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ECONOMIC DEVELOPMENTS

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ADELA

ADELA, the multinational private investment firm sponsored by over two hundred of the world's leading business enterprises to foster the economic development of Latin America by strengthening private enterprise, has established a U. S. subsidiary with offices in Washington, D. C. The Washington office is available to U. S. parties interested in investing, licensing or investigating business opportunities in Latin America.

AGRICULTURE

The Ecuadorean government is in the process of negotiating and obtaining five different agricultural loans from international organizations. The *Banco de Cooperativas* is presently negotiating with AID for a \$1.2 million loan to be used for the development of the agricultural sector. The government recently received another loan from AID for \$4.0 million; these funds will be used to put into effect plans for the diversification of agricultural crops.

Tentative measures for a new method of cotton classification were disclosed by the government of Nicaragua to representatives of the cotton producers. The method consists of classifying cotton on the length of the fiber. Cotton growers are opposed to the change. The Ministers of Agriculture of Central America, Mexico and Panama during their 17th meeting in Guatemala, agreed to support the Central American Association of Cotton Producers in its efforts to obtain a minimum price of \$3.00 per *quintal* for cottonseed.

Over \$1.5 million was invested in the 1968/1969 tobacco crop in Nicaragua producing 13,524 *quintales*. For future cycles, careful evaluation of programs will be made, since the United States, Nicaragua's principal buyer, is being affected by an active campaign against the use of tobacco.

During 1969, the Guatemalan Government invested over 5.6 million *quetzales* in agricultural development programs, in such projects as promotion of irrigation and development of processing plants, and in subsidies for the production of rubber, crop diversification, forestation and fishing.

It has been announced that the budget for 1970 calls for an even larger expenditure in this sector.

A mission from Mexico visited Guatemala to discuss agricultural and industrial cooperation between Guatemalan and Mexican sugar producers. The two countries are working toward a greater exchange of information and technical cooperation.

New agrarian reform acquisitions by the military government of Panama include 10,000 acres of land near Aguas Buenas.

Jamaica is negotiating with the government of Taiwan for technical assistance in connection with the island's agricultural problems.

CHEMICALS

A new petrochemical law was enacted in August, 1969 in Argentina to promote investments in the petrochemical industry. The main features under the new law are that raw materials will be obtainable at competitive international prices, plants with annual production capacity in excess of stated minimums will be entitled to an additional 20% reduction in the price of raw materials, and certain income tax exemptions will be available to the petrochemical industry.

IPAKO, Sinclair-Koppers' Argentine subsidiary, has completed a \$1 million expansion of its ethylene-polyethylene-polystyrene complex, adding a 2,000-3,000 metric tons per year expandable polystyrene unit. In launching the expandable polystyrene unit, Sinclair-Koppers and Koppers executives reaffirmed IPAKO's plans for a \$26 million expansion of its ethylene and low-density polyethylene output by 1972.

Petro-Quimica of Argentina, S.A. has asked for Argentine government approval of a \$50 million expansion of its ethylene based complex.

Two new plastics plants are to be built at Santo Andre, near Sao Paulo, Brazil. One is a plant to produce 40,000 tons of polyvinyl chloride a year; the other is a 60,000 ton per year polyethylene plant which will be completed by *Poliolefinas S.A.* by the third quarter of 1971. Also in Brazil, a 30,000 ton per year fertilizer factory is to be installed at Rio Grande.

Abonos del Paraguay plans to build a 48,000 ton per year fertilizer plant in Paraguay. The plant and equipment will be imported from Brazil.

In Mexico, West Germany's Hoechst plans to build two new plants. One is a \$16 million polyester unit scheduled for startup early in 1972

with a planned capacity of 3,000 metric tons per year of resin and 3,000 metric tons per year of filament fiber. Hoechst will own 40% of the polyester unit, with Mondlak, a Mexican textile group, owning the remaining 60% of the operation. The German company will also have a 20% interest in an \$8 million, 20,000 metric ton per year polyvinyl chloride plant near Mexico City scheduled to go on stream early in 1971; 20% will be owned by France's Pechiney-Saint Gobain (whose technology will be used), and 60% will be owned by Mexico's *Banco de Comercio* and Finimex, an affiliate of *Banco del Atlantico*. Under Mexican law, at least 60% of a secondary petrochemical company must be Mexican-owned.

