[redacted]

PD-ACE-052

MUTUAL SECURITY PROGRAM

FISCAL YEAR 1959
ESTIMATES

BEST AVAILABLE

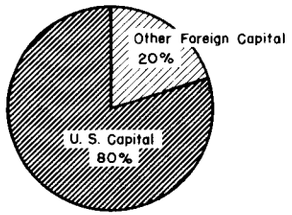
LATIN AMERICA

DECLASSIFIED ON 3/10/81
BY SMUCKER PPC/PB
AUTHORITY: EO 12065 & para 325, Uniform Security
Regulations

LATIN AMERICA-ECONOMIC DATA

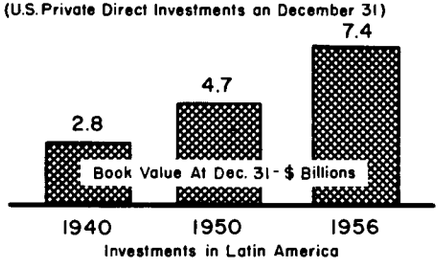
LATIN AMERICA DEPENDS ON U.S. CAPITAL

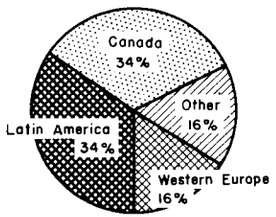
(Share of Foreign Investments in Latin America)



LATIN AMERICA IS A MAJOR OUTLET FOR U.S. CAPITAL

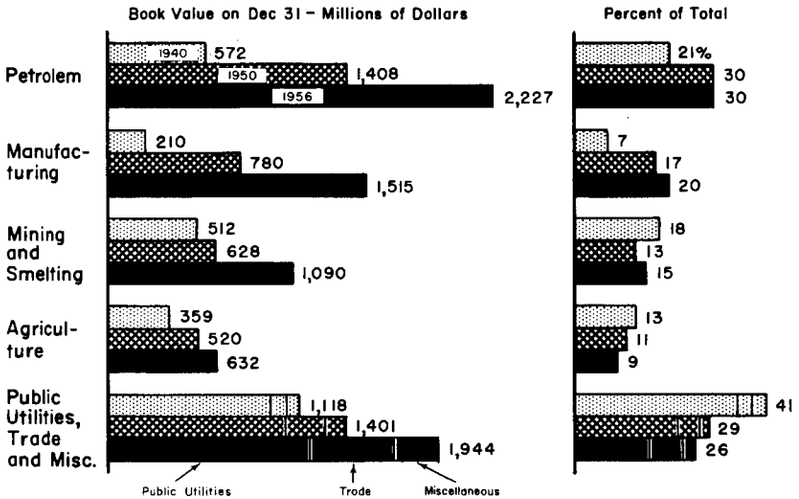
(U.S. Private Direct Investments on December 31)



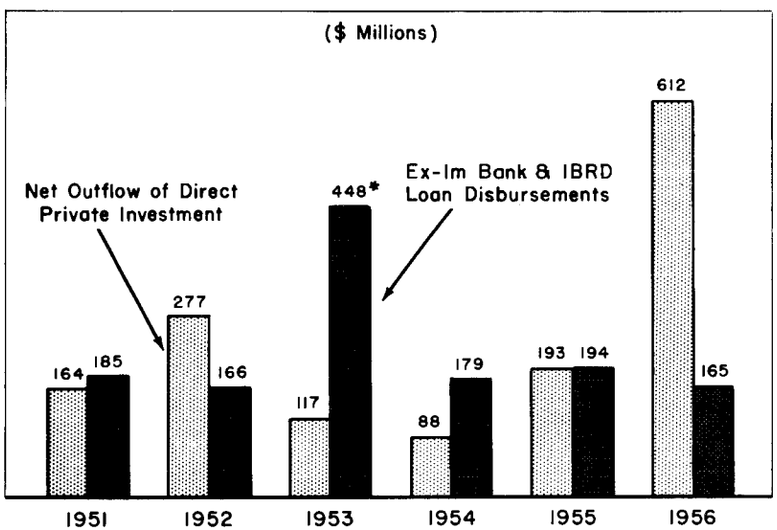


Distribution of Investments by Area on Dec. 31, 1956

GROWTH OF U.S. PRIVATE DIRECT INVESTMENTS IN LATIN AMERICA BY INDUSTRY



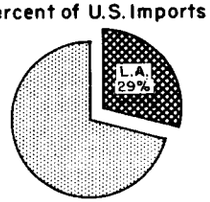
U.S. CAPITAL OUTFLOW TO LATIN AMERICA



LATIN AMERICA IS IMPORTANT TO U.S. TRADE

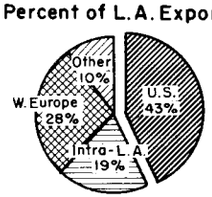
Percent of U.S. Exports

Percent of U.S. Imports

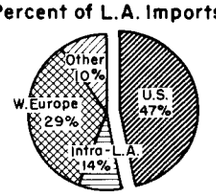


U.S. IS LATIN AMERICA'S BEST CUSTOMER

Percent of L.A. Exports



Percent of L.A. Imports



* Includes 8-year loan to Brazil for financing short-term obligations.

MUTUAL SECURITY PROGRAM

TABLE OF CONTENTS

LATIN AMERICA

	Page No.
Map of Latin America	1
Latin America by Function (Chart)	2
Summary of MSP by Function	3
Program by Country (Chart)	4
Military Assistance by Country	5
Military Assistance Program (Chart)	6
Military Assistance by Country	7
Programs for Economic Assistance (Chart)	8
Summary of Economic Assistance Programs	9
Summary of Program by Function	10
Project Assistance by Field of Activity	11
Argentina	13
Bolivia	21
Brazil	35
Chile	47
Columbia	59
Costa Rica	71
Cuba	77
Dominican Republic	85
Ecuador	93
El Salvador	105
Guatemala	111
Haiti	123
Honduras	131
Mexico	139
Nicaragua	147
Panama	155
Paraguay	161
Peru	169
Uruguay	181
Venezuela	189
Overseas Territories	197
British Guiana	197
British Honduras	203
Jamaica	209
Surinam	215
Regional and Undistributed	221
Organization of American States	227

February 20, 1958

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

SECRET

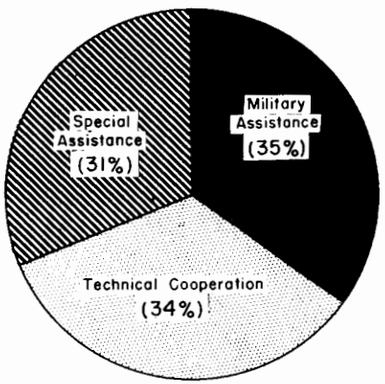
LATIN AMERICA

FY 1959 PROGRAM
($ Millions)

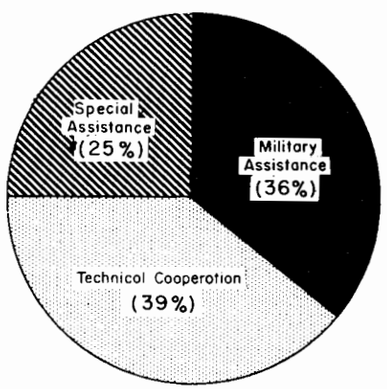
COUNTRY	TYPE OF ASSISTANCE		
	MILITARY ASSISTANCE	SPECIAL ASSISTANCE	TECHNICAL COOP.
Argentina	–	–	0.8
Bolivia	–	17.0	3.0
Brazil	7.1	–	5.0
Chile	4.1	–	2.7
Colombia	4.9	–	1.7
Costa Rica	–	–	1.2
Cuba	3.6	–	0.6
Dominican Rep.	0.4	–	0.2
Ecuador	3.5	–	1.9
El Salvador	–	–	1.1
Guatemala	0.1	–	2.7
Haiti	0.1	2.0	1.6
Honduras	0.1	–	1.5
Mexico	–	–	0.7
Nicaragua	0.1	–	1.0
Panama	–	–	1.3
Paraguay	–	–	1.5
Peru	5.3	–	2.9
Uruguay	4.0	–	0.2
Venezuela	–	–	0.2
O'Seas Terr.	–	–	1.1
Reg.& Undist.	–	4.0	2.1
Org.of Am.St.	–	–	1.5
TOTAL	33.3	23.0	36.5

SECRET

LATIN AMERICA - BY FUNCTION



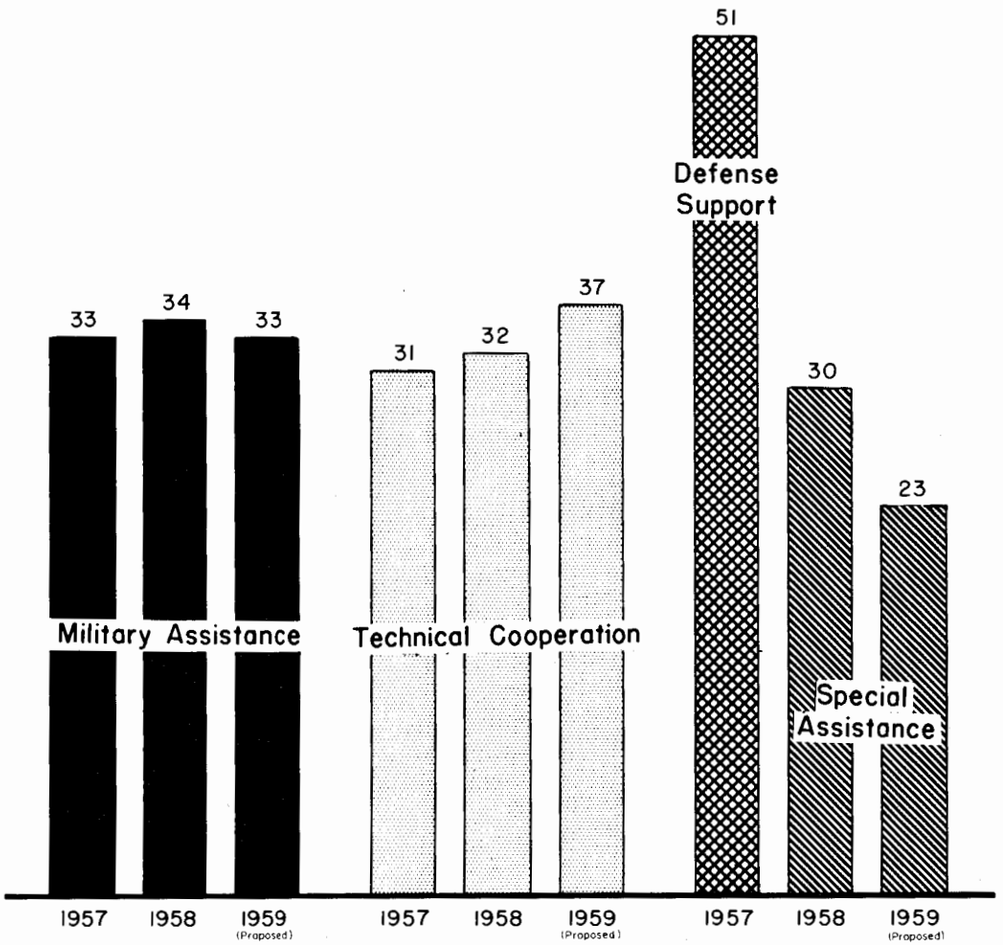
FY 1958 Total - $96.2 million



FY 1959 Total - $92.8 million

TREND BY FUNCTION

($ Millions)



U. S. Fiscal Years

Country: LATIN AMERICA REGIONAL

SUMMARY OF MUTUAL SECURITY PROGRAMS BY FUNCTION

(In thousands of dollars)

FUNCTION	PROGRAM		
	Actual FY 1957	Estimate FY 1958	Proposed FY 1959
MILITARY ASSISTANCE	32,857	33,871	33,308
ECONOMIC ASSISTANCE			
Defense Support	51,133		
Development Assistance			
Technical Cooperation a/	31,229	32,300 b/	36,500
Special Assistance		30,000	23,000
Other Programs			
Total Economic Assistance	82,362	62,300	59,500
TOTAL ALL PROGRAMS	115,219	96,171	92,808

ESTIMATED OBLIGATIONS AND EXPENDITURES

(In thousands of dollars)

	Programmed	Del./Exp.	Unliquidated		Obligations	Expenditures	Unliquidated
MILITARY ASSISTANCE				ECONOMIC ASSISTANCE c/			
Cumulative 6/30/57	160,754	117,316	43,438	Cumulative 6/30/57	265,091	197,263	67,828
Estimate FY 1958	33,871	30,810	XXX	Estimate FY 1958	62,300	64,660	XXX
Cumulative 6/30/58	194,625	148,126	46,499	Cumulative 6/30/58	327,391	261,923	65,468

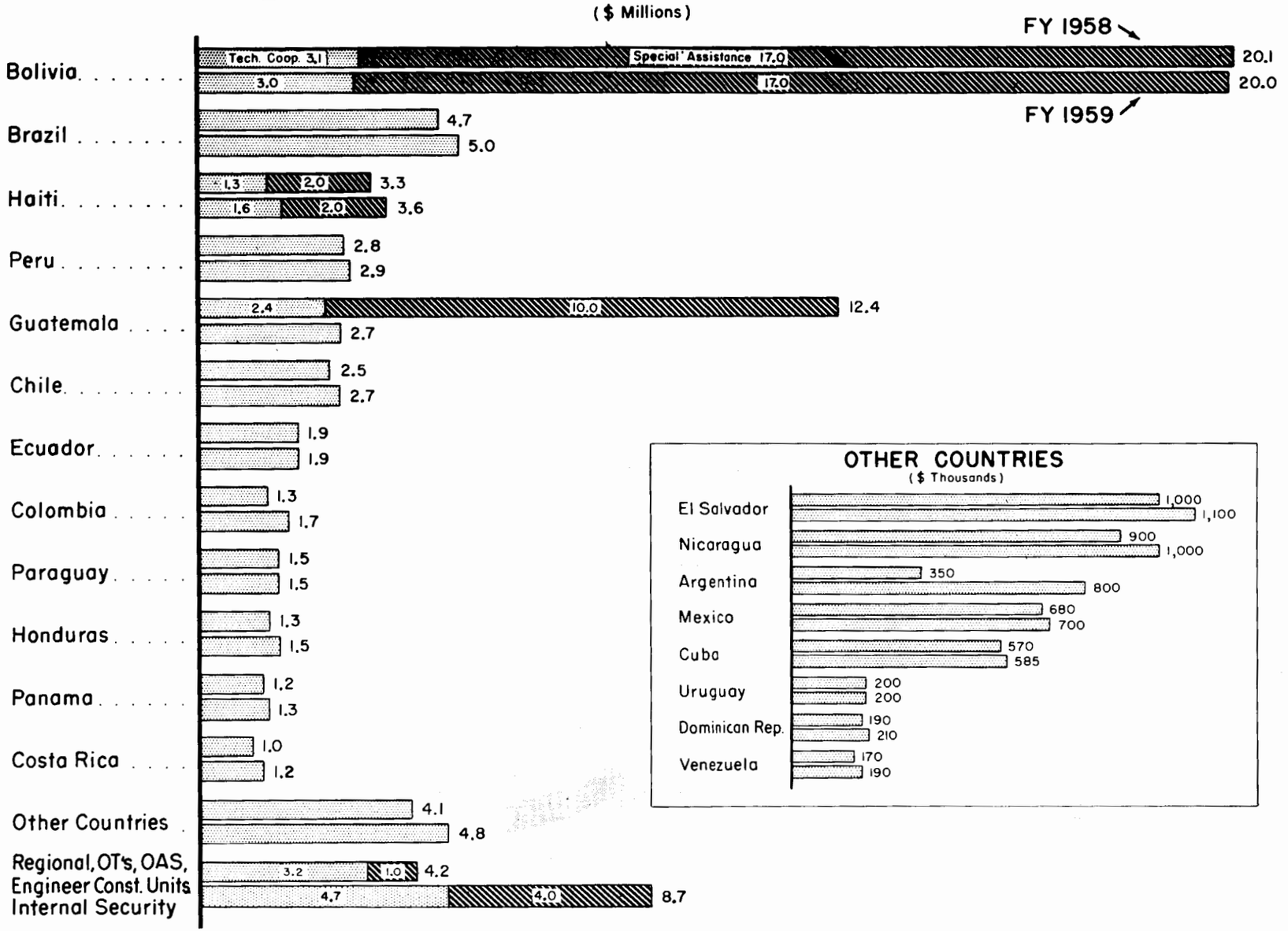
a/ Includes $1,500 thousand in each year for the Organization of American States program which is administered by the Department of State.

b/ Excludes $500 thousand of prior year funds made available in FY 1958. Total FY 1958 program is $32,800 thousand.

c/ Includes obligations and expenditures for the Organization of American States program.

LATIN AMERICA - ECONOMIC PROGRAM BY COUNTRY

($ Millions)



SECRET

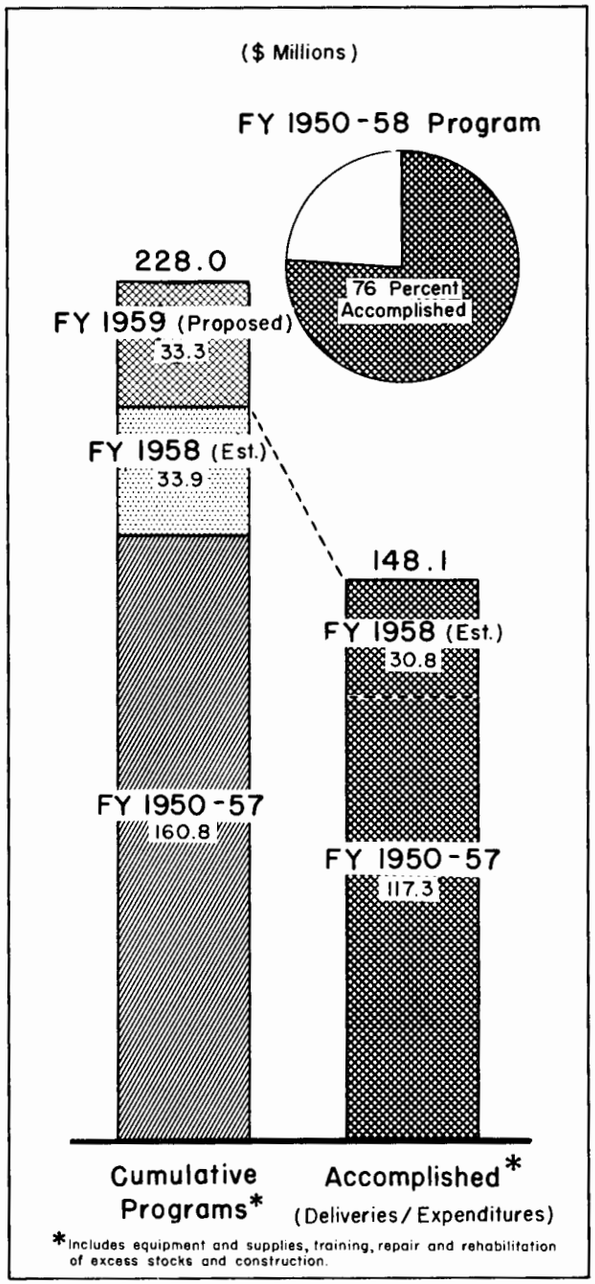
MILITARY ASSISTANCE

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

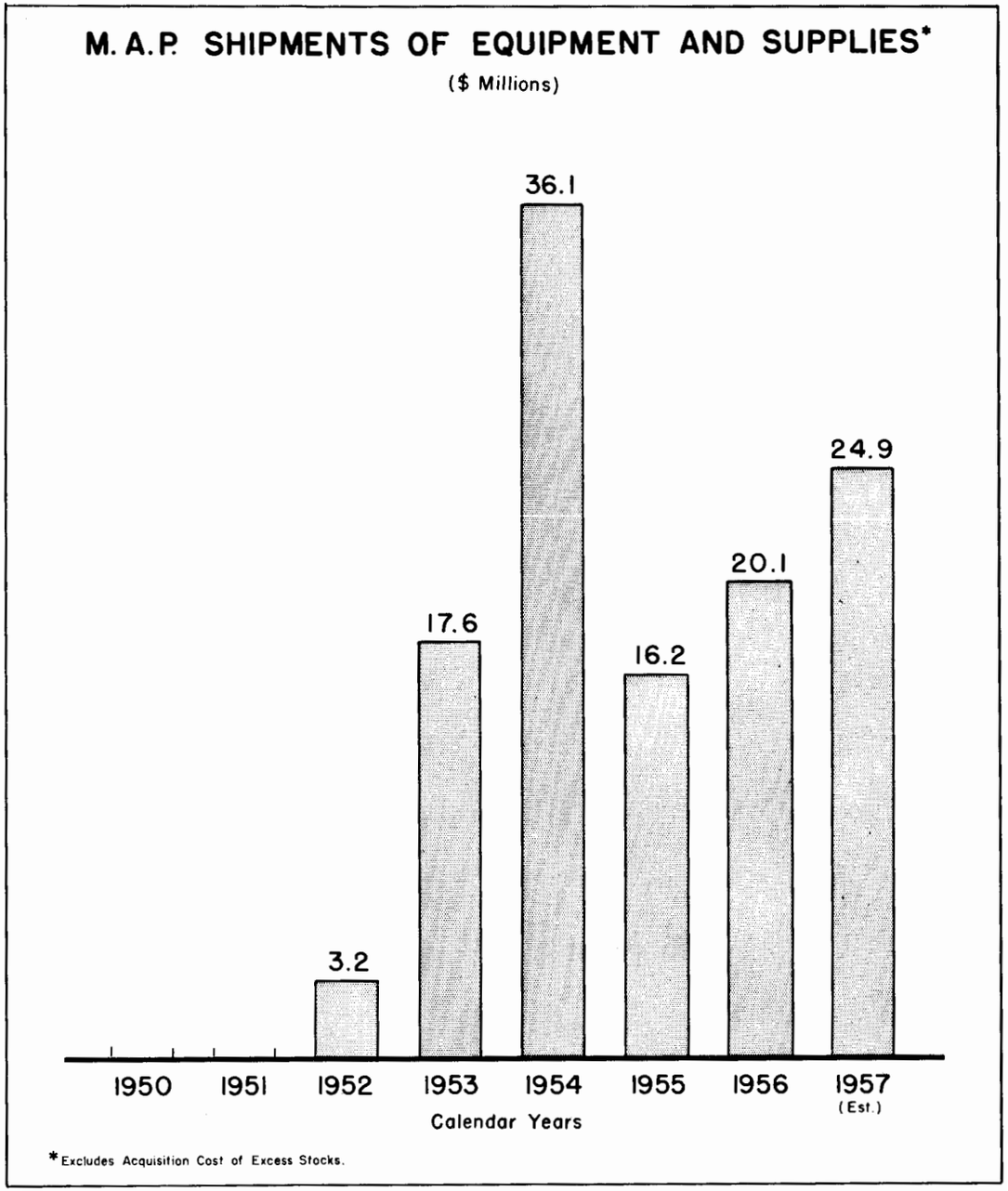
Major Components by Category (all values in thousands of dollars)	Annual Programs				Del./Exp. F.Y. 1950-58 Programs		
	Value		Proposed F.Y. 1959		Estimate F.Y. 1958	Cumulative June 30, 1958	F.Y. 1959 and Later
	F.Y. 1957	F.Y. 1958	Quantity	Value			
LATIN AMERICA	$32,857	$33,871		$33,308	$30,810	$148,126	$46,499
Brazil	12,292	14,316	NOT APPLICABLE	7,141	7,207	51,942	19,147
Chile	6,183	3,508		4,121	6,404	22,586	4,874
Colombia	2,868	3,692		4,912	3,229	16,717	4,419
Cuba	3,528	1,996		3,580	3,378	9,689	3,515
Dominican Republic	277	1,078		424	475	4,576	1,527
Ecuador	1,702	3,464		3,543	1,884	9,388	4,001
Guatemala	105	104		126	159	741	46
Haiti	33	82		68	27	1,252	70
Honduras	101	57		77	62	661	27
Nicaragua	198	195		90	244	1,084	71
Peru	4,039	4,172		5,250	3,899	18,157	5,310
Uruguay	1,532	1,207		3,976	3,843	11,334	3,492

SECRET

LATIN AMERICA – MILITARY ASSISTANCE PROGRAM



*Includes equipment and supplies, training, repair and rehabilitation of excess stocks and construction.



*Excludes Acquisition Cost of Excess Stocks.

SECRET

MILITARY ASSISTANCE PROGRAMS

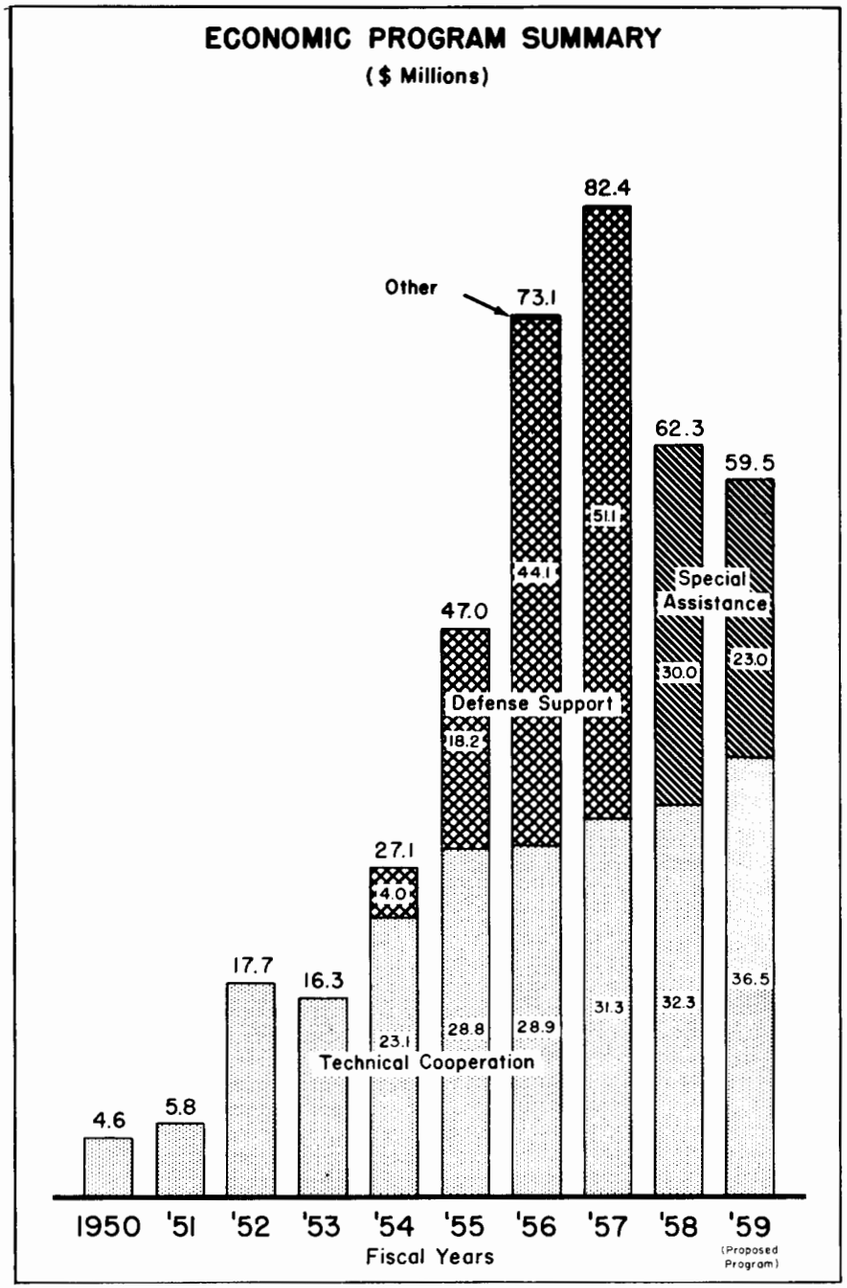
(All Values in Thousands of Dollars)

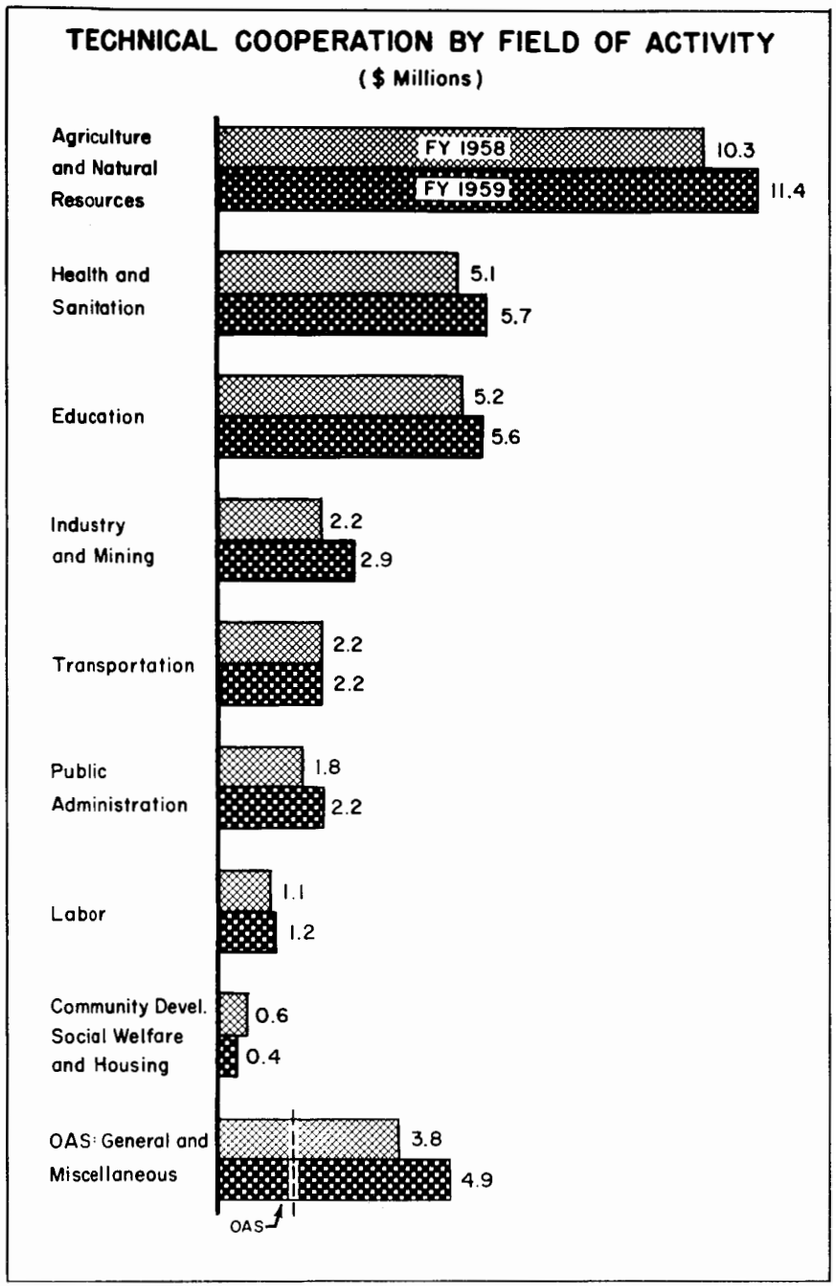
Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Country	FY 1957 Country Program	FY 1957 Special Materiel Program	FY 1957 Estimated Total	FY 1958 Country Program	FY 1958 Special Materiel Program	FY 1958 Estimated Total	FY 1959 Country Program	FY 1959 Special Materiel Program	FY 1959 Estimated Total
Latin America Total	$32,857	$3,191	$36,049	$33,871	$5,247	$39,118	$33,308	$20,915	$54,223
Brazil	12,292	(1,299)	(13,591	14,316	(2,340)	(16,656)	7,141	(17,137)	(24,278)
Chile	6,183	(380)	(6,563	3,508	(722)	(4,230)	4,121	(762)	(4,883)
Colombia	2,868	(270)	(3,138)	3,692	(473)	(4,165)	4,912	(403)	(5,315)
Cuba	3,528	(339)	(3,867)	1,996	(399)	(2,395)	3,580	(357)	(3,937)
Dominican Republic	277	(91)	(368)	1,078	(88)	(1,166)	424	(122)	(546)
Ecuador	1,702	(186)	(1,888)	3,464	(262)	(3,726)	3,543	(402)	(3,945)
Guatemala	105	(55)	(160)	104	(11)	(115)	126	(3)	(129)
Haiti	33	(39)	(72)	82	(14)	(96)	68	(17)	(85)
Honduras	101	(18)	(119)	57	(11)	(68)	77	(2)	(79)
Nicaragua	198	(13)	(211)	195	(19)	(214)	90	(5)	(95)
Peru	4,039	(215)	(4,254)	4,172	(533)	(4,705)	5,250	(710)	(5,960)
Uruguay	1,532	(286)	(1,818)	1,207	(375)	(1,582)	3,976	(995)	(4,971)

SECRET

LATIN AMERICA-PROGRAMS FOR ECONOMIC ASSISTANCE





LATIN AMERICA REGIONAL

SUMMARY OF ECONOMIC ASSISTANCE PROGRAMS

By Function and Country

(In thousands of dollars)

Shaded areas are Security classified and must not be disclosed to unauthorized individuals. All other material is unclassified.

Country	Defense Support			Technical Cooperation			Special Assistance			Total		
	FY 1957	FY 1958	FY 1959	FY 1957	FY 1958	FY 1959	FY 1957	FY 1958	FY 1959	FY 1957	FY 1958	FY 1959
Argentina					350	800					350	800
Bolivia	19,993			3,289	3,100	3,000		17,000	17,000	23,282	20,100	20,000
Brazil				4,512	4,700	5,000				4,512	4,700	5,000
Chile				2,456	2,500	2,750				2,456	2,500	2,750
Colombia				1,156	1,290	1,700				1,156	1,290	1,700
Costa Rica				994	1,050	1,150				994	1,050	1,150
Cuba				569	570	585				569	570	585
Dominican Republic				156	190	210				156	190	210
Ecuador				1,809	1,880	1,900				1,809	1,880	1,900
El Salvador				1,069	1,000	1,100				1,069	1,000	1,100
Guatemala	15,280			2,238	2,400	2,675		10,000		17,518	12,400	2,675
Haiti	1,010			1,116	1,300	1,650		2,000	2,000	2,126	3,300	3,650
Honduras				1,324	1,350	1,550				1,324	1,350	1,550
Mexico				888	680	700				888	680	700
Nicaragua				681	900	1,000				681	900	1,000
Panama				1,023	1,170	1,300				1,023	1,170	1,300
Paraguay				1,530	1,480	1,500				1,530	1,480	1,500
Peru				2,594	2,850	2,900				2,594	2,850	2,900
Uruguay				254	200	200				254	200	200
Venezuela				135	170	190				135	170	190
Overseas Territories:												
British Guiana				44	95	300				44	95	300
British Honduras				90	110	150				90	110	150
Jamaica				189	230	250				189	230	250
Surinam				306	335	350				306	335	350
Regional and Undistributed	14,850			1,307	1,400	2,090		1,000	4,000	16,157	2,400	6,090
Deduct: Amount financed from prior year funds					-500						-500	
Subtotal	51,133			29,729	30,800	35,000		30,000	23,000	80,862	60,800	58,000
Organization of American States				1,500	1,500	1,500				1,500	1,500	1,500
Total Programs	51,133			31,229	32,300	36,500		30,000	23,000	82,362	62,300	59,500

Country: LATIN AMERICA REGIONAL

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	Def Sup	Tech. Coop.	Other	Total	Sp Asst	Tech. Coop.	Other	Total	Sp Asst	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	10,828		10,828		13,020	180	12,840		13,647	200	13,447
Participants	5,688		5,688		6,092	325	5,767		7,215	500	6,715
Contractual Services	2,555		2,555		1,929		1,929		4,800	1,400	3,400
Supplies and Equipment	2,556	1,600	956		4,016	3,270	746		4,276	3,550	726
Contrib. to Coop. Services	6,933		6,933		7,003	400	6,603		7,365	400	6,965
Other Costs	31,799	27,530 a/	4,269		14,340	9,925	4,415		7,697	2,450	5,247
Total Project Assistance	60,359	29,130	31,229		46,400	14,100	32,300		45,000	8,500	36,500
NON-PROJECT ASSISTANCE											
Agric. Commodities Total	12,296	12,296			2,900	2,900			3,500	3,500	
Surplus	9,693	9,693							2,000	2,000	
Other	2,603	2,603			2,900	2,900			1,500	1,500	
Industrial Commodities Total	4,544	4,544			7,850	7,850			7,000	7,000	
Raw Materials and Fuels					1,000	1,000			1,000	1,000	
Machinery and Equipment	4,544	4,544			6,850	6,850			6,000	6,000	
Other Indus. Commodities											
Cash Transactions	5,153	5,153			5,150	5,150			4,000	4,000	
Other	10	10									
Total Non-Project Assistance	22,003	22,003			15,900	15,900			14,500	14,500	
TOTAL COUNTRY PROGRAMS	82,362	51,133	31,229		62,300	30,000	32,300		59,500	23,000	36,500
NUMBER OF PEOPLE											
Technicians (On duty close of year)	894		894		1,025	19	1,006		1,015	10	1,005
U.S. Employed	785		785		877	9	868		893	10	883
Contract	109		109		148	10	138		122		122
Participants (Programmed during year)	2,208	43	2,165		2,052	65	1,987		2,325	100	2,225
Non-Contract	2,054	43	2,011		1,887	65	1,822		2,170	100	2,070
Contract	154		154		165		165		155		155

a/ Includes $12,850 in loans under Sec. 131(c)(4) of the MSAct of 1954 as amended by P.L. 726, 84th Congress and $2,000 in allocations to Department of State for contributions to OAS for Malaria Program ($1,500) and construction at Turrialba ($500) under Section 131(c)(4).

Country: LATIN AMERICA REGIONAL

ECONOMIC ASSISTANCE

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

(In thousands of dollars)

Function and Fiscal Year	Total Cost	Agriculture and Natural Resources	Industry and Mining	Transportation	Labor	Health and Sanitation	Education	Public Administration	Community Develop., Social Welfare & Housing	General and Miscellaneous
ACTUAL FY 1957										
Defense Support										
Development Assistance	29,130	5,270		8,440		7,540	875	280	6,725	
Technical Cooperation	31,229	9,646	2,395	2,017	971	5,302	4,722	1,707	496	3,973 a/
Other Programs										
Total	60,359	14,916	2,395	10,457	971	12,842	5,597	1,987	7,221	3,973
ESTIMATE FY 1958										
Defense Support										
Special Assistance	14,100	5,300		6,100		1,300	400	1,000		
Technical Cooperation	32,300	10,279	2,181	2,180	1,064	5,145	5,197	1,752	640	3,862 a/ b/
Other Programs (or DA)										
Total	46,400	15,579	2,181	8,280	1,064	6,445	5,597	2,752	640	3,862
PROPOSED FY 1959										
Defense Support										
Special Assistance	8,500	1,790	160	3,500		600	100	1,600		750
Technical Cooperation	36,500	11,455	2,857	2,176	1,195	5,739	5,560	2,187	441	4,890 a/
Total	45,000	13,245	3,017	5,676	1,195	6,339	5,660	3,787	441	5,640

a/ Includes Technical Cooperation Program of the Organization of American States ($1,500 thousand).
b/ Excludes $500 thousand of prior year funds made available in FY 1958.

ARGENTINA

BASIC DATA

Population	20	million
Annual Growth	1.9	percent
Agricultural Land	52	percent of area
Agri. Land per Capita	18	acres
Literacy Rate	86	percent

	Argentina	United States
Life Expectancy (years)	59	70
Inhabitants per Physician	780	760
Road Miles per 1,000 sq.mi....	86	1,020
Electric Power per Capita .... (KWH per year)	327	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	7,700	8,100	8,420	8,500
Per Capita GNP.....	Dollars	411	424	432	428
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	97	101	103	112
Wheat	1,000 MT	6,200	7,690	5,250	7,100
Industrial Prod. Index ...	1953=100	109	118	117	115
Electricity	Mill. KWH	5,760	5,800	6,350	6,500
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	1,027	929	944	990
Grains and cereals	"	445	343	294	320
Meat and products	"	156	206	241	260
Total Imports (c.i.f).....	"	979	1,173	1,128	1,300
Trade Balance.....	"	48	-244	-184	-310
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	103	126	133	130
Imports from U.S.	"	123	148	211	300
Trade Balance with US.	"	-20	-22	-78	-170
FOREIGN EXCHANGE RESERVES [b]... (end of year)	"	840	470	403	320
COST OF LIVING INDEX [c].....	1953=100	104	117	132	163

n.a. - Not Available
b - Central Bank only.
a - Crops harvested in crop-year ending in year stated.
c - Buenos Aires.

Country ARGENTINA

MUTUAL SECURITY PROGRAM

U.S. Interests: Argentina occupies a strategic geographic position relative to the Antarctic and South Atlantic sea routes. Should the Panama Canal become unavailable during a world conflict, access of U.S. shipping to the Magellan Straits and Cape Horn would be vital. It is important to the U.S. that Argentina's naval and air bases and deep water ports on the Atlantic do not become available to unfriendly forces.

Argentina possesses one of the largest and best trained armed forces in Latin America. Although these forces have historically been oriented to the British and German military systems, a strong inclination exists towards the weapons and methods of the U.S. military. Argentina is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947).

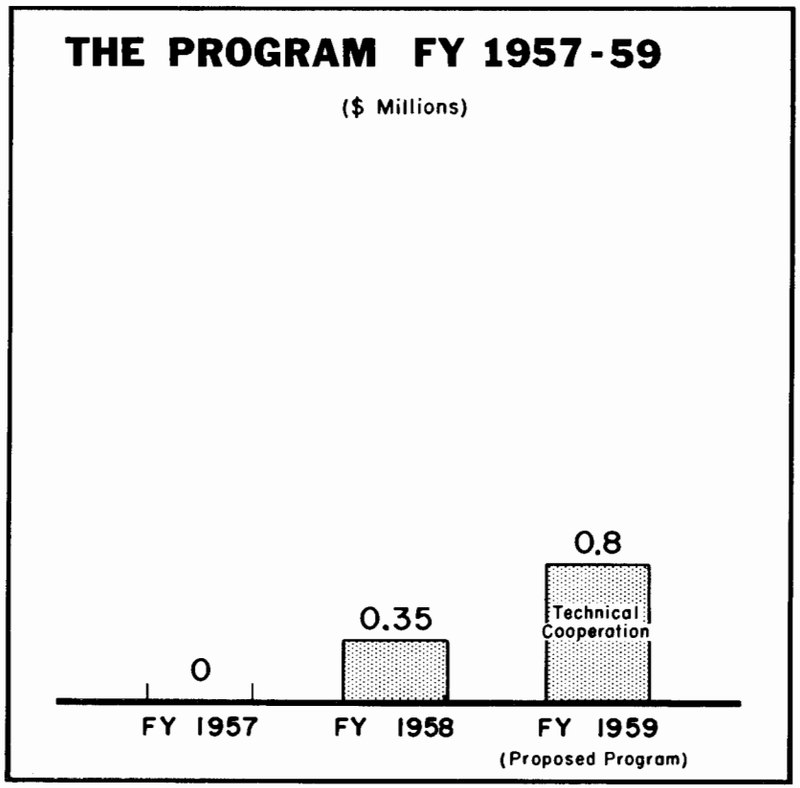
The present Argentina Government is provisional, committed to turn over its power to an elected government on May 1, 1958. A new political and social balance of power is in the making. Anti-U.S. elements, such as the Communists and nationalists, are attempting to increase their influence but there are strong elements, including the present Government, that favor closer ties with the U.S.

Communist Party strength has almost tripled in the past two years, and the Communists are actively organizing support, especially among former Peronistas.

A cultural leader of Latin America, Argentina's position on world and regional affairs has a wide influence. U.S.-Argentina accommodation is vital to hemispheric solidarity. Argentina can and does contribute valuable support to U.S. objectives in the UN and the OAS; conversely, the U.S. stands to suffer from retrogression in relations.

Argentina possesses substantial agricultural resources and is one of the world's leading producers and exporters of grains and meat. The country is faced with acute problems in transportation and industrialization caused principally by the ultra-nationalist policies of the Peron Government. It represents potentially a large market for U.S. agricultural, industrial and transportation equipment. More than 20% of all Argentine imports come from the U.S., and U.S. business investment in the Argentine totals nearly $500 million.

Argentina has one of the most advanced atomic energy programs in Latin America.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57			
Estimate F.Y. 1958			XXX
Cumulative 6/30/58			
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	84	84	
Estimate F.Y. 1958	350	75	XXX
Cumulative 6/30/58	434	159	275

Country: ARGENTINA

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians					88		88		200		200
Participants					210		210		480		480
Contractual Services											
Supplies ond Equipment											
Contrib. to Coop. Services											
Other Costs					52		52		120		120
Total Project Assistance					350		350		800		800
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS					350		350		800		800
NUMBER OF PEOPLE											
Technicians (On duty close of year)					12		12		12		12
U.S. Employed					12		12		12		12
Contract											
Participants (Programmed during year)					50		50		110		110
Non-Contract					50		50		110		110
Contract											

GPO 934793

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Country ARGENTINA

ECONOMIC ASSISTANCE

Objectives of Technical Cooperation

- To assist in restoring democratic institutions through education in economic sciences.
- To assist in countering communist influences through labor leader training.
- To assist in improving deteriorated transportation facilities, initially concentrating on Civil Aviation.
- To assist in increasing industrial productivity and achieving economic stability through improving management practices.
- To cooperate in the study of the peaceful uses of nuclear energy.

Accomplishments of Technical Cooperation

Basic Technical Cooperation Agreement signed June 3, 1957. Discussions under way which it is anticipated will lead to initiation of a Technical Cooperation program in FY 1958.

Major Problems: Political institutions and economy which had for years been oriented towards totalitarianism; unstable government; difficult labor-management relations. Transportation, power and fuel shortages; decapitalization and reduced productivity; hindrances to foreign investments by statist economic philosophy and economic nationalism; lack of incentives to production due to state controls.

Proposed FY 1959 Program

Argentines have shown themselves wary of foreign influences. For this reason, assistance to Argentina in adopting a program of using private initiative to recover from its present economic plight will have to be given gradually and with care. Projects in which Argentina has shown a definite interest and which fit into a long-range flexible plan will be put into effect. Present discussions indicate these will be in the fields of labor relations, transportation, nuclear energy, industry and mining, and education in economics.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation		350	800

The project in the labor field will provide training for labor union leaders, and is designed to counteract communist subversion and propaganda and reorient the Peron-style labor movement.

Transportation: A civil aviation project will assist in improving air traffic control and in reorganizing the Office of Civil Aviation.

Energy Development: The plan is to train Argentine scientists, physicists, and doctors in the United States in the various aspects of non-military uses of nuclear energy. In addition, aid will be provided in developing the government atomic energy organization and training facilities, as well as fostering liaison between the government and private research. Assistance is envisaged to business management through industrial productivity techniques.

It is planned to improve university training in economics with a view to fostering a more democratic free enterprise economic outlook.

Revised 3/24/58

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation										
ESTIMATE FY 1958 Technical Cooperation	350		66	74	94			70		46
PROPOSED FY 1959 Technical Cooperation	800		317	82	160			195		46

Country: ARGENTINA

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION									
Industry and Mining									
Industrial development assistance in improvement of productivity	317	110	109			98			
Transportation									
Air Navigation Aids and Air Traffic Control	82	45	36			1			
Labor									
Trade Union Leader Program	160		160						
Public Administration									
Assistance to University to improve training in economics and business administration	195	45	129			21			
General and Miscellaneous									
Atomic Energy Training	46		46						
Total Technical Cooperation Projects	800	200	480			120			
P.L. 480, TITLE I									
Rehabilitation of Railroads									3,000
GRAND TOTAL	800	200	480			120			3,000

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Two PL 480 Title I Sales Agreements have been concluded with Argentina, the first in April and the second in December, 1955, involving a total value of $29,331,000. Of this amount, the peso equivalent of $18,231,000 is available for loans for economic development purposes under Section 104 (g).

The loan agreements for the use of the PL 480-generated local currency have not yet been signed, nor has there been any discussion of the projects for which these funds might be utilized. The proposed FY 1958 and FY 1959 program for Argentina shows these funds allotted to Transportation (one of Argentina's most pressing and urgent problems) and Agriculture (land resettlement projects) on the assumption that these are the fields in which the local currency is most likely to be utilized.

Argentina and the United States signed a general agreement for a program of technical cooperation on June 3, 1957. Although there has been some preliminary discussion, with the Argentines, of the program to be undertaken with ICA assistance, no projects have been formally presented or initiated.

It is expected that the dollar requirements for the MSP program will not be materially affected by the availability of local currency generated through PL 480.

As stated above, no loan agreements have yet been negotiated or signed. Neither has there been any discussion between the U.S. and GOA concerning the projects for which the local currency will be utilized. **It is anticipated that these negotiations may present problems relating to our policy of not providing aid for the expansion of production of competitive agricultural products and to State petroleum enterprises.**

Embassy/Buenos Aires has repeatedly recommended to the GOA that negotiation of the loan agreements be initiated. Argentina has indicated considerable interest but so far has not taken any action. It is believed that this lack of action is due primarily to the Argentine Government's preoccupation with pressing and more important political and economic problems, rather than to a lack of interest in utilizing the local currency.

TABLE III

(In thousands of dollars)

SUMMARY SALES PROGRAM UNDER P.L. 480, TITLE I AND FOREIGN CURRENCY PROGRAM EARMARKING

(Foreign Currency in thousands of dollar equivalent)

SALES AGREEMENT BY FISCAL YEAR		Foreign Currency Reserved for U.S. Uses	Foreign Currency Administered by Ex-Im Bank (Cooley Amend.)	FOREIGN CURRENCY TO BE ADMINISTERED BY MSP AGENCIES				
Fiscal Year in Which Sales Agreement Signed	Total Value of Sales			Sec. 104c	Sec. 104d	Sec. 104e	Sec. 104g	Total Administered by MSP Agencies
FY 1955 Actual	5,760	3,500					2,260	2,260
FY 1956 Actual	23,571	7,600					15,971	15,971
FY 1957 Actual								
FY 1958 Estimate								
FY 1959 Estimate								
TOTAL	29,331	11,100					18,231	18,231

Country: ARGENTINA

STATUS OF LOCAL CURRENCY FUNDS
(Administered by MSP Agencies)

TABLE IV

(In thousands of dollar equivalent)

Type of Programs Generating Local Currencies and its Utilization	ACTUAL FY 1957			ESTIMATE FY 1958		PROPOSED FY 1959	
	Cumulative Through 7/1/56	Net Change	Cumulative Through 6/30/57	Net Change	Cumulative Through 6/30/58	Net Change	Cumulative Through 6/30/59
MSP U.S.-OWNED LOCAL CURRENCIES							
Potential Generation from U.S. Dollar Program							
Deposits							
Obligations							
Expenditures							
COUNTERPART							
Potential Generation from U.S. Dollar Program							
Deposits							
Commitments							
Expenditures							
P.L. 480 TITLE I							
Potential Generation from U.S. Dollar Program	18,231		18,231		18,231		18,231
Deposits	2,760	15,471	18,231		18,231		18,231
Obligations				9,231	9,231	9,000	18,231
Expenditures				9,231	9,231	9,000	18,231
OTHER LOCAL CURRENCY							
Potential Generation from U.S. Dollar Program							
Deposits							
Commitments							
Expenditures							

Country: ARGENTINA

TABLE V

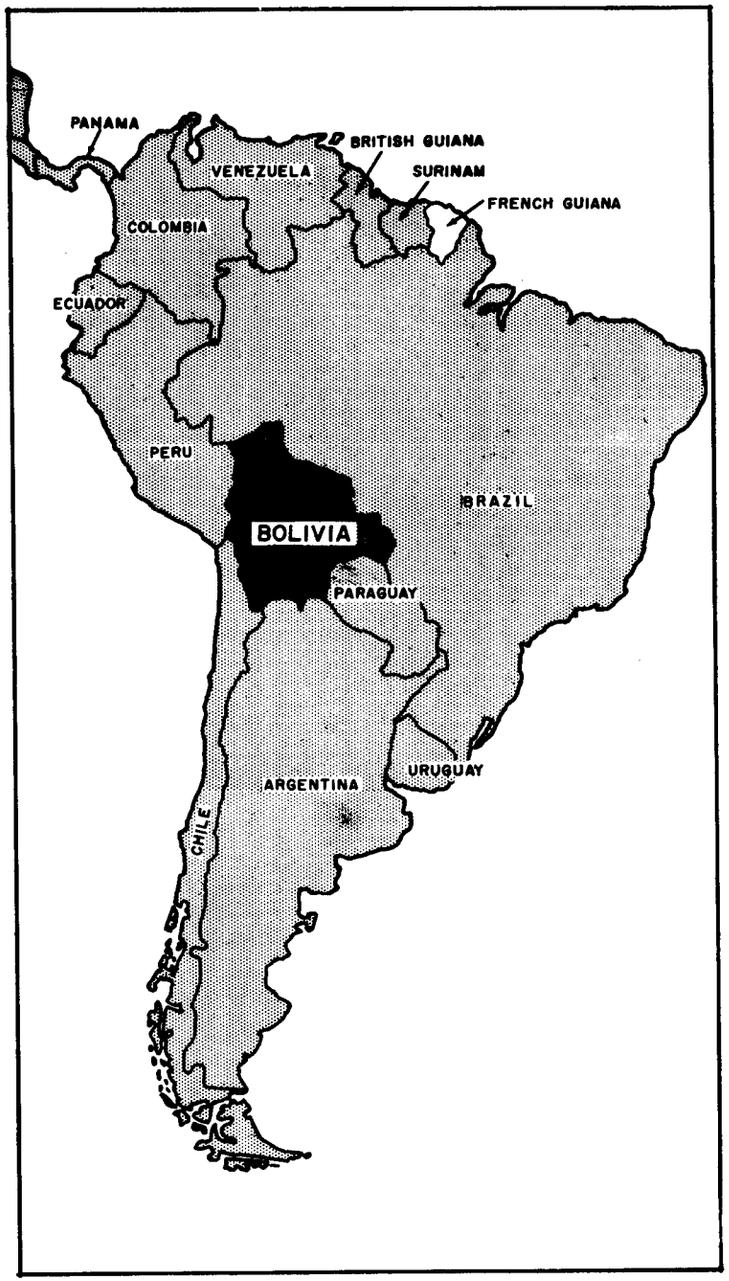
SUMMARY OF LOCAL CURRENCY PROGRAM ADMINISTERED BY MSP AGENCIES BY PURPOSE AND FIELD OF ACTIVITY

Obligations or Commitments by Fiscal Year

(In thousands of dollar equivalent)

PURPOSE AND ACTIVITY	FY 1957			FY 1958			FY 1959		
	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources
MILITARY PURPOSES									
Projects									
Budget Support									
Military Procurement									
Total Military Purposes									
ECONOMIC PURPOSES									
Project Assistance by Field of Activity									
Agriculture					1,650				
Industry and Mining									
Transportation					7,581			9,000	
Labor									
Health and Sanitation									
Education									
Public Administration									
Community Development, Social Welfare and Housing									
General and Miscellaneous									
Total					9,231			9,000	
Budget Support (Not Elsewhere Classified)									
Total Economic Purposes					9,231			9,000	
Procurement for Third Country	XXX			XXX			XXX		
TOTAL ALL PURPOSES					9,231			9,000	

BOLIVIA



BASIC DATA

Population	3.3	million
Annual Growth	1.2	percent
Agricultural Land	2	percent of area
Agri. Land per Capita	1.6	acres
Literacy Rate	31	percent

	Bolivia	United States
Life Expectancy (years)	n.a.	70
Inhabitants per Physician	4,000	760
Road Miles per 1,000 sq.mi....	37	1,020
Electric Power per Capita .... (KWH per year)	139	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP (In 1957 Prices)	$ Millions	n.a.	245	235	240
Per Capita GNP.....	Dollars	n.a.	77	73	73
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	130	151	125	134
Electricity	Mill. KWH	380	395	450	n.a.
Petroleum, crude	1,000 MT	221	351	417	470
Tin (exports)	"	29	28	27	26
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	70	76	80	77
Tin (c.i.f.)	"	60	57	59	56
Tungsten (c.i.f.)	"	14	16	14	14
Total Imports (c.i.f).....	"	75	94	99	100
Trade Balance.....	"	-5	-18	-19	-23
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	47	41	42	16
Imports from U.S.	"	31	39	47	35
Trade Balance with US.	"	16	2	-5	-19
FOREIGN EXCHANGE RESERVES[b].. (end of year)	"	11	7	4	4
COST OF LIVING (La Paz)	1953=100	223	402	1,120	2,370

n.a. - Not Available
a - Crops harvested in crop-year ending in year stated.
b - Central Bank only.

Country BOLIVIA

MUTUAL SECURITY PROGRAM

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

U.S. Interests: Politically Bolivia is a constitutional federal republic, **the dictatorial regime which had held office since 1952 having given way to a more democratic administration through popular election in 1956.**

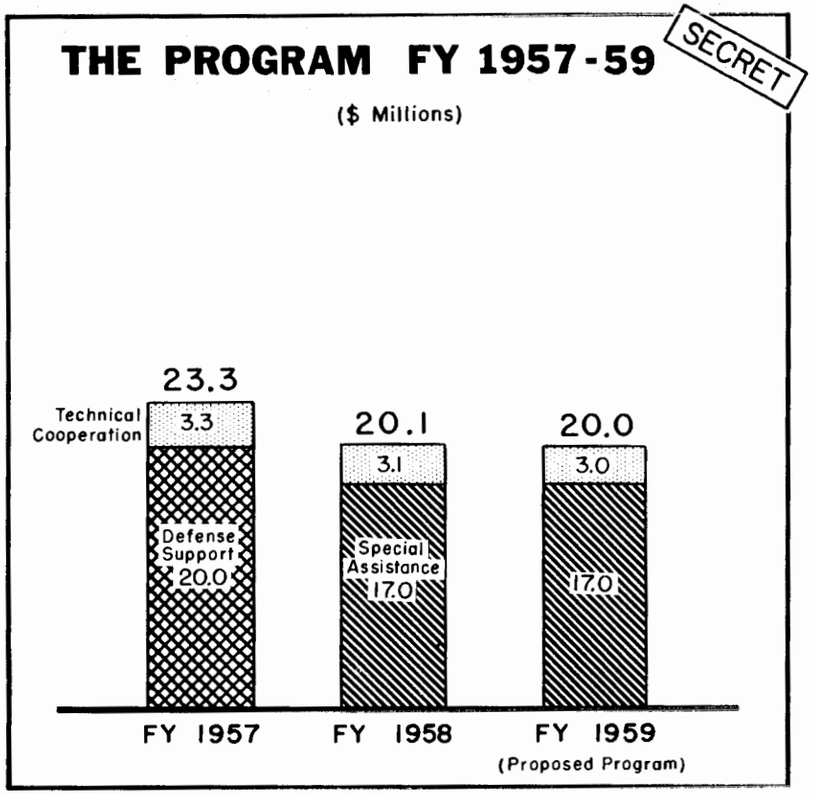
Bolivia in 1952 was the scene of a revolution in which the armed populace, led by a nationalist revolutionary party, the MNR, overcame the nation's armed forces and set the stage for sweeping social and economic changes, including a revolutionary agrarian reform and nationalization of the country's largest mining enterprises. **The economic crisis which followed, together with extreme leftist influence in the new government and the broad penetration of Marxist ideology among the people, threatened to facilitate immediate major gains by the Communist Party.**

The economic crisis reached its peak in December 1956 when the newly elected MNR administration put into effect, with United States counsel and support, an economic stabilization program. This program has been moderately successful in its first year and promises, under the courageous leadership of the present administration, to correct much of the economic damage which followed the revolution and to give Bolivia a measure of political stability. **It has already done much to decrease the threat of communism, which was a source of great concern not only to this country but to most of South America, of which Bolivia is geographically the center.**

Bolivia has signed an Investment Guaranty Agreement with the United States, and has made progress in bringing the nation back to the free enterprise system, from which it threatened to depart in the revolution. Consequently, a number of United States firms, principally in the petroleum and mining industries, have recently invested in Bolivia. Bolivia is the only significant Western Hemisphere source of tin and is an important supplier of tungsten. It also has other underdeveloped mineral resources, including petroleum.

