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COUNTRY Latin America

SUBJECT Construction Activities

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DOCUMENTARY

On file in the CIA Library is a copy of Latin America's Expanding Construction Program, a 12-page pamphlet published in English by Ingenieria Internacional Construccion, a McGraw-Hill magazine. The pamphlet summarizes major public and private construction projects in Argentina, Brazil, Chile, Colombia, Cuba, Mexico, Peru, and Venezuela.

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RESTRICTED

Latin America's

EXPANDING

construction program

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includes: major projects

plans and budgets

public works expenditures

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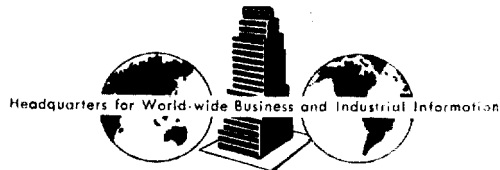
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Eight countries buy 93% of U. S. exports of construction machinery and equipment to Latin America

The countries are: Argentina, Brazil, Chile, Colombia, Cuba, Mexico, Peru and Venezuela

These same eight Latin countries will spend at least 830 million \$ for public works this year

This report outlines the expanding construction program in Latin America's "Big Eight"

When the important agents and importers, buyers and users of U. S.-made construction machinery and equipment in Latin America want to know about the latest products, methods and standards

.... they read *Ingenieria Internacional Construccion*

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5/17/48

LATIN AMERICA'S EXPANDING

CONSTRUCTION PROGRAM

Major Projects

Plans and Budgets

Public Works Expenditures

Eight countries buy 93% of U. S. exports of construction machinery and equipment to Latin America.

The countries are : Argentina, Brazil, Chile, Colombia, Cuba, Mexico, Peru and Venezuela.

Here is a report on the construction program of those eight countries.

Public Works Expenditures in 1948

The eight countries will spend at least 830 million \$ for public works this year. This does not include, for the most part, private outlays for construction, or construction projects stimulated by foreign loans. Significant comparison to pre-war expenditures for component parts of over-all construction costs, -- i.e., transportation, hydraulics, building construction, etc. -- are presented herein where data are available.

Private Building Construction

The trend is up! One of the largest projects is a chain of hotels to be erected in 11 of Latin America's largest cities at a cost of \$75,000,000. Plant construction projects in Mexico alone in the next three years will total more than \$100,000,000.

Major Projects

The extent and varied nature of building construction in Latin America is indicated in this small list of major projects:

Valsequillo Dam, near Veracruz, Mexico -- \$292,000,000
Creole Petroleum Refinery, Amuay Bay, Venezuela -- \$100,000,000
Ezeiza Airport, Buenos Aires, Argentina -- \$70,000,000 --
Rio Doce, mining development, Brazil --- \$61,000,000
Steel Mill, Concepcion, Chile -- \$58,000,000
Chimbote Mining Development, Peru --- \$33,000,000
Carretera Central (Central Highway) Cuba, -- \$12,000,000
Street paving, other construction, Bogotá, Colombia -- \$8,000,000

A DETAILED ANALYSIS OF CONSTRUCTION ACTIVITY IN LATIN AMERICA'S

"BIG EIGHT" COUNTRIES FOLLOWS:

ARGENTINA

Advance Funds For Five-Year Plan: Report from Buenos Aires in February, 1948, stated that an advance of \$174 million had been made to different departments on account of works to be done under the Five-Year Plan. This includes \$106 million to the Y.P.F. (State Oil Fields) for constructions, purchases and various expenses; \$53 million in allocations to various Ministries; and \$15 million for the National Gas Administration.

Planned Annual Construction Expenditures: Important among planned annual expenditures under Peron's Five-Year Plan are \$27.5 millions for highways; \$50 million for extension and improvement of railways; \$22.5 million for public buildings; \$11.5 million for port facilities; and \$52 million for development of power resources.

