

6-1-1974

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Recommended Citation

B. A. Landy and G. R. Harper, *Economic Developments*, 6 U. Miami Inter-Am. L. Rev. 555 (1974)

Available at: <http://repository.law.miami.edu/umialr/vol6/iss2/11>

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ECONOMIC DEVELOPMENTS

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AGRICULTURE AND LIVESTOCK

The member governments and organizations of the Consultative Group on International Agricultural Research, which operates under the co-sponsorship of the United Nations Development Programme, the Food and Agricultural Organization and the World Bank, have made known their intention to appropriate approximately \$33 million in 1974 to finance international research programs seeking to raise the quantity and quality of food production in the developing countries throughout the world.

The Group further approved the establishment of an International Board for Plant Genetics Resources to support and coordinate the establishment of a network of plant gene collections, with a view to conserve desirable characteristics in breeding plants with higher yields, better food value or greater resistance to pests and disease.

Nineteen seventy-three was a record year for world farm production and prices. Argentina, which earns 90% of its foreign exchange and 15% of its G.N.P. from farming, which employs 20% of the labor force, has been able to take advantage of the situation. It is expected that the new Argentine Government will give fuller recognition to the importance of the farming sector over the industrial sector, and will permit its development so that it can be oriented both to take advantage of the growth in the world food demand, and also to meet domestic requirements. On the domestic market short supplies had cut by half, in the last three years, the amount of meat a worker could buy for an hour's labor. If farmers are allowed adequate incentive and some advantage from high world prices, and an investment policy to modernize agriculture is introduced, Argentina has the potential to feed itself well and to have exportable

surpluses. Exports in 1973 totalled \$6.7 billion, of which coffee produced \$1.25 billion, but only 40% of the total was made up of traditional primary products while manufactured goods alone brought in \$1.3 billion.

The 1973 and 1974 Brazilian wheat crop is expected to be 1.5 million tons, more than double last year's total. Imports of wheat should be down to 2,000,000 tons in 1974 from 3,000,000 tons in 1973.

Brazil's coffee prices will be raised by more than 13% to \$0.68 a pound by June, according to a government announcement. Exports will be reduced in a move to take advantage of a projected rise in market and shortage situation. Shipments in the first half of 1974 will be cut to 5.1 million bags (of 60 kilograms each) of green coffee, against exports of 9.1 million in the corresponding period a year earlier. The government will increase internal support prices to coffee growers by 15% and make available easier financing for new plantings.

In a seminar held in Cali, Colombia, the *Centro Internacional de Agricultura Tropical (CIAT)* examined the agriculture potential of tropical lowlands. The seminar was organized as part of the inauguration of the new \$6,000,000 establishment of the CIAT in the Cauca Valley. CIAT is a non-profit autonomous organization set up to help accelerate the agricultural and economic development of the tropical lowlands; one of its present projects is coordinating experiments on maize within the Andean Group.

An approximately G\$2 million second timber contract—about 385 cu.ft. more than the amount of timber negotiated in the first contract—has been signed between Guyana and Peking, to supply the latter with some thirteen varieties of Guyana woods.

An Agricultural Protocol providing for the exchange of technical knowledge and personnel has been signed between St. Lucia and Venezuela.

An agreement for an \$887,000 from the Caribbean Development Bank has been signed by the Government of St. Lucia to expand that country's water program.

It has been reported that the Yugoslav system *Kombinats* (state farms) has apparently been chosen for introduction in three areas of Perú. The farms, which will be known as *complejos industriales*, are to be established with Yugoslav technical and financial assistance. "Each *complejo*," the U.S. Agricultural Attaché in Lima reports, "will be pyramidal in form, with a broad base of cooperative units (and possibly some private farms) producing grains and forage for large dairy swine and poultry

units. Each farm could have as many as 10,000 head of dairy cattle, some 2,000 brood sows, and up to 2 million chickens for both meat and egg production." In addition, the farm would include a dairy plant, a slaughterhouse, a sausage plant, a meat cannery, a curing facility, facilities for handling poultry meat and eggs and a balanced feed plant. Probably, the Agricultural Attaché comments, United States sources would be called upon to supply some technology, breeding stock and equipment that cannot be procured in Yugoslavia, including "dairy cattle, breeding swine, automatic feeding and watering equipment, grain and forage harvesters, as well as engineering plants and equipment for processing facilities required by the farms."

