

1966 Y E A R - E N D R E V I E W

An Outline of Some Aspects
of the

A L L I A N C E F O R P R O G R E S S



NOTE: This material, assembled from information available within the inter-American community in Washington, D.C., describes the inter-national-cooperation aspects of the Alliance for Progress. No effort is made to cover what each nation is doing through its "self-help" program to spur development and progress. The reports presented here should be viewed in this context.

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1.Alliance for Progress.

1966 YEAR-END REVIEW OF THE ALLIANCE FOR PROGRESSC O N T E N T S

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Introductory Statement

1966 YEAR-END REVIEW OF THE ALLIANCE FOR PROGRESS

In 1966 the Alliance for Progress--Latin America's struggle for self-improvement--entered its sixth year with abundant proof of accomplishments and a considerable amount of unfinished business.

Assessing these events in retrospect, Lincoln Gordon, U. S. Coordinator of the Alliance, called 1966 "a year of sober reappraisal of Latin America's development prospects and needs."

"In August", he went on, "we passed the halfway point in the Alliance for Progress as originally conceived. In September the foreign ministers of the hemisphere agreed that we should work toward an early inter-American Summit Meeting of the Presidents to take political decisions at the highest level required to give our national and cooperative efforts a new impetus."

"A group of nine distinguished Latin American international civil servants has been working together to develop specific proposals for the consideration of governments and presentation to the projected Presidential conference."

"Broadly speaking the experience of the past five years shows substantial overall economic growth, especially in 1964 and 1965 when on the average it passed the minimum target of 2½ percent per capita. That level may not be reached for 1966, mainly because bad weather reduced the agricultural output in several countries. Gross inflows of capital to Latin America from abroad have also increased, even though levels of private foreign investment are still disappointing."

"Internally, much has been done to improve tax structures and tax administration, to fight inflation, and to strengthen institutions required for more productive private enterprise. A start has been made in many countries on agricultural reform and modernization. Savings and loan institutions have been established to mobilize funds for new housing. Everywhere there is a new drive for expansion in educational and public health services.

"Externally, some headway has been made toward diversification of Latin America's exports, but foreign exchange earnings are still far from sufficient to support self-sustaining growth at an adequate rate....

"...there is a long hard road ahead, but we are moving along that road and we have every reason for confidence that it leads in the right direction."

President Johnson left no doubt about his confidence in the Alliance when, earlier in 1966, he declared, "It will take time, faith, and stubborn effort to achieve together the goals that we set ourselves in the Charter of Punta del Este...but this we must do. This we will do. There is no other way, in our time and in this hemisphere, to show what free men and what free nations can do working together."

In 1966 these free nations and free men harnessed even more of the Hemisphere's manpower, explored and developed even more vast reserves of natural resources, producing new wealth and creating countless structures in steel, stone, and timber.

The people of the Americas contributed money, labor and time to the new institutions...to the highways, power, water and fuel lines which now lace the countryside....The clocks have moved ahead, from midnight to dawn.

Here are a few items which held the Alliance spotlight in 1966--

*In a convincing demonstration of self-help, thousands of small farmers in El Salvador learned how to double, triple and quadruple crop production with primitive tools.

*Doctors found the physical health of Latin Americans--individually and collectively--at an all-time high.

*The private savings of individuals and families topped all records.

*Private citizens in 16 Alliance republics have formed alliances of mutual assistance, within the Alliance for Progress, with other private citizen groups in 30 U. S. states.

*Engineering construction--from dams to airports--reached new levels.

Progress in 1966 toward achieving the goals set at Punta del Este is covered in the following reviews:

1966 ECONOMIC HIGHLIGHTS

Integration...Foreign Debt...Commodities

Summary

The year in which the Alliance for Progress passed its fifth anniversary was marked by both favorable and unfavorable economic developments.

Economic integration gained both in the Latin American Free Trade Association (LAFTA) and in the Central American Common Market (CACM), encouraging a trend toward the formation of a Latin American Common Market.

Deterioration in the foreign debt position has been stopped, reflecting a large inflow of long-term development capital.

Commodity prices showed only spotty improvement in coffee and cocoa. Sugar prices in the world market weakened while prices received for Latin American sugar in the U. S. market strengthened.

Integration

In mid-1966 trade restrictions expired on 93.6 percent of the items in the Central American Common Market Tariff Schedule. With this development, an estimated 95 percent of intra-Central American trade was liberated from border duties, quotas, and other restrictions. By the end of 1965 intra-Central American market trade had increased to a level equal to 15.5 percent of the total regional trade, against 7.5 percent in 1961.

The five republics plan to free the remaining restricted items in the tariff schedule. They are also continuing to discuss with Panama the possibilities of its membership.

In August, the Presidents of Colombia, Chile, Venezuela, along with representatives of the Presidents of Ecuador and Peru, met and issued the "Declaration of Bogota". This set forth suggestions for the Presidential Summit Conference early in 1967 and emphasized the need for accelerating hemispheric economic unification.

Subsequently Colombia's President Lleras issued a formal proposal to the members of the Central American Common Market, inviting their active partnership in a Latin American Common Market. The proposal was issued on behalf of the LAFTA countries.

In June 1966, the Council of the Organization of American States proposed an article amendment to the OAS Charter calling on member states to accelerate the establishment of a Latin American Common Market.

In August the Inter-American Development Bank created a \$16.5 million Pre-Investment Fund for Latin American Integration. These resources will be used to finance feasibility studies of multi-national or regional development projects. The direct U.S. contribution to the fund was \$1.5 million.

Foreign Debt Position

Latin America's deteriorating debt position has been halted, and to some extent reversed, under the impetus of Alliance for Progress.

This favorable development reflects the large inflows of long-term development capital, replacing the shorter-term commercial credits which Latin America was relying on to a great extent in earlier years.

While Latin America's outstanding public debt doubled between 1960 and 1966, this was offset by advantageous long-term borrowing at low interest rates.

Since 1960, the growth in Latin America's gross national product has paralleled the increase in debt-service payments--amortization and interest; however, the increase in export earnings has exceeded the increase in debt service payments. This trend is expected to continue.

Coffee

The International Coffee Agreement (ICA) now in its third year -- has been successful in raising and stabilizing coffee prices. For

instance, Colombian-type coffee which fetched 37 cents a pound in 1963, now brings 45 cents a pound.

