

013183

JPRS 82304

23 November 1982

# Latin America Report

No. 2609

Reproduced From  
Best Available Copy



19990916 048

**DISTRIBUTION STATEMENT A**  
Approved for Public Release  
Distribution Unlimited

**FBIS**

**FOREIGN BROADCAST INFORMATION SERVICE**

5  
78  
A05

23 November 1982

## LATIN AMERICA REPORT

No. 2609

## CONTENTS

## ENERGY ECONOMICS

## BOLIVIA

|  |   |
|--|---|
| Low Domestic Consumption, High Yield Result in Oil Surplus<br>(PRESENCIA, 19 Oct 82) ..... | 1 |
| Santa Cruz Committee Discusses YPF Crisis<br>(EL MUNDO, 8 Oct 82) .....                    | 4 |

## BRAZIL

|  |    |
|--|----|
| Cavalcanti, Debernardi on Political, Technical Aspects of Itaipu<br>(Costa Cavalcanti, Enzo Debernardi Interview; O ESTADO DE<br>SAO PAULO, 14 Oct 82) ..... | 6  |
| Hidrocon Research Project on Use of Biomass Discussed<br>(Laerte Ziggiatti; FOLHA DE SAO PAULO, 25 Sep 82) .....   | 14 |
| Production of 5.2 Billion Liters of Alcohol Forecast<br>(O ESTADO DE SAO PAULO, 8 Oct 82) .....  | 17 |
| Petrobras Export Forecast Indicates 46.3 Percent Increase<br>(O ESTADO DE SAO PAULO, 13 Oct 82) .....  | 18 |

## Briefs

|                                      |    |
|--------------------------------------|----|
| Pakistan Interest in PROALCOOL ..... | 21 |
|--------------------------------------|----|

## CHILE

|   |    |
|---|----|
| New Oil Exploration in Straits of Magellan<br>(EL MERCURIO, 3 Oct 82) ..... | 22 |
|---|----|

COUNTRY SECTION

INTER-AMERICAN AFFAIRS

Ambassador Expects Peace Between Chile, Argentina  
(EL MERCURIO, 7 Oct 82) ..... 24

BOLIVIA

MIR Leader Outlines Proposal for New Government  
(PRESENCIA, 15 Oct 82) ..... 26

MNRI Issues Guidelines Approved by 1979 National Convention  
(EL DIARIO, 8 Oct 82) ..... 28

Political Unity Necessary To Promote Economic Policies  
(Herbert Muller Costas; PRESENCIA, 15 Oct 82) ..... 30

Central Bank Head Formulates Objectives  
(EL DIARIO, 16 Oct 82) ..... 32

Moscow-Line Communist Party Accused of Campaigning Against Congress  
(LOS TIEMPOS, 9 Oct 82) ..... 34

USSR Offers Bolivia Economic, Technical Cooperation  
(PRESENCIA, 11 Oct 82) ..... 36

Central Bank Releases Wholesale Price Index Figures  
(PRESENCIA, 19 Oct 82) ..... 38

Government Blamed for Social Security Problems  
(EL DIARIO, 8 Oct 82) ..... 40

Prospects for Expanding Regional Trade Examined  
(ULTIMA HORA, 8 Oct 82) ..... 42

Cochabamba Obtains Financing for Misicuni Project  
(Editorial, LOS TIEMPOS, 12 Oct 82) ..... 44

Broadcasters Union, ASBORA Sign Agreement  
(EL DIARIO, 9 Oct 82) ..... 46

Briefs  
Wheat Supplies ..... 48

BRAZIL

Newspaper Hits U. S. Policy Toward Nicaragua  
(Editorial; JORNAL DO BRASIL, 5 Nov 82) ..... 49

|   |    |
|---|----|
| PETROBRAS President on Foreign Trade Issues<br>(O ESTADO DE SAO PAULO, 9 Nov 82) .....            | 51 |
| Soviets Interested in Brazilian Zebu Cattle<br>(O GLOBO, 14 Nov 82) .....                         | 52 |
| CHILE   |    |
| Pinochet: Country Wants Strong Government<br>(EL MERCURIO, 8 Oct 82) .....                        | 53 |
| Police Identify Terrorists Involved in Accidental Blast<br>(EL MERCURIO, 2 Oct 82) .....          | 55 |
| CUBA  |    |
| 'Difficulties' for Exiles in Miami Described<br>(Juan C. Fernandez; MONCADA, Sep 82) .....        | 57 |
| Latest Fishing Industry Developments Noted<br>(Ana Maria Ruiz; MAR Y PESCA, Aug 82) .....         | 60 |
| ECUADOR   |    |
| Agricultural Minister Predicts Increased Production<br>(EL COMERCIO, 15 Oct 82) .....             | 62 |
| Briefs<br>Army Promotions   | 65 |
| EL SALVADOR   |    |
| Commerce Bank Devises Plan To Reduce Imports<br>(LA PRENSA GRAFICA, 20 Sep 82) .....              | 66 |
| Coffee Losses Due to Heavy Rains Assessed<br>(EL MUNDO, 30 Sep 82) .....                          | 67 |
| Coffee Producers Claim Profit Consumed by Taxes, Salaries<br>(LA PRENSA GRAFICA, 29 Sep 82) ..... | 69 |
| Former Landowners Affected by Decree 207 Compensated<br>(DIARIO LATINO, 25 Sep 82) .....          | 71 |

## LOW DOMESTIC CONSUMPTION, HIGH YIELD RESULT IN OIL SURPLUS

La Paz PRESENCIA in Spanish 19 Oct 82 p 7

[Text] Camiri, 18 Oct--The Government Oil Deposits (YPFB) now have a surplus of 700,000 barrels of crude oil and refined products on hand, a surplus that must be exported so as not to obstruct the activities of the company, General Manager Arturo Cabrera has reported.

In a wide-ranging report presented to the 11th National Congress of Oil Workers being held in Camiri since last week, the manager of the YPFB said that a high-level government commission is to decide in the coming hours what will be done with the surplus supply now existing on the national hydrocarbon market.

Cabrera said that the surplus includes 380,000 barrels of crude oil and 320,000 barrels of unrefined products ready for marketing.

According to the report, the surplus stems from a significant increase in production in recent months and a drop in national consumption resulting from the depression affecting the national economy in general.

At the present time, national hydrocarbon consumption is about 23,600 barrels of crude oil and oil condensate a day, while production remains at about 26,000 barrels a day.

"The surplus is therefore inevitable and consequently, we are faced with a choice of exporting it or cutting down on production," Cabrera said.

The YPFB official said that it would be technically and economically undesirable to reduce production and added that he therefore favored exportation.

He also stated that whatever the decision of the government on the hydrocarbon surplus, it must be immediate since the storage capacity of the YPFB has reached its limit.

#### Consumption

The manager of the YPFB said that despite the drop in recent months, average national hydrocarbon production is still above acceptable international limits.

He said that in Bolivia, 10.45 liters of gasoline are used daily for every vehicle, while the international average is 9.8 liters of gasoline per vehicle per day.

Cabrera emphasized the need to limit national fuel consumption and said that if it were reduced to the international average, the country would save some 380 barrels of oil a day, which would mean an annual savings of nearly \$6 million.

However, he pointed out the impossibility of carrying out an effective program of rationing while the current low fuel prices are in effect, prices which constitute one of the main causes of the national "squandering" of hydrocarbons.

He emphasized that the YPFB will not be able to overcome its current budget deficit in national currency as long as realistic prices are not established for fuels on the national market.

He added that because of the current fuel prices and as a result of the floating of the American dollar, the YPFB charges only \$5 for a barrel of oil delivered to the pump, while it buys that product from foreign contracting companies at \$32 to \$33 a barrel.

At the end of his report, the manager of the YPFB called on oil workers to "back your company in order to save it from bankruptcy, demanding higher prices for fuel.

"The YPFB has lost its autarchy due to government interference in its administration. It is not merely a matter of fighting for survival, but of working to develop national resources in order to guarantee our own energy supply."

#### Economic Crisis

Camiri, 18 Oct--The 11th National Congress of Oil Workers expressed its concern over the grave economic difficulties faced by the YPFB and has reaffirmed its decision to demand the establishment of a new national oil policy.

The congress continues today to hear reports by YPFB officials, before turning to other trade union and social matters.

The congress was to conclude on Wednesday, but it will be very difficult for oil workers to complete their agenda before Friday.

Oil workers asked authorities several questions on the handling of the enterprise, especially on steps taken to require the establishment of "fairer prices" for fuel and on the treatment given to foreign companies working under operating contracts or which provide technical assistance services.

According to the oil workers, the preferential treatment and the virtual exemption from taxes enjoyed by contracting companies (Occidental and Tesoro) worsen the economic difficulties of the YPFB.

The oil workers reported that the YPFB, out of its own resources, pays the taxes of 19 percent (national tax), 11 percent (departmental royalties) and 7 percent (export tax) corresponding to the production of the contractors.

They said that the situation worsens the financial difficulties of the YPFB and as a solution, proposed derogation of the General Hydrocarbon Law in effect since the government of Gen Hugo Banzer Suarez.

The YPFB officials returned to La Paz today and are to return to Camiri tomorrow (today) or Wednesday, due to the need to gather more information.

In the meantime, oil workers will take up other points on the agenda of their congress, including the proposal of a national oil policy and a request for higher wages.

The discussion of one political proposal from oil workers and not included in the agenda was put before the congress by the La Paz delegation for the purpose of "defining a position on the national situation in order to guide the trade union and political action of oil workers within the context of the Bolivian trade union movement.

The congress is taking place at the very place where the famous trial of French reporter Regis Debray was held 14 years ago.

11,464

CSO: 3348/60

## SANTA CRUZ COMMITTEE DISCUSSES YPFB CRISIS

Santa Cruz EL MUNDO in Spanish 8 Oct 82 p 6

[Text] The serious economic crisis confronting the YPFB [Government Oil Deposits] was explained at length yesterday to the board of directors, past presidents and representatives of institutions affiliated with the Pro Santa Cruz Committee, by the general manager of the YPFB, Arturo Cabrera Vildoso, who called the situation untenable and dangerous if necessary government measures are not taken as soon as possible to rectify it.

## Reasons for Crisis

According to the explanation of the head of the national oil company, the main reasons for the economic crisis of the YPFB include the subsidization of fuels marketed in the country, the floating of the American dollar, the retention of foreign exchange by the Central Bank of Bolivia, payment for its foreign exchange in national currency at the official rate, the transfer of government debts to the shoulders of the YPFB and the high debt maintained by national enterprises for their supplies of fuels and lubricants.

## Deficit by September

The YPFB official later told civic leaders that the factors explained caused the company to have an alarming deficit, from 22 March to 30 September, amounting to over \$208 million, a situation that should have forced the company to close its doors five months ago but which, due to the policy governing its establishment, that of supplying fuels and lubricants to the country, such an extreme measure could not be taken. Closure would leave 5,800 workers out of jobs, precisely because of the social function it fulfills during this difficult situation in which the country finds itself.

## Debt

The head of the YPFB for the past two months stated that at the present time, the company's debt amounts to \$100 million, of which \$89 million involve contracts for services, payments for oil and gas to contracting companies and oil and gas royalties, while the remaining \$11 million are foreign debts, now being postponed.

## Royalties

With respect to oil royalties, the manager of the YPFB said that at the present time, production departments are now at work on the books in order to establish precisely how much is owed to each of the three districts of the country. This work will be completed within the coming hours. Finally, he asked the civic institution of Santa Cruz for maximum cooperation so that the problem of the company might be solved within the shortest amount of time.

11,464

CSO: 3348/53

## CAVALCANTI, DEBERNARDI ON POLITICAL, TECHNICAL ASPECTS OF ITAIPU

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Oct 82 p 14

[Interview with Gen Costa Cavalcanti and Enzo Debernardi, director-general and deputy director-general, respectively, of Itaipu Binational, by O ESTADO and JORNAL DA TARDE; given in Foz do Iguacu, date not given]

[Text] Even if Brazil should resume accelerated development in 4 or 5 years, it should not harbor the idea that it will get the greater part of the energy that is generated by Itaipu; after all, the possibility should not be discounted of Paraguay, which has the right to use up to half of the plant's production, installing some intensive energy-consuming industries in a relatively short period and sharply increasing its current consumption of electric energy. At the same time, the Brazilian Foreign Ministry must be prepared to face, if not a heavy storm, at least a certain turbulence regarding the Itaipu treaty: it is certain that Paraguay is going to want to get some other advantage at the time the new readjustment formula is negotiated for the compensation that Brazil will have to offer to be able to use the energy from Itaipu that Paraguay will not be able to consume.

These are important points examined by the director-general of Itaipu Binational, General Costa Cavalcanti, who is also president of the Brazilian Electric Power Stations Corporation (ELETROBRAS), and by the deputy director-general (Paraguayan side) of the company, Enzo Debernardi, who is also director of the National Electricity Administration (ANDE), in an interview which the two granted exclusively to O ESTADO and JORNAL DA TARDE. It was an interview in which both commented on the technical and political aspects that still surround the construction of the largest hydroelectric project in the world and made a number of other revelations: Brazil is unlikely to receive energy from Itaipu in 1983 despite the entry into operation scheduled for 5 November; contrary to what the population of Guaira fears, the rocks on the ride of Sete Quedas, which will be covered in a few days, will not be dynamited; despite the fact that it is appropriate currently, the price of the energy generated by the plant will not be cheap. The interview was granted to reporter Dirceu Martins Pio of the Curitiba branch.

O ESTADO: With Itaipu practically completed, how do you gentlemen view the alternative Marcondes Ferraz plan today?

Costa Cavalcanti: What I can say is that before the selection of the Itaipu solution by the two governments, the international consultants--I call them international because they were neither Brazilian nor Paraguayan but Italians and Americans--examined 10 possible sites for damming the river. They combined those 10 sites and examined about 50 options. Perhaps a stretch of river has never been studied so much as this one before a decision was adopted. And of all the solutions, the one that was more correct, more suitable, the one that was absolutely technically feasible, and much more important, politically achievable, was Itaipu. The so-called Marcondes Ferraz project was one of the lines of action that the planners also examined. And despite the fact that they regarded it a technically possible solution, they considered it an economically more expensive option. And now an observation that does not come from the technicians because the technicians did not get into that area: politically, it was absolutely unachievable because the hydraulic resource that is Sete Quedas and all the other drops down to the mouth of the Iguacu River belong both to Brazil and Paraguay. And it is obvious that Brazil would not adopt it and could not adopt it, considering that it is a country of understanding and negotiation and not one of using force, very common in today's world. Since the hydraulic resources belong to the two countries, any utilization of those resources can only be done between the two countries.