ANDEAN PACT

With a 48% rise in 1972, Inter-Andean Group Trade is increasing faster than the six countries trade with the rest of the world, which rose by 12% in the same period. During 1972 intra-regional imports by the Andean Countries, valued at US\$303 million, represented about 5% of their total imports, compared with about 3% in 1971.

CHEMICALS AND PLASTICS

A massive petrochemical expansion is shaping up in South America, but will not enable local industry to catch up with South America's fast growing demand for petrochemical products. Imports will be playing an ever large role well into the 1980s.

Brazil now has firm plans for investments totaling almost \$1.5 billion during the next six years. Industry attention in Brazil is focused on a Petrochemical Development Pole being built near Bahía in northeast Brazil. The heart of the Bahía complex will be a \$250 million olefins and aromatics center owned by the state petrochemical company Petroquisa.

Eximbank's loan of \$4,950,000 will finance 45% of total U. S. cost of equipment and services required for construction of an ammonia and urea complex. The Bank of America, will also provide an equal amount to cover another 45% and borrower (*Petrobras Quimica Fertilizantes S.A.*) will make a cash payment of 10% or \$1.1 million.

Rising consumer demand for a variety of products has increased the need for new petrochemical plants in Argentina, and present plans call

for an investment of \$400 to \$500 million in new petrochemical facilities by 1978.

In Chile, the fall of the Allende government September 1973 completely changed the outlook for foreign participation. Dow Chemical, the only foreign petrochemical firm in Chile has been returned its polyethylene, polyvinyl chloride and polystyrene plants after being ousted in late 1972 by Allende.

In Bolivia the most advanced project is a \$10 million pesticides complex to be built with Argentine cooperation.

In Peru, *Induperu*, a government-owned enterprise, is planning an \$82 million petrochemical complex in 1977.

Colombia has several new projects planned for 1974, including *Ecopetrol's* dodecylbenzene plant now under construction.

DEVELOPMENT AND INVESTMENTS

The President of the International Development Bank has announced that the Bank is to increase its support for urban development programs in Latin America. The population in Latin America is expected to increase at the rate of 10 million a year between 1970 and 1985, and about 85% of this increase must be absorbed by the cities and towns.

A \$500 million credit for Mexico, to be drawn upon from 1974 through 1977, has been negotiated with an international syndicate of banks. This credit facility will be applied mainly to foreign exchange requirements of the Government in connection with the purchase of capital goods for economic development projects.

Eximbank's direct loan of \$450,000 will finance 45% of the total cost of consulting engineering services for a de-salination plant and a financial guarantee of a loan of \$450,000 from non-U.S. sources will finance another 45% of the cost. The obligor will make cash payment of the balance of 10% or \$100,000, with Eximbank providing a financial guarantee of a local cost loan of a matching amount. The project is for substantial expansion of the existing Blue Hills De-salination Plant on New Providence Island. Kaiser Engineers of Oakland, California, will provide engineering services.

The densest industrial concentration in Brazil is presently receiving 640 megawatts from the first four of twenty generating units of the Ilha

Solteira power plant of CESP, the São Paulo State power company. Together with the 1,400 MW Jupiá plant, Ilha Solteira forms the Urugupungá electric power complex of the Paraná river, the largest south of the Equator. CESP expects to have finished construction of the additional sixteen generators at Ilha Solteira, as well as the plants of Agua Vermelha (1380 MW) and Capivara (640 MW) for a total capacity of 8,064 MW, by 1980.

Canada and Barbados recently signed a loan agreement for a sum not to exceed \$10 million, to cover the cost of design preparation for the new air terminal building complex, utilities and ancillary works in connection with the development of the Seawell International Airport. The loan, to be repaid in half yearly instalments between September 1980 and 31 March 2003, carries a 3% interest.

The International Bank for Reconstruction and Development has granted the Chilean development agency COREO a \$5.25 million loan for twenty years and carrying a 7.25% interest, designed to finance pre-investment studies. The studies will cover the fields of mining, metallurgy and manufacturing, nutrition and fisheries, transportation, and water management, and are aimed at expanding exports and saving foreign exchange expenditures, while helping economic growth and increasing social well-being. The total cost of the study phase is estimated at \$10.5 million.

