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Central Intelligence Agency

Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

International Financial Situation Report #57
23 October 1986

Summary

Mexico City faces an uphill battle in winning commitments to its financial package from commercial banks by 31 October. The Mexican agreement with the bank advisory committee may have come too late for the banks to meet the critical mass deadline set by the IMF. Also, [redacted] many regional banks will resist extending new loans to Mexico. As LDC debt servicing difficulties persist, other debtor nations, including Argentina, Brazil, Venezuela, and the Philippines, are closely following Mexican financial negotiations with creditors in hopes of taking full advantage of the concessions won by Mexico. In other developments: 25X1

- Brazil is likely to push hard for concessions to reduce its debt repayment burden in the coming round of negotiations with commercial banks, but it probably will not adopt radical policies to achieve its objectives. In return for a lower annual debt servicing payment and access to new funds, Brasilia may be prepared to compromise on its refusal to negotiate an agreement with the IMF.

- Argentine officials hope to reach agreement by mid-November with the IMF on a 15-month standby for $1.2 billion and a $350 million CFF to help cover agricultural export losses, and then to start formal talks with creditor banks, according to press reporting. [redacted] 25X1 25X1 25X1

- The Philippines' negotiations with commercial banks are scheduled for the week of 27 October. Bank advisory committee members had anticipated an agreement with the Philippines on a 15-year debt restructuring with at least a six-year grace period. According to Finance Minister Ongpin, however, "the Mexican agreement has opened a new horizon."

- Costa Rica has toughened its negotiating position and let arrearages accumulate in an effort to complete a multiyear rescheduling agreement with favorable terms. To highlight this tougher posture, San Jose formally suspended all interest and principal payments on external debts due after 30 June 1986. [redacted] 25X1 25X1

NOTE: REPORT #58 WILL BE PUBLISHED ON 20 NOVEMBER 1986

This situation report was prepared by analysts of the Intelligence Directorate. Comments are welcome and may be addressed to the Situation Report Coordinator, [redacted] 25X1 25X1

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KEY ISSUE

Mexico's Commercial Bank Package

Mexico City faces an uphill battle in winning commitments to its financial package from commercial banks by the end of this month. The package includes: a request for new money, an arrangement for contingency money, and provisions for restructuring previous loans. First, Mexico is seeking about $5.7 billion in fresh funds to be repaid in 12 years with five years grace. The World Bank will cofinance only $1 billion of the new loan and will guarantee up to $500 million. Second, banks will provide an additional $500 million—half of which will be guaranteed by the World Bank—if Mexico's economic growth flags; they also are to provide a contingent $1.2 billion in investment support. Third, banks will push back the maturity date by six years on $43.7 billion that had already been rescheduled and will grant Mexico a seven-year grace period. The maturity date for another $8.8 billion borrowed during 1983-84 remains the same, but repayments will not commence for another three years. Mexico will pay 0.8125 percentage point over LIBOR on all the loans, a reduction of 0.3 percentage point compared with the average spread over LIBOR Mexico had earlier paid. Mexico is also seeking bankers' agreement to reschedule again $11.2 billion in private sector loans (FICORCA) and their promise not to cut off about $6 billion in interbank credit lines. [redacted] 25X1

The Mexican agreement with the bank advisory committee may have come too late for the banks to meet the 31 October deadline set by the IMF. [redacted] 25X1 25X1 [redacted]. If the deadline slips, the IMF and World Bank will delay releasing funds to Mexico. [redacted] 25X1 25X1

The responsibility for any increase in lending will fall on the larger bank creditors. Already the 54 largest creditor banks have agreed to contribute to Mexico's bridging loan. These banks will account for about two-thirds of the critical mass—90 percent of the total amount of new money—with many more of the smaller foreign and US regional banks needed to make up the rest of the funds; Mexico currently has about 530 international bank creditors. [redacted] 25X1 [redacted] if the current negotiated agreement fails to hold together, Mexico would insist that any new agreement not increase its debt burden and contain interest concessions and linkage of debt payments to oil prices. [redacted] 25X1 25X1

Debtor nations including Argentina, Brazil, Venezuela, and the Philippines have been closely following Mexican financial negotiations with creditors in hopes of taking full advantage of the concessions won by Mexico, including:

- o dropping the US prime rate as a base rate for interest calcuations,
- o reducing the spread over LIBOR,
- o extending both the tenor and grace period on existing debt,
- o promising more money if the country's economy falters.

