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2-1-1974

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Recommended Citation

B. A. Landy and G. R. Harper, *Economic Developments*, 6 U. Miami Inter-Am. L. Rev. 185 (1974)

Available at: <http://repository.law.miami.edu/umialr/vol6/iss1/12>

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ECONOMIC DEVELOPMENTS

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AGRICULTURE AND LIVESTOCK

The International Coffee Organization's executive board has accepted a recommendation that the economic provisions of the International Coffee Agreement, which deals with quotas and prices, should be eliminated when the agreement is prolonged beyond its 30 September, 1973 expiry date. Many producers are unhappy at the decision, but coffee stocks are down to about 20 million bags, compared with the 1965-66 high of 80 million, according to *Tropical Products Quarterly*, journal of the British Commonwealth Secretariat. This should mean that the present bull market may well be sustained for some time.

The World Bank has granted a U.S. \$34 million loan for agricultural development in Brazil. Close to 80% will go to the meat industry for the construction of ten new cold storage plants and expansion and re-equipment of similar industries in the central south portion of the country. Approximately 6% will go to the vegetable oil industry and 7% to the dairy industry. The balance will go to sectors connected to exports.

A credit of \$6.6 million from the International Development Association (IDA) will help Honduras to make funds available for the expansion of its ranching industries, including credits to farmers, building of municipal slaughter houses, and technical assistance. The operation will benefit mostly medium and smaller dairy and beef farmers, owners of an estimated 730 farms where investments will go for pasture development, fencing, water facilities, breeding stock and stock handling facilities. It will also help finance the construction of three small slaughter-

houses in the country, a medium-size slaughter house in San Pedro Sula, and improvements in the Tegucigalpa abattoir.

The International Bank for Reconstruction and Development has lent \$25 million to Peru's *Banco de Fomento Agropecuario* in support of a program for investment credits to medium and small sized individual farmers and cooperatives. Half of the proceeds will be lent to cooperatives to finance investments in livestock, mixed farming, perennial crops and agro industries. The credits, ranging from five to fifteen years, are expected to boost farm production and improve Peru's balance of payments position since the country will be able to decrease its imports of meat, dairy products and grains, at savings estimated at \$11 million when the program is fully developed. Approximately 50% of the country's population lives off farming, which contributes 15% to Peru's gross domestic product. The IBRD loan will cover 60% of the total investment cost under this program, while *Fomento* will finance 20% and the beneficiaries themselves will put up the remaining 20%.

Venezuela's Ministry of Agriculture has been awarded a \$10.6 million International Development Bank loan as a contribution to a four-year project designed to eradicate hoof and mouth disease and brucellosis in the country, the first phase of a sixteen-year cattle health program. Previously, IDB had lent money for identical programs in Argentina, Brazil, Chile, Colombia, Paraguay and Peru.

ANDEAN PACT

The six countries of the Andean common market—Venezuela, Colombia, Ecuador, Peru, Bolivia and Chile—offer a combined import market of about \$5 billion from the United States. U.S. exports to the area are expected to increase to \$2.1 billion in 1973 from the \$1.9 billion level of 1972.

Programs similar to the Sector Program of Industrial Development established in August, 1972 may get under way by the end of 1973 in the automotive and petrochemicals industries, and probably later in the steel, pharmaceutical and fertilizer industries. Under the first program, some two hundred capital goods and other metal-mechanical products were slated for production. At the same time, each was given strong incentives for initiating production and export through duty free access for the member's assigned products in the markets of the other members,

the elimination of all non-tariff trade barriers, and the establishment of a Common External Tariff on competing products from outside the region.

The Brazilian government foresees annual exports to Andean Pact countries of about \$250 million, compared with \$155 million last year and \$78.5 million in 1971. An increase in Brazilian exports will be one of the main objectives of Brazil's Foreign Minister during visits to all the Andean Pact countries except Chile.

In April of 1973 the lower legislative house of Colombia unanimously approved a bill ratifying the Cartagena Agreement, and gave the government the necessary facilities to implement the Andean Pact. Colombia's accession to the Andean Pact was first questioned two years ago, the fundamental argument being that the rate of foreign investment in Colombia would diminish if it was a signatory. However, the Venezuelan decision to join the Pact after some years of indecision, along with the interest shown by Japanese and European investors in the possibilities of the enlarged market, finally undermined the oppositions' case.