At the XII Inter-American Conference of Savings and Loans for Housing held in Guatemala, the following was reported as the status of Savings and Loans Programs in countries where these are in operation. *Argentina*: Twenty-one institutions with 63,700 savings accounts and 2,400 mortgage loans; *Brazil*: Eighty-six institutions, 3,300,000 savings accounts, with Savings & Loans having financed 446,000 dwellings; *Costa Rica*: four established associations, 4,200 savings accounts and 1,700 financed dwellings; *Chile*: twenty-one associations, 583 savings accounts, and 123,000 financed dwellings; *Ecuador*: thirteen associations, 77,000 savings accounts and 7,000 financed dwellings; *Honduras*: three associations, 2,000 savings accounts and 450 mortgage loans; *Nicaragua*: notwithstanding the earthquake which destroyed Managua, the three associations have 47,000 savings accounts and 5,000 mortgage loans; *Panama*: the three associations have financed 1,500 dwellings with 1,500 savings accounts; *Paraguay*: three associations, 3,000 savings accounts and 400 financed dwellings (program was initiated in 1973); *Perú*: 17 associations with 647 savings accounts and 47,500 financed dwellings; *Dominican*

Republic: thirteen mutual associations, 85,000 savings accounts and 9,200 financed dwellings; *Venezuela*: 22 institutions, 383,000 savings accounts, and 29,000 financed dwellings.

An agreement has recently been signed between Colombia's Export Promotion Fund and the Mexican Trade Institute, providing for cooperation between the two countries to promote bilateral commerce and technical and economic assistance, as well as the elimination of trade barriers.

The *Corporación Financiera Nacional*, an autonomous state agency set up to provide assistance for the development of industry, mining and the tourist trade in Guatemala, began its operations in September of 1973. The establishment of this institution, together with the development of the vast nickel deposits in the Department of Izabal, should help to reduce the traditional dependence on agriculture and thus enable Guatemala to achieve more balanced growth in the future.

The Board of Directors of the Panama Canal Company will conduct an intensive six-month study and public hearings on higher Panama Canal tolls. The proposal endorsed by the Board, would increase tolls as follows: from \$0.90 to \$1.08 a ton if a ship is loaded, and from \$0.70 to \$0.85 a ton if it is in ballast; for non-mercantile vessels, the \$0.50 charge for each displacement ton will be raised to \$0.60.

The Governments of St. Lucia and Canada have signed a Memorandum of Understanding in connection with the construction of a terminal building at Hewanorra International Airport, at an approximate cost of EC\$4.4 million. It has also been announced that a new terminal building will be constructed at Vigie Airport at a cost of EC\$1 million.

The Caribbean Investment Corporation, a multimillion dollar institution seeking to stimulate large-scale industrial development in the lesser developed countries of the Caribbean, will have its headquarters in St. Lucia. The corporation is authorized to issue shares in the amount of EC\$15 million and no less than EC\$5 million over the first five years.

EXPORTS-IMPORTS

The Brazilian Ministry of Economy has announced that exports of manufactured goods would reach approximately \$2,000 million in 1974—substantially greater than coffee exports, which are estimated at

\$1,200 million. Preliminary estimates indicated total exports of \$4,436 million, 40% greater than last year's exports. Official figures showed imports in the amount of \$6,870 million. However, private sources indicated they might reach \$7,100 million, while the increase in exports might not exceed 30%.

Eximbank's direct loan of \$3,915,000 will finance 45% of the cost of U.S. goods and services required for expansion of a cement plant in Jamaica, and Eximbank's financial guarantee of a loan of \$3,915,000 from private sources will finance another 45%. The borrower will make cash payment of 10% of U.S. cost of \$870,000. This is the third expansion program of the Caribbean Cement Company, and it is expected to double present production capacity to 800,000 tons annually by 1974. Allis Chalmers, of Milwaukee, is expected to furnish equipment and services.

The Export-Import Bank has made a direct loan of \$4,000,060 which will finance 45% of U.S. goods and services for steel-making facilities in Mexico. Eximbank has financial guarantees of a loan from a commercial bank for an equal amount to finance another 45% of U.S. costs. The borrower will make cash payment of the balance of \$900,000. Eximbank is also providing a financial guarantee of a local cost loan of \$1,350,000. A major part of the equipment will be supplied by E. W. Bliss Co., a subsidiary of Gulf & Western Industries.

The U. S. Foreign Credit Insurance Association (FCIA) and the Export-Import Bank have initiated a new insurance program which will allow U. S. exporters to insure the sales of capital goods to end users through overseas distributors, dealers and subsidiaries. The new policy will be issued to a qualified exporter for coverage of all eligible on-going sales to end users through an exporters global distribution system. The policy will cover all such sales during a specified period, usually twelve months. The global end users policy, issued on normal medium-term repayment schedules, will be separate from any other policies that exporters may now hold. It can be used alone — solely to insure goods to the end users — or in conjunction with other FCIA policies which offer coverage for capital equipment.