[redacted] bankers believe these concessions will not set undesirable precedents for their upcoming financial negotiations with other debtor countries. [redacted] 25X1 25X1

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[redacted] 25X1

DEVELOPMENTS IN MAJOR COUNTRIES

Brazil

Brasilia is likely to push hard for concessions to reduce its debt repayment burden in the coming round of negotiations with commercial banks. Finance Minister Funaro, who has taken a tough position in debt negotiations, believes that debt concessions are crucial to ensure the future success of the Cruzado Plan, [redacted] 25X1 25X1 He notes the Plan is threatened by a lack of new investment, which he believes can only be alleviated through increased government outlays. Accordingly, Funaro believes the savings in debt servicing payments should be used to fund additional imports and domestic investment needed to maintain economic growth and alleviate vast social inequities. Nonetheless, Brasilia probably will not adopt radical policies to achieve its objectives. [redacted] 25X1

In return for a lower annual debt servicing payment and access to new funds, Brasilia may be prepared to compromise on its refusal to negotiate an agreement with the IMF—perhaps an enhanced surveillance program like Colombia's—after the congressional elections next month. Funaro and other economic officials have indicated recently that the Fund now is supporting growth-oriented policies similar to those held by Brasilia. The US Embassy believes that an accommodation with the Fund would be politically feasible after the elections. Moreover, during a recent trip to Europe, Funaro was told firmly by several European officials that an agreement with the Fund also is necesary to reschedule its debts to Paris Club creditors. [redacted] 25X1

The Brazilians anticipate tough negotiations with foreign banks, but will press relentlessly for substantial cuts in annual payments, [redacted] If 25X1 bankers prove reluctant to offer concessions, Brasilia may threaten creditors—US banks currently hold $24 billion in Brazilian debt—with a partial interest payments moratorium, a threat Brasilia has made in the past. [redacted] 25X1

Argentina

Argentine officials hope to reach agreement by mid-November with the IMF on a 15-month standby for $1.2 billion and a $350 million compensatory financing facility to help cover agricultural export losses, and then to start formal talks with creditor banks, according to the press. [redacted] Argentina to request $1 billion in new 25X1 bank loans and to follow Mexico's lead in seeking contingency credits—linked to the performance of Argentina's agricultural exports, which make up over 66 percent of total exports. Buenos Aires also will press creditors to lower the interest spread on its loans from an average 1.6 percentage points over LIBOR. [redacted] 25X1

Meanwhile, creditors may be encouraged by Argentina's tighter monetary policy that helped slow inflation—by 1.6 percentage points— to 7.2 percent in September and that promises a further decline to 5 percent this month. The US Embassy believes, however, that this policy will cause the government political problems within the next few months. It predicts that bank failures—several banks caught by the liquidity squeeze have recently failed—will increase and that the ruling Radical Party may be tainted by

[redacted] 25X1

[redacted] 25X1

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public charges of corruption and congressional probes of banking practices. We believe support for the government economic program could erode further as tighter money pushes up interest rates and reins in economic growth. [redacted] 25X1

REGIONAL SITUATIONS

Latin America

In Latin America, Venezuela continues to talk with commercial banks to alter its February refinancing agreement, Chile opened discussions with banks for new money, 25X1 [redacted] 25X1

Venezuela

Venezuela's proposal to restructure the terms of its February refinancing agreement for $21.04 billion in external public debt has made little progress with its bank advisory committee. Earlier this month, government negotiators met with the committee to discuss Caracas' requests to reschedule most of the principal due over the 1987-89 period, to link debt repayment to interest rates and oil prices, to reduce the interest spread over LIBOR, and to obtain a $600 million loan. [redacted] 25X1 25X1 [redacted] bankers are unlikely to offer Venezuela the same interest rate concessions granted Mexico, unless Caracas agrees to accept IMF supervision in economic policymaking—supervision that Caracas has adamantly rejected in the past. [redacted] as prior conditions for serious negotiations on the government's proposal, Caracas must make the $750 million principal repayment promised bankers in February and must offer bankers an acceptable plan for the repayment of the external private debt. The complexity of the issues to be resolved and Caracas' proclivity to negotiate through the press suggest that this latest round of negotiations will be difficult, with progress likely to be slow. [redacted] 25X1 25X1