On September 26, 1973, President Caldera signed into law the Venezuelan Congress' ratification of the Nation's entry into the Andean Pact. Pursuant to the provisions of Pact Decision 70, containing the conditions of Venezuela's entry, new tariff structures with respect to Pact countries and changes in classifications must be effected within one hundred and twenty days from date of deposit of such ratification with the Pact authorities in Lima which must initiate the adoption of the Minimum Common External Tariff December 31, 1973. Other provisions of the Andean Pact—particularly Decision 24 regulating foreign investments—appear not to be effective for Venezuela until all of the Pact countries have ratified the Consensus of Lima. To date, only Peru, Ecuador and Venezuela have done so.

Top-level officials from the Andean-Mexican Commission and the Cartagena Agreement Board met for the first time at the Andean-Mexican Seminar held in Mexico City from August 27 to 31, 1973. Representatives from Bolivia, Colombia, Chile, Ecuador, Peru, Venezuela and Mexico discussed economic cooperation mechanisms. Businessmen from the seven countries also exchanged views on possibilities to undertake joint investments.

A group of international petrochemical experts met in Lima in October 1973, at the invitation of the Andean Pact countries, to study the development of the petrochemical industry in these countries.

CHEMICALS AND PLASTICS

Total consumption of plastics in Latin America amounted to 2.73 billion lbs. in 1971, representing an average per capita consumption of 10.5 lbs., according to a paper presented by the Economic Commission for Latin America. Per capita consumption of plastics in Latin America is expected to reach 110 lbs. by 1985.

The Eximbank has authorized a direct loan for \$6.2 million to finance 45% of U.S. costs of a \$13 million sale of equipment and services required for construction of an ethylene and propylene plant in Argentina. The new plant is expected to boost the production of these chemicals in Argentina by a substantial amount.

The Getulio Vargas Foundation (Brazil) states that capacity utilization in the Brazilian chemical industry totaled some 92% in the first quarter of 1973. The pharmaceutical and plastics products industry rates were 88% and 83% respectively during this period.

At the request of the Chilean Embassy, Dow Chemical sent a technical assistance team to assess the situation at the former Dow plants that were taken over by the deposed Salvador Allende regime. The Embassy asked Dow to provide technical expertise and help evaluate the conditions of the plants and to assist in continuing start-up operations. There are reports from Santiago that the military *junta* will return the plants to Dow.

Union Carbide Caribe spent \$12 million to make environmentally safe its huge petrochemical complex at Ponce, Puerto Rico. The complex produces ethylene, propylene, butadiene, ethylene oxide, ethylene glycol, glycol ethers, phenol, cumene, polyethylene and bisphenol-A.

A giant petrochemical complex is presently being constructed in Venezuela on the northeastern shore of Lake Maracaibo at El Tablazo, in the state of Zulia. The facility represents a series of joint ventures between the Venezuelan government and private corporations, and calls for a capital investment of \$1.2 billion by the completion date of 1979. The project is an excellent example of pollution control development as it represents a new petrochemical installation, large in size and complexity, and located adjacent to an ecologically sensitive body of water. It is also a manifestation of Venezuela's governmental policy of industrial development with environmental control.

Plastics manufacturers from Venezuela and Colombia have recommended the industry's full integration, with the complete removal of tariffs and the full exchange of all technical information coming from within the Andean group. The recommendation has been passed to the two governments for consideration.

COMMUNICATIONS

Compañía Dominicana de Teléfonos, C.A. has received a loan of \$1.52 million from the Export-Import Bank to cover 45% of the total cost of erecting a satellite communication earth station to be wholly constructed by GTE International Systems. Simultaneously, Eximbank has given Dominicana a financial guaranty in the same amount for a loan to be obtained from private U.S. sources.

DEVELOPMENT AND INVESTMENT

The Eximbank of the United States has announced that during April, 1973, it made \$20.9 million available through new credit lines under its cooperative finance facilities to banks in six countries to support sales of U.S. goods and services totalling \$40.4 million. Of the total amounts made available, \$5.5 million were to banks in Latin America.

