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In this issue:

While Fertilizer Demand Grows, Production also Increases

Until about twenty years ago, few farmers in Latin America used chemical fertilizers; in fact, their importance was hardly recognized beyond the walls of agricultural research centers and laboratories.

But nowadays huge plants in at least half a dozen Latin American countries are supplying regional markets with highly concentrated chemical fertilizers which are helping to transform the area's agricultural economy.

Fertilizers are now one of the prime indicators of development; their use is closely linked to agricultural progress, and their production, to industrial progress. Their use is also one of the key indicators used in evaluating the chances of success for a world locked in a struggle against hunger.

New Attitudes

This change, however, did not come easily, according to the people responsible for the transformation.

For example, Héctor Antuña, a manager with *Petrosur*, an Argentine company, says that farmers' attitudes had to change before fertilizers could come into use, for they would not have used them without first understanding and accepting the need for modern farming practices and techniques.

On the other side of the River Plate, in Uruguay, Mario D'Agosto, general manager of the ISUSA plant, agrees, adding that "The elasticity of the world market for fertilizers cannot be measured. Plants are going up in every country, and yet the experts seem to fear a world shortage rather than overproduction."

Venezuela is a good example. There the *Instituto Venezolano de Petroquímica (IVP)* reacted to the national demand for fertilizers, at present 250,000 tons a year, by putting up the Morón petrochemical complex, which can produce 600,000 tons a year.

Almost at the same time, *Nitroven*, another huge IVP enterprise, in which the Colombian concern *Petroquímica del Atlántico* has an interest, began operations within the *El Tablazo* petrochemical complex. *Nitroven* has a production capacity of 600,000 metric tons a year of ammonia and 800,000 metric tons of urea.

Morón surpluses are being exported, but according to IVP technicians, only for the next few years. Demand is growing at such a pace that by 1985 Morón's entire production will go to Venezuelan farmers.

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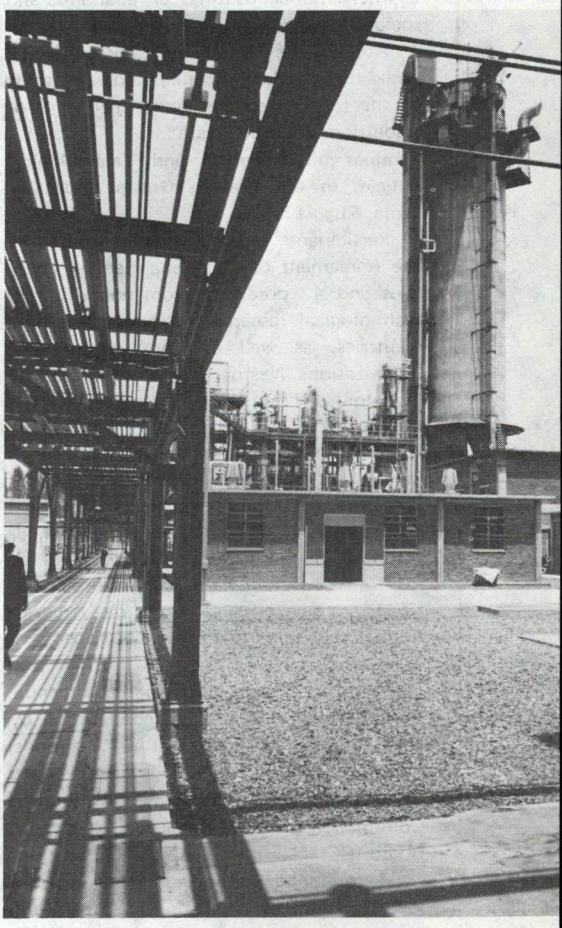

Argentina's *Petrosur.* An industrial complex that includes plants for producing ammonia, urea, sulphuric acid, ammonium sulphate and large plastic containers.

Board of Governors Meeting Set for May

The Board of Governors, the Inter-American Development Bank's highest authority, will hold its Sixteenth Annual Meeting in Santo Domingo, Dominican Republic, May 19-21, 1975.

The Board, composed of a Governor and an Alternate Governor appointed by each of the Bank's 24 member countries, normally meets once a year in a different member country chosen by rotation.

At its Fifteenth Meeting, held in Santiago, Chile, April 1-3 of this year, the Board selected the Dominican capital as the site of its next Meeting. Subsequently—September 5—the Bank's Board of Executive Directors scheduled the forthcoming meeting for May 19-21.

The Board's Meetings have become the most important annual financial gatherings in Latin America.

At each Meeting, the Bank releases its Annual Report. These reports contain an analysis of development trends in Latin America, together with a review of Bank activities during the previous year, including loan operations, technical cooperation, mobilization of additional financial resources, operating policies and other aspects of its work.

Round Table in Brazil Seeks Ways To Encourage Foreign Investments

Leading Latin American government officials and businessmen will meet in Salvador, Brazil, with representatives of trans-national enterprises at the Fourth Round Table on Private Investment in Latin America. The Round Table will be held October 21-24.

The Round Table, being held under the auspices of the Government of Brazil, the Organization of American States, and the Inter-American Development Bank, will be attended by about 100 participants, including observers from a number of international organizations.

Its main purpose is to clarify the criteria of the respective groups in order to define the areas of common interest and explore new ways of encouraging foreign capital investment, its relationship to national capital, and its contribution to the transfer of technology, export trends, and manpower use.