ICA has not, however, achieved a corollary success in bringing coffee production into line with the demand for a higher-priced product. Mounting surpluses have given rise to an evasion of export quotas.

Important steps were taken in 1966 to close loopholes in the ICA, in cooperation with exporting and importing countries. Plans are under way to establish a Diversification Fund, to help countries shift from coffee production into commodities which enjoy a better market.

1967 could be a crucial year for the Coffee Agreement. The downward price trend can only be reversed by a united effort to limit exports and cut production. The problem is aggravated by surplus stocks of some 65 million bags.

Cocoa

Cocoa prices are above 20 cents a pound after a drop to 13.5 cents in 1965. Under UN auspices the United States in 1966 participated in negotiations for developing a cocoa agreement. Major points of difference remain between producing and consuming countries but the U. S. is hopeful that a basis can be found for a realistic and workable settlement.

Sugar

World market sugar prices have dropped to the lowest level since depression days -- 1.43 cents a pound currently.

However, the U. S. market for Latin American sugar continues to expand. The current price 7.1 cents per pound, is more than four times the world market rate.

In 1966, Latin American sugar sales to the U. S. market are estimated at 2.3 million tons, valued at \$284 million. This represents a 30 percent increase in sales volume over 1965, and an income gain for Latin America of about \$75 million.

U.S. ASSISTANCE TO THE ALLIANCE FOR PROGRESS

A new level of loan authorizations and disbursements in support of the Alliance for Progress highlighted AID's assistance activities in 1966.

Authorized development and program loans totaled about \$500 million, against \$300 million in 1965, according to the Agency for International Development.

The total U. S. assistance to the Alliance for Progress in 1966, according to preliminary estimates, exceeded one billion dollars, roughly equivalent to U. S. assistance in previous years. Total assistance includes AID loans and grants; Export-Import Bank loans; Food-for-Peace sales and contributions; Social Progress Trust Fund loans and other U. S. assistance administered by the Inter-American Development Bank.

The year was marked by increased emphasis on food and agriculture, health, education, housing and community development. This trend is expected to continue.

Part of AID's \$79 million assistance to the agricultural sector was a \$14.8 million development loan toward financing a \$70 million chemical fertilizer plant in Santos, Brazil. The loan was coupled with an AID investment guaranty. This project is considered a major break-through in the struggle to boost Brazil's food and fiber production.

1966 was also marked by an increased tempo of disbursements in implementing currently-active loans. An estimated \$400 million was disbursed for project execution in 1966, against approximately \$300 million in 1965.

PRIVATE U.S. CAPITAL INVESTMENTS IN LATIN AMERICA

The flow of new private U. S. capital to Latin America in 1966 continued an upward trend that started modestly several years ago.

During three Alliance for Progress years the annual capital outflow increased from \$70 million in 1963 to \$143 million in 1964; and in 1965 the direct outflow to Latin America reached \$171 million.

U. S. Department of Commerce data now available for the first nine months of 1966 show a rise of \$60 million in private U. S. investments over the corresponding period in 1965, indicating a substantial gain for all of 1966.

U. S. investments in Latin American manufacturing enterprises are particularly active. The capital flow to U. S. manufacturing affiliates in 1965 exceeded \$200 million, offsetting small net inflows from mining and petroleum enterprises; this upward trend continued in 1966.

Company reports on planned expenditures in the Latin American republics for plants and equipment suggest a further rise in private U. S. investment activity in 1967.

In connection with the growing investor interest in Latin America, the Agency for International Development concluded Pre-Investment Survey Agreements with 29 U. S. firms in 1966.

The prospective investors will assume the full cost of their field surveys if they decide to make investments in the projects; if they decide against, AID will pay one-half the survey costs and make the survey data available to other prospective investors.

During 1966, eight surveys resulted in decisions to invest \$11.2 million in five countries. The new business ventures range from animal feeds to truck bodies.

INDUSTRIAL DEVELOPMENT

In a close partnership with public agencies, Latin America's private sector laid the groundwork in 1966 for a large expansion of its industries and the auxiliary technical and financial support necessary to modern industrial development.

During the year the Agency for International Development authorized the establishment of an Inter-American Investment Promotion Center in the U. S. as a clearing house for investment opportunities in Latin America.

Scheduled to begin operations in the Spring of 1967, the Center will be staffed by U. S. private consulting firms, affording a face-to-face presentation of investment projects developed by Latin American industrial development organizations.

Through its Private Enterprise Promotion Program, AID helped to establish local, regional and national organizations which carry on programs for developing a country's income-producing potentials. AID stimulated the creation of about 50 such organizations in Colombia, Brazil, Bolivia, El Salvador, Nicaragua and Costa Rica.

Many others are in the planning stage.

As an example of results achieved through self-help promotional efforts, the Ecuadorean Industrial Development Bank and the National Industrial Development Center assisted 31 firms in 22 industries in the four-year period ending June 30, 1966. This involved new investments totaling \$70 million and 9971 new job openings. Altogether it represented a 40 percent increase in private investments in Ecuadorean industry.

Largely through self-help measures, Peru has stepped up her industrial production, sparked by chemicals and automotive assembly. Late in 1966 the Government opened a new industrial park near Arequipa with 37 factory sites sold, of which 22 represented new industrial starts.

Peru's private sector is also active in expanding exports and in new capital formation. Rapid growth of the fishing and mining industries led to a 54 percent increase in exports in the 1960-1965 period. Figures for 1966 are not yet available.

In August 1966 Panama's private sector sponsored a continental conference which was attended by 200 business leaders from 15 Latin American republics. Main theme of the conferees was the role of the private sector in national planning. Panamanian businessmen told of their collaboration with the national government in development planning under the Alliance for Progress.

To stimulate private enterprise, AID has assisted 12 Alliance countries in establishing industrial development and productivity centers. These centers identify and promote investment opportunities,

give guidance in obtaining low-interest credits, and provide technical advisory services and training to supervisors and managers.

Undergraduate and graduate schools and management groups in 14 countries benefitted from AID training assistance in 1966. School of business administration in Brazil, Peru, Argentina, Colombia, Mexico and the Central American republics received various types of assistance. Special instruction was given to some 25,000 Colombian managers during the past five years. Up to the present, almost 1,000 selected Latin Americans have been the beneficiaries of industrial development training grants.

