



Chile Economic News

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DECISION BY THE CONSTITUTIONAL COURT

By three votes in favor, one against and one dissention, the Constitutional Court disqualified itself to reach a decision regarding the conflicting positions of the Executive and Legislative branches about the constitutional amendment that legislates over the three areas of the economy.

Christian-Democratic Senators Renán Fuentealba and Juan Hamilton introduced the bill that created this difference between the Executive and the Congress. This initiative was approved by Congress, but vetoed, to a great extent by President Salvador Allende. These vetoes were rejected in Congress by a sim-

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ple majority. The Executive then appealed to the Constitutional Court in order to establish if they should have been vetoed by an absolute (two-thirds) majority or as it was voted by the Legislature.

With this resolution, things will remain as they were before the creation of the Constitutional Court. The Administration will then proceed to put into law that portion of the bill on which there is no disagreement with the Legislature.

TRIP BY PRESIDENT ALLENDE

President Allende travelled to Buenos Aires, Argentina to attend the inauguration ceremonies for the newly elected President, Héctor Cámpora.

The official delegation that accompanied the President included the Ministers of the Interior and Defense, the Chief-of-Staff of the Armed Forces, Senators Volodia Teitelboim and Hugo Miranda, the President of the Central Unica de Trabajadores (CUT), the Chief of Protocol, and the Chilean Ambassador in Argentina, who joined the group in Buenos Aires.

The President and the delegation were received by hundreds of people with flags and posters inscribed with greetings to Chile, warmly waved in the air, conveying the feeling of an end to ideological frontiers and ratifying the friendship that exists between the two countries.

President Allende, on behalf of the Government of Chile, invited the newly elected Argentine President to visit Chile, who in turn accepted. The date remains to be set.

MAJOR FOREIGN TRADE RESOLUTIONS OF THE COMITE EJECUTIVO DEL BANCO CENTRAL

From January to May 1973, a number of standards were laid out to give guidance to the economic policy as regards matters of foreign exchange. For best use of foreign exchange it has been necessary to rationalize spending in accord with priorities established by the Comité Ejecutivo del Banco Central de Chile.

In the Brokers' Market the principal measures have been taken and are in accord with the following regulations:

1. Circular No. 1.821 establishes that all students granted exchange scholarships with institutions abroad will be unable to acquire the travel quota as established in Circular No. 1.770 of 17 October 1972. In qualified cases the Gerencia de Operaciones Internacionales will authorize the purchase

of \$ 50 to cover small personal expenditures while abroad. Infractions of these regulations will constitute a violation of Law No. 15.192.

2. Circular No. 1.826, complimented by Circular No. 1.854, establishes a precise regulation for foreign exchange allowances to students abroad where scholarships will not cover expenses. Previous approval by the Comité Nacional de Ciencia y Tecnología (CONICYT) and Banco Central de Chile will be required as to the type of scholarship, in accord with the nation's needs. Quotas will be assigned in accord with the type of scholarship and the country in which the student is residing. Once the allowance is granted, the student must submit an accounting by semester with certificates from the respective academic institution as to performance and attendance level in order to continue receiving the stipend. All documents must be approved by the Consul of Chile in the country of residence. It also establishes the amounts allowed for dependents.

3. Circular No. 1.839 obligates all hotels, motels and similar establishments authorized to receive foreign currency for lodging, food and other services rendered to foreign tourists to return and liquidate such currency received for services rendered within Chile and paid for abroad within 30 days of receipt.

4. In this market it has been necessary to adjust the rate of exchange to more realistic terms resulting in constant variation in foreign exchange. Circulars number 1.849, 1.855, 1.869, 1.872 and 1.874 have modified the quotations in several areas. The rates established on 28 May 1973 were as follows:

- a) The purchase rate is set at E° 125 per US dollar or its equivalent in foreign currency.
- b) The sales rates are the following:
 - Area I: E° 80 per US dollar or its equivalent in other currency
 - Area II: E° 130 per US dollar or its equivalent in other currency
 - Area III: E° 350 per US dollar or its equivalent in other currency (*)

BANKERS' MARKET

Circular No. 1.880 establishes that import operations and remittances of invisible external commerce will be conducted at a rate of E° 25 (list B) per US dollar or its equivalent in foreign currency, except for sales destined to pay for merchandise, and drafts for invisible external commerce included on lists A, C and D, that will be effected through the exchange rate that is indicated.