Previous meetings were held in Medellín, Colombia in 1970, in Rome in 1971 and in Caracas in 1973.

A preparatory meeting for the Round Table was held in Washington, D.C. last May at the office of the Inter-American Committee for the Alliance for Progress (CEPCIES). An IDB-OAS working group also met to plan the details of the forthcoming round table in Brazil.

IDB at International Meetings

The Inter-American Development Bank participates regularly, through representatives attending either as guests or observers, in international meetings on economic and social development.

Among the recent meetings in which Bank officials have participated—and some of the topics discussed and conclusions or resolutions adopted—were:

Seminar on Scientific and Technological Policies in the Andean Group Countries. Lima, August 5-9.

Participants included representatives of the Agreement of Cartagena member countries and 42 observers from scientific and technological research institutions in those countries, as well as from international organizations. Nestor Vega Moreno, Deputy Director of Integration, represented the Bank.

The seminar met to prepare the Fourth Meeting of the Permanent Conference of Directors of Latin American National Scientific and Research Policy Councils (*Conferencia Permanente de Dirigentes de los Consejos Nacionales de Política Científica y de Investigaciones de América Latina*) scheduled to be held December 3-11 in Mexico.

Participants approved 15 recommendations on coordination and cooperation by scientific and technological organizations, national economic planning agencies, and the Science and Technology Coordinating Commission of the Cartagena Agreement Board (CCCT).

Recommendations were made on the identification of areas of interest in the execution of projects for scientific and technological cooperation in the Andean countries; exchange of scientific and technological information; cooperation among international organizations on scientific and technological statistics; the status of scientific and technological research workers, etc.

Four recommendations dealt with points raised by the Bank representative and included suggestions made by other participants in the debate. These were:

•Standards for the Transfer of Technology: Establishes the region's need for programs to accelerate the process of technological assimilation and strengthen the financial capacity to acquire technology for development.

•Strengthening the Subregion's Consultant Engineering Facilities: In order to strengthen the capability of consulting firms, the establishment of mechanisms enabling them to obtain cooperation from similar firms in other countries of the subregion or from international organizations was recommended.

•Recognition of Subregional Professional Degrees and Diplomas: Participants agreed to approve the recognition by member countries of professional degrees and diplomas conferred in other countries of the subregion, a step which will involve coordinating university curricula.

•Postgraduate Studies: Establishment of an institutional network encompassing the various regional specialized and research centers and institutions was recommended.

Seminar on Professional Training and Employment. San José, Costa Rica, July 9-11.

Participants included representatives of 21 countries and observers from 10 international organizations. Miguel Ricardo Rodríguez, of the Section on Education, Science and Technology, represented the Bank as an observer.

The Seminar reviewed the tasks undertaken by apprenticeship and professional training centers. In the conclusions reached, it was pointed out that professional training—a priority requirement for economic development—must be expanded and rendered more dynamic, relevant, and effective. The importance of such training for staff promotions was emphasized.

XIIth CINTERFOR Technical Meeting. San José, Costa Rica, July 12-15.

Representatives of 22 countries and 10 international organizations attended the meeting of the *Comisión Técnica del Centro Interamericano de Investigación y Documentación* (CINTERFOR)—Technical Commission of the Inter-American Research and Documentation Center on Professional Training.

Miguel Ricardo Rodríguez, of the Section on Education, Science and Technology, represented the Bank.

The collaboration and coordination existing between CINTERFOR and Latin American and Caribbean institutions was highlighted. The representative of the Bank recommended that an evaluation be made, with the participation of appropriate Bank units, of the possibility of Bank participation in the financing of so-called "Basic Collections"—teaching materials for professional training in the agricultural sector—and of other projects within its technical and professional training policies.

Costa Rica Maps Hydroelectric and Fishery Development Projects

A mission from the Inter-American Development Bank, headed by President Antonio Ortiz Mena, visited Costa Rica in September to study a large-scale program for economic and social development projects.

The projects, now in the planning stage, include a new hydroelectric plant, expansion of the fishing industry and increased hospital facilities. It also includes new water and sewage systems, as well as physical infrastructure works that will lay the base for establishing a large industrial plant.

Mr. Ortiz Mena signed contracts for three operations—a $3.3 million loan to help broaden the facilities of the *Instituto Technológico de Costa Rica (ITCR)* and two nonreimbursable technical cooperation agreements under which the country will receive the equivalent of $926,000 to strengthen the *ITCR* institutionally, strengthen the national planning system and help implement policy measures required to put the 1974-78 National Development Plan into practice.

The Bank mission, in addition to Mr. Ortiz Mena, included Jorge Ferraris, Deputy Manager of Operations, and José Chiriboga, Deputy General Counsel. The delegation held working sessions with members of the Costa Rican economic team, headed by Vice President Carlos Manuel Castillo. It met with President Daniel Oduber Quirós, who gave a luncheon in honor of Mr. Ortiz Mena.

Electricity and Irrigation

One of the projects studied was the 135,000-kilowatt hydroelectric plant to be installed at the El Arenal River. Waters from that river and from the El Arenal Lake will be channeled to the Pacific to irrigate the land between the Guanacaste mountain range and the coast.

In November 1973, the Government of Costa Rica, through the *Oficina de Planificación de la Presidencia (OFIPLAN)*—the Planning Office of the Presidency—informed the IDB that electrification had the highest priority in its national development plan and that, within that sector, the Arenal project had first place. Last July, the present Government reiterated that view.