One of the most interesting efforts of the U.S. Government's current program in introducing U. S. companies to foreign markets is called the Trade Opportunities Program (TOP). TOP is an automated system in which trade leads developed by commercial attachés of the U.S. Foreign

Service are rapidly transmitted to potential American suppliers. The strength of the program rests in getting information quickly to subscribers, sending out specific trade opportunities only to those companies capable of supplying the particular products and providing detailed information about what is required. The U. S. program, similar to that of the United Kingdom and Belgium, has been operable for several months. Until TOP, the only sources of trade opportunities developed by the Foreign Service were squibs in several Commerce Department publications. A study conducted by the Commerce Department showed that, until TOP got under way, it took an average of twenty-six days between the time the Foreign Service sent trade opportunities to Washington and the time the information became available to American businessmen. TOP has cut the time period to between one and seven days.

On February 4, 1974, the Board of Directors of the Export-Import Bank announced that the Bank was raising its interest rate on loans from 6% to 7% per annum, effective on that date. The action of the Board in raising the rate followed a recommendation to that effect by the National Advisory Council on International Monetary and Financial Policies. Outstanding credit authorizations and preliminary commitments will be governed by the interest rate provisions of those authorizations and commitments.

GAS AND OIL

It is expected that Latin America will become an increasingly large exporter of petroleum in the 1970's with exportable production rising from 202.7 million cubic meters in 1975 to 237.1 million cubic meters by 1980. The latter figure may be increased by recent discoveries in Peru. Trading agreements also are to be signed shortly by Argentina with a number of countries, including an accord under which Venezuela would exchange its oil for Argentine machinery. Further, the Argentine state-owned oil company would assist in Ecuador's oil exploration; the company may also start oil exploration in the Libyan Arab Republic, with Argentina becoming the main distributor of Libyan oil in Latin America.

In the face of the energy crisis, it is significant that the new Latin American energy organization, OLADE, which concluded its founding conference in Lima in November of 1973, will concern itself with energy as a whole, rather than with just petroleum. In Chile, for example, thirty years ago two-thirds of the nation's energy came from coal and

wood; today, these only represent 20% while oil constitutes nearly 60%. But Chile only produces 40% of the oil it is now using, and the existing reserves in the Magallanes area may only last for another decade.

Peru, which imports 35% of its oil and has sold it on the internal market without a price rise for more than a decade, is faced with a similar problem. Some form of rationing seems likely, but in the long run, Peru's problem does not appear serious. The Amazon fields should be producing significantly by 1975 — the target date for Peruvian self-sufficiency, and exploration is proceeding offshore.

Colombia has a different problem. Currently self-sufficient, it is likely to be importing oil by 1975. Here, too, the internal price is subsidized heavily, and a price rise seems imminent. Perhaps Colombia's immense reserves of coal will play a greater part in the country's energy situation.

Following Argentina's comprehensive economic agreement with Uruguay, the two countries have signed an agreement providing for Argentine help in obtaining oil supplies for Paraguay, the improvement of transport and navigation facilities, and better mutual control over border trade.

Yacimientos Petrolíferos de Bolivia (YPFB) has announced the conclusion of a contract with the *Refinería Paraguay, S.A. (REPSA)*. The contract provides for Bolivia to furnish Paraguay 3,000 barrels of oil daily at a price of \$18.00 per barrel. The oil will be transported to Paraguay over the Paraguay river to which Bolivia has access through the Busch port, in the Department of Sta. Cruz, in the eastern part of the country.

Bolivia has signed a new contract with Sun Oil Company which covers the leasing of some 2.5 million acres south of La Paz, in the Oruro mining area. After an exploration period representing an investment of not less than \$4 million in studies and test drillings, Sun Oil will have the option to choose one half of the total acreage for exploitation purposes and will receive a little less than half of any oil produced as operator, and will pay approximately 30% of tax on its share. The Sun Oil Co. agreement is the sixth such agreement entered into by Bolivia since early 1973.

An Eximbank direct loan of \$1,521,580 will finance 45% of the total U. S. costs of oil drilling equipment in the Cayman Islands. A

loan of a matching amount from private sources will finance another 45% of the U. S. cost, and the borrower will make cash payment of 10% or \$338,132.

Six hundred and five bids covering an area of 31,121,252 hectares have been received by Colombia for the search and exploitation of petroleum on national territory. *Empresa Colombiana de Petróleos* covers an area of 12,471,000 hectares granted by the Government.