* In accord with a decision made June 12, 1973 by Banco Central, the exchange rate for the dollar in the brokers' market was readjusted in Areas I, II and III. In Area I the dollar rose from E°60 to E°80, a 33.3 percent increase. This applies to the dollar for scholarship student abroad, the purchase of books, and non-commercial medical supplies. In Area II it rose from E°156, a 20 percent rise, which applies to capital investments and small operational expenses. The tourist dollar -- Area III-- rose from E°350 to E°420, a 20 percent rise. Adding to this the applicable taxes of 53.15 percent, it is now set at E°643.23.

For list A, which includes food products and fuel, its exchange rate is kept at E° 20 per US dollar or its equivalent in other currency.

For list C, which includes chemical products, machinery and spare parts for for industry, etc., the exchange rate will be E° 65 per US dollar or its equivalent in other foreign currency.

List D has been divided into lists D-1 and D-2. List D-2 includes products or merchandise classified as luxury items established in Circular No. 1727, and which were on List D, and will have an exchange rate of E° 240 per US dollar or its equivalent in other foreign currency. List D-1, with an exchange rate of E° 120 per US dollar or its equivalent in other foreign currency, includes other goods such as spices and semi-precious stones for industrial use.

Likewise, the purchase of foreign exchange for return on exports, or income derived from invisible external commerce will be conducted at the rate of E° 65 per US dollar or its equivalent in other foreign currency, except insofar as the purchase corresponds to proceeds from exports or income from invisible external commerce included on lists E and G, and will be effected at the following rates of exchange:

List E, that corresponds to returns on the export of iron ore, copper in any form, newspaper, cellulose, IBM cards, and lumber, will have an exchange rate of E° 45 per US dollar or its equivalent.

List G, that corresponds to returns on exports of nitrate, iodine, fruit, fish, bottled wine, liqueur in general, books and magazines, will have an exchange rate of E° 100 per US dollar or its equivalent in other currency.

In regards to imports, the following dispositions have been established:

1. Circular 1815 establishes that banks can open letters of credit to cover the import of spare parts and parts for medical equipment only in cases in which 130 percent of the CIF value of the merchandise is posted within 10 working days from the date of the pro forma invoice on the transaction. If the proper amount is not posted within the stipulated time, the import permit is automatically cancelled. As regards payment, the importer must pay 100 percent of the transaction in national currency within 15 days of receipt of the documents.

The bank will handle the shipping documents once the importer has presented the import permit to the Banco Central for approval. Banco Central will then complete the operation within 10 days of presentation of the permit.

2. Circular 1865 establishes that the bank must submit monthly reports on pending import permits and amounts owed that have not been covered by the importer. This information will serve as a basis to make

a systematic analysis of foreign trade, and can help in plans regarding payments for imports.

3. Circular 1853 states that import permits may no longer be transferred, except in cases in which the importer dies, in which case the heirs may request Banco Central for permission to proceed with the respective import operation.

Within the field of exports there are two important measures worthy of mention.

1. Circular No. 1818 voids the regulations established under Circular 1796 which obliges artists who export their works to return foreign exchange received from such sales. Such sales will now be regulated by the original text of article No. 53 controlling such exports, which states: "Works of art may be exported without returning the foreign currency derived from such transactions provided that such export transactions be conducted by the artists themselves, and that said artists be accredited by the Dirección de Bibliotecas, Archivos y Museos.

2. Circular No. 1822 establishes that only Banco Central de Chile may operate in the cash purchase of foreign currency derived from proceeds on exports. Banks involved in such operations must send Banco Central forms with all such returns together with a letter of liquidation of foreign currency.

MISCELLANEOUS DISPOSITIONS

During the first five months of this year, important credit lines have been contracted for the importation of merchandise. Among such credit lines are the following:

A \$ 10 million line of credit granted by Banco do Brasil (Circular No. 1830) to finance the purchase of capital goods and durable consumer goods from Brazil, except for motorized vehicles. The permits must be presented by the importer through a bank or through CORFO. Interest on the credit will run 7 percent per annum, and payments will be made through the Reciprocal Credit Agreement.