The Arenal hydroelectric project consists of a 70-meter high rockfill dam, river-diversion works, a spillway, an intake and conveyance facilities to conduct water from the reservoir to a power plant containing three 45,000-kilowatt turbines that in turn will dishcarge the water over a distance of 3.75 miles into the Santa Rosa River. Bank studies on the $95-million dam are well advanced.

Mr. Ortiz Mena emphasized the advisability of executing the irrigation program planned as a second stage of the project with the idea of colonizing 247,000 acres of land.

Alfredo Hernández Volio, the engineer in charge of coordinating the project, announced that the commission which is evaluating the irrigation program for the *Instituto Costarricense de Electricidad*, had sought the advisory services of the *Instituto de Riego y Desarrollo Agropecuario (IRYDA)*, an agency of the Spanish Government which prepares Spain's irrigation and colonization projects.

The studies are designed to ensure that in executing the Arenal project, social, industrial and marketing aspects, as well as technical and economic matters, are taken into account, as has been done in similar projects in Spain.

Mr. Hernández Volio said the first irrigation districts could be in operation as soon as the reservoir for generating electricity from the El Arenal dam is completed in January 1978. The reservoir will have a capacity of 1,550 million cubic meters.

Promoting the Fishing Industry

Another of Costa Rica's goals is to develop its fishing industry, which at present is limited mainly to white fish for local consumption, tuna and sardines.

The Government is promoting a plan to expand small-scale and industrial fishing and to encourage fish consumption.

The plan for developing small-scale fishing includes the purchase of 50 fishing boats and a main ship to operate with them; construction of a fishing port for the boats, as well as of a processing plant, part of which will be mechanized. A complete "cold line," ranging from refrigerated vehicles to central cold storage facilities, will help speed delivery to marketing and consumer centers.

To expand industrial fishing, ten shrimp and lobster boats will be added to the deep-sea fishing fleet already in operation, and facilities for all stages of the industrial process, from freezing and canning to manufacturing fish meal will be built. These vessels are equipped to operate in the high seas, and to go as far as the Papagayo Gulf, off the northeastern coast. They will fish in a part of the Pacific Ocean where plentiful catches are available.

If the IDB Board of Executive Directors approves the loans for the Arenal project and the fishery development program soon, Costa Rica will have received about $65 million in loans this year and almost $155 million since the Bank began operations.

IDB President Antonio Ortiz Mena at Costa Rica's Presidential Palace signing the documents for three financial operations. Present at the signing ceremony were, left to right: Vidal Quirós, Director of the *ICTR;* Oscar Arias, Minister for Planning; Mr. Ortiz Mena; Porfirio Morera, Minister of Finance; Fernando Volio Jiménez, Minister of Education; Marco Antonio López, IDB Executive Director; and Rafael Glower Valdivieso, the IDB's Field Representative in Costa Rica.

Fertilizers: A Growing Market

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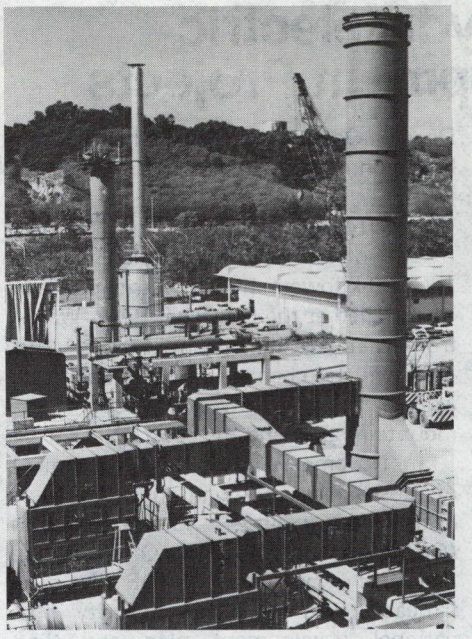
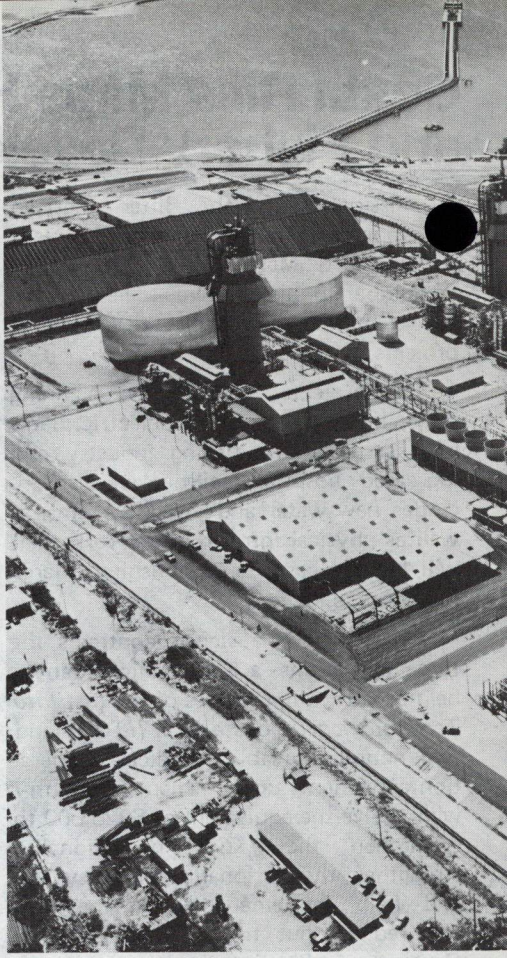




Large amounts of money, manpower, machines and materials are involved in Latin America's growing fertilizer industry. Above: The Morón fertilizer plant in Venezuela. Right: *Nitroven,* part of the great *El Tablazo* complex, also in Venezuela. Far right: some of the trucks that flow steadily into the *ISUSA* plant in Uruguay, and the products they transport.