Enzo Debernardi: I do not want to go into technical details about the Marcondes Ferraz plan because I respect that engineer very much. He is a great Brazilian expert of international repute. But in order to execute that plan, the waters of the Parana River would have to be diverted from their natural bed and channeled into an artificial bed inside Brazilian territory. That cannot be done with international resources. Paraguay would never agree to a solution of that type because once the river bed is within Brazilian territory, it will be outside of the jurisdiction of Paraguay and consequently Paraguay loses control over the situation. For that reason, General Cavalcanti very properly said that that was a politically unfeasible solution. However, I believe I must say something more: in not adopting that solution, Brazil gave a great proof of being civilized. By civilized country is understood one that does not seek solutions that are not in accord with its neighbors. Paraguay is a physically smaller country than Brazil and, therefore, the fact that Brazil did not agree to that type of solution is a great proof of its level of civilization, which history will recognize in its favor very positively.

O ESTADO: How is the disappearance of Sete Quedas being viewed?

Debernardi: The disappearance of Sete Quedas is a high price that men have to pay to obtain energy. There is nothing, nothing in the history of mankind that has not been obtained at the cost of something else.

O ESTADO: There is much talk in Guaira about the dynamiting of the rocks on the crest of the falls. Is that going to happen?

Cavalcanti: We do not plan to do that. The rocks will not be destroyed.

Debernardi: That was an old plan; a plan to improve navigation in the lake. But later studies revealed that it will not be necessary. It is something that has been superseded.

O ESTADO: We would like now to get into the problem of the readjustment of the price of energy that Paraguay will pass on to Brazil because it is not in a position to consume it. How will that readjustment be made?

Debernardi: The big problem is in the question. That image of energy sold by Paraguay to Brazil does not exist. The energy belongs to Itaipu Binational. Because the governments gave that enterprise permission to utilize the river. But there will be a time, we do not know how long, when Brazil will use the energy that Paraguay has the right to use. Then, one part of that half that Paraguay is entitled to will be used by Brazil. Brazil will pay Itaipu Binational for that energy. However, there is a compensation that Brazil will pay to Paraguay for consuming that energy instead of Paraguay. So, mark well, it is not something related to the price of energy but related to the position occupied by one country in the entitlement of another country. It is something much more complex.

O ESTADO: But in any case, that energy will have a price...

Debernardi: It is not the energy but rather that compensation. Very well, that compensation was established by the treaty taking the dollar as a basis, with gold costing \$35 an ounce. Unfortunately, after we signed the treaty, the U.S. Government decided definitely to sever the connection between gold and the dollar, so Paraguay and Brazil have to find a new economic formula to update that compensation.

O ESTADO: But what idea does your country have in that regard at the present time?

Debernardi: The Foreign Ministry is studying the matter. But I say about that now that we have the same ideas as any economist would have in that regard. What was the purchasing power of that money at that time and what is it today? There are some things that went up in price. If you needed to buy soybean, there is a price variation; if you needed to buy tractors, there is another variation; if you needed to buy oil, there would be a third variation; if you needed to buy nuclear weapons, another. So it is a very difficult problem.

O ESTADO: But it seems that in the treaty that Paraguay signed with Argentina construction of Yacyreta, the formula was based on the price of oil.

Debernardi: No. It was a complex formula with various factors, among which oil represents 10 percent. However, there is a big difference, is there not? Because Itaipu is built and Yacyreta is not.

O ESTADO: Some time ago, the press revealed that Paraguay harbored the desire to reformulate the Itaipu Treaty with reference to the point in the treaty that obliges Paraguay to pass on to Brazil the energy that it does not consume.

Do you believe that that question may be raised again in your country now that Itaipu is ready?

Debernardi: I do not believe so. Paraguay has a tradition of complying with that type of commitment. I consider the Itaipu Treaty reasonable...

O ESTADO: Reasonable?

Debernardi: Reasonable. I mean to say that the two sides come out with that minimum necessary to sign it. When an international treaty is established, it is always like that; each of the sides thinks it could obtain a little more. That is human. The Itaipu Treaty is, therefore, that minimum that the two sides decided to accept. That is why I call it reasonable. Naturally, there are Paraguayans who believe that Paraguay could have obtained much more. And it is natural that there are also Brazilians who believe that Brazil was excessively generous with Paraguay. And that would always exist. One thousand years from now, there will be Brazilians and Paraguayans who are going to continue thinking that way. Because there are aspects of the treaty that are objective and others that are subjective.

O ESTADO: And you, sir, general, what would you say today in terms of support of that treaty by Paraguay? There are those who greatly associate that support with the presence of Stroessner in the presidency of the country. Do you believe that the end of the Stroessner era may signal a turbulent phase with relation to the Itaipu treaty?

Cavalcanti: In my opinion, no. First, because Paraguay has shown that it always fulfills its commitments; that is a political and historic aspect. But there is the economic aspect: Brazil needs the energy of Itaipu. But I believe that Paraguay needs it much more. Paraguay, moreover, adopted the intelligent policy of not making investments in the generation of electric energy after Itaipu began to be built. It is waiting for Itaipu. Why spend money if it is going to have that mass of energy? So, whatever may be the future of the country, it will need electric energy. And needing electric energy, it will need Itaipu. Any government will understand that. Furthermore, more than the government, the Paraguayan people are going to understand that.

O ESTADO: We would like to have an idea of the volume of energy that Paraguay is going to use.

Debernardi: I divide the problem into two distinct parts. One of them is the one that anticipates the energy needed for the development of the country. There, consumption increases in a mathematical ratio with the growth of the country's Gross National Product; a growth that I would estimate between 10 to 20 percent per year, each year calculated on the basis of the previous year. Then comes the other part of the problem, which is that of the establishment of intensive energy-consuming industries. In that case, I would say that it is easy to establish electro-intensive industries when the country has the minerals to submit to them. However, when those minerals have to be imported, covering great distances, then the problem becomes difficult. Therefore, the solution to that problem does not depend on the wishes of the

Paraguayan Government. It depends, rather, on two factors: the first is the existence in Paraguay of mineral deposits to be submitted to processing by the electro-intensive industries (and the existence of those deposits in our country is still not known with the necessary degree of certainty and detail); the second factor is the price of the mineral processed in the international market. If that price is sufficiently high, as it was some years ago, then it is worth transporting the raw material. If it is low as it is at the present time, then it will be difficult to offset it.

O ESTADO: But then, what will be the volume of energy from Itaipu that Paraguay will be in a position to consume apart from the electro-intensive industries?

Debernardi: Very little. It will be something in the order of 100,000 kilowatts. But that consumption will be growing.

O ESTADO: So what will be Paraguay's consumption of energy 5 or 10 years from now?

Debernardi: I would say that in the next 5 or 10 years we are going to consume four times what we are consuming at the present time, approximately. But what we do not know is the position in relation to the electro-intensive industries. We could change everything there. We may establish an electro-intensive industry that will consume 2 million kilowatts, 4 million kilowatts; nobody knows.

O ESTADO: Today, has nothing been decided yet in Paraguay regarding the electro-intensive industries?

Debernardi: There are two proposals: one from Reynolds, and there is also a very advanced study by the British. But nothing has really been decided.

O ESTADO: What is the cost of Itaipu today?

Cavalcanti: The figures are as follows: the last estimates of the cost of Itaipu, in round numbers, sets the equivalent of \$9 billion--about 1.8 trillion cruzeiros--for direct investments; and \$5 billion--approximately 1 trillion cruzeiros--for financial charges, interest, etc., which we pay for that money during construction. So the grand total is \$14 billion--about 2.8 trillion cruzeiros. We revise the cost estimate every year, so that is already the 1982 price, excluding the cost of the transmission lines.

O ESTADO: How do you view today the prospects of the profitability of Itaipu in view of the recessive situation of the Brazilian economy?

Cavalcanti: First, due to the reduction of the market last year, consumption in Brazil dropped 3 to 4 percent, in relation to the normal growth it had been showing, in the order of 10 to 12 percent per year. This year (1982), we had a reaction and we believe it is going to reach somewhere around 6 to 7 percent. Because of that, it is obvious that we have a surplus of available energy in the country. I do not believe that surplus is excessive. In that

Southeast region, it is about 1.5 million kilowatts out of a total in the region of 20 million kilowatts consumed. I am not an engineer but the engineers declare that the whole system needs to have a reserve, a reserve of various modes. Including a circulating reserve because one of the machines in Itaipu may stop working. Furthermore, we have to cope with the most critical year, hydrologically speaking. That is, the year of greatest drought. In the hydrological history of the South-Southeast region, we have never had four such good years in a row, hydrologically speaking, as these. That is why the reservoirs are full; rain out of season, rain almost all year. Comparatively, if that available surplus we have today was available at the beginning of the fifties, which were hydrologically dry years, we would not have had it. It is a very important aspect. I believe that in developing countries, the ideal is always to have available electric energy to cope with industries that are established, including the electro-intensive ones.

Debernardi: The situation in Brazil is very different from the situation of Paraguay with regard to the electro-intensive industries. Brazil has known and assessed mineral deposits which can be submitted to electro-intensive processing. It has much bauxite, much iron, uranium, manganese.

Cavalcanti: Another aspect is that, due to that fact, Brazil transferred projects, delayed projects in the Southeast region, that is in Plan 2000. So that in the South-Southeast region, between 1982 and 1988, no new project will be generated precisely to make possible the use of the energy that Itaipu is going to produce.

O ESTADO: And the price of Itaipu energy?

Cavalcanti: The price per installed kilowatt, including the financial charges, is working out to \$1,100 (about 22,000 cruzeiros). And we expect to sell that energy initially at about 3 cents per kilowatt-hour, or 3.5 cents.

O ESTADO: But for the so-called electro-intensive industry, that sale price is expensive.

Cavalcanti and Debernardi: Yes, it is expensive.

Cavalcanti: We are making a survey of the countries where there are large electro-intensive industries and Brazil places seventh in terms of prices of that energy. In a list of 12 countries that granted special rates to large consumers such as the aluminum industry, Brazil is in seventh place, charging 2.388 cents per kilowatt-hour. But it is well to make it clear that in the case of the electro-intensive industries, there is always a direct negotiation of the price of that energy because energy is an important primary factor in production.

O ESTADO: And in case the country has an interest in establishing certain industries with exports in view, the possibility of a subsidy always remains open, does it not?

Debernardi: There are two interests that can justify a subsidy. One of them is to lend real value to the mineral deposits, which are worthless if they are not exploited. The other is the need for foreign exchange.

Cavalcanti: IN the case of producing aluminum, it is almost selling packaged energy.

O ESTADO: But it seems that you gentlemen consider the price of Itaipu's energy to be appropriate to today's situation.

Cavalcanti: Yes, completely appropriate. There is no longer any cheap energy in the world today. The time is gone.

O ESTADO: Does Paraguay already have an idea, a projection of when it will manage to pay the debt that it assumed with Itaipu?

Debernardi: You will pardon me but there is an error in the question. Paraguay is not indebted with Itaipu. It is Itaipu that is indebted. It will be difficult to understand the Itaipu Treaty if that is not understood: Paraguay did not go into debt to build Itaipu. It was Itaipu Binational that went into debt. We loaned money for the construction of Itaipu with the guarantee of the Brazilian Government.

O ESTADO: But part of the project will be paid by Paraguay, will it not?

Debernardi: It will pay exactly in the same proportion as it consumes electric energy, because built into each kilowatt-hour is the payment of the debt contracted for the installation of that kilowatt-hour. So the Itaipu rate is calculated on the basis of the liabilities; that is, built into each kilowatt-hour is the money necessary for the payment of that kilowatt-hour. The country that consumes more energy from Itaipu will more quickly pay the debt of the plant. There is no debt independent of consumption. So the two countries, especially Paraguay, which has a more difficult development economy than the Brazilian, must be careful not to consume what it does not need.

O ESTADO: How do you think Paraguay would view the possibility of Brazil, with Itaipu, exporting energy to countries such as Uruguay or Argentina?

Debernardi: The treaty expressly prohibits that to the two countries. Paraguay cannot and Brazil cannot.

O ESTADO: But how would it be possible for Paraguay to control that?

Debernardi: It is easy. We know exactly how much energy Itaipu produces, how much energy the other Brazilian power stations produce and how much Brazil consumes domestically. All you have to do is figure it out.

O ESTADO: But what if Brazil consumes only the energy of Itaipu and exports that from other hydroelectric plants?

Debernardi: That, it can do. But nobody is going to buy it. No country imports electric energy in such quantity that it will place its economy in the hands of another country. If because of labor troubles, terrorism or anything, the exporting country is no longer able to maintain the supply, the importing country will go into a complete crisis. No country can do such a foolish thing because it is not like importing oil. You cannot import electric energy in large quantities because that doubles the price: you have to pay for the energy that is imported and finance the reserve power stations.

O ESTADO: Now a question of a political nature to General Costa Cavalcanti: Do you believe that, being one of the persons in Brazil who strove most diligently for the construction of Itaipu...

Cavalcanti: Well, there I make it a point to say: I was the person who strove the most. I in Brazil and Debernardi in Paraguay.

O ESTADO: Precisely, then do you, being the person who strove the most for the execution of this project, believe that this qualifies you to present yourself as a candidate for succession to President Figueiredo in 1984?

Cavalcanti: The only thing I think about is Itaipu and ELETROBRAS. I believe that is enough to fill anybody's head. Well, in terms of presidential succession, first I believe that it is too early to deal with the matter. We are going to wait for the November elections, President Figueiredo still has almost 3 years of his term to serve. I say that, in terms of succession, what President Figueiredo says, I will follow religiously. My candidate is the candidate of President Figueiredo. I was always that way in other successions and we are going to continue being that way.

8711

CSO: 3342/12

## HIDROCON RESEARCH PROJECT ON USE OF BIOMASS DISCUSSED

Sao Paulo FOLHA DE SAO PAULO in Portuguese 25 Sep 82 p 16

[Article by Laerte Ziggiatti]

[Excerpts] A technical cooperation project between scientists of the State University of Campinas (UNICAMP) and industry may make the transformation of biomass into chemical raw materials and fuels more efficient, thus collaborating in broadening the technological options of PROALCOOL. The new process--"a technological key," according to its developers--makes it possible to increase alcohol production, and obtain important products such as proteins for animal fodder and raw materials for the chemical industry.

The innovation of the Hidrocon Project consists of being able to effect the continuous hydrolysis of cellulosic agricultural residues. The raw material (cane bagasse, rice hulls and husks, corncobs) is subjected to a chemical process of acid hydrolysis, resulting in a number of products.

The idea originally came up around 1978 in informal talks between Professor Miguel Taube Neto of the Mathematical Institute of UNICAMP and Jose Carlos Gerez, the engineer of a chemical industry. The existence of various scientific and technological institutions in Campinas and the consequent daily interaction among the technicians and scientists certainly creates an atmosphere conducive to the generation of research and technological development projects. That is the way it was with the Hidrocon Project. The discussions on energy topics between Taube and Gerez encouraged them to research the utilization of rice hulls for the production of ethanol, with financing from the Secretariat of Industrial Technology (STI). At that time, they got into contact with directors of the Villares Group, who showed interest in the project. In October 1980, the company signed a contract with the STI and the UNICAMP Development Foundation (FUNCAMP).

