

ACTION WHA-00

RELEASED IN FULL

INFO	LOG-00	MFA-00	NP-00	AID-00	CIAE-00	INL-00	DODE-00
	ANHR-00	DS-00	EB-00	UTED-00	VC-00	H-00	TEDE-00
	INR-00	LAB-01	VCE-00	M-00	AC-00	NSAE-00	OES-00
	NIMA-00	EPAU-00	PA-00	MCC-00	ACE-00	IRM-00	SSO-00
	SS-00	ASDS-00	FMP-00	EPAE-00	DSCC-00	PRM-00	DRL-00
	G-00	NFAT-00	SAS-00	/001W			

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P 132000Z JAN 05
 FM AMEMBASSY LA PAZ
 TO SECSTATE WASHDC PRIORITY 3574
 INFO AMEMBASSY ASUNCION
 AMEMBASSY BOGOTA
 AMEMBASSY BRASILIA
 AMEMBASSY BUENOS AIRES
 AMEMBASSY CARACAS
 AMEMBASSY LIMA
 AMEMBASSY MONTEVIDEO
 AMEMBASSY SANTIAGO
 NSC WASHINGTON DC
 USCINCSO MIAMI FL
 MILLENNIUM CHALLENGE CORP
 DEPT OF TREASURY WASHINGTON DC
 DEPT OF LABOR WASHINGTON DC

UNCLAS LA PAZ 000129

SENSITIVE

STATE FOR WHA A/S NORIEGA
 NSC FOR TSHANNON
 USCINCSO FOR POLAD

E.O. 12958: N/A
 TAGS: SOCI, PGOV, EPET, PHUM, ASEC, MCA, BL
 SUBJECT: EL ALTO, SANTA CRUZ END PROTESTS, CONSIDER NEXT
 STEPS

REF: LA PAZ 114

1. (SBU) Summary. Amid convulsive confusion, after the Government issued a formal decree canceling the contract of Aguas de Illimani, El Alto neighborhood federation leaders decided late January 12 to call off their indefinite strike. They led a massive "victory march" into downtown La Paz on January 13, and set their sights on fuel wholesalers and the power company "Electro-Paz" as targets for future protests. Santa Cruz ended its 48-hour strike January 12. Organizers

UNITED STATES DEPARTMENT OF STATE
 REVIEW AUTHORITY: OSCAR J OLSON
 DATE/CASE ID: 02 MAR 2007 200505130

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in that regional capital are frustrated by the Government's paltry response to their demand for a roll back of the recent fuel price hike and set to consider next steps, which reportedly include symbolic moves toward a de facto autonomy, in a late January 13 Santa Cruz Assembly ("Asamblea de Crucenidad"). Other groups, such as Felipe Quispe's CSUTCB, are threatening to initiate protests for a laundry list of complaints on January 17. Persistent unconfirmed rumors notwithstanding, military and police forces have publicly supported the government throughout the crisis while maintaining a low profile. End Summary.

El Alto Strike Ends...

2. (SBU) Caving to the demand of El Alto neighborhood federation leaders (Ref), the Government issued on January 12 an executive decree annulling the contract of private water concessionary Aguas de Illimani. After an evening meeting to discuss its response, the neighborhood federation initially announced that the strike would continue in spite of the Government's offer. That decision was met with ire and frustration by a multitude of El Alto residents who had gathered outside the federation building and who (according to eyewitnesses) were tired, prepared to declare victory, and impatient for a return to normalcy. Amid some convulsive confusion, in which tempers flared and accusations surfaced that political provocateurs had infiltrated the federation's meeting to create havoc and to ensure continuation of the strike, the decision was overturned. Strikers in at least one El Alto district did not hear that the federation had changed its mind, and continued to blockade until the morning of January 13.

3. (SBU) El Alto neighborhood federation leaders led a massive "victory march" into La Paz in the morning of January 13. According to most estimates, close to 10,000 people marched down the mountain from El Alto and gathered in the Plaza de San Francisco in downtown La Paz to listen to El Alto neighborhood federation president Abel Mamani laud the demonstration's success and call for redoubled resolve to confront the challenges ahead. While there were reports of scattered violence, the "victory march" ended in the early afternoon. According to a January 13 news report, one person died and two others were injured when a minibus attempted to force its way around demonstrators amassing in El Alto.

But Protests To Continue

4. (SBU) Neighborhood federation leaders told us that the blockade had been lifted but that civil action would resume

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on other fronts in the near future. Key emerging targets for coming El Alto protests are the small number of fuel wholesalers ("mayoristas") who take orders for the gas and diesel needs of retail outlets (but do little else), and the Spanish-owned electrification company Electro-Paz. (Comment: Most fuel wholesalers gained entry into the lucrative business through political connections, and subsequently established a de facto cartel to guarantee their profit margins. We understand that El Alto strikers switched their focus to wholesalers -- from fuel price hikes -- because of this overt political nexus and the evident corruption it involves, but also to distance themselves from Santa Cruz's parallel demand on fuel prices. End Comment.)

Rising Frustration in Santa Cruz

5. (SBU) Santa Cruz ended its 48-hour strike in protest of fuel price hikes January 12. By early evening, traffic and commercial activity in the city had returned to normal levels. In a January 12 televised announcement that was reprinted the next day in the national press, Pro-Santa Cruz Committee head Ruben Costas accused President Mesa of "speaking but not listening," and lamented the Government's "impotence" to apply the law, order society, orient the economy, and provide meaningful political leadership that enabled the country to move forward. Other Santa Cruz civic leaders expressed their deep frustration with the Government's paltry response to the unprecedented 2-day protest, and more broadly with its continuing failure to take into account the region's interests. As one close Santa Cruz contact told us: "Mesa behaves more like a prefect (governor) from La Paz than like a President." He added that the cancellation of the Aguas de Illimani contract sends precisely the wrong signal to potential investors, in Bolivia and abroad.

6. (SBU) Santa Cruz civic leaders are set to meet in the evening of January 13 to discuss the lessons learned from the strike and to determine next steps. A range of measures is reportedly being considered. Among these are several that would signal the region's willingness to take symbolic and real steps toward a de facto autonomy, such as the "peaceful occupation" of Government facilities and the setting up of regional escrow accounts where Santa Cruz interests would send taxes due the central Government. One key Santa Cruz private sector leader downplayed this last possibility as remote while emphasizing that the region was not proactively seeking its autonomy, only stepping in to fill a yawning

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political and administrative vacuum. "Since the national Government won't govern," he told us, "we in Santa Cruz are forced to consider governing ourselves."

Other Groups to Join the Fray?

7. A number of other groups, each with its own agenda, are reportedly planning to join the protests starting Monday, January 17. These include the Sole Confederation of Campesino Workers (CSUTCB), led by radical Aymara leader Felipe Quispe, and the Yungas coca growers and Chapare-based cocalero federations associated with the MAS. Their demands run the gamut from a restoration of gas subsidies to nationalization of the hydrocarbons industry and Mesa's immediate ouster.

Rumors Notwithstanding, Security Forces Stand Firm

8. (SBU) As has often been the case during moments of crisis in the recent past, there have been persistent rumors of plotting by renegade elements of security forces, particularly the military. We have been unable to confirm the truthfulness or reliability of these reports, but do not give them significant weight. Representatives of both the police and military have publicly reiterated the commitment of their institutions to democratic order and to President Mesa. A low-key police presence has been visible throughout the crisis in La Paz and El Alto. Military troops have generally remained in their barracks and are unlikely to move out in great numbers without written orders from the executive.

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