The impact of multinational corporations on the world economy has prompted a United Nations study calling for new measures of accountability for these enterprises, particularly as they affect developing countries. The 195-page study, prepared by the Department of Economic and Social Affairs of the U.N. Secretariat, points out that over the last two decades international production generated by multinational corporations has surpassed trade as the main instrument in the world-wide exchange of goods and services. Unlike trade, however, no international machinery exists to regulate the operations of such corporations, despite what the study calls their growing power "to shape demand patterns and values and to influence the lives of people and policies of governments." Among other recommendations, the study suggests the establishment of a multilaterally negotiated code of conduct for corporations doing business in more than one country and for an "international organization such as the International Trade Organization . . . to administer it." Other suggestions include:

1. A systematic effort by the United Nations to gather, analyze and disseminate information on multinational corporations.
2. Establishment of a U.N. technical staff equipped to design model contracts as a basis for negotiation between such corporations and the countries in which they operate.
3. Establishment of a "world-wide tax policy body" to help regulate the complicated tax and pricing systems affecting multinational enterprises.
4. Creation of a UN-sponsored Centre for Multinational Corporations which might register corporations meeting the multinational definition and agreeing to observe certain disclosure, reporting and fair practice requirements.

(Ed. Note: See Regional and International Activities Report for additional coverage on this subject.)

The Argentinian Government has resolved to create a special commission to direct the development of the Triannual Plan of Development which shall be applied between 1974 and 1976. The Commission will be headed by the Minister of Economy and shall be composed of all the ministers of the National Cabinet. An official communiqué expresses the mission of the Commission as establishing the amount of adjustment necessary in the policy of the various government organisms during the development of the Plan.

The United Nations Development Program will provide more than 10 million Guyana dollars to Guyana over the next five years in technical assistance and through pre-investment studies related to the Government's development plan of 1972 through 1976. Among the subjects under consideration are a hydropower survey covering the entire country, a transport management study, a road feasibility study, development of a potable water supply system and a sewerage system, feasibility study of a new deep water harbor to facilitate shipping of bauxite, a shrimp industry feasibility study, and a study of the country's educational system.

The Executive Secretary of the Mexican National Commission on Foreign Investments has announced the exemption of border industries from the provision of the law calling for 51% Mexican participation. All border industries, except textile plants whose production affects Mexican export quotas to the U.S., can be 100% foreign-owned. The same announcement stated that new capital would be authorized for existing

foreign firms in Mexico provided the same relationship is maintained between Mexican and foreign capital. The Mexican share must at least remain the same.

In April, 1973, the governments of Mexico and the People's Republic of China signed an agreement to foster and expand trade and to balance trade relations between the two countries.

A new type of investment fund, based on the theory of replacement, has recently been introduced in São Paulo. This is done through *tontines* whose function is to garner savings for a certain period through limited investment groups and to invest these in eleven different areas. An insurance policy guarantees the group as a whole and participants individually. Historically, *tontines* helped to restore the French economy during the reign of Louis XIV. The *Gazeta Mercantil* publishes an interesting report on this matter in its October 5 issue.

The Director of the U.S. Office of Foreign Direct Investments announced that the foreign direct investment regulations were being amended to ease year-end compliance problems. Under the new directive the earnings allowable by United States companies would be revised to authorize 60% of the greater of 1972 or 1973 foreign affiliate earnings. Present earnings of 40% allowable are calculated exclusively on the basis of the previous year's earnings. Another relaxation in the controls covers the minimum allowable investment smaller investors with no substantial historical base can make without having to transfer funds back to the United States. The amount allowable under this criteria has been raised from \$6 million to \$10 million. Any direct investment above the \$10 million figure would have to be offset in some way either by repatriation of excess earnings or by borrowing funds abroad.

A seminar on foreign investment in the United States was scheduled for mid-January, 1974 by the International Group of the Chamber of Commerce of the United States. The organizers' goal is a presentation of the scale and nature of direct and indirect foreign investment in this country, their benefits and drawbacks, as well as surveys of federal, state and local laws, ordinances, and incentives, the prevailing U.S. policy on foreign investment, and "peculiarities of doing business in the United States." Representatives of U.S. and other governments, U.S. and foreign finance and investment banking corporations, U.S. academic institutions, state development agencies and foreign corporations were invited to attend. Information may be obtained from the Chamber of Commerce of the United States, 1615 H Street, Washington, D.C. 20006.