Four months after the beginning of laboratory work, a pilot plant for generation of the technology was installed in UNICAMP. In May 1982, the process of continuous hydrolysis from agricultural residues was ready for industrial scale. In the opinion of Miguel Taube Neto, that first phase--18 months long, all together--transcended the simple technological objective. "It was," he said, "a very important exercise to establish work attitudes common to the company and the university, an interaction that brought mutual confidence and made it possible to improve the relationship between those areas." In that year and a half, the Hidrocon Project absorbed approximately 30 million cruzeiros.

At the present time, the project is beginning a new phase, with the establishment of a demonstration unit alongside a sugarcane plant with the capacity to produce 5,000 liters of ethanol a day, using available bagasse. The new plant will be built by Villares with the financial support of STI and the Funding Agency for Studies and Plans (FINEP), now with the participation of the Technological Development Company (CODETEC), a corporation comprised of various Brazilian companies, which serves as the communication channel between UNICAMP and the production sector.

#### Agricultural Residues Are Transformed

In general terms, the process aims at isolating the component sugars of the biomass, which through fermentation can be transformed into different chemical raw materials and fuels. Thus, the agricultural residues composed of cellulose, hemicellulose and lignin, are initially subjected to acid hydrolysis (with diluted sulphuric acid at high temperature and pressure) becoming a solution of sugars in a solid residue composed of unaltered lignin.

A continuous process facilitates the separation of those sugars, based on the differences in the speed of hydrolysis between the hemicellulose and the cellulose. In practice, a prehydrolysis in relatively mild conditions converts the hemicellulose into the sugars that compose it and which are removed by filtration and washings. After that, a vigorous hydrolysis at high temperatures converts the cellulose into glucose, which is removed from the lignin residue in the same manner. Compared to the process of hydrolysis in batches (noncontinuous process) the continuous process requires only a few minutes' stay in the reactor instead of a few hours. Other advantages is the complete automation of the operation, which permits better control of the process, less energy consumption, greater productivity and, consequently, a smaller investment.

In the current context of the country, in view of the critical condition of dependence on imported oil, ethanol has been considered the principal product of acid hydrolysis. However, a number of important products can be obtained: unicellular proteins for fodder and chemical substances such as furfural, acetic acid, methyl alcohol, levulinic acid, sorbitol, xilitol, etc. Lignin, because of its high carbon content, which represents 20 to 30 percent in weight of the dry, raw material, has great fuel value and can be used to supply part of the energy needs of the process itself. Also, by means of various chemical transformations (oxidation, hydrogenation, alkaline fusion, etc.) it represents a source of organic compounds, especially aromatic ones.

The continuous process developed by the Hidrocon Project made it possible to obtain 160 liters of 95 percent alcohol from each tone of (dry) cane bagasse, in addition to the byproducts: unicellular proteins, furfural, acetic acid, methyl alcohol and lignin. Assuming a greater burning efficiency of the boilers, it makes it possible to increase the alcohol production of a plant by 15 percent.

Broadening the options of PROALCOOL occurs especially as a result of the great production of unicellular proteins and furfural. It is estimated that the

fodder industry in Brazil (a market of 12 million tons) could consume close to 500,000 tons of protein at prices competitive with those of blood meal and with similar nutritional value. In addition to a guaranteed domestic market, the protein from cane bagasse has a very promising foreign market. It is a concrete success that PROALCOOL could use, according to Miguel Taube Neto, "to dispel some criticism that describes it as a program detrimental to the production of foodstuffs."

Furfural is a very important chemical raw material. In addition to being the raw material for the production of furanic resins, solvents, nylon, synthetic rubber, one of its nitroderivatives can be used as an additive for alcohol to replace diesel oil. It is in this last aspect, that continuous hydrolysis of residues can contribute decisively to reducing the imports of oil. While gasoline and fuel oil already have substitution programs, diesel oil is still waiting for a viable alternative that could very well be alcohol with an additive, one of the nitroderivatives of furfural, with the additional advantage of not requiring significant changes in the engines.

#### Professor Taube Neto in Charge of Coordination

The team that heads Hidrocon Project is comprised of Miguel Taube Neto (general coordinator), professor of the UNICAMP Mathematics Institute and technical director of CODETEC; Jose Carlos Gerez, chemical engineer, who collaborated in the conception of the process and is now assuming the technical coordination of the project; Maria do Carmo Alves Gerez, in charge of the project's chemical analysis laboratory; and Professor Joseph Miller of the UNICAMP Chemistry Institute, the scientific adviser.

8711

CSO: 3342/12

## PRODUCTION OF 5.2 BILLION LITERS OF ALCOHOL FORECAST

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Oct 82 p 28

[Text] Londrina--The interim minister of industry and commerce, Marcos Jose Marques, who is also chairman of the National Executive Commission on Alcohol (CENAL), revealed in Londrina yesterday that Brazil will produce 5.2 billion liters of alcohol from the current crop, which is equivalent to 80,000 barrels of oil (more than 30 percent of all Brazilian oil production), representing a foreign exchange savings of \$1.2 billion annually. And with the new investments of \$80 million, released by the World Bank, in distilleries, Brazil will be producing 8.2 billion liters of alcohol by 1985.

Analyzing the results achieved thus far by PROALCOOL, during the Second National Meeting of the Independent Alcohol Distilleries, which will discuss such topics as "The Future of PROALCOOL," for 2 days in Londrina, Marcos Marques explained that alcohol production is achieving results never achieved by any other sector of agricultural activity in the last 10 years. "When PROALCOOL was established in 1975-76, Brazilian production was 600 million liters and we are going to obtain 5.2 billion liters from the current crop. During the present administration alone, alcohol production increased 108 percent between 1978-79 and 1982-83."

In terms of the expansion of alcohol production, the interim minister showed that the automobile industry has been responding to the government's appeals. "The refinement of the alcohol fueled cars and the recovery of the market are striking. The marketing of alcohol-fueled vehicles evolved from 3,695 units in January to 22,815 units last September, with an increase of sales of 30.1 percent. In July and August alone, 12,000 alcohol-fueled cars were sold for use as taxis. Today there are about 557,000 vehicles circulating around the country fueled exclusively by hydrated alcohol, counting built and converted. Now in October, the 500,000th alcohol-fueled vehicle built in this country will come off the automobile industry's assembly lines."

He explained the "standardization of the alcohol mixture throughout the country, recently decided by the National Energy Commission, with minor adjustments of the motors, permitted a savings of 500 million liters of gasoline per year to supply a national fleet of over 8 million vehicles." In the social area, the interim minister believes that PROALCOOL obtained "favorable" results. According to him, "the number of workers engaged in operations directly connected with processing the current alcohol production is estimated at about 234,000."

8711

GSO: 3342/12

## PETROBRAS EXPORT FORECAST INDICATES 46.3 PERCENT INCREASE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Oct 82 p 23

[Text] Rio--The Brazilian Petroleum Corporation (PETROBRAS) expects to sell 146,000 barrels of oil derivatives daily this year in the countries of Africa, North America, South America and Europe, valued at \$1.36 billion, according to the forecasts of the company's commercial section. Up to 31 August, derivatives extracted from 92,000 barrels daily were expected to those markets, generating foreign exchange in the amount of \$730 million. Gasoline heads the sales: 24,600 barrels daily up to August, with the shipping of another 40,000 barrels being expected by December, at \$39 a barrel (60 cruzeiros per liter).

Those forecasts represent an increase of 46.3 percent over exports last year, when PETROBRAS sold 100,000 barrels daily. The company has a simple explanation for that increase: the government's policy of containing the consumption of petroleum fuels and the development of alternative sources generate ever larger surpluses which can be channeled into export. Thus, the change in the structure of consumption based on those measures indicates that at the present time gasoline represents 17.4 percent of domestic sales, whereas, in 1973 (the date of the first oil "crisis") it represented 31 percent. The share of fuel oil in industry was also reduced, from 28.1 to 23.7 percent.

As the PETROBRAS technicians explain, faced with a rigid operating structure, the refineries were left with two options in view of the drop in consumption: reduce production or maintain the same rate. In the first case, it would be necessary to adjust to the new domestic demand for gasoline (which cannot be produced separately from the other derivatives). But that would force the country to import part of the middle derivatives: kerosene, diesel oil, fuel oil and liquefied petroleum gas--in order to fill the needs of the domestic market. The company decided to maintain the same rate.

To sustain the argument of the advantage of exports, the PETROBRAS technicians add: up to the end of last year, imported oil arrived in Brazilian ports at the CIF (at destination) price of \$230.16 per cubic meter, whereas, exported gasoline, at the FOB (on the ship) price, yielded \$244.48 per cubic meter for Brazil. In addition, the exports are normally made using Brazilian ships of the National Tanker Fleet (FRONAPE), generating additional earnings in dollars through the freight rates paid by the importing country.

## Price

With regard to the great price difference between exported gasoline (\$39 per barrel--60 cruzeiros per liter at the official exchange rate), and that sold on the domestic market (144 cruzeiros) the explanation of PETROBRAS is based on the different structures forming those prices: in Brazil, the price paid by the consumer at the gas-pump is designed to cover production costs, the Single Tax on Fuels and Lubricants, assessments for social security and social programs, in addition to the compensation that finances the other derivatives, the remuneration of the distributors and retailers, and the government funds.

Thus, according to the PETROBRAS figures, the composition of the domestic price of gasoline at the present time is as follows: cost of oil and refining (30.1 percent); compensation of the prices of other derivatives (19.8 percent); welfare assessment (1.5 percent); single tax (5.3 percent); Social Integration Program (PIS)/Civil Service Welfare Fund (PASEP) (0.7 percent); margin for distribution (2.8 percent); margin for retailers (7.8 percent); social Financing Fund (FINSOCIAL) (1.4 percent); and various funds (30.6 percent); PETROBRAS points out that with gasoline selling at 144 cruzeiros per liter, its share per liter is 3.15 cruzeiros.

According to PETROBRAS, gasoline intended for the foreign market does not have to charge the same costs considered in making up the domestic price, otherwise, exportation would not be feasible. The same company sources reveal that a similar situation exists when it imports derivatives: the FOB (merchandise in the ship) price in foreign ports is much lower than that charged to the consumers of the countries that export refined products.

### Brazilian Exports of Oil Derivatives

| Derivatives                           | Jan-Aug 82                                      | Sep-Dec 82 | US\$ per barrel<br>FOB     |
|---------------------------------------|---|------------|----------------------------|
|                                       | Quantity equivalent to 1,000 barrels<br>per day |            |                            |
| Liquefied petroleum<br>gas--LPG       | 1.0   | 1.0        | 255.00/ton<br>Saudi Arabia |
| Aviation gasoline                     | 0.3   | 0.3        | 55.00 Caribbean            |
| Gasoline                              | 24.6  | 40.0       | 39.00 Rotterdam            |
| Jet kerosene                          | 9.7   | 30.0       | 43.00 Rotterdam            |
| Diesel oil                            | 15.8  | 20.0       | 41.00 Rotterdam            |
| Fuel oil                              | 22.5  | 40.0       | 27.00 Rotterdam            |
| Fuel for ships                        | 18.0  | 15.0       | 30.00 Brazil               |
| General Total                         |   |            |                            |
| Quantity (in 1,000<br>barrels daily)  | 91.9  | 146.3      | 238.2                      |
| Value FOB (in<br>millions of dollars) | 730.0   | 630.0      | 1,360.00                   |

### Principal Markets of the Derivatives

Africa (43 percent) Angola, Benin, Congo, Ivory Coast, Guinea, Nigeria,  
Senegal, Mozambique and Zimbabwe

North America (40.5 percent) United States and Mexico

South America (11.1 percent) Argentina, Chile, Colombia, Caribbean, Ecuador,  
Paraguay and Venezuela

Europe (5.4 percent) Netherlands and Great Britain

Source: PETROBRAS

8711

CSO: 3342/12

BRAZIL

BRIEFS

PAKISTAN INTEREST IN PROALCOOL--The Pakistani ambassador to Brazil, Sayed Al-Khair, yesterday asked the secretary of industry, commerce, science and technology, Osvaldo Palma, to immediately send technicians specialized in alcohol micro-distilleries to that country. The Pakistani government is interested in increasing the possibilities of trade and technological exchange with Brazil, particularly in the area of the National Alcohol Program (PROALCOOL). Sayed Al-Khair revealed also that Pakistan is currently a great exporter of molasses, a product that can in the short term be processed to be transformed into fuel alcohol, replacing oil derivatives. Details about the economy and the level of development of alternative energy programs of Pakistan will be forwarded to the secretariat to serve as source material for a seminar on trade relations which Palma plans to sponsor in Sao Paulo, and for a trade-technological mission that the secretariat may sponsor later, once the possibilities of trade between the two countries have been identified. [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Oct 82 p 29]

8711

CSO: 3342/12

## NEW OIL EXPLORATION IN STRAITS OF MAGELLAN

Santiago EL MERCURIO in Spanish 3 Oct 82 p A 1

Text The National Petroleum Enterprise (ENAP) will conduct three new oil drilling operations next year in the Straits of Magellan, according to the firm's general director, Ernesto Silva.

Silva gave an interview to EL MERCURIO in which he said that these explorations will be carried out in a manner similar to the Costa Afuera project.

He announced also that the production of petroleum will go down 2.8 percent next year. Emphasizing the role of the firm as a holding company, he noted that for the first time in many years the oil refineries will show a profit.

He added that this year ENAP will show higher profits before taxes but the total after taxes, about \$60 million, will be lower than last year.

Silva stated further that the government firm will buy as few dollars as possible from the Central Bank and will use foreign lines of credit which it has maintained to cover its foreign exchange needs.

## Costa Afuera

The ENAP director said that the new oil explorations will be carried out between the first and the second narrows of the Straits of Magellan.

The rest of the region will be left for the private sector to explore. The project has been opened for bid, and it has been decided to start accepting contracts on 1 January 1983.

However, 70 percent of the nation's oil production, a total of 50,500 barrels per day, comes from the Costa Afuera project, which includes the area between the first narrows and the eastern mouth of the channel. Silva noted that this project "has been implemented as planned, with no great surprises or disappointments."

To date the project comprises 11 drilling platforms. Another two platforms are planned for installation before the end of the present year; subsequently, four more such structures will be added per year.

## Production

Silva announced that if no new deposits are found, oil production will remain about the same, going down 2.8 percent from 1982 to 1983. This year's production will be a record for the nation, a total of 2,520,000 cubic meters of crude. For 1983 the total could go down to 2,450,000 cubic meters.

## Holding Company

ENAP is operating as a holding company, its subsidiaries being the Concon Oil Refinery and the Petrox Refinery, both corporations, and Fuels Storage Enterprise (EMALCO), which is a limited liability corporation.

In order to demonstrate the results which this type of operation has produced, Silva used the example of the history of the two refineries, which lost large sums of money for many years but made a profit in 1982.

"This year," he said, "one of them will show profits of 250 million pesos, and the other 500 million pesos. Both these sums are after taxes. For 1983 the after-tax profits for both corporations will range between 200 and 300 million pesos."