A \$ 20 million line of credit has been granted by Banco Nacional de Comercio Exterior de Mexico (Circular No. 1842) to finance the purchase of capital goods, motorized vehicles, automatic parts, light machine tools, breeding stock, fertilizer and durable consumer goods from Mexico. As in the previous cases, the importer must present the import permits through a bank or CORFO. Six percent interest per annum will apply from the time Banco Nacional pays the Mexican exporter. All payments from operations financed and charged to this line of credit must be effected through the Reciprocal Credit Agreement between Banco Nacional de Mexico and Banco Central de Chile.

A \$100 million line of credit granted by Banco Central de Argentina (Circular No. 1837) to finance Chilean imports of transportation equipment, capital goods and spare parts from Argentina. The importer must present the import permit through a bank or through CORFO. The deadline for use of this line of credit is July 17, 1974, with interest at 7 percent per annum from date of shipment to the first payment, and 6 percent per annum on the unpaid balance.

Finally, Circular No. 1844 indicates that the payment agreement signed with the People's Republic of China is similar to the Reciprocal Credit Agreement. This agreement does not cover exports of Chilean blister copper, electrolytic copper or wire, and imports of tin and soybean seed.

VISIT BY PRESIDENT OF CUBA

Dr. Osvaldo Dorticós Torrado, President of Cuba, arrived in Chile by invitation of our Government.

The Cuban President was received by President Salvador Allende, Ministers of State, representatives of the Armed Forces, the Church, the Supreme Court, members of Congress from the Unidad Popular, and other authorities. He was also greeted by people waving flags and singing songs of welcome.

The Cuban President remained in Chile for 48 hours. He then departed for Perú, whose Government had also extended him an official invitation.

EMPLOYMENT AND UNEMPLOYMENT

The Employment and Unemployment Survey in the Greater Santiago area, made by the Instituto de Economía y Planificación de la Universidad de Chile, was announced.

A 3.8 percent unemployment level in the labor force of Greater Santiago was registered in March 1973. This is made up by 2.5 percent of the unemployed and 1.3 percent of people seeking work for the first time. The figures as well as the ratio registered a decrease during this period in relation to March and December of last year. Nevertheless, as it normally happens between December and March, there is an increase in the percentage of people looking for work for the first time. This goes up from 1.1 percent and 0.8 percent in March and December of last year, to 1.3 percent of the labor force of this month.

In absolute terms, the figures on open unemployment mentioned before, show an increase of 7.0 percent with respect to December 1972 and a decrease of 17.5 percent in comparison with March 1972. It should be noted that the figure registered for absolute unemployment for this quarter is the lowest registered with respect to March 1972 and March 1971.

1970	March	5.3	1.5	6.8
	June	5.6	1.4	7.0
	September	5.3	1.1	6.4
	December	6.6	1.7	8.3
1971	March	6.2	2.1	8.2
	June	4.0	1.2	5.2
	September	3.6	1.2	4.8
	December	2.8	1.0	3.8
1972	March	3.7	1.1	4.8
	June	2.3	1.4	3.7
	September	2.2	0.8	3.0
	December	2.8	0.8	3.6
1973	March	2.5	1.3	3.8

NEW PRESIDENT OF BANCO CENTRAL

The former Minister of Economy, Carlos Matus, took over the presidency of Banco Central de Chile, replacing Alfonso Inostroza who will become the Overseas Representative of this institution. Jaime Barrios has resigned as General Manager of Banco Central, and Humberto Truco has been appointed to this office.

COMMITTEE ON GOLD

The recently created committee to stimulate gold production in Chile has started operations. This Committee is made up by the Ministro de Minería, Sergio Bitar; the Vice-President of the Empresa Nacional de Minería (ENAMI), Eduardo Matta; the Vice-President of Banco Central de Chile, Hugo Fazio, and other members of ENAMI.

The Committee appointed a work group which will offer within the next thirty days a set of recommendations aimed at increasing the mining exploitation of this metal.

CORFO-PEUGOT AGREEMENT

The Corfo-Peugot agreement that establishes a mixed automotive enterprise with 60 percent Chilean capital and 40 percent French, has been put into effect. This company will produce vehicles with up to 1.800 cubic centimeters and will export automotive parts to the LAFTA (Latin American Free Trade Association) countries, such as gear boxes, differential gears, etc. The plan contemplates the production of 15,000 vehicles in 1973 and 16,000 in 1974. Manufacturing these vehicles will utilize initially 65.5 percent of Chilean materials, to increase to 92 percent in 1980 when production will reach 30,000 units. The initial capital is \$ 6.6 million.

