SUMMARY OF OPERATIONS

U.S. INVESTMENT INCENTIVE PROGRAMS

FEBRUARY 1970

OFFICE OF PRIVATE RESOURCES
AGENCY FOR INTERNATIONAL DEVELOPMENT
DEPARTMENT OF STATE
WASHINGTON, D.C. 20523

ERRATA SHEET

Page 6 - Second full paragraph - First sentence:

Fourteen (14) agreements have been concluded with U.S. firms for studies in seven developing countries, at a cost to A.I.D. of $750,000.

Page 8 -

Due to "$000 rounding," the dollar figure columns appear inconsistent. Please read ($000) in heading of last column; the total is therefore $98,031,000 of investment planned or executed, against $1,105,771.73 paid for negative decisions.

Page 19 - First paragraph - Last sentence:

Fees in the amount of $1.4 million had been collected.

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U.S. PRIVATE INVESTMENT IN DEVELOPING COUNTRIES

The U.S., which ranks 8th in the order of OECD Development Assistance Committee member countries in terms of total net official aid to less-developed countries (LDCs) expressed as a percentage of Gross National Product, ranks 11th when its net private capital flows are included. This means that U.S. private investment in the LDCs has been relatively less than 10 other industrialized countries.

Nevertheless, U.S. private investment in the LDCs measured in absolute terms has been increasing, and is expected to continue to rise. Direct investments in the LDCs by U.S. firms, including transfers financed with long-term foreign borrowings, increased by nearly 50% from about $1 billion in CY 1967 to over $1.5 billion in CY 1969. 1/

The book value of all U.S. private direct investment in the LDCs has increased to a total of $18.6 billion in CY 1968, half again the value of U.S.-LDC investment in 1960. Latin America continues to hold the largest share of investments; however, as a percent of the total value, Latin America's share decreased from 77.4% in 1960 to 69.9% in 1968. Important from the development standpoint almost half the book value is in the manufacturing and services category, which rose 150% from 1960 to 1968, while investment in the extractive industries increased by only 30%. 2/

1/ Estimate of the Office of Foreign Direct Investment, U.S. Department of Commerce, from 3,300 reporting firms.

2/ Source: Office of Business Economics, U.S. Department of Commerce

U.S. DIRECT INVESTMENT CAPITAL FLOWS TO LDCs AND REINVESTED EARNINGS, 1/ 1960 - 1968
($ Millions)

	1960	1961	1962	1963	1964	1965	1966	1967	*preliminary 1968
LATIN AMERICA									
Capital Flow	95	141	-32	64	156	171	162	191	461
Reinvested Earnings	215	221	287	173	219	298	299	172	297
TOTAL	310	362	255	237	375	469	461	363	758
OTHER W. HEMISPHERE									
Capital Flow	54	27	62	156	134	89	114	26	111
Reinvested Earnings	63	30	40	10	34	39	41	39	59
TOTAL	117	57	102	166	168	128	155	65	170
TOTAL LA									
Capital Flow	149	168	30	220	290	260	276	217	572
Reinvested Earnings	278	251	327	183	253	337	340	211	356
TOTAL	427	419	357	403	543	597	616	428	928
AFRICA									
Capital Flow	99	124	139	92	118	130	68	143	303
Reinvested Earnings	33	45	6	3	2	29	27	8	45
TOTAL	132	169	145	95	120	159	95	151	348
MIDDLE EAST									
Capital Flow	-72	108	-7	62	42	254	121	150	37
Reinvested Earnings	21	-6 2/	3	11	11	3	13	-14 2/	23
TOTAL	-51	102	-4	73	53	257	134	136	60
FAR EAST									
Capital Flow	34	-13	33	75	73	163	54	135	120
Reinvested Earnings	50	53	17	31	12	9	49	63	57
TOTAL	84	40	50	106	85	172	103	198	177
TOTAL									
Capital Flow	210	387	195	449	523	807	519	645	1032
Reinvested Earnings	382	343	353	228	278	378	429	268	481
TOTAL	592	730	548	677	801	1185	948	913	1513

1/ Reinvested earnings is computed as the difference between the U.S. share of net earnings (or losses) of foreign corporations and the U.S. share of gross dividends (dividends before deduction of withholding taxes).
2/ Represents cases where dividends are greater than earnings.
NOTE: A negative number indicates a net flow to the U.S.
SOURCE: U.S. Department of Commerce, Office of Business Economics
* Preliminary 11/69
Prepared by: Agency for International Development

U.S. DIRECT CAPITAL FLOWS TO MANUFACTURING ENTERPRISES AND REINVESTED 1/ EARNINGS IN MANUFACTURING IN LDCs, 1960 - 1968
($ Millions)

	1960	1961	1962	1963	1964	1965	1966	1967	1968*
LATIN AMERICA									
Capital Flow	125	73	114	107	93	214	130	151	211
Reinvested Earnings	86	83	100	81	140	169	189	77	181
TOTAL	211	156	214	188	233	383	319	228	392
OTHER W. HEMISPHERE									
Capital Flow	54	27	62	156	134	89	114	39	2
Reinvested Earnings	0	1	6	18	16	9	9	-4 2/	13
TOTAL	54	28	68	174	150	98	123	35	15
TOTAL LA									
Capital Flow	179	100	176	263	227	303	244	190	213
Reinvested Earnings	86	84	106	99	156	178	198	73	194
TOTAL	265	184	282	362	383	481	442	263	407
AFRICA									
Capital Flow	0	0	4	2	14	19	3	2	1
Reinvested Earnings	-1 2/	-2 2/	1	1	1	3	2	1	4
TOTAL	-1	-2	5	3	15	22	5	3	5
MIDDLE EAST									
Capital Flow	2	1	1	0	3	3	4	1	2
Reinvested Earnings	1	1	0	0	1	1	2	4	1
TOTAL	3	2	1	0	4	4	6	5	3
FAR EAST									
Capital Flow	5	3	15	29	33	32	32	70	37
Reinvested Earnings	11	11	3	8	16	20	8	19	18
TOTAL	16	14	18	37	49	52	40	89	55
TOTAL									
Capital Flow	186	104	196	294	277	357	283	266	253
Reinvested Earnings	97	94	110	108	174	202	210	97	217
TOTAL	283	198	306	402	451	559	493	363	470