Silva noted that ENAP Magellan "has sold the nation's oil to the refineries at market prices, that is, \$35 per barrel, so that operations would be carried out under the same conditions as in the private sector."

On 1 October the two corporations received last payment toward building their capital and setting up definitively as subsidiaries.

Speaking of ENAP overall, Silva said that in 1981 profits before taxes were \$301 million, and \$61 million in liquid terms (after taxes).

For this year it is expected that profits before taxes will be over \$300 million, but the amount after taxes will be below last year's. Silva explained that this situation results from the need to pay for oil exploration rights in foreign currency. For 1982 this means that the Treasury will collect \$200 million. This tax went up this year because of a decision by the Economics Ministry, and as a result the liquid profits will go down.

## Purchase of Dollars

According to information provided by Silva, during the first 6 months of the year ENAP bought an average of \$59.5 million monthly to meet its foreign commitments.

As of August 1982, the firm had collected \$100 million on foreign debts, the result of a medium term loan over 8 years, with a grace period of 4 years.

Silva explained that in the remaining months of 1982, a minimum of foreign exchange credit will be sought from the Central Bank. Foreign lines of credit maintained by the firm will be used to fulfill its commitments.

In August ENAP bought \$5 million. In September the figure went up to \$45 million and in October it will decline to \$1.5 million. As a result there will be no strong pressure on foreign exchange rates during the stabilization period.

## AMBASSADOR EXPECTS PEACE BETWEEN CHILE, ARGENTINA

Santiago EL MERCURIO in Spanish 7 Oct 82 p C 1

Text Whatever future government there may be in Argentina, I am sure there will be good relations between it and Chile, so there will be no retreat from this path of renewal and integration that we have begun."

So our country's ambassador to Argentina, Sergio Onofre Jarpa stated when he was in the capital. Yesterday he visited the foreign ministry, where he met with Deputy Foreign Minister Lt Gen Sergio Covarrubias, Undersecretary Col Ernesto Videla, and advisor Patricio Pozo. He discussed various matters regarding bilateral relations, in particular those having to do with joint development projects, as he said.

Ambassador Jarpa indicated that the process of papal mediation was not discussed.

With regard to the Everlasting Friendship Treaty, one of the points now under study in the process, he stated, "That was not discussed either. I hope it is signed soon, but that is not a matter in which I can become involved."

The diplomat added that the Extension of the Peaceful Resolution of Controversies Treaty was quite well received by all sectors of the neighboring country. "It was, I think, very good news for both countries," he said. The ambassador feels that determination marks a new stage in the process and in the development of bilateral relations. "There is interest in quickly reaching common goals of economic and social development, of integration, to be exact," Jarpa declared.

He added that "I think that the steps being taken are fundamental to arrive at a definitive solution to the problem."

## Consultations

Moreover, the ambassador suggested that it would be possible to set up consultant organizations to deal with various aspects of interest to both nations, whether on labor, social, technical, university or economic matters, since, considering their diversity, it is difficult for all of them to be handled through a single organization.

"Naturally the foreign ministry and the embassies handled all aspects of relations in general, but in some cases it is necessary to call in specialists on each of the subjects," he said.

He reported that, according to agreements these commissions will soon begin meeting.

#### Economic relations

Ambassador Jarpa also indicated that other business meetings like the recent ones in Neuquen, Salta, Antofogasta, Mendoza, and San Martin de los Andes will be held, "because there has been an increased spirit of cooperation and integration in the border areas which is very interesting, so that we consider this movement of the greatest importance."

He added, "Trade is based on prices, and in order to have increased trade products must be lower priced. This is accomplished by improving communications, transportation, reducing delays and useless red tape, and facilitating the promotion of new products. That is being done.

"I think there is going to be a very significant increase in trade in the years to come," the diplomat stated.

He indicated that many concrete measures on trade are under consideration and others will go into effect very soon, including tariffs.

"The concessions are always mutual. If we reduce tariffs there are always compensations. We are interested in certain products and other countries are interested in others. Well, we are reaching agreements for our mutual benefit, to reduce costs, or prices, or to reach new markets," he said in conclusion.

8587

CSO: 3348/6

## MIR LEADER OUTLINES PROPOSALS FOR NEW GOVERNMENT

La Paz PRESENCIA in Spanish 15 Oct 82 p 5

[Text] Sucre, 14 October--The Movement of the Revolutionary Left (MIR) made a proposal here for the democratization of power, with participation by the people not only in the designation of national and local authorities, but also in the direct management, control and defense of the government, as a means to guarantee the democratic process. MIR officials stated in a press conference that there could be temporary mayor designations until municipal elections could be held within 6 months.

Carlos Salinas, a high MIR official, called the press conference to present some basic points within this process, which he described as a change in the course of history.

He indicated that four points are being proposed in this area:

- 1) Nationalization of the State, that is, the fundamental reorientation of the actions and developments involved in changing the nature and quality of the government under the present circumstances; in no way will the State be allowed to become a center of corruption, a model of inefficiency or a channel of privilege.
- 2) Democratization of power, with participation by the people not only in the designation of national and local authorities, but also in the direct management and defense of this government, to guarantee that the democratic process remains a popular and anti-imperialist process.
- 3) Moralization of public and private responsibilities. This should be an all-embracing task that serves an example of ideology, devotion and above all adherence to the interests of the nation, to prevent what has happened in the past in this nation, with squandering, drug trafficking, under-the-table deals, kickbacks, bribes, etc.
- 4) Economic recovery, given the fact that Mr Siles has entrusted the Finance Ministry to Ernesto Aranibar, an MIR member.

"We will seek to ensure that responsible action is taken on a regional level, through effective coordination with the factors of production and departmental development."

Responding to questions about the democratization of power, he said that the MIR has drawn up certain criteria and presented them to the People's Democratic Union (UDP).

He indicated that there must be a differentiation between political power and technical functions, and (the MIR) believes that there should be an institutionalization with the active participation of all, to fill official posts. Referring to mayoral positions, he said that there should be a transitional period of 6 months until municipal elections can be held, for which purpose the Departmental Electoral Courts should begin operations as soon as possible.

Regarding the document the MIR submitted and whether it is a formal proposal made by the MIR or a suggestion to the UDP, Salinas said that the MIR, in this case, has autonomy in outlining departmental interests.

The goal is for the people to know what has been proposed, and therefore it has been suggested that a joint press conference be held soon so that other points can be presented.

Responding to a question about the make-up of the ministerial cabinet and the absence of other groups not belonging to the UDP, he said that the cabinet was formed the way it was because of the president's late arrival.

"Don Hernan did not arrive until Friday, so there was only one day left for negotiation." Then he stated that the cabinet is balanced in terms of the political philosophy of this government as well as its technical level. He said that there is a balance in this process and in the broadening of democracy in the country, which should be linked to technical capacity. He indicated that the press reported on only three parties, but even in the MIR there are two that are not members but "friends of ours."

He said that the higher posts, such as undersecretaries and others, will be filled on the basis of technical expertise. He also noted that the MNRH [expansion unknown] has refused to participate in the government, and that there is merely an agreement with the Christian Democrats.

Finally, he said that the designation of officials is under study, and negotiations are taking place, but for the time being the government is more concerned with dictating economic measures for the next 50 days.

8926

CSO: 3348/58

## MNRI ISSUES GUIDELINES APPROVED BY 1979 NATIONAL CONVENTION

La Paz EL DIARIO in Spanish 8 Oct 82 p 4

[Article: "MNRI Wishes Success to Siles Zuazo Government"]

[Text] The National Directorate of the MNRI [National Revolutionary Movement of the Left] yesterday issued a statement signed by Abel Ayoroa Argandona, Raul Guzman Moreira, and Nelson Capelino, expressing the pleasure of this political group at the appointment of Dr Hernan Siles Zuazo as president. At the same time it was pointed out that the government program approved by the first national convention of the MNRI in April 1979 must be applied. The statement referred to above appears below in its full text.

"The National Directorate of the MNRI-National Left Line expresses its pleasure over the designation of Dr Hernan Siles Zuazo as president, following three electoral victories. The Directorate wishes success to his administration which no doubt will be directed toward the service of the country and especially of the workers and of the impoverished people.

"Along with Dr Siles a sector of the National Revolutionary Movement of the Left (MNRI), the Bolivian Communist Party (PCB), the Movement of the Revolutionary Left (MIR), the POR (Trotskyist Revolutionary Workers Party), and the Socialist Party have also come to power. For this reason the Directorate considers it necessary to recall that, as far as possible, the government program approved by the first national convention of the MNRI in April 1979 must be applied. Among other things this program provides for:

"1) The unyielding defense of our natural resources and publicly owned enterprises and entities, strengthening them to achieve first of all the ability to finance themselves and then to make a contribution to the resources of the state.

"2) Establishing a monetary policy with a fixed exchange rate and taking steps to avoid luxury imports, providing a just salary to employees and workers in the public and private sectors as well as to retired workers.

"3) Reduction of bank interest, which provides exaggerated profits to the banking sector and makes credit particularly expensive. Providing for and controlling reinvestment of the dividends of banks and financial institutions.

"4) Establishment of a Workers Bank and of Cooperative Development Bank in order to channel to those broad social classes the management of credit, the people's savings, and the mobilization of large economic resources.

"5) Establishment of a National Corporation for the Import of Food Products, thus avoiding the involvement of merchants who collect excessive profits and control supplies to the public in their own interest. Products in the "family market basket" must be under strict state control.

"6) Providing for the participation of the workers (technicians, workers, and employees) in the management of publicly owned enterprises and entities, with powers of decision at every level and with a view to the future self-management of these enterprises and entities.

"7) Providing for the gradual participation of the workers in the private sector, both in terms of business administration as well as profits.

"8) Establishing minimum national salary levels by sectors of workers and geographic areas and providing for a movable salary scale as a function of the increase in the cost of living indexes.

"9) Energetic measures against administrative corruption at all levels and heavy fines and prison terms against speculators and usurers.

"10) Action in support of a stable democratic system which will consolidate a national state within the limits of the law, rejecting any kind of fascist methods or dictatorial and all-embracing militarism.

"11) Adoption of an agrarian policy which will ensure national self-sufficiency and will move toward the export of national produce. Modernization of national production practices and adequate means of communication with centers of consumption.

"12) Action in support of a foreign policy that fits in with our status as a country dependent on foreign markets, rejecting imperialist or neocolonialist interference or pressure. Opposing the division of the world into power blocs, supporting and participating actively in the nonaligned countries movement. Fighting against the arms race which, in addition to causing conflict between the peoples of the world, worsens the tendency toward hunger, misery, and other forms of backwardness in the countries which seek to develop themselves.

"The political parties and their leaders who do not keep the promises they make to the people through their government plans and programs only continue the deceptive policies of the past which the present generation criticizes and condemns.

From its position within the government the MNRI must carry out its promises to the people.

"Signed in La Paz on 7 October 1982. For the National Directorate of the MNRI-National Left Line: Abel Ayoroa Argandona, Raul Guzman Moreira, Nelson Capellino V."

5170

CSO: 3348/52

## POLITICAL UNITY NECESSARY TO PROMOTE ECONOMIC POLICIES

La Paz PRESENCIA in Spanish 15 Oct 82 p 3

[Commentary by Herbert Muller Costas]

[Text] The importance of the Central Bank during these economic times derives not so much from its bureaucratic functions as from its role as a tool at the government's disposal for attaining the following objectives: price stability, equilibrium in the balance of payments, full employment, and, what is most important today, accelerated and steady growth in the economy.

We should state very clearly what we have reiterated several times: economic growth makes sense only to the extent that mechanisms are implemented simultaneously to ensure an equitable and fair distribution of national income.

To fulfill this function, the Central Bank, in concert with fiscal policy, implements the country's monetary policy, regulating the amount of money available in the system and the level of interest rates, active as well as passive, and determines exchange policy.

For the Central Bank to be an efficient instrument in achieving these goals, however, its activity must be defined within the framework of an economic plan, and that plan must necessarily respond to a political program that delineates the path the country should follow.

In this sense, we are immensely concerned that one of the risks the present government is running is that within the parties that make up the People's Democratic Union (UDP), and within that front, no unanimity or even majority consensus can be obtained regarding the political program and economic plan. Therefore, this process threatens to break down into a sterile and sectarian dispute, without providing far-reaching solutions to the serious crisis the country is undergoing.

It is not that ideological discussion is not important; but the need to achieve a rapid consensus is even more urgent, so that the government can set forth the basic features of its future political, social and economic strategy and enable us in the immediate term to find new hope for the nation.

The Central Bank, then, should give top priority to regulating the financial market for the optimum management of scarce financial resources in order to guarantee gross capital formation, and therefore to expand the country's productive capacity in the basic sectors of the economy, such as mining, agroindustry and others that are considered key sectors in the economic development plan.

The government should tackle the renegotiation of the foreign debt and the negotiation of new debts, channeling them in the proper direction. We should be aware that the reactivation of the economy cannot be financed with domestic savings, because our population's income level is so low that the average citizen does not even have enough to meet minimal needs. But the new debt that is contracted, unlike past debts, should be used to increase the country's productive capacity, giving priority to those sectors that generate foreign currency reserves and those industries that truly and efficiently substitute imports. Thus, not only will we increase the level of employment, but we will also reduce the pressure on the balance of payments.

Finally, in accordance with the economic development policy, the Central Bank should guarantee the efficient use of the country's foreign reserves so that they will contribute to the reactivation of the economy and will not be squandered on luxury items or on tourism by the privileged citizens of the country.

If the Central Bank fulfills its obligations efficiently and honestly, it will lay the groundwork for overcoming this crisis.

8926

CSO: 3348/58

## CENTRAL BANK HEAD FORMULATES OBJECTIVES

La Paz EL DIARIO in Spanish 16 Oct 82 p 3

[Text] "Top priority should be given to channeling bank credit immediately toward the financing of the continuation and even increase of agricultural and industrial production throughout the country, to guarantee the people the supplies of food and industrial goods necessary for their survival," said the president of the Central Bank upon taking office in that institution.

Luis Viscarra Ruiz is the new president of the Central Bank of Bolivia, after his swearing in at the offices of this banking institution, under the direction of Finance Minister Ernesto Aranibar.

In a day of intensive activity, the minister of finances was the center of attention in a series of swearing-in ceremonies for newly-designated officers of the economic sector that took place one after the other throughout the face-paced day.

Thus, in the morning several executives of collection agencies were sworn in, and in the early afternoon more installations took place, this time at offices of the Central Bank of Bolivia.

Minister Aranibar, accompanied by executives of the ministry and Central Bank staff members, witnessed Luis Viscarra Ruiz take the oath as president of that state credit institution.

After the ceremony, the minister of finance lauded the man who was selected to serve as president of the Central Bank, and discussed the critical economic situation.

Viscarra, in turn, noted that he was accepting this position in full awareness of the tremendous crisis plaguing the nation, and of the serious economic, social and financial problems the country faces.

He referred to the impact of the crisis on the Central Bank itself, with the effects of accelerated monetary inflation, instability of exchange, and total depletion of international reserves, the latter unprecedented in the bank's history.