The IDB's Role

The Inter-American Development Bank is directly linked to almost all these projects. It provided $9 million in loans for the *Petrosur* plant, a petro-chemical complex established at Campana, some 50 miles from Buenos Aires, at a cost of $25 million. It helped finance the cost of the *Industria Sulfúrica, S.A. (ISUSA)*, in Uruguay, through a global loan to the *Banco de la República Oriental del Uruguay*, the country's central bank, providing almost 50 per cent of the total cost of the plant. And in Venezuela, it extended a $16.2 million loan for the $90 million Morón complex.

Before extending those loans, together with two United Nations specialized agencies—the Economic Commission for Latin America (ECLA) and the Food and Agriculture Organization (FAO)—the Bank helped to undertake a study on fertilizers in 13 Latin American countries which provided an overall picture of the use of fertilizers in the region, together with certain conclusions that helped countries formulate plans and policies.

Consumption Trends

Figures for world consumption of fertilizers show the demand for that item and help to determine trends. Thus, it is possible to establish, as a general rule which may have exceptions, that countries producing and exporting agricultural products consume less fertilizer than the highly industrialized countries importing them.

From this one may infer that fertilizer consumption patterns generally depend on the type of soil and products involved. Where the soil is fertile and requires little attention, the use of fertilizers is limited; where crops are high-income crops, or where yield depends on care, greater quantities of fertilizer are used.

The study shows this is generally the case in Latin America. Countries with fertile farmlands, good climate and adequate rainfall, have low fertilizer consumption rates.

In Argentina, for example, fertilizers are used mainly for sugarcane, grapevines and fruit, rather than for wheat and other grains—its main agricultural products.

But in countries like Mexico, with less cultivable land and inadequate rainfall, the use of fertilizers was readily adopted. There, consumption jumped from 3,500 tons to 185,000 tons in less than 13 years. Some 85 per cent of Mexico's fertilizers are used for maize, wheat and sugarcane.

According to the experts, the limited demand in Latin American countries is due to other factors as well. Among these are insufficient programs on the use and advantages of chemical fertilizers and the lack of, or—when they exist—the inadequacy of agencies engaged in promoting the transfer of agricultural technology.

Changes in Consumption Patterns

The change in fertilizer consumption patterns in Latin America during the seven years following the 1965 IDB-FAO-ECLA study is significant.

Mexico's consumption of nitrogenous phosphate and potash fertilizers jumped from 185,000 tons in 1963 to 690,000 in 1971-72. Brazil, in 1964 second to Mexico as a consumer of fertilizer, used 1,070,000 tons in 1971, due to an increase from 601,000 tons in 1969-70 to 961,000 tons in 1970-71.

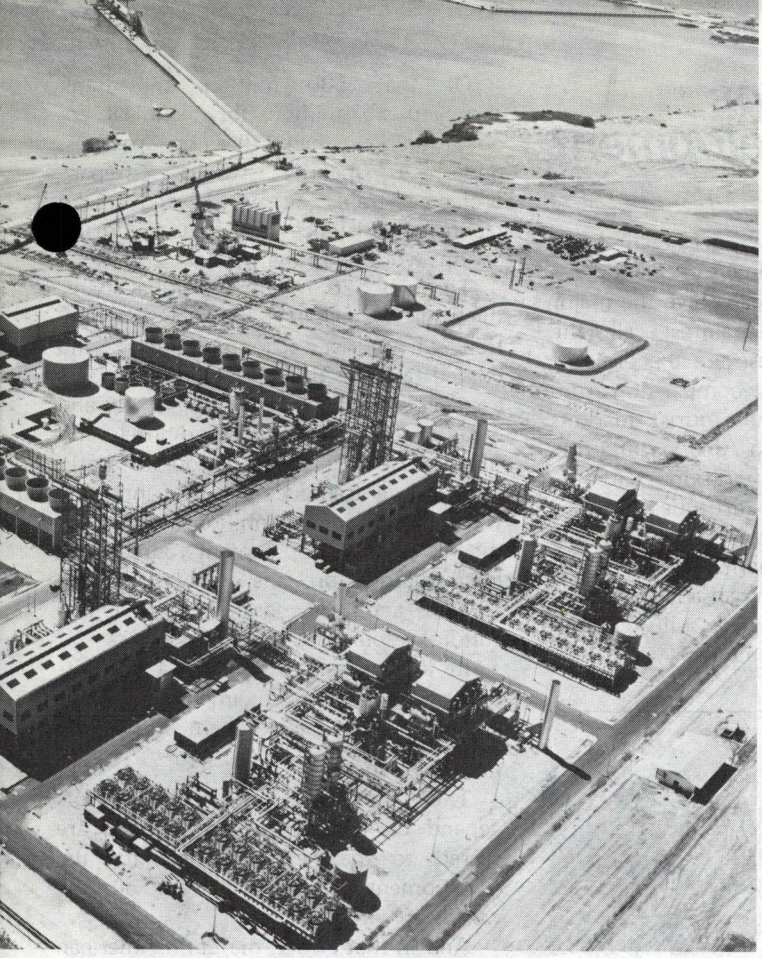
Consumption increased also in other countries. Argentine consumption oscillated around 100,000 tons a year; Chile used 170,000; Colombia used more than 200,000; and Peru almost 100,000 a year.