AID has provided technical and loan assistance to Latin America public and private development institutions for relending to private-sector entrepreneurs. To date AID has made 23 loans of this type, totaling about \$172 million.

The Agency has up to the present given technical assistance to eight Alliance countries in the field of export promotion and development.

AGRICULTURAL DEVELOPMENTS UNDER THE ALLIANCE

Crop failures, a soaring population, and increased food imports have focused new attention on Latin America's agricultural sector.

Alliance planners are giving deep thought to ways and means of reversing an unfavorable trend in food production. More soil and plant research, an expanded use of fertilizer, and improved seed offer possibilities. Agrarian reform is another positive factor but it is considered only a partial answer to the immediate situation.

All the Alliance republics have adopted land reform legislation, which is being implemented in a majority of the countries. Mexico and Venezuela have scored the most notable advances; but the land reform movement still faces problems which will require considerable time to solve.

In 1966 applied crop research produced some important discoveries and lent an encouraging note to Latin America's agricultural development under the Alliance.

Evaluation of Mass Fertilizer Demonstrations in El Salvador--to take the example of one country--indicate that with improved fertilizer, seed and modern techniques it is possible to boost crop production on small and medium-size farms by large percentages.

These self-help demonstrations--jointly sponsored by El Salvador's private sector and the Government's agricultural extension service, with technical and financial support from AID--were carried out in cooperation with thousands of Salvadoran farmers who performed all the operations according to procedures and directions from Dr. Benjamin J. Birdsall, AID agricultural specialist.

The pre-acre yield of corn grown in hundreds of small farm plots showed a four to six-fold increase over past experience. Lesser, but still substantial, increases were scored in the cultivation of beans, rice and other commodities. The 1966 results, which bettered the initial 1965 record, included rice demonstrations on 530 farms, bean demonstrations on 720 farms, grain sorghum demonstrations on 1340 farms and corn demonstrations on 3420 farms.

El Salvador's private sector contributed the fertilizer, insecticide and seed. The Ministry of Agriculture contributed labor, transportation, and administrative support. AID contributed the services of Dr. Birdsall, materials, supplies and about \$2500 for the year.

The 1966 program produced results even better than those in 1965. Crop yields, with very few exceptions, were very good. The projected 1967 program calls for 2500 demonstration plots on corn, 1400 on sorghum, 400 on rice, 500 on beans, 300 on bananas and 150 on sesame.

Thousands of small farmers have now acquired the "know-how" for doubling, tripling and quadrupling their annual crop production with a corresponding increase in family income and purchasing power. Oddly enough, these increases are possible through the use of ox-drawn plows and other primitive tools and hand-labor. Moreover, if a farmer can raise his production from 10 bushels of corn per acre without fertilizer to 40 to 80 bushels per acre with fertilizer and other improved practices, his increased income makes him a vital factor in the national economy.

The demonstrations in El Salvador indicate that the productivity of tropical agriculture has scarcely been tapped; a wider application of the methods and materials used in El Salvador is expected to have a direct bearing on one of Latin America's biggest problems--food production.

Crop research somewhat related to that in El Salvador was carried out in Brazil through the joint efforts of USAID, Purdue University, and Brazilian hybrid seed breeders. These experiments point the way to a possible breakthrough in reducing protein deficiencies in human and animal diets.

Farm demonstrations showed that the protein quality of corn can be stepped up through the genetic transfer of genes into a variety of corn that is well-adapted to Central Brazil.

Corn's importance to Latin America is shown by the fact that it provides 62 percent of the proteins and 75 percent of the calories consumed by human beings.

Since protein deficiencies are common in Latin America and other developing areas, the Brazilian demonstrations may help to achieve greater resistance to prevailing dietary diseases.

In the general drive to boost Brazil's agricultural production, AID in 1966 gave loan and investment guaranty assistance to the private owners of a new fertilizer complex, Ultrafertil, S.A. to be built at Santos.

At the outset, Ultrafertil will have to depend largely upon imported raw materials, but a recent AID-sponsored study by the U.S. Geological Survey declared that South America's deposits of phosphate, potash and sulphur are ample to support an expanded fertilizer industry.

In general Latin America's food and agricultural picture was clouded by the demands of a growing population. Despite production increases in Argentina, Uruguay, Colombia, Ecuador and Venezuela, the total 1966 output dropped 3 to 5 percent below 1965, largely the result of hurricanes, floods and drought.

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CIAP COORDINATES HEMISPHERE DEVELOPMENT DRIVE

The third annual reviews of the social and economic development programs for 14 Latin American republics were completed in 1966, the Inter-American Committee on the Alliance for Progress (CIAP) announced at year-end.

The updated development plans of Haiti, Colombia, Ecuador, and Dominican Republic and Argentina are scheduled for review in January 1967, completing the third cycle of country reviews. Also during 1967, CIAP experts plan to make their first regional review of the Central American Common Market.

CIAP is the Alliance coordinating group and executive arm established by the Inter-American Economic and Social Council to implement the Charter of Punta del Este, the document signed in 1961 by the 20 republics supporting the Alliance for Progress.

CIAP's main functions are --

- To assess the requirements for and availability of internal and external financial resources and to recommend their allocations.
- To promote the Alliance as a multilateral effort based on self-help, mutual assistance, and external cooperation.

During the past year CIAP worked closely with the Inter-American Development Bank (IDB), the Agency for International Development, the International Monetary Fund, UN specialized agencies and regional organizations in coordinating and reviewing Alliance country programs.

Also in 1966 --

*IDB acted favorably on CIAP's proposal to create a Pre-Investment Fund to finance selected feasibility studies of multi-national, or regional, development projects in Latin America. With initial resources of \$15 million, the Fund became operative in July.

*CIAP gave high priority to Latin America's economic integration movement. It participated in inter-agency talks bearing on economic proposals to be placed before the OAS foreign ministers.

*CIAP proposed a unified system of Latin American fertilizer production and continued its efforts to reduce livestock losses through measures to control aftosa (hoof and mouth disease.)

*The Committee drafted other proposals concerning the incorporation of the Alliance for Progress into the Charter of the Organization of American States.

During the year the U.S. Congress gave further recognition to CIAP's role as the coordinating agency of the Alliance effort. It stipulated, in the Fulbright Amendment to the Foreign Assistance Act of 1966, that U.S. development loans to Alliance countries should be in harmony with CIAP's findings and recommendations.

