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THE AMERICAN CHIEFS OF STATE AT THE PUNTA DEL ESTE SUMMIT CONFERENCE

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INTER-AMERICAN LANDMARKS OF 1967

THE FOREIGN MINISTERS agree on a reorganization of the OAS.

THE PRESIDENTS OF THE AMERICAS at Punta del Este issue a declaration calling for an action program under the Alliance for Progress.

LATIN AMERICAN FREE TRADE ASSOCIATION authorizes creation of the Andean Common Market.

LATIN AMERICAN EXTERNAL TRADE continues to increase.

AID LOAN AND GRANT DISBURSEMENTS amount to new high of $563 million in fiscal year 1967.

TOTAL EXPORT-IMPORT BANK AUTHORIZATIONS exceed 1966 level by 70 percent.

INTER-AMERICAN DEVELOPMENT BANK lending and disbursement levels attain all-time high.

INTER-AMERICAN DEVELOPMENT BANK expands its Fund for Special Operations to $2.3 billion, with Latin America increasing its contribution ratio from 1-to-5 to 1-to-3.

INFLATIONARY PRESSURES REMAIN UNDER CONTROL in Latin America with several countries improving their performance.

LATIN AMERICAN FARMERS lift per capita and regional food and feed production above the 1966 levels.

INTERNATIONAL POPULATION CONFERENCES in Santiago and Caracas reflect changing Latin American attitudes toward population problems and family planning.

THE WAR ON HUNGER opens an offensive on many fronts, stimulating more self-help efforts in food production, health services and rural development.

THE FOREIGN MINISTERS CONFERENCE IN WASHINGTON, the LASO Conference in Havana, and Che Guevara's death in Bolivia result in serious setbacks to Communist subversion in Latin America.

TAX REFORMS strengthen Latin America's resources for economic and social development.

IMPROVEMENTS IN LAND AND AIR TRANSPORTATION and communications spur trade and travel as well as industrial, urban and rural development.

THE 1967 ALL-AMERICAN SUMMIT CONFERENCE

The American Chiefs of State, convening for the second time in history, issued a Declaration of the Presidents which, in effect, reenforced historic bonds of friendship, unity and collaboration but added a realistic blue-print for action in the coming "Decade of Urgency."

The preferred instrument for accelerating Latin America's development in this new decade is the Alliance for Progress, born in 1961, at Punta del Este, Uruguay, the site of the Presidential Summit. The Alliance has become the heart and core of Latin American progress and the keystone of U.S. policy in this Hemisphere.

The Conference was preceded by extensive preparatory discussions on staff and ministerial levels. The agenda identified social and economic problems requiring multilateral agreement.

The decisions announced at Punta del Este were outlined in a six-chapter "Action Program."

Chapters one and two reenforce the concept of Latin American economic and physical integration and industrial development. Chapter three concerns the improvement of Latin America's international trade. Chapter four involves the modernization of rural life and the increase of agricultural productivity. Chapter five covers health, education and scientific development. In the sixth chapter, the Chiefs concluded the Declaration by expressing their intention "....to limit military expenditures in proportion to the actual demands of national security."

The Declaration was widely-hailed as a historic announcement and a work of statesmanship and was signed by all country representatives with the exception of Ecuador.

On taking leave of his Hemisphere colleagues President Johnson said:

> "The first phase of the Alliance has been a success by any realistic standard.
>
> "The second phase is now under way. It will cut to the heart of the problem...it will be difficult and demanding....
>
> "I am sure that our friends in Latin America realize that we can be depended upon in the long struggle that will follow, as we could in the beginning of the Alliance."

Implementation of the Presidential decisions began promptly. Latin America launched its Decade of Urgency by giving top priority to economic unification.

Under the impetus of integration, development efforts cross national boundaries and benefit the greatest number of people in the shortest lapse of time.

As applied to <u>economic development</u> integration means the unification of financial and fiscal plans, programs and goals into a continental effort, leading eventually to a Latin American Common Market.

As applied to <u>physical development</u> integration means the multi-nationalization of transportation, communications, power systems, natural resources and industrial facilities for the mutual benefit of participating countries.

For the Latin American people integration offers political, economic, social and cultural benefits which individual nations acting alone cannot achieve.

Latin America initiated the integration movement. Latin American leaders have indicated they are fully aware that it entails sacrifices and adjustments. Their desire to see integration succeed is evidenced by numerous related developments following the Punta del Este Summit Conference. President Johnson has pledged that "I will do all I can, in my time of leadership, to help you meet these challenges."

LATIN AMERICA WILL CREATE A COMMON MARKET

Economic integration emerged in 1967 as the driving force for invigorating Latin America's development.

Its possible impact on the Alliance for Progress and, in fact, on the whole Hemisphere's social and economic fabric, were underlined by the Presidential Summit Conference at Punta del Este, Uruguay.

The target dates:

Beginning in 1970 the Latin American countries will progressively create a common market.

By 1985 this market will be substantially in operation.

The Latin American Common Market (LACM) will be forged from two regional economic groups, the Latin American Free Trade Association (LAFTA) comprised of ten South American republics and Mexico; and the Central American Common Market (CACM) comprising the five republics in that area.

The unaffiliated island countries of the Caribbean may, meanwhile, establish a free trade area and Panama may join CACM.

The general long-range plan is to incorporate all the unaffiliated entities, as well as various sub-regional groupings, under LACM's big umbrella by 1985 -- when it will cater to an estimated 400 million consumers.

The rationale behind the LACM is simple. Since most Latin American countries are relatively small, they lack the area, population, and buying power to warrant efficient, large-scale production facilities; and as small economic units they cannot compete with Canada, the United States or the European Common Market.

Free trade among the Latin American countries will afford ready access to markets many times the size of a single national market.

POPULATION, AREA, AND GNP

COUNTRY	POPULATION (1967)			AREA			GNP AND POWER		
	Total	Rate of Growth	Density	Total	Agricultural Land		Gross National Product[a] (1965)		Power Per Capita (1965)
							Total	Per Capita	
	Mill.	Percent	Per Sq. Mi.	1,000 Sq. Mi.	Percent of Total Area	Acres per Capita	$ Mill.	Dollars	KWH Per Year
19 REPUBLICS TOTAL	243.8	2.9	32	7,690	25	5	88,231	385	410
Argentina	23.1	1.6	22	1,072	50	15	16,050	718	670
Bolivia	4.3	2.4	10	424	13	8	599	145	130
Brazil	86.5	3.0	26	3,286	15	4	21,900	269	370
Chile	9.2	2.4	32	292	17	4	4,257	485	700
Colombia	19.1	3.0	43	440	17	3	5,103	284	360
Costa Rica	1.6	3.8	83	20	30	2	595	396	410
Dominican Republic	3.9	3.6	210	19	26	1	960	265	140
Ecuador	5.4	3.4	50	109	19	2	1,128	222	120
El Salvador	3.1	3.2	380	8	51	1	795	273	140
Guatemala	4.9	3.3	120	42	19	1	1,140	305	97
Haiti	4.9	2.3	460	11	31	0.4	327	70	19
Honduras	2.4	3.1	56	43	38	4	504	223	75
Mexico	45.7	3.5	60	761	52	6	19,415	455	400
Nicaragua	1.8	3.5	33	54	13	3	588	355	190
Panama	1.3	3.3	45	29	18	3	630	506	400
Paraguay	2.1	2.6	13	157	26	12	443	221	70
Peru	12.4	3.1	25	496	16	4	4,281	367	350
Uruguay	2.8	1.4	39	72	86	14	1,555	573	680
Venezuela	9.3	3.4	26	352	21	5	7,691	882	940
OTHER LATIN AMERICA									
British Honduras	0.1	3.1	13	9	2	1	39	370	180
Guyana	0.7	2.8	8	83	13	10	193	298	390
Jamaica	1.9	2.6	440	4	45	0.6	889	497	480
Surinam	0.4	2.9	7	55	0.3	0.3	139	392	1,342
Trinidad and Tobago	1.0	3.0	520	2	35	0.4	630	646	990

n.a. Not available.
a – GNP data unadjusted for inequalities in purchasing power among countries.

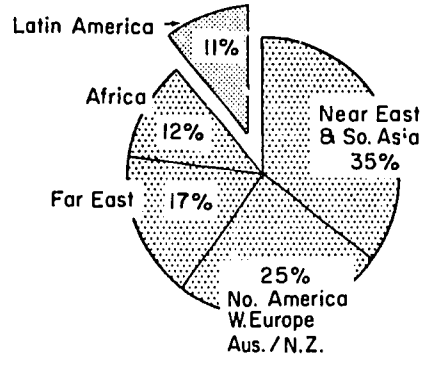
CAUTIONARY NOTE

Data on less developed countries are subject to numerous qualifications and in many cases represent only rough estimates or approximate orders of magnitude rather than precise statistics. Also, data may reflect source changes in definition or census methodology as well as entirely new series. The figures should therefore be used with caution in forming economic judgments about a particular country, in studying trends, or in making comparisons among countries.

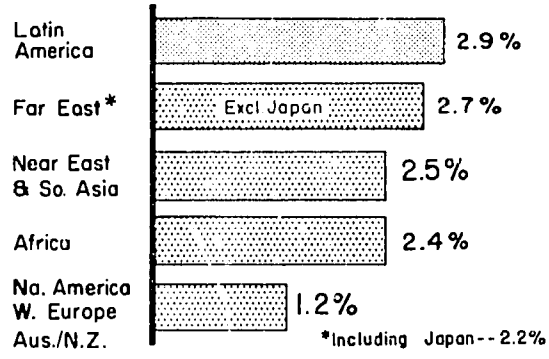
LATIN AMERICA IN THE FREE WORLD

POPULATION

Percent of Population

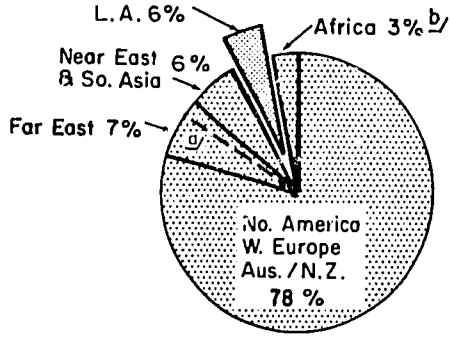


Population Growth Rate



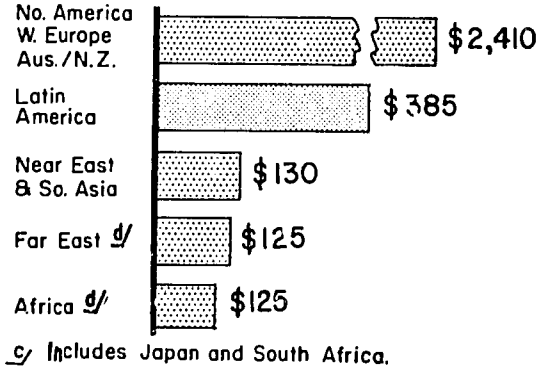
PRODUCTION

Gross National Product



a/ Japan 5.3%. b/ So. Africa 0.7%.

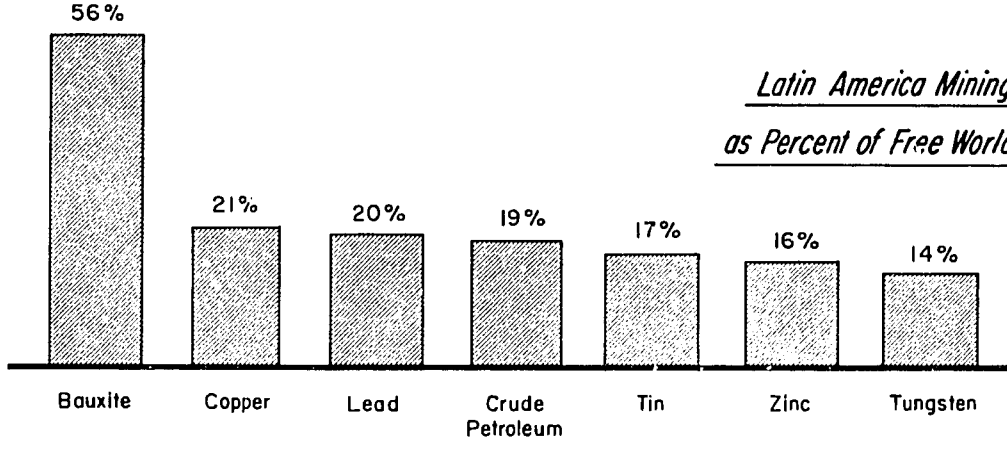
Per Capita GNP



c/ Includes Japan and South Africa.
d/ Excludes Japan and South Africa.

MINING

Latin America Mining Output as Percent of Free World Output



NOTE: Percentages are based generally on 1964 and 1965 data pertaining to non-communist countries. Data for Latin America include 19 Republics and other Latin American areas; data for Near East and South Asia include Greece, Turkey, and U.A.R.; data for Africa exclude U.A.R.

Implementation of the integration decision taken at Punta del Este is gaining momentum. Under presidential directives, a Joint Coordinating Committee of LAFTA and CACM representatives was established at a foreign ministers' meeting in Asuncion early in September. This Committee is charged with effecting a merger between LAFTA and CACM. The U.S. is not a member of these organizations.

At a second conference in Asuncion, the LAFTA foreign ministers sought to reach agreements on specific measures for converting LAFTA into a common market. These measures included:

--establishment of a system of programmed elimination of duties and all other non-tariff restrictions; and

--the establishment of a system of tariff harmonization progressively to develop a common external tariff.

The LAFTA ministers did not reach agreements on these key issues. But the LAFTA ministers will meet again in 1968, still hopeful of resolving differences. They did approve, in principle, a sub-regional Andean Common Market and some less important matters.

Meanwhile, Chile, Colombia, Ecuador, Peru, Bolivia and Venezuela have moved to strengthen their economic unification through the Andean Development Corporation and the Andean Common Market, as a prelude to joining other countries under the LACM banner. Operations of the Corporation are expected to begin in 1969 with an authorized capital of $50 million. The Andean Group will establish intra-regional free trade and promote their combined development through direct loans, investments, technical assistance and economic studies.

