERNANDEZ, LEAVING GONI OPEN TO ACCUSATIONS OF DEALING WITH A "NARCO." IN THE ABSENCE OF A "SMOKING GUN," GONI URGED MAXIMUM FLEXIBILITY FROM THE U.S. ON THE MAX VISA ISSUE. GONI SAID VISA ISSUANCE WOULD FORM PART OF A STRATEGY TO STRENGTHEN THE DEMOCRATIC PROCESS AND THE ABILITY OF THE MNR GOVERNMENT TO PUSH THROUGH MUCH-NEEDED REFORMS. COMMENT AND ACTION REQUEST:

10. THE ISSUE OF MAX'S VISA IS A HIGHLY POLITICIZED ONE AND HAS BEEN FOR A LONG TIME. HIS LACK OF A VISA UNDOUBTEDLY HURT MAX IN THE JUNE 6 ELECTIONS AND WAS USED BY BANZER AND OSCAR EID TO TRY TO TIE FERNANDEZ TO THE AP.

11. NOW THAT THE ELECTIONS ARE OVER, THE VISA ISSUE HAS EVEN MORE POLITICAL IMPLICATIONS. THE PRESIDENT-ELECT IS STRUGGLING TO PUT TOGETHER A VIABLE GOVERNING COALITION THAT WILL ALLOW HIM TO PUSH THROUGH A RADICAL RESTRUCTURING OF HOW THE GOB DOES BUSINESS AND OF HOW THE BOLIVIAN ECONOMY OPERATES. TO DO THAT, HE NEEDS AN AMPLE MAJORITY IN CONGRESS THAT WILL SUPPORT HIM WHEN THE GOING GETS TOUGH. HE SIMPLY CANNOT COUNT ON THE LEFTIST MBL AND THE POPULIST, DEMAGOGIC CONDEPA PARTY. HIS ONLY REAL POTENTIAL SOURCE OF SUPPORT IS THE UCS' 20-21 CONGRESSMEN (THE THIRD LARGEST BLOC IN CONGRESS).

12. ACTION REQUESTED: THAT DEPARTMENT AUTHORIZE EMBASSY LA PAZ ASAP TO ISSUE A VISA TO APPLICANT FERNANDEZ; TIMING

OF ISSUANCE SHOULD BE LEFT TO THE AMBASSADOR.

13. THERE IS NO EVIDENCE, NO REASON TO BELIEVE, AND NO FOREIGN POLICY CONSIDERATIONS TO SUBSTANTIATE A DENIAL.

14. THERE ARE, HOWEVER, COMPELLING FOREIGN POLICY REASONS TO ISSUE NOW:

-- THE PRESIDENT-ELECT HAS ASKED SPECIFICALLY THAT WE ISSUE IN ORDER TO HELP CREATE A STABLE GOVERNMENT;

-- THE POSSIBILITY EXISTS TO MARGINALIZE MAX FROM THE POLITICAL PROCESS (A GOAL WE SHARE, NOT OUT OF FALSE CONCERN ABOUT NARCO TIES, BUT BECAUSE OF MAX'S ANTI-DEMOCRATIC PROCLIVITIES ON WHICH WE HAVE REPORTED);

-- ISSUANCE WILL FURTHER OUR PRIMARY GOAL OF CONSOLIDATING DEMOCRACY IN BOLIVIA. BOWERS

BT

#8395

NNNN

SECT: SECTION: 01 OF 02

<^SECT>SECTION: 02 OF 02

SSN: 8395

<^SSN>8395

TOR: 930617231021 M0450879

<^TOR>930617231023 M0450880

DIST:

PRT: SIT

SIT: BURGOS FEINBERG OWENS SUM SUM2 VAX WAURISHUK

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Cable

PREC: ROUTINE
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 OSRI: RUEHLP
 DTG: 181056Z JUN 93
 ORIG: AMEMBASSY LA PAZ
 TO: RUEHC/SECSTATE WASHDC 9515
 INFO: RUEHIA/USIA WASHDC 5089
 SUBJ: PRESIDENT-ELECT GONI ON THE TRANSITION PROCESS
 TEXT:

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By VC NARA, Date 12/4/2019
 2015-0409-#(1.02)

~~C O N F I D E N T I A L~~ LA PAZ 008406
 E.O. 12356: DECL: OADR
 TAGS: PGOV, PREL, EAID, PHUM, SNAR, PINR, BL
 SUBJECT: PRESIDENT-ELECT GONI ON THE TRANSITION PROCESS
 1. ~~CONFIDENTIAL~~ -- ENTIRE TEXT.
 SUMMARY

 2. PRESIDENT-ELECT GONI SANCHEZ DE LOZADA HAS SET UP
 TRANSITION TEAMS FOR EACH OF THE KEY MINISTRIES. HE IS
 CONCERNED THAT THE PEOPLE HE NAME TO IMPORTANT POSITIONS
 BE HONEST AND COMPETENT. HE WORRIES ABOUT CORRUPTION IN
 HIS PARTY AND WANTS TO COOPERATE WITH US IN SCREENING
 NAMES OF POTENTIAL SENIOR GOB OFFICIALS. GONI WOULD
 RATHER THE U.S. SIGN AN ESF AGREEMENT WITH THE CURRENT GOB
 TO AVOID LOSING THE MONEY AND AVOID HAVING TO NEGOTIATE AN
 ERADICATION AGREEMENT AS ONE OF THE FIRST THINGS HE DOES.
 GONI GRATEFULLY ACCEPTED AMBASSADOR'S OFFER TO PROVIDE HIM
 AND HIS IMMEDIATE TEAM DETAILED BRIEFINGS ON THE MANY
 FACETS OF U.S.-BOLIVIAN RELATIONS. GONI SAID HE WILL RUN
 A SERIOUS GOVERNMENT AND WE WILL FIND HIM A TOUGH
 NEGOTIATOR; HE VOWED, HOWEVER, THAT ONCE AN AGREEMENT IS
 REACHED, WE CAN COUNT ON HIS GOB CARRYING IT OUT. END
 SUMMARY.
 3. AMBASSADOR, DCM, AND POLCOUNS MET PRESIDENT-ELECT
 GONZALO "GONI" SANCHEZ DE LOZADA ON JUNE 16. WITH GONI
 WAS HIS AMCIT CAMPAIGN ADVISOR ED REILLY. THE MEETING,
 THE FIRST WITH GONI SINCE THE JUNE 6 ELECTIONS, WAS
 LARGELY TAKEN UP WITH DISCUSSION OF GONI'S EFFORTS TO FORM
 A WORKABLE LEGISLATIVE COALITION (SEPTEL) AND THE
 TRANSITION PROCESS.
 4. THE PRESIDENT-ELECT BEGAN BY SAYING THAT HE WAS STILL
 SOMEWHAT IN SHOCK OVER HIS ACTUALLY BECOMING PRESIDENT.
 HE NEVER SUSPECTED, HE SAID, THAT THE MNR'S VICTORY WOULD
 BE AS GREAT AS IT TURNED OUT TO BE NOR THAT THE OPPOSITION
 (BANZER AND FERNANDEZ) WOULD WITHDRAW SO QUICKLY FROM THE
 CONGRESSIONAL SELECTION PROCESS. HE CREDITED THE SIZE OF
 THE MNR'S VICTORY TO THE DISCOVERY, SOMEWHAT BELATED HE
 ADMITTED, THAT CORRUPTION WAS A MAJOR CONCERN OF VOTERS

AND THE ROLE PLAYED BY VICE-PRESIDENTIAL CANDIDATE VICTOR HUGO CARDENAS IN WINNING OVER THE INDIGENOUS ALTIPLANO VOTE.

5. GONI HAS SET UP "TRANSITION TEAMS" TO MONITOR THE PROCESS OF HANDING OVER THE GOB FROM THE PAZ ZAMORA ADMINISTRATION TO THE SANCHEZ DE LOZADA ADMINISTRATION. THE TEAMS WILL FOCUS ON THE KEY MINISTRIES.

6. ACCORDING TO GONI, HE IS VERY CONCERNED LEST HE GET TRAPPED BY A "WEB OF CORRUPTION" LIKE THAT SURROUNDING CURRENT PRESIDENT PAZ ZAMORA. HE SAID NO DECISIONS HAVE BEEN MADE ON WHO WILL FILL WHAT POSITIONS. HE ADMITTED THAT HE DOES NOT KNOW MANY OF THE PEOPLE IN HIS OWN PARTY. AWARE OF THE MNR'S HISTORY OF CORRUPTION, GONI SAID HE WOULD LIKE TO SCREEN KEY APPOINTEES WITH THE EMBASSY. THE AMBASSADOR GAVE GONI A LIST OF POSITIONS WE CONSIDER PARTICULARLY IMPORTANT TO U.S.-BOLIVIAN RELATIONS AND SAID WE WOULD BE GLAD TO COOPERATE WITH GONI IN LOOKING OVER PERSONNEL NAMED TO THOSE OR ANY OTHER POSITIONS.

7. AMBASSADOR ALSO HANDED GONI A LIST OF KEY BILATERAL ISSUES WHICH THE NEW GOB WOULD FACE. AMONG THOSE WAS THE SIGNING OF AN ESF AGREEMENT. AMBASSADOR ASKED GONI WHETHER IT WOULD BE BETTER TO TRY TO SIGN AN ESF AGREEMENT WITH THE CURRENT GOB OR WAIT FOR GONI TO TAKE OFFICE. THE PRESIDENT-ELECT WAS EMPHATIC: "SIGN NOW. DON'T LOSE THE MONEY." GONI SAID BOLIVIA NEEDS THE MONEY; HE DOES NOT WANT TO RISK ITS LOSS TO ANOTHER PROGRAM. IN ADDITION, HE SAID, IT WOULD BE POLITICALLY EASIER FOR HIM TO INHERIT THE ESF AGREEMENT, WITH ITS LANGUAGE ON COCA ERADICATION, THAN HAVE TO ENGAGE IN A NEGOTIATION WITH THE U.S. ON ERADICATION SOON AFTER TAKING OFFICE. HE HAS OTHER PROJECTS HE WANTS TO TACKLE IN THE CRITICAL EARLY DAYS OF HIS ADMINISTRATION. GONI GRATEFULLY ACCEPTED THE AMBASSADOR'S OFFER TO HAVE THE EMBASSY PROVIDE HIM AND HIS KEY ADVISORS DETAILED BRIEFINGS ON THE FULL RANGE OF ISSUES THAT CHARACTERIZE U.S. - BOLIVIAN RELATIONS.

8. GONI SAID THE USG WOULD FIND HIM A TOUGH NEGOTIATOR:

"I WILL NEGOTIATE THE HELL OUT OF EVERYTHING TO GET THE MAXIMUM BENEFIT FOR BOLIVIA. I READ THE FINE PRINT." BUT, HE ADDED, ONCE HIS ADMINISTRATION AGREED TO SOMETHING, IT WOULD EXECUTE ITS OBLIGATIONS COMPLETELY.

9. COMMENT: THE BOLIVIAN PRESIDENT-ELECT SEEMS GENUINELY COMMITTED TO MAKING MAJOR CHANGES IN BOLIVIA OVER THE NEXT FOUR YEARS. WE FIND HIM TO BE VERY LIKABLE, BLUNT, HUMOROUS, SELF-DEPRECATING, AND A QUICK STUDY. WHILE THE BILATERAL RELATIONSHIP WILL HAVE ITS UPS-AND-DOWNS DURING THE GONI YEARS, IN GENERAL, WE FORESEE BIG CHANGES FOR THE BETTER. BOWERS

BT

#8406

NNNN

SECT: SECTION: 01 OF 01

SSN: 8406

TOR: 930618072001 M0451477

DIST:

SIT: VAX

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Cable

PREC: ROUTINE
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 RUEHNA/DEAHQS WASHDC
 SUBJ: PRESIDENT-ELECT GONI ON COCA ERADICATION
 TEXT:

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By VT NARA, Date 12/4/2019
 2015-0909-M (1.03)

~~CONFIDENTIAL~~ LA PAZ 008508
 E.O. 12356: DECL: OADR
 TAGS: PREL, SNAR, PGOV, EAID, PINR, BL
 SUBJECT: PRESIDENT-ELECT GONI ON COCA ERADICATION
 1. ~~CONFIDENTIAL~~ -- ENTIRE TEXT.
 2. AMBASSADOR, DCM, AND POLCOUNS VISITED PRESIDENT-ELECT GONZALO "GONI" SANCHEZ DE LOZADA, JUNE 16. AMONG THE TOPICS RAISED WAS COCA ERADICATION (OTHER TOPICS SEPTELS).
 3. AS REPORTED SEPTELS, IN THE COURSE OF THE MEETING WITH GONI, THE AMBASSADOR HANDED THE PRESIDENT-ELECT A LIST OF ISSUES THAT WOULD CONFRONT THE NEW GOB SOON AFTER ITS AUGUST 6 INAUGURATION. WHILE LOOKING OVER THE LIST, WHICH INCLUDED A NUMBER OF COUNTER-NARCOTICS RELATED THEMES, GONI SAID HE FAVORS "TEARING OUT" ALL OF THE COCA BUSHES QUICKLY, "I DO NOT BELIEVE IN HALF-WAY MEASURES."
 4. THE DCM MENTIONED THAT AMCIT HARVARD PROFESSOR AND LONG-TIME GONI FRIEND AND ADVISOR JEFF SACHS HAS PREVIOUSLY MENTIONED THE NEED TO GET THE WORLD BANK INVOLVED IN A MASSIVE, I.E., DOLS 500 MILLION, ALTERNATIVE DEVELOPMENT SCHEME IN BOLIVIA THAT WOULD PUT AN END TO THE COCA PROBLEM PERMANENTLY. GONI SAID HE CERTAINLY FAVORED SUCH AN APPROACH HIMSELF; HE RECOGNIZED, "YOU HAVE TO GIVE THE COCA GROWERS SOMETHING." THE AMBASSADOR SUGGESTED THIS WOULD BE A USEFUL TOPIC OF DISCUSSION FOR GONI WITH SACHS AND THE WORLD BANK. GONI AGREED.
 5. COMMENT: WHILE GONI HAS NOT YET FOCUSSED HIS ATTENTION ON A NUMBER OF ISSUES HE WILL FACE AS BOLIVIA'S NEXT PRESIDENT, WE FIND ENCOURAGING THAT HE AT LEAST SEEMS LEANING TOWARDS TAKING ON THE COCA ISSUE IN A MORE FORTHRIGHT MANNER THAN SO FAR HAS BEEN THE CASE IN BOLIVIA. HIS ABILITY TO "TEAR OUT" ALL THE COCA BUSHES WILL DEPEND LARGELY ON THE SORT OF ALLIANCES HE MAKES IN CONGRESS--E.G., IF HE RELIES ON THE MBL AND CONDEPA, HE CAN FORGET THIS APPROACH--AND ON THE AVAILABILITY OF FUNDING FOR A MASSIVE ALTERNATIVE DEVELOPMENT PROGRAM.

BOWERS

BT

#8508

NNNN

SECT: SECTION: 01 OF 01

SSN: 8508

TOR: 930619073555 M0453768

DIST:

SIT: BURGOS VAX

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PREC: PRIORITY
 CLASS: ~~CONFIDENTIAL~~
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 RUEHAC/AMEMBASSY ASUNCION 1473
 RUEHPE/AMEMBASSY LIMA 7080
 RHLBAAA/USCINCSO QUARRY HEIGHTS PM//SCJ2/POLAD//
 SUBJ: THE TRIALS AND TRIBULATIONS OF TRANSITION
 TEXT:

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By *W* NARA, Date *12/4/09*
205-0909-11 (1.04)

~~CONFIDENTIAL~~ SECTION 01 OF 03 LA PAZ 008885
 DEPT FOR ARA/AND, INM AND CA; PASS ALSO TO USOAS
 USIA FOR AR
 E.O. 12356: DECL: OADR
 TAGS: PGOV, PREL, PINS, KPRP, SNAR, CVIS, PINR, BL
 SUBJECT: THE TRIALS AND TRIBULATIONS OF TRANSITION
 REF: A) LA PAZ 8093, B) LA PAZ 8517, C) LA PAZ 8093
 D) LA PAZ 8510, E) LA PAZ 8395 (EXDIS, NOTAL)
 1. ~~CONFIDENTIAL~~ -- ENTIRE TEXT.
 2. SUMMARY: DESPITE POSTURING AND POLEMICS, THE MNR
 AND THE GOB HAVE BEGUN A SERIOUS GOVERNMENT TRANSITION
 EFFORT. MEETINGS BEGAN ON JUNE 2; THE MNR HOPES THAT
 TWO OR THREE WEEKLY SESSIONS WILL BE HELD THROUGH JULY.
 GOB CORRUPTION (I.E, THE CAPOBIANCO AND ARMS SALES
 SCANDALS) HAS ALREADY BEEN THE SUBJECT OF TESTY DEBATE.
 AT MNR REQUEST, THE EMBASSY WILL PROVIDE INFORMAL
 BRIEFINGS ON OVERALL USG POLICY IN BOLIVIA; MORE
 DETAILED, FORMAL BRIEFINGS WILL FOLLOW THE AUGUST 6
 INAUGURATION. THE MNR IS ALSO ENGAGED IN TICKLISH
 NEGOTIATIONS WITH POSSIBLE ALLIANCE PARTNERS. THE UCS,
 MBL AND CONDEPA ALL WANT A PIECE OF THE ACTION. BECAUSE
 IT HAS REPORTEDLY DEMANDED LESS IN RETURN, THE UCS MAY
 BE A SLIGHT FAVORITE (ASSUMING PARTY LEADER MAX
 FERNANDEZ CAN BE PUT OUT TO POLITICAL PASTURE; OUR
 ISSUING AN NIV COULD HELP). MNR LEADER SANCHEZ DE
 LOZADA MAY TAKE HIS POSTPONED POST-ELECTION VACATION
 STARTING JULY 3; WE WILL ADVISE IF HE PLANS TO VISIT
 WASHINGTON. END SUMMARY.

 THE MNR AND GOB IN UNCHARTED WATERS

 3. POSTURING AND POLEMICS HAVE CHARACTERIZED BOTH
 SIDES, BUT THE MNR AND THE GOB HAVE BEGUN A SERIOUS

EFFORT TO PASS THE POLITICAL TORCH WITH AS LITTLE DISRUPTION AS POSSIBLE. BOTH SIDES WANT THE TRANSITION EFFORT TO BE MORE THAN A "SHOW," BUT THEY HAVE LITTLE IN MODERN BOLIVIAN POLITICAL HISTORY TO GUIDE THEM; A SUBSTANTIVE TRANSITION OF POWER HAS NEVER OCCURRED BEFORE. THE GOB AND MNR TRANSITION TEAMS (MEMBERS SHOWN BELOW) MET ON JUNE 22 AND 25 AND ARE SCHEDULED TO MEET A THIRD TIME ON JUNE 29. THE MNR HOPES TWO OR THREE INCREASINGLY SUBSTANTIVE SESSIONS WILL TAKE PLACE EACH WEEK UNTIL THE AUGUST 6 CHANGEOVER.

4. ACCORDING TO MNR CAMPAIGN DIRECTOR (AND TRANSITION TEAM MEMBER) ALFONSO REVOLLO, THE JUNE 22 MEETING WAS "VERY DIFFICULT." THE MNR PRESSED HARD ON "INTERNAL SECURITY AND CORRUPTION" ISSUES SUCH AS THE CANDIDACY OF CONGRESSMAN-ELECT GUILLERMO CAPOBIANCO AND THE ON-GOING ARMS SALE CONTROVERSY. THE GOB REPORTEDLY REFUSES TO CONSIDER EITHER OF THESE AS TRANSITION ISSUES AND ON CAPOBIANCO, LAYS THE BLAME SQUARELY AT THE FEET OF THE EMBASSY (MORE DEVELOPMENTS, SEPTEL). INTERIOR MINISTER CARLOS SAAVEDRA REPORTEDLY GAVE A DETAILED EXPOSITION ON JUNE 25 OF THE ISSUES WITHIN HIS PORTFOLIO, BUT NARCOTICS HAS YET TO BE DISCUSSED IN DETAIL. ACCORDING TO GOB INTERIOR SUBSECRETARY GONZALO TORRICO, SPECIFIC INTERLOCUTORS ON CN ISSUES HAVE NOT BEEN IDENTIFIED YET.

5. THE RESPECTIVE TRANSITION TEAMS ARE AS FOLLOWS:
GOB:

-- FONMIN RONALD MACLEAN;
-- INTERIOR MINISTER CARLOS SAAVEDRA;
-- MINPRES GUSTAVO FERNANDEZ;
-- PLANNING MINISTER SAMUEL DORIA MEDINA; AND
---MINISTER W/O PORTFOLIO ROBERTO PENA.

THE GOB CHOICES, NAMED ON JUNE 9 AND BASED ON PORTFOLIO RESPONSIBILITIES OR TIES TO PRESIDENT PAZ ZAMORA (REF A) WERE OBVIOUS. PENA WAS ADDED, MACLEAN TOLD THE AMBASSADOR, "BECAUSE HE HAD MORE TIME" THAN OTHER MINISTERS TO DEVOTE TO TRANSITION ISSUES. ACCORDING TO MEDIA ACCOUNTS, HEALTH MINISTER CARLOS DABDOUB MAY ALSO PLAY AN TRANSITION TEAM ROLE.

MNR:

-- VP-ELECT VICTOR HUGO CARDENAS;
-- FORMER FONMIN (AND MNR VICE CHIEF) GUILLERMO BEDREGAL (NOT LIKELY TO GET THE MFA THIS TIME, ACCORDING TO MNR INSIDERS);
-- SENATOR-ELECT EUDORO GALINDO (ALSO AN AGGRESSIVE CANDIDATE FOR THE INTERIOR MINISTRY);
-- MNR LA PAZ DEPT. CHIEF GERMAN QUIROGA; AND
-- FORMER MINDEF (AND CAMPAIGN DIRECTOR) ALFONSO

~~C O N F I D E N T I A L~~ SECTION 02 OF 03 LA PAZ 008885
DEPT FOR ARA/AND, INM AND CA; PASS ALSO TO USOAS
USIA FOR AR

E.O. 12356: DECL: OADR

TAGS: PGOV, PREL, PINS, KPRP, SNAR, CVIS, PINR, BL
SUBJECT: THE TRIALS AND TRIBULATIONS OF TRANSITION
REVOLLO.

THE GOB AND MNR TEAMS ARE TO DIVIDE INTO FOUR SUBGROUPS ON INTERNAL SECURITY ISSUES, FOREIGN AFFAIRS, MONETARY AND FINANCIAL POLICY AND EXPORTS AND ECONOMIC DIVERSIFICATION.

6. IN ADDITION, MNR LEADER GONI SANCHEZ DE LOZADA HAS DESIGNATED THREE OTHER MNR TEAMS AS FOLLOWS:

INTER-PARTY NEGOTIATIONS:

-- FORMER MININT (AND MNR VICE CHIEF) JUAN CARLOS DURAN;
AND

-- COCHABAMBA LAWYER CARLOS SANCHEZ BERZAIN
(WHO, CONTRARY TO EARLIER REPORTS, REF B, DOES NOT
APPEAR TO BE INVOLVED IN DRUG TRAFFICKING, NOR A
RELATIVE OF GONI'S).

ECONOMIC ISSUES:

-- JORGE BALCAZAR AND OTHER MEMBERS OF THE MNR-LINKED
"MILLENNIUM FOUNDATION"; BALCAZAR HAS ALSO BEEN NAMED AS
A POSSIBLE MNR AMBASSADOR TO WASHINGTON.

INAUGURAL ISSUES:

-- REVOLLO, WITH OTHER MEMBERS TO BE NAMED.

7. FURTHER TO REF C, AT GONI'S REQUEST, THE EMBASSY IS
PLANNING A SERIES OF INFORMAL, PRE-INAUGURAL BRIEFINGS
ON USG POLICY IN BOLIVIA- THESE SESSIONS WOULD SET THE
STAGE FOR MORE DETAILED, FORMAL PRESENTATIONS ONCE GONI
ASSUMES OFFICE IN AUGUST. THE INFORMAL MEETINGS MAY NOT
BEGIN UNTIL GONI RETURNS FROM A DELAYED TWO-WEEK
VACATION, SET TO BEGIN JULY 3. (IF GONI USES SOME OF
THIS TIME TO VISIT THE U.S., WE WILL ADVISE. AT THIS
STAGE, HIS PLANS ARE NOT FIRM.)

THE MNR AND THE OTHER PARTIES IN TURBULENT WATERS

8. IF NEGOTIATING WITH THE GOB WERE NOT CHALLENGE
ENOUGH, GONI ALSO HAS HIS HANDS FULL WITH HIS OWN PARTY
AND WITH POTENTIAL COALITION MEMBERS. DAILY LEAKS TO
THE MEDIA MUDDY THE WATER. SO FAR, GONI HAS HELD OFF A
CHALLENGE FOR MNR LEADERSHIP BY BEDREGAL, WHO ARGUED
THAT GONI WOULD BE TOO BUSY AS PRESIDENT TO RUN THE
PARTY. THE MNR CENTRAL COMMITTEE REPLIED THAT GONI
WOULD HEAD THE PARTY UNTIL THE 1994 NATIONAL CONVENTION.

9. GONI HAS ALSO KEPT THE MBL, CONDEPA AND UCS PARTIES
AT ARM'S LENGTH (AT LEAST IN PUBLIC). IN PRIVATE, MNR-
UCS, MNR-MBL AND MNR-CONDEPA NEGOTIATIONS HAVE
CONTINUED, ALTHOUGH CONDEPA'S PETULANCE MAY CUT IT
COMPLETELY OUT OF THE NEXT GOB. MBL AND CONDEPA HAVE
URGED GONI TO MOVE QUICKLY (AND INCLUDE THEM) IN ORDER
TO TAKE ADVANTAGE OF THE "POPULAR WILL" EXPRESSED IN THE
JUNE 6 ELECTIONS. BOTH PARTIES ALSO INSIST THAT THEIR
POTENTIAL ALLIANCES WITH THE MNR MUST BE BASED ON
PRESERVING POLICY INITIATIVES THEY AGREE WITH. THE
MNR'S QUIROGA HAS REPLIED THAT THE MNR'S DISCUSSIONS
WITH OTHER PARTIES ARE BASED ON CONVERTING THE MNR
CAMPAIGN'S "PLAN DE TODOS" INTO A WORKABLE PLAN FOR
GOVERNMENT.

10. FURTHER TO REF D, ON JUNE 19 THE UCS PERSUADED
PARTY LEADER MAX FERNANDEZ TO ENDORSE (IN WRITING) THE

UCS-MNR NEGOTIATIONS. THE MNR APPARENTLY IS CONSIDERING THE UCS AS A POTENTIAL ALLY (BECAUSE OF THE UCS' LESSER DEMANDS; MNR SPOKESMAN HERMAN ANTELO SAID JUNE 24 THAT THIS WOULD BE AN IMPORTANT CRITERIA), BUT WAS REPORTEDLY "COOL" TO THE UCS OVERTURES. THE MBL'S "CONDITIONS" FOR SUPPORTING THE MNR--THE FONMIN AND AGRICULTURE PORTFOLIOS--HAVE BEEN CONFIRMED BY GONI AND MBL LEADERS, BUT THE MBL IS NOW TALKING OF JOINING CONDEPA IN OPPOSITION, IN PROTEST OF THE UCS-MNR DISCUSSIONS, WHICH THEY CLAIM UNDERMINE GONI'S SUCCESSFUL ANTI-CORRUPTION CAMPAIGN. (LEFTIST ASD, WITH ITS SINGLE CONGRESSIONAL SEAT, HAS CALLED FOR AN ASD-CONDEPA-MBL OPPOSITION BLOC IN CONGRESS.) FOR HIS PART, FERNANDEZ ANNOUNCED THAT THE UCS WOULD NOT "CO-GOVERN" WITH CARLOS PALENQUE AND CONDEPA.

COMMENT

~~C O N F I D E N T I A L~~ SECTION 03 OF 03 LA PAZ 008885
DEPT FOR ARA/AND, INM AND CA; PASS ALSO TO USOAS
USIA FOR AR
E.O. 12356: DECL: OADR
TAGS: PGOV, PREL, PINS, KPRP, SNAR, CVIS, PINR, BL
SUBJECT: THE TRIALS AND TRIBULATIONS OF TRANSITION

11. THE TRANSITION IS FAR FROM PERFECT AND INEVITABLY POLITICIZED, BUT THE FACT THAT IT IS TAKING PLACE AT ALL IS SIGNIFICANT. IN ADDITION, THE MEETINGS ARE AN IMPORTANT FIRST TEST FOR VP-ELECT CARDENAS, WHO IS NOT EXPERIENCED IN MANY OF THE SUBSTANTIVE ISSUES BUT WHO IS EXPECTED TO PLAY

A MAJOR ROLE IN LEADING THE NEXT CONGRESS.

12. GONI IS PLAYING HIS CARDS VERY CLOSE TO HIS VEST, AND IS (WISELY) TAKING HIS TIME ON FORMULATING POLICIES AND FORMING PARTNERSHIPS. WE BELIEVE HE PREFERS THE MBL AND UCS AS ALLIES OVER CONDEPA. EVEN IF THE MBL JOINED CONDEPA IN OPPOSITION, THE UCS' 21 CONGRESSIONAL SEATS WOULD GIVE AN MNR-UCS ALLIANCE 90 SEATS AND A POWERFUL MAJORITY. THE ONE MAJOR DIFFICULTY WITH THIS SCENARIO IS KEEPING MAX FERNANDEZ OUT OF THE GOB; NEITHER GONI NOR THE UCS CONGRESSIONAL BLOC IS KEEN ON HAVING MAX IN GOVERNMENT. BEING ABLE TO ISSUE MAX AN NIV, AS GONI REQUESTED (REF E), WOULD HELP CONSIDERABLY.

INTRANSIGENCE ON OUR PART (I.E., SAYING NO TO MAX AND GONI) COULD FORCE AN MNR-CONDEPA MARRIAGE, WHICH MIGHT NOT BE IN USG INTERESTS ON KEY ISSUES SUCH AS CN AND FOREIGN POLICIES.

BOWERS

BT

#8885

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SECT: SECTION: 01 OF 03
<^SECT>SECTION: 02 OF 03
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 ORIG: AMEMBASSY LA PAZ
 TO: RUEHC/SECSTATE WASHDC PRIORITY 9824
 INFO: RUEHNA/DEAHQS WASHDC
 SUBJ: GONI DISCUSSES THE MAX OPTION
 TEXT:

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By V2 NARA, Date 12/4/2009
 2015-0909-w (1.05)

~~CONFIDENTIAL~~ SECTION 01 OF 02 LA PAZ 009000
 EXDIS
 E.O. 12356: DECL: OADR
 TAGS: PREL, PGOV, CVIS, SNAR, BL, US
 SUBJECT: GONI DISCUSSES THE MAX OPTION
 REFS: A) LA PAZ 8890, B) LA PAZ 8885, C) LA PAZ 8510,
 D) LA PAZ 8395 (EXDIS), E) LA PAZ 8215,
 F) LA PAZ 6011, G) 92 LA PAZ 18368

1. ~~CONFIDENTIAL~~ -- ENTIRE TEXT.

SUMMARY

2. PRESIDENT-ELECT GONI SANCHEZ DE LOZADA TOLD THE DCM, JUNE 29, THAT FOR THE U.S. TO LABEL MAX FERNANDEZ A NARCO AND DENY HIS VISA APPLICATION WOULD CRIPPLE MNR PLANS TO PUT TOGETHER A STABLE GOVERNING COALITION. GONI DOES NOT LIKE MAX FERNANDEZ NOR DOES HE LIKE BEING IN A COALITION WITH HIM; GONI FEELS, HOWEVER, HE HAS NO CHOICE AS MBL AND CONDEPA DEMAND AN EXCESSIVE PRICE FOR SUPPORTING GONI'S GOVERNMENT. GONI SAID HE HAS A "SWEET DEAL" WITH THE UCS; HE HARDLY HAD TO GIVE ANYTHING AWAY. GONI REMAINS HOPEFUL OF RETIRING MAX FROM NATIONAL POLITICS AND DIMINISHING HIS IMPORTANCE TO THE BOLIVIAN ECONOMY. GONI WILL TRAVEL TO WASHINGTON JULY 8-9; AMONG HIS PRINCIPAL OBJECTIVES WILL BE TO CONVINCE THE USG TO ISSUE FERNANDEZ AN NIV. END SUMMARY.

3. SEPTEL REPORTS A JUNE 29 MEETING BETWEEN THE BOLIVIAN PRESIDENT-ELECT'S MAIN AMCIT POLITICAL ADVISOR ED REILLY AND THE DCM AND POLCOUNS. THIS MESSAGE REPORTS A MEETING LATER THAT SAME DAY BETWEEN GONI, REILLY, DCM, AND POLCOUNS. THE MAIN TOPIC OF THIS MEETING WAS GONI PLAN TO ALLY WITH MAX FERNANDEZ' UCS AND GONI'S CONCERN THAT THE USG NOT LABEL FERNANDEZ A NARCO.

4. GONI TOLD THE DCM AN MNR-UCS ALLIANCE WAS TO BE FINALIZED THAT EVENING. ACCORDING TO GONI, THE UCS HAS THE VOTES IN CONGRESS (20 DIPUTADOS ANBONE SENATOR) THAT THE MNR NEEDS TO GOVERN EFFECTIVELY OVER THE NEXT FOUR YEARS. IN ADDITION, HE SAID, THE UCS IS WILLING TO PROVIDE THOSE VOTES AT ALMOST NO COST TO THE MNR. THERE

IS NO DEMAND THAT MAX FERNANDEZ BE IN THE GOVERNMENT; THE UCS WILL SETTLE FOR ONE "MINOR" MINISTRY (FOR UCS VICE-PRESIDENTIAL CANDIDATE, EDGAR TALAVERA), A COUPLE OF AMBASSADORS (NONE TO CRITICAL COUNTRIES), AND A FEW OTHER RELATIVELY MINOR APPOINTMENTS. THE AGREEMENT REACHED BETWEEN MNR AND UCS ALSO ESTABLISHES GONI AS THE ULTIMATE AUTHORITY; THERE WILL BE NO ARRANGEMENT SUCH AS IN THE AP WHERE PAZ AND BANZER HAVE VIRTUALLY CO-EQUAL POWERS.

5. GONI SAID, HOWEVER, HE IS "LOSING SLEEP" OVER THE REPORT GIVEN HIM BY REILLY THAT THE USG IS CLOSE TO DENYING FERNANDEZ A VISA LABELLING HIM A NARCO. WERE THE U.S. TO DO THAT, HE SAID, THE DEAL WITH MAX IS DEAD. THE MNR CANNOT, HE SAID, BE IN "BED WITH A NARCO." IF THE UCS DEAL DIES, THEN GONI HAS TO GO BACK TO MBL AND CONDEPA "AND GIVE AWAY HALF THE GOVERNMENT AND BE SUBJECT TO THEIR DAILY BLACKMAIL." THAT WILL VIRTUALLY GUARANTEE GONI CANNOT CARRY OUT HIS AMBITIOUS PROGRAM OF RESTRUCTURING THE GOB AND THE BOLIVIAN ECONOMY. GONI SAID HE DOES NOT LIKE OR TRUST MAX FERNANDEZ, BUT HAS NO CHOICE BUT TO DEAL WITH HIM. GONI REMAINS OPTIMISTIC THE MNR CAN EVENTUALLY ABSORB UCS AND SEND MAX OFF TO RETIREMENT, THEREBY ELIMINATING HIM FROM POLITICS AND, HE ALSO HOPES, FROM THE BOLIVIAN ECONOMY (COMMENT: MAX RUNS THE LARGEST PRIVATELY-OWNED INDUSTRIAL ENTERPRISE IN BOLIVIA).