Under a mandate from the OAS Economic and Social Council, CIAP began studies of a proposed inter-American export promotion agency and of the trade potential of processed foods produced in Latin America.

CIAP gave increased attention to a greater sharing by private management and labor in the development planning and execution process; and to the further participation by European governments and private enterprise in Latin America's development. European Common market countries have now joined OAS in more than a score of technical assistance projects in Latin America.

DEVELOPMENTS IN THE ORGANIZATION OF AMERICAN STATES

From a political point of view 1966 was one of the most important years in the history of the Organization of American States (OAS).

The peace-keeping functions of the OAS were tested during the crisis preceding the election of Joaquin Balaguer as president of the Dominican Republic. The continued presence of the Inter-American Peace Force (IAPF) helped assure the necessary climate of peace and stability. Forty-one OAS observers certified the free and democratic character of the election. The IAPF was withdrawn within 90 days following Balaguer's inauguration.

After President Balaguer's inauguration, the OAS, AID, the Inter-American Development Bank and other agencies began to assist the new government to re-activate the development programs initiated under the Alliance for Progress.

During the last months of 1966 OAS laid the groundwork for a formal adoption into the OAS Charter of various amendments, based upon guidelines approved at the Second Special Inter-American Conference at Rio de Janeiro in November 1965 and prepared by a Special OAS Committee in Panama, February-March 1966. The amendments will incorporate into the Charter the principles and objectives of the Alliance for Progress, will improve inter-American machinery for the pacific settlement of disputes and will make various changes and improvements in the structure of the OAS.

The proposed amendments will be submitted to the Third Special Inter-American Conference in February 1967 in Buenos Aires, where the delegates are expected to complete the work of Charter reform.

At year-end the OAS Council began planning for a hemisphere conference of the Presidents of the American Republics, to be held in 1967.

In March 1966, the Inter-American Economic and Social Council, meeting in Buenos Aires, reviewed and evaluated the first five years of the Alliance for Progress. The review brought to light many positive achievements of the Alliance; it also disclosed that political decisions at the highest level were needed to solve key problems in economic integration, external finance, agricultural production and education.

HOUSING INVESTMENT GUARANTIES AND URBAN DEVELOPMENT

A grant total of \$340 million in Latin American housing guaranties, out of the \$450 million ceiling authorized by Congress, are in various stages of execution, ranging from project reviews to finished houses. The program is administered by AID's Housing and Urban Development Division, Latin American Bureau.

During the last 12 months, ten housing project contracts involving \$60 million in AID guaranties were signed, bringing to \$123 million the total of guaranty contracts concluded since the inception of this Alliance for Progress program.

Another ten projects involving \$59 million in housing guaranties were approved in 1966, but contract negotiations are still underway. The total of contracts signed and contracts in active negotiation amounts to \$200 million.

Proposals for guaranties covering an additional 13 housing projects, involving some \$40 million, are in advanced stages of review and processing.

Applications for Latin American guaranties received in 1966 under the second phase of AID's Housing Investment Guaranty Program totaled \$600 million. To stay within balance of payments limitations, just \$100 million of the additional \$150 million authorized by Congress

in 1965 will be approved; the selection process is now underway.

Urban Development Activities

During 1966 AID extended loans totaling \$10.1 million to Panama and the Dominican Republic in support of slum clearance and newly-organized savings and loan systems. This brought to \$164 million the five-year total of AID dollar loan assistance for housing projects under the Alliance for Progress. An additional \$3.7 million loan in support of cooperative housing and a savings and loan system was approved for Nicaragua.

In the same year US-AID missions in Argentina, Brazil, El Salvador and Panama were authorized to develop recommendations for other housing projects totaling \$42 million. These resources will help to fund savings and loan associations, housing cooperatives and slum clearance programs.

In Colombia AID approved a 15-million peso loan (about \$2,431,000) to a Federation of Housing Cooperatives; technical assistance will also be provided.

During 1966 AID further recognized the importance of housing in social and economic development by establishing housing positions within the missions assigned to Bolivia, Brazil and Panama. Teams of U.S. consultants visited eight Latin American republics and conferred with local officials on problems relating to large-scale housing

projects, slum clearance, savings and loan programs, cooperatives and urban development.

THE INVESTMENT GUARANTY PROGRAM

A broad spectrum of Latin America's agriculture and industry came under the protection of guaranties afforded to private U.S. investors by the Agency for International Development in 1966.

Nearly all the Alliance countries are now participating in AID's Investment Guaranty Program. Nicaragua, Honduras, and Paraguay executed amendments to their original guaranty agreements to include the specific guaranty against possible loss from war, revolution, insurrection and the extended "all-risk" guaranty. Nicaragua and Paraguay have yet to ratify their respective amendments. Early in 1966, British Honduras signed an agreement covering the full range of guaranties.

Through the first nine months of 1966, private U.S. investors received guaranties against specific risks in 15 Latin American countries, involving a total of 68 projects. The combined value of these guaranties approximated \$327 million and the total investment amounted to about \$100 million. In Brazil where only four guaranties had been issued prior to 1966, a total of 16 had been issued by September 30, 1966.

The overall trend of applications for guaranties for the first

nine months of 1966 was slightly downward, but the last quarter may alter this trend. Also the value of guaranties issued through September 30 dropped to \$326.6 million from \$472 million for the corresponding period in 1965. It should be noted however that the dollar value of guaranties issued in 1965 was unusually large because it included guaranties amounting to \$178 million which were issued to the International Telephone and Telegraph Co. in connection with the expansion of Chile's telephone system.

Figures alone do not tell the whole story of AID's specific risk guaranty program. A new combined contract covering the risks of expropriation and damage from war, revolution and insurrection was introduced in 1966. Under the terms of the combined contract, a single maximum guaranty amount is selected by the investor, and this coverage may be invoked after a loss either from expropriation or war damage. Thus when the combined contract is used, the total protection afforded, as well as the premium, are reduced. This innovation has proved popular with investors and accounts to a certain extent for the lower guaranty coverage in the first three-quarters of 1966.

EXPORT-IMPORT BANK LOANS

During 1966 the Export-Import Bank of Washington continued its credit operations in support of the Alliance for Progress, enabling buyers

in Latin America to purchase U.S. goods and services on deferred payment terms.