During November and December, LAFTA held its annual conference to negotiate trade concessions. An additional purpose was to agree on new tariff concessions for a second list of products to be duty-free within the region by 1973. Under the LAFTA treaty, members are required

to agree on tariff concessions involving 50 percent of the products in their intra-zonal trade during the previous three-year trading period.

More than 9,400 tariff concessions have been concluded. The recent addition of Bolivia and Venezuela to LAFTA will necessitate more concessions.

The United States has agreed to support an Inter-American Export Promotion Center to be established by the other Alliance countries. The site for the Center has not been selected.

To sustain Latin America's long-range integration efforts, President Johnson plans to request of Congress, in fiscal year 1969 or 1970, the appropriation of an integration adjustment fund. This fund, to be disbursed over a term of years, will assist the Alliance partners in making the adjustment from economic isolation to an economic union.

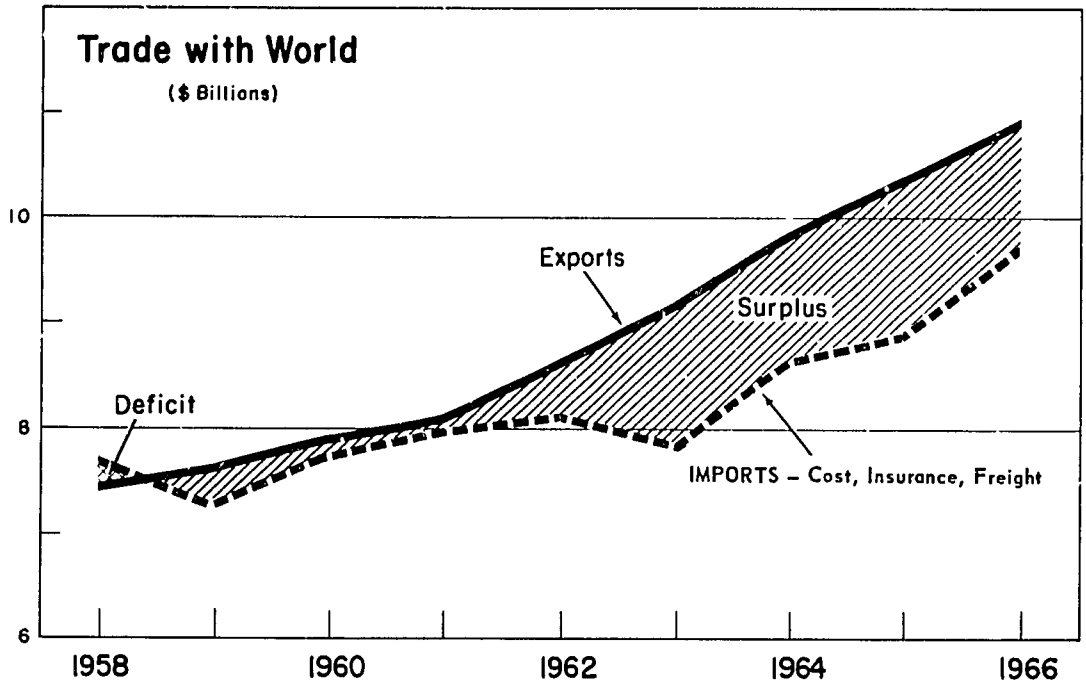
LAFTA's 1966 intra-zonal exports reached a record high of $673 million, more than 125 percent above the 1961 level of $299 million. But LAFTA's 1966 trade failed to increase in proportion to the area's total world trade for the first time since LAFTA was established. A hopeful sign for the future, however, is that zonal trade in manufactured and processed goods is growing at a faster pace than trade in traditional commodities.

Trade within the CACM area continued a rapid expansion in 1966. Intra-zonal trade soared to $173 million against $34 million in 1960. Central America's extra-regional imports amounted to $764 million against $480 million in 1960.

ALLIANCE FOR PROGRESS

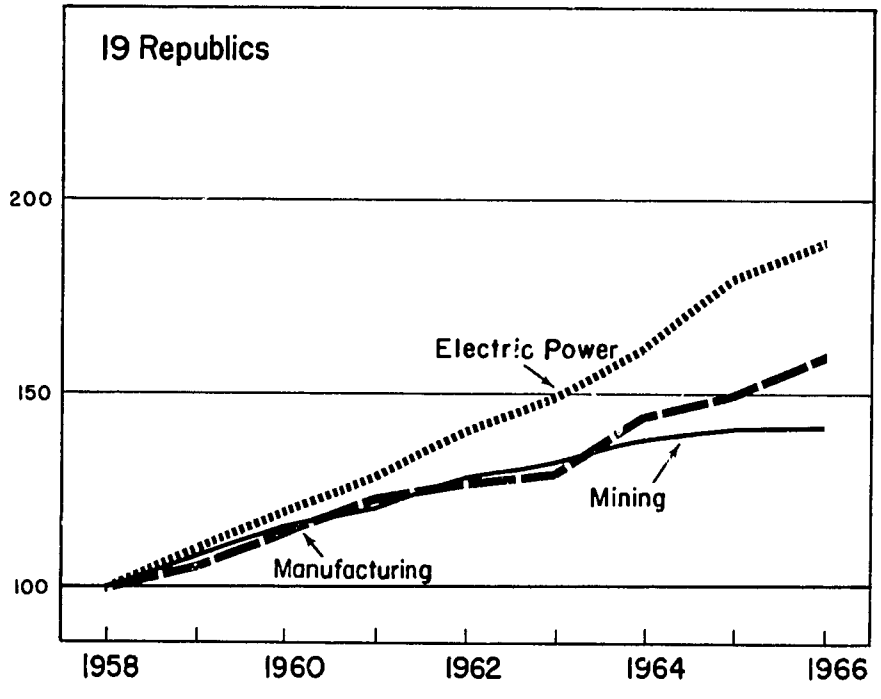
LATIN AMERICAN FOREIGN TRADE

19 Republics



LATIN AMERICAN PRODUCTION

(Index : 1958 = 100)



U.S. ASSISTANCE TO THE ALLIANCE FOR PROGRESS

High levels of loan authorization and disbursement in support of the Alliance for Progress continued through 1967.

AID loan and grant disbursements to Alliance countries for the year ending June 30, 1967, amounted to $563 million, a new high in the annual volume of such assistance.

In retrospect, the level of loan and grant disbursements has climbed year after year. In fiscal 1962, the birth year of the Alliance, disbursements equaled $281.6 million. Thus the fiscal 1967 rate of $563 million has doubled the 1962 rate.

During calendar year 1967 the authorization rate of development and program loans totaled about $460 million, against $500 million in 1966 and $300 million in 1965.

Summary figures, subject to adjustment, for all U.S. economic aid to Latin America over the past six fiscal years -- 1962 through 1967 -- amount to $7,021 million. This includes AID loans and grants, Food for Freedom, the Social Progress Trust Fund, and the Export-Import Bank programs in Latin America. Likewise it takes in contributions to the Inter-American Development Bank, the Peace Corps, and the Inter-American Highway.

As an interesting corollary, AID disbursements through Alliance loans in 1967, for the first time exceeded loan authorizations for specific projects. This situation came about largely through higher rates of disbursement in the second and third years of project execution and partly from a general acceleration of project implementation.

AID's lending program in 1967 continued the previous year's practice of directing significant assistance into the priority areas of food and agricultural production, housing, health, and urban development.

Additionally AID in 1967 introduced a sector loan approach to the problem of carrying out structural changes

TOTAL U.S. ECONOMIC ASSISTANCE TO LATIN AMERICA

COMMITMENTS IN MILLIONS OF UNITED STATES DOLLARS

(Including Alliance and non-Alliance countries)

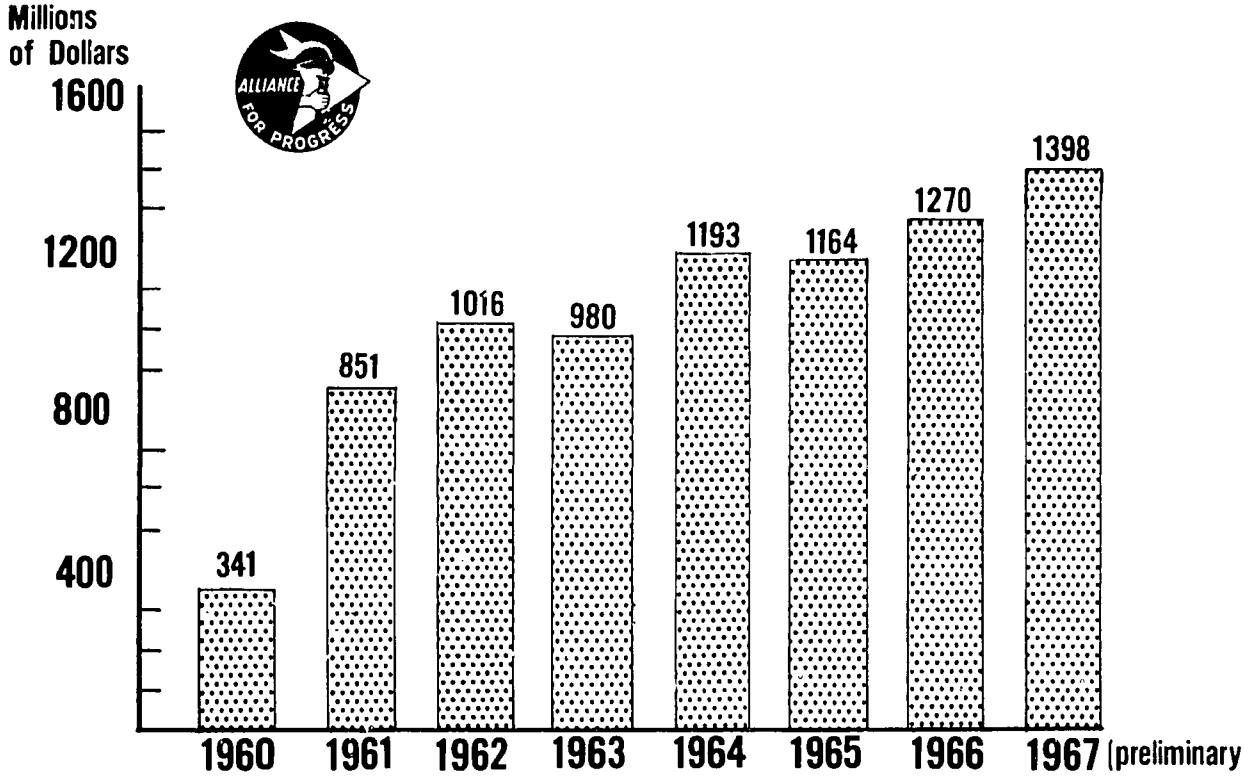
Fiscal Years ending June 30	AID	Ex-Im Bank	Food for Freedom	SPTF*	Other Sources**	TOTAL***
1960	105	105	44	-	8[illegible]	341
1961	254	450	146	-	2	851
1962	478	63	128	226	120	1,016
1963	542	65	167	127	79	980
1964	603	168	297	42	83	1,193
1965	523	153	104	101	284	1,164
1966	637	134	188	24	288	1,270
1967	556	492	70	2	274	1,398

AID is the Agency for International Development

*SPTF is the Social Progress Trust Fund, administered for the United States by the Inter-American Development Bank (IDB).

**"OTHER SOURCES" include the Peace Corps; grants for the construction of the Inter-American Highway, and allocations of $250 million per year, for 1965, 1966, and 1967, to the Fund for Special Operations, administered by IDB.

***Since the figures are rounded, they may not add to the totals.



in the key sectors of a nation's economy. Sector loans are designed to assist Alliance countries which are willing to mobilize increasing shares of their internal resources in order to achieve a coordinated development primarily in agriculture, education and health services. Chile was the first country to take advantage of this loan technique. During 1967 AID authorized a $10 million education sector loan and a $23 million agricultural sector loan for Chile.

Sectoral loans are under consideration for other Alliance countries.

In the project category, a substantial portion of AID loans over the years has been made to banks and other intermediate credit institutions for sub-lending to business firms, farmers and to low or middle-income families for home-financing.

AID loans provide "seed" capital for establishing new institutions or for expanding those in existence, with the aim of building permanent long-term credit facilities in key economic and social areas. Through intermediate lending institutions, AID helps private firms which are too small to qualify for direct loans.

Since AID loans average more than 25 years, against much shorter periods for sub-loans, the AID funds revolve several times, yielding additional sources of credit.

In calendar 1967 AID gave more support to the Central American Common Market by authorizing a $20 million loan to the Integration Fund, bringing the total U.S. assistance to $55 million.

U.S. contributions to the Inter-American Development Bank were stepped up considerably during 1967. Congress voted to increase our three-year contribution from $750 million to $900 million, equivalent to an increase of $50 million per year. A large part of the increase will help to finance multi-national projects in the Alliance countries. The new level of U.S. contributions becomes effective in fiscal 1968.

LATIN AMERICAN AGRICULTURE GAINS IN 1967

1967 closed with an encouraging announcement from the U.S. Department of Agriculture which maintains the Latin American Agricultural Production Index.*

The 1967 Index, said the USDA, was UP -- substantially UP over 1966 when drought added to the woes of large farmland areas in Latin America. The estimated 1967 gains are over and above Latin America's 2.9 percent annual population growth rate.

Crop increases in 1967 were neither scattered nor isolated. They extend from Mexico to Argentina. In general they reflect the application of modern agricultural technology and a determination to solve the problems of farm production.

For example, in Brazil, the scene of numerous Alliance development programs, the Total Crop Production Index for 1967 is 131 against 121 for 1966; Per Capita Crop Production is up from 95 to 100. The indices for Total Food Production increased from 137 to 148; and Per Capita Food Production increased from 108 to 113.

Livestock indices showed similar increases: the Livestock Production Index increased from 129 to 136, while Per Capita Livestock Production increased from 102 to 104.

At the same time Brazil's corn production increased by about 20 percent and bean production by about five percent.