The Government of the Dominican Republic has announced through its Secretary for Industry and Commerce, that it has had reports to the effect that there are positive deposits of oil in some southwestern areas of the Republic, namely, in the Lake Enriquillo zone. Accordingly, the Government has announced the cancellation of existing leases for failure to drill, recommending at the same time, that in view of the world oil crisis, public bids be taken on concessions in the area.

On recommendation of the Organization of Petroleum Exporting Countries regarding "immediate participation in domestic oil exploitation," the Government of Ecuador has issued a decree demanding negotiations on a participation program that would give its State Petroleum Corporation (CEPE) a 25% interest in 1974 in the joint operations of Texaco and Gulf Oil in the country.

An agreement has been signed between the Guyana Government and Guyana Shell Ltd. which permits the company to carry out further offshore oil drilling operations.

Although the implications by Venezuelan President, Carlos Andrés Pérez, that Venezuela would not wait until 1983 before assuming the management of its petroleum industry have caused global impact, the world oil crisis had a major impact in Latin America. Inevitably, the smallest, most dependent states have been hit the hardest, but even the larger countries have been forced to re-examine the relationship between energy, growth and development. In Mexico, road traffic has been halved. In Colombia, there have been long lines at gasoline stations. In Guatemala City, the neon signs have been turned off. Costa Rican airlines have had to cut flights, and the government itself has declared a state of national calamity. Urban transportation has been curtailed in Tegucigalpa. All the major oil-producing countries — Venezuela, Ecuador, Bolivia and Mexico — have increased their prices.

LAND TRANSPORTATION

At a cost of \$700 million, São Paulo will soon open the first line of its rapid transit system the latter part of 1974. The first line, a subway of eleven miles, running north-south through the city and which will be one of the most comfortable mass-transit lines in the world, will carry 1.4 million passengers a day. At rush hours, there will be a train every 90 seconds. Some of the twenty stations will be able to handle 40,000 passengers an hour, with electronically operated controls. After completion of the present line, São Paulo will start construction of another forty miles of overhead track at a cost of \$500 million. Another nine miles are under study. The initial network is planned to complement road transportation and to link with railways coming into São Paulo.

Both Colombia and Panama are pressing forward with plans to have the last stretch of the Pan American Highway - across the Darien Gap - open by 1978, in spite of plans to shelve the project for the present. The Colombians have already called for bids on the first phase of construction, and Panama has completed the \$106.8 millions financing package necessary for their section. The road will be almost 250 miles long, with 193 miles of the total in Panama.

The Inter-American Development Bank has announced approval of a \$16,000,000 loan to help Costa Rica construct and improve eight secondary roads covering approximately 77.5 miles. This is the third IDB loan extended to improve Costa Rican roads.

St. Vincent has embarked on its largest road development project to date, involving some eleven miles of road improvement on the Leeward and Windward highways. Of these, five and a half miles were from Can Grove to Kingston and five and a half miles from Ratho Mill to Peruvian Vale. The two-year project is financed by British aid funds and will cost approximately EC\$7 million.

MARITIME AFFAIRS

Mitsui is investigating the possibility of building a new shipyard close to the Port of Tubarao in Espirito Santo. Tubarao is also to be the site of a new steel mill to be constructed by the Kawasaki Steel Company of Japan, and the Italian Sinsider Company. Initial production will be 4 million tons a year in 1980, rising to 12 million tons a year in 1985.

With a C\$143 million pesos, approximately U.S. \$6 million, (*Empresa Colombiana de Pesca*), *COLPESCA*, and a fleet of ten fishing boats, the State enterprise will soon start operations in the Colombian coastal platform of the Caribbean, noted for its large shrimp and lobster beds. The general operations of *COLPESCA* will cover the ports of Santa María, Riohacha and Providencia.

Through the Ships and Fishing Equipment Importing Enterprise, Cuba's National Fishing Institute has signed an agreement with a Spanish shipbuilding company for twenty-one new TACSA-95TFS ocean-going fishing vessels at a cost of some 110 million Cuban pesos. Each trawler factor, designed to cruise 6,000 miles and stay fifty-five days at a fishing zone without refuelling, will handle 8,000 metric tons of fish annually.

The President of Brazil recently dedicated a drydock in Rio de Janeiro, with capacity for accommodating ships of up to 400,000 tons deadweight. The facility, built by Ishibras shipyard, a local subsidiary of the Japanese Ishikawajima Corporation and the largest in the Western Hemisphere, was built in six months at a cost of \$20 million.