6. IN THE MIDST OF THE MEETING, GONI CALLED ARA A/S-DESIGNATE WATSON TO EXPLAIN HIS CONCERNS ABOUT THE MAX VISA ISSUE (COMMENT: THE CALL TOOK PLACE OUT OF OUR HEARING). FOLLOWING THE CALL, GONI SAID ONLY THAT IT HAD BEEN CORDIAL AND THAT AMBASSADOR WATSON REMAINED NON-COMMITTAL. GONI SAID HE INTENDS TO TRAVEL TO WASHINGTON (SEPTEL) AND DISCUSS THE MAX ISSUE WITH THE DEPARTMENT. GONI AND REILLY ACKNOWLEDGED THEY HAD BEEN WRONG WHEN THEY ARGUED (REF D) AGAINST ISSUING FERNANDEZ A VISA IMMEDIATELY AFTER THE JUNE 6 ELECTIONS; THEY HAD FAILED TO UNDERSTAND, THEY ADMITTED, THAT ISSUANCE WOULD HAVE MADE FERNANDEZ A "FREE AGENT" AND WOULD HAVE SPARED THE MNR FROM THE CHARGE THAT DEALS WITH A NARCO.

7. THE TWO-HOUR MEETING ENDED WITH GONI SAYING HE WAS ON HIS WAY TO SEE FERNANDEZ. HE SAID HE WOULD PROBABLY SIGN THE DEAL WITH THE UCS DESPITE THE RISK OF WHAT THE USG MIGHT LATER DO RE MAX (COMMENT: SOME LOCAL PRESS REPORT THE DEAL WAS SIGNED). HE WOULD TELL MAX THAT DURING GONI'S VISIT TO WASHINGTON HE WOULD ARGUE MAX'S CASE BEFORE THE STATE DEPARTMENT.

COMMENT:

8. THE PRESIDENT-ELECT WAS CLEARLY AGITATED BY THE PROSPECT THAT AFTER NEARLY TWO YEARS OF DELAY IN DECIDING THE MAX VISA CASE, THE USG SEEMED ON THE VERGE OF DOING SO AS MNR AND UCS WERE FORMING A GOVERNING COALITION. FOR GONI, IT WOULD BE A POLITICAL DISASTER WERE WE NOW TO
~~C O N F I D E N T I A L~~ SECTION 02 OF 02 LA PAZ 009000
EXDIS

E.O. 12356: DECL: OADR

TAGS: PREL, PGOV, CVIS, SNAR, BL, US

SUBJECT: GONI DISCUSSES THE MAX OPTION

LABEL MAX A NARCO (ON NO SOLID EVIDENCE, WE ADD) AND FORCE

MNR TO CANCEL ITS DEAL WITH UCS AND TURN TO THE LEFTISTS
AND POPULISTS (AND ANTI-AMERICANS) OF MBL AND CONDEPA.

BOWERS

BT

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SECT: SECTION: 01 OF 02

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 SUBJ: EMBASSY BRIEFS GONI AND GONI'S WASHINGTON AGENDA
 TEXT:

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By VL NARA, Date 11/4/19
 2015-0909-01 (1,06)

~~CONFIDENTIAL~~ LA PAZ 009242
 PASS ALSO TO AID
 NSC FOR FEINBERG; SECDEF FOR DSAA AND ISA
 E.O. 12356: DECL: OADR
 TAGS: PREL, PGOV, EAID, SNAR, MASS, MARR, KJUS, BL
 SUBJECT: EMBASSY BRIEFS GONI AND GONI'S WASHINGTON AGENDA
 REF: LA PAZ 8990
 1. ~~CONFIDENTIAL~~ -- ENTIRE TEXT.
 SUMMARY

 2. AMBASSADOR AND EMBOFFS PROVIDED PRESIDENT-ELECT GONI SANCHEZ DE LOZADA A QUICK OVERVIEW OF KEY U.S.-BOLIVIAN ISSUES AND DISCUSSED HIS JULY 8-9 VISIT TO WASHINGTON (REFTEL). GONI'S MAIN INTEREST IS TO SELL HIS ECONOMIC PROGRAM AND LOBBY FOR A SUSTAINED LEVEL OF RESOURCES FOR BOLIVIA. END SUMMARY.
 3. AMBASSADOR, DCM, AID DIRECTOR, POLCOUNS, DEA COUNTRY ATTACHE, AND MILGROUP COMMANDER PROVIDED PRESIDENT-ELECT GONZALO "GONI" SANCHEZ DE LOZADA A JULY 2 GENERAL BRIEFING ON THE STATE OF U.S.-BOLIVIAN RELATIONS ON THE EVE OF GONI'S U.S. VISIT (REFTEL). THE 90-MINUTE BRIEFING TOOK PLACE AT GONI'S LA PAZ HOME; JOINING GONI PART.WAY THROUGH THE BRIEFING WAS HIS CAMPAIGN MANAGER AND TRANSITION TEAM HEAD FORMER MINISTER OF DEFENSE ALFONSO REVOLLO.
 4. GONI LISTENED CAREFULLY TO EMBOFFS GENERAL DESCRIPTIONS OF ONGOING PROGRAMS, SUCCESSES, AND CHALLENGES. IT WAS CLEAR THAT GONI, A PROMINENT BUSINESSMAN AND FORMER MINISTER OF PLANNING, WAS PRIMARILY INTERESTED IN ECONOMIC AND AID BILATERAL ISSUES. HE SAID HIS PRIMARY LONG-TERM GOAL IS TO ACHIEVE ECONOMIC "INDEPENDENCE, DEFINED AS NO MORE FOREIGN AID," FOR BOLIVIA. IN THE MEANTIME, HOWEVER, HE ARGUED STRONGLY THAT BOLIVIA WILL CONTINUE TO NEED SUBSTANTIAL AMOUNTS OF FOREIGN ASSISTANCE PRIMARILY TO COVER THE NATION'S

BALANCE-OF-PAYMENTS DEFICITS. HE WAS SOBERED BY THE AID DIRECTOR'S FRANK EXPOSITION ON THE STATE OF AID LEVELS.

5. GONI REMAINS COMMITTED TO HIS CAMPAIGN PLATFORM, "EL PLAN DE TODOS," WHICH CALLS FOR SHRINKING THE ROLE OF THE GOVERNMENT IN THE ECONOMY BY "CAPITALIZING" BOLIVIA'S LARGE AND GENERALLY INEFFICIENT PARA-STATAL CORPORATIONS AND UNDERTAKING TO REDUCE THE SIZE OF THE BUREAUCRACY. HIS "CAPITALIZING" HOPES ARE PINNED ON MAKING BOLIVIA AN ATTRACTIVE PLACE FOR FOREIGN INVESTORS.

6. ON SECURITY ISSUES, THE PRESIDENT-ELECT ASKED FOR U.S. HELP IN KEEPING THE MILITARY AND THE POLICE OUT OF POLITICS. HE EXPRESSED SUPPORT FOR ADMINISTRATION OF JUSTICE PROGRAMS, INCLUDING ICITAP TRAINING OF POLICE. HE WANTS U.S. HELP IN DESIGNING A VIABLE ROLE FOR THE BOLIVIAN MILITARY; HE WAS PARTICULARLY INTERESTED IN RESTARTING A VIGOROUS HCA PROGRAM. HE BELIEVES THAT WITH HIS LARGE MAJORITY IN CONGRESS, THERE SHOULD BE NO PROBLEM IN FURTHERING U.S.-BOLIVIAN MILITARY COOPERATION.

7. ON DRUG ISSUES, GONI WAS CLEARLY TROUBLED BY INFORMATION ON THE PRESENCE OF COLOMBIAN DRUG TRAFFICKERS IN BOLIVIA. HE WAS PLEASED TO LEARN OF THE BOLIVIAN'S OWN AND IMPROVING ANTI-DRUG CAPABILITIES. HE ALSO EXPRESSED A COMMITMENT TO TRY HIS BEST TO MEET THE ERADICATION TARGETS SET OUT IN THE ESF AGREEMENT, ALTHOUGH HE DOUBTED THAT WOULD BE POSSIBLE AS LONG AS ERADICATION REMAINS VOLUNTARY. HE WANTED TO DISCUSS WITH IFI'S THE POSSIBILITY OF A MASSIVE ALTERNATIVE DEVELOPMENT PROGRAM THAT COULD ADDRESS THE COCA PROBLEM ALL AT ONCE.

8. TURNING TO HIS JULY 8-9 VISIT TO WASHINGTON, GONI SAID HIS PRINCIPAL CONCERNS ARE :

-- (1) PROMOTING HIS "CAPITALIZATION" PROGRAM AND SEEKING HELP FROM U.S. EXPERTS ON HOW YOU CARRY OUT SUCH A PROGRAM IN A SHORT TIME;

-- (2) ARGUING FOR A SUSTAINED LEVEL OF FOREIGN ASSISTANCE TO GIVE HIS GOVERNMENT A BREATHING SPACE TO CARRY OUT THE PLANNED RESTRUCTURING OF BOLIVIA'S ECONOMY AND GOVERNMENT.

DLOUHY

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SECT: SECTION: 01 OF 01

SSN: 9242

TOR: 930707062329 M0483129

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SIT: BURGOS CLARKE OWENS VAX

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PREC: IMMEDIATE
 CLASS: ~~CONFIDENTIAL~~
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 ORIG: SECSTATE WASHDC
 TO: AMEMBASSY LA PAZ IMMEDIATE 0000
 INFO: ****
 SUBJ: PRESIDENT-ELECT SANCHEZ DE LOZADA'S MEETING WITH
 ACTING SECRETARY

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By W NARA, Date 12/4/2019
 2015-0909-W (1.07)

TEXT:

~~CONFIDENTIAL~~ STATE 212619
 E.O. 12356: DECL: OADR
 TAGS: PREL, SNAR, BL
 SUBJECT: PRESIDENT-ELECT SANCHEZ DE LOZADA'S MEETING WITH
 ACTING SECRETARY

1. ~~CONFIDENTIAL~~ - ENTIRE TEXT.

2. SUMMARY: IN HIS MEETING WITH ACTING SECRETARY WHARTON, SANCHEZ DE LOZADA EMPHASIZED HIS DESIRE TO BRING ABOUT MAJOR ECONOMIC CHANGES AND WEAN BOLIVIA FROM FOREIGN ASSISTANCE. HOWEVER, IT WILL BE IMPORTANT TO MAINTAIN ASSISTANCE LEVELS DURING THIS PERIOD OF TRANSITION. GONI EXPLAINED HIS IDEAS ABOUT PRIVATIZING STATE INDUSTRIES, PROMOTING "PARTICIPATORY" DEMOCRACY, AND DEALING MORE IMAGINATIVELY WITH NARCOTICS TRAFFICKING. HE STRESSED HIS DESIRE FOR U.S. INPUT AND ADVICE AS HE TRIES TO IMPLEMENT HIS AMBITIOUS PROGRAM. THE ACTING SECRETARY NOTED USG BUDGETARY CONSTRAINTS, THE IMPORTANCE OF THE DRUG ISSUE, AND THE FACT THAT NARCOTICS WOULD BE INCLUDED IN THE PORTFOLIO FOR THE NEW UNDERSECRETARY FOR GLOBAL AFFAIRS. DR. WHARTON SUGGESTED THAT GREATER INDUCEMENTS TO FOREIGN INVESTORS WOULD ENHANCE THE ATTRACTIVENESS OF THE STATE-OWNED ENTERPRISES. END SUMMARY.

3. PRESIDENT-ELECT GONZALO SANCHEZ DE LOZADA MET WITH ACTING SECRETARY WHARTON JULY 8 TO SEEK USG SUPPORT AND ADVICE FOR HIS REFORM PROGRAMS. ALSO PRESENT AT THE MEETING WERE AMBASSADOR BOWERS, INM DAS SMITH, D SPECIAL ASSISTANT WARLICK, AND DESK OFFICER MARCUS.

THE ECONOMY AND FOREIGN AID

4. GONZALO SANCHEZ DE LOZADA STATED HIS INTENTION TO INTRODUCE BOLD CHANGES THAT WOULD EVENTUALLY MAKE BOLIVIA

INDEPENDENT FROM FOREIGN AID. THE BOLIVIAN PEOPLE EXPECT MUCH OF HIM, AND HE WANTS TO MOVE QUICKLY. JUST AS BOLIVIA WAS A MODEL IN THE MID-1980S IN CURBING HYPERINFLATION, SANCHEZ DE LOZADA BELIEVES THE COUNTRY CAN SERVE AGAIN AS A MODEL OF INNOVATIVE ECONOMIC REFORM. HOWEVER, THE CURRENT ECONOMIC SITUATION IS DIFFICULT. BOLIVIA HAS A SERIOUS BALANCE OF PAYMENTS PROBLEM; WORLD PRICES FOR ALL ITS MAJOR METAL EXPORTS (EXCEPT GOLD) ARE DOWN.

5. CONTINUED US ASSISTANCE, SANCHEZ DE LOZADA SAID, IS VITAL. HE EMPHASIZED THE IMPORTANCE OF MAINTAINING AID LEVELS AT THIS TIME. HE ACKNOWLEDGES COMPETING DEMANDS FROM RUSSIA AND OTHER COUNTRIES OF THE FORMER SOVIET BLOC, BUT NOTES THAT A RELATIVELY SMALL AMOUNT OF AID WOULD GO MUCH FARTHER IN BOLIVIA THAN IN OTHER COUNTRIES.

6. THE ACTING SECRETARY REPLIED THAT ASSISTANCE LEVELS ARE DECREASING ACROSS THE BOARD BECAUSE OF NEW DEMANDS, THE HIGH COST OF PEACEKEEPING OPERATIONS, AND BUDGET DEFICIT REDUCTION MEASURES. WE HAVE ASKED AID TO TAKE A HARD LOOK AT OUR PRIORITIES. HE TOLD SANCHEZ DE LOZADA THAT DRAMATIC INCREASES ARE UNLIKELY; MAINTAINING CURRENT LEVELS WILL BE TOUGH.

7. TURNING TO SANCHEZ DE LOZADA'S PLAN TO SELL 49 PERCENT INTEREST IN STATE ENTERPRISES TO FOREIGN INVESTORS, DR. WHARTON NOTED THAT HE HAD JUST RETURNED FROM ASEAN COUNTRIES WHERE THEY HAD SIMILAR EXPERIENCE IN PRIVATIZING STATE INDUSTRIES. THESE COUNTRIES LEARNED THAT SELLING A MAJORITY INTEREST ATTRACTS GREATER CAPITAL FLOWS.

8. SANCHEZ DE LOZADA ACKNOWLEDGED FOREIGN INVESTORS' RELUCTANCE TO INVEST IN COMPANIES WHERE A CORRUPT, INEFFICIENT GOVERNMENT HOLDS THE MAJORITY INTEREST. HE DESCRIBED HIS PLAN INVOLVING THE SALE OF MAJORITY SHARES TO THE BOLIVIAN PEOPLE WHO WOULD THEN HAVE A REAL STAKE IN

COMPANIES' WELL-BEING -- A FORM OF PARTICIPATORY DEMOCRACY AT THE INDIVIDUAL AND COMMUNITY LEVELS. INNOVATIVE WAYS COULD BE DEvised TO PERMIT FOREIGN INVESTORS' CONTROL OVER MANAGEMENT DECISIONS, PERHAPS BY A SPECIAL ARRANGEMENT OF VOTING SHARES OR BY A MANAGEMENT CONTRACT. SANCHEZ DE LOZADA SAID HE WAS LOOKING FOR NEW IDEAS AND WOULD BE FLEXIBLE. HE SAID THAT THE BOLIVIAN PEOPLE UNDERSTAND THE IMPORTANCE OF GOOD MANAGEMENT OF THE KEY ENTERPRISES AND THEY ARE TIRED OF GOVERNMENT WASTE AND CORRUPTION.

9. REGARDING ASSISTANCE, SANCHEZ DE LOZADA THOUGHT THE USG COULD BE HELPFUL IN LOBBYING OTHER DONORS SUCH AS GERMANY AND JAPAN. HE KNEW THESE COUNTRIES ALSO HAD THEIR SHARE OF ECONOMIC PROBLEMS, BUT USG PRODDING COULD STIMULATE FURTHER ASSISTANCE TO BOLIVIA.

10. ACTING SECRETARY WHARTON NOTED THAT A BILATERAL INVESTMENT TREATY WOULD ALSO BENEFIT BOLIVIA'S ECONOMY. HE WARNED, HOWEVER, THAT IN SELLING SHARES OF STATE COMPANIES TO AN UNSOPHISTICATED POPULACE, THERE IS A RISK OF FAST-BUCK ARTIS

SIPHONING OFF VALUABLE RESOURCES. HE ALSO TOLD SANCHEZ DE LOZADA THAT THE DEPT IS REORGANIZING THE OFFICE OF THE UNDER SECRETARY FOR ECONOMIC AFFAIRS TO INCLUDE THE PROMOTION OF BUSINESS INTERESTS. HE SAID THAT WHILE LARGE MULTINATIONALS CAN OPERATE EASILY ALL OVER THE GLOBE, IT IS THE SMALL AND MIDDLE LEVEL CONCERNS THAT NEED USG HELP TO DO BUSINESS IN THE INTERNATIONAL ARENA. THESE ARE THE TYPES OF FIRMS THAT MIGHT FIND BOLIVIA AN ATTRACTIVE PLACE TO INVEST.

COUNTERNARCOTICS

11. SANCHEZ DE LOZADA LAUDED THE SUCCESSES THAT HAVE BEEN ACHIEVED THUS FAR. HE NOTED THAT IT WAS THE LAST MNR GOVERNMENT, IN WHICH HE WAS PLANNING MINISTER, THAT INITIATED THE PRESENT CONCEPT OF THE WAR AGAINST DRUGS IN BOLIVIA -- INTERDICTION, ERADICATION, AND CROP SUBSTITUTION. HOWEVER, BOLIVIA NEEDS TO BUILD ON THESE SUCCESSES WITH A MORE IMAGINATIVE PROGRAM. THIS WILL REQUIRE CONSIDERABLE FUNDS TO IMPLEMENT A LARGE-SCALE ALTERNATIVE DEVELOPMENT PLAN.

12. ACTING SECRETARY WHARTON SAID THE DRUG ISSUE WAS A VERY IMPORTANT ONE FOR THIS ADMINISTRATION. FOR THIS REASON, THE DEPT HAS DECIDED TO REORGANIZE THE INM BUREAU AND PLACE IT UNDER THE DIRECT RESPONSIBILITY OF THE NEW UNDER SECRETARY FOR GLOBAL AFFAIRS, TIM WIRTH.

CHRISTOPHER

BT

#2619

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SECT: SECTION: 01 OF 01

SSN: 2619

TOR: 930713222324 M0495275

DIST:

PRT: BURGOSD

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PREC: PRIORITY
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 OSRI: RUEHLP
 DTG: 142315Z JUL 93
 ORIG: AMEMBASSY LA PAZ
 TO: RUEHC/SECSTATE WASHDC PRIORITY 0107
 INFO: RUEHMN/AMEMBASSY MONTEVIDEO 7002
 RUEHSG/AMEMBASSY SANTIAGO 3682
 RUEHBU/AMEMBASSY BUENOS AIRES 0815
 RUEHBR/AMEMBASSY BRASILIA 1118
 RUEHPE/AMEMBASSY LIMA 7159
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 RUEHAC/AMEMBASSY ASUNCION 1519
 RUEHIA/USIA WASHDC 5230
 RUEHCV/AMEMBASSY CARACAS 9652
 RUEHQT/AMEMBASSY QUITO 4977
 RHLBAAA/USCINCSO QUARRY HEIGHTS PM//SCJ2/POLAD//
 SUBJ: (C-AL3-00643)--CHANGING ATTITUDES OF BOLIVIANS
 TOWARD THE U.S.

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By W NARA, Date 2/4/2019
 2015-0905- m (1.08)

TEXT: ~~CONFIDENTIAL~~ SECTION 01 OF 04 LA PAZ 009629
 E.O. 12356: DECL: OADR
 TAGS: AINF, KPRP, PGOV, PHUM, PINR, PREL SNAR, BL, US
 SUBJECT: (C-AL3-00643)--CHANGING ATTITUDES OF BOLIVIANS
 TOWARD THE U.S.

REF: STATE 196514

1. ~~CONFIDENTIAL~~ -- ENTIRE TEXT.

2. SINCE BOLIVIA HELD NATIONAL ELECTIONS JUNE 6, OUR RESPONSES TO REFTTEL DRAW ON TRENDS OBSERVED IN THE PAST FOUR YEARS OF THE JAIME PAZ ZAMORA GOB AS WELL AS SPECULATION ABOUT WHAT WE CAN EXPECT FROM GONZALO SANCHEZ DE LOZADA'S ADMINISTRATION WHICH ENTERS OFFICE AUGUST 6.
 A.L: COMMITMENT TO U.S. RELATIONS

3. THE CURRENT GOB HAS MAINTAINED RELATIVELY GOOD RELATIONS WITH THE U.S. DESPITE FRICTIONS AND RESENTMENTS PRODUCED BY BOLIVIA'S ENVY OF U.S. MIGHT, ITS RELIANCE ON U.S. AID, AND LINGERING PRO-LEFTIST SENTIMENTS AMONG THE MIR FACTION OF THE GOVERNING COALITION. AS WOULD ANY OTHER GOVERNMENT, THE GOB WOULD LIKE TO HAVE U.S. AID WITH NO STRINGS ATTACHED, I.E., BE ABLE TO TAKE OUR MONEY WITHOUT OUR ADVICE.

4. WHILE IN GENERAL, REALITY PREVAILED WITH THE GOB RECOGNIZING THE IMPORTANCE OF ITS RELATIONS WITH THE U.S., PAZ ZAMORA'S PARTY, THE MOVEMENT OF THE REVOLUTIONARY LEFT (MIR), COULD NOT ENTIRELY DISPENSE WITH LEFTIST POSTURING. MANY BOLIVIAN LEFTISTS, INCLUDING SOME NOW WITH BANK

ACCOUNTS, AND LIFESTYLES THE ENVY OF MANY GRINGOS, SIMPLY CANNOT GIVE UP THEIR ROMANCE WITH "REVOLUCION," ESPECIALLY A LA CUBANA. IN THE MUCH-ABUSED NAME OF "DIGNITY AND SOVEREIGNTY," FOR EXAMPLE, THE GOB PUBLICLY ASSERTED INDEPENDENCE FROM THE U.S. BY INVITING HIGH-LEVEL CUBAN VISITORS, INCLUDING A MILITARY DELEGATION FOR WHICH THE GOB COVERED MUCH OF THE COSTS, WHILE AT THE SAME TIME ALLOWING THE OPPOSITION TO SAVAGE US. MILITARY CIVIC ACTION PROJECTS WHICH BENEFITTED THE RURAL POOR.

5. SOME BOLIVIAN "INTELLECTUALS," MEDIA AND LABOR ELITE FEEL OBLIGED, IN PUBLIC, TO WARN OF THE "THREAT" OF U.S. INFLUENCE--MANY, OF COURSE, TAKE THEIR VACATIONS AND MEDICAL EXAMS IN HOUSTON AND MIAMI, RELY UPON CNN AS THEIR WINDOW ONTO THE WORLD, AND IN PRIVATE SEEK U.S. "INTERVENTION" ON BEHALF OF THEIR OWN CAUSES. AMONG THOSE TAKING THIS ATTITUDE WE FIND NOT JUST THE LEFT, NOT JUST THE NEW BREED OF POPULISTS (E.G., CARLOS PALENQUE OF CONDEPA) BUT ALSO CONSERVATIVE CATHOLICS, E.G., THE CATHOLIC "LA PRESENCIA" NEWSPAPER, CONCERNED ABOUT THE "THREAT" OF PROTESTANTISM AND "NORTH AMERICAN MATERIALISM" (THAT MANY OF THESE BOLIVIANS ARE RICHER THAN MOST NORTH AMERICANS IS IRRELEVANT).

6. WITH THE DEMISE OF THE SOVIET BLOC, WE HAVE SEEN A CONCOMITANT DEMISE IN OVERTLY ANTI-AMERICAN ACTIVITIES BY LABOR UNIONS AND EVEN AMONG THE TRADITIONALLY WACKY PUBLIC UNIVERSITY (UMSA) CROWD. AS VICE-PRESIDENT-ELECT VICTOR HUGO CARDENAS RECENTLY TOLD POLCOUNS, "WE HAVEN'T SEEN EFFIGIES OF PRESIDENT CLINTON BURNED IN THE STREETS, EVEN AFTER THE ATTACK ON IRAQ AND U.S. ACTIONS IN SOMALIA." NOT LONG AGO, HE SAID, MUCH LESS WOULD HAVE BROUGHT UMSA AND THE TROTSKYITE LABOR UNIONS ONTO THE STREETS AND IN FRONT OF THE EMBASSY, HURLING INSULTS AND DYNAMITE.

7. THE GOOD NEWS IS THAT HARD-LINE LEFTIST PARTIES HAVE VIRTUALLY DISAPPEARED FROM THE POLITICAL SCENE. ONE OF THE LAST GENUINE AND ACTIVE STRONGHOLDS OF ANTI-AMERICAN FEELING, HOWEVER, CAN BE FOUND AMONG THE COCA GROWERS. IN FACT, THE U.S. ANTI-DRUG EFFORT IS ONE OF THE LAST, BEST HOPES OF THOSE IN BOLIVIA, AND ABROAD, HOPING TO KEEP ALIVE ANTI-AMERICAN SENTIMENTS THAT ONCE FOUND A HOME, SUSTENANCE, AND INTELLECTUAL JUSTIFICATION IN MARXISM. THOSE OPPOSED TO OUR DRUG EFFORTS, SUCH AS LEFTIST EUROPEAN-FINANCED NGO'S, POINT TO THE DRUG WAR AS REALLY AIMED AT DESTROYING "TRADITIONAL INDIGENOUS CULTURE," SUBJUGATING LATIN AMERICAN MILITARY AND POLICE ESTABLISHMENTS TO THE DEA, AND PROMOTING U.S. HEGEMONY. MANY OF THOSE OPPOSED TO THE DRUG EFFORT, OF COURSE, ALSO HAVE FINANCIAL MOTIVES WHICH THEY WRAP IN A "SOVEREIGNTY AND DIGNITY" BANNER.

8. PRESIDENT-ELECT GONZALO SANCHEZ DE LOZADA ("GONI") WILL PROBABLY BE THE MOST PRO-U.S. PRESIDENT BOLIVIA HAS EVER SEEN. RAISED IN THE U.S., HE IS MORE COMFORTABLE TALKING IN ENGLISH THAN SPANISH, AND HAS A "GRINGO" MIND-SET AND ACCENT. HIS OPPONENTS DURING THE ELECTIONS TRIED TO USE HIS GRINGO CONNECTIONS AGAINST HIM AND FAILED; PERHAPS

~~C O N F I D E N T I A L~~ SECTION 02 OF 04 LA PAZ 009629

E.O. 12356: DECL: OADR

TAGS: AINF, KPRP, PGOV, PHUM, PINR, PREL SNAR, BL, US

SUBJECT: (C-AL3-00643)--CHANGING ATTITUDES OF BOLIVIANS

TOWARD THE U.S.

TYPICAL, ONE CAB DRIVER TOLD POLCOUNS HE WAS VOTING FOR GONI PRECISELY BECAUSE HE IS "NOT BOLIVIAN" AND WOULD, THEREFORE, BE MORE HONEST.

9. WHILE GONI HIMSELF IS PRO-U.S. AND SYMPATHETIC TO U.S. GOALS, GONI' (0-456, THE NATIONALIST REVOLUTIONARY MOVEMENT (MNR) ALSO HAS LEFTIST ROOTS, AND GONI HAS NOT BEEN ABLE TO GET RID OF SOME OF THE PARTY'S OLD HARD-LINERS, SUCH AS GUILLERMO BEDREGAL AND GUILLERMO RICHTER; BOTH OF WHOM CONTINUE TO BE ROMANTIC ABOUT CASTRO AND HARBOR ANTI-U.S. SENTIMENTS.

10. IN ADDITION, THE MNR HAS FORMED A COALITION WITH THE SMALL BUT VOCAL AND STILL-LEFTIST FREE BOLIVIA MOVEMENT (MBL). GONI HAS PROMISED THE MBL ONE MINISTRY; THE MBL WANTS THE MFA FOR ITS LEADER ANTONIO ARANIBAR. THOUGH ITS PUBLIC ATTITUDES TOWARDS THE U.S. HAVE MODERATED IN THE LAST FEW YEARS, MBL CONGRESSMEN ARE STILL AMONG THE FIRST TO CRITICIZE U.S. ACTIONS IN BOLIVIA. THE MBL OPPOSES MANY KEY U.S. INTERESTS IN BOLIVIA SUCH AS COCA ERADICATION AND EXTRADITION. MBL REPS, HOWEVER, HAVE TOLD US THEY HOPE TO BE THE "RESPONSIBLE LEFT" FIGHTING CORRUPTION AND WORKING TO IMPROVE SOCIAL CONDITIONS. OLD HABITS, NEVERTHELESS, DIE HARD; WE ARE WARY OF THE MBL.

A.2 FOREIGN MINISTRY

11. WHILE FOREIGN MINISTERS OVER THE PAST FOUR YEARS HAVE HAD POSITIVE ATTITUDES TOWARD THE U.S., POOR ADMINISTRATION WITHIN THE MFA HAS ALLOWED SUB-SECRETARIES WITH LESS POSITIVE ATTITUDES TO THROW WRENCHES INTO IMPORTANT BILATERAL POLICY ISSUES. THE ABSTRACT GOAL OF PUBLICLY DEFENDING "DIGNITY AND SOVEREIGNTY" AGAINST "YANQUIS PREPOTENTES" (ARROGANT AMERICANS) HAS INTERFERED WITH IMPORTANT POLICY ISSUES; AGREEMENTS THAT HAVE SUFFERED INCLUDE A NEW EXTRADITION TREATY AND MILITARY HUMANITARIAN AND CIVIC ACTION PROJECTS. IN GENERAL TERMS, HOWEVER, THE FOREIGN MINISTRY IS NOT ANTI-U.S. IT IS JUST POORLY ORGANIZED AND MANAGED ALLOWING INDIVIDUALS WITH PRIVATE AGENDAS TO RUN AMOK ON OCCASION.

B.L VIEWS OF THE U.S. ROLE

12. THE GOB'S TWO BIGGEST FEARS ARE THAT THE U.S. WILL BECOME INVOLVED IN BOLIVIAN AFFAIRS AND THAT THE U.S. WON'T BECOME INVOLVED IN BOLIVIAN AFFAIRS: A "CAN'T LIVE WITH 'EM, CAN'T LIVE WITHOUT 'EM." BOLIVIANS REALIZE HOW IMPORTANT THE U.S. IS TO THEIR COUNTRY AND BOLIVIAN OFFICIALS GENERALLY TRY TO PLEASE THE U.S. ENOUGH TO MAINTAIN CORDIAL RELATIONS. THE NEW GOB, AT LEAST AT THE SENIOR LEVELS, WILL TRY TO BE VERY COOPERATIVE, TO THE EXTENT POLITICALLY POSSIBLE.

13. OFFICIAL AND PRIVATE BOLIVIANS WORRY AND COMPLAIN ABOUT WHAT THEY SEE AS INCREASING U.S. DEMANDS, PARTICULARLY IN THE DRUG ARENA, AT A TIME OF DECREASING U.S. FOREIGN AID LEVELS. SOME MEMBERS OF THE CURRENT GOB HAVE IMPLIED, FOR EXAMPLE, THAT BOLIVIA CANNOT AUGMENT, OR PERHAPS EVEN CONTINUE, PRESENT CN PROGRAMS WITHOUT MORE OUTSIDE MONEY. MINISTERS THREATEN THAT THEY WILL NOT EVEN ATTEMPT TO MEET ESTABLISHED ERADICATION GOALS IF ESF FUNDS ARE CUT, REFLECTING AN UNFORTUNATE ATTITUDE WHICH STILL

PREVAILS HERE, TO WIT, THE DRUG PROBLEM IS A U.S. ONE AND GOB CN EFFORTS ARE A "FAVOR" TO THE U.S. WE HOPE THAT THE NEW GOB WILL REALIZE OTHERWISE, AND THERE ARE HOPEFUL SIGNS: IN TALKS WITH EMBOFFS, GONI HAS EXPRESSED CONCERN ABOUT THE INCREASING INFLUX OF VIOLENT COLOMBIAN NARCOS INTO BOLIVIA, SEEING THEM AS A THREAT TO THE SAFETY AND SOVEREIGNTY OF BOLIVIA.

B.2 GOB AGENDA WITH WASHINGTON

14. THE PRESIDENT-ELECT HAS MADE CLEAR HIS AGENDA IN CONVERSATIONS WITH EMBOFFS AND DURING HIS RECENT VISIT TO WASHINGTON. HE WANTS TO PRIVATIZE THE ECONOMY, ATTRACT FOREIGN CAPITAL AND EXPERTISE, AND RADICALLY REFORM THE WAY THE BOLIVIAN GOVERNMENT DOES BUSINESS. GONI ALSO WANTS "CREATIVE" THINKING ON WAYS TO ADDRESS THE DRUG PROBLEM.

B.3 DEALING WITH U.S. INFLUENCE

~~C O N F I D E N T I A L~~ SECTION 03 OF 04 LA PAZ 009629

E.O. 12356: DECL: OADR

TAGS: AINF, KPRP, PGOV, PHUM, PINR, PREL SNAR, BL, US

SUBJECT: (C-AL3-00643)--CHANGING ATTITUDES OF BOLIVIANS TOWARD THE U.S.

15. GONI'S ECONOMIC PLAN DEPENDS UPON PRIVATIZING (CAPITALIZING) STATE-OWNED ENTERPRISES, FOR WHICH IT NEEDS TO ATTRACT FOREIGN INVESTMENT. THUS, THE NEXT GOB, WHILE LOOKING FIRST TO THE UNITED STATES, IS ALSO LIKELY TO LOOK TO EUROPEAN, ASIAN, AND REGIONAL INVESTORS. WHILE GOOD RELATIONS WITH EUROPEAN COUNTRIES WERE HIGHLIGHTED UNDER THE PAZ ZAMORA ADMINISTRATION AND GONI SEEKS EUROPEAN INVESTORS IN BOLIVIA, THERE IS A GENERAL RECOGNITION THAT FOR THE FORESEEABLE FUTURE NO OTHER COUNTRY CAN REPLACE OR EVEN COMPETE WITH U.S. INFLUENCE IN BOLIVIA.