Major Projects: Some of the principal major projects planned or under construction are:

<u>Project</u>	<u>Location</u>	<u>Estimated Cost</u> (millions of dollars)	<u>Remarks</u>
<u>HYDRAULICS</u>			
Water Supply, drainage and sewer systems	Greater Buenos Aires	150	Long term project; some parts started.
Coastal Canal	Puerto Nuevo to Parana de las Palmas	100	\$25 million for Canal & \$75 million for aqueducts
Las Piriquitas Dam	Catamarca Province	12.5	Bids have been requested
Hydroelectric Plant	Salto Grande on Uruguay River	25	Potential cap. 500,000 kw. Said to be at least 1 yr. from const. Uruguay to contribute 20-25% of cost
<u>TRANSPORTATION</u>			
Ezeiza Airport	Buenos Aires	70	Inc. 16-mi. highway; entire project planned for completion in 1950 part for May or June 1948
Vehicular tunnel with 6-lane highway	Under Riachuelo River, Buenos Aires	25	Bids to start in early 1948.
Port Facilities	Buenos Aires	42	To be spent over 5 yrs.
Highways	From Entre Rios; Naucay-Paraucito; Gualeguaychu-Federación; Parana-Viale; Parana-Basavilbaso	5	Funds authorized by executive decree 1/48

ARGENTINA (Continued)VARIOUS

Electrification	Province of Buenos Aires	75	In designing stage
Gas Pipe Line (1200 miles)	Comodoro Rivadavia to Buenos Aires	90	Should be completed in 1949
Steel Plant	San Nicolas	100	Unconfirmed reports; may never be built.

BRAZIL

Public Works Budget: The allotment for Public Works and Communications - largest under the 1948 budget - amounted to \$150 million, nearly one-fifth of entire estimated disbursements, and triple the corresponding item for 1946. Much of the increase is said to be due to the greater emphasis being placed on power development projects.

Public Works and Equipment Plan: This plan calls for five annual appropriations of approximately \$54 million each, or a total of \$272 million. Implementation begun on January 1, 1944, it remains in force until December 31, 1948.

All public works of the Federal Government are included in the plan. More than one-half of the amounts spent in 1944 and 1945 was devoted to projects under the Ministry of Transportation and Public Works, the greater part being allocated to railway construction: \$12 million in 1944 and \$16 million in 1945, and to highways: \$6.5 million in 1944 and \$6 million in 1945.

Not to be confused with the Public Works budget allocation, this plan is financed by means of proceeds from exchange operations, dividends received by the Federal Government from mixed corporations and quasi-governmental organizations of an industrial or commercial nature, credit operations, etc.

Major Projects: Some of the major projects planned or under construction are:

BRAZIL (Continued)

<u>Project</u>	<u>Location</u>	<u>Estimated Cost</u> (millions of dollars)	<u>Remarks</u>
<u>HYDRAULICS</u>			
Electr. Power Plants	City & State of Rio de Janeiro	160	Expected to be completed in 1950; negotiations for loan underway 6/47
Hydroelectric and thermo-electr. plants	State of Rio Grande do Sul	34.6	Fed. Govt. to be re- sponsible for \$10 million
Hydroelectric plant; Irrigation Syst.	Paulo Afonso Falls, Sao Francisco River	22	Company capitalization 10/45; said not to be operating yet.
<u>OTHER NATURAL RESOURCES</u>			
Itabira iron ore deposits, inc. hydro- electr. plants, trans- portation facilities, etc.	Rio Doce Valley	60.8	Representing \$20.5 millions from Exp-Impt. Bank & Brazilian Govt. and \$40.3 million capitalization
National Alkali Plants and installations	Rio Cabo	12.9	Representing \$7.5 million from Exp.-Impt. Bank and \$5.4 million capitalization
Oil Refinery	Capuava, near Santos	30	Expected to be under- way by March, 1948
<u>TRANSPORTATION</u>			
Aviation Training Center	Sao Jose dos Campos	15	Planned for completion in '51.
Subway	Rio de Janeiro	15	Under study 9/47
Airport	Sao Paulo	5	
Highways	Rio-Porto Alegre, Rio-Bahia, Porto Alegre-Uruguaína, Porto Alegre-Jaguarão	20	Costs extend over period of 5 years

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Construction Expenditures: McGraw-Hill World News correspondent in Santiago has reported that the 1948 outlay for new construction and maintenance on transportation, hydraulics and buildings will amount to approximately \$136 million. Expenditures for transportation - comprising highways, railways (including street cars and subways) and port facilities - have been estimated at \$37 million, or 16 times more than in 1938; for public building and housing construction, at \$17 million, or 40% greater than in 1938.