Internationally, Bolivia cooperates with the United States and has supported this country in international organizations. Bolivia is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947).

In spite of the progress achieved so far by the government's economic stabilization program, the Bolivian economy is precarious,



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57			
Estimate F.Y. 1958			XXX
Cumulative 6/30/58			
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	71,172	54,160	17,012
Estimate F.Y. 1958	20,100	20,797	XXX
Cumulative 6/30/58	91,272	74,957	16,315

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

as it depends almost entirely for its foreign exchange income upon minerals, of which tin accounts for the major portion. With mining production gradually declining and petroleum development only beginning, Bolivia's immediate economic future is difficult and It is doubtful that the government could survive without substantial outside assistance. Should the present administration fall, the result would probably be an acute political and social crisis followed by a government based on force, perhaps deriving its strength from the armed militia created in the 1952 revolution. A sharp swing toward left-wing Marxist economics and a consequent immediate and menacing increase in communist influence in all sectors of Bolivia would probably follow.

Country: BOLIVIA

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS	Tech. Coop.	Other	Total	SA	Tech. Coop.	Other	Total	SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	1,267		1,267		1,585		1,585		1,529		1,529
Participants	514		514		558		558		541		541
Contractual Services	211		211		77		77		1,102	1,000	102
Supplies and Equipment	201		201		875	700	175		1,222	1,100	122
Contrib. to Coop. Services	915		915		865	400	465		905	400	505
Other Costs	181		181		240		240		201		201
Total Project Assistance	3,289		3,289		4,200	1,100	3,100		5,500	2,500	3,000
NON-PROJECT ASSISTANCE											
Agric. Commodities Total	10,296	10,296			2,900	2,900			3,500	3,500	
Surplus	7,693	7,693							2,000	2,000	
Other	2,603	2,603			2,900	2,900			1,500	1,500	
Industrial Commodities Total											
Raw Materials and Fuels					1,000	1,000			1,000	1,000	
Machinery and Equipment	4,544	4,544			6,850	6,850			6,000	6,000	
Other Indus. Commodities											
Cash Transactions	5,153	5,153			5,150	5,150			4,000	4,000	
Other											
Total Non-Project Assistance	19,993	19,993			15,900	15,900			14,500	14,500	
TOTAL COUNTRY PROGRAMS	23,282	19,993	3,289		20,100	17,000	3,100		20,000	17,000	3,000
NUMBER OF PEOPLE											
Technicians (On duty close of year)	101		101		115	10	105		101		101
U.S. Employed	86		86		95		95		95		95
Contract	15		15		20	10	10		6		6
Participants (Programmed during year)	223	43	180		195		195		173		173
Non-Contract	218	43	175		190		190		168		168
Contract	5		5		5		5		5		5

GPO 934793

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Country BOLIVIA

ECONOMIC ASSISTANCE

Objectives

- Within the framework of the country's stabilization program to support measures designed to increase production, diversify and stabilize the economy, maintain political stability, and provide increased productive employment opportunities.
- To encourage the establishment of a free economy and the growth of private enterprise.
- To strengthen economic relations with Bolivia in ways that will increase trade and stabilize markets, and assure the availability of strategic materials to the U.S.
- To accelerate technological advancement and to professionalize Bolivian technicians.
- To assist Bolivia in planning for economic development and in developing sound and profitable means for the exploitation of its natural resources.

Accomplishments

U.S. aid has enabled the GOB to progress in terms of eliminating restrictive economic controls, moving toward monetary stabilization, attracting foreign petroleum, mining, and banking investment, and generally preparing the groundwork and atmosphere for accelerated economic growth.

Midway in FY 1957, the International Monetary Fund, the U.S. Treasury Department, and International Cooperation Administration joined with Bolivia in an experiment designed to free the Bolivian economy, stabilize its currency, and arrest the worst case of inflation in the Hemisphere. Cash support of stabilization by IMF and ICA totalled $9.1 million with net use of such funds only amounting to about $5.0 million. Thus, at very low cost, spiraling inflation has been stopped, controls lifted, and the bases laid for development of a sound private enterprise economy.

The achievements of the Stabilization Program in its first year permitted a shift in program emphasis from maintaining consumption levels through food imports, to increasing production levels in industry and mining.

Price controls were completely removed and upward movement of prices halted. By December 1957, prices were 17 percent lower than one year earlier.

Summary of Program $ in thousands

Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Defense Support	19,993		
Development Assistance			
Special Assistance		17,000	17,000
Technical Cooperation	3,289	3,100	3,000
Other Programs			
Total	23,282	20,100	20,000

Governmental borrowing from the Central Bank for the year equalled only one percent of money supply. The GOB drastically reduced dollar and boliviano expenditures. Collection of taxes improved.

Production in the Agricultural sector has markedly increased, particularly meat and cereal production.

Shortages of essential items and queues were eliminated

Inventories of producer and consumer goods have been restored

Outward contraband of imported commodities has ceased.

A comprehensive program of road work, land-clearing and resettlement has been planned with the GOB so that discharged excess employees from government, industry, and commerce will be provided for.

A medium-term loan program providing both dollars and bolivianos on a supervised credit basis is being initiated for industry and mining to supplement an existing program for agriculture.

Existing roads were maintained and improved.

Assistance was extended in the drafting of a new mining code.

Eradication programs were begun for malaria, small pox, yaws, and yellow fever.

Assistance was given to improve Bolivia's educational system, particularly rural elementary and vocational training.

A large scale training program in public administration at the lower and middle levels for GOB public employees was carried on.

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Major Problems: There will be the continuing problem of surplus personnel in mines, industry, and government.

The contribution to the economy of the Nationalized mines is declining seriously owing to falling mineral prices, inefficiency, indiscipline, deteriorated equipment and generally outmoded machinery.

The problem of low agricultural production continues to threaten success of the stabilization program through adverse effect on Bolivia's balance of payments.

Bolivia's primitive and incomplete road system impedes increased agriculture production and marketing, greater and cheaper exports, opening up productive areas, and increased employment opportunities.

Bolivia is badly in need of additional technical competence in all fields.

The adoption of codes for private mining and investment are urgent needs.

Increasing problems in health and sanitation are to be faced in opening up lowland valleys and plains for resettlement.

Proposed FY 1959 Program

Since Bolivia's fiscal and technical resources are grossly inadequate to their requirements, it must continue to rely heavily on U.S. assistance to safeguard the stabilization program and to continue the expansion of production and economic development made possible by stabilization efforts. During FY 1958, important increases in production are expected. However, given the magnitude of problems to be solved, coupled with delayed yield prospects from the considerable foreign and domestic investments now being made and anticipated during the current year, substantial aid for FY 1959 will be required.

Special Assistance

The FY 1959 program is designed to continue to assist Bolivia in its recovery efforts as follows:

Continue support for the resettlement and access roads programs to increase agriculture production and provide employment for excess labor.

Provide supervised credit for private mines and industry to increase production and foreign exchange earnings.

Import sugar and aviation gasoline for balance of payments support and generation of local currency.

Support of cooperative Servicio financing of machinery and equipment for major agriculture and roads projects.

Provide food imports under Section 402 to meet consumption requirements, relieve balance of payments pressure, and generate local currency.

Finance technical and engineering studies to determine feasibility of major development projects in public and private sectors.

Budgetary Support: It is proposed to continue to provide local currency funds to support essential operations of selected Ministeries and agencies of the GOB in collaboration with the U.S. Treasury and IMF under the Stabilization Program. This was essential to support the fiscal position of GOB during the post stabilization period. It curbed inflation by helping GOB balance its budget and avoided necessity for printing additional currency. For CY 57, budgetary support amounted to Bs 85 billion; CY 58 is estimated at Bs 104 billion, **and CY 59 is forecast at Bs 75 billion.**

Technical Cooperation

Special Assistance and Technical Cooperation activities are operated integrally. The Technical Cooperation Program is designed to meet longer range needs, as follows:

To increase production, agricultural diversification, and marketing;

To encourage development of small industry.

To improve transportation facilities and services.

To help raise literacy levels by improvement of educational facilities and methods.

To improve health and sanitation services and facilities.

To improve training methods, facilities and services for public administration.

To furnish assistance to planned resettlement and area development projects.

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

ECONOMIC ASSISTANCE – PROJECT ASSISTANCE BY FIELD OF ACTIVITY

(In thousands of dollars)

Function and Fiscal Year	Total Cost	Agriculture and Natural Resources	Industry and Mining	Transportation	Labor	Health and Sanitation	Education	Public Administration	Community Develop., Social Welfare & Housing	General and Miscellaneous
ACTUAL FY 1957										
Defense Support										
Development Assistance										
Technical Cooperation	3,289	1,088	221	509	75	469	461	188	6	272
Other Programs										
Total	3,289	1,088	221	509	75	469	461	188	6	272
ESTIMATE FY 1958										
Defense Support										
Special Assistance	1,100	500		400		100	100			
Technical Cooperation	3,100	1,052	87	540	76	426	425	167	27	300
Other Programs (or DA)										
Total	4,200	1,552	87	940	76	526	525	167	27	300
PROPOSED FY 1959										
Defense Support										
Special Assistance	2,500	790	160	600		100	100			750
Technical Cooperation	3,000	950	85	540	65	475	340	250	25	270
Total	5,500	1,740	245	1,140	65	575	440	250	25	1,020

Country: BOLIVIA

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION									
Food and Agriculture									
Contribution to Cooperative Service and Administration of Food and Agriculture Program	340	145				20	175		
Research and Technical Services	225	210	10			5			
Agricultural Extension	200	170	20			10			
Development Operations and Services	160	135	10			15			
Supervised Credit	25		25						
Subtotal	950	660	65			50	175		
Industry and Mining									
Engineering Geology	25		25						
U.S. Caribbean Engineer Training	30		30						
Mining Survey and Industry Improvement	30		30						
Mining Code									
Subtotal	85		85						
Transportation									
Contribution to Cooperative Service and Administration of Road Servicio	280	46	8			26	200		
Demonstration of Road Maintenance and Betterment	187	152	25	2		8			
Civil Aviation Development	65	35	20		2	8			
Geodetic Survey	8		8						
Subtotal	540	233	61	2	2	42	200		
Labor									
Labor Training and Advisory Program	65	16	48			1			

Country: BOLIVIA

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION (Continued)									
Health and Sanitation									
Contribution to Cooperative Service and Administration of Health and Sanitation Program	130	35				5	90		
Control of Specific Diseases	70	45	20			5			
Operation of Health Facilities	105	35	65			5			
Health Education and Social Welfare	40	25	13			2			
Environmental Sanitation	95	50	40			5			
Occupational Health	35	20	10			5			
Subtotal	475	210	148			27	90		
Education									
Contribution to Cooperative Service and Administration of Education Program	90	35				15	40		
Rural Education	135	80	40			15			
Industrial Education	60	30	25			5			
Vocational Agriculture Education	55	45	8			2			
Subtotal	340	190	73			37	40		
Public Administration									
Public Organization and Management Advisory Service	75	40	33			2			
Financial Advisory Services	75	60	10			5			
Training Center in Public Administration	100			100		-			
Subtotal	250	100	43	100		7			
Community Development									
Colonization and Resettlement	25	15	8			2			
General and Miscellaneous									
Technical Support	170	75			75	20			
Audiovisual Center	100	30	10		45	15			
Subtotal	270	105	10		120	35			
Total Technical Cooperation	3,000	1,529	541	102	122	201	505		

Country: BOLIVIA

ECONOMIC ASSISTANCE

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

TABLE I

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
SPECIAL ASSISTANCE									
Food and Agriculture									
Contribution to Cooperative Service	700				600		100	500	1,000
Supervised Agriculture Credits	90			90					
Subtotal	790			90	600		100	500	1,000
Industry and Mining									
Mining and Industrial Improvement	160			160				300	300
Transportation									
Contribution to Cooperative Service	600				500		100	629	300
Health and Sanitation									
Contribution to Cooperative Service	100						100	371	200
Education									
Contribution to Cooperative Service	100						100	100	200
Community Development, Social Welfare and Housing								50	
Public Administration								50	
General and Miscellaneous									
Studies, surveys and investigations to determine the technical feasibility and economic soundness projects considered essential to the continued development of the economy of Bolivia. Example: Proposed Corani Dam.	750			750					
Total Special Assistance	2,500			1,000	1,100		400	2,000	2,000
GRAND TOTAL	5,500	1,529	541	1,102	1,222	201	905	2,000	2,000

Country: BOLIVIA

ECONOMIC ASSISTANCE

COMPOSITION OF NON-PROJECT ASSISTANCE

Shaded areas are Security classified and must not be disclosed to unauthorized individuals. All other material is unclassified.

TABLE II

(In thousands of dollars)

Commodities and Other	PROGRAM		
	Actual FY 1957	Estimate FY 1958	Proposed FY 1959
Surplus Agricultural Commodities - Total	7,693		2,000
Bread Grains	4,489		1,500
Cotton	1,948		
Fats and Oils	1,256		500
Food, Feed and Fertilizer - Total	2,603	2,900	1,500
Sugar	2,603	2,500	1,500
Fertilizer		400	
Fuel - Aviation Gasoline		1,000	1,000
Machinery and Equipment	4,544	6,850	6,000
Cash Grant	5,153	5,150	4,000
Total Non-Project Assistance	19,993	15,900	14,500

BOLIVIA

LOCAL CURRENCY - Narrative

Local Currency has been made available in Bolivia since the inception of emergency economic aid in FY 1954. By June 30, 1958, it is estimated the following programs will have generated local currency: 1) sale of Section 402 food commodities ($28,776,000); 2) sale of MSP machinery and equipment ($47,000,000); and 3) local currency proceeds of sales under Title II P.L. 480 Program ($17,200,000).

Currency generated under Title II P.L. 480 as a result of relief programs for victims of drought in the highlands and valleys of Bolivia has been used for public works programs such as small irrigation projects and construction of feeder and access roads in drought areas.

Until the middle of FY 1957, all local currency generated under the MSP (Section 402 and counterpart) was used for the following economic development projects: Improvement of Bolivia's road system; agricultural diversification programs; assistance in improvement of rural education and public health activities; and to finance local costs of training public administrators.

With the inception of the Stabilization Program in December 1956, it became necessary to use local currency developed under MSP to cover civilian budget support costs of selected GOB Ministries as a result of the Government's difficult internal budgetary situation. The remaining local currency funds are scheduled for high priority economic development projects intended to broaden Bolivia's economic base and provide necessary training for locals by building roads, improving schools, clearing agricultural land, eradication of infectious diseases, building water supply systems, irrigating land, and financing land settlement in the fertile low-lands.

Procedural difficulties in collecting local currency by USOM have arisen in past years due to the existence of multiple widely fluctuating rates of exchange prevailing within the economy. With Stabilization, this problem has disappeared, but collections of prior years local currency funds continues to pose difficulties. In addition, the lack of trained fiscal and accounting personnel within GOB also retards administration of the entire local currency program.

(In thousands of dollars)

SUMMARY SALES PROGRAM UNDER P.L. 480, TITLE I AND FOREIGN CURRENCY PROGRAM EARMARKING

TABLE III

(Foreign Currency in thousands of dollar equivalent)

SALES AGREEMENT BY FISCAL YEAR		Foreign Currency Reserved for U.S. Uses	Foreign Currency Administered by Ex-Im Bank (Cooley Amend.)	FOREIGN CURRENCY TO BE ADMINISTERED BY MSP AGENCIES				
Fiscal Year in Which Sales Agreement Signed	Total Value of Sales			Sec. 104c	Sec. 104d	Sec. 104e	Sec. 104g	Total Administered by MSP Agencies
FY 1955 Actual								
FY 1956 Actual								
FY 1957 Actual								
FY 1958 Estimate								
FY 1959 Estimate								
TOTAL								

Country: BOLIVIA

STATUS OF LOCAL CURRENCY FUNDS

(Administered by MSP Agencies)

TABLE IV

(In thousands of dollar equivalent)

Type of Programs Generating Local Currencies and its Utilization	ACTUAL FY 1957			ESTIMATE FY 1958		PROPOSED FY 1959	
	Cumulative Through 7/1/56	Net Change	Cumulative Through 6/30/57	Net Change	Cumulative Through 6/30/58	Net Change	Cumulative Through 6/30/59
MSP U.S.-OWNED LOCAL CURRENCIES							
Potential Generation from U.S. Dollar Program	19,083	7,693	26,776		26,776	2,000	28,776
Deposits	1,338	8,455	9,793	4,000	13,793	5,000	18,793
Obligations	681	3,921	4,602	6,000	10,602	4,000	14,602
Expenditures	619	3,538	4,157	6,000	10,157	4,000	14,157
COUNTERPART							
Potential Generation from U.S. Dollar Program	7,600	12,200 a/	19,800	14,400	34,200	12,800	47,000
Deposits		3,588	3,588	10,000	13,588	10,000	23,588
Commitments		2,368	2,368	8,220	10,588	10,000	20,588
Expenditures		865	865	7,000	7,865	10,000	17,865
P.L. 480 TITLE I							
Potential Generation from U.S. Dollar Program							
Deposits							
Obligations							
Expenditures							
OTHER LOCAL CURRENCY b/							
Potential Generation from U.S. Dollar Program	14,158	2,592	16,750		16,750		16,750
Deposits	13,978	780	14,758	1,000	15,758		15,758
Commitments	12,241	2,357	14,598	1,160	15,758		15,758
Expenditures	12,241	2,357	14,598	1,160	15,758		15,758

a/ Includes special stabilization program
b/ Title II P.L. 480

Country: BOLIVIA

TABLE V

SUMMARY OF LOCAL CURRENCY PROGRAM ADMINISTERED BY MSP AGENCIES BY PURPOSE AND FIELD OF ACTIVITY

Obligations or Commitments by Fiscal Year

(In thousands of dollar equivalent)

PURPOSE AND ACTIVITY	FY 1957			FY 1958			FY 1959		
	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources
MILITARY PURPOSES									
Projects									
Budget Support									
Military Procurement									
Total Military Purposes									
ECONOMIC PURPOSES									
Project Assistance by Field of Activity									
Agriculture	2,173		800	2,000		660	500		
Industry and Mining	294			900			300		
Transportation	822		500	1,500		250	629		
Labor									
Health and Sanitation	300		300	371		100	371		
Education	332		357	150		150	100		
Public Administration	84		159	100			50		
Community Development, Social Welfare and Housing	75			69			50		
General and Miscellaneous			241	100					
Total	4,080		2,357	5,190			2,000		
Budget Support (Not Elsewhere Classified)	2,209			9,030			12,000		
Total Economic Purposes	6,289			14,220		1,160	14,000		
Procurement for Third Country	XXX			XXX			XXX		
TOTAL ALL PURPOSES	6,289		2,357	14,220		1,160	14,000		

BRAZIL

BASIC DATA

Population	61 million
Annual Growth	2.4 percent
Agricultural Land	15 percent of area
Agri. Land per Capita	5 acres
Literacy Rate	49 percent

	Brazil	United States
Life Expectancy (years)	53	70
Inhabitants per Physician	2,500	760
Road Miles per 1,000 sq.mi....	103	1,020
Electric Power per Capita .... (KWH per year)	263	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	9,850	10,050	10,500	10,300
Per Capita GNP.....	Dollars	173	172	175	168
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	142	146	152	150
Corn	1,000 MT	7,000	6,690	6,604	6,985
Electricity	Mill. KWH	13,500	14,500	15,750	16,000
Iron and Steel	1,000 MT	3,208	3,255	3,638	n.a.
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	1,562	1,423	1,482	1,320
Coffee	"	948	844	1,030	890
Cotton, raw	"	223	131	86	50
Total Imports (c.i.f).....	"	1,630	1,306	1,234	1,400
Trade Balance.....	"	-68	117	248	-80
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	682	632	745	620
Imports from U.S.	"	456	241	293	470
Trade Balance with US.	"	226	391	452	150
FOREIGN EXCHANGE RESERVES... (end of year)	"	521	524	688	500
COST OF LIVING INDEX.[b].....	1953=100	118	145	172	205

n.a. - Not Available
a - Crops harvested in crop-year ending in year stated.
b - Rio de Janeiro.

Shaded areas are Security classified [illegible] unauthorized individuals. All other material is unclassified.

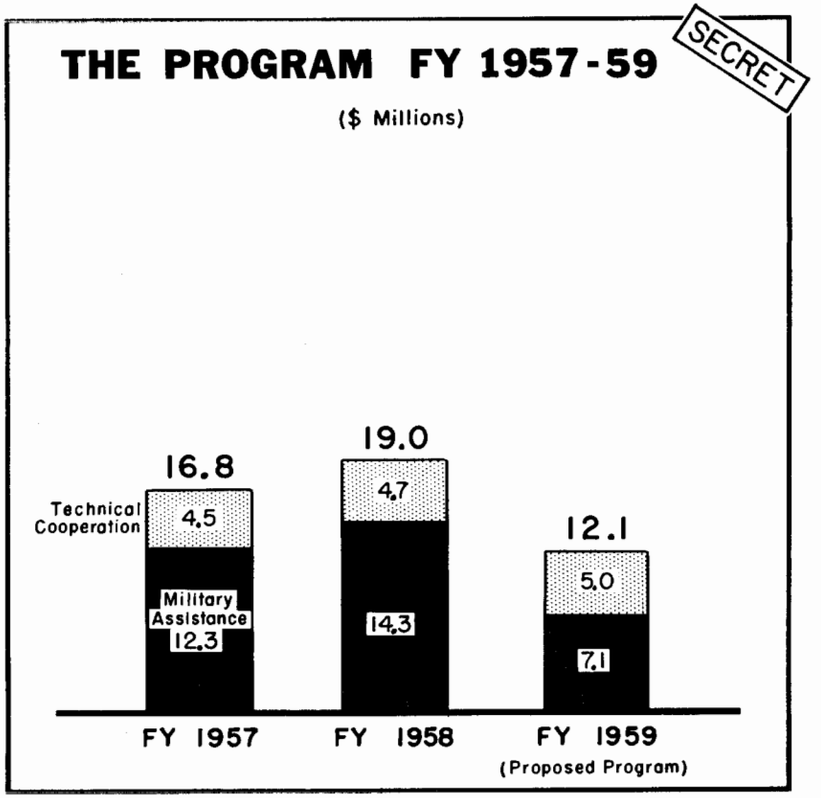
U.S. Interests: Brazil is larger than the United States and almost one-half the land mass of South America. Its strategic coast line of 4,578 miles, facing both the North and South Atlantic Oceans, dominates the sea lanes between South America and Africa. Control of this area would be vital should Suez or Panama Canal traffic be impeded.

Brazil's population of 61 million increases by 2 percent yearly. Although essentially agricultural, Brazil is rapidly industrializing and has a vast store of natural resources such as iron ore, manganese, berrylium, tantalite, tungsten, mica, quartz crystals, bauxite, coal, and fissionable materials such as thorium, monazite, and uranium. It is thus one country of Latin America with an evident potential of becoming a world power. Brazil's efforts to develop economically at a rapid rate, however, produce chronic inflation and balance of payments disequilibrium with consequent political and social strains.

United States trade with Brazil approximates one billion dollars per annum. United States direct investment in Brazil exceeds one and one-quarter billion dollars and is rapidly growing. While Brazil facilitates some foreign investment, there is strong sentiment in favor of development along statist lines.

A fighting ally of the United States in two world wars, Brazil is joined with us in a series of military arrangements including participation in the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947) and a Mutual Defense Assistance Agreement. It receives about one-half of our military assistance in the Latin America area.

The Brazilian Government is friendly to the United States, a leader in the Western Hemisphere, and a consistent supporter of our global policies. Brazil's Communist party, largest in the hemisphere, is striving to achieve legality and to promote Soviet interests. It has successfully identified itself with nationalist sentiment and pseudo-patriotic issues. The outstanding example is the state oil monopoly -- Petrobras. The Soviet Union has increased its efforts to exploit Brazilian economic problems as a means of achieving diplomatic recognition which would afford protected opportunity for the subversion of fruitful United States-Brazilian relations. To this end it is offering credits and increased trade.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57	56,773	44,735	12,038
Estimate F.Y. 1958	14,316	7,207	XXX
Cumulative 6/30/58	71,089	51,942	19,147
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	19,934	15,138	4,796
Estimate F.Y. 1958	4,700	4,500	XXX
Cumulative 6/30/58	24,634	19,638	4,996

MILITARY ASSISTANCE

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Brazil

Major Components by Category (all values in thousands of dollars)	Annual Programs				Del./Exp. F.Y. 1950-58 Programs		
	Quantity and Value		Proposed F.Y. 1959		Estimate F.Y. 1958	Cumulative June 30, 1958	F.Y. 1959 and Later
	F.Y. 1957	F.Y. 1958	Quantity	Value			
Country Total	$12,292	$14,316	-	$7,141	$7,207	$51,942	$19,147
Aircraft, Components, Spares & Related Equip.	$ 7,188	-	-	$2,204	$1,434	$ 6,761	$ 3,376
S2F	-	-	3	$1,695	-	-	-
T-33	-	-	-	-	-	4	-
F-80C	26	3	-	-	26	26	3
HUL-1	-	-	-	-	3	3	-
F-47D	-	-	-	-	-	25	-
H-19	-	-	-	-	4	4	-
Ships and Harbor Craft, Components and Spares	$ 479	$ 8,380	-	-	$ 466	$ 5,066	$ 8,471
Submarine (SS)	-	-	-	-	-	2	-
Destroyer (DD) (Loan) (Activation)	-	2	-	-	-	-	2
Ocean Escort (DE)	-	-	-	-	-	8	-
Transport Vessel (AP)	-	-	-	-	-	1	-
Tanks, Other Vehicles, Weapons, Comp. & Spares	$ 672	$ 26	-	$ 766	$ 442	$18,969	$ 366
Trailer, 1-1 1/2 Ton, 2 Wheel, Cargo	17	-	-	-	-	386	-
Truck, 1/4 Ton, 4x4 (all models)	7	-	-	-	-	383	-
Truck, 3/4 Ton, 4x4, Cargo (all models)	4	-	-	-	-	192	-
Truck, 2 1/2 Ton, 6x6, Cargo (all models)	1	-	-	-	-	506	-
Truck, 4-5-6 Ton, 6x6, Wrecker	3	-	-	-	-	14	-
Truck, Fire Crash, O-10	-	-	5	$ 145	-	-	-
Gun, Fire Control System, MK 37	-	-	1	$ 521	-	-	-
Ammunition	$ 373	$ 1,703	-	$ 427	$ 415	$ 6,876	$ 1,847
Cartridge, HE (HEAT) 57mm Rifle (M Rds)	-	-	-	-	-	25	-
Cartridge, Fixed, HE, w/f, 90mm Gun (M Rds)	-	-	-	-	-	69	-
Cartridge, HE, M1, w/f, 105mm How, M2(M Rds)	-	4	-	-	-	49	4
Cartridge, HE, w/f,FD, 4.2" Mortar (M Rds)	-	-	-	-	-	15	-
Cartridge, 40mm (M Rds)	40	44	16	$ 96	4	4	80
Shell, 3"/50 (M Rds)	**	8	2	$ 74	490	1,129	8
Shell, 5"/38 (M Rds)	-	-	2	$ 125	-	1	-
Electronics & Comm. Equipment, Comp. & Spares	$ 1,391	$ 616	-	$1,409	$1,750	$ 7,860	$ 1,822
AN/TPS-1 Radio	-	-	4	$ 160	-	10	1
TCS Radio Equipment	33	-	-	-	-	52	33
SP-1M Radar	1	-	-	-	-	2	1
TBL Transmitter	-	-	12	$ 103	-	-	-
AN/TPS-10D LW Height Finder	-	-	2	$ 149	1	3	-
AN/TRD-9 Radio	-	-	5	$ 164	1	1	-
Other Materiel	$ 141	$ 119	-	$1,148	$ 373	$ 2,390	$ 511
Construction	-	-	-	-	-	-	-
Training	$ 399	$ 632	-	$1,187	$ 319	$ 1,169	$ 347
All Other	$ 1,649	$ 2,840	-	-	$2,008	$ 2,851	$ 2,407

** Less than 500 rounds.

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Brazil

Objectives of Military Assistance: Continued development of Brazilian military units which contribute to the defense of the Western Hemisphere through:

(a) defense of the country's coastal waters, ports, and approaches thereto;
(b) defense of bases, strategic areas and installations of Brazil;
(c) preparation for participation in combined operations in support of U.S. forces guarding the approaches to the Panama Canal.

In addition, continued availability to the US of the important guided missile tracking station in Brazil.

Major Combat Forces:

Strategic Objectives	MAP Supported
1 Inf. Div , 1 Abn. Inf. Regt.	1 Inf. RCT
2 Armored Cav. Regts.	1 Abn. Inf. BCT
2 Armored Bns, 3AAA Bns.	1 F.A. Bn, 3AAA Bns.
1 Marine Regt. Landing Team	32 Vessels
80 Vessels	6 Air Squadrons
11 Air Squadrons	

Active Military Strength: 161,473

MAP Accomplishments: Military assistance to Brazil has provided most of the equipment and training for the MAP-supported units with the exception of naval vessels, which were provided by Brazil. The program has enabled the Brazilian armed forces to increase the effectiveness of these units by the provision of relatively modern equipment and training. Assistance provided has maintained the orientation of Brazil toward the U.S. and instituted some arms standardization.

Appraisal of Forces:

Army: Can maintain internal security

Navy: Not yet capable of extensive patrol and convoy-escort operations.

Air Force: Can support Army in maintaining internal security and territorial integrity.

The combined armed forces of Brazil can effectively maintain internal security. It is anticipated that continued delivery of MAP materiel will allow the Brazilian armed forces receiving this materiel to become more and more effective. The over-all effectiveness will continue to improve as a result of the receipt of additional and more modern equipment.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
Country Programs	12,292	14,316	7,141
Portion Special Materiel Program	(1,299)	(2,340)	(17,137)
Total	(13,591)	(16,656)	(24,278)

Country Contribution: Brazil has fulfilled her commitments under the 1952 bilateral agreement by organizing and maintaining the MAP-supported units. MAP deliveries have been phased with the ability of the Brazilian forces to absorb and utilize equipment delivered. Brazil allocates approximately 30% ($512 million in 1957) of her total budget for defense. A major contribution of Brazil to the mutual security effort has been the agreement of Brazil to the establishment of a U.S. guided missile tracking station on the Brazilian Island of Fernando de Noronha.

Proposed FY 1959 Program Provides:

Army: Spare parts and training

Navy: Spare parts and training

Air Force: Spare parts, attrition aircraft, and training.

In negotiating for the Fernando de Noronha missile tracking site, the US agreed to discuss the increase in Brazilian military responsibilities which would result from establishment of that facility. It is anticipated that the outcome of these discussions will require substantial additional military assistance. Therefore, for FY 1959, in addition to the $7.1 million country program already planned, $15 million is included in the "portion special materiel program" for Brazil indicated above. This assistance, discussed in the Special Materiel Section of the non-Regional Book, would enable the US to begin to liquidate the obligations expected to result from these discussions. Any alternative to establishment of the missile tracking station on the Island of Fernando de Noronha would have cost the US about $100 million and would produce less satisfactory results.

Miscellaneous Data: US excess stocks delivered at no charge through 30 June 1958: $63.6 million (Est). Military Sales through 30 June 1957: $17.0 million. No US personnel are assigned to MAAG: Functions are combined with and performed by the US Delegation Joint Brazil-US Military Commission.

Country: BRAZIL

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	1,502		1,502		1,645		1,645		1,638		1,638
Participants	1,372		1,372		1,119		1,119		1,276		1,276
Contractual Services	102		102		251		251		719		719
Supplies and Equipment	179		179		128		128		43		43
Contrib. to Coop. Services	890		890		925		925		745		745
Other Costs	467		467		632		632		579		579
Total Project Assistance	4,512		4,512		4,700		4,700		5,000		5,000
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	4,512		4,512		4,700		4,700		5,000		5,000
NUMBER OF PEOPLE											
Technicians (On duty close of year)	118		118		131		131		133		133
U.S. Employed	105		105		111		111		105		105
Contract	13		13		20		20		28		28
Participants (Programmed during year)	433		433		300		300		376		376
Non-Contract	433		433		300		300		376		376
Contract											

GPO 934793

Objectives of Technical Cooperation

- To collaborate in economic development of Brazil based on mutuality of interest;
- To encourage flow of private foreign capital into Brazil;
- To overcome shortages of basic skills in key economic sectors;
- To improve educational base for developing these skills.

Accomplishments of Technical Cooperation

The Joint Brazil/U.S. Economic Development Commission studies of 1953, which recommended over 40 key projects to overcome bottlenecks to economic development by private enterprise. Many of these projects have been implemented.

Effective technical support has been given to improving: Transportation - Air: by siting locations for seven VORs and three ILSs between Rio and Porto Alegre and training specialists in maintenance and operations of these facilities. Railroad: training 75 specialists in railroad administration, operations, and maintenance, timed to arrival new U.S. equipment now being purchased with $100 million Ex-Im Bank loan. Minerals Development: by initial joint Brazil/U.S. publication (1957) of data on one of largest iron ore deposits in the world. Agricultural Production: 45 projects in extension, farm credit, soil conservation, dairy improvement, irrigation, and pest control augment production of food supply and cacao. Brazilian extension specialists are trained and supported by establishment of State and local organizations for dissemination of know-how to farmers. Elementary School System: by establishing teacher-training center for needs of entire elementary school system. Industrial Production: by training over 20,000 foremen and shop supervisors through training within industry and by establishing a demonstration teacher-training center for industrial high school teachers. Public Health: by the servicio SESP, a model for underdeveloped countries; scheduled to be Brazilian by 1960. Public and Business Administration: by establishing a Business Administration and Industrial Management college at Sao Paulo. Labor: 200 labor union leaders trained in labor/management relations. In spite of the small size of the technical cooperation program in relation to Brazil's GNP (4/100 of 1% of $13,870,000,000) accomplishments of the technical cooperation program have contributed to overcoming problems confronting Brazilian economic development.

Major Problems: Rapid population increase from 42 million (1941) to 61.3 million (estimated 1957), outstripping education and other facilities. Lack of comprehensive Brazilian plan for economic development on national scale. Agricultural development has not kept pace with the population growth, nor with Brazil's extraordinary industrial development during and since World War II, thus creating a serious imbalance. Inadequate transportation, power and food supply, inflation, shortage of foreign and domestic capital, balance of payments deficits and complex federal and State regulations. A low level of education, health and sanitation, as well as the shortage of skilled workers and technicians, also prevail. Nationalist policies restricting private enterprise development of petroleum resources, resulting in disproportionate use of foreign exchange (about 1/3) for petroleum imports and development. There is continuing reliance for foreign exchange on agriculture (90%) particularly coffee (65%), which faces marketing problems because of potential world over-production. The chronic shortage of foreign exchange in relation to total demand has led to a complex exchange and tariff system. Also, exports are subject to hampering regulations. 40% of Brazilian children of school age do not attend school. Of those enrolled, less than 1% enter institutions of higher learning.

Summary of Program $ in thousands

Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	4,512	4,700	5,000

Proposed FY 1959 Program

A year ago, President Kubitschek appointed a Coordinator to handle all Brazilian matters related to technical cooperation. In establishing priorities for technical cooperation, criteria stress mutuality of interests in solving Brazil's pressing economic development problems.

Training in peaceful uses of atomic energy, programs in the fields of air navigational aids, mineral production, elementary education, agriculture, railroad training, industrial education, health and sanitation, public administration, audio-visual aids, and labor union leadership training, take precedence in the order listed.

The technical cooperation program in Brazil aims to overcome the shortage of basic technical and administrative skills in key economic sectors which have been identified as follows:

Transportation: Inadequate transportation is a major barrier to economic development. Technical cooperation includes (1) installing modern air navigational aids and airport traffic control

systems to handle the increasingly large volume of domestic and international air traffic; (2) training personnel in railroad operations and maintenance in support of the development to be carried out with Ex-Im Bank loans.

Mineral Production: The shortage of trained geologists and mining engineers impedes the identification and development of tremendous mineral resources that could generate foreign exchange. Current technical cooperation centers around mineral, particularly iron ore, exploration and development, but encouragement is also offered to Brazilian institutions participating in a new federal education program to train personnel in geology, metallurgy and mining engineering.

Education: Although Brazil has legislated compulsory free public education, teachers and schools are not equipped to provide it. Many communities which have schools lack trained teachers and effective instructional materials. U.S. assistance focuses upon upgrading quality and increasing the number of teachers for elementary and industrial schools through selected teacher-training institutions. It also aims to assist in certain "bottleneck" technical fields in higher education, such as engineering. We do not envisage direct teaching of students, but of teachers.

Agriculture: Farm productivity is low and the economy suffers from overdependence on a few crops, especially coffee. Agricultural institutions are weak in practical agricultural education and dissemination of knowledge to farmers. U.S. assistance is concentrated on extension-type projects for wider dissemination of available technical knowledge and upon training agricultural teachers.

Health and Sanitation: Life expectancy is short in Brazil because of high rates of infant mortality and the inadequate knowledge of health and sanitary practices. Many of the problems can be traced to the lack of adequate water supplies. Technical cooperation centers on the establishment of permanent Brazilian institutions whose purpose will be the dissemination of information, control of endemic diseases, and the improvement of local water supplies and environmental sanitation.

Public and Business Administration: Improved administrative procedures and practices in Government and business are the goal of the technical cooperation projects in this sector. Modern procedures in the science of budget and financial administration, personnel administration and organization are not yet widely known in Brazil. The technical cooperation program seeks to demonstrate effective administrative practices in the various projects in which the U.S. is engaged.

Labor: The role of labor cooperating with management in economic development of Brazil with a maximum of free enterprise is as yet imperfectly understood. Technical cooperation in the labor sector is limited to training labor union leaders in the U.S. By observation and discussion, these union leaders are exposed to labor organizations, collective bargaining and labor/management relations as they are practiced in the U.S.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	4,512	1,087	297	229	234	844	809	458	141	413
ESTIMATE FY 1958 Technical Cooperation	4,700	1,363	326	315	169	795	816	302	129	485
PROPOSED FY 1959 Technical Cooperation	5,000	1,423	642	259	200	824	789	389	-	474

Country: BRAZIL

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION									
Agriculture and Natural Resources									
Contribution to Cooperative Services and Administration of Agriculture Program	396	54				42	300		
Agricultural Extension	350	222	88			40			
Soil and Moisture Conservation	173	108	39			26			
Production & Marketing Agric.Commodities	197	103	68			26			
Agricultural College Education Contract	307	40	61	193		13			
Subtotal	1,423	527	256	193		147	300		
Industry and Mining									
Development of Geology Curriculum in Brazilian Universities	200			200					
Non-Ferrous Minerals Resources Investigations	195	130	27		8	30			
Ferrous Minerals Resources Investigations	200	162			1	37			
Minerals Resources Development	47	18	25		2	2			
Subtotal	642	310	52	200	11	69			
Transportation									
Aero-Photogrammetry Training	36		36						
Railroad Shop and Maintenance Training	99	34	63			2			
Air Navigation Aids and Traffic Control	124	71	30			23			
Subtotal	259	105	129			25			
Labor									
Labor Union Leader Training	155	6	146			3			
Labor Administrative Technician Training	45		45						
Subtotal	200	6	191			3			
Health and Sanitation									
Contribution to Cooperative Services and Admin. of Health & Sanitation Program	376	54				22	300		
Promotion of Federal, State and Local Health Services	158	111	40			7			
Sanitary Engineering	145	87	50			8			
Training Health Personnel and Health Education of the Public	145	39	104			2			
Subtotal	824	291	194			39	300		

Country: BRAZIL

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION - Continued									
Education									
Contribution to Cooperative Services and Administration of Education Program	225	52				28	145		
Industrial Education	140	80	50		3	7			
Pilot Center for Teacher Training in Elementary Education	127	61	60		3	3			
Improvement of National Textile Education	17	14				3			
Naval Engineering and Architecture	80			80					
Survey of Needs and Resources of ITA at Sao Jose dos Campos	200			200					
Subtotal	789	207	110	280	6	41	145		
Public Administration									
Develop. of Institutes of Business Admin.	50	20	30						
Improvement of Governmental Admin. Practices	339	113	170	22		34			
Survey & Consultation to Sao Paulo Police Admin. (expected to be completed in FY 1958)									
Subtotal	389	133	200	22		34			
General and Miscellaneous									
Trade and Investment Economics Training	40		40						
Peaceful Use of Atomic Energy	70		70						
Audio-Visual Education Film Produc. Center	60		20	24	8	8			
Audio-Visual Technical Support	100	32			2	66			
Communications Media Leadership Training	14		14						
Technical and Scientific Services	190	27			16	147			
Subtotal	474	59	144	24	26	221			
Total Technical Cooperation	5,000	1,638	1,276	719	43	579	745		

Country: BRAZIL

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
P.L. 480, TITLE I									
Expansion of hydroelectric energy production by the construction of the Furnas Dam, and complementary projects in the Rio Grande basin									
Expansion of power production in Sao Francisco river basin and Tres Marias project									
Construction of rail link between Passo Fundo and General Luz in Rio Grande do Sul									
Expansion of iron and steel production									
Total P.L. 480									$44,459 a/
GRAND TOTAL	5,000	1,638	1,276	719	43	579	745		44,459

a/ To date there is no agreement as to how the funds will be allocated among the various projects.

Shaded areas are Security classified and must not be disclosed to unauthorized individuals. All other material is unclassified.

The only local currency available to the U.S. in Brazil is that acquired under P.L. 480, Title I.

The non-U.S. uses portion of the local currency generated by this program is being used and will be used solely on economic development activities. The projects are from the list developed by the Joint Brazil-U.S. Economic Development Commission. Private business projects, both domestic and foreign, in addition to public projects have received local currency loans if their activities are consistent with the basic country development goals, i.e., if they will contribute to the expansion of power and transportation facilities or increase agricultural production. This approach provides facilities necessary for further economic development and helps to counteract the economic imbalance of a too rapid industrialization. To the end that greater economic and political stability is achieved, U.S. objectives are served.

The MSP dollar budget is exclusively for technical cooperation and the local currency availability does not directly affect MSP dollar requirements. However, projects financed by 104(g) local currency loans and by technical cooperation dollars are coordinated in those cases where a direct connection between the two projects can be established. For example, local currency loan funds financed the purchase of better cattle, which furthered objectives of technical cooperation in Agriculture.

There has been some delay in making currency transfers under the second P.L. 480 agreement because of the absence of an agreed letter on administrative arrangements. A signed letter is expected from the Government of Brazil soon.

TABLE III

SUMMARY SALES PROGRAM UNDER P.L. 480, TITLE I AND FOREIGN CURRENCY PROGRAM EARMARKING

(In thousands of dollars)

(Foreign Currency in thousands of dollar equivalent)

SALES AGREEMENT BY FISCAL YEAR		Foreign Currency Reserved for U.S. Uses	Foreign Currency Administered by Ex-Im Bank (Cooley Amend.)	FOREIGN CURRENCY TO BE ADMINISTERED BY MSP AGENCIES				
Fiscal Year in Which Sales Agreement Signed	Total Value of Sales			Sec. 104c	Sec. 104d	Sec. 104e	Sec. 104g	Total Administered by MSP Agencies
FY 1955 Actual								
FY 1956 Actual	41,220	9,893					31,327	31,327
FY 1957 Actual	138,700	20,805					117,895	117,895
FY 1958 Estimate								
FY 1959 Estimate								
TOTAL	179,920	30,698					149,222	149,222

Country: BRAZIL

STATUS OF LOCAL CURRENCY FUNDS
(Administered by MSP Agencies)

TABLE IV

(In thousands of dollar equivalent)

Type of Programs Generating Local Currencies and its Utilization	ACTUAL FY 1957			ESTIMATE FY 1958		PROPOSED FY 1959	
	Cumulative Through 7/1/56	Net Change	Cumulative Through 6/30/57	Net Change	Cumulative Through 6/30/58	Net Change	Cumulative Through 6/30/59
MSP U.S.-OWNED LOCAL CURRENCIES							
Potential Generation from U.S. Dollar Program . .							
Deposits							
Obligations							
Expenditures							
COUNTERPART							
Potential Generation from U.S. Dollar Program . .							
Deposits							
Commitments							
Expenditures							
P.L. 480 TITLE I							
Potential Generation from U.S. Dollar Program . .	31,327	117,895	149,222		149,222		149,222
Deposits	15,198	16,129	31,327	44,459	75,786	44,459	120,245
Obligations		28,319	28,319	45,614	73,933	44,459	118,392
Expenditures		28,319	28,319	45,614	73,933	44,459	118,392
OTHER LOCAL CURRENCY							
Potential Generation from U.S. Dollar Program . .							
Deposits							
Commitments							
Expenditures							

Country: BRAZIL

TABLE V

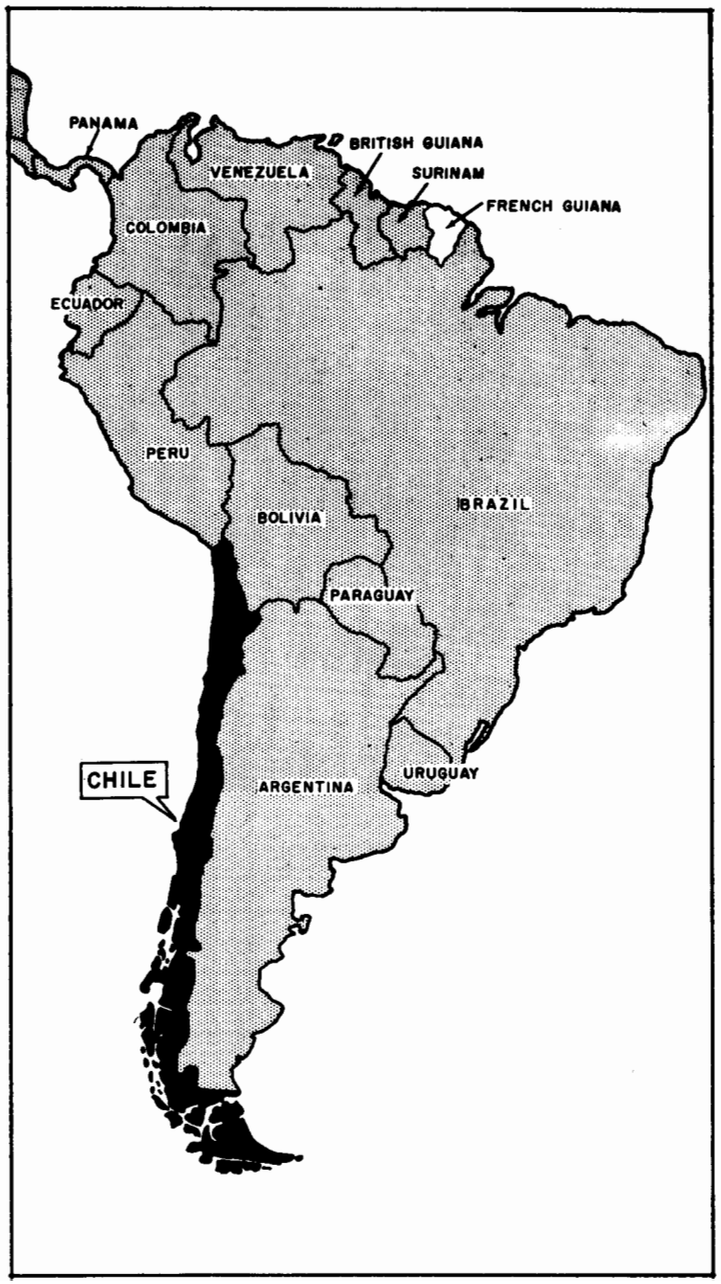
SUMMARY OF LOCAL CURRENCY PROGRAM ADMINISTERED BY MSP AGENCIES BY PURPOSE AND FIELD OF ACTIVITY

Obligations or Commitments by Fiscal Year

(In thousands of dollar equivalent)

PURPOSE AND ACTIVITY	FY 1957			FY 1958			FY 1959		
	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources
MILITARY PURPOSES									
Projects									
Budget Support									
Military Procurement									
Total Military Purposes									
ECONOMIC PURPOSES									
Project Assistance by Field of Activity									
Agriculture		5,800							
Industry and Mining		8,200							
Transportation		14,319							
Labor									
Health and Sanitation									
Education									
Public Administration									
Community Development, Social Welfare and Housing									
General and Miscellaneous					45,614			44,459	
Total		28,319			45,614			44,459	
Budget Support (Not Elsewhere Classified)									
Total Economic Purposes									
Procurement for Third Country	XXX			XXX			XXX		
TOTAL ALL PURPOSES		28,319			45,614			44,459	

CHILE



BASIC DATA

Population	7.0	million
Annual Growth	2.5	percent
Agricultural Land	18	percent of area
Agri. Land per Capita	5	acres
Literacy Rate	80	percent

	Chile	United States
Life Expectancy (years)	52	70
Inhabitants per Physician	1,870	760
Road Miles per 1,000 sq.mi....	109	1,020
Electric Power per Capita .... (KWH per year)	588	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	n.a.	1,570	1,570	1,500
Per Capita GNP.....	Dollars	n.a.	232	226	214
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	137	142	140	137
Wheat	1,000 MT	955	1,078	1,048	1,003
Mining Prod. Index	1953=100	104	115	119	118
Copper, refined	1,000 MT	338	406	460	460
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	401	472	542	450
Copper ores & bars	"	240	321	389	300
Nitrates	"	68	56	49	50
Total Imports (c.i.f).....	"	343	376	354	400
Trade Balance.....	"	58	96	188	50
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	197	201	236	210
Imports from U.S.	"	75	91	154	210
Trade Balance with US.	"	122	110	82	-0-
FOREIGN EXCHANGE RESERVES... (end of year)	"	61	107	88	60
COST OF LIVING (Santiago)...	1953=100	172	302	471	640

n.a. - Not Available a - Crops harvested in crop-year ending in year stated.

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

U.S. Interests: Chile occupies over 2,600 miles of strategic coastline along the western shore of South America and is in a commanding position with respect to the Antarctic, South Pacific Sea routes, Cape Horn, and the entrance to the Magellan Straits. It has port and harbor facilities which could assume considerable importance in time of international emergency. Chile is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947), and has entered into a Mutual Defense Assistance Agreement with the United States.

Chile produces 500,000 tons of copper annually and is cooperating with Free World security controls by withholding its copper from the Sino-Soviet bloc. Its domestic steel industry is capable of supplying a considerable portion of Latin American needs in time of emergency. Chile also produces other important raw materials such as manganese, molybdenum, iodine, and sulphur and has a proven oil field.

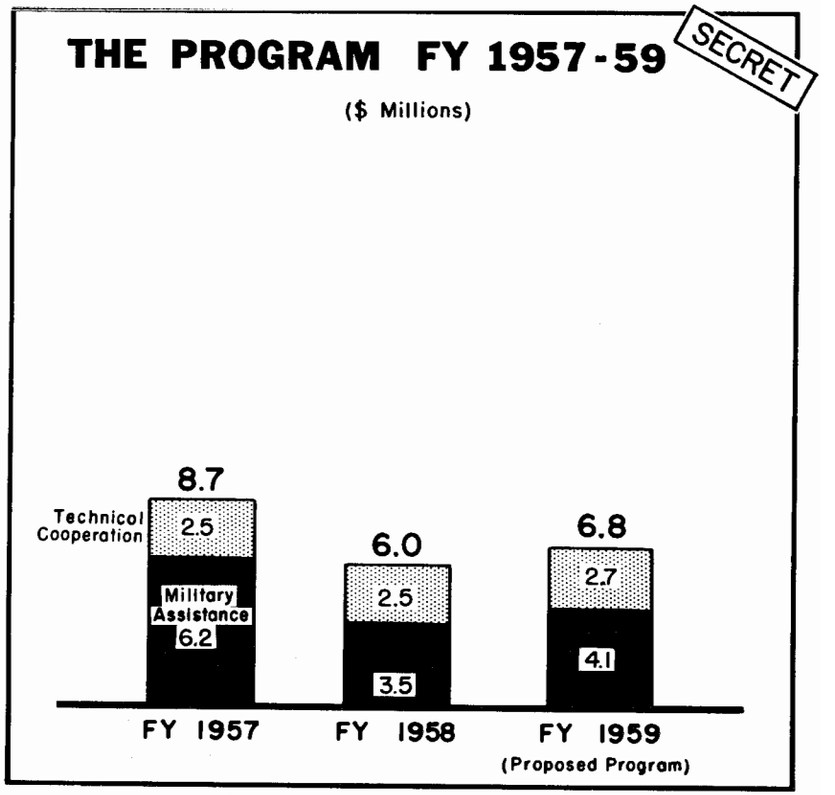
Direct United States investments in Chile total about three quarters of a billion dollars and are increasing. The Chilean market is also an important one to American exporters.

Chile, a constitutional democracy, values political and civil liberties very highly, and provides in Latin America an outstanding example of democratic institutions.

Internationally, Chileans are inclined toward independent thinking and frequently tend to assume a position of leadership among the Latin American nations in international forums. They are basically friendly to the United States, and the present Administration has cooperated with us.

From an economic standpoint, Chile is a nation making a valiant effort to arrest a chronic inflation. The Government has engaged a firm of American economic consultants and implemented its recommendations over the last two years. The outcome is still in doubt, but progress has been encouraging. The Chilean experiment is being watched by other Latin American countries, some of whose economies also need reform.

The Communist Party is illegal in Chile, and known Communists are barred from voting or holding public office. The Communists constitute a strong and vocal minority, have their own daily newspaper, and tend to dominate Chile's single large labor confederation.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57	23,952	16,182	7,770
Estimate F.Y. 1958	3,508	6,404	XXX
Cumulative 6/30/58	27,460	22,586	4,874
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	10,156	7,623	2,533
Estimate F.Y. 1958	2,500	2,150	XXX
Cumulative 6/30/58	12,656	9,773	2,883

MILITARY ASSISTANCE

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Chile

Major Components by Category (all values in thousands of dollars)	Annual Programs: Quantity and Value F.Y. 1957	Annual Programs: Quantity and Value F.Y. 1958	Annual Programs: Proposed F.Y. 1959 Quantity	Annual Programs: Proposed F.Y. 1959 Value	Del./Exp. F.Y. 1950-58 Programs: Estimate F.Y. 1958	Del./Exp. F.Y. 1950-58 Programs: Cumulative June 30, 1958	Del./Exp. F.Y. 1950-58 Programs: F.Y. 1959 and Later
Country Total	$6,183	$3,508	-	$4,121	$6,404	$22,586	$4,874
Aircraft Components, Spares & Related Equip.	$1,097	-	-	$2,204	$ 626	$ 4,104	$ 894
82F	-	-	3	$1,695	-	-	-
T-33	-	-	-	-	-	4	-
B-26	12	-	-	-	12	36	-
F-80C	13	1	-	-	13	13	1
T6G	-	-	-	-	-	10	-
F-47D	-	-	-	-	-	17	-
Ships and Harbor Craft, Components and Spares	$1,734	$2,018	-	-	$1,583	$ 2,092	$2,301
Light Cruiser (CL) (overhaul)	1	1	-	-	1	1	1
Tanks, Other Vehicles, Weapons, Comp. & Spares	-	$ *	-	$ 99	$ 4	$ 3,342	$ 296
Tank, Light, M24	-	-	-	-	-	21	-
Truck, 1/4 Ton, 4x4 (all models)	-	-	-	-	-	99	-
Truck, 2 1/2 Ton, 6x6, Cargo (all models)	-	-	-	-	-	22	-
Truck, Fire Crash, CL-135	-	-	-	-	-	-	4
Ammunition	$ 379	$ 207	-	$ 156	$ 264	$ 3,361	$ 431
Cartridge, Cal..30 (all types) (M Rounds)	210	210	-	-	-	2,121	211
Cartridge, Cal..50 (all types) (M Rounds)	40	40	-	-	639	1,548	20
Cartridge, HE, M1, w/f 105mm How, M2 (M Rds)	1	-	-	-	-	16	-
Cartridge, HE, 81mm Mortar (M Rds)	1	-	-	-	-	23	1
Cartridge, 40mm (all types) (M Rounds)	5	-	5	$ 30	1	9	5
Rocket, SCAR, 2.25"	-	-	-	-	3,058	3,558	-
Electronics & Comm. Equipment, Comp. & Spares	$ 207	$ 127	-	$ 812	$ 455	$ 2,508	$ 317
AN/TTC-10 Telephone Central Office Set	-	-	-	-	-	2	-
AN/SPS-4 Radar	3	-	7	$ 397	-	9	-
AN/TPS-10D LW Height Finder	-	-	-	-	-	2	-
AN/TRT-3 Radio Transmitting Set	-	-	-	-	-	3	-
Other Materiel	$ 93	$ 153	-	$ 94	$ 497	$ 1,989	$ 299
Construction	-	-	-	-	-	-	-
Training	$ 274	$ 647	-	$ 756	$ 460	$ 1,366	$ 262
All Other	$2,399	$ 356	-	-	$2,515	$ 3,824	$ 74

* Less than $500.

Shaded areas are Security classified and must not be circulated to unauthorized individuals. All other material is unclassified.

Chile

MILITARY ASSISTANCE

Objectives of Military Assistance: Continued development of Chilean military units which contribute to the defense of the Western Hemisphere through:

(a) defense of the country's coastal waters, ports, and approaches thereto;
(b) defense of bases, strategic areas and installations of Chile;
(c) preparation for participation in combined operations in support of U.S. forces guarding the approaches to the Panama Canal.

Major Combat Forces:

Strategic Objectives	MAP Supported
3 Inf. RCT, 1 Abn. Inf. BCT	1 Armored Div Recon Bn.
1 Armored Cav. Recon. Bn.	12 Vessels
3 Marine Defense Bns.	3 Air Squadrons
54 Vessels	
5 Air squadrons	

Active Military Strength: 43,225

MAP Accomplishments: Military Assistance to Chile has provided equipment for the activation and organization of MAP-supported units with the exception of naval vessels, which were provided by Chile. The program has furnished maintenance support in the form of spare parts, maintenance equipment and services, training ammunition and training. The assistance provided has modernized these units to some extent and increased their combat potential.

Appraisal of Forces:

Army: Capable of maintaining internal security

Navy: Approximately 70% effective for the protection of sea lanes and convoy escort on the extensive coastline of Chile.

Air Force: Can support the Army in country defense and internal security.

The over-all effectiveness of the Chilean armed forces is considered limited due to lack of modern equipment and an adequate logistics system to support the forces in sustained combat operations. Continued military assistance is required in order to permit achievement of acceptable capability within the MAP-supported units.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
Country Programs	6,183	3,508	4,121
Portion Special Materiel Program	(380)	(722)	(762)
Total	(6,563)	(4,230)	(4,883)

Country Contribution: The Chilean Government has abided by its commitments under the bilateral agreement in the organization and maintenance of the MAP-supported units. Chile allocates approximately 25% ($139.5 million in 1957) of her total budget for defense. The country provides for operation of MAP forces, i.e., food, clothing, housing, and POL.

Proposed FY 1959 Program Provides:

Army: Spare parts and training

Navy: Spare parts, communications equipment and training

Air Force: Spare parts, attrition aircraft, and training.

Miscellaneous Data: U.S. excess stocks delivered at no charge through 30 June 1958: $13.8 million (Est.). Military Sales through 30 June 1957: $6.9 million.