16. BOLIVIA HAS TRADITIONALLY NOT BEEN MUCH OF A REGIONAL PLAYER. IT HAS HAD FEW CARDS TO PLAY IN RELATIONS WITH ITS NEIGHBORS, WITH WHOM IT HAS GENERALLY NOT HAD GOOD RELATIONS. THERE IS A GRADUAL REALIZATION THAT IMPROVED RELATIONS WITH ITS NEIGHBORS CAN BRING IMPROVED TRADE AND INVESTMENT SCENARIOS AND VICE VERSA.

C.L MILITARY VIEWS OF THE U.S.

17. MILITARY LEADERS ARE GENERALLY FAVORABLE TO THE U.S. AND THEY, LIKE OTHERS IN THE GOB, ARE INTERESTED IN GETTING AS MUCH FROM THE U.S. AS POSSIBLE. THE MILITARY RECOGNIZE THE U.S. AS THE PREDOMINANT POWER IN THE REGION AND THE WORLD AND RECOGNIZE THE NEED TO GET ALONG WITH THAT POWER. THE NAVY AND AIR FORCE HAVE RECEIVED CONSIDERABLE U.S. ASSISTANCE IN RETURN FOR THEIR COOPERATION IN COUNTERNARCOTICS ACTIVITIES, AND THE U.S. IS EQUIPPING AN ARMY TRANSPORTATION BATTALION FOR CN SUPPORT. THE MILITARY HAVE TRADITIONALLY BEEN RIVALS OF THE NATIONAL POLICE AND VIEW WITH ENVY AND RESENTMENT THE U.S. RESOURCES GIVEN TO THE NATIONAL POLICE.

C.2 ROLE OF NON-GOVERNMENTAL GROUPS

18. NON-GOVERNMENTAL ORGANIZATIONS, INCLUDING THE MEDIA AND CHURCHES, ARE VERY IMPORTANT PLAYERS IN THE LOCAL POLITICAL PROCESS. THE MEDIA OFTEN SEEMS OBSESSED WITH

THE U.S. ON ANY GIVEN DAY, EASY THE MAJORITY OF LEAD STORIES HAVE SOME U.S. CONNECTION. THE MEDIA IS QUICK TO PROCLAIM USG INTERVENTION IN BOLIVIAN POLITICS OR DECRY USG ACTIONS ABROAD. AT THE SAME TIME, THE MEDIA SEEKS TO BE CLOSE TO THE EMBASSY AND GENERALLY BELIEVES EMBASSY-PROVIDED INFORMATION OVER THAT GIVEN OUT BY THE GOB OR OTHER BOLIVIANS. THE CATHOLIC CHURCH OFTEN SPEAKS OUT AGAINST US. POLICIES IN BOLIVIA; MANY BOLIVIAN PRIESTS STILL RELY UPON LIBERATION THEOLOGY FOR GUIDANCE, AND LATENT ANTI-U.S. FEELINGS PERSIST FOMENTED (AS MENTIONED ABOVE) BY A BELIEF THAT SOMEHOW THE U.S. IS ACTIVELY WORKING TO UNDERMINE CATHOLICISM IN LATIN AMERICA.

19. HOWEVER, THERE ARE LEFTIST NGO'S, FUNDED LARGELY FROM EUROPEAN SOURCES, WHICH ACTIVELY WORK TO OPPOSE U.S. INTERESTS AND INFLUENCE IN THE REGION. FOR EXAMPLE, ONE NGO WHICH FAVORS LEGALIZING ALL DRUGS, ACTIVELY WORKS TO THWART U.S.-GOB CN POLICIES BY FOMENTING OFTEN LURID ACCOUNTS OF HUMAN RIGHTS VIOLATIONS BY CN FORCES. SUCH GROUPS OFTEN HAVE RELATIVELY GOOD ACCESS TO THE LOCAL PRESS WHICH RARELY CHECKS THE CLAIMS OF HUMAN RIGHTS VIOLATIONS AND MERELY PASSES THEM ON.

C.3 LEFTISTS AND THE U.S.

20. AS DISCUSSED AT MORE LENGTH IN PREVIOUS LA PAZ REPORTING, THERE IS A GENERALIZED CONFUSION AMONG THE TRADITIONAL BOLIVIAN LEFT. THE IGNOMINIOUS COLLAPSE OF THE SOVIET BLOC AND THE DISINTEGRATION OF THE INTERNATIONAL COMMUNIST MOVEMENT, LEFT THE LEFT WITHOUT A NORTH STAR, DISORIENTED, LOST, AND FOR MANY OLDER LEFTIST HAVING TO FACE THE FACT THAT THEY SPENT THEIR LIVES ADVOCATING A NOW-DEBUNKED FAITH. IT HAS BEEN A PAINFUL EXPERIENCE FOR MANY OLD-TIME LEFTISTS, SUCH AS R ON VELASCO OF THE NOW VIRTUALLY DISAPPEARED "UNITED LEFT" (IU) COALITION, TO RECOGNIZE THAT THE U.S. LED THE WEST TO VICTORY OVER THE FORCES OF SOCIALISM AND REVOLUTION.

21. THE MORE SUCCESSFUL LEFTIST PARTIES IN BOLIVIA ARE THOSE THAT SAW THE COLLAPSE OF COMMUNISM COMING AND BEGAN ADAPTING EARLY. THE MIR AND THE MNR ARE AMONG THOSE BOLIVIAN POLITICAL ORGANIZATIONS THAT MADE THE TRANSITION FROM REVOLUTIONARIES TO MODERATE DEMOCRATS AND SOCIAL REFORMERS. THE BOLIVIAN COMMUNIST PARTY, AND THE PHALANGE

~~C O N F I D E N T I A L~~ SECTION 04 OF 04 LA PAZ 009629

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SUBJECT: (C-AL3-00643)--CHANGING ATTITUDES OF BOLIVIANS
TOWARD THE U.S.

(FSB) ARE AMONG THOSE PARTIES ONCE POWERFUL THAT FAILED TO KEEP UP WITH THE TIMES AND HAVE PAID THE POLITICAL PRICE.

22. LEFTIST BOLIVIAN POLITICIANS ACCEPT, JUST AS DO THEIR COUNTERPARTS ACROSS THE IDEOLOGICAL AISLE, THAT THE U.S. IS HERE TO STAY, AND ACKNOWLEDGE THE NEED TO WORK WITH US. EVEN LEFTIST POLITICAL PARTIES ARE COMING AROUND, SLOWLY BUT SURELY. WHILE ANTI-AMERICANISM WILL PROBABLY ALWAYS BE A FEATURE OF BOLIVIA, THE OVERWHELMING NUMBER OF BOLIVIANS, IN AND OUT OF GOVERNMENT, RECOGNIZE THAT THEIR NATION BENEFITS FROM INCREASED TIES TO THE U.S. DLOUHY

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#9629

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SECT: SECTION: 01 OF 04

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 INFO: RUEHAC/AMEMBASSY ASUNCION 0000
 RUEHBR/AMEMBASSY BRASILIA 0000
 SUBJ: SANCHEZ DE LOZADA'S MEETING WITH ARA A/S WATSON

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By: W NARA, Date 12/4/2009
 2015-0909-m (1.09)

TEXT:

~~CONFIDENTIAL~~ STATE 216729
 E.O. 12356: DECL: OADR
 TAGS: PREL PGOV SNAR EINV CJAN BL BR PA US
 SUBJECT: SANCHEZ DE LOZADA'S MEETING WITH ARA A/S WATSON

1. ~~CONFIDENTIAL~~ - ENTIRE TEXT.

2. SUMMARY: DURING HIS MEETING WITH A/S WATSON, SANCHEZ DE LOZADA DISCUSSED RELATIONS WITH PARAGUAY ("BOLIVIA CAN SERVE AS A MODEL OF POLITICAL AND ECONOMIC REFORM"), IFI ASSISTANCE TO BOLIVIA (THEY DON'T LIKE TO GET THEIR "HANDS DIRTY"), COCA ERADICATION ("DOESN'T WIN VOTES BUT IT IS IN OUR INTEREST"), EXTRADITION ("IT WOULD BE AN IMPORTANT DETERRENT TO TRAFFICKERS, BUT U.S. LEGAL THEORY ON CONSPIRACY IS TROUBLING"), THE ECONOMY AND HIS PLAN DE TODOS ("WE'RE FLEXIBLE ON MANAGEMENT CONTROL OF PRIVATIZED ENTERPRISES; HELP US ON BRAZIL GAS PIPELINE PROJECT"), AND THE DOMESTIC POLITICAL SCENE ("WE'VE MADE NO DEAL TO PROTECT MAX; THE MBL GIVES US THE RIGHT IMAGE BALANCE"). HE WAS VERY UPBEAT, ANXIOUS TO MOVE RAPIDLY ON ECONOMIC AND SOCIAL REFORMS, AND EAGER FOR USG SUPPORT AND ADVICE. END SUMMARY.

3. PRESIDENT-ELECT GONZALO SANCHEZ DE LOZADA MET WITH ASSISTANT SECRETARY WATSON JULY 9 AND COVERED A WIDE RANGE OF PRIMARILY BILATERAL ISSUES. ALSO PRESENT WERE PDAS GELBARD, DAS MCLEAN, AMB. BOWERS, AND DESK OFFICER MARCUS.

REGIONAL AFFAIRS

4. A/S WATSON BEGAN BY STATING THAT HE HAD JUST MET WITH PARAGUAYAN PRESIDENT-ELECT WASMOSY WHO HAD TOLD HIM HE'S LOOKING FORWARD TO WORKING WITH THE NEW BOLIVIAN PRESIDENT. SANCHEZ DE LOZADA SAID HE WAS A BIT "SUSPICIOUS" OF WASMOSY'S MOTIVES IN CONNECTION WITH HIS

RIVER CHANNEL DIVERSION SCHEME ALONG THE BOLIVIA-PARAGUAY BORDER. NEVERTHELESS, HE THOUGHT WASMOSY WAS A "HANDS ON" TYPE LEADER WITH WHOM HE COULD WORK. HE AGREED WITH WATSON'S SUGGESTION THAT BOLIVIA COULD BE A MODEL OF POLITICAL AND ECONOMIC CHANGE, ADDING THAT BOLIVIA MIGHT JOIN ARGENTINA AND BRAZIL IN SEEKING TO INFLUENCE PARAGUAY.

IFI ASSISTANCE IN ALTERNATIVE DEVELOPMENT

5. ALLUDING TO POSSIBLE WORLD BANK FINANCING OF ALTERNATIVE DEVELOPMENT IN THE CHAPARE, GELBARD SUGGESTED THAT THE NEW GOB SUBMIT A PROPOSAL IN WRITING TO THE BANK. THE USG WOULD SUPPORT. WATSON URGED THE GOB DO IT, AND THE U.S. COULD FOLLOW UP. SANCHEZ DE LOZADA AGREED WITH PDAS GELBARD'S CONTENTION THE IFI'S WILL NEED PRODDING ON FINANCING ANTI-NARCOTICS-RELATED ALTERNATIVE DEVELOPMENT PROJECTS. HE SAID THAT A LARGE-SCALE PROGRAM WAS NECESSARY TO ABSORB MANPOWER INTO THE LEGITIMATE ECONOMY.

DRUGS AND ERADICATION

6. WATSON AND GELBARD URGED SANCHEZ DE LOZADA TO CONSIDER HOLDING A CABINET LEVEL MEETING AS A FOLLOW-UP TO THE SAN ANTONIO SUMMIT WHICH THE PAZ GOVERNMENT HAD WANTED TO CONVENE. SANCHEZ DE LOZADA AGREED IN PRINCIPLE AND SAID HE WOULD LOOK INTO IT.

7. ON COCA ERADICATION, SANCHEZ DE LOZADA NOTED THAT IT WAS A SUBJECT THAT DID NOT WIN VOTES. HE ACKNOWLEDGED, HOWEVER, THAT TRAFFICKER-RELATED VIOLENCE WAS UP; THE COLOMBIAN TRAFFICKERS WERE A SERIOUS THREAT. REGARDING THE CN EFFORT, SANCHEZ DE LOZADA DID NOT WISH TO UNDO WHAT HAS BEEN DONE SUCCESSFULLY IN THE PAST. ON THE CONTRARY, HE WANTED TO MAINTAIN AND STRENGTHEN BILATERAL COOPERATION IN THIS AREA.

8. WATSON URGED BOLIVIA NOT TO FORFEIT ESF BALANCE OF PAYMENTS ASSISTANCE AS IT DID IN 1992. SANCHEZ DE LOZADA NOTED THAT THE ESF BALANCE OF PAYMENTS CONDITIONALITY ESSENTIALLY CALLED FOR SIMILAR ERADICATION TARGETS AS IN THE PREVIOUS YEAR BUT FOR LESS MONEY. EVEN SO, HE ADDED, IT WAS IN BOLIVIA'S INTEREST TO MEET THESE TARGETS.

EXTRADITION

9. RESPONDING TO WATSON'S QUERY, SANCHEZ DE LOZADA SAID HE INITIALLY THOUGHT THE MATTER A "NON-ISSUE," BUT IF WE HAD TO HAVE A WORKABLE MECHANISM, BETTER THAT IT BE DONE SOONER RATHER THAN LATER. SUCH A TREATY, HE ADMITTED, COULD BE A GOOD DETERRENT TO TRAFFICKERS. HE HAD TROUBLE, THOUGH, WITH THE CONCEPT OF CONSPIRACY IN U.S. LEGAL PRACTICE. MOREOVER, BOLIVIAN LAW HAD TO BE RESPECTED; HE CITED THE ARCE GOMEZ CASE AS AN EXAMPLE WHERE HE AGREED WITH THE GOAL (INCARCERATING HIM IN THE U.S.) BUT WAS

UNCOMFORTABLE ABOUT THE MANNER IN WHICH IT WAS DONE. MUSING THAT A NEW EXTRADITION TREATY COULD DO FOR HIS GOVERNMENT WHAT OPERATION "BLAST FURNACE" DID FOR PAZ ESTENSORRO, HE ASKED THE USG TO CONVINCHE HIM THAT HE WOULD GET SOMETHING OUT OF IT.

THE ECONOMY AND THE PLAN DE TODOS

10. SANCHEZ DE LOZADA SAID THE US CAN BE HELPFUL IN GETTING WALL STREET AND LARGE AND MEDIUM SIZED FIRMS TO TALK TO BOLIVIANS. THE COMMUNICATIONS SECTOR WAS PARTICULARLY PROMISING ONE. HE SAID WAS OPEN TO IDEAS ON HOW TO IMPLEMENT THE "CAPITAZATION" (I.E. PRIVATIZATION) OF KEY STATE INDUSTRIES. THE BOLIVIAN PEOPLE DON'T WANT TO SELL OUT THEIR PATRIMONY, BUT THEY UNDERSTAND THAT TO ATTRACT NEW TECHNOLOGY AND COMPETENT MANAGEMENT, THE QUESTION OF CONTROL MUST BE ADDRESSED. PERHAPS, HE SUGGESTED, THERE COULD BE A 50-50 SPLIT BETWEEN FOREIGN INVESTORS AND BOLIVIANS WITH VOTING SHARES GOING TO THOSE WHO CONTRIBUTE CAPITAL.

11. SANCHEZ DE LOZADA MADE A DIRECT PITCH FOR USG SUPPORT FOR THE BOLIVIA/BRAZILIAN GAS PIPELINE PROJECT. HE SAW THE PROJECT AS A KEY ELEMENT IN STRENGTHENING THE BOLIVIAN ECONOMY.

12. SANCHEZ DE LOZADA AGREED THAT A BILATERAL INVESTMENT TREATY WOULD IMPROVE THE INVESTMENT CLIMATE IN BOLIVIA. HE RECOGNIZED THE IMPORTANCE OF AMENDING THE HYDROCARBONS LAW TO PERMIT BINDING INTERNATIONAL ARBITRATION FOR FOREIGN INVESTORS IN THE HYDROCARBONS SECTOR. HE EMPHASIZED HIS DESIRE TO GET THE GOVEGKMENT, WHICH TO THE BOLIVIAN PEOPLE SYMBOLIZED CORRUPTION AND INEFFICIENCY, OUT OF RUNNING BUSINESS ENTERPRISES.

DOMESTIC POLITICS

13. SANCHEZ DE LOZADA REVIEWED HIS REASONS FOR ESTABLISHING AN ALLIANCE WITH THE UCS: GOVERNABILITY, LOYALTY TO HIS PROGRAM, MODEST PATRONAGE DEMANDS. HE SAID THAT AFTER THE ELECTIONS, UCS LEADER FERNANDEZ BECAME WORRIED ABOUT CONDEPA AND MBL SEEKING TO GET HIM THROWN INTO JAIL OVER HIS TAX ADN FINANCIAL DIFFICULTIES. HE CAME TO THE MNR TO CUT A DEAL, BUT NO PROMISES WERE MADE TO PROTECT HIM -- FERNANDEZ SAID HE WOULD SETTLE HIS TAX DEBTS IN THE MEANTIME. FERNANDEZ, HE SAID, GAVE HIS VP RUNNING MATE TALAVERA A "POWER OF ATTORNEY" TO MAKE A DEAL WITH THE MNR. WITH THE UCS IN HAND, SANCHEZ DE LOZADA SAID HE THEN SOLICITED MBL SUPPORT AS AN ANTI-CORRUPTION "BALANCE" TO THE UCS. IT WAS ALSO BETTER TO HAVE THE MBL IN OUR CAMP RATHER THAN ON THE OUTSIDE WHERE THEY COULD BE TROUBLESOME. HE WAS PHILOSOPHICAL ABOUT THE SQUABBLING BETWEEN THE MBL AND FERNANDEZ AND HOPED HE COULD DEAL WITH FERNANDEZ IN A "NON-TRAUMATIC" FASHION AND EASE HIM BACK TO PRIVATE LIFE.

14. ASKED IF HE HAD DECIDED ON ANY APPOINTMENTS YET, SANCHEZ DE LOZADA, SAID HE HAD NOT YET MADE UP HIS MIND. REFERRING TO THE MBL'S DESIRE FOR FOREIGN AFFAIRS. HE SAID HE LIKED THE MBL LEADER ANTONIO ARANIBAR PERSONALLY BUT THOUGHT HIS PARTY'S THINKING OUT OF DATE. MNR LEADER JUAN CARLOS DURAN, HE THOUGHT, WAS A POSSIBILITY FOR MINISTER OF THE INTERIOR.

CHRISTOPHER

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SECT: SECTION: 01 OF 01

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 RUEKJCS/SECDEF WASHDC
 RUEBWJA/DEPTJUSTICE WASHDC
 RHLBAAA/USCINCSO QUARRY HEIGHTS PM//SCJ2/POLAD//
 SUBJ: THE NEXT GOB: THE SHAPE OF THINGS TO COME?

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By Mc NARA, Date 12/4/2019
 2015-0909-u (1.10)

TEXT:

~~CONFIDENTIAL~~ SECTION 01 OF 02 LA PAZ 010121
 DEPT FOR ARA/AND, INM AND INR/B; PASS TO AID/LAC
 DOJ FOR OIA; DOD FOR ISA; DEA FOR OC AND OFL
 USIA FOR AR
 E.O. 12356: DECL: OADR
 TAGS: PGOV, PREL, SNAR, EAID, KPRP, PINR, PINS, BL
 SUBJECT: THE NEXT GOB: THE SHAPE OF THINGS TO COME?
 1. ~~CONFIDENTIAL~~ -- ENTIRE TEXT.
 2. SUMMARY: GOB PRESIDENT-ELECT GONI SANCHEZ DE LOZADA
 RETURNED TO BOLIVIA ON JULY 20 WITH A DAUNTING WORKLOAD.
 IN LESS THAN TWO WEEKS, HE MUST GET HIS POLITICAL ALLIES
 (THE MRTKL, UCS AND MBL PARTIES) IN LINE (THE PARTIES
 ARE TO MEET THE WEEK OF JULY 26), FINISH THE SUBSTANTIVE
 PORTION OF THE GOVERNMENT TRANSITION PROCESS, DETERMINE
 THE SHAPE/COMPOSITION OF HIS CABINET (WHICH PROBABLY
 WILL HAVE FEWER MINISTRIES) AND PREPARE TO LAUNCH HIS
 POLICY AGENDA. WITH ALL HANDS WAITING FOR HIS
 DECISIONS, THE PRESIDENT-ELECT MAY BE AS TESTED BEFORE
 HE ASSUMES OFFICE AS HE WILL BE ONCE IN THE PRESIDENCY.
 THIS MESSAGE PROVIDES AN UPDATE OF THE GOVERNMENT
 TRANSITION PROCESS; SEPTELS OFFER MORE DETAILS ABOUT
 WHAT THE NEW GOB MIGHT LOOK LIKE AND WHO MIGHT BE IN IT.
 FERNANDO ILLANES AND FERNANDO ROMERO SEEM TO BE SURE
 CABINET BETS; OTHER NAMES ARE BEGINNING TO PERCOLATE TO
 THE SURFACE. END SUMMARY.
 GONI UNDER PRESSURE FROM ALL QUARTERS?

 3. BASED ON PUBLIC AND PRIVATE COMMENTS BY GONI'S
 CLOSEST ADVISERS (AND THEIR POLITICAL PARTIES), WE HAVE
 A GENERAL INDICATION OF WHAT HE IS UP AGAINST. THE
 LEFTIST MBL HAS CONVINCED ITSELF (AND MANY OTHER
 OBSERVERS) THAT PARTY LEADER ANTONIO ARANIBAR WILL BE
 THE NEXT FONMIN (SEPTTEL) AND THAT THE PARTY WILL HAVE A

SIGNIFICANT SHARE OF THE GOB. VP-ELECT VICTOR HUGO CARDENAS' MRTKL PARTY HAS ANNOUNCED (WITHOUT HIS PARTICIPATION) THAT IT WANTS A QUOTA OF GOB POSITIONS AS WELL, INCLUDING TWO CABINET MINISTRIES (AGRICULTURE AND EDUCATION) AND THE INTERIOR SUBSECRETARY FOR SOCIAL DEFENSE (KEY FOR CN EFFORTS; THIS WOULD BE BAD NEWS FOR USG INTERESTS, BUT WE DOUBT THE MRTKL WILL GET WHAT IT WANTS). THE UCS, MEANWHILE, IS MAINTAINING A LOW PUBLIC PROFILE.

4. ON JULY 15, CARDENAS ANNOUNCED THAT "OLD GUARD" MNR MEMBERS TAINTED BY PAST CORRUPTION SUSPICIONS WOULD NOT BE IN THE CABINET. CARDENAS SPECIFICALLY RULED OUT TRANSITION SUBCOMMITTEE MEMBERS SUCH AS ENRIQUE IPINA, RUMORED FOR THE EDUCATION PORTFOLIO, AND JAVIER TORREZ GOITIA, LOBBYING FOR THE HEALTH MINISTRY, BUT HE SAID LITTLE ABOUT WHO WOULD BE IN THE CABINET. CARDENAS MERELY ANNOUNCED THAT THE CABINET WOULD BE MADE UP OF "TECHNICO-POLITICOS" (POLITICAL TECHNICIANS) FROM OUTSIDE THE POLITICAL MAINSTREAM IF NECESSARY AND THAT THE NEXT GOB WOULD BE "AUSTERE," I.E., WITH FEWER OSTENTATIOUS (AND COSTLY) PRIVILEGES FOR ITS MEMBERS. ILLANES, ROMERO, IN; OTHERS TO FOLLOW?

5. GONI CLEARLY PLANS TO RE-ORGANIZE THE CABINET MINISTRIES, BUT DETAILS (AT TIMES CONTRADICTIONARY) ARE FILTERING TO THE SURFACE SLOWLY. ON JULY 25, THE MEDIA PROCLAIMED CONFEDERATION OF PRIVATE ENTREPRENEURS PRESIDENT FERNANDO ILLANES AND FORMER PLANNING MINISTER FERNANDO "NEGRO" ROMERO AS GONI'S FIRST CABINET DESIGNATES. ILLANES WOULD RUN A NEW "SUPERMINISTRY OF ECONOMIC DEVELOPMENT, POSSIBLY ABSORBING MANY OF THE FUNCTIONS OF THE CURRENT MINISTRIES OF FINANCE, PLANNING AND EXPORTS/COMPETITIVENESS. ROMERO WOULD RUN THE SISTER "SUPERMINISTRY" OF SOCIAL DEVELOPMENT, POSSIBLY INCLUDING MOST OF THE CURRENT HOUSING, HEALTH AND EDUCATION MINISTRIES (BIOS, SEPTTEL).

6. THE TWO DEPARTED FOR WASHINGTON ON JULY 25 FOR MEETINGS WITH IFI'S JULY 26-28. THEY WERE CAREFUL TO TELL THE MEDIA THAT NO SPECIFIC CABINET ASSIGNMENTS HAD BEEN MADE YET AND MNR SPOKESMAN HERMAN ANTELO MAINTAINED A STRICT "NEITHER CONFIRM NOR DENY" POLICY. ON JULY 26, HOWEVER, MNR ADVISER ALFONSO REVOLLO CONFIRMED TO US PRIVATELY THAT ILLANES AND ROMERO WERE IN, AND THAT OTHER NAMES WOULD BE ANNOUNCED "LITTLE BY LITTLE" BEFORE THE AUGUST 6 INAUGURATION (SEE OUR BEST GUESS LIST, SEPTTEL).

7. JULY 23-25, MEANWHILE, MNR SENATOR-ELECT (AND CABINET HOPEFUL) EUDORO "CHUSO" GALINDO AND CARDENAS DUELED IN THE MEDIA ABOUT GONI'S CABINET PLANS. GALINDO SAID THAT THE CABINET EVENTUALLY WOULD INCLUDE A "PRIME MINISTER" SLOT, IN CHARGE OF DAY-TO-DAY GOB BUSINESS (LEAVING GONI FREE TO BE HEAD OF STATE). THE NEW PRIME MINISTER MIGHT SUPPLANT THE VP POSITION (ALTHOUGH THE VP
~~C O N F I D E N T I A L~~ SECTION 02 OF 02 LA PAZ 010121
DEPT FOR ARA/AND, INM AND INR/B; PASS TO AID/LAC
DOJ FOR OIA; DOD FOR ISA; DEA FOR OC AND OFL
USIA FOR AR
E.O. 12356: DECL: OADR

TAGS: PGOV, PREL, SNAR, EAID, KPRP, PINR, PINS, BL
SUBJECT: THE NEXT GOB: THE SHAPE OF THINGS TO COME?
PROBABLY WOULD STILL BE PRESIDENT OF THE CONGRESS).
GALINDO ADDED THAT A THIRD "SUPERMINISTRY" OF
CAPITALIZATION WOULD BE CREATED (IN ADDITION TO THE TWO
DESCRIBED ABOVE). CARDENAS RETORTED THAT THE PM
POSITION WAS BY NO MEANS CERTAIN AND ASSERTED THAT THE
VP POSITION WOULD CONTINUE. THE ONLY DEFINITE CABINET
CHANGE, CLAIMED CARDENAS, WOULD BE A REDUCTION IN THE
OVERALL NUMBER OF PORTFOLIOS.

COMMENT

8. GONI'S CABINET IS LIKELY TO BE SMALLER THAN PAZ
ZAMORA'S AND FOCUSED DIFFERENTLY. WHO WILL FILL THE NEW
POSITIONS AND HOW GONI WILL CREATE HIS NEW STRUCTURE IS
UNCLEAR. HE MAY HAVE TO WAIT UNTIL THE NEW CONGRESS
PASSES THE APPROPRIATE LEGISLATION (THE MECHANISM
SPECIFIED IN THE CONSTITUTION) OR HE MAY BE ABLE TO
START THE BALL ROLLING WITH AN EXECUTIVE DECREE. EITHER
WAY, FOR THE INAUGURAL EVENTS, GONI APPARENTLY MAY HAVE
TO USE THE EXISTING CABINET STRUCTURE AS THE BASIS FOR
APPOINTING HIS NEW TEAM.

BOWERS

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SECT: SECTION: 01 OF 02

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SSN: 0121

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 DTG: 131859Z AUG 93
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 INFO: RUEADWW/NSC WASHDC PRIORITY
 RUEHBR/AMEMBASSY BRASILIA 1235
 RUEHAC/AMEMBASSY ASUNCION 1645
 RUEHSG/AMEMBASSY SANTIAGO 3780
 RUEHPE/AMEMBASSY LIMA 7302
 RUEHIA/USIA WASHDC 5426
 RHLBAAA/USCINCSO QUARRY HEIGHTS PM//SCJ2/POLAD//
 RUEHBU/AMEMBASSY BUENOS AIRES 1420
 SUBJ: USDEL'S MEETING WITH GOB PRESIDENT-ELECT:
 THE OAS AND GREEN ISSUES

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By VZ NARA, Date 12/4/2009
 2015-0909-m (1.11)

TEXT:

~~CONFIDENTIAL~~ SECTION 01 OF 02 LA PAZ 010994
 STATE FOR C, ARA AND USOAS; PLEASE PASS TO AID/LAC
 USIA FOR AR
 E.O. 12356: DECL: OADR
 TAGS: PGOV, PREL, OAS, SENV, PINR, BL
 SUBJECT: USDEL'S MEETING WITH GOB PRESIDENT-ELECT:
 THE OAS AND GREEN ISSUES
 REF: LA PAZ 10821
 1. ~~CONFIDENTIAL~~ - ENTIRE TEXT.
 2. SUMMARY: ON AUGUST 5, THE USDEL TO THE BOLIVIAN
 INAUGURAL MET WITH GOB PRESIDENT-ELECT GONI SANCHEZ DE
 LOZADA AND A NUMBER OF HIS SENIOR AIDES (SOME OF WHOM
 WERE LATER NAMED CABINET MINISTERS OR MINISTERIAL
 SECRETARIES). THE WIDE-RANGING, AMICABLE, NEARLY TWO-
 HOUR SESSION COVERED OAS AND ENVIRONMENTAL ISSUES (THIS
 MESSAGE) AS WELL AS CASTRO'S VISIT AND CN ISSUES
 (SEPTEL). SANCHEZ DE LOZADA HOPED A "REVITALIZED AND
 RENEWED" OAS WOULD PLAY A LARGER ROLE IN HEMISPHERIC
 ISSUES SUCH AS CUBA AND SUSTAINABLE DEVELOPMENT. ON THE
 LATTER ISSUE, THE PRESIDENT-ELECT WAS INTERESTED IN THE
 HEMISPHERIC CONFERENCE(S) SUGGESTED BY THE USDEL FOR
 1994 AND LATER. HE SAID THAT FOR A RELATIVELY MODEST
 INVESTMENT, BOLIVIA COULD SERVE AS THE SUSTAINABLE
 DEVELOPMENT "MODEL" FOR THE REGION. END SUMMARY.
 FRIENDLY WORKING SESSION

 3. ON AUGUST 5, 1993 THE USDEL TO THE BOLIVIAN
 INAUGURAL MET WITH PRESIDENT-ELECT GONI SANCHEZ DE
 LOZADA AND SEVERAL OF HIS SENIOR AIDES AT SANCHEZ DE
 LOZADA'S PRIVATE RESIDENCE. THE USG ATTENDEES INCLUDED

SECRETARY OF THE INTERIOR BRUCE BABBITT, DEPARTMENT COUNSELOR TIMOTHY WIRTH, U.S. OAS PERMREP HARRIET BABBITT, ARA A/S ALEXANDER WATSON, NSC SENIOR DIRECTOR FOR LATIN AMERICAN AFFAIRS RICHARD FEINBERG, THE AMBASSADOR, DCM, USAID MISSION DIRECTOR AND POLOFF (NOTETAKER). THE INFORMAL MEETING WAS CONDUCTED IN ENGLISH.

4. JOINING SANCHEZ DE LOZADA, JOSE GUILLERMO JUSTINIANO (NOW MINISTER FOR SUSTAINABLE DEVELOPMENT), JAIME REYES, CARLOS QUINTELA, ALEJANDRA SANCHEZ DE LOZADA (THE PRESIDENT-ELECT'S DAUGHTER), FERNANDO COSSIO (NOW SECRETARY FOR ADMINISTRATION AND FINANCE IN THE ECONOMIC DEVELOPMENT MINISTRY), FERNANDO ILLANES (NOW MINISTER FOR ECONOMIC DEVELOPMENT), JORGE BALCAZAR AND MAURICIO GONZALEZ (NOW PRESIDENT OF YPF, THE GOB STATE-OWNED PETROLEUM COMPANY).
OAS ON THE REBOUND

5. FURTHER TO REFTEL, IN A REPLY TO AMB. BABBITT, SANCHEZ DE LOZADA SAID THE OAS HAD "FALLEN ON HARD TIMES" BUT WAS GAINING IMPORTANCE AGAIN. HE SAID THAT HIS GOVERNMENT WOULD GIVE THE HIGHEST IMPORTANCE TO ITS OAS REP (NOT YET NAMED) AND HOPED FOR A "REVITALIZED AND RENEWED" OAS. SANCHEZ DE LOZADA ADDED THAT THE GOB WANTED TO HAVE A SENIOR LEADERSHIP POSITION IN THE OAS FOLLOWING THE NEXT ELECTIONS (A REFERENCE TO EX-FONMIN CARLOS ITURRALDE'S SYG CANDIDACY).

6. ACCORDING TO THE PRESIDENT-ELECT, MANY LATIN AMERICAN LEADERS ARE LOOKING TO THE OAS TO ENCOURAGE POLITICAL AND ECONOMIC INTEGRATION. HE HOPED THE OAS WOULD PLAY A ROLE IN ANY FUTURE CRISIS INVOLVING CUBA; HE SPECULATED THAT SUCH A CRISIS COULD DEVELOP IF CASTRO TRIED TO REFORM THE CUBAN ECONOMY WITHOUT REFORMING (DEMOCRATIZING) ITS POLITICAL STRUCTURE (I.E., THE PRC MODEL).

7. FEINBERG REPLIED THAT THE OAS MUST BE THOUGHT OF IN TERMS OF THE OVERALL INTEGRATION OF HEMISPHERIC INSTITUTIONS; HE SUGGESTED THAT THE OAS GRAB ONE OR TWO MAJOR ISSUES AND DEAL WITH THEM. SANCHEZ DE LOZADA AGREED, CITING THE "JUST TERRIBLE" INTERNATIONAL BANKING SYSTEM AS A PROBLEM AREA THAT NEEDED ATTENTION. HE ALSO SUGGESTED THAT THE OAS MIGHT BE A USEFUL FORUM FOR ADDRESSING HEMISPHERIC ENVIRONMENTAL ISSUES.
"GREENING" THE HEMISPHERE

8. SECRETARY BABBITT SECONDED THE PROPOSAL AND SUGGESTED THAT BOLIVIA MIGHT BE AN APPROPRIATE VENUE TO HOLD A 1994 HEMISPHERIC CONFERENCE ON THE ENVIRONMENT.
HE TOLD SANCHEZ DE LOZADA THAT THERE WAS A GREAT DEAL OF INTEREST IN THE U.S. AND IN OTHER INDUSTRIALIZED NATIONS IN THE CONCEPT OF SUSTAINABLE DEVELOPMENT, BUT THERE WERE FEW EXAMPLES OF THE CONCEPT BEING PRACTICED. WITH
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STATE FOR C, ARA AND USOAS; PLEASE PASS TO AID/LAC
USIA FOR AR

E.O. 12356: DECL: OADR
TAGS: PGOV, PREL, OAS, SENV, PINR, BL

SUBJECT: USDEL'S MEETING WITH GOB PRESIDENT-ELECT:
THE OAS AND GREEN ISSUES

INTERNATIONAL HELP, BABBITT ADDED, BOLIVIA COULD BE THE SUSTAINABLE DEVELOPMENT EXAMPLE FOR THE HEMISPHERE.