Public Works Budget: Preliminary estimate on State expenditures alone for public works in 1948 was fixed at \$44 million, comparing with \$25 million in 1945, \$38 million in 1946 and \$32 million in 1947. Principal increases in 1948 were in allocations for the State Railways and for various public buildings.

Estimated Capital Needs: Projects under way will need a total estimated capital of \$250 million.

Major Projects: Principal projects planned or under construction are:

<u>Project</u>	<u>Location</u>	<u>Estimated Cost</u> (millions of dollars)	<u>Remarks</u>
<u>TRANSPORTATION</u>			
Highway	La Serena-Concepción	20-30	Reportedly at least half completed.
Railway Electrification	Santiago-Rancagua Santiago-San Antonio	17	Equipment cost-under loan from Int. Bank
Highway tunnels	Between Santiago and Valparaiso	5	Very rough estimate
<u>HYDRAULICS</u>			
Hydroelectric plants	Los Muelles, Los Girones and Guanehue	21	Of this amount, \$7 million for imported equipment.
Hydroelectric plants & power Lines	Sauzal	16	Of this amount \$34 million for imported equipment. First of 3 units planned for operation in June- other 2 by end of '48.
Water Supply System	Valparaiso & Vicinity	25	In planning stage

CHILE (Continued)INDUSTRIAL PLANTS

Steel Mill	Concepción	58-70	1½ yrs. for completion
Cement Plant	Polpaico	9 (3.2)	Rough estimate
Petroleum Refinery	Near Valparaíso	12	In planning stage

COLOMBIA

New Construction: Highway expenditures by the Government in 1948 are expected to total about \$21.7 million, including \$5.7 million for completion of trunk highways, \$7.4 million for maintenance, and \$8.6 million for paving, the latter being considered as a separate item. There will also be considerable construction activity on bridges, railways and ports. Prominent among the latter is dredging of the Bocas de Ceniza Canal and other facilities at Barranquilla costing an estimated \$4.6 million.

Public Works Budget: Latest available budget figures show that \$49.5 million was spent by the Government for public works in 1946, more than double the corresponding figure for 1942. Private building construction, currently, is reported to be more extensive than public.

Major Projects: Some of the major projects planned or under construction are:

<u>Project</u>	<u>Location</u>	<u>Estimated Cost</u> (millions of dollars)	<u>Remarks</u>
<u>HYDRAULICS</u>			
Anchicaya hydroelectr. plant	Central Plateau	5	About ¼ financed
Rio Grande hydroelectr. project	Medellin area	not available	Capacity 250,000 kw; under construction
<u>TRANSPORTATION</u>			
Port facilities, inc. dredging of Bocas de Ceniza Canal	Barranquilla	4.6	In planning stage
Railway extension	870 miles between Bogota and Port of Concha on south end of Lake Maracaibo	not available	Sections have been surveyed but no work done, 2/48

COLOMBIA (Continued)

<u>Project</u>	<u>Location</u>	<u>Estimated Cost</u> (millions of dollars)	<u>Remarks</u>
<u>TRANSPORTATION</u> (cont'd.)			
Street Paving and other public construction	Bogota	8	Incl. 11 new streets and a 1 st. class avenue to Natl. Airport

PLANTS

Caustic Soda and Ash Plant	Betania	10	Under construction
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CUBA

Public Works Program: Public works being effected under the present Administration have a total estimated cost of \$210 million, of which \$83.1 million, or approximately 40%, represents expenditures up to October, 1947, and \$128 million, remaining credits. This does not include costs of power development, nor projects being carried on by the National Development Commission which has been operating on a budget of \$25 million, primarily for reconstruction of the Carretera Central and the construction of modern slaughter houses.

Expenditures under the overall plan are as follows:

(in millions of dollars)

Highways and bridges	93.5
Streets inc. sewage and drainage	48.6
Rural and city schools	23.5
Aqueducts	15.4
Hospitals, dispensaries, etc.	11.
Workers quarters	8.1
Public Buildings	5.9
Port and river works, parks, museums, etc.	4.6

As of July 1, 1947, 582 projects had been completed under the Public Works Plan and 448 were under construction. Of the latter, schools made up 264; highways and bridges 76, town street pavings 42, public buildings 26, hospitals 14, aqueducts 11, sewage 8, and parks 7. During approximately 2 1/2 years, from October 10, 1944 to March 1, 1947, the Ministry of Public Works spent more than \$5 million on purchases of equipment.

