

23 July 1954

MEMORANDUM FOR: []
SUBJECT : Guatemala Financial Position

1. The Guatemala financial position is strong. State Dispatch from Guatemala #10 dated 9 July 1954 indicates that on 30 June 1954 Guatemala had a net of \$44,000,000 foreign exchange reserve held largely by the N. Y. Federal Reserve bank. Of this \$27,200,000 is earmarked as currency backing and \$4,000,000 is earmarked as backing for a \$2,800,000 bond issue of 2 June which was taken up by insurance companies. This leaves \$12,800,000 unencumbered foreign exchange reserve, which presumably the government could draw upon.
2. The government receives \$14.24 per 100 bags of coffee exported and encouraging early exportation of any coffee in storage should increase the government's cash on hand.
3. The immediate cash position of the government might still be desperate despite large reserves if everyone is hoarding cash and if the tax collection machinery is not working properly. A new bond issue against remaining reserves could well be the answer, and would not require a U. S. loan, or other hand-out.
4. It may be worthwhile for some financial adviser who knows the business to be suggested to the present Guatemalan government to help them solve these problems.

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CIA HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED

2003