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CAPITAL ASSISTANCE PAPER

ARGENTINA - ANIMAL DISEASE AND MEAT TECHNOLOGY
LABORATORIES

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ARGENTINA - ANIMAL DISEASE AND MEAT TECHNOLOGY LABORATORIES

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington 25, D. C.

UNITED STATES COORDINATOR
ALLIANCE FOR PROGRESS

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November 12, 1963

MEMORANDUM FOR THE ADMINISTRATOR

SUBJECT - ARGENTINA - Animal Disease and Meat Technology
Laboratories

The attached capital assistance paper and Authorization, which recommends authorization of a loan of not to exceed \$1,400,000 to the Instituto Nacional de Tecnologia Agropecuaria, to finance the construction and equipment of an animal disease research and meat technology research laboratory, is under consideration for authorization by this Bureau.

Teodoro Moscoso
U. S. Coordinator

Attachments:

Summary and Recommendations
Special Circumstances Leading to Loan
Project Analysis
Annexes I-IV

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Special Circumstances Leading to this Loan Application

The cattle industry has historically been the basis of the typical Argentine's feeling of intense pride and nationalism. It holds the vaunted spot of occupying an unsurpassed and dignified position in the history, folklore, traditions and culture of the Argentine Nation and people. The best breeding stock available was imported into Argentina -- with little regard to cost. The resulting quality gave rise to a conviction held by all Argentines that Argentine cattle were second to none.

The only thorn in this conviction was the perennial presence of the spectre of the foot-and-mouth disease. To most Argentines this was a lie perpetrated by the "Imperialist" United States as a ruse for excluding the importation of Argentine cattle and meat. Little did the man in the street know or understand the annual devastation and losses wrought by the disease. As a consequence the foot-and-mouth disease occupied a seat at the conference table of most negotiations between Argentina and the United States.

Knowledgeable Argentines and Americans long ago recognized that the subject of the foot-and-mouth disease must be removed from the political conference table and be placed in the hands of scientists if this sore which had festered so long were to be healed. Over a period of many years these dedicated people in both countries patiently worked toward this goal. In 1961 their efforts began to bear fruit.

A Scientific Mission, appointed by President Kennedy, visited Argentina in January 1962 to confer with a Commission appointed by President Frondizi. The objective of the Mission was "to assess the current situation of Foot-and-mouth Disease and to determine whether the application of science and technology could free certain forms of processed meat from viable virus and thus make it acceptable for import into the United States."

The Report of the Mission was transmitted by President Kennedy to President Frondizi, and released to the press in U.S.A. on March 3, 1962. Anticipating the release, the Executive Office of the President invited the National Academy of Sciences to convene a conference for the purpose of developing plans for the scientific implementation of the recommendations contained in the Report of the U.S. Mission. The Academy accepted this responsibility and an Ad Hoc Scientific Conference was assembled on March 5 and continued its deliberations through March 8, 1962.

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Those invited to the Conference included representation from the Republic of Argentina, the Pan American Health Organization (PAHO), the National Academy of Sciences-National Research Council, the Executive Office of the President, the Department of State, the Department of Defense, the Department of Agriculture, and the members of the U.S. Mission.

This conference, among other things, recommended a long term cooperative research program for Food Science and Technology in Argentina.

From the outset it was recognized that adequate laboratory facilities were an absolute necessity to carrying out this cooperative research program. It was further recognized that U.S. national interest in this cooperative program warranted serious consideration by the United States in joining Argentina in the financial burden of establishing these facilities. Consequently, A.I.D. provided the funds to engage the U.S. consulting firm, Ralph M. Parsons & Co., who had designed the F & M Laboratory on Plum Island, to conduct the feasibility survey and prepare the plans, specifications and cost estimates of the laboratories. This survey, together with the information supplied by the National Academy of Sciences and by the Argentine Government serve as the basis of this application.

In furtherance of the Presidential commitment to attempt through scientific means to solve the problem of foot-and-mouth disease in Argentina, the United States has financed the first phases of the research program on a grant basis. A.I.D. has provided \$300,000 to USDA to initiate part of the research, \$237,000 to the Pan American Health Organization for another aspect of the research to be done at the PASB laboratories in Rio de Janeiro and contracted with the National Academy of Sciences for \$178,000 to superintend the over-all program.

In addition, the Department of Defense has provided a leading scientist, currently in the Air Force, to work on the program in Buenos Aires and A.I.D. has contracted the outstanding food technologist in the United States and a renowned virologist to assist the Argentine agency, INTA, in carrying the program forward. The \$50,000 for the feasibility studies upon which the loan application is based was also paid from grant funds.

The contract food technologist and virologist have been working in Argentina for many months helping INTA organize their operations and completing plans for the operation of the food technology and Aftosa research laboratories contemplated in this loan application. The work of these specialists and the various participating agencies is being reviewed by the National Academy of Sciences at a meeting at the U.S. Aftosa Commission called for October 29-30, 1963.

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ARGENTINA - Animal Disease and Meat Technology Laboratories

SUMMARY AND RECOMMENDATIONS

1. BORROWER: Instituto Nacional de Tecnologia Agropecuria (INTA), a semi-autonomous agency of the Argentine Government under the dependency of the Ministry of Agriculture.
2. AMOUNT: An amount not to exceed \$1,400,000.
3. TOTAL COST OF PROJECT: Overall cost of the project is budgeted at \$2,181,500 including INTA's contribution, broken down as follows:

A. Financed by overall participant training program	\$ 85,500
B. Financed by A.I.D. Loan	
U.S. Dollar Costs	\$687,700
Local Currency Costs (50%)	704,300
C. Financed by INTA	
Local Currency Costs (50%)	704,000
TOTAL PROJECT COST	\$2,181,500

4. PURPOSE: To finance the construction and equipment of an animal disease research and meat technology research laboratory which will be operated by INTA.
5. BACKGROUND: The Executive Office of the President invited the National Academy of Sciences to convene a conference for the purpose of developing plans for the scientific implementation of the recommendations contained in the report of the U.S. Scientific Mission, appointed by President Kennedy, to "assess the current situation on foot-and-mouth disease (hereafter FMD)." This conference recommended a long term cooperative research program for Food Science and Technology in Argentina. Agricultural products account for 95% of the total exports of Argentina and meat accounts for about 40% of these products. FMD is, from the economic standpoint, the

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most important communicable disease in Argentine farm animals, creating losses in meat and dairy products and limitations on the marketability of Argentine meat exports. When meat processing can be modernized and FMD eradicated, the meat industry can make a considerably more important contribution to the growth of the Argentine economy.

Note: All figures in this paper have been converted at the approximate free market rate prevailing at the time of making the feasibility study and loan proposal of \$1 US = 134 pesos.

6. PROJECT DESCRIPTION: The project proposed to be accomplished with A.I.D. assistance will provide for the construction and equipment of the two laboratories at a site owned by INTA on flat farmland country known as Castelar, about 20 miles west of the city of Buenos Aires. Work to be done by INTA in these laboratories is of a long-range nature and is not expected to have an immediate impact on the Argentine economy.

The Animal Disease Laboratory (primarily an FMD Laboratory) would provide adequate laboratory space to handle virus strains safely. It will make an essential contribution to the vigorous campaign to eradicate FMD, which costs Argentina an estimated \$200 million a year in lost production alone, and which poses a constant threat to the livestock industry. The plan of attack is to reduce the incidence of the disease by means of vaccination. Then when the rate is effectively reduced, the disease will be completely eliminated by killing and burying infected herds. The campaign is expected to take at least eight to ten years, and, a continued research contribution thereafter on vaccines and other control methods will still be necessary to insure against a resurgence of FMD.

Long range objectives of the Meat Technology laboratory would provide improvements in meat and meat by-products processing -- new uses and new products -- more positive controls, more uniform results, and better marketability resulting from the practical use of the know-how developed through research.

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7. **EXIMBANK CLEARANCE:** The Eximbank stated on August 20, 1963 that it was not prepared to consider these proposals for financing Agricultural research laboratories in Argentina.
8. **VIEWS OF THE COUNTRY TEAM:** Embassy and USAID team strongly support this loan. GOA National Development Council assigns a high priority to this project.
9. **STATUTORY CRITERIA:** All statutory criteria relating to this loan have been satisfactorily met. See Annex II for details.)
10. **ISSUES:** Terms of the loan. INTA's application requested 40 years, ten years grace and 3/4 percent interest.