Hoechst of West Germany is also planning a plant for Puerto Rico which will produce 10,000 tons per year of citric acid, and will cost \$10 million.

On November 30, 1969, the Governor of Puerto Rico announced that his government will negotiate with petro-chemical companies including Dow Chemical and Mitsubishi for the establishment of satellite plants in Puerto Rico. The Governor added that Puerto Rico is becoming the center of the petro-chemical industry in the Caribbean area, with \$1.5 billion total investment projected under current programs.

COMMUNICATIONS

The development of telecommunications continues to be fostered by the Inter-American Telecommunications Commission (CITEL), an entity of the Organization of American States (OAS). CITEL held its Fourth Meeting in Asunción, Paraguay, from September 8 to 12, 1969. All the member states of the OAS were represented at the meeting. Several organizations, including the International Telecommunications Union (ITU) and the Inter-American Development Bank (IADB) were represented by observers. Special emphasis was given to educational television, and it was recommended that the word *Teleducation* (Teleducación) be adopted to denote educational radio and television; it was also recommended that *Teleducation* offices be established in each member state. Further, CITEL recommended to the Council of the OAS that an Inter-American Specialized Conference on Communications be convoked.

Nippon Electric Company of Japan has been awarded the contract to construct the Central American Telecommunications system. Award of the \$6.5 million contract was made by CONTELCA, the regional telecommunications commission, which also considered four other bids.

The total network will be built at a cost of about \$14 million, and when completed will join the five Central American republics with a telecommunications system providing telephone, radio, television and telex services.

The Central American Bank for Economic Integration and Guatemala's telecommunications firm, Guatel, have signed a loan contract under which Guatel will receive a 2.7 million *quetzales* loan to finance Guatemala's portion of the regional telecommunications system.

A space communications ground terminal at Matura, Trinidad is planned by the Trinidad and Tobago External Communications Company. The new station will permit telecommunications to Europe and North America through existing satellite systems.

Venezuela has inaugurated the first stage of its domestic telex network pursuant to the nation's Five Year Plan for Telecommunications. The network will be operated by the Government.

The Argentine Government is holding its plans to nationalize all international telecommunications in abeyance until the matter is reviewed by the National Security Council.

The Minister of Public Works of Ecuador has announced that a preliminary agreement has been reached with International Telephone and Telegraph (ITT) for a loan of \$7 million to help finance the telecommunications program, including the installation of 960 microwave channels, a domestic and international telex service, and possibly a satellite communications station.

An agreement was signed between the Peruvian Government and International Telephone and Telegraph Corporation of New York on a package deal in which ITT will sell its shares in the Peruvian Telephone Company for an amount equivalent to \$16.4 million. The CPT covers the Lima-Callo metropolitan area and is the country's biggest phone organization. ITT had previously valued its sixty-nine percent holding of CPT at \$18.5 million not counting an additional \$1.5 million in current dividends and undistributed profits. On signature of the agreement, \$2.5 million down payment was made to ITT in New York. Features of the agreement are that ITT will install a factory to produce telephone equipment in Peru (the Government will have an initial 40% interest rising to 50%) and that Bell Telephone Manufacturing of Belgium (ITT's subsidiary) will have the contract to supply the equipment for 100,000 additional lines for the Lima-Callo expansion program.

EXPORTS

In an effort to foster exports, the government of Brazil has issued a new decree under which exporters need no longer pay income tax on: a) commissions paid to agents abroad, b) discount interest and bank charges and commissions on export drafts and c) interest and commissions relating to credit obtained abroad for export and pre-export financing with the approval of *Banco Central* and where the export proceeds will be used to repay the loan.

It is reported unofficially that a Chilean trade mission is to travel to Cuba where it may offer exports of beans, garlic, onions and wine, and other produce from the Chilean cooperative farms. The Government of Ecuador recently authorized the export of 50,000 *quintales* of rice to Cuba; the *Banco Nacional de Fomento* is seeking authorization to export 400,000 *quintales* of the same commodity.

A National Export Corporation to coordinate and promote Jamaica's export program has been established. The new entity replaces the National Export Council.

New export controls to insure an adequate supply of nickel to Canadian industry and to prevent the drain of this metal to foreign markets were placed in effect in December, 1969.