Chile

An IMF team arrived in Santiago this week for negotiations on 1987 economic targets for Chile's extended fund facility. Chile is meeting or exceeding most of its targets and we believe the meetings will go smoothly. The US Embassy reports that Chile's economic team has drawn up two sets of targets for IMF review. One set projects economic growth of 5 percent if the second stage of a structural adjustment loan is approved by the World Bank next month, while the other anticipates growth below 2 percent if Bank approval is not received. Several governments have indicated they will vote against the loan, but Chile's economic team refuses to postpone consideration of the loan until 1987, believing it already has the necessary votes, according to the US Embassy. Moreover, the government is determined not to risk disrupting its negotiations with the IMF and creditor banks, which it fears would make it more vulnerable to political pressure. [redacted] 25X1

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

Costa Rica

San Jose has toughened its negotiating position and let arrearages accumulate in an effort to force a multiyear rescheduling agreement with favorable terms. According to press reporting, President Arias has asked commercial creditors for a rescheduling of all debts over 25 years, with a seven-year grace period. Arias reportedly does not want any more short-term solutions to his country's debt problems, and feels creditors should be more accommodating to his country's need for growth. To highlight this tougher posture, San Jose formally suspended all interest and principal payments—effective last Friday— 25X1 on external debts due after 30 June 1986, [redacted] 25X1

[redacted] 25X1

Panama

Debt negotiations between Panama and its major creditors continue on new rescheduling and financing packages, but slow progress in implementing a proposed second World Bank structural adjustment loan (SAL-II) is delaying disbursement of over $70 million in creditor funding. The major difficulty is the footdragging by the Delvalle government in reforming the social security system and privatizing public-sector enterprises—key adjustments required by the World Bank for loan approval. Until an agreement is worked out, talks with the bank advisory committee are likely to remain on hold. In late September, Panama delayed its formal request to bankers for a rescheduling of $1.2 billion in maturities due between 1987-90 and a new $200 million loan, probably until at least 1 January 1987. Commercial creditors reportedly persuaded Panama to withhold its official request until the full $60 million of the 1985-86 commercial refinancing package is fully distributed—$21 million has been disbursed already—and the SAL-II is finalized. With prospects for signing the SAL-II this year decreasing, creditor banks may have to rollover maturities due after 1 January 1987 or agree to disburse the remaining $39 million from the 1985-86 refinancing package. [redacted] 25X1

Jamaica

The Seaga government and the IMF remain far apart as two major problems—growing arrearages and uncertainty over the devaluation issue—are holding up approval of a new standby program. The buildup in arrears, now totaling an estimated $100 million, has forced the Fund to consider declaring Kingston ineligible for further drawings, according to Embassy reporting. At the same time, Seaga maintains his steadfast opposition to an immediate devaluation, but reportedly has proposed a devaluation linked to inflation. While there are some indications that the Fund may be flexible on the timing of a devaluation, additional measures—dealing with export rebates, wage and monetary policies, and public sector deficits—must still be worked out to finalize an accord. [redacted] 25X1

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

Europe/USSR

USSR

The Soviet Foreign Trade Bank is coming to the market with a $300 million, eight-year credit with terms rumored to be better than on any previous Soviet borrowing. According to press reporting, bankers believe that the loan will be lead by Banque Nationale de Paris. The loan is expected to carry an interest rate of .125 - .250 of a percentage point above LIBOR. In spite of hard currency shortages, the favorable terms on this loan indicate that the Soviet Union is still deemed extremely creditworthy by international lenders. Press reports indicate that foreign bankers will be watching to see if US banks participate in the loan, something that many have not done since the Soviet occupation of Afghanistan. Some believe, however, the US participation is more contingent upon technical than political considerations. In particular US banks which participate actively in the secondary markets may, with margins hitting all-time lows, wait until pricing on Soviet loans has stabilized and the prospects for secondary sales improve. In a related issue, Vneshtorgbank signed a $110 million revolving acceptance facility in September. The five-year facility was oversubscribed by $30 million. The proceeds are to be used for financing imports into the Soviet Union. [redacted] 25X1

Asia

In Asia, the Philippines may ask for a contingency clause as a part of its rescheduling request, Indonesia may be forced to reschedule its foreign debt next year, and Malaysia is experiencing capital flight. (S NF NC OC)