In the year ending June 30, 1966, total Eximbank authorizations of long and medium-term loans, medium-term guaranties and insurance, and short-term insurance for exports to Latin America totaled \$615.5 million dollars---more than double the figure of just three years earlier.

For the balance of 1966, the figures, when available, are expected to show a comparable level of lending activity. Every dollar of this credit assistance will be spent on 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 1966 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 1966 included:

- \$3.2 million to enable a tire factory to be built in Costa Rica. The new plant will mean substantial foreign exchange savings through not having to import tires.
- \$25 million to finance the purchase of navigation equipment for 39 Mexican airports.
- \$25 million to Argentina to finance the purchase of new aircraft to be used on the national flag carrier, Aerolineas Argentinas.
- \$1.26 million to enable a Brazilian firm to improve its production of styrene monomer, used in a wide range of chemical processes.
- \$2 million for a Venezuelan steel mill to expand its product lines.

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

A NEW ERA IN TAX ADMINISTRATION

At the close of 1966 sixteen republics were receiving technical assistance in tax administration under an Alliance for Progress program jointly-sponsored by the participating countries, the Agency for International Development and the U.S. Internal Revenue Service.

The number of long-term U.S. tax advisers to the Alliance republics increased to 65, against 53 for the previous year-end.

Data on tax revenue collections during 1966 continue to reflect, in general, an improving and encouraging trend throughout Latin

America. Several Alliance countries are expected to show net tax revenue increases over 1965 in the range of 15 to 20 percent.

Improved tax administration in 1964 and 1965 produced tangible benefits for the participating countries. In Panama, tax receipts rose by 256 percent. In the corresponding period, Ecuador's tax revenues increased by 116 percent, Nicaragua's by 26 percent, and Peru's by 34 percent.

During the past year, 147 high-level Latin American tax officials participated in a broad range of training and orientation courses offered in Spanish by the Internal Revenue Service. Highlighting the courses for 1966 was a spring seminar in Washington for 27 tax commissioners from 17 Latin American countries. Subsequently the visiting tax officials formed the Inter-American Center of Tax Administrators, a permanent organization for promoting the inter-change of ideas for the improvement of tax administration.

Additional training at various localities was given to personnel specializing in tax auditing and collections.

EDUCATIONAL ACTIVITIES UNDER THE ALLIANCE

Public and private education in Latin America moved ahead during 1966 in a concerted effort to meet the goals of the Alliance for Progress.

The Inter-American Economic and Social Council announced the results of a study showing that since 1961, the birth year of the Alliance, the total enrollment in Latin America's primary schools had risen by 23 percent; in secondary schools, by 50 percent, and in universities by 39 percent.

Offsetting this encouraging news was a reminder from the UN Educational, Scientific & Cultural Organization (UNESCO) that illiterate adults in Latin America exceed 50 million! Additionally, there are uncounted millions of illiterate school-age children.

The educational priority is, in effect, a cornerstone of the Alliance for Progress, lending emphasis to President Johnson's remark before the Ambassadors to the Organization of American States: "Education must become the passion of us all."

To appreciate the scope of the challenge to governments and educators, if the present rate of increase continues, Latin America's population will soar to 650 million by the year 2000; and the school-age segment of that population will number about 250 million, or three times the present level.

Such facts underscore the importance of teachers and the need for more education at all age levels. They also focus attention on more effective measures for expanding the anti-illiteracy crusade.

Significantly Latin American educators have assumed a larger role in the strategy of social, economic and political development. This strategy prepares people to meet complex problems and to accept higher responsibilities in democratic societies.

In the areas of human resource development, leading Latin American educators in 1966 laid stress on --

- *Planning and evaluating national education programs.
- *Improving the organization and administration of school systems.
- *Providing more opportunities for advanced teacher-training.
- *Utilizing new teaching techniques.
- *Improving the production and distribution of books and other materials.

The following activities illustrate how this program was implemented in 1966:

In cooperation with numerous public and private educational institutions and foundations in the U.S. and with support from the Agency for International Development, the republics were building new institutions and adopting new methods as the principal vehicles for developing untapped human resources.

In Colombia, University of California researchers and Colombian educators collaborated on planning improvements in Colombia's higher education system.

In Peru a team from Columbia Teachers College assisted educators in developing improvements in the administrative procedures of the Ministry of Education.

In Ecuador, Ohio State University is conducting nationwide manpower surveys for the National Planning Board. In Bolivia, Ohio State is analyzing the educational system, the manpower situation and related subjects bearing on a long-term human resources plan.

Selected Latin American students from 40 educational institutions in nine countries received scholarships under a Latin American Scholarship Program sponsored by U.S. universities. The trainees were enrolled in 100 U.S. colleges. This university-to-university collaboration aims to develop more effective higher education by providing specially-trained instructors.

An example of a university partnership which produced tangible benefits is that between the Catholic University of Cordoba, Argentina, and Bucknell University of Pennsylvania. Recently the Kaiser automobile plant in Cordoba consulted the local university about a problem which had forced a recall on an entire line of auto production. The problem was solved by an analog computer provided Cordoba under an AID contract, with assistance from a mechanical engineer who had received his graduate degree under the same contract. Kaiser

has since requested a permanent consulting arrangement with Cordoba University.

In Ecuador and Brazil the University of Houston has provided technical assistance in a reorganization of faculties, teaching methods and administration within the University of Guayaquil and the University of Rio de Janeiro.

During 1966 the National Education Association, an AID contractor, sent 29 U.S. teachers to conduct teacher training workshops in four Latin American countries.

In Venezuela the University of Wisconsin exchanged educational leaders for advanced teacher-training with the Ministry of Education.

In two Western Hemisphere countries the tempo of educational TV reached new peaks. Jamaica's educational broadcast service now serves an estimated audience of 250,000 students. Colombia, with assistance from AID and the Peace Corps, has developed the largest educational TV system in the Hemisphere.

About 70 Peace Corps volunteers working chiefly as "teachers of teachers," helped the Colombian authorities to utilize the national TV network facilities to reach daily classes of 400,000 children in grades one through five. Some 2000 teachers participated in this undertaking which is now considered past the experimental stage.

The TV system of education was recently extended to reach adult classes in health, nutrition, and physical improvement.