Based upon useful life of facilities, evaluated at 15 years for equipment and 50 years for buildings, a term of approximately 32.5 years could be justified. The Project Committee therefore believes the term of 30 years suggested by Embassy/USAID to be reasonable.

The financial position of INTA justifies a somewhat higher interest rate than 3/4 percent. Embassy/USAID has recommended a 3 percent interest rate. The Project Committee recommends a 3-1/2 percent interest rate which is in line with Eximbank and other lending institutions traditional rate for loans in the public sector. The Project Committee recommends therefore, a two step loan on the terms outlined below:

11. **RECOMMENDATION:** Authorization of a loan to the Instituto Nacional de Tecnologia Agropecuaria (INTA) for an amount not to exceed \$1,400,000 with the two step option of repayment.
 - (a) To the Government of Argentina: Forty years, a ten year period of grace and 3/4 percent per annum credit fee on the outstanding balance payable annually.
 - (b) To INTA: Thirty years, a five year grace, interest of 2-3/4 percent per annum and a credit fee of 3/4 percent per annum on the outstanding balance payable annually.
 - (c) Repayment terms - both principal and interest repayable in U.S. dollars.
 - (d) Major conditions:
 1. INTA to agree to provide sufficient funds from its own resources for maintenance and personnel to assure continuing research operation of these laboratories.

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2. The loan will be guaranteed by the Government of Argentina.
3. Standard conditions.

Project Committee:

Loan Officer: Theodore T. Foley, LA/CD/ECLD
Engineer: George Krumm, LA/ENG
Desk Officer: JNepple/JKrulfeld, LA/ECAD
Counsel DMTrubek/HAdelman, LA/GC

Drafting Officers: TTFoley/Don Stoops

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SECTION I - PLACE OF PROJECT IN PROGRAM

A. Description of Sector Goal and its Relation to Other Sector Goals

The USAID/Argentina sector goal to which this project relates is Goal I: By 1970, to increase agricultural output by about one-third.

This is the key goal in the USAID program. Agricultural exports provide over 90% of Argentina's foreign exchange, but the volume has been inadequate in recent years to even meet sales commitments. Argentina requires a thorough revision of agricultural policy to encourage increased investment, mechanization and modernization of agricultural production. A.I.D. will consider loan and grant assistance to planning and policy units of the GOA to develop the needed policy revisions. Loan and grant assistance can also serve as inducements to the enactment of measures needed to re-establish **investment incentive in the agricultural sector**. The outmoded techniques of Argentine agriculture can be upgraded through A.I.D. assistance to research and extension institutions and to agricultural education. Development loans can be useful in areas that offer promise of breakthrough in either agricultural techniques, or institutional development required for the desired increase in agricultural production.

B. Relation of Project to Sector Goal and Other Sector Projects

The FMD Laboratory would attack the problem of FMD in Argentina, where it is estimated that 20% of cattle production is lost through weight losses and some mortality resulting from this disease. If FMD were to remain unchecked, increased investment in livestock and the application of modern technology in the production of meat would still be subject to this loss. In addition to reducing the effectiveness of new capital investment and technology, there is also the waste of pasture used by livestock that will never reach markets, and the loss of foreign markets which do not allow the import of meat from FMD infected areas.

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The Meat Technology Laboratory is related to the search for expanded export markets and thus foreign exchange receipts from meat exports. It will carry out the experiments set up by the USA-Argentine Joint Commission on Foot-and Mouth Disease, which are intended to discover whether FMD virus in meat prepared by certain commercial processes may possibly spread the disease to the importing country. It will be the task of this laboratory to help devise processes that do away with this danger. Another major purpose will be general research in meat technology and marketing, such as method of slaughter and preparing carcass, utilization of offal, world market preferences and selections for various cuts and quality of meat, economics of different breeds of cattle, etc.

C. Project Contribution to Country's Economic Development

The importance of agriculture to Argentina was described in Paragraph A, above. Livestock products provide about 40% of Argentina's foreign exchange.

The activities of the FMD Laboratory are aimed at eradicating this disease from Argentina, thus saving the 20% loss of meat production estimated to be due to the effects of FMD and removing the cause for sanitary restrictions imposed by meat importing countries. During the intervening period--for eradication will take a long time--the Meat Technology Laboratory will be working on methods of meat processing that will convince FMD free, meat importing countries that they may safely permit the import of Argentine meat, despite the existence of FMD in Argentina. The U.S.A. and Sweden currently allow only certain types of cooked Argentine meat to be imported, and other countries have indicated increasing disinclination to endanger their FMD free livestock herds by contaminated Argentine products.

These two laboratories will contribute enormously to Argentina's economic development by short-term and long-term activities to increase production and marketing livestock products.

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SECTION II - DETAILED DESCRIPTION OF PROJECT

A. Borrower - The Instituto Nacional de Tecnologia Agropecuaria (INTA) is a semi-autonomous agency of the Argentine Government under the dependency of the Ministry of Agriculture.

INTA was created with the purpose of strengthening and coordinating the development of agricultural research and improvement of the agricultural and livestock industries, and the rural life of the country.

One of the outstanding characteristics of INTA is the merging of the main branches of activity (plant research, animal research, and agricultural extension) into a single institution where all the agricultural and livestock problems of the country can be dealt with as a whole.

As of the time of this project study, INTA is carrying out its research work by the eleven Research Institutes of the Center for Agricultural Research, located on 2,000 acres of land at Castelar, approximately 20 miles west of Buenos Aires, and by seven Regional Centers, each comprising a number of experimental stations (40 in total). The extension activities are carried out by 115 extension stations administered through the Regional Centers. The eleven Research Institutes, mainly concerned with basic research and methodology, are:

- (1) Animal Biology Institute
- (2) Botany Institute
- (3) FMD Institute (presently located in limited facilities in Buenos Aires)
- (4) Genetics and Plant Breeding Institute
- (5) Agricultural Engineering Institute
- (6) Microbiology and Agricultural Industries Institute
- (7) Animal Pathology Institute
- (8) Plant Pathology Institute
- (9) Soils Institute
- (10) Anthropo-Zoonosis Institute
- (11) Meat Technology Institute (presently part of Animal Biology Institute)

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INTA was established by executive decree on December 4, 1956 and was declared a self-governing organization by subsequent decree on February 8, 1963.

It is governed by a Management Council composed of a President Vice-President directly appointed by the Ministry of Agriculture, and, four Advisors nominated by the Faculty of Agronomy, the Farmers Cooperatives, the Farmers Associations and the Stock Breeders Associations respectively and appointed also by the Ministry of Agriculture. Thus policy control rests primarily with the GOA Ministry of Agriculture.

Three general directors and three assistant directors (plant research, animal research and agricultural extension) compose the executive line staff of the organization.

B. Background of the Project

(See Special Section entitled Special Circumstances Leading to Loan Application on Page 1)

1. History

(a) Animal Disease Laboratory

An Argentine FMD Institute was created in 1928 but it was not until 1939 that it began to function. The Institute, which is now a part of INTA, is presently occupying cramped quarters in a structure which was not designed for this work.

In this research field it is considered essential to construct a laboratory specifically for this type of research on the elusive and difficult disease caused by the FMD virus organism, and to be able to work with large animals, under conditions requiring that the testing be carried out in sterile isolated rooms.

The proposed new laboratory facilities and equipment should prove adequate to make important advancement and contributions in this field of research.

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(b) Meat Technology Laboratory

Despite its obvious importance to the country, there is today no research of consequence being done in the field of meat technology in Argentina. The reason for this is not primarily a shortage of technical personnel, or a lack of ability, but rather the absence of suitable facilities for performing work in this field. INTA proposes to now create a new Institute for work on meat technology.

2. Opinions and Recommendations of Country Team

The Country Team gives this project a top priority in its primary assistance strategy goal of increasing agricultural production. It stresses that meat products provide about 40% of the nation's foreign exchange earnings, that FMD lowers livestock production and limits its export marketability and further that the country has lagged in the field of meat technology. The Country Team strongly supports this project, and expedited the loan application by contracting with a U.S. consulting firm to make the feasibility study.