EXPORTS — IMPORTS

Argentina's exports and imports are expected to reach record high annual dollar values in 1973. Prospects are for higher Argentinian exports of livestock and grain products and for continuous strength in world prices for such products. The Argentine business community is optimistic about possibilities for increasing exports and for greater economic developments.

The Bank of Brazil has approved a \$3 million credit in favor of Haiti for the purchase of Brazilian-made machines and equipment. The Bank is reported intending to send representatives to other countries in the Caribbean to offer similar facilities in an effort to expand the export of machines and equipment.

Continuing rapid economic growth under capable economic policy management and political stability have brought significant increases in Brazil's yearly exports and imports. Both imports and exports have risen by rates exceeding 25% for the past three years, to levels of \$4 billion in 1972. The outlook for 1973 is for similar increases.

Brazil's CONCEX has prohibited the export of timber, but there is a possibility that exportation may continue provided the interested party presents a reforestation project. Even if he does not have his own project, the exporter may continue operations if he has a contract showing his participation in forestry projects of third parties.

To help finance a \$33.6 million sale of six DC-9-30 Jet Aircraft with related spare parts, equipment and services to Mexico, Eximbank has authorized a direct loan of \$15.1 million to finance 45% of the U.S. costs. A matching loan from U.S. sources not yet designated will finance another 45% of the costs. The obligor, *Nacional Financiera S.A.* of Mexico, will make cash payment of 10% of U.S. costs. Created in 1934, *Nacional Financiera* is the Mexican government's prime instrument in promoting industrial development in the country.

Exports from Panama rose by \$6 million to \$121.3 million last year, with bananas supplying more than half the total at \$64.7 million.

The Venezuelan export incentives bill was signed into law on September 26, 1973. The "*Ley de Incentivos a la Exportación*" establishes an incentive for the exportation of non-traditional products consisting of a subsidy paid in the form of a freely negotiable bearer bond or tax certificate which may be used to pay income taxes and other national taxes within two years from date of issuance. The incentive is designed

primarily for manufacturers of industrial products, although provision is made for its extension to exports of agricultural, cattle, fish and forestry products.

U.S. exports to Venezuela will unquestionably be affected by that country's new tariff schedule. However, although it is still too early to predict the full impact of the tariff, it appears that the Venezuelan market will open for products which were formerly restricted, that the Venezuelan consumer will be paying higher prices for a substantial number of imported items, and that some products imported under the outgoing tariff will be substituted or eliminated. It is also expected that the 10% devaluation of the dollar by the United States and the subsequent 2.3% re-evaluation of the *bolivar* in relation to the dollar will substantially improve the U.S. export position and result in more imports from the United States at the expense of Western Europe and Japan. Additionally, a preliminary appraisal suggests that initially U.S. exports to Venezuela will not be adversely affected by Venezuela's recent adherence to the Andean Pact. Of particular interest to U.S. exporters will be Venezuela's decision to eliminate the import license requirement from some 560 items, thus making it possible for the United States to export freely many commodities which were formerly restricted. As a consequence, certain products such as automobiles, cigarettes, some canned and preserved foods, textiles, clothing, appliances, cutlery, television sets, candies, plumbing fixtures and other items which had been previously excluded may now be imported. Notwithstanding Venezuela's relaxation of import controls, the new tariff has been geared to protect local industry and to encourage its growth through high tariffs which ultimately may be lowered as local industry becomes more competitive.

Projected 1973 U.S. exports to Latin America and the Caribbean area are expected to reach \$8 billion compared with actual export of \$7.3 billion in 1972. U.S. exports sales are expected to show the greatest growth in Brazil, Venezuela, and Mexico. Conversely, sales to Chile and Uruguay are expected to decline.

FCIA and the Export-Import Bank have initiated a new insurance program that will allow U.S. exporters to insure the sales of capital goods to end-users through overseas distributors, dealers and subsidiaries. This innovative policy will be issued to a qualified exporter for coverage of all eligible on-going sales to end-users through the exporter's global distribution system. The policy will cover all such sales during a specified period, usually twelve months. The Global End-User Policy, issued on

normal medium term repayment schedules, will be separate from any other policies an exporter may now hold. It can be used alone—solely to insure goods to the end-user—or in conjunction with other FCIA policies which offer coverage for capital equipment.