The production trends in Argentina parallel those in Brazil. Indices for Total Net Food Production increased from 114 to 128; Crop Production advanced from 118 to 132, and Livestock Production rose from 106 to 110.

*For comparison purposes, agricultural production in the years 1957-1959 is equivalent to 100 in the Index ratings.

On a per capita basis, Argentina's Net Food Production in 1967 was 111 compared to 100 for 1966. Crop production rose from 104 to 114 and livestock production from 93 to 95. Argentina also made substantial gains in wheat, corn and beef production.

In general Per Capita Food Production kept pace with population increases throughout Central America, Panama and the remainder of South America even though Central American food and feed production was adversely affected by sub-normal moisture during the crop season.

* * * * *

RESULTS OF AID's MASS FERTILIZER DEMONSTRATION PROGRAM

How El Salvador Climbed Out of the Food Deficit Column

IN LITTLE EL SALVADOR whose population density of 360 per square mile is one of the highest in the New World, agricultural productivity had dropped to an alarming level.

In 1964-1965 corn production was far short of needs. The cost, in foreign exchange, of importing 60,000 tons of corn was $3,360,000.

In 1966 El Salvador gave up $30 million in foreign exchange to meet her food and feed deficits.

But in 1967 El Salvador became a rice exporter and in 1968 she plans to become a corn exporter too.

What happened was unprecedented in Central America -- the doubling or quadrupling of per-acre production. This developed from the application of modern farming practices as proposed to the leaders of El Salvador by Roswell Garst, a farmer of Coon Rapids, Iowa, and Dr. Benjamin Birdsall, AID agricultural specialist.

In a three-year Mass Fertilizer Demonstration Program organized by Dr. Birdsall, thousands of El Salvador farmers, with individual holdings of one to five acres, learned the secrets of coaxing land to produce bumper crops.

In 1965 Dr. Birdsall helped supervise 3,280 small farm demonstrations with corn and rice. In corn alone, many of the small farmers boosted their production from a level of 5 to 16 bushels per acre up to 52-84 bushels per acre. (U.S. production is presently about 70 bushels per acre).

No power farm machinery was needed. Just muscle power -- and the right amounts of good seed, fertilizer and insecticide applied according to El Salvador's Extension Service recommendations.

The demonstrations gave rise to some interesting arithmetic: based on 1965 corn prices, the increased yields showed returns of $3.50 to $7.50 dollars for each dollar invested in seed, fertilizer and insecticide. El Salvador's private sector contributed these materials to the demonstration program for three years for a total of 14,385 demonstrations.

Thus thousands of El Salvador's small farmers have learned how to graduate from subsistence farming into commercial farming.

Food deficits will become a thing of the past in El Salvador if adequate markets are maintained. An expanding consumer buying-power and price stabilization are needed. Farmers, like manufacturers, need healthy markets.

Summarizing his three-year Mass Fertilizer Demonstration Program Dr. Birdsall declares:

> "Our experience in El Salvador proves beyond doubt that this republic of 8,061 square miles can produce all the food and feed requirements for at least five times its present population of three million people.
>
> "This population is expected to double by 1990. But if El Salvador's farmers apply the lessons learned in the Mass Fertilizer Demonstration Program, they will be ready and able to feed this new population.

"El Salvador is advancing from a food and feed deficit country to a food export country. Rice is surplus now. Corn will be surplus in 1968.

"With certain adaptations to local soils and climatic conditions the improved practices demonstrated in El Salvador can be applied to all the Alliance countries. The end results will be determined by the availability of good seed, fertilizer and insecticide, an agricultural extension service, farm-to-market roads and the stability of land tenure."

MASS FERTILIZER DEMONSTRATION IN EL SALVADOR

THE HIGH CORN, on left, was grown with the benefit of good seed and fertilizer. Dr. Birdsall, right, points to stunted corn grown at the same time but without benefit of good seed and fertilizer.

GUARANTIES SPUR PRIVATE INVESTMENTS

A large variety of investments in Latin America's agriculture and industry in 1967 came under the protection of guaranties afforded to private U.S. investors by the Agency for International Development.

Twenty-two Latin American countries have signed agreements to participate in AID's Investment Insurance Program. The agreement with Uruguay and the expropriation and war risks portions of the agreement with Argentina have yet to be ratified.

Through the first nine months of 1967 more than $233 million worth of private U.S. investments in Latin American countries was covered under AID's Specific Risk Insurance Program, compared to $123.3 million insured during the entire calendar year of 1966 for Latin America.

During the nine-month period forty U.S. companies received AID guaranties covering 39 projects in 14 Latin American countries. The total value of these guaranties was $515 million, compared to $320 million for all of 1966. Thirteen of the 40 projects involved investments in food or agriculture valued at $64 million; these investments are protected by $140 million worth of AID insurance under the three coverages offered in the political risk insurance program. Other projects included such diverse enterprises as banking, petrochemicals, mining, aluminum fabricating, pharmaceuticals and business machines, to name a few.

Indications are that there will be a number of very large investments taking political risk insurance before the end of the year and figures for Latin America will be revised upward, reflecting an increased interest on the part of U.S. investors.

Extended Risk Guaranties

AID has written a total of $31.6 million in extended "all-risk" guaranties in connection with six Latin American projects, whose combined funding is valued at $184 million. In each of these projects AID has guarantied that a long-term loan from one or more U.S. lenders will be repaid. The investments involve ventures for producing carbon black, petrochemicals and fertilizer; also, a hospital, a commercial hotel and the development of a 32,000-acre tract for producing and processing farm commodities.

Investment Surveys

AID's Investment Survey Program encourages U.S. investors to study the feasibility of business projects in less developed countries. During the first nine months of 1967 AID concluded agreements with 28 companies for carrying out pre-investment surveys in Latin American countries.

ENGINEERING GIVES LATIN AMERICA A NEW FACE

An almost endless pageant of roads, dams, industrial and commercial buildings, schools, colonization projects, power plants and irrigation systems are eloquent reminders that people bent on self-improvement are no longer thwarted by handicaps.

A pre-requisite for socio-economic integration is generally conceded to be the construction of physical infrastructure works. Hence the drive to speed the construction that makes possible a better working partnership of the Alliance nations.

Electric Power Developments

For instance Brazil's engineers are striving to end those recurring power famines that crippled the planned development of this giant country. Today Brazil leads the parade of new electrification works. New hydroelectric dams, power grids and distribution systems light the towns and cities and give muscle to expanding industries.

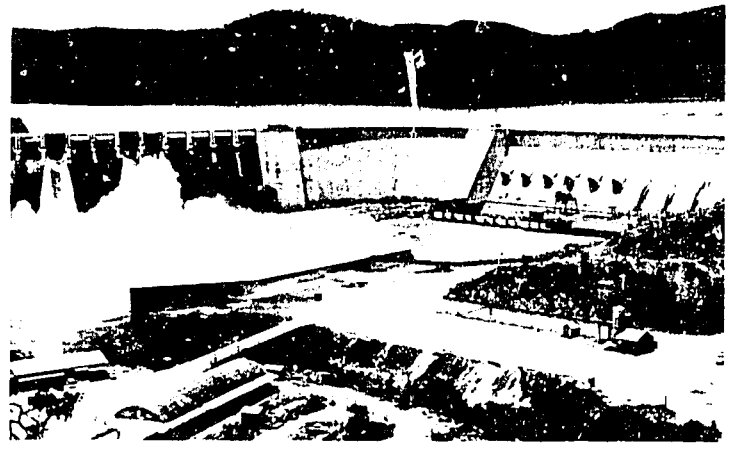
The extent of progress is indicated by the cumulative total of financial and technical assistance for electric power development in Brazil through AID and the Inter-American Development Bank. It totals more than $300 million for the Alliance years.

Latin American power lines will no longer stop at the water's edge or national frontiers. The Acaray River power dam in Paraguay, now under construction, will provide power to Argentina and Brazil, besides Paraguay. Multi-national power grids figure more and more in the plans of countries linked by sub-regional integration.

Alliance electrification projects are under way in Colombia, Nicaragua, Peru, Costa Rica, Chile, Ecuador and Bolivia.

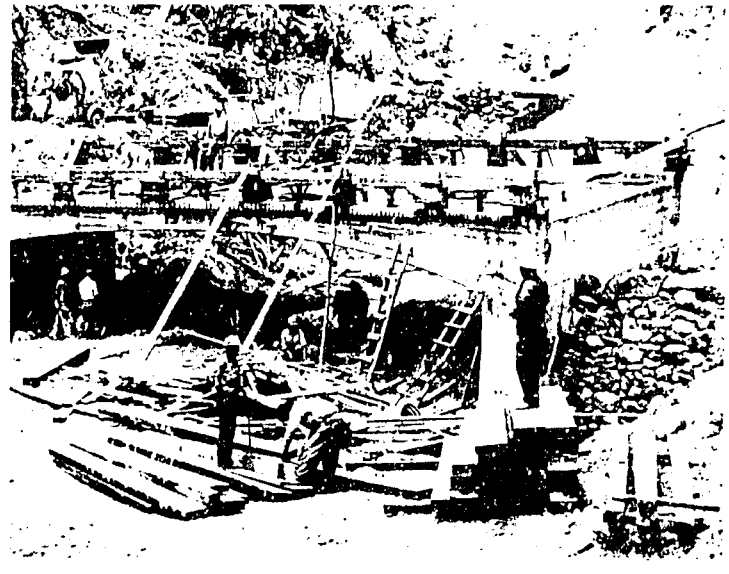
Creating A New Face For Latin America

(Above) ENGINEERS lay plans for the structures which give Latin America its new image.



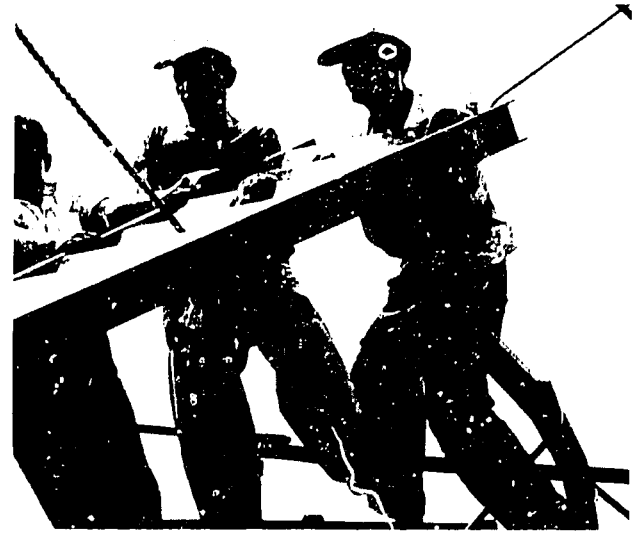
HYDROELECTRIC POWER PLANTS are harnessing the muscle of Latin America's mighty rivers.

(Right) MODERN BRIDGES span the many rivers and ravines of Peru's broken Andean highlands.



(Below) NEW HIGHWAYS expand commerce and promote physical and economic integration.

SHOULDER-TO-SHOULDER Latin Americans are forging numerous community improvements.



Highway Development

Road-building projects in numerous Alliance countries are pushing back old frontiers and creating new opportunities for settlement and development.

One notable Alliance road project, the Carretera Marginal, is co-sponsored by Peru, Ecuador, Colombia and Bolivia. It is taking shape along the eastern slopes of the Andes. When completed it will run for about 3,500 miles and open up vast areas of virgin land whose natural wealth has never been accessible.

The Carretera will be linked with the Trans-Chaco Highway which runs from Asuncion, Paraguay, approximately 400 miles to the Paraguay-Bolivia border; also to numerous feeder road systems which, together, will facilitate the movement of goods and people.

Brazil's new dual-lane "President Dutra Highway," between Rio de Janeiro and Sao Paulo, was recently inaugurated by President Costa e Silva.

Considered the most important land artery in Brazil, the 254-mile Alliance road was improved at a cost of $63 million of which $27.6 million represents loan assistance from the United States. The President Dutra Highway brings Brazil's leading trade and manufacturing centers within a five-hour drive of each other.

Under the Alliance, AID and its predecessor agencies had made road construction and improvement loans amounting to some $370 million. About $275 million of this sum helped to finance 5,000 miles of road construction. During the year about 500 miles of new Alliance roads principally financed by AID were completed.

Airports

Chile's new international airport at Santiago, now serving 19 airlines, was completed late in 1967. Another modern airport under construction at Concepcion, Chile, will be operational in 1968.

Additional facilities are being added to the high-altitude jet airport at El Alto, on the outskirts of La Paz, Bolivia, developed with loan assistance from AID.

The rehabilitation of Atkinson Field, near Georgetown, Guyana, is almost completed.

An 11,000-foot runway will be built at Paraguay's Asuncion Airport at an estimated cost of $4.7 million. Construction is scheduled to get underway early in 1968.

Water and Sewerage

Improvements and extensions to Panama City's 30-million gallon-per-day water distribution and sewerage systems were completed in 1967. Further extensions will get underway early in 1968.

Extensions and improvements to Lima, Peru's water supply and sewerage systems are nearing completion.

Improvements and new construction to water systems serving San Jose, Costa Rica, are approaching completion. Construction of a new metropolitan water supply system is expected to commence in 1968.

In Colombia construction is underway on improvements to Bogota's sewerage collection system. Plans for a new sewerage collection system for Medellin, Colombia are about completed.

Construction of water systems for 50 Honduran villages will be completed early in 1968.

Water and sewerage facilities for six Nicaraguan towns will commence early in 1968.

Water supply studies for Mochala Canton, in Ecuador, have been completed. Feasibility studies for water system improvements in the city of San Salvador have also been completed. Studies for additional water for Guatemala City were initiated.

School Building

Among the AID-assisted school building projects in 1967:

In Panama 30 new primary schools were completed and an additional 53 primary schools are under construction.

A 40-school construction program in Chile was completed in 1967.

El Salvador's primary school construction program, involving 1,600 classrooms for 64,000 children, was also completed.

In Mexico, the University of Guadalajara is developing a new campus.

Under a project loan to Honduras, 20 secondary schools with 358 classrooms will be constructed and equipped.

