



## Department of State

TELEGRAM

AID/GSL

ACTION: PE

CONFIDENTIAL

CN: 21

INFO

Classification

AMB

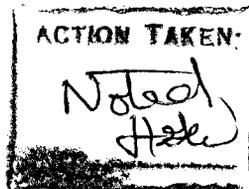
DCM

AID R 021716ZJAN 73

CHRON FM SECSTATE WASHDC

RF TO AMEMBASSY COLOMBO 6450

BT



3 Jan 73 1030

CONFIDENTIAL STATE 000072

SUBJ: AMB KANAKARATNE'S MEETING WITH ASSISTANT SECRETARY  
SISCO

1. SUMMARY: DURING MEETING DECEMBER 21 REQUESTED BY HIM, AMB KANAKARATNE INDICATED IBRD SEEMED NEGATIVE ON CONVENING AID GROUP AND REQUESTED USG SUPPORT FOR HOLDING AID GROUP MEETING. AMB ALSO RAISED PROBLEM OF SHORTFALL IN AMOUNT OF FLOUR PROVIDED UNDER PL 480 AND NEED FOR ADDITIONAL SUPPLIES. SISCO TOLD KANAKARATNE WE WILL DO EVERYTHING WE CAN ON BOTH MATTERS. END SUMMARY.

2. KANAKARATNE BEGAN BY DESCRIBING MEETING HE HAD WITH CARGILL OF WORLD BANK DECEMBER 20. AMB SAID THAT FOR VARIOUS REASONS RECENT GSL BUDGET HAD NOT BEEN RECEIVED AS WARMLY BY WORLD BANK AS GSL HAD HOPED. AMB HAD IMPRESSION CARGILL HAD BEGUN TO MORE OR LESS THROW UP HIS HANDS., CARGILL HAD TOLD HIM HE FINDS IT VERY DIFFICULT TO SUGGEST HOLDING AID GROUP MEETING ON ECONOMIC GROUNDS. ALL HE COULD SUGGEST IS PROCEDURE WHEREBY BANK WOULD FORWARD REPORT TO GSL WHICH IN TURN WOULD REQUEST DONORS TO ATTEND MEETING. AT SAME TIME BANK WOULD CIRCULATE REPORT TO DONORS INDICATING IT UNABLE RECOMMEND CONVENING GROUP ON ECONOMIC GROUNDS AS, IN BANK'S VIEW, POLITICAL GROUNDS ONLY JUSTIFICATION FOR HOLDING MEETING. AMB SAID HE TRIED TO CONVINCE CARGILL THAT ALTHOUGH GSL HAD NOT GONE AS FAR AS IT WANTED TO IN BUDGET DUE TO POLITICAL PROBLEMS, IT HAD TAKEN STEPS IN RIGHT DIRECTION. NOTING THAT PM HAD BEEN GRATEFUL FOR ROLE USG HAD PLAYED LAST YEAR IN AID GROUP MEETING, KANAKARATNE ASKED THAT USG USE ITS GOOD OFFICES, PARTICULARLY WITH WORLD BANK, IN ATTEMPT TO ENSURE AID GROUP MEETING. SISCO REPLIED THAT WE DO STRONGLY SUPPORT HOLDING MEETING AND HE WOULD LOOK INTO PROBLEM RIGHT AWAY.

3. KANAKARATNE THEN RAISED PROBLEM OF SHORTFALL IN PL 480 FLOUR SUPPLIES NOTING THAT INSTEAD OF 115,000 TONS WHICH RECENTLY EXTENDED DOLLARS 10 MILLION CREDIT WAS EXPECTED TO PURCHASE, GSL HAD IN FACT ONLY BEEN ABLE

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OBTAIN 83,000 TONS DUE TO SHARP RISE IN PRICE. HE ALSO BROUGHT UP GSL'S ADDITIONAL REQUEST FOR FLOUR NEEDED IN NEXT SIX MONTHS SAYING THAT IF PL 480 UNAVAILABLE IT WILL BE SERIOUS ECONOMIC BLOW FOR GSL. SISCO RESPONDED THAT IMPORTANT THING IS THAT WE WORK TOGETHER TO MAKE PEOPLE IN COLOMBO UNDERSTAND THAT PL 480 IS TECHNICAL PROBLEM WHICH WE HAVE TO WORK OUT TOGETHER. WE MUST MAKE CERTAIN GSL UNDERSTANDS THAT THIS DOESN'T INDICATE DIMINUTION OF INTEREST ON PART USG. WHEAT SUPPLY SITUATION AND PL 480 BUDGET SQUEEZE ARE SERIOUS PROBLEMS AND WE DON'T KNOW WHAT WILL HAPPEN IN END. HOWEVER, AMB COULD BE ASSURED THAT WE ON OUR PART WILL DO WHATEVER WE CAN.

4. DECLASSIFICATION: [REDACTED] ROGERS

*Classification*