The Export-Import Bank of the U.S. has inaugurated a guarantee program to assist U.S. contractors in bidding and performing projects abroad. The new program will basically provide political risk coverage to U.S. contractors for equipment taken abroad, but intended to be returned to the U.S. at the completion of its use. Coverage will be commensurate with the actual export of U.S. products. The political risk guarantees extended to the U.S. contractor will cover the loss or damage of the equipment due to violence such as civil war and revolution, the requisition, expropriation or confiscation of the equipment by a governmental authority without adequate compensation; or the imposition of a law of the host country which prevents the return of the equipment to the U.S. when the U.S. contractor is not at fault.

The Export-Import Bank is also offering a counseling service to exporters, banks, and financial institutions to assist in the solution of problems arising in connection with the financing of the sale of U.S. goods abroad. The new service will provide guidance to those exporters who have met difficulties in financing sales overseas.

The Commerce Department of the United States has initiated an International Business Assistance Service (IBAS) to assist businessmen

with specific international trade problems, particularly those which may concern several U.S. government agencies and foreign governments. It is recommended that initially a specific problem should be fully presented to the Export Counseling Service in the Office of International Trade Promotion. Subsequent procedures will be determined following initial review.

The U. S. is now a member of the international customs carnet system which is designed to permit duty-free entry of certain goods temporarily imported into another country. The actual carnet is an international customs document which serves as a guarantee against the payment of customs duties which may become due. Although the U. S. adheres to five international customs conventions, the most popular will undoubtedly be the ECS Carnets for Commercial Samples. The ECS convention makes available ECS carnets guaranteeing payment of customs duties which would become due if commercial samples remained in the country. Utilization of this type carnet reduces expense and inconvenience of posting bonds or cash deposits at each border. The U. S. Council of the International Chamber of Commerce, 1212 Avenue of the Americas, N. Y., N. Y. 10036 has been designated as the U. S. carnet issuing and guaranteeing organization. Applications for carnets, which last one year and cost \$50 to \$149, should be directed to the U. S. Council at the above address.

The Florida Department of Commerce and the Florida field offices of the U. S. Department of Commerce, in cooperation with the Norwegian-Caribbean Lines, is offering a special opportunity to Florida businessmen to explore market possibilities in several important Caribbean islands by participating in a trade exhibit aboard the M/S SUNWARD. The SUNWARD is making a special 9-day voyage in January, 1970 to Jamaica, Curacao, Aruba and Haiti. A large car deck area will be especially prepared for display space and will accommodate more than forty exhibits. In order for participating firms to obtain greater benefit from the trade exhibits, an advance trip to the areas to be visited will be made by Department of Commerce personnel to develop interest in the products and services to be exhibited.

FREE TRADE ZONES

The Argentine Government has approved a convention establishing a free zone for the Republic of Bolivia in the Argentine port of Rosario.

An industrial free zone is projected in Chile's northern port city of Iquique. Iquique will be Chile's first industrial free zone, since none

of the other existing free ports permit duty free entry of industrial goods except foodstuffs. The zone is expected to be in operation in early July, 1970.

A free zone has been established in the city of La Romana, situated on the southern coast of the Dominican Republic at a distance of eighty-two miles from the capital city of Santo Domingo. The Romana Free Zone was jointly conceived by the *Corporación de Fomento Industrial* of the Dominican Republic and Gulf + Western Americas Corporation. On May 9, 1969, a thirty year contract was signed between the Dominican Government and Gulf + Western empowering the latter to manage and operate the Romana Free Zone. The main characteristic of such a contract lies in the fact that it places this zone among the very few in the world which are directed by private enterprise.

GAS AND OIL

On October 17, 1969, Bolivia decreed the nationalization of all the assets and holdings of Bolivian Gulf Oil Company. Bolivian Gulf, a subsidiary of Gulf Oil Corporation, had been operating in Bolivia since 1955 when foreign private oil companies were allowed to re-enter Bolivia. The extent of Bolivian Gulf's investment is estimated at \$150 million.

