

# Bolivia swaps debt for . . . Bolivia

by Ricardo Martín

Bolivian President Víctor Paz Estenssoro has just signed a decree offering national territory in exchange for relief on its foreign debt. The announcement was made Jan. 30 by Minister of Peasant Affairs José Guillermo Justiniano, and reported the next day by AFP news service.

Although the text of the decree has not yet been made public, it appears to be the concretization of statements first made last year by then-Ambassador to Washington Fernando Illanes: "If someone gives us \$4 billion [the total of the Bolivian foreign debt], we are ready to hand over half the country." Illanes later claimed he was "only joking."

Illanes, currently Minister of Energy and Hydrocarbons, made his statement to the press on June 22, 1987, after signing a contract in which the government ceded 2 million hectares of land to the new Conservation International Foundation (CIF). The CIF, in exchange, bought up \$650,000 (nominal value) of foreign debt from one of Bolivia's creditors. The CIF, however, paid a mere \$100,000 for the paper, given the substantial devaluation of Bolivian debt on the secondary markets. That money, in turn, was provided by a New York brokerage.

## Coca: a 'natural resource'?

The land ceded to the CIF is located in the department of Beni, bordering Brazil, and is an important producer of coca and a center of cocaine-refining laboratories. It is not yet known what the CIF's attitude toward illegal narcotics is, but according to the government, it has pledged to "preserve natural resources" in its newly acquired property.

Bolivian critics of the land-for-debt swap warn that entities such as the CIF could be fronts. "Vital territory could be bought up by drug traffickers, or foreign powers interested in mutilating or dominating Bolivia's national sovereignty, or by multinationals interested in exploiting renewable or non-renewable resources."

The surrender of land and sovereignty to which Bolivia has committed itself is not an isolated act, but represents the implementation of a strategy that was proposed by Henry Kissinger as far back as August 1983, when he called for

"debt-for-equity" swaps. Minister Justiniano also spoke of institutions in Japan, Holland, and West Germany, which have expressed interest in buying up developing sector debt in exchange for territory.

Bolivia's decree establishes a dangerous precedent for Ibero-America. On Dec. 22, 1987, the daily *La Nación* revealed that an organization called the Environment and Natural Resources Fund sent a proposal to the summit meeting of eight Ibero-American Presidents in Acapulco, Mexico in November, urging that the summit agenda include the theme of reducing foreign debt by means of accepting investment in health, education, and resource conservation programs.

The most notorious "resource conservation" blueprint is contained in the book *Our Common Future*, published at Oxford University by the World Commission on Environment and Development. The book simply asserts, "The concept of sovereignty must be changed. . . . Urgent steps are needed to limit extreme rates of population growth. . . . Sustainable development can be pursued more easily when population size is stabilized at a level consistent with the productive capacity of the ecosystem."

At the end of September 1987, several members of that commission—such as Susanna Agnelli, sister of FIAT magnate Gianni Agnelli—visited the heads of state of Argentina, Brazil, and Peru to propose the "simple" solution of debt-for-land swaps. Several nations have already dabbled in the swap plan, and other governments—like those of Brazil and Chile—are seriously considering the proposal under cover of "a commitment to preserve certain regions as natural zones of animal and plant life."

In Peru, officials of the forestry and fauna division of the Agriculture Ministry told the daily *El Comercio* Jan. 14, "The exchange of a part of the foreign debt with the private organization Conservation International" is virtually a fact. Foreign Ministry officials stated, "It constitutes an interesting solution at this time." The final decision, however, is up to the Peruvian Finance Ministry, although studies are already being made to determine which are the "ecologically significant" regions of the country.

## Target the oil

Mexico, with its coveted oil-rich lands, is a key target of these plans. At a Feb. 9 press conference in Mexico City, Britain's Royal Consort Prince Philip, president of the World Wildlife Fund (WWF), announced that his organization was prepared to buy up Mexican debt—through a mechanism similar to swaps—and to invest that money in conservation of Mexico's natural resources. He claimed that the double advantage of his plan is that the Third World would get debt relief and its natural resources would simultaneously be preserved.

Philip noted that such debt-for-land swaps had already been carried out in Costa Rica, to the tune of \$5.4 million, and in Ecuador, where debt-for-land swaps have reached \$1 million. The WWF is now negotiating with the Philippines.