The functions of the MAAG for Chile are performed by U.S. Military Mission personnel assigned to the country and supported by their respective services and the host country.

Country: CHILE

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	615		615		700		700		802		802
Participants	656		656		550		550		550		550
Contractual Services	478		478		410		410		421		421
Supplies and Equipment	237		237		150		150		242		242
Contrib. to Coop. Services	307		307		495		495		472		472
Other Costs	163		163		195		195		263		263
Total Project Assistance	2,456		2,456		2,500		2,500		2,750		2,750
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	2,456		2,456		2,500		2,500		2,750		2,750
NUMBER OF PEOPLE											
Technicians (On duty close of year)	46		46		62		62		62		62
U.S. Employed	38		38		47		47		47		47
Contract	8		8		15		15		15		15
Participants (Programmed during year)	143		143		167		167		172		172
Non-Contract	143		143		167		167		172		172
Contract											

GPO 934793

Objectives of Technical Cooperation

- To help Chile accelerate her economic development and raise her standard of living by encouraging a more efficient use of her natural and human resources through cooperative programs designed to increase the quality and quantity of technical, administrative and management personnel.

- To aid Chile in conquering her long-standing inflation.

- To give increasing support from every possible side to the Chilean movement toward free-enterprise capitalism.

- To develop and improve Chilean educational institutions so that they can provide effective technological, economic, and management training to Chileans.

Accomplishments of Technical Cooperation

Assistance to Chile's "Plan Chillan" has resulted in the successful demonstration to farmers of the benefits to be derived from the services of trained technicians in improving techniques and solving farming problems. While it was conceived as a means of increasing the production of a potentially important agricultural area, the "Plan" will show its greatest return as a training ground for Chilean technicians who will work in rural development throughout Chile.

The Mission in Chile has been an active proponent of the idea of establishing a private farm management consulting service as a means of more rapidly increasing agricultural production. This led to the recent incorporation by the Chileans of such a service - the Agroservicio - to which strong support is promised by the Ministry of Agriculture, the National Agricultural Society and other groups.

ICARE (Chilean Management Association), which was established by the Chileans with the assistance of the USOM to introduce modern management techniques, continues to grow in importance, and is emerging as an outstanding force in Chile's drive towards economic stability. Our sponsorship of numerous training courses, seminars, team visits to the U.S. and technical aids to industry is meeting with an enthusiastic response.

Assistance through a university contract between the University of Chicago and Catholic University has resulted in the establishment by the Catholic University of an Economics Research Center to be financed by the Chileans. This Center is of importance in training a core of Chileans to a high level of professional competence as economists. They will devote their careers to full time teaching and research in economics.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	2,456	2,500	2,750

Major Problems: Problems of an economic nature beset Chile from all sides. No sooner had Chile embarked on a program of economic austerity designed to combat and control new spiraling inflation, when world copper prices started rapidly downwards. This blow to Chile's principal foreign exchange earning export has brought pressures to bear which pose increasingly difficult problems.

Proposed FY 1959 Program

The major field of activity will continue to be agriculture with operations concentrated largely in the "Plan Chillan" area. Increasing emphasis will be placed on assistance in the development of the National Agricultural Training Center in Chillan in order to train Chilean technicians, with a gradual phasing out of direct service activities. A significant addition to the program will be in supervised credit to provide assistance in the training of a corps of agronomo-technicians who can supervise the use of loan funds and help farmers plan their credit needs. Contract consulting assistance will be provided with a view to the establishment of the farm management consulting service on a sound footing and the training of key Chileans in its organization. Forestry work will continue with increasing attention to the urgent need to improve the utilization and marketing of forest products.

Plans in the field of industry provide for the continuation of: (a) training top and middle management by means of advanced management courses and seminars sponsored by ICARE, (b) middle management courses conducted throughout the Industry Servicio, (c) industry team visits to the United States and (d) a technical aids service under the sponsorship of the Chilean Manufacturers Association. The Industry Servicio will continue to give a direct consulting service to industry. Assistance of the Stanford Research Institute will be provided to investigate, with ICARE, the need for more comprehensive courses in industrial engineering and business administration in the universities.

Increased emphasis will be given to university level training by the following means: (1) extension of the University of Chicago contract for economics training; (2) assistance through a Smathers amendment loan to the Rectors Council of the seven universities in equipping laboratories, providing technical library services and text book publications; (3) extension of University of California contract primarily to aid the University of Concepcion in the establishment of a land-grant type of agricultural training center at Chillan; and (4) assistance to the University of Chile in the improvement of its Geology School to provide more and better trained geologists.

In addition to the above major activities, support will continue to be given in the fields of road building, civil aviation, public health, labor training, public administration, housing and communications media.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	2,456	808	768	245	144	218		51	57	165
ESTIMATE FY 1958 Technical Cooperation	2,500	1,000	580	230	148	208		54	130	150
PROPOSED FY 1959 Technical Cooperation	2,750	1,045	573	277	163	237		143	135	177

Country: CHILE

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION									
Food and Agriculture									
Contribution to Cooperative Service and Administration of Agriculture Program	467	65	10			50	342		
Agricultural Research, Education and Extension (DTICA)	160	107	20	13		20			
Agricultural Production (DTICA)	102	56	32	7		7			
Agricultural Management (DTICA)	156	27	44	80		5			
Forest Development (DTICA)	43	29	12			2			
Contribution to Cooperative Service for Underground Water Development (CORFO)	25						25		
Contribution to Cooperative Service for Irrigation Program	40						40		
Water Development	52	30	18			4			
Subtotal	1,045	314	136	100		88	407		
Industry and Mining									
Geology (CORFO)	227	93	33	60	20	21			
Contribution to Cooperative Service and Administration of Industry Program	283	46	64	101	25	17	30		
Technological Development	63		52		3	8			
Subtotal	573	139	149	161	48	46	30		
Transportation									
Civil Aviation	143	78	52		2	11			
Roads, Ministry of Public Works	134	24	20	5	75	10			
Subtotal	277	102	72	5	77	21			
Labor									
Labor Training	163	33	96	18	2	14			
Health and Sanitation									
Rural Public Health Demonstrations (National Health Service)	183	51	42	6	80	4			
Administration and Advisory Services	54	38				16			
Subtotal	237	89	42	6	80	20			

Country: CHILE

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION - Continued									
Public Administration									
Public Administration	43	14	18	7		4			
Economic Research Institute (Catholic University)	100			100					
Subtotal	143	14	18	107		4			
Community Development Social Welfare and Housing									
Contribution to Cooperative Service and Administration of Housing Program	135	34	37	14		15	35		
General									
Communications Media	72	42				30			
Technical Support	105	35		10	35	25			
Subtotal	177	77		10	35	55			
Total Technical Cooperation	2,750	802	550	421	242	263	472		
P.L. 480, TITLE I									
Agriculture									
Development of agricultural training center in Chillan and development of central experiment station									2,000
Slaughter houses and cold storage plants									2,900
Dairy plants									1,500
Loans to farmers for land clearing, drainage, and irrigation									1,300
Loans to landowners for thinning and pruning pine plantations									1,200
Irrigation dams									2,000
Subtotal									10,900
Industry and Mining									
Loan to coal mining industry									1,500

Country: CHILE

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
P.L. 480, TITLE I - Continued									
Transportation									
Road building									5,800
Housing									
Workers' housing									1,800
Total P.L. 480									20,000
GRAND TOTAL	2,750	802	550	421	242	263	472		20,000

LOCAL CURRENCY - Narrative

The local currency equivalent of $31,680,000 will be available for programming under Section 104(g), P.L. 480, Title I sales agreements signed to date.

In accordance with the provisions of Section 104(g) of the Agricultural Trade Development and Assistance Act of 1954 these funds are being used for loans to promote multilateral trade and economic development. Some of the purposes for which these loans are being made are as follows: (1) development of a Chilean Agricultural Training Center, and central experiment station, (2) construction of access and farm-to-market roads, (3) slaughter houses, cold storage plants and dairy plants, (4) port improvement, (5) credit to farmers for land clearing, drainage, and irrigation, (6) credit to landowners for thinning and pruning pine plantations, (7) coal mining industry, (8) workers' housing, (9) irrigation dams.

These purposes are closely related to the technical assistance program objective of helping Chile accelerate her economic development and raise her standard of living through a more efficient use of her resources.

The availability of Title I, P.L. 480 local currency has not directly affected dollar requirements for the MSP program which consists solely of a technical cooperation program.

TABLE III

SUMMARY SALES PROGRAM UNDER P.L. 480,
TITLE I AND FOREIGN CURRENCY PROGRAM EARMARKING

(In thousands of dollars) (Foreign Currency in thousands of dollar equivalent)

SALES AGREEMENT BY FISCAL YEAR		Foreign Currency Reserved for U.S. Uses	Foreign Currency Administered by Ex-Im Bank (Cooley Amend.)	FOREIGN CURRENCY TO BE ADMINISTERED BY MSP AGENCIES				
Fiscal Year in Which Sales Agreement Signed	Total Value of Sales			Sec. 104c	Sec. 104d	Sec. 104e	Sec. 104g	Total Administered by MSP Agencies
FY 1955 Actual	5,000	1,000					4,000	4,000
FY 1956 Actual	34,600	6,920					27,680	27,680
FY 1957 Actual								
FY 1958 Estimate								
FY 1959 Estimate								
TOTAL	39,600	7,920					31,680	31,680

Country: CHILE

STATUS OF LOCAL CURRENCY FUNDS

(Administered by MSP Agencies)

TABLE IV

(In thousands of dollar equivalent)

Type of Programs Generating Local Currencies and its Utilization		ACTUAL FY 1957		ESTIMATE FY 1958		PROPOSED FY 1959	
	Cumulative Through 7/1/56	Net Change	Cumulative Through 6/30/57	Net Change	Cumulative Through 6/30/58	Net Change	Cumulative Through 6/30/59
MSP U.S.-OWNED LOCAL CURRENCIES							
Potential Generation from U.S. Dollar Program							
Deposits							
Obligations							
Expenditures							
COUNTERPART							
Potential Generation from U.S. Dollar Program							
Deposits							
Commitments							
Expenditures							
P.L. 480 TITLE I							
Potential Generation from U.S. Dollar Program	31,680		31,680		31,680		31,680
Deposits	3,908	20,526	24,434	7,246	31,680		31,680
Obligations		2,301	2,301	6,416	8,717	20,000	28,717
Expenditures		2,110	2,110	6,416	8,526	20,000	28,526
OTHER LOCAL CURRENCY							
Potential Generation from U.S. Dollar Program							
Deposits							
Commitments							
Expenditures							

Country: CHILE

TABLE V

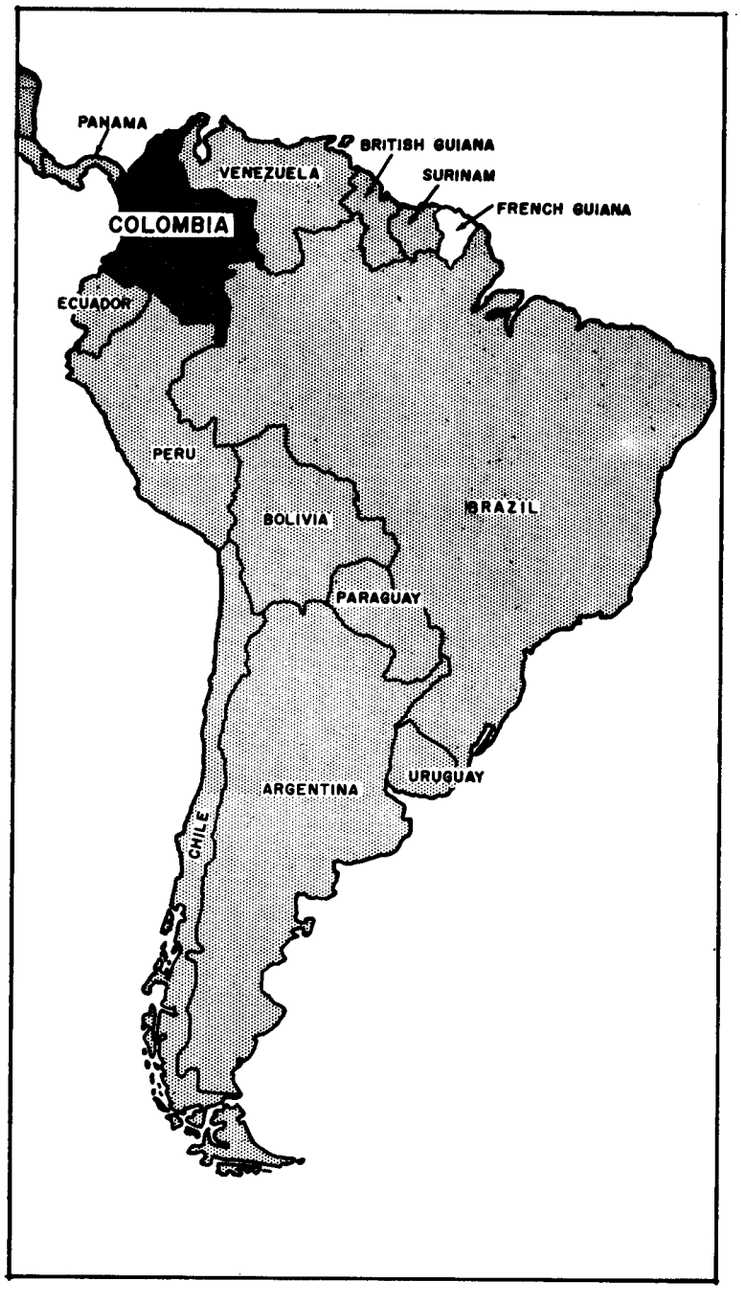
SUMMARY OF LOCAL CURRENCY PROGRAM ADMINISTERED BY MSP AGENCIES BY PURPOSE AND FIELD OF ACTIVITY

Obligations or Commitments by Fiscal Year

(In thousands of dollar equivalent)

PURPOSE AND ACTIVITY	FY 1957			FY 1958			FY 1959		
	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources
MILITARY PURPOSES									
Projects									
Budget Support									
Military Procurement									
Total Military Purposes									
ECONOMIC PURPOSES									
Project Assistance by Field of Activity									
Agriculture					3,000			10,900	
Industry and Mining								1,500	
Transportation		2,301			3,216			5,800	
Labor									
Health and Sanitation									
Education									
Public Administration									
Community Development, Social Welfare and Housing					200			1,800	
General and Miscellaneous									
Total		2,301			6,416			20,000	
Budget Support (Not Elsewhere Classified)									
Total Economic Purposes		2,301			6,416			20,000	
Procurement for Third Country	XXX			XXX			XXX		
TOTAL ALL PURPOSES		2,301			6,416			20,000	

COLOMBIA



BASIC DATA

Population	13	million
Annual Growth	2.3	percent
Agricultural Land	36	percent of area
Agri. Land per Capita	8	acres
Literacy Rate	63	percent

	Colombia	United States
Life Expectancy (years)	46	70
Inhabitants per Physician	2,000	760
Road Miles per 1,000 sq.mi....	36	1,020
Electric Power per Capita .... (KWH per year)	143	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	2,050	2,220	2,370	2,400
Per Capita GNP.....	Dollars	166	175	183	181
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	159	171	180	181
Sugar, centrifugal	1,000 MT	225	270	276	281
Petroleum	"	5,530	5,493	6,102	6,350
Electricity	Mill. KWH	1,200	1,480	1,850	2,100
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	657	580	599	530
Coffee	"	550	484	475	410
Petroleum	"	76	62	70	71
Total Imports (c.i.f).....	"	672	669	657	420
Trade Balance.....	"	-15	-89	-58	110
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	507	442	409	352
Imports from U.S.	"	343	332	315	214
Trade Balance with US.	"	164	110	94	138
FOREIGN EXCHANGE RESERVES... (end of year)	"	278	176	190	200
COST OF LIVING (Bogota).....	1953=100	109	108	115	132

n.a. - Not Available a - Crops harvested in crop-year ending in year stated.

Shaded areas are Secret and must not be divulged to unauthorized individuals. All other material is unclassified.

U.S. Interests: Colombia is unique among South American countries in having seacoast on both the Pacific Ocean (900 miles) and the Atlantic (1100 miles on the Caribbean Sea). It flanks both entrances to the Panama Canal. For these reasons it has an especial importance in hemisphere defense. Colombia is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947), and has entered into a Mutual Defense Assistance Agreement with the United States.

Colombia has almost invariably supported the United States in the United Nations and OAS. It was the only Latin American country to furnish infantry and naval units to combat the Communist aggression in Korea, and more recently sent troops to participate in the UN policing of the Suez Canal area.

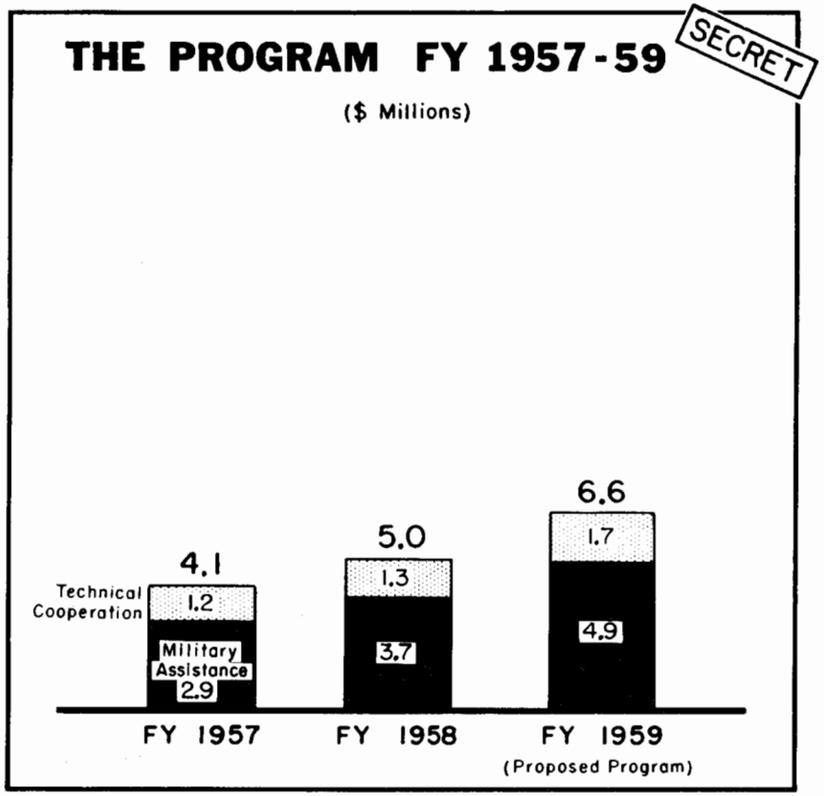
Colombia has been a leader among Latin American nations in its opposition to international Communism. It has outlawed the Communist Party by governmental decree. It has always been ambitious to be at the forefront in the fight against Communism in this hemisphere and in the world at large.

It has been traditionally an outstanding example of democratic government until quite recently. We should give it encouragement in its determination to restore and preserve its democratic institutions, and should emphasize our confidence that this will include freedom of worship and liberty of speech and press, regardless of creed or political party.

Colombia's leaders have frequently stated publicly that they support private initiative and free enterprise and encouragement of foreign capital investment. Colombia has signed an Investment Guaranty Agreement with the United States.

Colombia is making energetic efforts to liquidate a commercial backlog in excess of $400 million. We have already come to her assistance through an Ex-Im Bank loan and joint credit with US commercial banks. We should continue to urge Colombia to rectify its balance of payments situation through strict administration of its "austerity program."

In furnishing Colombia with economic, technical, military and P.L. 480 assistance, we should keep in mind that our primary objective is to help Colombia by this means to maintain its traditional place as a stable, friendly democracy.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57	17,444	13,488	3,956
Estimate F.Y. 1958	3,692	3,229	XXX
Cumulative 6/30/58	21,136	16,717	4,419
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	6,582	5,102	1,480
Estimate F.Y. 1958	1,290	1,300	XXX
Cumulative 6/30/58	7,872	6,402	1,470

Colombia

MILITARY ASSISTANCE

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Major Components by Category (all values in thousands of dollars)	Annual Programs				Del./Exp. F.Y. 1950-58 Programs		
	Quantity and Value		Proposed F.Y. 1959		Estimate F.Y. 1958	Cumulative June 30, 1958	F.Y. 1959 and Later
	F.Y. 1957	F.Y. 1958	Quantity	Value			
Country Total	$2,868	$3,692	-	$4,912	$3,229	$16,717	$4,419
Aircraft Components, Spares & Related Equip.	$ 720	-	-	$2,204	$ 345	$ 2,682	$ 475
S2F	-	-	3	$1,695	-	-	-
B-26	5	-	-	-	5	19	-
F-47D	-	-	-	-	-	14	-
F-80C	13	1	-	-	13	13	1
T-33	-	-	-	-	-	4	-
Ships and Harbor Craft, Components and Spares	$ 26	-	-	$ 350	$ 27	$ 625	$ 5
Patrol Frigate (overhaul)	-	-	1	$ 350	-	-	-
Tanks, Other Vehicles, Weapons, Comp. & Spares	$ 12	$1,208	-	-	$ 11	$ 4,507	$1,295
Truck, 1/4 Ton, 4x4 (all models)	-	20	-	-	-	66	20
Truck, 3/4 Ton, 4x4, Cargo (all models)	-	15	-	-	-	34	15
Rifle, 57mm, Recoilless	-	-	-	-	-	9	-
Ammunition	$ 80	$ 42	-	-	-	$ 1,858	$ 228
Cartridge, Cal..50 (all types) (M Rounds)	184	-	-	-	-	1,699	184
Cartridge, 40mm (all types) (M Rounds)	-	-	-	-	-	98	-
Cartridge, 20mm (all types) (M Rounds)	-	-	-	-	-	-	68
Rocket, SCAR, 2.25"	-	-	-	-	-	4,906	-
Rocket, HEAT, 2.36" M6-Series	-	-	-	-	-	12	-
Electronics & Comm. Equipment, Comp. & Spares	$ 7	$ 43	-	$ 15	$ 406	$ 1,515	$ 404
AN/TPS-1 Radio Set	-	-	-	-	-	5	2
AN/TPS-10D LW Height Finder	--	-	-	-	-	2	-
SCR-300 (AN/PRC-10) Radio Set	-	12	-	-	-	33	17
AN/TRT-3 Transmitting Set	-	-	-	-	4	4	-
AN/TRR-7 Radio Receiving Set	-	-	-	-	4	4	-
Other Materiel	$ 342	$ 983	-	$ 833	$ 613	$ 1,648	$1,052
Construction	-	-	-	-	-	-	-
Training	$ 453	$1,202	-	$1,510	$ 518	$ 1,658	$ 866
All Other	$1,228	$ 214	-	-	$1,310	$ 2,224	$ 94

Revised 24 March 1958

Shaded areas are security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Colombia

Objectives of Military Assistance: Continued development of Colombian military units which contribute to the defense of the Western Hemisphere through:

(a) defense of the country's coastal waters, ports and approaches thereto;
(b) defense of bases, strategic areas, and installations of Colombia;
(c) preparation for participation in combined operations in support of U.S. forces guarding the approaches to the Panama Canal.

Major Combat Forces:

Strategic Objectives	MAP Supported
4 Inf. RCT, 1 Engineer Bn.	1 Engineer Combat Bn.
1 Marine Bn Landing Team	5 Vessels
39 Vessels	2 Air Squadrons
3 Air Squadrons	

Active Military Strength: 44,400

MAP Accomplishments: Military Assistance to Colombia has furnished equipment for the activation and organization of MAP-supported units. This provision of such equipment resulted in some modernization and standardization of arms in these units. In addition, the training assistance provided in the U.S. equipment has increased their combat effectiveness.

Appraisal of Forces:

Army: Can maintain internal security in area of units

Navy: Patrol frigates have a limited patrol capability

Air Force: Can support the Army in maintaining internal security.

In general, the armed forces of Colombia are making considerable progress in the development of combat effectiveness, but are not yet organized, equipped, or trained for sustained war operations. With some equipment modernization and continued combat training, the MAP-supported forces of Colombia will be capable of carrying out limited peacetime operations; however, these will not be effective forces for utilization in hemisphere defense for some time.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
Country Programs	2,868	3,692	4,912
Portion Special Materiel Program	(270)	(473)	(403)
Total	(3,138)	(4,165)	(5,315)

Country Contribution: This country has fulfilled its commitments for the bilateral agreement by organizing and maintaining MAP supported units of the force objectives. Colombia is justifiably proud of the participation of her land and sea forces in Korea and was among the first to volunteer and send Army forces to the United Nations for duty in the Suez area. Colombia allocates approximately 24% ($59 million in 1957) of her budget for defense.

Proposed FY 1959 Program Provides:

Army: Spare parts and training

Navy: Ship overhaul, spare parts and training

Air Force: Spare parts, attrition aircraft and training

Miscellaneous Data: U.S. excess stocks delivered at no charge through 30 June 1958: $8.2 million (Est.). Military Sales through 30 June 1957: $9.0 million.

The functions of the MAAG are performed by U.S. Military Mission personnel assigned to the country and supported by their respective services and the host country.

Country: COLOMBIA

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	487		487		515		515		557		557
Participants	259		259		288		288		335		335
Contractual Services					55		55		260		260
Supplies and Equipment	22		22		7		7		16		16
Contrib. to Coop. Services	335		335		340		340		400		400
Other Costs	53		53		85		85		132		132
Total Project Assistance	1,156		1,156		1,290		1,290		1,700		1,700
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	1,156		1,156		1,290		1,290		1,700		1,700
NUMBER OF PEOPLE											
Technicians (On duty close of year)	49		49		50		50		55		55
U.S. Employed	38		38		42		42		45		45
Contract	11		11		8		8		10		10
Participants (Programmed during year)	94		94		106		106		105		105
Non-Contract	94		94		106		106		105		105
Contract											

GPO 934793

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Objectives of Technical Cooperation

- To assist in diversifying and increasing agricultural production and raise the standards and levels of agricultural efficiency;
- To assist in improving health conditions throughout the country; to decrease the incidence of debilitating diseases by bringing about improvements in standards of health, hygiene and sanitary engineering;
- To assist in raising the level of vocational, primary and secondary education;
- To assist in the development of efficient transportation facilities;
- To encourage the development of secondary industry and the investment of foreign and domestic private capital in Colombia.

Accomplishments of Technical Cooperation

As a result of assistance in the extension field of the Department of Boyaca and in the Cauca Valley, the Government of Colombia is currently making plans for the establishment of a National agricultural Extension Service.

Since the establishment of the Cooperative Health Service in Colombia, over seventy projects have been completed and turned over to governmental agencies for continued operation.

Excellent results have been obtained in campaigns directed at controlling such diseases as malaria, yaws, venereal diseases, bartonellosis, etc. Yaws, which formerly infected 75% of the population in certain coastal areas, has been reduced to an incidence of four-tenths of 1%.

As a result of a survey made by U.S. education technicians the Colombian Government has recently requested the establishment of an Education Cooperative Service. A Cooperative Service agreement will be signed during FY 1958 for the initiation of a demonstration pilot project in trade and industrial education, vocational agricultural education, and primary education.

Major Problems: Colombia is undergoing a difficult transition. After virtually four years of military dictatorship, during which the country's economy was handled in a completely profligate and capricious manner, a new and democratic government has taken charge. Colombia's most pressing problem is to pay off her backlog of commercial debt in the face of weakening coffee prices, without completely disrupting a praiseworthy trend of economic development.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	1,156	1,290	1,700

The agricultural sector has been progressively neglected, partly under the soporific effect of high coffee incomes and partly as a result of political instability and lack of internal security in rural areas. Because of its neglect of the agricultural sector Colombia now has to spend at least $40 million a year in the importation of basic foodstuffs.

Industrial development has taken place, but at the same time production of raw materials has been greatly neglected so that a large part of the newly created industries is still heavily dependent on imports.

Educational facilities are inadequate at all levels. Illiteracy is about 40% while the level of education of the literate is extremely low on the average.

Approximately 80% of total exports are composed of coffee. Recent price declines intensify Colombia's balance of payments problem.

Proposed FY 1959 Program

In Agriculture, current activities in the fields of agricultural economics, agricultural engineering and forestry will continue more or less on an existing basis. Machinery pool operations will be expanded and other pools will be established in new regions to serve not only as centers of training and demonstration in the use of modern equipment but also as a direct assistance in putting new lands into production through demonstrating modern methods of clearing, leveling, irrigating and building farm-to-market roads. The present extension projects in the Department of Boyaca and in the Cauca Valley will be combined to form a new project, the National Extension Service Advisory Staff, to guide the development of the National Extension Service. Crop production will require a good deal of attention since large new land areas are now being opened up for agriculture. In the field of animal husbandry, programs to demonstrate modern and improved methods of livestock production, dairying and improved pastures and forage will be emphasized.

In Health, assistance will continue in the fields of nutrition, health education, public health engineering, industrial hygiene,

and the training of nurses. Continued assistance will be provided in the improvement of medical education through a contract with Tulane University, and a U.S. technician will be provided to assist in the reorganization of the National Hygiene Laboratory.

In the field of Education, the Servico, to be established during FY 1958, will concern itself primarily with certain aspects of vocational training in agriculture, trades and industry as well as elementary education and teacher training.

Projects in civil aviation will continue and training grants in all of the above fields plus labor are contemplated. Increased emphasis will be given in the field of industry to training in industrial management, and support will be given to the improvement of business and public administration training in Colombian universities, with the possibility of a university contract as the catalytic agent.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957										
Technical Cooperation	1,156	575	26	58	41	303	59	42	23	29
ESTIMATE FY 1958										
Technical Cooperation	1,290	565	29	80	50	381	111	42		32
PROPOSED FY 1959										
Technical Cooperation	1,700	642	60	65	50	410	313	110		50

Country: COLOMBIA

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Function: Technical Cooperation / Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Food and Agriculture									
Contribution to Cooperative Service and Administration of Agriculture Program	303	50	5	21	7	20	200		
Preliminary Studies	39	14	15		2	8			
Agricultural Extension Boyaca	36	31			1	4			
Cacao Development	39	14	15		1	9			
Forestry	50	30	12		1	7			
Machinery Pools and Training	43	30	5			8			
Animal Industries	29	14	7		1	7			
Grass, Legumes and Citrus	2		2						
Agricultural Education (Michigan State)	10		10						
Agricultural Extension									
National Extension Service									
National Extension Service Advisory Staff	91	64	15		3	9			
Subtotal	642	247	86	21	16	72	200		
Industry and Mining									
Industrial Management	60	20	20	20					
Transportation									
Civil Aviation	65	37	25			3			
Labor									
Trade Union Leader Program	50		48			2			
Health and Sanitation Division									
Contribution to Cooperative Service and Administration of Health Program	129	14				15	100		
Nutrition Campaign	10	9				1			
Nutrition and Health Education (Valle)	20	14	5			1			
Health Education Campaign	30	13	15			2			
Public Health Engineering	49	14	32			3			
Industrial Hygiene	22	14	6			2			
Administration of Nursing Services	17	11	5			1			
Rabies Control Demonstration	14	13				1			
Tulane University Contract	105			105					
Reorganization of the Samper Martinez Institute	14	13				1			
Subtotal	410	115	63	105		27	100		

Country: COLOMBIA

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Function: Technical Cooperation — Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Education Division									
Contribution to Cooperative Service and Administration of Education Program	145	25		14		6	100		
Assistance to National University	23	16	5			2			
Primary, Secondary, and Vocational Education (Cauca Valley)									
Vocational Education in Trades and Industry (Cauca Valley)	51	25	25			1			
Vocational Education in Agriculture (Cauca Valley)	31	15	15			1			
Assistance in Elementary Education (Cauca Valley)	45	21	23			1			
Development and Distribution of Education Media (Cauca Valley)	18	12	5			1			
Subtotal	313	114	73	14		12	100		
Public Administration									
Civil Police Administration Training	10		10						
Public Administration, Business Administration and Economics Training (University contract)	100			100					
Subtotal	110		10	100					
General and Miscellaneous									
Training, Atomic Energy and Inter-American Geodetic Survey	10		10						
Technical Support	40	24				16			
Subtotal	50	24	10			16			
Total Technical Cooperation	1,700	557	335	260	16	132	400		

COLOMBIA

LOCAL CURRENCY - Narrative

To date the local currency equivalent of $10,000,000 has been programmed under a P.L. 480 Title I Loan Agreement executed on October 8, 1956. It is contemplated that another loan agreement will be signed during FY 1958 which will result in the availability of the equivalent of an additional $12,240,000 for a total of $22,240,000 in local currency.

In accordance with the provisions of Section 104(g) of the Agricultural Trade Development and Assistance Act of 1954 these funds will be used for loans to promote multilateral trade and economic development. Some of the purposes for which these loans will be made are as follows: (1) to finance the expansion of existing industries and the establishment of new industries, (2) to increase and diversify agricultural production, (3) to improve livestock production, (4) to develop farm-to-market roads, and (5) to improve food storage and primary processing facilities.

These purposes are closely related to the technical assistance program objectives aimed at assistance in increasing and diversifying agricultural production.

The availability of Title I P.L. 480 local currency has not directly affected dollar requirements for the MSP program which consist **solely of a technical cooperation program.**

TABLE III

(In thousands of dollars)

SUMMARY SALES PROGRAM UNDER P.L. 480, TITLE I AND FOREIGN CURRENCY PROGRAM EARMARKING

(Foreign Currency in thousands of dollar equivalent)

SALES AGREEMENT BY FISCAL YEAR		Foreign Currency Reserved for U.S. Uses	Foreign Currency Administered by Ex-Im Bank (Cooley Amend.)	FOREIGN CURRENCY TO BE ADMINISTERED BY MSP AGENCIES				
Fiscal Year in Which Sales Agreement Signed	Total Value of Sales			Sec. 104c	Sec. 104d	Sec. 104e	Sec. 104g	Total Administered by MSP Agencies
FY 1955 Actual	5,300	2,300					3,000	3,000
FY 1956 Actual	11,600	4,600					7,000	7,000
FY 1957 Actual	13,140	900					12,240	12,240
FY 1958 Estimate								
FY 1959 Estimate								
TOTAL	30,040	7,800					22,240	22,240

Country: COLOMBIA

STATUS OF LOCAL CURRENCY FUNDS
(Administered by MSP Agencies)

TABLE IV

(In thousands of dollar equivalent)

Type of Programs Generating Local Currencies and its Utilization	ACTUAL FY 1957			ESTIMATE FY 1958		PROPOSED FY 1959	
	Cumulative Through 7/1/56	Net Change	Cumulative Through 6/30/57	Net Change	Cumulative Through 6/30/58	Net Change	Cumulative Through 6/30/59
MSP U.S.-OWNED LOCAL CURRENCIES							
Potential Generation from U.S. Dollar Program . .							
Deposits							
Obligations							
Expenditures							
COUNTERPART							
Potential Generation from U.S. Dollar Program . .							
Deposits							
Commitments							
Expenditures							
P.L. 480 TITLE I							
Potential Generation from U.S. Dollar Program . .	10,000	12,240	22,240		22,240		22,240
Deposits		8,984	8,984	13,256	22,240		22,240
Obligations				22,240	22,240		22,240
Expenditures				22,240	22,240		22,240
OTHER LOCAL CURRENCY							
Potential Generation from U.S. Dollar Program . .							
Deposits							
Commitments							
Expenditures							

Country: COLOMBIA

TABLE V

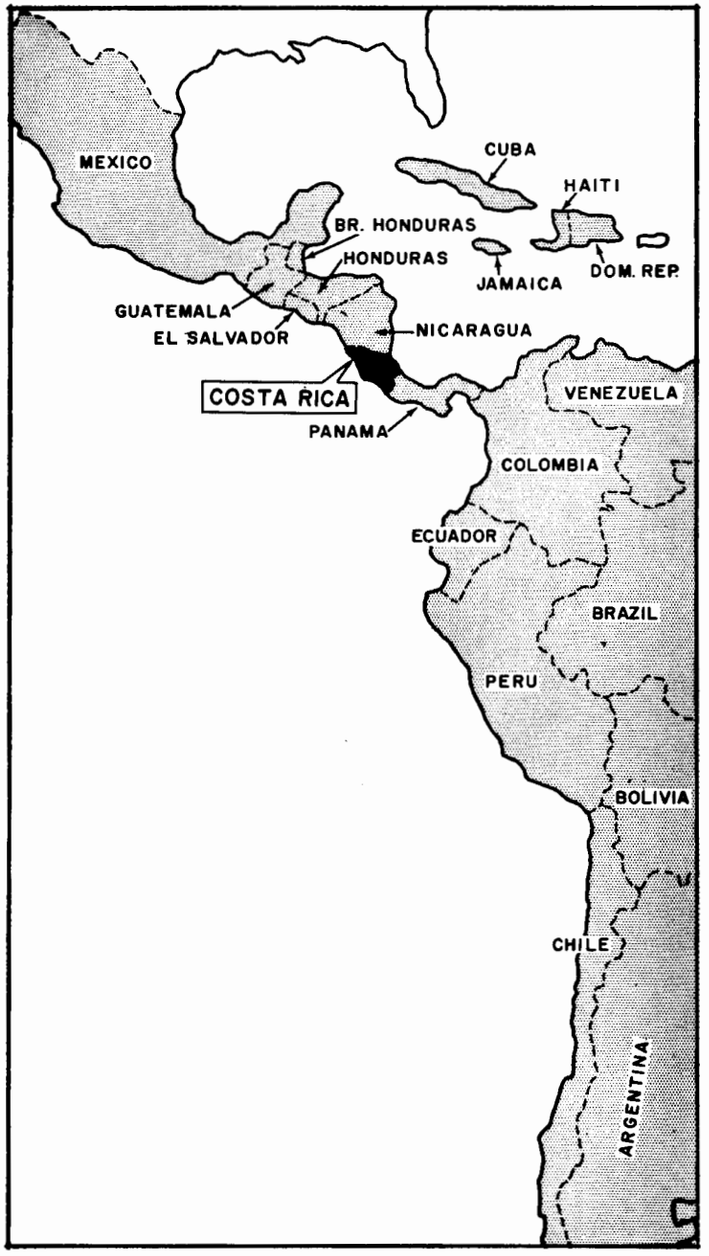
SUMMARY OF LOCAL CURRENCY PROGRAM ADMINISTERED BY MSP AGENCIES BY PURPOSE AND FIELD OF ACTIVITY

Obligations or Commitments by Fiscal Year

(In thousands of dollar equivalent)

PURPOSE AND ACTIVITY	FY 1957			FY 1958			FY 1959		
	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources
MILITARY PURPOSES									
Projects									
Budget Support									
Military Procurement									
Total Military Purposes									
ECONOMIC PURPOSES									
Project Assistance by Field of Activity									
Agriculture					22,240				
Industry and Mining									
Transportation									
Labor									
Health and Sanitation									
Education									
Public Administration									
Community Development, Social Welfare and Housing									
General and Miscellaneous									
Total					22,240				
Budget Support (Not Elsewhere Classified)									
Total Economic Purposes					22,240				
Procurement for Third Country	XXX			XXX			XXX		
TOTAL ALL PURPOSES					22.240				

COSTA RICA



BASIC DATA

Population	1.0	million
Annual Growth	4.0	percent
Agricultural Land	19	percent
Agri. Land per Capita	2.5	acres
Literacy Rate	88	percent

	Costa Rica	United States
Life Expectancy (years)	60	70
Inhabitants per Physician	2,643	760
Road Miles per 1,000 sq.mi....	95	1,020
Electric Power per Capita .... (KWH per year)	274	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	285	305	270	290
Per Capita GNP.....	Dollars	311	321	273	280
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	239	261	208	233
Coffee	1,000 MT	24	34	25	36
Sugar, centrifugal	"	32	34	24	23
Cocoa	"	9	11	10	9
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	85	81	67	82
Coffee	"	35	37	34	44
Bananas	"	36	33	26	31
Total Imports (c.i.f).....	"	80	87	91	99
Trade Balance.....	"	5	-6	-24	-17
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	33	28	19	31
Imports from U.S.	"	41	43	42	48
Trade Balance with US.	"	-8	-15	-23	-17
FOREIGN EXCHANGE RESERVES... (end of year)	"	20	24	16	17
COST OF LIVING (San Jose)...	1953=100	103	106	107	109

n.a. - Not Available a - Crops harvested in crop-year ending in year stated.

U.S. Interests: Costa Rica is a republic with executive power vested in the President, who is elected by universal suffrage. The government is anti-Communist and is strongly against dictatorships. U.S. relations with Costa Rica are most friendly and the present administration has cooperated with the U.S. in our UN and OAS objectives. The Costa Ricans are staunch supporters of democracy and emphasize they have more school teachers than soldiers.

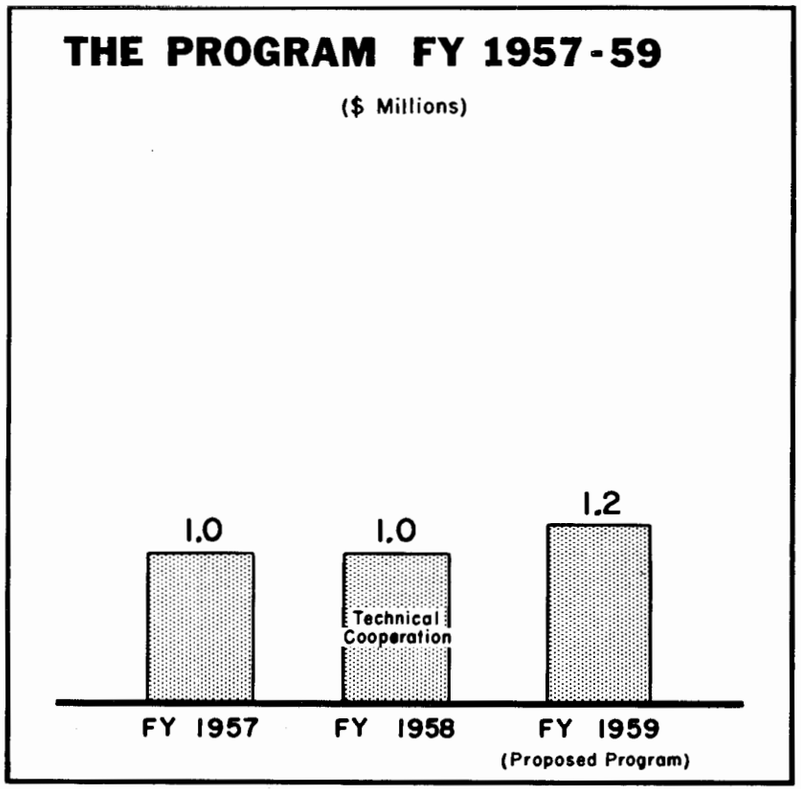
Costa Rica has a total area of 19,645 square miles and a population of slightly over one million with a density of 53 inhabitants per square mile. During the past few years the country has experienced considerable economic growth, but the general standard of living still remains low.

The economy is predominately agricultural and coffee, bananas, cacao, and abaca are the principal export crops. Coffee and bananas account for approximately 85 percent of the total value of exports, accounting for 53 percent and 32 percent respectively in 1956. Recently the Costa Ricans have expressed concern over decreased foreign exchange income resulting from lower world market prices for agricultural products. Approximately 55 percent of the labor force is engaged in agriculture, 11 percent in manufacturing, and 34 percent in other pursuits.

The value of U.S. direct investments in 1953 totaled nearly $62 million and is now estimated at around $80 million. Costa Rica has signed an Investment Guaranty Agreement with the United States. In 1956, U.S. exports to Costa Rica totaled $42 million, and imports from Costa Rica totaled $19 million or about 28 percent of Costa Rica's total exports.

Costa Rica's proximity to the Panama Canal makes this country of strategic importance to the United States. Its boundary is only 200 miles by air from the Canal. Costa Rica is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947).

Communism exists in an incipient stage and the government has denied Communists the right to operate as a recognized political party. However, Communists are active among the labor unions and low-income groups.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57			
Estimate F.Y. 1958			XXX
Cumulative 6/30/58			
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	5,433	4,671	762
Estimate F.Y. 1958	1,050	1,000	XXX
Cumulative 6/30/58	6,483	5,671	812

Country: COSTA RICA

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	331		331		443		443		451		451
Participants	324		324		287		287		289		289
Contractual Services	121		121		97		97		122		122
Supplies and Equipment	19		19		15		15		30		30
Contrib. to Coop. Services	150		150		150		150		193		193
Other Costs	49		49		58		58		65		65
Total Project Assistance	994		994		1,050		1,050		1,150		1,150
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	994		994		1,050		1,050		1,150		1,150
NUMBER OF PEOPLE											
Technicians (On duty close of year)	42		42		42		42		38		38
U.S. Employed	28		28		34		34		34		34
Contract	14		14		8		8		4		4
Participants (Programmed during year)	133		133		100		100		98		98
Non-Contract	133		133		100		100		98		98
Contract											

GPO 934793

Country COSTA RICA

ECONOMIC ASSISTANCE

Objectives of Technical Cooperation

- To assist the development of a modern agriculture, diversified industry, and an expanded internal and external commerce.

- To lessen the country's dependence upon a two crop economy and its vulnerability to fluctuations in the foreign exchange earnings of coffee.

- To encourage private enterprise and stimulate investment of both local and foreign capital

- To encourage the further development of Costa Rican education, labor and government policy in accordance with democratic traditions.

- To encourage the development of improved roads, ports, and airports.

Accomplishments of Technical Cooperation

Training is the most important phase of the Costa Rican program. Since 1952 more than 432 Costa Ricans have been sent to U.S. universities and thousands more received on-the-job training locally, principally in agriculture, health, education and public administration. During the past years Costa Rica has shown an increasing interest in the program and has assumed a larger and larger portion of costs. While Costa Rica only paid 6% of program costs in 1942, in 1957 it paid 55%. With respect to joint servicio contributions, by 1958 the estimated proportion of these costs in cash and kind paid by Costa Rica will rise to 85%, with U.S. paying only 15%. These figures do not include programs in which ICA training has been completed, which would reflect Costa Rica paying an even greater share.

The ICA program has assisted the Costa Rican Government in training 115 extension agents who have organized 33 centers throughout the country. The USOM has completed its work with this project and turned it over to the Costa Rican Government. It is estimated that these agents reached a total of 400,000 people during the past year. 4-H Club activities have been organized over the past few years to include in their membership more than 3,000 Costa Rican boys and girls.

Experiments in the use of trace elements in coffee fertilizers, conducted with the help of University of Florida contract personnel, were so successful that these elements are now added as standard procedure to practically all fertilizers sold. Fertilizer experiments have increased the yield of coffee up to 300% in test plots, and these findings will enable Costa Rica to continue to compete successfully in world markets.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	994	1,050	1,150

During the period when the ICA health program has been in operation, the death rate in Costa Rica dropped from 11.7 per thousand in 1951 to 10.5 per thousand in 1955. Moreover, public interest has been focused on the importance of improving health conditions. Steps have been taken to avoid duplication in the Costa Rican hospital system and to institute an integrated, nation-wide hospital program. The National Hospital program was further strengthened by a $2,000,000 U.S. loan (Smathers), matched by local private and public Costa Rican funds, for the construction of a Children's Hospital in the capital. As a result of ICA training, the Costa Rican Ministry of Health has set up a program which now builds 20 water systems per year in small communities and thereby permanently raises health and sanitation standards of a large number of citizens.

Major Problems: The heavy dependence upon coffee, the current price and volume of which effectively dominate the low productivity in both industrial and other agricultural activity; lack of long-range economic planning; country's foreign exchange availibilities; poor health conditions, particularly in rural areas and with respect to the incidence of diarrheal diseases.

Proposed FY 1959 Program

It is planned to continue the Costa Rican program at approximately the same level and scope as during the past fiscal year, with an increase of approximately 10% in funding. This increase will be used primarily to provide for a larger number of trainees to be given special education, primarily in U.S. universities. The number of U.S. technicians will not be increased.

Costa Rica appears to be on the threshold of a period of rapid economic growth, but this is also accompanied by a very tight budgetary situation. Rapid expansion of its agricultural production is needed in order to provide food for its growing population, now increasing at approximately 4% per year, one of the

highest rates in the world. It is essential to use more efficiently man-power resources in order to enable production of food and other necessities to keep pace with this rapid rise in population levels.

In the field of agriculture, the USOM has directed its attention toward the development of techniques which will permit more efficient production on lands already under cultivation, and will provide local sources of foods now imported. Special attention is being focused on the production of vegetables for local markets, and the dairy and livestock industries. A very satisfactory contract with the University of Florida will be continued.

In the industry program, the Mission will continue to bring short-term specialists to meet with groups of owners of small industrial plants, and will assist Costa Rican industrialists to organize appropriate trade associations. These groups will continue to study industrial development problems, and will develop close relations with similar organizations in the United States. For example, seminars are planned for top management in a number of industrial concerns, where they will study sales management and food retailing problems.

Limited assistance will be continued with the supervision of construction of a $4,000,000 Children's Hospital in the capital, for which a $2,000,000 loan was granted from Mutual Security funds in FY 1957. Work will be continued in diarrheal disease control, which is now the largest single cause of death among children in the country.

A most significant development is the assistance requested, in connection with both the reorganization of the National University, and the establishment of a new medical school. The University is being reorganized along lines similar in some respects to an American land grant college, and as a result it is expected that the University of Costa Rica will take a more active part in coping with urgent economic, cultural and social problems of the country.

Assistance is contemplated during the coming year to work out long-term plans for both water supply and traffic control in the capital district. Some work is also planned to encourage the development of savings and loan institutions in order to increase savings and permit their use in the development of low-cost housing for private ownership.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	994	357	77	60	17	201	109	83	61	29
ESTIMATE FY 1958 Technical Cooperation	1,050	416	95	36	22	218	100	60	48	55
PROPOSED FY 1959 Technical Cooperation	1,150	442	78	14	15	294	146	66	34	61

Country: COSTA RICA

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Function: Technical Cooperation — Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Food and Agriculture									
Contribution to Cooperative Service and Administration of Food & Agriculture Program	146	25	5			6	110		
Extension Support	42	25	15			2			
Rural Engineering	5		5						
Specialty Crops Development & Improvement	79	61	13			5			
Cooperative Research Development under Florida University	60			60					
Soil Survey Project	20	13	5			2			
Mediterranean Fruit Fly Investigations	18	12	5			1			
Livestock Management	18	12	5			1			
Agricultural Economics	17	12	4			1			
Vegetable - Horticulture Development	19	14	4			1			
Pasture Research and Development	18	12	5			1			
Subtotal	442	186	66	60		20	110		
Industry and Mining									
Industrial Development	78	25	19	27	4	3			
Transportation									
Improvement of Safety and Efficiency of Air Transportation	10	4	6						
Cooperative Activities with IAGS Mapping	4		4						
Subtotal	14	4	10						
Labor									
Ministry of Labor Technical Assistance	15		15						

Country: COSTA RICA

ECONOMIC ASSISTANCE

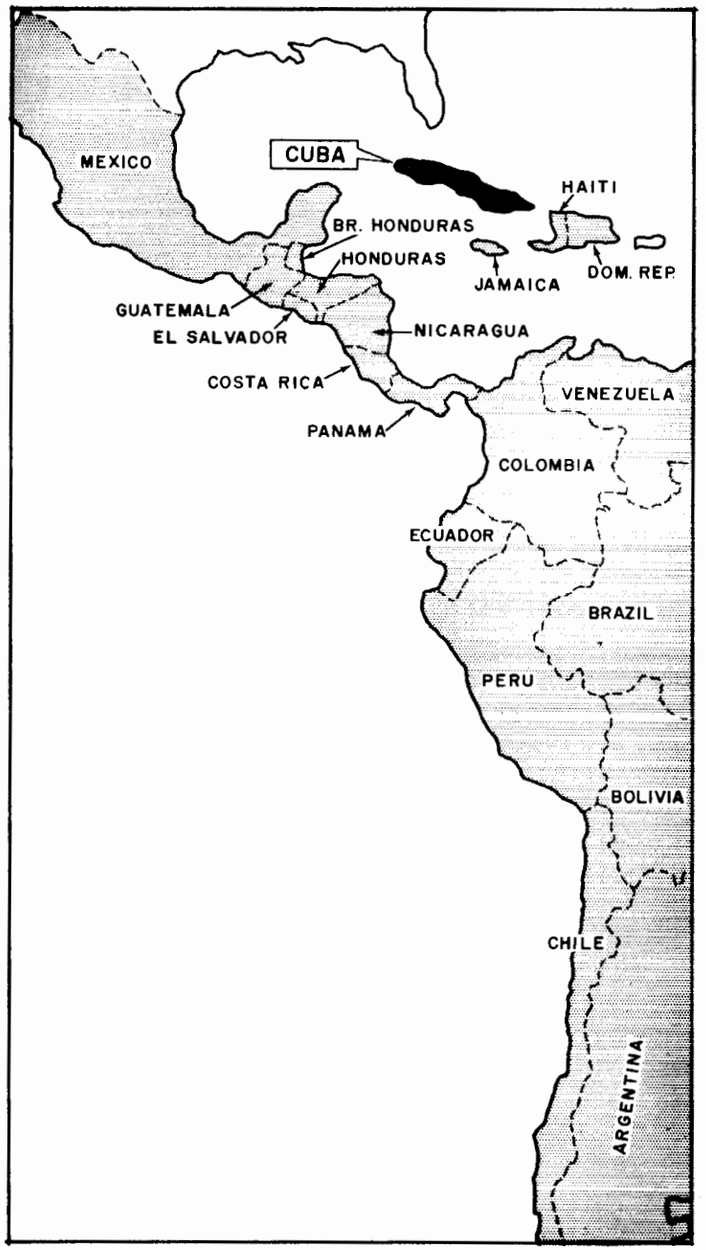
TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Function: Technical Cooperation — Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Health and Sanitation									
Contribution to Cooperative Service & Administration of Health & Sanitation Program	123	32	3			5	83		
Engineering Studies	21	15	5			1			
Water Supply	2		2						
Hospital Improvement and Development	32	15	17						
Environmental Sanitation Personnel Training	27	11	16						
Diarrheal Disease Control	3	3							
Health Education	31	10	20			1			
Medical School	55		20	35					
Subtotal	294	86	83	35		7	83		
Education									
Vocational Education	106	70	15		15	6			
University of Costa Rica Assistance	40		30		10				
Subtotal	146	70	45		25	6			
Public Administration									
Government-wide Organization and Management	66	33	30			3			
Community Development and Housing									
Housing and City Planning	34	27	5		1	1			
General and Miscellaneous									
Atomic Energy Training	11		11						
General Support	50	20	5			25			
Subtotal	61	20	16			25			
Total Technical Cooperation	1,150	451	289	122	30	65	193		

CUBA



BASIC DATA

Population	6.4	million
Annual Growth	2.0	percent
Agricultural Land	51	percent
Agri. Land per Capita	2	acres
Literacy Rate	76	percent

	Cuba	United States
Life Expectancy (years)	n.a.	70
Inhabitants per Physician	1,650	760
Road Miles per 1,000 sq.mi....	172	1,020
Electric Power per Capita .... (KWH per year)	333	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	2,170	2,230	2,410	2,630
Per Capita GNP.....	Dollars	363	364	385	410
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	176	165	172	197
Corn	1,000 MT	168	170	180	188
Nickel	"	13	14	15	17
Electricity	Mill. KWH	1,500	1,900	2,000	2,100
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	558	607	686	820
Sugar	"	432	473	524	670
Tobacco	"	41	43	44	45
Total Imports (c.i.f).....	"	599	633	714	800
Trade Balance.....	"	-41	-26	-28	20
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	401	422	457	461
Imports from U.S.	"	429	451	512	614
Trade Balance with US.	"	-28	-29	-55	-153
FOREIGN EXCHANGE RESERVES... (end of year)	"	485	522	506	500
COST OF LIVING (Havana).....	1953=100	97	97	97	97

n.a. - Not Available a - Crops harvested in crop-year ending in year stated.

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

U.S. Interests: Cuba's location at the gateway to the Caribbean only 90 miles south of Key West, Florida, makes it strategically important to the United States. The U.S. has a large naval base at Guantanamo, and during World War II Cuba granted us additional base facilities. Cuba is an important source of strategic minerals, particularly nickel. It is our largest foreign source of supply for sugar and has shown that it is a dependable supplier of this commodity during wartime.

Cuba has cooperated closely with the United States, giving strong support in international forums, especially the United Nations. The United States and Cuba entered into a Mutual Defense Assistance Agreement on March 7, 1952 and Cuba is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947).

Political conditions in Cuba have always been somewhat unstable, and there has been considerable political unrest since December 1956. Elections for President are scheduled for June 1958. The possibility, while somewhat remote, exists that a future Government might assume an attitude entirely different from that of the present friendly administration.

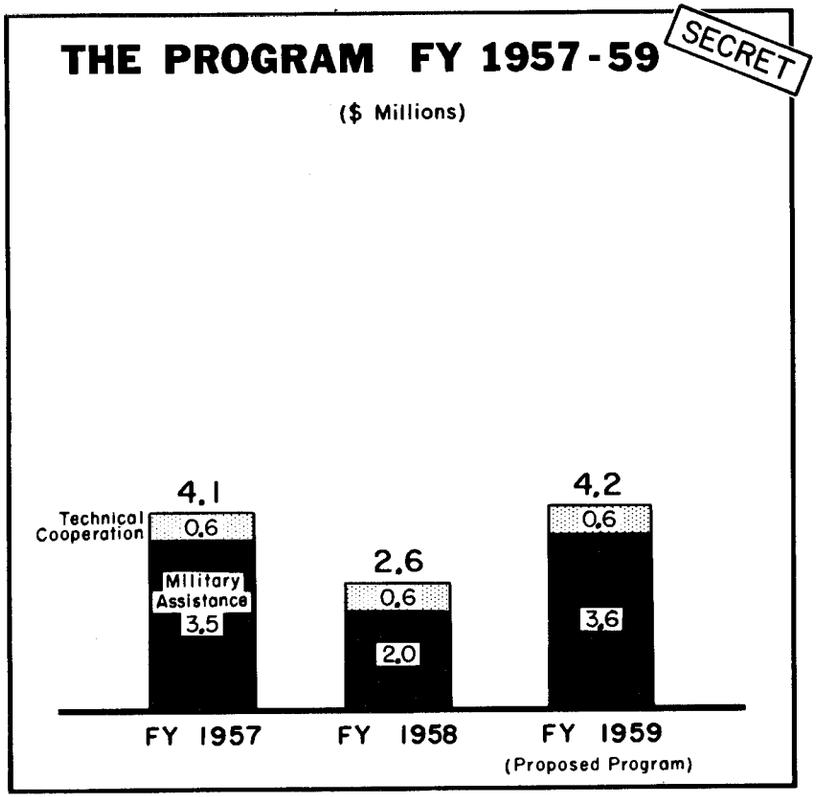
The Communist party was outlawed in Cuba in 1953. However, it has continued operating clandestinely. Communist elements in Cuba, **as well as extreme nationalists,** are always a potential threat to United States interests.

Cuba ranks third in our trade with Latin America. In recent years the United States has bought about 60 percent of Cuba's exports while Cuba has purchased about 75 percent of its imports from the United States.

United States investments in Cuba, now about $774 million, rank fifth in United States private investments abroad. Cuba has welcomed private capital and has signed an Investment Guarantee Agreement with the United States.

Cuba has encouraged industrial enterprises as well as new and diversified crops. Diversification has been slow, however, and Cuba is still highly dependent on the sugar crop and market.