Supreme Decree No. 08956, Decree No. 22 of the Revolutionary Government asserted, as basis for the taking, that the oil company had assumed a position of economic and political power superior to that of the Bolivian State. As such, the decree alleged that Bolivian Gulf was in violation of a provision in the Constitution of 1967 prohibiting private economic power which endangers the economic independence of the State. The decree alleged no other activity on the part of the company as basis for the nationalization. No mention was made in the decree of the Bolivian constitutional provision which provides for prior notification and indemnification in nationalization proceedings.

The decree also declared that all concessions granted reverted to the State and that all property and operations of Bolivian Gulf were nationalized; directed the Armed Forces to take immediate control of all property and operations of Bolivian Gulf; and authorized the state oil company (YPFB) to take over management of the nationalized company. Another article provided for a commission presided over by the Minister of Mines and Petroleum to establish the amount, terms and conditions of any indemnification.

Also affected by the action of the Bolivian government was the \$46.5 million Santa Cruz-Yacinba natural gas pipeline to Argentina, which,

at the time of expropriation of Bolivian Gulf, was approximately one-third complete. Bolivian Gulf and YPFB each held a 50% interest in the pipeline which was being financed by two \$23.2 million loans; one by the World Bank, and the other by the New York State Common Retirement Fund. The New York State Common Retirement Fund loan has been suspended after a drawdown of \$14 million. Work on the pipeline was halted, when Gulf placed a freeze on further shipment of pipe from the Argentine port of Santa Fé near the Bolivian border. The Bolivian government initially assumed the total obligation for pipeline credit and for the Gas Sales Agreement with Argentina in Article 5 of the expropriation decree.

Bolivia is currently seeking refinancing of the pipeline and a market for the production of the operations of Bolivian Gulf. The Minister of Mines and Petroleum, stated on November 27 that the government would be guided by its own criteria in determining any compensation to be paid, and that in any case, payment would be limited to the value of the company's physical property.

Belco Petroleum has requested approval from the Minister of Energy and Mines for the construction of a 43 km. oil pipeline at a cost of approximately \$1 million from its oil wells to the company's storage tanks in Piura, Peru.

Texaco, Inc. and Gulf Oil Corporation have announced plans to expand the new trans-Andean pipeline in Southern Colombia and to construct another Andean pipeline in northern Ecuador. The lines will move crude oil from the large new oil production fields in the Upper Amazon basin to Pacific ports. The Colombian line will be transporting a projected 150,000 barrels per day by the middle of 1971; the Ecuadorian, 250,000 barrels by 1972.

The Minister of Mines of Colombia has announced that the Government has granted Ecopetrol rights over 3.2 million *hectares* of potential oilfields in Putumayo, Meta, Boyaca, Bolivar, Cordoba, Sucre and Magdalena. Nine unspecified foreign companies have already offered to cooperate with Ecopetrol in the exploration and development of these areas.

Petrobras, Brazil's national oil agency, has announced that it will invest in excess of one billion dollars to expand its operations. New areas of exploration are contemplated offshore along the coasts of Bahia, Sergipe, Alagvas and Maraho.

Of Brazil's eleven oil refineries, five are owned and operated by *Petrobras*, the national petroleum agency. Daily refining capacity of

the Petrobras plants at the beginning of this year came to 63,500 cubic meters, against only 9,000 for private companies.

YPF, the Argentine state oil company, called for bids for drilling twenty wells in Plaza Huinca, Rio Negro and La Pampa.

The government of Panama has received new proposals from six companies to build an oil pipeline from Miramar on the Caribbean coast to Palo Grande on the Pacific. The cost of the million barrel per day pipeline is estimated at \$150 million. The Government had earlier rejected bids to build the line. The new bids are based on firm prices and include a set of minimum conditions which in general provide for government participation and eventual reversion of the pipeline to Panama.

The Government of Panama also announced that throughout the year 1970 nine companies will sign contracts covering exploration in the Gulf of Panama.

The President's task force on Oil Import Control, presided over by the U.S. Secretary of Labor, is expected to present its recommendations to President Nixon sometime near the end of December or early January. Among the matters under discussion is a preferential hemispheric tariff, as opposed to the present quota system.

A United States mission of oil specialists from the Departments of State and Interior visited Venezuela in November to discuss the oil imports problem and its effect on Venezuela.

The first refinery in the Dominican Republic is to be built by Shell at Nigua, located about 25 miles from Santo Domingo. The plant will cost approximately \$30 million and will have a daily capacity of 30,000 barrels.