3. Action by Eximbank and International Institutions

IDB was verbally queried on July 25, 1963, Eximbank on July 26 and IBRD on July 27 and expressed no interest in financing this project. On August 20, 1963 the Eximbank formally affirmed in writing its previous indication that it was not prepared to consider financing this project.

C. Engineering Analysis

1. Project Description

Animal Disease and Meat Technology Laboratories

This section of the project includes the construction and equipping of an animal disease laboratory and a meat technology laboratory at the National Center for Agriculture Research at Castelar, Argentina. The Center is located about 20 miles west of Buenos Aires and occupies over 2,000 acres of land.

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The buildings will be of typical reinforced concrete construction set on concrete foundations. The project will include the complete equipping of the buildings for the laboratory needs.

The total cost of the project is estimated at \$2,096,000 of which \$678,700 would be in dollars and \$1,408,300 in local currency equivalent. It is suggested that the loan in the total amount of \$1,392,000 include all the \$687,700 dollar requirement and \$704,300 of local currency requirement with INTA furnishing the remaining \$704,000 of the local currency needed. The cost estimates were based upon present contract prices in Argentina and actual equipment costs for procurement from the United States.

2. Engineering Plan for Execution of the Project

Preliminary plans for the buildings, the laboratory equipment layout and the equipment lists were made by the Ralph M. Parsons Company of Los Angeles, California, a well known consulting engineering firm experienced in the design of such laboratories in the United States including the FMD laboratory at Plum Island, New York, operated by the U.S. Department of Agriculture. Their preliminary plan included an investigation of the building foundation and site conditions, the preliminary structural plans, the quantity and quality of available water, the equipment layout for efficient laboratory use, the lists of equipment needed in each laboratory, reasonably firm cost estimates and supporting data for justifying the laboratory installations.

INTA intends to employ specialized consultants in the Argentina and the U.S.A. for final design of the two laboratory projects. A United States consulting engineering firm will be responsible for the supervision of construction and the installation of the specialized equipment.

The construction work will be done by contract on a competitive basis. The contract bids will be reviewed for INTA by their Architectural Department and the U.S. consulting firm and sent to the Managing Council for determination of the contract award.

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Foundation conditions were investigated and found satisfactory for the type of building planned. The water supplies were listed for quantity and quality and the treatment processes were included in the building designs. Electric power is available at the sites and the sewage from both laboratories will be processed before discharged into the Reconquista River.

The construction-schedule estimates a 34 month construction period. Since no serious weather conditions are found in the area it is anticipated that construction can be started any time of the year. Refer to Annex III Exhibit F - for the detailed construction schedule.

The costs estimated have been detailed by the consulting engineer who made the preliminary plans (refer to Annex III Exhibits C and D). These construction cost estimates were first prepared in Argentina in conjunction with INTA's Architectural Department and were then estimated again by the consultants' estimating office in Los Angeles with very similar results. The cost estimate summary is shown in Annex III - Exhibit B.

Skilled and unskilled labor are locally available for all phases of construction work. Materials, building equipment and a portion of the laboratory equipment for construction of both laboratories are available from local sources with the exception of specialized building equipment and specialized laboratory equipment both of which will be procured in the United States.

The requirements of Section 611 of the Foreign Aid Act are considered to have been met.

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D. Economic Analysis

Argentina ranks as one of the largest meat producing nations in the world. Its meat exports consistently contribute almost half of its foreign exchange earnings.

Its traditional export markets have been principally the United Kingdom and Western Europe - with West Germany and Italy being the most important customers on the continent in recent years. Development of more extensive potential markets has been retarded or made impossible by the presence of FMD in Argentine livestock, and, to some extent, by the Argentine's failure to accelerate its meat technology to meet advancements made by competitive meat exporting countries.

Because of the foot and mouth disease, a number of countries, including the United States and Sweden, specifically prohibit the importation of fresh or frozen meat from Argentina. Other countries impose restrictive legislation on imports of Argentine meat. This situation in effect results in two world prices for meat; a higher one for FMD free areas and a lower one for countries infected with F.M.D. Argentina falls into the latter category despite the high quality of its export beef.

Argentina is an agricultural economy that has been largely without direction and encouragement. During the past 20 years the Government of Argentina has pursued economic policies detrimental to livestock production growth. At the same time, Argentine domestic consumption of meats (one of the highest per capita consumptions in the world) has through population growth created an internal demand for meats which has curtailed its export availability.

Other than GOA policies which have generally worked to discourage sizeable investment in the livestock industry the two greatest factors retarding production of meat in Argentina have been the endemic presence of FMD and the failure to adopt new technology in meat preparation for the market. Establishment of an Animal Disease and a Meat Technology Research Laboratory in Argentina should help to eliminate these factors.

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While the major benefits to the economy made by these proposed laboratories for research and development will probably be relatively long range rather than immediate, they will constitute the necessary thrust on a practical scientific level toward solving problems related to Argentina's growing domestic meat consumption requirements and the necessity for creating greater foreign exchange earnings to resolve its balance of payments problem. The proposed loan will enable I.N.T.A. to accelerate this research far beyond that which would be possible from its own resources alone.

In view of the Argentine population growth and normal high per capita consumption, Argentina's exportable surplus of meat has been decreasing. The Argentine Meat Board and N.D.C. predict an exportable surplus of only 433 thousand metric tons in 1965, 300 thousand in 1970 and 150 thousand in 1975, as compared to 528 in 1940, 343 in 1950 and 385 in 1960, if production volume does not increase at more than its current normal rate.

Meanwhile, world demand for beef is expanding, especially in the U.S. Beef imports are predicted to increase 175% by 1975 as compared to 1960. (233 thousand metric tons in 1960 to 640 thousand metric tons in 1975).

Although there are limits to growth potential, Argentina apparently has a long way to go before it would reach a plateau in its ability to increase beef production. The eventual control and eradication of FMD would along result in a 20-25% increase in available beef. An improved meat technology would result in a greater marketability of existing beef supplies both domestically and in export markets. The paralleling mechanization of Argentine agriculture will release grasslands to cattle. Argentine agriculture is only about 10% mechanized and the conversion to total, or almost total mechanization, alone will make room for an estimated additional 7 million cattle, which is FMD free and technologically efficiently prepared, would make a considerable contribution to the economy.

Substantially increased potential foreign markets for Argentine beef do not necessarily pre-exist. Rather, they will be shaped by the degree of success achieved both by the private sector and the Argentine government toward an abolishment,

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reduction or limitation of the existing prohibitions and restrictions now placed on Argentine beef. Also, the degree of affluence in importing nations will affect their ability and willingness to import more of this relatively high cost protein. However, an essential pre-condition to effective negotiation of increased foreign market penetration by Argentine beef will be its ability to make available the FMD free quality and the technical preparation of beef products that are desired. The size of foreign markets will depend to appreciable extent on the efforts that are made to develop them through control and eradication of FMD in Argentina and through a meat technology that keeps pace with the most modern techniques of preparation and marketing.

The entire foreign exchange costs of this project are proposed to be financed by AID loan funds on terms and conditions that will not burden Argentina's acute balance of payments position for the next ten years. The project committee recommends that 50 percent of the local currency financing be included as a part of the proposed loan, to confine INTA's contribution to an amount consistent with their financial needs for other activities.

The project committee considers this loan as economically sound in its emphasis upon assisting long-range growth plans and programs designed to develop Argentina's economic resources and to increase its productive capabilities.

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E. Financial Analysis

1. Total Financing Requirements

The estimated total cost of the project for the Animal Disease and Meat Technology laboratories is the equivalent of \$2,181,500 of which the U.S. dollar component is estimated at \$773,500 (Participant Training program plus U.S. dollar costs of construction and equipment).

A.	Financed by overall participant training program	\$ 85,500	
B.	Financed by A.I.D. Loan		
	U.S. Dollar Costs	\$687,700	
	Local Currency Costs (50%)	<u>704,300</u>	\$1,392,000
C.	Financed by INTA		
	Local Currency Costs (50%)		<u>704,000</u>
	TOTAL PROJECT COST		<u><u>\$2,181,500</u></u>

2. Borrower's Financial Status and Financial Participation

INTA is considered to be an "autonomous" agency of the Argentine government principally because of its independence from annual budgetary allocation as its source of funds.