FREE ZONES

Some factories are being erected in the San Pedro de Macoris Free Zone on the southeast coast of the Dominican Republic. The area is nearing completion, and an expansion is already being studied. In the meantime, construction has begun on another free zone in Santiago.

GAS AND OIL

The Latin American Energy Organization (OLADE), headquartered in Quito, Ecuador, has been created for the purpose of integrating, protecting, conserving, developing, commercializing and defending the energy resources of the region. Twenty-two countries, including those of the Caribbean area, are members of the Organization. Cuba was invited to the meeting for the first time. In view of the rapidly worsening energy crisis, it is anticipated that this Organization will become more viable and powerful in the future.

Brazil has recently given indications that it intends to concentrate on securing petroleum supplies from abroad rather than becoming self-sufficient in oil. This appears to be the conclusion of the annual report for 1972 of the State oil concern, *Petrobras*, as recently presented to its shareholders. The motive for this change of policy has not been revealed, but speculation is that either oil is not present in Brazil in any hoped-for quantities or it is being held for the future. The report showed that while in 1971 Brazil had spent \$447 million on oil imports in 1972 this figure shot up to \$507 million. In the light of these figures (which also reveal that over 73% of Brazil's oil is still imported), concern has been expressed at the stagnation in the domestic oil production in spite of the 1967 report by the Ministry of Mines and Power which forecast self-sufficiency in oil within ten years. The Finance Director of *Petrobras* has also been negotiating in Algeria, Egypt and Libya as part of the company's drive to assure itself of supplies of crude from various parts of the world.

A Spanish state agency, INI, is looking into the possibility of obtaining prospecting and exploitation rights for petroleum in Bolivia. Recent developments in Bolivia include a new agreement with the Union Oil Company of the United States to explore for oil in the northern part of the country.

Colombia's ECOPETROL has signed two oil exploration contracts with two foreign firms, Cenard Oil Gas Company and FMF, Colombia. The exploration will be confined to the Caqueta and Puru Mayo areas in the southern end of the country. The initial investment exceeds \$2 million.

In November, 1973, Ecuador became a full-fledged member of the organization of oil exporting countries. Ecuador, which previously held associate membership, brings to twelve the number of countries in the organization of which Venezuela is the other Latin American member.

The government of Guatemala has authorized *Compañía Central S.A.* to carry out exploration off Puerto Barrios on the continental shelf. Eighteen foreign companies, mainly U.S. and Canadian, are presently seeking authorizations for additional exploratory projects.

Petroleum reserves reported by a French prospecting corporation on Uruguay's continental shelf and part of the River Plate estuary are being actively considered for exploitation by the national authorities. The Government is said to be examining proposals for government, joint venture, or foreign company alternatives, as well as several options of financial and technical assistance from abroad.

United States interests have proposed to the French government the construction of a \$375 million oil and petrochemical complex on one or both of the islands of Martinique and Guadeloupe. The plan would involve a 20 million ton refinery, tankers, and a petrochemical unit. The proposal, submitted by CEC International on behalf of unnamed oil and shipping companies, would be for the transshipment of crude and refined oil products from the Middle East to the United States.

After considerable activity during which the merits of the issue were thoroughly debated, Puerto Rico committed itself to the building of an oil superport in the vicinity of Mona Island.

The energy crisis is a matter of world-wide concern fully reported in the daily newspapers and other publications. It is noted here for the record, and in the belief that its intricacies and rapid moving developments are best covered in publications different in nature from the *Lawyer of the Americas*.

JOINT ENTERPRISES

The Caribbean Community Secretariat and the Government of Canada have signed an agreement which will provide financial assistance for agricultural development, mainly in the less developed countries of the CARICOM/CARIFTA region. The agreement provides for the joint financing by the Regional Secretariat and the Canadian Government of a 3-year project aimed at assisting the less developed countries to improve agricultural production for trade, particularly under the agricultural marketing protocol and the recently initiated plan of identification of products and guaranteed market. A team of five West Indian agricultural specialists will work in conjunction with the government of the less developed countries in carrying out the program. The Canadian Government will, through the Canadian International Development Agency, finance the cost of providing three of the five regional specialists over a three-year period. The Secretariat will meet the cost of financing the remaining two regional specialists.