9. THE PRESIDENT-ELECT ASKED ABOUT A POSSIBLE HEMISPHERIC MEETING IN 1993, NOTING THAT BOLIVIA COULD SERVE AS AN EXAMPLE WITH AN INVESTMENT OF "MILLIONS, NOT BILLIONS" OF DOLLARS. SECRETARY BABBITT REPEATED HIS 1994 CONFERENCE SUGGESTION, NOTING THAT A MINISTERIAL-LEVEL SESSION MIGHT BE MORE WORKABLE THAN INVITING HEADS OF STATE. SANCHEZ DE LOZADA COUNTERED THAT HE PREFERRED A HEADS OF STATE-LEVEL MEETING, ADDING THAT NOBODY KNEW WHAT SUSTAINABLE DEVELOPMENT REALLY MEANT, ALTHOUGH HE USED THE TERM HIMSELF. WIRTH SUGGESTED THAT AN INTERNATIONAL CHARTER ON SUSTAINABLE DEVELOPMENT BE PRODUCED AND DISCUSSED AT THE MINISTERIAL LEVEL IN 1994 BEFORE A FOLLOW-ON HEADS-OF-STATE CONFERENCE IN 1995 OR 1996.

MANAGING DEVELOPMENT

10. THE PRESIDENT-ELECT THOUGHT THAT SUSTAINABLE DEVELOPMENT COULD BE PRACTICED FAIRLY EASILY IN ENERGY AND FORESTRY, AS LONG AS IT WAS PITCHED IN A POSITIVE MANNER (I.E., TELL DEVELOPERS WHAT THEY COULD DO, IN ORDER TO BENEFIT ALL, RATHER THAN LISTING WHAT THEY COULD NOT DO). HE URGED GETTING AWAY FROM THE OLD CONSERVATIONIST IDEA OF RESTRICTING DEVELOPMENT WITHOUT TAKING ECONOMIC INTERESTS INTO ACCOUNT. WIRTH AGREED, STRESSING THAT A COMMON FRAMEWORK SHOULD BE CONSTRUCTED SO THAT ECONOMIC DEVELOPMENT ACTIVITIES WERE GOVERNED BY A CONSISTENT SET OF RULES. HOPEFULLY, THIS WOULD LESSEN THE ADVERSE ECONOMIC IMPACT OF ENVIRONMENTAL PROTECTION LEGISLATION.

11. SECRETARY BABBITT EXPLAINED THAT THE "ECOSYSTEM MANAGEMENT" APPROACH COULD CONTROL THE "RAGING ELEPHANT" OF ECONOMIC DEVELOPMENT. HE DESCRIBED THE U.S. LAW WHICH REQUIRES THAT THE SECRETARY OF THE INTERIOR APPROVE ALL FEDERALLY-FUNDED PROJECTS WHICH MAY HAVE AN ENVIRONMENTAL IMPACT. BABBITT LAUDED SANCHEZ DE LOZADA'S COMMENT THAT PROACTIVE POLICY WAS NECESSARY IN THIS AREA AND ADDED THAT THE U.S. STILL HAD A LONG WAY TO GO.

12. THE PRESIDENT-ELECT REMARKED THAT HE WAS RUNNING INTO RESISTANCE FROM THOSE WHO LABELLED HIS APPROACH AS SMACKING OF 1930'S-STYLE CENTRALIZED PLANNING. HE HAD ALSO BEEN ACCUSED OF BEING A "TREE HUGGER"; NEITHER ACCUSATION WAS TRUE. SANCHEZ DE LOZADA WENT ON TO NOTE THAT THE NEW MINISTRY OF SUSTAINABLE DEVELOPMENT SHOULD BE A PLANNING AGENCY, NOT A PROTECTIVE ONE. THE MINISTRY SHOULD PLAN GROWTH AND DEVELOPMENT IN AN ENVIRONMENTALLY RESPONSIBLE WAY WITHOUT CHOKING OFF OR UNNECESSARILY INTERFERING WITH DEVELOPMENT. (SINCE TAKING OFFICE, MINISTER JUSTINIANO HAS ECHOED THESE SAME THEMES.)

COMMENT

13. THE NEW GOB HAS MANY COMPETING, URGENT PRIORITIES, BUT SANCHEZ DE LOZADA SEEMS BENT ON INCLUDING

SUSTAINABLE DEVELOPMENT AMONG THEM; THIS IS A FIRST FOR BOLIVIAN GOVERNMENTS. HOW WELL HE DOES DEPENDS ON THE STILL-EVOLVING STRUCTURE OF AND PLAYERS WITHIN HIS GOB (AND PROBABLY ON MULTILATERAL AND USG ASSISTANCE AS WELL) .

14. THE MESSAGE WAS NOT CLEARED IN ADVANCE BY THE USDEL.

BOWERS

BT

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SECT: SECTION: 01 OF 02

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SSN: 0994

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PREC: PRIORITY
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LINE3: P 131904Z AUG 93
LINE4: FM AMEMBASSY LA PAZ
OSRI: RUEHLPA
DTG: 131904Z AUG 93
ORIG: AMEMBASSY LA PAZ
TO: RUEHC/SECSTATE WASHDC PRIORITY 0801
INFO: RUEHUB/USINT HAVANA PRIORITY 0416
 RUEADWW/NSC WASHDC PRIORITY
 RUEHBU/AMEMBASSY BUENOS AIRES 1422
 RUEHBR/AMEMBASSY BRASILIA 1237
 RUEHAC/AMEMBASSY ASUNCION 1647
 RUEHSG/AMEMBASSY SANTIAGO 3782
 RUEHPE/AMEMBASSY LIMA 7304
 RUEHIA/USIA WASHDC 5428
 RHLBAAA/USCINCSO QUARRY HEIGHTS PM//SCJ2/POLAD//
 RHEHOND/ONDCP WASHDC
 RUEHNA/DEAHQS WASHDC
 RUEBWJA/DEPTJUSTICE WASHDC
SUBJ: USDEL'S MEETING WITH GOB PRESIDENT-ELECT:
 FIDEL AND DRUGS

TEXT:

~~CONFIDENTIAL~~ SECTION 01 OF 03 LA PAZ 010996
 STATE FOR C, ARA AND USOAS; PLEASE PASS TO AID/LAC
 DOJ FOR OIA; DEA FOR OC AND OFL; ONDCP FOR PORTER
 USIA FOR AR
 E.O. 12356: DECL: OADR
 TAGS: PGOV, PREL, OAS, SNAR, PINR, CU, BL
 SUBJECT: USDEL'S MEETING WITH GOB PRESIDENT-ELECT:
 FIDEL AND DRUGS

1. ~~CONFIDENTIAL~~ - ENTIRE TEXT.
2. SUMMARY: ON AUGUST 5, THE USDEL TO THE BOLIVIAN INAUGURAL MET WITH GOB PRESIDENT-ELECT SANCHEZ DE LOZADA AND A NUMBER OF HIS SENIOR AIDES (SOME OF WHOM WERE LATER NAMED CABINET MINISTERS OR MINISTRY SECRETARIES). THE WIDE-RANGING, AMICABLE, NEARLY TWO-HOUR SESSION COVERED CASTRO'S VISIT TO BOLIVIA AND CN POLICIES (THIS MESSAGE) AS WELL AS THE OAS AND ENVIRONMENTAL ISSUES (SEPTEL). ON FIDEL, SANCHEZ DE LOZADA SHARES OUR VIEWS. ON CN ISSUES, THE NEW PRESIDENT HAS NOT FORMULATED POLICIES OR NAMED HIS PLAYERS, BUT HE WANTS TO END DRUG TRAFFICKING IN BOLIVIA. END SUMMARY.
FRIENDLY WORKING SESSION

3. ON AUGUST 5, 1993, THE USDEL TO THE BOLIVIAN INAUGURAL MET WITH PRESIDENT-ELECT GONI SANCHEZ DE LOZADA AND SEVERAL OF HIS SENIOR AIDES AT SANCHEZ DE LOZADA'S PRIVATE RESIDENCE. ON AUGUST 4, THE USDEL HAD

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DINED WITH THE PRESIDENT-ELECT. SANCHEZ DE LOZADA HELD PRIVATE MEETINGS WITH ALL THE HEAD-OF-STATE DELEGATIONS TO THE INAUGURAL, BUT MADE A SPECIAL REQUEST TO MEET WITH THE USDEL ON ENVIRONMENTAL ISSUES, FOLLOWING THE EARLIER HAYES-O'LEARY DELEGATION SENT BY VP GORE. THE INFORMAL, AMICABLE, WIDE-RANGING, NEARLY TWO-HOUR MEETING ENDED WITH A BRIEF MEDIA OPPORTUNITY (SEPTELS). THE MEETING WAS CONDUCTED IN ENGLISH.

4. THE U.S. ATTENDEES INCLUDED SECRETARY OF THE INTERIOR BRUCE BABBITT, DEPARTMENT COUNSELOR TIMOTHY WIRTH, U.S. OAS PERMREP HARRIET BABBITT, ARA A/S ALEXANDER WATSON, NSC SENIOR DIRECTOR FOR LATIN AMERICAN AFFAIRS RICHARD FEINBERG, THE AMBASSADOR, DCM.USAID MISSION DIRECTOR AND POLOFF (NOTETAKER).

5. ON THE BOLIVIAN SIDE WERE SANCHEZ DE LOZADA, JOSE GUILLERMO JUSTINIANO (LATER NAMED AS MINISTER FOR SUSTAINABLE DEVELOPMENT), JAIME REYES, CARLOS QUINTELA, ALEJANDRA SANCHEZ DE LOZADA (THE PRESIDENT-ELECT'S DAUGHTER), FERNANDO COSSIO (LATER NAMED AS SECRETARY FOR ADMINISTRATION AND FINANCE IN THE ECONOMIC DEVELOPMENT MINISTRY), FERNANDO ILLANES (LATER NAMED AS MINISTER FOR ECONOMIC DEVELOPMENT), JORGE BALCAZAR AND MAURICIO GONZALEZ (LATER NAMED PRESIDENT OF YACIMIENTOS PETROLEROS FISCALES DE BOLIVIA--YPFB, THE GOB STATE-OWNED PETROLEUM COMPANY).

FIDEL THROWS "COLD WATER" ON GONI'S INAUGURAL

6. SANCHEZ DE LOZADA DUBBED FIDEL CASTRO'S PRESENCE AT THE INAUGURATION A "BUCKET OF COLD WATER" WHICH WOULD DRAW ATTENTION AWAY FROM THE NEW GOB'S TRANSITION TO POWER. SANCHEZ DE LOZADA SAID THAT HAVING LIVED MANY YEARS IN THE UNITED STATES, HE UNDERSTOOD THE U.S. POSITION WITH RESPECT TO CUBA BUT MANY BOLIVIANS DID NOT. HE THOUGHT MUCH OF THE EMOTIONAL SUPPORT FOR CASTRO THAT WOULD BE DISPLAYED DURING HIS BOLIVIA VISIT WOULD BE MORE A RESULT OF NOSTALGIA THAN OF FIRM POLITICAL SUPPORT AND THAT CASTRO IS, "A RELIC, A WALKING MONUMENT WITH CHARISMA."

7. THE PRESIDENT-ELECT ASKED FOR ADVICE ON HOW TO DEAL WITH THE CASTRO VISIT AND ON HOW THE USDEL WOULD RESPOND TO FIDEL. HE MADE THE POINT THAT HE HIMSELF WANTED TO SHOW THAT DEMOCRACY AND ECONOMIC DEVELOPMENT (WHICH THE "REVOLUTIONARY" CASTRO REFUSED TO EMBRACE) WERE "REVOLUTIONARY" IN A SITUATION LIKE BOLIVIA'S. (COMMENT: THE OUTGOING GOB WANTED TO SEND A SIMILAR MESSAGE TO CASTRO, BUT WE DOUBT IT MADE AN IMPACT. END COMMENT.)

8. WATSON TOLD SANCHEZ DE LOZADA THAT THE USG HAD NO DESIRE TO MAKE A MAJOR ISSUE OF CASTRO'S ATTENDANCE AT THE INAUGURATION. WATSON AND SECRETARY BABBITT EXPLAINED BASIC U.S. POLICY TOWARDS CUBA AND ITS LIKELY FUTURE COURSE, NOTING THAT A RADICAL CHANGE WAS UNLIKELY IN THE NEAR FUTURE AND THAT ANY POLICY DEVELOPMENT WOULD
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STATE FOR C, ARA AND USOAS; PLEASE PASS TO AID/LAC
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USIA FOR AR

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TAGS: PGOV, PREL, OAS, SNAR, PINR, CU, BL
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BE WITHIN THE FRAMEWORK OF THE CUBA DEMOCRACY ACT (CDA).

9. THE PRESIDENT-ELECT SAID THAT HE INTENDED TO TREAT CASTRO LIKE ANY OTHER HEAD OF STATE. HE ADDED THAT THE CDA WAS "UNFORTUNATE" IN HIS OPINION BECAUSE IT TENDED TO TIE THE HANDS OF THE USG IN DEALING WITH WHAT IS ESSENTIALLY A POLITICAL AND DIPLOMATIC PROBLEM, NOT AN ECONOMIC ONE. WIRTH AND WATSON REPLIED THAT THE PROBLEMS WITH CUBA ARE "EXTRAORDINARILY COMPLEX" AND CAUTIONED THAT THE CDA SHOULD NOT BE SEEN AS ALL NEGATIVE; IT CONTAINS IMPORTANT TELECOMMUNICATIONS PROVISIONS, FOR EXAMPLE, WHICH SHOULD ENHANCE TELEPHONE LINKS WITH THE ISLAND.

NARCOTICS ISSUES: MIXED SIGNALS

10. THE PRESIDENT-ELECT HOPED TO FIND A "ZERO OPTION" THAT WOULD ELIMINATE THE PRODUCTION AND TRAFFICKING OF ILLICIT DRUGS FROM BOLIVIA. HE EXPRESSED DOUBTS, HOWEVER, ABOUT THE LONG-TERM WISDOM OF SIMPLY OUTLAWING DRUGS, CITING THE "ILL-CONSIDERED" ATTEMPT TO PROHIBIT ALCOHOL IN THE U.S. AS AN EXAMPLE.

11. SANCHEZ DE LOZADA SAID HE WAS DEEPLY CONCERNED ABOUT THE ENTRY OF COLOMBIAN TRAFFICKERS INTO BOLIVIA. HE IS ABSOLUTELY OPPOSED TO THE ARMED FORCES' CN INVOLVEMENT, NOTING THAT THE MILITARY HAS "A LOT OF TIME ON ITS HANDS," IS POORLY PAID AND THUS OPEN TO CORRUPTION. (COMMENT: HE HAS EXPRESSED NO OPPOSITION TO THE CN-DEDICATED SUPPORT UNITS WITHIN THE ARMED FORCES, HOWEVER. END COMMENT.) BOLIVIAN INSTITUTIONS, THE PRESIDENT-ELECT ADDED, ARE WEAK AND COULD NEVER WITHSTAND THE KIND OF PRESSURES EXERTED BY TRAFFICKERS IN COLOMBIA. THE PRESIDENT-ELECT WORRIED THAT IF BOLIVIA BECAME A "GOOD PLACE TO INVEST," TRAFFICKERS MIGHT INVEST THEIR NARCODOLLARS HERE, GAINING THEM INFLUENCE.

12. AT THE SAME TIME, SANCHEZ DE LOZADA COMPLAINED ABOUT THE LACK OF RESOURCES FOR CN INITIATIVES. IFI'S, FOR EXAMPLE, REFUSED TO LEND FUNDS FOR CN-RELATED PROGRAMS. HE IS ESPECIALLY INTERESTED IN OBTAINING FUNDS TO UNDERWRITE A MASSIVE CAMPAIGN TO WEAN FARMERS FROM COCA GROWING. (HE MENTIONED THIS DURING HIS VISIT TO WASHINGTON IN JULY.) THE DRUG TRADE, SANCHEZ DE LOZADA EMPHASIZED, IS A THREAT TO BOTH DEMOCRACY AND DEVELOPMENT. ALTHOUGH OPPOSED TO NARCOTICS TRAFFICKING, THE PRESIDENT-ELECT SAID HE HAS "REAL PROBLEMS" WITH LAW 1008, THE GOB'S 1988 OMNIBUS ANTI-DRUG STATUTE. HE LABELLED IT "TOUGH," PARTICULARLY THE PROVISIONS WHICH ALLOW CONFISCATION OF PROPERTY WITHOUT WHAT HE CONSIDERS TO BE SUFFICIENT DUE PROCESS.

13. ON EXTRADITION, SANCHEZ DE LOZADA SAID HE DID NOT LIKE THE IDEA THAT AN OFFENSE COMMITTED IN BOLIVIA COULD BE CONSIDERED A VIOLATION OF U.S. LAW, BUT HE WAS WILLING TO "DO WHAT HE HAD TO DO" TO REACH AN AGREEMENT WITH THE USG ON EXTRADITION. THE DCM NOTED THAT THE WEAK BOLIVIAN PENAL SYSTEM REINFORCED THE NEED FOR

EXTRADITION, A POINT GRUDGINGLY ACCEPTED BY SANCHEZ DE LOZADA. THE PRESIDENT-ELECT ENDED BY REITERATING THAT HE WANTS TRAFFICKERS OUT OF BOLIVIA AND PROMISING TO WORK ON THE EXTRADITION ISSUE.

14. THE USDEL INFORMED SANCHEZ DE LOZADA OF THE SEVERE BUDGET CUTS IN THE U.S. AND THE LIKELY REDUCTION IN CN FUNDING. AS A CONSEQUENCE, THE AVAILABLE CN ASSETS AND ASSISTANCE IN COUNTRIES LIKE BOLIVIA HAD TO BE USED MORE EFFICIENTLY AND WISELY.

COMMENT

15. DESPITE HIS IRE, SANCHEZ DE LOZADA MET WITH CASTRO, KEEPING HIS WORD TO TREAT HIM LIKE ANY OTHER HEAD OF STATE, BUT JOKING THAT THE ATTENTION SHOWERED ON HIM MEANT THAT BOLIVIA HAD TO BE REMINDED WHO ITS "REAL" PRESIDENT WAS (GONI, NOT FIDEL). ON CN ISSUES, SANCHEZ DE LOZADA HAS YET TO FORMULATE HIS POLICY OR DESIGNATE ~~C O N F I D E N T I A L~~ SECTION 03 OF 03 LA PAZ 010996 STATE FOR C, ARA AND USOAS; PLEASE PASS TO AID/LAC DOJ FOR OIA; DEA FOR OC AND OFL; ONDCP FOR PORTER USIA FOR AR

E.O. 12356: DECL: OADR

TAGS: PGOV, PREL, OAS, SNAR, PINR, CU, BL

SUBJECT: USDEL'S MEETING WITH GOB PRESIDENT-ELECT:
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HIS MAIN PLAYERS (OTHER THAN GERMAN QUIROGA AS INTERIOR MINISTER). WE NOTE THE MIXED SIGNALS THE NEW PRESIDENT

IS SENDING (E.G., ON EXTRADITION AND USE OF THE MILITARY), BUT WE CAUTION THAT IT IS EARLY. WE ARE ENGAGING SANCHEZ DE LOZADA AND HIS KEY PLAYERS IN A DETAILED CN DIALOGUE; WE BELIEVE HIS HEART IS IN THE RIGHT PLACE.

16. THIS MESSAGE WAS NOT CLEARED BY THE USDEL.

BOWERS

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SECT: SECTION: 01 OF 03

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 RUCNDT/USMISSION USUN NEW YORK 0138
 RUEADWW/NSC WASHDC
 RUEHPE/AMEMBASSY LIMA 7334
 RUEHBU/AMEMBASSY BUENOS AIRES 1528
 SUBJ: AMBASSADOR'S 8/13 CALL ON NEW FONMIN:
 CN, ECONOMIC AND UNGA ISSUES

TEXT:

~~CONFIDENTIAL~~ SECTION 01 OF 03 LA PAZ 011202
 DEPT FOR ARA/AND, L, INM AND IO; USIA FOR AR
 DOJ FOR OIA
 E.O. 12356: DECL: OADR
 TAGS: PREL, CJAN, SNAR, EINV, UNGA, KPRP, PINR, BL
 SUBJECT: AMBASSADOR'S 8/13 CALL ON NEW FONMIN:
 CN, ECONOMIC AND UNGA ISSUES
 REF: A) STATE 238773 AND PREVIOUS, B) LA PAZ 10750
 C) STATE 237688, D) STATE 224655, E) LA PAZ 243523
 1. ~~CONFIDENTIAL~~ -- ENTIRE TEXT.
 2. SUMMARY: THE AMBASSADOR MADE HIS FIRST OFFICIAL
 CALL ON NEW FONMIN ANTONIO ARANIBAR ON AUGUST 13.
 ISSUES DISCUSSED INCLUDED THE 1993 AMENDMENTS TO OUR CN
 AGREEMENT, EXTRADITION, A BILATERAL INVESTMENT TREATY
 (BIT), THE AIRLINE AND VAT TAX ISSUES, THE YBARRA CASE
 AND COCA ERADICATION (THIS MESSAGE). SEPTTEL DEALS WITH
 U.S. MILITARY CIVIC ACTION ASSISTANCE. WITH ARANIBAR
 WAS NEW MFA SECRETARY FOR EXTERNAL POLITICAL AFFAIRS
 JAIME APARICIO. THE FONMIN SAID THE MFA WOULD GET BACK
 TO US THE WEEK OF AUGUST 16 WITH "MINOR" STYLISTIC
 CHANGES TO THE CN SECTIONS. ON EXTRADITION, HE AGREED
 WITH THE NEED FOR "CLEAR RULES," BUT HAD NOT YET STUDIED
 THE ISSUE. ON THE BIT AND AIRLINE TAXES, HE PROMISED TO
 CONSULT WITH HIS CABINET COLLEAGUES. ALTHOUGH HE WILL
 NEED SOME TIME TO MASTER THE ISSUES, ARANIBAR IS NOW
 AWARE OF OUR MAJOR CONCERNS AND SEEMS WILLING TO LISTEN
 TO AND WORK WITH US. END SUMMARY.
 CN SECTIONS: CHANGES IN STYLE, NOT SUBSTANCE?

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3. FURTHER TO REF A, THE AMBASSADOR EMPHASIZED THE SHORT DEADLINE FACING THE FY93 AMENDMENTS TO OUR 1987 BILATERAL CN AGREEMENT. IF SECTION A (INM ASSISTANCE) AT LEAST IS NOT SIGNED AS SOON AS POSSIBLE, THE GOB RISKS FORFEITING OVER USDOL 15 MILLION IN USG ASSISTANCE. THE AMBASSADOR ADDED THAT ALL THREE SECTIONS (A, CN ASSISTANCE; B, ECONOMIC ASSISTANCE; AND C, MILITARY ASSISTANCE) WERE MERELY AMENDMENTS TO LAST YEAR'S EXCHANGE OF DIPLOMATIC NOTES; THERE WERE NO MAJOR NEW INITIATIVES NOR "HIDDEN" SURPRISES. IF THE GOB WANTED TO REVIEW AND REVISE THE OVERALL CN ASSISTANCE PROGRAM, THE TIME TO DO THAT WOULD BE DURING FY94 DISCUSSIONS. IF THE THREE SECTIONS WERE SPLIT AND SECTION A WAS SIGNED FIRST, THAT WOULD BE ACCEPTABLE TO THE USG (ALTHOUGH WE PREFERRED TO SIGN THE SECTIONS TOGETHER).

4. IN ADDITION, ALL THREE SECTIONS HAD BEEN NEGOTIATED IN PRINCIPLE WITH THE APPROPRIATE GOB MINISTRIES: INTERIOR, PLANNING AND DEFENSE, RESPECTIVELY. FINALLY, THE AMBASSADOR POINTED OUT THAT HE HAD WRITTEN TO THEN PRESIDENT-ELECT SANCHEZ DE LOZADA ON JULY 21, URGING THAT THE NEW GOB SIGN THE CN AGREEMENT SECTIONS AS SOON AS POSSIBLE. (A DIPLOMATIC NOTE PROPOSING THAT SECTIONS A-C BE AGREED TO VIA AN EXCHANGE OF NOTES ALSO WENT TO THE MFA ON JULY 21.)

5. ARANIBAR UNDERSTOOD THE DEADLINE PROBLEM. WITH EMBASSY URGING, MFA STAFF (LED BY SUBSECRETARY FOR BILATERAL AFFAIRS ARMANDO LOAIZA) HAD BEEN WORKING THE CN AGREEMENT ISSUE DURING THE TRANSITION PERIOD AND HAD BRIEFED MEMBERS OF THE NEW GOB. THE FONMIN DID NOT BELIEVE THERE WERE ANY SUBSTANTIVE CHANGES UNDER CONSIDERATION, JUST STYLISTIC ONES. HE ASKED FOR A LITTLE MORE TIME, SAYING THAT AN MFA WORKING GROUP WOULD FINISH ITS REVIEW OF THE CN AGREEMENT SECTIONS AND GET BACK TO THE EMBASSY THE WEEK OF AUGUST 16.

THE EXTRADITION ENIGMA

6. ON EXTRADITION, THE AMBASSADOR BRIEFLY REVIEWED THE STATE-OF-PLAY, POINTING OUT FORMER PRESIDENT PAZ ZAMORA'S REPEATED (AND UNFULFILLED) PROMISE TO SIGN THE 1990 DRAFT TREATY. HE EXPLAINED THAT THE PREVIOUS GOB (AND THE BOLIVIAN SUPREME COURT) HAD ARGUED IN FAVOR OF THE EXISTING LEGAL FRAMEWORK (1900 TREATY/1988 CONVENTION), USED THAT AS THE BASIS FOR ASUNTA ROCA SUAREZ'S 1992

EXTRADITION, THEN SCRAPPED THE ENTIRE FRAMEWORK WITH THE DECEMBER 1992 IRIARTE DECISION.

7. ALTHOUGH THE USG STILL BELIEVED THAT THE TREATY/CONVENTION FRAMEWORK WAS APPROPRIATE AND WORKABLE, THE BOLIVIAN SUPREME COURT APPARENTLY DID NOT, AND FROZE OUR PENDING EXTRADITION REQUESTS. THE AMBASSADOR CAUTIONED THAT THE USG WAS PREPARED TO CONSIDER GOB-PROPOSED MODIFICATIONS TO THE 1990 TEXT,

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BUT SUBSTANTIVE CHANGES WOULD NOT BE ACCEPTABLE (AND WOULD REQUIRE DIFFICULT-TO-OBTAIN CIRCULAR 175 AUTHORITY). HE ADDED THAT THE USG HAD TURNED DOWN THE REVISIONS PROPOSED BY THE PREVIOUS GOB IN MARCH 1993 AND DECIDED TO ADDRESS THE EXTRADITION ISSUE WITH THE NEW GOB. A MODERN, WORKABLE EXTRADITION MECHANISM, THE AMBASSADOR CONCLUDED, WOULD ALSO ASSIST WITH EXTRADITIONS TO BOLIVIA (SUCH AS THE BOZANINOS CASE) AND WITH THOSE INVOLVING "MODERN" CRIMES NOT COVERED IN THE 1900 BILATERAL TREATY (SUCH AS CHILD ABUSE, IN THE FERREL CASE).

8. ARANIBAR ACKNOWLEDGED THAT THE EXTRADITION ISSUE WAS A "DELICATE" ONE, BUT STRESSED THAT THE GOB WANTED TO CONTRIBUTE TO THE "BEST" POSSIBLE "INTERNATIONAL LEGAL COOPERATION." IN THE MODERN WORLD, HE SAID, "CLEAR" RULES FOR EXTRADITION WERE NECESSARY. ARANIBAR CONCEDED THAT HE HAD NOT LOOKED AT THE 1990 TREATY YET, BUT HE HOPED FOR A "PRECISELY" DEFINED EXTRADITION MECHANISM.
ECONOMIC ISSUES

9. THE AMBASSADOR ALSO REVIEWED THE BILATERAL INVESTMENT TREATY (BIT) ISSUE WITH ARANIBAR, WHO WAS GENERALLY ACQUAINTED WITH THE IMPASSE ON THE ARBITRATION SECTION OF THE GOB HYDROCARBONS LAW (WHICH DOES NOT PERMIT INTERNATIONAL ARBITRATIONS FOR INVESTMENT DISPUTES, AS SOUGHT BY THE USG). APARICIO SEEMED MORE FAMILIAR WITH THE ISSUE. THE FONMIN AGREED THAT THE "ONLY" SOLUTION FOR THE GOB WAS TO AMEND THE HYDROCARBONS LAW, INSTEAD OF TO JURY-RIG A SOLUTION (AS PROPOSED BY THE PREVIOUS GOB). HE SAID HE WOULD CONSULT ECONOMIC DEVELOPMENT (AND FORMER MINING) MINISTER FERNANDO ILLANES ABOUT THE ISSUE.

10. ON THE RECIPROCAL AIRLINE TAX QUESTION (AGAIN FOLLOWING THE AMBASSADOR'S OUTLINE OF THE HISTORY OF THE ISSUE), ARANIBAR TOOK THE AMBASSADOR'S POINTS AND PROMISED TO CONSULT WITH ILLANES. THE FONMIN ADDED THAT AIRPORT TAXES, FEES AND CHARGES IN BOLIVIA WERE "IRRATIONALLY" HIGH, ANYWAY, GIVEN THE POOR QUALITY SERVICE AND LACK OF RESOURCES IN SOME AREAS.

11. ON THE VAT (IVA) ISSUE, THE AMBASSADOR ALERTED ARANIBAR TO THE COLLECTIVE DIPLOMATIC PROTEST UNDERWAY IN LA PAZ (LED BY THE PAPAL NUNCIO, THE DEAN OF THE CORPS) AND TO THE DEPARTMENT'S CONCERN WITH THE ISSUE IN WASHINGTON. APARICIO WAS ALSO FAMILIAR WITH THIS PROBLEM, CHIMING IN THAT GOB DIPLOMATS IN THE U.S. HAD HAD THEIR "TAX CARDS PULLED." THE AMBASSADOR GENTLY REMINDED ARANIBAR AND APARICIO THAT THE PROVISIONS OF THE VIENNA DIPLOMATIC CONVENTION (ON TAXES, STATUS, ETC.) APPLIED IN BOLIVIA AS THEY DID ELSEWHERE.
OTHER ISSUES

12. THE AMBASSADOR CONCLUDED BY:

-- ALERTING ARANIBAR TO A PREVIOUSLY-PLANNED, ROUTINE AWACS CN DEPLOYMENT TO SANTA CRUZ LATER THIS MONTH (TO WHICH WE WILL INVITE NEW GOB OFFICIALS);
-- NOTING THE CONTINUED USG INTEREST IN THE STATUS AND

WELL-BEING OF DETAINED AMCIT ANTONIO YBARRA (WHOSE CASE HAS NOT YET BEEN ADJUDICATED BY THE SUPREME COURT, REF B) ;

-- UNDERLINING THE SUSTAINED USG INTEREST IN COCA ERADICATION PROGRESS AND IN CHANGING THE ECONOMIC STRUCTURE OF THE CHAPARE COCA-GROWING REGION TO OTHER PRODUCTS, ISSUES TO BE DISCUSSED DURING ONDCP DIRECTOR BROWN'S AUGUST 15-17 VISIT TO BOLIVIA; AND

-- LISTING BRIEFLY, (PER REF C) THE MAJOR UNGA ISSUES OF INTEREST TO THE USG. THE AMBASSADOR ALSO LEFT A UNGA NON-PAPER DRAWN FROM REFS D-E (WE WILL FOLLOW-UP WITH THE MFA ACTION OFFICERS) AS WELL AS A LIST OF IMPORTANT PENDING BILATERAL ISSUES.

COMMENT

13. AS WITH THE "TROPAS" ISSUE, THIS SESSION WAS AS
~~C O N F I D E N T I A L~~ SECTION 03 OF 03 LA PAZ 011202
DEPT FOR ARA/AND, L, INM AND IO; USIA FOR AR
DOJ FOR OIA

E.O. 12356: DECL: OADR

TAGS: PREL, CJAN, SNAR, EINV, UNGA, KPRP, PINR, BL

SUBJECT: AMBASSADOR'S 8/13 CALL ON NEW FONMIN:

CN, ECONOMIC AND UNGA ISSUES

MUCH EDUCATIONAL AS SUBSTANTIAL; ARANIBAR HAS MUCH TO LEARN, BUT KNOWS THAT AND IS WILLING TO LISTEN. HE ALSO

SEEMS WILLING TO WORK WITH US (ALTHOUGH HE WILL NOT NECESSARILY AGREE WITH US ON ALL ISSUES). AT LEAST ARANIBAR (AND APARICIO) ARE NOW WELL-VERSED ON THE ISSUES OF MOST IMPORTANCE TO THE USG AT THIS TIME. STEP-BY-STEP, WE WILL FOLLOW UP.

BOWERS

BT

#1202

NNNN

SECT: SECTION: 01 OF 03
<^SECT>SECTION: 02 OF 03
<^SECT>SECTION: 03 OF 03

SSN: 1202
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 ORIG: AMEMBASSY LA PAZ
 TO: RHEHOND/ONDCP WASHDC
 INFO: RUEHC/SECSTATE WASHDC 0959
 SUBJ: AUGUST 15 MEETING BETWEEN ONDCP DIRECTOR
 BROWN AND PRESIDENT SANCHEZ DE LOZADA
 FOLLOWING FOR CLEARANCE IS THE REPORT ON ONDCP
 DIRECTOR BROWN'S MEETING WITH PRESIDENT SANCHEZ
 TEXT:

~~CONFIDENTIAL~~

LIMITED OFFICIAL USE SECTION 01 OF 02 LA PAZ 011314
 STATE FOR ARA/AND

E.O. 12356: N/A

TAGS: SNAR, PREL, BO

SUBJECT: AUGUST 15 MEETING BETWEEN ONDCP DIRECTOR
 BROWN AND PRESIDENT SANCHEZ DE LOZADA
 FOLLOWING FOR CLEARANCE IS THE REPORT ON ONDCP
 DIRECTOR BROWN'S MEETING WITH PRESIDENT SANCHEZ
 DE LOZADA.