Technical Surveys and Feasibility Studies

Basic tax-roll information is being developed in Guatemala and Costa Rica through fiscal cadastral surveys; tax-improvement and natural resource information are being developed through fiscal cadastral and natural resource surveys in Panama and Nicaragua; natural resource surveys are being carried out in Peru, Colombia and Brazil; river basin studies are underway in Brazil.

Guatemala plans to initiate a study for a four-year development program for telecommunications; a telecommunications survey is underway in Chile.

AID-assisted feasibility studies are being carried out in most of the Alliance countries in the fields of transportation, agriculture, industry, and power. Representative studies include:

Studies for a great aqueduct system to serve Argentina's southeastern provinces are about 75 percent complete.

Feasibility studies for water supply and sewerage systems for six Colombian cities will get underway in 1968.

LATIN AMERICAN COOPERATIVES FLOURISH

In 1967 the Latin American Cooperatives Development Program continued to grow and expand, reaching more people at the lower and middle economic levels, especially those involved in rural area development and production programs.

The most recent count shows there are more than 17,000 cooperatives in Latin America, with an estimated seven million members. To serve them, groups of cooperative specialists and advisers have been assigned to the participating countries, on request.

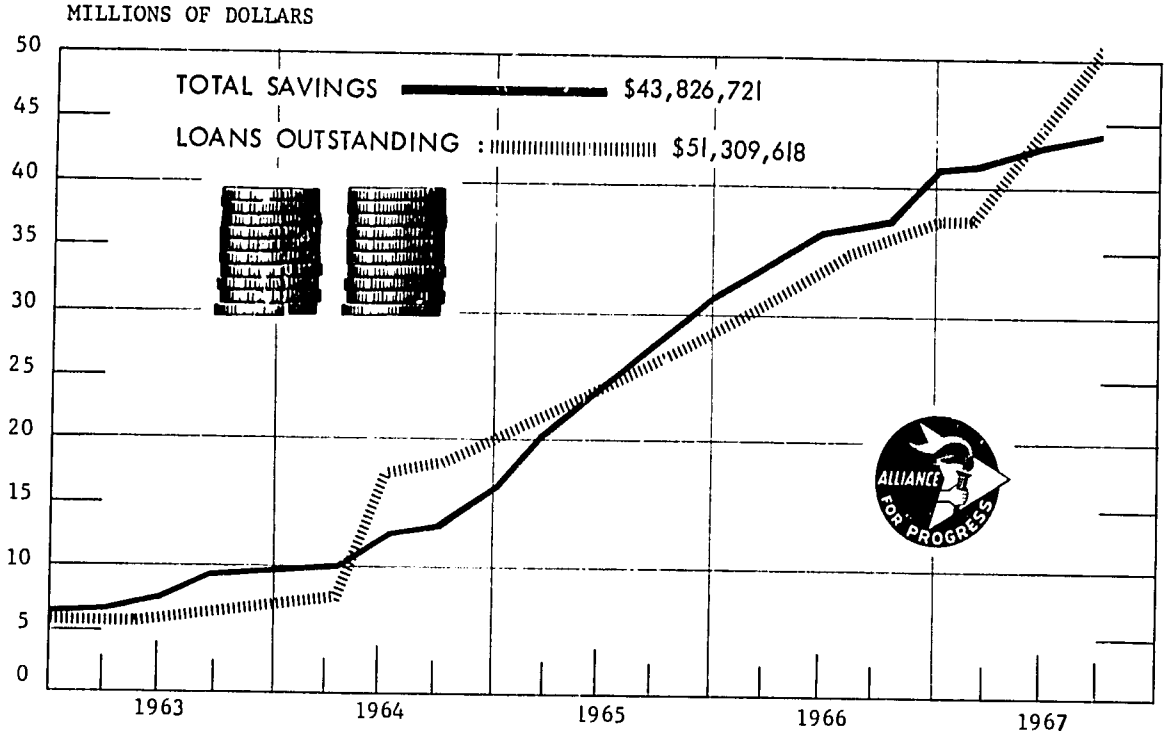
US-AID missions are likewise continuing their assistance in the organization and management of credit unions, cooperative banks, rural electric cooperatives, insurance, farm supply and production and consumer cooperatives. Training activities were also expanded.

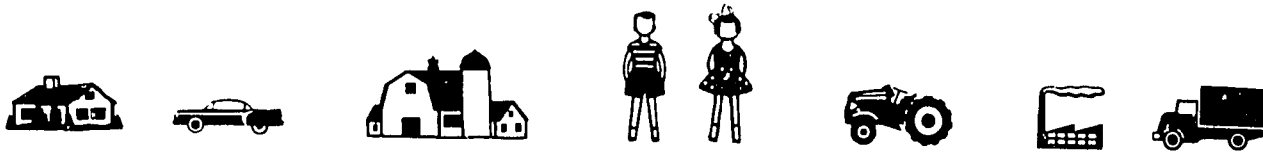
More than 200 new credit unions were established in 1967, bringing the total to about 2,400 with a membership of 600,000 in 12 countries and total savings of about $44 million at year-end. During 1967 these credit unions disbursed about $16 million in small loans, to reach a new total of $51 million in interest-bearing loans for farm supplies, education, health and consumer requirements.

In Bolivia the credit unions have more money than all the savings accounts in commercial banks. In Ecuador a similar situation may materialize within a few months.

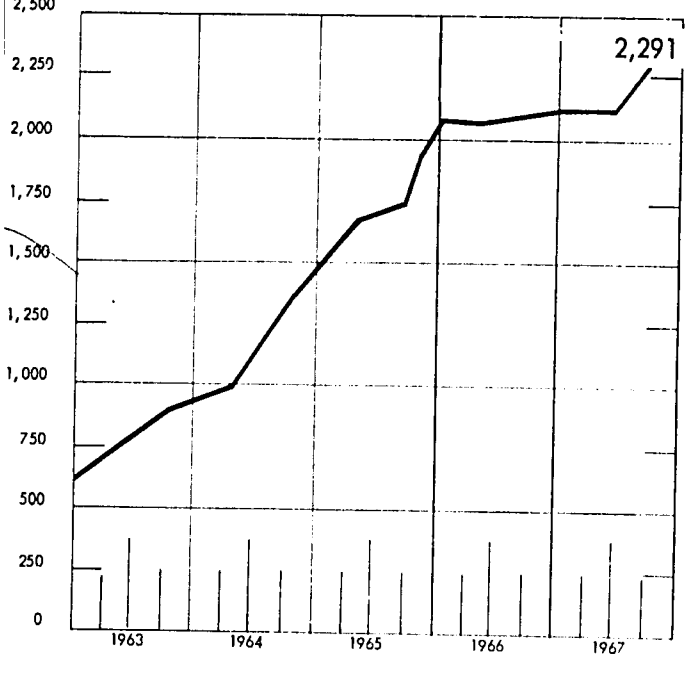
AID's Cooperative Bank Development Program has provided continuing technical assistance to Ecuador and Chile in the organization and operation of such institutions. Loan assistance of $1.2 million was provided to Ecuador and $3.6 million to Chile. In addition, technical assistance was provided to a cooperative bank in Argentina and another being formed in Peru. Cooperative banking feasibility studies have been made in the Dominican Republic, Uruguay, Bolivia, Panama, Peru and Colombia.

LATIN AMERICAN CREDIT UNION GROWTH PATTERNS

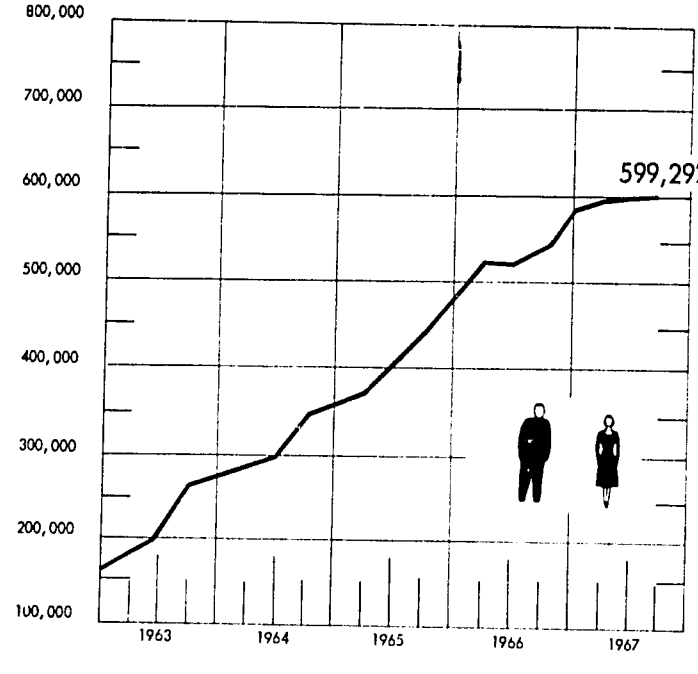




NUMBER OF CREDIT UNIONS



CREDIT UNION MEMBERS



More than 30 rural electric cooperatives have been organized in twelve Latin American countries. AID's loan assistance of about $15 million, plus $9.4 million in local contributions have financed rural electric cooperative operations in Chile, Colombia, Ecuador, Costa Rica, Nicaragua and Peru. More than 25 pilot cooperatives now serving more than 40,000 families are in various stages of completion or operation.

More than 140 Latin Americans have received specialized technical and management training in rural electric cooperative operations.

In Chile, Peru and Bolivia special technical assistance was provided by AID for the establishment of cooperative insurance programs. Newly-organized insurance entities in Bolivia and Peru already provide service covering 28,000 cooperative members.

Plans were completed in the Dominican Republic for agricultural cooperative development. Similar plans in Brazil resulted in the inauguration of the Mogiana cooperative crop diversification project.

AID has also assisted the newly-formed Organization of the Cooperatives of America, providing five regional cooperative advisers located in Bogota, Colombia; Santiago, Chile; Sao Paulo, Brazil; Buenos Aires, Argentina; and San Jose, Costa Rica.

1967 REVIEW OF IDB -- "THE BANK OF THE ALLIANCE"

During 1967 the Inter-American Development Bank made record contributions to Latin America's economic and social development within the framework of the Alliance for Progress. Although year-end figures were not available at press time, indications were that during 1967 the Bank would surpass the $396 million record lending figure and $212 million record disbursement figure registered in 1966, the Bank's previous best year.

The Bank also posted new benchmarks in its seven-year history as a key instrument of Latin American development. Its total lending surpassed the $2 billion mark, reaching some $2.3 billion, and its disbursement figures -- the cash actually spent in erecting Latin America's social and economic development structure -- went beyond the $1 billion mark.

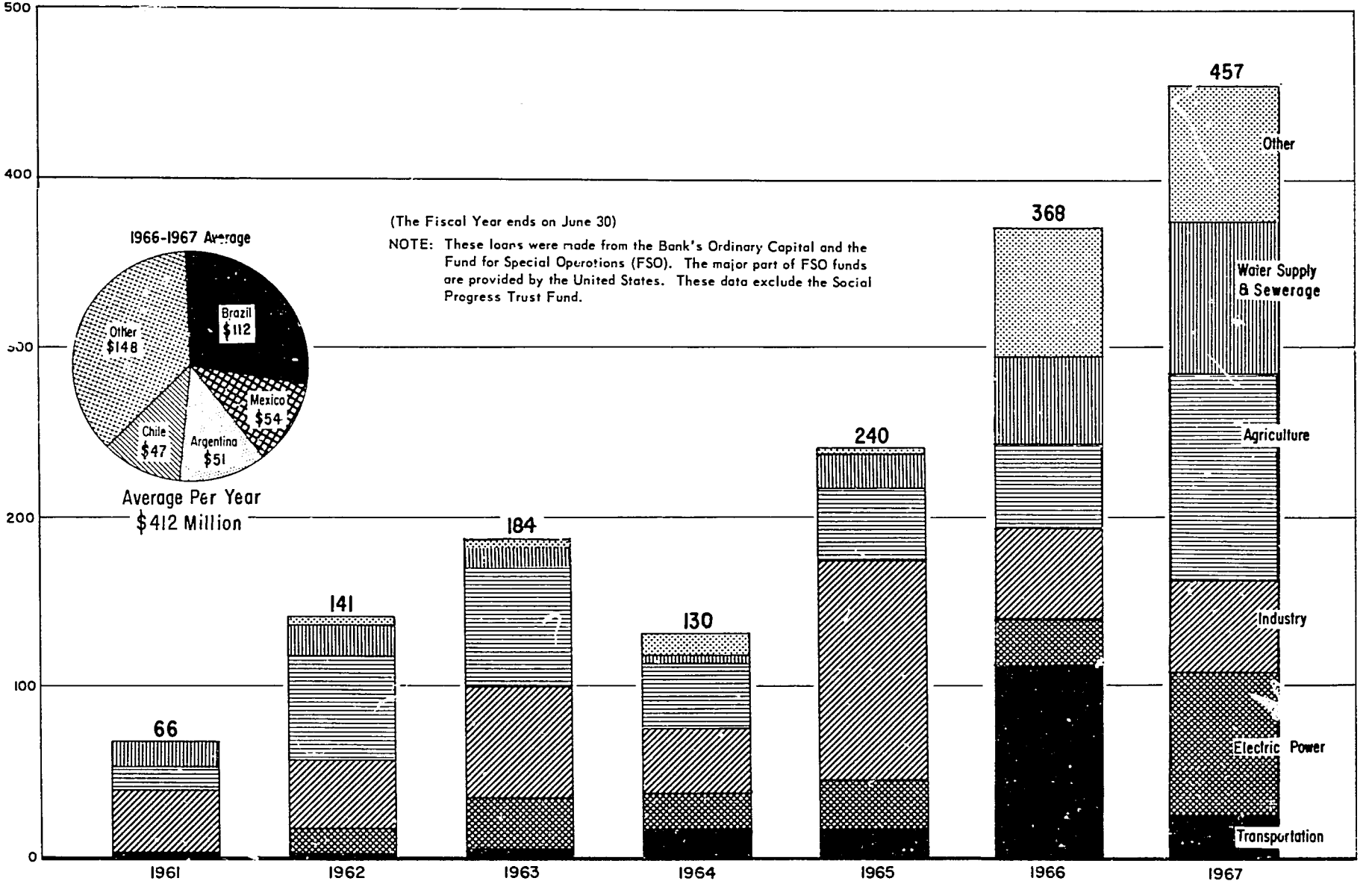
The Bank also registered significant progress in obtaining additional resources for Latin America's development. In April 1967 the Board of Governors approved a $1.2 billion increase -- to be contributed over a three-year period -- in the resources of its soft-loan window -- the Fund for Special Operations. This will raise the Fund's resources from $1.1 to $2.3 billion. The United States is contributing $900 million of the increase and the Latin American countries $300 million.