INTA derives its income from a tax levied on all agricultural and meat products exported from the country. The export tax consists of 1.5 percent ad-valorem of which INTA retains 90 percent and the balance is turned over to various universities for research work. Article 16 of Decree 21,680 dated December 4, 1956 (creation of INTA) sets forth INTA's maximum distribution (10 percent) of its income towards university research work on agricultural technology.

Thus, INTA derives its income from a tax levied on that part of the private sector of the economy which directly benefits from its services of research and agricultural extension.

This project is part of a new national policy designed to place greater emphasis on agriculture in the implementation and growth which can result from increased research and extension.

For these new priority projects INTA will seek financing from foreign lending agencies to cover a portion of the costs. The subject research laboratories project is the first of these to be developed into a loan application.

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The ratio of INTA's contribution to the entire program is not yet determined, but will have to be considered by the lending agencies as specifics are known of the proposals. Financing of only the foreign exchange component of this program will not give INTA sufficient leverage to effect this program and they will have to seek a partial financing of local costs.

There is, of course, no assurance that all or any of these projects will be financed by A.I.D. loans. The project committee has sought to determine the ability of INTA to repay the loan under consideration in the event the expanded program is achieved.

The activities of INTA are probably the most important operation of the GOA in effecting this new national program. To implement the new policy, INTA has, in close liaison with USAID and with designation of high priority approval by the NDC, determined to undertake five major projects, estimated as follows:

	<u>Est. Total Project</u> <u>in 000's of U.S. Dollars</u>
1. Animal Disease and Meat Technology Research Laboratories	\$2,182
2. Deciduous Fruit (PSU)	2,503
3. Northeast Regional Development (Tex A&M)	988
4. Agricultural Economics and Farm Management Services (Tex A&M)	2,423
5. Balcarce Land Grant College (MSU)	<u>2,086</u>
	<u>\$10,182</u>

INTA will have to make a substantial contribution to the cost of these undertakings and provide for their staffing and administrative expenses in addition to its basic responsibility to carry out the already existing research and extension program of the Ministry of Agriculture.

The project committee feels warranted in recommending the financing of 50% of local costs in this case by virtue of the U.S. interest in influencing both the scientific and management aspects of these research laboratories.

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A condensed projection of the cash flow of INTA's future estimated resources and budgeted expenditures is shown in Table B covering the years 1963-67. In this forecast INTA has included anticipated operating costs of the present laboratory project as well as for their currently proposed projects and those which it has under study for early implementation.

An examination of INTA's financial statement of the end of the fiscal year (October 31, 1962) shows capital assets of 1,222,856,055 pesos (\$9.1 million), calculated at acquisition cost starting with acquisitions made in 1942. The project committee estimates that a revaluation coefficient of 20 times would be realistic, giving a present capital asset value equivalent to \$182 million.

Table A shows a condensed statement of INTA's sources of funds and operating expenses for the last three fiscal years (1959-62). No previous data is available inasmuch as INTA did not exist prior to that time, although many of its functions were being carried out by, and many of its assets were originally acquired by the Ministry of Agriculture.

INTA's income is subject to annual fluctuations, sometimes severe, because of fluctuations of agricultural exports from which it derives its income. INTA has therefore, found it necessary to annually provide for an "averaging factor for tax receipt fluctuations" to insure income each year sufficient to fund its continuing programs of research and extension and maintain their continuity.

INTA has carried over a substantial averaging factor equivalent to \$4.1 to \$6.0 million per year and representing approximately 30% of budgeted following years expenses. This practice has proven most prudent as evidenced by the fact that they were able to continue essential operations in 1960/61 despite a drop of 23% in tax receipts during that year. The averaging factor has not been allowed to accululate, but is revolved and the balance has been kept at an apparently safe level.

Projection of INTA's cash flow, for 1963-67 shows they have substantially trimmed their averaging factor carryover for the period 1963-67 down to an average of 2 million, or approximately 15% of following years budgeted expenses. A tax receipt fluctuation

as great as experienced in 1960/61 would not be completely protected by INTA's projected average carryovers. The project committee believes that a further reduction of INTA's averaging factor carryover would not be possible without jeopardizing INTA's essential services.

Reasonable prospects for repayment of the loan are determined to exist.

3. Other Free World Financing Available

As previously indicated, this laboratory project has been discussed with other financial institutions including the IDB, IBRD and Eximbank. None are prepared at this time to extend the necessary financing. It has been determined that private financing, including Argentine commercial bank financing, is not presently available, nor considered likely in the foreseeable future because of the extreme tightness of credit in Argentina, and the difficulties which are encountered by INTA, a government entity, in pledging asset security against such a loan.

SOURCES OF FUNDS AND OPERATING EXPENSES - INTA
1959/60 - 1961/62
(000's of Argentine pesos)

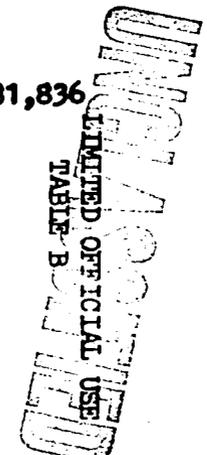
<u>Sources of Funds</u>	1959/60	1960/61	1961/62
Export Tax Receipts	1,443,461.4	1,120,561.1	1,349,800.0
Sale of Products	37,817.4	51,154.6	84,800.0
Penalty Payment Receipts	2,826.3	13,961.9	20,200.0
Cash from Operations	1,484,105.1	1,185,677.6	1,454,800.0
Averaging factor for tax receipt fluctuations from previous year carried over	313,300.0	715,000.0	496,300.1
Total Cash Available	1,797,405.1	1,900,677.6	1,951,100.1
<u>Operating Expenses</u>			
Personnel	430,968.1	612,172.9	760,302.2
General Operating	270,311.3	332,869.5	417,442.1
Capital Expenditure	381,125.9	459,335.1	260,492.2
Total Expenses	1,082,405.1	1,404,377.5	1,438,236.5
Averaging factor for tax receipt fluctuations carried over to following year	715,000.0	496,300.1	512,863.6

(Exchange rate 134 pesos = 1 US\$)

CASH FLOW - INTA
1963-1967
(000's of Argentine pesos)

<u>Sources of Funds</u>	1963	1964	1965	1966	1967
Export Tax Receipts	1,572,300	2,002,400	2,103,000	2,173,200	2,334,600
Sale of Products	70,300	88,600	93,000	96,200	103,300
Penalty Payment Receipts	15,900	19,000	20,000	20,600	22,100
Cash from Operations	1,658,500	2,110,000	2,216,000	2,290,000	2,460,000
Averaging factor for tax receipt fluctuations from previous year carried over	610,300	235,612	251,424	262,228	267,032
Total Cash Available	2,268,800	2,345,612	2,467,424	2,552,228	2,727,032
<u>Use of Funds</u>					
Personnel	1,099,300	1,100,000	1,150,000	1,200,000	1,250,000
General Operating	563,500	577,000	600,000	630,000	650,000
Capital Expenditure	410,000	415,000	450,000	450,000	450,000
Interest on AID Loans	388	2,188	5,196	5,196	5,196
Total Expenditures	2,033,188	2,094,188	2,205,196	2,285,196	2,355,196
Averaging factor for tax receipt fluctuations carried over to following year	235,612	251,424	262,228	267,032	381,836

(Exchange rate 134 pesos = 1 US\$)



SECTION III - EFFECT ON THE U.S. ECONOMY

A. Competition with U.S. Enterprise

The U.S. national interest in this project lies both in the economic and political field. In the economic field the U.S. has long sought to eliminate FMD in neighboring countries so as to lessen the danger of its introduction into the U.S. and the resulting devastating losses that would result from FMD presence here.

In the 1970's, when this project's results may be contributing to an increased Argentine export availability of beef, the U.S. is predicated to have a sizeable need for increased beef imports.

Thus, in future years, the increased availability of acceptable beef and beef products from a friendly nation within the Alliance for Progress, will help rather than compete with the U.S. economy.