1. BEGIN SUMMARY: DR. LEE BROWN, DIRECTOR OF THE
 OFFICE FOR NATIONAL DRUG CONTROL POLICY (ONDCP), MET
 WITH PRESIDENT OF BOLIVIA, GONZALO "GONI" SANCHEZ DE
 LOZADA, ON AUGUST 15. DURING THE FOUR-HOUR MEETING,
 DR. BROWN EXPRESSED CONTINUED U.S. SUPPORT FOR
 BOLIVIA'S COUNTERNARCOTICS PROGRAM. PRESIDENT SANCHEZ
 DE LOZADA IN TURN VOICED HIS GOVERNMENT'S COMMITMENT
 TO WORK HARD TOWARDS ACHIEVING COCA ERADICATION
 TARGETS WITHIN A REASONABLE TIME FRAME, CALLED FOR A
 REVIEW OF THE BOLIVIAN COUNTERNARCOTICS LAW 1008,
 ANNOUNCED HIS SUPPORT FOR AN ASSET FORFEITURE PROGRAM
 BASED ON REASONABLE SUSPICION, SUPPORTED THE
 DEPLOYMENT OF AN AEROSTAT TO PROVIDE DETECTION AND
 MONITORING COVERAGE OVER THE CHAPARE, AND CALLED FOR A
 MEETING IN WASHINGTON OF EXPERTS IN OCTOBER TO
 BRAINSTORM AN ECONOMIC SOLUTION TO THE CAMPESINOS'
 CONTINUED DEPENDENCE IN THE CHAPARE ON THE COCA
 ECONOMY. THROUGHOUT THE MEETING, THE PRESIDENT
 EMPHASIZED THE IMPORTANCE OF INVOLVING THE BOLIVIAN
 PEOPLE IN A GRASS ROOTS EFFORT TO GET OUT OF THE COCA
 BUSINESS. END SUMMARY.

2. ONDCP DIRECTOR DR. LEE BROWN MET WITH PRESIDENT
 GONZALO "GONI" SANCHEZ DE LOZADA ON AUGUST 15 IN THE
 PRESIDENT'S PRIVATE RESIDENCE. IN ATTENDANCE ON THE
 AMERICAN SIDE, WITH DR. BROWN WAS HIS SENIOR

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By VL NARA, Date 12/4/2019
 2019-0908 -m (1.14)

ASSISTANT, RICHARD PORTER; DEA DEPUTY ADMINISTRATOR DOUGLAS WANKEL; AMBASSADOR RICHARD BOWERS; DCM DAVID DLOUHY; AID DIRECTOR CARL LEONARD; AND NAS DIRECTOR JAMES KESSINGER. ON THE BOLIVIAN SIDE, THE PRESIDENT WAS ASSISTED BY MINISTER OF THE INTERIOR GERMAN QUIROGA GOMEZ; SUBSECRETARY FOR SOCIAL DEFENSE LUIS ENRIQUE SORIA; AND SUBSECRETARY FOR POLICE AFFAIRS HUGO SAN MARTIN. AS PART OF THE FOUR-HOUR MEETING, EMBASSY DEPUTY CHIEF OF MISSION DAVID DLOUHY PRESENTED A BRIEFING TO THE NEW PRESIDENT AND DR. BROWN ON THE KEY ISSUES CONFRONTING THE COUNTERNARCOTICS PROGRAM IN BOLIVIA. WITH THE PRESENTATION PROVIDING THE STRUCTURE FOR THE DISCUSSION BETWEEN DR. BROWN AND THE PRESIDENT, GONI OUTLINED THE THEMES HIS ADMINISTRATION WILL DEVELOP WHILE CONTINUING TO PROSECUTE THE DRUG WAR IN BOLIVIA.

3. RESPONDING TO DISCUSSION OF THE POTENTIAL REDUCTION IN BALANCE OF PAYMENTS SUPPORT DUE THE FLAGGING COCA ERADICATION EFFORT, THE PRESIDENT INDICATED THAT HIS GOVERNMENT WOULD BE READY BY SEPTEMBER 1 TO TACKLE THE PROBLEM. WHILE REAFFIRMING HIS GOVERNMENT'S RESOLVE TO FULFILL COMMITMENTS MADE BY THE PREVIOUS ADMINISTRATION, INCLUDING THE ERADICATION TARGETS SET BY THE ESF AGREEMENT, HE EMPHASIZED THAT HE MUST BE GIVEN A REASONABLE CHANCE TO SUCCEED AND SHOULD NOT BE HELD RESPONSIBLE FOR THE LACK OF ACTION ON THE PART OF HIS PREDECESSOR. TO DEMONSTRATE THE POINT, HE DESCRIBED HIS ON-GOING BATTLE WITH OFFICIALS OF THE INTERNATIONAL MONETARY FUND, WHO WANT HIM TO TAKE DRASTIC FISCAL MEASURES TO COMPENSATE FOR THE GOVERNMENT OVERSPENDING IN THE FINAL MONTHS OF THE PAZ ZAMORA GOVERNMENT. PERHAPS AS A WARNING TO THE USG TO GO EASIER ON THE ERADICATION REQUIREMENTS, HE SAID THAT THOUGH HE WILL NOT WIN HIS BATTLE WITH IMF, HE WOULD FIGHT TO THE VERY END. AMBASSADOR BOWERS ASSURED THE PRESIDENT THAT THE ERADICATION TARGETS WERE REALISTIC AND STILL COULD BE ACHIEVED WITHIN THE PRESCRIBED TIME FRAME (MARCH 31, 1994) IF THE GOB TOOK ACTION NOW TO REINVIGORATE THE PROGRAM.

4. THE PRESIDENT ALSO RESPONDED EMPHATICALLY TO CONCERNS EXPRESSED IN THE EMBASSY BRIEFING THAT KEY PROVISIONS OF THE BOLIVIAN COUNTERNARCOTICS LAW ARE NOT BEING ENFORCED, SUCH AS FORCED ERADICATION OF ILLEGAL COCA AND THE CONFISCATION OF LAND ON WHICH DRUG LABS ARE FOUND. ACKNOWLEDGING THE DANGER OF NOT ENFORCING LAWS, HE SAID THAT A FUNDAMENTAL REVIEW OF LAW 1008 WAS NECESSARY, AND THAT HIS GOVERNMENT WOULD MOVE QUICKLY TO TAKE A HARD LOOK AT THE LAW. GONI VOLUNTEERED THAT HE WAS PRETTY DISAPPOINTED IN THE NEW PUBLIC MINISTRY LAW BECAUSE OF ITS LACK OF TEETH, AND THAT HIS ADMINISTRATION WOULD WORK TO REPLACE THE CURRENT ATTORNEY GENERAL WHO HAS EIGHT YEARS REMAINING OF A TEN YEAR TERM OF OFFICE. IN REGARD TO SEIZED ASSETS, HE AGREED IN PRINCIPLE TO ESTABLISHING AN ASSET FORFEITURE PROGRAM THAT WOULD USE SEIZED ASSETS FROM NARCO-TRAFFICKERS TO FUND THE DRUG WAR, BUT WANTS

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LIMITED OFFICIAL USE SECTION 02 OF 02 LA PAZ 011314
STATE FOR ARA/AND

E.O. 12356: N/A

TAGS: SNAR, PREL, BO

SUBJECT: AUGUST 15 MEETING BETWEEN ONDCP DIRECTOR
BROWN AND PRESIDENT SANCHEZ DE LOZADA

ONE WITH MORE DUE PROCESS THAN THE CIVIL FORFEITURE PROGRAM IN THE UNITED STATES. THE PRESIDENT WHOLE-HEARTEDLY AGREED WITH THE EMBASSY'S RECOMMENDATION THAT PERMANENT DEPLOYMENT OF AN AEROSTAT OR OTHER AIRBORNE D&M PLATFORM WOULD DEPRIVE NARCO-TRAFFICKERS ACCESS TO THE CHAPARE AND DEFLATE COCA PRICES MAKING ALTERNATIVE DEVELOPMENT MORE ATTRACTIVE. HE ALSO STATED CLEARLY THAT LAW ENFORCEMENT PRESSURE WAS ABSOLUTELY NECESSARY AND EXPRESSED CONCERN THAT ANY REDUCED FUNDING OR SUPPORT IN THIS AREA WOULD IMPACT NEGATIVELY ON THEIR ABILITY TO COMBAT THE RECENT INFLUX OF COLOMBIANS AND THEIR ATTEMPTS TO INCREASE THEIR TRAFFICKING ACTIVITIES.

5. TURNING TO ALTERNATIVE DEVELOPMENT, HE SAID A MEGA PROJECT WAS NECESSARY IN THE CHAPARE TO ATTRACT CAMPESINOS AWAY FROM COCA, BUT EXPRESSED SOME DOUBT THAT ALTERNATIVE CROP DEVELOPMENT IS THE WAY TO GO GIVEN THE FRAGILE SOILS IN THE VALLEY. AS A FIRST STEP, HE SAID AN ENVIRONMENTAL ASSESSMENT OF THE CHAPARE SHOULD BE CONDUCTED TO DETERMINE WHAT THE REGION CAN SUPPORT IN THE WAY OF PEOPLE AND DEVELOPMENT.

6. RECOGNIZING THAT THERE ARE NO SILVER BULLETS WITH WHICH TO SOLVE THE ECONOMIC PROBLEMS OF THE CAMPESINO, GONI PROPOSED TO DR. BROWN THAT THEY JOINTLY ORGANIZE A ONE TO TWO DAY SEMINAR IN WASHINGTON FOR LATE SEPTEMBER/EARLY OCTOBER TO BRING TOGETHER EXPERTS TO BRAINSTORM SOLUTIONS TO THE ECONOMIC/DEVELOPMENTAL PROBLEM. DR. BROWN EXPRESSED HIS SUPPORT FOR THE IDEA AND OFFERED THE ASSISTANCE OF HIS OFFICE. THE PRESIDENT CONTINUED BY EXPRESSING THE TOTAL COMMITMENT OF HIS GOVERNMENT TO RID BOLIVIA OF COCA (WE ASSUME ILLEGAL COCA ONLY) BUT TO DO SO, HE STRESSED, WILL REQUIRE THE GRASS ROOTS EFFORT AND SUPPORT OF THE BOLIVIAN PEOPLE.

7. AFTER THE EMBASSY PRESENTATION, DR. BROWN ENGAGED THE PRESIDENT IN A DISCUSSION OF U.S. DRUG POLICY EMPHASIZING OUR CONTINUED COMMITMENT TO ASSISTING OTHER COUNTRIES IN THE FIGHT AGAINST NARCO-TRAFFICKING, WHILE PLACING A MUCH GREATER EMPHASIS IN THE U.S. ON REDUCING CONSUMPTION. DR. BROWN APPLAUDED THE SUCCESS OF THE BOLIVIA PROGRAM BUT ADDED THAT THE SUCCESS STORY IS NOT BEING TOLD AT HOME IN A POWERFUL ENOUGH WAY. AGREEING WITH THE DIRECTOR, GONI REPLIED THAT THE BOLIVIA STORY MUST ALSO BE SOLD TO THE BOLIVIANS AND EUROPEANS.

8. ON THE SUBJECT OF HUMAN RIGHTS, RAISED BY DR. BROWN, THE PRESIDENT REPLIED THAT HE IS GRATEFUL FOR THE SOCIAL COHESION WHICH CURRENTLY EXISTS IN BOLIVIA, BUT STATED IT IS FRAGILE AND COULD BREAK LIKE A PORCELAIN VASE. ASKED BY DR. BROWN ABOUT THE INVOLVEMENT OF COLOMBIANS IN THE BOLIVIAN NARCO-

TRAFFICKING NETWORKS, THE PRESIDENT EXPRESSED HIS PERSONAL FEAR THAT THE COLOMBIAN DRUG LORDS, IF LEFT UNCHECKED IN BOLIVIA, COULD DESTROY THE FRAGILE SOCIAL FABRIC OF THE COUNTRY DUE TO THEIR RUTHLESSNESS AND BRUTALITY.

9. COMMENT: GONI, UNLIKE HIS PREDECESSOR, WHO PROMOTED THE EXPANDED MARKETING OF COCA LEAF THROUGH "COCA DIPLOMACY", SEEMS GENUINELY COMMITTED TO ULTIMATELY ELIMINATING BOLIVIA'S DEPENDENCE ON THE COCA ECONOMY THROUGH ALTERNATIVE DEVELOPMENT. HIS DESIRE TO SELL THE PROGRAM TO THE BOLIVIAN PEOPLE AND ESTABLISH A NATIONAL CONSENSUS IS MUCH NEEDED. HOWEVER, IN THE SHORT RUN, IT REMAINS TO BE SEEN WHETHER GONI WILL STEP UP ENFORCEMENT ACTION AGAINST CAMPESINOS WHO PLANT NEW COCA IN VIOLATION OF LAW 1008 OR OTHERWISE ENGAGE IN THE ILLICIT COCA TRADE.

BOWERS

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SECT: SECTION: 01 OF 02
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 RUEADWW/NSC WASHDC
 RUEADWW/DIRONDCP WASHDC
 SUBJ: BOLIVIAN PRESIDENT ON HIS GOVERNMENT, COALITION,
 AND TRAVEL PLANS

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 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By VL NARA, Date 12/4/2009
 2015-0909-11 (1.15)

TEXT:

~~CONFIDENTIAL~~ SECTION 01 OF 02 LA PAZ 011808
 DEPT PASS ALSO TO USOAS; NSC FOR FEINBERG;
 LIMA FOR FORD COOPER; ONDCP FOR PORTER
 E.O. 12356: DECL: OADR
 TAGS: PREL, PGOV, EGEN, EAID, PINR, SNAR, UNGA, BO
 SUBJECT: BOLIVIAN PRESIDENT ON HIS GOVERNMENT, COALITION,
 AND TRAVEL PLANS
 REF: LA PAZ 11535 (NOTAL)
 1. ~~CONFIDENTIAL~~ -- ENTIRE TEXT.
 SUMMARY: NOTHING IS EASY

 2. NEW BOLIVIAN PRESIDENT GONI SANCHEZ DE LOZADA DOES NOT
 EXPECT TO HAVE HIS GOVERNMENT FIRMLY IN PLACE UNTIL O/A
 MID-SEPTEMBER. DESPITE HIS MNR PARTY'S SIZABLE
 CONGRESSIONAL REPRESENTATION, HE HAS DIFFICULTIES WITH THE
 LEGISLATURE. SOME PROBLEMS, HE SAID, ARE ATTRIBUTABLE TO
 NOVICES, OTHERS TO INCOMPETENCE, AND YET OTHERS TO
 REBELLION WITHIN MNR RANKS OVER A LACK OF HIGH-LEVEL JOBS.
 THE PRESIDENT COMPLAINED ABOUT "THE MESS" LEFT HIS
 ADMINISTRATION BY ITS PREDECESSOR. HE CONTINUES TO SPEND
 CONSIDERABLE TIME ON KEEPING THE GOVERNING MNR-MRTKL-UCS-
 MBL COALITION TOGETHER. GONI INTENDS TO TRAVEL TO NEW
 YORK FOR THE UNGA AND WOULD LIKE TO HAVE A BILATERAL WITH
 THE PRESIDENT AND/OR THE SECRETARY EITHER IN NEW YORK OR
 IN WASHINGTON. HE HOPES TO TRAVEL TO WASHINGTON AFTER THE
 UNGA FOR A "BRAIN-STORMING" SESSION; A PRINCIPAL TOPIC
 WILL BE A SEARCH FOR INNOVATIVE WAYS TO GET BOLIVIA OUT OF
 THE ILLEGAL COCA BUSINESS. GONI WANTS QUICK, RADICAL
 SOLUTIONS TO LONG-STANDING PROBLEMS AND HOPES TO SEE THE
 UNITED STATES AS A MAJOR SUPPORTER. END SUMMARY.
 3. AMBASSADOR PAID AN AUGUST 25 CALL ON BOLIVIAN
 PRESIDENT GONZALO "GONI" SANCHEZ DE LOZADA. THIS MESSAGE

REPORTS GONI'S COMMENTS RE ATTEMPTS TO RESTRUCTURE THE GOB, KEEP HIS COALITION TOGETHER, AND PLANS FOR TRAVEL TO THE UNGA AND WASHINGTON (OTHER TOPICS SEPTEL). AS USUAL, HE PREFERRED THE CONVERSATION BE IN ENGLISH.
THE GOB AND ITS NEW LOOK

4. GONI SAID HE DOES NOT ANTICIPATE SEEING HIS GOVERNMENT RESTRUCTURING BILL (REFTEL) EMERGE FROM CONGRESS UNTIL O/A SEPTEMBER 10-15. HE SAID THE BILL HAS RUN INTO TROUBLE FROM THE OPPOSITION (E.G., POPULIST CONDEPA LEADER CARLOS PALENQUE HAS ATTACKED THE REDUCTION IN MINISTRIES CONTAINED IN THE BILL, SAYING TO REDUCE THE MINISTRIES WOULD UNDEMOCRATICALLY CONCENTRATE POWER IN THE HANDS OF JUST A FEW "SUPER-MINISTERS"). BUT THE PLAN HAS ALSO RUN INTO DIFFICULTIES CAUSED BY THE INEXPERIENCE OF MANY COALITION CONGRESSMEN, PLAIN INCOMPETENCE (E.G., GONI CALLED THE UCS VICE-PRESIDENT OF THE LOWER HOUSE "A DOPE"), AND THE ONGOING WRANGLE OVER CONGRESSIONAL COMMITTEE CHAIRMANSHIPS. ACCORDING TO GONI, HE AND HIS PLAN ALSO FACE TROUBLE FROM WITHIN THE MNR. GONI SAID MNR PRESIDENT OF THE LOWER HOUSE GUILLERMO BEDREGAL "DOES NOT WORK WELL" AND HAS, APPARENTLY, BEEN LACKING IN ENERGY IN PUSHING THE PLAN IN CONGRESS. OTHER MNR MEMBERS ARE IN REBELLION BECAUSE GONI'S PLAN CUTS THE NUMBER OF SENIOR GOB JOBS AND GONI HAS GIVEN SCARCE PLUM JOBS TO INDEPENDENTS AND TO MEMBERS OF MNR'S COALITION PARTNERS. GONI SAID HE WANTS TO EMPLOY MNR ACTIVISTS BUT HIS PRINCIPAL AIM IS TO GET QUALIFIED AND HONEST PEOPLE.

5. GONI SAID THE GOB OF JAIME PAZ ZAMORA LEFT HIM "A MESS." HE STATED THAT PAZ' GOVERNMENT LEFT BS. 60 MILLION (APPROX. DOLS 14 MILLION) IN THE TREASURY BUT DEBTS AND BAD CHECKS TOTALING OVER BS. 160 MILLION (APPROX. DOLS 39 MILLION) AND "ALL SORTS" OF SIGNED CONTRACTS WHICH CANNOT BE HONORED. AS A CONSEQUENCE OF THE IRRESPONSIBLE WAY IN WHICH THE PAZ GOB HANDLED ITS FINANCES, GONI SAID, THE GOB IS NOW IN TROUBLE WITH THE IFI'S. HE ASKED FOR U.S. HELP IN CONVINCING THE IFI'S THAT HIS GOB CANNOT BE HELD RESPONSIBLE FOR CLEANING UP THE FINANCIAL MESS LEFT BY PAZ AND FOR MEETING CURRENT REQUIREMENTS AS WELL.

6. TURNING TO THE KEY APPOINTMENT OF AMBASSADOR TO THE U.S., GONI SAID HIS TOP CHOICE, CAMPAIGN MANAGER ALFONSO REVOLLO, HAS TURNED HIM DOWN. GONI SAID REVOLLO HAS DECIDED NOT TO TAKE THE WASHINGTON JOB BECAUSE OF PERSONAL REASONS. "THAT LEAVES ME," GONI SAID, "DEAD IN THE WATER." GONI SAID HE HAD BEEN SURE REVOLLO WOULD TAKE THE JOB AND HAD NOT BOTHERED TO FIND AN ALTERNATE. IN THE MEANTIME, HE HAS ASKED CURRENT AMBASSADOR JORGE CRESPO TO REMAIN TEMPORARILY IN WASHINGTON; GONI THEN ADDED JOKINGLY (PERHAPS) THAT MAYBE HE SHOULD CONSIDER ASKING CRESPO TO STAY ON PERMANENTLY.

7. GONI SAID THAT JUST THAT VERY DAY HE HAD SELECTED DR. EDGAR CAMACHO OMISTE TO BE BOLIVIA'S NEW PERMREP AT THE ~~CONFIDENTIAL~~ SECTION 02 OF 02 LA PAZ 011808 DEPT PASS ALSO TO USOAS; NSC FOR FEINBERG; LIMA FOR FORD COOPER; ONDCP FOR PORTER
E.O. 12356: DECL: OADR
TAGS: PREL, PGOV, EGEN, EAID, PINR, SNAR, UNGA, BO

SUBJECT: BOLIVIAN PRESIDENT ON HIS GOVERNMENT, COALITION,
AND TRAVEL PLANS

UN. WHEN POLCOUNS EXPRESSED CONCERN ABOUT HOW CAMACHO, A
LONG-TIME LEFTIST AND CURRENTLY INTERNATIONAL AFFAIRS
SECRETARY OF FORMIN ARANIBAR'S MBL PARTY, MIGHT VOTE AT
THE UN, THUS POSSIBLY DAMAGING BOLIVIA'S REPUTATION AS A
SOCIETY IN TUNE WITH GLOBAL CHANGES, GONI ASKED THE
EMBASSY TO GET CAMACHO "BRIEFED UP." HE ALSO ASKED THAT
SOMEONE AT USUN "BECOME FRIENDLY" WITH CAMACHO AND HELP
PREVENT HIM FROM "MAKING CRAZY VOTES."

THE COALITION: A LOT OF WORK

8. GONI COMMENTED ON THE WORK NEEDED TO KEEP HIS MNR-
MRTKL-UCS-MBL COALITION TOGETHER (COMMENT: MUCH OF THIS
WAS ALONG LINES REPORTED PREVIOUSLY AND IN SEPTTEL). HE
SAID MAX FERNANDEZ OF THE UCS CONTINUES TO BE A PARTICULAR
HEADACHE. HE CONFIRMED WHAT THE AMBASSADOR LEARNED
EARLIER THAT DAY (SEPTTEL): MINISTER OF THE PRESIDENCY
CARLOS SANCHEZ BERZAIN IS THE DESIGNATED "MAX HANDLER" FOR
THE GOB. HE ASKED THE EMBASSY TO COORDINATE WITH SANCHEZ
ON HANDLING MAX TO ENSURE HE DOES NOT DISRUPT THE
COALITION. HE SAID, APPARENTLY ONLY HALF IN JEST, THAT HE
HAD CONSIDERED MAKING MAX AMBASSADOR TO WASHINGTON, "THAT
WOULD SOLVE LOTS OF MY PROBLEMS" (COMMENT: IT WOULD HAVE
RESOLVED THE MAX VISA PROBLEM, GOTTEN THE MERCURIAL MAX
OUT OF TOWN, AND LEFT GONI TO ABSORB THE UCS).

9. GONI SAID HE HAS TAKEN CARE OF THE MRTKL; ITS MEMBERS
ARENOW HAPPY. HE ACKNOWLEDGED STILL HAVING PROBLEMS WITH
THE MBL, DESPITE MAKING ITS LEADER FOREIGN MINISTER.
ACCORDING TO GONI, THE MBL IS STILL FULL OF LEFTISTS AND
TENDENCIES WITHIN MBL, EACH WITH ITS OWN LEADER WHO DOES
NOT NECESSARILY RESPOND TO NOMINAL PARTY BOSS ANTONIO
ARANIBAR. HE EXPRESSED OPTIMISM, NEVERTHELESS, THAT MBL
WOULD GRADUALLY BECOME MORE REALISTIC.

TRAVEL PLANS

10. THE PRESIDENT SAID HIS TRAVEL TO THE U.S. WILL DEPEND
ON WHEN BOLIVIA IS SCHEDULED TO SPEAK BEFORE THE UNGA.
WHILE IN THE U.S., HE WOULD LIKE TO HAVE A BILATERAL WITH
THE PRESIDENT (THE AMBASSADOR POINTED OUT THE DIFFICULTY
OF THIS) AND/OR THE SECRETARY. GONI HOPES TO TRAVEL TO
WASHINGTON FOR A "BRAIN-STORMING" SESSION WITH USG
OFFICIALS. A MAJOR TOPIC OF CONCERN TO GONI IS HOW TO GET
BOLIVIA OUT OF THE ILLEGAL DRUG BUSINESS, QUICKLY AND
PERMANENTLY, IN PARTICULAR HE WANTS INNOVATIVE AND RADICAL
SOLUTIONS TO THE COCA PROBLEM. HE WOULD LIKE SUCH A
SESSION TO INCLUDE THE DEPUTY SECRETARY, COUNSELOR FOR THE
DEPARTMENT WIRTH, ARA A/S WATSON, ONDCP DIRECTOR BROWN,
AND "OTHERS NOT AFRAID OF RANK TO GIVE IDEAS."

COMMENT: GONI THE IRREPRESSIBLE

11. AS ALWAYS, GONI WAS FULL OF IDEAS AND PLANS FOR
RADICALLY CHANGING BOLIVIA. HE IS A MAN IN A HURRY, WHO
REALIZES THAT ONE FOUR-YEAR TERM (HE CANNOT BE RE-ELECTED)
IS A VERY SHORT PERIOD IN WHICH TO TURN AROUND SOUTH
AMERICA'S POOREST COUNTRY--ONE BESET BY GLACIAL-SPEED
POLITICS AND MASSIVE CORRUPTION. STRONGLY PRO-AMERICAN,
HE DESPERATELY WANTS U.S. HELP IN HIS MISSION OF RIDDING

BOLIVIA OF THE NARCO-THREAT, CONSERVING AND PROPERLY USING ITS SPECTACULAR NATURAL RESOURCES, AND MAKING BOLIVIA INTO A STABLE, MODERN, AND GROWING COUNTRY.

12. WE HOPE GONI CAN BE RECEIVED AT THE HIGHEST POSSIBLE USG LEVELS IN EITHER NEW YORK OR WASHINGTON. BOWERS

BT

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SECT: SECTION: 01 OF 02

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SSN: 1808

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TOR: 930831133038 M0580615

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 RUEAWJA/DEPTJUSTICE WASHDC
 SUBJ: AMBASSADOR AND PRESIDENT SANCHEZ DE LOZADA ON
 DRUGS, TERRORISM, AND POLITICS
 TEXT:

~~CONFIDENTIAL~~ LA PAZ 006098

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NSC FOR FEINBERG; DOJ FOR OIA AND ICITAP

E.O. 12356: DECL:OADR

TAGS: PREL PGOV PINS, SNAR PHUM PINR, PTER KJUS BL, US

SUBJECT: AMBASSADOR AND PRESIDENT SANCHEZ DE LOZADA ON
 DRUGS, TERRORISM, AND POLITICS

REF: A) LA PAZ 5957 B) LA PAZ 5956 C) LA PAZ 5954

D) LA PAZ 5456 E) LA PAZ 5162 F) LA PAZ 5019

1. ~~CONFIDENTIAL~~ -- ENTIRE TEXT.

SUMMARY: REVIEWING THE BIDDING

2. IN A FRANK BUT CORDIAL DISCUSSION, PRESIDENT GONI SANCHEZ DE LOZADA AND THE AMBASSADOR REVIEWED US-BOLIVIAN RELATIONS. THE AMBASSADOR EXPRESSED CONCERN THAT ITEMS OF IMPORTANCE TO OUR RELATIONS WERE GETTING SHORT SHRIFT FROM THE GOB AND, HENCE, RELATIONS ARE NOT AS THEY SHOULD BE. THE AMBASSADOR STRESSED THAT MAJOR PROBLEMS PLAGUE OUR COCA ERADICATION-LINKED ESF PROGRAM, IN PARTICULAR, AND THE ANTI-DRUG EFFORT, IN GENERAL. ADMINISTRATION OF JUSTICE ISSUES, INCLUDING EXTRADITION, PERSISTENT EFFORTS TO FREE TERRORISTS, AND THE FAILURE TO RESOLVE CRISES WITH THE SUPREME COURT AND THE ATTORNEY GENERAL WERE ALSO AREAS NEEDING ATTENTION. THE AMBASSADOR URGED BOLIVIA TO TAKE FULL ADVANTAGE OF THE DECEMBER MIAMI SUMMIT AND TO TAKE STEPS NOW TO RESOLVE BOTHERSOME RECIPROCITY AND IMMUNITY ISSUES ASAP. HE ALSO RAISED COMMERCIAL ISSUES (SEPTTEL).

3. GONI COMPLAINED ABOUT THE U.S. ROLE IN THE DEPARTURE FROM BOLIVIA OF MIR-NARCO WITNESS EDGAR FERNANDEZ AND U.S. "THREATS" TO DECERTIFY BOLIVIA WHICH, HE SAID,

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By: VL NARA, Date 12/4/2019
 715-0909-m (1.16)

COULD HAVE SERIOUS CONSEQUENCES FOR DEMOCRACY. THE PRESIDENT AGREED HIS GOB IS NOT WORKING WELL. THE GOB, GONI SAID, IS PLAGUED BY RECURRENT PROBLEMS WITH COALITION PARTNER MAX FERNANDEZ AND BY HAVING TOO MUCH ON THE AGENDA. THE PRESIDENT THANKED THE AMBASSADOR FOR EMBASSY HELP IN KEEPING MAX ON BOARD AND PROMISED HE WOULD DEVOTE MORE ATTENTION TO CRITICAL DOMESTIC AND BILATERAL ISSUES. WE ARE ENCOURAGED BY GONI'S VOW TO GIVE MORE ATTENTION TO ISSUES WHICH WE SEE AS CRITICAL AND BY HIS RECOGNITION THAT THE ONCE-GLITTERING PROMISE OF HIS GOB SEEMS FADING. IT REMAINS TO BE SEEN, HOWEVER, IF THE OFTEN INDECISIVE GONI CAN PUT THE GOB TRAIN BACK ON THE TRACK. END SUMMARY.

4. THE AMBASSADOR HAD A TWO-HOUR-PLUS, ONE-ON-ONE MEETING WITH PRESIDENT GONZALO "GONI" SANCHEZ DE LOZADA ON SATURDAY, MAY 14, AT THE PRESIDENT'S LA PAZ HOME. MAIN TOPICS DISCUSSED FOLLOW.

THE BEST DEFENSE: THE "ULTIMATUM" AND EDGAR FERNANDEZ

5. GONI OPENED BY EXPRESSING CONCERN OVER THE STATE OF BILATERAL RELATIONS. HE COMPLAINED ABOUT THE ALLEGED U.S. "ULTIMATUM" GIVEN MINISTERS ARANIBAR, SANCHEZ, AND QUIROGA AT THE DCM'S MAY 10 LUNCH (REFS A AND C). HE CRITICIZED THE U.S. FOR AIDING THE DEPARTURE FROM BOLIVIA OF MIR-NARCO CASE WITNESS EDGAR FERNANDEZ LAZCANO, SAYING THE U.S. VIOLATED BOLIVIAN LAW AND SOVEREIGNTY. HE DENIED THE GOB HAD ADVANCE KNOWLEDGE OF FERNANDEZ' DEPARTURE. HE SAID EITHER THE EMBASSY OR MINGOV QUIROGA IS LYING ABOUT EVENTS SURROUNDING THAT DEPARTURE. THE PRESIDENT SAID THAT WHATEVER THE MINGOV'S FAULTS, IT IS NOT LIKELY QUIROGA WOULD AUTHORIZE ANYTHING THAT VIOLATED THE LAW.

6. THE AMBASSADOR REPLIED THAT THE EMBASSY PRESENTED THE GOB NO "ULTIMATUM" AT THE MAY 10 LUNCH OR ANY OTHER TIME. THE EMBASSY, HOWEVER, DID USE THE LUNCH TO EXPRESS ITS CONCERN THAT IMPORTANT BILATERAL ISSUES ARE NOT GETTING THE ATTENTION THEY DESERVE FROM THE GOB. THE EMBASSY AND THE DEPARTMENT HAVE WORKED VERY HARD TO ENSURE THAT GONI AND HIS GOB GOT EXTENSIVE FAVORABLE EXPOSURE AT THE HIGHEST LEVELS IN WASHINGTON. THE EMBASSY HAS, THE AMBASSADOR ADDED, WORKED TO ENSURE BOLIVIA'S NEEDS ARE KNOWN IN WASHINGTON AT A TIME OF TIGHT BUDGETS. THE GOB, HOWEVER, HAS NOT RECIPROCATED BY ACTING EFFECTIVELY ON MATTERS OF CONCERN TO THE U.S.

7. TURNING TO THE EDGAR FERNANDEZ EPISODE, THE AMBASSADOR DENIED BOLIVIAN LAWS HAD BEEN VIOLATED OR THAT THE EMBASSY ACTED BEHIND THE GOB'S BACK. HE SAID THE DCM, POLCOUNS, AND DEA COUNTRY ATTACHE BRIEFED QUIROGA AND "DRUG TSAR" MARIO SOLIZ ON THE NEED TO GET FERNANDEZ OUT OF BOLIVIA; NO "ARRAIGO" (STAY ORDER) PREVENTED FERNANDEZ FROM LEAVING AND THERE WERE NO CHARGES AGAINST HIM. THE AMBASSADOR SAID POSSIBLY QUIROGA DID NOT UNDERSTAND THE BRIEFING OR DID NOT FOCUS ON POSSIBLE POLITICAL FALL-OUT RESULTING FROM FERNANDEZ' DEPARTURE. THE AMBASSADOR ASSURED THE PRESIDENT THE USG RESPECTS BOLIVIAN LAWS AND SOVEREIGNTY, DOES NOT SEEK TO PRESENT GONI UNPLEASANT SURPRISES; HE PROMISED TO GET BACK TO HIM WITH A COMPLETE ACCOUNT OF EVENTS

SURROUNDING FERNANDEZ' FLIGHT FROM BOLIVIA.

8. SOMEQED, GONI SAID HE WANTS TO GET RID OF QUIROGA AS MINGOV. HE SAID QUIROGA IS HONEST AND WELL-MEANING, BUT INEFFECTIVE. THE PRESIDENT IS LOOKING FOR THE RIGHT MOMENT AND WAY TO MOVE QUIROGA TO ANOTHER FUNCTION AND REPLACE HIM WITH CURRENT MINPRES SANCHEZ. THE AMBASSADOR SAID PERSONNEL CHANGES ARE A MATTER FOR THE GOB, BUT WONDERED IF SO MANY CHANGES IN SUCH A SHORT TIME AID STABILITY AND POLICY EXECUTION. ERADICATING ESF AND DEMOCRACY INSTEAD OF COCA?

9. TURNING TO THE TOPIC OF COCA ERADICATION, THE AMBASSADOR SAID "WE ARE DEAD IN THE WATER." ALL ASPECTS OF THE COUNTER-NARCOTICS FIGHT ARE UNDER ATTACK BUT ERADICATION, BY FAR, IS IN THE WORST SHAPE. ONE YEAR AGO, THE AMBASSADOR SAID, THE POTENTIAL FOR THE ERADICATION EFFORT WAS LOOKING GOOD: COCALERO LEADER EVO MORALES WAS IN POLITICAL DECLINE AND CAMPESINOS WERE GRADUALLY REDUCING THE AMOUNT OF ACREAGE DEVOTED TO COCA IN THE CHAPARE. NOW, HOWEVER, CAMPESINOS WHO ACCEPTED ALTERNATIVE DEVELOPMENT FIND ROADS BLOCKED, CAN'T GET THEIR BANANAS AND PINEAPPLES TO MARKET, AND EVO MORALES IS A NATIONAL FIGURE WHO NEGOTIATES WITH THE PRESIDENT AND IS BEGGED BY THE GOB TO END THE ROADBLOCKS. THE CHAPARE IS NOT UNDER GOB CONTROL; EVO'S COCALEROS WILL DECIDE THE FATE OF ERADICATION, ALTERNATIVE DEVELOPMENT, AND LAW ENFORCEMENT. THE COCALEROS ARE NOT NAIVE CAMPESINOS; THEY KNOW WHERE THEIR PRODUCT GOES. THE GOB NEEDS TO DEMONSTRATE THAT IT WILL SUPPORT THE LAW-ABIDING CAMPESINOS AND NOT WORRY ABOUT THE VIEWS OF EVO MORALES. TIME IS RUNNING OUT.