The Bank's Board of Governors also recommended increasing the Bank's authorized ordinary capital resources by $1 billion to $2.85 billion. Under this recommendation, half of the increase would be subscribed in 1968 and half in 1970. The increase would be in the form of callable capital and would not require a cash outlay by member countries. Such callable capital serves, in effect, as a guarantee for the Bank's obligations and thus enables the Bank to borrow additional resources in world capital markets.

During 1967 the Bank borrowed an additional $146 million in such markets. A total of $110 million of this was represented by two borrowings in the United States market -- $50 million in January and $60 million in November -- $6 million represented the Bank's first borrowing in Belgium,

INTER-AMERICAN DEVELOPMENT BANK (IDB)
LOANS AUTHORIZED, JULY 1, 1960 - JUNE 30, 1967

(Millions of Dollars or Dollar Equivalents)



and $30 million was a short-term bond issue placed in Latin America. These brought the Bank's total borrowings to $516 million.

During 1967 the Bank also received an additional 10 million Canadian dollars to administer for Latin America's development. This contribution was added to 30 million Canadian dollars which Canada had previously contributed. Under previous arrangements the Bank also administers a 4,142,800-pound sterling fund for the United Kingdom and a $5 million Swedish development fund for Latin America.

The Bank adopted a new policy for mobilizing additional resources for Latin America's development from non-member countries. Under this policy, effective January 1, 1968, procurements in economically-advanced non-member countries financed with Bank loans will be conditioned on an appropriate contribution of resources from such countries to the Bank for Latin America's development.

The Bank is devoted to economic integration. Since 1960 it has fostered a Latin American economic union to accelerate the area's development.

The Declaration of the Presidents at Punta del Este, calling for a Latin American Common Market by 1985, found the Bank ready. During the year the Bank utilized the resources of its $16.5 million Preinvestment Fund for Latin American Integration, established in 1966 with some $15 million from the Fund for Special Operations and $1.5 million from the United States and $458,000 from the Bank's Technical Assistance Budget.

The first loan from this Fund in 1967, for $225,000, is helping Paraguay to study requirements for expanding output of a hydroelectric plant on the Acaray River to enable it to service neighboring areas of Argentina and Brazil.

During 1967 the Bank also used the Fund for financing pre-feasibility and feasibility studies in such fields as the integrated development of the River Plate Basin; and in the development of an integrated communication system for Latin America.

The Bank also made three additional loans totaling $25 million to the Central American Bank for Economic Integration to help that Bank to carry out regional projects. The Bank's total assistance to the Central American Bank amounts to more than $42 million.

Other Bank loans with an economic integration element included one for $25 million to nine Brazilian universities and a $2 million line of credit to help Brazil export capital goods to other Latin American countries.

The Bank also laid emphasis on Latin America's agricultural development. Its loans in this area were for a wide variety of activities including a rural development project in Argentina's underdeveloped North, grain elevators in Argentine ports, the mechanization of Colombia's farm production, irrigation in Mexico, and training agrarian reform personnel in Chile.

ALLIANCE FOR PROGRESS

EXPORT-IMPORT BANK CREDITS AT AN ALL-TIME HIGH

In 1967 the Export-Import Bank authorizations for long and medium-term loans, medium-term guaranties and insurance, and short-term insurance for exports to Alliance countries totaled $849.1 million for the year ending June 30. This 70 percent increase over the previous year was an all-time record besides. Every dollar of this credit assistance was earmarked for goods and services needed to further the Alliance for Progress.

A continuing problem for Eximbank in extending credit to developing countries in Latin America, as well as in other developing countries, is the ability of the borrowing nations to assume additional debt. However 1967 was, generally-speaking, a year of economic progress in Latin America, so that the prospect of continued Eximbank assistance remains reasonably hopeful. It will continue to examine closely each undertaking in which it participates to determine that Eximbank financing is used in the most effective way.

Alliance for Progress loans authorized by Eximbank during 1967 included:

$20.6 million to equip an expanded petrochemical plant in Brazil.

$110 million for equipment and services for Sociedad Minera El Teniente, S.A. in Chile.

$25.5 million for Colombia's Avianca airline, for new jet airliners.

$3.8 million for a desalting plant in Mexico.

$5.7 million for airport improvements in Peru.

$5 million for power generation equipment for Venezuela's capital city.

In each of these authorizations, Eximbank satisfied itself that the specific undertaking will enhance the economic viability of the country of the borrower.

The Great War on

Waging Battles On Many Fronts

FOOD FOR FREEDOM nourishes millions of school children.

HUNGER AND MALNUT
innumerable Latin

CROP DUSTING and other techniques help insure maximum food harvests.

A U.S. ADVISER explains seed and fertilizer use to two Brazilians.

LATIN AMERICAN AGRONOMISTS produce high-yield,disease-resistant wheat.

"Our united Declaration of War on Hunger is late-- but not too late. Famine is not inevitable. Our
I am confident that this War will receive the wholehearted support of all Americans in this Hemisph

'nger in Latin America

ION threaten
erican families.

INCREASED POULTRY YIELDS through scientific techniques benefit many meat-scarce countries.

CHANIZED FARMING TECHNIQUES are
lping young Chilean agronomists.

RIGATION TRANSFORMS arid valleys
to bountiful fruit orchards.

FOOD FROM THE SEA represents a rich potential source of protein for undernourished people.

pulation crisis can be solved. Let us follow the blueprints prepared by our leaders.
." -- JOSE A.MORA, Secretary General of the Organization of American States

WAGING WAR ON HUNGER IN LATIN AMERICA

"Next to the pursuit of peace, the really great challenge to the human family is the race between food supply and population increase. That race is being lost."

--President Johnson
State of the Union Message, 1967

President Johnson's War on Hunger Message to Congress in 1966 called for a world-wide attack on the widening gap between available food supplies and exploding populations in the developing countries.

Hunger, the President pointed out, is not an isolated phenomenon but one of many hardships growing out of or related to social and economic conditions beyond the control of most individuals.

The President outlined these essential principles:

*self-help in the use and production of food on the part of the recipient countries

*an expansion of overseas agricultural markets through increased buying power

*increased emphasis on the production and marketing of nutritional foods through private industry

The President delegated responsibility for implementing the War on Hunger to the Agency for International Development. In 1967, AID consolidated all activities in food, health, nutrition, food-from-the sea, population planning and voluntary relief services in the Office of the War on Hunger. At the same time, AID's Office of Private Resources was charged with the responsibility of enlisting private industry's active participation.

In Latin America, the War on Hunger emphasized an attack on malnutrition, which claims the lives of about one-half of all children under the age of six.

During 1967 more than six million Latin American school children received nutritious meals through U.S. Food for Freedom feeding programs. Another 1.1 million pre-school children and mothers also benefitted.

In September top-level delegates from public and private agencies in 19 Latin American countries gathered in Lima, Peru, to find better ways to utilize available food resources.

During 1967 four U.S. industrial firms under AID service contracts undertook high-protein food studies in Latin America for the purpose of overcoming the critical protein shortage and developing marketing techniques for protein-rich food supplements.

Other developments:

--15 nationwide nutrition surveys were conducted in Latin America by the Office of Informational Research of the U.S. Public Health Service in collaboration with the Pan American Health Organization and the Nutrition Institute of Central America and Panama.

--Nutrition training was provided for 1,640 Latin American health personnel, 9,436 agricultural extension staff, and 9,869 elementary school teachers.

--Nine Latin American countries have established nutrition rehabilitation centers providing day care for undernourished children and practical child-care education for mothers.

--All Central American health ministries have adopted mass nutrition education programs.

--A Caribbean Food and Nutrition Institute was established in Kingston, Jamaica, to furnish

On The Health Front Of The Alliance

SCIENCE AND TECHNOLOGY are being applied in the fight against communicable disease.

RURAL MOBILE HEALTH UNITS introduce modern medicine to low-income groups.

THE SCOURGE OF MALARIA is rapidly being stamped out throughout Latin America. →

MOBILE HEALTH TEAMS in Chile reach the most isolated regions of the country.

technical assistance and training to improve nutrition among people in the Caribbean islands.

--Pre-school child feeding programs were expanded by an estimated three million children.

On another front, AID Administrator William S. Gaud underscored his view that U.S. assistance to family planning and food production programs would share the highest functional planning priority in AID.

AID also announced that assistance would be given to local government population programs only upon the request of central governments and to non-governmental programs only with the prior consent of central governments.

Two milestones in this field during 1967 were the worldwide conference of the International Planned Parenthood Federation in Santiago, Chile, in April, and the Meeting on Population Policies in Relation to Development, in Caracas, Venezuela, during September. The latter conference marked the first time that the serious implications of Latin America's population growth rate were studied in depth. Seventeen countries participated, many on the ministerial level. Since the Caracas conference, the Pan American Health Organization, one of the sponsoring entities, has received requests for population planning assistance from six Latin American countries.

AID has assigned a specialist in each country mission to follow developments in the population field and assist local government programs, on request.

During the year, the OAS also had a new preoccupation with Latin America's soaring population. Shortly after the population conference in Caracas, CIAP agreed to include population data in its annual review of countries' economic performance. The OAS itself established a new population program aimed at disseminating information and coordinating efforts in this field.

It is recognized that although time is critical -- at the present growth rate Latin America's population will double in about 22 years -- instant successes are not expected.

The problem of inadequate food production shares the spotlight with a soaring population. The food situation is further complicated by a wide need to boost the food-purchasing power of the masses.

As part of its effort to help Latin American farmers help themselves AID has contracted with 43 U.S. universities to conduct studies of specific agrarian problems.

Ohio State University is studying the development of agricultural credit institutions; Michigan State University is making a comparative study of food marketing; the University of Wisconsin is analyzing land tenure and reform programs; Oregon State University is preparing a report on weed control.

Soil tests are being conducted in 14 countries with assistance from North Carolina State University. Such analyses help to determine the selection of fertilizers for maximum returns. Soil maps have been prepared for several countries.

Until agricultural food production can be boosted substantially, U.S. Food for Freedom programs are providing, on an interim basis, part of Latin America's food requirements. Grains and other foodstuffs are made available to the underdeveloped countries under Public Law 480.

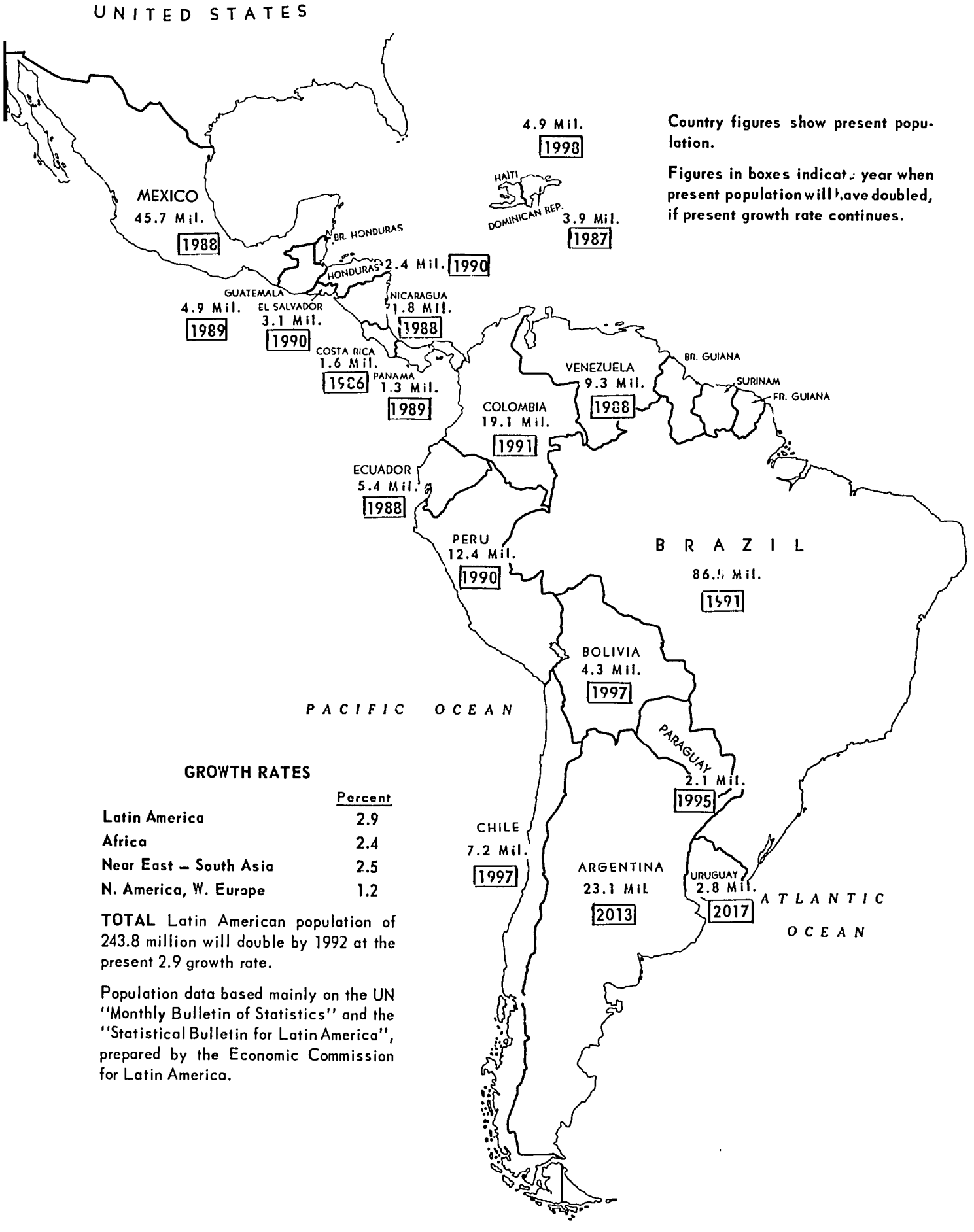
Food for Freedom provides Latin American families with food as part compensation for work. This type of self-help contributes to a reduction of malnutrition, hunger, unemployment and school drop-outs. And it gives the countries a chance to boost, through self-help, their own food production.

