U.S.-Peru Showdown Is Expected

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By Warren Unna
Washington Post Staff Writer

U.S. officials now think that the not-quite-four-month-old military government in Peru is hell-bent on a confrontation with the United States over U.S. economic investments there.

One guess why is that President Juan Velasco Alvarado's strongly nationalistic government intends to exploit anti-Gringoism as a means of making itself more popular.

Paralleling the increasing anti-Americanism in Peru is the military regime's indulgence toward Communist overtures. A Soviet mission reportedly is now en route to Peru and, in Washington's view, its objective is to stir up trouble.

Peru's military leaders have been concentrating their efforts on the International Petroleum Co. (IPC), which is owned by America's Standard Oil Co. of New Jersey.

The regime first seized IPC's oil fields, refinery and other properties last Oct. 9. On Tuesday, it took over IPC's management by replacing most of the 20 U.S. citizens who still were running the big oil company's operations.

"Unfortunately the steps taken by the Peruvian government do not contribute to a solution of the major issue," State Department spokesman Robert J. McCloskey said.

He explained that government's Peruvian Oil Agency took over IPC's management following a breakdown in negotiations concerning Peru's demand that IPC pay $15 million in petroleum supplies from IPC's already-expropriated Talmara refinery.

Although McCloskey politely suggested yesterday that the takeover of IPC's management "could become permanent if a solution is not found in a few days," other U.S. officials were far more blunt.

They see the junta as determined to build up to a situation which could result in a breakdown of diplomatic relations.

Peru is as aware as the United States that, if no satisfactory solution has been reached by April 9, the six-month anniversary of the seizure of IPC's assets, the Hickenlooper Amendement to the U.S. Foreign Aid Act will bring an end to the $5 million remaining in U.S. technical assistance and other AID projects.

Far more important, it also will result in a cutoff of Peru's sugar quota in the U.S. domestic market.

Until now, Peru's sugar quota, which provides its sugar growers with a higher price from the United States than they can find elsewhere, has earned the country some $40 to $45 million a year in foreign exchange.

Peru's economists, aware that sugar is one of the country's chief crops, think a cutoff of the U.S. quota ma[illegible] wreck the industry, cau[illegible] major unemployment [illegible]d widespread unrest.

The military leaders al[illegible]ady have let it be known t[illegible]t, if the sugar quota is cut o[illegible] they will expropriate the [illegible]oquepala copper mining co[illegible]cession —the largest single [illegible]urce of U.S. investment in P[illegible]u.