New Construction Activity: McGraw-Hill World News Correspondent in Havana reports: "The biggest public improvement program is concentrated in the Havana area, including divided highways to relieve traffic jams, schools construction, a federally-financed housing project and a major water supply system.

CUBA (Continued)

"Outside the capital area, extensive new highway construction is under way, including resurfacing of a large part of the central highway, bisecting the entire island. Other work involves the construction of a new water supply for the City of Santa Clara and a considerable enlargement of Santa Clara's sewage treatment plant." Present construction costs are said to approximate 100% over prewar figures.

Major projects: Some of the principal major projects planned or under construction are:

<u>Project</u>	<u>Location</u>	<u>Estimated Cost</u> (millions of dollars)	<u>Remarks</u>
<u>HYDRAULICS</u>			
Expansion of power plants	Havana, Camaguey, Cardenas, Cienfuegos, Santiago de Cuba, Ciego de Avila, Guaso, Matagua, Manzanillo	25	Plus ordinaty const. budget which in '46 amounted to approx. \$8 million. Increases in cap. to be from 80,000 to 100,000 kw. Planned for completion in 1953.
<u>TRANSPORTATION</u>			
Highway reconstruction	Carretera Central	11.8	Largely completed.
Highway bridge	Over Rio Caminaron Via Blanca	Not available	Three-arc concrete; 311 metres long by 13 metres wide.
Highway reconstruction	Havana to Surgidero via Managua	Not available	56 kms. under construction.
<u>PLANTS</u>			
Flour mill	Havana	6	In planning stage

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Public Works Budget: Estimate for public works expenditures for 1948 - including \$85.5 million for transportation and communication, \$48.5 million for hydraulic resources and \$9.5 million for industrial development - totals \$143.5 million, a 30% rise over the corresponding figure for 1947.

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Not to be overlooked are the considerable increases in other budgetary items which are believed to involve sizeable expenditures on construction enterprises:

- (1) "Additional Expenses" which jumped from \$7 million to \$47 million,
- (2) The "Public Debt" which increased from \$48 million to \$73 million and
- (3) "Education" which rose from \$48 million to \$74 million

New Construction: It has been recently reported that plans for the current year include spending \$41 million in the construction of federal highways - double that of 1947 - and \$10 million on railroad construction.

Projects for plant construction involving an estimated \$100 million, said to be underway in June, 1947, will require 3 years for completion.

A vast school construction program - including primary and secondary schools at an approximate cost of \$33 million and a \$5 million "University City" for the Federal District - is planned for 1948 and subsequent years.

Future Needs: The 54% increase in the 1948 budget allocation for the Public Debt is largely a reflection of new loans acquired to improve the nation's economy.

Still pending with the International Bank for Reconstruction and Development is a loan for approximately \$209 million which is to be used by the Mexican Government for the development of production facilities, including irrigation and hydroelectric projects, highway construction, pipe-lines, railways and harbor improvements. 25X1A

Major projects: Some of the principal major projects planned or under construction are:

<u>Project</u>	<u>Location</u>	<u>Estimated Cost</u> (millions of dollars)	<u>Remarks</u>
<u>HYDRAULICS</u>			
Valsequillo Irrigation	Southern Vera Cruz	20 million Pesos 291.6	Under construction.
Miguel Aleman, Hydroelectric Plants	Federal District	37	Reportedly 18 mo. for completion (7/47)
Irrigation Dam	Rio Aguanaval	21	In planning stage.
Obregon Dam	Sonora	20	Bidding started 4/47
Irrigation Dam	Aviachic Cañón Yaqui River	10-20	Bids started 4/47
Irrigation Dam	Rio Grande R. betw. Laredo & Roma, Tex.	8	Under construction
Electric Generating Station	Guaymas, Sonora	5.6	In planning stage 12/46
Dredging	Catarina R., Monterrey	6	