A team of United Kingdom and United States experts will undertake a marine natural resources study of the Cayman islands. The survey will be financed by the Government of the Cayman Islands—CI\$109,027, the balance by the United Kingdom under a technical aid program.

Guyana and Cuba have announced a fishing pact that will permit the latter to fish off the coast of Guyana, using Georgetown as its base. Under the terms of the agreement, Cuba will pay Guyana a percentage of its catch which should represent an annual income of \$500,000.

Mariculture Limited, which probably operates the only turtle-breeding farm in the world, has announced the expansion of its present farm at Goat Rock, Grand Cayman, to utilize the entire 10-acre site and the construction of a new 60-acre farm. Feasibility studies are reported to have been commissioned for the second farm in Puerto Rico, Brazil, Costa Rica and Mexico as well as Grand Cayman and Little Cayman.

The Inter-American Development Bank has granted *Nacional Financiera* of Mexico, the State development agency, a \$43 million loan for the expansion of its fishing fleet, reinforcement of the port infrastructure and marketing systems, and the establishment of a center to train personnel for all branches of the fishing industry. The loan will advance an

integrated fishery development program in Mexico, estimated to cost \$84,650,000. The program, which aims at increasing Mexico's catch from 301,000 tons in 1972 to approximately 471,000 tons in 1978, is also expected to increase the per capital fish consumption from some 3.7 kilos a year to 5.3 kilos, open up an estimated 5,424 jobs and increase Mexico's fish exports by \$16.6 million a year.

The Peruvian press has announced the conclusion of a Cooperation and Investigation Agreement for the Exploration and Exploitation of Marine Resources, between Perú and Panama. The agreement calls for the creation of a mixed Peruvian-Panamanian governmental enterprise.

METALS AND MINERALS

An international consortium, integrated by the Kennecott Copper Corporation, Rio Tinto Zinc Corporation of London, a Rothschild affiliate, Consolidated Goldfields Ltd. of London, Mitsubishi Corporation of Tokyo and Noronda Mines of Toronto, has announced a large-scale development program to determine the feasibility of mining manganese nodules from the ocean floor. The project, on which the group will spend \$50 million over the next five years, will study the means of mining the nodules from depths of 12,000 feet or more, transporting them and extracting the minerals. The United States is particularly interested in the nickel, cobalt and molybdenum content of the manganese nodules.

Brazil's non-ferrous metal industry is the subject of critical studies by the Ministry of Industry and Trade which expects to use them as a basis for a national plan to develop the industry, from mining to the finished product. The study covers such metals as aluminum, copper, lead, zinc, tin and nickel, as well as beryllium, titanium, magnesium, lithium and tungsten. Studies of aluminium, nickel and tin already have been released. With investments in the expansion of installed capacity, it is expected that by 1980 Brazil could produce 5.2 million tons of bauxite, 2 million tons of alumina, and 700,000 tons of aluminium. Of this, 1 million tons of bauxite, 700,000 tons of alumina and 150,000 tons of aluminium would be exported, largely to Canada and Japan, which are expected to invest in the 1.6 billion aluminum, alumina and hydroelectric oriximina project on the Trombetas River north of the Amazon. With regard to tin, the Ministry's study said that by 1980 Brazil could export 1,450 tons annually, after satisfying domestic needs. Production last year was 2,500 tons, with idle capacity sufficient to double that

volume, and it is expected that production could be raised to 7,500 tons by 1980. By then, Brazil should also be able to expect 9,700 tons of electrolytic nickel.

Eximbank's direct loan of \$4,950,000 will finance 45% of the total cost of U.S. goods and services required for expansion of an aluminum producing facility in Brazil. A loan of \$4,950,000 from private U.S. sources will finance another 45% and the borrower will make cash payment of 10% or 1.1 million dollars. The borrower, *Compania Mineira de Alumino*, has entered into a design, engineering, purchasing and construction management agreement for services outside Brazil with Aluminum Company of America. The project is for expansion of the borrower's aluminum producing facility at Pocas de Caldes, Minas Gerais, Brazil.

The Governments of Colombia and Brazil are negotiating a contract whereby, over a period of twenty years beginning in 1977, Colombia will export to Brazil 100 million tons of coaking coal for the Brazilian siderurgical industry.