Also during 1966 the Inter-American Center of Loyola University, in New Orleans, initiated Leadership Training Seminars for youths from Central America, Panama and the Dominican Republic. Each seminar includes instruction in socio-economic problems and group dynamics along with field trips to observe American living and to meet professional and technical colleagues. Of 301 graduates to date, about ten percent were women. A majority of the student participants work in education and government.

The Regional Technical AID Center (RTAC) in Mexico City, gave special emphasis in 1966 to the production of new Spanish and Portuguese language textbooks at minimum prices. To serve the needs of low-income students, RTAC established textbook rental libraries in the National University of Mexico and the Dominican Republic.

FREE LABOR AND THE ALLIANCE FOR PROGRESS

Free labor in Latin America has voiced its support of the Alliance for Progress and its goals.

The American Institute for Free Labor Development (AIFLD) lends impetus to these goals by sponsoring related social welfare and educational activities in virtually all the Latin American countries.

AIFLD was created in 1962 as a non-profit organization funded by U.S. management and labor organizations.

Latin American labor groups affiliated with AIFLD have a combined membership of about 29 million.

During 1966 AIFLD organized and sponsored education seminars of from one to 12 weeks for more than 10,000 unionists. They inquired into the mechanics of trade union and cooperative operations, and the theory and practice of democracy. During the year AIFLD also conducted special campesino seminars to instill leadership incentives.

AIFLD continued to place special emphasis on low-cost housing for worker families by organizing housing cooperatives and by preparing technical studies for presentation to various lending organizations.

Largest of the labor-sponsored projects is a 3,104 dwelling unit complex in Mexico City. Another project in Argentina calls for 2400 dwelling units; and one in Colombia is programmed for 900 units.

In the social service area AIFLD has created a Workers' Housing Bank in Peru and is considering the establishment of similar banks in other countries. In Brazil, it has provided three meeting and recreational centers for campesinos.

AIFLD's Impact Project Program, supported by \$150,000 in assistance from AFL-CIO and additional AID funds, enables AIFLD

to provide low-interest loans and grants of from \$100 to \$5000 to help worker groups finance small self-help projects. Typical 1966 projects involved a loan to help a fishermen's cooperative to buy outboard motors and increase their sea catch; another loan helped to finance the construction of a teachers' union community center.

The Agency for International Development assists in labor development by providing funds for training in the U.S. for key personnel in the labor and social welfare ministries of various Latin American countries.

ENGINEERING WORKS CHANGE THE FACE OF LATIN AMERICA

Alliance for Progress engineering works and construction are changing the Latin American landscape on an unprecedented scale.

Rivers are dammed, bridged and diverted...swamps are drained...jungles cleared...forests planted...lakes created...mountains blasted, and roads are driven deep into the heartland of the continent.

As evidence of stepped-up activity, more than 30 large-scale Alliance engineering project contracts were concluded in 1966, and the volume of construction in progress exceeds anything heretofore known.

Bulldozers made in the USA "sail" upstream on barges from

the Atlantic Ocean to the headwaters of the Amazon River where they disembark under their own power. Their job is to push new highways across the backbone of the Peruvian Andes and open vast virgin areas for settlement and exploitation.

About 90 percent of South America's population live along the coastal areas. New Alliance roads will shift large numbers of these people to interior areas where a better, albeit rugged at first, life can be had.

One of this century's most dramatic sights is the trans-migration of families from the arid, inhospitable or mountainous areas of Peru, Bolivia, Colombia and Ecuador to friendlier climates in colonization areas along the eastern slopes of the Andes. These 20th century pioneers, many of them traveling on foot, will carve new empires from the wilderness.

Alliance Road-Building

Four republics--Peru, Ecuador, Colombia, and Bolivia--are co-sponsors of an ambitious 3500-mile Alliance road project, the Carretera Marginal de la Selva, which is planned to run north-south along the eastern slopes of the Andes. The basic survey of the Carretera route was financed with U.S. funds disbursed through the Social Progress Trust Fund. Some segments of the Carretera are in use; other parts are in planning or construction, but the completion date for the whole is in the uncertain future.

Road-building, improvement, and maintenance, a basic goal of the Alliance, has absorbed an important share of U.S. assistance to Latin America.

Through 1966 AID and its predecessor agencies had made road construction and improvement loans amounting to some \$294 million. About \$240 million of this sum helped to finance 4,630 miles of road construction.

In 1966 alone, AID authorized \$42.3 million for road work. During the same year about 610 miles of new Alliance roads principally financed by AID were completed.

AID highway maintenance equipment loans account for \$62.4 million, of which \$25 million was obligated in 1966. Under the various equipment loans about \$35 million worth of machinery has been or will be purchased in the U.S., of which \$15 million worth were purchased in 1966.

The above figures do not include the substantial Alliance for Progress loan assistance provided for road work and equipment by the Inter-American Development Bank from the Social Progress Trust Fund and the Fund for Special Operations. The United States provided all the resources in the Trust Fund and most of the resources in the Fund for Special Operations.

Electric Power

Power development and electrification provide the muscle which moves many Alliance programs forward. Hence new power and electrification projects hold a high priority on the lists of Alliance planning agencies; and they are likely to do so for many years to come.

Brazil leads the parade in new electrification works and is now overcoming the power shortages that have crippled the economy of the northeastern states and retarded industrialization in the Sao Paulo-Rio de Janeiro region.

AID assistance has been important in financing Brazilian hydroelectric projects such as the 108,000 KW Boa Esperanca hydroelectric project and other comparable power projects like CHESF, CEMIG, CEMAT, FURNAS and COPEL; also in the extension of power lines to major cities from power plants on the Rio Grande.

The cumulative total of U.S. financial and technical assistance for electric power development in Brazil -- through AID and the Inter-American Development Bank -- amounts to more than \$200 million.

Direct U.S. assistance for Latin American power development in 1966 amounted to \$19.65 million, distributed as follows:

*A \$13.3 million loan to assist in the construction of Brazil's Mascarenhas hydroelectric project in the State of Espirito Santo.

*A \$1.6 million loan to help finance the Montaro Valley rural electric co-op in Peru and related services to the Peruvian Government.

*A \$4.75 million loan for a new 10,000 KW generating plant and related facilities in and near Santa Cruz, Bolivia.

Meanwhile construction continued during 1966 on other Alliance power projects authorized in previous years for Brazil, Nicaragua, Chile and Ecuador.