On July 6, 1969 the Mexican Government ruled that land which had been under contract to Continental Oil Co., Pauley Pan American Petroleum Co. and Mexofino, S.A. was of "national interest". The re-incorporation of the land to the national patrimony was carried out under a voluntary rescission agreement concluded by the above companies and the Director of Pemex.

President Somoza of Nicaragua has proposed the construction of a pipeline across Nicaragua to transport Alaskan crude oil to the eastern United States. The proposed pipeline would be an alternative to a continuous sea voyage around the tip of South America and would save

approximately 10,000 miles from the all-sea operation. The Panama Canal is out of consideration due to the size of the new supertankers.

A Petroleum Bill has been passed by the Trinidad and Tobago House of Representatives.

HOUSING

Housing officials from fifteen Alliance for Progress nations met in Washington in November, 1969 for a conference on squatter problems in Latin America. Participants heard speakers from the United States, as well as delegates from Latin America who reported on the squatter problems in their respective countries and on the measures being taken by national and municipal governments to meet the problem.

Banco de la Vivienda de Nicaragua, which finances housing projects, will receive a loan totaling \$11 million for housing development projects in Nicaragua. The loan will be funded from AID and BID.

The VIII Interamerican Savings and Loan Conference is scheduled for January, 1970 in Nicaragua. The Conference will explore business and investment opportunities in the field of housing and the development of the region's savings and loan systems.

A private U.S. investment of \$2.4 million in two housing projects in Guayaquil will be guaranteed by AID. This is the first such guaranty for projects in Ecuador. The U.S. investors are the Loyola Federal Savings and Loan Association of Baltimore, Second Federal Savings and Loan Association of Pittsburgh, and Portland Savings and Loan Association of Louisville. The Bank of Guayaquil will administer both projects.

INVESTMENT CLEARINGHOUSE

A clearinghouse to foster trade and small investment projects between the U.S. and Latin America has been established by the National Association, Partners of the Alliance for Progress (NAPA). The role of the clearinghouse is to provide investment and trade information and to coordinate the contacts between the U.S. and Latin American Partners. The minimum investment considered is \$5,000. NAPA will maintain an office in Washington, D.C.

LAND TRANSPORTATION

The Inter-American Bank has approved a loan equivalent to \$17 million to help build nearly 1,000 miles of feeder roads throughout Colombia. The roads will primarily benefit low-income farm families in the regions served and provide them access to major highways and

market centers. Location of the roads was determined by the production potential of each area to be served, its degree of isolation, and the possibilities for integrating isolated communities into regional markets. Fourteen of the roads will be located in Colombia's Caribbean region, eleven in the central region, seven in the Pacific region, and the remaining thirteen will be scattered throughout the southern and north-eastern portions of the country. A similar loan was approved for Chile in the amount of \$6.5 million.

Chilean government financing amounting to approximately \$35 million and a French credit of about \$45 million will make it possible to initiate construction of Santiago's first subway system in 1970. Service is expected to commence in 1973; total cost is estimated at \$300 million.

The Export-Import Bank has granted a credit of \$5.4 million to Mexico for the purchase of locomotives, and railway signaling and maintenance equipment. Prior to the above credit, Eximbank had authorized extensive loans to *Nacional Financiera* for the development and rehabilitation of Mexico's railroads.

A tunnel under the Paraná River connecting the Argentine cities of Santa Fé and Paraná is due for completion by the end of 1969 and for dedication in March, 1970. Built at a cost of approximately \$50 million, the tunnel was designed by an Argentine firm with the assistance of a German firm and an Italian dredging company.

A swing bridge across the river that divides Belize in British Honduras was inaugurated in December, 1969. The bridge was built under the Canadian external aid program at a cost of \$1 million.

Puerto Barrios and Puerto Santo Tomas de Castilla, both on Guatemala's eastern coast, were linked by railway in August, 1969.

MARITIME AFFAIRS

A passenger ferry service is scheduled to go into operation between Puerto Rico and the Virgin Islands before the end of 1969. Initially, the service will connect Puerto Rico with the U.S. Virgin Islands of St. John and St. Thomas. Future expansion contemplates services from Puerto Rico to St. Croix and to the British Virgin Islands, as well as to the Eastern Caribbean and Venezuela.