In 1967 commodities valued at more than $110 million were channelled through Food for Freedom programs in Latin America. About 45 percent of this amount supported programs co-sponsored by U.S. voluntary agencies, involving some 12 million recipients.

Another promising War on Hunger program involves the development of marine and fresh-water food supplies. Goals of the Food-from-the-Sea Program are to increase protein-rich seafood catches through modern techniques and to improve storage facilities, canning and processing plants.

AID is also helping to raise the level of Latin America's public health through malaria eradication as well as community health and disease control measures.

LATIN AMERICA'S POPULATION GROWTH RATE



Country figures show present population.

Figures in boxes indicate year when present population will have doubled, if present growth rate continues.

GROWTH RATES

	Percent
Latin America	2.9
Africa	2.4
Near East – South Asia	2.5
N. America, W. Europe	1.2

TOTAL Latin American population of 243.8 million will double by 1992 at the present 2.9 growth rate.

Population data based mainly on the UN "Monthly Bulletin of Statistics" and the "Statistical Bulletin for Latin America", prepared by the Economic Commission for Latin America.

TRENDS IN HOUSING AND URBAN DEVELOPMENT

Congress in 1967 indicated its continuing support of Latin American housing and urban development by approving two substantive measures:

It amended the Foreign Assistance Act of 1961, adding "home ownership and decent housing" to the three previous AID priorities -- health, education and agriculture -- and expressly included slum clearance, urban development and cooperatives among the purposes of capital assistance.

Next it added $50 million to the investment guaranties authorized for Latin American housing, bringing the total Congressional authorization to $500 million. A total of 47 Alliance projects comprising 42,750 dwelling units valued at $224.4 million have been authorized to date under this program. Contracts have been signed for 26 of these projects with 24,050 dwelling units, for a total cost of $144.6 million.

During 1967 AID extended loans totaling $7.2 million to Nicaragua and Panama for housing cooperatives and savings and loan systems. This brought to $167 million the six-year total of AID dollar assistance to Alliance housing.

In addition AID authorized a one-million dollar loan to assist Bolivia in establishing a new savings and loan system. Feasibility study loans in the amount of $1.3 million were used for urban planning in Brazil, Chile and Panama; a $200,000 grant to El Salvador will finance a metropolitan plan for the capital city of San Salvador.

Counting local currency housing and urban development loans, Inter-American Development Bank loans of $275 million (of which $260 million were funded by the U.S.) and the investment guarantee authorization level of $500 million, the U.S. has allocated or committed more than one billion dollars to Latin American housing during the last six years.

In the field of technical assistance AID increased the number of Housing and Urban Development Officers attached to its missions. Such officers are now functioning in Argentina, Bolivia, Brazil, Colombia, Mexico, Panama, Peru and Venezuela.

Under an AID-funded contract, the American Savings and Loan Institute -- an arm of the U.S. Savings and Loan League -- has developed textbooks in Spanish and Portuguese to help savings and loan personnel and is laying the groundwork for local training institutes. Some 500 Latin Americans have already signed up for correspondence courses.

Housing cooperatives in Honduras, Panama and Colombia have received AID loan assistance. The Foundation for Cooperative Housing, an AID contractor, is developing management manuals covering cooperatives, condominium and large-scale housing projects.

The first meaningful inter-agency project was launched in 1967. It consists of experimental low-cost housing projects in the five Central American countries and Panama. The cooperating agencies are AID, IDB, the Pan American Union, the Pan American Health Organization and the United Nations.

HOME OWNERSHIP and decent housing for the middle-class.

Self-Help — Mainstay Of The Alliance

(Above) LATIN AMERICA'S WOMEN are breaking ground in joint efforts to improve their families' lives.

(Left) SELF-HELP HOME BUILDING in Latin America embodies the true spirit of the Alliance.

(Below) BRICK BY BRICK Latin Americans of all ages are building a more abundant tomorrow.

PAVING THE WAY to improved community services through organized self-help.

"WE WILL VIGOROUSLY PROVIDE EDUCATION FOR DEVELOPMENT"

In 1967 various Latin American countries extended the scope of their educational services to include more of the reforms needed to carry out programs under the Alliance for Progress.

The presidential decisions at Punta del Este gave impetus to a common determination, i.e., "We will vigorously promote education for development."

Assisted by numerous professionals from the United States, Latin American educators laid new stress on science, engineering, agriculture, vocational training, business and public administration. More specialists are needed to carry out economic, social and physical integration. These self-help programs require numerous technical and professional skills.

To further these aims the Organization of American States, with AID support, is developing regional programs in education, science and technology. Specific proposals based on plans prepared by groups of experts will be presented to the Inter-American Cultural Council at its next meeting in Venezuela in February 1968.

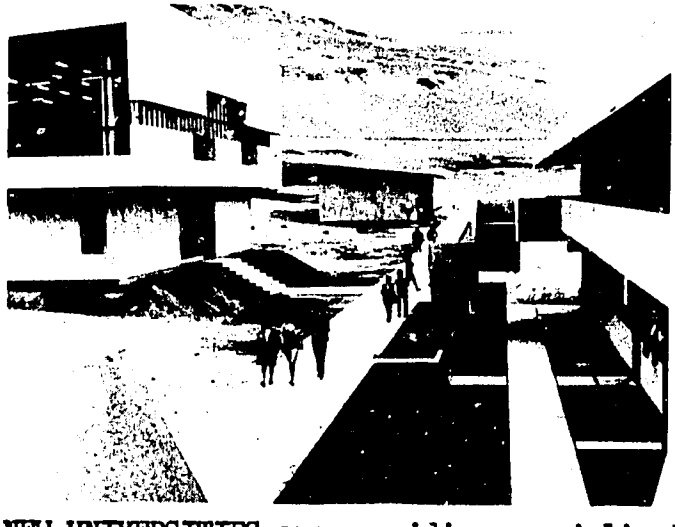
President Johnson's proposal for educational television has advanced to the point where El Salvador has been selected as an appropriate locality for a pilot undertaking. Initially the ETV program will focus on the junior secondary schools where massive deficiencies exist. The El Salvador project is designed as a working model for other Central American countries and Panama.

A parallel Summit recommendation deals with the establishment of a multi-national training center in ETV. A group of Latin American experts is now evaluating responses to a Hemisphere-wide questionnaire on such a center. Findings and recommendations will be submitted to the Cultural Council.

Education For Development

DEDICATED TEACHERS using modern techniques train children in thousands of newly-built classrooms.

SELF-INSTRUCTION is a key factor in helping improve agricultural output.



NEW UNIVERSITIES are providing specialized training for America's potential leaders.

REGIONAL CENTERS offer university education to the provincial youth of Chile.

AID's Regional Technical Aid Center (RTAC) in Mexico City gave special emphasis in 1967 to the production of new Spanish language university textbooks at minimum prices. RTAC, collaborating with AID country missions, has established textbook rental libraries in 12 universities in six countries. Under an operational arrangement between RTAC and USIS, many Spanish book titles are being provided to Binational Centers and other key institutions. In cooperation with Latin American publishers RTAC published an up-to-date catalog of university textbooks in Spanish.

In Brazil an AID loan to the Ministry of Education is helping to finance a national textbook program. The Ministry and Brazilian publishers sponsor a program of providing free books to all primary and secondary students and low-cost texts at the university level.

Mexico has initiated a Vocational Guidance Program to reduce the drop-out rate in secondary schools and universities and to guide students into training for labor-short job classifications.

The Inter-American Center of Loyola University, in New Orleans, provided Leadership Training Seminars for youths from Central America, Panama and the Dominican Republic. About ten percent of the 500 graduates to date were women.

A similar program was sponsored by the Overseas Education Fund of the League of Women Voters in cooperation with Brown University. This project is geared to leadership training for women employed as social workers and teachers and in various areas of government.

Under an AID contract, the National Education Association provided Teach Corps teams for six-week workshops in Costa Rica, the Dominican Republic, Honduras, Jamaica and Venezuela. Thirty-seven master teachers from the U.S. volunteered their services in assisting 1,115 host country teachers, administrators and supervisors.

EXPORTS, TRANSPORT, EDUCATION AND HEALTH*

COUNTRY	EXPORT TRADE		TRANSPORT		EDUCATION				HEALTH	
	Leading Export		Miles Improved Roads	Motor Vehicles	Literacy	Primary School Pupils	Secondary School Pupils[b]	Primary School Teachers	Life Expectancy	People Per Physician
	Item	Percent 1963-65 Exports	Per 1,000 Sq. Mi.	Thousands	Percent	Thousands	Thousands	Thousands	Years	Number
19 REPUBLICS TOTAL	-		80	6,418	66	30,200	-	920	57	1,800
Argentina	Grains/Meat	51	116[a]	1,429	91	3,074	171	152	66	670
Bolivia	Tin	72	30	30	32	495	71	17[b]	50	3,830
Brazil	Coffee	50	104[a]	1,980	61	9,352	1,368	317	55	2,500
Chile	Copper	68	121	193	84	1,350	198	27	59	1,770
Colombia	Coffee	68	58	257	62	2,213	229	62	55	2,280
Costa Rica	Coffee	44	178	36	84	264	37	9	63	2,200
Dominican Republic	Sugar	53	236	42	64	479	40	9	58	1,620
Ecuador	Bananas	57	64	40	68	752	57	20	53	2,990
El Salvador	Coffee	51	339	35	48	378	36	11	60	4,520
Guatemala	Coffee	49	169	58	38	401	33	12	49	4,190
Haiti	Coffee	47	40	7	10	276	19	6	40	14,980
Honduras	Bananas	39	33	19	45	267	16	9	46	6,640
Mexico	Cotton/Cof	25	49	1,191	71	6,531	391	142	60	2,020
Nicaragua	Cotton/Cof	62	34	24	50	199	16	6	54	2,370
Panama	Bananas/Oil	79	65	41	78	196	33	7	62	1,920
Paraguay	Meat/Lumber	45	11	20	68	349	28	13	55	1,660
Peru	Fishmeal/ Copper	38	27	254	61	1,877	261	52	55	2,150
Uruguay	Wool/Meat	76	76	212	91	324	85	11	69	880
Venezuela	Petroleum	93	53	551	80	1,397	173	41	66	1,280
OTHER L. AMER.										
British Honduras	Wood/Citrus	37	93	3	89	27	2	1	60	3,700
Guyana	Sugar	34	11[a]	15	80	139	8	3	51	2,110
Jamaica	Bauxite/Alu	43	1,400	64	85	297	34	5	70	2,040
Surinam	Bauxite	79	14	9	80	66	9	2	n.a.	2,240
Trinidad and Tobago	Petroleum	82	2,086	68	80	207	34	6	62	2,550

* - Data based on most recent information available.
n.a.- Not available
a - All roads. b - general secondary schools.

During 1967 the Latin American Scholarship Program of American Universities, through an AID contract, intensified its preparation of faculty members for Latin American institutions of higher education. Some 320 trainees from 50 institutions in 13 countries received scholarships sponsored by more than 100 U.S. universities. This program provides for up to four years of training leading to a Master's Degree. The costs are divided among Latin institutions, U.S. universities and AID.

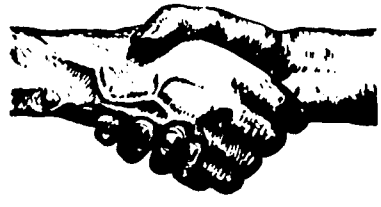
A $10 million education sector loan from AID to Chile is now being implemented. It provides for a general upgrading of teacher training and the quality of education for the lower grades and middle-level vocational schools.

AID authorized a $7 million credit to Honduras in support of an complete reorganization of secondary education. Assistance will be directed at administrative reforms, teacher training and the development of high school programs.

In Panama, Pennsylvania State University is making a careful appraisal of the school system. This assistance involves the preparation of a "National Plan for Educational Development."

In the Dominican Republic, AID has authorized a $1.4 million loan in support of the Dominican Institute of Educational Credit. This is the first AID loan specifically allocated to assisting students to study in local institutions.

Numerous other projects are administered by Latin Americans with assistance from U.S. private foundations and from the Organization of American States and the Inter-American Development Bank.



PROGRESS IN LATIN AMERICA'S TAX REFORM

In 1961 the Alliance nations meeting at Punta del Este agreed "To reform tax laws, demanding more from those who have the most, to punish tax evasions severely...." Since then, at the request of Latin American governments, AID has provided technical assistance in effecting tax reforms.

In an overall assessment of the program at the end of 1967, the fifth year of operation, it appears that tax administration progress varies from country to country. Since the program's inception, total central government revenues among the Latin partners have increased about 25 percent in real terms. In eight countries tax revenues were boosted by more than 50 percent. Collections rose between 30 and 50 percent in five countries.

In collaboration with the U.S. Internal Revenue Service, (IRS) sixteen teams of U.S. tax advisers were active along with a regional team to coordinate technical assistance activities in Central America and Panama.

The International Tax Training Series (INTAX) was continued for the third successive year. INTAX has introduced Spanish-language courses and established a climate in which student participants learn from each other. About 160 high-level tax officials participated in training and orientation courses conducted by IRS in Washington.

A milestone was reached in May 1967 when the Inter-American Center of Tax Administrators was organized. The idea for the Center originated during a seminar for the Directors General of Taxation, in May 1966. In practice, the Center will provide a forum for exchanging ideas and experiences in tax administration.