Drilling is soon to begin in a Costa Rican alluvial gold mine—location as yet undisclosed—where Chemalloy Minerals, Ltd. of Toronto, Canada, has acquired a 23.7% interest. Samplings have shown average values of \$2.50 per cubic meter. Other owners of the mine are said to be three private Swiss and U. S. firms.

The Government of Guyana has initiated negotiations for ownership and control of the bauxite mines and plants owned by Reynolds Mines Guyana, Ltd., a U.S. company. Reynolds and Demerara Bauxite, a Canadian-owned subsidiary of Alcoa Aluminum, Ltd. was nationalized in December 1973 on an agreed compensation of \$53.5 million.

Development of the extensive nickel deposits in eastern Guatemala will finally get under way after more than a decade of financial and political strife. The International Nickel Company expects to begin production within three years with an average of 14,000 tons annually. *EXMIBAL*, the Canadian company's local subsidiary, under political fire for a number of years, finally renegotiated an agreement in 1971 under the terms of which *EXMIBAL* will pay taxes in Guatemala over a ten-year period so that in time the Government will own 30% of the company's capital. *EXMIBAL* has an initial concession of thirty-two years with an option for an additional twenty years. The reserves involved, according to a World Bank study, exceed 70 million tons with an average 1.5% nickel

content. The first phase of the project calls for an investment of some \$120 million. Funding for the project will be divided as follows: government institutions, International Nickel and Hanna Mining will provide \$50 million; export credit institutions of the United States, Britain and Canada will extend lines of credit exceeding \$40 million; The Orion Termbank, a London-based consortium, \$9 million; the World Bank and the Central American Integration Bank \$15 million and \$6 million, respectively, on condition that 6% of the share capital of *EXMIBAL* is eventually sold to private individuals in Guatemala and other Central American countries.

Mexico has negotiated a 10-year \$150 million loan from three U. S. banks for the development of *La Caridad*, its largest copper mine. Work has already started on the \$500 million project and production, scheduled to begin in mid-1977, aims for an annual output of 150,000 metric tons. For developing purposes, the Mexican Government has approved the formation of a consortium—*Mexicana de Cobre, S.A.*—in which it controls 44% of the shares, with the remaining 56% in private hands. The latter are held largely by the Mexican interests that now own 51% of the shares of the American Smelting Company's local subsidiary, *ASARCO Mexicana*. The law authorizes *Mexicana de Cobre, S.A.* as much as 34% foreign ownership.

MONEY AND BANKING

The seventh meeting of the Governors of the *Federación Latino-Americana de Bancos*, held in Bariloche, Argentina, ended with the establishment of the *Banco Latino-Americano de Inversiones*. At the same time the meeting approved resolutions to set up a continental pool of banks, to help finance foreign trade in the area; and for the opening of branches in all the countries of the region by the Latin American National Banks. The prominent technical committee of the *Federación* is to undertake the studies required by these resolutions.

In an effort to find an all-purpose unit of value for world trade that will lessen risks to both exporters and importers, international banks are examining new international currency units. Among them, Barclay's Bank International is presently studying a composite unit in which the U.S. dollar, the pound sterling, the Deutsche mark, and the French and Swiss francs, will have equal weight. Such an unit would have a general world

trade character in contrast with the EURCO being considered by several European banks, whose usefulness may be limited by its European character.

The Barbados dollar has replaced the East Caribbean dollar as the unit of currency in Barbados. The value of the currency remains unchanged.

A banking syndicate integrated by Lloyds & Balsa International Bank Ltd., Bank of America, European Brazilian Bank Ltd., First National Bank of Boston, First Pennsylvania Banking and Trust Co., Indiana National Bank, and Industrial National Bank of Rhode Island, granted *Industrias Unidas, S.A.*, a major Mexican electric equipment manufacturing firm, a seven-year \$10 million Euro-currency loan through their London offices. The loan will bear interest at the rates prevailing in London for Euro-currency operations.

At the sixth meeting of the Ministers of the Inter-governmental Group of 24 on International Monetary Affairs held in Rome, the Ministers of the Group of 24 reaffirmed agreement on all issues of reform, which they envisage as a tripartite task comprising an improved monetary system, an improved trading system, and an improved system for the transfer of real resources to the developing countries. The Group also recognized the need for arriving at mutually satisfactory and operative solutions for the problems of the developing countries affected by payment imbalances.

It has been announced that the Government of Japan will soon authorize Japanese investments in the Brazilian capital market.

The United Nations Capital Development Fund has received \$5.4 million in pledges from twenty nations, increasing the total pledged resources to \$11.3 million. The Fund was established by the General Assembly with a view to providing capital assistance to developing countries and has been administered by the UNDP Administrator since 1968.