The President of the Dominican Republic has declared that his government is in favor of creating a Dominican merchant marine fleet to avoid the high cost of shipping on U.S. bottoms. A joint venture between the Dominican Government and private industry is contemplated.

Colombia and Panama have expressed interest to cooperate in planning for an interoceanic sea-level canal to supplement the Panama Canal. The Colombia-Panama proposal would skirt the border between the two countries from the Gulf of Urabá to a point midway across the Isthmus, then parallel a portion of the Pan American Highway to its terminal at the Gulf of San Miguel in Panama.

A new roll-on, roll-off weekly service has been inaugurated by Caribbean Traveler Express Co. between Port Everglades, Florida and Santo Tomás de Castilla, Guatemala.

Brazil signed a decree approving a preliminary protocol with Bolivia concerning the permanent navigation of the Bolivian-Brazilian rivers in the Amazon system. A mixed Brazilian-Bolivian Commission will be formed to study methods for making the rivers permanently navigable.

METALS AND MINERALS

Argentina has invited local and foreign mining companies to bid for rights to explore for copper, molybdenum, and other metals in the provinces of Mendoza, Neuquen and San Juan.

The Export-Import Bank has granted a credit of \$5.5 million to *Industria de Mineros, S.A.* of Brazil for the purchase of U.S. equipment for construction of a manganese pellet plant at Santana, Amapá.

Amendments to the Mining Law are under consideration in Colombia.

Development of the Cujone copper deposit in Peru by Southern Peru Copper (51.5% owned by American Smelting and Refining) was in abeyance in early December, 1969 pending completion of negotiations between Peru and Southern Copper.

New York and Honduras Rosario Mining Company and American Smelting and Refining Company have announced a major exploration effort in Honduras for copper, silver, lead, zinc and gold.

A major ferronickel mining and processing development costing about \$193 million has been initiated in the Dominican Republic. The project is to be operated by Falconbridge Dominicana in which Falconbridge of Canada has a 66 percent interest, the Dominican Government 11 percent, Aramco Steel 16 percent, and the remainder is held by minor interests. Production of ferronickel is expected to begin 1971 and the entire output is destined for export.

American Metal Climax Co. and the Kennecott Mining Corporation are negotiating for copper mining rights in Puerto Rico.

MONEY AND BANKING

The governors of the Central Banks and the Finance Ministers of almost all the Latin American Nations met in Santo Domingo in September, 1969 to discuss problems concerning integration of their economies and expansion of trade. A major step to promote intra-Latin American trade was taken with the agreement that central banks should assist each other whenever any one bank faced a shortage of foreign exchange. The participants also agreed to support the issuance of a Latin American traveler's check under the aegis or guarantee of the central banks. The region's trade payments clearing machinery was singled out for expansion and overhaul.

The Bank of Guatemala has reiterated its policy to the effect that it will not support lending by local banks to Guatemalan branches of foreign firms with well established financial capacity.

A local finance company in Nicaragua, *Financidora Nacional S.A.* was dissolved by general agreement of its shareholders. The Superintendent of Banks forced the decision because the company lacked reserve capital and adequate operating funds.

The Monetary Board of the Central Bank in Guatemala has approved a law governing the activities of private finance companies. Two private finance companies are presently established in Guatemala, *Financiera Industrial Agropecuaria, S.A.* (FIASA) and *Financiera Industrial Guatemalteca, S.A.* (FIGSA), both of which are incorporated in the national banking system as investment banks.

The Central American central banks have signed an agreement establishing a Fund for Monetary Stabilization. Its function is to provide short term assistance to countries in the area which may face balance of payment problems. The Fund will operate with an initial capital of \$20 million.

Formation of the *Banco Centroamericano de Divisas Ltda.* has been announced in Panama. The bank, recently incorporated, is backed principally by Citizens and Southern International Corporation (wholly-owned by Citizens and Southern National Bank of Atlanta, Georgia) together with Central American investors. The principal purpose of the bank is to make development loans in Central America through representative offices to be established in each country.

A tri-partite currency arrangement has been announced between the central banks of Jamaica, Trinidad and Tobago and Guyana to facilitate the exchange currencies of the three countries at attractive rates for the financing of transactions within the Caribbean Free Trade Association.