Technical experts from Brazil and Argentina have signed an agreement in Rio de Janeiro to carry out feasibility studies of 600 kilometers of the Urugual River and its tributary, the Pepiri Guazu, with a view to developing their hydro-electric potential, estimated at 3 million KW. The studies will be conducted jointly with the United States firm Edison Consultants.

Brazil will aid Bolivia to build an iron and steel plant with an initial production of 600,000 tons of iron ore and 300,000 tons of steel and laminated products annually.

Guatemala has concluded a bilateral agreement with Mexico covering migration, tourism and transport, as well as trade. The latter is, by far, the most important aspect for Guatemala, since it removes traditional Mexican restrictions which had made a permanent Guatemala trade deficit inevitable in their commercial relations. Some one hundred Guatemalan goods will be given preferential treatment. Mexico will also grant preference to Guatemalan goods, on equal terms of price and quality to those offered to other countries, for purchases made by the Public Sectors Import Committee, and by Mexico's Public Buying and Retailing Agency for food and other basic necessities.

LAND TRANSPORTATION

Plans for finishing the final Darien Gap section of the Pan American Highway now appear to have been shelved. It had been hoped that the

\$150 million project would have been completed by 1976. One of the principal factors for abandoning the project was the fear that hoof and mouth disease, serious in South America, would spread north into disease-free Panama and Central America.

The European Brazilian Bank (*Eurobraz*) has completed arrangements for a ten-year loan of \$40 million for the financing of the BR-101 highway linking Santos and Salvador through Rio de Janeiro, Campos and Vitoria. Eurobraz, based in London, announced it had made pre-tax profits of 417,749 pounds in its first year of operations, while total assets were 65.5 million pounds.

A rehabilitation and improvement project involving approximately 225 miles of track in several sections of the Colombian national railroads, to be carried out in the next two years, will have the benefit of a \$25 million loan from the International Bank for Reconstruction and Development. The loan which will cover more than 50% of the project's total costs—estimated at \$44.2 million—is to be used to improve the permanent way and provide switches, track material and equipment, bridges and ballast cars, diesel locomotives, freight car spares, consulting services and telecommunications.

Nacional Financiera of Mexico has been extended an Eximbank loan of \$14.5 million and will raise an additional \$14.5 million from other sources to finance the cost of 100 U.S.-built locomotives and railroad equipment for the *Ferrocarriles Nacionales de México*, *Ferrocarril del Pacífico* and *Ferrocarril Sonora Baja California*. The railroads themselves will make a cash payment of \$3.2 million, 10% of the \$32 million total cost.

Continuing its road maintenance program begun in 1971, the Minister of Public Works of Panama has obtained a loan from Eximbank to support a \$6 million sale of U.S. road maintenance, quarry, shop, spare parts and other equipment and related services. Purchases will include trucks, loaders, graders, concrete mixers and similar types of equipment.

MARITIME AFFAIRS

A seminar relating to the integration of maritime efforts was held in Cartagena, Colombia, in November 1973 under the aegis of the Andean Pact countries.

Peru and Panama are considering establishing a mixed fishing company.

The governments of Chile and Brazil have negotiated an agreement for all maritime trade between the two countries to be carried in Brazilian or Chilean vessels. This would bring them into line with similar arrangements concluded by Chile with Argentina and Peru. Negotiations to the same purpose have also begun between Chile and Mexico.

The government of Peru has nationalized the fishing industry. Announcing this fact, the Fisheries Minister said the industry currently had debts of some 9,000 million *soles*. This year's catch of anchoveta—the raw material of the fishmeal industry—has been fixed at 4 million tons, some 60% less than the catch in a normal year. The figure takes account of the disappearance of the fish last year as a result of the movement of ocean currents.

An effort is underway to develop a second generation nuclear ship power plant that can compete economically with fossil fuel ship engines. In the United States the Coast Guard has approved a consolidated nuclear steam generator in a preliminary safety analysis. A similar study is underway at the United States Atomic Energy Commission. It is estimated that use of nuclear power ships would result in a lifetime savings of over \$44 million for an oil-fired 120,000 hp. ship which presently consumes at least \$100 million of fuel under its 20-year life span at 1972 prices.