B. Source/Origin of Procurement of Goods and Services

All goods and services financed by this loan must have their source and origin in the United States and Argentina. The direct U.S. dollar component to be utilized in procurement of goods and services in the United States represents 53% of the total proposed loan. The balance of the loan is destined to cover 50% of the Argentine peso costs of building construction and equipment.

The Special Letter of Credit technique will be utilized to assure purchase of U.S. goods and services from the dollars which are used to finance the local currency costs.

AID PROGRAM IN ARGENTINA

The major emphasis of the A.I.D. program in Argentina is the changing of GOA policy with regard to Agriculture. For three decades the productivity of agriculture has remained static in Argentina while other countries were reaping the benefits of new techniques and higher capitalization. Perhaps the most important reason for Argentine backwardness lies in the policies of successive governments which took agriculture for granted, and used that sector of the economy for revenues to support social welfare and industrial development schemes. The almost punitive load of taxes on the one hand, and high cost of Agricultural machinery and supplies produced by protected industry on the other, discouraged new investment and modernization. A corollary has been the lack of modern agricultural education and knowledge of the great increases in productivity available with the use of modern techniques.

Since the initiation of the A.I.D. program in 1959 technical assistance projects directed at improving agriculture techniques, and beef production techniques in particular, have been the major part of the program. Goal 1 of the present program is "Increase Agricultural Production for Export". The single activity under this goal is "Livestock Improvement" with sub-activities of (a) Special Research Activities (composed of Foot-and-mouth Disease and Meat Technology Research, (b) Extension and Research through the Instituto Nacional de Tecnologia Agro-Pecuaria, (c) Agricultural Economics and Farm Management, (d) Agricultural Credit, (e) Grain Storage and Handling, (f) Northeast Regional Development.

A.I.D. grant funds have been used to provide resident technicians in a variety of agricultural disciplines such as range management, farm management, livestock feeding and agricultural extension. Short-term consultants in various agricultural specialties have been brought to Argentina and many Argentine technicians sent to the U.S. for advanced training.

An A.I.D. loan has been signed for Grain Storage for \$21.7 million, and other loans are being explored in Agricultural Credit, Foot-and-mouth Disease and Meat Technology Laboratories, and Deciduous Fruit Production Development.

Many encouraging signs point to a new realization by the GOA that the agricultural sector has been badly hurt by past government policy and that these policies must change to revive the productivity of agriculture and allow it to make its contribution to Argentina's economic progress. Numerous agricultural export taxes have been removed or lowered in the past year and the National Development Council is giving major emphasis to agriculture in the Preliminary National Development Plan. Even the traditional annual confrontation of complaining farmers and the Secretary of Agriculture at the Palermo Livestock Show this year was notably mild and evoked considerable optimism with regard to the economic outlook for the country.

Goal II of the A.I.D. program is "Development of Institutions Required for Long-Range Economic Development and Social Progress." Under this goal a broad range of educational institutions are being assisted to expand and modernize curriculae and give advanced professional training to the present faculty members. A number of government organizations are also receiving grant and loan assistance from A.I.D. to help increase their public service capabilities.

Some Educational Activities and Sub-Activities under this goal are as follows: Graduate Economics, University of Cuyo; Graduate Physics; Bariloche; Electronic and Metallurgical Engineering, University of Cordoba; Land Grant College (Agricultural research, education and extension), Mar del Plata; Agricultural Economics Institute, INTA.

Among government institutions receiving A.I.D. technical assistance are the Ministry of Aeronautics, where the A.I.D. Civil Aviation training program has been most successful, and the Ministry of Agriculture where A.I.D. is providing two resident technicians in statistics. The National Development Council has received a \$3 million A.I.D. loan to be used for contracting feasibility studies, which will provide the Council with valuable data for development planning.

The third USAID program goal is "Promote Social Progress in Critical Areas." Activities under this goal have been in the field of loan programs to increase low and middle income housing. An A.I.D. loan of \$12.5 million for seed capital to set up Savings and Loan systems was signed June 3, 1963, and an A.I.D. loan of \$2 million authorized on June 24, 1963 to aid self-help housing in the Province of Buenos Aires.

A program of Labor Management and Training is being formulated by USAID and Embassy and in FY 1963 twelve Argentine labor leaders were sent to the U.S. with A.I.D. funds transferred to the USIS. Labor oriented USAID activities are expected to increase.

The fourth USAID goal is "Transportation." A.I.D. will act as a lender of last resort in assisting Argentina to carry out the GOA Long-Range Transportation Plan as a necessary corollary to achieve distribution of the agricultural increases which are GOA and AID primary goals. The IBRD and the Eximbank are also supporting this transportation plan, which will, of course, have many economic development benefits in addition to that of serving the agricultural sector. A.I.D. has already made three loans totaling \$43.2 million for highway extension and improvement.

In addition to goal-oriented grant and loan activities, the A.I.D. in Argentina administers an Investment Guarantee Agreement. An Agreement to guarantee convertibility of currency was signed in December 1959 and in June 1963 another Agreement extending coverage to include War Risk and Expropriation was signed. The latter Agreement is being strongly attacked in Argentina and the required legislative approval may not be obtained. The sum of convertibility guarantees pending in Washington at the end of June 1963 was about \$485 million.

Two PL 480 Title 1 Loans totalling \$20 million have been made to Argentina. At the present time 45.9 million pesos (\$335,000) remains unexpended from these loans. Past expenditures have been almost entirely for Agricultural development purposes and it is planned that the remainder will also be used this way.

In both FY 1962 and FY 1963, the U.S. responded to urgent appeals by the GOA for balance of payments support. In FY 1962 a \$20 million A.I.D. loan for essential imports from the U.S. was made from Development Loan Funds, and in FY 1963 another \$20 million loan was made from Contingency Funds.

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ANNEX II - CHECKLIST OF STATUTORY CRITERIA

1. F.A. Act of 1961, as amended, Section 204.

The loan will be subject to the standards and criteria for lending operations established by the Development Loan Committee.

2. F.A. Act of 1961, as amended, Section 251(a).

The loan will promote economic development in Latin America.

3. F.A. Act of 1961, as amended, Section 251(b).

This loan is primarily related to the development of economic resources.

4. F.A. Act of 1961, as amended, Section 251(b)(1).

Account has been taken of the principles of the Act of Bogota and of the Charter of Punta del Este.

5. F.A. Act of 1961, as amended, Section 251(b)(1).

Account has been taken of the extent to which Argentina is showing a responsiveness to the vital economic, political, and social concerns of its people and is demonstrating a clear determination to take effective self-help measures.

6. F.A. Act of 1961, as amended, Section 251(b)(2).

The activity to be financed is economically and technically sound.

7. F.A. Act of 1961, as amended, Section 251(b)(3).

The activity is consistent with and is related to other development activities being undertaken or planned and will contribute to reliable long-range objectives.

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8. F.A. Act of 1961, as amended, Section 251(b)(4).
The loan will have no effect on the U.S. economy and will not have a serious effect on the areas of substantial labor surplus.
9. F.A. Act of 1961, as amended, Section 251(b).
Financing from other free world sources on reasonable terms for this project has been obtained to the extent possible.
10. F.A. Act of 1961, as amended, Section 251(b).
Argentina has made efforts to repatriate capital invested in other countries by its own citizens.
11. F.A. Act of 1961, as amended, Section 251(b).
There are reasonable prospects of repayment of this loan.
12. F.A. Act of 1961, as amended, Section 251(b), 201(d).
Funds will not be loaned or reloaned at rate of interest excessive or unreasonable for the borrower or higher than the applicable legal rate of interest for the country,
13. F.A. Act of 1961, as amended, Section 251(b); Section 204.
The loan shall be subject to the standards and criteria for lending operations established by the DLC.
14. F.A. Act of 1961, as amended, Section 251(e).
An application has been received for this loan which gives sufficient information and assurances to indicate reasonably that the funds will be used in an economical and technically sound manner.
15. F.A. Act of 1961, as amended, Section 601.
The loan will be handled in such a manner as to encourage and facilitate participation by private enterprise to the maximum extent practicable.