Private banks will have to purchase the first installment of bonds issued by the *Banco de la Vivienda* in Ecuador. The cost of the purchase will total \$516,500 approximately. As a result of forced investment and other regulations, the Ecuadorean banking system, in general, has been compelled to reduce its loan portfolio.

In compliance with government instructions, 30% of Uruguayan commercial banks will be closed in 1970. The directives are designed to reduce the number of banking offices in the country and to concentrate the various banking activities. The governmental objective is to eventually have two types of branches — full service branches and branches offering only deposit facilities. The former would have a full complement of personnel while the latter would operate with fewer officers. The overall plan foresees a reduction in some banking services e.g. the elimination of property management services.

Commencing in July, 1970 all commercial banks in Rio de Janeiro must use a standard size check and carry wording designated by the Central Bank. Although a space must be reserved for magnetized identification figures, these will not become mandatory until further notice. The Central Bank plans to introduce the standard check in other parts of Brazil at a future undetermined date.

The First National Bank of Boston is engaged in an aggressive campaign to sell Argentine products abroad. In the belief that the usual newsletter and periodic reports were not enough, the Bank initiated a series of publications to assist the sale of Argentine goods overseas. The first publication was an English-Spanish Exporter's Directory; the second *Argentina Sells Wines*. Other publications on tea, leather goods, books, canned foods and fresh fruits are to follow.

Argentina inaugurated a new *peso* beginning on January 1, 1970; each new peso is worth 100 of the *pesos* in circulation prior to the above date. The new *peso* does not represent an alteration in the exchange value of Argentine currency, now rated by the International Monetary Fund as one of the strongest in the world, but is a measure of convenience. New denominations of coins and banknotes will be announced shortly, and new and old *pesos* will be legal tender until the latter disappear from circulation.

A government study is currently underway in Uruguay which could eventually have a considerable effect on internal credit. The study deals with the adjustment of the legal value of Uruguayan gold reserves currently valued at 14.99 pesos per dollar.

Sometime in 1970, Brazil will begin to manufacture its own paper money. More than \$3 million is presently spent annually for the importation of paper currency.

Representatives of the majority of Peru's creditor nations met in Lima with Peruvian finance authorities to gather information on Peru's economic situation and prospects. The August, 1969 sessions were preparatory to a round of negotiations for the refinancing of Peru's short and medium term foreign debt which took place in Europe late in 1969. At a crucial meeting in Brussels in November, 1969 Peru's Finance Minister apparently persuaded the leading creditor nations of Western Europe to postpone payment on approximately \$800 million due between 1970 and 1975. However, in December there were indications that a firm agreement had not been reached at Brussels, and that Peru, therefore, would seek bilateral negotiations with the creditor nations involved.

SECURITIES EXCHANGES

A bill to supersede the 1933 statute governing the stock market is at present under study in Mexico. Among other things, it proposes that listed companies issue quarterly reports of earnings and a stricter control over registered brokers. An important aim is the elimination of a parallel market between banking groups and favored investors and brokers. These dealings are not presently registered as stock market transactions, and yet they account for a large proportion of trading in listed stocks.

Broker's commissions were increased recently and a promotional fund established, to which 5 per cent of total commissions are payable, to finance the establishment of a computerized clearing house in Mexico.

The Venezuelan government's Commission on Capital Markets is studying the establishment of a Venezuelan Securities and Exchange Commission to protect investors. Of late, the Commission on Capital Markets has been paying particular attention to the sale of foreign mutual funds in Venezuela.

TOURISM

With the objective of making Sao Paulo the center for practical

hotel training in Latin America, the Secretary of Culture of the State of Sao Paulo has signed a contract for the foundation of a hotel school in Aguas de Sao Pedro.

Jamaica's tourist industry will receive loans amounting to \$16 million for approved projects over the next five years. Lender is the newly established Jamaica Development Bank.

The *Instituto Colombiano de Economía y Cultura* has been established in Bogotá to train personnel exclusively for the tourist industry. The Institute contemplates training at two levels, a) hotel and tourist office managers, and b) hotel technicians, in general, plus tourist guides and such other personnel as are required to promote the industry.

Mexico has offered Colombia technical assistance in the field of tourist promotion. The visit to Colombia by Mexican tourist officials in September, 1969 is in keeping with Mexico's plan to point out to other Latin American countries its highly successful tourist program.