METALS AND MINERALS

A study undertaken by the Commission of the Cartagena Agreement concerning the extraction of copper in the Andean countries has revealed that Bolivia is among the countries possessing the highest reserve of this mineral.

The newly formed Brazilian *Companhia Brasileira de Almacenes e Comercio* (COBEC), owned jointly by the *Banco de Brasil* and principal exporting firms, is to spearhead the country's quest for new markets in Africa and Eastern Europe. COBEC terminals are already being set up in all the major Brazilian ports and its first targets overseas include Panama, New York, Rotterdam, Buenos Aires, and Lorenzo Marques (Mozambique).

A contract valued at 65 million deutschmarks has been signed by the state-owned steel maker Usiminas of Brazil with Ferrostahl of West

Germany for the construction of new plants designed to increase Usiminas' production from 1.4 to 2.4 million tons a year. This is part of the program to boost Brazilian steel production to 20 million tons a year by 1980.

Brazil has signed a contract with Japan to purchase 456,000 tons of steel products. Shipments are expected to start in January, 1974. The amount is expected to cover demand from the domestic market for at least six months.

A new Center for Mineral Technology will soon begin operation in Brazil for the purpose of adapting foreign technology to the solution of Brazilian mineral problems and developing technological surveys in the mineral area. The project calls for eight research laboratories for which AID will fund equipment in excess of \$1 million.

The government of Colombia is to form the three largest gold mining companies in the country into a single corporation with the majority of the shares owned by the State. The new company will be known as *Oro de Colombia*.

The International Finance Corporation, of which Guatemala is a member, is lending \$15 million to *Exploraciones y Explotaciones Mineras Icabal, S.A.* (EXMIBAL) to help complete the financing for a nickel mining and processing project in Guatemala. The project, which is sponsored by the International Nickel Company of Canada, Ltd., consists of the mining and processing of nickel ore to produce up to 28 million lbs. of nickel annually. The project is expected to have a significant impact on the Guatemalan economy, particularly in the areas of strengthening the balance of payments position, and providing employment for a completely new industry. During the construction stage some 1,200 persons will be employed. A program for the education and training of Guatemalan employees, both in Canada and Guatemala, has been developed by

EXMIBAL.

An international banking consortium has granted a loan of \$300 million to Mexican private investors to exploit the *La Caridad* copper deposits in Sonora. The project includes a refinery with a capacity of 140,000 tons yearly. Bank of America, Manufacturers Hanover Trust and United California Bank lead the group which has an *aval* from the *Nacional Financiera*.

Claimed as the world's richest, a copper deposit has been discovered in the San Feliz district of Panama, according to the Paviono company, a Canadian Javelin subsidiary. The company said the deposits should be capable of an annual output of 400,000 tons of first class ore for 80 consecutive years.

A consortium of foreign banks headed by Chase Manhattan will loan over \$200 million to Southern Peru Copper to finance the Cujajone mining project.

MONEY AND BANKING

Plans for an Inter-American Savings and Loan Association were discussed in Caracas in November, 1973, and the establishment of such an association was on the agenda for the conference of the Inter-American Savings and Loan Union, scheduled to be held in Guatemala in January, 1974. Brazil, Peru, Argentina, Chile, Bolivia, Panama, Guatemala, Venezuela and the Dominican Republic have expressed interest in the creation of the new association.

A meeting of various representatives of stock markets of Western Hemisphere countries and of the Iberian peninsula was held recently in Rio de Janeiro. The express purpose of the event was the creation of an Ibero-American federation of stock markets.

MISCELLANEOUS

The government of Colombia has announced a number of emergency measures to overcome current economic difficulties, though it did not go so far as to declare a formal economic emergency, as had been expected in some quarters. The measures include restrictions on public spending; an effort to hold down food prices by stimulating production, improving distribution, and authorizing more imports, taking advantage of the recent growth in foreign exchange reserves; and the transfer to the recently nationalized *Banco de la República* of funds deposited in private banks by public bodies.

It has been reported that losses from the severe drought affecting the whole of Central America have already exceeded \$100 million.

The World Bank has granted Brazil a \$125 million loan to build a dam in Goias state—the biggest loan granted to a Latin American nation. The total cost of the dam at Itubiara, on the Paranaiba River, will be \$593.2 million.