AID feasibility studies were completed in 1966 for 14 small hydroelectric projects in Peru and for a water-power site in Ecuador with a potential capacity of 750,000 KW.

Industrial Plants

New plants and extensions to old plants are receiving technical and financial assistance from AID. Many manufacturing firms receive financial assistance through AID-financed private industrial development banks in Central and South America.

Under construction at Cato, Pernambuco, Brazil, is a plant to produce carbon black, used in tire manufacture. Expansion projects in Brazil concern additions to the giant Volta Redonda steel mill; to cast iron pipe production at the Barbara Metallurgical Co. plant at Barra Mansa; to paper production at the Olinkraft paper mill at Lajes, Santa Catarina, and to a fiber-board plant at Salto, Sao Paulo.

The latest AID-assisted project in Brazil is the \$70 million Ultrafertil fertilizer complex at Santos.

School Building

The construction of new schools and related facilities, a major Alliance goal, continues to hold a priority status.

In Panama a primary school construction program involving 66 schools with 538 classrooms nears completion. An additional 78 self-help rural schools have been built with AID assistance.

El Salvador's primary school construction program, involving 1600 classrooms for 64,000 children, nears completion.

Mexico, with U.S. public and private assistance, is adding new facilities to the country's leading agricultural school at Chapingo.

Water and Sewerage

In 1966 good progress was made in extending and improving water distribution and sewerage collection systems in Lima, Peru, and Panama City, Panama.

Plans for a new water supply system in San Jose, Costa Rica, were completed; the rehabilitation of the existing distribution system nears completion.

Feasibility studies for an aqueduct system to carry water to the southeastern provinces of Argentina, that may require about 2700 miles of aqueduct, have been authorized.

Airports

Chile's new international airport at Santiago, built with an AID loan of \$10.5 million, was dedicated in December 1966. Construction is continuing at the new airport at Concepcion, Chile.

Improvements to Las Mercedes Airport, in Managua, Nicaragua, giving it jet capability, were completed in December.

Installation of the remaining facilities at El Alto Airport, near La Paz, Bolivia, continued. This, the highest of all commercial jet airports, was built with AID technical and financial assistance.

An AID loan to finance improvements to Paraguay's International Airport at Asuncion, was authorized late in 1966. Another loan will rehabilitate the airport at Georgetown, Guyana.

Technical Surveys

A cadastral survey, including an aerial survey, to improve the property tax system is underway in Costa Rica. Loans have been made to Nicaragua and Panama for tax improvement surveys and an inventory of natural resources.

With AID's help, the U.S. Geological Survey and a private engineering firm are assisting Colombia in preparing an inventory and map of the country's mineral resources.

LATIN AMERICAN COOPERATIVES IN A NEW GROWTH STAGE

In 1966 Latin America's cooperative movement expanded on a broad front and touched the lives of many more thousands of people.

Various cooperative enterprises received technical and financial assistance from the United States. In Chile a Bank for Cooperatives was organized with \$3.65 million in loan assistance from the Agency for International Development. Other cooperatively-owned banks in Ecuador and Argentina received technical assistance from AID.

About 300 new credit unions were establishing during the year bringing the total to 2,200 with a membership of 540,000 in 12 countries. Combined savings of credit union members amounted to about \$38 million at year-end.

During the year the credit unions disbursed about \$35 million in interest-bearing loans for farm tools, fertilizer, seed, land and other productive items, as well as for education, doctor bills and consumer goods.

Rural electric cooperatives in eleven republics continued to grow in numbers, memberships and service areas.

In Nicaragua the first section of a newly-energized power line began to serve rural subscribers in the vicinity of Zambrama and Tisma.

An AID project loan of \$4.75 million for Bolivia and another

loan of \$1.6 million for Peru were allocated to financing rural electric cooperatives. This brought to \$15.1 million AID's loan assistance toward the organization and construction of rural electric cooperatives in Latin America. Local interests have contributed another \$9.4 million to these projects.

In 1966 new cooperatives were formed in the fields of transportation, housing, farm supply and marketing, retail consumer stores and other areas of need.

There are now more than 17,000 cooperatives in Latin America with a total membership of about 7 million people.

THE STATE OF LATIN AMERICA'S HEALTH

Public health services in Latin America during 1966 attained a new level of effectiveness and health authorities were cautiously forecasting that the goals set at Punta del Este were within the realm of realization -- but not soon.

Community Water Supply

At year-end the Alliance republics and international lending agencies had appropriated more than \$830 million toward water and sewerage programs since Punta del Este. This includes about \$340 million in Alliance for Progress loan assistance from AID and the Inter-American Development Bank.

Seventy percent of Latin America's urban population now has the benefit of piped water supplies -- an all-time high.

The goal of water service for 50 percent of the rural population is much more difficult to attain. Only two countries have achieved it.

Communicable Diseases

Eradication programs for small-pox, malaria, yaws and the mosquito carrier of yellow fever are well-advanced.

Small-pox cases reported have been cut to a fraction of the number in former years.

In 1966 the mosquito carrier of urban yellow fever, "Aedes aegypti", was declared "eradicated" in 15 countries.

More than one-half of the 104 million Latin Americans who had lived in malarious areas five years ago are now protected.

Up to the present, slight reductions in the mortality rate for whooping cough and tuberculosis have been reported. The current vaccination program is expected to be an effective deterrent.

AID has financed the major part of the malaria funds of the Pan American Health Organization and, in addition, has provided about \$21 million for malaria eradication on a bi-lateral basis.

Nutrition

Latin America's net per capita production of food remains only slightly above the 1954 level. This is a by-product of the population explosion which has reached a record growth of about 3 percent per year.

The Food-for-Peace Program is attempting to fill the food supply gaps. Local manufacturers are giving more

attention to the production of "Incaparina", a low-cost high-protein food whose production is being industrialized. With such aids and with more protein crop production, several countries have managed to improve the levels of human nutrition.

Rural Health

AID supports, through technical and loan assistance, the mobile rural health services which extend beyond the major towns and cities. Sixty mobile health units operating in Chile and in six Central American countries provide professional health care and counsel to about one million people within the frame-work of community development programs. The mobile units are staffed by nationals of the respective countries.

Health Summary

Latin America's overall health is improving under the cooperative programs of the Alliance, but some serious situations remain.

About 30 percent of the urban population and more than 50 percent of the rural population are still without piped water.