1/ Reinvested earnings is computed as the difference between the U.S. share of net earnings (or losses) of foreign corporations and the U.S. share of gross dividends (dividends before deduction of withholding taxes).

2/ Represents case where dividends are greater than earnings.

NOTE: A negative number indicates a net flow to the U.S.

SOURCE: U.S. Department of Commerce, Office of Business Economics.

* Preliminary 11/69

Prepared by: Agency for International Development

BOOK VALUE OF U.S. PRIVATE INVESTMENTS IN LDCs BY REGIONS
AND MAJOR INDUSTRY CATEGORIES, 1960, 1966, 1968
($ Millions)

	1960		1966		1967		1968*	
	$	%	$	%	$	%	$	%
ALL REGIONS								
Mining & Smelting	1,556	13	1,817	11.3	1,991	11.7	2,229	12.0
Petroleum	5,191	43.5	6,626	41.2	6,825	40.3	7,437	39.9
Manufacturing	1,835	15.4	3,833	23.8	4,200	24.8	4,675	25.1
Other	3,365	28.1	3,810	23.7	3,928	23.2	4,269	23.0
Total	11,947	100.0	16,086	100.0	16,944	100.0	18,610	100.0
LATIN AMERICA								
Mining & Smelting	1,331	14.4	1,481	12.9	1,649	13.8	1,875	14.5
Petroleum	3,264	35.3	3,538	30.8	3,502	29.5	3,643	28.0
Manufacturing	1,631	17.6	3,312	28.9	3,572	29.9	3,990	30.7
Other	3,024	32.7	3,142	27.4	3,198	26.8	3,480	26.8
Total	9,250	100.0	11,473	100.0	11,921	100.0	12,988	100.0
AFRICA								
Mining & Smelting	201	31.5	296	20.1	299	18.6	309	15.6
Petroleum	407	63.8	968	65.5	1,090	67.6	1,420	71.7
Manufacturing	10	1.6	60	4.1	66	4.1	68	3.4
Other	20	3.1	153	10.3	156	9.7	185	9.3
Total	638	100.0	1,477	100.0	1,611	100.0	1,982	100.0
MIDDLE EAST								
Mining & Smelting	--	--	3	0.2	3	0.2	3	0.2
Petroleum	1,119	96.3	1,560	93.3	1,607	92.0	1,654	92.2
Manufacturing	26	2.2	51	3.1	59	3.3	63	3.5
Other	17	1.5	58	3.4	79	4.5	73	4.1
Total	1,162	100.0	1,672	100.0	1,748	100.0	1,793	100.0
FAR EAST								
Mining & Smelting	24	2.7	37	2.5	40	2.4	42	2.3
Petroleum	401	44.7	560	38.3	626	37.6	720	39.0
Manufacturing	168	18.7	410	28.0	503	30.3	554	30.0
Other	304	33.9	457	31.2	495	29.7	531	28.7
Total	897	100.0	1,464	100.0	1,664	100.0	1,847	100.0

* Preliminary

PRE-INVESTMENT ASSISTANCE

A major obstacle to investment in the LDCs is a lack of adequately developed, "bankable" investment projects.

A.I.D. has developed a number of approaches toward meeting investors' pre-investment needs. One has been the Survey of Investment Opportunities program. Under this program, A.I.D. agrees with the U.S. firm to reimburse the company for half of its survey costs if, after surveying the potential investment opportunity, the company decides not to invest and submits a professionally acceptable study report to A.I.D., which then makes it available to other prospective investors. If the prospective investor makes the investment, he bears all the expenses of the survey and retains exclusive rights to the information derived from the study.

To induce entrepreneurial interest in priority areas A.I.D. has also assumed a larger percentage initially of the cost of pre-investment surveys in such areas as high protein food products development.

Our experience has led us to some preliminary conclusions regarding the most sensible approach in carrying out pre-investment incentive assistance:

(a) Detailed feasibility studies of specific investment projects financed by public or private development agencies and then offered to potential private investors have few takers. Judgments of others cannot substitute for the judgment of those who put up the money.

(b) A quick, low-cost survey of the actual investment opportunity in an LDC by a principal investor has often resulted in identifying significant questions (such as market and product price) that would have to be answered before an investor would be prepared to make a "go ahead" investment decision.

(c) We can often get more investment results for our money by sharing early a higher percentage of the costs of such reconnaissance studies instead of moving immediately to a more formal 50/50 survey agreement.

We have entered into an agreement with the Agribusiness Council (A.B.C.)

to screen and financially participate with U.S. companies in looking at opportunities for investment by U.S. firms in food marketing, processing and distribution. Three U.S. companies have signed agreements with A.B.C. to initiate Phase I reconnaissance surveys to explore investment opportunities in LDCs. For calendar year 1970 A.B.C. is programming and will finance with A.I.D. funds 15 reconnaissance surveys and 10 complete feasibility studies.