10. GONI ACKNOWLEDGED PROBLEMS IN THE CHAPARE AND RECOGNIZED LOSS OF SOVEREIGNTY THERE. HE SAID, HOWEVER, THE GOB WORRIES ABOUT STEPS THAT MIGHT PROVOKE VIOLENCE BETWEEN COCALEROS AND SECURITY FORCES. HE SAID THE GOB WOULD RESPOND FAVORABLY (REF C) TO THE U.S. PROPOSAL TO EXTEND THE CURRENT ESF AGREEMENT AND WOULD PRESENT A PLAN TO ERADICATE COCA (COMMENT: APPARENTLY IN ISIBORO SECURE NATIONAL PARK). GONI ASKED FOR MORE TIME.

11. GONI RAISED "DECERTIFICATION" OF BOLIVIA. HE ASKED, ONLY A BIT FACETIOUSLY, IF THE U.S. "DECERTIFIES" BOLIVIA, COULD THE USG GIVE HIM A FEW HOURS NOTICE SO HE COULD RESIGN IN FAVOR OF PRESIDENT SHRIQUI? "I NEED HELP FROM YOU, NOT A KNIFE IN THE BACK," GONI SAID. "DECERTIFICATION" MEANS NO AID, NO INVESTMENT, NO DEMOCRACY AND "YOU GET SHRIQUI OR SOME OTHER DICTATOR AS PRESIDENT."

12. THE AMBASSADOR SAID THAT FOR THE SAKE OF DEMOCRACY, THE GOB MUST MAKE THE LAW RESPECTED. THE GOB SHOULD BUILD A STRONG PUBLIC CONSENSUS ON THE DRUG ISSUE AND SHOULD HAMMER THE MESSAGE THAT THE COCA IN THE CHAPARE GOES TO THE ILLICIT DRUG TRADE AND HAS NOTHING TO DO WITH TRADITIONAL COCA GROWN IN THE YUNGAS. THE COCA IN THE CHAPARE MUST GO. DOLS20 MILLION IN ESF IS IN DANGER OF BEING LOST BECAUSE OF GOB FAILURE TO ERADICATE. THE AMBASSADOR REMINDED THE PRESIDENT OF THE FIERCE COMPETITION UNDERWAY IN WASHINGTON FOR RESOURCES.

13. ANY POTENTIAL "DECERTIFICATION," THE AMBASSADOR

EXPLAINED, IS NOT AIMED AT GONI. THE U.S. DOES NOT WANT NOR INTEND TO DO ANYTHING THAT DAMAGES DEMOCRACY. WE DO, HOWEVER, WANT PROGRAMS FOR WHICH WE PAY TO WORK--AND COCA ERADICATION IS NOT WORKING. IF THAT STATE OF AFFAIRS CONTINUES, THE AMBASSADOR WARNED, BOLIVIA COULD FACE DECERTIFICATION.

EXTRADITION PROPOSAL: DON'T TAKE IT SERIOUSLY

14. THE AMBASSADOR SAID "NOTHING IS HAPPENING" ON EXTRADITION. HE REMINDED THE PRESIDENT THAT SOON AFTER THE JUNE 6 ELECTIONS, GONI HAD PROMISED THE EMBASSY THAT HE WOULD MOVE QUICKLY ON EXTRADITION, EITHER PROPOSING A SPECIFIC TREATY COVERING NARCO OFFENSES OR A MODIFICATION TO THE 1900 US-BOLIVIA EXTRADITION TREATY. ALL WE HAVE SEEN, THE AMBASSADOR SAID, IS A DRAFT PRESENTED RECENTLY BY AMBASSADOR PETRICEVIC TO THE DEPARTMENT; WE DON'T KNOW THE STATUS OF THAT DRAFT.

15. GONI SAID, "DON'T WORRY W'RE GOING TO DO IT." HE ACKNOWLEDGED THAT THE PETRICEVIC DRAFT IS "SOMETHING HE DID ON HIS OWN" AND HAS NO OFFICIAL STANDING.
SOLDIERING ON

16. THE AMBASSADOR ASKED GONI FOR A BRIEFING ON THE BOLIVIAN MILITARY. HOW ARE RESTRUCTURING PLANS GOING? ARE THE MILITARY HAPPY?

17. GONI REPLIED THAT THE "MILITARY ARE AS CORRUPT AND INEFFECTIVE AS EVER," BUT, AT LEAST, ARE IN THEIR BARRACKS. THE PRESIDENT SAID THE MILITARY CAN'T DO ANYTHING RIGHT, "THEY FLY A COUPLE OF WORLD BANK OFFICIALS IN AN AIRPLANE AND LOSE THE PLANE." THE AMBASSADOR SAID THE EMBASSY WILL CONTINUE TO HELP LOCATE THAT PLANE AND ITS PASSENGERS, BUT POINTED OUT IT HAD NO BEACON, WAS GROSSLY OVERLOADED, HAD FILED NO FLIGHT PLAN, AND WAS FLOWN BY AN INEXPERIENCED JUNIOR OFFICER.

18. IN THE MIDST OF THIS DISCUSSION, ARMY COMMANDING GENERAL CACERES CALLED THE PRESIDENT TO SAY THAT ELEMENTS LOYAL TO SUSPENDED SUPREME COURT PRESIDENT EDGAR OBLITAS HAD DRAFTED A TELEGRAM TO ALL UNITS ACCUSING THE GOB OF FAILING TO SUPPORT THE INSTITUTION. CACERES SAID THE TELEGRAM HAD BEEN STOPPED BEFORE IT COULD BE SENT.

FAVORING THE EVIL-DOERS

19. THE AMBASSADOR SAID THE U.S. IS CONCERNED OVER PERSISTENT EFFORTS IN THE BOLIVIAN CONGRESS AND MEDIA TO PORTRAY CONVICTED TERRORISTS AS POLITICAL PRISONERS AND TO SEEK THEIR RELEASE (REFS A, B, E, F). THE PROMOTERS OF THIS EFFORT, MBL CONGRESSMAN JUAN DEL GRANADO AMONG THEM, SEEK TO DESTROY BOLIVIA'S STILL-FRAGILE SECURITY APPARATUS. THE GOB, THE AMBASSADOR ADVISED, NEEDS TO MOVE OUT QUICKLY ON THIS ISSUE AND PROTECT THE PEOPLE AND INSTITUTIONS INVOLVED IN COUNTER-TERRORISM. HE SAID PROSECUTOR JOSE NEMTALA HAS BEEN CRITICAL IN LOCKING UP TERRORISTS; NOW THAT HE IS UNDER ATTACK BY THE LEFT, THE GOB IS NOT SUPPORTING HIM. THE SAME IS TRUE OF "LEY 1008" (THE OMNIBUS DRUG LAW) AND FORMER POLICE INTEL CHIEF LINARES--BEING STOPPED FROM ASSUMING HIS POLICE ATTACHE JOB IN WASHINGTON.

20. GONI REPLIED THAT HE CALLED IN DEL GRANADO, CHAIRMAN OF THE LOWER HOUSE HUMAN RIGHTS COMMITTEE, TO COMPLAIN ABOUT HIS ATTACKS ON NEMTALA AND HIS EFFORTS ON BEHALF OF CONVICTED TERRORISTS. HE TOLD DEL GRANADO "IF THESE TERRORISTS GO FREE, THEY'LL KILL ME NOT YOU." HE SAID DEL GRANADO DOES NOT SEEM UNDER THE CONTROL OF MBL LEADER AND FORMIN ARANIBAR.
NGO'S: WHAT ARE THEY DOING?

21. GONI SAID HE IS WORRIED OVER THE PRESENCE OF LARGE NUMBERS OF FOREIGN NGO'S IN PLACES SUCH AS THE CHAPARE. HE SAID THE GOB HAS NO CLEAR IDEA OF WHAT MANY OF THESE ORGANIZATIONS DO. HE SAID SOME ARE CLEARLY LINKED TO THE MBL, BUT THAT DOES NOT MEAN ARANIBAR CONTROLS THEM OR KNOWS WHAT THEY'RE DOING; SOME SEEM CLOSER TO DEL GRANADO THAN TO ARANIBAR.

22. THE AMBASSADOR SAID WE HAVE ANECDOTAL EVIDENCE SOME MBL-RELATED NGO'S HELPED FOMENT RECENT LABOR AND SOCIAL UNREST. THESE APPARENTLY WORKED WITH THE COB TO BLOCK ROADS, AT LEAST NEAR SUCRE.
MAX TO THE U.S.? AND THANKS

23. THE PRESIDENT ASKED FOR A READ-OUT ON THE GOB'S REQUEST TO HAVE UCS LEADER MAX FERNANDEZ ISSUED A U.S. NIV. HE SAID MAX IS A CONSTANT SOURCE OF TROUBLE (SEPTTEL) AND A U.S. VISA WOULD HELP CALM HIM DOWN. THE AMBASSADOR SAID THE VISA HAS BEEN REQUESTED FROM WASHINGTON AND WE HOPE TO HAVE AN ANSWER SOON.

24. GONI APPRECIATED EFFORTS BY EMBASSY POLOFFS TO TALK TO MAX AND KEEP HIM ON BOARD WITH THE GOB (SEPTTEL). HE SAID THAT FOR NOW MAX HAS BEEN SATISFIED BUT THAT IN LONG-RUN THE MNR WILL HAVE TO FIND A WAY TO END ITS DEPENDENCE ON MAX. HE RECOGNIZED THE MNR HAS NOT DONE A GOOD JOB OF APPROACHING THE ADN AND HAS TO DO BETTER.
GONI'S COURT TROUBLE

25. THE AMBASSADOR ASKED WHY THE GOB WAS TAKING AO LONG TO WRAP UP THE IMPEACHMENT TRIAL OF SUSPENDED COURT PRESIDENT OBLITAS AND SUSPENDED JUSTICE ERNESTO POPPE. GONI SAID THE TWO JUDGES ARE AND HAVE GOOD LAWYERS; THEY HAVE TIED UP PROCEEDINGS EFFECTIVELY. HE ACKNOWLEDGED THE GOB IS UNCERTAIN WHETHER IT HAS THE SENATE VOTES NEEDED TO CONVICT THE TWO JUDGES. FURTHER COMPLICATING MATTERS, HE SAID, IS THAT NO AGREEMENT HAS BEEN REACHED WITH THE OPPOSITION ON NAMING A NEW ATTORNEY GENERAL.

26. THE AMBASSADOR ASKED IF THE EMBASSY CAN DO ANYTHING TO RESOLVE THESE ISSUES. HE POINTED OUT THAT A MULTI-MILLION DOLLAR ADMINISTRATION OF JUSTICE PROGRAM IS AT RISK UNLESS THE COURT AND ATTORNEY GENERAL ISSUES ARE RESOLVED. GONI SAID HE WOULD GET BACK WITH SUGGESTIONS ON WHAT THE EMBASSY COULD DO. HE STRESSED THAT AS OF NOW RESOLVING THE COURT CRISIS IS THE GOB'S NUMBER ONE PRIORITY. HE HOPED THE IMPEACHMENT TRIAL COULD FINISH WITHIN TWO TO THREE WEEKS. THE PRESIDENT SAID HE WOULD TRY TO DO A BETTER JOB IN PROTECTING BOLIVIA'S KEY INSTITUTIONS, SUCH AS THE JUSTICE SECTOR.
RECIPROCITY AND OTHER ISSUES

27. THE AMBASSADOR REMINDED GONI THAT WE HAVE A NUMBER OF RECIPROcity ISSUES, IN PARTICULAR TAX MATTERS, PENDING AND THAT THE OFFICE OF FOREIGN MISSIONS IN WASHINGTON WANTS AN ANSWER TO THE QUESTIONS RAISED BY AMBASSADOR BOSWELL DURING HIS RECENT VISIT. GONI PROMISED AN ANSWER SOON, SAYING THAT THE GOB FULLY INTENDS TO OBEY INTERNATIONAL LAW.

28. THE AMBASSADOR POINTED OUT WE CONTINUE TO FACE PROBLEMS WITH ATTEMPTS TO TAX PL-480 SHIPMENTS AND THAT WE WOULD BE SENDING A DIPNOTE. HE ALSO OUTLINED OTHER PROBLEMS FACED BY U.S. AID PROGRAMS IN BOLIVIA; GONI PROMISED TO HELP. THE AMBASSADOR RAISED PROBLEMS FACED BY THE U.S.-OWNED ELECTRIC COMPANY, COBEE (SEPTTEL).
MIAMI SUMMIT

29. THE AMBASSADOR URGED GONI TO TAKE FULL ADVANTAGE OF THE MIAMI SUMMIT. THE GOB SHOULD TRY ASAP TO GET ITS SUGGESTIONS ON THE AGENDA TO THE USG EITHER VIA THE EMBASSY IN LA PAZ OR DIRECTLY TO THE DEPARTMENT IN WASHINGTON. GONI AGREED THE GOB NEEDS TO DO MORE TO PREPARE FOR THE SUMMIT AND TO PRESENT THE BEST POSSIBLE CASE FOR WHAT THE GOB HAS DONE WELL.
COMMENT: GOOD WORDS ARE WELCOME, BUT . . .

30. THE FRANK BUT GENERALLY CORDIAL DISCUSSION DID MUCH TO GET A NUMBER OF ISSUES OUT IN THE OPEN. WE CERTAINLY WELCOME GONI'S INTENTIONS TO DO BETTER ALL AROUND AND IN PARTICULAR TO DO BETTER ON THE BILATERAL RELATIONSHIP. WE'VE HEARD SOME OF THIS BEFORE, HOWEVER, AND RESERVE THE RIGHT TO BE A LITTLE SKEPTICAL AS TO WHETHER THE OFTEN INDECISIVE GONI WILL GET THINGS ON TRACK QUICKLY.

31. WE INTEND TO FOLLOW UP ON THE EDGAR FERNANDEZ ISSUE TO MAKE SURE IT CAUSES NO LASTING DAMAGE TO RELATIONS, IN PARTICULAR TO GONI'S TRUST IN THE USG. TO THE EXTENT THAT WE CAN, WE WILL ALSO TRY TO BE HELPFUL ON THE COURT ISSUE, WHICH DOES, AFTER ALL, HAVE A DIRECT BEARING ON KEY U.S. INTERESTS HERE. BOWERS

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 E.O. 13526, Sec. 3.5 (b)
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EXDIS

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 SUBJECT: AMBASSADOR CALLS ON PRESIDENT SANCHEZ DE LOZADA
 REFS: A) LA PAZ 7288 B) LA PAZ 6098 (EXDIS) AND PREVIOUS
 1. ~~CONFIDENTIAL~~ -- ENTIRE TEXT.

SUMMARY: ONE MORE TIME

 2. THE AMBASSADOR CALLED ON PRESIDENT "GONI" SANCHEZ DE LOZADA, JUNE 10, TO REVIEW KEY BILATERAL ISSUES ON THE EVE OF GONI'S DEPARTURE TO THE U.S. MAJOR TOPICS OF DISCUSSION: IMPENDING CONVICTION OF TWO SUPREME COURT JUSTICES, MAX FERNANDEZ' VISA APPLICATION AND ITS IMPACT ON THE GOB COALITION, PROBLEMS IN THE DRUG WAR INCLUDING ERADICATION AND EXTRADITION, CIVIL-MILITARY RELATIONS, TERRORISM, CAPITALIZATION, AND THE JUNE 17 MEETING WITH PRESIDENT CLINTON. A HAGGARD-LOOKING, BUT OPTIMISTIC GONI TOOK ON BOARD THE CRITICISMS OF GOB PERFORMANCE, PROMISING TO DO BETTER IN THE FUTURE. AS ALWAYS GONI'S WORDS WERE RIGHT AND WELCOME, BUT WE CONTINUE TO HAVE SKEPTICISM ABOUT HIS DECISIVENESS. END SUMMARY.

3. THE AMBASSADOR CALLED ON PRESIDENT GONZALO "GONI" SANCHEZ DE LOZADA, JUNE 10, TO REVIEW A NUMBER OF BILATERAL ISSUES ON THE EVE OF GONI'S FLIGHT TO CHICAGO. THE ONE-HOUR MEETING WAS CORDIAL AND FRANK WITH A TIRED-LOOKING GONI RETAINING HIS TRADEMARK OPTIMISM AND HUMOR. SUPREME COURT; JUDGING THE JUDGES

 4. GONI SAID THE SENATE WAS SCHEDULED TO VOTE ON SATURDAY, JUNE 11, ON WHETHER SUPREME COURT PRESIDENT EDGAR OBLITAS AND JUSTICE ERNESTO POPPE ARE GUILTY OF MALFEASANCE IN CONNECTION WITH THE AMCIT YBARRA CASE (SEPTELS REPORT ON THE SENATE VOTE). THE PRESIDENT SAID

HE DID NOT FAVOR SENTENCING OBLITAS AND POPPE TO PRISON; THROW THEM OFF THE COURT AND PROHIBIT THEM FROM HOLDING PUBLIC OFFICE SHOULD BE THE PUNISHMENT. ALTHOUGH LAST-MINUTE TALKS WERE ON, GONI DID NOT EXPECT A DEAL TO BE REACHED WITH THE ADN AND THE MIR (COMMENT: IT WASN'T).
MAX

5. GONI ASKED FOR THE STATUS OF THE U.S. DECISION ON WHETHER MAX WOULD GET A VISA TO GO TO THE WORLD CUP AS PART OF THE OFFICIAL DELEGATION. THE AMBASSADOR EXPLAINED THE DECISION WAS UNDER REVIEW IN WASHINGTON AT THE HIGHEST LEVELS OF THE DEPARTMENT. GONI SAID IF THE DECISION IS NEGATIVE, HE WOULD APPRECIATE RECEIVING WHATEVER INFORMATION THE U.S. HAS. HE SAID HE IS FED UP WITH MAX; IF THE U.S. HAS GOOD INFORMATION LINKING MAX TO NARCOTRAFFICKING, GONI SAID HE WILL DUMP MAX.
COCA ERADICATION: GOING NOWHERE

6. THE AMBASSADOR UNDERTOOK A FRANK REVIEW OF THE LACK OF GOB PROGRESS IN THE AREA OF ERADICATING ILLEGAL COCA. HE HANDED GONI A CHART SHOWING THE STEADY DROP IN ERADICATION SINCE GONI'S GOVERNMENT CAME INTO OFFICE. IRONICALLY, THE AMBASSADOR SAID, WE HAD MORE COOPERATION FROM THE PREVIOUS GOB, THE SAME ONE NOW ACCUSED OF HAVING LINKS TO MAJOR TRAFFICKERS. THE AMBASSADOR STRESSED THAT AS LONG AS THE GOB REJECTS FORCED ERADICATION, THERE WILL BE NO ERADICATION AS THERE IS NO PRESSURE ON THE COCALEROS TO COMPLY WITH THE LAW.

7. THE AMBASSADOR ALSO EMPHASIZED GOB COOPERATION ON ERADICATION IS CRITICAL TO THE CERTIFICATION PROCESS. IF BOLIVIA IS DECERTIFIED, HE ADVISED GONI, AID AND INVESTMENT WILL SUFFER, NOT TO MENTION BOLIVIA'S IMAGE. GONI ACKNOWLEDGED THE GOB'S POOR PERFORMANCE AND TOOK ON THE BLAME. HE SAID HIS STYLE OF DECISION-MAKING IS TO TAKE ON ONE ISSUE AT A TIME AND HE SIMPLY HAD NOT GOTTEN AROUND TO FOCUSING ON THE ERADICATION ISSUE GIVEN ALL THE OTHER MATTERS PRESSING IN ON HIM.
EXTRADITION

8. GONI SAID THE MINISTRY OF JUSTICE HAS THE LEAD ON THE EXTRADITION ISSUE. GONI SAID AN EXTRADITION TREATY WITH THE U.S. WILL BE SIGNED.

9. THE AMBASSADOR SAID WE HAVE BEEN HEARING THAT FOR THE PAST TEN MONTHS. WE HAVE SEEN NO DRAFT FROM THE GOB NOR HAVE WE EVER BEEN CONTACTED TO DISCUSS THE MATTER. THE U.S., MEANWHILE, CONTINUES TO VIEW THE 1900 EXTRADITION TREATY, WHEN LINKED TO INTERNATIONAL CONVENTIONS, AS VALID FOR THE PURPOSE OF EXTRADITING PERSONS SUSPECTED OF NARCO OFFENSES. THE AMBASSADOR EXPRESSED THE HOPE THAT THE BOLIVIAN SUPREME COURT WOULD AGREE WITH THIS INTERPRETATION.
THE MILITARY

10. THE AMBASSADOR ASKED IF CONTROVERSIAL ARMED FORCES CHIEF-OF-STAFF LTG. MOISES SHRIQUI WOULD BECOME ARMED FORCES CINC IF THE CURRENT CINC, AIR FORCE LTG. FERNANDO SANJINES, IS INDICTED ON CORRUPTION CHARGES (REF A). THE AMBASSADOR STRESSED THAT WE HAVE NO INDICATION

SHRIQUI IS INVOLVED IN COUP PLOTTING, BUT HE APPEARS TO ENGAGE IN INSUBORDINATION AND HAS HIS OWN POLITICAL AGENDA.

11. GONI SAID HE IS AWARE OF PROBLEMS WITH SHRIQUI AND OF THE NEED TO DO SOMETHING. HE WAS UNSURE WHETHER HE WOULD WAIT UNTIL NATIONAL DAY, AUGUST 6, OR WOULD ACT BEFORE. (COMMENT: IN A CONVERSATION THE NEXT DAY AT THE AIRPORT, GONI AND MINPRES SANCHEZ BERZAIN TOLD POLCOUNS THAT THE PRESIDENT WOULD PROBABLY ACT (NFI) AS SOON AS HE RETURNED FROM THE U.S., O/A JUNE 20). GONI SAID UNDER NO CIRCUMSTANCE WOULD SHRIQUI BECOME CINC, EVEN IF SANJINES IS INDICTED.

TERRORISM

12. THE AMBASSADOR DISCUSSED THE ARREST IN MIAMI LAST MONTH OF WANTED FRENCH TERRORIST ALAIN MESELI. THE AMBASSADOR ALSO RAISED OUR CONTINUING CONCERN OVER THE MUNOZ AND OLIVA TERRORISM CASES AND THE EFFORTS OF MBL CONGRESSMAN JUAN DEL GRANADO TO ATTACK THE COUNTER-TERRORISM FORCES. GONI SAID HE CALLED IN DEL GRANADO TO COMPLAIN ABOUT HIS ANTICS AS CHAIRMAN OF THE LOWER HOUSE HUMAN RIGHTS COMMISSION. HE REMINDED DEL GRANADO THAT IF THE TERRORISTS GO FREE, "THEY'LL SHOOT ME, NOT YOU!"

CAPITALIZATION

13. THE AMBASSADOR AND THE PRESIDENT REVIEWED A NUMBER OF CHALLENGES FACING GONI'S AMBITIOUS "CAPITALIZATION PLAN." GONI ACKNOWLEDGED CAPITALIZATION IS NOT MOVING AS QUICKLY AS IT SHOULD. HE RAISED HIS RECENT CONVERSATIONS WITH AMERICAN "DIAMOND SHAMROCK" OIL COMPANY RE CAPITALIZATION OF YFPB, THE NATIONAL OIL COMPANY, AND WITH THE AMERICAN OWNERS OF THE LOCAL ELECTRIC COMPANY COBEE WHO SEEK TO INVEST SOME DOLS 120 MILLION BUT AWAIT A NUMBER OF LEGAL CLARIFICATIONS.

LOST PLANES

14. GONI THANKED THE EMBASSY FOR US SEARCH EFFORTS IN BEHALF OF TWO LOST FAB AIRCRAFT. THE PRESIDENT WAS VERY CRITICAL OF THE BOLIVIAN AIR FORCE FOR ITS SLOPPY MAINTENANCE AND GENERAL LACK OF RESPONSIBILITY.

MEETING PRESIDENT CLINTON

15. GONI ASKED FOR SUGGESTIONS ON TOPICS HE COULD RAISE WITH PRESIDENT CLINTON DURING THEIR MEETING JUNE 17. THE AMBASSADOR SUGGESTED GONI DISCUSS THEMES SUCH AS GOB EFFORTS ON BEHALF OF DEMOCRACY, POPULAR PARTICIPATION, THE ENVIRONMENT, CLEANING UP THE JUDICIARY, FIGHTING NARCO CORRUPTION AND TRAFFICKING, AND EDUCATIONAL REFORM, AS WELL AS THE SUMMIT OF THE AMERICAS AND HAITI. GONI SHOULD BE READY TO DEFEND HIMSELF ON THE LACK OF PROGRESS IN COCA ERADICATION.

COMMENT: NICE, BUT . . .

16. AS ALWAYS GONI WAS UPBEAT AND OPTIMISTIC AND READY TO ACCEPT CRITICISM. WE CONTINUE TO RESERVE THE RIGHT TO HAVE OUR DOUBTS THAT GONI'S LOOSE, DISORGANIZED MANAGEMENT STYLE WILL CHANGE ANY TIME SOON AND THAT WE WILL SEE MAJOR PROGRESS ON ITEMS OF MAJOR CONCERN TO US, SUCH AS COCA ERADICATION. BOWERS

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 ORIG: AMEMBASSY LA PAZ
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 INFO: ////
 SUBJ: MEETING PRESIDENT SANCHEZ DE LOZADA: SUGGESTED
 TOPICS FOR A/S WATSON AND A/S GELBARD
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FOR ARA, INM

E.O. 12356: DECL: OADR
 TAGS: PREL SNAR PGOV, CJAN PHUM EAID, ECON BL
 SUBJECT: MEETING PRESIDENT SANCHEZ DE LOZADA: SUGGESTED
 TOPICS FOR A/S WATSON AND A/S GELBARD

1. ~~CONFIDENTIAL~~--ENTIRE TEXT.
2. WE SUGGEST THE FOLLOWING TOPICS FOR DISCUSSION IN THE OCTOBER 28 NEW YORK MEETINGS WITH BOLIVIAN PRESIDENT GONZALO "GONI" SANCHEZ DE LOZADA:

HAITI AND BOLIVIAN COOPERATION

 -- WE GREATLY APPRECIATE THE SUPPORT BOLIVIA HAS PROVIDED THE PROCESS OF RETURNING PRESIDENT ARISTIDE TO HAITI.

-- THE BOLIVIAN POLICEMEN ARE DOING A FINE JOB.

-- CAN YOU TELL ME HOW YOUR GOVERNMENT VIEWS THE POSSIBILITY OF BOLIVIAN MILITARY COOPERATION WITH UNMIH?

-- WE UNDERSTAND YOU ADVOCATE QUICK ABOLITION OF THE HAITIAN MILITARY TO GIVE HAITI A STRUCTURE SIMILAR TO COSTA RICA'S.

ESF AND ERADICATION

 -- THE DEADLINE FOR MEETING ERADICATION GOALS EXPIRED ON SEPTEMBER 30, 1994.

-- WE ARE AWAITING OFFICIAL ERADICATION FIGURES FROM THE GOB, BUT UNDERSTAND THAT THE GOB WILL PROBABLY QUALIFY FOR APPROXIMATELY DOLS 5.4 MILLION OF THE REMAINING DOLS 20

MILLION FROM THE 1993 ESF AGREEMENT.

-- IN ADDITION, WE UNDERSTAND THERE MIGHT BE REDUCTION OF COCA CULTIVATION IN THE APOLO REGION. WE NEED TO INVESTIGATE THESE REPORTS.

-- WE NEED TO LOOK AT CONDITIONALITY FOR FY95. WE UNDERSTAND YOU WANT TO CONDITION ESF ON FACTORS OTHER THAN COCA ERADICATION. WE NEED TO GET ERADICATION MOVING, OTHERWISE COCA HECTARAGE WILL CONTINUE TO EXPAND.

-- OVERALL U.S. ECONOMIC ASSISTANCE CONTINUES TO DECLINE. WE NEED TO SPEND OUR RESOURCES ON SUCCESSFUL PROGRAMS.

DECERTIFICATION

-- LAST YEAR BOLIVIA RECEIVED CERTIFICATION WITH A NATIONAL INTEREST WAIVER.

-- THIS UNFAVORABLE JUDGEMENT RESULTED FROM BOLIVIA'S UNSATISFACTORY PERFORMANCE ON COCA ERADICATION AND EXTRADITION. BUT ALL CN ACTIVITIES ARE CONSIDERED.

-- CERTIFICATION APPLIES TO ONE CALENDAR YEAR, BUT IS SEPARATE FROM THE BILATERAL AGREEMENT ESTABLISHING COCA ERADICATION TARGETS. A LACK OF PROGRESS ON ERADICATION DOES NOT AUTOMATICALLY MEAN DECERTIFICATION, BUT IT IS A FACTOR.

-- 1994 IS DRAWING TO A CLOSE. FRANKLY, SO FAR THIS YEAR, BOLIVIA HAS NOT PERFORMED WELL IN THE CRITICAL AREAS OF ERADICATION AND EXTRADITION.

-- YOU NEED TO FIND A WAY TO GET THE SEIZED ASSET PROBLEM SOLVED.

-- REOPENING "LAW 1008" WOULD DISTRACT GREATLY FROM YOUR KEY LEGISLATION PRIORITIES.

-- THE "PARIS CLUB" MEETING, NOV. 1-4, SHOULD RESULT IN WORLD BANK, IDB, AND UNDCP SUPPORT FOR YOUR COMPREHENSIVE ALTERNATIVE DEVELOPMENT PROPOSAL. WHAT ARE YOU PUTTING ON THE TABLE?

-- WE WANT TO CONGRATULATE YOU ON THE INTERDICTION EFFORT'S "NUEVO AMANECER" OPERATION AND UNDERScore THE IMPORTANCE OF AND OUR SUPPORT FOR THE FORTHCOMING REGIONAL ANTI-PRECURSOR EFFORT.

EXTRADITION

-- WE CONSIDER EXTRADITION A NORMAL, NON-CONTROVERSIAL AND HIGHLY USEFUL INSTRUMENT IN THE FIGHT AGAINST INTERNATIONAL CRIME, IN PARTICULAR NARCOTRAFFICKING;

-- WE NOTE THAT BOLIVIA HAS RESORTED TO THE EXTRADITION PROCESS IN ITS EFFORTS TO HAVE FORMER DICTATOR GARCIA MEZA RETURNED TO BOLIVIA FROM BRAZIL.

-- SINCE 1991, WE HAVE MADE 37 PROVISIONAL ARREST AND EXTRADITION REQUESTS TO THE GOB, TEN OF WHICH ARE NOW BEFORE THE ATTORNEY GENERAL OR THE SUPREME COURT.

-- WE ARE CONCERNED OVER THE TREATMENT OUR REQUESTS RECEIVE: ONLY ONE EXTRADITION HAS BEEN GRANTED, SEVERAL PERSONS HAVE BEEN ILLEGALLY RELEASED DESPITE OUR ARREST
~~C O N F I D E N T I A L~~ SECTION 02 OF 03 LA PAZ 013121

FOR ARA, INM

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REQUESTS, TWO WERE DENIED ON SPURIOUS GROUNDS, AND THE ATTORNEY GENERAL'S OFFICE ROUTINELY RECOMMENDS AGAINST EXTRADITION IGNORING BOLIVIA'S RESPONSIBILITIES UNDER NOT ONLY THE 1900 BILATERAL EXTRADITION TREATY BUT UNDER INTERNATIONAL CONVENTIONS, NOTABLY THE 1988 VIENNA CONVENTION ON NARCOTRAFFICKING, AND BOLIVIA'S LAW 1159 OF MAY 30, 1990, RATIFYING THE 1988 CONVENTION.

-- WE HAVE NEVER RECEIVED A SATISFACTORY EXPLANATION AS TO WHY THE GOB HAS REFUSED TO SIGN THE 1990 DRAFT TREATY WHICH WAS WORKED OUT AFTER ARDUOUS NEGOTIATIONS AND WHICH ADDRESSED THE PERCEIVED FLAWS IN THE EXISTING EXTRADITION TREATY. WE UNDERSTAND THAT MINISTER OF JUSTICE BLATTMANN HAS DRAFTED A NEW PROPOSAL WHICH WE WILL STUDY.

-- WE NOW SEE THAT TWO "NARCOARREPENTIDOS" HAVE BEEN RELEASED AND THAT MORE MIGHT GO FREE WITHIN THE NEXT FEW MONTHS AFTER SERVING ONLY MINIMAL SENTENCES AND GETTING A GOB GUARANTEE AGAINST EXTRADITION. WE BELIEVE THAT THE "SURRENDER DECREE" IS UNCONSTITUTIONAL AND DESTRUCTIVE OF OUR JOINT COUNTERNARCOTICS EFFORT.

-- EXTRADITION AND THE LENIENT TREATMENT OF NARCOS HIGHLIGHT A KEY PROBLEM WE FACE IN PROSECUTING OUR JOINT DRUG EFFORT: THE CONTINUING WEAKNESS IN THE BOLIVIAN JUDICIARY. IT DOES LITTLE GOOD FOR LAW ENFORCEMENT OFFICIALS TO CARRY OUT WELL-PLANNED, WELL-EXECUTED, AND RISKY OPERATIONS AGAINST POWERFUL NARCOS IF THE COURTS ARE GOING TO TURN THEM LOOSE OR TREAT THEM WITH KID GLOVES. BOLIVIA CANNOT TURN INTO A REFUGE FOR NARCOTRAFFICKERS.

-- HOW ARE EFFORTS GOING TO REFORM THE JUDICIAL SYSTEM AND TO SUPPORT THE ATTORNEY GENERAL'S OFFICE?

CAPITALIZATION, FOREIGN INVESTMENT AND CIVIL AVIATION

-- WE ARE FOLLOWING THE CAPITALIZATION PROCESS CLOSELY AND SHARE YOUR BELIEF THAT IT IS KEY TO TRANSFORMING AND MODERNIZING BOLIVIA'S ECONOMY.

-- HOW DOES THE PIPELINE PROJECT LOOK AT THIS POINT?

-- IT IS ENCOURAGING THAT MAJOR U.S. COMPANIES HAVE SHOWN INTEREST IN THE CAPITALIZATION OF ENTEL, ENDE, ENFE, YPFB.

-- I MUST, HOWEVER, EXPRESS CONCERN OVER PROBLEMS FACED BY CERTAIN U.S. INVESTORS WHICH COULD HAVE A NEGATIVE IMPACT ON THE IMAGE OF BOLIVIA AS A PLACE TO INVEST.

-- U.S.-OWNED CABLE TV FIRM ("VIDEO CABLE UNIVERSAL") HAS BEEN PERSECUTED AND ALMOST PUT OUT OF BUSINESS BY THE MAYOR AND CITY COUNCIL OF LA PAZ.

-- IN ADDITION, U.S.-OWNED COBEE ("BOLIVIAN POWER COMPANY") IS VERY CONCERNED OVER THE NEW ELECTRICITY LAW WHICH COULD FORCE IT TO DIVEST ITS DISTRIBUTION SYSTEM.