Several Central American and Caribbean countries were heavy consumers in 1971-72. El Salvador used 84,000 tons; Costa Rica, 78,000; the Dominican Republic, 52,000; Guatemala, 48,000; Honduras and Jamaica, 22,000 each; and Trinidad and Tobago, 13,000.

Factors Involved

This increase, according to the experts, has continued in the last two years. Several factors have been instrumental in causing the increase: new regional plants, which have made the product relatively cheaper and more easily available than imported fertilizers; the gradual disappearance of the practice of increasing the land area planted to a particular crop, thus expanding production without improving productivity; and, above all, the information campaigns undertaken by governments, technical centers and national or regional institutions explaining the advantages of fertilizers in terms of higher yields.

In Argentina, *Petrosur* directors point out that five years after the Campana plant began operations, the country's use of fertilizers had increased fourfold. And on June 28 of this year, when *ISUSA* opened its new plant, its management was already planning to expand operations so that exports to Argentina, Paraguay and Brazil could be increased.



FERTILIZER CONSUMPTION

[illegible]1-72*

[illegible]ressed in nutrients: nitrogenous (N), phosphates (P_2O_5) and potash (K_2O)

Countries	Consumption per hectare (in kilograms)	Per capita consumption
Belgium	578.0	50.1
New Zealand	567.4	165.9
Fed. Rep. of Germany	408.2	55.8
Japan	389.8	20.1
Dem. Rep. of Germany	332.6	100.4
Barbados	277.0	30.1
United Kingdom	268.2	34.7
France	259.6	96.8
Hungary	170.9	92.0
Israel	145.2	20.4
Egypt	140.1	11.5
El Salvador	132.9	23.5
Italy	116.9	26.8
Jamaica	94.9	11.2
Trinidad and Tobago	93.5	12.6
United States	81.3	75.5
Costa Rica	81.2	42.2
Spain	67.6	41.5
Dominican Republic	54.2	11.9
USSR	44.9	42.6
Colombia	40.8	9.4
China	39.6	5.6
Chile	36.7	17.0
Brazil	36.1	11.2
Nicaragua	34.5	14.5
Peru	33.5	7.1
Uruguay	32.6	21.8
Guatemala	32.3	9.1
Panama	30.0	10.1
Mexico	29.1	13.2
Honduras	26.7	7.9
Australia	21.9	76.5
Canada	19.8	39.8
Venezuela	16.7	7.8
Ecuador	9.1	5.5
[illegible]guay	4.9	1.9
[illegible]ntina	3.6	3.9
Haiti	0.8	0.1
Bolivia	0.7	0.5

*"Annual Report on Fertilizers," United Nations Food and Agriculture Organization, Rome, 1973.

Almost every country in Latin America manufactures or processes enough fertilizer to take care of at least part of its needs, whether it uses its own resources or processes imported raw materials.

A number of countries besides Argentina, Uruguay and Venezuela—Mexico, Colombia, Brazil, Chile, Barbados, Ecuador, Bolivia and Peru and the five Central American countries—also produce significant quantities of fertilizers. And the projects now under study in several countries would seem to indicate that Latin America will have no trouble in satisfying the region's growing demand with its own production.

The most recent projects are in Brazil. Last September, through the *Banco Nacional do Desenvolvimento Económico,* Brazil allocated 499 million cruzeiros—about $71 million—to *Araxá S.A. Fertilizantes e Produtos Químicos (Arafértil)* and *Petrobás Química Fertilizantes S.A. (Petrofértil),* two national firms.

That sum, together with financial support from the IDB and the Export-Import Bank of Japan, is being invested in a fertilizer plant in Minas Gerais with an annual production capacity of 600,000 tons, two granulating plants with a joint production capacity of 960,000 tons—one in São Paulo and the other in Minas Gerais—and to expand the *Petrofértil* industrial complex in Bahia.

Capital Markets

Basch, Antonín, and Kybal, Milic. *Capital Markets in Latin America.* Praeger, 1971.

An overall view of capital markets in Latin America and individual analyses of the capital markets of six countries which account for about 85 per cent of the gross investment of the region, are provided in this study by two officials of the Inter-American Development Bank. The six countries examined are Argentina, Brazil, Colombia, Mexico, Peru and Venezuela.

The various types of financial institutions operating in the capital markets, as well as the stock exchanges, are examined, and some conditions favorable to more effective functioning of the capital markets in Latin America are suggested. Prospects for the regional integration of the Latin American capital markets are considered.

The study is an updated version of a report, *Análisis de mercados latinoamericanos de capitales*, sponsored by the Inter-American Development Bank (IDB) and published in 1968 by the *Centro de Estudios Monetarios Latinoamericanos (CEMLA).*

This publication is available free of charge from the Office of Information, Inter-American Development Bank, 808 Seventeenth Street, Washington, D.C. 20577.