Banco Nacional de México has formally announced the establishment of the International Mexican Bank, Ltd., a merchant bank with headquarters in London, and in which *Banco Nacional de Mexico* will have the majority portion. The bank will provide short, medium and long-term international credits to the public and private sectors of Mexico and other Latin American nations. It will also participate in the establishment and development of industrial firms in the republic.

By its warm welcome to foreign banks, Panama has become the center of the booming "Latindollar" market. Panamanian banking sources estimate that the volume of such trading in the Caribbean Basin may approach \$10 billion, or a tenth of the Euro-dollars held in Europe and other areas.

The Toyota Corporation has won an exclusive franchise to manufacture cars and medium-weight trucks in Peru. The \$120 million Toyota establishment is said to be capable of turning out 20,000 units per year.

A credit agreement has been signed in Madrid between the *Banco de la Nación del Perú* and a consortium of Spanish banks represented by the *Banco Zaragozano*. The credit amounts to approximately \$6.5 million, and is destined for the purchase of Spanish assets and equipment for the Peruvian naval industry.

The United States Government recently ended its control over the outflow of dollars for lending and investing abroad, as a result of a marked improvement in 1973 in the nation's balance of international payments and the ensuing strengthening of the dollar in the world's foreign exchange markets. Among the programs terminated immediately are the following: the "interest equalization tax" on purchases of foreign stocks and bonds by Americans; the Commerce Department's elaborate controls on the outflow of dollars for direct corporate investment abroad; the Federal Reserve Board's "voluntary" program of restraints on bank lending abroad.

MISCELLANEOUS

The Argentine Government has set up the *Corporación de Empresas Nacionales*, an umbrella organization designed to co-ordinate and help thirty-two state firms and one hundred and thirty-nine former private companies now managed or intervened by the State because of financial or other difficulties. The corporation will act as a central decision-making and co-ordinating body, and will also help its members to obtain better discounts, insurance and transport rates.

The British Government sponsored Regional Cadastral Survey and Registration Project, which will determine land owners, land leasers and land mortgages throughout the Cayman islands, has concluded surveying the West Bay, northwest adjudication section. The West Bay, northeast adjudication section has also been completely surveyed. This survey will

serve as the basis of a new land registry system which will ensure a Government guarantee for absolute titles to real estates.

Chilean peasants have begun to receive titles to land expropriated over recent years from the Government. According to a recent decree, peasants will pay for the property out of harvests over a thirty-year period.

The Haitian Government and the Canadian International Development Agency have signed a six-year agreement extending a technical training program to be carried out by the Professional Training Center of Haiti. The agreement calls for the investment of \$4 million to help young Haitians attend full-time and evening technical courses in Port-au-Prince. When fully implemented some 400 students will be able to study under the program.

Haiti and Venezuela have signed a basic agreement providing for the implementation of joint technological and scientific cooperation programs, research projects, establishment of centers for the training and specialization of researchers, holding of workshops and seminars, information and document exchange. Under the terms of the agreement, a joint Haitian-Venezuelan Commission will be set up for the purpose of assigning priorities for the various areas of activity and for initiating specific projects.

Papel de Periódico, S.A., (PIPSA), a Mexican corporation, has contracted with Media General of Richmond, Virginia, for the construction of a \$38,500-ton newspaper recycling plant near Mexico City. 51% of PIPSA's stock is owned by the Mexican Government and 49% by Media General. The plant, which utilizes solely old newspapers, will manufacture newsprint by a deinking process under license from Media General's Garden State Paper Company.

Eximbank will make a direct loan of \$25,515,000 to finance 45% of total U.S. cost of equipment and services for the second 600 MW nuclear power plant unit of the Laguna Verde, Mexico, power station. An Eximbank financial guarantee of a loan of a matching amount from private sources will cover another 45% of U.S. costs, and the borrower will make cash payment of the 10% balance. The borrower, the Mexican *Comisión Federal de Electricidad*, plans construction of the first and second units of the Laguna Verde power station on a sequential basis. The General Electric Company will be the prime supplier of the nuclear steam supply system.

The *Comité Asesor Económico y Social* of the Andean Pact, at a meeting in Lima, recommended that arrangements be made to allow free temporary intra-regional movement of private cars and other road vehicles, as a way of increasing regional tourism. Other recommendations include the introduction of identification cards for tourism and the initiation of studies on traveler's checks, tourist currency and regional credit cards.