-- AT&T AND AMERICAN AIRLINES FACE CONTENTIOUS LEGAL CASES BROUGHT BY PLAINTIFFS ON APPARENTLY SHAKY LEGAL GROUNDS.

-- I WAS PLEASED TO LEARN OF THE POSITIVE RESULTS OF THE VISIT LAST WEEK TO BOLIVIA OF AN FAA TEAM.

-- THE FAA TEAM FOUND THAT YOUR CIVIL AVIATION AUTHORITIES HAVE MADE PROGRESS TOWARDS SOLVING PROBLEMS IN THE AREA OF FLIGHT SAFETY. THE TEAM WAS PARTICULARLY PLEASED BY THE VERY COOPERATIVE AND RESPONSIVE ATTITUDE SHOWN BY THE GOB.

-- THEY DID, HOWEVER, UNCOVER A CRITICAL PROBLEM WHICH MUST BE ADDRESSED: THE NAVIGATIONAL AIDS IN BOLIVIA'S INTERNATIONAL AIRPORTS HAVE NOT BEEN FLIGHT-CHECKED FOR FOUR YEARS (U.S. NAVAIDS ARE CHECKED THREE-TIMES/YEAR). THIS SAFETY THREAT COULD FORCE FAA SUSPENSION OF AMERICAN AIRLINES AND LAB FLIGHTS BETWEEN THE U.S. AND BOLIVIA.

-- THE FAA IS WORKING WITH AASANA (BOLIVIA'S AIRPORT AND AIR NAVIGATION ADMINISTRATION) TO RUN CHECKS. I KNOW THESE ARE EXPENSIVE, BUT THEY MUST BE CARRIED OUT.

SUMMIT OF THE AMERICAS

-- ARRANGEMENTS SEEM TO BE GOING WELL FOR THE MIAMI SUMMIT

-- WE LOOK FORWARD TO BOLIVIA'S CONTRIBUTIONS AND TO HELPING BOLIVIA PROMOTE ITS OWN SUSTAINABLE DEVELOPMENT SUMMIT IN 1996 AND ITS MINISTERIAL PRE-SUMMIT IN 1995.

-- WE UNDERSTAND RONALD MCLEAN IS WORKING ON THE CORRUPTION DECLARATION.

-- THE NARCOTICS DECLARATION MAY RAISE THE ISSUE OF "DEPENALIZATION" OF COCA AND YOU MIGHT GET DOMESTIC PRESSURE TO RAISE THIS ISSUE. THE U.S. POSITION IS FIRM AND CLEAR: "NO" TO LEGALIZATION AND "YES" TO THE 1961 AND
~~C O N F I D E N T I A L~~ SECTION 03 OF 03 LA PAZ 013121

FOR ARA, INM

E.O. 12356: DECL: OADR

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TOPICS FOR A/S WATSON AND A/S GELBARD

1988 INTERNATIONAL NARCOTICS CONVENTIONS.

MAX FERNANDEZ

-- WE SEE THAT HE IS OUT OF THE COALITION. WE HOPE THIS
STABILIZES THAT COALITION.

DLOUHY

BT

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SECT: SECTION: 01 OF 03

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PREC: PRIORITY
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 PRESIDENT SANCHEZ DE LOZADA

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
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E.O. 12356: DECL: OADR
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 SUBJECT: A/S GELBARD'S OCTOBER 28 MEETING WITH BOLIVIAN
 PRESIDENT SANCHEZ DE LOZADA

1. ~~C~~ - ENTIRE TEXT.

2. SUMMARY: BOLIVIAN PRESIDENT SANCHEZ DE LOZADA (GONI) EXPRESSED DISSATISFACTION WITH THE SUBSTANCE AND TONE OF U.S.-BOLIVIAN RELATIONS DURING AN OCTOBER 28, 1994, MEETING WITH INM A/S GELBARD. CITING THE POSSIBILITY OF DECERTIFICATION AND DEMANDS FOR GOB ACTION, GONI THREATENED TO RESIGN AT THE SUMMIT OF THE AMERICAS IF THE U.S. DID NOT HELP BOLIVIA DEVISE CREATIVE SOLUTIONS AND PROVIDE FINANCIAL ASSISTANCE TO ADDRESS WHAT GONI REALIZED TO BE A SERIOUS PROBLEM OF STALLED ERADICATION IN THE CHAPARE. GONI ADMITTED HIS MISTAKE IN NOT FOCUSING EARLIER ON THE INCREASE IN COCA GROWING ACTIVITY IN THE CHAPARE, CITING COMPELLING NEED TO GET THE GOB BUDGET UNDER CONTROL.

3. GELBARD DREW A DISTINCTION BETWEEN THE TONE OF OUR RELATIONSHIP, WHICH COULD BE REVIEWED, AND THE SERIOUS

SUBSTANTIVE PROBLEMS BOTH BOLIVIA AND THE U.S. FACE IN COUNTERNARCOTICS. NOTING THAT BOLIVIA'S LAW 1008 AND U.S. LAW ON CERTIFICATION REQUIRE BOTH GOVERNMENTS TO TAKE ACTION, OUR RELATIONSHIP SHOULD NOT BE VIEWED AS A SERIES OF THREATS BUT AS A DIALOGUE TO PINPOINT PROBLEM AREAS AND LOOK AT SOLUTIONS. GELBARD PROMISED TO FIELD A USG TEAM TO WORK WITH THE GOB ON A COMPREHENSIVE PLAN (OPTION ZERO OR A VARIATION) AND WOULD HELP THE GOB SEEK

WORLD BANK AND IDB FINANCING. IN RETURN, GELBARD SAID THAT THE GOB HAD TO TAKE THE FIRST STEP BY PUTTING THEIR TEAM TOGETHER AND COMMITTING BOTH PERSONNEL AND RESOURCES TO THE JOB. END SUMMARY.

4. BOLIVIAN PRESIDENT GONZALO SANCHEZ DE LOZADA (GONI) MET AT HIS REQUEST WITH INM A/S GELBARD ON OCTOBER 28, 1994, ON THE MARGINS OF A WALL STREET JOURNAL-SPONSORED CONFERENCE ON LATIN AMERICA IN NEW YORK. GONI WAS ACCOMPANIED BY WASHINGTON AMBASSADOR ANDRES PETRICEVIC. ARA/AND DIRECTOR DAWSON SAT IN AS NOTETAKER. PRIOR TO GONI'S ARRIVAL, ED REILLY -- A MEMBER OF THE GOB-EMPLOYED POLITICAL CONSULTANT FIRM, SAWYER AND MILLER -- GAVE GELBARD A COPY OF RECENT PUBLIC OPINION POLLS SHOWING THE SHARP DROP IN GONI'S APPROVAL RATINGS FOLLOWING OPERATION NEW DAWN IN THE CHAPARE, AS WELL AS OTHER POLL RESULTS SHOWING GREATER PUBLIC SYMPATHY FOR COCA GROWERS AND LESS APPROVAL OF DEA INVOLVEMENT IN BOLIVIA. GELBARD SAID THAT THE GOB HAD MISHANDLED THE SITUATION WITH THE COCA GROWERS BY ALLOWING THEIR LEADER TO MEET WITH A CABINET MINISTER, THEREBY GIVING THE GROUP UNNECESSARY AND UNDESERVED PRESTIGE. BY GIVING IN TO THE COCALEROS, THE GOB ALTERED PUBLIC OPINION WHICH HAD BEEN INITIALLY POSITIVE ON OPERATION NEW DAWN. REILLY COUNTERED THAT THE POLLS SHOWED A PUBLIC OPINION PROBLEM, REGARDLESS OF THE CAUSE, AND HE HOPED TO WORK WITH US TO DEVELOP SOLUTIONS.

5. UPON JOINING THE MEETING, GONI SAID HE WANTED TO REVIEW THE SITUATION ON ERADICATION. HE CONFESSED THAT LITTLE HAD BEEN DONE IN 1993 DUE TO THE ELECTIONS NOR IN 1994 WHEN HIS ADMINISTRATION FOCUSED ON PRESSING FISCAL PROBLEMS. THE FIRST MAJOR EFFORT WAS OPERATION NEW DAWN, WHICH GENERATED STRONG PROTESTS. GONI SAID THAT HE REALIZES THE COCALEROS ARE COMPLETELY INTEGRATED INTO THE DRUG TRAFFICKING CHAIN AND ARE MAKING COCA PASTE IN ADDITION TO GROWING COCA LEAF. GELBARD ADDED THAT THERE ARE ALSO COCAINE LABS NOW IN BOLIVIA WITH INCREASING AMOUNTS OF FINISHED PRODUCT PRODUCED IN BOLIVIA AND TRANSPORTED OUT VIA BRAZIL AND PARAGUAY. GONI SAID THAT

HE COULD NOT PERSUADE THE BOLIVIAN PEOPLE OF THE COCALEROS' COMPLICITY. HE STATED DEJECTEDLY THAT IF THE COCALEROS DIDN'T GET HIM, THEN THE USG WILL. HE EXPRESSED CONCERN OVER THE TONE OF THE RELATIONSHIP, CITING THREATS OF DECERTIFICATION AND UNILATERAL DEMANDS FOR GOB ACTION. GONI STRESSED THAT HE DOES NOT USE DRUGS NOR USE THEIR PROCEEDS TO FINANCE HIS POLITICAL ACTIVITIES, AS THE PREVIOUS GOB HAD DONE. GELBARD RESPONDED THAT HE HAD MADE GREAT EFFORTS TO WORK AGAINST NARCO-CORRUPTION WHILE SERVING AS AMBASSADOR TO BOLIVIA, CITING THE CAPPOBIANCO CASE AS AN EXAMPLE.

6. GONI EXPRESSED DISTRESS OVER OUR EMBASSY'S ACTIVITIES IN LA PAZ, CITING THE CASES OF KEY GOB WITNESS EDGAR FERNANDEZ WHO WAS SPIRITED OUT OF BOLIVIA BY THE DEA, AMCIT TONY IBARRA AND THE STREAM OF DIP NOTES ON DECERTIFICATION THREATENING CUT OFF OF U.S. AID AND TO

WITHDRAW USG SUPPORT FOR BOLIVIA AT THE IFI'S. GONI SAID THAT HE WILL BE THROWN OUT OF OFFICE IF HE LOSES U.S. AID AND IFI PROGRAMS. WITH GALLOWS HUMOR (AS HE HAS FREQUENTLY DONE WITH EMBASSY LA PAZ), GONI ASKED GELBARD TO LET HIM KNOW WHICH GENERAL THE U.S. WANTED TO REPLACE HIM SO HE COULD ASSURE A SMOOTH TRANSITION. MORE SERIOUSLY, HE STRESSED THAT THE TONE OF ALL WRITTEN AND VERBAL USG COMMUNICATIONS DEMONSTRATE THAT THE USG IS OUT TO GET HIM. AFTER RETURNING FROM THE AIRPORT SEND OFF FOR THE BOLIVIAN POLICE SENT TO HELP IN HAITI, GONI SAID HE WAS PRESENTED ANOTHER THREATENING DIP NOTE ON DECERTIFICATION. GONI ADMITTED THAT THE GOB IS NOT FREE OF BLAME, HAVING IGNORED THE CHAPARE FOR SO LONG, BUT WHAT HE SEEKS NOW FROM THE USG IS COOPERATION IN FINDING CREATIVE SOLUTIONS AND NOT FORM LETTERS ON DECERTIFICATION. (NOTE: FREQUENTLY WHEN GONI REFERRED TO DECERTIFICATION HE USED THE WORD DESTABILIZATION INSTEAD.)

7. GELBARD ASSURED GONI THAT THE USG DOES NOT WANT TO DESTABILIZE HIS GOVERNMENT OR BOLIVIA AND THANKED HIM ONCE AGAIN FOR THE GOB'S CONTRIBUTION ON HAITI. NEVERTHELESS, GELBARD STATED THAT WE DO HAVE A PROBLEM IN COUNTERNARCOTICS. WHILE PROMISING TO TAKE INTO CONSIDERATION GONI'S COMMENTS ON THE TONE OF OUR COMMUNICATIONS, GELBARD SAID THAT WE SEE MIXED SIGNALS IN THE TONE OF GOB STATEMENTS: THE GOB REP TO THE RECENT PRE-SUMMIT CONSULT(NS ON COUNTERNARCOTICS HAD BEEN DISTINCTLY ANTI-AMERICAN IN HIS COMMENTS; THE GOB HAS SIGNED INTERNATIONAL AGREEMENTS ABOUT DECRIMINALIZING COCA LEAF AND SEEKING INDUSTRIAL USES; AND FM ARANIBAR

HAD INSERTED A SECTION ON NARCOTICS LEGALIZATION IN HIS UNGA SPEECH. GONI COUNTERED THAT HE HAD INSTRUCTED ARANIBAR TO REMOVE THAT SECTION, ASSERTING THAT HE (GONI) DID NOT SUPPORT DRUG LEGALIZATION.

8. GELBARD POINTED OUT THAT THE USG WANTED TO BE OF ASSISTANCE, AS WELL AS HIS OWN LONG ASSOCIATION WITH BOLIVIA AND PERSONAL DESIRE TO HELP. HE NOTED THE THREE SEMINARS ON MACRO AND MICROECONOMICS, SUSTAINABLE DEVELOPMENT AND NARCOTICS HE HAD HELPED ARRANGE FOR GONI'S TEAM PRIOR TO THE INAUGURATION. GELBARD SAID THAT HE KNEW THE GOB HAD TAKEN THE DECISION TO DEEMPHASIZE COUNTERNARCOTICS IN FAVOR OF OTHER AREAS, BUT WE ARE NOW CONCERNED WITH THE RESULTS. GELBARD SAID LAW 1008 IS THE BEST COUNTERNARCOTICS LAW IN LATIN AMERICA, BUT IT IS BEING IGNORED. IN MEXICO, BOLIVIA'S REP SAID THE GOB OPPOSED FORCED ERADICATION, BUT LAW 1008 REQUIRES FORCED ERADICATION IN SOME CASES. GELBARD SAID THAT THE BASIC USG CONCERN IS THE LACK OF A CONCRETE GOB PLAN FOR ALTERNATIVE DEVELOPMENT AND ERADICATION. WE HAVE HEARD OF "OPTION ZERO" BUT HAVE SEEN NOTHING ON PAPER.

9. GELBARD REMINDED GONI THAT, DURING THE MARCH 1994 GORE VISIT TO BOLIVIA, THE VICE PRESIDENT TOLD GONI THAT THE U.S. AND BOLIVIA HAVE MANY AREAS WHERE WE HAVE EXCELLENT RELATIONS AND MUTUAL INTERESTS. HOWEVER, THE

VICE PRESIDENT HAD WARNED THAT ALL OF THOSE ISSUES COULD BE PUT AT RISK IF COOPERATION ON NARCOTICS LAGGED. GELBARD RECALLED THAT GONI HAD DESIGNATED MINISTER OF SUSTAINABLE DEVELOPMENT JUSTINIANO AS THE LEAD PERSON ON COUNTERNARCOTICS AND BOTH ARA A/S WATSON AND GELBARD HAD OFFERED THEN TO MEET WITH HIM, WITH NO RESPONSE TO DATE. GELBARD NOTED THE IDB AND WORLD BANK ARE NOW PREPARED TO LEND FOR ALTERNATIVE DEVELOPMENT, AND THAT BOLIVIA HAD BEEN USED AS THE PRIMARY EXAMPLE OF WHERE THEIR PROGRAMS COULD SUCCEED. GELBARD REEMPHASIZED THE NEED TO DEVELOP A GOB PLAN TO PRESENT TO THE IFIS.

10. GONI RESPONDED THAT THE LA PAZ USAID MISSION HAD DENIED HIS REQUEST TO FUND THE DEVELOPMENT OF SUCH A PROGRAM. GELBARD STATED THAT HE HAD NEVER BEEN INFORMED OF SUCH A DECISION AND PROMISED TO PUT TOGETHER, IF IT WERE NECESSARY, A STATE, AID AND TREASURY TEAM TO WORK WITH THE GOB ON A PLAN AND WOULD HELP THEM PRESENT IT TO THE IFIS. GONI SAID THAT HE HAD GOTTEN MIXED SIGNALS ON THE LINKAGE BETWEEN IFI PROGRAMS AND ERADICATION. GELBARD CONFIRMED THAT THERE WOULD BE NO SUCH LINKAGE, WITH THE IFI PROJECTS FOCUSED ON DEVELOPING

INFRASTRUCTURE IN THE COCA GROWING AREAS. GELBARD INFORMED GONI THAT THE USG WAS DEVELOPING AERIAL ERADICATION SCHEMES ON A BILATERAL BASIS THROUGHOUT THE REGION. HAVING SUCCESSFULLY ERADICATED COCA IN PANAMA AND OPIUM POPPY IN VENEZUELA, THE USG AND COLOMBIA WERE EMBARKING ON A LARGE SCALE PROGRAM TO ERADICATE BOTH OF THESE CROPS. THE SYSTEM IS ENVIRONMENTALLY SAFE, GELBARD ADDED. HE ALSO NOTED THAT LAW 1008 PROHIBITS AERIAL ERADICATION BUT SOMETHING MIGHT BE DONE IN THE FUTURE FOR BOLIVIA.

11. GONI REPLIED THAT PERHAPS HE COULD LOOK INTO IT AT THE END OF HIS TERM, WHICH MAY BE VERY SOON GIVEN THE TONE OF U.S. DIP NOTES. GONI OPINED THAT HE MIGHT ANNOUNCE HIS RESIGNATION AT THE SUMMIT IF HE FELT DECERTIFICATION WAS IMMINENT. GELBARD REITERATED USG WILLING TO COOPERATE, BUT STRESSED THAT THE GOB MUST ALSO TAKE THE FIRST STEP TO FIELD A TEAM AND ENGAGE US ON DEVELOPING THEIR PLAN. GONI SAID THAT THE GOB NEED BOTH FINANCING AND IDEAS TO DEVELOP THE PLAN. GELBARD SAID AGAIN THAT WE WOULD SEND DOWN A TEAM ONCE THE GOB INDICATES IT IS READY.

12. COMMENT: SUBSEQUENT TO THIS MEETING, WE READ EMBASSY LA PAZ'S ACCOUNT OF THE GOB'S PREPARATION FOR THE CONSULTATIVE GROUP MEETING, INCLUDING THEIR PREPARATION OF AN ALTERNATIVE DEVELOPMENT PLAN IN PART FINANCED BY GERMANY. WE ASSUME THIS OBVIATES THE NEED TO FOLLOW THROUGH ON THE OFFER (PARA 10) TO FIELD A USG TEAM. EMBASSY SHOULD INFORM GONI AT AN APPROPRIATE OPPORTUNITY THAT THE ALTERNATIVE DEVELOPMENT PLAN HE DISCUSSED IN NEW YORK HAS BEEN PREPARED. THE NEXT STEP WILL BE TO WORK ON PRESENTING THIS PLAN TO THE WORLD BANK AND IDB.

CHRISTOPHER

BT
#6348

NNNN

SECT: SECTION: 01 OF 01

SSN: 6348

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 PRESIDENT SANCHEZ DE LOZADA

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By VT NARA, Date 12/4/2009
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E.O. 12356: DECL: OADR
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 SUBJECT: A/S WATSON OCT. 28 MEETING WITH BOLIVIAN
 PRESIDENT SANCHEZ DE LOZADA

1. ~~C~~ - ENTIRE TEXT.

2. SUMMARY: IN AN OCTOBER 28 MEETING WITH ARA A/S WATSON, BOLIVIAN PRESIDENT GONZALO SANCHEZ DE LOZADA (GONI) EXPRESSED DEEP, PERSONAL RESENTMENT OVER THE TONE AND STYLE OF U.S./BOLIVIAN RELATIONS, CENTERED ON COUNTERNARCOTICS ISSUES. A/S WATSON AND U.S. AMBASSADOR TO BOLIVIA KAMMAN BOTH ASSURED GONI THAT THEY WOULD REVIEW THIS ISSUE CLOSELY. REFERRING TO HIS MEETING EARLIER THAT DAY WITH INM A/S GELBARD (SEPTTEL), GONI STATED THAT HE FELT THE USG WAS OUT TO GET HIM, USING THE NARCOTICS CERTIFICATION PROCESS AS A TOOL. WATSON ASSURED GONI THIS WAS NOT THE CASE AND ASKED HOW THE USG AND BOLIVIA CAN BETTER COOPERATE ON COUNTERNARCOTICS. WATSON ALSO BRIEFED GONI ON THE SUMMIT OF THE AMERICAS. GONI EXPRESSED THE HOPE THAT THE AGENDA BE KEPT NARROW AND FOCUSED, RATHER THAN BE A "CHRISTMAS LIST" OF THE HEMISPHERIC LEADERS' PET ISSUES. h END SUMMARY.

3. BOLIVIAN PRESIDENT GONZALO SANCHEZ DE LOZADA (GONI) MET ON OCTOBER 28, 1994, WITH ARA A/S WATSON ON THE MARGINS OF A WALL STREET JOURNAL-SPONSORED CONFERENCE IN NEW YORK. GONI WAS ACCOMPANIED BY AMBASSADOR TO THE U.S. ANDRES PETRICEVIC. U.S. AMBASSADOR TO BOLIVIA CURT KAMMAN AND ARA/AND DIRECTOR DAWSON (NOTETAKER) ALSO PARTICIPATED ON THE U.S. SIDE.

 COUNTERNARCOTICS

4. GONI OPENED THE MEETING BY NOTING THAT HE HAD INHERITED A MESS WHEN HE TOOK OFFICE, WITH MANY PROBLEMS TO FACE. HE HAD CHOSEN TO ATTACK THE BUDGET DEFICIT FIRST AND THEN THE POPULAR PARTICIPATION (REVENUE SHARING) AND CAPITALIZATION (PRIVATIZATION) PLANS. AS A RESULT HE HAD DELAYED ACTION ON COUNTERNARCOTICS, WHICH HE NOW REALIZES WAS AN ERROR. HE SAID THAT IT MIGHT HAVE BEEN EASIER TO TACKLE IF HE HAD STARTED AT THE OUTSET OF HIS TERM WHEN HIS POPULARITY WAS HIGH. NOW, HOWEVER, HE SAID HE IS FACED WITH A SERIOUS COUNTERNARCOTICS PROBLEM IN WHICH THE COCA GROWERS HAVE BECOME VERTICALLY INTEGRATED WITH THE TRAFFICKERS IN THE PRODUCTION OF COCAINE. ADDRESSING THIS PROBLEM, HOWEVER, IS NOW COMPLICATED BY USG THREATS OF NARCOTICS DECERTIFICATION. HE EXPRESSED DEEP RESENTMENT OVER THE TONE OF THE NOTES HE HAS RECEIVED ON THIS SUBJECT AND SAID HE FEELS HE IS BEING TREATED BADLY.

5. WATSON EXPRESSED REGRET OVER GONI'S PERCEPTION OF HIS TREATMENT BY THE USG. WATSON SAID THAT FM ARANIBAR HAD CONVEYED THESE CONCERNS DURING A MEETING ONE MONTH AGO DURING THE UNGA. WATSON PROMISED TO REVIEW THE TONE OF OUR COUNTERNARCOTICS COMMUNICATIONS, BUT HE ADDED THAT WE MUST ALSO REACH A MUTUAL AGREEMENT ON WHAT THE GOB IS ACTUALLY ABLE TO DO ON COUNTERNARCOTICS. WE MUST DETERMINE WHAT IS REALISTICALLY POSSIBLE FOR THE GOB, PARTICULARLY ON COCA ERADICATION.

6. GONI ASSURED WATSON THAT IT WOULD BE IMPOSSIBLE FOR HIM TO DO NOTHING ON COUNTERNARCOTICS GIVEN THE SEVERITY OF THE PROBLEM. HE SAID THAT HE HAD DISCUSSED WITH THE U.S. EMBASSY A PLAN TO ENHANCE PUBLIC AWARENESS IN BOLIVIA THAT COCALEROS ARE NOT INNOCENT FARMERS BUT RATHER ARE PART OF A CRIMINAL, DRUG TRAFFICKING NETWORK. WATSON SAID THAT USIS OUGHT TO BE ABLE TO HELP ON THIS.

GONI NOTED THAT BOLIVIA IS GROWING LESS COCA THAN IT WAS 8 YEARS AGO, BUT CONFESSED THAT HE HAD LET THE COUNTERNARCOTICS EFFORT SLIP. GONI SAID THAT THE GOB DID NOT EVEN HAVE TERRITORIAL CONTROL OF THE CHAPARE WHEN OPERATION NEW DAWN BEGAN IN JULY. THAT CONTROL HAS NOW BEEN RESTORED, BUT GONI SAID HE STILL IS NOT SURE THAT FINAL VICTORY IS POSSIBLE AGAINST THE COCA GROWERS.

7. GONI THEN TURNED TO THE ISSUES IN U.S.-BOLIVIAN BILATERAL RELATIONS WHICH HAVE GENERATED DEEP PERSONAL RESENTMENT ON HIS PART. HE SAID HE WAS OUTRAGED BY THE DEA'S SPIRITING A KEY WITNESS IN A BOLIVIAN JUDICIAL PROCESS, EDGAR FERNANDEZ, OUT OF BOLIVIA, NOTING THAT THE EMBASSY STATES THAT INTERIOR MINISTER QUIROGA AUTHORIZED THE MISSION WHILE QUIROGA DENIES IT. GONI REITERATED HIS RESENTMENT OF THE THREATENING TONE OF THE CERTIFICATION DEMARCHES AND ALSO MENTIONED THE CASE OF AMCIT TONY IBARRA, WHO RECENTLY DEPARTED BOLIVIA WHILE UNDER INDICTMENT. WHILE THE EMBASSY ALSO SAYS IT HAD NOTHING TO DO WITH THAT CASE, GONI SAID THAT THE EMBASSY HAS ZERO

CREDIBILITY WITH HIM AT THIS STAGE. GONI CONCLUDED THAT IT IS CLEAR THAT THE USG IS OUT TO GET HIM. HE RECALLED THAT HE HAD TOLD GELBARD THAT MORNING TO PICK WHICH GENERAL GELBARD WANTED TO SUCCEED HIM. GONI ALSO EXPRESSED CONSTERNATION OVER THE MAX FERNANDEZ VISA CASE. WHILE RECOGNIZING THAT WE HAVE VERY RIGHT TO DENY MAX THE VISA, GONI ALSO SAID THAT WE COULD HAVE SHOWN THE POLITICAL WILL TO GRANT IT IN VIEW OF MAX'S IMPORTANCE WITHIN GONI'S FRAGILE POLITICAL COALITION. NOTING HOW OFTEN BOLIVIA SUPPORTS THE U.S., GONI FELT THAT THESE EXAMPLES SHOW HOW BADLY THE USG TREATS HIM.

8. WATSON ASSURED GONI THAT THE USG IS NOT OUT TO GET HIM. HE STRESSED THAT, AS PROOF, THE USG IS SENDING DOWN ONE OF OUR VERY TOP PROFESSIONALS, CURT KAMMAN, AS THE NEW AMBASSADOR TO BOLIVIA. WATSON PROMISED TO ADDRESS THE STYLE AND TONE OF OUR RELATIONS WITH BOLIVIA. KAMMAN ADDED THAT HE WOULD DO THE SAME IN LA PAZ. WATSON ALSO SAID WE WOULD LOOK FOR CREATIVE IDEAS ON HOW WE CAN COOPERATE MORE EFFECTIVELY ON COUNTERNARCOTICS -- NEW IDEAS TO IMPROVE OUR CHANCES FOR SUCCESS. WATSON ALSO SAID THAT THE USG DOES APPRECIATE BOLIVIA'S SUPPORT IN OTHER AREAS AND EXTENDED USG GRATITUDE FROM THE HIGHEST LEVEL FOR BOLIVIA'S HELP ON HAITI. GONI RESPONDED RUEFULLY THAT, UPON HIS RETURN FROM THE AIRPORT SEND OFF FOR BOLIVIAN POLICE GOING TO HAITI, HE WAS FACED WITH A THREATENING DIP NOTE ON CERTIFICATION. WATSON STATED THAT THIS WAS A COINCIDENCE. GONI RESPONDED THAT IT HAD

BEEN A BEAUTIFULLY COORDINATED COINCIDENCE. GONI MUSED THAT IF HE HAD CONCENTRATED ON COUNTERNARCOTICS INITIALLY AND LET THE BUDGET DEFICIT GO, HE WOULD BE IN EVEN GREATER TROUBLE NOW AND COULD BLAME THE U.S. HE HASTENED TO ADD THAT HE WOULD NOT OPENLY CRITICIZE THE U.S. REGARDING THE CERTIFICATION ISSUE. HE FEELS IT WOULD NOT BE ETHICAL FOR HIM TO BASH THE U.S. GIVEN HIS FUNDAMENTAL SUPPORT FOR U.S. POSITIONS -- EVEN IF HIS CLOSE ASSOCIATION WITH THE U.S. IS UNPOPULAR IN THE POLLS. WATSON NOTED THAT IT IS UNFAIR FOR GONI TO BE CRITICIZED FOR ADOPTING POSITIONS SIMILAR TO THE USG SIMPLY BECAUSE HIS VIEWS PARALLEL THOSE OF THE USG ON MANY ISSUES.

9. AT THE END OF THE MEETING, FOLLOWING DISCUSSION OF THE SUMMIT, GONI RETURNED BRIEFLY TO COUNTERNARCOTICS TO REAFFIRM THAT HE KNEW HE MUST DO MORE ON ERADICATION. HE SAID HE WANTED TO WORK WITH US POSITIVELY AND ASKED ONCE AGAIN TO REMOVE THE THREATENING TONE FROM OUR COMMUNICATIONS. HE ALSO URGED US NOT TO DWELL EXCLUSIVELY ON COUNTERNARCOTICS, NOTING WITH PRIDE HIS SUCCESS ON POPULAR PARTICIPATION AND CAPITALIZATION. WATSON AFFIRMED THAT GONI HAD ACCOMPLISHED MUCH TO DATE.

SUMMIT OF THE AMERICAS

10. TURNING TO THE SUMMIT GONI EXPRESSED HIS CONCERN THAT THE EVENT NOT PRODUCE A "RIO GROUP-STYLE, KITCHEN

SINK DOCUMENT." HE HOPES WE CAN PRODUCE AN "AMERICAN DREAM." ALTHOUGH CHILE, ARGENTINA AND BRAZIL ALL WANT TO TAKE LEAD ROLES IN BUILDING A HEMISPHERIC TRADING ZONE, GONI BELIEVES THAT NAFTA IS THE ONLY ENGINE STRONG ENOUGH TO IMPOSE DISCIPLINE AND PULL ALONG ALL THE NATIONS OF THE HEMISPHERE. WATSON AGREED THAT WE NEED TO DEVELOP A DYNAMIC TO WORK TOWARDS A HEMISPHERIC TRADE PACT. WATSON ADDED THAT TRADE WOULD CLEARLY BE A CENTERPIECE OF THE SUMMIT. "THE ONLY CENTERPIECE," GONI REJOINED.

11. WATSON OUTLINED THE SCHEDULE OF EVENTS FOR GONI, STARTING WITH PRESIDENT CLINTON'S ADDRESS TO THE NATION ON DEC. 9, WHICH SHOULD INCLUDE HIS VISION ON TRADE ISSUES. THAT EVENING, THERE WILL BE A RECEPTION AND DINNERS. ON DEC. 10, THERE WILL BE THREE TWO-HOUR SESSIONS OF HEADS OF STATE AND GOVERNMENT ONLY TO CONSIDER THE MAIN THEMES: DEMOCRACY, TRADE AND INVESTMENT AND SUSTAINABLE DEVELOPMENT. WATSON SAID THAT WE HAVE RECEIVED THE RIO GROUP COMMENTS ON THE

DECLARATION OF PRINCIPLES AND THEY ARE ACCEPTABLE. WATSON SAID THAT RIO GROUP COMMENTS ON THE ACTION PLAN ARE DUE OCTOBER 31. WATSON POINTED OUT THAT THE ACTION PLAN HAS INPUT FROM ALL COUNTRIES, NOT JUST THE U.S. GONI ONCE AGAIN SAID HE FEARED THE ACTION PLAN WOULD BE TOO LONG AND WOULD RESEMBLE THE LAUNDRY LIST OF PET PROJECTS THAT HE OPPOSED. WATSON EXPLAINED THAT THE DECLARATION OF PRINCIPLES WAS A TWO-PAGE, VISIONARY DOCUMENT, AND THE ACTION PLAN CONTAINED VERY SPECIFIC FOLLOW UP STEPS FOR EACH INITIATIVE. GONI SEEMED REASSURED ON THE FOCUS OF THE SUMMIT. WATSON EXPLAINED THAT THE DOCUMENTS WOULD BE AGREED TO IN ADVANCE SO THAT THE HEADS OF STATE COULD FOCUS ON THE MAIN ISSUES FACING THE HEMISPHERE. WATSON SAID THAT PLANNERS WERE LOOKING AT WAYS TO MAKE SURE EVERY LEADER GOT A CHANCE TO SPEAK. GONI ADDED THAT IT WOULD BE BEST TO HAVE NO PRESS AND TO LET PEOPLE ASK TO SPEAK ON THE TOPICS IN WHICH THEY HAVE INTEREST. WATSON SAID THERE WOULD BE NO PRESS AT THE HEADS OF STATE AND GOVERNMENT MEETINGS. HE COMPLETED THE SUMMIT SCHEDULE BY SAYING THERE WILL BE A PRIVATE DINNER ON DEC. 10 FOR HEADS OF STATE AND A FINAL PLENARY SESSION ON DEC. 11 WITH PRESS IN ATTENDANCE.

12. GONI ASKED ABOUT OBSERVERS. WATSON SAID THAT ONLY THE HEADS OF PAHO, ECLAC, OAS AND THE IDB WOULD BE ALLOWED. GONI EXPRESSED REGRET THAT SPAIN COULD NOT BE INCLUDED. HE STRESSED AGAIN THAT THE FINAL SUMMIT DOCUMENTS SHOULD BE BRIEF AND FOCUS HEAVILY ON TRADE.

13. COMMENT: GONI MADE AN EFFORT TO REMAIN CALM IN DESCRIBING HIS CONCERNS OVER THE TONE OF OUR RELATIONS, BUT HE IS CLEARLY VERY DEEPLY AND PERSONALLY UPSET OVER THE SITUATION. ALSO, THROUGHOUT THE CONVERSATION, GONI LAMENTED HIS DROP IN POPULARITY POLLS WHICH HE ATTRIBUTED TO HIS CONFLICT WITH COCA GROWERS AMONG OTHER ISSUES. FOLLOWING THE MEETING, ED REILLY (A GOB-EMPLOYED POLITICAL ADVISER) OUTLINED RECENT POLLS WHICH INDICATE THAT GONI HAS LOST POPULARITY FOR HIS COUNTERNARCOTICS

OPERATIONS AGAINST THE COCALEROS AND FOR HIS ASSOCIATION
WITH THE U.S. GONI CLEARLY BELIEVES THAT HE HAS PAID A
POLITICAL PRICE FOR HIS COOPERATION AND VIEWS
DECERTIFICATION (HIS REAL FEAR IN ALL OF THIS) AS AN
UNJUST REWARD FOR HIS HELP.