Tourism, a Growing Industry, Helps Finance Regional Economic Development

Paid vacations, higher incomes, more leisure, faster transportation and greater interest in other places and peoples have added up to a steady increase in the number of people traveling from one place to another each year.

Statistics on world travel show that the number of international tourists rose from 25 million in 1950 to 210 million in 1973, not including domestic travel—that is, trips away from home of more than 24 hours—which for 1973 is estimated at 700,000.

Development of Tourism

In the mid-sixties, most Latin American governments, realizing that the reasonable approach to the increased flow of tourists was to benefit from it as much as possible, began to take action to develop tourism as an industry. This policy meant a significant growth in international tourism in Latin America as a whole and, in many countries, more national and intraregional travel.

Latin America can become a prime tourist attraction during the present decade if it can surmount certain pressures to which tourism is extremely sensitive. There are, for example, changing situations like the energy crisis and the world economic situation; competition from traditional as well as new tourist attractions—notably Africa and the Middle East; and the hitherto overlooked possibility of using tourism as a source of funds for social and economic development.

Generalizations about tourism in Latin America can be misleading, for the sector has not developed in the same way or had equal economic impact everywhere.

Some of the Latin American countries depend heavily on international tourism for income. Others, where it is a new and not highly developed industry, rely on it less and can afford policies aimed at balanced national development.

Nevertheless—setting aside the industry's varying degree of importance to each country—the Latin American Governments have regarded its development as a priority effort. They have felt that conditions among marginal populations and in marginal areas could be improved more quickly through rational use of human and natural resources to develop tourism as a source of funds for development and, at the same time, of foreign exchange to redress the usually unfavorable balance of payments.

Major Problems

The outlook for tourism in Latin America is extremely favorable—providing the region can solve the major problems found in almost all the countries. Among these are the price of international air fares; competition from the great international tourist markets like Europe and North America; the role of multinational corporations and the effect of national attitudes toward foreign investment; projecting a favorable image of Latin America as a tourist mecca; and establishing an adequate pool of personnel trained in the skills required for a successful tourist industry.

The author of this article, José M. Oliver, is an expert on tourism development in the IDB's Project Analysis Department.

Discussions at the many international and intraregional meetings and conferences in which the Inter-American Development Bank and the Organization of American States have participated have drawn the attention of governments to the national implications of tourism. They have also suggested solutions to major problems. These include, for example, the implementation of multinational integration agreements based on the conviction that concerted action is required to assure the future of tourism; including tourism in national developing planning, with in-depth studies on the problems affecting national development; training personnel at all levels; encouraging cooperation between public agencies and private industry in the development of tourism and promoting domestic and intraregional tourism to diversify supply as well as demand.

The IDB's Contribution

The IDB has supported the Latin American countries' efforts to develop tourism as an industry. In the last five years, its operations in that field amounted to more than $80 million in loans to help finance projects involving investments of more than $200 million.

Of that $80 million, the Bank approved $5 million for technical cooperation to help develop policies, undertake specific studies, prepare projects, train personnel and make technical assistance available to organizations working in the field.

Through $25 million in global loans, the Bank has helped to finance construction of tourist accommodations and related facilities designed to offer visitors a wider choice by providing small and medium-size guest houses and hotels, and to increase the participation of Latin American entrepreneurs in the industry. It has approved $55 million in loans for the regional development of tourism, for infrastructure projects, equipment and services and to conserve natural and cultural resources.

In this way, the Bank has helped its member countries to implement their policies for the development of tourism.

Future Prospects

The industry's future prospects depend on whether or not policies are geared to the new goals set for the development of tourism throughout the world.

And in that effort, the Latin American countries will undoubtedly continue to count on the support of international financing organizations and of the agencies specifically established to work for the social and economic integration of the continent.

Development Financing

Dell, Sidney. *The Inter-American Development Bank. A Study in Development Financing.* Praeger, New York, 1972.

Mr. Dell, Director of the New York Office of the United Nations Conference on Trade and Development (UNCTAD), examines the policies of the Inter-American Development Bank in relation to the purposes for which it was founded and its role in Inter-American development.

In so doing, the author describes the Bank's historical background and origins and reviews its organization and administration, financial resources, lending policies, distribution of funds, sectoral lending, and its projects, programs and performance.

This publication is available free of charge from the Office of Information, Inter-American Development Bank, 808 Seventeenth Street, Washington, D.C. 20577.

IDB Approves Technical Cooperation for Projects in Five Member Countries

In recent weeks, five countries—Barbados, Bolivia, Costa Rica, Haiti and Panama—received a total of $1,983,000 in technical cooperation. The details are as follows:

BARBADOS: On August 19 the Inter-American Bank announced the approval of $112,000 in grant technical cooperation to help establish an investment projects unit and in-service training for government officials in project and public investment program preparation.

The Planning Division of the Ministry of Finance and Planning and the Training Division of the Prime Minister's Office will use the grant to expand and modernize the project planning and evaluation system and to train local officials to execute investment projects.

The total cost of the project is estimated at $121,000, of which the Bank's technical cooperation will cover approximately 93 per cent and the Government of Barbados the remaining 7 per cent.

BOLIVIA: On August 13 the Bank announced its approval of a $920,000 technical cooperation grant to help prepare feasibility and final design studies on the Río Chimoré-Río Yapacaní highway between Cochabamba and Santa Cruz.