He stressed that the Central Bank had been stripped of its independence and authority by being subordinated to fiscal policy and the increasing control of the National Treasury.

He noted that the Central Bank should begin to exercise strict control over the expansion of the money supply, adjusting it to the needs of the development process and of the economy.

"Top priority should be given to channeling bank credit immediately toward the financing of the continuation and even increase of agricultural and industrial production throughout the country, to guarantee the people the supplies of food and industrial goods necessary for their survival, without, on the other hand, neglecting the financing needed by other productive sectors."

As for the causes of inflation, he pointed out that in order to prevent that kind of process, fiscal credit should be controlled and limited to amounts compatible with the maintenance of monetary stability so as to permit adequate economic growth.

He also discussed exchange policy, indicating that a real parity should be established between the Bolivian peso and the U.S. dollar.

With respect to external trade, he stated that the limited foreign resources generated by our exports should be used primarily for the importation of food and medicine not produced in this country.

Concerning the renegotiation of the foreign debt, he referred to the president's announcement of a meeting of leaders for that purpose, adding that the foreign debt should be renegotiated in the long term and with conditions that allow capital amortizations and interest payments to be tied to different countries' real ability to pay.

He stressed that to achieve these objectives, the Central Bank of Bolivia must resume control over the instruments of monetary, exchange and credit policy at its disposal, and manage them expertly and efficiently.

He asserted that "if we are to come to grips with our national crisis and resolve it, we must act with efficiency and honesty. We cannot afford to make mistakes in our decisions," he emphasized.

He also called for the cooperation of the entire system of private and foreign banks, because they are the natural financial network through which the crisis can be overcome and the national economy cured.

8926

CSO: 3348/58

## MOSCOW-LINE COMMUNIST PARTY ACCUSED OF CAMPAIGNING AGAINST CONGRESS

Cochabamba LOS TIEMPOS in Spanish 9 Oct 82 p 5

[Article: "Zamora Accuses the PCM of Carrying on a Campaign Against Congress"]

[Text] La Paz, 8 Oct (LOS TIEMPOS)--Senator Oscar Zamora today made a speech in which he accused one of the political parties which did not obtain representation in the leadership of Congress of carrying out a campaign against the National Congress.

The accusation basically refers to the Moscow-Line Communist Party [Partido Comunista Moscovita] which was described as expressing views critical of Congress in its radio and public campaign in connection with the entry into office of Dr Siles Zuazo.

The Moscow-Line Communist Party, which is a member of the UDP (Democratic and Popular Unity Movement), did not obtain representation in the leadership of the two houses of Congress, which led this party to protest energetically and to accuse the MIR [Movement of the Revolutionary Left] of being the ally of reactionary parties like the ADN [Nationalist Democratic Action] and the Beijing-Line Communist Party.

Zamora's speech expressed the view that in Congress there is a great deal of concern over the fact that provocative elements, almost all of them members of a party which did not obtain representation in the leadership of the two houses of Congress, were using the ceremony prepared for the inauguration of Dr Siles Zuazo in order to carry out a campaign against Congress.

"Under present circumstances," he stated, "a campaign against Congress cannot be understood," particularly when it comes from a party belonging to the UDP, since the only action taken by Congress was the election of Dr Siles Zuazo and Dr Paz Zamora as president and vice president.

Therefore, he continued, we consider that such a campaign can only be of benefit to the antidemocratic forces which as of now are seeking the destruction of the democratic process, whose first legal and constitutional expression was and is the installation and full entry into power of the National Congress.

Senator Zamora Medinacelli stated: "We are certain that the Bolivian people, and more particularly the people of La Paz, as the true agents and authors of the ongoing democratic process, will know how to reject such provocations and close ranks in defense of the democratic process which is necessarily based on the legal and constitutional effectiveness of the three branches of the government, legislative, executive, and judicial. Let no one have any illusions about trying to destroy the executive branch without causing the destruction of the whole democratic process."

5170

CSO: 3348/52

USSR OFFERS BOLIVIA ECONOMIC, TECHNICAL COOPERATION

La Paz PRESENCIA in Spanish 11 Oct 82 pp 6, 11

[Article: "Soviet Ambassador: USSR Offers Broad Prospects for Cooperation to Bolivia; Could Provide Aid in Petroleum Exploration, Agriculture, Development of Basic Industries, and Energy Projects"]

[Text] The Soviet Union offers Bolivia, like other countries in the world, broad prospects for technical and economic cooperation in many fields which will contribute to development. This was stated by Soviet Ambassador Vladimir Lomonosov, who has come to Bolivia for the transfer of the office of president.

Lomonosov is president of the State Congress for Social Affairs Work in the Soviet Union. In the interview which he gave PRESENCIA he was accompanied by the Soviet charge d'affaires in Bolivia, Anatoly Kozlov.

Lomonosov said he wanted to transmit to the Bolivian people and to their government greetings from the Soviet people and government and to congratulate them on this new step in the constitutional life of Bolivia signified by the resumption of the democratic process. He said: "We consider that this is a very important step in the efforts being made to travel on the road of the economic, social, and cultural development of the Bolivian people."

He was asked for his impressions of Bolivia during his visit. He answered that it seemed to him that the Bolivians are, "a magnificent people. This is a country with many natural resources which in the future will make it possible to achieve a better living standard."

He stated: "Bolivian soil contains great mineral riches, and its territory has great expanses of land appropriate for agriculture, animal husbandry, and agroindustry which, together with the efforts of its people, will contribute to achieving the substantial development to which Bolivia aspires."

Cooperation

He said that the Soviet Union has a program of cooperation and trade with all countries of the world and especially with those countries which seek

to improve their industrial development but have limitations on their abilities to improve their economies.

He added that: "Cooperation agreements have been signed with Bolivia in the fields of mining, metallurgy, and agriculture, which can be expanded in accordance with the needs of the country."

He pointed out that the new government, if it wishes to have a program of greater cooperation, can have it if it makes its needs known through the appropriate diplomatic channels, "although I am not such a channel to provide the necessary definitions. I can assure you that the USSR is disposed to provide help to all countries of the world which need it."

He repeated that there are "broad prospects for technical and economic assistance, in the mining, metallurgical, industrial, petroleum exploration, and other fields in which Soviet technology has made particular progress."

#### Metallurgy

He also reviewed the present levels of cooperation with Bolivia in the field of metallurgy. He said that in Potosi the factory at La Palca has been approved for construction. It will have a daily level of output valued at \$250,000 in the mining sector. He noted that projects have been proposed for the installation of a second tin vaporization plant in the Machacamamarca area.

He indicated that the implementation of this project depends on Bolivian interest in it, since for its part the Soviet Union has provided the agreed-upon proportion of the equipment. He added that other equipment is on hand in Soviet ports, ready to be sent to Bolivia.

#### Petroleum Exploration

The Soviet ambassador, asked about prospects for technical assistance in petroleum exploration in Bolivia, answered that the USSR had made substantial progress in this field.

He explained that exploration, drilling wells, and production of petroleum obtained priority attention in his country in order to ensure 100 percent self-sufficiency in supplies for the domestic market, also generating an export surplus. In that way, added the Soviet charge d'affaires in Bolivia, providing this country with "broad cooperation, if this is desired," is feasible.

He said that Bolivian soil contains great possibilities in terms of petroleum and that the USSR is ready to give the assistance required in a form which will contribute to increasing the potential of petroleum deposits in Bolivia. He expressed confidence that Bolivia will move out of the crisis in which it is involved, using its own efforts together with the help of other countries of the world which wish to contribute effectively to its development.

5170

CSO: 3348/52

## CENTRAL BANK RELEASES WHOLESALE PRICE INDEX FIGURES

La Paz PRESENCIA in Spanish 19 Oct 82 p 6

[Text] The technical division of the Central Bank of Bolivia has published information on the evolution of the wholesale price index for the second quarter of this fiscal year, from March to June. It shows growth of 53.25 percent. "The increase is the highest since 1976 for similar periods," the bulletin -- published somewhat late -- noted.

It should be observed that since the economic indicator began to be calculated, there has not been such a noteworthy increase as the one recorded in the period being analyzed. For example, during the 1976-1981 period, the general index varied between 2.22 and 10 percent. "The situation described can be attributed to the economic measures set forth by the government, which started the floating system in March 1982. This economic corrective measure has a considerable effect on prices for all products included in the index."

## Agricultural Sector

It notes, for example, the agricultural sector index which, for the period in question, shows an increase of 39.60 percent. This is significantly higher than during similar periods of preceding years.

In addition, the groups in the sector with the greatest influence on price trends were: milk and eggs, 46.84 percent; livestock production, 28.28 percent; live animals, 22.28 percent; and grain, 20.30 percent.

In the industrial sector, between March and June, the index went from 440.70 to 651.29 points. "This increase represents, in real terms, a variation of 47.79 percent for the quarter. In similar periods between 1976 and 1981, the increases were between 1.28 and 8.92 percent, meaning that during the quarter being analyzed, the rate of growth was the highest since 1976."

## Import Index

The publication also mentions the import sector, indicating that its index showed an increase of 71.21 percent during the second quarter of this year.

It points out that the highest rates during this quarter correspond to milk products, with 90.95 percent; machinery and transportation equipment, with

82.35 percent; and pharmaceutical products, with 77.01 percent. "Compared with previous quarters and similar periods, these increases are the highest in the past 6 years," according to the report drawn up by the Department of National Accounting.

The following tables show the evolution and in the sectors mentioned.

Wholesale Price Index Evolution

Base Year 1975 = 100

| <u>Index</u> | <u>June 81</u> | <u>Sept 81</u> | <u>Dec 81</u> | <u>March 82</u> | <u>June 82</u> |
|--------------|----------------|----------------|---------------|-----------------|----------------|
| General      | 334.38         | 345.50         | 359.27        | 470.99          | 721.79         |
| Agricultural | 349.14         | 368.25         | 369.77        | 429.71          | 599.88         |
| Industrial   | 321.17         | 328.05         | 337.85        | 440.70          | 651.29         |
| Import       | 345.25         | 357.14         | 389.81        | 568.13          | 972.69         |

Percentage Variations

| <u>Index</u> | <u>Sept 81</u><br><u>June 81</u> | <u>Dec 81</u><br><u>Sept 81</u> | <u>March 82</u><br><u>Dec 81</u> | <u>June 82</u><br><u>March 82</u> | <u>June 82</u><br><u>Dec 81</u> |
|--------------|----------------------------------|---------------------------------|----------------------------------|-----------------------------------|---------------------------------|
| General      | 3.36                             | 3.96                            | 31.10                            | 53.25                             | 100.90                          |
| Agricultural | 5.47                             | 0.41                            | 16.21                            | 39.60                             | 62.23                           |
| Industrial   | 2.14                             | 2.99                            | 30.44                            | 47.79                             | 92.77                           |
| Import       | 3.44                             | 9.15                            | 45.75                            | 71.21                             | 149.53                          |

11,464

CSO: 3348/60

## GOVERNMENT BLAMED FOR SOCIAL SECURITY PROBLEMS

La Paz EL DIARIO in Spanish 8 Oct 82 p 2

[Text] The government, as an employer, is putting the Social Security system into debt in the amount of over 4 billion Bolivian pesos. According to information examined by doctors working for the CNSS [National Social Security Fund], that debt totaled 3,689,000,000 by 1981.

The CNSS is a public institution. Although its administration is autonomous, its main authorities are appointed by the Ministry of Public Health and Social Security. The standards governing its operation are, first of all, laws and orders, followed by decisions made by the directorship. The economic and financial administration of the organization is also governed by legal provisions. Its income comes from the contributions of labor and employers, involving both short-term insurance -- maternity, sickness, medical care and medicines -- and long-term insurance such as retirement.

A large share of those covered are employees of the government and national corporations, although some of these, such as the YPFB [Government Oil Deposits], have independent insurance systems. However, socialized mining is the responsibility of the CNSS and amounts to thousands of employees.

Like any employer, the government is required to pay a percentage on the wages and salaries of its employees and the remaining portion is made up of the contributions, also a percentage, of those covered. The CNSS has no other income to cover its own staff, medical and paramedical personnel and medicines, or to cover the monthly old-age and disability pensions.

The private sector, which also pays into the Social Security system, must make monthly payments based on the size of staffs and amounts corresponding to the discounts which, as the withholding agent, it takes from workers, plus its own quotas as an employer. If this is not done on time, fines are levied as provided for by law and specifications. In times of economic crisis, it is sometimes impossible to make such payments.

Based on actuarial practices, CNSS income should be sufficient to meet its responsibilities, but the government almost never meets its obligation to the system simply because that is how public officials act, especially when they believe that the law can be skirted. This happens so frequently that the

situation of the Fund has been precarious as a result of the government insolvency determined by sections of the Ministry of Finance. There is now another problem with the contributions of employers, which is the case pointed out by CNSS doctors. The denunciation, if it is to be called that, endangers the very insurance itself.

There is no acceptable explanation why the government, which is guilty of constant squandering and which is a past master at increasing the deficit in the national budget, should cause problems through its acts and measures. If its contributions are not made, the quality and efficiency of services of the Fund at clinics and pharmacies will inevitably decline. This may in turn endanger the lives of pensioners.

This time, the medical professionals who have studied the situation of the CNSS have given a timely warning so that the authorities will stop postponing payments essential to the normal -- not exceptional -- operation of insurance.

11,464

CSO: 3348/53

## PROSPECTS FOR EXPANDING REGIONAL TRADE EXAMINED

La Paz ULTIMA HORA in Spanish 8 Oct 82 p 3

[Text] According to reports from the Governing Board of the Cartagena Agreement, in the 3 years from 1979 to 1981, intrasubregional exports in the Andean area of products of the member countries increased by \$1.7 billion, an average of \$556 million per year.

If we examine the period in question we will see that it coincides with a let-up in the current world crisis of "stagflation" (recession accompanied by inflation), the burden of which has been profoundly destructive and damaging to the Latin American countries and to dependent countries in general. The industrialized countries have hardened their policies toward the Third World, not only closing off their lines of credit, but also raising protectionist tariff barriers destined to discriminate against or exclude manufactures produced by the efforts at industrialization in the underdeveloped areas of the world.

Actually, in a situation as unfavorable as the one mentioned, the Andean integration process has demonstrated its capacity to offer expanded markets capable of absorbing, in growing volumes, the manufactured exports of the countries which at this time are signatories to the Cartagena Agreement.

The amount of increase in the inter-Andean trade in manufactured goods is surely small compared to the overall quantity of exports of each country involved, but one can certainly see, looking to the future, that it is not a question of reaching the top, but rather of making a beginning and of a trend which should be strengthened and expanded for the mutual benefit of all.

Let us examine this trend. Among the hypotheses for achieving a new international economic order we find free trade, increasing trade in non-traditional products and horizontal trade. The free circulation of products is hemmed in by the tariff barriers erected by the more highly developed countries in contradiction to their own principles of economic liberalism--principles which are forgotten when it is a question of manufactured products from the Third World. The increase in exports of non-traditional items is aimed at encouraging development and industrial diversification in the backward countries, so that these countries may receive a cash income through a less vulnerable range of products, thus ensuring their route to progress.