Infant mortality remains high. Forty-one percent of all deaths are among children under five years, against only seven percent in North America.

Fifty million people still live in malarious areas. Nursing and hospital services are in short supply. Basic health services are inadequate, especially in rural areas.

POPULATION AND FAMILY PLANNING

The Agency for International Development in 1966 responded to various requests from Latin American countries for assistance in developing population programs. These included technical training, demographic research, and family planning services.

During 1966 it was reported that four countries -- Chile, Barbados, Jamaica, and Honduras -- have adopted national population policies.

Under an official decree, President Belaunde of Peru created a national population research center.

Studies of family structure and fertility were inaugurated in Argentina, Brazil, Colombia, Chile, Costa Rica, Ecuador, Mexico, Panama, Peru and Venezuela. Population study units, in-service training courses in family planning, and clinical courses have been established in various countries.

The family planning movement gained support from more than 20 privately-organized associations which have been established in Latin America with technical assistance from university medical schools and hospitals.

FOOD-FOR-PEACE PROMOTES THE ALLIANCE FOR PROGRESS

The Food-for-Peace program is adding new strength to the Alliance for Progress by renewing and restoring the energy and productivity of 17 million children and about 12 million adults.

At the same time, it spurs the recipients to "help themselves" -- to build more livestock herds, to cultivate more land, to build farm-to-market roads, to practice better nutrition and to give underprivileged children an incentive to attend school and to rise above the level of illiteracy.

The essence of this far-reaching program is reflected in the recently-enacted Food-for-Peace Act which clearly states the primary U.S. concern for these areas of activity.

Of the \$62 million worth of U.S. commodities approved by the Agency for International Development for shipment to Latin America in 1966, under the donations program, by far the largest amount went for school lunches or for maternal and child-feeding programs.

The total U.S. food aid to Latin America in 1966 is estimated at \$155 million, of which \$91 million worth was sold for local currencies, compared with \$43 million in 1965. An important part of the local currency proceeds from these

sales was applied to local economic development projects whose goal is the eventual elimination of the need for food aid.

Again in 1966 Brazil was the principal recipient of food aid, accounting for \$114 million of the total \$155 million approved for all Latin American sales and donation programs. Colombia, Chile, Peru, Ecuador and the Dominican Republic also received considerable Food for Peace supplies.

Brazil's school lunch program exceeds similar programs in Latin America. Six and one-half million children receive milk at school, and 1.2 million of these get hot lunches. In 1966 the Brazilian Government increased its budgeted contribution for school lunches to \$3 million, against \$227,000 in 1964. State and local governments also support the program.

A growing number of school-sponsored vegetable and fruit gardens contribute supplies. Both children and parents work the gardens.

Brazil's commitment to the program is considered adequate to ensure its continuation after U.S. aid is phased out. Two Brazilian officials recently visited the U.S. to observe the school lunch program at firsthand.

A successful livestock feeding project in Brazil is an example of practical U.S. assistance to help other nations build their protein food supplies to meet an ever-mounting demand. Some 50,000 farmers in eight Brazilian states participate in this project and thirty-one farmer cooperatives are its co-sponsors.

In addition to making U.S. feed grains available to cooperative members at cost and on credit, the local Food for Peace sponsors give regular demonstrations on poultry raising and on the uses of fertilizer and forage crops.

"PARTNERS OF THE ALLIANCE"
THE ALLIANCE FOR PROGRESS AT THE
GRASS ROOTS LEVEL

An alliance of private citizens within the Alliance for Progress expanded its membership and scope of operations in 1966 to include 30 U.S. states and 16 Latin American republics.

The "Partners of the Alliance" concept, less than three years old, sprang from a desire to involve private citizens in an action program of mutual assistance.

In September, 250 Partners' delegates attending their second hemispheric union in Rio de Janeiro, received greetings from heads of state, including President Johnson. The delegates represented thousands of their fellow citizens who had organized 62 Partners of the Alliance committees in the American republics -- with encouragement from the Agency for International Development.

Members include educators and students, business leaders and trade unionists, doctors and nurses, and the representatives of many other professions and community organizations. At their local, regional and international reunions they exchange ideas and collaborate on projects which will promote the aims and spread the benefits of the alliance within the Alliance.

Since its founding, the program has provided a flow of three to five million dollars worth of technical and material assistance within the partnership. This exchange takes in such diverse items as high-school and university scholarships, agricultural and electrical equipment and tools.

A major share of the U.S. partners' attention has been focused on the shipment of hospital equipment to Latin America's rural areas and the implementation of impact-type projects in community development. But most important is the growing understanding of attitudes and problems which have developed into firm friendships on a working basis. In November the Texas Partners held an investment conference in Austin, Texas, with visiting partners from Peru; the event was co-sponsored by the Texas Industrial Commission. The Michigan Partners plan a similar conference early in 1967.

In late 1966 the U.S. partners formed a national association and elected their first national president -- Edward Marcus, civic leader and executive vice president of Nieman-Marcus.

A private sector Alliance partnership exists between citizens of the following U.S. states and corresponding areas in Latin America:

Alabama	and	Guatemala
Arizona	and	El Salvador
Arkansas	and	Bolivia
California	and	Mexico
Colorado	and	Minas Gerais (Brazil)
Connecticut	and	Paraiba (Brazil)
Delaware	and	Panama
District of Colombia	and	Brasilia Federal District (Brazil)
Florida	and	Colombia
Idaho	and	Ecuador
Illinois	and	Sao Paulo (Brazil)
Iowa	and	Mexico
Indiana	and	Rio Grande do Sul (Brazil)
Kentucky	and	Ecuador
Maryland	and	Rio de Janeiro (Brazil)
Massachusetts	and	Colombia
Michigan	and	British Honduras (Belize)
Minnesota	and	Uruguay

Missouri	and	Para (Brazil)
New Jersey	and	Alagoas (Brazil)
North Carolina	and	Cochabamba (Bolivia)
Ohio	and	Parana (Brazil)
Oklahoma	and	Mexico
Oregon	and	Costa Rica
Pennsylvania	and	Bahia (Brazil)
Tennessee	and	Venezuela
Texas	and	Peru
Utah	and	Bolivia
Vermont	and	Honduras
Wisconsin	and	Nicaragua
Wyoming	and	Goiias (Brazil)