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TRANSPORTATION

Airport	6	Under construction.
Port Facilities	3.5	

BUILDINGS AND PLANTS

Ten Public Markets	51.8	In planning stage 11/47
State-owned Gas Plant	12	In planning stage 10/46
Housing	10	In planning stage 11/47
Ammonium Sulphate plant	6	Recently announced
University Buildings (inc. sewage & water facilities)	5	Under construction (\$1.6 million for '48)

PERU

Public Works Program: In July, 1947, President Bustamente sent the Peruvian Congress a \$77 million public works program calling for a yearly expenditure of about \$19 million during the next four years to improve communications, and for irrigation and other national development projects

Important among annual planned expenditures are \$6.2 million for irrigation; \$3.9 million for the Pan American highway and "feeder" roads; \$2.5 million for railways, airports and dock facilities; and \$1.5 million, each, for workers housing, and hospitals and national health.

Major Projects: Major projects planned or under construction are:

<u>Project</u>	<u>Location</u>	<u>Estimated Cost</u> (millions of dollars)	<u>Remarks</u>
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CHIMBOTE DEVELOPMENT

Port works, railway construction, sanitary facilities, living quarters, etc.	Town of Chimbote		Peruvian Congress passed a law appropriating \$2 million yearly for these projects. Late in 1946 unused credits from Export-Import Bank amounted to \$25 million
Coal mines	70 mi. inland from Chimbote	16.5	
Iron Ore Deposits	250 mi. so. of Lima ...		

PERU (Continued)CHIMBOTE DEVELOPMENT (cont'd.)

Hydroelectric Plant & irrigation works	Hydroelectric on Santa River	3.5	
Coal, Iron and Steel Plant	Town of Chimbote	12.5	Estimated cap. 125,000 kw planned for completion in '49

HYDRAULICS

Hydroelectric Plant	Chosica in Rimac Valley	9.2-12.3	Construction was to start in early '47 requiring 3½ yrs. for completion.
Hydroelectric Plant	Urubamba River Mantaro River Upper Marañón	Preliminary surveys made	Est. cap. 120,000 kw Est. cap. 740,000 kw Est. cap. 2,000,000 kw

OTHERS

Model Industrial City	Talara	10-12	Has been planned for const. by '51
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VENEZUELA

Public Works Outlay, 1948: Estimated 1947-48 expenditures for public works, including budgetary allotments of \$81 million, \$21 million and \$18 million for the Ministries of Public Works, Development and Communication, respectively, amounted to \$120 million. Including \$26 million, each, for the Ministries of Sanitation and Education - some portion of which would normally be devoted to construction projects - this total would be increased to \$172 million.

In 1946, it was estimated public construction (concentrated particularly on port works, improvement, airfields, schools, hospitals, sewage and water systems and low cost housing) totaled \$50 million, and private construction (residential homes and office buildings in larger cities) \$15-20 million.

New Transport Plan: A complete plan for modernizing Venezuelan transport facilities - submitted by the National Transport Commission to the Ministry of Public Works in 1947 - envisaged construction of highways and stock trails at a cost of \$106 million; 38 airports at \$9.8 million; and 25 steamer ports and coastwise harbors at \$28 million. In July, 1947, it was reported that \$12 million worth of school buildings were being constructed.

Major Projects: Some of the major projects planned or under construction are:

VENEZUELA

<u>Project</u>	<u>Location</u>	<u>Estimated Cost</u> (millions of dollars)	<u>Remarks</u>
<u>RESOURCES</u>			
Oil refinery	Amuay Bay	100	For Creole Petroleum Co; under construction
Oil refinery	Punto Cardon	100	For Shell Oil Co.; under construction
Development iron mines	Eastern Venezuela	not available	Under construction on the Orinoco R.
<u>TRANSPORTATION</u>			
200-mile highway	El Sombrero in Guarico to Port of Guanta	9	Under construction
Port facilities	La Guaira	18	
Dredging and construction of breakwater channel to Lake Maracaibo	Northern outlet Lake Maracaibo	30	Bids reported started 3/48
<u>BUILDING CONSTRUCTION</u>			
University City	Caracas	30	Under construction
Hotel Tamanaco	Caracas	6	In planning stage
Low Cost Housing	Various	10	Est. annual expend. 1947-1950

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