Philippines

Citing concern over "creditor fatigue" and the intent to include a new money request in its rescheduling agreement, the Philippines postponed a meeting with its bank advisory committee (BAC) scheduled for 8 October. Bank negotiations are now scheduled to begin on 28 October after the IMF Executive Board consideration of a new standby loan and CFF drawing on 24 October. [redacted] the BAC 25X1 members had anticipated an agreement with the Philippines on a 15-year restructuring with at least a six-year grace period. Interest rates on these maturities would be no more than 1 percentage point above LIBOR. According to Finance Minister Ongpin, however, "the Mexican agreement has opened a new horizon" for the Philippines. [redacted] 25X1 Manila would request a contingency clause in the country's restructuring similar to what is in Mexico's agreement. 25X1 For the Philippines, a link would be made to selected economic growth factors — especially export revenues and import prices — and bank creditors would be asked to extend additional credit automatically if certain growth minimums are not reached. [redacted] 25X1 [redacted] the Philippine proposal received a very cold reception from bank creditors as well as 25X1 IMF and World Bank officials. [redacted] because of this 25X1 reaction, the Philippines will push for lower interest rates rather than follow through with a new money request. [redacted] 25X1

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1 25X1 In another matter, swaps under the new Philippine debt-to-equity program have begun. According to press reporting, Kawasaki Steel and Japan Air Lines each plan to make equity investments in the Philippines—Kawasaki is expected to buy $1.2 million worth of Philippine debt at 20 to 30 percent below face value. Meanwhile, the final draft Constitution was approved on 12 October and will now be submitted to the nation by plebiscite. [redacted] 25X1 25X1 25X1

Indonesia

Indonesia may be forced to reschedule its foreign debt, and implement an IMF standby program in 1987 if oil and other export commodity prices do not rebound, according to Embassy reporting. To cover this year's $5 billion current account deficit, we expect Jakarta to draw down about $3 billion in standby commercial credits—loans committed but undrawn—and dip into its $10.8 billion in foreign reserves. The Indonesians also will ask the IMF for a compensatory financing facility (CFF) to make up for falling oil and commodity prices, according to the Embassy. [redacted] 25X1

[redacted] Indonesia will face severe balance of payments pressure through 1987. In addition to the loss of about $6 billion due to stagnant oil prices, Jakarta has been hard-hit by the appreciation of the yen as it imports and borrows largely in yen. Because Indonesia is starting to run through its available reserves, it will need new funds to finance next year's current account deficit, estimated at $4 billion by the government. Indonesia's ability to obtain new foreign commercial bank loans is limited, however—European and US bankers are already reducing their exposure—and it is unlikely that foreign aid flows will increase significantly. The government hopes to put off debt rescheduling by refinancing its commercial bank loans--this will prove difficult unless Jakarta adopts very tight fiscal and monetary policies and expeditiously removes trade barriers, [redacted] We believe the regime is unlikely to dismantle those regulations and monopolies that benefit business interests having close ties to elite elements, including the Soeharto family. [redacted] 25X1 25X1 25X1

Malaysia

The Malaysian Central Bank announced that real GDP actually fell by 1 percent last year—Malaysia's first full year decline—instead of growing nearly 3 percent as it had announced in March. Financial observers predict Kuala Lumpur will slash government spending—possibly by 35 percent—and will be forced to devalue the ringgit (Malaysian dollar) by 10 to 25 percent in the next few months if it hopes to shore up its worsening economy. Fear of devaluation has led to increasing capital flight, which could exceed $3 billion in 1987, [redacted] Meanwhile, Prime Minister Mahathir hopes more liberal foreign investment rules will attract badly needed capital. Whereas foreign equity holdings were previously limited, companies that export 50 percent of their output from Malaysia or employ 350 or more Malaysian workers can now be 100-percent foreign-owned. [redacted] 25X1 25X1

[redacted] 25X1

25X1

[redacted]

Africa

In Africa, South Africa met with bankers to discuss its financial position and Nigeria set up its second-tier foreign exchange market, which resulted in a 61-percent devaluation. [redacted] 25X1