Since February 1967 A.I.D. has actively encouraged American firms to investigate opportunities for production and marketing of high protein foods in the developing countries, by sharing with U.S. companies market survey and product testing costs of developing new high protein foods. The companies themselves have paid for product development costs.

Fourteen (14) agreements have been concluded with U.S. firms for studies in seven developing countries, at a cost to A.I.D. of $75,000. While most of the studies have not yet been completed, current indications are that the firms have spent about $1.5 million of their own money on the surveys. To date, two positive decisions have been made to invest in Brazil and India. Two decisions not to invest have been made. We are presently conducting an in-depth evaluation of the program's administration and results to determine the future of the program.

We are continuing, with the help of experienced outside consultants to analyze our experience under the 50/50 survey and other pre-investment assistance programs to offer program managers guidance needed to improve administration and efficiency of the assistance provided.

The new Foreign Aid legislation authorizes the Overseas Private Investment Corporation to initiate and support "the identification", assessment, surveying and promotion of private investment opportunities". This authority will provide flexibility to continue reorientation of the program so that:

a) Reimbursement to the potential investor will not be held to a fixed percentage. We will be able to tailor reimbursement commitments to the least amount required to induce the investor to survey the opportunity. In some high priority

projects, this reimbursement might exceed 50%; in others, it very well might fall below 50%.

b) Agreement forms may vary according to the size of the project, the nature and extent of our involvement and will enable us to convert grants into loans repayable from investment profits if a positive investment decision results from the study.

c) In the project phase, we will not be limited to assistance only for formal feasibility surveys. Assistance would be provided, for example: to preliminary reconnaissance studies by principal investors, to participation in lengthy multi-phase studies, and to pilot operations where these are indicated.

d) By varying the degree of participation we will be better able to interest U.S. investors in investigating LDC investment opportunities which are of high development priority or which are in particular areas of the world.

e) Marketing aspects of proposed investment projects will be emphasized in order to highlight at an early stage of project development such crucial aspects as product price and size of market.

f) We may dispense with the past requirement that in every survey where a negative decision is reached a substantial and often lengthy report be filed with A.I.D. This requirement in some cases has meant the needless incurring of costs where no investment can result, and has also discouraged some responsible firms from participating in the program.

SUMMARY OF THE INVESTMENT SURVEY PROGRAM
(Since Inception through Dec. 31, 1969)

Fiscal Year	Number of Agreements	Amount Paid for Neg. Decisions by Year Paid	1/Positive Decisions	Resultant Executed Planned Investment (By Year of Agrmnt) ($000)
1962	1	$ -	-	$ -
1963	29	-	2	28,781
1964	58	61,364.71	6	16,788
1965	58	97,752.10	14	8,044
1966	59	303,105.11	11	19,768
1967	72	259,515.35	6	14,905
1968	33	87,769.49 2/	6	9,680
1969	23	139,636.96 2/	1	65
1970 (6 Months)	7	156,628.01	-	-
	340	$1,105,771.73	46	$98,031

Total number of Negative Decisions paid: 120; Negative Decisions in process: 17, for maximum possible cost of $495,502.

Surveys in process on December 31, 1969: 26; Maximum A.I.D. Liability: $535,931; Possible Capital Investment: $75.9 Mil.

Applications pending on Dec. 31, 1969 - 7; with A.I.D. Maximum Liability - $174,588; Possible Cap. Investment- $59 Millior

1/ Listed by Year of Agreement--not notification date.

2/ After deduction for refunds.

POLITICAL RISK INSURANCE

The political risk insurance program covers new equity and certain loan investments in developing countries or areas against losses arising from inconvertibility or currency expropriation and damage of war, revolution or insurrection.

Operations Summary

We now have agreements with 90 developing countries covering some or all of the various political risks.

As of December 31, 1969, outstanding coverages totaled in face amount approximately $7.3 billion. This reflects a growth during the past three years of approximately $4.2 billion in outstanding coverage. Fees collected on political risk insurance issued through December 31, 1969, exceed $90 million. Net claims paid to date have been a relatively small $3.5 million.

During Calendar Year 1969 political risk insurance was instrumental in assisting U.S. private investments aggregating $539.6 million; as of the end of the year over $3.5 billion of investment had been assisted by such insurance.

Risk Management

In examining applications more analysis is being given to such factors as the implications of new investments on the debt situation of the developing country, and the potential long-term development contribution of the project.

The rapid growth of the program has underscored the importance of evaluation of the outstanding portfolio and more sophisticated management of new political risk insurance contracts in anticipating and evaluating the potential political risks involved. Increasing attention is being given to questions of overall risk exposure, both in terms of geographic areas and type of investment.

We are having a specialized consulting firm undertake a series of in-depth analytical studies of the insurance portfolio. This will enable managers of the program to make more informed risk allocation decisions.

Multinational Projects

Increasingly, the political risk insurance program must deal with multinational projects, in which investors from various developed countries join together in a project in a developing country. A.I.D. has received applications for, or issued insurance, amounting to around $1 billion in this category of investment.

Multinational projects provide additional sources of private capital and multi-lateralize the political risk. A.I.D. has been seeking to encourage other developed countries to commence or expand national insurance schemes so that they will cover their participants' investment. New approaches to political risk insurance of multinational projects have been authorized for the Overseas Private Investment Corporation including risk-sharing agreements between the U.S. and other industrialized countries with each country covering their own national participants' investments.

AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF PRIVATE RESOURCES

Washington, D.C. 20523 February 6, 1970

The following countries and semi-independent states are those with which the United States has executed the necessary documents for an investment guaranty program. Availability of investment insurance subject to change without notice. Changing economic and political situations may affect availability of insurance and, therefore, no commitment should be made as to available coverage on basis of this list without confirmation by the A.I.D. Insurance Division (202)-63-28279.

Convertibility	Expropriation	War, Revolution & Insurrection	Extended Risk
Afghanistan	Afghanistan	Afghanistan(war only)	--
Antigua	Antigua	Antigua	Antigua
Argentina	--	--	--
Barbados	Barbados	Barbados	Barbados
Bolivia	Bolivia	Bolivia	Bolivia
Botswana	Botswana	Botswana	Botswana
Brazil	Brazil	Brazil	Brazil
British Honduras	British Honduras	British Honduras	British Honduras
Burundi	Burundi	Burundi	Burundi
Cameroon	Cameroon	Cameroon	Cameroon
Central African Rep.	Central African Rep.	Central African Rep.	Central African Rep.
Ceylon	Ceylon	Ceylon	Ceylon
Chad	Chad	Chad	Chad
Chile	--	--	--
China, Rep. of	China, Rep. of	China, Rep. of	China, Rep. of
*Colombia	*Colombia	*Colombia	*Colombia
*Congo (Brazzaville)	*Congo (Brazzaville)	*Congo (Brazzaville)	*Congo (Brazzaville)
Congo (Kinshasa)	Congo (Kinshasa)	Congo (Kinshasa)	Congo (Kinshasa)
Costa Rica	Costa Rica	Costa Rica	Costa Rica
*Cyprus	*Cyprus	*Cyprus	*Cyprus
Dahomey	Dahomey	Dahomey	Dahomey
Dominica	Dominica	Dominica	Dominica
Dominican Republic	Dominican Republic	Dominican Republic	Dominican Republic
Ecuador	Ecuador	Ecuador	Ecuador
El Salvador	El Salvador	--	--
Ethiopia	Ethiopia	Ethiopia	Ethiopia
Gabon	Gabon	Gabon	Gabon
Gambia	Gambia	Gambia	Gambia
Ghana	Ghana	Ghana	Ghana
Greece	Greece	Greece	Greece
Grenada	Grenada	Grenada	Grenada
*Guatemala	*Guatemala	--	--
Guinea	Guinea	Guinea	Guinea
Guyana	Guyana	Guyana	Guyana
Haiti	Haiti	--	--
Honduras	Honduras	Honduras	Honduras
India	India	India	India
Indonesia	Indonesia	Indonesia	Indonesia
Iran	Iran	--	--
Israel	Israel	Israel	Israel
Ivory Coast	Ivory Coast	Ivory Coast	Ivory Coast

*Limited Availability

Changes since December 16, 1969 list: Deletion of Portugal (Metropole only).

Convertibility	Expropriation	War, Revolution & Insurrection	Extended Risk
Jamaica	Jamaica	Jamaica	Jamaica
Jordan	Jordan	Jordan	Jordan
Kenya	Kenya	Kenya	Kenya
Korea	Korea	Korea	Korea
Laos	Laos	Laos	Laos
Lesotho	Lesotho	Lesotho	Lesotho
Liberia	Liberia	Liberia	Liberia
Malagasy	Malagasy	Malagasy	Malagasy
Malawi	Malawi	Malawi	Malawi
Malaysia	Malaysia	Malaysia	Malaysia
Mali	Mali	Mali	Mali
*Malta	*Malta	*Malta	*Malta
*Mauritania	*Mauritania	*Mauritania	*Mauritania
Morocco	Morocco	Morocco	Morocco
Nepal	Nepal	Nepal	Nepal
Nicaragua	Nicaragua	Nicaragua	Nicaragua
Niger	Niger	Niger	Niger
Nigeria	Nigeria	--	--
Pakistan	Pakistan	Pakistan	Pakistan
Panama	Panama	Panama(war only)	--
Paraguay	Paraguay	Paraguay	Paraguay
*Peru	--	--	--
Philippines	Philippines	Philippines	Philippines
Rwanda	Rwanda	Rwanda	Rwanda
St. Christ.-Nevis-Ang.	St. Christ.-Nevis-Ang.	St. Christ.-Nevis-Ang.	St. Christ.-Nevis-Ang.
St. Luica	St. Lucia	St. Lucia	St. Lucia
Senegal	Senegal	Senegal	Senegal
Sierra Leone	Sierra Leone	Sierra Leone	Sierra Leone
Singapore	Singapore	Singapore	Singapore
Somali Rep.	Somali Rep.	Somali Rep.	Somali Rep.
*Sudan	*Sudan	*Sudan	*Sudan
Swaziland	Swaziland	Swaziland	Swaziland
Tanzania(excl.Zanzibar)	Tanzania(excl.Zanzibar)	Tanzania(excl.Zanzibar)	Tanzania(excl.Zanzibar
Thailand	Thailand	Thailand	Thailand
Togo	Togo	Togo	Togo
Trinidad-Tobago	Trinidad-Tobago	Trinidad-Tobago	Trinidad-Tobago
Tunisia	Tunisia	Tunisia	Tunisia
Turkey	Turkey	Turkey	Turkey
Uganda	Uganda	Uganda	Uganda
*U.A.R.(Egypt)	*U.A.R.(Egypt)	*U.A.R.(Egypt)	*U.A.R.(Egypt)
Upper Volta	Upper Volta	Upper Volta	Upper Volta
Venezuela	Venezuela	Venezuela	Venezuela
Vietnam	Vietnam	Vietnam	Vietnam
Western Somoa	Western Somoa	Western Somoa	Western Somoa
*Yugoslavia	*Yugoslavia	--	--
Zambia	Zambia	Zambia	Zambia

Economically developed countries are excluded from the Investment Insurance Program; insurance may be available for some of the underdeveloped dependencies of France, Netherlands, Portugal, and the United Kingdom.

