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Peru Junta Gets U.S. Recognition

United Press International

The United States formally recognized the new military junta in Peru yesterday but still withheld foreign aid to the regime which overthrew President Fernando Belaunde Terry three weeks ago.

State Department spokesman Robert J. McCloskey said the decision to recognize the government of Gen. Juan Velasco Alvarado was made in the light of announcements that the new regime intended to return to constitutional government and would recognize its international obligations.

McCloskey said the decision also was based on consultations with other governments in the hemisphere. He said 13 Latin governments have recognized the new regime.

Aid Under Review

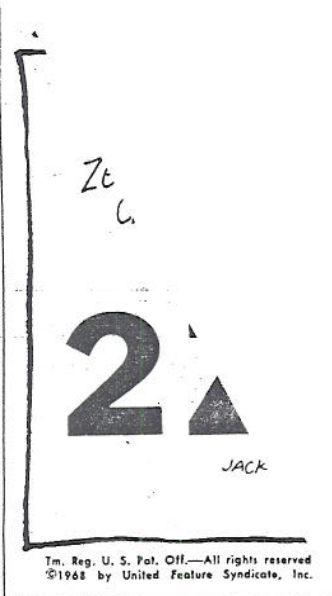
On the question of the suspended aid program, he said the situation was "under review" but gave no indication when or if the assistance would be resumed.

The spokesman also said the decision to recognize the new government did not involve the regime's expropriation of the American-controlled International Petroleum Corp.

The firm, subsidiary of Standard Oil of New Jersey, has appealed the seizure of its properties valued at \$208 million.

McCloskey declined to say whether the so-called Hickenlooper amendment would come into play if the Peruvian government fails to satisfy the petroleum company.

The amendment enacted in 1962 requires aid to be cut off to nations which do not pro-



vide swift and fair compensation for expropriated U. S. property.

"This is a complicated issue involving legal points," McCloskey commented.

To Be 'Paid' From Debts

[In a written reply to questions submitted by the Associated Press and cabled here through the Peruvian embassy, Velasco said the IPC "will be paid for its expropriated facilities out of the money it owes the Peruvian state."

[Asked whether his regime would consider submitting the issue to the World Bank's Center for Settlement of Investment Disputes, the junta chief said "the issue is not one of investment but of illegal possession."

[The dispute stems from the purchase of the oil field in 1875 by a British company which cleared its title to the property in 1922 by an appeal to the International Court of Justice. Peru has contested the decision ever since. IPC brought the property from the British company in 1924.]