South Africa

Pretoria's meeting last month with commercial bank creditors to review the country's financial position produced no changes in the existing debt repayment agreement with banks, [redacted] Bank creditors—citing South Africa's expected $2.5 billion current account surplus this year—proposed stepping up principal repayments, which are limited under the accord to 5 percent of scheduled repayments until next June. Pretoria was willing to accede, according to US Embassy reporting, but only in exchange for fresh bank credits, and both sides backed down. South African debt chief Stals suggested to creditors, however, that additional repayments would be considered if the world gold price remains at or above its current level. [redacted] 25X1 25X1

Bank creditors' technical review of the economy, the original purpose of last month's meetings, produced no surprises. Creditors expect real GDP growth to increase 2 to 3 percent next year, and the current account surplus to remain above $2.5 billion—essentially in line with South Africa's forecasts. Both Pretoria and creditors expressed concern, however, over the country's low reserves, [redacted] Reserves currently are $1.9 billion—only about $300 million in hard currency and the remainder in gold—covering less than two months' imports. Reserve Bank Governor de Kock said publicly last week that with the strong current account surplus, and having already met most debt obligations under the accord with foreign banks, Pretoria will begin adding to its gold reserves for the first time since 1981. [redacted] 25X1 25X1

Nigeria

Nigeria launched its second-tier foreign exchange market late last month, which produced in a 61-percent devaluation, according to the US Embassy. Press reports say that official creditors have agreed in principle to a $250 million bridge loan to help fund the market until Lagos can begin drawing on a recently approved $450 million World Bank loan later this year. Nigerian financial officials expressed concern, however, about the size of the devaluation, and raised the possibility of intervening if the exchange rate became "unrealistic." Meanwhile, commercial creditors preliminarily agreed earlier this month to reschedule Nigeria's medium-term debt and letter of credit arrearages, and to provide as much as $320 million in new loans, [redacted] The US Embassy reports that bankers dropped demands that Lagos draw money from an IMF standby agreement, a move President Babangida had ruled out for political reasons. Details of the commercial financing have yet to be negotiated, and [redacted] a final agreement may not be reached until next year. [redacted] 25X1 25X1 25X1

Middle East

In the Middle East, Egypt and the IMF are discussing a standby arrangement, Sudan's prime minister stated that debt contracted under the Nimeiri government is subject to nonpayment, and Morocco and the IMF have agreed on a framework for a new standby arrangement. [redacted] 25X1

[redacted] 25X1

[redacted] 25X1

Egypt

Following the IMF Executive Board discussion on 6 October of annual Article IV economic consultations with Egypt, the Fund dispatched a mission to Cairo empowered to negotiate a standby arrangement, but Cairo has indicated it views the need for compromise on standby terms as resting largely on the Fund's side. Egyptian officials criticized US remarks at the 6 October meeting concerning the need for additional economic reform as not adequately supportive of Cairo, according to several US diplomatic reports. Cairo had viewed the meeting as an important gauge of US and Western sensitivity toward the country's economic troubles. Egyptian officials now are concerned the IMF mission will arrive believing Egypt can be pressured into further exchange and interest rate reforms—areas Cairo recently reiterated it views with little flexibility. [redacted] 25X1

[redacted] 25X1

Sudan

Khartoum has indicated it might repudiate some of its debts, and has budgeted debt service covering only 25 percent of its payment obligations next year. Prime Minister Sadiq al-Mahdi—who has been hinting at a debt moratorium since May—this month said in a UN General Assembly speech that Khartoum views debts contracted under the Nimeiri government as illegitimate and subject to nonpayment. This contradicts statements by Finance Minister Omar as recently as last month that Sudan accepted the previous government's debts and was committed to repayment, albeit with delay. Al-Mahdi said a specific, but still unannounced, percentage of annual export earnings would be allocated for payment of "legitimate" debts. According to US Embassy reports, Khartoum has budgeted only $208 million to meet $814 million in debt payments due next year. If arrearages are included, Sudan's 1987 payment obligations jump to almost $3 billion. [redacted] 25X1

Morocco

Rabat and the IMF have agreed on the framework for a new $275 million 18-month standby arrangement on the condition that Rabat secures $100 million in new concessional bilateral aid commitments for 1987, according to US Embassy reports. Finance Minister Berrada last week told US officials he expects to sign a letter of intent with the Fund within days, and that the standby will be considered by the Fund next month. The Fund wants Morocco to obtain 12- to 15-year money at no more than 4 percent interest from a group of donors including the United States, moderate Arabs, France, and other West Europeans. The bilateral funds would allow Morocco to undertake capital investment projects and ensure a reasonable rate of economic growth while Rabat proceeds with its IMF adjustment program. [redacted] 25X1