AGENCY FOR INTERNATIONAL DEVELOPMENT

Office of Private Resources

Political Risk Investment Insurance Issued in Calendar Year 1969
(By Country and Region)

COUNTRY & Region	No. of Cover-ages	CONVERTIBILITY	EXPROPRIATION	WAR RISK	COMBINED	TOTAL
Latin America						
Argentina	6	$ 5,517,625	$ -	$ -	$ -	$ 5,517,625
Bolivia	13	8,510,000	7,760,000	4,806,000	750,000	21,826,000
Brazil	30	51,366,677	15,467,667	21,800,000	29,899,010	118,533,354
Br. Honduras	1	-	-	-	400,000	400,000
Chile	5	854,792	199,792	199,792	700,000	1,954,376
Colombia	9	6,397,577	-	-	1,764,000	8,161,577
Costa Rica	30	5,830,475	4,757,400	4,370,500	230,575	15,188,950
Dominican Rep.	23	196,442,938	2,180,000	850,000	195,004,938	394,477,876
Ecuador	27	2,063,405	45,000	-	4,565,973	6,674,378
El Salvador	4	2,500,000	2,000,000	-	-	4,500,000
Guyana	8	2,439,600	-	-	2,439,600	4,879,200
Honduras	11	4,107,796	1,329,200	79,200	3,328,596	8,844,792
Jamaica	3	247,996	247,996	210,000	-	705,992
Nicaragua	6	1,287,400	571,400	-	716,000	2,574,800
Peru	3	22,662,914	-	-	-	22,662,914
Venezuela	13	9,385,246	930,000	930,000	8,405,246	19,650,492
Total L.A.	192	$319,614,441	$ 35,488,455	$33,245,492	$248,203,938	$ 636,552,326
Near East & South Asia						
Ceylon	3	934,000	-	-	744,000	1,678,000
Greece	8	13,900,000	2,000,000	-	10,300,000	26,200,000
India	21	16,924,799	-	-	16,689,800	33,614,599
Iran	10	10,945,000	10,945,000	-	-	21,890,000
Israel	18	11,896,710	-	8,241,000	12,316,710	32,454,420
Nepal	2	100,000	-	-	100,000	200,000
Pakistan	9	13,192,110	42,110	776,000	15,500,000	29,510,220
Turkey	2	1,000,000	-	-	1,000,000	2,000,000
Total NESA	73	$ 68,892,619	$ 12,987,110	$ 9,017,000	$ 56,650,510	$ 147,547,239
Far East						
China	28	9,025,584	850,000	850,000	7,667,584	18,393,168
Indonesia	23	10,714,250	1,800,000	-	9,614,250	22,128,500
Korea	42	65,426,608	37,200,000	37,280,660	25,259,278	165,166,546
Malaysia	16	12,607,828	11,865,494	6,765,493	642,334	31,881,149
Philippines	15	18,217,600	1,080,000	1,080,000	13,159,600	33,537,200
Singapore	5	7,000,000	6,200,000	4,200,000	800,000	18,200,000
Tahiti	6	4,572,850	4,572,850	-	-	9,145,700
Thailand	5	3,836,000	-	-	3,736,000	7,572,000
Total FE	140	$131,400,720	$ 63,568,344	$50,176,153	$ 60,879,046	$ 306,024,263

Political Risk Investment Insurance Issued in Calendar Year 1969
(cont'd)

Africa						
Ethiopia	7	947,200	19,200	19,200	928,000	1,913,600
Gabon	2	-	-	1,336,106	-	1,336,106
Ghana	5	22,529,980	-	-	529,980	23,059,960
Guinea	8	41,348,906	50,937,000	-	-	92,285,906
Kenya	11	15,567,426	42,732	-	11,824,694	27,434,852
Malagasy	4	742,213	-	-	742,213	1,484,426
Morocco	4	1,789,350	789,350	-	1,000,000	3,578,700
Rwanda	2	80,056	80,056	-	-	160,112
Tanzania	2	3,000,000	-	-	4,000,000	7,000,000
Tunisia	3	76,500	76,500	76,500	-	229,500
Zambia	5	1,387,840	-	-	987,840	2,375,680
Total Africa	53	$ 87,469,471	$ 51,944,838	$ 1,431,806	$ 20,012,727	$ 160,858,842
WORLDWIDE TOTAL	458	$607,377,251	$163,988,747	$93,870,451	$385,746,221	$1,250,982,670