Diplomatic relations between the Soviet Union and Cuba were Severed in March 1952. Cuban trade with the Soviet bloc has been largely confined to sporadic sales of Cuban sugar to the U.S.S.R.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57	11,208	6,311	4,897
Estimate F.Y. 1958	1,996	3,378	XXX
Cumulative 6/30/58	13,204	9,689	3,515
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	1,994	1,604	390
Estimate F.Y. 1958	570	550	XXX
Cumulative 6/30/58	2,564	2,154	410

Cuba

MILITARY ASSISTANCE

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Major Components by Category (all values in thousands of dollars)	Annual Programs				Del./Exp. F.Y. 1950-58 Programs		
	Quantity and Value		Proposed F.Y. 1959		Estimate F.Y. 1958	Cumulative June 30, 1958	F.Y. 1959 and Later
	F.Y. 1957	F.Y. 1958	Quantity	Value			
Country Total	$3,528	$1,996	-	$3,580	$3,378	$9,689	$3,515
Aircraft Components, Spares & Related Equip.	$ 646	$ 457	-	$2,125	$ 609	$2,677	$1,225
S2F	-	-	3	$1,609	-	-	-
B-26	2	-	-	-	2	18	-
C-47	-	-	-	-	-	5	-
T-33	-	-	-	-	-	4	-
PBY-5 (overhaul)	1	1	-	-	1	1	1
TBM-3S	1	2	-	-	1	7	2
F80C	-	14	-	-	-	-	14
Ships and Harbor Craft, Components and Spares	$ 103	$ 98	-	$ 24	$ 54	$ 353	$ 139
Tanks, Other Vehicles, Weapons, Comp. & Spares	$ 677	$ 9	-	$ 127	$ 697	$1,188	$ 278
Truck, 3/4 Ton, 4x4, Cargo (all models)	-	-	2	$ 6	2	4	-
Truck, 1/4 Ton, 4x4 (all models)	8	-	-	-	49	54	-
Truck, 2 1/2 Ton, 6x6, Cargo (all models)	13	-	-	-	13	21	-
Truck, Tractor, 4-5 Ton, 4x4, Coe	2	-	-	-	-	2	-
Truck, Fire Crash CL-135	-	-	-	-	-	2	-
Gun, 40mm (Twin)	6	-	-	-	6	6	-
Gun, Machine, Cal..30 (all models)	-	-	-	-	10	23	-
Mortar, 81mm (all models)	-	2	-	-	4	4	2
Mortar, 60mm (all models)	-	3	-	-	-	6	3
Rifle, U.S. Cal..30, M1-Series	-	-	27	$ 6	153	434	-
Rifle, 57mm, Recoilless	-	3	-	-	-	6	3
Carbine, Cal..30 (all models)	-	8	-	-	72	118	8
Launcher, Rocket, 3.5", M-20 Series	-	-	3	$ *	8	16	-
Trailer, Fuel Servicing F-7	2	-	3	$ 46	-	2	-
Ammunition	$ 160	$ 249	-	$ 32	$ 67	$ 703	$ 362
Cartridge, Cal..50 (all types) (M Rounds)	226	315	11	$ 4	16	592	525
Cartridge, Cal..30 (all types) (M Rounds)	-	147	9	$ 1	147	877	-
Cartridge, 40mm (all types) (M Rounds)	**	4	**	$ 2	-	6	4
Cartridge, 20mm (all types) (M Rounds)	8	32	-	-	3	28	37
Cartridge, 81mm HE (all types) (M Rounds)	-	-	2	$ 24	3	3	-
Rocket, SCAR, 2/25"	-	350	-	-	35	4,355	315
Shell, 3"/50 (all types) (M Rounds)	1	1	-	-	-	3	2
Electronics & Comm. Equipment, Comp. & Spares	$ 60	$ 63	-	$ 12	$ 166	$ 841	$ 262
SCR-300 (AN/PRC-10) Radio Set	-	-	-	-	17	36	-
SCR-506 (AN/GRC-19) Radio Set	-	-	-	-	-	-	7
Other Materiel	$ 373	$ 39	-	$ 41	$ 132	$ 698	$ 440
Construction	-	-	-	-	-	-	-
Training	$ 158	$ 615	-	$1,219	$ 338	$1,444	$ 300
All Other	$1,351	$ 466	-	-	$1,315	$1,785	$ 509

* Less than $500. ** Less than 500 rounds.

Revised 24 March 1958

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Objectives of Military Assistance: Continued development of Cuban military units which contribute to the defense of the Western Hemisphere through:

(a) defense of the country's coastal waters, ports, and approaches thereto;
(b) defense of bases, strategic areas and installations of Cuba;
(c) preparation for participation in combined operations in support of U.S. forces guarding the approaches to the Panama Canal.

Major Combat Forces:

Strategic Objectives	MAP Supported
3 Inf. Bns.	1 Inf. Bn.
14 Vessels	5 Vessels
9 Naval ASW Patrol A/C	9 Naval ASW Patrol A/C
2 Air Squadrons	2 Air Squadrons

Active Military Strength: 28,481

MAP Accomplishments: Military assistance provided has enabled the Cuban Government to develop the MAP-supported units into more effective combat units. The equipment and components furnished through MAP have greatly assisted in modernizing the Cuban units.

Appraisal of Forces:

Army: Limited capability in maintaining internal security.

Navy: Limited capability in performing ASW and patrol missions.

Air Force: Capable of supporting the Army in maintaining internal security.

Cuban armed forces are not yet considered effective for hemispheric defense. They lack the modern equipment and training needed to defend successfully against a major world power. However, largely because of the deliveries of MAP equipment and Cuban utilization of U.S. schools, the effectiveness of the armed forces has improved. With continued U.S. assistance, they will be capable of fulfilling their defense obligations.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
Country Programs	3,528	1,996	3,580
Portion Special Materiel Program	(339)	(399)	(357)
Total	(3,867)	(2,395)	(3,937)

Country Contribution: The Cuban Government has abided by its commitment under the bilateral agreement in the organization and maintenance of the MAP-supported units included in the force objectives and has contributed to the improvement of these forces by purchase with its own funds of some of the end items required for these units. The Cuban Government allocates approximately 17% ($55.3 million in 1957) of its total budget for Defense.

Proposed FY 1959 Program Provides:

Army: Attrition items, spare parts and training

Navy: Attrition aircraft, spare parts, and training

Air Force: Maintenance equipment, spare parts, and training

Miscellaneous Data: U.S. excess stocks delivered at no charge through 30 June 1958: $6.8 million (Est). Military Sales through 30 June 1957: $31 million.

The functions of the MAAG are performed by U.S. Military Mission personnel assigned to the country and supported by their respective services and the host country.

Country: CUBA

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	288		288		372		372		413		413
Participants	122		122		113		113		103		103
Contractual Services	101		101		5		5		13		13
Supplies and Equipment	31		31		36		36		24		24
Contrib. to Coop. Services											
Other Costs	27		27		44		44		32		32
Total Project Assistance	569		569		570		570		585		585
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	569		569		570		570		585		585
NUMBER OF PEOPLE											
Technicians (On duty close of year)	23		23		23		23		30		30
U.S. Employed	18		18		21		21		26		26
Contract	5		5		2		2		4		4
Participants (Programmed during year)	69		69		39		39		38		38
Non-Contract	50		50		39		39		38		38
Contract	19		19								

GPO 934793

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Objectives of Technical Cooperation

- Assist Cuban efforts to diversify its economy, thereby reducing overdependence on sugar with its attendant problems of under-employment, as well as unemployment;
- Through training and demonstration, to assist in building a corps of qualified government and private technicians;
- To strengthen Cuban vocational education training institutions to provide skills to meet increasing needs of local industries;
- To assist Cuban efforts to provide better air traffic controls, fostering safer Cuban and overflight air travel;
- Demonstrating to Cuban labor officials, through visits to U.S. institutions and industries, the relationship between wages and labor productivity and the service role of unions;
- To assist in improvement of statistical and census services as a source of more effective economic planning and control.

Accomplishments of Technical Cooperation

U.S. aid has strengthened the Cuban provincial and central agricultural research stations in supporting those aspects which contribute to a better balanced, diversified economy. Investigation and field work has been completed in many winter vegetables and tropical crops for the U.S. markets. A cattle industry research station has been inaugurated with U.S. assistance stressing adaptation of pasture grasses and cattle varieties to local conditions. Kenaf strains and an economic harvester have been completed to provide this hemisphere with a possible substitute. The University at Las Villas has launched a community-geared agricultural and an industrial-crops program patterned in part on programs of U.S. land-grant colleges.

A vocational education school for aircraft mechanics, now graduating 100 mechanics per year, has demonstrated effectively vocational techniques, and Cuban educational authorities are expanding this base to provide general technical vocational education facilities. A government minerals laboratory which provides assistance to small mine operators and prospectors has been strengthened through consultation, and training of technicians is being completed to permit eventual Cuban self-sufficiency in this necessary service for wider development of Cuba's mineral resources. Airport tower technicians have been trained, modern communications equipment demonstrated, and consultation for an overflight directional network begun at Camaguey on the principal U.S.-South America air route.

Major Problems: An economy relatively static in its over-reliance on sugar; inadequate school facilities for general and technical education; despite abundance of savings, slow capital formation; unsound labor legislation and practices resulting in higher costs and inefficiency; government economic policies are frequently politically motivated, development funds often going for relatively unproductive public works; the tradition of public office as a proprietary rather than a service function.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	569	570	585

Proposed FY 1959 Program

The Technical Cooperation program stresses the continuation of efforts to train technicians to assume responsibility for going and new activities, to strengthen or develop institutions for broadening technical skills and supporting, where requested, activities basic to wider economic development.

Agriculture: The 11 technicians and eight trainees will provide for in-service training and consultation for strengthening Cuban agricultural experiment station programs for new or perfected cash crops and for the developing cattle industry for world markets and home consumption.

Mining: Consultation to strengthen the minerals laboratory will be continued with trainees studying in the U.S.; three participant grants will be offered in the atomic energy field.

Transportation: Four CAA consultants will carry on consultation and training to equip Habana airport and the Camaguey overflight network with adequate communications staffs.

Labor: It is planned to send selected Cuban labor leaders to study U.S. production and labor relationships.

Education: To support the community-related agriculture program at Las Villas provincial university, and to assist in an education survey of Cuba's technical vocational facilities to be followed by a concrete action program.

Public Administration: The census and statistics consultant will assist in the preparation for the 1960 Census of the Americas, and the new Statistics Training Center will be provided consultation in its activities to create a qualified cadre of Cuban government statisticians.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	569	139	36	117	32		180	46		19
ESTIMATE FY 1958 Technical Cooperation	570	245	27	92	26		94	54		32
PROPOSED FY 1959 Technical Cooperation	585	258	43	86	10		118	38		32

Country: CUBA

ECONOMIC ASSISTANCE

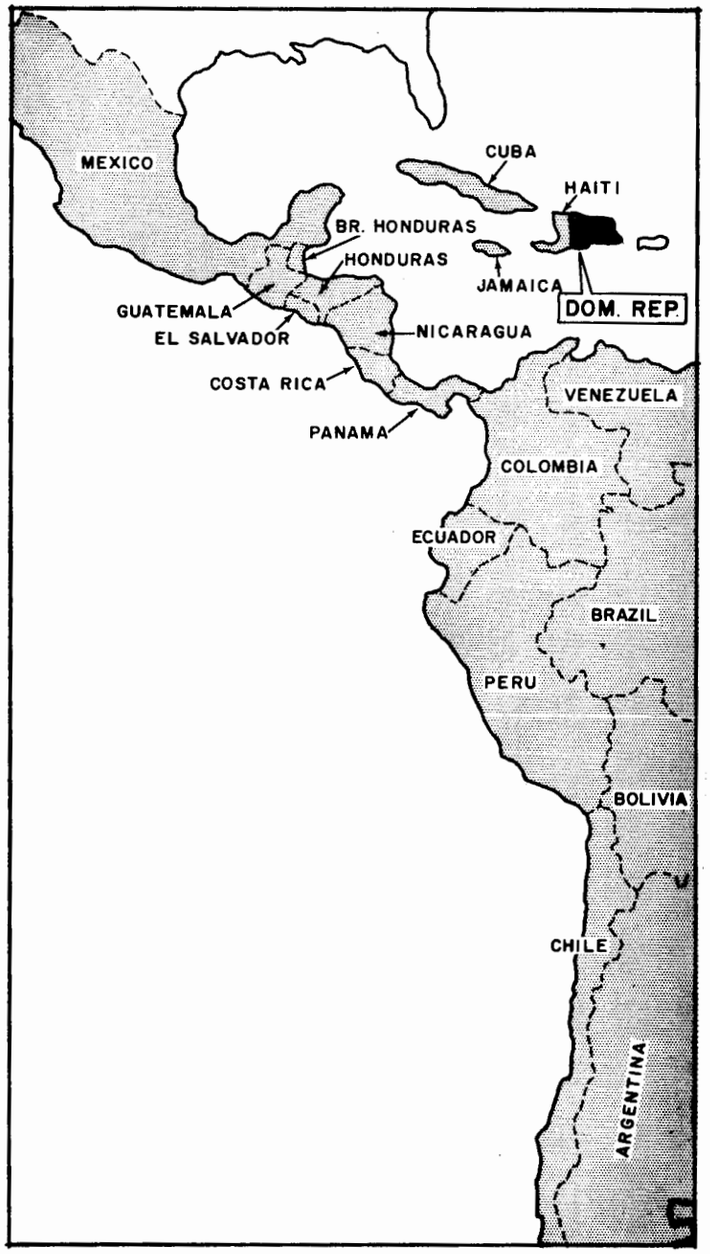
TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Technical Cooperation	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Food and Agriculture									
Agriculture Investigation Commission	258	194	25	13	20	6			
Industry and Mining									
Mineral Analysis and Development	26	16	9			1			
Atomic Energy	17	5	12						
Subtotal	43	21	21			1			
Transportation									
Civil Aeronautics	86	62	20			4			
Labor									
Labor Management Training	10		10						
Education									
Central University at Santa Clara	70	59	8		1	2			
Vocational Education	48	39	5		3	1			
Subtotal	118	98	13		4	3			
Public Administration									
Census and Statistics	20	16	3			1			
Statistics Training Center	18	6	11			1			
Subtotal	38	22	14			2			
General and Miscellaneous									
Technical Support	32	16				16			
Total Technical Cooperation	585	413	103	13	24	32			

DOMINICAN REPUBLIC



BASIC DATA

Population	2.7	million
Annual Growth	3.4	percent
Agricultural Land	26	percent of area
Agri. Land per Capita	1.3	acres
Literacy Rate	43	percent

	Dom. Rep.	United States
Life Expectancy (years)	n.a.	70
Inhabitants per Physician	5,000	760
Road Miles per 1,000 sq.mi....	111	1,020
Electric Power per Capita .... (KWH per year)	96	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	470	520	560	600
Per Capita GNP.....	Dollars	193	206	215	222
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	135	141	150	169
Coffee	1,000 MT	32	29	37	31
Sugar, centrifugal	"	634	626	754	898
Cocoa	"	33	36	27	32
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	120	115	125	160
Sugar	"	40	45	58	90
Coffee	"	31	28	33	25
Total Imports (c.i.f).....	"	94	114	126	130
Trade Balance.....	"	26	1	-1	30
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	72	62	60	58
Imports from U.S.	"	52	60	67	71
Trade Balance with US.	"	20	2	-7	-13
FOREIGN EXCHANGE RESERVES... (end of year)	"	56	48	49	49
COST OF LIVING (Trujillo)...	1953=100	98	98	99	104

n.a. - Not Available a - Crops harvested in crop-year ending in year stated.

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

U.S. Interests: The Dominican Republic is strategically located in the Caribbean along the United States Guided Missiles tracking course and close to the main sea route between United States east coast ports and the Panama Canal. The United States Government, by treaty, now has a guided missile tracking station in the Dominican Republic.

The United States and the Dominican Republic have entered into a Mutual Defense Assistance Agreement, and the Dominican Republic is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947).

The Dominican Government is patterned along democratic lines with a cabinet, a congress and an elected President. However, in practice it is a dictatorship under the rule of Generalissimo Rafael Trujillo. Although repressive methods of the dictatorial power in the Dominican Republic for the past 27 years are unsavory to the United States, the present Government has brought stability and considerable progress to the country in such fields as sanitation, public works and agricultural production.

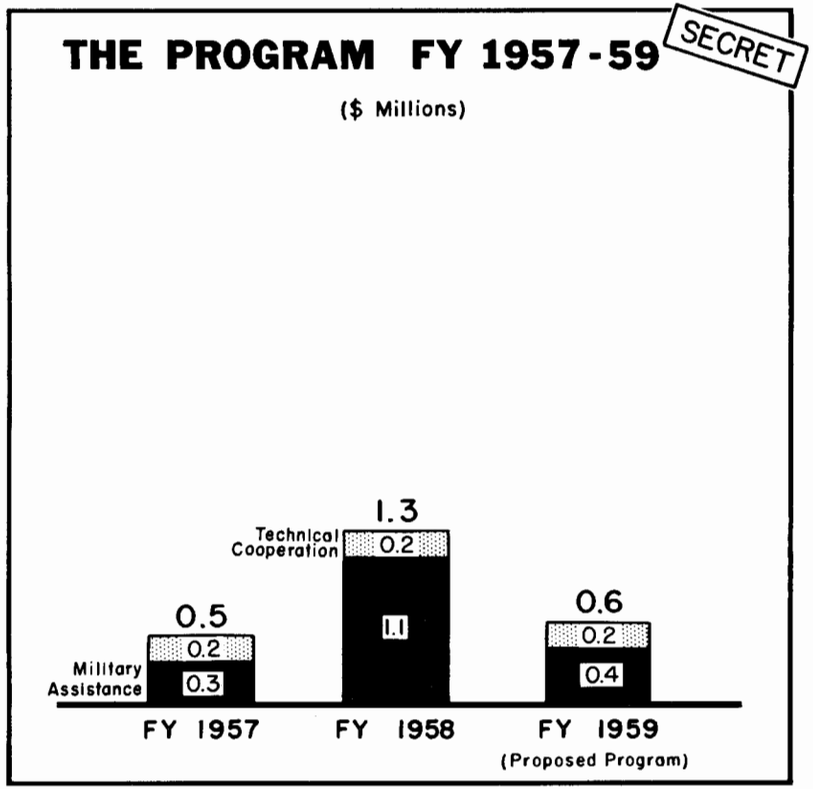
The Dominican Government has been generally friendly towards the United States. It has been among the staunchest supporters of the United States in the United Nations and has cooperated extensively in the defense of free world policies.

The Dominican Government has also consistently opposed international Communism, which has been virtually eliminated within the country.

The Dominican Republic purchases about 60% of its imports in the United States, and sells about 50% of its exports to the United States. Exports to the Soviet Bloc countries in recent years have been virtually nil; imports from these countries have been less than one-half million dollars per year. The Dominican market is an important one to American exporters.

Because the Dominican economy is basically agricultural and is dependent on world markets for disposal of the country's sugar, coffee, cacao and tobacco crops, the need for economic diversification is obvious. Promising steps have recently been taken to increase mineral production, as well as livestock breeding.

The Dominican Government officially welcomes private American investments, but on occasion has brought pressure to bear on United States companies to sell their interests to Dominicans.



Obligations and Expenditures $ in thousands

MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57	5,025	4,101	924
Estimate F.Y. 1958	1,078	475	XXX
Cumulative 6/30/58	6,103	4,576	1,527
ECONOMIC ASSISTANCE	**OBLIGATIONS**	**EXPENDITURES**	**UNLIQUIDATED**
Cumulative 6/30/57	1,444	1,424	20
Estimate F.Y. 1958	190	160	XXX
Cumulative 6/30/58	1,634	1,584	50

Dominican Republic

MILITARY ASSISTANCE

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Major Components by Category (all values in thousands of dollars)	Annual Programs				Del./Exp. F.Y. 1950-58 Programs		
	Quantity and Value		Proposed F.Y. 1959		Estimate F.Y. 1958	Cumulative June 30, 1958	F.Y. 1959 and Later
	F.Y. 1957	F.Y. 1958	Quantity	Value			
Country Total	$277	$1,078	-	$424	$475	$4,576	$1,527
Aircraft Components, Spares & Related Equip.	-	-	-	-	$ 39	$1,909	$ 193
T-33	-	-	-	-	-	4	-
Ships and Harbor Craft, Components and Spares	$ 56	-	-	-	$ 45	$ 111	$ 57
Tanks, Other Vehicles, Weapons, Comp. & Spares	$ 22	$ 169	-	-	$ 41	$ 328	$ 161
Tractor, 4000 lbs.	-	-	-	-	1	1	-
Truck, Fire Crash CL-135	-	-	-	-	-	-	1
Gun 40mm (Twin)	-	-	-	-	-	2	2
Gun 20mm (Single)	-	-	-	-	-	46	-
Gun Sights, MK 14	-	41	-	$ 19	-	-	41
Ammunition	$ 78	$ 332	-	-	$ 51	$ 492	$ 369
Cartridge 20mm (all types) (M Rounds)	10	40	-	-	34	43	36
Projector, Charge 7.2 (Plaster)	-	-	880	$ 19	-	-	-
Electronics & Comm. Equipment, Comp. & Spares	-	-	-	$ 24	$100	$ 912	$ 199
AN/GRR-7, Ground UHF Receiver	-	-	-	-	-	-	3
AN/GRT-3, Ground UHF Transmitter	-	-	-	-	-	-	3
AN/TPS-1D LW Search Radar	-	-	-	-	-	2	-
AN/TRT-3 Radio Transmitting Set	-	-	-	-	-	,	-
AN/URA-8 Converter, FS	-	-	-	-	3	3	-
TBS Radio Equipment	-	-	-	-	-	9	1
T-159/FRT Radio Transmitter	-	-	-	-	-	-	17
NJ Fathometer	-	-	8	$ 24	2	2	-
Other Materiel	$ 20	$ 186	-	-	$143	$ 431	$ 211
Construction	-	-	-	-	-	-	-
Training	$101	$ 391	-	$381	$ 54	$ 279	$ 337
All Other	-	-	-	-	$ 2	$ 114	-

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Dominican Republic

Objectives of Military Assistance: Continued development of Dominican military units which contribute to the defense of the Western Hemisphere through:

(a) defense of the country's coastal waters, ports, and approaches thereto;
(b) defense of bases, strategic areas, and installations of Dominican Republic;
(c) preparation for participation in combined operations in support of U.S. forces guarding the approaches to the Panama Canal.

Major Combat Forces:

Strategic Objectives	MAP Supported
14 Vessels	10 Vessels
2 Air Squadrons	1 Air Squadrons

Active Military Strength: 14,431

MAP Accomplishments: Military assistance to the Dominican Republic has provided some equipment deficiencies for the activation and organization of the MAP-supported units. In addition, the training assistance furnished has increased the combat potential of the Navy and Air Force MAP-supported units.

Appraisal of Forces:

Army: Limited capability for internal security

Navy: Non-effective

Air Force: Limited capability in support of Army and for patrol missions.

The Dominican Air Force and Navy continue to be the only military services in the Dominican Republic which receive grant military assistance. Definite progress has been made in specific areas as a result of the military assistance program. Yet both services remain a long way from meeting their stated objectives and from achieving a high degree of readiness and combat effectiveness in accordance with U.S. standards. Continued training assistance is considered necessary to increase combat effectiveness.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
Country Programs	277	1,078	424
Portion Special Materiel Program	(91)	(88)	(122)
Total	(368)	(1,166)	(546)

Country Contribution: The Dominican Republic is fulfilling its commitment under the bilateral agreement with the U.S. in organizing and maintaining the MAP-supported units. Although good country support is given the Dominican Republic's Navy, for political reasons the Dominican Air Force is the favored service of the country. Approximately 23% ($29.5 million in 1957) of the Dominican budget is allocated for defense. The Dominican Republic has granted the U.S. permission to construct and operate a guided missiles tracking facility on Dominican soil.

Proposed FY 1959 Program Provides:

Navy: Some ASW equipment deficiencies, spare parts and training.

Air Force: Spare parts and training.

Miscellaneous Data: U.S. excess stocks delivered at no charge through 30 June 1958: $1.6 million (Est.). Military Sales through 30 June 1957: $.5 million.

The present authorized complement of the MAAG is six (6) military personnel. No. U.S. civilian employees are authorized for this MAAG.

Country: DOMINICAN REPUBLIC

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	111		111		109		109		125		125
Participants	7		7		7		7		10		10
Contractual Services											
Supplies and Equipment					8		8				
Contrib. to Coop. Services	17		17		20		20		36		36
Other Costs	21		21		46		46		39		39
Total Project Assistance	156		156		190		190		210		210
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	156		156		190		190		210		210
NUMBER OF PEOPLE											
Technicians (On duty close of year)	8		8		9		9		10		10
U.S. Employed	8		8		9		9		10		10
Contract											
Participants (Programmed during year)	16		16		12		12		15		15
Non-Contract	16		16		12		12		15		15
Contract											

GPO 934793

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Objectives of Technical Cooperation

- To provide a basis for broader economic development by strengthening institutions for training in essential industrial skills.
- To train in modern teaching methods and to explain U.S. educational philosophy, which supports the growth of democratic processes.
- To train in cartography and other mapping skills as a tool for planning economic development and for hemispheric defense.

Accomplishments of Technical Cooperation

U.S. technical assistance in the Dominican Republic has created a nucleus of professional Dominican education personnel which, it is hoped, will influence Dominican educational processes towards the goal of social, economic and political advancement of the population.

A National Arts and Crafts School, built with Dominican and equipped with Dominican and U.S. funds, began operations in 1951 and to date has turned out 150 graduates in various skills needed by industry. Industrial Arts training courses have been established in 12 elementary and secondary schools and 30 teachers in this field have been trained. Two rural normal schools, built with Dominican and equipped with joint funds, have graduated 150 rural elementary school teachers trained in modern teaching methods. It is expected that these schools will turn about 75 graduates each year. Two pilot rural elementary schools have been established by the Dominican Government in order to further advance the U.S. program in teacher training.

Sixty Dominicans have been trained in various aspects of mapping at the Inter-American Geodetic Survey School in Panama. The Cartographic Institute of the Dominican Government is staffed largely with these trainees.

Major Problems: Illiteracy, though systematically attacked through emphasis on at least primary education, still runs as high as 50%; political immaturity of the majority of the population, with little opportunity for independent political or social action; an antiquated philosophy of education which discourages independent thought; the overdependence of the Dominican economy on the production of sugar, coffee, cacao and tobacco; the lack of technical skills needed for industrialization.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	156	190	210

Proposed FY 1959 Program

The program is designed to meet U.S. objectives and to overcome the major problems in the fields in which it is operative, and will include the following:

Vocational Education Training - Provision for technical guidance to the National Arts and Crafts School.

Industrial Arts Training - Furnishing technical training to teachers of industrial arts in the elementary and secondary schools.

Rural Education Training - Expert consultation for the staffs of the only two rural normal schools and the introduction and furnishing of some teaching aids. Upgrading present teaching staffs through in-service training.

Cartographic Training - This project is nearing completion, and the Dominican Cartographic Institute is now functioning efficiently. This year's project provides for the training in thoses aspects of mapping in which the Institute still is weak.

Peaceful Uses of Atomic Energy - Training for one Dominican, complementing the U.S. - Dominican Atomic Research Agreement of 1956.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	156			7		1	148			
ESTIMATE FY 1958 Technical Cooperation	190			7			183			
PROPOSED FY 1959 Technical Cooperation	210			5			200			5

Country: DOMINICAN REPUBLIC

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Technical Cooperation	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Transportation									
Training of local nationals in surveying, mapping, photogrammetry and geodesy	5		5						
Education									
Contribution to Cooperative Services and Administration and Technical Support of Education Program.	116	53				27	36		
Vocational Education Training for Industry	8	5				3			
Industrial Arts	11	10				1			
Rural Education	65	57				8			
Subtotal	200	125	5			39	36		
General and Miscellaneous									
Peaceful Uses of Atomic Energy	5		5						
Total Technical Cooperation	210	125	10			39	36		

ECUADOR

BASIC DATA

Population	3.9	million
Annual Growth	2.9	percent
Agricultural Land	14	percent of area
Agri. Land per Capita	2	acres
Literacy Rate	44	percent

	Ecuador	United States
Life Expectancy (years)	n.a.	70
Inhabitants per Physician	3,700	760
Road Miles per 1,000 sq.mi....	46	1,020
Electric Power per Capita .... (KWH per year)	66	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	700	730	745	785
Per Capita GNP.....	Dollars	196	198	196	202
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	195	213	231	247
Coffee	1,000 MT	20	26	23	30
Sugar, centrifugal	"	54	55	74	78
Petroleum, crude	"	415	466	451	400
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	124	114	115	136
Bananas	"	51	62	59	70
Coffee	"	28	23	29	33
Total Imports (c.i.f).....	"	120	112	101	105
Trade Balance.....	"	4	2	14	31
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	61	53	53	57
Imports from U.S.	"	48	46	44	47
Trade Balance with US.	"	13	7	9	10
FOREIGN EXCHANGE RESERVES[b]... (end of year)	"	39	34	32	39
COST OF LIVING (Quito).....	1953=100	104	106	101	100

n.a. - Not Available
b - Central Bank only.
a - Crops harvested in crop-year ending in year stated.

Country ECUADOR

MUTUAL SECURITY PROGRAM

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

U.S. Interests: Ecuador is of strategic importance because it projects farther to the West than does any other country in South America and because of its proximity to the Panama Canal. In the Second World War the Gallapagos Islands some 600 miles off the Ecuadoran coast were of considerable importance to the defense of the Pacific approaches to the Canal.

Ecuador is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947) and we have entered into a Mutual Defense Assistance Agreement with Ecuador.

There exists in Ecuador a great pride in orderly Presidential changes in accordance with the elective processes which have taken place over the last 12 years. Therefore, there is considerable probability that the present minority government will complete its constitutional term of office in March 1960.

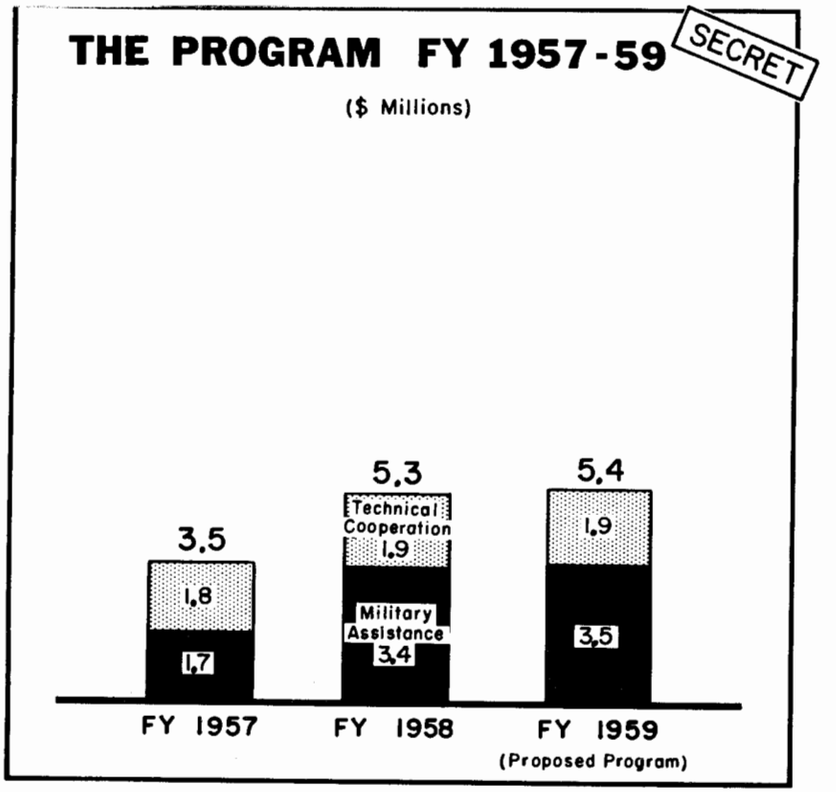
The present Government is friendly toward the United States and has in general given good support in international organizations, though sensitive on colonial issues.

Communists, although a legally organized party, do not at this time exercise great influence. They control the weak labor federation and have split the University student organization, one large segment of which they dominate. The Socialists, a very strong minority party, at times appear quite willing to work with the Communists.

Ecuador's exports amounted to $115,000,000 and her imports to $101,000,000 in 1956. Of its exports 59.4% went to the United States and 52% of its imports came from there. Ecuador's principal exports are bananas, cacao and coffee. It imports a wide variety of manufactured products.

The Ecuadoran Government is dedicated to the philosophy of a free enterprise economy and wishes to encourage private foreign investment. However, it has shown itself willing to compromise on these principles to the extent of espousing popular causes against foreign firms operating in Ecuador without too much consideration of the justice of these causes. United States private investment in Ecuador is small and diversified. It is found in petroleum production and refining, banana production and in a variety of small-scale enterprises. Ecuador has signed an Investment Guaranty Agreement with the United States.

There is no trade between Ecuador and the Communist countries.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57	9,925	7,504	2,421
Estimate F.Y. 1958	3,464	1,884	XXX
Cumulative 6/30/58	13,389	9,388	4,001
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	8,335	7,253	1,082
Estimate F.Y. 1958	1,880	1,600	XXX
Cumulative 6/30/58	10,215	8,853	1,362

Ecuador

MILITARY ASSISTANCE

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Major Components by Category (all values in thousands of dollars)	Annual Programs				Del./Exp. F.Y. 1950-58 Programs		
	Quantity and Value		Proposed F.Y. 1959		Estimate F.Y. 1958	Cumulative June 30, 1958	F.Y. 1959 and Later
	F.Y. 1957	F.Y. 1958	Quantity	Value			
Country Total	$1,702	$3,464	-	$3,543	$1,884	$9,388	$4,001
Aircraft Components, Spares & Related Equip.	$ 446	-	-	$2,204	$ 230	$2,199	$ 344
S2F	-	-	3	$1,695	-	-	-
F-80C	13	1	-	-	13	13	1
F-47D	-	-	-	-	-	11	-
T-33	-	-	-	-	-	4	-
Ships and Harbor Craft, Components and Spares	$ 292	-	-	$ 2	$ 15	$ 548	$ 8
Patrol Frigate (PF) (overhaul)	1	-	-	-	-	1	-
Tanks, Other Vehicles, Weapons, Comp. & Spares	$ 237	$1,211	-	$ 115	$ 35	$1,518	$1,447
Mount, Trailer, Multi, Cal..50, M3, M55	-	-	-	-	-	32	-
Trailer, Fuel Servicing, F-7	2	-	-	-	-	1	2
Truck, Tractor, 2 1/2 Ton, 6x6, M48	1	-	-	-	2	2	-
Truck, 3/4 Ton, 4x4, Cargo (all models)	-	15	-	-	-	5	15
Truck, Fire Crash CL-135	-	-	-	-	-	1	1
Gun 40mm (Twin), MK1, Mod 6/2-N	2	-	-	-	-	24	2
Mount, 3"/50 Single SF	-	-	1	$ 43	-	1	-
Ammunition	$ 27	$ 101	-	$ 15	$ 35	$1,093	$ 104
Cartridge, Cal..30 (all types) (M Rounds)	-	272	50	-	161	750	111
Cartridge 40mm (all types) (M Rounds)	-	4	**	$ 2	4	44	-
Cartridge, Cal..50 (all types) (M Rounds)	90	126	56	-	73	1,853	143
Cartridge 20mm (all types) (M Rounds)	-	3	3	$ 4	-	-	9
Rocket, SCAR, 2.25"	-	400	-	-	-	2,430	400
Electronics & Comm. Equipment, Comp. & Spares	$ 43	$ 20	-	$ 149	$ 341	$1,321	$ 426
AN/TPS-1 Radio Set	-	-	-	-	2	7	-
AN/URN-5 Radio Beacon	-	-	-	-	4	4	4
SCR-506 (AN/GRC-19) Radio Set	-	-	-	-	20	24	-
AN/SQS-11 Sonar	-	-	1	$ 33	-	-	-
Other Materiel	$ 94	$1,043	-	$ 320	$ 301	$ 961	$1,093
Construction	-	-	-	-	-	-	-
Training	$ 235	$ 840	-	$ 738	$ 423	$1,021	$ 518
All Other	$ 328	$ 249	-	-	$ 504	$ 727	$ 61

** Less than 500 rounds.

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Ecuador

Objectives of Military Assistance: Continued development of Ecuadoran military units which contribute to the defense of the Western Hemisphere through:

(a) defense of the country's coastal waters, ports and approaches thereto;
(b) defense of bases, strategic areas and installations of Ecuador;
(c) preparation for participation in combined operations in support of U. S. forces guarding the approaches to the Panama Canal.

Major Combat Forces:

Strategic Objectives	MAP Supported
3 Inf BCT., 1 Engineer Bn	1 Engineer Combat Bn.
11 Vessels	1 Vessel
3 Air Squadrons	2 Air Squadrons

Active Military Strength: 18,358

MAP Accomplishments: Military assistance to Ecuador has furnised equipment deficiencies, supplies, and services required to activate, organize, and maintain the MAP-supported units as more modern combat units. Without such assistance, the country could not develop the desired combat potential for these units.

Appraisal of Forces:

Army: Limited effectiveness for internal security missions.

Navy: Non-effective.

Air Force: Limited effectiveness in supporting Army units.

None of the three services is considered combat capable at the present time. All are lacking in sufficient numbers of trained personnel to properly man equipment on hand. With increased training of personnel and tactical unit training, the armed forces of Ecuador will attain a reasonable degree of combat effectiveness.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
Country Programs	1,702	3,464	3,543
Portion Special Materiel Program	(186)	(262)	(402)
Total	(1,888)	(3,726)	(3,945)

Country Contribution: The Ecuadoran Government has abided by the bilateral agreement in the organization and maintenance of MAP-supported units. This country has supported these units and purchased some modern equipment with country funds even though the latter was accomplished by overspending and borrowing by the past government. The Ecuadoran Government allocates approximately 26% ($15.6 million in 1957) of its total budget for defense.

Proposed FY 1959 Program Provides:

Army: Spare parts and training.

Navy: ASW equipment, spare parts, and training.

Air Force: Aircraft, spare parts, and training.

Miscellaneous Data: U. S. excess stocks delivered at no charge through 30 June 1958: $3.0 million (Est.). Military Sales through 30 June 1957: $1.2 million.

The functions of the MAAG for Ecuador are performed by U. S. Military Mission personnel assigned to the country. These personnel are supported by their respective services and the host country.

Country: ECUADOR

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	698		698		824		824		857		857
Participants	194		194		178		178		199		199
Contractual Services	23		23		23		23		2		2
Supplies and Equipment	61		61		53		53		20		20
Contrib. to Coop. Services	675		675		605		605		635		635
Other Costs	158		158		197		197		187		187
Total Project Assistance	1,809		1,809		1,880		1,880		1,900		1,900
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	1,809		1,809		1,880		1,880		1,900		1,900
NUMBER OF PEOPLE											
Technicians (On duty close of year)	52		52		69		69		63		63
U.S. Employed	50		50		69		69		60		60
Contract	2		2								
Participants (Programmed during year)	49		49		63		63		63		63
Non-Contract	49		49		63		63		63		63
Contract											

GPO 934793

Country ECUADOR

ECONOMIC ASSISTANCE

Objectives of Technical Cooperation

The over-all objective of the United States' program is to assist Ecuador to develop and to diversify its economy. Specific objectives are:

- To give Ecuadoreans sufficient technical skills, through training in Ecuador, the United States or in other countries, to enable them to train others and to assume the responsibility for operating projects, initially begun with help from the United States, as they are turned over completely to the Ministries.

- To improve production of exportable agricultural commodities such as bananas, cacao and coffee, and of basic food crops for local consumption.

- To teach Ecuadoreans the importance of better health conditions, with particular emphasis on a healthier and more productive labor force.

- To assist in integrating the Indian population into the economic and social base of the country, making particular use of the community education approach with its emphasis on training the people to help themselves.

- To assist in the development of new industries and modernization of existing industries, to foster better management practices in industry and to encourage handicraft industries which have good market potential either within Ecuador or for export.

- To demonstrate and improve management practices within the Government of Ecuador.

Accomplishments of Technical Cooperation

Based on Ecuador's success with experimentation in the control of Sigatoka, a banana disease, other countries in the Latin American area now using controls and methods developed in this program.

Clonal cacao plants have been produced which average about 10 pounds of dry cacao per year, compared with the average of 1/2 to 1 pound per year of the criollo varieties.

Through the introduction of a poultry program with its emphasis on corn as the principal poultry feed, corn prices have been stabilized. Corn is now a major economic crop.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	1,809	1,880	1,900

An intensive yaws control program has reduced the incidence of yaws from 24% to less than 1% of the population in the northern provinces where this disease was prevalent.

Malaria control work has reduced the incidence of this disease to less than 5% of the population in the northern provinces. In other areas it has been eliminated.

The environmental sanitation program has trained a national staff of engineers and technicians for work on the problems of public water supply and sewerage systems.

Within the program for peaceful uses of atomic energy, Ecuador is making a significant world-wide contribution in work in radioactive pyrethrum and rotenone.

Major Problems: Need to increase the productive capacity of the economy in order to obtain a corresponding increase in the availability of goods and services.

Need to increase the capital resources as well as broaden the knowledge of technical and managerial skills.

Need to overcome such chronic weaknesses as lack of diversification of crops and products, low literacy rates, poor health and sanitation facilities, low rate of savings or investment, and inadequate transportation and power facilities.

Need to drastically increase the per capital gross national product. At the present rate it will take 28 years to achieve a per capita product of $300 per year. The population is growing at the rate of 3% annually.

Need to develop within the government a coordinating mechanism for all aspects of industrial development.

Proposed FY 1959 Program

This is a technical cooperation program supplemented by a $2,000,000 Development and Colonization Loan during FY 1957 under the provisions of the Smathers Amendment.

The FY 1959 program is primarily a continuation of FY 1958 program activities, but reflects changes of emphasis within some projects in different fields of activity.

For example, in the Agricultural Research Project more stress will be placed on cacao research and less on banana research because of the excellent progress made in Ecuador on the control of Sigatoka. Considerable emphasis will be put on the supervised agricultural credit program.

In education greater time and effort will be expended on the School Community Education Program with its emphasis on assisting the Indians to play a more effective role in the economy of the country. Adult education, urban and rural, will be intensified.

In the field of Health and Sanitation assistance will be extended through the Servicio to the National Health Department in health education, environmental sanitation and training of personnel.

Public Administration activities will include advisory services to Ministries and government agencies in organization, management and personnel. The value of these services is shown by the increasing number of requests from various Ministries for such advice.

Other activities planned for FY 1959 include projects in such fields as industrial development, atomic energy and cartography. Selected trade unionists will continue to be sent to the United States and Puerto Rico as part of the long-range objective of establishing a democratic labor movement in Ecuador.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	1,809	791	113	67	24	385	261	86	1	81
ESTIMATE FY 1958 Technical Cooperation	1,880	725	116	45		446	327	106		115
PROPOSED FY 1959 Technical Cooperation	1,900	894	80	24	15	370	314	106		97

Country: ECUADOR

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION									
Food and Agriculture									
Contribution to Cooperative Services and Administration of Agricultural Program	404	76				28	300		
Agricultural Extension	180	114	43			23			
Agricultural Research	95	66	14			15			
Livestock Development	104	89	5	1		9			
Machinery Operations	47	40				7			
Vocational Agriculture	50	41	6			3			
University Cooperation Advisory Services	14	12				2			
Subtotal	894	438	68	1		87	300		
Industry and Mining									
Contribution to Cooperative Services and Adminis. of Industry and Manual Arts Prog.	35						35		
Manual Arts	5					5			
Industry Development	40	30	6			4			
Subtotal	80	30	6			9	35		
Transportation									
Civil Aviation Assistance	18	10	3			5			
Inter-American Geodetic Survey Training	6		6						
Subtotal	24	10	9			5			
Labor									
Labor and Trade Union Leadership	15		15						
Health and Sanitation									
Contribution to Cooperative Services and Administration of Health Program	250	30				20	200		
Health and Nursing Education	33	19	11			3			
Environmental Sanitation	46	35	8			3			
Advisory Service to Health Facilities and Control Campaigns	31	27	2			2			
Advisory Services to Medical Education	10		6			4			
Subtotal	370	111	27			32	200		

Country: ECUADOR

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION - Continued									
Education									
Contribution to Cooperative Services and Administration of Education Program	135	20				15	100		
Rural Education Teacher Training	134	84	37		2	11			
Urban Education Teacher Training	45	18	16		3	8			
Subtotal	314	122	53		5	34	100		
Public Administration									
Civil Police Administration	23	14	9						
Public Administration Advisory	83	72	6			5			
Subtotal	106	86	15			5			
General and Miscellaneous									
Peaceful Uses of Atomic Energy	6		3	1	2				
Colonization and Area Development	45	34			7	4			
General Technical Support	46	26	3		6	11			
Subtotal	97	60	6	1	15	15			
Total Technical Cooperation	1,900	857	199	2	20	187	635		
P.L. 480, TITLE I									
Food and Agriculture									
Loans to producers									900
Industry and Mining									
Loans to organized groups or individuals									561
Transportation									
Highway improvement and maintenance									562
Total P.L. 480, Title I									2,023
GRAND TOTAL	1,900	857	199	2	20	187	635		2,023

LOCAL CURRENCY - Narrative

Local currency is made available in Ecuador through a P.L. 480, Title I, program. Two Sales Agreements have been signed with the Government of Ecuador with a total value of some $8 million, of which approximately $6.3 million is programmed for economic purposes.

Currency generated under P.L. 480, Title I, contributes toward the economic development of Ecuador. Local currency loans from surplus commodity sales are used for such activities as road construction and maintenance, primarily farm-to-market roads; agricultural projects such as development of bananas, coffee, cacao and certain fibers through individual loans to producers through relending banks; power projects; and small loans for industrial development.

Approximately 95% of these generated funds is used to supplement development programs; approximately 80% constitutes self-liquidating loans; approximately 70% is loaned through private investment channels; and approximately 40% is used for the development and expansion of exportable products of interest to the United States.

Local currency available as a result of the P.L. 480 program, by prior agreement with Ecuador, is devoted to the carrying out of economic development projects. U.S. Government assistance to Ecuador is limited to technical cooperation which the P.L. 480 program complements but with no direct effect upon dollar requirements.

TABLE III

(In thousands of dollars)

SUMMARY SALES PROGRAM UNDER P.L. 480, TITLE I AND FOREIGN CURRENCY PROGRAM EARMARKING

(Foreign Currency in thousands of dollar equivalent)

SALES AGREEMENT BY FISCAL YEAR		Foreign Currency Reserved for U.S. Uses	Foreign Currency Administered by Ex-Im Bank (Cooley Amend.)	FOREIGN CURRENCY TO BE ADMINISTERED BY MSP AGENCIES				
Fiscal Year in Which Sales Agreement Signed	Total Value of Sales			Sec. 104c	Sec. 104d	Sec. 104e	Sec. 104g	Total Administered by MSP Agencies
FY 1955 Actual								
FY 1956 Actual	4,000	900					3,100	3,100
FY 1957 Actual	4,100	920					3,180	3,180
FY 1958 Estimate								
FY 1959 Estimate								
TOTAL	8,100	1,820					6,280	6,280

Country: ECUADOR

STATUS OF LOCAL CURRENCY FUNDS

(Administered by MSP Agencies)

TABLE IV

(In thousands of dollar equivalent)

Type of Programs Generating Local Currencies and its Utilization	ACTUAL FY 1957			ESTIMATE FY 1958		PROPOSED FY 1959	
	Cumulative Through 7/1/56	Net Change	Cumulative Through 6/30/57	Net Change	Cumulative Through 6/30/58	Net Change	Cumulative Through 6/30/59
MSP U.S.-OWNED LOCAL CURRENCIES							
Potential Generation from U.S. Dollar Program							
Deposits							
Obligations							
Expenditures							
COUNTERPART							
Potential Generation from U.S. Dollar Program							
Deposits							
Commitments							
Expenditures							
P.L. 480 TITLE I							
Potential Generation from U.S. Dollar Program	3,100	3,180	6,280		6,280		6,280
Deposits	1,178	1,347	2,525	3,755	6,280		6,280
Obligations	103	2,238	2,341	1,916	4,257	2,023	6,280
Expenditures	103	2,238	2,341	1,916	4,257	2,023	6,280
OTHER LOCAL CURRENCY							
Potential Generation from U.S. Dollar Program							
Deposits							
Commitments							
Expenditures							

Country: ECUADOR

TABLE V

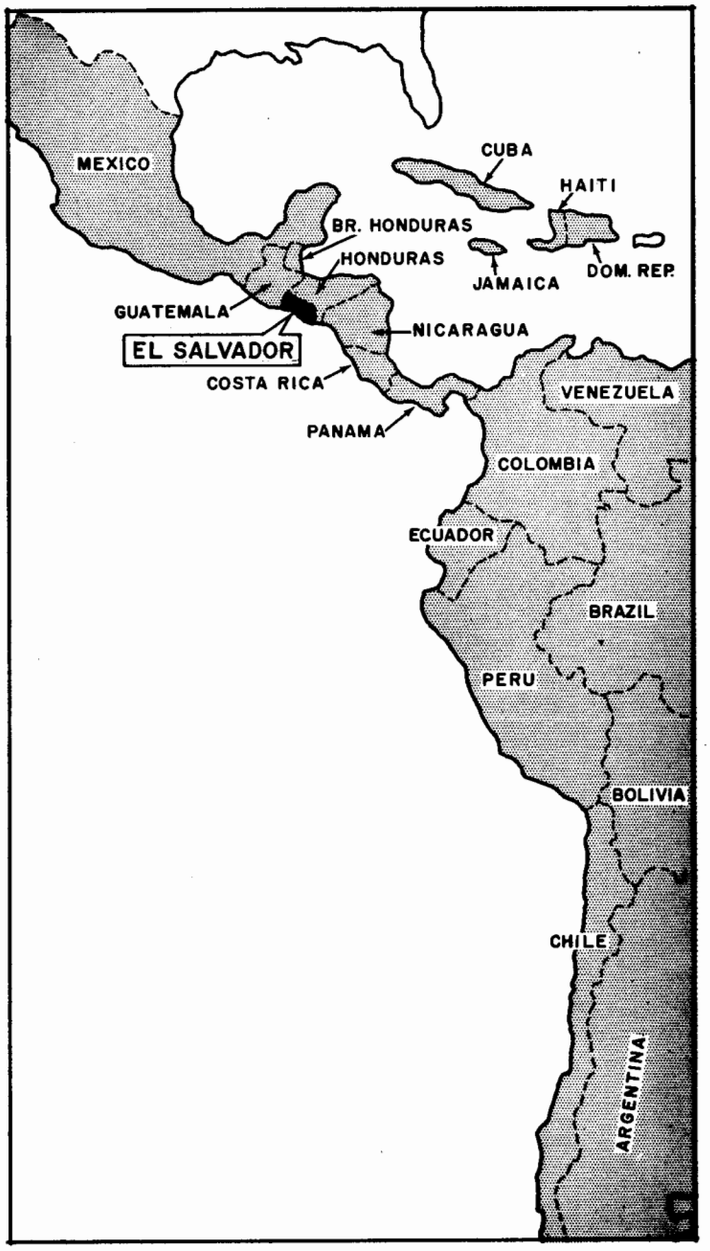
SUMMARY OF LOCAL CURRENCY PROGRAM ADMINISTERED BY MSP AGENCIES BY PURPOSE AND FIELD OF ACTIVITY

Obligations or Commitments by Fiscal Year

(In thousands of dollar equivalent)

PURPOSE AND ACTIVITY	FY 1957			FY 1958			FY 1959		
	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources
MILITARY PURPOSES									
Projects									
Budget Support									
Military Procurement									
Total Military Purposes									
ECONOMIC PURPOSES									
Project Assistance by Field of Activity									
Agriculture		1,511			1,065			900	
Industry and Mining		595			396			561	
Transportation		132			455			562	
Labor									
Health and Sanitation									
Education									
Public Administration									
Community Development, Social Welfare and Housing									
General and Miscellaneous									
Total		2,238			1,916			2,023	
Budget Support (Not Elsewhere Classified)									
Total Economic Purposes		2,238			1,916			2,023	
Procurement for Third Country	XXX			XXX			XXX		
TOTAL ALL PURPOSES		2,238			1,916			2,023	

EL SALVADOR



BASIC DATA

Population	2.3	million
Annual Growth	3.5	percent
Agricultural Land	58	percent of area
Agri. Land per Capita	1.2	acres
Literacy Rate	43	percent

	El Salvador	United States
Life Expectancy (years)	51	70
Inhabitants per Physician	6,000	760
Road Miles per 1,000 sq.mi....	590	1,020
Electric Power per Capita .... (KWH per year)	88	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	n.a.	450	455	485
Per Capita GNP.....	Dollars	n.a.	205	201	207
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	139	174	180	198
Corn	1,000 MT	160	175	150	188
Coffee	"	64	80	75	87
Sugar, centrifugal	"	33	33	38	41
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	105	107	113	133
Coffee	"	92	92	87	110
Cotton	"	6	9	18	15
Total Imports (c.i.f).....	"	87	92	105	115
Trade Balance.....	"	18	15	8	18
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	61	62	48	64
Imports from U.S.	"	41	47	49	51
Trade Balance with US.	"	20	15	-1	13
FOREIGN EXCHANGE RESERVES... (end of year)	"	49	45	44	46
COST OF LIVING INDEX[b].....	1953=100	104	108	111	112

n.a. - Not Available

a - Crops harvested in crop-year ending in year stated.

b - San Salvador.

U.S. Interests: El Salvador occupies 8,200 square miles of territory and is strategically located only 600 miles from the Panama Canal. Hence it could be of importance in time of international emergency. El Salvador is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947).

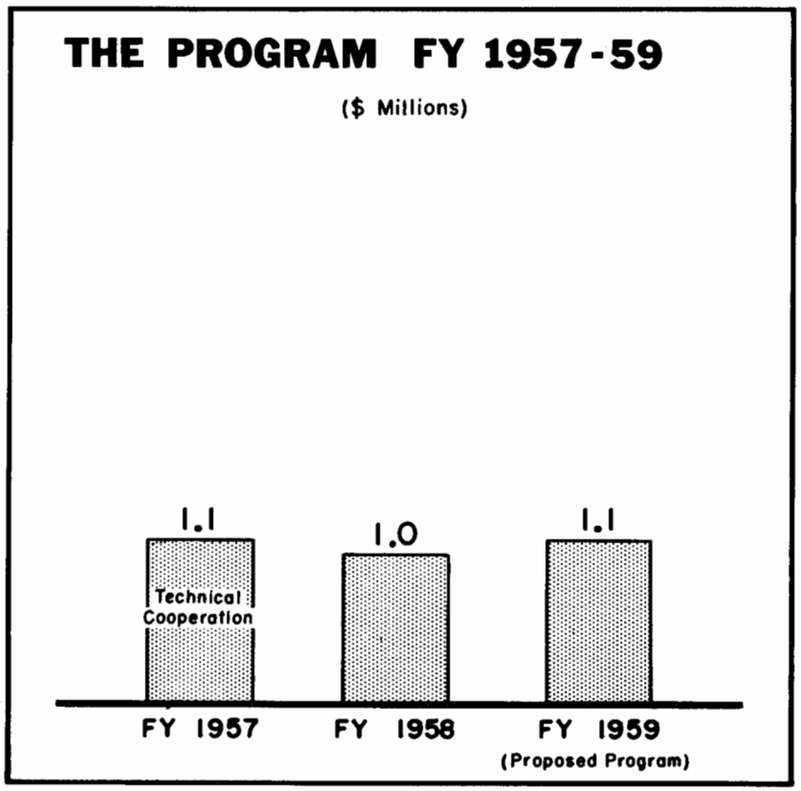
Politically, El Salvador is a constitutional democracy. Since 1950, when the present Constitution was adopted, El Salvador has enjoyed unprecedented economic and social progress within a framework of political stability and institutional government.

Internationally, El Salvador has acquired valuable prestige as a moderate force and a stabilizing influence within Central America. A Salvadoran is presently chairman of the Organization of Central American States (ODECA), which has its headquarters in San Salvador. Salvadorans are friendly toward, and cooperate closely with, the United States, and staunchly support the free world's interests in the United Nations.

From an economic standpoint, El Salvador is relatively stable, despite the recent fall in the world price of coffee. Coffee constitutes almost 90% of the country's exports, most of which are to the United States. United States trade with El Salvador amounted to approximately $72 million in the first half of 1957.

Major economic problems are the low subsistence level of the agricultural worker and consequent absence of consumer markets, lack of diversification, and overpopulation. Although widespread poverty and other economic factors create a situation ripe for possible communist exploitation, the Government is fully cognizant of the problem and merits United States support in its solution. El Salvador is collaborating with enlightened labor leaders and has instituted necessary social reforms. The Government intends to step up both these areas of positive response to communism, in 1958.

Recent years have brought an increase in local private investment in El Salvador, with correspondingly less flight of capital abroad. The investment climate has improved; foreign (including U.S.) investment is encouraged, and protected by anti-expropriation laws.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57			
Estimate F.Y. 1958			XXX
Cumulative 6/30/58			
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	4,400	3,933	467
Estimate F.Y. 1958	1,000	950	XXX
Cumulative 6/30/58	5,400	4,883	517

Country: EL SALVADOR

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	560		560		583		583		606		606
Participants	280		280		226		226		307		307
Contractual Services											
Supplies and Equipment											
Contrib. to Coop. Services	162		162		137		137		130		130
Other Costs	67		67		54		54		57		57
Total Project Assistance	1,069		1,069		1,000		1,000		1,100		1,100
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	1,069		1,069		1,000		1,000		1,100		1,100
NUMBER OF PEOPLE											
Technicians (On duty close of year)	37		37		37		37		36		36
U.S. Employed	37		37		37		37		36		36
Contract											
Participants (Programmed during year)	106		106		115		115		126		126
Non-Contract	106		106		115		115		126		126
Contract											

GPO 934793

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Objectives of Technical Cooperation

- To increase production of foods for an expanding population.
- To broaden agricultural production with a view towards reducing the dependence on coffee for 80% of export revenues.
- To provide increased opportunities for trade and investment.
- To broaden worker education; to improve labor standards and supply advice.
- To improve standards of health, sanitation and education in rural and urban communities.
- To prevent the advancement of international Communism which is seeking to subvert Salvadoran economic and social institutions.

Accomplishments of Technical Cooperation

Program emphasis in agriculture from 1942 to 1950 was placed on research. Since 1950, an extension service has been put into operation, and the first vocational school of agriculture was established. U.S. assistance was used in establishing the Ministry of Agriculture, the National School of Agriculture and the National Coffee Research Institute, and in putting into operation a farm machinery pool and maintenance center. An important aspect of the program has been training of Salvadorans in modern agricultural techniques.

The work with the Ministry of Labor and trade unions, begun in 1953, has been largely devoted to encouraging free trade-unionism and to developing Ministry technicians. Selected participants now returning from the U.S. and Puerto Rico to El Salvador are participating in leadership for labor service and educational activities.

Activities of water supply construction and malaria control have been absorbed by the local government. Work has now begun in improving medical training institutions, and in providing advisory services in public health nursing, sanitary inspection, vital statistics and laboratory techniques. The first organized program in Latin America for the teaching of basic medical sciences has been inaugurated in cooperation with the Medical School.

Advisory services in education gave assistance in planning and designing vocational industrial school facilities, in procuring equipment in the U.S., and in training the staff for the school. The second year of class work is under way. U.S. assistance has been given in curriculum improvement, in normal school training, and in summer courses for foremen. More than 50 home economics teachers have been given training. Heads of major divisions of the Ministry and heads of five normal schools who receive U.S. training are participating in the educational program.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	1,069	1,000	1,100

In public administration technical advice was given to the government in working out its plan for economic development. An advisor has assisted in administrative research techniques, tax and treasury administration, social security, in establishing schools of Business and Public Administration, and in problems of the Municipal Government of the City of San Salvador. **Technical assistance to the staff of the Police administration was initiated in FY 1958 and staff technicians have been selected for U.S. training.**

Major Problems: Rapid increase in population, at about 3.5% per year, bringing to an already heavily populated country (density of 274 people per square mile) further pressure on use of resources; extreme economic sensitivity due to principle dependence on coffee as an export crop, as a source of fiscal revenues, and as a local cash crop; lack of known basic energy resources; an uneven distribution of economic opportunities; need of development capital, both private and public. A number of the labor unions have become infiltrated with elements sympathetic to international communism which appears aimed at destruction of the existing institutions and policies of economic and political development; a large proportion of population is illiterate.

