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DEPARTMENT OF STATE

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A/ISS/IPS, Department of State
E.O. 12958, as amended
September 4, 2008

Memorandum of Conversation

file

DATE: February 18, 1972
PLACE: Mr. Meyer's Office
Room 6263

SUBJECT: Coffee; Quita Sueno; U.S. Expropriation Policy

PARTICIPANTS: Foreign

Ambassador Douglas Botero Boshell of Colombia
Dr. Jaime Lopez, Counselor of the Colombian Embassy

U.S.

Charles A. Meyer, Assistant Secretary of State *one*
Charles J. Stockman, Deputy Director, Office of
North Coast Affairs
T. Elkin Taylor, Colombia Desk Officer
Horace F. Shamwell, Office of the Legal Adviser

For Col-US

COPIES TO: E/FSE, Mr. Mau L/ARA, Mr. Feldman
E/OIA, Mr. Kennedy ARA
L/M, Mr. Shamwell ARA/NC
E/TRP, Mr. Ingersoll AmEmbassy Bogota (2)
E/TRP, Mr. Scissors

Ambassador Botero called on Mr. Meyer at the Ambassador's request. He opened the conversation by reiterating President Pastrana's appreciation for President Nixon's response to Pastrana's letter of December 21. He then passed on quickly to the three items on his agenda:

Coffee: Ambassador Botero said that the producing members of the International Coffee Organization (ICO) had just met in London and had come to an agreement on the desirability of action to raise coffee prices. This would consist of raising trigger prices sufficiently to compensate for the loss in purchasing power resulting from the recent realignment of currencies. He said that the realignment reduced the Colombian capacity to import. He added that the producers had been in touch with a number of the European consumers and had elicited from them a

(Drafting Office and Officer)

/C: T. Elkin Taylor: jvh
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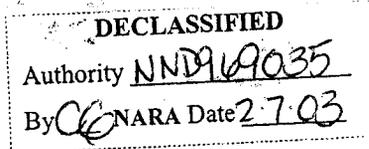
willingness to go along with the producers in this initiative. Botero said that this producer initiative would be put before the ICO February 21. He said that his Government hoped that the U.S. Government would be able to support this effort of the producing countries to protect their trading position. He noted that the producers of some commodities (he mentioned oil) were already taking measures to raise prices.

Mr. Meyer said that he would look into the matter immediately and get word back to the Ambassador. (Following a meeting between Mr. Meyer and Mr. Katz, Mr. Taylor called Mr. Lopez on this matter. Taylor said that, looked at from the U.S. Government viewpoint, the producers' initiative could hardly have come at a worse time. He noted that legislation implementing U.S. participation in the ICO was before the Senate now. It was therefore our hope that the producers' proposal could be modified to a request for a study. At a later time we might be in a better position to consider the producers' proposal. Taylor added that we could not, of course, assure the producers that such eventual consideration would result in support for Colombia.)

Quita Sueno. Ambassador Botero called the attention of the Department officers to Article 1 of the draft treaty on Quita Sueno. That article declared that Quita Sueno is "now permanently submerged at high tide". The Ambassador also noted that a side letter interpreting that article had also been drafted. He said he did not wish to go into the intricacies of the problem, since it had been and would continue to be handled in Bogota. But he appealed to the U.S. Government to make every effort to accord its own interests and legal position with a view that Colombia retains "rights" over Quita Sueno.

Mr. Meyer noted that we had made a number of concessions to the Colombians on this matter. He then asked Mr. Shamwell to address the issue. Mr. Shamwell gave a brief resume of the status of the talks between

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the U.S. and Colombian Governments and of the U.S. legal position.

COLPET and the Problem of Expropriations.
Finally, the Ambassador raised the matter of the negotiations between the Colombian Government and the Colombian Petroleum Company (COLPET, jointly owned by Mobil and Texaco). He summarized the status of the talks, confirming the reporting from Embassy Bogota. He was obviously well briefed. He said that it appeared that these talks were going well, though he did not dismiss the possibility that they could yet become entangled again. He said his fear was that, in the future, normal differences between foreign investors and host governments could be blown up by the companies into "expropriations" questions, thus putting pressure on the governments to give in or risk endangering their relations with the U.S. Government. He said he was afraid that some companies might use the U.S. Government's policy on expropriations as a lever against host governments. In reply to a question by Mr. Meyer, Botero said that he knew of no existing case in Colombia which would likely cause such a problem. He said he merely wanted to alert the U.S. Government to the possibility and of his concern.

Mr. Meyer responded that we were aware of the possibility of misuse of our policy. For that reason, he said, a special office had been set up in the Department of State to study expropriations questions and avoid inequities.

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