U. S. PRIVATE OVERSEAS INVESTMENT
Protected by
Political Risk Investment Insurance
Written in Calendar Year 1969

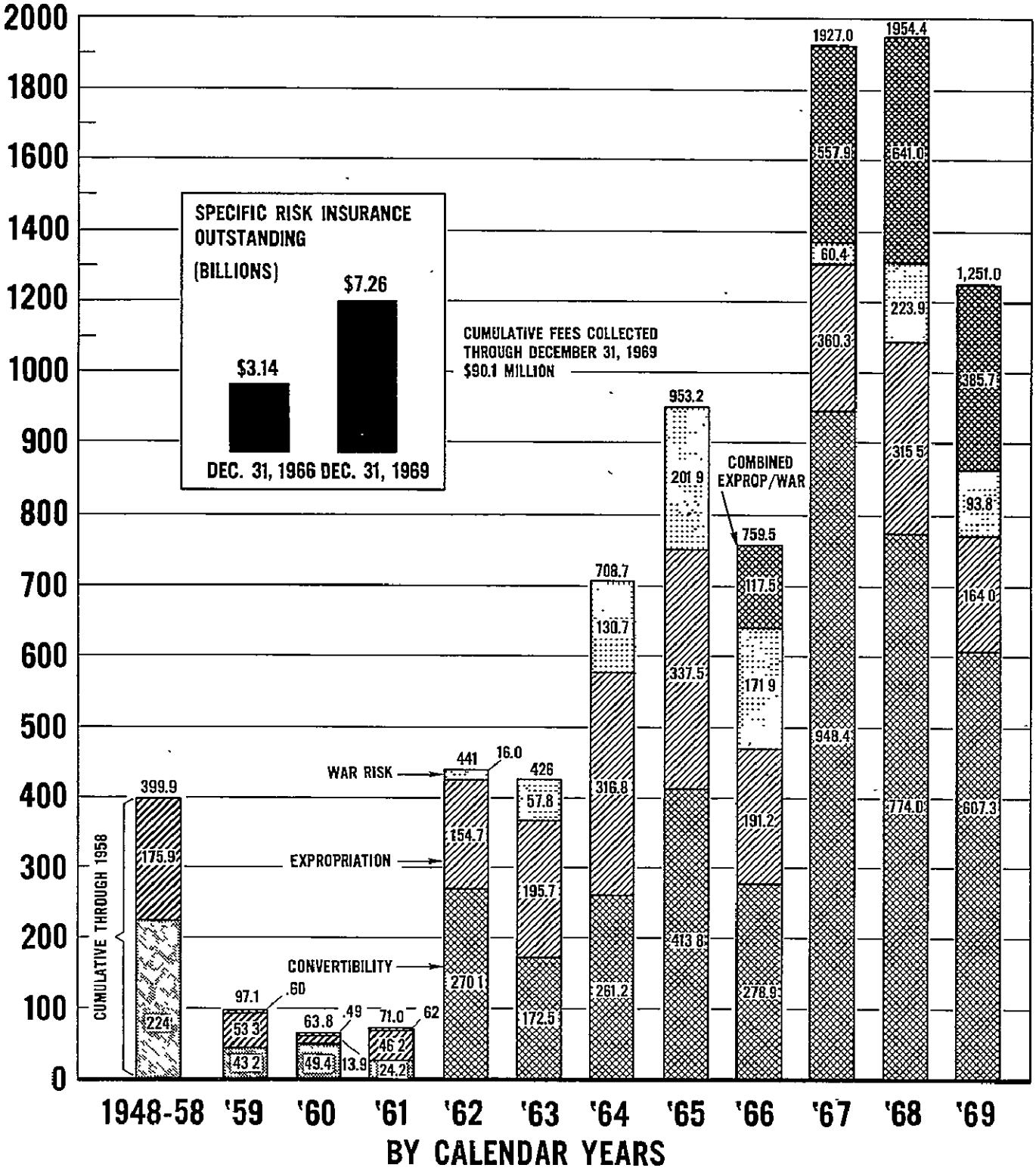
Country & Region	Equity	Loan	Equity/Loan $ Totals	Roy., Tech. Ass't Fees	Total $Investment
Latin America					
Argentina	$ 1,197,100	$ 2,270,000	$ 3,467,100	$ 100,100	$ 3,567,200
Bolivia	2,575,000	-	2,575,000	-	2,575,000
Brazil	3,946,417	39,468,200	43,414,617	-	43,414,617
Br. Honduras	400,000	-	400,000	-	400,000
Chile	496,156	-	496,156	-	496,156
Colombia	3,265,577	2,250,000	5,515,577	-	5,515,577
Costa Rica	2,129,568	1,765,048	3,894,616	-	3,894,616
Dominican Republic	5,952,719	187,350,000	193,302,719	-	193,302,719
Ecuador	1,228,130	2,858,644	4,086,774	300,000	4,386,774
El Salvador	1,250,000	-	1,250,000	-	1,250,000
Guyana	599,800	900,000	1,499,800	-	1,499,800
Honduras	1,282,898	1,850,000	3,132,898	-	3,132,898
Jamaica	124,000	-	124,000	-	124,000
Nicaragua	643,700	-	643,700	-	643,700
Peru	12,057,000	-	12,057,000	332,000	12,389,000
Venezuela	3,751,123	2,048,869	5,799,992	-	5,799,992
Total L.A.	$ 40,899,188	$240,760,761	$281,659,949	$ 732,100	$282,392,049
Near East & South Asia					
Ceylon	372,000	-	372,000	190,000	562,000
Greece	4,400,000	2,500,000	6,900,000	500,000	7,400,000
India	8,325,188	26,667	8,351,855	235,000	8,586,855
Iran	7,513,000	640,000	8,153,000	-	8,153,000
Israel	13,379,184	134,500	13,513,684	-	13,513,684
Nepal	85,000	-	85,000	-	85,000
Pakistan	5,021,055	10,500,000	15,521,055	150,000	15,671,055
Turkey	989,944	-	989,944	-	989,944
Total NESA	$ 40,085,371	$ 13,801,167	$ 53,886,538	$ 1,075,000	$ 54,961,538
Far East					
China	3,105,498	5,878,837	$ 8,984,335	$ 150,000	9,134,335
Indonesia	6,230,000	1,580,000	7,810,000	3,600,000	11,410,000
Korea	9,384,497	40,125,415	49,509,912	1,650,000	51,159,912
Malaysia	1,874,914	8,760,000	10,634,914	100,000	10,734,914
Philippines	853,000	11,534,941	12,387,941	2,090,000	14,477,941
Singapore	5,700,000	-	5,700,000	-	5,700,000
Tahiti	1,000,000	2,572,850	3,572,850	-	3,572,850
Thailand	1,883,000	-	1,883,000	100,000	1,983,000
Total F.E.	$ 30,030,909	$ 70,452,043	$100,482,952	$ 7,690,000	$108,172,952