CHRISTOPHER
BT
#9069

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SECT: SECTION: 01 OF 01

SSN: 9069

TOR: 941104132402 M1344830

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SIT: BLAKEMAN FEINBERG NSC VAX
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PREC: ROUTINE
 CLASS: ~~CONFIDENTIAL~~
 LINE1: RAACZYUW RUEHLPA3995 3221426-CCCC--RUEADWW.
 LINE2: ZNY CCCC ZZH
 LINE3: R 181426Z NOV 94
 LINE4: FM AMEMBASSY LA PAZ
 OSRI: RUEHLP
 DTG: 181426Z NOV 94
 ORIG: AMEMBASSY LA PAZ
 TO: RUEHC/SECSTATE WASHDC 0390
 INFO: RUEHIA/USIA WASHDC 7955
 RUEHBU/AMEMBASSY BUENOS AIRES 5172
 RUEHAC/AMEMBASSY ASUNCION 3021
 RHLBAAA/USCINCSO QUARRY HEIGHTS PM//POLAD/SC-J2//
 RUEHSG/AMEMBASSY SANTIAGO 5448
 RUEHUB/USINT HAVANA 0458
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 RUEHPE/AMEMBASSY LIMA 9514
 RUEHBR/AMEMBASSY BRASILIA 2759
 RUEADWW/NSC WASHDC
 RUEHQT/AMEMBASSY QUITO 6344
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 SUBJ: AMBASSADOR PRESENTS CREDENTIALS: CONVERSATION
 WITH BOLIVIAN PRESIDENT SANCHEZ DE LOZADA

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 E.O. 13526, Sec. 3.5 (b)
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TEXT: ~~CONFIDENTIAL~~ SECTION 01 OF 04 LA PAZ 013995

E.O. 12356: DECL: OADR
 TAGS: PREL OPDC PGOV, SNAR ECON KSUM, XL BL US
 SUBJECT: AMBASSADOR PRESENTS CREDENTIALS: CONVERSATION
 WITH BOLIVIAN PRESIDENT SANCHEZ DE LOZADA

1. ~~CONFIDENTIAL~~--ENTIRE TEXT.

SUMMARY: A RANGE OF TOPICS

2. IN THE COURSE OF THE CEREMONY ACCREDITING THE AMBASSADOR TO BOLIVIA, THE AMBASSADOR AND PRESIDENT GONZALO SANCHEZ DE LOZADA HELD A ONE-HOUR CONVERSATION COVERING A RANGE ISSUES. TOPICS INCLUDED GOB DOMESTIC PRIORITIES, EMPHASIZING RENEWED COMMITMENT TO FIGHTING THE DRUG WAR; THE MIAMI SUMMIT; THE NEW GOVERNMENT IN BRAZIL; RELATIONS WITH CUBA AND CHILE; AND THE PRESIDENT'S VIEWS ON RUSSIAN ECONOMIC REFORMS. PARA 22 CONTAINS THE AMBASSADOR'S STATEMENT TO THE PRESS. END SUMMARY.

3. AS REPORTED SEPTTEL, THE AMBASSADOR PRESENTED HIS CREDENTIALS TO PRESIDENT SANCHEZ DE LOZADA IN A NOVEMBER 16 CEREMONY AT THE PRESIDENTIAL PALACE. IN THE COURSE OF THE CEREMONY, THE PRESIDENT AND THE AMBASSADOR HELD A ONE-

HOUR DISCUSSION ON A NUMBER OF TOPICS. THE CONVERSATION WAS ENTIRELY IN SPANISH FOR THE BENEFIT OF DEPUTY FOREIGN MINISTER TRIGO, WHO SAT IN. TOPICS COVERED AS FOLLOWS:

INTERNATIONAL TRADE, AID, BRAZIL, AND THE MIAMI SUMMIT

4. AFTER A WARM WELCOME AND INITIAL PLEASANTRIES, THE PRESIDENT SAID HE WAS DELIGHTED AT HOW WELL THE UNITED STATES HAD DONE AT THE APEC CONFERENCE IN DJAKARTA. HE SAID THE ASIAN COUNTRIES ARE VERY PROTECTIONIST; BY GETTING THEM TO BEGIN OPENING UP THEIR ECONOMIES, THE U.S. HAD OBTAINED A "SUBSTANTIAL ACCOMPLISHMENT." THE AMBASSADOR AGREED, SAYING THAT APEC HAD GONE WELL AND EXPRESSING OPTIMISM THAT CONGRESS WOULD APPROVE GATT LATER THIS MONTH. THE AMBASSADOR OFFERED THAT, WITH THE APEC AGREEMENT AND GATT, PRESIDENT CLINTON WOULD BE IN A VERY STRONG POSITION TO MOVE AHEAD ON TRADE ISSUES AT THE MIAMI SUMMIT NEXT MONTH.

5. THE PRESIDENT SAID THE MIAMI SUMMIT WOULD BE A GOOD EVENT, IN PARTICULAR IF IT COULD HELP OPEN UP HEMISPHERIC TRADE AND INVESTMENT. SANCHEZ DE LOZADA ADDED, HOWEVER, THAT HE IS CONCERNED ABOUT THE POSSIBLE STANCE BRAZIL MIGHT TAKE AT THE SUMMIT. HE SAID THE BRAZILIANS HAVE A TENDENCY TO GO OFF ON THEIR OWN. HE HOPED THE U.S. COULD HELP GET BRAZIL TO JOIN IN A CONSENSUS AT THE SUMMIT. THE AMBASSADOR POINTED OUT THAT PRESIDENT-ELECT CARDOSO WILL REPORTEDLY ATTEND THE SUMMIT; HE IS A VERY DIFFERENT PERSON THAN FRANCO OR COLLOR.

6. SANCHEZ DE LOZADA AGREED, ADDING THAT HE AND CARDOSO HAD BEEN IN EXILE TOGETHER IN CHILE. THE PRESIDENT FELT HE KNEW CARDOSO WELL. HE SAID THE NEW BRAZILIAN PRESIDENT WILL HAVE A BETTER SITUATION IN HIS CONGRESS THAN HAVE PREVIOUS BRAZILIAN PRESIDENTS. HE SAID HAVING A PRESIDENT OF ONE PARTY AND A CONGRESS DOMINATED BY ANOTHER PARTY DOES NOT WORK WELL ANYWHERE EXCEPT IN THE U.S. THE AMBASSADOR SAID WE WOULD SOON TEST THAT HYPOTHESIS IN WASHINGTON.

7. TURNING TO THE TOPIC OF THE U.S. MID-TERM ELECTIONS, THE PRESIDENT SAID HE HOPED U.S. FOREIGN POLICY WOULD REMAIN BI-PARTISAN. THE AMBASSADOR SAID THAT ON MOST TOPICS IT WOULD PROBABLY REMAIN SO. ONE POTENTIAL AREA OF CONTENTION, HOWEVER, IS AID LEVELS; SOME REPUBLICANS SEEK TO CUT FOREIGN AID BEGINNING WITH THE FY96 BUDGET.

DOMESTIC POLITICS AND NARCOTICS

8. THE PRESIDENT PROVIDED A BRIEF DESCRIPTION OF THE CURRENT STATE OF POLITICS IN BOLIVIA. HE STRESSED, IN PARTICULAR, THE GOB'S EFFORTS TO IMPLEMENT THE "POPULAR PARTICIPATION" LAW PASSED BY CONGRESS LAST JULY (SEPTTEL). HE SAID THAT THE MUNICIPAL ELECTIONS OF 1995 WOULD BE IMPORTANT INDICATORS OF HOW WELL "POPULAR PARTICIPATION" IS DOING. THE AMBASSADOR SAID THE MUNICIPAL ELECTIONS COULD BE THE EQUIVALENT OF MID-TERM ELECTIONS AND SEEN AS A REFERENDUM ON THE GOB. THE PRESIDENT AGREED, BUT ADDED

THAT MUNICIPAL ELECTIONS ARE GENERALLY DECIDED ON LOCAL ISSUES. HE SAID THAT DURING HIS RECENT VISIT TO THE U.S., HE HAD MET THE MAYOR OF HOUSTON WHO TOLD HIM OF THE COMPLEXITY INVOLVED IN OVERLAPPING COUNTY AND CITY JURISDICTIONS AND BUDGETS IN THE U.S. THE PRESIDENT SAID HE WANTS TO AVOID THAT, AND IF POPULAR PARTICIPATION IS

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CORRECTLY IMPLEMENTED IT WILL PROVIDE SPECIFIC RESPONSIBILITIES AND RESOURCES TO WELL-DEFINED JURISDICTIONS; POPULAR PARTICIPATION WILL REDUCE THE POWER OF BIG CITIES IN FAVOR OF SMALL COMMUNITIES.

9. BOLIVIA, THE PRESIDENT SAID, HAS ACCOMPLISHED A GREAT DEAL IN RECENT YEARS. DEMOCRACY, NEVERTHELESS, REMAINS FRAGILE. BOLIVIANS STILL HAVE VERY FRESH MEMORIES OF COUPS AND MILITARY DICTATORSHIPS. HE SAID THAT HIS PRINCIPAL PRIORITIES FOR THE REMAINDER OF HIS TERM ARE NARCOTICS, FOMENTING SMALL BUSINESS GROWTH, AND REFORMING THE JUDICIAL SYSTEM. HE RECOGNIZED THAT THE GOB HAD NOT PAID ENOUGH ATTENTION TO THE DRUG ISSUE: A YEAR WAS LOST IN THE COURSE OF THE PRESIDENTIAL CAMPAIGN AND ANOTHER WAS LOST DURING THE NEW GOB'S BREAK-IN PERIOD. THE PRESIDENT SAID HE SEEKS TO DEVELOP A NATIONAL CONSENSUS ON COUNTER-NARCOTICS (CN) POLICY.

10. THE AMBASSADOR SAID THE US SHARED THE GOB'S AGENDA AND THE USG HAD TAKEN NOTE THAT OVER THE PAST TWO WEEKS THE GOB HAS SHOWN A STRONG COMMITMENT TO THE CN EFFORT. HE SAID THE PUSH BY THE GOB WAS IMPRESSIVE AND, UNDOUBTEDLY, POLITICALLY COSTLY. THE BOLIVIAN EFFORT HAS HAD A GOOD IMPACT ABROAD; THE FAVORABLE REACTION WAS EVIDENT AT THE PARIS CONSULTATIVE GROUP MEETING.

11. TURNING TO DEPUTY FOREIGN MINISTER TRIGO, THE PRESIDENT SAID THE FOREIGN MINISTER COULD NOT ATTEND THE CREDENTIALS CEREMONY BECAUSE HE WAS IN CONGRESS, ALONG WITH MINISTER OF GOVERNMENT QUIROGA, MINISTER OF DEFENSE TOVAR, AND MINISTER OF SUSTAINABLE DEVELOPMENT JUSTINIANO DEFENDING THE GOB'S TOUGH NEW APPROACH TO THE DRUG ISSUE. HE SAID THE GOB HOPES TO SHOW THE PEOPLE OF BOLIVIA THAT THE POLITICAL OPPOSITION REALLY HAS NOTHING TO SAY ON THE DRUG ISSUE (SEPTEL DISCUSSES IN DETAIL THE CONGRESSIONAL DEBATE). THE PRESIDENT SAID THE BOLIVIAN PEOPLE HAVE TO REALIZE THAT THE COCA GROWERS IN THE CHAPARE HAVE FORMED A FEUDAL GUILD THAT IS INTEGRATED INTO THE DRUG TRAFFICKING ACTIVITIES OF THE COLOMBIAN CARTELS. THE AMBASSADOR ENCOURAGED THE PRESIDENT TO REMAIN TOUGH ON THE DRUG ISSUE AND PRAISED HIM FOR HIS COURAGE.

12. ECONOMIC GROWTH IS UP AND INFLATION IS DOWN, THE PRESIDENT SAID, BUT THE GOOD NEWS HAS NOT REACHED OR AFFECTED THE LIVES OF MOST ORDINARY PEOPLE. THE PRESIDENT

WORRIED THAT HE DOES NOT HAVE MUCH TIME LEFT TO REFORM THE ECONOMY IN WAYS THAT WILL DIRECTLY AFFECT THE DAILY LIVES OF BOLIVIANS. HE SAID "CAPITALIZATION" (COMMENT: PRIVATIZATION OF STATE ENTERPRISES) AND CREATING A NEW PENSION STRUCTURE ARE KEY TO BETTERING LIFE IN BOLIVIA IN A HURRY. HE WOULD LIKE TO DEVELOP A PENSION SYSTEM SIMILAR TO THAT IN CHILE BUT WITH LOWER OVERHEAD.

13. THE AMBASSADOR SAID HE THOUGHT THE PRESIDENT IS ON THE RIGHT COURSE. UNFUNDED PENSION SYSTEMS ARE THE ACHILLES HEEL OF DEVELOPING ECONOMIES, AND POSE PROBLEMS FOR MORE ADVANCED ONES AS WELL. HE SAID THAT THE U.S., AS ITS POPULATION AGES, MUST FACE THIS ISSUE; JAPAN IS ALREADY FACING A MAJOR PROBLEM IN THIS REGARD.

RUSSIA, CHILE, AND CUBA--AND BACK TO MIAMI

14. THE PRESIDENT SAID HE NOTICED THAT THE AMBASSADOR'S CV MENTIONS SERVICE IN TWO COUNTRIES OF PARTICULAR INTEREST TO BOLIVIA: CUBA AND CHILE. THE AMBASSADOR ASKED IF THE PRESIDENT WERE NO LONGER INTERESTED IN THE USSR SIMPLY BECAUSE IT NO LONGER EXISTED. THE PRESIDENT LAUGHED AND SAID THAT, IN FACT, PRIOR TO BECOMING PRESIDENT HE HAD BEEN IN HELSINKI FOR AN INTERNATIONAL CONFERENCE WHERE HE MET BORIS YELTSIN. THE RUSSIAN INVITED SANCHEZ DE LOZADA, ALONG WITH AMCIT ECONOMIC GURU JEFF SACHS, TO MOSCOW TO DISCUSS ECONOMIC REFORMS. YELTSIN WANTED TO HEAR ABOUT THE BOLIVIAN EXPERIENCE IN REFORMING AN ANTIQUATED STATE-DOMINATED ECONOMIC SYSTEM. THE PRESIDENT SAID HE TOLD YELTSIN HE COULD NOT COME AS HE WAS ABOUT TO LAUNCH HIS PRESIDENTIAL CAMPAIGN. YELTSIN REPORTEDLY REPLIED IF BOLIVIA DISAPPEARS OR DISINTEGRATES TOMORROW, NOBODY WILL NOTICE; IF RUSSIA DISINTEGRATES THERE WILL BE A BIG PROBLEM "BECAUSE WE HAVE THOUSANDS OF NUCLEAR WEAPONS. "SO WHAT DID YOU DO?" ASKED THE AMBASSADOR. "I WENT TO MOSCOW."

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15. IN MOSCOW, THE PRESIDENT SAID, HE MET A WIDE RANGE OF ECONOMIC OFFICIALS INCLUDING THE FINANCE MINISTER AND CENTRAL BANK PRESIDENT GERASHCHENKO. THE AMBASSADOR SAID YELTSIN HAD RECENTLY FIRED GERASHCHENKO AFTER THE RUBLE PLUNGED IN VALUE. HE SAID GERASHCHENKO WAS A HOLD-OVER FROM THE GORBACHEV ERA AND HAD DONE GREAT DAMAGE TO THE RUSSIAN ECONOMY. SANCHEZ DE LOZADA STRONGLY AGREED AND SEEMED VERY FAMILIAR WITH THE ISSUES LEADING TO THE RUSSIAN CENTRAL BANK PRESIDENT'S REMOVAL.

16. RETURNING TO THE SUBJECT OF CUBA, THE PRESIDENT SAID THAT DURING HIS MEETING LAST AUGUST WITH CUBAN FORMIN ROBAINA, THE CUBAN RECITED A LONG LIST OF STATISTICS SHOWING HOW CUBA IS A MUCH BETTER PLACE NOW THAN BEFORE.

THE LIVIAN PRESIDENT SAID HE TOLD THE CUBAN THAT THE "WHOLE THING" WAS BUILT ON SUBSIDIES. THE AMBASSADOR AGREED WITH THE PRESIDENT'S OBSERVATION, SAYING HE HAD SERVED IN CUBA DURING THE TIME THAT THE SOVIETS WERE SUBSIDIZING THE ECONOMY. THE PRESIDENT SAID THAT ROBAINA HAD COMPLAINED ABOUT THE U.S. EMBARGO "WHICH ROBAINA CALLED A BLOCKADE."

17. THE PRESIDENT SAID THAT IF THE U.S. ENDED THE EMBARGO CUBA MIGHT GRADUALLY EVOLVE. HE DISPUTED THE EFFICACY OF ECONOMIC SANCTIONS IN THE CUBAN CASE. THE AMBASSADOR REMINDED SANCHEZ DE LOZADA THAT CUBA IS NOW MORE DEPENDENT ON SUGAR THAN IT EVER WAS UNDER BATISTA. CUBA MIGHT GO THE WAY OF CHINA AND VIETNAM, BUT ONLY IF FIDEL LEFT THE SCENE. THE PRESIDENT APPEARED TO AGREE, SAYING THAT AS LONG AS FIDEL REMAINED IN POWER THERE COULD BE NO VIABLE PRO-DEMOCRACY MOVEMENT: "THERE IS TOO MUCH CONTROL." THE AMBASSADOR AGREED, POINTING OUT THAT THE CDR'S CONTROL EVERYTHING FROM FOOD AND CLOTHING TO SCHOOL ADMISSIONS.

18. THE PRESIDENT SAID HE EXPECTS CUBA TO BE A TOPIC AT THE SUMMIT. THE AMBASSADOR SAID THAT WAS LIKELY BUT THAT THERE WAS LITTLE REALISTIC CHANCE THAT U.S. WOULD CHANGE ITS CUBAN POLICY ANY TIME SOON. THE AMBASSADOR SAID THE USG IS AWARE OF LATIN AMERICAN VIEWS ON OUR CUBA POLICY.

19. THE PRESIDENT ASKED THE AMBASSADOR FOR HIS ASSESSMENT OF THE SITUATION IN CHILE. THE AMBASSADOR REPLIED THAT AFTER THREE YEARS OF ALLENDE AND 17 YEARS OF PINOCHET, THE CHILEAN POLITICAL ELITE--WHETHER LEFT, RIGHT, OR CENTER--HAD LEARNED TO REACH AGREEMENT ON FUNDAMENTAL ISSUES AFFECTING THE COUNTRY. CHILE IS NOW A PLACE THAT WORKS FAIRLY WELL. THE CHILEANS HAVE BEEN ABLE TO INVEST IN SOCIAL SERVICES WHILE MAINTAINING A HIGH RATE OF GROWTH. PRESIDENT AYLWIN COULD TRUTHFULLY CLAIM THAT UNDER HIS STEWARDSHIP THE CHILEAN ECONOMY HAD LIFTED MORE THAN ONE MILLION PERSONS OUT OF POVERTY.

20. THE PRESIDENT CONCLUDED THE TALK BY WISHING THE AMBASSADOR WELL DURING HIS TOUR IN BOLIVIA. AS THE CONVERSATION WAS ENDING THE AMBASSADOR SAID THAT HE WOULD MEET THE PRESS AFTERWARDS ("THAT'S YOUR PROBLEM," THE PRESIDENT INTERJECTED) AND PLANNED TO MAKE A STATEMENT (PARA 22) EXPRESSING SUPPORT FOR THE PRESIDENT AND HIS AGENDA, "WOULD THAT CAUSE YOU A PROBLEM?" THE PRESIDENT SAID, "NOT AT ALL."

COMMENT: THE PRESIDENT AT HIS BEST

21. SANCHEZ DE LOZADA SEEMED MORE ENERGIZED AND SURE OF HIMSELF THAN WE HAVE SEEN IN A SOME TIME. HE DID NOT ENGAGE IN HIS LATELY STANDARD SELF-PITY ROUTINE ("YOU AMERICANS ARE HURTING ME") AND APPEARED DETERMINED TO CHARGE AHEAD ON HIS MORE AGGRESSIVE CN POLICY AND TO CONFRONT THE OPPOSITION. WITH HIS RECENT AWAKENING ON DRUG ISSUES, THE PRESIDENT'S USUALLY STRONG GRASP OF INTERNATIONAL POLITICS SEEMS EVEN STRONGER.

22. TEXT OF AMBASSADOR'S PRESS STATEMENT FOLLOWING THE CREDENTIALS CEREMONY:

IT IS AN HONOR TO REPRESENT MY GOVERNMENT IN BOLIVIA.

IN MY VIEW THE RELATIONS BETWEEN OUR TWO COUNTRIES ARE BUILT UPON A FOUNDATION OF MUTUAL RESPECT AND COMMITMENT TO THE COMMON VALUES OF FREEDOM AND DEMOCRACY. WHATEVER ITS FLAWS, DEMOCRACY REMAINS THE ONLY SYSTEM IN WHICH THE ORDINARY CITIZEN HAS A CHANCE TO INFLUENCE PEACEFULLY AND

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SUBJECT: AMBASSADOR PRESENTS CREDENTIALS: CONVERSATION WITH BOLIVIAN PRESIDENT SANCHEZ DE LOZADA

LEGALLY HOW AND BY WHOM HE WILL BE GOVERNED AND TO ENSURE THAT HIS RIGHTS AS AN INDIVIDUAL ARE RESPECTED.

I FIRMLY BELIEVE BOLIVIA AND THE UNITED STATES CAN AND SHOULD INCREASE THEIR COOPERATION IN THE ECONOMIC FIELD TO THE BENEFIT OF BOTH COUNTRIES. I SEE IT AS A MAJOR COMPONENT OF MY DUTIES HERE TO DO WHAT I CAN TO BOOST TRADE BETWEEN OUR COUNTRIES AND AMERICAN INVESTMENT IN BOLIVIA. BOLIVIA HAS TAKEN SOME EXTREMELY IMPORTANT STEPS TO INTEGRATE ITSELF INTO THE REGIONAL AND WORLD ECONOMY AND TO MODERNIZE ITS OWN ECONOMY. A MODERN, GROWING ECONOMY, ONE CAPABLE OF COMPETING ON THE INTERNATIONAL SCENE, IS THE KEY TO RESOLVING LONG-STANDING PROBLEMS OF POVERTY AND IS ESSENTIAL FOR THE SURVIVAL OF DEMOCRACY. THE UNITED STATES, PARTICULARLY ITS PRIVATE SECTOR, CAN PLAY A MAJOR ROLE IN FURTHERING THAT GOAL IN BOLIVIA.

I CANNOT IGNORE THE ISSUE OF NARCOTRAFFICKING AS AN IMPORTANT ELEMENT IN RELATIONS BETWEEN THE UNITED STATES AND BOLIVIA. IT IS, IN FACT, A TOPIC WHICH INCREASINGLY AFFECTS RELATIONS AMONG VIRTUALLY ALL STATES. AS SEEN HERE IN BOLIVIA JUST A FEW DAYS AGO, NARCOTRAFFICKING ATTRACTS VIOLENCE, THREATENS NATIONAL SOVEREIGNTY AND DOMESTIC TRANQUILITY; IT PUTS AT RISK THE SURVIVAL OF DEMOCRACY, IT DISTORTS AND SUBVERTS THE ECONOMY, AND ABOVE ALL IT THREATENS THE YOUTH OF EVERY COUNTRY ON EARTH. FULL COOPERATION BETWEEN OUR TWO COUNTRIES IS ESSENTIAL IF WE ARE TO DEFEAT THIS THREAT. I WELCOME THE STRONG COMMITMENT OF THE BOLIVIAN GOVERNMENT TO STRENGTHEN THAT COOPERATION.

PRESIDENT SANCHEZ DE LOZADA'S DYNAMISM AND HIS POLICIES OF REFORM ARE KNOWN AND ADMIRERD IN MY COUNTRY--ON PENNSYLVANIA AVENUE, ON WALL STREET, AND AMONG THE MANY ORDINARY AMERICANS WHO HAVE COME TO KNOW HIM AND HIS COUNTRY. I AM DELIGHTED TO BE HERE. END TEXT.

KAMMAN

BT

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SECT: SECTION: 01 OF 04

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SSN: 3995

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Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001-cable	re: Inaugural Delegation Meeting with Bolivian President Sanchez de Lozada (4 pages)	07/13/1995	P1/b(1) <i>✓ 4/3/2020</i>

COLLECTION:

Clinton Presidential Records
NSC Cables
Jan 1995-Dec 1996
OA/Box Number: 510000

FOLDER TITLE:

[07/13/1995]

2015-0909-M

rs1372

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

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RR. Document will be reviewed upon request.

Cable

PREC: IMMEDIATE
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 LINE3: O 131437Z JUL 95
 LINE4: FM AMEMBASSY BUENOS AIRES
 OSRI: RUEHBU
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 INFO: ////
 SUBJ: INAUGURAL DELEGATION MEETING WITH BOLIVIAN
 PRESIDENT SANCHEZ DE LOZADA

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By VL NARA, Date 12/1/2019
 2015-0909-M (1.77)

TEXT:

~~CONFIDENTIAL~~ SECTION 01 OF 02 BUENOS AIRES 004195

CORRECTED COPY OF BA 4181 AND 4182

E.O. 12356: DECL: JULY 10, 2000
 TAGS: PREL, PGOV, AR
 SUBJECT: INAUGURAL DELEGATION MEETING WITH BOLIVIAN
 PRESIDENT SANCHEZ DE LOZADA

1. ~~CONFIDENTIAL~~ -- ENTIRE TEXT.

2. SUMMARY: IN A JULY 8 MEETING WITH U.S.
 DELEGATION MEMBERS, BOLIVIAN PRESIDENT SANCHEZ DE LOZADA
 EXPLAINED HIS EFFORTS TO ORGANIZE A SUCCESSFUL SUSTAINABLE
 DEVELOPMENT CONFERENCE IN SANTA CRUZ, FOCUSING ON THE NEED
 FOR PRIVATE SECTOR AND USG SUPPORT. SANCHEZ DE LOZADA
 ALSO LISTED HIS REFORM PRIORITIES, STRESSING HIS
 "CAPITALIZATION" SCHEME. HE SAID THAT SALES OF NATURAL
 GAS ARE CRUCIAL TO BOLIVIA'S FUTURE, AND SPOKE ABOUT GOB
 EFFORTS TO SELL GAS TO NEIGHBORING STATES. SANCHEZ DE
 LOZADA SAID THE USG DECERTIFICATION "ULTIMATUM" WAS USEFUL
 IN FORCING ACTION BUT THE GOB NEEDS HELP TO KEEP UP
 MOMENTUM AGAINST GROWERS. WHITE HOUSE COUNSELOR MCLARTY
 WELCOMING RECENT MOVES ON COCA ERADICATION AND URGING
 FURTHER PROJECTS DELIVERED A LETTER FROM PRESIDENT
 CLINTON. END SUMMARY

 OPENING LINES

3. MR. MCLARTY COMMENTED BRIEFLY ON THE LETTER FROM PRESIDENT CLINTON TO PRESIDENT SANCHEZ DE LOZADA AND TURNED OVER THE LETTER. DEPSEC TALBOTT SAID THE USG IS ACUTELY AWARE THAT COUNTER-NARCOTICS CANNOT BE THE ONLY ISSUE IN OUR RELATIONSHIP. ALTHOUGH NARCOTICS ARE VERY IMPORTANT, HE SAID, THE U.S. AND BOLIVIA HAVE A MULTI-DIMENSIONAL RELATIONSHIP. SANCHEZ DE LOZADA WELCOMED THIS FORMULATION.

SANTA CRUZ SUSTAINABLE DEVELOPMENT CONFERENCE

4. PRESIDENT SANCHEZ DE LOZADA SPOKE AT LENGTH ABOUT HIS EFFORTS TO MAKE THE SANTA CRUZ SUSTAINABLE DEVELOPMENT CONFERENCE A SUCCESS. BOLIVIA, WITH A FRAGILE ECOSYSTEM, WANTS TO BE KNOWN FOR ITS WORK ON BEHALF OF SUSTAINABLE DEVELOPMENT AND THE ENVIRONMENT, RATHER THAN DRUGS. FERNANDO ROMERO WAS NAMED AS THE SUMMIT COORDINATOR, WITH A VIEW TO OBTAINING NECESSARY BUSINESS COMMUNITY SUPPORT. SANCHEZ DE LOZADA SAID SEVERAL TIMES THAT THE TWO KEY COMPONENTS FOR SUCCESS WILL BE SUPPORT FROM THE PRIVATE SECTOR AND FROM THE UNITED STATES. ASKED BY THE DEPUTY SECRETARY ABOUT THE SCOPE OF THE SANTA CRUZ AGENDA, SANCHEZ DE LOZADA INDICATED BOLIVIA IS JUST BEGINNING TO WORK ON THIS AND THAT "BUSINESSMEN" TELL HIM TO COORDINATE CLOSELY WITH THE USG. THEY ALSO SUGGESTED THAT THE SUMMIT RELATE ENVIRONMENT TO TRADE TO CAPTURE GREATEST INTEREST. DEPSEC TALBOTT SUGGESTED THE THREE MIAMI SUMMIT ISSUES--POLLUTION, SUSTAINABLE ENERGY, AND BIODIVERSITY. MR. MCLARTY POINTED OUT THAT INVESTMENT CAN FLOW FROM SUSTAINABLE DEVELOPMENT. A/S WATSON ADDED THAT THE ECONOMIC INTEGRATION OF THE HEMISPHERE WILL BRING ENVIRONMENTAL CONCERNS TO THE FORE. PRESIDENT SANCHEZ DE LOZADA SAID THAT A KEY WILL BE TO GET PARTICIPANTS TO THE TABLE. HE ACKNOWLEDGED THAT PRESIDENT CLINTON WAS UNLIKELY TO ATTEND, BUT THOUGHT THE GOB STILL STOOD A GOOD CHANCE OF PULLING OFF A SUCCESSFUL CONFERENCE.

NATURAL GAS/ENERGY RESOURCES DEVELOPMENT

5. PRESIDENT SANCHEZ DE LOZADA SAID THAT THE FUTURE OF BOLIVIA DEPENDS ON THE SALE OF NATURAL GAS TO ITS NEIGHBORS. SANCHEZ DE LOZADA SAID HIS GOVERNMENT HAS A DEEP INTEREST IN ENERGY DEVELOPMENT, ONE OF THE REASONS FOR HOSTING THE SANTA CRUZ CONFERENCE. BOLIVIA SELLS SOME NATURAL GAS TO ARGENTINA BUT WANTS TO SELL TO BRAZIL AND CHILE AS WELL. A PIPELINE PROJECT TO SAO PAULO IS PLANNED BUT NEGOTIATIONS ARE DIFFICULT, IN PART BECAUSE THE BRAZILIANS ARE ACCUSTOMED TO SUBSIDIZED ENERGY. SANCHEZ DE LOZADA SAID HE PLANS TO MEET WITH PRESIDENT CARDOSO AND SEEK HIS SUPPORT.

REFORMS

6. PRESIDENT SANCHEZ DE LOZADA LISTED HIS REFORM PROGRAM PRIORITIES: POPULAR PARTICIPATION, CAPITALIZATION, EDUCATIONAL REFORM, AND PENSION FUND REFORM. SANCHEZ DE LOZADA EXPLAINED THE GOAL OF HIS CAPITALIZATION PROGRAM. THE GOAL IS TO ATTRACT OUTSIDE INVESTMENT IN COMPANIES,
~~C O N F I D E N T I A L~~ SECTION 02 OF 02 BUENOS AIRES 004195

CORRECTED COPY OF BA 4181 AND 4182

E.O. 12356: DECL: JULY 10, 2000
TAGS: PREL, PGOV, AR
SUBJECT: INAUGURAL DELEGATION MEETING WITH BOLIVIAN PRESIDENT SANCHEZ DE LOZADA

INCREASE THEIR CAPITAL BASE, AND PLOW FUNDS INTO A REFORMED PENSION FUND. SANCHEZ DE LOZADA CITED THE INVESTMENT OF \$140 MILLION BY THREE FOREIGN PARTNERS IN THE ELECTRIC COMPANY AS THE PROGRAM'S FIRST SUCCESS. HE ALSO POINTED TO HIS GOVERNMENT'S SUCCESS IN CUTTING THE NUMBER OF MINISTERS FROM 17 TO 10, AN EFFORT WHICH HE SAID INITIALLY LEFT THE GOVERNMENT "IMMOBILIZED," BUT IS NOW PROCEEDING WELL.

COUNTER NARCOTICS

7. PRESIDENT SANCHEZ DE LOZADA SAID THAT HE WAS PLEASED BY THE EXTRADITION TREATY AGREEMENT BETWEEN THE USG AND HIS GOVERNMENT. THE GOB SEES THIS AS PART OF A LONG-TERM STRATEGY AGAINST NARCOTICS, BUT THE GOVERNMENT IS HAMPERED BY HAVING NO MONEY. THE GOB IS PURSUING ERADICATION, LINKING THAT WITH A PROGRAM OF GIVING TITLE TO LAND TO PEASANTS WHO AGREE NOT TO GROW COCA. SANCHEZ DE LOZADA SAID THAT BOLIVIANS ARE STILL SMARTING FROM THE U.S. DECERTIFICATION ULTIMATUM, BUT HE ADMITTED THAT IT HAD BEEN A USEFUL TOOL IN FORCING ACTION AGAINST GROWERS. HE SAID HE WANTS TO CONTINUE TO MEET GOALS AND NOT LOSE MOMENTUM, BUT BOLIVIA CAN'T DO IT ALONE. HE ASKED FOR RESOURCES FOR AERIAL MAPPING AND SURVEYING, FOR INSTANCE, SANCHEZ DE LOZADA SAID.

RULES OF ORIGIN

8. MR. FEINBERG NOTED THAT BOLIVIA HAS RESPONSIBILITY FOR CHAIRING THE SUMMIMT TRADE WORKING GROUP ON RULES OF ORIGIN, A COMPLICATED SUBJECT. HE SAID THIS WAS A TREMENDOUS LOAD, WITH THE NEXT MINISTERIAL TAKING PLACE IN COLOMBIA IN MARCH. MR. FEINBERG OFFERED HELP FROM THE USG SHOULD THE GOB NEED IT.

PARTICIPANTS

9. PARTICIPANTS IN THE MEETING WERE:

BOLIVIA

PRESIDENT GONZALO SANCHEZ DE LOZADA
FOREIGN MINISTER ARANIBAR
PRESIDENCY MINISTER JUSTINIANO

UNITED STATES

COUNSELOR MCLARTY
DEPUTY SECRETARY OF STATE TALBOTT
ASSISTANT SECRETARY WATSON
NSC SENIOR DIRECTOR, INTER-AMERICAN AFFAIRS, FEINBERG
EXECUTIVE ASSISTANT NULAND
SPECIAL ASSISTANT PYATT
POLITICAL OFFICER GETTINGER (NOTETAKER)

GODARD

BT

#4195

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SECT: SECTION: 01 OF 02

<^SECT>SECTION: 02 OF 02

SSN: 4195

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TOR: 950713110840 M1761731

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DIST:

PRT: FIENBERG

SIT: ARMSTRONG BASSETT

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SIT: FEINBERG

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