The concept which interests us the most, however, is that of horizontal, or South-South, trade, meaning the trade relations between underdeveloped and dependent countries. The inter-Andean trade is, therefore, a process which falls within the framework of horizontal trade, which means reducing the classic, unfair dependency of the central countries.

The Cartagena Agreement indicates that in 1981 the modest \$54-million trade involving 200 manufactured products, which began with the inception of the Andean Pact, increased 24-fold. In 1981, horizontal exports among the member countries reached the figure already indicated, \$1.7 billion, with a range of 2,000 manufactured products. This result was made possible thanks to the establishment of new and bigger, more efficient factories, outfitted with new technology and employing more workers; in other words, to a specific material advance made in the industrial field.

Mechanisms such as the Mutual Minimum Foreign Tariff, which should evolve in the direction of an overall tariff reduction in the subregion, the Andean information network, the reconciliation and reduction of customs procedures, the improvement of the physical infrastructure of the transportation system and the formation of multinational Andean societies or enterprises are the tools which will lead to a horizontal increase in the exchange of manufactured products within an integration process which, in spite of the difficulties and delays which have arisen, has a broad future looking toward a great historical goal: the formation of the Latin American Common Market.

8735

CSO: 3348/56

## COCHABAMBA OBTAINS FINANCING FOR MISICUNI PROJECT

Cochabamba LOS TIEMPOS in Spanish 12 Oct 82 p 4  
[Editorial]

[Text] The signing of the financial contract with Leu. Limited, of Zurich, for the final design of the first phase of the Misicuni Multiple Project, to be run by the ELECTRO WATT firm, was the result of negotiations, demands and efforts made by the civic institutions of Cochabamba over a period of 25 years. There is no doubt that the military regime, which until last Sunday was headed by General Vildoso Calderon, capped his presidential term brilliantly with what happens to be one of the most vital needs of the department of Cochabamba.

It is well to remember that the first step favorable to the letting of bids for the Misicuni Project was the promulgation of the decree-law of 4 March 1982, under the administration of Gen Celso Torrelio Villa, which authorized the Central Bank of Bolivia to guarantee financing for the proposal selected for completion of the project.

The aforementioned contract, as has been announced, will permit the final design to be implemented so that the plant can become operational after construction and completion. The credit is for 5,197,648 Swiss francs at 8 percent, payable in 8 years with a 2-year grace period and guaranteed by the Central Bank of Bolivia.

As we already know, when completely finished--at a cost of approximately \$3 million--the project will supply drinking water to Cochabamba until the year 2025 from a volume calculated to be sufficient for 1 million residents. The structures for the future hydroelectric complex will be located in the mountains and will include three dams in the El Viscachas, Putucuro and Titiri basins. The largest of these will be 130 meters high and have a reservoir with a capacity of 180 million cubic meters. It will be connected with the Cochabamba Valley by a tunnel 18 kilometers long, which will carry water to a 104,000-kilowatt generating plant in the Chocaya area.

Misicuni, which is located 80 kilometers from the city of Cochabamba, will permit the rehabilitation of a 2,800-hectare irrigation system and the irrigation of 15,300 hectares in the valley of the department, to the benefit of 14,000 families, and provide drinking water for 570,000 residents and the generation of electric power with a capacity of 460 GWH.

We offer these details again precisely to reiterate the importance of the Misicuni Multiple Project, which will be one of the greatest achievements under Cochabamba's plans for development.

The local institutions, organized now in the Cochabamba Civic Committee, whose board of directors will take office as soon as possible, should immediately request an interview with the new minister of energy and hydrocarbons to solicit his support and cooperation in carrying out the Misicuni Project. We do not doubt that in the new constitutional phase which the country has just entered, officials will proceed with a clear view of the needs that confront the country's various departments, especially Cochabamba, which after a quarter century, was recently able to obtain financing for the final design of the first phase of the Misicuni Project.

8735

CSO: 3348/56

## BROADCASTERS UNION, ASBORA SIGN AGREEMENT

La Paz EL DIARIO in Spanish 9 Oct 82 p 4

[Text] The Trade Union Confederation of Radio and Television Workers (COSTRATEB) and the Bolivian Radiobroadcasting Association (ASBORA) have signed an agreement to work together in defense of the basic rights guaranteed by the national political constitution, especially the freedom of expression and information.

The text of the agreement reads as follows:

The Bolivian Radiobroadcasting Association (ASBORA) and the Trade Union Confederation of Radio and Television Workers (COSTRATEB) hereby subscribe to this agreement of joint action, to be known as the "Interinstitutional Agreement on Bolivian Radiobroadcasting," for the following specific objectives:

- 1) To work together in defense of the fundamental rights guaranteed by the national political constitution, especially freedom of expression and information, which constitutes the basic pillar of republican democracy;
- 2) To promote national development in general and in particular, to advance the role of radio and television communications media, seeking to overcome the dependency and improve the standard of living of the Bolivian people;
- 3) To encourage closer relations between labor and management in the sector within the framework of complete agreement, so as to join together in facing the crisis in which the country finds itself, by maintaining a dialogue of continuing mutual understanding;
- 4) To propose to the government the adoption of provisions permitting progress of the entire sector of radio and television communications media;
- 5) To work toward technical and technological advancement and modernization in Bolivian radio and television broadcasting;
- 6) To defend unrelentingly the physical integrity of workers and personnel in the sector, as well as studios and transmitting facilities against arbitrary occupations by force and the establishment of official networks, adopting

joint measures for the purpose, and in case any of the affiliates of either institution might suffer arrest and persecution, in violation of constitutional rights and guarantees; and

7) To steadfastly oppose any attempt to violate the constitutional and institutional order and terrorism, which on various occasions has already affected radio and television personnel and radiobroadcasting stations, for which purpose a direct campaign will be waged, covering radio and television networks.

For COSTRATEB: Edgardo Vasquez, executive secretary. For ASBORA: Enrique Costas Salmon, president; Zulema Alanes, general secretary; Miguel A. Dueri, vice president; Rodolfo Galvez, organizational secretary; Carlos Palenque, general secretary; Roberto Lazcano, press secretary; Carlos Ponce Sangines, legal adviser; and Humberto Loza, executive secretary of FESTRATEV [expansion unknown], La Paz.

11,464

CSO: 3348/53

## BRIEFS

WHEAT SUPPLIES--The country has enough wheat to last until January, according to Undersecretary of Commerce Gabriel Loza. In statements to PRESENCIA, the undersecretary said that the amount of wheat on hand has been calculated, in coordination with authorities from the Association of Industrial Mills (ADIM) in order to rationalize the marketing of wheat flour. The sale of flour is supervised by the Ministry of Industry and Commerce through orders given previous to the distribution process, he explained. He said that flour deliveries are normal and made exclusively for the purpose of making ordinary bread. He admitted that there are "unscrupulous people who take advantage of the flour subsidy in order to make money without making bread." The undersecretary announced that the Ministry of Industry and Commerce will implement a system of control to prevent illegal marketing of subsidized flour. [Text] [La Paz PRESENCIA in Spanish 19 Oct 82 p 6] 11,464

CSO: 3348/60

## NEWSPAPER HITS U.S. POLICY TOWARD NICARAGUA

PY121616 Rio de Janeiro JORNAL DO BRASIL in Portuguese 5 Nov 82 p 10

[Editorial: "Faulty Mechanism"]

[Text] News, but not good news, comes from Central America, top officials of the Reagan administration admit, in response to a long report published by NEWSWEEK Magazine, that the United States is supporting clandestine military operations--"on a small scale"--against Nicaragua for the purpose of harassing and unsettling the government, "but not to topple it." A high-ranking CIA source quoted by the NEW YORK TIMES said verbatim: "What we want to do is to destabilize Managua and to pressure Nicaragua to stop providing military assistance to the Salvadoran rebels."

That causes an old sensation of dismay, the same that has always been caused by U.S. attempts to steer the political principles which are actually more disastrous in practice than they are in theory.

The truth is that a long tradition of misunderstanding between the United States and the region's countries is well established. Washington tries to clear up misunderstandings by stepping up its activities only to end up deepening them.

The mistakes are part of both history and currency events. There is not much difference--if there is any difference--between the standards which prompted the United States to support Fulcengio Batista and those which led the United States to prop up the late Somoza almost to the end. These standards stem from an abstract analysis of the regional problems through the viewpoint of U.S. interests, an analysis that gets lost in details.

Sandinist Nicaragua is one of the many byproducts of a policy based on such analyses and standards. Whatever the U.S. policy toward Somoza was, the ouster of his sinister dictatorship would easily evolve into a leftist regime as a natural phenomenon in a region that is characterized by its anti-Americanism. The pro-Somoza policy which Washington maintained for a long time only reinforced that phenomenon, and more so with the former U.S. secretary of state's decision to "draw the line" on Soviet expansionism in Central America.

The United States is deeply concerned with what in its view is the decisive Sandinist and Cuban role of support for the Salvadoran guerrillas--and that

of the Soviet colossus farther in the background. The Soviet support is real and certainly nobody would be surprised by the U.S. attempt to offset it by providing support for nonleftist forces.

However, there is a fatal historical mechanism which is once again pushing the United States into direct involvement in a local conflict tinged with anti-U.S. bias.

The Honduran problem is very characteristic and it helps to illustrate other aspects of the question. Honduras recently elected a civilian government. The various sectors of that country's political lineup have sent Washington repeated signals that they would not like to see their country involved in a regional war. Nevertheless, the United States, which had used Honduras to destabilize the Guatemalan Government of Jacobo Arbenz in 1954, now maintains very special ties with the commander of the Honduran Armed Forces--an army that is not without a reputation for corruption. U.S. military aid to Honduras has increased sharply over the past 2 years and there is a \$78 million credit lined up for 1983.

Such military aid has transformed the Honduran-Nicaraguan border into a war zone with frequent clashes. One can still believe in the statement by U.S. sources that the objective is not "to topple" the Managua regime but to hurt it sufficiently so that it will slack off support for the Salvadoran rebels.

That is however a type of operation that is discouraged by past experience. The strong hand given to the Honduran military, who are suddenly emblazoned as defenders of Western values against leftist expansionism, alters that country's domestic climate. There are "death squads" operating in Honduras for the first time in its history.

On the other hand, the United States, to avoid direct involvement, is resorting to a "volunteer" force that is not always the best. Miskito Indians who were mistreated by the Sandinist regime are being used as "volunteers," although they are not good soldiers. Better and more willing soldiers are the lingering Somozists of the ousted dictatorship who have accounts to settle with the Managua regime.

In their "harrassment" operations, therefore, the United States ends up siding with the worst and most violent people in the region. This may have short-term "strategic" advantage: Armed actions are brought to a standoff temporarily, as is happening in El Salvador. But to what kind of solution does this tactic lead? Either of two: The leftist forces continue to grow and become more hardened and anti-American when they win, or the rightist forces, likewise hardened, prevail by might, thus paving the way for new bloody revolutions--as was the case in Nicaragua with Somoza.

The presence in the State Department of a level-headed man like George Schultz could correct the excesses of the U.S. policy in Central America. But the fear of those who know the details is that the mechanism of violence will continue to operate by itself or that it is already too late for it to be stopped.

CSO: 3342/24

## PETROBRAS PRESIDENT ON FOREIGN TRADE ISSUES

PY120159 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Nov 82 p 39

[Excerpts] Petrobras President Shigeaki Ueki yesterday informed Planning Minister Delfim Neto and Finance Minister Ernane Galveas that Mexico and Venezuela met the obligations which they had with Petrobras and with Brazilian private enterprises.

Mexico and Venezuela paid \$60 million and \$36 million respectively, amounts which are only part of their total debt, thus meeting obligations which were already due. According to Ueki, commercial relations with the two countries are now on a regular basis, and there is the intention to promote them further.

Ueki explained that Mexico paid part of its debt through the purpose credit system, or account compensation, whereby compensation, if any, is computed on the basis of the purchases made by the two countries. For Ueki, the operation yields the equivalent of cash, since Brazil pays its Mexican oil purchases in cash.

He also reported that Interbras [Petrobras International Trade Inc] is exporting considerable amounts of anhydrous alcohol to the United States, but he explained that such sales may be hindered next year by the U.S. Congress decision to double tariffs on each gallon of alcohol, thus pushing the tariff on a barrel of alcohol to \$16.80.

Ueki believes that it will not be possible to continue selling alcohol to the United States if such tariffs are maintained. However, both Petrobras and the Brazilian Government are determined to make every effort to convince the U.S. Congress and executive branch to reduce such tariffs to the current levels. Even though Ueki gave no figures, it is estimated that Brazil may export approximately 150 million liters of alcohol to the United States this year.

He explained that the U.S. Government raised tariffs with the purpose of protecting U.S. alcohol producers. However, he added, U.S. consumers will not be happy with the high production costs of U.S. alcohol.

CSO: 3342/24

## SOVIETS INTERESTED IN BRAZILIAN ZEBU CATTLE

PY151434 Rio de Janeiro O GLOBO in Portuguese 14 Nov 82 p 39

[Text] A deputy minister of the Soviet Republic of Turkmenistan, Nicolay Erofev, USSR Academy of Science member Alexandr Rubenkov and interpreter Tatiana Machkova have visited the office of the Brazilian Zebu Breeders Association (ABCZ) in Uberaba, as well as ranches and artificial insemination centers in the state of Minas Gerais. According to the ABCZ, "The Soviet technicians are interested in the development of hybrid cattle capable of being a good meat producer; and, at the same time, they wish to improve the butter content of milk in their country."

The ABCZ also said that the Soviet technicians consider it impossible to develop a new breed of cattle in the Central Asian region without resorting to Zebu cattle bloodlines, because European cattle bloodlines proved unsuccessful in resolving the problem of meat and milk production in a satisfactory manner for the Soviets.

After visiting Uberaba, the three Soviet technicians left for Rio de Janeiro on their way to Europe. The ABCZ has announced the visit of another Soviet mission that will be composed of animal health experts. "Only after that visit will the Soviets decide whether they will pursue [manter] commercial contracts for importing Brazilian Zebu cattle, cattle which are nowadays considered the best meat-producing animals in the world."

CSO: 3342/24

## PINOCHET: COUNTRY WANTS STRONG GOVERNMENT

Santiago EL MERCURIO in Spanish 8 Oct 82 p C 1

Text President of the Republic Augusto Pinochet stated yesterday that some of his ideas "are the fruit of years of deep thought and reflection on the future of the country."

Speaking during a ceremony commemorating the ninth anniversary of the National Committee on Kindergartens and Christmas held yesterday in the Diego Portales Building, the president, in an indirect response to those who challenged his recent remarks in Santa Cruz, said, "Many people are affected by some of my thoughts. I say to them that they are the fruit of years of deep thought and reflection on the future of the country."