Proposed FY 1959 Program

In agriculture, the "Centro Nacional de Agronomia," now a part of the Cooperative "Servicio" (SCASA) will be established in January 1959 as an independent agency of the Ministry of Agriculture, taking over sections of agronomy, pathology, entomology and chemistry from the cooperative servicio. The agricultural engineering activities of SCASA are to be transferred to the present Engineering Section of the Ministry. Program expansions are proposed in soil fertility, land classification and mapping, fruit production, home economics and agricultural information services, and animal industry.

In industry, U.S. advisors will provide consultation on management and on industry development problems. Short-term consultants will conduct a series of seminars on problems of creating new industries and modernizing and expanding the old.

The labor program envisages continuing intensive work in the growth of democratic trade unionism. It also includes short-term technical assistance to the Ministry in labor statistics, employment service, and industrial safety.

Highest priority in the health program will be to provide specialized participant scholarships in the U.S. and at the same time, filling five professorship chairs in the National University's Medical School. This arrangement will build professional leadership in medical instruction at the University and give increased impetus to improve local training in the basic sciences within a permanent institutional framework. U.S. technicians are working with resident professors in developing curriculum, staff and departmental organization, and on-the-job training programs for the Medical School staff. The second major effort in health consists of consultant services in sanitation, nursing, laboratory technology (serology) and vital statistics.

The education program will have two basic phases continuing from prior years: (1) rural elementary agricultural education, rural teachers will be given intensive five-week courses in agricultural practices and teaching methods; faculty and Ministry staff training is planned in Puerto Rico; (2) in industrial arts education, assistance is planned for improving curriculum and faculty at the Superior Normal School.

The public administration program will be concerned with postal, telecommunications and customs administration. Participants will be selected in the Economic Advisory Services project for U.S. study in economic analysis and statistics. The civil police advisor will concentrate on participant selection and staff training activities, on police administration, and in traffic control.

Assistance in community development will assist various ministries and support other programs through use of community development techniques and self-help programs.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	1,069	303	115	2	92	204	164	128	3	58
ESTIMATE FY 1958 Technical Cooperation	1,000	374	70	-	84	206	119	93	9	45
PROPOSED FY 1959 Technical Cooperation	1,100	423	60	-	91	265	104	97	12	48

Country: EL SALVADOR

ECONOMIC ASSISTANCE

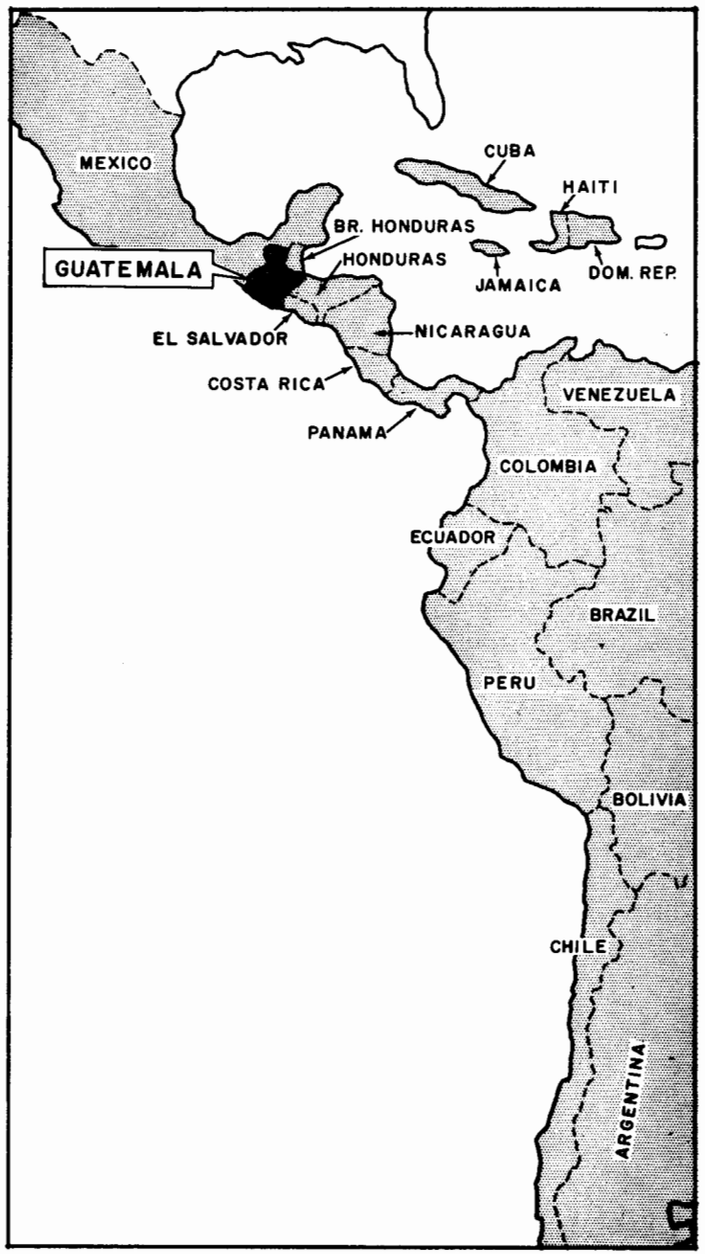
TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Technical Cooperation	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Food and Agriculture									
Contribution to Cooperative Service and Administration of Agriculture Program	127	32				5	90		
Crop and Livestock Development	116	96	19			1			
Land and Water Resources	69	49	20						
Agricultural Education, Extension & Information	106	86	20						
Agricultural Economics	5		5						
Subtotal	423	263	64			6	90		
Industry and Mining									
Industrial Development	60	44	10			6			
Labor									
Technical Labor Services	91	36	54			1			
Health and Sanitation									
Contribution to Cooperative Service and Administration of Health Program	59	18				1	40		
Public Health Services	101	64	36			1			
Medical Education	105	80	25						
Subtotal	265	162	61			2	40		
Education									
Education Advisory and Training Services	104	48	50			6			
Public Administration									
Civil Police	26	16	10						
Public Administration Services	47	18	28			1			
Economic Advisory Services	24		24						
Subtotal	97	34	62			1			
Community Development and Housing									
Community Development	12	6	6						
General and Miscellaneous									
Technical Support	48	13				35			
Total Technical Cooperation	1,100	606	307			57	130		

GUATEMALA



BASIC DATA

Population	3.4	million
Annual Growth	3.1	percent
Agricultural Land	19	percent of area
Agri. Land per Capita	2	acres
Literacy Rate	28	percent

	Guatemala	United States
Life Expectancy (years)	37	70
Inhabitants per Physician	6,000	760
Road Miles per 1,000 sq.mi....	69	1,020
Electric Power per Capita .... (KWH per year)	33	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	n.a.	605	655	680
Per Capita GNP.....	Dollars	n.a.	186	195	197
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	140	150	158	168
Coffee	1,000 MT	60	65	67	77
Industrial Prod. Index ...	1953=100	100	105	115	125
Electricity	Mill. KWH	94	101	109	120
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	105	106	122	123
Coffee	"	74	76	92	90
Bananas	"	20	17	17	17
Total Imports (c.i.f).....	"	86	104	138	152
Trade Balance.....	"	19	2	-16	-29
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	66	71	79	73
Imports from U.S.	"	48	57	80	80
Trade Balance with US.	"	18	14	-1	-7
FOREIGN EXCHANGE RESERVES... (end of year)	"	40	56	73	79
COST OF LIVING INDEX[b].....	1953=100	103	104	105	105

n.a. - Not Available
a - Crops harvested in crop-year ending in year stated.
b - Guatemala City.

Country GUATEMALA

MUTUAL SECURITY PROGRAM

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

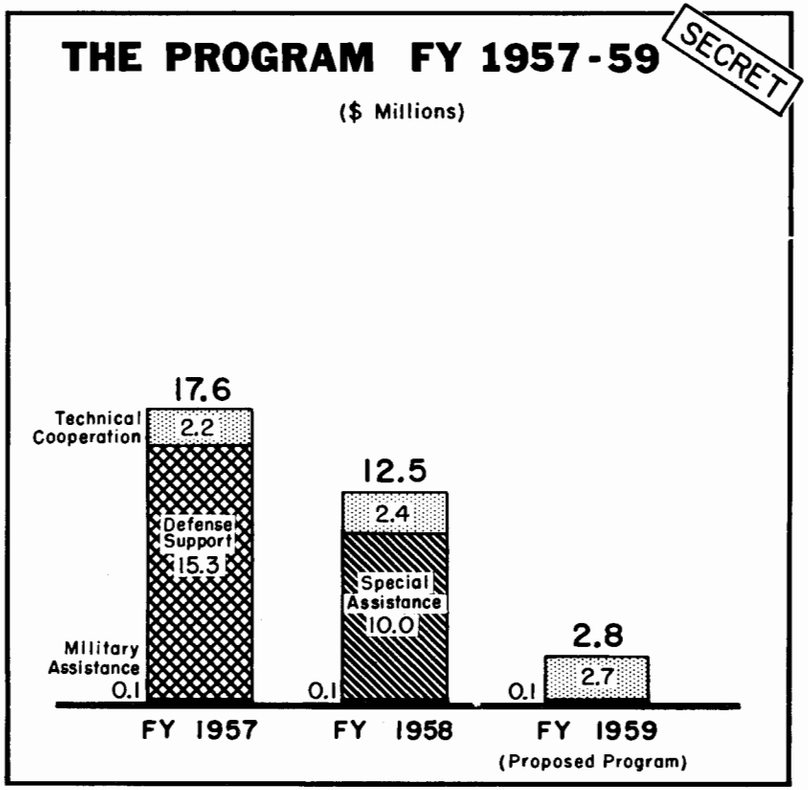
U.S. Interests: Since World War II, Guatemala has been the only country of the world to have rid itself of an entrenched Communist-oriented regime. The arrival in 1954 in Guatemala of a large shipment of arms from the Soviet bloc posed a real threat of establishment of a beachhead of international Communism between the United States and the Panama Canal. A subsequent revolution in June 1954 threw out the Communist-dominated regime and established a pro-United States, anti-Communist government.

This Government was headed by the leader of the revolution, Col. Castillo Armas, and with substantial U.S. economic assistance, made progress toward the establishment of a stable regime and in carrying forward numerous economic and social development programs designed to show the Guatemalan people that they could have a better life under a democratic form of government than under Communism. After three years in the presidency, Castillo was assassinated in July 1957.

Since that time a period of political instability, characterized by recrudescence of Communist activity and return of Communist and pro-Communist Guatemalan political exiles, has prevailed. Presidential elections were held in October 1957, annulled soon after because of public disorders, and were rescheduled for January 1958. At this moment, the anti-Communist forces are divided, and a new leftist party has made an impressive growth in strength. The U.S. cannot afford to see Guatemala slip back into Communism as this would constitute a serious blow to the prestige of the Free World way of life.

Guatemala is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947), and has entered into a Mutual Defense Assistance Agreement with the United States.

Guatemala provides a market for U.S. goods, and is an important exporter of coffee and bananas. About 75% of total exports go to the United States, and some 65% of all imports come from the United States. There is more than $100 million of direct U.S. private investment. Active exploration for petroleum is being carried on by a number of large U.S. companies. Guatemala has signed an Investment Guaranty Agreement with the United States.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57	683	582	101
Estimate F.Y. 1958	104	159	XXX
Cumulative 6/30/58	787	741	46
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	42,855	28,118	14,737
Estimate F.Y. 1958	12,400	14,100	XXX
Cumulative 6/30/58	55,255	42,218	13,037

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Major Components by Category (all values in thousands of dollars)	Annual Programs				Del./Exp. F.Y. 1950-58 Programs		
	Quantity and Value		Proposed F.Y. 1959		Estimate F.Y. 1958	Cumulative June 30, 1958	F.Y. 1959 and Later
	F.Y. 1957	F.Y. 1958	Quantity	Value			
Country Total	$105	$104	-	$126	$159	$741	$46
Aircraft Components, Spares & Related Equip.	-	-	-	-	-	-	-
Ships and Harbor Craft, Components and Spares	-	-	-	-	-	-	-
Tanks, Other Vehicles, Weapons, Comp. & Spares	-	-	-	-	-	$253	$ 2
Truck, 1/4 Ton, 4x4 (all models)	-	-	-	-	-	28	-
Truck, 3/4 Ton, 4x4, Cargo (all models)	-	-	-	-	-	6	-
Gun, Machine, Cal..30 (all models)	-	-	-	-	-	22	-
Ammunition	-	$ 16	-	-	$ 34	$154	$18
Cartridge, Cal..30 (all types) (M Rounds)	-	75	-	-	-	564	75
Cartridge, HE (HEAT) 57mm Rifle (M Rounds)	-	**	-	-	-	1	-
Cartridge, HE, 81mm Mortar (M Rounds)	-	**	-	-	3	3	-
Cartridge, HE, 60mm Mortar (M Rounds)	-	**	-	-	-	3	-
Electronics & Comm. Equipment, Comp. & Spares	-	$ 2	-	-	$ 8	$ 42	$ 2
SCR-300 (AN/PRC-10) Radio Set	-	-	-	-	-	20	-
SCR-536 (AN/PRC-6) Radio Set	-	-	-	-	-	33	-
SCR-608 (AN/GRC-5) Radio Set	-	-	-	-	-	1	-
SCR-694 (AN/GRC-9) Radio Set	-	1	-	-	-	1	-
Other Materiel	-	$ 1	-	-	$ 1	$ 30	$ 5
Construction	-	-	-	-	-	-	-
Training	$105	$ 85	-	$126	$116	$262	$19
All Other	-	-	-	-	-	-	-

** Less than 500 rounds.

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Guatemala

MILITARY ASSISTANCE

Objectives of Military Assistance: Continued development of Guatemalan military units which contribute to the defense of the Western Hemisphere through:

(a) defense of the country's coastal waters, port, and approaches thereto;
(b) defense of bases, strategic areas, and installations of Guatemala;
(c) preparation for participation in combined operations in support of U. S. forces guarding the approaches to the Panama Canal.

Major Combat Forces:

Strategic Objectives	MAP Supported
1 Inf BCT	1 Inf Bn
2 Air Squadrons	

Active Military Strength: 8,250

MAP Accomplishments: Military assistance to Guatemala has provided most of the equipment and training to enable this country to organize one modified infantry battalion. This equipment and training will allow the development of a relatively modern unit by the Guatemalan Government. In addition, the MAP has promoted standardization of arms in the country and further oriented the country Government toward the U. S.

Appraisal of Forces:

Army: Can maintain internal order.

Navy: No Navy units.

Air Force: Can provide limited support for the Army.

For political reasons, this government has been unusually slow in organizing the MAP battalion. The elapsed time since organization has been insufficient to develop a combat capability. With further MAP training assistance, the unit will attain a limited effectiveness.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
Country Programs	105	104	126
Portion Special Materiel Program	(55)	(11)	(3)
Total	(160)	(115)	(129)

Country Contribution: Guatemala has furnished personnel for the organization and activation of the MAP-supported unit. The country allocates approximately 8% ($9 million in 1957) of its total budget for defense.

Proposed FY 1959 Program Provides:

Army: Spare parts and training.

Future objectives call for the further buildup of the infantry battalion to a battalion combat team, dependent upon country capability to support the unit and political considerations in relation to neighboring countries.

Miscellaneous Data: U. S. excess stocks delivered at no charge through 30 June 1958: 0. Military Sales through 30 June 1957: $ .5 million.

The functions of the MAAG for Guatemala are performed by U. S. Military Mission personnel assigned to the country and supported by their respective services and the host country.

Country: GUATEMALA

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS	Tech. Coop.	Other	Total	SA	Tech. Coop.	Other	Total	SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	645		645		842		842		801		801
Participants	237		237		386		386		350		350
Contractual Services	490		490		204		204		375		375
Supplies and Equipment	1,609	1,600	9		2,335	2,275	60		10		10
Contrib. to Coop. Services	687		687		628		628		950		950
Other Costs	11,850	11,680 a/	170		8,005	7,725 a/	280		189		189
Total Project Assistance	15,518	13,280	2,238		12,400	10,000	2,400		2,675		2,675
NON-PROJECT ASSISTANCE											
Agric. Commodities Total	2,000	2,000									
Surplus	2,000	2,000									
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance	2,000	2,000									
TOTAL COUNTRY PROGRAMS	17,518	15,280	2,238		12,400	10,000	2,400		2,675		2,675
NUMBER OF PEOPLE											
Technicians (On duty close of year)	72		72		85		85		79		79
U.S. Employed	51		51		59		59		61		61
Contract	21		21		26		26		18		18
Participants (Programmed during year)	120		120		126		126		140		140
Non-Contract	120		120		126		126		140		140
Contract											

a/ Represents cash transfers for local costs of projects, principally for local labor costs.

GPO 934793

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Objectives

- To assist and encourage Guatemala in maintaining its gains in political stability and economic development made under the administration of the late President Castillo Armas.
- To continue programs that will show the people that a democratic, free enterprise system is preferable to Communism.

Accomplishments

Accomplishments of the Mutual Security Program in Guatemala have been retarded considerably since the assassination of the President, Castillo Armas, in July 1957. However, major projects of highway construction on both the Atlantic and Pacific slopes have continued and are scheduled for completion by the end of fiscal year 1958.

Agricultural research, crops and livestock development are being continued. A new school of forestry is being established to train nationals in this phase of economic development through exploitation of Guatemala's vast forestry resources. The training of extension service workers has continued, and area offices have been established in most of the principal agricultural areas of the country for dissemination of information and advice to farmers.

A total of 250 units have been started in the 1000-unit urban self-help housing project for low income families. More than 3000 farm families have been settled on plots of 20 acres or more of land. Low cost farm houses are being constructed at the rate of 2 to 3 per day at a cost of $300 each. Pumps are installed to provide sanitary potable water, and resettled farmers are provided with credit and technical assistance. These projects have been successful in improving the levels of living of a part of the less privileged segment of Guatemala's population.

Major Problems: Political instability that has developed following the assassination of President Castillo Armas and has held up sound planning; the increased tempo of Communist activities resulting from the re-entry of exiled Communists and subsequent organization of a strong, well-financed leftist political party; large percentage (75%) of 3.5 million population dependent on agriculture, yet 30% of cultivated land owned by approximately 1,100 farm families; continued lack of adequately trained technicians and workers;continued high rate of illiteracy (about 65%) primarily among the indigenous Indian population, most of which lives outside the national economy; and lack of trained teachers and educational facilities.

Summary of Program $ in thousands

Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Defense Support	15,280		
Development Assistance			
Special Assistance		10,000	
Technical Cooperation	2,238	2,400	2,675
Other Programs			
Total	17,518	12,400	2,675

Proposed FY 1959 Program

The FY 1959 Technical Cooperation Program will follow the same basic pattern established in the two most recent fiscal years. Emphasis will be given to training and on-site assistance to programs in agriculture, health and sanitation and education.

Special Assistance funds for FY-1959 are not planned. The present upset political conditions in Guatemala have prevented the full planning and use to date of FY-1958 Special Assistance funds, and it is anticipated that the pipeline carry-over into FY-1959 will be adequate for continuing projects. Also, currently authorized funds should be adequate for new projects as may be planned during the latter part of the current fiscal year. This does not indicate however that the emergency period is ended, and it is assumed that in case of extreme emergency, if such should develop, contingency funds would be available.

Country: GUATEMALA

ECONOMIC ASSISTANCE – PROJECT ASSISTANCE BY FIELD OF ACTIVITY

(In thousands of dollars)

Function and Fiscal Year	Total Cost	Agriculture and Natural Resources	Industry and Mining	Transportation	Labor	Health and Sanitation	Education	Public Administration	Community Develop., Social Welfare & Housing	General and Miscellaneous
ACTUAL FY 1957										
Defense Support	13,280	4,200		8,300		500		280		
Development Assistance										
Technical Cooperation	2,238	1,245	57	10		291	319	162	41	113
Other Programs										
Total	15,518	5,445	57	8,310		791	319	442	41	113
ESTIMATE FY 1958										
Defense Support										
Special Assistance	10,000	4,000		5,000		700	300			
Technical Cooperation	2,400	1,042	80	20	20	296	480	275	76	111
Other Programs (or DA)										
Total	12,400	5,042	80	5,020	20	996	780	275	76	111
PROPOSED FY 1959										
Defense Support										
Special Assistance										
Technical Cooperation	2,675	1,261	78	10	20	411	620	60	90	125
Total	2,675	1,261	78	10	20	411	620	60	90	125

Country: GUATEMALA

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION									
Agriculture and Natural Resources									
Contribution to Cooperative Service and Administration of Agricultural Program	520	55	5			10	450		
Agricultural Extension Service	101	75	20			6			
Agriculture Research Service	80	60	20						
Crop and Livestock Development (funds included in 907 and 908 prior to FY 1959)	190	140	35			15			
Rural Resettlement	370		20	350					
Subtotal	1,261	330	100	350		31	450		
Industry and Mining									
Industrial Development	78	28	20	25		5			
Transportation									
Transportation Training	10		10						
Labor									
Labor Training	20		20						
Health and Sanitation									
Contribution to Cooperative Service and Administration of Health and Sanitation Program	241	28	5			8	200		
Environmental Sanitation	105	60	40			5			
Technical and Advisory Services for operation of health facilities	65	35	25			5			
Subtotal	411	123	70			18	200		
Education									
Contribution to Cooperative Service and Administration of Education Program	345	30	5			10	300		
Rural Education	165	115	40			10			
Urban Education	110	70	35			5			
Subtotal	620	215	80			25	300		

Country: GUATEMALA

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION - Continued									
Public Administration									
Public Administration and Training	60	30	25			5			
Housing									
Housing Program	90	60	25			5			
General and Miscellaneous									
Technical Support Costs	125	15			10	100			
Total Technical Cooperation	2,675	801	350	375	10	189	950		
SPECIAL ASSISTANCE									
Agriculture									
Rural Devleopment								693	
Transportation									
Atlantic Highway								1,200	
Pacific Slope Highway - East West Sections								548	
Total Special Assistance								2,441	
GRAND TOTAL	2,675	801	350	375	10	189	950	2,441	

ECONOMIC ASSISTANCE

TABLE II

COMPOSITION OF NON-PROJECT ASSISTANCE

(In thousands of dollars)

Commodities and Other	Actual FY 1957	PROGRAM Estimate FY 1958	Proposed FY 1959
Wheat (Section 402)	2,000	-	-

Funds were authorized under Title II, P.L. 480 to meet an emergency drought situation during the CY 1956. Only local currency in the equivalent of $215,000 remains to be committed in FY 1958. Local currency is being/or has been used for Economic Development projects such as an access road, highway maintenance and the renovation and repair of the Ministry of Agriculture facilities. Proposals for use of the remaining funds have been presented which we expect will be approved as soon as the political situation is clarified.

The use of local currency amounts to be generated from the sale of surplus commodities under Section 402, P.L. 665 are included as a component part of the projects submitted for the economic development of the country. The dollar equivalent of approximately $5.8 million is available from this source as of the close of FY 1957. Of this amount $1.9 million has been deposited and $1.4 million obligated. Local currency yet to be deposited has been programmed for use on the Pacific Slope highway (East-West Sections), the Atlantic highway and the rural development and resettlement program.

TABLE III

(In thousands of dollars)

SUMMARY SALES PROGRAM UNDER P.L. 480, TITLE I AND FOREIGN CURRENCY PROGRAM EARMARKING

(Foreign Currency in thousands of dollar equivalent)

SALES AGREEMENT BY FISCAL YEAR		Foreign Currency Reserved for U.S. Uses	Foreign Currency Administered by Ex-Im Bank (Cooley Amend.)	FOREIGN CURRENCY TO BE ADMINISTERED BY MSP AGENCIES				
Fiscal Year in Which Sales Agreement Signed	Total Value of Sales			Sec. 104c	Sec. 104d	Sec. 104e	Sec. 104g	Total Administered by MSP Agencies
FY 1955 Actual								
FY 1956 Actual								
FY 1957 Actual								
FY 1958 Estimate								
FY 1959 Estimate								
TOTAL								

Country: GUATEMALA

STATUS OF LOCAL CURRENCY FUNDS
(Administered by MSP Agencies)

TABLE IV

(In thousands of dollar equivalent)

Type of Programs Generating Local Currencies and its Utilization	ACTUAL FY 1957			ESTIMATE FY 1958		PROPOSED FY 1959	
	Cumulative Through 7/1/56	Net Change	Cumulative Through 6/30/57	Net Change	Cumulative Through 6/30/58	Net Change	Cumulative Through 6/30/59
MSP U.S.-OWNED LOCAL CURRENCIES							
Potential Generation from U.S. Dollar Program . .	3,757	2,000	5,757		5,757		5,757
Deposits		1,901	1,901	3,000	4,901	856	5,757
Obligations		1,366	1,366	1,950	3,316	2,441	5,757
Expenditures		1,048	1,048	1,800	2,848	2,909	5,757
COUNTERPART							
Potential Generation from U.S. Dollar Program . .							
Deposits							
Commitments							
Expenditures							
P.L. 480 TITLE I							
Potential Generation from U.S. Dollar Program . .							
Deposits							
Obligations							
Expenditures							
OTHER LOCAL CURRENCY *							
Potentiol Generation from U.S. Dollar Program . .	1,335		1,335		1,335		1,335
Deposits	1,075	253	1,328	7	1,335		1,335
Commitments	1,025	95	1,120	215	1,335		1,335
Expenditures	1,025	95	1,120	215	1,335		1,335

* Source: Title II, P.L. 480

Country: GUATEMALA

TABLE V

SUMMARY OF LOCAL CURRENCY PROGRAM ADMINISTERED BY MSP AGENCIES BY PURPOSE AND FIELD OF ACTIVITY

Obligations or Commitments by Fiscal Year

(In thousands of dollar equivalent)

PURPOSE AND ACTIVITY	FY 1957			FY 1958			FY 1959		
	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources
MILITARY PURPOSES									
Projects									
Budget Support									
Military Procurement									
Total Military Purposes									
ECONOMIC PURPOSES									
Project Assistance by Field of Activity									
Agriculture	214			650			693		
Industry and Mining									
Transportation	1,152		95	1,300			1,748		
Labor									
Health and Sanitation									
Education									
Public Administration						51			
Community Development, Social Welfare and Housing									
General and Miscellaneous						164			
Total	1,366		95	1,950		215	2,441		
Budget Support (Not Elsewhere Classified)									
Total Economic Purposes	1,366		95	1,950		215	2,441		
Procurement for Third Country	XXX			XXX			XXX		
TOTAL ALL PURPOSES	1,366		95	1,950		215	2,441		

HAITI

BASIC DATA

Population	3.4	million
Annual Growth	1.3	percent
Agricultural Land	31	percent of area
Agri. Land per Capita	0.6	acres
Literacy Rate	10	percent

	Haiti	United States
Life Expectancy (years)	n.a.	70
Inhabitants per Physician	11,000	760
Road Miles per 1,000 sq.mi....	182	1,020
Electric Power per Capita .... (KWH per year)	21	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	n.a.	270	310	250
Per Capita GNP.....	Dollars	n.a.	82	93	74
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	140	129	150	124
Sugar, centrifugal	1,000 MT	49	52	58	61
Coffee	"	43	32	44	27
Sisal	"	22	22	20	15
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	55	36	42	33
Coffee	"	43	24	30	23
Sisal	"	5	6	6	4
Total Imports (c.i.f).....	"	48	46	50	40
Trade Balance.....	"	7	-10	-8	-7
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	25	16	15	13
Imports from U.S.	"	36	32	36	25
Trade Balance with US.	"	-11	-16	-21	-12
FOREIGN EXCHANGE RESERVES... (end of year)	"	11	13	9	3
COST OF LIVING INDEX [b].....	1953=100	104	106	110	n.a.

n.a. - Not Available
a - Crops harvested in crop-year ending in year stated.
b - Port-au-Prince.

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

U.S. Interests: Because of its proximity to the United States and its location along the main seaway between United States east coast ports and the Panama Canal, Haiti is of significant importance in the defense of the hemisphere and of the United States.

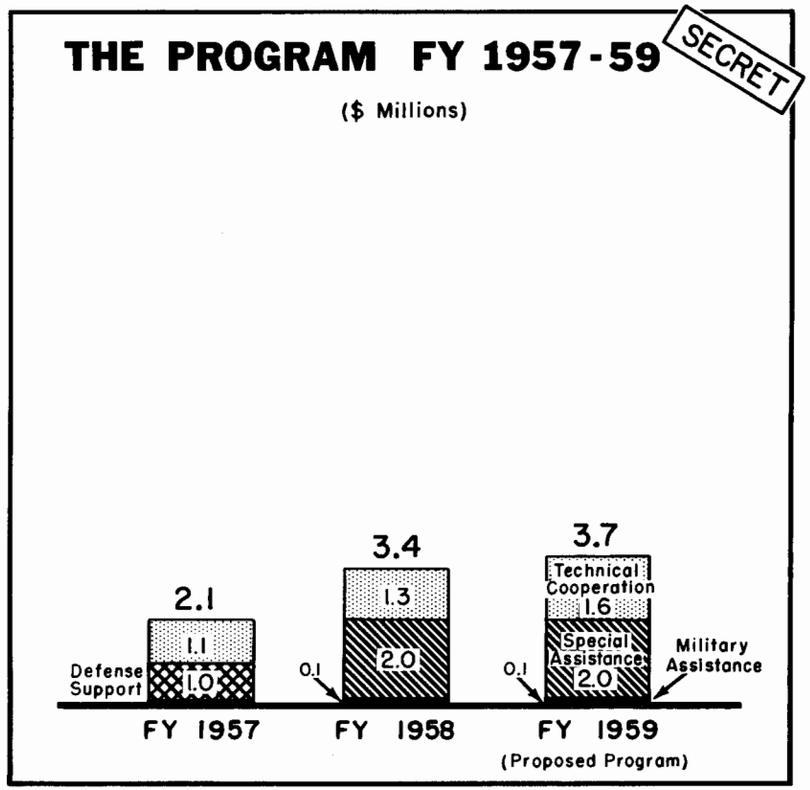
Haiti has generally cooperated with the United States in the United Nations, the Organization of American States and other international forums. However, due to Haiti's financial plight, it has often been unable to send representatives to international meetings. The United States and Haiti have entered into a Mutual Defense Assistance Agreement, and Haiti is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947).

Political conditions in Haiti have always been unstable, and there has been considerable political unrest there since December 1956. Following the election and inauguration of a new President in September and October 1957, the political atmosphere has been relatively calm.

The Communist Party was outlawed in Haiti in 1950. While there are a few Marxist intellectuals holding influential positions in the Government, the present administration is basically anti-Communist in orientation. Since a large group of the urban masses lives in a state of semi-starvation, the danger exists it might be willing to follow the false promises of communism.

Haiti is almost entirely dependent upon agriculture, principally coffee, sisal and sugar. Coffee is the major export and the United States is the largest buyer. About forty-three percent of Haiti's international trade is with the United States, and Haiti normally imports more than it exports.

While the Haitian Government has looked favorably upon investments of American capital, political conditions within the country, as well as the fact that Haiti's natural resources are somewhat limited, have not been conducive to successful investments of large amounts of capital. American investments in Haiti at the present are largely confined to sugar, sisal, bauxite, flour milling and public utilities. Haiti has signed an Investment Guaranty Agreement with the United States.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57	1,240	1,225	15
Estimate F.Y. 1958	82	27	XXX
Cumulative 6/30/58	1,322	1,252	70
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	13,442	11,407	2,035
Estimate F.Y. 1958	3,300	2,307	XXX
Cumulative 6/30/58	16,742	13,714	3,028

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Major Components by Category (all values in thousands of dollars)	Annual Programs				Del./Exp. F.Y. 1950-58 Programs		
	Quantity and Value		Proposed F.Y. 1959		Estimate F.Y. 1958	Cumulative June 30, 1958	F.Y. 1959 and Later
	F.Y. 1957	F.Y. 1958	Quantity	Value			
Country Total	$33	$82	-	$68	$87	$1,252	$70
Aircraft Components, Spares & Related Equip.	-	-	-	-	-	-	-
Ships and Harbor Craft, Components and Spares	$12	$55	-	$55	$ 3	$1,203	$64
Coast Guard Utility Boat 83' & 95' (CGUB)	-	-	-	-	-	2	-
Coast Guard Patrol Boat 95' (CGPB) (overhaul)	-	1	1	$55	-	-	1
Tanks, Other Vehicles, Weapons, Comp. & Spares	-	-	-	-	-	-	-
Ammunition	$ 1	$ 2	-	-	$ *	$ *	$ 3
Rocket, 7.2" (Service)	-	24	-	-	3	3	21
Electronics & Comm. Equipment, Comp. & Spares	-	-	-	-	-	-	-
Other Materiel	$ 2	$ 1	-	-	-	-	$ 3
Construction	-	-	-	-	-	-	-
Training	$18	$24	-	$13	$24	$ 49	-
All Other	-	-	-	-	-	-	-

* Less than $500.

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Haiti

Objectives of Military Assistance: Continued development of Haitian military units which contribute to the defense of the Western Hemisphere through:

(a) defense of the country's coastal waters, ports, and approaches thereto;
(b) defense of bases, strategic areas and installations of Haiti;
(c) preparation for participation in combined operations in support of U. S. forces guarding the approaches to the Panama Canal.

Major Combat Forces:

Strategic Objectives	MAP Supported
5 Vessels 2 Air Squadrons	3 Vessels

Active Military Strength: 5,330

MAP Accomplishments: Military assistance to Haiti has provided equipment and training in support of the MAP-supported units. The furnishing of this assistance has enabled the Haitian Government to develop a relatively modern naval force as a contribution to hemisphere defense. In addition, U. S. aid has continued the Haitian Government's orientation toward the U. S.

Appraisal of Forces:

Army: Can maintain internal security.

Navy: (Coast Guard) Limited capability for patrol missions.

Air Force: No combat capability.

The present military effectiveness of the Coast Guard is minimal except for the two patrol boats received under MAP. Since receipt of MAP vessels, the military effectiveness of the Coast Guard has been considerably increased. These units comprise the only forces of the Haitian Coast Guard with combat potential.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
Country Programs	33	82	68
Portion Special Materiel Program	(39)	(14)	(17)
Total	(72)	(96)	(85)

Country Contribution: In anticipation of the MAP equipment deliveries, Haiti increased its Coast Guard strength and initiated a training program to prepare personnel for receipt and operation of the equipment. The country has absorbed the patrol boats; these replaced old vessels previously in use. Haiti allocates approximately 22% ($6.6 million in 1957) of its total budget for defense.

Proposed FY 1959 Program Provides:

Navy: Overhaul of one Coast Guard patrol boat, spare parts, and training.

Miscellaneous Data: U. S. excess stocks delivered at no charge through 30 June 1958: $130 thousand (Est.). Military Sales through 30 June 1957: $42 thousand.

The functions of the MAAG for Haiti are performed by U. S. Military Mission personnel assigned to the country and supported by their respective services and the host country.

Country: HAITI

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS	Tech. Coop.	Other	Total	SA	Tech. Coop.	Other	Total	SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	350		350		393		393		518		518
Participants	65		65		108		108		200		200
Contractual Services	20		20		20		20		115		115
Supplies and Equipment					17		17		87		87
Contrib. to Coop. Services	443		443		519		519		564		564
Other Costs	1,238	1,000 a/	238		2,243	2,000 a/	243		2,166	2,000 a/	166
Total Project Assistance	2,116	1,000	1,116		3,300	2,000	1,300		3,650	2,000	1,650
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other	10	10									
Total Non-Project Assistance	10	10									
TOTAL COUNTRY PROGRAMS	2,126	1,010	1,116		3,300	2,000	1,300		3,650	2,000	1,650
NUMBER OF PEOPLE											
Technicians (On duty close of year)	33		33		35		35		39		39
U.S. Employed	32		32		34		34		39		39
Contract	1		1		1		1				
Participants (Programmed during year)	25		25		35		35		40		40
Non-Contract	25		25		35		35		40		40
Contract											

a/ Represents cash transfers for local costs of projects.

GPO 934793

Revised 3/24/58

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Country HAITI

ECONOMIC ASSISTANCE

Objectives

- To train Haitians in the production of enough food to support a minimum dietary level and to increase exportable agricultural crops and raw materials.
- To demonstrate necessary health practices, and to assist in creating facilities and organizations which will provide the services necessary for attaining a health level required for increased production.
- To promote the establishment of educational facilities and their staffing necessary to spread practical knowledge and reduce illiteracy.
- To improve transportation, irrigation and potable water supplies.
- To provide consultation and training in public administration and private industrial management for better allocation of available resources.

Accomplishments

U.S. economic assistance has helped to eliminate yaws which until recently afflicted 50% of the population, and malaria and other endemic diseases which are well on their way to extinction. Agricultural credit institutions have been set up and a vocational school organized. Demonstration in soil conservation and crop improvement have contributed to the better utilization of natural resources. Also U.S. aid has assisted in providing "know-how" for the in-service training of over 1,000 teachers and in the organization of Haiti's only normal school.

Grant aid has repaired much of the damage wrought by the 1954 hurricane. Several irrigation systems have been restored, contributing substantially to increased agricultural production, and farm to market roads have been built, which have improved communications, made possible a more efficient distribution of farm produce and brought new areas of the country into the money economy.

The Artibonite Valley irrigation system with its Peligre Dam is now about 50% complete. This project has been financed by a $27 million Export-Import Bank loan. Haiti's participation in the Valley development has been assisted by U.S. grant aid and technical advice. When complete, 70,000 acres will have been brought into agricultural production. The dam may eventually be equipped with turbines to supply needed power to Port-au-Prince.

Summary of Program $ in thousands

Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Defense Support	1,010		
Development Assistance			
Special Assistance		2,000	2,000
Technical Cooperation	1,116	1,300	1,650
Other Programs			
Total	2,126	3,300	3,650

Major Problems: Greater population density than can now be supported by the worked-out, eroded land; probably the lowest per capita annual income in the hemisphere; uneconomical size of land holdings with property titles in chaos; essentially a one crop coffee economy harvested almost entirely from wild uncultivated trees; a people as yet 90% illiterate. Though predominately Creole speaking, the official language is French. Primitive communication facilities. Government as a service concept does not exist. Political turmoil almost paralyzed some branches of commerce during 1957. Foreign exchange losses during 1956-57 resulting from poor crops and uneconomic government ventures caused Haiti to suspend public external debt payments. Haiti requires external assistance to obtain financial and economic stability through the expansion of production, the rebuilding of depleted foreign exchange reserves and the payment of delinquent official debts.

Proposed FY 1959 Program

Technical Cooperation: In view of unsettled political issues between the U.S. and Haiti, only an illustrative program is presented for FY 1959. Restoration of normal conditions should see a Technical Cooperation program incorporating the basic elements - agriculture, health and education - plus emphasis on public administration, and the initiation of assistance for development of small industries.

Agriculture - Crop improvement for increasing food supply and exports remains the basic objective. Coffee, cacao, and bananas are now the principal exports, and production will be encouraged. Extension work, irrigation, watershed protection, agricultural credit and marketing systems advice will be continued as concomitants of the basic objective.

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Industry - Advice on steps towards development of small industries utilizing available raw materials will be continued.

Transportation - Consultation for continuation of Haitian road construction and maintenance activities.

Health and Sanitation - Continuation of activities calculated to equip Haitian institutions to handle widespread prevalence of disease and to provide outpatient care. Assistance in health centers, sanitation and midwife training, vital statistics, and support for the central medical office. Water supply engineering consultation, in-service training of laboratory technicians, nurses and sanitarians.

Education - Stressing adequate preparation of teachers through normal schools, up-grading of teachers through in-service training, production of instructional materials, fostering community-centered schools and emphasis on practical vocational education.

Special Assistance: **Continuation depends on settlement of outstanding political problems.** Continuing financial deterioration through 1957 and the likelihood that the improvement resulting from the 1957-1958 coffee crop will be inadequate suggests that Haiti will seek U.S. special assistance during FY 1959. **Borrowing by Haiti against a number of credit sources has continued, but repayment of loans will exhaust revenues for necessary economic development. A special assistance program of $2.0 million is requested to complete or initiate irrigation, roads and other economic development projects necessary to increase production for home consumption and export, and for broadening the education program to develop necessary skills and facilities. However, if the economic deterioration of the last two years is not significantly improved, it will probably be necessary to use some of these funds for balance of payment assistance to assure a minimum flow of essential imports.**

ECONOMIC ASSISTANCE – PROJECT ASSISTANCE BY FIELD OF ACTIVITY

(In thousands of dollars)

Function and Fiscal Year	Total Cost	Agriculture and Natural Resources	Industry and Mining	Transportation	Labor	Health and Sanitation	Education	Public Administration	Community Develop., Social Welfare & Housing	General and Miscellaneous
ACTUAL FY 1957										
Defense Support	1,000	570		140		290				
Development Assistance										
Technical Cooperation	1,116	458				290	246	24		98
Other Programs										
Total	2,116	1,028		140		580	246	24		98
ESTIMATE FY 1958										
Defense Support										
Special Assistance	2,000	800		700		500				
Technical Cooperation	1,300	500	25	20		290	310	47		108
Other Programs (or DA)										
Total	3,300	1,300	25	720		790	310	47		108
PROPOSED FY 1959										
Defense Support										
Special Assistance	2,000	1,000		500		500				
Technical Cooperation	1,650	672	13	18		295	417	165		70
Total	3,650	1,672	13	518		795	417	165		70

Country: HAITI

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicions	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION									
Food and Agriculture									
Contribution to Cooperative Service, Administration and Technical Assistance to Food and Agriculture Program	493	154	39		50	25	225		
Technical Cooperation to Department of Public Works	117	53	22		37	5			
Technical Cooperation in Forestry	62	18	24			20			
Subtotal	672	225	85		87	50	225		
Industry and Mining									
Technical Advisory Assistance to Ministry of National Economy	13	10				3			
Transportation									
Technical Advisory Assistance to Ministry of Public Works	18	15				3			
Health and Sanitation									
Contribution to Cooperative Service, Administration and Technical Assistance to Health and Sanitation Program	239	67	15			18	139		
Local Training Programs	56	35	15			6			
Subtotal	295	102	30			24	139		
Education									
Contribution to Cooperative Service, Administration and Technical Assistance to Education Program	388	103	45			40	200		
Technical Assistance to Arts and Crafts School	29	18				11			
Subtotal	417	121	45			51	200		
Public Administration									
Technical Assistance to Ministry of Finance	165	15	35	115					

Country: HAITI

ECONOMIC ASSISTANCE

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

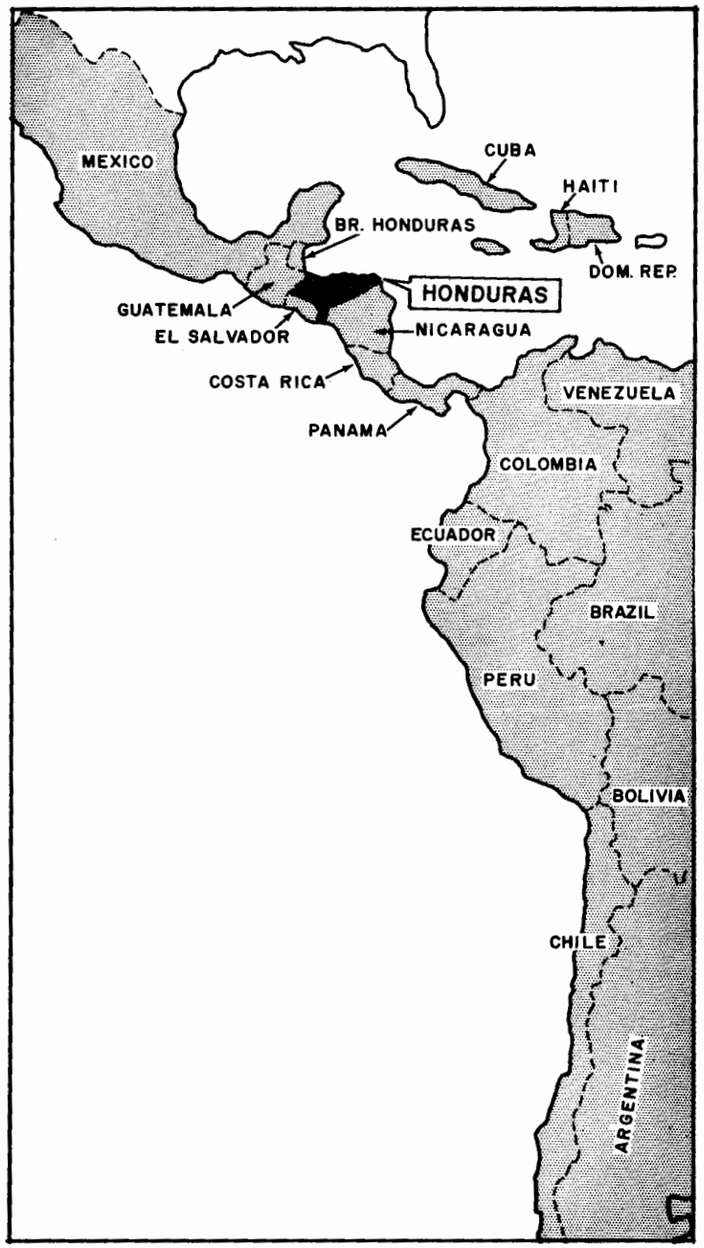
(In thousands of dollars and equivalent)

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

TABLE I

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION - Continued									
General and Miscellaneous									
Audio-Visual Services	35	15	5			15			
Advisory Assistance to Economic Aid Projects	35	15				20			
Subtotal	70	30	5			35			
Total Technical Cooperation	1,650	518	200	115	87	166	564		
SPECIAL ASSISTANCE									
Food and Agriculture									
Marketing	50					50			
Storage	550					550			
Subtotal	600					600			
Transportation									
Farm-to-market Roads	900					900			
Health and Sanitation									
Water Supplies	500					500			
Total Special Assistance	2,000					2,000			
GRAND TOTAL	3,650	518	200	115	87	2,166	564		

HONDURAS



BASIC DATA

Population	1.8	million
Annual Growth	3.3	percent
Agricultural Land	25	percent
Agri. Land per Capita	4	acres
Literacy Rate	35	percent

	Honduras	United States
Life Expectancy (years)	n.a.	70
Inhabitants per Physician	6,500	760
Road Miles per 1,000 sq.mi....	22	1,020
Electric Power per Capita .... (KWH per year)	41	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	n.a.	315	330	315
Per Capita GNP.....	Dollars	n.a.	190	193	178
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	154	147	158	147
Sugar, centrifugal	1,000 MT	10	10	10	10
Corn	"	184	178	197	204
Coffee	"	15	16	17	21
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	55	50	73	65
Bananas	"	28	23	44	35
Coffee	"	14	11	14	14
Total Imports (c.i.f).....	"	59	62	67	70
Trade Balance.....	"	-4	-12	6	-5
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	27	23	30	28
Imports from U.S.	"	34	34	38	41
Trade Balance with US.	"	-7	-11	-8	-13
FOREIGN EXCHANGE RESERVES... (end of year)	"	26	21	19	17
COST OF LIVING INDEX[b].....	1953=100	106	115	111	109

n.a. - Not Available
a - Crops harvested in crop-year ending in year stated.
b - Tegucigalpa.

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

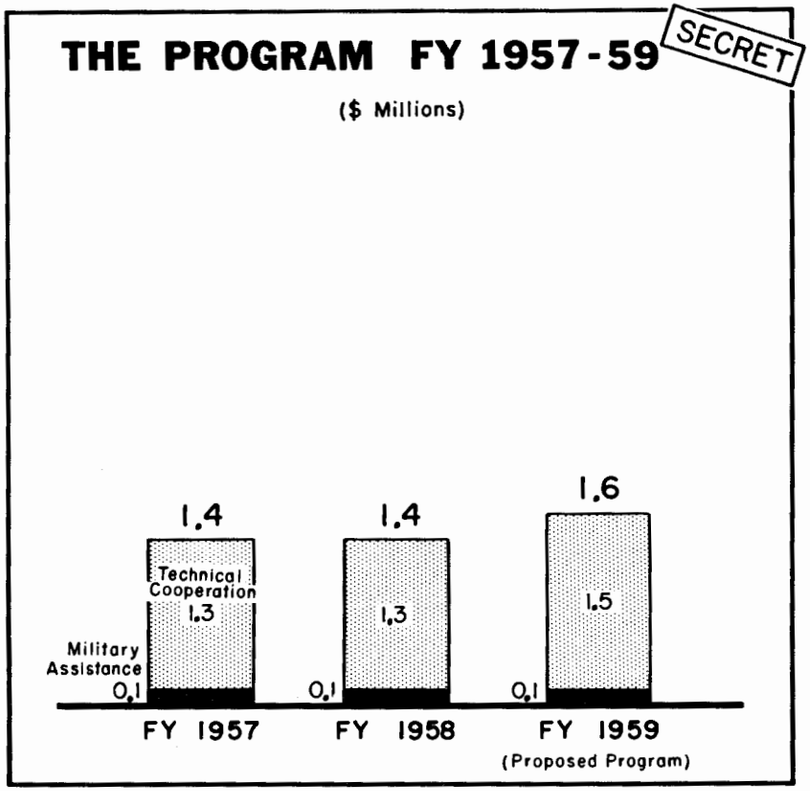
U.S. Interests: Of particular importance to U.S. interests in Honduras are that country's political stability, its economic health and the degree of friendliness felt by its people toward the United States.

Honduras is of strategic interest owing to its geographic position near the Panama Canal and its central location bordering three other Central American countries. It is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro-1947), and has joined with the United States in a Mutual Defense Assistance Agreement.

After a long history of violence and political instability Honduras in 1957 adopted a new constitution embodying a democratic representative form of government. The country's return to constitutionality and the replacement of a military junta government with an elected president are developments of major interest to the United States and represent a trend which the U.S. wishes to encourage.

United States interests are also advanced by aiding Honduras to improve the economic and social conditions of its people. Through such progress, Honduras will be better prepared to resist irresponsible political groups, such as Communists. Thus, the solution of Honduras' basic economic problems, particularly its dependence on the production of coffee and bananas for its foreign exchange, is needed to permit greater diversification of the economy and will make the country more attractive to foreign investment capital. As evidence of her desire to stimulate private investment, Honduras has concluded with the United States an Investment Guarantee Agreement and a Treaty for the Avoidance of Double Taxation. U.S. investment in Honduras is valued at $109 million.

Honduras has consistently opposed Communist bloc proposals in the United Nations and other international agencies, and is a traditional supporter of the free world's economic and political policies. Honduras cooperates with neighboring countries and is a constructive member of the Organization of American States. Sentiment in the country is strongly anti-Communist. In 1954 Honduras permitted Colonel Castillo Armas to invade Guatemala from her soil, thus contributing to the overthrow of the Communist-dominated Arbenz government.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57	631	599	32
Estimate F.Y. 1958	57	62	XXX
Cumulative 6/30/58	688	661	27
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	5,916	4,915	1,001
Estimate F.Y. 1958	1,350	1,200	XXX
Cumulative 6/30/58	7,266	6,115	1,151

Honduras

MILITARY ASSISTANCE

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Major Components by Category (all values in thousands of dollars)	Annual Programs				Del./Exp. F.Y. 1950-58 Programs		
	Quantity and Value		Proposed F.Y. 1959		Estimate F.Y. 1958	Cumulative June 30, 1958	F.Y. 1959 and Later
	F.Y. 1957	F.Y. 1958	Quantity	Value			
Country Total	$101	$57	-	$77	$62	$661	$27
Aircraft Components, Spares & Related Equip.	-	-	-	-	-	-	-
Ships and Harbor Craft, Components and Spares	-	-	-	-	-	-	-
Tanks, Other Vehicles, Weapons, Comp. & Spares	-	$ 4	-	-	$ 1	$239	$ 4
Truck, 1/4 Ton, 4x4 (all models)	-	2	-	-	-	28	2
Gun, Machine, Cal..30 (all models)	-	-	-	-	-	22	-
Mortar, 60mm (all models)	-	-	-	-	-	8	-
Mortar, 81mm (all models)	-	-	-	-	-	3	-
Rifle, 57mm, Recoilless	-	-	-	-	-	8	-
Rifle, 75mm, Recoilless	-	-	-	-	-	3	-
Rifle, U.S. Cal..30, M1-Series	-	-	-	-	-	402	-
Carbine, Cal..30 (all models)	-	-	-	-	-	91	-
Ammunition	$ 29	$11	-	-	$14	$157	$ 4
Cartridge, Cal..30 (all types) (M Rounds)	77	48	-	-	42	642	-
Cartridge, Cal..50 (all types) (M Rounds)	1	-	-	-	8	8	-
Rocket, HE, AT, 3.5", M28-Series	1	1	-	-	-	1	1
Electronics & Comm. Equipment, Comp. & Spares	-	-	-	-	-	$ 43	-
SCR-300 (AN/PRC-10) Radio Set	-	-	-	-	-	20	-
SCR-536 (AN/PRC-6) Radio Set	-	-	-	-	-	33	-
Other Materiel	-	$15	-	-	-	$72	$14
Construction	-	-	-	-	-	-	-
Training	$ 72	$26	-	$77	$47	$150	$ 4
All Other	-	$ 1	-	-	-	-	$1

Revised 24 March 1958

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Honduras

Objectives of Military Assistance: Continued development of Honduran military units which contribute to the defense of the Western Hemisphere through:

(a) defense of the country's coastal waters, ports, and approaches thereto;
(b) defense of bases, strategic areas, and installations of Honduras;
(c) preparation for participation in combined operations in support of U. S. forces guarding the approaches to the Panama Canal.

Major Combat Forces:

Strategic Objectives	MAP Supported
1 Inf Bn	1 Inf Bn
2 Air Squadrons	

Active Military Strength: 3,500

MAP Accomplishments: Military assistance to Honduras has provided most of the equipment and training to enable Honduras to organize one modified infantry battalion. This equipment and training will allow the development of a relatively modern unit by the Honduran Government. In addition, the MAP has promoted standardization of arms in the country and further oriented the country government toward the U. S.

Appraisal of Forces:

Army: Can maintain internal order.

Navy: No Navy units.

Air Force: Can provide support of Army ground forces.

The Honduran MAP infantry battalion is estimated to have approximately 30 percent battle effectiveness for a short period in comparison with that of a U. S. infantry battalion. The lack of an adequate logistical system would decrease this effectiveness in sustained combat operations.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
Country Programs	101	57	77
Portion Special Materiel Program	(18)	(11)	(2)
Total	(119)	(68)	(79)

Country Contribution: Honduras has complied with the bilateral agreement in organizing and maintaining the infantry battalion. The Honduran Government has developed with its own funds physical facilities required for this battalion. At the present time, the Honduran Government is interested in increasing the size of the present MAP-supported battalion and in forming three additional battalions with Honduran funds. Honduras allocates approximately 10% ($4.2 million in 1957) of its total budget for defense.

Proposed FY 1959 Program Provides:

Army: Spare parts and training.

Future objectives call for the further buildup of the infantry battalion to a battalion combat team, dependent upon country capability to support the unit and political considerations in relation to neighboring countries.

Miscellaneous Data: U. S. excess stocks delivered at no charge through 30 June 1958,: $3 thousand (Est.). Military Sales through 30 June 1957: $1 million.

The functions of the MAAG for Honduras are performed by U. S. Military Mission personnel assigned to the country and supported by their respective services and the host country.

Country: HONDURAS

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	513		513		641		641		700		700
Participants	238		238		198		198		300		300
Contractual Services	69		69								
Supplies and Equipment	5		5		6		6		25		25
Contrib. to Coop. Services	450		450		450		450		450		450
Other Costs	49		49		55		55		75		75
Total Project Assistance	1,324		1,324		1,350		1,350		1,550		1,550
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	1,324		1,324		1,350		1,350		1,550		1,550
NUMBER OF PEOPLE											
Technicians (On duty close of year)	40		40		43		43		50		50
U.S. Employed	40		40		43		43		45		45
Contract											
Participants (Programmed during year)	81		81		55		55		70		70
Non-Contract	81		81		55		55		70		70
Contract											

GPO 934793

Country HONDURAS

Objectives of Technical Cooperation

- Diversify, expand and modernize agricultural production in order to reduce overdependence on coffee and bananas.
- Improve presently inadequate health, sanitation and educational standards.
- Promote economic development through continued improvement of highways, farm to market roads and other transportation facilities, and by assistance in the development of coal resources.
- Assist the government in establishment of improved administrative and organizational procedures.
- Encourage the use of existing military forces for productive economic purposes by assisting in the establishment of an engineering construction unit within the army.
- Combat and counteract Communist efforts to infiltrate labor union movements by encouraging democratic and responsible union attitudes through labor leader training and seminars.

Accomplishments of Technical Cooperation

A nation-wide extension service in agriculture has been developed and is now managed entirely by Hondurans with only technical backstopping and general guidance by U.S. technicians. A livestock center has been established. The 4-S Club Program (4-H Club equivalent) has been expanded to a total of 100 clubs with 1,100 members.

The Education Cooperative Servicio has assisted with the improvement of rural education, vocational education, and vocational agricultural education, all of which are basic to the needs of the country. It is now possible to see an end, probably during 1959, of the school development and construction phase (carried out, with a few minor exceptions, with 100% Honduran funds) as a result of which, during the last 6 years, three rural normal schools, one agricultural school, and three vocational trade schools have or will have been developed. As a result, increasing efforts can now be placed on local training and on assistance to the Ministry of Education in developing organizations, plans, and personnel to carry on a long range education program.

A series of health centers, public water systems and sewage systems has been and is being developed through the Cooperative Health Service. These are important contributions to the improvement of health and sanitation conditions of the country. Numerous individual sub-projects have been completed and transferred to the Honduran Government for operation and maintenance.

Assistance has been given to the Government in planning and preparing its highway construction, airway operations, and communications systems, which are of greatest importance to the country. The Honduran Government has recognized the importance of assistance in public administration which has strengthened the Census Department of the Government. An Agricultural Census has been completed. Statistical services of the government have been organized and improved. Excellent progress is being made in the tariff project. Revisions of the Customs Code and regulations have been completed and were adopted on March 16, 1957. The Labor Leadership Training Program has provided for sending selected labor leaders to the U.S. for training. Several teams have been selected for training from the North Coast Banana Zones where labor problems are greatest, subversive influence most likely, and where a combination of modernization of techniques and a decline in production are tending to upset employment balances.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	1324	1350	1550

Major Problems: Dependence on banana and coffee production for major portion of export earnings; lack of transportation facilities, primarily highways and farm to market roads; low rate of per capita Gross National Product; lack of trained technicians, teachers, and educational facilities; lack of mature and responsible labor unions, and danger of Communist infiltration and influences.

Proposed FY 1959 Program

The program in FY 1959 will follow the basic operating pattern of previous years with concentration on agriculture, health, education and public administration.

Additional technical assistance in these fields is planned to implement the development and resettlement of the Guayape Valley. Funds were provided to open this area to production and settlement by a (Smathers) development loan authorization.

The Labor Training Program will be expanded to include a series of labor training seminars to be held in Honduras in order to reach a larger number of local and sectional labor leaders as well as key officials in the central headquarters of various union offices.