16. F.A. Act of 1961, as amended, Section 602(a)(1), (2) and (3).

To the extent practicable and consistent with the accomplishment of American objectives, small business will be assisted to participate equitably in the furnishing of commodities and materials financed from these funds.

17. F.A. Act of 1961, as amended, Section 603 and Merchant Marine Act of 1936, as amended, Section 901.

Shipment of goods, etc., financed by funds provided under this loan will be consistent with the requirements of the referenced statutes.

18. F.A. Act of 1961, as amended, Section 604(a), Presidentia' Determination of October 18, 1961.

All procurement from loan funds will be in Argentina and the U.S.

19. F.A. Act of 1961, as amended, Section 604(b).

Funds made available under this loan will not be used to purchase commodities in bulk at prices higher than the U.S. market price.

20. F.A. Act of 1961, as amended, Section 604(d).

Marine insurance will be purchased pursuant to statutory requirements.

21. F.A. Act of 1961, as amended, Section 606(c).

Funds made available under this loan will not be used to purchase drugs of the kind described in this section.

22. F.A. Act of 1961, as amended, Section 611(a)(1).

Necessary substantive technical or financial planning has been completed in connection with this project.

23. F.A. Act of 1961, as amended, Section 611(a)(2).

None required.

24. F.A. Act of 1961, as amended, Section 611(b).

Not applicable.

25. F.A. Act of 1961, as amended, Section 611(c).

All contracts for construction outside the United States will be made on a competitive basis to the maximum extent practicable.

26. F.A. Act of 1961, as amended, Section 619.

Full consideration has been given to financing this loan through multilateral organizations.

27. F.A. Act of 1961, as amended, Section 620(a).

No assistance will be furnished under this loan to the Government of Cuba or to any country which furnishes military or economic aid to that government.

28. F.A. Act of 1961, as amended, Section 620(b).

The Secretary of State has determined the host country is not controlled by international Communist movement.

29. F.A. Act of 1961, as amended, Section 620(c).

The host country is not indebted for goods or services to a U.S. citizen who has exhausted available legal remedies or whose claim is not denied or contested or arises under an unconditional guaranty of payment.

30. F.A. Act of 1961, as amended, Section 620(d).

The loan does not finance construction or operation of any productive enterprise which will compete with United States enterprise.

31. F.A. Act of 1961, as amended, Section 620(e).

Neither the government of the host country nor any governmental agency or subdivision has acted inconsistently with subsections 620(e)(1) or (2) and failed within a reasonable time not to exceed six months to take appropriate steps to discharge its obligations under international law.

32. F.A. Act of 1961, as amended, Section 620(f).

The assistance provided in this loan will not be furnished to any Communist country.

33. F.A. Act of 1961, as amended, Section 620(g).

The assistance provided in this loan will not be used to compensate for expropriated property.

34. F.A. Act of 1961, as amended, Section 620(h).

The assistance provided in this loan will not be used in a manner which promotes or assists the foreign aid projects of the Communist bloc countries.

35. F.A. Act of 1961, as amended, Section 102.

Obligations of funds in excess of \$25,000 for architectural and engineering fees to any firm or group of firms on any one project will be reported to the Committees on Appropriations of the Senate and the House.

36. F.A. App. Act of 1963, Section 104.

None of the funds obligated for this project shall be used for pensions, annuities, etc., as provided in this section.

37. F.A. App. Act of 1963, Section 107(a).

Argentina does not furnish or permit ships under its registry to carry material to Cuba as prescribed in this subsection.

38. F.A. App. Act of 1963, Section 107(b).

Argentina does not furnish or permit ships under its registry to carry items of economic assistance to Cuba as prescribed in this subsection.

39. F.A. App. Act of 1963, Section 109.

The Argentine Government is not based on a Communistic theory of government.

40. F.A. App. Act of 1963, Section 110.

The United States will not be a party to the contracts entered pursuant to this loan.

41. F.A. App. Act of 1963, Section 111.

All contracts pursuant to this loan will require that U.S. citizens performing services thereunder be investigated for loyalty and security as though regularly employed by the United States.

42. F.A. App. Act of 1963, Section 112.

The United States will directly approve the terms of contracts and the firms providing engineering procurement, or construction, services on the project.

43. F.A. App. Act of 1963, Section 114.

None of the loan funds will be used to pay any assessments, arrearages or dues to the United Nations.

44. F.A. App. Act of 1963, Section 601.

None of the loan funds will be used for publicity or propaganda within the United States.

ANNEX III - DETAILED PROJECT DESCRIPTION

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	- Animal Disease Laboratory.....	12

DETAILED PROJECT DESCRIPTION

Animal Diseases and Meat Technology Laboratories

The buildings will have reinforced concrete for the foundations, floors, exterior wall columns and roofs. Interior walls will vary, being constructed of concrete, concrete blocks, brick or removable steel partitions. The concrete wall will in general be left exposed and if a smooth finish is required they will be plastered. Floors will be exposed concrete except in the administration offices, technical laboratories, dining rooms, etc., where as appropriate one of the following will be used: Parquet, Vinyl tile, massie tile or terrazzo. Ceilings in those areas will be either acoustic tiles or plaster. The Meat Technology Laboratory has a gross floor area of 32,195 square feet and the Animal Disease Laboratory has a gross floor area of 64,120 square feet.

The sewage treatment plant for the Meat Technological Laboratory will have a maximum capacity of 26,500 gallons a day. The effluent from the plant will join the sewer outfall line from the Animal Disease Laboratory and discharge into the Reconquista River.

The clean areas in the Animal Disease Laboratory will discharge sewage into the sanitary sewers and a septic tank. All sewage from the contaminated areas, including the showers will discharge into the process sewage system as will the drainage from the laboratories and the animal rooms. The process sewage will be ground and decontaminated in cooling tanks and then discharged into the sewage outfall line where it is joined by the effluent from the septic tank.

PROJECT COST SUMMARY
CONSTRUCTION EQUIPMENT
 (Dollar equivalent 1 Dollar = 134 pesos)

<u>Description</u>	<u>Local Costs</u>	<u>Foreign Costs</u>	<u>Total</u>
<u>MEAT TECHNOLOGY LABORATORY</u>			
Site Development Work	\$ 16,060	\$ 4,600	\$ 20,660
Building	408,100	50,920	459,020
Laboratory Equipment	39,000	122,500	161,500
<u>ANIMAL DISEASE LABORATORY</u>			
Site Development Work	61,400	6,200	67,600
Building	653,940	138,460	792,400
Laboratory Equipment	58,800	149,500	208,300
	774,140	294,160	1,068,300
Contingencies (both labora- tories)*	171,000	30,150	201,150
Design and Supervision of Construction (both laboratories)	_____	185,370	185,370
Total	\$1,408,300	\$687,700	\$2,096,000
INTA Contribution 50% Local Costs			<u>704,000</u>
A.I.D. Loan			\$1,392,000
* Contingencies 15% of construction costs exclusive of Laboratory Equipment costs.			
	Local Costs 67.2%	Foreign Costs 32.8%	

COST ESTIMATE
MEAT TECHNOLOGY LABORATORY

(Dollar equivalent 1 Dollar = 134 Pesos)

Description	Quantity	Unit	Local Costs	Foreign Costs
Site preparation		L.S.	\$ 1,400	
Scarifying top soil	520	m2	780	
Excavations	600	m3	1,395	
Concrete block	220	m2	575	
Brick	1,110	m2	29,440	
Waterproofing	1,200	m2	1,790	
Reinforced concrete	950	m3	81,500	
Plaster, cold rooms	2,200	m2	3,280	
Plaster, on metal mesh	4,200	m2	14,200	
Plaster int. fin.	1,350	m2	1,310	
Plaster, ext. fin.	1,600	m2	7,760	
Roof deck	220	m2	13,200	
Sub-floor concrete	2,700	m2	5,040	
Floor, concrete	1,500	m2	3,920	
Floor, terrazo	950	m2	4,600	
Precast concrete	350	m2	1,045	
Baseboard	1,350	lm	2,420	
Marble, table tops	85	m2	2,850	
Ceramic Tile	1,030	m2	5,000	
Cork insulation	2,400	m2	14,300	
Ceiling gypsum on slab	1,950	m2	3,640	
Ceiling gypsum on metal	650	m2	3,400	