[redacted] 25X1

25X1

The Fund also expects commercial banks to provide $250 million in new money during 1986. Banks already plan to widen the proposed rescheduling of 1985-86 commercial maturities to also include debts falling due in 1987 and early 1988 during the IMF standby program, according to a press report. The new rescheduling terms will provide about $840 million in debt relief for 1985-86, and another $660 million in relief over the life of the standby arrangement, according to the report. The bank advisory committee is to meet this month to approve the deal and begin circulating it among all creditor banks for approval. 25X1

25X1

25X1

[redacted]

FINANCIAL BRIEFS

Americas

Lima will be site of **nonaligned debtor conference** on 12-14 November. . . [redacted] 25X1

[redacted] 25X1

Twenty-five member **Latin American Economic System** last week urged linking debt payments to export earnings or GDP growth. . . reflects trend toward tougher debt policies, but communique avoided specifics, commitments. . . countries will continue negotiating individually. [redacted] 25X1

Bolivia has fully complied with the targets of its IMF standby agreement. . its fiscal deficit this year will probably be 3.7 percent of GDP, as compared with 14 percent in 1985. . . Fund officials predict that Bolivia will qualify for a $60 million compensatory financing facility in addition to the $40 million it is already scheduled to receive later this year. [redacted] 25X1

Colombia drew $639 million of the $1 billion commercial bank loan on 9 October. . . meanwhile, President Barco spoke at recent IMF/IBRD meetings and called for more lending by international institutions, easier terms for debt reschedulings, greater access to OECD markets, and increased direct investment. [redacted] 25X1

World Bank and IDB loans to **Paraguay** are back on schedule following the government's announcement last month of an economic stabilization plan devaluing the guarani. . . disbursements after 31 December will depend on additional exchange rate reform, according to the US Embassy. [redacted] 25X1

Africa/Middle East

Members of the **African Development Bank** agreed to "favorably consider" a general capital increase of 200 percent to support lending of $6.0 to $7.8 billion for the period 1987-91. . . GCI is contingent on resolution of remaining issues such as payment modalities and specific guidelines for Bank financial and operational policy. . . these issues will be discussed at the next meeting on 24 November. [redacted] 25X1

World Bank approved $150 million agricultural sector loan for **Tunisia** last month, and Italy pledged $100 million in new credits. . . still leaves $225 million financial gap for 1986-87, even with pending $228 million IMF standby. . . Tunis seeking bilateral aid to fill gap, but some donors hesitant because of Tunisian political uncertainties. [redacted] 25X1

Europe/USSR

Poland scheduled to meet with Paris Club this week most likely to discuss ways to bridge this year's financing gap of about $1 billion. . . probably will press government creditors for new loans and reopening of 1986 rescheduling accord initialed in March. . . also plans to meet with commercial banks this month to lobby for new credits. [redacted] 25X1

[redacted] 25X1

[redacted] 25X1

Four Japanese banks co-leading an 8-year, $100-million syndicated loan to **Hungary.** . . favorable rates reflect continued appetite for Hungarian paper despite poor economic performance. . . Budapest plans to borrow about $3.5 billion this year and $2.5 billion in 1987, mainly to roll over existing debt. [redacted] 25X1

Asia

China, while not admitting to a debt problem, is considering refinancing portions of its debt through several large dollar-denominated borrowings...when reserves began to drop, Beijing financed its economic expansion largely through foreign borowings, doubling the size of its debt from $5 billion to $9.5 billion...most of these borrowings were in the form of short-term year loans which have become more costly as the yen appreciates. [redacted] 25X1

Thailand's new five-year Economic Development Plan is designed to encourage Thailand's evolution to a significant exporter of labor intensive light manufactures. . . in sharp contrast to past plans, calls for the private sector to play a dominant role in leading growth with exports, and in providing most of the projected increase in investment. [redacted] 25X1

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65	CPAS/ISS/SA/DA	
66	Ch/OGI/Pub [redacted]	25X1
67-69	OGI/Pub *Destroyed 69 11/25/86 [initials]*	
70-75	CPAS/IMC/CB	

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