No new projects are planned at this time while Honduras is undergoing a transition from a Military Junta to a constitutional form of government.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	1,324	425	75	106	16	224	368	110		
ESTIMATE FY 1958 Technical Cooperation	1,350	442	18	110	50	212	408	110		
PROPOSED FY 1959 Technical Cooperation	1,550	453	59	119	42	209	397	179		92

Country: HONDURAS

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Technical Cooperation	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Agriculture									
Contribution to Cooperative Service and Administration of Agricultural Program	243	34	5			4	200		
Agricultural Extension	75	40	20		7	8			
Land and Water Resources	60	46	10			4			
Crops and Livestock	75	56	17			2			
Subtotal	453	176	52		7	18	200		
Industry and Mining									
Coal Resources Development	59	45	10			4			
Transportation									
Consultation on Highways	48	35	10			3			
Consultation on Civil Aviation	71	60	5		2	4			
Subtotal	119	95	15		2	7			
Labor									
Labor Leadership Training	42	10	30			2			
Health and Sanitation									
Contribution to Cooperative Service and Administration of Health & Sanitation Program	137	18	5		2	12	100		
Health Training and Education	72	40	30			2			
Subtotal	209	58	35		2	14	100		
Education									
Contribution to Cooperative Service and Administration of Education Program	186	25	5		1	5	150		
Rural Elementary Teacher Training	18	12	5			1			
Rural Normal School Development	41	30	10			1			
Vocational Agricultural Education	21	15	5			1			
Crafts and Trades	131	100	23		3	5			
Subtotal	397	182	48		4	13	150		

Country: HONDURAS

ECONOMIC ASSISTANCE

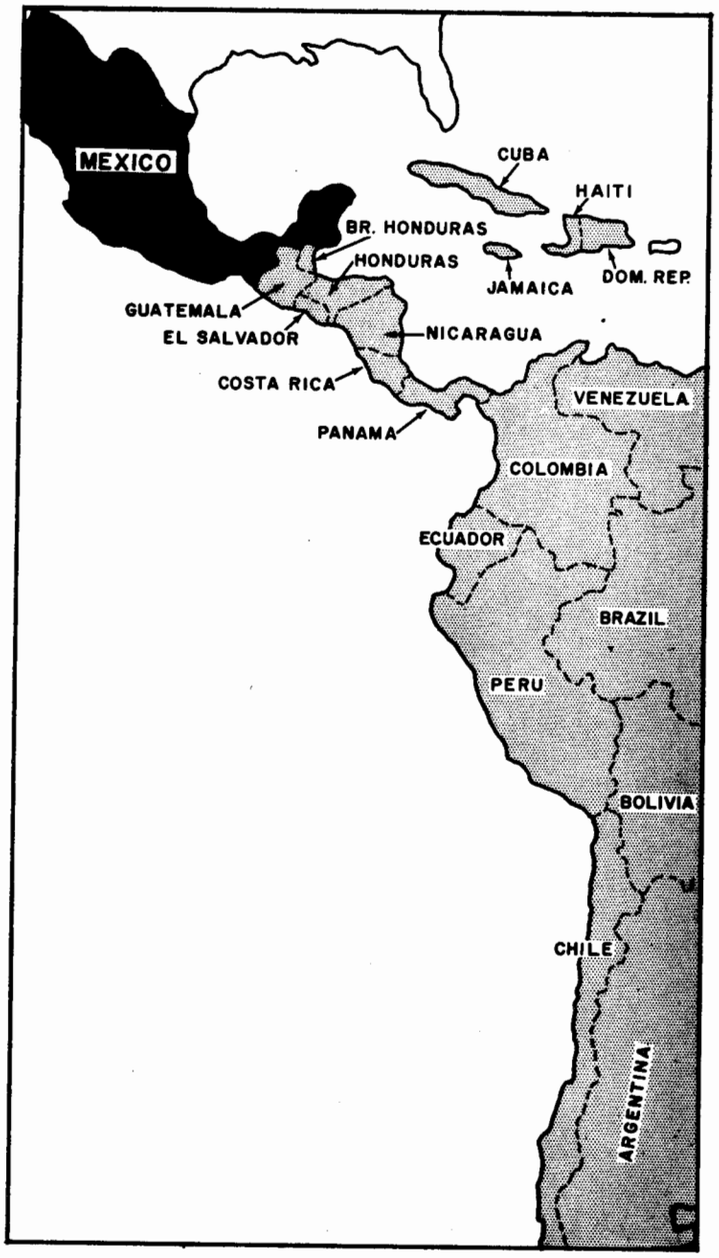
TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Technical Cooperation	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Public Administration									
Census and Statistics	23	12	10			1			
Tariff and Customs	46	35	10			1			
Property Control and Supply Management	32	15	15			2			
Public Administration Training	55		55						
Government Personnel Systems	23	12	10			1			
Subtotal	179	74	100			5			
General and Miscellaneous									
Area Development	92	60	10		10	12			
Total Technical Cooperation	1,550	700	300		25	75	450		

MEXICO



BASIC DATA

Population	31	million
Annual Growth	3.0	percent
Agricultural Land	44	percent of area
Agri. Land per Capita	7	acres
Literacy Rate	55	percent

	Mexico	United States
Life Expectancy (years)	38	70
Inhabitants per Physician	2,400	760
Road Miles per 1,000 sq.mi....	108	1,020
Electric Power per Capita .... (KWH per year)	256	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	6,050	6,720	7,165	7,525
Per Capita GNP.....	Dollars	210	226	235	239
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	206	236	258	250
Corn	1,000 MT	3,200	3,600	3,600	3,000
Industrial Prod. Index ...	1953=100	107	119	130	139
Petroleum	1,000 MT	11,960	12,792	12,972	12,650
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	656	807	874	760
Coffee	"	70	82	83	100
Cotton	"	149	189	197	128
Total Imports (c.i.f).....	"	800	885	1,072	1,170
Trade Balance.....	"	-144	-78	-198	-410
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	328	397	401	409
Imports from U.S.	"	634	705	841	908
Trade Balance with US.	"	-306	-308	-440	-499
FOREIGN EXCHANGE RESERVES... (end of year)	"	225	441	511	500
COST OF LIVING (Mexico City).	1953=100	105	122	128	133

n.a. - Not Available a - Crops harvested in crop-year ending in year stated.

Country MEXICO

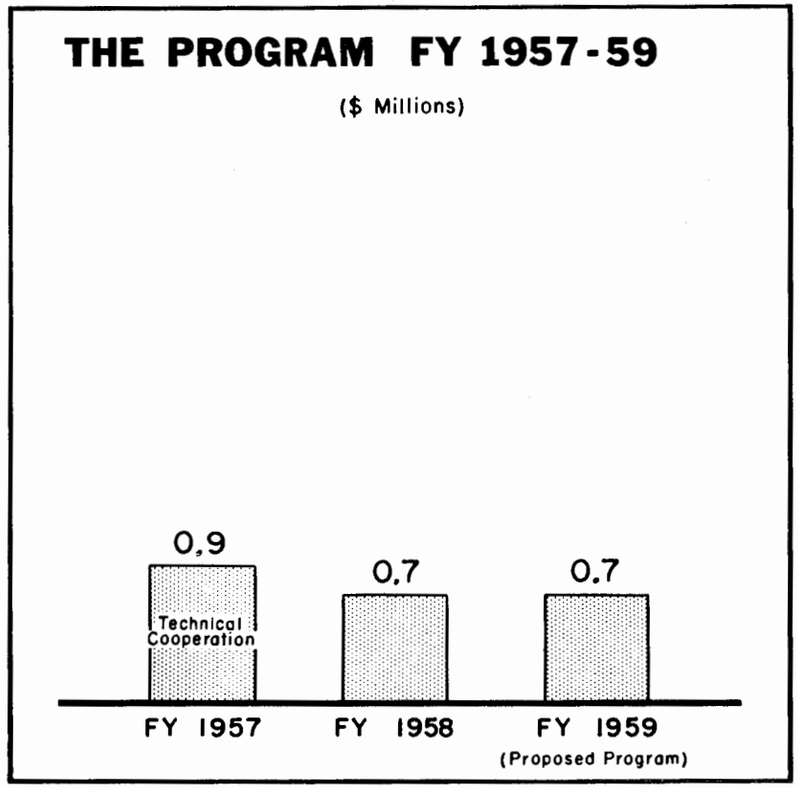
MUTUAL SECURITY PROGRAM

U.S. Interests: Contiguity is the dominating factor in United States relations with Mexico. That country is a neighbor in fact, sharing with the United States all the inevitable consequences of a common land and water boundary of nearly 2,000 miles. The importance of this relationship is accentuated by the fact that Mexico is the second largest Spanish-speaking country in the world, third largest in area and second most populous in Latin America, and a leader among the other American republics.

An expanding Mexican economy continues to provide new trade and investment opportunities which in turn assist in the economic development of Mexico. The $600 millions of United States investments there are increasing at the rate of $20 millions a year. Mexico is a principal Latin American customer for United States products, and an important source of strategic and other raw materials which are accessible to us over short, direct, easily protected land and water routes.

In recent times, Mexico has made notable progress toward stable, democratic government. National elections, to be held in July, are expected to result in little change in the political climate. Mexico's attitude towards the United States is based upon the necessity for friendly relations between the two countries. It generally supports the United States position in the UN and affiliated organizations, but does not always do so in the Council of the OAS. It is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947).

Mexico is tolerant of radicals within the country and appears to be resolutely unaware of the true menace of international communism. The existing Mexican Communist Party is not especially significant as a political force, and the degree of influence the communists actually have achieved in Mexico is difficult to evaluate. However, the principles adopted by a communist front party have a considerable number of adherents and Soviet bloc missions are extremely active in espionage, subversive penetration and propaganda, making it important that the communist potential for causing trouble be not discounted. Mexico's trade with Soviet bloc countries is insignificant.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57			
Estimate F.Y. 1958			XXX
Cumulative 6/30/58			
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	5,161	4,457	704
Estimate F.Y. 1958	680	800	XXX
Cumulative 6/30/58	5,841	5,257	584

Country: MEXICO

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	255		255		181		181		128		128
Participants	247		247		222		222		274		274
Contractual Services	147		147		141		141		155		155
Supplies and Equipment	6		6								
Contrib. to Coop. Services	165		165		75		75		75		75
Other Costs	68		68		61		61		68		68
Total Project Assistance	888		888		680		680		700		700
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	888		888		680		680		700		700
NUMBER OF PEOPLE											
Technicians (On duty close of year)	25		25		12		12		12		12
U.S. Employed	23		23		7		7		7		7
Contract	2		2		5		5		5		5
Participants (Programmed during year)	143		143		124		124		150		150
Non-Contract	143		143		124		124		150		150
Contract											

GPO 934793

Country MEXICO

Objectives of Technical Cooperation

- To contribute to an orderly economic development through more efficient techniques in production, management and organization.
- To develop the potential of individuals through training in the U.S. and in Mexico in vocational skills and techniques.
- To assist Mexico in its stated objective of reducing state controls by encouraging participation of private enterprise.
- To provide assistance as requested by the GOM in economic development in specific fields of endeavor, such as industry, mining, geology and vocational rehabilitation.

Accomplishments of Technical Cooperation

Cooperative activities in health were terminated on 6/30/57 after 14 years of successful operation. Health Centers established and sanitary water systems constructed under this program have been turned over to the local government for operation and maintenance. More than 1,000 local nationals were trained in various phases of health and sanitation. One project in Vocational Rehabilitation is being continued in cooperation with five autonomous agencies at the request of GOM.

The one project in the field of Geology has been modified to provide direct support to the National Geological Institute. It provides for training of personnel of this autonomous institution in the field of geological surveys to provide a better knowledge of Mexico's raw materials for improved mineral exploitation and national economic development.

U.S. cooperative assistance provides expert U.S. consultants for training of personnel in mine rescue, first aid, advice to mobile laboratory unit operations, and on problems inherent in the expansion of Mexico's mining industry.

The program in Industrial Productivity, in its third year of operation, provides for only one U.S. technician and the employment of highly skilled short-term U.S. consultants for on-site training of nationals including management, technical personnel, and workers. Training is given in industrial organization, production, management, finance, distribution and industrial relations. Also, participants are sent to the U.S. for training in these, and related fields of activity. There has been a pronounced increase in program participation by private Mexican and U.S. firms located in Mexico, and the two largest labor unions now participate in its over-all management. Decentralization is being effected through the establishment of regional productivity centers in Monterrey, Guadalajara, Guanajuato and Puebla. The

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	888	680	700

opening of other regional centers is planned. Cooperation with the Technological Institute of Monterrey provides for excellent first and third country participant training opportunities. The expansion of the Industrial Productivity Program is made possible by increased contributions to the program by Mexican industry and commerce.

The El Olivar School project, near Mexico City, has increased its enrollment from 300 to 500 students for practical training of operators and mechanics of agricultural and highway equipment. Road camps for field training are being established in Puebla as a much needed expansion of the program to provide on-the-job training. More than 200 trained operators and mechanics are graduated annually and are employed immediately.

Major Problems: The imbalance of economic development in the fields of industry and agriculture; lack of skilled workers and technicians, and the low rate of productivity per worker; maldistribution of population with over-crowded urban centers, while vast areas of Mexico remain underpopulated and underdeveloped; attitudes which tend to discourage additional foreign investments from assisting Mexico in its development; supernationalism nurtured and abetted by Marxists and Communist elements.

Proposed FY 1959 Program

Technical Cooperation is planned at approximately the same level as in FY 1958, and is primarily a continuation of the current year program. The GOM has indicated that a request might be forthcoming for assistance in the field of vital statistics. The Program currently being implemented in Mexico and planned for continuation consists of:

Projects in agriculture and education for the training of participants in specialty fields and instruction in teacher training methods.

A project in Vocational Rehabilitation in cooperation with five private agencies provides specialized on-site training and for participant training in the U.S.

A single project in the training of Labor Union teams provides for sending selected participants to the U.S. to observe and study labor-management relations, industrial operations and techniques. The Industrial Productivity Program will be continued essentially on the same basis as the current fiscal year. Highly skilled short-term consultants will be selected from the ranks of U.S. industry for on-site training of management, technicians and labor in industrial plant operation and improved methods. Local nationals will be provided with specialty training in U.S. institutions and industry. Mexico will be further assisted in efforts of decentralization from the parent Industrial Productivity Center in Mexico City to additional outlying Regional Productivity Centers.

Industrial motors, agricultural and highway machinery provided to the El Olivar Project and Road Camps for field training by private enterprise, the Mexican Road Association and by the two cooperating governments will speed up training of operators and mechanics needed for the economic development of Mexico.

Continued cooperation will be provided to the Center for Monetary Studies sponsored by the Bank of Mexico in cooperation with central banks of eleven other Latin American countries. Assistance is provided in research, information, and training primarily by the provision of short-term eminent monetary and credit specialists.

Apart from on-site training to be provided in Mexico, 40% of all program funds estimated for FY 1959 are proposed for the training of nationals in the U.S. in all phases of the projects planned for implementation.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	888	5	374	147	123	212	15	6		6
ESTIMATE FY 1958 Technical Cooperation	680		373	16	110	64	15			102
PROPOSED FY 1959 Technical Cooperation	700	25	380	25	100	30	35			105

Country: MEXICO

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Function: Technical Cooperation Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Food and Agriculture									
Agricultural Training Support	25		25						
Industry and Mining									
Minerals Technology Cooperation	45	27	12			6			
Geological Survey	35	22	5			8			
Industrial Productivity Center	75						75		
Industrial Productivity Training Teams	65		65						
Industrial Productivity Administration	22	15				7			
Industrial Productivity Training Courses	102	15		85		2			
Industry-Wide Productivity Program	36			36					
Subtotal	380	79	82	121		23	75		
Transportation									
Training Facilities for Operators and Mechanics	25	12	10			3			
Labor									
Labor Union Training Teams	100		90			10			
Health and Sanitation									
Vocational Rehabilitation	30	15	12			3			
Education									
Training Support	35		35						
General and Miscellaneous									
Technical Support	45	17				28			
All Other Training	20		20						
Monetary Studies	40	5		34		1			
Subtotal	105	22	20	34		29			
Total Technical Cooperation	700	128	274	155		68	75		

MEXICO

A Title I, PL 480 Sales Agreement was executed on October 23, 1957 between the Governments of the United States of America and the United States of Mexico in the amount of $28.2 million for 500,000 metric tons of corn. Foreign currency reserved for U.S. non-ICA use, in thousands of dollar equivalent, totals $7,550, (Sections 104(a) $2,500; 104(b) $2,900; 104(h) $1,200; and 104 (j) $900). Foreign currency loans to the private sector (Cooley Amendment) under section 104(e) amounts to $7,050.

A Loan Agreement to be executed in the amount of $13.6 million in foreign currency dollar equivalent under Section 104(g) will be administered by ICA in cooperation with the GOM for economic development projects in Mexico.

Although development project proposals have not been documented, reviewed or approved, Mexico has indicated informally an interest in a project for railway rehabilitation and construction to provide a more direct route from the Atlantic to the Pacific Coast through the State of Chihuahua. This project would accelerate the economic development of the North, Northeast and Northwest zones of Mexico. Highway construction and improvement, flood control and hydro-electric power development projects have been suggested for the underdeveloped region of Southeastern Mexico from Veracruz to and including the Yucatan Peninsula bordering the Gulf of Mexico. The area of Tehuante on the Pacific side is included in project development plans.

(In thousands of dollars)

SUMMARY SALES PROGRAM UNDER P.L. 480,
TITLE I AND FOREIGN CURRENCY PROGRAM EARMARKING

TABLE III

(Foreign Currency in thousands of dollar equivalent)

SALES AGREEMENT BY FISCAL YEAR		Foreign Currency Reserved for U.S. Uses	Foreign Currency Administered by Ex-Im Bank (Cooley Amend.)	FOREIGN CURRENCY TO BE ADMINISTERED BY MSP AGENCIES				
Fiscal Year in Which Sales Agreement Signed	Total Value of Sales			Sec. 104c	Sec. 104d	Sec. 104e	Sec. 104g	Total Administered by MSP Agencies
FY 1955 Actual								
FY 1956 Actual								
FY 1957 Actual								
FY 1958 Estimate	28,200	7,550	7,050				13,600	13,600
FY 1959 Estimate								
TOTAL	28,200	7,550	7,050				13,600	13,600

Country: MEXICO

STATUS OF LOCAL CURRENCY FUNDS
(Administered by MSP Agencies)

TABLE IV

(In thousands of dollar equivalent)

Type of Programs Generating Local Currencies and its Utilization	ACTUAL FY 1957			ESTIMATE FY 1958		PROPOSED FY 1959	
	Cumulative Through 7/1/56	Net Change	Cumulative Through 6/30/57	Net Change	Cumulative Through 6/30/58	Net Change	Cumulative Through 6/30/59
MSP U.S.-OWNED LOCAL CURRENCIES							
Potential Generation from U.S. Dollar Program . .							
Deposits							
Obligotions							
Expenditures							
COUNTERPART							
Potential Generation from U.S. Dollar Program . .							
Deposits							
Commitments							
Expenditures							
P.L. 480 TITLE I							
Potential Generation from U.S. Dollar Program . .				13,600	13,600		13,600
Deposits				13,600	13,600		13,600
Obligations				13,600	13,600		13,600
Expenditures				1,000	1,000	12,600	13,600
OTHER LOCAL CURRENCY							
Potential Generation from U.S. Dollar Program . .							
Deposits							
Commitments							
Expenditures							

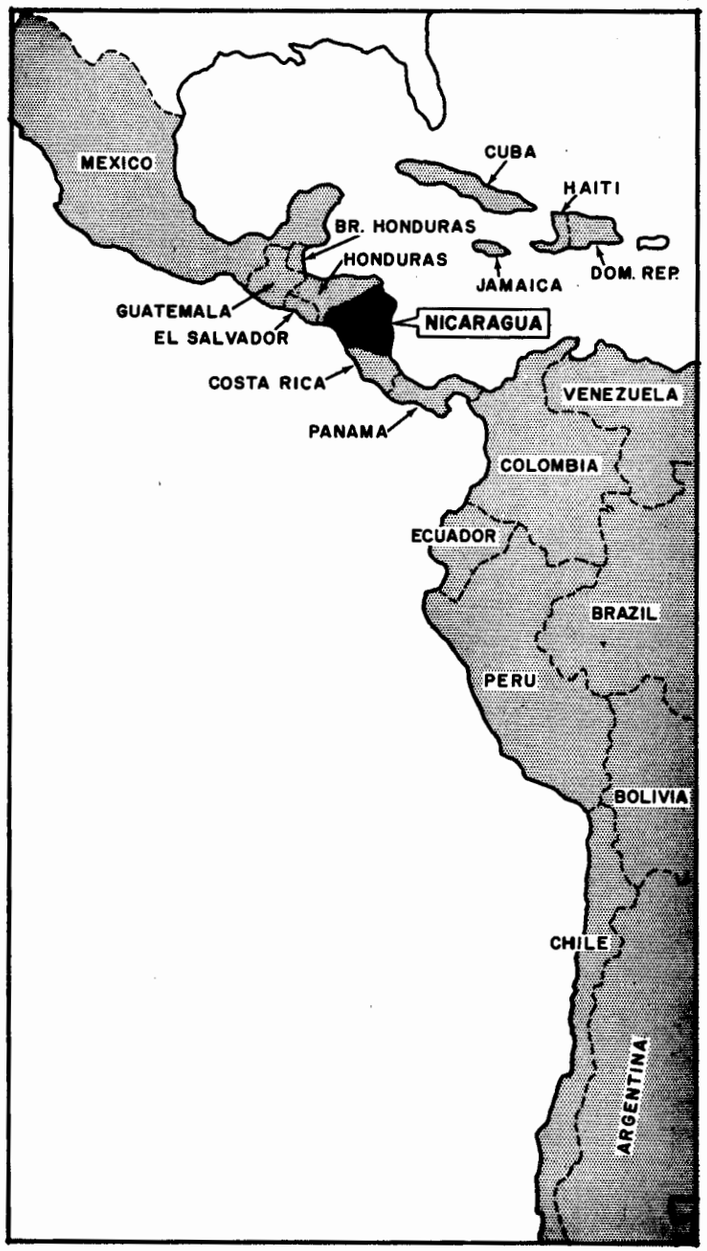
Country: MEXICO

SUMMARY OF LOCAL CURRENCY PROGRAM ADMINISTERED BY MSP AGENCIES
BY PURPOSE AND FIELD OF ACTIVITY
Obligations or Commitments by Fiscal Year
(In thousands of dollar equivalent)

TABLE V

PURPOSE AND ACTIVITY	FY 1957			FY 1958			FY 1959		
	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources
MILITARY PURPOSES									
Projects									
Budget Support									
Military Procurement									
Total Military Purposes									
ECONOMIC PURPOSES									
Project Assistance by Field of Activity									
Agriculture									
Industry and Mining					2,800				
Transportation					10,800				
Labor									
Health and Sanitation									
Education									
Public Administration									
Community Development, Social Welfare and Housing									
General and Miscellaneous									
Total					13,600				
Budget Support (Not Elsewhere Classified)									
Total Economic Purposes					13,600				
Procurement for Third Country	XXX			XXX			XXX		
TOTAL ALL PURPOSES					13,600				

NICARAGUA



BASIC DATA

Population	1.3	million
Annual Growth	3.2	percent
Agricultural Land	10	percent of area
Agri. Land per Capita	3	acres
Literacy Rate	40	percent

	Nicaragua	United States
Life Expectancy (years)	n.a.	70
Inhabitants per Physician	2,200	760
Road Miles per 1,000 sq.mi....	51	1,020
Electric Power per Capita .... (KWH per year)	86	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	295	310	305	305
Per Capita GNP.....	Dollars	245	249	238	233
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	260	346	334	365
Coffee	1,000 MT	20	27	24	21
Corn	"	137	94	141	150
Cotton	"	23	45	35	41
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	55	72	58	60
Coffee	"	25	28	23	27
Cotton	"	17	31	24	22
Total Imports (c.i.f).....	"	68	70	69	79
Trade Balance.....	"	-13	2	-11	-19
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	26	26	20	22
Imports from U.S.	"	37	39	33	39
Trade Balance with US.	"	-11	-13	-13	-17
FOREIGN EXCHANGE RESERVES... (end of year)	"	15	15	9	6
COST OF LIVING (Managua)....	1953=100	108	123	118	n.a.

n.a. - Not Available a - Crops harvested in crop-year ending in year stated.

Country NICARAGUA

MUTUAL SECURITY PROGRAM

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

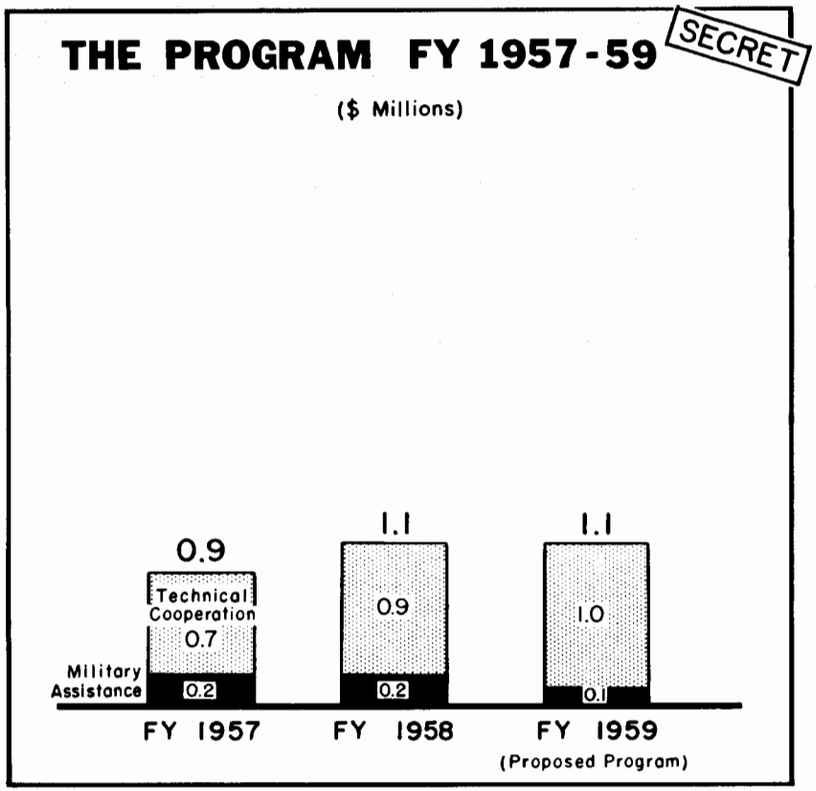
U.S. Interests: Nicaragua, a Republic with universal suffrage for men and women, has a highly centralized structure of government. During the past year President Luis Somoza, son of the late President Anastasio Somoza, assassinated in 1956, has taken a sincere interest in improving economic conditions. He has described himself as a transitional president intent upon carrying out a democratic policy and has announced that it is not his intention to succeed himself in the Presidency. Nicaragua's relations with the United States are most friendly and this has been constantly reflected in support of U.S. objectives in the OAS and the UN.

Although Nicaragua's economy has expanded at an increased rate during the past few years, it still remains one of the least developed American nations. Its economy is predominantly agricultural, the major crops being cotton, coffee, sugar, rice, corn and beans. Its principal exports are cotton and coffee, which account for approximately 75 percent of the total value of exports. The present trend of decreasing world market prices for these two products and two poor crop seasons have caused exchange problems resulting in a slackening in the country's rate of economic development. Approximately 70 percent of the labor force is engaged in agriculture; 10 percent in manufacturing; and 20 percent in other pursuits.

In 1956 U.S. exports to Nicaragua amounted to $33 million, and imports from Nicaragua amounted to $20 million or 31 percent of Nicaragua's total exports. At the end of 1953 U.S. investments in Nicaragua totaled $9.3 million.

The Bryan-Chamorro Treaty of 1914 gives the U.S. exclusive rights in perpetuity to negotiate for the construction of a canal across the Nicaraguan isthmus. This, coupled with Nicaragua's proximity to the Panama Canal, gives this country strategic importance to the U.S. The U.S. now has in effect with Nicaragua a Mutual Defense Assistance Agreement, and Nicaragua is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro-1947).

The Communist party has been outlawed, but a relatively small group of hard-core Communists are continuously active among the labor unions and low-income groups.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57	960	840	120
Estimate F.Y. 1958	195	244	XXX
Cumulative 6/30/58	1,155	1,084	71
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	3,920	3,604	316
Estimate F.Y. 1958	900	700	XXX
Cumulative 6/30/58	4,820	4,304	516

Nicaragua

MILITARY ASSISTANCE

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Major Components by Category (all values in thousands of dollars)	Annual Programs				Del./Exp. F.Y. 1950-58 Programs		
	Quantity and Value		Proposed F.Y. 1959		Estimate F.Y. 1958	Cumulative June 30, 1958	F.Y. 1959 and Later
	F.Y. 1957	F.Y. 1958	Quantity	Value			
Country Total	$198	$195	-	$90	$244	$1,084	$71
Aircraft, Components, Spares & Related Equip.	-	-	-	-	-	-	-
Ships and Harbor Craft, Components and Spares	-	-	-	-	-	-	-
Tanks, Other Vehicles, Weapons, Comp. & Spares	-	$ 20	-	-	$ 10	$ 357	$20
Truck, 1/4 Ton, 4x4 (all models)	-	-	-	-	-	28	-
Truck, 2 1/2 Ton, 6x6, Cargo (all models)	-	-	-	-	-	5	-
Gun, Machine, Cal..30 (all models)	-	4	-	-	-	22	4
Mortar, 60mm (all models)	-	1	-	-	-	8	1
Rifle, 57mm, Recoilless	-	1	-	-	-	8	1
Rifle, 75mm, Recoilless	-	3	-	-	-	3	3
Rifle, U.S. Cal..30, M1-Series	-	54	-	-	-	402	54
Carbine, Cal..30 (all models)	-	30	-	-	-	91	30
Ammunition	-	$ 7	-	-	-	$ 120	$ 7
Cartridge, Cal..50 (all types) (M Rounds)	-	-	-	-	-	8	-
Electronics & Comm. Equipment, Comp. & Spares	-	$ 2	-	-	-	$ 42	$ 2
SCR-300 (AN/PRC-10) Radio Set	-	-	-	-	-	20	-
SCR-536 (AN/PRC-6) Radio Set	-	3	-	-	-	33	3
Other Materiel	-	-	-	-	-	$ 49	-
Construction	-	-	-	-	-	-	-
Training	$198	$166	-	$90	$234	$ 516	$42
All Other	-	-	-	-	-	-	-

Revised 24 March 1958

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Nicaragua

MILITARY ASSISTANCE

Objectives of Military Assistance: Continued development of Nicaraguan military units which contribute to the defense of the Western Hemisphere through:

(a) defense of the country's coastal waters, ports, and approaches thereto;
(b) defense of bases, strategic areas and installations of Nicaragua;
(c) preparation for participation in combined operations in support of U.S. forces guarding the approaches to the Panama Canal.

Major Combat Forces:

Strategic Objectives	MAP Supported
1 Inf. BCT	1 Inf. Bn.
2 Air Squadrons	

Active Military Strength: 4,986

MAP Accomplishments: Military Assistance to Nicaragua has provided most of the equipment and training to enable Nicaragua to organize one modified infantry battalion. This equipment and training will allow the development of a relatively modern unit by the Nicaraguan Government. In addition, the MAP has promoted standardization of arms in the country and further oriented the country Government toward the U.S.

Appraisal of Forces:

Army: Can maintain internal security

Navy: No Navy units

Air Force: Can support the army in maintaining internal security.

For political reasons, this Government has been unusually slow in organizing the MAP-supported battalion. The elapsed time since organization has been insufficient to develop a combat capability, although this unit is more effective than any other unit of the Nicaraguan Army. With further MAP training assistance, the unit will attain a limited effectiveness.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
Country Programs	198	195	90
Portion Special Materiel Program	(13)	(19)	(5)
Total	(211)	(214)	(95)

Country Contribution: Nicaragua has furnished personnel for the organization and activation of the MAP-supported unit. The country allocates approximately 18% ($6.9 million in 1957) of its total budget for defense.

Proposed FY 1959 Program Provides:

Army: Spare parts and training

Future objectives call for the further buildup of the infantry battalion to a battalion combat team, dependent upon country capability to support the unit and political considerations in relation to neighboring countries.

Miscellaneous Data: U.S. excess stocks delivered at no charge through 30 June 1958: $0. Military Sales through 30 June 1957: $1.7 million.

The functions of the MAAG for Nicaragua are performed by U.S. Military Mission personnel assigned to the country and supported by their respective services and the host country.

Country: NICARAGUA

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	359		359		430		430		478		478
Participants	161		161		225		225		272		272
Contractual Services											
Supplies and Equipment											
Contrib. to Coop. Services	150		150		200		200		200		200
Other Costs	11		11		45		45		50		50
Total Project Assistance	681		681		900		900		1,000		1,000
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	681		681		900		900		1,000		1,000
NUMBER OF PEOPLE											
Technicians (On duty close of year)	24		24		31		31		36		36
U.S. Employed	24		24		31		31		36		36
Contract											
Participants (Programmed during year)	54		54		63		63		86		86
Non-Contract	54		54		63		63		86		86
Contract											

GPO 934793

Objectives of Technical Cooperation

- Provide technical assistance for improving civil aviation, particularly where related to common defense arrangements.
- Improve living standards through development and use of national resources.
- Assist the Government in its economic development program designed to simultaneously improve health, education, transportation, agriculture, industry and electric facilities.
- Expand elementary and vocational education, aimed at increasing literacy and teaching skills needed for economic and social improvement.
- Maintain an important U.S. position in Nicaraguan trade; encourage further development of U.S. trade interests and private investment opportunities.

Accomplishments of Technical Cooperation

The technical cooperation program represents an important factor in U.S. relations with Nicaragua. This program has contributed towards the maintenance of favorable Nicaraguan-U.S. cooperation and in gaining active Nicaraguan support for Inter-American arrangements and in world affairs.

The cooperative program in agriculture, since 1943, concentrated on developing the research staff in the Department of Agriculture. Eleven of 16 proposed extension agencies have been established and staffed with agents, assistants and home demonstration specialists. Facilities of a vocational agricultural school have been expanded, its curriculum enlarged and improved.

Civil aviation has played an important role in the internal development of the country, and Nicaragua serves as an important link in international routes between the U.S. and South America. A planned runway extension was begun at the Las Mercedes Airport (serving Managua) in early FY 1958, which serves U.S. flag carriers.

Health activities have practically eliminated malaria around the Capital, and a successful program in water supply and sewage disposal has been transferred to the Ministry of Public Works.

The education program, begun in 1951 initiated vocational and industrial arts training in Nicaragua, and the Government constructed a National Trade School in Managua. Industrial arts and homemaking centers were established in larger towns and are operating under teachers trained in the cooperative program.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	681	900	1,000

An urban planning office was established in 1953 and a comprehensive city plan was developed for Managua. Several key persons in Nicaraguan Government agencies have been brought to the U.S. for special training in public administration.

Major Problems: Largest of the Central American states, Nicaragua has a relatively small density of population but a vast tropical forested area, virtually unexplored, in the eastern part of the country; low rate of literacy, of about 40 percent; need for increase in professional capacitation and technical skills; insufficient fuel or electric energy resources; need for substantial amounts of domestic and foreign capital investments in agricultural and other machinery; need for careful use of the country's credit and fiscal resources, as the economic development program unfolds, in order to avoid problems of inflation and unbalanced development; ever-threatening difficulties of balancing foreign exchange requirements against exchange resources, particularly during poor crop years or depressed world market prices. In an atmosphere of increasing liberalization, international communistic elements may be expected to step up their efforts to enlist support from dissatisfied and low-income or ultra-national groups, with the aim of hindering or forestalling Nicaraguan development programs and disturbing political and economic stability.

Proposed FY 1959 Program

The program proposed for FY 1959 provides for continuation of major activities established and presently in operation.

In agriculture, greater emphasis will be placed on completing the organization of the extension service and in its coordination with research and teaching institutions and activities. Local technicians will be expected to take increasing responsibility in established programs. It is proposed that a Department of Forestry be established within the Ministry to initiate a program of conservation and use of timber resources of the East Coast area. A team of specialists from the U.S. Department of Agriculture has been requested in 1958 to assist and advise on commodity problems

in world markets, diversification and market development opportunities.

The civil aviation program will be continued on about the same scale as in FY 1958. Civil aviation technicians are helping to train staff personnel in administration and communication phases and in installing at the Las Mercedes Airport tower, instrument approach equipment and modern air traffic regulations.

The new health program, requested and beginning in FY 1958, will emphasize in FY 1959 improvement of general health through more efficient operation of public health services and facilities. Activities are expected to be concentrated on improvement of health centers, improving sanitary facilities in the Western Coastal area along the route of the Inter-American Highway, on nursing education, and on administrative planning and reorganization of the Ministry of Health.

In the rural education normal school program, the establishment of "nuclear (rural demonstration schools under the supervision of the normal school) schools" will continue when suitable buildings and equipment can be made available and teacher personnel adequately trained. The vocational school curriculum will be expanded and shops added. In the initiation of an industrial arts program in major cities and towns, students will be trained who may later attend the National Technical Vocational Institute.

A small self-help housing program for the assistance of low income and urban worker groups to improve their living standards through provision of more adequate housing is being initiated in FY 1958 and will be continued in FY 1959.

Short term seminars and small programs of participant training in the U.S. are proposed in fields of labor, industry, public administration, and use of atomic energy and materials, as well as in connection with the activities described above.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	681	361	18	47		18	218		19	
ESTIMATE FY 1958 Technical Cooperation	900	388	28	50	10	94	270	20	40	
PROPOSED FY 1959 Technical Cooperation	1,000	376	20	55	20	144	318	27	40	

Country: NICARAGUA

ECONOMIC ASSISTANCE

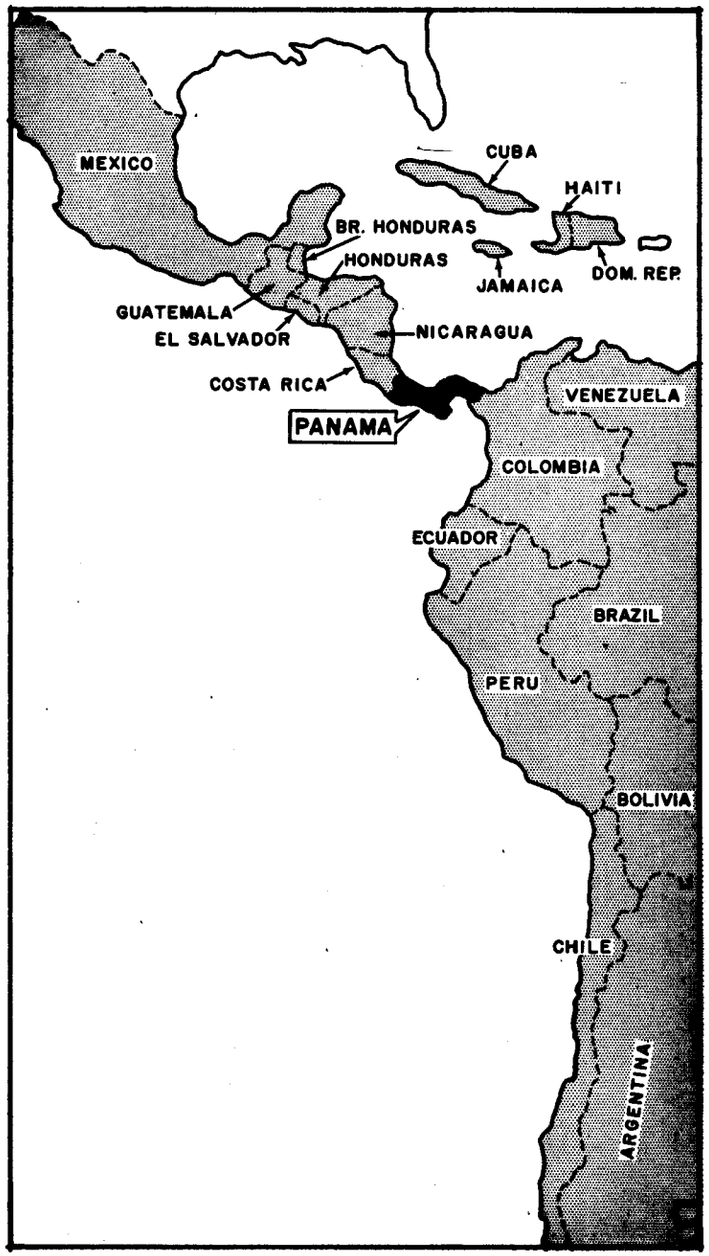
TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Function: Technical Cooperation / Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Food and Agriculture									
Contribution to Cooperative Servicio and Administration of Agriculture Program	143	29				14	100		
Agriculture Research and Extension	233	155	73			5			
Subtotal	376	184	73			19	100		
Industry and Mining									
Participants in Industry	20		20						
Transportation									
Highways	5		5						
Civil Aviation	48	30	15			3			
IAGS Participants	2		2						
Subtotal	55	30	22			3			
Labor									
Labor Participants and Seminar Consultants	20	5	15						
Health and Sanitation									
Contribution to Cooperative Service and Administration of Health Program	81	28				3	50		
Public Health Services	63	38	20			5			
Subtotal	144	66	20			8	50		
Education									
Contribution to Cooperative Service and Administration of Education Program	86	30				6	50		
Vocational Education	96	64	30			2			
Rural Elementary Education	136	76	50			10			
Subtotal	318	170	80			18	50		
Public Administration									
Participant Training	27		27						
Community Development									
Aided Self-Help Housing	40	23	15			2			
Total Technical Cooperation	1,000	478	272			50	200		

PANAMA



BASIC DATA

Population	1.0	million
Annual Growth	2.9	percent
Agricultural Land	13	percent of area
Agri. Land per Capita	2.6	acres
Literacy Rate	72	percent

	Panama	United States
Life Expectancy (years)	n.a.	70
Inhabitants per Physician	3,300	760
Road Miles per 1,000 sq.mi....	69	1,020
Electric Power per Capita .... (KWH per year)	172	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	257	270	275	285
Per Capita GNP.....	Dollars	290	297	294	297
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	213	207	189	192
Rice	1,000 MT	111	99	98	97
Sugar	"	17	15	17	23
Electricity[b].....	Mill. KWH	145	150	160	175
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	61	68	56	62
Bananas	"	22	27	24	28
Shrimp	"	2	3	4	6
Total Imports (c.i.f).....	"	106	111	122	130
Trade Balance.....	"	-45	-43	-66	-68
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	18	20	20	22
Imports from U.S.	"	100	76	68	80
Trade Balance with US.	"	-82	-56	-48	-58
FOREIGN EXCHANGE RESERVES... (end of year)	"	48	42	42	38
COST OF LIVING (Panama City).	1953=100	99	99	99	99

n.a. - Not Available a - Crops harvested in crop-year ending in year stated.
b - Includes trade of Colon Free Zone.

Country PANAMA

MUTUAL SECURITY PROGRAM

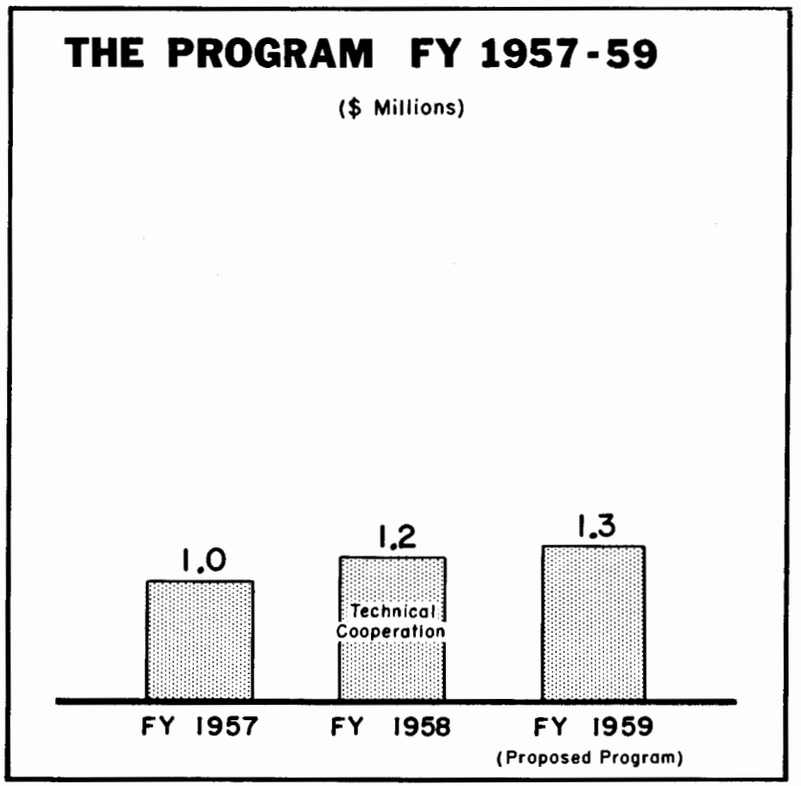
Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

U.S. Interests: Since 1903 when Panama became independent and by treaty granted rights in perpetuity in the Canal Zone to the United States, our unique relationship to this small country of just under one million inhabitants has been characterized by a multiplicity of complex problems. To safeguard our security and commercial requirements in this area, we have entered into a series of treaties, agreements, and working arrangements pertaining to Panama and the Canal Zone. Panama is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947).

While Panama has proved basically friendly and cooperative with the United States, nationalistic elements did succeed in arousing latent anti-United States feelings during the treaty negotiations of 1953-55, and criticism of United States policies with regard to the Canal Zone and canal operations burgeoned. Following promulgation of the treaty, agitation declined, only to be revived following Nasser's nationalization of the Suez Canal in July, 1956. Although not currently at a high pitch, this growing nationalist feeling in Panama promises to make increasingly difficult the joint efforts of the United States and friendly Panamanian governments to cope successfully with the complex problems involved in the operation and defense of the Canal.

Panama's weak and unbalanced economy, which is overly dependent upon the Canal Zone, lacks the sufficiently broad economic base necessary to encourage political stability, while providing a ready made theme for exploitation by political demagogues and the Communists. The economy rests essentially on agriculture and commerce with an average GNP in 1956 of $275. Fifty percent of the labor force is in agriculture, the principal products being bananas, sugar, rice, abaca, cacao and beef cattle. Bananas are the primary export, although cacao and abaca are significant and the shrimp industry is of growing importance.

The United States receives 95 percent of Panama's exports and contributes 65 percent of its imports. United States direct investment in Panama was $479 million at the end of 1955. The Government is following an active public works and construction program in an effort to provide needed public services and to ease unemployment.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57			
Estimate F.Y. 1958			XXX
Cumulative 6/30/58			
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	6,540	5,956	584
Estimate F.Y. 1958	1,170	1,100	XXX
Cumulative 6/30/58	7,710	7,056	654

Country: PANAMA

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	519		519		609		609		753		753
Participants	153		153		126		126		249		249
Contractual Services					51		51				
Supplies and Equipment											
Contrib. to Coop. Services	290		290		292		292		225		225
Other Costs	61		61		92		92		73		73
Total Project Assistance	1,023		1,023		1,170		1,170		1,300		1,300
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	1,023		1,023		1,170		1,170		1,300		1,300
NUMBER OF PEOPLE											
Technicians (On duty close of year)	44		44		48		48		52		52
U.S. Employed	41		41		46		46		49		49
Contract	3		3		2		2		3		3
Participants (Programmed during year)	64		64		35		35		81		81
Non-Contract	64		64		35		35		81		81
Contract											

GPO 934793

Country PANAMA

ECONOMIC ASSISTANCE

Objectives of Technical Cooperation

- To encourage Panama to become a source of strength in support of the free world through sound political, and economic development.
- To promote the consistent willing cooperation of Panama in its relations with U.S. in order to ensure efficient continued operation of the Panama Canal for commercial and military needs.
- To encourage the development of the Panamanian economy in order to reduce the dependence of the Republic on the Canal Zone and to enable Panama to compete on equal terms with other countries for domestic, Canal Zone, and world markets.
- To demonstrate to other countries of the world the possibility of long, close association with the United States under conditions which respect the sovereignty of the smaller nation and actively promote political, economic, and social development.

Accomplishments of Technical Cooperation

The ICA program has enabled Panama to develop substantially its agricultural production and raise health levels throughout the country. Since 1950, the USOM has trained 315 Panamanians in universities in the United States. During the past year, 66 students were sent abroad under ICA grants and several hundred were given on-the-job training in Panama. Progress has been rapid in the poultry industry, which has developed recently from a most primitive condition to the point where Panama now supplies most of its own needs in eggs, and broilers. A beginning has been made with the agricultural extension program. The construction of grain storage facilities financed by the World Bank, but which were an outgrowth of Point IV technical programs, has been most effective in reducing sharp seasonal fluctuations in rice and corn prices.

In order to assist Panama to develop her own resources, courses in vocational agriculture and industrial arts have been introduced in most of the high schools and junior high schools of the country. Vocational agriculture has also been started in the rural elementary schools. A summer school for teachers has met with enthusiastic response and will be expanded. Commercial subjects have also been introduced to most of the high schools and many of the junior high schools.

The public health program in Panama has been a particularly effective one. Most of the population has been immunized against tuberculosis and a chest x-ray program has isolated a substantial part of the infectious TB cases throughout the country. The nursing standards of the nation have been raised to a point where they now begin to approach those of the U.S.A.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	1,023	1,170	1,300

Considerable assistance was given to Panama during the past year in the drafting of a new civil aviation law which will benefit both local and international carriers.

Panama has shown increasing interest and confidence in the ICA program and has assumed over the past few years a larger and larger portion of the program costs. While in 1942 Panama paid only 10% of the total program costs, in 1958 it is estimated that Panama will assume 40% of these costs. With respect to joint servicio contributions in cash and kind, by 1957 the proportion of these charges paid by Panama rose to almost 75% with the U.S. paying only 25%. These figures do not include programs in which ICA training has been completed, which would reflect Panama paying an even greater share.

Major Problems: Inefficient administration due partly to rapid turnover of government employees and the lack of well-organized executive budget and management services, as well as low salary levels; waste of human resources arising because of unproductive use of industrial and agricultural labor; need for long-term economic planning; unproductive use of capital which tends to flow into such projects as high cost real estate, foreign securities, and inventories; unemployment due to continued migration from the interior to the capital, and declining trend of Canal Zone employment; dependence on the Canal Zone as a source of income to the almost complete exclusion of local livestock, agricultural and industrial production; inefficient agricultural production; deficient education due to overcrowding and poor facilities; poor roads which prevent farm produce from reaching markets.

Proposed FY 1959 Program

The program in Panama will be similar in most respects to the program of the preceeding year.

The activities of the industry program, with respect to the utilization of the water resources will be expanded to assist in preparing preliminary surveys for providing hydroelectric facilities in some of the rural communities and helping them to tie in to a regional power transmission network. It is planned to invite U.S. industrial consultants for brief periods, to advise with local producers of food, clothing, shoes, and essential household items, in an endeavor to improve quality and reduce costs.

Assistance will be continued in extending the sewer and water system in the capital, for which purpose a $2,000,000 loan (Smathers) was made from Mutual Security funds in FY-1957, matched by an approximately equal amount of local funds. It is expected that the entire mass x-ray program and the nursing program in the School of Nursing will be turned over to the local government, although some consultation will be continued in these fields.

Phases of the vocational education program, particularly in the fields of agriculture and industrial arts will be introduced in the smaller junior high schools during FY-1959. Some of this work in the larger city schools will be terminated as completed projects. Workshops for the teachers during the summer vacation will be expanded. It is planned to organize a center for producing teaching materials for the Panamanian school system, especially for use in the primary grades. The USOM will assist Panamanian teachers in writing this textbook material, and duplicating it in an inexpensive manner.

Closer cooperation with the University of Panama in the field of public administration is contemplated and assistance will be continued in improving budgeting procedures in offices of the national government.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	1,023	392	20	23	-	198	345	18	26	1
ESTIMATE FY 1958 Technical Cooperation	1,170	478	78	23	11	175	299	51	19	36
PROPOSED FY 1959 Technical Cooperation	1,300	470	75	25	20	235	340	70	30	35

Country: PANAMA

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Technical Cooperation	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Food and Agriculture									
Contribution to Cooperative Service and Administration of Food and Agriculture Program	181	47	3			6	125		
Crop and Livestock Development	90	66	17			7			
Agricultural Economics and Planning	18	14	3			1			
Research, Agricultural Education and Extension	127	102	15			10			
Land Use Studies.	34	27	3			4			
Cooperatives Promotion	20	14	4			2			
Subtotal	470	270	45			30	125		
Industry and Mining									
Industrial Development Center	38	30	8						
Water Resources Development	37	30	7						
Subtotal	75	60	15						
Transportation									
Aviation Consultant	25	16	6			3			
Labor									
Labor Management Relations	20	10	10						
Health and Sanitation									
Contribution to Cooperative Service and Administration of Health and Sanitation Program	72	28				4	40		
General Engineering Services	65	51	10			4			
Health Education and Nutrition	30	12	18						
Nursing Education	50	34	16						
Hospital Administration	18	13	5						
Subtotal	235	138	49			8	40		

Country: PANAMA

ECONOMIC ASSISTANCE

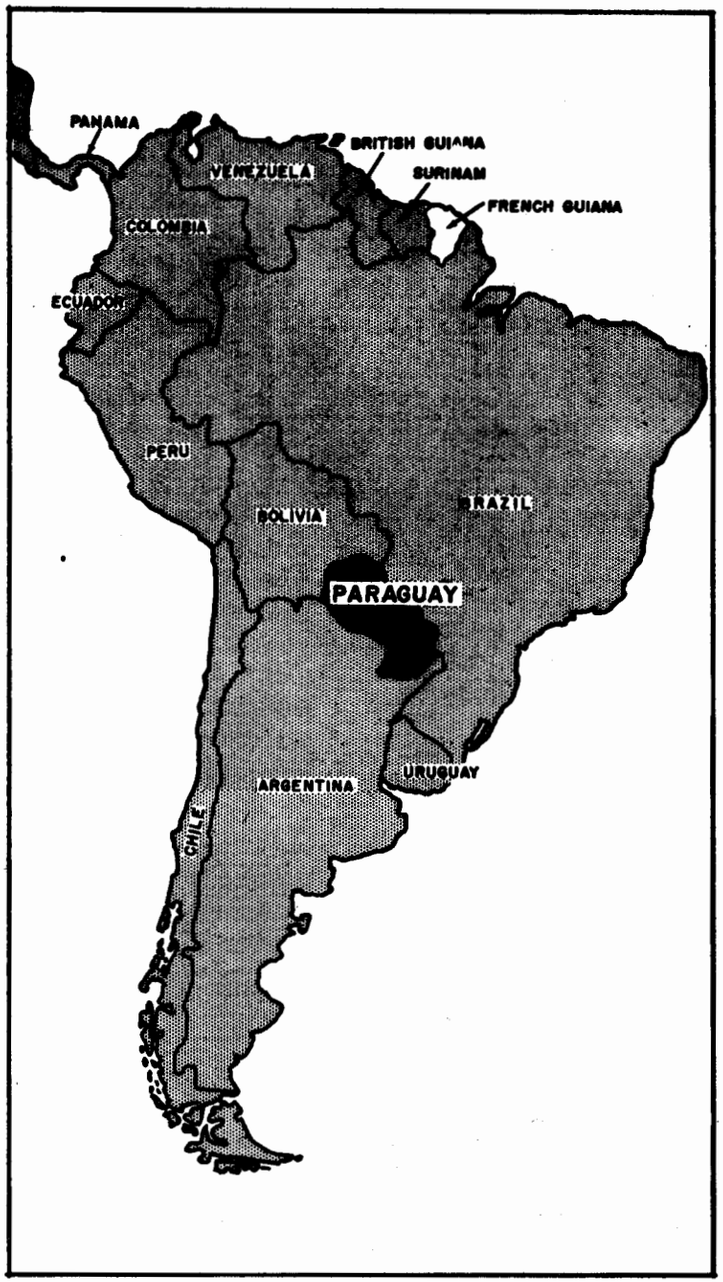
TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Technical Cooperation	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Education									
Contribution to Cooperative Service and Administration of Education Program	90	25				5	60		
Vocational and Industrial Arts	147	122	20			5			
Elementary (Rural) Education	103	83	20						
Subtotal	340	230	40			10	60		
Public Administration	70		70						
Community Development	30	16	14						
General and Miscellaneous Technical Support	35	13				22			
Total Technical Cooperation	1,300	753	249			73	225		

PARAGUAY



BASIC DATA

Population	1.6	million
Annual Growth	2.4	percent
Agricultural Land	3	percent of area
Agri. Land per Capita	2	acres
Literacy Rate	68	percent

	Paraguay	United States
Life Expectancy (years)	n.a.	70
Inhabitants per Physician	2,500	760
Road Miles per 1,000 sq.mi....	29	1,020
Electric Power per Capita .... (KWH per year)	53	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	195	200	190	195
Per Capita GNP.....	Dollars	127	127	119	119
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	121	124	120	122
Sugar, centrifugal	1,000 MT	15	17	14	20
Rice	"	20	25	18	18
Quebracho	"	27	39	26	n.a.
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	34	35	37	34
Cotton	"	7	6	6	5
Lumber	"	11	13	12	10
Total Imports (c.i.f).....	"	37	34	29	32
Trade Balance.....	"	-3	1	8	2
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	5	4	6	6
Imports from U.S.	"	7	5	8	11
Trade Balance with US.	"	-2	-1	-2	-5
FOREIGN EXCHANGE RESERVES[b]... (end of year)	"	9	12	13	12
COST OF LIVING (Asuncion)...	1953=100	120	148	180	208

n.a. - Not Available
b - Central Bank only.
a - Crops harvested in crop-year ending in year stated.

Country PARAGUAY

MUTUAL SECURITY PROGRAM

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

U.S. Interests: Located in the central portion of the South American continent, Paraguay lacks a seacoast and is cut off by geographic barriers from easy communication with its land neighbors. With few valuable resources, a small population, and a high rate of illiteracy, it has remained a largely undeveloped country, out of contact with the main stream of economic progress.

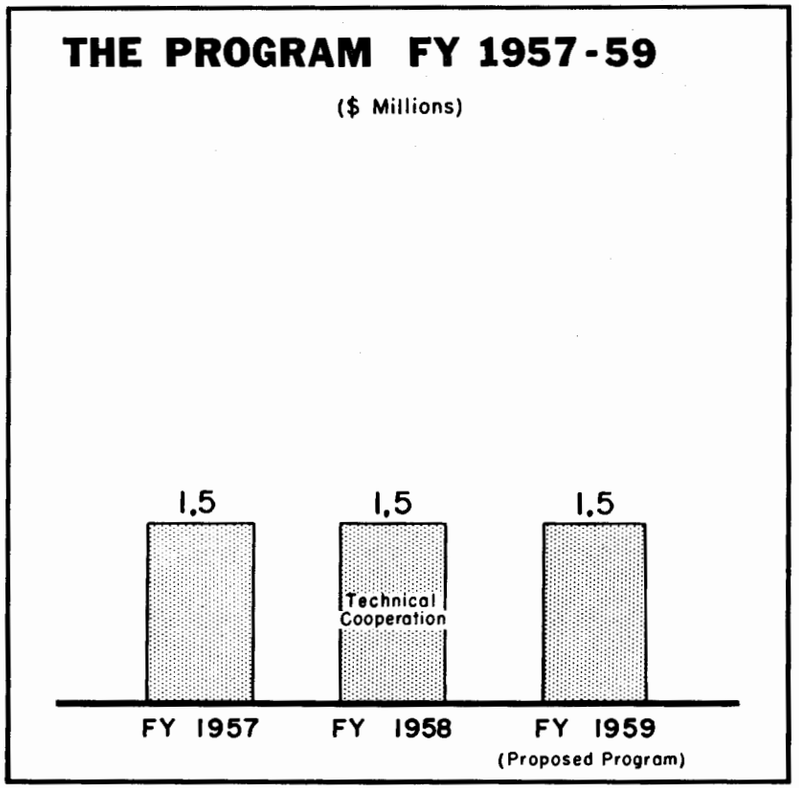
The country has had a turbulent history and has been plagued by political instability, which derives to some extent from its unhappy economic situation and, at the same time, prevents its improvement.