Description	Quantity	Unit	Local Costs	Foreign Costs	
Woodwork		L.S.	\$ 18,150		
Metalwork		L.S.	15,700		
Plumbing		L.S.	33,500		
Interior Electric		L.S.	12,000		
Air conditioning		L.S.	480	3,420	
Heating		L.S.	33,500		
Refrigeration		L.S.	4,300	13,000	
Rails and meat equipment		L.S.	21,400		
Painting		L.S.	4,080		
Glazing		L.S.	750		
Sewerage system		L.S.	26,100		
Water supply system		L.S.	2,430	1,300	
Boiler plant		L.S.	6,000	14,000	
Standby generator		L.S.	1,100	12,500	
Switchgear		L.S.	2,000	8,000	
Sub-station		L.S.	430	3,300	
Roads and parking		m	11,200		
Landscaping		L.S.	2,000		
Corral installation		L.S.	26,200		
Laboratory equipment		L.S.	<u>39,000</u>	<u>122,500</u>	
	Totals		\$463,165	\$178,020	\$641,185

SUMMARY OF COSTS

BY WORK FEATURES

<u>I. SITE DEVELOPMENT</u>	<u>Local Costs</u>	<u>Foreign Costs</u>	
Roads and Parking	\$ 11,200		
Landscaping	2,000		
Sub-station	430	\$ 3,300	
Water Supply System	<u>2,430</u>	<u>1,300</u>	
Sub-Totals	\$ 16,060	\$ 4,600	
Total Site Development			\$ 20,660
<u>II. BUILDING</u>			
Architectural	262,925		
Electrical	12,000		
Plumbing, Piping & Sewage	59,600		
Air Conditioning	480	\$ 3,420	
Heating	33,500		
Standby Generator	1,100	12,500	
• Switchgear	2,000	8,000	
Refrigeration	4,300	13,000	
Boilers	6,000	14,000	
Corral	<u>26,200</u>		
Sub-Totals	\$408,105	\$ 50,920	
Total Building			\$459,025
<u>III. LABORATORY EQUIPMENT</u>			
Equipment including installation	\$39,000	\$122,500	\$161,500
Totals	\$463,165	\$178,020	
Total Facility			\$641,185

**ESTIMATED COST
 ANIMAL DISEASE LABORATORY**

(Dollar equivalent 1 Dollar = 134 Pesos)

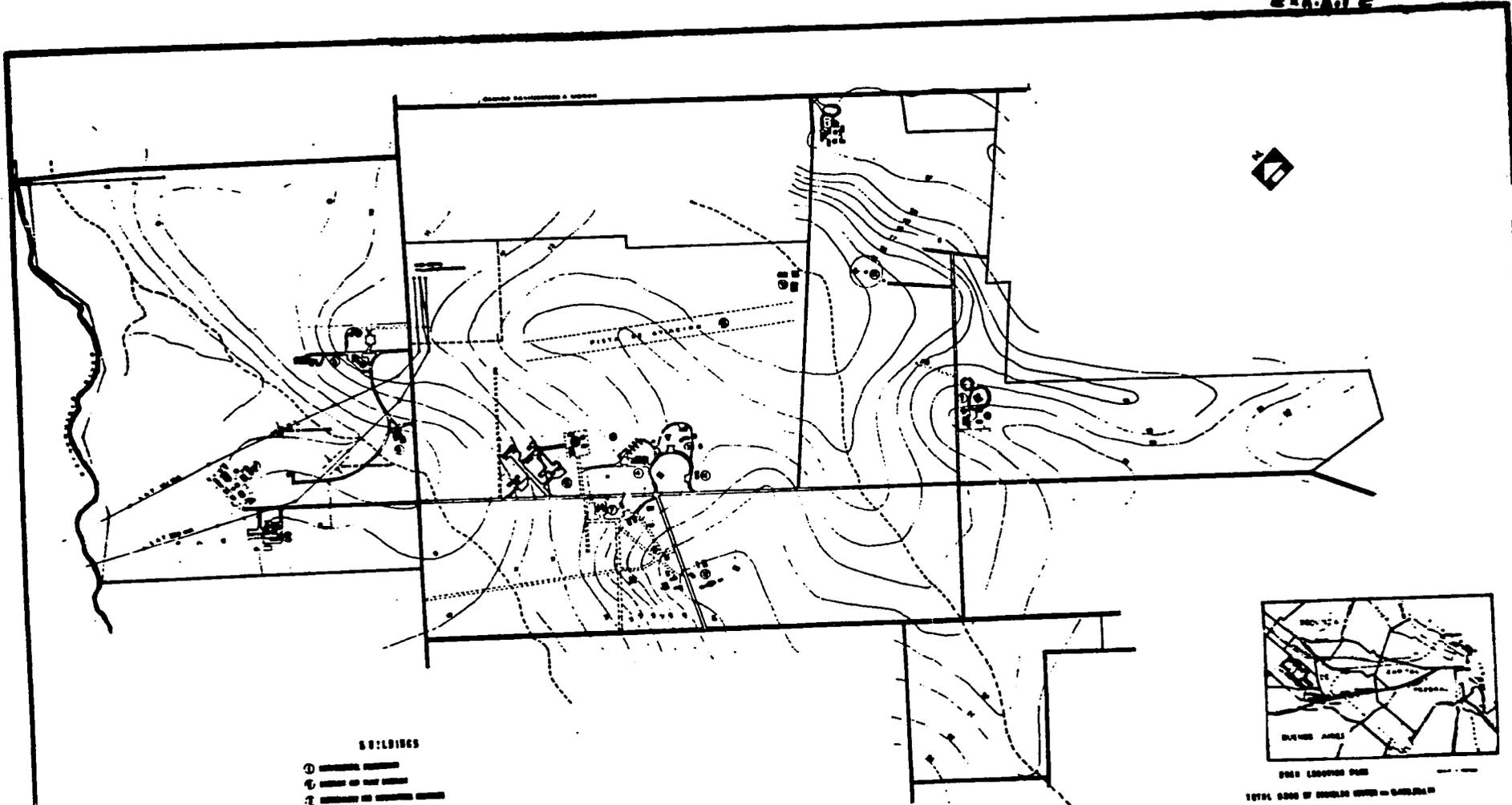
<u>Description</u>	<u>Quantity</u>	<u>Unit</u>	<u>Local Costs</u>	<u>Foreign Costs</u>
Site preparation		L.S.	\$ 5,730	
Scarifying top soil	950	m ³	1,420	
Excavation	5,010	m ³	13,225	
Concrete block	1,750	m ²	3,920	
Brick, common	250	m ²	7,460	
Hollow tile	4,900	m ²	12,800	
Waterproofing	3,160	m ²	6,075	
Reinforced concrete	1,850	m ³	158,500	
Finish cement plaster	6,100	m ²	14,550	
Finish lime plaster	2,900	m ²	4,300	
Finish plaster ceiling	4,900	m ²	9,150	
Grout for tile	2,750	m ²	2,660	
Roof deck	3,750	m ²	25,200	
Sub-floor concrete	6,200	m ²	11,158	
Floor, concrete	1,900	m ²	4,960	
Floor, terrazo	3,100	m ²	15,000	
Pre-cast concrete	1,200	m ²	3,580	
Baseboard	1,350	lm	2,420	
Marble table tops	350	m ²	11,175	
Ceramic tile	2,750	m ²	13,300	
Woodwork		L.S.	10,910	

Description	Quantity	Unit	Local Costs	Foreign Costs
Metalwork		L.S.	\$ 28,600	
Plumbing		L.S.	89,500	
Interior Electric		L.S.	26,400	
Air conditioning		L.S.	30,000	90,000
Incinerators		L.S.	2,000	6,960
Metal roof superstructure		L.S.	28,650	
Painting (General)		L.S.	9,460	
Painting (Glascote)	6,000	m ²	31,300	
Glazing		L.S.	4,390	
Sewerage system		L.S.	49,050	
Water supply system		L.S.	32,300	1,200
Boiler plant		L.S.	9,000	21,000
Standby generator		L.S.	1,100	12,500
Switchgear		L.S.	2,000	8,000
Sub-station		L.S.	1,000	5,000
Roads and parking	7,000	m ²	26,100	
Landscaping		L.S.	2,000	
Field corrals		L.S.	5,000	
Laboratory equipment		L.S.	<u>58,800</u>	<u>149,500</u>
Totals			\$774,143	294,160
				\$1,068,303