Investment Protected by Political Risk Insurance in Calendar Year 1969
(cont'd)

Africa					
Ethiopia	477,600	-	477,600	-	477,600
Gabon	-	1,336,100	1,336,100	-	1,336,100
Ghana	22,264,990	-	22,264,990	-	22,264,990
Guinea	16,679,600	50,802,100	67,481,700	-	67,481,700
Kenya	5,883,302	119,191	6,002,493	3,700,000	9,702,493
Malagasy	221,106	300,000	521,106	-	521,106
Morocco	894,675	-	894,675	-	894,675
Rwanda	40,028	-	40,028	-	40,028
Tanzania	4,000,000	-	4,000,000	-	4,000,000
Tunisia	38,200	-	38,200	-	38,200
Zambia	493,920	-	493,920	400,000	893,920
Total Africa	$ 50,993,421	$ 52,557,391	$103,550,812	$4,100,000	$107,650,812
WORLDWIDE TOTALS	$162,008,889	$377,571,362	$539,580,251	$13,597,100	$553,177,351

SPECIFIC RISK* INVESTMENT INSURANCE ISSUED

(MILLIONS OF DOLLARS)



*now referred to as political-risk insurance

Office of Private Resources
Agency for International Development

GUARANTIES

A key incentive to private investment is through guaranties which cover long-term private loans and equity investments against commercial as well as political risks.

An annual fee of 1 - 3/4 percent on the outstanding amount normally is charged for these guaranties.

Generally, guaranties are issued to investments in projects which are of developmental importance, offer reasonable prospects of profitability, and in which a substantial portion of the total private investment is at risk; that is, unguarantied.

Loan Guaranties

Under new legislation authority, we may guaranty full repayment of U.S. private loans, provided the total amount of the guaranties (loan and/or equity) does not exceed 75 percent of the total investment in the project from all sources. Thus, if non-U.S. financing or unguarantied U.S. financing, can be obtained for the early 25 percent of the U.S. loan maturities, the later 75% of the maturities can be fully guarantied.

In this way funds can be obtained from institutional investors such as insurance companies and pension trusts, which would otherwise be precluded by law or practice from including unguarantied investments in their portfolios.

Interest rates on guarantied loans are negotiable between lenders and borrowers, after consultation with the Treasury Department.

Equity Guaranties

Coverage may not exceed 75 percent of an equity investment regardless of its percentage of the total. Equity coverage generally is limited to 50 percent of the realized loss on original investment.

In practice, total guaranty exposure (coverage of loans and/or equity) generally runs less than half the total investment.

Operations Summary

As of December 31, 1969, more than $204 million in guaranties had been authorized, to cover planned investments in 27 projects. Eighteen are under contract. Contracts for another seven are yet to be executed. Of the $204 million, $89.3 million, for 6 projects was authorized in Calendar Year 1969. Total investment from all sources for the 27 projects is estimated at $714 million. Claims arising from 3 projects had been paid as of December 31, totaling just under $7 million. Fees in the amount of $1.4 had been collected.

Recent Highlights

These projects highlight recent guaranties:

Guaranties totaling $40 million were issued to several insurance companies to cover loans made to a Freeport Sulphur Co. subsidiary to develop copper extractive facilities in West Irian, Indonesia. The total project cost is $120 million, with other loans being advanced by the Export-Import Bank, the German credit bank, and a group of Japanese smelters.

A $41 million dollar guaranty to the Kyung In Energy Electricity Company in Korea to assist in meeting Korea's increased demand for electrical power. The project, sponsored by the Union Oil Company and Korea Explosive Company, is estimated to cost approximately $85 million dollars.

A $1 million guaranty covering small loans made by U.S. credit unions to their counterparts in LDCs administered by a Credit Union National Association affiliate, CUNA International, enabled the first $7,000 "mini-loan" from a Phoenix credit union to an Ecuadorian credit union for relending to small farmers.

International Telephone and Telegraph Company is building a communications satellite ground station that will give Indonesia for the first time a modern telephone and telecommunication service to all parts of the world. Guaranties back $4 million in private loans to the project.

Union Carbide Corporation and Industrial and Commercial Development Corporation of Kenya are partners in a new venture in Nakuru, Kenya's third largest city, to manufacture flashlight batteries for sale in East Africa markets. Guaranties of $225,000 support loans to this venture.

A $9 million guaranty covers loan and equity investments of U.S. Steel, its Armour Chemicals Division and a consortium of U.S. banks and insurance companies in a $72.8 million fertilizer project in India.