"Today's Chile," the president indicated, "is a country that is constantly striving to improve. Our faith in a better future carries us ahead with this work, inspired by those noble principles which were revived on 11 September 1973, and interpreting the truest and deepest feelings of the nation's masses, who want strong authority that will give security to the development of the country's way of life."

At another point in his speech, the president stated that "the work done by this organization makes its volunteers participants in making children part of the new view of Chile, in order to raise youth to love their country and its traditions."

Work of the Kindergarten Committee

"Without belittling the responsibility of the family in training children," he added, "the National Committee on Kindergartens and Christmas works with parents on this important mission, whose results will be the fruit of the nation will harvest tomorrow."

"Chile," His Excellency added, "has in each of its children men who love their country, whose work, strength and courage will enable them to overcome obstacles and seek the best course for this country, through their combined efforts and wills."

Referring to a "vast social network to aid the poorest sectors and thus defeat extreme poverty," President Pinochet stressed that "your constant work, as well as that of other volunteer organizations and of the government, shows a conjoining of ideals that makes it possible to predict the future of our nation with optimism."

#### Annual Work

Also present at the ceremony were First Lady Lucia Hiriart de Pinochet, ministers of state, undersecretaries, Metropolitan Intendent Maj Gen Carol Urzua, metropolitan region mayors, university authorities, special guests, and delegations of volunteers from various organizations.

The first speaker was the national vice-president of the committee, Gloria Rojas de Medina, who summarized the work accomplished during the year and stressed the institution's goals.

#### First Lady's Greeting

After the president's speech, there was the presentation of medals for 3 and 6 years of service, and the volunteers' oath. Finally, the first lady, in her greeting to the committee members, emphasized the work that had been accomplished and urged them to continue contributing their efforts to the progress of Chile and its people.

8587

CSO: 3348/6

## POLICE IDENTIFY TERRORISTS INVOLVED IN ACCIDENTAL BLAST

Santiago EL MERCURIO in Spanish 2 Oct 82 p C 5

Text Security services yesterday announced the identity of the two terrorists who were carrying a powerful bomb which exploded Thursday night in the eastern part of the capital, killing one of them and gravely injuring the other.

The explosion occurred at 2250 hours on Thursday, on the corner of Llewellyn Jones Street and El Vergel.

Afterward, there were other explosions which caused minor damage, particularly broken windows. One of those bombs exploded on Francisco de Aguirre Street near number 5150; another in the La Reina Municipal gardens, and a fourth was disarmed in Puento Alto. In the latter location, three people driving a van that had been stolen moments earlier, entered an electrical substation, threatened the caretaker, Liberato Garcia Cordero, with a gun, took the keys to the plant, and planted the bomb. It did not explode because of a mechanical failure, it was reported.

## Terrorist Killed

According to reports, the subversive who was killed was Carlos Rene Diaz Caceres, who was carrying a false identity card in the name of Jorge Ruiz Maturana Ruz. The gravely injured man is Victor Hernan Maturana Burgos, who used the false identity of Anibal Segundo Punetes Flores.

Carlos Rene Diaz Caceres used the political names "Agustin" and "Tomas." He was 34 years old. He had been arrested previously for posting Movement of the Revolutionary Left MIR propaganda and for aggression against the Carabineros, and was trained in Cuba in 1971 and 1972. In 1976 he left the country for Norway, after his prison term was commuted to exile. After that date he entered the country secretly in the so-called "Operation Return" and resumed his subversive activities. In June 1979 he joined the Valparaiso Regional Committee of the MIR and became a member of the Regional Secretariat.

Victor Hernan Maturana Burgos was known as "Rolando." He is 43 years old. In 1973 he was sentenced to 18 years in prison by the Temuco Military Court. In 1975 his prison term was commuted to exile. In 1976 he left the country for Canada. He reentered the country secretly after that time and returned to his violent activities.

## In Concepcion

Unknown persons attempted to start a fire in the Arauco Forest Products Company in Concepcion, according to police sources. It was unofficially reported that the perpetrators threw an incendiary bomb, which failed.

Afterward, they fled the scene, scattering great numbers of "miguelitos" [caltrops] to hinder pursuit.

## Women Injured

Two women riding in a taxi which did not stop on the command of military personnel were injured by gunfire, according to police.

The incident occurred early yesterday at the corner of Matta Avenue and Vicuna Mackenna in the capital.

At that location a military patrol was checking vehicles. The roadblock was not obeyed by the taxi, which was not identified.

The passengers, Rasa Garrida Riquelme and Veronica Pinilla Garcia, were taken to the Central First Aid Station, where they were found to have moderate injuries. After they received medical attention, they were taken home, while Carabineros began a search for the taxi driver, who fled after leaving his passengers at the first aid post.

8587

CSO: 3348/6

## 'DIFFICULTIES' FOR EXILES IN MIAMI DESCRIBED

Havana MONCADA in Spanish Sep 82 pp 63-64

[Article by Juan C. Fernandez]

[Text] In Miami the siren songs with which so many innocent people have been deceived do not exist. Behind that facade of illuminated advertisements and stores packed with consumer items, a bitter truth is lurking.

In the drug trade there are more than enough people involved in trafficking and consumption. Gambling, which used to be a splendid business some time ago, has no more room for even one more operative. What are needed are bettors. And for that it is necessary to have money. This is the situation that meets the recent arrival. For that reason the newly arrived walk about the streets looking for something to do, something to eat, and a place to live. And when they fail to find any they turn to violence.

This is what a gentleman named Juan Gomez, aged 53, found on reaching Miami. Until 1959 he had owned automobile salesrooms in Havana. When the government seized his property, he decided to work for his own account as an assistant on a highway truck hauling freight.

Later, he took up plumbing. In 1980, when the Port of Mariel [in Cuba] was opened, a brother who had settled in the United States sent for Juan Gomez and the latter went to that country. Gomez had the definite intention of seizing whatever opportunity arose, but he soon discovered the bitter truth: There was no room for him.

Eight months later he mustered the necessary funds, bought himself a boat, and together with three other individuals he eluded the vigilance of the United States Coast Guard and returned to Cuba.

But our immigration laws forbade them from settling in Cuba again and they had to go back. Before doing so, however, we had a talk with Juan Gomez.

"In the United States you are never safe anywhere," he said. "Everything is allowed: Drugs, prostitution, gambling, and anyone can carry a weapon and shoot you. When some Cuban or other who left through Mariel is killed, the American authorities do not bother to investigate the incident.

"If you carry money with you, you must be careful that you are not assaulted and robbed of your cash. If you have no money you go hungry. If you manage to secure work but commit the most trivial slip, you are abused and if you are sick you are laid off.

"A friend of mine was driving an automobile along 36th Avenue in the Little Havana district and when he reached First Avenue Northwest he ran out of gas. He was robbed by a group of people in the middle of the road and no one came to his assistance. My friend put up resistance and he was stabbed in the groin which left him paralyzed. All this in order to rob him of \$76 which he was carrying in his wallet."

#### Another Dreg

This individual is called Ignacio Pastor. Before leaving the country through the port of Mariel as an antisocial citizen, he used to work as a lathe operator. His criminal record included two prison sentences for theft. Several of his friends who had been living in the United States since 1966 described that country--in letters--as a paradise. Ignacio Pastor believed them. In 1980 he seized the opportunity and left for the United States, abandoning his two daughters.

The experience he had was instructive. When he had gotten almost to the edge of despair he met Juan Gomez and agreed with him to return to Cuba despite the fact that he had been warned that he would not be readmitted here. But he took a chance. His hopes were frustrated when he found that he had to return once more to that "paradise." Before he did so we also talked with him.

"I allowed myself to be influenced by my friends and as you see I ended up in a country where money ranks ahead of feelings.

"I lived for 2 months in the home of an acquaintances, who found a job for me in a factory. I worked like a horse but one day the manager told me that I was not competent. He paid my wages up to that day and threw me out in the street without pity. I went around looking for a new job, food, and accommodation but I did not find any.

"I polished shoes for half of what others were charging to keep myself alive until another friend gave me lodgings. One night his son had a high fever and my friend took him to the hospital. To check his temperature and give him a few aspirins the hospital charged him \$40. That is when I understood that to get sick in the United States was a luxury to which we were not entitled.

"I could see how the Mafiosi peddle drugs in schools and I also saw young girls engaging in prostitution.

"For all these reasons I told my wife during the meeting which I was allowed to have with her that even if I died my two daughters should not be allowed to go to the United States."

## A Thief for All Seasons

Adalberto Paez is 38 years old. At 20 he was sentenced for assault and armed robbery. In 1960 he was released but in 1961 he was sent to jail once more for habitual vagrancy. In 1970 he was free again but he became involved in trafficking in spare parts from stolen cars. These and other criminal activities sent him to jail once more for a stretch of 6 years.

Obviously, there was no place for him in Cuban society, "but in the United States yes," he figured. The opportunity came in 1980 when he was able to leave through the port of Mariel. It was an easy move for Paez. He collected evidence of his criminal record and appeared at the unit of the Revolutionary National Police in his district where he was handed a card certifying his status as a professional thief.

He left for the United States in one of the boats that came to pick up dregs like him. There he found that ordinary thieves were unable to exercise their trade: The Mafia precluded them from doing so.

He tried to enter the drug trade but there, too, he was excluded. During a talk with one of these shady characters a shot as they were drinking heavily put a bullet in his left shoulder.

No one was arrested or tried for this act. From the hospital he was put in jail, accused of being a public nuisance. But Adalberto Paez was certain that he was getting third degree treatment because he was black. He was acquitted at the trial, but he was unable to return to Dade County in Florida because his life was threatened if he was ever seen in those parts.

Paez wandered around in New Jersey until one of his acquaintances, who had been released from jail in Atlanta a short while earlier, gave him shelter. Two months later Paez was again in the street. He was hungry a lot of the time and for more than 15 days he slept in the basements of residences in that city [sic].

One evening he found himself with a group of friends who were planning to steal a boat to return to Cuba. "Since even the Eastern Prison I would live better than here, I took the risk."

On reaching the Cuban coast, Paez implored the Cuban authorities to allow him to stay, vowing that he had learned his lesson. But it was too late. He had chosen his future and had to return to that concrete jungle.

2662

CSO: 3248/135

## LATEST FISHING INDUSTRY DEVELOPMENTS NOTED

Havana MAR Y PESCA in Spanish Aug 82 p 45

[Article by Ana Maria Ruiz for PRENSA LATINA]

[Text] The exploitation of marine resources, an activity which was being pursued in Cuba under precarious conditions 23 years ago, is now a significant source of food for the population and an important export activity.

The sizable resources earmarked by the government for the development of fishing have made it possible to constantly improve the indexes in this sector.

The Cuban fishing industry in the past 5 years had a catch totaling 930,000 tons, 29 percent more than the catch for 1971-75, and its exports doubled between these two 5-year periods.

Last year the plans of the sector were overfulfilled by 8 percent while commercial production reached almost 174 million pesos (over \$194 million), a 25 percent increase over production in 1979.

Particularly efficient in their efforts were the Cuban fishing fleet, which had a catch totaling 102,500 tons, and the Cuban tuna fleet, which up to October [1981] had caught 8,060 tons for a 136 percent overfulfillment of its annual target.

There was also growth in coastal fishing, which saw an increase of 14 percent compared to the earlier year and which was reflected in larger supplies made available to consumers.

The growing development of the fishing sector in Cuba is also evident from the results reached in the first half of this year, considered from the viewpoint of general productive activity as the best in the history of the revolution.

During this period the catch increased by 19.9 percent compared to the first 6 months of the preceding year. In this sense, the production of canned fish stood out, increasing by 28 percent over production in the corresponding previous period.

Paralleling the exploitation of ocean resources in the latest period aquaculture hit a record in the 4 billion cubic meters of dammed-up water to be found in Cuba. In this connection, among other species "amura," tench, carp, and the "tilapia" are being farmed.

Cuba has also promoted an important shipyard industry that can supply light fishing boats to the domestic fleet and export vessels of this type to developing countries.

In 1959, prior to the triumph of the revolution, the highest catch figure was 21,900 tons, while Cuba had about 3,000 fishing boats of which over two-thirds were craft using oars or sails, nearly all of them built of lumber, and with an average length of between 9 and 12 meters.

Now the country has over 2,000 craft, hundreds of them being of large capacity, which include refrigerated fishing freighters up to 163 meters long, dragnets over 100 meters, and highly efficient tuna fishing vessels.

For the next few years the catch capability of the fishing fleets is expected to rise to exploit to the hilt the resources of the coast, to increase the fish catch at dams and bodies of water, and to improve the supply of fish to the population.

2662

CSO: 3248/135

## AGRICULTURAL MINISTER PREDICTS INCREASED PRODUCTION

Quito EL COMERCIO in Spanish 15 Oct 82 p A1

[Text] Despite the pessimistic forecasts on the country's general situation, which is being debated during a profound economic and social crisis, the agricultural sector, according to Minister Carlos Vallejo, will grow an average of 4.5 percent this year, surpassing the increase of the previous period.

In the midst of a number of discouraging announcements, Vallejo reported that the agricultural year "is going well" and that there will therefore be neither a lack of food supplies nor scarcity, at the same time that he stated that the vast majority of agricultural products--except milk--have been reviewed, allowing one to suppose that for some there is no need for increases, whereas for others the increase should be very moderate.

"Let them say what they want," he stated, "one of the reasons for the production increase is that in practice farmers feel secure and confident enough to invest."

As an example he indicated the steadily increasing amount of agricultural credit being granted in the country and the call by those working in the sector for the opening of more credit lines.

He indicated that in this category in a period of 4 years the National Development Bank has increased its loans from 5 billion to 14 billion sucres.

He added that this indicator shows that there is a large demand for and supply of financial resources and that there is confidence and security in the government and in democracy.

Central Bank statistics indicate that in 1981, the agricultural sector accounted for 22.189 billion sucres in the overall gross internal product, which means growth of 4 percent during the period compared to 1980. Estimates by the issuing institution show that for this year the sector's gross internal product will be between 23.15 billion and 23.29 billion sucres, meaning that growth will be in the range of 4.5 to 5.0 percent over 1981.

Ministry of Agriculture documents indicate that except for cotton, the principal agricultural products for domestic consumption have behaved normally during

the first 6 months of this year and that they have maintained growth tendencies similar to those of the previous year. In almost all of the products significant increases in production have been observed.

Estimates by the Ministry of Agriculture and Cattle based on the results of the first 6 months of 1982 reveal that for this year the production of direct-consumption food items in the category tubers and roots (potatoes, yucca, sweet potatoes, melloco and celery) will reach 706,000 metric tons. In 1981, it was 641,895 metric tons compared with 564,802 in 1980 and 450,586 metric tons in 1979.

The following table shows estimated harvested area and agricultural production in the years 1979, 1980 and 1981.

Ministry technicians indicated that the table shows that the agricultural sector has experienced changes in relation to demand structure, brought about the profound changes in the economy beginning in the 1970's.