Though Paraguay has little economic and almost no significant military potential, its friendship has been a valuable asset to the United States in the realm of international affairs. It has been a dependable and staunch supporter of United States positions in the various hemispheric and international organizations, particularly in the United Nations. It is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947).

The Communist Party of Paraguay has been outlawed and at present poses no serious threat. Paraguay does not maintain diplomatic relations with the Soviet Union or its Satellites. The Paraguayan government and people are firmly aligned on the side of the Free World.

The United States expects that improvement in Paraguay's general well-being resulting from its economic development will lead to greater political stability and a more democratic government, as well as to Paraguay's assumption of a more important role, economically and politically, in the community of nations.

While Paraguay's share of world trade is small, it is one of the two principal suppliers of quebracho extract, a product vital to petroleum exploration and leather tanning. American investment in the country is small but recently was substantially increased by the granting to American companies of two large petroleum concessions in the Paraguayan Chaco. A third substantial oil concession is also under negotiation. Paraguay has signed an Investment Guaranty Agreement with the United States.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57			
Estimate F.Y. 1958			XXX
Cumulative 6/30/58			
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	8,576	7,412	1,164
Estimate F.Y. 1958	1,480	1,600	XXX
Cumulative 6/30/58	10,056	9,012	1,044

Country: PARAGUAY

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	598		598		673		673		713		713
Participants	232		232		277		277		245		245
Contractual Services											
Supplies and Equipment	132		132		49		49		54		54
Contrib. to Coop. Services	362		362		352		352		325		325
Other Costs	206		206		129		129		163		163
Total Project Assistance	1,530		1,530		1,480		1,480		1,500		1,500
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	1,530		1,530		1,480		1,480		1,500		1,500
NUMBER OF PEOPLE											
Technicians (On duty close of year)	43		43		45		45		46		46
U.S. Employed	41		41		43		43		44		44
Contract	2		2		2		2		2		2
Participants (Programmed during year)	66		66		47		47		40		40
Non-Contract	66		66		47		47		40		40
Contract											

GPO 934793

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Objectives of Technical Cooperation

- To help devise and support a significant program of economic development which will provide a higher standard of living.
- To accelerate construction of basic transportation facilities essential to economic development.
- To improve the most urgent public services in the fields of education and public health, thereby making the people more productive and helping to create a stable social and political environment.
- To expand and diversify agricultural production, principally to increase the volume and variety of products for export.
- To develop technical skills and administrative capacities which will permit the Paraguayan people more rapidly and effectively to deal with their own problems.

Accomplishments of Technical Cooperation

As a result of the joint educational project, Paraguay has a modern school of vocational education with a Paraguayan staff supported by the National Union of Paraguayan Industrialists which provides funds and an advisory council. The school has graduated five classes (303 students) all of whom are immediately employed upon graduation. It is giving instruction in 10 basic trades and is the center from which vocational courses are being established in secondary schools outside the Capital.

Through the joint agricultural program, 10 extension stations have been established which now reach 50% of the 100,000 farm families in Paraguay and which include 35 youth clubs with 850 members. During 10 years, 1,000 dairy animals were imported, and a model dairy and bull-ring were operated for which balanced feed was produced. The projects were terminated because private industry was filling these roles. The operation of a national seed service has resulted in a marked improvement of the local diet.

Great significance is attached to ICA's role in persuading the Central Bank of Paraguay to initiate early in 1956 a stabilization program proposed by the International Monetary Fund which led to an immediate improvement in the monetary, exchange and credit situation. The second step in this program, taken in August 1957, was the establishment of a system of free exchange and the elimination of exchange controls. The success of this program would assure to the Paraguayan economy greater stability, a balanced expansion of productivity and the ability to respond fully to the technical cooperation program.

Major Problems: Geographical isolation which has not only rendered access to world markets difficult but has contributed to backwardness in scientific and technological matters; totally inadequate transportation, power and communications which impede economic development; susceptibility of economy to world price fluctuations due to its dependence upon a few agricultural and forest products as a source of foreign exchange; this is further aggravated by Paraguay's heavy economic dependence on Argentina; an unstable political environment resulting from constant strife between political factions; low per capita income and lack of confidence in the continued value of the currency result in a low rate of capital formation; extremely limited amount of public funds available for development purposes because of administrative weakness in fiscal management; disinclination on the part of domestic and foreign private enterprise to invest capital pending improvement in the investment climate; low agricultural and industrial productivity due to illiteracy, general low level of health and backward technology; dearth of trained people with management and executive skills.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	1,530	1,480	1,500

Specific problems affecting the technical cooperation program are: Inability of Government to take over nature projects at this time; lack of a soundly conceived economic development plan for the country; difficulty of retaining Paraguayans already trained because of political, budgetary and administrative weaknesses; and lack of continuity in government programs due to political instability.

Proposed FY 1959 Program

Agriculture: Paraguay has a predominantly agricultural economy. Agriculture, animal husbandry and forestry exploitation account for 44% of the national income. About 70% of the people depend directly on agriculture as their principal means of livelihood.

Primitive, inefficient farming methods combined with the lack of trained leadership in the agricultural field and inadequate marketing operations are particularly serious deterrents to Paraguay's economic development. The joint agriculture program is designed gradually to overcome these obstacles through strengthening and expanding projects in agricultural extension and research, improving livestock and forestry management, and through the newly undertaken work in agricultural education. This new work was directed to the development of Paraguay's first college of agriculture and

hence to the establishment of a strong core of trained agricultural technicians among the Paraguayans.

Transportation: Lack of adequate transportation facilities is one of the primary obstacles to Paraguay's economic advancement. Major emphasis in the cooperative projects will be placed on: development of a well-conceived internal road network; training of Paraguayans in the operation and maintenance of road construction machinery on a demonstration road project in the Chaco (western part of Paraguay); advisory assistance directed toward further development of airport safety facilities serving national and international carriers, civil aviation planning and legislation.

Health and Sanitation: This program will continue to concentrate on the development of a nation-wide program of public health to apply modern techniques for prevention and control of disease. Priority will be given to those disease problems which are a handicap to productive capacity and to a mass program of education in personal and community hygiene which will aim at raising health standards and practices. This program will be carried out through demonstration projects in environmental sanitation and health education and through specialized training for key public health personnel. A special project inaugurated this year is aimed at the eradication of malaria within five years.

Education: Because of the high rate of illiteracy and the dearth of skilled workmen, technical assistance in elementary and vocational education continues to be vitally important to Paraguay. The rural elementary education project, implemented through the demonstration Normal School in San Lorenzo, is concerned with developing a functional curriculum for rural schools for use throughout the country and the gradual improvement of Paraguay's teacher trainer system. The vocational school in Asuncion will continue, but in FY 1959 increasing emphasis will be placed on the expansion of the program to other cities of Paraguay. The first such project will open in Concepcion, third city of Paraguay in March 1958.

Public Administration: A corollary to the entire technical cooperation program in Paraguay, work in this field is aimed at improving the efficiency and establishing sound management practices within the Paraguayan Government (1) by providing U.S. technicians to advise various ministries and agencies of the Government on how to improve organization and management techniques; (2) by developing administrative skills through on-the-job demonstration or instruction and through training of selected Paraguayans in the U.S. and Puerto Rico. A further objective is to prepare the Paraguayan Government for the eventual assumption of complete responsibility for the joint projects.

Trade and Investment: U.S. assistance in this field is aimed at (1) emphasizing the need for sound fiscal policies and economic planning; (2) helping the Government of Paraguay and private business groups in their efforts to encourage private investment, both foreign and domestic, to develop the country's industrial potential. Considerable work will also be required in the planning and review of loan applications under the Development Loan Fund.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	1,530	306		144		275	369	148		288
ESTIMATE FY 1958 Technical Cooperation	1,480	356		195		231	352	161		185
PROPOSED FY 1959 Technical Cooperation	1,500	371		176		276	325	162		190

Country: PARAGUAY

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Function: Technical Cooperation / Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Agriculture and Natural Resources									
Contribution to Cooperative Service and Administration of Agriculture Program	193	30	6			7	150		
Agriculture Extension Service	45	37	6			2			
Agricultural Crop Development	46	36	10						
Agricultural Livestock Improvement	26	18	6			2			
Forestry	18	17				1			
Agriculture College Assistance	28	20	6			2			
Agricultural Coordination	15	15							
Subtotal	371	173	34			14	150		
Transportation									
Air	34	15	8		9	2			
Roads	142	56	18		30	38			
Subtotal	176	71	26		39	40			
Health and Sanitation									
Contribution to Cooperative Service and Administration of Health & Sanitation Prog.	129	46				8	75		
Technical Assistance and Demonstration of Health Service	86	83				3			
Training of Public Health Personnel	61		61						
Subtotal	276	129	61			11	75		
Education									
Contribution to Cooperative Service and Administration of Education Program	148	30	12		1	5	100		
Vocational Education	97	70	24		1	2			
Elementary Teacher Education	80	54	24		1	1			
Subtotal	325	154	60		3	8	100		
Public Administration	162	95	54		4	9			
General and Miscellaneous									
Trade and Investment	48	36	10			2			
Technical Support	109	37			8	64			
Mass Communication	33	18				15			
Subtotal	190	91	10		8	81			
Total Technical Cooperation	1,500	713	245		54	163	325		

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Under the terms of the P.L. 480, Title I Sales Agreement executed with the GOP in May 1956, the Guarani equivalent of $2,250,000 was made available for loans for economic development.

Loan funds derived from the FY 1957 sales program were allotted to the following projects: Asuncion Sewerage System; Airport Development; Trans-Chaco Road; Highway Construction in Eastern Paraguay; Private Investment Sector (Agricultural Development). These projects are closely related to U.S. objectives, particularly the acceleration of construction of basic transportation facilities, improvement of urgently needed public health services and expansion of agricultural production.

The availability of Title I, P.L. 480 local currency has not directly affected dollar requirements for the MSP program which consists solely of a technical cooperation program.

Paraguay has had serious economic problems for many years. In March 1956 an economic stabilization program, backed by the IMF, was initiated by the GOP. To support this program and to minimize the inflationary effect of releasing the P.L. 480 local currency, ICA agreed to delay disbursement until July 1, 1957. Further, ICA approved the use of these funds for public works projects (Asuncion Water Works System, Asuncion Airport Construction and Highway Construction, being partially financed under Export-Import Bank and IBRD loans), for which the GOP was already committed to provide local currency requirements and which would otherwise require deficit financing. Deficit requirements could thus be covered, thereby staving off inflation which would otherwise result from the issuance of additional currency.

TABLE III

(In thousands of dollars)

SUMMARY SALES PROGRAM UNDER P.L. 480, TITLE I AND FOREIGN CURRENCY PROGRAM EARMARKING

(Foreign Currency in thousands of dollar equivalent)

SALES AGREEMENT BY FISCAL YEAR		Foreign Currency Reserved for U.S. Uses	Foreign Currency Administered by Ex-Im Bank (Cooley Amend.)	FOREIGN CURRENCY TO BE ADMINISTERED BY MSP AGENCIES				
Fiscal Year in Which Sales Agreement Signed	Total Value of Sales			Sec. 104c	Sec. 104d	Sec. 104e	Sec. 104g	Total Administered by MSP Agencies
FY 1955 Actual FY 1956 Actual FY 1957 Actual FY 1958 Estimate FY 1959 Estimate	3,000	750					2,250	2,250
TOTAL	3,000	750					2,250	2,250

Country: PARAGUAY

STATUS OF LOCAL CURRENCY FUNDS
(Administered by MSP Agencies)

TABLE IV

(In thousands of dollar equivalent)

Type of Programs Generating Local Currencies and its Utilization	ACTUAL FY 1957			ESTIMATE FY 1958		PROPOSED FY 1959	
	Cumulative Through 7/1/56	Net Change	Cumulative Through 6/30/57	Net Change	Cumulative Through 6/30/58	Net Change	Cumulative Through 6/30/59
MSP U.S.-OWNED LOCAL CURRENCIES							
Potential Generation from U.S. Dollar Program . .							
Deposits							
Obligations							
Expenditures							
COUNTERPART							
Potential Generation from U.S. Dollar Program . .							
Deposits							
Commitments							
Expenditures							
P.L. 480 TITLE I							
Potential Generation from U.S. Dollar Program . .		2,250	2,250		2,250		2,250
Deposits		1,435	1,435	815	2,250		2,250
Obligations		1,431	1,431	819	2,250		2,250
Expenditures				2,250	2,250		2,250
OTHER LOCAL CURRENCY							
Potential Generation from U.S. Dollar Program . .							
Deposits							
Commitments							
Expenditures							

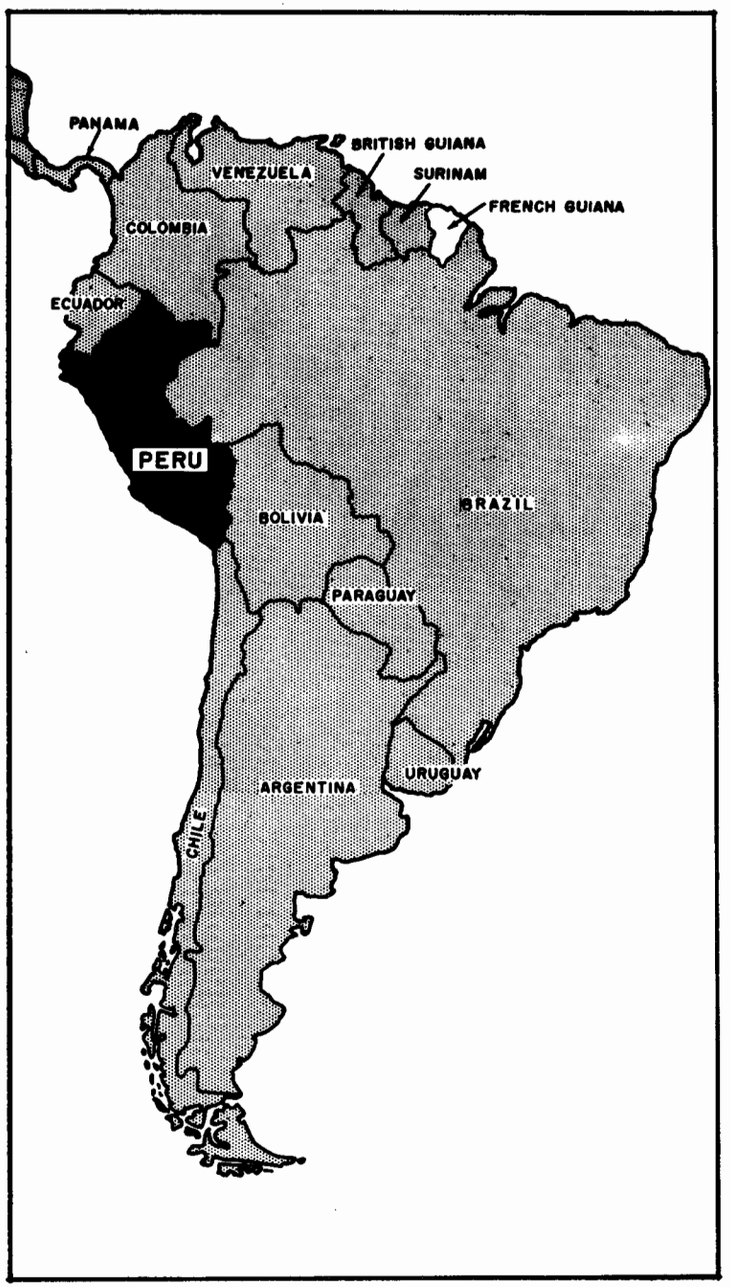
Country: PARAGUAY

SUMMARY OF LOCAL CURRENCY PROGRAM ADMINISTERED BY MSP AGENCIES
BY PURPOSE AND FIELD OF ACTIVITY
Obligations or Commitments by Fiscal Year
(In thousands of dollar equivalent)

TABLE V

PURPOSE AND ACTIVITY	FY 1957			FY 1958			FY 1959		
	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources
MILITARY PURPOSES									
Projects									
Budget Support									
Military Procurement									
Total Military Purposes									
ECONOMIC PURPOSES									
Project Assistance by Field of Activity									
Agriculture									
Industry and Mining									
Transportation		1,025			440				
Labor									
Health and Sanitation		406			379				
Education									
Public Administration									
Community Development, Social Welfare and Housing									
General and Miscellaneous									
Total		1,431			819				
Budget Support (Not Elsewhere Classified)									
Total Economic Purposes		1,431			819				
Procurement for Third Country	XXX			XXX			XXX		
TOTAL ALL PURPOSES		1,431			819				

PERU



BASIC DATA

Population	9.9	million
Annual Growth	2.4	percent
Agricultural Land	10	percent of area
Agri. Land per Capita	3	acres
Literacy Rate	45	percent

	Peru	United States
Life Expectancy (years)	39	70
Inhabitants per Physician	4,500	760
Road Miles per 1,000 sq.mi....	44	1,020
Electric Power per Capita .... (KWH per year)	155	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	1,380	1,500	1,550	1,560
Per Capita GNP.....	Dollars	150	160	161	157
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	156	165	150	151
Cotton	1,000 MT	103	106	103	111
Petroleum, crude	"	2,292	2,302	2,451	2,576
Lead, refined	"	58	61	60	62
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	245	268	308	305
Cotton	"	65	68	86	74
Sugar	"	33	37	33	44
Total Imports (c.i.f).....	"	250	300	361	404
Trade Balance.....	"	-5	-32	-53	-99
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	97	111	134	129
Imports from U.S.	"	98	120	159	200
Trade Balance with US.	"	-1	-9	-25	-71
FOREIGN EXCHANGE RESERVES... (end of year)	"	70	72	84	51
COST OF LIVING (Lima)	1953=100	105	110	116	125

n.a. - Not Available a - Crops harvested in crop-year ending in year stated.

Country PERU

MUTUAL SECURITY PROGRAM

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

U.S. Interests: Peru is the third largest country in South America and stretches for approximately 1400 miles on the north-central Pacific coast of that continent. It is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947), and is joined with the United States in a Mutual Defense Assistance Agreement.

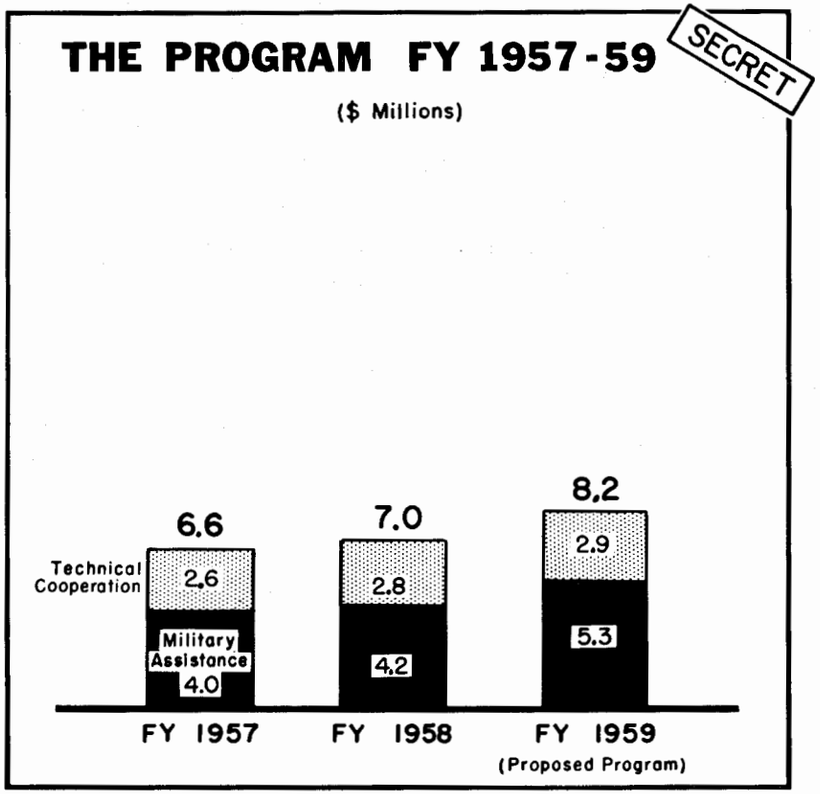
Politically, Peru has traditionally been governed by conservatives. It has an administration which took office in 1956 as a result of free elections and which seems determined to exercise democratic government. Like its predecessors, the present Peruvian administration strongly supports most United States policies in international forums. It maintains no diplomatic relations with Soviet bloc nations, and its trade with the bloc is negligible.

As an international political party, the Communist Party is outlawed under the Peruvian Constitution. However, it has been increasingly and more openly active in the past year. It wields considerable influence in the labor movement and, to a lesser extent, in intellectual circles.

An important minerals producer, Peru exported in 1956 over $123 million worth of metals and ores. Principal mineral exports were copper, lead, zinc, silver, and iron. Its chief agricultural crops are extra long staple cotton and sugar which are subject to quota restrictions upon entry into the United States. Peru is a net exporter of petroleum and petroleum products, supplying significant quantities of gasoline to other countries on the West Coast of South America.

Since the outbreak of World War II, the United States has purchased an average of 36% of Peru's exports and has sold to Peru an average of about 55% of the latter's imports. In 1956, Peru sold $134 million of goods to the United States and purchased from it $159 million.

Peru is notable in Latin America for its free enterprise economy with its favorable climate for private domestic and foreign investment. Its petroleum and mining codes in particular have attracted foreign capital. United States direct investment in Peru as of the end of 1956 is estimated at $380 million, principally in extractive industries. Peru has signed an Investment Guaranty Agreement with the United States.



Obligations and Expenditures $ in thousands

MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57	19,295	14,258	5,037
Estimate F.Y. 1958	4,172	3,899	XXX
Cumulative 6/30/58	23,467	18,157	5,310
ECONOMIC ASSISTANCE	**OBLIGATIONS**	**EXPENDITURES**	**UNLIQUIDATED**
Cumulative 6/30/57	13,569	11,562	2,007
Estimate F.Y. 1958	2,850	2,700	XXX
Cumulative 6/30/58	16,419	14,262	2,157

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Major Components by Category (all values in thousands of dollars)	Annual Programs				Del./Exp. F.Y. 1950-58 Programs		
	Quantity and Value		Proposed F.Y. 1959				
	F.Y. 1957	F.Y. 1958	Quantity	Value	Estimate F.Y. 1958	Cumulative June 30, 1958	F.Y. 1959 and Later
Country Total	$4,039	$4,172	-	$5,250	$3,899	$18,157	$5,310
Aircraft, Components, Spares & Related Equip.	$ 884	-	-	$2,209	$ 454	$ 3,905	$ 611
S2F	-	-	3	$1,695	-	-	-
B-26	8	-	-	-	8	18	-
F-80C	13	1	-	-	13	13	1
F-47D	-	-	-	-	-	12	-
T-33	-	-	-	-	-	4	-
Ships and Harbor Craft, Components and Spares	$ 152	-	-	$ 740	$ 169	$ 650	$ 6
Patrol Frigate (overhaul)	-	-	3	$ 600	-	-	-
Submarine (modernization)	-	-	4	$ 140	-	-	-
Tanks, Other Vehicles, Weapons, Comp. & Spares	$ 112	$1,952	-	$ 579	$ 52	$ 3,001	$2,037
Truck, 3/4Ton, 4x4, Cargo (all models)	-	34	-	-	-	17	34
Truck, 2 1/2 Ton, 6x6, Cargo (all models)	-	81	-	-	-	48	81
Truck, Fire Crash O-11A	-	-	5	$ 492	-	-	-
Truck, 4-5-6 Ton, 6x6, Wrecker	-	4	4	$ 52	-	1	4
Truck, 1/4 Ton, 4x4 (all models)	-	57	-	-	-	25	57
Carbine, Cal..30 (all models)	-	44	-	-	-	811	44
Ammunition	$ 364	$ 252	-	$ 127	$ 238	$ 3,480	$ 277
Cartridge, Cal..30 (all types) (M Rounds)	130	129	-	-	130	1,123	-
Cartridge, 40mm (all types) (M Rounds)	22	19	2	$ 13	2	105	22
Cartridge, 20mm (all types) (M Rounds)	13	-	60	$ 84	-	41	12
Cartridge, Cal..50 (all types) (M Rounds)	388	388	-	-	776	5,459	-
Rocket, SCAR, 2.25"	-	-	-	-	3,723	20,059	-
Electronics & Comm. Equipment, Comp. & Spares	$ 123	$ 316	-	$ 394	$ 524	$ 2,235	$ 746
AN/TPS-1 Radio Set	-	-	-	-	-	7	-
AN/TRC-12 Radio Set	-	-	-	-	6	6	-
AN/GRC-27 Radio Set	-	-	9	$ 79	-	-	-
AN/GRC-26 Radio Set	-	-	-	-	6	7	-
AN/TRT-3 Ground Radio	-	-	3	$ 102	-	4	4
Other Material	$1,091	$ 685	-	$ 129	$ 852	$ 2,032	$1,206
Construction	-	-	-	-	-	-	-
Training	$ 267	$ 611	-	$1,072	$ 302	$ 1,078	$ 384
All Other	$1,046	$ 356	-	-	$1,308	$ 1,776	$ 43

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Peru

Objectives of Military Assistance: **Continued development of Peruvian military units which contribute to the defense of the Western Hemisphere through:**

(a) defense of the country's coastal waters, ports, and approaches thereto;
(b) defense of bases, strategic areas and installations of Peru;
(c) preparation for participation in combined operations in support of U.S. forces guarding the approaches to the Panama Canal.

Major Combat Forces:

Strategic Objectives	MAP Supported
2 Inf. RCT	1 F.A. Bn.
1 Armored Cav. Recon. Bn.	1 Engineer Combat Bn.
1 F.A. Bn, 1 Engineer Bn.	10 Vessels
39 Vessels	3 Air Squadrons
6 Air Squadrons	

Active Military Strength: 45,961

MAP Accomplishments: Military assistance to Peru has provided equipment deficiencies for the organization and activation of the MAP-supported units. In addition, the maintenance support, spare parts, and training provided have enabled Peru to develop relatively modern units with some capability for contributing to hemisphere defense.

Appraisal of Forces:

Army: Can maintain internal security and protect its borders.

Navy: Limited capability for patrol and ASW missions.

Air Force: Considered 50% effective for tactical missions when compared with similar U.S. units.

The MAP-supported units of the Army are new and not yet organized; however, past performance indicates that these units will become effective in a relatively short time after organization and receipt of equipment. Continued MAP support and training will be required to develop the Peruvian armed forces into combat units capable of effective contribution to hemisphere defense.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
Country Programs	4,039	4,172	5,250
Portion Special Materiel Program	(215)	(533)	(710)
Total	(4,254)	(4,705)	(5,960)

Country Contribution: In general, the MAP has provided a great impetus to the Peruvian military services. By virtue of improved training methods and an increase in the number of students trained in the U.S. and Panama, Peru's military posture has been improved. The country has purchased from the U.S. some aircraft and naval vessels to add to the modernization of her armed forces. Peru allocates approximately 23% ($57 million in 1957) of its total budget for defense.

Proposed FY 1959 Program Provides:

Army: Spare parts and training

Navy: Overhaul of one naval vessel, spare parts, and training.

Air Force: Attrition aircraft, maintenance equipment, spare parts, training, and training equipment.

Miscellaneous Data: U.S. excess stocks delivered at no charge through 30 June 1958: $7.8 million (Est). Military Sales through 30 June 1957: $14.5 million.

The functions of the MAAG for Peru are performed by U.S. Military Mission personnel assigned to the country and supported by their respective services and the host country.

Country: PERU

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	740		740		1,022		1,022		1,046		1,046
Participants	216		216		378		378		338		338
Contractual Services	243		243		150		150		180		180
Supplies and Equipment	17		17		16		16		32		32
Contrib. to Coop. Services	860		860		875		875		885		885
Other Costs	518		518		409		409		419		419
Total Project Assistance	2,594		2,594		2,850		2,850		2,900		2,900
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	2,594		2,594		2,850		2,850		2,900		2,900
NUMBER OF PEOPLE											
Technicians (On duty close of year)	75		75		89		89		77		77
U.S. Employed	63		63		69		69		66		66
Contract	12		12		20		20		11		11
Participants (Programmed during year)	84		84		110		110		91		91
Non-Contract	74		74		100		100		91		91
Contract	10		10		10		10				

GPO 934793

Country PERU

ECONOMIC ASSISTANCE

Objectives of Technical Cooperation

- To assist in the further development of a sound economy in Peru complementary to that of the United States.
- To encourage further domestic and foreign private investment in Peru, especially in consumer services, manufacturing industries and agriculture.
- To contribute to the economic and political stability of Peru through assistance leading to the more adequate development of governmental processes.
- To improve the level of living of the altiplano Indian population.

Accomplishments of Technical Cooperation

United States assistance has supported Peruvian programs designed to strengthen economic stability by providing opportunities to the people for increased earnings, by increasing food production, by providing better health facilities and by designing and following through on an educational system fitted to the needs of the people and the country.

Significant accomplishments are: Assisting in increasing per capita food consumption over a ten year period; assisting in the construction of penetration or farm-to-market roads, thus bringing isolated areas into the productive base of the country; creation of an improved administration structure, including the training of Peruvian public servants, which will be able to take over the administration of projects which have matured to the point where the respective Ministries can assume the operating responsibility.

In 1954 the Peruvian Government was able to take over the Loreto Health Unit. This became the only departmental health service covering the jungle areas of the Amazon basin and grew out of a servicio project. Since 1954 the Peruvian Government has not only continued providing health services in this area, but has augmented its expenditures two-fold.

Major Problems: Largest Indian population in South America; any upheaval in this group of several million in Southern Peru would most likely disrupt the political and economic stability of Peru, Bolivia, Ecuador and Colombia, with a total of some 18 million in closely related Indian population. Population on the altiplano is too highly concentrated to be able to feed itself from the limited and unfertile cultivable land available. The solution lies in opening up and making both accessible and habitable lands available to the eastward. This two-thirds of the population is not a real part of the economic life of the country.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	2,594	2,850	2,900

Food production not able to keep up with population expansion which is presently 2.4% per annum.

Possible United States tariff increases on lead and zinc will seriously effect Peruvian labor and national economy and exchange position.

Great need for improved transportation, road and air, to fulfill developmental needs of the country.

Proposed FY 1959 Program

The FY 1959 Technical Cooperation Program is basically a continuation of the program for FY 1958 with modifications to reflect changes in projects as they near the point where United States support can be withdrawn and the emphasis shifted to other related fields of activity. A major effort will be made to turn more projects generally handled through the Servicios over to the respective Ministries as competence is developed within the Ministries.

Greater program concentration will be placed on the Indians of the mountain and jungle areas, especially in Southern Peru. This will mean re-alignment of some projects in the major fields of activity: agriculture, health and education.

Program activities in other fields such as industry and mining, transportation, rural development, labor, public administration and audio-visual communications will be focused when necessary in the mountain and jungle region without losing contact in other parts of the country where projects are in being.

Contracts with the University of North Carolina in agricultural research, sanitary engineering, and textile engineering, as well as a contract with the University of New Hampshire, for improving the teaching of analytical chemistry and pharmacy, will be

maintained. However, during FY 1959 all contracts are expected to be phased out with the exception of the contract for agricultural research.

During FY 1959, some $2,800,000 should be available for developmental loans as a result of Title I, P.L. 480 sales. The proceeds from these sales will be loaned for economic development projects such as irrigation, access roads, survey work and land clearing. Up to 25% of the funds will be reserved for lending under the provisions of the Cooley Amendment.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	2,594	1,029	160	40	70	546	342	63	21	323
ESTIMATE FY 1958 Technical Cooperation	2,850	1,054	146	56	91	538	406	75	-	484
PROPOSED FY 1959 Technical Cooperation	2,900	1,034	139	96	84	581	395	70	-	501

Country: PERU

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION									
Food and Agriculture									
Contribution to Cooperative Service and Administration of Agriculture Program	415	59	3			43	310		
Agricultural Economics	35	21	5			9			
Mantaro Valley Special Area Development	58	34	5			19			
Agriculture Extension and Research Development	367	107	27	155	5	73			
Reimbursable Facilities and Agriculture Development Service	159	95	22			42			
Subtotal	1,034	316	62	155	5	186	310		
Industry and Mining									
Advisory Services Mineral Resources	73	57	6			10			
Advisory Services Mining and Metallurgy	66	17	30		14	5			
Subtotal	139	74	36		14	15			
Transportation and Power									
Civil Aviation Advisory Service	71	48	20			3			
Traffic Engineering	25	19	5			1			
Subtotal	96	67	25			4			
Labor									
Cooperative Employment Service	35						35		
Labor Advisory Service	49	23	24			2			
Subtotal	84	23	24			2	35		
Public Health									
Contribution to Cooperative Service and Administration of Health Program	270	42			1	27	200		
Local Health Demonstration Programs	70	37	17		1	15			
National Health Development Programs	120	88	15		1	16			
Special Advisory Services	111	65	15	15	1	15			
Chemical Instrumentation Contract with University of New Hampshire	10			10					
Subtotal	581	232	47	25	4	73	200		

Country: PERU

ECONOMIC ASSISTANCE

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

TABLE I

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION - Continued									
Education									
Contribution to Cooperative Service and Administration of Education Program	175	33	4			23	115		
Teacher (Normal) Education	168	103	55			10			
Rural Elementary & Normal School Education	52	33	15			4			
Subtotal	395	169	74			37	115		
Public Administration									
Advisory Services & Training in Government Organization and Management	70	38	28			4			
General and Miscellaneous									
Contribution to Cooperative Service and Administration of Rural Development Program	235	21			3	11	200		
Irrigation, Engineering & Land Development	45	22	5		5	13			
Economic Planning	15	12			1	2			
Cooperative Rural Development Industry	30	14	15			1			
Cooperative Southern Peru Development Service	25						25		
Southern Peru Regional Development	58	58							
Miscellaneous Training	22		22						
Technical Support	71					71			
Subtotal	501	127	42		9	98	225		
Total Technical Cooperation	2,900	1,046	338	180	32	419	885		

Country: PERU

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
P.L. 480, TITLE I									
Food and Agriculture									
Quiroz Irrigation									1,250
Land Development in connection with Quiroz Irrigation Project									325
Expansion of Agricultural Research Station									50
Santa Rosa Irrigation									200
Subtotal									1,825
Industry and Mining									
Pedro P. Diaz Industries of Ariquipa									115
Loans to other Industries									860
Subtotal									975
Total P.L. 480									2,800
GRAND TOTAL	2,900	1,046	338	180	32	419	885		2,800

Country: PERU

LOCAL CURRENCY - Narrative

Local currency is made available in Peru through P.L. 480, Title I programs and a P.L. 480, Title II program for relief of the drought stricken area of Southern Peru.

Currency generated under P.L. 480, Title I contributes toward the economic development of Peru. Local currency loans to Peru from surplus commodity sales are used for such activities as irrigation projects, land development and opening of new lands, agricultural research and loans to small farmers and industries. As of January 1, 1958, 50 percent of all future P.L. 480, Title I loans will be for private enterprise.

Three Sales Agreements have been signed with the Government of Peru with a total estimated value of some $17.4 million as of the end of FY 1957, of which $4.9 million is earmarked for U.S. uses and $12.5 million is for country use under Sec. 104(g).

P.L. 480, Title II local currency is used to relieve emergency conditions due to severe drought conditions in Southern Peru, and for public works such as small irrigation projects and feeder and access roads, where some 2,500,000 people have been affected.

Local currency available as a result of the P.L. 480 program, by prior agreement with Peru, is devoted to the carrying out of economic development projects. With the exception of the Title II drought relief program, U.S. Government assistance to Peru is limited to Technical Cooperation which the P.L. 480 program complements.

(In thousands of dollars)

SUMMARY SALES PROGRAM UNDER P.L. 480, TITLE I AND FOREIGN CURRENCY PROGRAM EARMARKING

TABLE III

(Foreign Currency in thousands of dollar equivalent)

SALES AGREEMENT BY FISCAL YEAR		Foreign Currency Reserved for U.S. Uses	Foreign Currency Administered by Ex-Im Bank (Cooley Amend.)	FOREIGN CURRENCY TO BE ADMINISTERED BY MSP AGENCIES				
Fiscal Year in Which Sales Agreement Signed	Total Value of Sales			Sec. 104c	Sec. 104d	Sec. 104e	Sec. 104g	Total Administered by MSP Agencies
FY 1955 Actual	7,430	2,000					5,430	5,430
FY 1956 Actual	6,100	1,780					4,320	4,320
FY 1957 Actual	3,900	1,100					2,800	2,800
FY 1958 Estimate								
FY 1959 Estimate								
TOTAL	17,430	4,880					12,550	12,550

Country: PERU

STATUS OF LOCAL CURRENCY FUNDS
(Administered by MSP Agencies)

TABLE IV

(In thousands of dollar equivalent)

Type of Programs Generating Local Currencies and its Utilization	ACTUAL FY 1957			ESTIMATE FY 1958		PROPOSED FY 1959	
	Cumulative Through 7/1/56	Net Change	Cumulative Through 6/30/57	Net Change	Cumulative Through 6/30/58	Net Change	Cumulative Through 6/30/59
MSP U.S.-OWNED LOCAL CURRENCIES							
Potential Generation from U.S. Dollar Program . .							
Deposits							
Obligations							
Expenditures							
COUNTERPART							
Potential Generation from U.S. Dollar Program . .							
Deposits							
Commitments							
Expenditures							
P.L. 480 TITLE I							
Potential Generation from U.S. Dollar Program . .	9,750	2,800	12,550		12,550		12,550
Deposits	5,430	1,765	7,195	2,000	9,195	2,800	11,995
Obligations	2,630	2,736	5,366	2,000	7,366	2,800	10,166
Expenditures	2,630	2,736	5,366	2,000	7,366	2,800	10,166
OTHER LOCAL CURRENCY a/							
Potential Generation from U.S. Dollar Program . .	2,049		2,049		2,049		2,049
Deposits		2,049	2,049		2,049		2,049
Commitments		1,900	1,900	149	2,049		2,049
Expenditures		1,900	1,900	149	2,049		2,049

a/ Title II P.L. 480

Country: PERU

TABLE V

SUMMARY OF LOCAL CURRENCY PROGRAM ADMINISTERED BY MSP AGENCIES BY PURPOSE AND FIELD OF ACTIVITY

Obligations or Commitments by Fiscal Year

(In thousands of dollar equivalent)

PURPOSE AND ACTIVITY	FY 1957			FY 1958			FY 1959		
	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources	MSP Source	P.L. 480 Title I Source	Other Sources
MILITARY PURPOSES									
Projects									
Budget Support									
Military Procurement									
Total Military Purposes									
ECONOMIC PURPOSES									
Project Assistance by Field of Activity									
Agriculture		2,525	1,900		1,895	149		1,825	
Industry and Mining					105			975	
Transportation		211							
Labor									
Health and Sanitation									
Education									
Public Administration									
Community Development, Social Welfare and Housing									
General and Miscellaneous									
Total		2,736	1,900		2,000	149		2,800	
Budget Support (Not Elsewhere Classified)									
Total Economic Purposes		2,736	1,900			149			
Procurement for Third Country	XXX			XXX			XXX		
TOTAL ALL PURPOSES		2,736	1,900		2,000	149		2,800	

URUGUAY

BASIC DATA

Population	2.7	million
Annual Growth	1.7	percent
Agricultural Land	80	percent of area
Agri. Land per Capita	14	acres
Literacy Rate	85	percent

	Uruguay	United States
Life Expectancy (years)	n.a.	70
Inhabitants per Physician	1,100	760
Road Miles per 1,000 sq.mi....	74	1,020
Electric Power per Capita .... (KWH per year)	452	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	1,600	1,570	1,580	1,565
Per Capita GNP.....	Dollars	620	600	594	580
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	157	138	135	122
Wool	1,000 MT	90	78	70	70
Wheat	"	819	853	849	544
Corn	"	212	184	218	99
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	249	183	211	135
Wool	"	125	106	126	74
Meat and by-products ...	"	46	7	22	24
Total Imports (c.i.f).....	"	274	225	206	218
Trade Balance.....	"	-25	-42	5	-83
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	31	15	25	16
Imports from U.S.	"	43	38	33	62
Trade Balance with US.	"	-12	-23	-8	-46
FOREIGN EXCHANGE RESERVES[b]... (end of year)	"	178	141	147	64
COST OF LIVING (Montevideo).	1953=100	112	122	130	146

n.a. - Not Available a - Crops harvested in crop-year ending in year stated.
b - Central Bank only; net.

Country URUGUAY

MUTUAL SECURITY PROGRAM

Shaded areas are Security classified and must not be disclosed to unauthorized individuals. All other material is unclassified.

U.S. Interests: Though Uruguay is the smallest country of South America in area, it is strategically located at the hub of sea communications on the South Atlantic coastline of the continent, dominating one side of the broad estuary of the Rio de la Plata. It is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947), and has entered into a Mutual Defense Assistance Agreement with the United States.

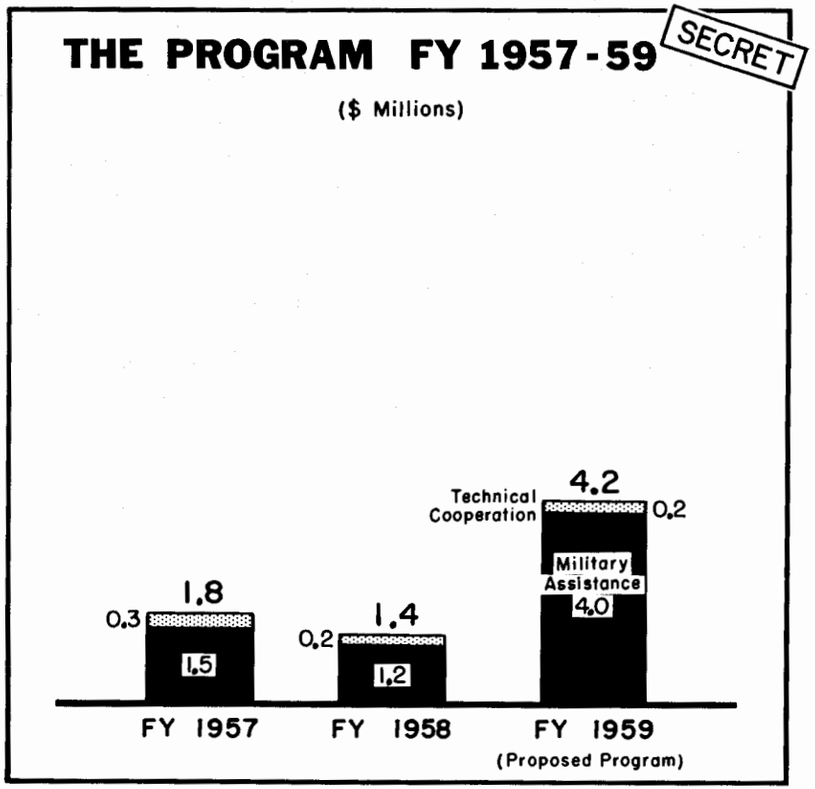
The country's long record of democracy, political stability, and social advancement has given it a degree of political influence among all Latin American nations out of proportion to its size and population. Uruguay is inclined to play an active but more or less independent role in international affairs. Traditionally friendly to the United States, it has in recent years tended to take a stand at variance with U.S. positions on some issues.

Uruguayans are predominately anti-Communist, but their traditional liberalism makes them loath to restrict the political activities of the Communist Party, which has seriously infiltrated the Uruguayan labor movement. This same liberalism causes Uruguayans in general to disapprove of what they consider U.S. support of "dictator-led" governments in certain countries.

In Uruguayan eyes there are vexing inconsistencies in U.S. world trade policy, particularly the imposition of the U.S. countervailing duty on Uruguayan wool tops, the failure of the U.S. to proclaim three meat items negotiated under GATT, and U.S. programs for disposal of surplus agricultural products.

A general deterioration of the Uruguayan economy, rather pronounced in recent months, is due to various causes, including world price trends and Uruguay's low productivity rate. Its effects are aggravated by the high cost of an extensive social security system and the difficulties created by Government economic controls. As Uruguay's economic decline has continued, the pressure has become greater to find markets for the country's exports in Communist bloc countries.

The major U.S. investments in Uruguay are now in the process of liquidation. These are in the meat industry, where operations have become unprofitable for a number of reasons, important among which is the generally unfavorable climate for private enterprise created by Government interference in the economy.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57	13,619	7,491	6,128
Estimate F.Y. 1958	1,207	3,843	XXX
Cumulative 6/30/58	14,826	11,334	3,492
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	1,450	1,254	196
Estimate F.Y. 1958	200	220	XXX
Cumulative 6/30/58	1,650	1,474	176

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Major Components by Category (all values in thousands of dollars)	Annual Programs: Quantity and Value F.Y. 1957	Annual Programs: Quantity and Value F.Y. 1958	Annual Programs: Proposed F.Y. 1959 Quantity	Annual Programs: Proposed F.Y. 1959 Value	Del./Exp. F.Y. 1950-58 Programs: Estimate F.Y. 1958	Del./Exp. F.Y. 1950-58 Programs: Cumulative June 30, 1958	Del./Exp. F.Y. 1950-58 Programs: F.Y. 1959 and Later
Country Total	$1,538	$1,207	-	$3,976	$3,843	$11,334	$3,492
Aircraft, Components, Spares & Related Equip.	$ 488	-	-	$2,125	$ 601	$ 4,290	$1,023
[illegible]	-	-	3	$1,609	-	-	-
[illegible]	-	-	-	-	-	10	-
T-6G	13	1	-	-	13	13	1
[illegible] 4/5	-	-	-	-	-	3	-
T-33	-	-	-	-	-	4	-
[illegible]-582	-	-	-	-	-	3	-
Ships and Harbor Craft, Components and Spares	$ 87	$ 4	-	$ 20	$ 91	$ 1,348	$ 10
Ocean Escort (DE) (overhaul)	1	-	-	-	1	3	-
Tanks, Other Vehicles, Weapons, Comp. & Spares	$ 221	$ 15	-	$ 207	$1,485	$ 1,697	$ 574
Trailer, 1-1 1/2 Ton, 2 Wheel, Cargo	-	-	-	-	4	4	51
Trailer, Fuel Servicing, F-6	4	-	-	-	-	-	4
Truck, 1/4 Ton, 4x4 (all models)	-	-	7	$ 17	197	197	-
Truck, 3/4 Ton, 4x4, Cargo (all models)	-	-	-	-	36	36	-
Truck, 2 1/2 Ton, 6x6, Cargo (all models)	2	2	3	$ 21	76	82	3
Truck, 2 1/2 Ton, 6x6, W/Tank, 700 Gal.	2	-	-	-	6	6	-
Mount, 40mm (Twin) MK 1	-	-	2	$ 95	-	-	-
Carbine, Cal..30 (all models)	-	-	-	-	497	572	-
Ammunition	$ 42	$ 294	-	$ 753	$ 111	$ 445	$1,035
Cartridge, Cal..30 (all types) (M Rounds)	40	40	2,903	$ 166	4	49	1,116
Cartridge, 40mm (all types) (M Rounds)	4	8	2	$ 12	1	1	11
Cartridge, Cal..50 (all types) (M Rounds)	-	103	351	$ 137	6	1,073	153
Rocket, 4.5"	-	30	2,500	$ 105	3	3	27
Rocket, SCAR, 2.25"	-	-	500	-	4,684	4,931	-
Shell, 3"/50 (M Rounds)	-	3	1	$ 56	**	**	3
Electronics & Comm. Equipment, Comp. & Spares	$ 3	$ 44	-	$ 324	$ 455	$ 1,168	$ 179
AN/TPS-1 Radio Set	-	-	-	-	-	2	-
AN/ARC-1 Transceiver	-	-	-	-	-	2	-
AN/THT-3 Radio Transmitting Set	-	-	-	-	-	2	-
AN/TRC-4 Radio Relay	-	-	4	$ 38	-	-	-
AN/SSQ-2B Sonobuoys	-	225	225	$ 34	25	25	200
SCR-694 (AN/GRC-9) Radio Set	-	-	-	-	10	10	-
AN/TCC-3 Telephone Terminal	-	-	4	$ 26	-	-	-
Other Materiel	$ 84	$ 136	-	$ 186	$ 269	$ 843	$ 317
Construction	-	-	-	-	-	-	-
Training	$ 159	$ 405	-	$ 361	$ 159	$ 501	$ 310
All Other	$ 448	$ 309	-	-	$ 672	$ 1,042	$ 44

** Less than 500 rounds.

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Uruguay

Objectives of Military Assistance: **Continued development of Uruguayan military units which contribute to the defense of the Western Hemisphere through:**

(a) defense of the country's coastal waters, ports and approaches thereto;
(b) defense of bases, strategic areas and installations of Uruguay;
(c) preparation for participation in combined operations in support of U.S. forces guarding the approaches to the Panama Canal.

Major Combat Forces:

Strategic Objectives	MAP Supported
1 Inf. Regt.	1 Inf. Regt.
1 Armored Cav. Recon. Bn.	2 Vessels
16 Vessels	9 Naval ASW Patrol A/C
9 Naval ASW Patrol A/C	2 Air Squadrons
2 Air Squadrons	

Active Military Strength: 12,648

MAP Accomplishments: **Military Assistance to Uruguay has provided a large part of the equipment deficiencies required to activate and organize the MAP-supported units. This assistance has allowed Uruguay to develop more modern forces with increased capabilities.**

Appraisal of Forces:

Army: Limited capability for maintaining internal order.

Navy: Some capability for patrol and escort missions.

Air Force: Most effective of Uruguayan armed services; can support the Army in maintaining internal security.

All services are handicapped by a lack of modern equipment and by inability to retain trained personnel. With intensified individual and unit training these forces will achieve a combat capability for contributing to hemisphere defense. Continued MAP assistance in materiel and training is considered essential.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
Country Programs	1,532	1,207	3,976
Portion Special Materiel Program	(286	(375)	(995)
Total	(1,818)	(1,582)	(4,971)

Country Contribution: The military services in Uruguay are unique in comparison with other Latin American countries in that they do not enjoy the prestige accorded military personnel in other countries. MAP has caused a noticeable change in this attitude. Uruguay has abided by the bilateral agreement in organizing and maintaining the MAP-supported units. Prior to the MAP in this country, the services usually failed to obtain the necessary budget for operational expenditures and procurement. There has now been a definite improvement reflected by increase in the defense budget. Uruguay allocates approximately 11.7% ($32.6 million in 1957) of its total budget for defense.

Proposed FY 1959 Program Provides:

Army: **Spare parts, ammunition, and training**

Navy: **Attrition aircraft, spare parts, ammunition and training**

Air Force: **Maintenance equipment, communications equipment, spare parts, and training.**

Miscellaneous Data: **U.S. excess stocks delivered at no charge through 30 June 1958: $4.4 million (Est). Military Sales through 30 June 1957: $1.2 million.**

The functions of the MAAG for Uruguay are performed by U.S. Military Mission personnel assigned to the country. These personnel are supported by their respective services and the host country.

Country: URUGUAY

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	110		110		57		57		57		57
Participants	114		114		125		125		125		125
Contractual Services											
Supplies and Equipment	7		7								
Contrib. to Coop. Services											
Other Costs	23		23		18		18		18		18
Total Project Assistance	254		254		200		200		200		200
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	254		254		200		200		200		200
NUMBER OF PEOPLE											
Technicians (On duty close of year)	6		6		3		3		3		3
U.S. Employed	6		6		3		3		3		3
Contract											
Participants (Programmed during year)	34		34		30		30		30		30
Non-Contract	34		34		30		30		30		30
Contract											

GPO 934793

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	254	200	200

Objectives of Technical Cooperation

- To maintain friendly and cooperative relations and to counteract communist influence.
- To assist Uruguay's efforts to maintain economic and political stability.
- To encourage development of free enterprise.

Accomplishments of Technical Cooperation

The lack of Uruguayan interest in Technical Cooperation programs has curtailed the accomplishments to small-scale specifics having no appreciable impact on broad problems or objectives. Good work has been done in training of Uruguayan technicians, in organizing certain health facilities, in providing some statistical data and administrative advice, and in the establishment of an industrial safety bureau. However, the major result of the program has been to keep the door open to friendly relations.

Major Problems: "Welfare State" and statist economic operations have bankrupted the national economy. Railroads, power supplies and telephones are run down. National debts, foreign and domestic, are increasing. Foreign exchange reserves are depleted. Exports have declined and imports have been curtailed. Private enterprise is retrenching and capital is leaving the country, resulting in unemployment and labor unrest. High costs of government and social security financed largely through differential rates of exchange are increasing inflation. Communism is an active force; strikes are frequent; social unrest is growing.

Proposed FY 1959 Program

In FY 1959 it is planned to maintain a minimal Technical Cooperation program in order to demonstrate to the Uruguayans the continued interest and support of the United States in resolving their current economic difficulties.

The continued assignment of technicians will depend upon political justification for the program and future Uruguayan interest. At present, it is planned to continue a modest training program, and the assignment of three technicians in the field of health and sanitation.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957										
Technical Cooperation	254	1	3	-	30	132	5	71	2	10
ESTIMATE FY 1958										
Technical Cooperation	200	10	5	5	30	105	5	25	5	10
PROPOSED FY 1959										
Technical Cooperation	200	10	5	5	30	105	5	25	5	10

Country: URUGUAY

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Technical Cooperation	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Food and Agriculture									
Agricultural Development Training	10		10						
Transportation									
Urban Transit	5		5						
Industry and Mining									
Industrial Development	5		5						
Labor									
Trade Union Leader Program	30		30						
Health and Sanitation									
Country-Wide Local Health Services	105	57	30			18			
Education									
Vocational Education Training	5		5						
Public Administration									
Advisory Service and Training in Public Organization and Management	25		25						
Housing									
Housing Training Project	5		5						
General and Miscellaneous									
Atomic Energy Training	10		10						
Total Technical Cooperation	200	57	125			18			

VENEZUELA

BASIC DATA

Population	6.1	million
Annual Growth	3.2	percent
Agricultural Land	17	percent of area
Agri. Land per Capita	7	acres
Literacy Rate	51	percent

	Venezuela	United States
Life Expectancy (years)	n.a.	70
Inhabitants per Physician	1,900	760
Road Miles per 1,000 sq.mi....	30	1,020
Electric Power per Capita .... (KWH per year)	228	4,070

ECONOMIC TRENDS

	Unit	Calendar Years 1954	1955	1956	1957Est.
GROSS NATIONAL PRODUCT					
Total GNP *(In 1955 Prices)*..	$ Millions	n.a.	5,200	5,460	5,730
Per Capita GNP.....	Dollars	n.a.	899	917	934
PRODUCTION					
Agricul. Prod. Index [a]....	1935-39=100	152	177	181	190
Petroleum, crude	Mill. MT	102	116	132	152
Iron Ore	1,000 MT	5,421	8,439	11,015	15,025
Electricity	Mill. KWH	1,080	1,150	1,356	1,700
FOREIGN TRADE					
Total Exports (f.o.b).....	$ Millions	1,690	1,912	2,116	2,400
Petroleum and products .	"	1,593	1,800	1,984	2,240
Iron Ore	"	36	49	74	100
Total Imports (c.i.f).....	"	1,029	1,092	1,249	1,495
Trade Balance.....	"	661	820	867	905
Trade with U.S. *(US Customs Data)*					
Exports to U.S.	$ Millions	504	576	698	949
Imports from U.S.	"	534	559	658	1,046
Trade Balance with US.	"	-30	17	40	-97
FOREIGN EXCHANGE RESERVES... (end of year)	"	498	553	968	1,400
COST OF LIVING (Caracas) ...	1953=100	100	99	101	98

n.a. - Not Available a - Crops harvested in crop-year ending in year stated.

Country VENEZUELA

MUTUAL SECURITY PROGRAM

U.S. Interests: Standing at the eastern approaches to the Panama Canal, Venezuela extends a strategic 1,870 miles along the Caribbean, astride major sea and air routes to the South American continent. It is a signatory to the Inter-American Treaty of Reciprocal Assistance (Rio de Janeiro - 1947).

Venezuela is the world's leading petroleum exporting nation and the second most important producer after the U.S. In addition, Venezuela has vast resources of other minerals, including high-grade iron ore deposits. In 1956, Venezuela produced more than 11 million short tons of iron ore and was second only to Canada as the leading foreign supplier of this strategic commodity to the United States. Venezuela also has extensive, although for the most part undeveloped, deposits of manganese, gold, diamond, bauxite, coal, copper, tin, sulphur, asbestos, asphalt and other minerals. Forest and water power resources are also important.

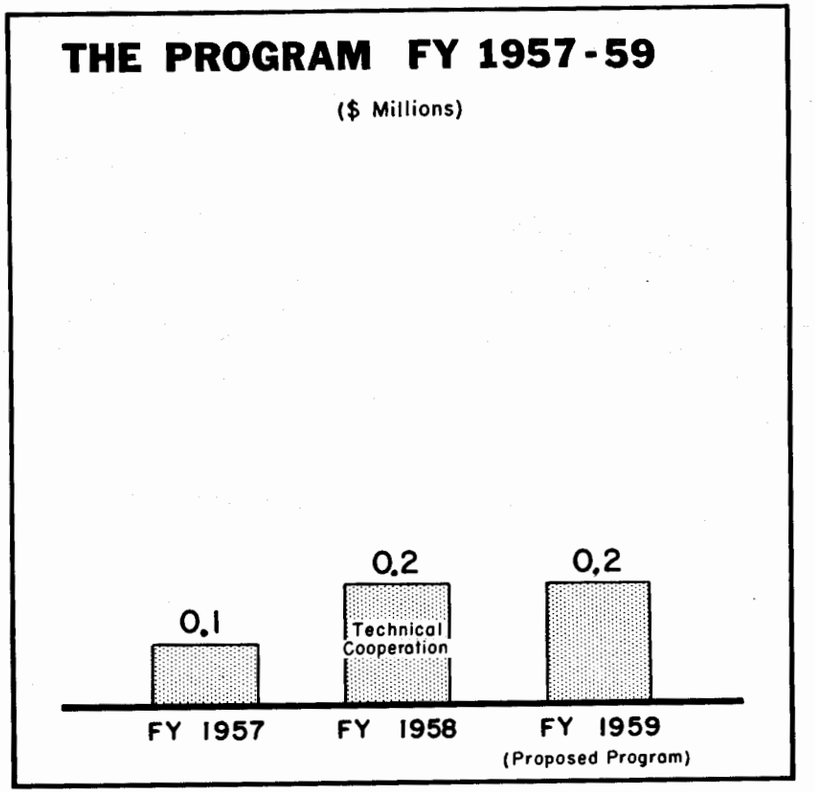
Venezuela has a significant number of light manufacturing industries, including textiles, foodstuffs, automobile assembly and cement, and is constructing a number of important heavy industries, including an integrated iron and steel industry and a petrochemicals complex.

Venezuela adheres to a private enterprise economic philosophy, affording favorable treatment to private capital, both domestic and foreign. U.S. private, direct investment in Venezuela, currently estimated at more than two billion dollars, is greater than in any other foreign country except Canada. Two-thirds of the petroleum industry is owned and operated by U.S. private capital, the remainder by British and Dutch interests.

Venezuela is one of the most important markets in Latin America for U.S. exports. In 1956, U.S. exports of goods and services to Venezuela amounted to $1.2 billion.

The Venezuelan people are generally friendly to the U.S. The Venezuelan Government has cooperated with us and has supported us on major world issues before the United Nations and other international and regional organizations.

The Venezuelan Government is strongly anti-Communist, having proscribed the Communist Party in 1950, and severed relations with the Soviet Union and Czechoslovakia two years later. There is very little effective Communist influence in Venezuela at the present time.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57			
Estimate F.Y. 1958			XXX
Cumulative 6/30/58			
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	829	794	35
Estimate F.Y. 1958	170	175	XXX
Cumulative 6/30/58	999	969	30

Venezuela

MILITARY ASSISTANCE

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Objectives of Military Assistance:

(a) Insure adequate Venezuelan production of and U.S. access to materiels essential to our security.
(b) Obtain Venezuelan participation in and support of measures to defend the Hemisphere, primarily by protection of her own resources.
(c) Retain Venezuela's friendship toward the United States as well as her support of our foreign policies.