NEW FOREIGN MINISTER APPOINTED

Orlando Letelier, the former Ambassador of Chile to the United States, has been appointed Foreign Minister after the resignation of Clodomiro Almeyda.

CHILEAN MISSION TO BULGARIA

A Chilean delegation headed by the Minister-Vice-President of CORFO, Pedro Vuskovic, is currently in Bulgaria. Their purpose is to increase the economic cooperation between Chile and Bulgaria and to continue the conversations started on the subject by a joint commission in 1971.

MEXICAN ECONOMIC MISSION

A Mexican economic mission presided by Dr. Horacio Flores de la Peña, Ministro de Patrimonio Nacional, is currently in Chile studying aspects related to trade exchange between both countries and special cooperation on the mining, oil and technical assistance areas.

FOREIGN CREDITS

Dutch Credit A credit of Dutch guilders 2,719,999 (about \$ 840,000) was contracted by CORFO in the Netherlands to finance the purchase of refrigeration equipment for the Chilean fishing industry.

Spanish Credit Spain has granted Chile a \$ 40 million credit for the starting of some important projects in the industrial sector. These projects will be developed in cooperation between CORFO of Chile and ENASA and FENSA of Spain, oriented towards automotive production.

Hungarian Credit Two Hungarian enterprises have granted Chile credits amounting to \$4.2 million intended for the purchase of foodstuffs, paints, pesticides, photographic items and other articles.

The credits were granted based on an Hungarian-Chilean agreement signed last February in Chile during a visit to Chile by a Hungarian economic mission. Chile will pay 3 percent cash and the 97 percent balance on a long-term basis.

The Ministry of Education and the Government of the Republic of Hungary have signed an agreement granting Chile a US\$ 2 million credit to purchase electronic equipment and automobiles in Hungary for use at industrial and special schools throughout Chile. The documents were signed by Jorge Tapia, Chilean Minister of Education, and Peter Sugar, Commercial Attaché of the Embassy of Hungary. Ambassador Laszlo Perczel of Hungary was also present at the ceremony. Mr. Tapia stressed the importance of the agreement with Hungary, while the Hungarian official expressed his thanks for the statement by the Chilean Minister.

British Credit An agreement based on the negotiations by the Chilean-British joint commission on technical assistance which met for five days to set up the program to be put into action for 1973-1974, has been signed at the Foreign Ministry. Through this agreement, Great Britain will supply Chile with technical assistance for an amount of 700,000 £, that will be channeled through development projects now in operation and some new ones.

Among the programs are equipment for a water desalination plant in Antofagasta, equipment for the hydraulic laboratory of the Universidad Federico Santa Maria, some material for the Anglo-Chilean Centro Metalúrgico, and for the Mecanización Agrícola de Los Andes center. Among these programs are steel research at the Universidad Técnica and Compañía de Acero del Pacífico (CAP).

NATIONAL ECONOMIC PROGRAM FOR 1974

Gonzalo Martner, Director of the Oficina de Planificación Nacional (ODEPLAN), announced at a press conference that President Allende and the Cabinet have begun discussion on the general framework and directives for the 1974 Economic Program the document which contains the general outline to be proposed by the Administration to the workers so that with their discussion and participation the first economic program to be discussed at a national level will be developed.

This will be the first time that the working class in various areas of the economy and industrial fields will make their opinions felt in the formulation of the Economic Program, whose medium-range objective is to strengthen and expand the nation's economy. Grass-roots discussion will take place for 45 days. Later, during August and September, the information gathered will be processed and the workers' suggestions will be systematized so that a revised Program will be ready by December.

The most substantial portions of the Economic Program to be discussed by the workers are the following points:

Agriculture: The process of the transfer of land is nearing its conclusion, and an intense productive process is being promoted aimed at supplying food for the population and raw materials for industry, substituting imports in both areas and, consequently, increasing the nation's ability to import other goods by freeing resources previously used to import food and other products which the country can produce.

Copper Mining: The improvement and expansion of the imports of spare parts, raw materials, machinery and equipment in order to expand production, resulting in an increase of foreign currency. The same proposition is being made in other branches of the mining industry.

