

Costa Rica Forming Bauxite Bond Worth \$400 Million

Special To The Herald

SAN JOSE, Costa Rica — President Jose Figueres has announced that he is negotiating a \$400-million package deal with the World Bank, the Soviet Union and Alcoa for installation in Costa Rica of a hydroelectric generating plant and aluminum refineries which could convert this country into a major aluminum exporter.

Figueres made his announcement in a nationwide radio and television talk in which he also defended his plan to establish diplomatic

relations with Russia and admit a Soviet embassy to San Jose. The plan has provoked widespread opposition from right-wing elements in Costa Rica.

ACCORDING to Figueres, the plan, discussed and "enthusiastically endorsed" by the World Bank, calls for financing Soviet-made hydroelectric generating equipment for installation of plants up to 500,000 kilowatt capacity in the northwestern agricultural province of Guanacaste, where there is abundant

water supply in rivers flowing from the continental divide to the Pacific Ocean.

The power generated would be transmitted to the southeastern zone of San Isidro del General, where Alcoa is now beginning operations under a 20-year contract for production and export of bauxite ore from a multi-thousand acre ore reserve area.

Construction of dams and installation of generating plants would be carried out by the Costa Rican Electrical Institute, a \$200-million pub-

lic-owned power and communication complex. The aluminum refining facility supposedly would be constructed under direction of Alcoa, possibly on a joint participation basis with the Costa Rican government.

Figueres claimed that the projected facilities would provide annual exports of \$125 million worth of aluminum, which is more than the combined value of Costa Rica's coffee and banana crops, now the country's major dollar producers.

ACCORDING to Figueres,

the project also would provide new employment for from 15,000 to 20,000 persons over the next eight years — the vital factor in an economy nagged by rising unemployment — and also would provide the province of Guanacaste with important flood control and irrigation facilities. This area is affected by frequent droughts.

Figueres began his talk by stating, "We continue to consider ourselves allies of the United States and a member nation of the Western demo-

cracies — there is no reason to doubt this."

He then went on to justify his proposed establishment of diplomatic relations with Russia as a necessary first step in Costa Rican exploitation of the Russian market for excess coffee and bananas, and listed the many Western Hemisphere nations which have had normal relations with the Soviet Union for years.

He attacked "the libelous attitude" and "hysterical ignorance" of the groups who have been opposing the establishment of Russian ties here and indicated that he might go ahead and allow a Soviet embassy to open before conducting a national plebiscite which earlier had been announced as a means of determining the true national reaction to Russia's diplomatic presence.

COSTA RICAN FOES ASSAIL PRESIDENT

Figueres Draws Fire Over Hijacking and Soviet Pact

By HENRY RAYMONT
Special to The New York Times

SAN JOSE, Costa Rica, Dec. 12—Two moves by President Jose Figueres Ferrer, a political moderate, have set off a debate that is jarring the pre-holiday festiveness of this sunny island republic, known as the Switzerland of Central America.

One move was the Government's decision to resume diplomatic relations with the Soviet Union following the signing of a trade agreement committing Moscow to buy substantial quantities of coffee in exchange for industrial goods. The action was widely hailed by coffee growers, but right-wing politicians charged that it would make Costa Rica vulnerable to Communist infiltration.

The other move was President Figueres's use of armed force last Sunday to foil the hijacking to Cuba of a Nicaraguan airliner that landed at Los Cocos International Airport here. One of the three hijackers was killed and four persons were wounded, including the two surviving hijackers, who were extradited to Nicaragua the next day.

Plane Nearly Wrecked

President Figueres, who had won fame as a guerrilla in 1948 when he deposed a government he had charged with electoral fraud, armed himself with a submachine gun and personally directed the Civil Guard forces at the airport Sunday. They encircled the BAC-111 jet of the Lanka Airline, punctured its tires and flushed out the hijackers with gunfire and tear gas, starting a fire in the cabin that practically wrecked the plane.

Although the President of Nicaragua, Anastasio Somoza Debayle Jr., phoned Mr. Figueres to congratulate his for acting decisively, the reaction here has been one of less than overwhelming enthusiasm.

Some, including members of his own Social Democratic party, felt that Mr. Figueres should have allowed the hijackers to seize the aircraft rather than jeopardize the lives of the crew and passengers, and the constitutionality of the quick extradition was challenged in a petition for an injunction filed by Jeamm Martinez, a known Castro sympathizer.

Opposition party politicians charged that the President had taken the tough, law-and-order stand to offset the impact of their protest over the establishment of a Soviet diplomatic mission here. The protest culminated in a demonstration last Saturday in which several thousand women staged an anti-Communist march in front of the Presidential Palace.

10 Visas Are Issued

The Foreign Minister, Gonzalo Fazio Segreda, rejecting opposition demands that the Government submit the decision to a plebiscite, said yesterday he had issued visas to 10 Soviet diplomats, including Vladimir N. Kazimirov, a former consul general in São Paulo, who will head the mission. He is expected to arrive here early next year.

In a major effort to counter his critics, President Figueres held a televised news conference with Mr. Fazio Wednesday night. The President took the occasion to argue that the drastic action against Nicaraguan hijackers was sanctioned by inter-American agreements, and to plead for broader understanding for Costa Rica's foreign policy.

At the same time, Government followers were preparing to hold a rally in support of his policies, despite Mr. Figueres's request that they refrain from demonstrations in reopening with the holiday season.

Questioned by reporters about the airport incident, Mr. Fazio said that the Government had acted in accordance with an agreement signed by the Foreign Ministers of the Organization of American States in Washington in June, 1970, to protect the hemisphere against air piracy and terrorism.

President Figueres said he was doing no more than the Nixon Administration in its recent efforts to expand trade with Moscow.

"What is behind the protest here," he said, "is not being anti-Soviet but anti-Government, nor is it a question of being against rubles so much as being against income tax."

"The time has come," he added, "even for the Opposition to understand that we must help put an end to the cold war atmosphere."