The *Servicio Nacional de Caminos (SNC)*, the national highway agency, will use the funds to contract a consulting firm to prepare the studies on the 100-mile highway.

The grant will cover about 90 per cent of the cost of the project—estimated at $1,020,000—and the Bolivian Government, the ramaining 10 per cent.

The Río Chimoré-Río Yapacaní segment will complete the alternate route through the plains region from Cochabamba to Santa Cruz, a distance of approximately 300 miles.

The new road will be an integral part of the major continental integration route projected from La Paz to São Paulo via Cochabamba, Puerto Suárez and Corumbá.

COSTA RICA: On August 26 the Bank announced the approval of $476,000 in grant technical cooperation to help implement the national development planning system.

The *Oficina de Planificación Nacional (OFIPLAN)*, a dependency of the Office of the Presidency which is charged with the preparation, formulation and execution of national development plans, will use the grant for consulting and counseling services.

The total cost of the project is estimated at $538,000, of which the Bank's technical cooperation will cover 90 per cent and the Government of Costa Rica the remaining 10 per cent.

HAITI: A $252,000 technical cooperation grant announced on August 15 will help Haiti prepare the first phase of a storm-sewer system in Port-au-Prince, the capital.

The technical cooperation will be used by the national development agency—the *Conseil National de Développement et de Planification (CONADEP)*—for advisory services in planning, directing and controlling the initial phase of a storm sewer expansion and improvement program.

The total cost of the project is estimated at $306,000, of which the Bank's technical cooperation grant will

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Bidding Information

Recently, several member countries have requested bids for goods and services which, in some cases, are to be acquired with financial resources furnished by the Bank.

ARGENTINA: The *Ministerio de Economía*, through the *Secrataría de Estado de Desarrollo Industrial*, has issued a request for public bid (No. 4/74) for the beneficiaries mentioned in Chapter III, Law 20,560, in terms of Article 20, Section b) and Article 43, Section b) of Decree No. 719/74, according to the stipulations of Decree No. 1177/74, for the construction, installation, operation and management of cellulose paper plants manufacturing newsprint.

Such plants may use the raw materials the offering firm considers advisable for manufacturing cellulose.

Firms should include in their bids qualitative and quantitative justification showing their ability to produce newsprint.

Bidding period: until 2 p.m., November 29, 1974.

Opening of bids: 3 p.m., November 29, 1974, at the *Subsecretaría de Desarrollo Industrial*, Avenida Julio A. Roca 651, 2° piso, Buenos Aires.

Forms and presentation of bids: 1:30 to 5:30 p.m., at the *Mesa General de Entradas, Subsecretaría de Desarrollo Industrial*, Avenida Julio A. Roca 651, Planta Baja, Sector 8.

ECUADOR: The *Ministerio de Recursos Naturales y Energéticos*, through the *Instituto Ecuatoriano de Electrificación* (INECEL), has called on suppliers to submit bids for materials and equipment to be used in Phase II of its Rural Electrification Program.

The *Comité de Licitaciones del Instituto Ecuatoriano de Electrificación* (INECEL), invites interested parties to present bids in writing for supplying the materials and equipment specified below.

Phase II of the Rural Electrification Program consists basically in the installation of 69 Kv transmission lines, 13.2 Kv distribution lines and distribution systems in urban centers and rural communities in the following provinces: Esmeraldas, Manabí, Guayas, Los Ríos, El Oro, El Carchi, Imbabura, Pichincha, Cotopaxi, Tungurahya Bolívar, Azuay, Napo, Pastaza and Morona Santiago.

Bids are requested for insulators; aluminum wire rod; steel cables and wires; cable and conductor accessories; single-phase distribution transformers; protection and sectionalizing equipment for distribution systems; customer watt-hour meters; automatic reclosers and distribution panel boards.

Interested parties should take into account the following conditions: 1. As payment for supplies will be made from the National Electrification Fund in *sucres*, materials and equipment may be of Ecuadorian or any other manufacture. 2. Offers may be submitted by sections or complete subsections. 3. Under the provisions of the Procurement Law, suppliers are required to state their technical and economic ability to meet the preliminary qualifications specified in the bidding forms. 4. Offers should be prepared and presented in accordance with the provisions of the Procurement Law and with the instructions in the bidding forms. Forms will be accepted until Friday, October 25, 1974, 4 p.m., local time, at the *Instituto Ecuatoriano de Electrificación, Secretaría General*, Oficina No. 103, Calle 10 de Agosto 1820, Quito.

The *Comité de Licitaciones* reserves the right to void the bidding if the bids are not in line with INECEL's interests.

Bidding forms are available at the above address for a nonrefundable fee of 1,000 sucres.

Expanding Latin American Export Trade Is Also Becoming More Diversified

What has the foreign trade situation been like in the countries of the Latin American Free Trade Association (LAFTA) in the last two decades?

A recent study published by the Institute for Latin American Integration (INTAL) answers that question.

From 1953 to 1969, according to the study, exports from the 11 INTAL countries—Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela—increased more slowly than total world trade, although there were no significant differences between exports to other countries in the region and exports to the rest of the world.

Nevertheless, trade cycles show that Latin American trade increased slightly between 1953 and 1960, while after 1961, when LAFTA was established, intrazonal trade—that is, trade among the 11 countries—increased not only rapidly, but more rapidly than their exports to the rest of the world.

