

M. Kelly



Department of State

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PD-AAC-463-E

TELEGRAM

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ACTION AID-59

INFO OCT-01 IGA-02 EB-05 ID-09 (BOOK-592,) W
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P R 201640Z JUNE 74
FM AMEMBASSY TEGUCIGALPA
TO SECSTATE WASHDC PRIORITY 7370
INFO AMEMBASSY GUATEMALA
AMEMBASSY SAN SALVADOR
AMEMBASSY MANAGUA
AMEMBASSY SAN JOSE

UNCLAS TEGUCIGALPA 2575

AIDAC

E.O. 11652: N/A
SURJ: EXTERNAL TRADE/SECTOR ANALYSIS SUPPORT - PROP FOR
LA REGIONAL PROJECT

REF: AIDTO CIRCULAR A-401 DATED 5/31/74

1. MISSION DOES NOT FEEL THAT PROJECT DESCRIBED REPAIR LIKELY PROVIDE ANY SIGNIFICANT PAYOFF FOR HONDURAS EVEN IF PROJECT PURPOSE WERE ACHIEVED.
2. METHODOLOGICAL DEVELOPMENT DESCRIBED APPEARS MOST APPROPRIATE FOR U.S. AND, IN ADDITION, MORE LOGICALLY A FUNCTION OF USDA, NOT AID. PROJECTIONS OF WORLD MARKET SITUATION FOR PRODUCTS CHOSEN, ESPECIALLY SUGAR AND BEEF, WOULD ALSO APPEAR TO BE OF PRIME INTEREST TO U.S. AND OF MUCH LESS INTEREST TO AID PROGRAM IN HONDURAS.
3. WE QUESTION EFFICIENCY OF AID'S DEVELOPING NEW METHODOLOGY RATHER THAN LOOKING TO FAO AND USDA FOR IMPROVED PROJECTIONS. ANY MODELS DEVELOPED ARE CERTAIN TO HAVE LIMITATIONS IMPOSED BY WEATHER AND POLITICAL FACTORS INHERENT IN INTERNATIONAL TRADE. WHAT ARE RELATIVE COSTS TO AID OF CONTINUING USE OF EXISTING TECHNIQUES VERSUS TESTING AND IMPLEMENTATION

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OF NEW ONES?

4. HONDURAN CAPACITY TO ADOPT SOPHISTICATED NEW ANALYTICAL TECHNIQUES IS ALREADY STRETCHED. THE NOTION THAT THE TECHNIQUES DESCRIBED REPAIR COULD BE "INTERNALIZED" IN THE FORESEEABLE FUTURE SEEMS UNREALISTIC. FURTHER, IF THE MARKET PROJECTIONS WERE AVAILABLE ON A CURRENT BASIS TO HONDURAS, IT IS UNLIKELY THEY WOULD AFFECT ANY RESOURCE ALLOCATION DECISIONS.

5. MISSION DOES NOT NOW FORESEE REQUESTING ASSISTANCE FROM THIS PROJECT AS WE PROCEED TO IMPLEMENT RECENTLY APPROVED AGRICULTURE SECTOR LOAN. FROM VANTAGE POINT OF USAID/H, WE ARE UNABLE SUPPORT PROPOSED ACTIVITY AS "REGIONAL" PROJECT AND BELIEVE THAT, AT BEST, THE PROJECT WOULD REPRESENT A LOW-RETURN UTILIZATION OF SCARCE AID RESOURCES.

6. REPAIR RECEIVED JUNE 10 WITH UNREALISTIC JUNE 14 DEADLINE. IF POSSIBLE, IN FUTURE, WOULD APPRECIATE MINIMUM OF 10 DAYS FOR MISSION REVIEW OF REGIONAL PROJECTS.
DAVIS

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