

Apr 66 COVER SHEET: MINING AREA & ROAD CONSTRUCTION

Tin is Bolivia's past and present economic mainstay. And if it is to be part of its future, further exploration and development of heavily minerealized areas, particularly as concerns the private sector of the tin mining industry, is necessary.

There are two primary obstacles to the development of the private sector of the mining industry. One, shipment of either the ore or the refined tin, and two, the supplying of the miners. Both of these problems hinge on ~~roads~~ <sup>transp6rtation.</sup>

One of the more important of these roads is the one running between Uncia and Sucre, through the heart of the mining country around Catavi. In its present condition, the road is part river-fording, part mountain climbing, subject to constant irritating and dangerous landslides, and, at best, highly hazardous to motorized travel. It is narrow, steep, winding, and has already cost hundreds of lives in truck accidents. <sup>Within 1 day - 2 years, 300+ killed</sup> Two vehicles cannot pass in most <sup>several</sup> <sup>years ago</sup> places, especially in the section from Rio Colorado to Peoate, a distance <sup>48 were</sup> <sup>killed</sup> of 35 kilometers. This part of the road, therefore, is one-way on alternate days.

This road, particularly, but other mining roads as well, rate number one priority for US funds in Bolivia. In 1965, \$100,000 dollars went into the Uncia-Sucre road on a 40% Bolivian, 60% US basis. This year, beginning in March, \$450,00 dollars, in the form of a USAID grant, is earmarked for the project.

The importance of ~~maximizing~~ further development of tin mining in Bolivia cannot be overstated. It is the primary ingredient of the nation's economy. For example, in 1964, tin constituted 75% of approximately \$108 million in mineral exports. And that \$108 million <sup>was</sup> being the better part of a total of ~~about~~ \$114 million, total exports <sup>valuable</sup> from Bolivia.

A brief background of one large mine will perhaps best illustrate the importance of tin to Bolivia.

This mine is located in Catavi, also COMIBOL's (the government mining company) refining center. Though COMIBOL's biggest tin mine, it is already 50 years old, and USAID experts in La Paz estimate the mine ~~will~~ may well peter out and be shut down in 5 or 6 years, idling some 5,000 workers.

The Catavi mine, in 1965, produced 9,629,957 lbs of tin out of 36,485,732 lbs produced by all the COMIBOL mines that year. COMIBOL mines account for nearly 70 percent of the country's tin exports, the rest coming from numerous small and medium sized private concerns.

~~Inefficiency~~ Inefficiency has plagued the government mines. The latter half of 1965 was the first time since 1953 that the COMIBOL mines showed a profit. Prior to 1952, under foreign ownership, the mines produced about 40,000 tons of tin per year from the ore containing .6% tin. By 1960, this was down to 14,800 tons which then increased to 17,000 tons in 1965. World price on tin also increased, despite sales from the US strategic stock pile to which the Bolivian government objected, from a 1963 price of \$1.12 per pound ~~to~~ a 1965 price of \$1.70 per pound. And negotiations are underway to allow an American company to re-process the mines tailings estimated to contain from .4% to .5% tin. If negotiations are successful, a pilot plant capable of handling 250 tons of tailings per day would be built near Catavi starting in June, 1966. If successful, this would be expanded to a capacity of 500 tons a day.

Part of the problem at the Catavi mine, as it ~~is~~ at other COMIBOL mines, arose from the militant, communist infiltrated tin miners union, the Mine Workers Federation with an approximate membership of 40,000. <sup>did</sup>

Following violence in May, 1965, the government took steps to disarm the miners and remove communists and other extremists from the mine union hierarchy. New elections were ordered within the unions, and some 75% of the nation's unions, excluding those in the major mines, have been ~~organized~~ reorganized with new leaders. The formation of federations and the creation of a new national labor central are expected by the middle of 1966.

Although reorganization in June, 1965 saw the ~~marked~~ cutting of wages and lowering of COMIBOL miners from 32,000 to 23,000, the main economic problem still remains. The mines have two men on the surface for each man in the mine, a direct reversal of/accepted, efficient structure calling for one aboveground for two below.

The expansion of private mining, then, is of top priority in Bolivia. And the improvement and expansion of communications facilities, particularly roads, is important to that.

Along the 250-kilometer Uncía-Sucre road, repairs, expansions, and other improvements are underway in both directions from Rio Colorado, camp headquarters of the 5th Engineer Battalion (Bolivian).

Rio Colorado is located approximately 2/3 along the road from Uncía where the Rio Colorado and Rio Blanco meet. Here are headquartered 4 officers, 119 soldiers undergoing basic training, 24 civilian employees, and 192 ex-miners, the latter being primarily concerned with the road project. Part of these ex-miners are working on the 35-kilometer stretch between Rio Colorado and Pocoate, clearing landslides and drilling for future blasting.

Aside from USAID funds~~xx~~ helping this project, the COMIBOL is furnishing dynamite and other blasting necessities at cost, and the Bolivian National Road Service heads the entire project in a coordinating capacity.