The study—*Expansión y diversificación del comercio exterior de los países del ALALC* (*Trade Expansion and Diversification in the LAFTA Countries*)—establishes that most of the intrazonal trade flows from Argentina, Brazil and Mexico. These three countries, the most highly developed, are a more attractive market for the other two groups—Chile, Colombia, Peru and Venezuela, classified as countries "with insufficient markets," and Bolivia, Ecuador, Paraguay and Uruguay, classified as "relatively less developed" countries. The process of integration heightened the importance of the first three countries in relation to the others in terms of intrazonal trade.

INTAL's research reveals that, during that period, Argentina, Mexico and Brazil were able to find new markets outside the zone for their "nontraditional" products—machinery, chemicals and various manufactured goods. This, the report points out, is no doubt due to their broader industrial base and to the aggressive policies adopted in recent years to expand exports.

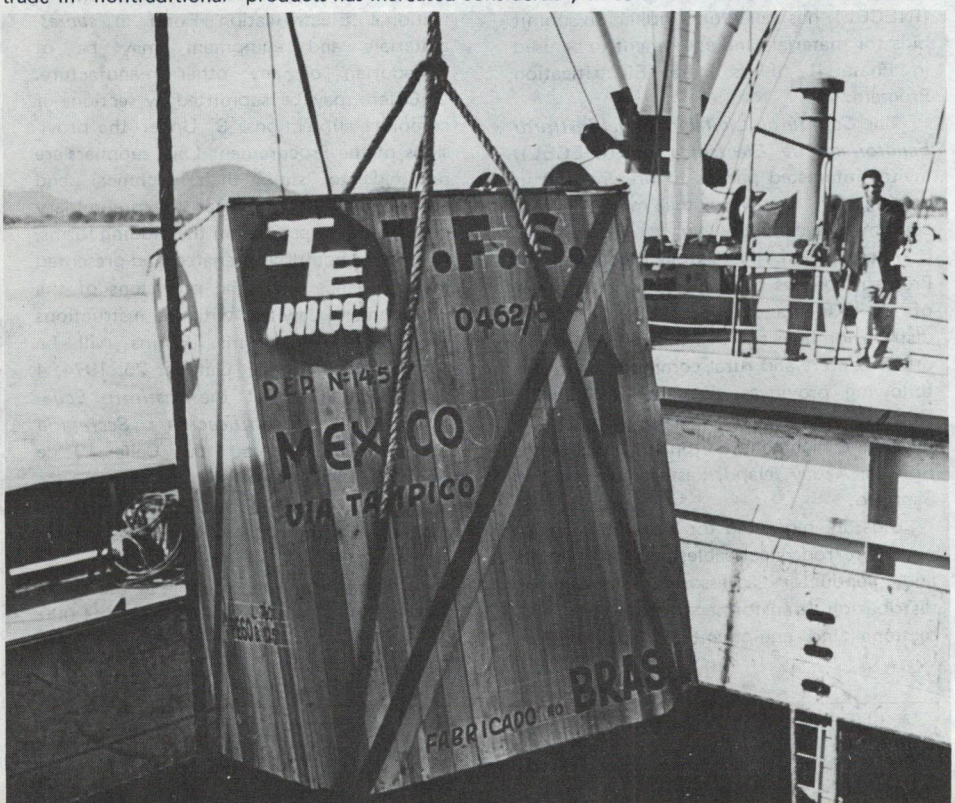
At the same time, nontraditional exports registered an increase in intrazonal trade among the 11 countries. But although the increase in manufactured goods reduced the relative importance of the sale of foodstuffs, raw materials registered a global increase, particularly with the increase in Brazilian lumber exports.

The study points out that the rate at which exports increased—especially the export of manufactured goods—in relation to the increase in exports to the rest of the world, quickened after the free trade zone was established. Moreover, the increase in growth rate was accompanied by greater diversification of exports.

Nevertheless, the study adds, these changes did not occur everywhere. The three most developed countries reap the greatest benefits in terms of higher growth rates and greater diversification of exports, while the four countries "with insufficient markets" received the least.

This, according to the study, may explain why, together with Bolivia and Ecuador, those three countries formed a subregional entity—the Andean Group—having different characteristics in terms of scope and commitments from those of the Treaty of Montevideo, on which LAFTA is based.

Brazilian manufactured goods on the way to Mexico. Encouraged by sound export policies, regional trade in "nontraditional" products has increased considerably since LAFTA was established in 1961.



Technical Cooperation for Five Countries

(from page 7)

cover 82.4 per cent and the Government the remaining 17.6 per cent.

PANAMA: On August 23 the Bank announced the approval of $223,000 in grant technical cooperation for a rural management program.

The technical cooperation will be used by the Ministry of Planning and Economic Policy to execute a program for the development and expansion of essential services for farm organizations in conjunction with the Government of Israel, the United Nations, and the United States Agency for International Development (AID).

The technical cooperation will cover 42.4 per cent of the cost of the project, estimated at $526,300, the Government of Panama 38.2 per cent, the Government of Israel 12.5 per cent and other sources the remaining 6.9 per cent.

The project will include two courses in rural management to train a minimum of 80 technicians, 10 seminars for members of farm organizations and two additional seminars for farming officials.

Panamanian instructors, assisted by Israeli experts contracted by the Government of Panama, will conduct the courses and seminars.

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