Military Assistance: Venezuela is not receiving grant assistance from the U.S. since that country is capable of purchasing, with its own funds, materiel and equipment required for its armed forces. The U.S. has a military understanding with Venezuela concluded by an exchange of notes approving the results of planning talks which were completed in 1956. In the exchange of notes, the U.S. agreed, subject to annual appropriations of funds by the Congress, to sell Venezuela over a ten year period, military equipment to the amount of $180 million on terms of credit which permit Venezuela to pay for individual purchases over a period of three years.

FY 1957 Program: In accordance with the terms offered at the conclusion of the discussions between the U.S. and Venezuela, $10 million of FY 1957 MAP funds were allocated to provide credit to Venezuela. The Venezuelan Government has utilized that amount to purchase C-123 transport aircraft for the Venezuelan Air Force.

FY 1958 Program: $20 million of 1958 MAP funds were programmed to provide credit to Venezuela. It is anticipated that Venezuela will utilize this credit for the purchase of equipment for Army forces.

Proposed FY 1959 Program: The Venezuelan Government has indicated that it desires to utilize the 1959 credit to purchase naval vessels and equipment for naval vessels. It is anticipated that a minimum of $20 million of FY 1959 funds will be required for credit to Venezuela.

PROGRAMS (In Thousands Dollars)	FY 1957	FY 1958	Proposed FY 1959
Country Programs			
Portion Special Materiel Program	(10)	(20)	(20)
Total	(10)	(20)	(20)

Appraisal of Forces: The Venezuelan armed forces are capable of maintaining internal security and of defending the country against a minor attack from neighboring countries. In their present state of organization and equipage, they could offer only a token resistance to sustained attack by a modern military force. The 10-year program which Venezuela has planned will modernize her Army, Navy, and Air Force so that Venezuela will be able to protect her vital resources and make a major contribution to the defense of the hemisphere.

Country Contribution: The major value of Venezuela to the security of the Western Hemisphere is her supply of strategic raw materials, particularly oil.

Country: VENEZUELA

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	110		110		125		125		117		117
Participants					14		14		42		42
Contractual Services					6		6		6		6
Supplies and Equipment											
Contrib. to Coop. Services	25		25		25		25		25		25
Other Costs											
Total Project Assistance	135		135		170		170		190		190
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	135		135		170		170		190		190
NUMBER OF PEOPLE											
Technicians (On duty close of year)	6		6		6		6		5		5
U.S. Employed	6		6		6		6		5		5
Contract											
Participants (Programmed during year)					4		4		10		10
Non-Contract					4		4		10		10
Contract											

GPO 934793

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Objectives of Technical Cooperation

- To assist the Venezuelan Government in the improvement of health conditions in rural and urban areas by providing technical advice in the construction of potable water supplies in rural communities, in the development of vital statistics reporting methods, in the reduction of health hazards in industry, and in the improvement of health records for the purpose of more efficient and meaningful data collection and evaluation.
- By providing such assistance to affirm the interest of the U.S. in the well-being of the mass of Venezuelans and provide an atmosphere beneficial to the continuation and expansion of U.S. investment capital in Venezuela.

Accomplishments of Technical Cooperation

Since 1950 joint U.S.-Venezuelan efforts have provided a safe potable water supply to 132 small towns in Venezuela.

U.S. technicians have provided instruction in the improvement of certifications of death and in the development of a new registration system of birth and foetal deaths.

A preliminary survey, covering more than 450 Venezuelan industrial plants, for the purpose of defining the occupational health problems of the country has been completed.

These accomplishments have been achieved with a modest expenditure of U.S. funds, the Venezuelans financing more than 80% of the total cost of the program.

The ratio of the Venezuelan joint fund contribution to that of the U.S. is 20 to 1. This joint fund finances all of the cooperative service operations including salaries for 90 national employees. The only expense to the U.S. in addition to the modest joint fund contribution is the salary, allowances and travel of the six U.S. employees.

The total cost to the U.S. from FY 1952 through FY 1957 amounted to $829,000 whereas the Venezuelan contribution for this period, including more than $3,000,000 contributed by State Governments for rural water supplies, totalled over $6,230,000.

For every dollar the U.S. spends on the technical cooperation program $2.50 are spent for the purchase from U.S. manufacturers of equipment required for the construction of water supplies.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	135	170	190

Major Problems: In the rural areas of Venezuela, the standard of living is low, food supplies limited, educational facilities limited and medical care almost non-existent. Improved sanitation is badly needed as well as broader medical service. In the rural areas less than 1/3 of the recorded deaths receive medical attention. Diarrhea and enteritis, especially in the younger age groups, head the list of causes of death with an estimated 8,700 deaths per year and a mortality rate of 166 per 100,000 population.

Proposed FY 1959 Program

The program for FY 1959 is a continuation of the revised program which has been operating since 1955 with no major new changes. The rural water supplies project, most desired by the Ministry of Health and for which the Venezuelan Government, through direct contribution and State financing, pays more than 98% of the cost of the systems built, will be continued, as well as the programs in vital statistics, occupational health, and health records.

The level of U.S. aid proposed is $190,000; the estimated Venezuelan contribution will be $1,340,000.

Country: VENEZUELA

ECONOMIC ASSISTANCE - Continued

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957										
Technical Cooperation	135					135				
ESTIMATE FY 1958										
Technical Cooperation	170					170				
PROPOSED FY 1959										
Technical Cooperation	190					190				

Country: VENEZUELA

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Technical Cooperation	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Health and Sanitation									
Contribution to Cooperative Service and Administration of Health Program	73	48					25		
Water Supplies	30	25	5						
Vital Statistics	22	22							
Industrial Hygiene	29	22	7						
Public Health Records Consultant	6			6					
Non-Contract Participants - Other Ministries	30		30						
Total Technical Cooperation	190	117	42	6			25		

PREVIOUS PAGE BLANK

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Country BRITISH GUIANA

U.S. Interests: Geographically, British Guiana lies between one of the world's greatest oil producers (Venezuela) and its greatest producer of bauxite (Surinam).

This geographic position assumes importance as British Guiana is the only country in this hemisphere in which the leader of the government follows the Communist line.

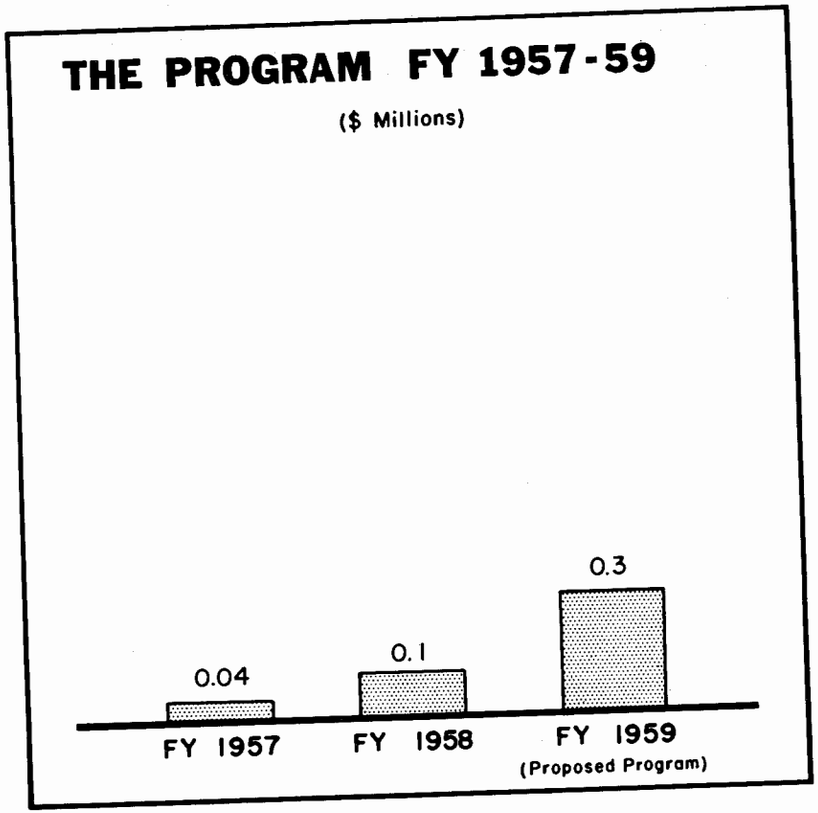
Militarily, British Guiana is the site of two U.S. military bases, currently inactive but leased to the United States for 99 years.

Politically, British Guiana is the only British colonial holding in South America. This creates friction with Latin American countries, which object to European political control over areas in the Western Hemisphere. Accordingly, it is in our interest to assist Great Britain to advance British Guiana to the stage where it is ready for complete self-government. It will not be ready until its government rests on an economically and politically sound basis, which is not true today.

Popular political control of British Guiana is exercised by Dr. Cheddi Jagan, who follows the Communist line. His political strength is predicated upon weakness of the country, its racial divisions, undeveloped economy, and unemployment.

From an investment viewpoint, British Guiana would become more attractive if it were economically and politically more stable. One American company has, however, invested heavily in bauxite exploitation.

British Guiana is the second largest producer of bauxite in the world.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57			XXX
Estimate F.Y. 1958			
Cumulative 6/30/58			
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	262	162	100
Estimate F.Y. 1958	95	80	XXX
Cumulative 6/30/58	357	242	115

Country: BRITISH GUIANA

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	34		34		60		60		157		157
Participants	4		4		24		24		45		45
Contractual Services											
Supplies and Equipment					7		7		10		10
Contrib. to Coop. Services									75		75
Other Costs	6		6		4		4		13		13
Total Project Assistance	44		44		95		95		300		300
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	44		44		95		95		300		300
NUMBER OF PEOPLE											
Technicians (On duty close of year)	3		3		6		6		11		11
U.S. Employed	3		3		6		6		11		11
Contract											
Participants (Programmed during year)	7		7		10		10		9		9
Non-Contract	7		7		10		10		9		9
Contract											

GPO 934793

Country BRITISH GUIANA

ECONOMIC ASSISTANCE

Objectives of Technical Cooperation

- To accelerate attainment local economic development plan (financed by UK-BG govts.) objectives requisite for economic and political stability and growth.
- To apply U.S. techniques through training and demonstration to stimulate local initiative and interest in long range economic development necessary to reduce communist strength and develop a free and democratic government.
- To raise living standards and provide greater employment opportunities through the training of Guianese in new skills and in opening up new areas for development of the country.

Accomplishments of Technical Cooperation

The technical cooperation program has been in operation in British Guiana since the fall of 1954, exclusively in the form of providing the services of United States technicians and training in fields where the colony's development program has been hampered by a shortage of such personnel. U.S. technician contributions have resulted in significant progress in the implementation of several phases of the development program, i.e., completion of a comprehensive soils survey of 27,000 acres (in the Courantyne) has enabled the colony to plan a land settlement scheme for 1,500 families in that area; through demonstration and training, pork and poultry production have been increased; local housing personnel were trained and 2,600 contract houses and 700 aided self help houses are completed or under construction, and more are planned; 4-H club work is expanding as fast as guiding personnel can be trained and gain experience; pilot projects in community development are demonstrating the soundness of the cooperative approach to community problems and their solution; a separate Highways Division has been organized to deal with the colony's many road problems. With the termination of the ICA-University of Maryland contract in June of 1957, the work of most of the United States technicians requested by the interim government was completed. In the present period of transition between the work of the interim government and the operations of the new, elected government, however, it is anticipated that the colony's development program will continue to require the services of technically competent personnel who, in a number of cases, may be available only from the United States. The development program continues to lag in the fields of land settlement and roads, the two areas where United States technical assistance has the potentiality of making the most substantial contributions to the colony's development.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	44	95	300

It is fully expected that the new government will continue to emphasize the need for assistance in these two fields, and it will be in the interest of the United States to extend requested technical assistance, keeping the scope of the program constantly under review in the light of the colony's political situation.

Major Problems: Limited opportunity to the individual for social and economic advancement; lack of needed skills and vocational educational facilities; concentration of population on coastal plain and undeveloped state of the interior; lack of roads and communications; one crop economy - sugar (excepting bauxite); shortage of investment capital; poor health and sanitation conditions; inadequate housing.

Proposed FY 1959 Program

Provides technical guidance and training in such quantity and form as to assist in improving the economic conditions which currently are conducive to communist growth.

BG Long Range Development Plan for 1956-60 amounts to $61.2 millions financed by the UK and local government. Despite its size and scope this alone is insufficient to meet the needs of the colony.

ICA program efforts will be concentrated on major activities where U.S. experience and assistance can make maximum contribution through training and demonstration and includes cooperation in agricultural development and land settlement, roads development, health and sanitation and community development. Plans call for the establishment of a single cooperative service (servicio) arrangement as the means for implementing project work in the activity fields mentioned above.

Agricultural Development and Land Settlement: Provision of technical advisors and training to develop an effective research and extension program, and to concentrate on the problem of resettling new areas both on the coastal plain and in the interior.

Roads Development: Expand advisory and training services necessary to the development and reinforcement of the newly created Highways Division and for the development and implementation of the roads program.

Health and Sanitation: Provision of advisory services and training in sanitary engineering and health education and development of a rural health program.

Community Development: Continuation of community development work on pilot projects and extension of projects to new rural areas.

In addition to the above major projects short-term technical advisory services of consultants will be required.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	44	5	5	9	1				18	6
ESTIMATE FY 1958 Technical Cooperation	95	20		48					20	7
PROPOSED FY 1959 Technical Cooperation	300	75		60		40			20	105 a/

a/ Includes $75 thousand for Servicio grant.

Country: BRITISH GUIANA

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Technical Cooperation	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Agriculture and Natural Resources									
Agricultural Extension, Research and Land Settlement	65	45	15		5				
Forest Survey	10	10							
Subtotal	75	55	15		5				
Health and Sanitation									
Public Health Services	40	25	10		5				
Transportation									
Roads Development	60	45	15						
Community Development and Housing	20	15	5						
General and Miscellaneous									
Technical Support	105	17				13	75		
Total Technical Cooperation	300	157	45		10	13	75		

Shaded areas are Security classific. and must not be disclosed to unauthorized individuals. All other material is unclassified.

Country BRITISH HONDURAS

MUTUAL SECURITY PROGRAM

U.S. Interests: Geographically, British Honduras is part of Central America, in the economic and political stability of which the U.S. has a keen interest. It is adjacent to Guatemala, which for over a century has been claiming British Honduras as part of its territory.

Politically, the successful evolution of the British colonies in the Caribbean to independence within the British Commonwealth is a process of much importance to the United States.

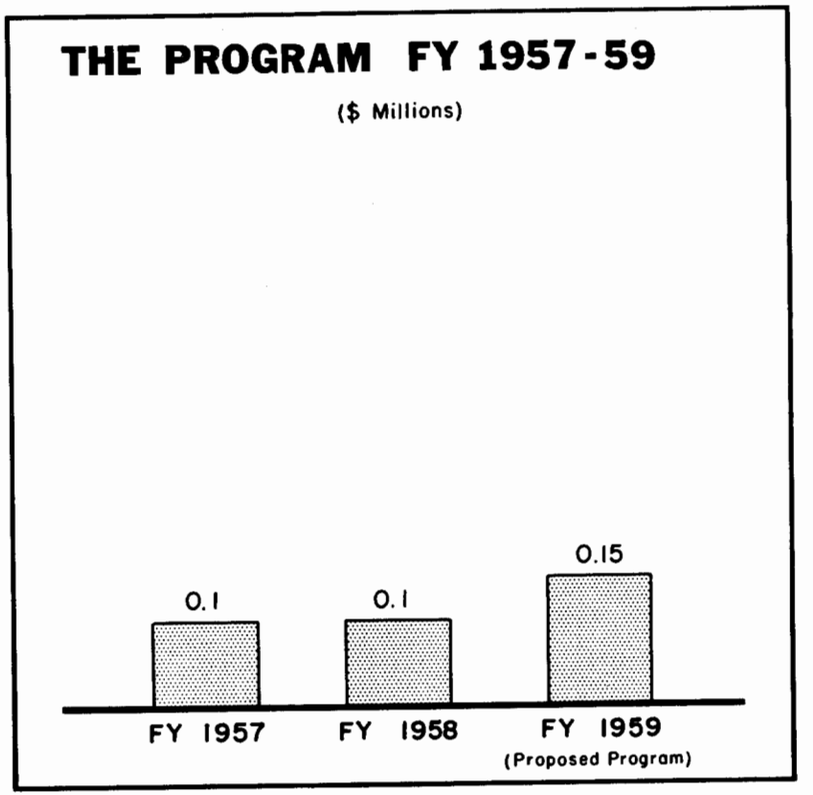
British Honduras is receiving increased doses of autonomy to prepare it eventually for complete independence.

An independent British Honduras would be another counter to Soviet charges of colonialism.

In general, independence would relieve irritation within Latin America over European political control of areas in the Western Hemisphere. In particular, an independent British Honduras would probably end a source of friction between Great Britain and Guatemala.

However, independence for British Honduras is unlikely to prove a success until that country achieves a greater degree of political and economic stability.

From an investment viewpoint, British Honduras is anxious to attract U.S. capital into the country. U.S. oil interests have large scale exploration rights and private capital has already invested in lumbering. At the present time, Americans are considering investing in an extensive farming venture in British Honduras.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57			XXX
Estimate F.Y. 1958			
Cumulative 6/30/58			
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	102	41	61
Estimate F.Y. 1958	110	80	XXX
Cumulative 6/30/58	212	121	91

PREVIOUS PAGE BLANK

Country: BRITISH HONDURAS

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	29		29		55		55		70		70
Participants	34		34		35		35		56		56
Contractual Services	10		10		6		6		5		5
Supplies and Equipment	13		13		7		7		4		4
Contrib. to Coop. Services											
Other Costs	4		4		7		7		15		15
Total Project Assistance	90		90		110		110		150		150
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	90		90		110		110		150		150
NUMBER OF PEOPLE											
Technicians (On duty close of year)	3		3		4		4		5		5
U.S. Employed	3		3		4		4		5		5
Contract											
Participants (Programmed during year)	7		7		15		15		14		14
Non-Contract	7		7		15		15		14		14
Contract											

GPO 934793

Country BRITISH HONDURAS

Objectives of Technical Cooperation

- To accelerate achievement of Development Plan (financed by U.K. and local government) objectives where U.S. experience and training can make maximum contribution.
- Development of agricultural program to increase production of food for local consumption through advisory services, demonstration and training.
- Improvement of social conditions and living standards through better housing (aided self-help) and through the development of individual and community initiative necessary to the solution of local problems.
- Development and training to provide skilled manpower for development plan projects and economic growth.

Accomplishments of Technical Cooperation

ICA program efforts are designed to supplement and support priority segments of the British Honduras Development Plan.

The Program in British Honduras was begun in June, 1955 with the signing of a bilateral program agreement. Its implementation for the first year and a half consisted of the short-term assignment of various technicians in agriculture, forestry, community development, vocational education and housing. In all fields except forestry and housing the visits were exploratory, and resulted in surveys and recommendations.

In agriculture, assistance continues in the reorganization of the agricultural credit system and ICA is providing similar help in the establishment of an agricultural extension system. An agricultural extension specialist arrived at the post in June 1957, for a two-year assignment. A housing development specialist, whose duties will stress aided self-help, but who will assist in the entire field of housing, including community planning and housing finance, was assigned to the post in October 1957, for a two-year assignment.

During June, July and August of 1957, two contract technicians were assigned to British Honduras to conduct training courses for local employees of various governmental and private business establishments. One was a course of Training-Within-Industry for junior supervisory personnel, and the other was a course in Surveying Principles and Practices for persons whose work required knowledge at various levels in this field. In addition, the instructor of the Training-Within-Industry courses conducted two weeks of seminars for top management people in government and private industry.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	90	110	150

A large element in the Technical Cooperation Program has been, and should continue to be, the training of British Hondurans abroad. In addition to funds specifically allocated to the British Honduras program, some fifteen persons were sent to Puerto Rico under the special regional Caribbean training program to study various trades, and five were sent to study home economics. They have all returned, and are utilizing their newly-gained skills and knowledge. Ten more are scheduled to depart for Puerto Rico under this program shortly.

Under the regular Technical Cooperation Program, trainees were sent to the United States for courses in agricultural credit, municipal engineering, rural youth leadership, housing construction and finance.

Documentation is in process to send the Associate Member for Natural Resources of the Legislative Assembly to Panama for the agricultural credit workshop. The local government is paying the full expenses of the Development Commissioner to attend the same workshop.

Major Problems: Low agricultural production, and absence of any tradition in settled agricultural development; lack of skilled manpower and managerial talent for development progress as well as its small labor force; poor housing and social conditions; scarcity of capital for development purposes; heavy dependence on depleting forest resources; inadequate transportation and communication facilities.

Proposed FY 1959 Program

Emphasis continues to be placed on training, demonstration and pilot operations and there are no new program operations contemplated in FY 1959.

Agriculture: Continue technical advice and training in agriculture extension and credit plus specialized assistance on short-term basis in plant diseases, insect control, irrigation, poultry and animal husbandry. This assistance will be obtained from nearby U.S. operations missions.

Shaded areas are Security classified and must not be divulged to unauthorized individuals. All other material is unclassified.

Industry: Continue to supplement vocational training available under the ICA-Puerto Rican program with special work at a higher level where better trained local people can make private capital investment more feasible and attractive. In addition, provision is made for the repeat of the short course for surveyors, similar to the one conducted in FY 1957.

Labor: Out-of-Country training for one or two labor union officials and short-term assignment of a specialist in internal administration of labor unions.

Transportation: Short-term advisory assistance on roads development and out-of-country training for one or two local technicians.

Vocational Education: Assignment of a full time advisor to assist the government in strengthening vocational training facilities based on earlier survey recommendations by an ICA consultant.

Housing: Continuation of services of the full time housing advisor and training of local housing personnel as the aided self-help housing program begins to show significant results.

Program plans include the implementation of a servicio-type operation possibly in FY 1959 which, if accomplished, would use savings from projects for a small servicio grant.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	90	47	10				15		5	13
ESTIMATE FY 1958 Technical Cooperation	110	50	6		4		12		21	17
PROPOSED FY 1959 Technical Cooperation	150	56	15	5	5		22		23	24

Country: BRITISH HONDURAS

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Technical Cooperation	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Agricultural and Natural Resources									
Agricultural Development	56	35	19		2				
Industry and Mining									
Industrial Training	10		10						
Surveyor Training	5			5					
Subtotal	15		10	5					
Transportation									
Highway Transportation	5	1	4						
Labor									
Labor Union Administration	5	1	4						
Education									
Vocational Education	22	11	11						
Housing									
Housing Development	23	15	8						
General and Miscellaneous									
Technical Support	24	7			2	15			
Total Technical Cooperation	150	70	56	5	4	15			

Country JAMAICA

MUTUAL SECURITY PROGRAM

U.S. Interests: Geographically, Jamaica lies athwart the approaches to the Panama Canal. It can facilitate protection of the Caribbean Sea routes.

Militarily, Jamaica is the site of a number of important air and naval bases, currently inactive but leased to the United States for 99 years.

Politically, the successful evolution of the British colonies in the Caribbean, of which Jamaica is the most important, first to unified government in a single political federation, and secondly to full independence within the British Commonwealth, is a process of major importance to the United States.

Jamaica will certainly play a leading role in the new nation which is evolving in the Caribbean.

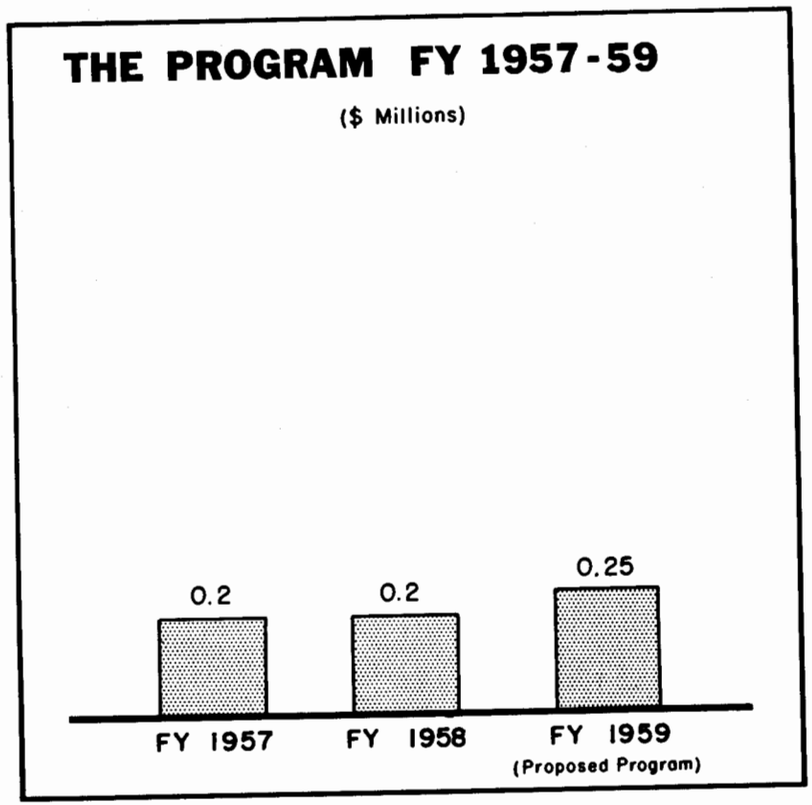
This development provides a dramatic counter to Soviet charges of colonialism.

An independent Federation will tend to relieve friction with Latin America over European political control of areas in the Western Hemisphere.

However, the success of an independent Federation will depend on its economic progress and political stability. The economy of Jamaica, the largest and most important segment of the Federation, will be an important factor in this development.

From an investment viewpoint, Jamaica is becoming increasingly attractive. It has a large, untrained labor reservoir. Two American companies have already invested heavily in the exploitation of bauxite.

Jamaica is becoming an important source of bauxite.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57			XXX
Estimate F.Y. 1958			
Cumulative 6/30/58			
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	312	209	103
Estimate F.Y. 1958	230	190	XXX
Cumulative 6/30/58	542	399	143

PREVIOUS PAGE BLANK

Country: JAMAICA

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	102		102		135		135		135		135
Participants	72		72		64		64		80		80
Contractual Services									10		10
Supplies and Equipment	10		10		3		3				
Contrib. to Coop. Services											
Other Costs	5		5		28		28		25		25
Total Project Assistance	189		189		230		230		250		250
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	189		189		230		230		250		250
NUMBER OF PEOPLE											
Technicians (On duty close of year)	8		8		8		8		8		8
U.S. Employed	8		8		8		8		8		8
Contract											
Participants (Programmed during year)	20		20		22		22		24		24
Non-Contract	20		20		22		22		24		24
Contract											

GPO 934793

Country JAMAICA

Objectives of Technical Cooperation

- Acceleration of achievements of Jamaican Development Plan Objectives where U.S. techniques and training can make maximum contribution toward economic and political advancement.
- Improving farming methods, facilities and training services for small farmers in conjunction with the Agricultural Development Scheme.
- Improvement of health and sanitation conditions especially in rural areas.
- Development of industry with special emphasis on greater productivity through training and demonstration.

Accomplishments of Technical Cooperation

The Program Agreement of June 1955 includes provision for a few U.S. technician advisors as well as provision for training Jamaicans in Puerto Rico and the U.S. mainland.

I.C.A. program emphasis has been placed on agriculture and supports the Jamaica Agricultural Scheme rated highest priority in the Development Plan and requiring a major portion of the Development funds. U.S. technicians have played a major role in the planning and implementation of the coordinated extension program, the credit program and the agricultural information program. These efforts included emphasis on training extension agents, farmers and government officials, participation in the planning and implementation of seminars and comprehensive courses given at the University College of the West Indies. The USOM has also facilitated technical contacts and observation visits to Central American countries to stimulate interest in solution of problems dealing with the production of certain agricultural commodities.

A U.S. technician has helped introduce agricultural training in the elementary schools, prepared a teachers manual and helped revise the curriculum for the Jamaican School of Agriculture.

An industry advisor is assisting local industry through participation in the Industrial Development Corporation (a quasi-governmental agency) under the Ministry of Trade & Industry in the implementation of their program to expand existing industry and develop new industries, especially in the field of food processing. The U.S. advisor has helped introduce new methods, conducted a technical film training program and introduced new technical materials to Jamaican industry.

In the health field, U. S. advisors have assisted by advising the Government and training Jamaicans on improved environmental sanitation methods and the introduction of a health education program to prevent sickness and disease. The U.S. sanitary engineer's assistance in a survey of Jamaica water supply has been instrumental in the establishment of an island wide water department and the institution of much needed measures to protect rural water supplies.

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	189	230	250

U.S. assistance has been provided in training of field units and in advising the Government on an island wide cadastral survey. A short course for surveyors and draftsmen provided training for forty participants who are now working on various development projects.

Major Problems: Overpopulation with chronic unemployment; agricultural production short of needs; need for greater industrial development for balanced economic growth; inadequate health and sanitation measures; lack of skilled or trained manpower.

Proposed FY 1959 Program

This program represents a continuation of the advisory and training activities carried out in FY '58.

In agriculture, work will continue as before in extension and information. In place of agricultural credit, which was successfully completed in FY 58, attention will be given to irrigation practices, entomology and home demonstration.

The industry project will continue as in FY '58 with provision for funds to procure short term consulting services under contract arrangement.

The health program will continue to emphasize training, improvement of water supply, sanitation conditions and health education especially in the rural areas.

Provision is made for advisory services in the broad field of vocational education in order to develop skills required for development plan projects.

Country: JAMAICA

ECONOMIC ASSISTANCE - Continued

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	189	73	20			47	29			20
ESTIMATE FY 1958 Technical Cooperation	230	95	26			49	38			22
PROPOSED FY 1959 Technical Cooperation	250	107	35			49	36			23

Country: JAMAICA

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

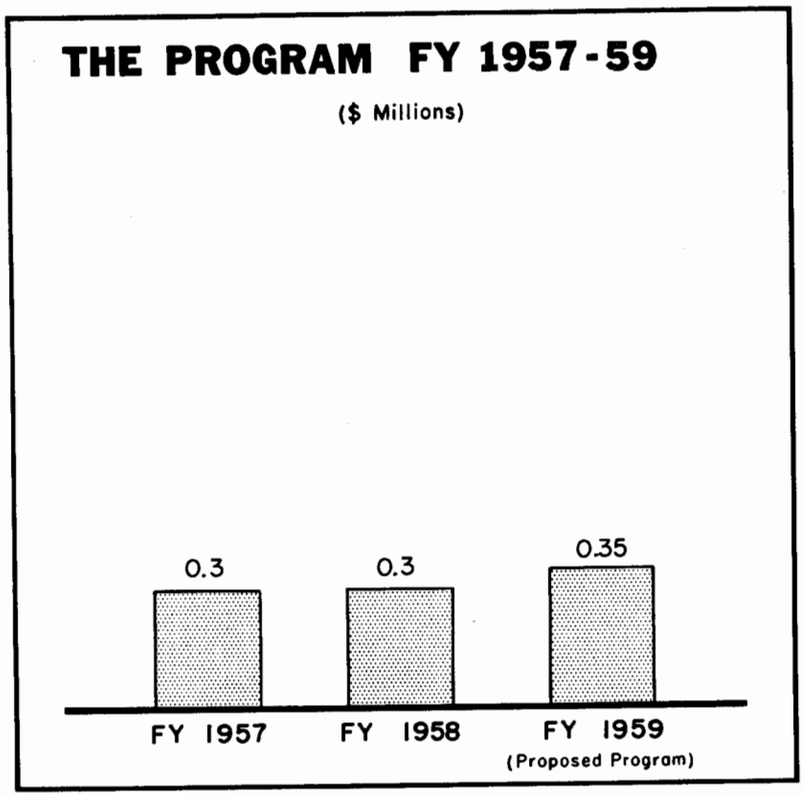
Technical Cooperation	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Food and Agriculture Projects									
Agriculture Extension - Chief ICA Representative	38	17	20			1			
Agricultural Information	22	13	8			1			
Agricultural Nematology	17	12	4			1			
Agricultural Irrigation Research	17	12	4			1			
Agricultural - Home Demonstration	13	12				1			
Subtotal	107	66	36			5			
Industry and Mining									
Industry	35	14	8	10		3			
Health and Sanitation									
Sanitary Engineering - Water & Sewerage	26	15	8			3			
Public Health Education	23	11	10			2			
Subtotal	49	26	18			5			
Education									
Educational Vocational Agriculture	36	17	18			1			
General and Miscellaneous									
Technical Support	23	12				11			
Total Technical Cooperation	250	135	80	10		25			

Country SURINAM

MUTUAL SECURITY PROGRAM

U.S. Interests: Surinam is located in an area of primary strategic significance to the United States. It is an important source of bauxite which is vital to the production of aluminum for U.S. requirements.

Surinam was given self-governing status in 1954 under the Statute of the Realm. It is in the interest of the United States to assist the Government of Surinam to meet its economic and social problems in order that its experiment in self-government within the Kingdom of the Netherlands may succeed.



Obligations and Expenditures $ in thousands			
MILITARY ASSISTANCE	PROGRAMMED	DEL./EXP.	UNLIQUIDATED
Cumulative 6/30/57			
Estimate F.Y. 1958			XXX
Cumulative 6/30/58			
ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	896	733	163
Estimate F.Y. 1958	335	300	XXX
Cumulative 6/30/58	1,231	1,033	198

PREVIOUS PAGE BLANK

Country: SURINAM

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS or DA	Tech. Coop.	Other	Total	DS, DA or SA	Tech. Coop.	Other	Total	DS or SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	177		177		206		206		218		218
Participants	27		27		24		24		24		24
Contractual Services	18		18		18		18				
Supplies and Equipment											
Contrib. to Coop. Services	50		50		50		50		75		75
Other Costs	34		34		37		37		33		33
Total Project Assistance	306		306		335		335		350		350
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance											
TOTAL COUNTRY PROGRAMS	306		306		335		335		350		350
NUMBER OF PEOPLE											
Technicians (On duty close of year)	12		12		11		11		12		12
U.S. Employed	12		12		11		11		12		12
Contract											
Participants (Programmed during year)	9		9		9		9		9		9
Non-Contract	9		9		9		9		9		9
Contract											

GPO 934793

Country SURINAM

ECONOMIC ASSISTANCE

Summary of Program $ in thousands			
Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Technical Cooperation	306	335	350

Objectives of Technical Cooperation

- Acceleration of Surinam's Ten Year Economic Development Plan through provision of technical help and training where U.S. experience can make maximum contribution consistent with U.S. policy objectives and for the maintenance of political stability and economic growth.
- Improvement and expansion of agriculture and development of new rural areas for agricultural production and settlement.
- Organization and assistance in strengthening the public health program with emphasis on preventive medicine and concentration on problems in rural areas.
- Assistance in elimination of discontent and social unrest through improved housing facilities using community development and aided self-help techniques.
- Reinforcement of local training facilities to provide required skills for Ten Year Plan projects and other development needs.

Accomplishments of Technical Cooperation

The Technical Cooperation program in Surinam started May 1954. It consists of a staff of U.S. advisors working with Surinam counterparts under a servicio organization. (The Surinam American Technical Cooperative Service) and provides for in-service training as well as training on the U.S. mainland and Puerto Rico.

Accomplishments include the following:

1. An improved Agricultural Extension Service with twice the number of agents, a good in-service training program, rural youth work started with several 4-H clubs, introduction of a home demonstration project and inauguration of a demonstration center, a start in supervised credit work, and the training of eleven people in Puerto Rico.

2. Assistance in planning for and equipping the new technical vocational school. Four teachers were trained in Puerto Rico.

3. A U.S. technician has completed the reorganization of the Public Works shops and continues to train mechanics for these shops.

The Government is financing a $60 million power dam in the interior under an arrangement with a large U.S. aluminum firm whereby the firm will consume the bulk of the power and build a bauxite reduction plant. A Coordinator of Industrial Training has been appointed by the Government and the Mission will provide a U.S. advisor to work with him to develop a program to train and provide skilled manpower.

For the training of the needed operators and mechanics of heavy equipment for this project as well as for Ten Year Plan projects, the Servicio has purchased from U.S. excess stocks a substantial number of tractors, graders, etc. With this equipment, the Servicio, the Coordinator of Industrial Training and the Ministry of Public Works have inaugurated a program of field training in connection with the construction of a road to the dam site in the interior.

4. Introduction of a health education project in the Department of Health and organization of health education programs in five rural communities; the planning and completion of a Health Center involving preventive, as well as clinical medicine; organized a program of environmental sanitation concerned with construction of numerous demonstration sanitary wells, potable water for villages, etc.

5. Development of low cost house designs, better construction methods which have resulted in shorter times of building, demonstrating use of new local building materials, start of rural housing program.

6. Consultants have been furnished in the fields of road and airport construction, hospital design, vocational education, forest products, cattle rabies control, soil classification, marketing, town planning, agricultural credit and cooperatives.

Major Problems: Small labor force and absence of trained manpower; low agricultural production and specialization in rice; lack of roads and communications; underdeveloped interior; inadequate health and housing facilities.

Proposed FY 1959 Program

This program provides for continuation and normal development of FY 1958 projects in support of major Ten Year Plan projects.

Agriculture: Training and demonstration work in extension to overcome primitive methods of cultivation, introduction of new farm credit concepts, improvement of marketing arrangements, as well as development of the rural home demonstration and 4-H programs. It is expected that the coordination and application of the above efforts through Servicio projects will continue to accelerate the opening up and resettlement of new areas for agricultural production.

Transportation: Training Surinamers in the operation, maintenance and repair of machinery and in particular road building equipment using U.S. government excess equipment provided in FY 1957 on demonstration servicio projects to provide skilled manpower for the Brokopondo and Ten Year Plan projects.

Health and Sanitation: Demonstrate through recently established Health Center, aspects of preventive medicine required to overcome existing poor health conditions. Program includes health education, sanitation, nursing and clinical services.

Vocational Education: Advisory services to develop new expanded program to meet the training needs of this expanding economy, and to marshall resources available through existing institutions and industry.

Housing: Assist Housing Commissioner with national program, continue research on low cost design and use of local materials and continue to assist with general housing projects.

PROJECT ASSISTANCE BY FIELD OF ACTIVITY

($ in thousands)

FISCAL YEAR	TOTAL COST	AGRICULTURE AND NATURAL RESOURCES	INDUSTRY AND MINING	TRANSPORTATION	LABOR	HEALTH AND SANITATION	EDUCATION	PUBLIC ADMINISTRATION	COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING	GENERAL AND MISCELLANEOUS
ACTUAL FY 1957 Technical Cooperation	306	74		22		81	10		38	81
ESTIMATE FY 1958 Technical Cooperation	335	64		33		70	27		46	95
PROPOSED FY 1959 Technical Cooperation	350	63		45		69	26		27	120

Country: SURINAM

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Function: Technical Cooperation Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
Agriculture and Natural Resources									
Agriculture Extension	63	54	6			3			
Transportation									
Transportation	45	40	4			1			
Health and Sanitation									
Advisory Service to Surinam Public Health Department	69	62	5			2			
Education									
Vocational Education	26	15	6			5			
Community Development, Social Welfare and Housing									
Aided Self-Help Housing	21	15	3			3			
Community Development	6	6							
Subtotal	27	21	3			3			
General and Miscellaneous									
Contribution to and Administration of the Servicio (Surinam-American Technical Cooperative Service)	97	15				7	75		
Audio-Visual Aids	11	11							
Technical Support Costs	12					12			
Subtotal	120	26				19	75		
Total Technical Cooperation	350	218	24			33	75		

REGIONAL PROJECTS - LATIN AMERICA

SUMMARY OF MUTUAL SECURITY PROGRAMS BY FUNCTION

(In thousands of dollars)

FUNCTION	PROGRAM		
	Actual FY 1957	Estimate FY 1958	Proposed FY 1959
MILITARY ASSISTANCE			
ECONOMIC ASSISTANCE			
Defense Support	14,850		
Development Assistance			
Technical Cooperation	1,307	1,400	2,090
Special Assistance		2,000	4,000
Other Programs			
Total Economic Assistance	16,157	3,400	6,090
TOTAL ALL PROGRAMS	16,157	3,400	6,090

ESTIMATED OBLIGATIONS AND EXPENDITURES

(In thousands of dollars)

	Programmed	Del./Exp.	Unliquidated		Obligations	Expenditures	Unliquidated
MILITARY ASSISTANCE				ECONOMIC ASSISTANCE			
Cumulative 6/30/57				Cumulative 6/30/57	23,358	8,667	14,691
Estimate FY 1958			XXX	Estimate FY 1958	2,400	4,610	XXX
Cumulative 6/30/58				Cumulative 6/30/58	25,758	13,277	12,481

REGIONAL PROJECTS - LATIN AMERICA

ECONOMIC ASSISTANCE

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(In thousands of dollars)

MAJOR COST COMPONENT	ACTUAL FY 1957				ESTIMATE FY 1958				PROPOSED FY 1959		
	Total	DS	Tech. Coop.	Other	Total	SA	Tech. Coop.	Other	Total	SA	Tech. Coop.
PROJECT ASSISTANCE											
Technicians	428		428		727	180	547		578	200	378
Participants	160 b/		160 b/		350	325	25		525	500	25
Contractual Services	522		522		415		415		1,315	400	915
Supplies and Equipment	7		7		304	295	9		2,457	2,450	7
Contrib. to Coop. Services											
Other Costs	15,040	14,850 a/	190		604	200	404		1,215	450	765
Total Project Assistance	16,157	14,850	1,307		2,400	1,000	1,400		6,090	4,000	2,090
NON-PROJECT ASSISTANCE											
Agric. Commodities Total											
Surplus											
Other											
Industrial Commodities Total											
Raw Materials and Fuels											
Machinery and Equipment											
Other Indus. Commodities											
Cash Transactions											
Other											
Total Non-Project Assistance	16,157	14,850	1,307		2,400	1,000	1,400		6,090	4,000	2,090
TOTAL COUNTRY PROGRAMS											
NUMBER OF PEOPLE											
Technicians (On duty close of year)	24		24		49	9	40		48	10	38
U.S. Employed	24		24		30	9	21		32	10	22
Contract					19		19		16		16
Participants (Programmed during year)	228		228		220	65	155		255	100	155
Non-Contract	108		108 c/		70	65	5		105	100	5
Contract	120		120		150		150		150		150

a/ Consists of $12,850 in loans under Sec. 131(c)(4) of the MSAct of 1954 as amended by P.L. 726,84th Congress; $2,000 in allocations to Department of State for contributions to OAS for Malaria Program ($1,500) and construction at Turrialba ($500).

b/ Includes financing for 104 participants - Atoms for Peace Symposium.

c/ Includes 104 participants - Atoms for Peace Symposium.

GPO 934793

REGIONAL PROJECTS - LATIN AMERICA

Objectives

With major emphasis on country-by-country programming, Regional activities are utilized where they are deemed more suitable to meet certain specialized or short-term requirements for support and servicing of country programs. Regional technicians are used to provide temporary specialized advice and services to individual country programs where such competence is considered essential but is not required on a full-time basis. This permits a substantial saving in meeting a composite of short-term country needs. Regional programs are also used to provide research, training or other facilities by contract or otherwise in instances where they can be of greater benefit on a multi-country basis.

Accomplishments:

Regional program accomplishments would, in the main, be reflected in country accomplishments. However, some accomplishments have area wide applicability. These include: Improved methods for production and marketing of coffee and cacao; improvements in air navigation, safety aircraft maintenance and repair; increased interest in labor safety methods; large numbers of participants trained in vocational fields in Puerto Rico; assistance in the establishment of machinery pools and road camps where technicians can be trained in the use and maintenance of heavy machinery.

Proposed FY 1959 Program

Agriculture: The projects in Agriculture for FY 1959 include renewal of the contract with the Inter-American Institute of Agricultural Sciences. Under this contract, technicians and training are provided to countries in Latin America to assist them in problems in connection with production of coffee, cacao and rubber. Assistance is also given in agricultural and home economics extension, the dissemination of agricultural information, pasture and forage and livestock sanitation and management, including upbreeding of native stock. Workshops are planned for FY 1959 in Home Economics, Marketing, Rural Youth and Tick and Torsalo Control.

Industry: The Technical Aids Consultation project will be continued during FY 1959. The Book Exchange contract will continue to provide for exchange of technical books among libraries in Latin America.

Transportation: The Regional Civil Aviation Group stationed in Panama will continue to assist countries in Latin America in all phases of Civil Aviation, and will supplement country programs in aviation since it is not possible to maintain staffs in each country in all aspects of civil aviation.

Summary of Program $ in thousands

Function	Actual F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
Defense Support	14,850		
Development Assistance			
Special Assistance		2,000	4,000
Technical Cooperation	1,307	1,400	2,090
Other Programs			
Total	16,157	3,400	6,090

Labor: In the field of Labor, it is planned that seminars will be held in several countries in workers' education and in such phases of trade unionism as collective bargaining, conciliation, mediation and arbitration. Translations will be made of pertinent labor materials. The Labor Safety exhibit will be continued during the first six months of FY 1959 and the contract with the Commonwealth of Puerto Rico for Labor training will be continued.

Health and Sanitation: ICA will maintain the pool of public health technicians in Latin America during FY 1959. These technicians will assist and advise Latin American countries in problems relating to Health Education, Public Health Nursing, Sanitary Engineering, Medical Education and Industrial Hygiene. The contract with Puerto Rico for training in Public Health fields will be continued.

Education: The contract with Puerto Rico for training of participants from the Caribbean OTS in vocational fields will be continued.

Public Administration: A Census and Statiscal Consultant will assist Latin American countries in specialized techniques relating to the proposed Census of the Americas to be conducted in 1960. Two workshops are planned for FY 1959 in Budget and in Organization and Methods.

Miscellaneous: The machinery consultant project has been in operation for several years. An additional consultant is planned for FY 1959 to meet the increasing need for inspection and purchase of excess materials for demonstration and training purposes in the country programs.

The Technical Demonstration project will be continued. This project is one of cooperation with the Caribbean Commission in demonstration and training for participants from Caribbean OTS in which ICA has no missions.

The Resources Cartography project is carried on under contract with the Pan-American Institute of Geography and History. Under this contract, films are prepared by PAICH for training of Latin Americans in photographic interpretation and evaluation of natural resources.

Audio Visual: A small amount is budgeted for Audio Visual support and publication of a bibliographic catalog.

Special Assistance

Proposed FY 1959 Program: $4,000,000 is proposed for FY 1959 for regional and undistributed special assistance funds to finance projects which will assist in strengthening civil police and in developing or improving the capabilities of army engineer units to make important direct contribution to economic development.

Internal Security: Projects financed under special assistance in this field are designed to assist in improving civil police in those countries in which a serious security threat is considered to exist. Specific areas of cooperation might include conducting general field surveys to determine the adequacy of such forces to discharge essential law enforcement and internal security functions; or providing technicians, training in the U.S. or third countries, and, where necessary, equipment in order to strengthen capabilities including counter-subversion and counter-sabotage, investigations, record maintenance, communications, organization, transportation and mobility of forces, and traffic control.

Such MSP non-military internal security programs are currently under way in Bolivia, Brazil and Guatemala, with related technical cooperation programs in civil police administration in several additional countries. It is estimated that $1,600,000 of special assistance funds will be required in FY 1959 for technicians, training and equipment within the internal security program.

Engineer Units: Several Latin American countries have indicated their desire to train and equip part of their standing armies to make a more important contribution to economic development. Under this project, training, technicians, and where necessary, equipment would be provided to create or assist Latin American Army Engineer Units in performing a role somewhat comparable to that of the U.S. Corps of Engineers. Economic Development projects in which such forces could be used might include the construction and maintenance of roads and airports wherever private initiative is unavailable (e.g., for penetration and farm to market transportation in isolated areas). **Among the benefits that should accrue from such projects are reduction of emphasis on "parade" armies, and provision of essential vocational training.** Possible projects are currently under consideration and funds proposed are based on a pilot project to be initiated in FY 1958.

ECONOMIC ASSISTANCE – PROJECT ASSISTANCE BY FIELD OF ACTIVITY

(In thousands of dollars)

Function and Fiscal Year	Total Cost	Agriculture and Natural Resources	Industry and Mining	Transportation	Labor	Health and Sanitation	Education	Public Administration	Community Develop., Social Welfare & Housing	General and Miscellaneous
ACTUAL FY 1957										
Defense Support	14,850	500				6,750	875		6,725	
Development Assistance										
Technical Cooperation	1,307	77		175	72	228	250	23	34	448
Other Programs										
Total	16,157	577		175	72	6,978	1,125	23	6,759	448
ESTIMATE FY 1958										
Defense Support										
Special Assistance	1,000							1,000		
Technical Cooperation	1,400	40		185	69	171	400	40	70	425
Other Programs (or DA)										
Total	2,400	40		185	69	171	400	1,040	70	425
PROPOSED FY 1959										
Defense Support										
Special Assistance	4,000			2,400				1,600		
Technical Cooperation	2,090	405	100	185	105	230	300	35		730
Total	6,090	405	100	2,585	105	230	300	1,635		730

REGIONAL PROJECTS - LATIN AMERICA

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION									
Agriculture									
Inter-American Institute of Agricultural Sciences	350			350					
Marketing Farm Products Workshop	18					18			
Rural Youth Workshop	15					15			
Tick and Torsalo Research and Control	12					12			
Home Economics Workshop	10					10			
Subtotal	405			350		55			
Industry and Mining									
Technical Aids Consultation	65	22			7	36			
U.S. Book Exchange	35			35					
Subtotal	100	22		35	7	36			
Transportation									
Technical Assistance in Civil Aviation	185	135				50			
Labor									
Labor Seminars	30					30			
Labor Safety Exhibit	25	8				17			
Translation Labor Materials	10					10			
Labor Training in Puerto Rico	40			40					
Subtotal	105	8		40		57			
Health and Sanitation									
Public Health Training in Puerto Rico	100			100					
Public Health Consultants	110	94				16			
Public Health Nursing Consultation	20	19				1			
Subtotal	230	113		100		17			
Education									
Vocational Education Training in Puerto Rico	300			300					

ECONOMIC ASSISTANCE

TABLE I

DISTRIBUTION OF FY 1959 PROJECT ASSISTANCE

(In thousands of dollars and equivalent)

Functions and Projects	DIRECT U.S. DOLLAR COST - Proposed							Local Currency Cost - Proposed	
	Total	U.S. Technicians	Non-Contract Participants	Contracts	Commodities	Other Costs	Contributions to Cooperative Services	MSP includ. Counterpart	P. L. 480 Administered by ICA
TECHNICAL COOPERATION - Continued									
Public Administration									
Census of the American Consultant	25	25							
Budget Workshop	5					5			
Organization and Methods Workshop	5					5			
Subtotal	35	25				10			
General and Miscellaneous									
Machinery Consultants	60	50				10			
Technical Consultation	25					25			
Regional Audio Visual Support	5					5			
Technical Demonstration	50	25	25						
Economic Seminars	75			75					
Resources Cartography	15			15					
Assistance to Trinidad, Windward and Leeward Islands	500					500			
Subtotal	730	75	25	90		540			
Total Technical Cooperation	2,090	378	25	915	7	765			
SPECIAL ASSISTANCE									
Transportation									
Engineering Construction Units	2,400			400	2,000				
Public Administration									
Regional Civil Police Projects	1,600	200	500		450	450			
Total Special Assistance	4,000	200	500	400	2,450	450			
GRAND TOTAL	6,090	578	525	1,315	2,457	1,215			

LATIN AMERICA - ORGANIZATION OF AMERICAN STATES

The organization of American States Technical Cooperation Program is a multilateral effort of the Latin American nations together with the United States to further the economic and social development of Latin America. Unlike the bilateral United States and multilateral United Nations programs of technical assistance to individual countries, the Organization of American States Program is limited to regional projects. Its operation consists of establishment and support of regional training centers. Organization of American States technical assistance funds are used to support special technical training staffs and to provide fellowships for trainees from all the countries of Latin America to attend these centers, which have been established in conjunction with existing facilities as independent centers, or to attend special seminars, workshops, etc. organized by projects under the Program. At the end of the courses the trainees return to their own countries to assume positions utilizing this training or, in some cases, to assist in organizing similar training programs at home. The calendar year 1958 program consists of six such projects.

An example of a functioning Organization of American States project is the Pan American Training Center for the Evaluation of Natural Resources which is attached to the Rural University of Brazil. Because of a lack of adequate information and of trained personnel to evaluate such information, Latin American nations have been hampered in their efforts to make efficient use of their natural resources. Since 1954 the program has each year financed nine-month training courses at the Center which have as their purpose the training of teams of national technicians who can contribute in an effective manner to the scientific study and evaluation of these natural resources. Nationals from each of the American Republics have attended the Center where they have undergone a program of study including field work such as photo-interpretation and cartographic evaluation of natural resources and specialized courses on mineral, water, forest and soil resources. The Government of Brazil has provided a building for the Center and furnishes other supplies and services.

The Technical Cooperation Program is directed by the Inter-American Economic and Social Council of the Organization of American States. The Council is advised by an executive director who is responsible to it for carrying out the program and by a Technical Cooperation Board composed of one representative from each of the Inter-American agencies which supervise the projects. The Board examines projects proposed by these agencies and recommends to the Inter-American Economic and Social Council an annual program for approval. The member agencies include the Pan American Union, Inter-American Children's Institute, Inter-American Indian Institute, Inter-American Institute of Agricultural Sciences,

Economic and Technical Cooperation

Program Summary ($ in thousands)

F.Y. 1957	Estimate F.Y. 1958	Proposed F.Y. 1959
1,500	1,500	1,500

DETAIL OF PROGRAM ($ in thousands)

Approved Programs	CY 1957	Estimated CY 1958	Proposed CY 1959
Projects	1,403	1,537	
Administration	82	92	
Total	1,485	1,629	2,143 a/
Proposed U.S. Contribution at 70%			1,500

a/ The program i... CY 1959 has not yet been considered by the Technical Cooper.tion Board. It is estimated that most of the projects in operation in 1958 will be continued in 1959, and that new activities will be added.

Obligations and Expenditures $ in thousands

ECONOMIC ASSISTANCE	OBLIGATIONS	EXPENDITURES	UNLIQUIDATED
Cumulative 6/30/57	6,369	5,480	889
Estimate F.Y. 1958	1,500	1,391	XXX
Cumulative 6/30/58	7,869	6,871	998

Inter-American Statistical Institute, Pan American Institute of Geography and History, and Pan American Sanitary Bureau. Close coordination is maintained with the United States bilateral and United Nations technical assistance programs.

For each of the first four years of the program, 1951-1954, the United States pledged $1 million with the proviso that the United States contribution would not exceed 70% of total contributions. The United States contributes 70% as the proportion of its contribution in recognition of the limited number of contributors to the program and of our predominant economic position. The national income of the United States is approximately 88% of the total national income of all the 21 American Republics who contribute, on a voluntary basis, to the support of the Technical Cooperation Program.

Because of the increasing interest of other governments in the program and because of its increasing effectiveness, the United States has, since 1955, pledged $1,500,000 annually, subject to the proviso that the United States contribution would not exceed 70% of total contributions. Although the other 20 American Republics have not yet pledged funds sufficient to draw down the full $1.5 million pledged by the United States, their contributions have been increasing slowly but steadily. It is felt that this offer of $1.5 million has been serving as an incentive to the other governments to increase their contributions to this program.

Total pledges for 1957 amounted to $1,787,587 of which the United States pledged $1,251,311. All pledges for 1958 have not yet been received but the total is expected to be in excess of the amount pledged for 1957.

The host countries, in addition to the contribution which they make to the special account, also furnish local support to the projects in the form of local personnel, services, supplies and equipment, training materials, etc. In 1958 these contributions by host countries are expected to amount to about $200,000 which is in addition to an estimated $2,000,000 already being provided in land, facilities, and buildings.

In view of the effectiveness of the program, it is proposed that the United States should offer for calendar year 1959 the amount of $1,500,000. Authorization and appropriation are therefore requested for a United States contribution in that amount from FY 1959 funds. The United States contribution will not exceed 70% of total contributions.

LATIN AMERICA

ORGANIZATION OF AMERICAN STATES - ECONOMIC AND TECHNICAL COOPERATION PROGRAM

Summary of Approved Program by Projects

($ in thousands)

Title of Project	Cooperating Agency	Host Governments	CY 1957	CY 1958	Proposed CY 1959
Inter-American Housing Center	Pan American Union	Colombia	199	226	
Inter-American Rural Normal School	Pan American Union	Venezuela	186	196	
Inter-American Training Center for Economic and Financial Statistics	Inter-American Statistical Institute	Chile	156	152	
Inter-American Training Center for the Evaluation of Natural Resources	Pan American Institute of Geography and History	Brazil	141	156	
Pan American Aftosa Center	Pan American Sanitary Bureau	Brazil	270	324	
Technical Education for the Improvement of Agriculture and Rural Life	Inter-American Institute of Agricultural Sciences	Cuba, Peru, Uruguay	451	483	
Subtotal Projects			1,403	1,537	
Administration			82	92	
Total Program			1,485	1,629	2,143
Proposed United States Contribution at 70%					1,500

LATIN AMERICA

ORGANIZATION OF AMERICAN STATES TECHNICAL COOPERATION PROGRAM

Contributions and Pledges
Calendar Years 1951 - 1958

(In dollars)

Country	1951	1952	1953	1954	1955	1956	1957	1958 a/
Argentina	87,857	87,857	87,857	100,000	100,000	120,000	120,000	120,000
Bolivia	-	7,388	-	7,388	7,388	7,388	7,388	-
Brazil	128,000	128,000	128,000	150,000	150,000	150,000	160,256	160,256
Chile	23,429	23,429	23,429	34,452	34,452	34,452	34,452	34,452
Colombia	26,857	26,857	39,494	39,494	39,494	47,143	47,143	-
Costa Rica	2,429	2,429	3,571	3,571	3,571	3,571	4,500	6,750
Cuba	17,143	17,143	17,143	17,143	17,143	17,143	17,143	-
Dominican Republic	4,571	5,260	6,722	6,722	6,722	5,786	5,786	-
Ecuador	6,142	6,142	6,142	7,000	9,033	4,500	9,033	4,500
El Salvador	4,571	4,571	4,571	4,571	6,722	6,722	6,722	6,722
Guatemala	5,000	5,000	5,000	5,000	7,000	7,000	7,000	-
Haiti	2,000	2,000	2,000	2,000	2,000	2,640	2,640	2,640
Honduras	3,143	3,500	3,500	4,622	4,622	6,000	6,000	6,000
Mexico	14,758	-	35,000	-	24,000	24,000	24,000	24,000
Nicaragua	3,000	3,000	3,000	5,000	5,000	5,000	5,000	5,000
Panama	2,714	2,714	2,714	2,714	3,991	3,991	4,500	4,500
Paraguay	-	-	5,000	5,000	5,000	5,000	5,000	-
Peru	17,429	-	-	-	14,000	14,000	14,000	-
Uruguay	19,100	19,100	13,865	13,865	13,865	20,571	25,713	25,713
Venezuela	13,764	12,926	22,688	22,351	34,032	30,000	30,000	30,000
Subtotal	381,907	357,316	409,696	430,893	488,035	514,907	536,276	430,533
United States	882,143 b/	839,578	840,963	852,335	1,135,768	1,200,000	1,251,311 c/	1,500,000 d/
Total	1,264,050	1,196,894	1,250,659	1,283,228	1,623,803	1,714,907	1,787,587	1,930,533

a/ Pledges as of December 31, 1957.
b/ Contribution from funds appropriated pursuant to the authorization contained in the Act for International Development (approved June 5, 1950, non-Mutual Security Legislation).
c/ Represents 70% of total amount contributed.
d/ Pledged subject to the 70% limitation.