SUMMARY OF COSTS
BY PRINCIPAL WORK FEATURES

	<u>Local Costs</u>	<u>Foreign Costs</u>	
I. <u>SITE DEVELOPMENT</u>			
Roads and Parking	\$ 26,100		
Landscaping	2,000		
Sub-station	1,000	\$ 5,000	
Water Supply System	<u>32,300</u>	<u>1,200</u>	
Sub Totals	\$ 61,400	\$ 6,200	
Total Site Development			\$ 67,600
II. <u>BUILDING</u>			
Architectural	\$439,893		
Electrical	26,400		
Plumbing and Piping	89,500		
Air Conditioning	30,000	\$ 90,000	
Incinerators	3,000	6,960	
Sewage	49,050		
Boilers	9,000	21,000	
Standby Generator	1,100	12,500	
Switchgear	2,000	8,000	
Corrals	<u>5,000</u>		
Sub Totals	\$653,943	\$138,460	
Total Building			\$792,403
III. <u>LABORATORY EQUIPMENT</u>	\$ 58,800	\$149,500	
Total Laboratory Equipment			\$208,300
Totals	\$774,143	\$294,160	
Total Cost Facility			\$1,068,303

EXHIBIT

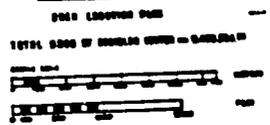


BUILDINGS

- ① OFFICIAL BUILDING
- ② HOUSE OF THE DIRECTOR
- ③ BUILDING FOR TECHNICAL STAFF
- ④ MAIN BUILDING
- ⑤ SMALL BUILDING
- ⑥ SMALL BUILDING
- ⑦ OFFICE
- ⑧ OFFICE BUILDING
- ⑨ SMALL BUILDING (WATER)
- ⑩ MAIN BUILDING
- ⑪ OFFICIAL BUILDING
- ⑫ BUILDING FOR TECHNICAL STAFF
- ⑬ BUILDING FOR TECHNICAL STAFF
- ⑭ OFFICE BUILDING
- ⑮ SMALL BUILDING - WASH BUILDING
- ⑯ OFFICE BUILDING

REFERENCES

- TYPICAL ROAD
- ⊥ MAIN WATER MAINLINE
- ⊥ MAIN WATER MAINLINE
- POWER MAINLINE (SEE DRAWING FOR CONNECTION POINTS)
- MAIN WATER MAINLINE
- MAIN WATER MAINLINE



INSTITUTO CENTRAL PARA AGRICULTURA	
BUENOS AIRES (ARGENTINA)	
GENERAL LOCATION PLAN	
INSTITUTO NACIONAL DE TECNOLOGIA AGRICOLA	
BUENOS AIRES - ARGENTINA	
DATE: 1954	SCALE: 1:5000
DRAWN BY: [Name]	CHECKED BY: [Name]

INTA - MEAT TECHNOLOGY LABORATORY
ANTICIPATED OPERATING COSTS
(in Argentine Pesos)

	1962		1963		1964		1965 (1)	
	US\$	Pesos	US\$	Pesos	US\$	Pesos	US\$	Pesos (2)
<u>MAINTENANCE</u>								
Labor		700,000		500,000		500,000		1,000,000
Materials		150,000		150,000		150,000		1,000,000
Other		50,000		50,000		50,000		500,000
		700,000		700,000		700,000		2,500,000
<u>OPERATION</u>								
Labor		500,000	8,000	1,000,000	12,000	1,500,000	26,000	8,000,000
Materials		500,000		500,000		600,000		5,000,000
Other		300,000	2,000	300,000	3,000	400,000	3,000	2,000,000
		1,300,000	10,000	1,800,000	15,000	2,500,000	29,000	15,000,000
TOTAL		2,000,000	10,000	2,500,000	15,000	3,200,000	29,000	17,500,000 (3)

- NOTES:** (1) Year when laboratory is expected to be in operation.
(2) Budget for years 1964 and 1965 has been based on present (Feb 1963) wages and costs.
(3) Total is included in INTA's cash flow use of funds.

(Exchange rate 134 pesos = 1 US\$)

INTA - ANIMAL DISEASE LABORATORY (AFTOSA)

ANTICIPATED OPERATING COSTS

(in Argentine pesos)

	1962		1963		1964		1965 (1)	
	US\$	Pesos	US\$	Pesos	US\$	Pesos	US\$	Pesos (2)
<u>MAINTENANCE</u>								
Labor		2,000,000		2,200,000		2,400,000		3,000,000
Materials		500,000		700,000		1,000,000		1,500,000
Other		100,000		100,000		100,000		500,000
		2,600,000		3,000,000		3,500,000		5,000,000
<u>OPERATION</u>								
Labor		5,500,000		6,000,000		6,500,000		9,000,000
Materials		2,200,000		2,800,000		3,000,000		4,500,000
Other		800,000		1,000,000		1,100,000		2,000,000
		8,500,000		9,800,000		10,600,000		15,500,000
TOTAL		11,100,000		12,800,000		14,100,000		20,500,000 (3)

- NOTES: (1) Year when laboratory is expected to be in operation.
 (2) Budget for years 1964 and 1965 has been based on present (Feb. 1963) wages and costs.
 (3) Total is included in INTA's cash flow use of funds.

(Exchange rate 134 pesos = 1 US\$)

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ANNEX IV, Page 1 of 2

LOAN AUTHORIZATION

Provided from: Alliance for Progress Funds
ARGENTINA: Animal Disease and Meat Technology Laboratories

Pursuant to the authority vested in the U.S. Coordinator for the Alliance for Progress of the Agency for International Development (A.I.D.) by the Foreign Assistance Act of 1961, as amended, and the delegations of authority issued thereunder, I hereby authorize the establishment of a loan pursuant to Part I, Chapter 2, Title VI, Alliance for Progress, to the Instituto Nacional de Tecnologia Agropecuaria (Borrower) of not to exceed One Million, Four Hundred Thousand United States dollars (\$1,400,000) to assist in financing the costs of the final design, construction and equipment of a research animal disease laboratory and a research meat technology laboratory, this loan to be subject to the following terms and conditions:

1. Interest, Credit Fee and Terms of Repayment

- (a) The Borrower shall repay the loan to A.I.D. in United States dollars within thirty (30) years from the first disbursement under the loan, including a grace period of not to exceed five (5) years. The Borrower shall pay to A.I.D. in United States dollars interest at the rate of no less than two and three quarters (2 3/4) percent per annum and a credit fee of three quarters (3/4) percent per annum on the disbursed balance of the loan.
- (b) If prior to the first disbursement under the loan the Government of Argentina (Government) so elects, the Borrower shall fulfill its United States dollar obligations under the loan by paying to the Government the equivalent in the currency of Argentina the United States dollar amounts payable to A.I.D. under (a) above and, in such event, the Government shall pay to A.I.D.:
 - (i) the equivalent in United States dollars of all amounts, except interest, paid to the Government by the Borrower, as follows:
 - a. credit fee immediately upon receipt;

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b. principal within forty (40) years including a grace period of not to exceed ten (10) years from the date of the first disbursement under the loan;

(ii) a credit fee in United States dollars of three-quarters (3/4) percent per annum on all amounts of outstanding principal paid by the Borrower to the Government from the respective dates of such payments of principal.

2. Other Terms and Conditions

- (a) Equipment, materials and services (except shipping and marine insurance and except as provided in subsection (b) hereof) financed under the loan shall be procured from the United States of America or Argentina.
- (b) United States dollars utilized under the loan to finance local currency shall be made available through a Special Letter of Credit and shall be used only for procurement in the United States of equipment, material and services of United States origin.
- (c) Borrower will agree to provide sufficient funds from its own resources to assure continuing research operation of the two laboratories.
- (d) The loan will be guaranteed by the Government of Argentina.
- (e) The loan shall be subject to such other terms and conditions as A.I.D. may deem advisable.

U.S. Coordinator
Alliance for Progress

Date

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