During the past five years the emphasis of AID's tax program has been on the high-impact areas of audit, collection, training and taxpayer education. Now most Latin American countries have formed organizations to conduct training, public relations and taxpayer education.

FREE LABOR AND THE ALLIANCE FOR PROGRESS

The American Institute for Free Labor Development (AIFLD) celebrated its fifth anniversary in 1967 by expanding its activities and seeking fresh approaches to the fundamental needs of Latin America's working classes.

From the time of its creation in 1962 as a non-profit organization funded by U.S. management and labor organizations, AIFLD has functioned in harmony with the democratic concepts of the Alliance for Progress. Its chief aims are to strengthen Latin America's trade union movement and raise the living standards of worker families; to assist democratic unions to become self-reliant and independent vis-à-vis political parties, companies and government; and to promote direct worker participation in the Alliance for Progress at national planning levels and as beneficiaries.

AIFLD's field of action, in cooperation with the U.S. trade union movement, is in Latin America where associated labor groups have a combined membership of about 20 million workers.

Highlights in Latin America's free-labor movement during the past year include --

*The graduation of 15 Latin American leaders from AIFLD's first course for labor economists, at Loyola University, in New Orleans.

*The initiation of services at three AIFLD-sponsored centers in Northeast Brazil where workers receive instruction in various skilled trades, in agronomy, livestock breeding and agricultural extension. The centers also provide legal counsel for unions and members on wage contracts and assistance on land tenure.

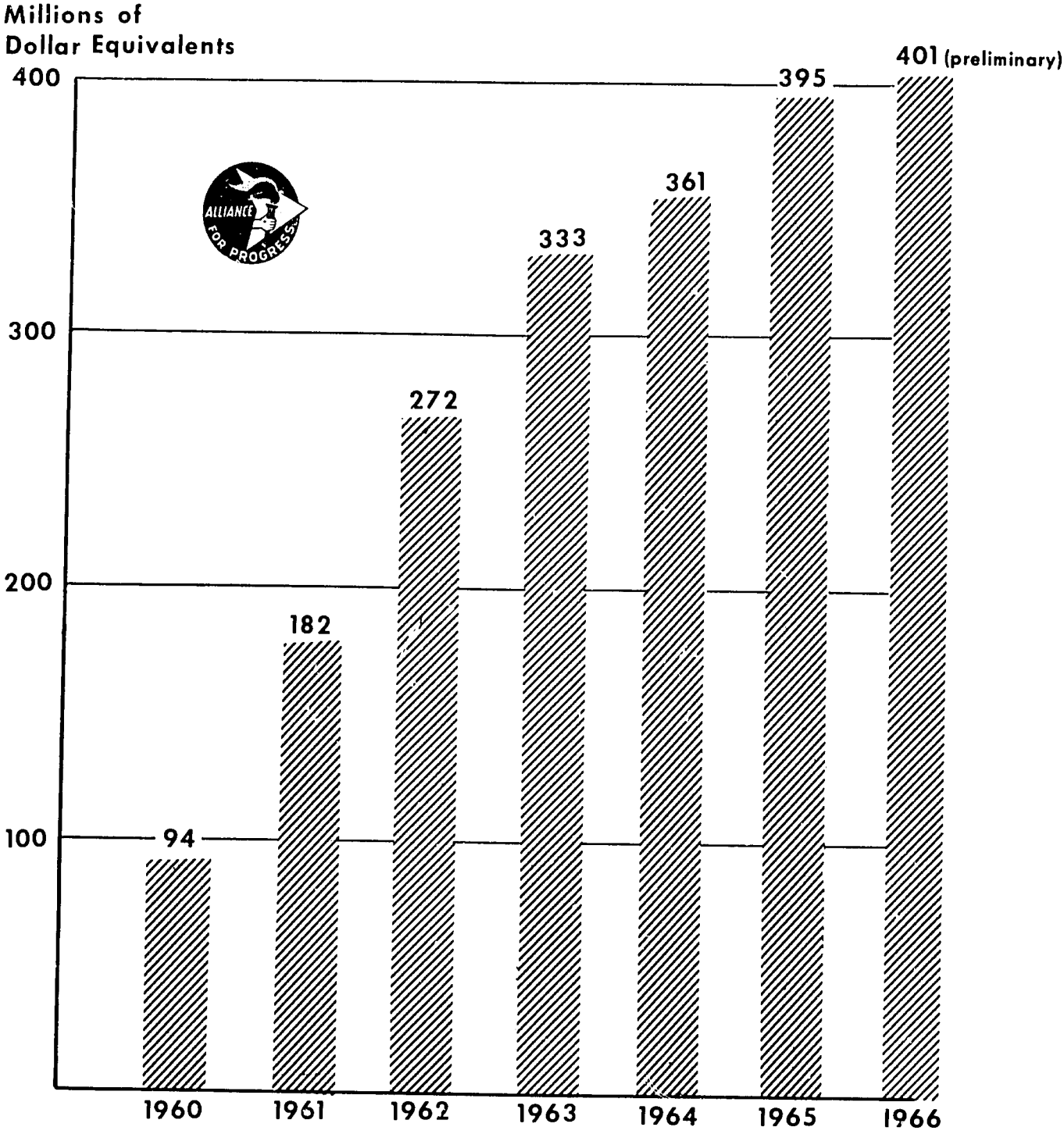
*The authorization of $100,000 by the AFL-CIO for small grants and interest-free loans to help finance consumer and producer cooperatives, community centers, health centers and water systems. The beneficiaries contribute labor or money to these projects.

*Housing projects co-sponsored by AIFLD were completed in the Dominican Republic, Colombia and Peru. Other housing projects were in various stages of planning or execution in other countries.

By mid-1967 AIFLD had played a major role in providing 5,000 dwelling units accommodating more than 25,000 workers and their families in seven countries. At the same date 13,000 additional dwelling units were under construction or in the planning stage.

EMPLOYEES OF BRAZIL'S GIANT VOLTA REDONDA STEEL PLANT exemplify Latin America's growing force of free, democratic workmen.

LOANS AND GRANTS TO LATIN AMERICA BY MEMBER COUNTRIES OF THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD)



Most of the OECD countries are members of the Development Assistance Committee (DAC). DAC countries are Australia, Austria, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, Norway, Portugal, Sweden, the United Kingdom and the United States.

Above data are gross disbursements from all DAC countries except the United States.

INTEGRATING LATIN AMERICA'S NATIONAL MARKETS

The chief aim of market integration under the Alliance for Progress is to bring the maximum number of people, both urban and rural, into national marketing systems, thereby expanding the economic base of countries and fairly distributing the rewards of development.

Market integration will enable the participating Alliance countries to ---

*Create the pre-conditions for expanding agricultural production.

*Develop greater efficiency in commodity markets, helping to reduce food costs to urban consumers and to boost income to farmers.

*Establish modern facilities for processing agricultural products and the development of related agri-industry.

To further these objectives AID's Latin American Bureau has established a Marketing Planning Center. In 1967 this Center, acting through the US-AID missions in the Alliance countries, inaugurated a program with staffing by marketing specialists from Michigan State University. Work has commenced in three countries:

In Brazil, in cooperation with SUDENE, the Brazilian agency for developing the Northeastern states, a research and planning program is under way. Specifically the research specialists aim to define the marketing, financial, human and related problems which retard the effective development of the key crops and industrial products in the Recife area. Computerized data generated in the study will test alternative investment strategies, tax policies, and price policies; these data will help to evaluate the effects of each study on economic development in the Northeast. A cadre of SUDENE personnel are being trained to continue the work after AID studies are completed.

In Peru the US-AID Mission developed an $8.5 million loan package to finance an improvement in the urban-rural market process. These new resources are expected to yield beneficial results both to Peruvian farmers and consumers in the greater Lima area. This proposed capital development program is also expected to reduce food prices by $35 million per year while expanding the volume of food purchases and other consumer products for the middle class, and improving nutrition for low income families.

In Bolivia U.S. specialists have just completed a year of research in cooperation with the Bolivian Productivity Center. Their detailed analyses of the farm-to-market process including transportation, credit and fiscal policy, have yielded recommendations for capital developments, rural and urban marketing reforms, and improved agricultural commodity production programs.

Similar market planning and research programs are contemplated in other countries during 1968 and 1969.

AGRICULTURAL MARKETING ADVISER checks on the condition and price of fruit at a small sidewalk fruit stand.

TRENDS IN INDUSTRIAL DEVELOPMENT

In a working partnership with public agencies, Latin America's private sector continued in 1967 an accelerated expansion of its industries and the supporting technical and financial institutions necessary to modern industrial development.

In numerous ways the private sectors of Latin America and the United States are supporting the industrialization effort. The value of U.S. assistance to Latin America's industrialization is indicated by the fact that U.S. business employs 1.5 million Latin Americans; its $10 billion investment accounts for one-tenth of total output; it also pays one-fifth of all taxes and is responsible for one-third of Latin America's exports.

A notable event in 1967 was the inauguration, in June, of the Inter-American Investment Development Center, a "clearing house" for investors and investment opportunities. With headquarters in New York City, the Center is rapidly attaining operational status. At year-end of 1967 more than thirty Latin American development banks and "fomento" institutions in 22 countries had formally affiliated with the Center's program.

At the same time 26 investment proposals from Latin America were in various stages of review and more than fifty U.S. corporations were utilizing the Center's services for exploring investment opportunities in Latin America.

AID's Private Enterprise Promotion Program continued rendering services to Latin America, chiefly in Central America, Peru, Colombia and Paraguay. Current program efforts give special emphasis to the "industrial park" as an effective development mechanism.

In July 1967 AID co-sponsored an Area Development Seminar in Arequipa, Peru, which was attended by 200 Latin private and public officials. It afforded working-level executives opportunities to exchange views on industrial development. The participants hailed the Seminar as an effective device for promoting industrialization.

In its fourth year as an AID-sponsored program, artisan handicraft development in Peru, Colombia, Bolivia and Ecuador showed a ten percent increase in exports to U.S. markets. Guatemala joined the program in 1967; El Salvador has requested technical assistance for the purpose of evaluating its artisan potential.

Under AID incentive contracts, four major U.S. food processing firms are actively testing the acceptability and marketability of high-protein foods in Central America and Brazil. Several similar projects are under negotiation for other Alliance countries.

In the form of grants, on-going assistance to Latin American schools of business management continued in 1967.

During the year a new Development and Productivity Center in Paraguay joined the list of similar institutions established earlier in twelve other countries.

All indications point to a wider emphasis on Latin America's industrialization in the future.

LATIN AMERICA'S SHIPYARDS reflect new industrial development.

HEMISPHERE DEVELOPMENT COORDINATED BY CIAP

The Inter-American Committee on the Alliance for Progress (CIAP) completed its third cycle of reviews of national development efforts early in 1967. The fourth cycle of reviews began in September. By year-end the Committee had been scheduled to complete reviews of Paraguay, Trinidad and Tobago, Honduras, Costa Rica, Bolivia, Brazil, Venezuela, Chile, Panama, El Salvador, Mexico and the Dominican Republic.

The 1967 reviews indicated that economic growth rates of the Alliance partners are mixed. Brazil's growth has been on the upswing this year, approaching a target of 2.5 percent per capita; while Chile, which had an exceptionally high per capita growth of 6.7 percent in 1966, experienced a decline, largely the result of a slowdown in the copper boom.

CIAP's experience shows, however, that economic growth rates do not necessarily reflect progress. For example, Venezuela's growth rate was sluggish, but agrarian reform continued to make good progress. While Chile's growth rate declined this year, progress in education and tax reform continued, and agrarian reform entered a new phase of activity. CIAP's experience is being matched in other developing regions of the world, as revealed in discussions during the annual meetings of the World Bank and International Monetary Fund in Rio de Janeiro in September.

CIAP received new responsibilities after the Meeting of Chiefs of State at Punta del Este and the meetings of the Inter-American Economic and Social Council held in Viña del Mar in June.

The Committee completed groundwork for setting up an Inter-American Export Promotion Center, expected to be established during a special meeting of the Inter-American Economic and Social Council early in 1968. CIAP also:

--Served as the secretariat for a meeting of government representatives in Rio de Janeiro on the financial implications of Latin American economic integration.

--Continued studies on guidelines to stimulate private investments in Latin American development.

--Adopted a policy declaration at its 13th working session held in Rio de Janeiro calling for better planning of development assistance by industrialized countries.

--Decided to incorporate studies of population trends and their impact on Latin America's development, as proposed in an inter-American population conference held in Caracas.