GUARANTIES AUTHORIZED

Projects and Totals by Calendar and Fiscal Years

Project	Authorized CY	Authorized FY	Guaranty Amount Item($000)	Guaranty Amount Totals	($000) Project Cost Items	Project Cost Totals
1. PASA	63	64	8,325		99,394	
Total for	63			8,325		99,394
2. Cabot	64	64	619		3,800	
Total for		64		8,944		103,194
3. SAFCO	64	65	111		1,545	
Total for	64			730		5,345
Total thru	64			9,055		104,739
4. Yong-nam	65	65	5,000		44,200	
Total for		65		5,111		45,745
Total thru		65		14,055		148,939
Total for	65			5,000		44,200
Total thru	65			14,055		148,939
5. Siam Kraft	66	66	4,075		28,545	
Total for		66		4,075		28,545
Total thru		66		18,130		177,484
6. Nic. Hotel	66	67	1,500		3,300	
7. Madras	66	67	17,250		60,160	
8. Ultrafertil	66	67	17,751		69,798	
Total for	66			40,576		161,793
Total thru	66			54,631		310,742
9. Globe United	67	67	* 600		6,082	
10. Ramada	67	67	390		5,500	
11. Calabrian	67	67	3,000		4,654	
12. Ralston	67	67	426		860	
13. Hospital	67	67	539		1,298	
14. IHC-Congo (K)	67	67	562		6,518	
Total for		67		42,018		158,170
Total thru		67		60,148		335,654

* Authorization cancelled

GUARANTIES AUTHORIZED
Projects and Totals by Calendar and Fiscal Year

Project	Authorized GY	Authorized FY	Guaranty Amount Item($000)	Guaranty Amount Totals	($000) Project Cost Item	($000) Project Cost Totals
15. Central Aguirre	67	68	2,775		7,030	
16. Abbott Ghana *	67	68	220 *		1,420	
17. Pioneer Farms *	67	68	1,585 *		3,435	
Total for	67			10,098		36,797
Total thru	67			64,729		347,539
18. Indo Sat Corp. (ITT)	68	68	4,095		7,205	
19. Nic Hotel (increase)	68	68	375		500	
20. Calabrian (increase)	68	68	4,500		6,000	
21. Union Carbide (Kenya)	68	68	225		1,750	
22. ADELA (studies)	68	68	1,500		2,000	
23. Chanas	68	68	250		500	
24. CUNA	68	68	1,000		1,000	
25. ADELA (projects)	68	68	6,000		8,000	
Total for		68		22,525 *		38,840
Total thru		68		82,674 *		374,494
26. Gental Aguirre (CODDEA, INC) (increase)	68	69	2,250		2,400	
27. Petroquimica, S.A. *	68	69	25,300 *		59,000	
28. Barnard and Burk	68	69	7,000		12,000	
Total for	68			52,495 *		100,355
Total thru	68			117,224 *		447,894
29. Interbiochem Ghana Ltd.	69	69	590		2,769	
30. Zuari Agro Chemicals Ltd.	69	69	9,625		72,800	
31. Kaiser Alum. & Chem. & Reynolds Metals Co.	69	69	8,540		40,540	
Total for		69		53,305		189,509
Total thru		69		135,979		564,003
32. Kyung In Energy Co. (KECO)	69	70	41,000		89,000	
33. Hospital (Honduras) See 13	69	70	311 (increase)		311	
34. TAW International Leasing	69	70	6,500		10,967	
35. Freeport Indonesia, Inc.	69	70	48,000		120,000	
Total for	69			114,566		336,387
Total thru	69			** 231,790		** 784,281
** Less total cancelled ($27.7 Mil and $69.9, respectively) =				204,085		714,344

* Authorization cancelled

COOLEY FUND LOCAL CURRENCY LOANS

Since 1957 a portion of the local currency proceeds under Public Law 480 has been earmarked for loans to American businessmen and their affiliates in LDC's, either for new investments or to expand existing ones. Commonly called "Cooley Fund" loans (after former Congressman H. D. Cooley of North Carolina who sponsored this provision of the law), they are repayable in the local currency and bear interest at rates comparable to those charged by local development banks.

Since inception of the Cooley loan program a total of 448 individual loans totaling $450 million equivalent in the local currencies involved have been authorized through FY 1969. Currently the loan portfolio comprises 272 individual loans totaling $171 million equivalent, with 31 in default, with delinquent interest and principal amounting to $9.3 million. These loans have provided assistance for every type of private effort from the small, incentive loans for production of poultry and eggs, feed mills and grain storage, to large industrial development in rubber, chemicals, steel, pharmaceuticals, plastics and petroleum products.

Cooley funds available as of December 31, 1969 totaled $53.9 million in 8 countries. However, of this amount $47.9 million was in only two countries - India and Pakistan.

BUSINESS CONSULTATIONS

We regularly consult with American business and work closely with many business and financial organizations. Standard forms of political insurance policy contracts for banks, institutional lenders and contractors, and a standard form for extended risk loan guaranties were developed in close cooperation with representatives of the concerned industries, such as the Bankers Association for Foreign Trade.

A major source of guidance has been the Congressionally-chartered International Private Investment Advisory Council (IPIAC). 1/ The Council consists of senior officers and staff of six leading national business organizations. It has met several times each year, including three meetings between November 1969 and January 1970, to consult and review specific investment policies and programs.

The Council's major effort has been the study which led to its report recommending the establishment of OPIC.

We also meet frequently with the officers and members of two other private non-profit associations of business interested in development - the Council for Latin America and the Agribusiness Council.

1/ The IPIAC was created as an advisory council to the A.I.D. Administrator by an amendment to the 1966 Foreign Assistance Act, sponsored in the House by Reps. F. Bradford Morse (R-Mass.) and Lester L. Wolff (D-NY), and in the Senate by Sen. Jacob K. Javits (R-NY).