The changes, it is said, are mainly related to higher income, to its distribution and to the strengthening of a significant urban middle class demanding more highly processed foods, meaning protein products of animal origin, as well as mainly vegetable oils and greases, vegetables and fruits. They state that the response by the agricultural sector has been adequate.

Minister Vallejo pointed out that another component of the increased production is the permanent demand for high-quality and high-technology seeds.

He added that various sectors have even sought aggressively to import choice seeds directly.

He said that one of the basic objectives of agrarian policy has been to promote the production of basic foods for the population and the production of those raw materials needed for the agricultural industry.

He added that the government has sought to solve the crucial problem of prices that have remained below those in other sectors of the economy, despite the "considerable increase in demand for agricultural products."

Studies by the Ministry of Agriculture and Cattle and the Ministry of Industry, Commerce and Integration, as well as by other institutions, reveal that prices have increased for rice, hard maize, palm oil, milk, wheat, soybeans and cotton.

They indicate that the index of food products increased 38 percent between January 1979 and May 1982, while the overall price index rose 42 percent. This means, they add, that the agricultural sector has been a moderating factor in the cost of living.

**EVOLUCION DE LA PRODUCCION AGROPECUARIA  
DE CONSUMO INTERNO  
(en toneladas métricas)**

|                                 | AÑOS (1)  |           |           |           |
|---------------------------------|-----------|-----------|-----------|-----------|
|                                 | 1979      | 1980      | 1981      | 1982*     |
| <b>Consumo Directo (2)</b>      |           |           |           |           |
| Leguminosas de granos (3)       | 33.859    | 38.293    | 42.292    | 45.500    |
| Frutas (sin banano) (4)         | 884.733   | 944.494   | 964.772   | 984.000   |
| Hortalizas (5)                  | 100.973   | 119.127   | 143.279   | 156.000   |
| <b>Consumo Elaborado (6)</b>    |           |           |           |           |
| Arroz cáscara (7)               | 318.471   | 380.614   | 434.395   | 405.500   |
| Soya (8)                        | 29.903    | 33.549    | 33.184    | 54.000    |
| Palma africana (9)              | 164.712   | 244.930   | 300.000   | 312.000   |
| Caña para azúcar (10)           | 3'825.440 | 3'861.518 | 3'347.631 | 3'200.000 |
| Trigo (11)                      | 31.248    | 31.113    | 41.431    | 43.200    |
| Cebada (12)                     | 20.718    | 24.350    | 27.090    | 28.300    |
| <b>De uso Industrial (13)</b>   |           |           |           |           |
| Maíz duro (14)                  | 182.329   | 196.414   | 232.620   | 241.000   |
| Algodón en rama (15)            | 25.167    | 39.806    | 41.971    | 22.000    |
| <b>Productos Pecuarios (16)</b> |           |           |           |           |
| Carne bovina (17)               | 88.259    | 89.144    | 91.552    | 96.446    |
| Leche (millones de litros) (18) | 878.18    | 897.30    | 916.06    | 934.85    |
| Carne de aves (19)              | 30.742    | 32.225    | 33.850    | 35.000    |
| Huevos (20)                     | 29.052    | 30.228    | 30.940    | 32.000    |
| (cifras provisionales)          |           |           |           |           |

Trend of Agricultural Production for Domestic Consumption  
(in metric tons)

Key:

- |                              |                                   |
|------------------------------|-----------------------------------|
| 1. Year                      | 11. Wheat                         |
| 2. Direct consumption        | 12. Barley                        |
| 3. Legumes                   | 13. For industrial use            |
| 4. Fruits (excluding banana) | 14. Hard maize                    |
| 5. Vegetables                | 15. Crude cotton                  |
| 6. Processed foods           | 16. Cattle products               |
| 7. Unhusked rice             | 17. Beef                          |
| 8. Soybeans                  | 18. Milk (millions of liters)     |
| 9. African palm              | 19. Poultry (preliminary figures) |
| 10. Sugar cane               | 20. Eggs (preliminary figures)    |

9746

CSO: 3348/49

## BRIEFS

ARMY PROMOTIONS--Yesterday, in a solemn ceremony in the military college Eloy Alfaro in Parcayacu the change in epaulets and the handing over of command batons to the Ecuadorean army's new brigade generals took place. They are: Cristobal Gualberto Carrillo Velarde, Luis G. Toscano Gallegos, Cesar Enrique Samaniego Mendez and Ricardo Gonzalo Avendano Granizo. Also, the new second lieutenants joined the armed forces and pledged allegiance to the national flag. The command insignia were presented to the brigade generals by Osvaldo Hurtado Larrea, president of the republic and supreme commander of the armed forces; Division General Jorge A. Maldonado, minister of defense; Division General Jorge Arciniegas Salazar, army general commander; and Division General Grivaldo Mino Tapia, chief of the combined staff of the armed forces. [Excerpt] [Quito EL COMERCIO in Spanish 15 Oct 82 p A3] 9746

CSO: 3348/49

## COMMERCE BANK DEVISES PLAN TO REDUCE IMPORTS

San Salvador LA PRENSA GRAFICA in Spanish 20 Sep 82 pp 3, 30

[Text] Putting an end to the problems of trade with Guatemala by using incentives to develop vegetable plantings on El Salvador's soil, is the guiding purpose of the Commerce Bank's policy.

El Salvador, that is, Salvadoran merchants, turn their purses inside out to acquire all sorts of agricultural produce from Guatemala, to the tune of more than 100 million colons a year, when they could just as well save the entire amount of national-level horticultural programs were developed.

In the short run, the Commerce Bank will proceed to finance a project to convert El Salvador from an agricultural importer to a large-scale exporter.

This plan includes proposals to promote agriculture on a large scale, and to encourage development of new production concerns derived from by-products which in themselves represent greater sources of employment for millions of Salvadorans.

Growers included in the first phase of the working plan will receive appropriate credits at the lowest possible interest rates. They will receive technical assistance, and the Pilot Plan will institute initial production on 100 manzanas of land at one of the better-suited agricultural locations.

In the trade between El Salvador and Guatemala, our country (that is Salvadoran merchants) have suffered large losses with respect to agricultural produce items due to fuel payments, customs duties, transportation costs, bureaucratic procedures, obstacles, delays, etc.

The situation has been one of anxiety and losses, as indicated by representatives of the banks and merchants, to the point that it is now considered that there is no longer any reason for the situation to continue, when the solution is available right here on Salvadoran soil.

Our reporters were told that the Commerce Bank has already assigned the necessary funds to launch the short-term horticultural development plan, with a view to putting an end to the above-listed problems. Should these funds be exhausted, considerable reserves are also available.

Official spokesmen pointed out that, since El Salvador is pre-eminently an agricultural country, we cannot accept its gradual slide to a position as an importer of agricultural goods.

## COFFEE LOSSES DUE TO HEAVY RAINS ASSESSED

San Salvador EL MUNDO in Spanish 30 Sep 82 p 2

[Text] Current harvest losses of more than 200,000 quintals of green and ripe coffee were revealed by preliminary assessments of the Coffee Association of El Salvador of damages caused to the coffee crop by the heavy rains of 17, 18 and 19 September, according to Mr Arturo Simeon Magana, president of the association, in his press conference.

He added that economic losses and damages to the coffee sector's infrastructure are even larger, but the association has not been able to obtain full data due to the fact that producers are unable to get to their plantations to assess the damages, because of the presence of extremists and the fact that local roads have been washed out.

Based on early reports by the Departmental Coffee Boards, Mr Magana said that in Ataco, Ahuachapan, a total of 900 manzanas of coffee-producing land have been destroyed by washouts. He also reported that 30 percent of the green coffee has fallen off the trees. Santiago de Maria, Usulután, reported that more than 30 percent of the beans in that area have fallen from the trees. Local roads and plantation access routes are impassable, he said.

Reports from Sensuntepeque, Cabanas, state that current assessments suggest a 10 percent loss of ripe coffee due to mudslides that have also damaged the trees. From Santa Ana alone, there are reports of damage to as much as 25 percent of the trees in the cantons of Los Naranjos and Las Cruces.

In Ahuachapan, the Departmental Coffee Board reports that assessed losses as of now total 40 percent, and the figures will surely rise when access to the plantations is achieved. In Berlin the situation is one of considerable damage to both plantations and crops, it was reported.

From San Miguel there are reports of greater damage due to mudslides and washouts, local roads destroyed, and considerable damage to administrative installations on coffee plantations. In Zacatecoluca, in the foothills of the Chichontepec Volcano, coffee trees have suffered serious damage. There was also considerable damage to plantations around El Volcancito in San Miguel Tepezontes. In the Department of La Libertad, 50 and 15 manzanas of coffee-

growing land were destroyed at Jayaque and Tainique, respectively. At Santa Tacia, 20 percent of the harvest has been lost, and half the local roads have been destroyed.

San Salvador and other departments are still in the process of assessing damages.

9839

CSO: 3248/81

## COFFEE PRODUCERS CLAIM PROFIT CONSUMED BY TAXES, SALARIES

San Salvador LA PRENSA GRAFICA in Spanish 29 Sep 82 pp 3, 47

[Text] El Salvador's coffee is the economic item where so-called redistribution of wealth has operated most effectively, said spokesmen for the coffee growers yesterday.

Proof of this, they added, lies in the statistics that appear in the principal official publications, such as the Review of the Central Reserve Bank [BCR].

Apart from this, they added, one must not forget that coffee has also been the product that traditionally generates the most employment, both directly and indirectly.

The statistics, they said, "serve to give the lie quite definitively to those like the leftists who would claim that the producers keep the better part of earnings from sale of the coffee bean without allowing the benefits to filter down to the workers."

The facts show, they went on to say, that in reality the greater percentage of income from coffee sales has found its way into the hands of workers in the form of salaries. In view of this, they added, coffee growers have been left with only a modest percentage of the total earnings.

## Eloquent Statistics

In order to illustrate this, our sources said, one need only turn to the aforementioned publication of the BCR. There is no need to go further than the figures for 1979, when the price of coffee was \$154.97 dollars.

In 1979, they pointed out, 4.9 million quintals were exported, yielding income for this nation of 1,925,200,000 colons.

These same sources explained that of that sum, 379,548,000 colons were paid into the Treasury in the form of export taxes, a figure that represents 20 percent of total sales. In addition, 31,304,000 colons were paid in territorial and roadway taxes, equivalent to 2 percent of sales.

Workers were paid salaries totaling 1,061,320,000 colons, or 55 percent of total receipts. Another 105,789,000 colons, equivalent to 5 percent of sales,

were spent on supplies. Banks received 90,087,000 colons, also equivalent to 5 percent. Finally, producers were left with 257,150,000 colons, or only 13 percent of all monies generated by the sale of what was once known as the "golden bean."

#### Drastic Decline

The following year's decline in coffee growers' incomes was drastic. Their share of proceeds dropped from 13 percent in 1979 to only 4 percent in 1980.

In fact, they added, the BCR's published data solely for the months of January to September indicate that 1980 sales totaled 2.7 million quintals, at an average price of 148.84 dollars on the world market.

Sales in 1980 generated exchange in the amount of 1,022,700,000 colons. Of this total, the Treasury received 273,586,000 colons in export taxes, or 27 percent of sales. Territorial and roadway taxes amounted to 17,315,000 colons, or 2 percent of sales.

Salaries paid out were on the order of 587,513,000 colons, equivalent to 57 percent of total proceeds from sales. Supplies and bank payments accounted for 6 and 5 percent respectively, and finally, profits to producers, which fell from 257 million the previous year to 39,420,000 colons, accounted for 4 percent of total income.

Our sources clarified that the data on payments of territorial and roadway taxes, salaries, supplies, bank payments, and producers' earnings have been supplemented with studies and papers on the cost structure of production and transformation presented at the recently held National Coffee Forum.

#### Economic Deterioration

Spokesmen said the above-cited statistics expose the long-standing myth that coffee growers have been keeping the greater part of coffee earnings.

In reality, they added, year after year, and particularly since the reform and nationalization of the coffee trade, national coffee culture has deteriorated severely, to the point of becoming economically unviable, and is in danger of total extinction.

Finally, they announced they would soon offer an account of the circumstances of today's coffee grower, who is suffering tremendous losses.

9839

CSO: 3248/81

## FORMER LANDOWNERS AFFECTED BY DECREE 207 COMPENSATED

San Salvador DIARIO LATINO in Spanish 25 Sep 82 pp 2, 14

[Text] The nation's president, members of the High Military Command, the ministers of agriculture and livestock, and the president and directors of FINATA [National Agricultural Land Finance Agency] attended a ceremony to deliver indemnity payments to 27 landowners affected by Decree 207, which eliminates tenantry as part of the third phase of the Agrarian Reform currently in progress in our country.

Total indemnity payments delivered today to expropriated landowners, whose lands thus pass into the hands of peasants who formerly worked them as tenants, renters, or sharecroppers, amounted to 2,299,029.00 colons. Payments were made half in cash and half in bonds.

## Importance of Decree 207

Dr Alvaro Magana, president of the republic, said this morning during the FINATA ceremony that he and other government figures were there in order to underline the importance of the third phase of the Agrarian Reform--that is, the elimination of tenantry, which includes payment of indemnities to expropriated landowners and delivery of titles to former tenants as rapidly as possible.

## Agrarian Reform and Pacification

Lieutenant Colonel Jose Galileo Torres took the floor to say that the process of Agrarian Reform constitutes a vital step that will vigorously accelerate the pacification and welfare of the Salvadoran people, which is why both the presidency and the armed forces are firmly behind this aspect of the changes currently taking place in our country.

The president of FINATA indicated that indemnity payments also signify the definitive delivery of land to numerous peasant families throughout the national territory. This is not just a matter of propaganda, he added, but of basic action within the process of Agrarian Reform.

### Invitation to Affected Landowners

The president of FINATA took the opportunity to invite those whose land has been denounced by peasant tenants, renters, or sharecroppers, to come before his agency's office to either declare their willingness to accept transfer of their titles, or to express their disagreement with the proceedings.

Should the landowners be willing to cede their land, explained Galileo Torres, the interested parties will immediately proceed to fill out the appropriate forms for receipt of the indemnity payment, and the corresponding bonds will begin to earn interest from that moment on. Should the contrary be the case, the affected landowners will immediately initiate the protest proceedings called for in the General Regulations applicable to Law 207. Thus, said Galileo Torres, everything will be done legally, in a climate of calm, tranquility, and above all justice.

### Payment of Indemnities

Present at today's FINATA ceremony were, in addition to President Magana, the following figures: Jose Guillermo Garcia, minister of general defense; Engineer Miguel Muyschondt Yudice, minister of agriculture and livestock; Engineer Alberto Pena Solano, sub-secretary of said ministry; Colonel Rafael Flores Lima, chief of staff and major general of the armed forces; and the president and directors of FINATA.

These were the individuals who handed over the respective indemnity checks to the first 10 former landowners to be compensated, who symbolically represented the rest of the landowners who ceded their land to peasants and were compensated today.

In conclusion, reporters were told that there will be indemnity payments like today's every month.

9839

CSO: 3248/81

END