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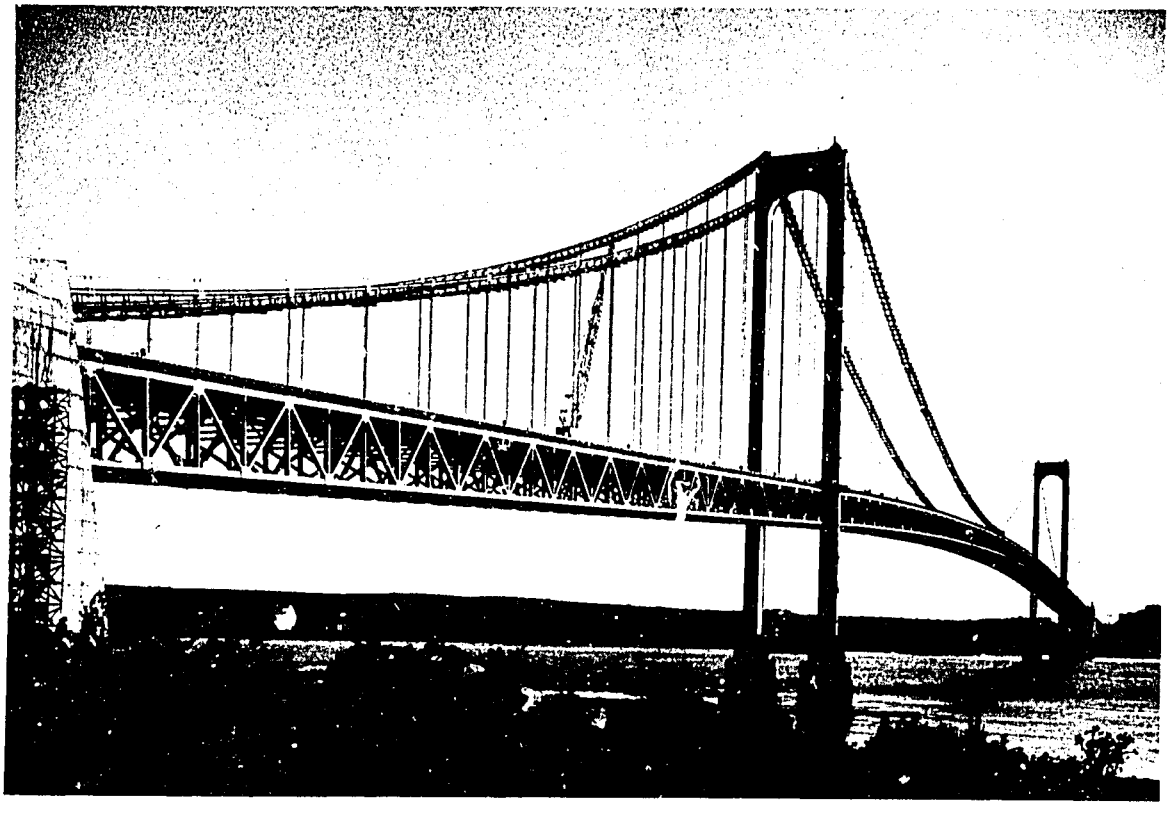


AN ALLIANCE FOR PROGRESS BRIDGE SPANS THE MIGHTY ORINOCO RIVER

The first roadway to cross Venezuela's Orinoco River, the $37-million four-lane Angostura Bridge, more than one mile long, was dedicated in 1967.

This Alliance for Progress project was financed with $13.3 million in loan assistance from the Export-Import Bank. The Angostura Bridge will accommodate up to 30,000 toll-paying vehicles per day.

PARTNERS OF THE ALLIANCE

The Alliance for Progress at the Grass Roots Level

Private citizens imbued with the "development spirit" fostered by the Alliance for Progress expanded their scope of operations in 1967 to include 34 areas in 14 Latin American countries and 34 States in the United States.

Now about four years old, the Partners program embraces citizens of the Hemisphere who want to take an active part in furthering the goals of the Alliance.

Members include businessmen, educators, students, trade unionists, doctors, accountants and salesmen. Working through committees, the Partners develop cooperative projects of mutual assistance.

Since its inception the Partners program has generated a flow of more than eight million dollars in material and technical assistance to Latin America from the private sector of the United States. Activities include an exchange of teachers and students through scholarships and in-service training programs; business and industry programs include technical and commercial relationships; also projects to promote food production and to strengthen democratic institutions.

During 1967 five investment conferences sponsored by Partners committees have resulted in joint business ventures. In November a Partners' investment conference in Washington brought together about 50 Brazilian businessmen and 75 prospective U.S. investors.

In 1967 the stateside Partners committees founded the National Association of the Partners of the Alliance with Edward S. Marcus, of Dallas, as president. This association is a clearinghouse for voluntary activities in Latin America; and it provides facilities through which investment opportunities are channeled to prospective investors.

The Third Inter-American Conference of the Partners will take place in Lima, Peru, March 29 through April 3, 1968, and will emphasize multi-national Partners' projects.

PEACE CORPS EXPANDS IN LATIN AMERICA

The Peace Corps expanded its programs in Latin America during 1967. More than 4,300 Volunteers served in 19 nations, representing about one-third of the world-wide total. This was an increase of 800 over 1966.

Emphasis continued on a direct grass roots, people-to-people approach with self-help measures.

In Bolivia the Peace Corps is cooperating with AID in a community development program training several hundred village leaders in the Altiplano. The Bolivian Government has established a National Community Development Department in its Ministry of Agriculture. Projects include the construction of schools, bridges, sanitary facilities, roads, and clinics.

Also in Bolivia, a tuberculosis control and treatment project was started in the Yunga section with about 30 Volunteers trained in detection and home treatment.

Nearly half a million students are now participating in Colombia's educational television program which started in 1964 with the combined help of the Peace Corps and AID.

While most Volunteers in Latin America are involved in rural development, some experimental urban programs have been initiated. In Chile an urban group is working with an official Chilean agency to set up housing cooperatives among slum dwellers.

Another 35 Volunteers in Panama participated in a program of health, education and housing improvement in Panama City and Colon assisted by AID funds. Panama also was assisted in establishing its own Peace Corps program.

Brazil enlisted about 30 Volunteers to help detect a debilitating parasitic disease in the southwestern part of that country.

Requests for more Volunteers to help Latin America modernize have been received.

ECONOMIC ASSISTANCE TO LATIN AMERICA BY INTERNATIONAL AGENCIES

(IN MILLIONS OF UNITED STATES DOLLARS)

Fiscal Years ending June 30	IDB*	IBRD	IDA	UNEPTA & UNTA [a]	UNSF	UNICEF[a]	IFC	EEC	TOTAL
1960	-	134	-	9	12	NA	13	-	168
1961	66	131	28	10	21	8	3	4	271
1962	141	410	30	10	21	8	8	5	633
1963	184	123	11	12	19	10	10	6	375
1964	130	256	12	20	16	9	7	10	460
1965	240*	212	18	15	32	7	10	8	542
1966	368	375	8	14	46	5	24	11	851
1967	457	282	2	14[b]	45[b]	5	12	11[b]	828
Grand Total	1,586	1,925	109	104	212	52	87	55	4,130

ABBREVIATIONS EXPLAINED

NA - Data not available
IDB - The Inter-American Development Bank, administering the Fund for Special Operations and the Ordinary Capital Fund.
IBRD - The International Bank for Reconstruction and Development (The World Bank)
IFC - The International Finance Corporation, an affiliate of The World Bank.
IDA - The International Development Association, an affiliate of The World Bank.
UNEPTA & UNTA - The United Nations Expanded Program of Technical Assistance and UNTA.
UNSF - United Nations Special Fund.
EEC - The European Economic Community.
UNICEF - The United Nations Childrens Emergency Fund.

[a] Data are for calendar year ended in the fiscal year shown.
The figures in above chart cover both Alliance and non-Alliance countries.

b Estimate.
Since the figures are rounded, they may not add to the totals.

* These figures exclude the Social Progress Trust Fund.

OAS DEVELOPMENTS IN 1967

1967 was a year of major change for the Organization of American States. In February the OAS foreign ministers approved sweeping changes in the Charter.

At year-end the OAS Council held a series of elections to pave the way for a successor to Jose A. Mora of Uruguay whose term of office expires in May 1968.

The 12-year administration of Dr. Mora saw the birth of the Alliance for Progress, the creation of CIAP as its executive committee, and the rapid expansion of the OAS Secretariat and activities in the areas of economic and social affairs, and technical cooperation.

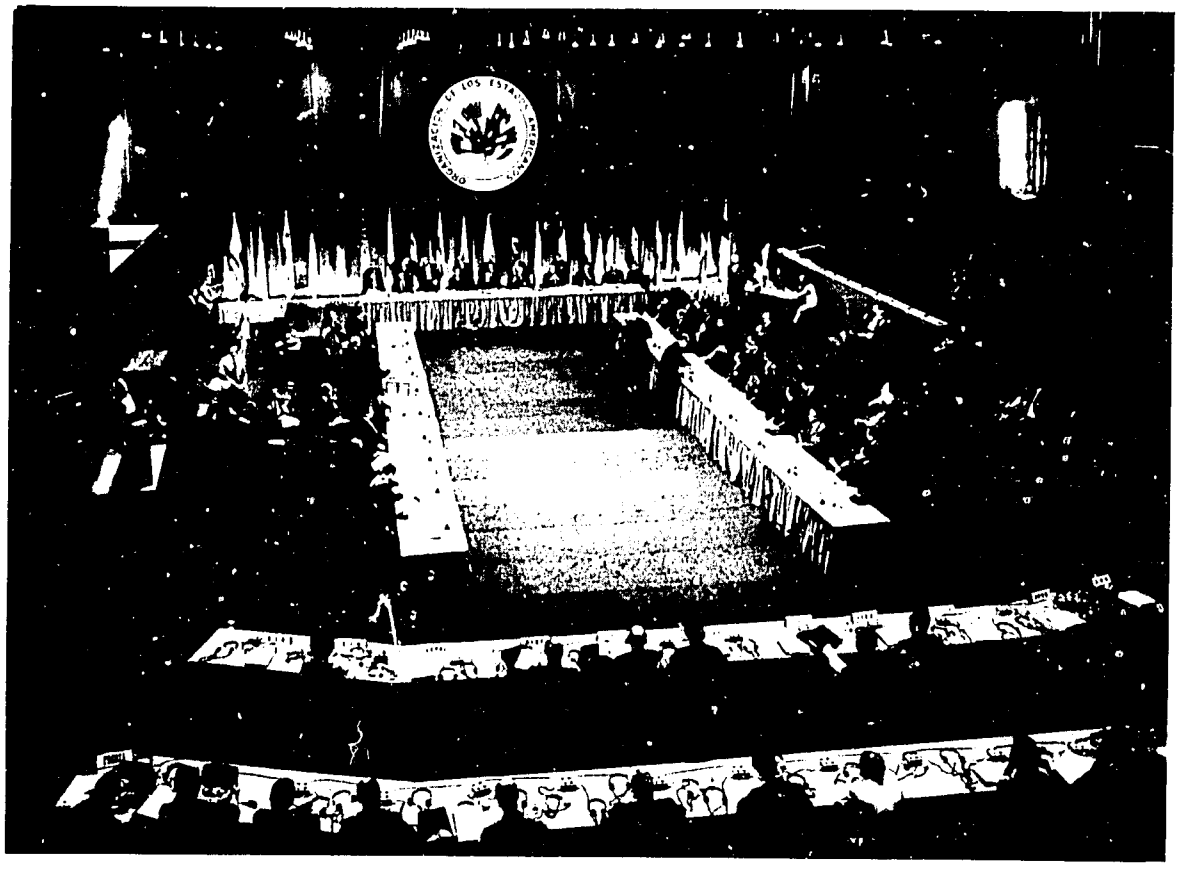
The new Charter approved in Buenos Aires reflects this increasing stress on development. The Inter-American Economic and Social Council, chief decision-making body of the Alliance, is raised to equal status with the OAS Council, whose concerns are largely political. The Inter-American Cultural Council also assumes equal status with the OAS Council. The new economic and social standards written into the Charter spell out in detail the obligation of member states for mutual development assistance.

Two new members took their seats in 1967. Trinidad and Tobago and Barbados, both former British colonies, became full partners of the Alliance for Progress while retaining membership in the British Commonwealth. Such duality harmonizes with a freshened OAS interest in economic cooperation with extra-continental nations. The OAS is also seeking to establish contacts with more multinational organizations in Europe. The OAS Department of Technical Cooperation announced that European nations, together with Israel, Japan, Canada and Australia, had offered 700 new fellowships for training Latin American technicians in the coming year. The number more than doubles the average in previous years.

Along the same lines, the IA-ECOSOC meeting in Viña del Mar, Chile, voted to send a high-level trade mission to Europe next year; it also laid the groundwork for an Inter-American Export Promotion Center, whose work will center on opening new markets for Latin American products in Europe, Canada and Japan.

Since the Punta del Este meeting, the OAS has moved rapidly to implement the Presidential decisions.

During 1967 the Secretary General created a new Business Advisory Council composed of some of the hemisphere's top businessmen. Two labor advisory groups were active and late in the year a mission was dispatched to three countries to promote establishment of workers banks. The Pan American Development Foundation, established by OAS officials to generate private support for small-scale development projects, inaugurated an experiment in the Dominican Republic, forming the first contingent of an Inter-American peace corps with volunteers from Latin countries.



FOREIGN MINISTERS of the Alliance nations prepare for Summit Conference.

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Résumé of the Declaration of the Presidents of America April 14, 1967

THE PRESIDENTS OF THE AMERICAN STATES AND THE PRIME MINISTER OF TRINIDAD AND TOBAGO MEETING IN PUNTA DEL ESTE, URUGUAY

PROCLAIM

The solidarity of the countries they represent and their decision to achieve to the fullest measure the free, just, and democratic social order demanded by the peoples of the Hemisphere.

LATIN AMERICA WILL CREATE A COMMON MARKET

The President of the United States of America, for his part, declares his firm support for this promising Latin American initiative.

WE WILL LAY THE PHYSICAL FOUNDATIONS FOR LATIN AMERICAN ECONOMIC INTEGRATION THROUGH MULTINATIONAL PROJECTS.

WE WILL JOIN IN EFFORTS TO INCREASE SUBSTANTIALLY LATIN AMERICAN FOREIGN-TRADE EARNINGS.

WE WILL MODERNIZE THE LIVING CONDITIONS OF OUR RURAL POPULATIONS, RAISE AGRICULTURAL PRODUCTIVITY IN GENERAL, AND INCREASE FOOD PRODUCTION FOR THE BENEFIT OF BOTH LATIN AMERICA AND THE REST OF THE WORLD.

WE WILL VIGOROUSLY PROMOTE EDUCATION FOR DEVELOPMENT.

WE WILL HARNESS SCIENCE AND TECHNOLOGY FOR THE SERVICE OF OUR PEOPLE.

WE WILL EXPAND PROGRAMS FOR IMPROVING THE HEALTH OF THE AMERICAN PEOPLES.

LATIN AMERICA WILL ELIMINATE UNNECESSARY MILITARY EXPENDITURES.

THIS REPORT OF 1967

was prepared

by

The Office of Public Affairs, Bureau of Inter-American Affairs, Department of State, with contributions from other members of the Inter-Agency Assistance Information Committee, including the OAS AID Mission for Promotion Information Team and the Inter-American Development Bank. Other contributors include the Export-Import Bank, the Peace Corps and the U.S. Departments of Agriculture