Transportation: Increasing and rationalizing Chile's means of transportation, both domestic and foreign, maritime as well as by land and air, with the aim of satisfying the demand that the new production levels will create.

Industry: Expansion of the industrial sector based on greater ability of basic materials from the national agricultural and livestock sector, and the greater availability of foreign exchange. Restructuration of this same sector to reorient productive capacity from producing for the upper classes to producing a greater range of goods for popular consumption.

Distribution: With the support of the workers we are seeking improvement of the distribution systems of essential goods with the great majority of the consumers in mind.

Investments: The emphasis will be on industry and transportation through replacement and expansion of available equipment in those areas where productive capacity has been saturated. And to redesign in accord with the new social priorities, consumption of the nation's production capacity, mainly in the agriculture-related industry. Its aims are for investments that would allow absorption of all available manpower in a short or medium length of time.

"In my opinion," stated Martner, "the strategy should be aimed at substantially increasing agricultural lands, while at the same time intensifying our efforts to increasing copper output. These two factors will permit us on the one hand to reduce the outlay of foreign currency for foodstuffs, and on the other to increase the sale of copper abroad. In this way we can increase the nation's ability to import goods, and assure our industry a satisfactory level of spare parts, input and raw materials. With adequate supplies we can achieve a new industrial upsurge and logically greater production levels, and there will be greater possibilities of handling inflation and controlling the black market, etc...."

The Director of ODEPLAN further recalled that there are in force, and also in the final stages, some specific projects that will contribute to an industrial economic upsurge during 1974. Some of these basic projects are the following:

- Completion of the Santiago subway line No. 1, which besides solving the transportation problem of thousands of people, will free large amounts of resources now going into this construction project.
- The opening of the Constitución Cellulose plant which will permit exportation of \$ 30 million worth of products.
- Inauguration of the Antofagasta cement plant scheduled to begin operation early next year, and which will supply cement to northern Chile.
- Construction of poultry and agro-industrial projects which will permit a substantial increase in the supply of poultry, pork and industrialized agricultural products.
- Completion of the El Toro hydroelectric plant which will permit a 30 percent increase in the national power system.
- The first phase in the expansion of the steel plant of Huachipato of the Compañía de Acero del Pacífico will be

completed. This will permit an increase in steel output to 640,000 tons annually, in the overall plan to up production to one million tons annually by 1975.

Mr. Martner admitted that the task of planning is a difficult one and pointed out that "it is evident that in Chile we have fallen into a kind of 'illegality' as regards the laws of economics. In effect, we are no longer regulated by the classic laws of dependent capitalism which existed in Chile prior to 1970. But neither are we governed by the laws of growth of a socialist economy. This complicates matters and makes handling the political economy exceedingly difficult. But we have every confidence that with the cooperation of the people, we will do very well."

WAGE READJUSTMENT

Law No. 17.940, published in the Diario Oficial June 6, 1973, granted an advance wage readjustment to all public and private sector employees. This readjustment will be paid retroactively from April 1973 and will be 100 percent of the increase in the consumer price index from October 1, 1972 through March 31, 1973, applicable to basic salaries to March 31, 1973 equal or less than five minimum monthly subsistence allowances units, scale A classification for Santiago.

Special zone payments, overtime and remunerations of any nature that are percentages of the salary will also be applied from April 1, 1973 to the readjusted salary in accord with this law. In regard to this bill, in accord with the text approved by the Senate which fundamentally differs from the bill proposed by the Administration, Ministro de Hacienda, Fernando Flores, explained via nationwide radio the opposition's strategy to approve an inflationary project that goes contrary to the interests of the working class.

Minister Flores denounced the opposition's excessive red tape in passage of the bill. After three months it "mutilated the Government's bill, passing it with practically no financial support." As a consequence, he added, close to 40 billion escudos will be available on the market without withdrawing an equivalent sum from the taxpayers. This means that the State will have to issue for each working man and woman the sum of 12,000 E° with no substantial backing.

Mr. Flores further stated that speculators "buy anything in the largest amounts possible to provoke shortages of a specific product. Later, these speculators sell the goods at inflated prices, far above the official rate. All such speculation, best evidenced by the black market, has the gravest consequences for the Chilean people. First, because it causes artificial shortages of innumerable products, and second, because it forces the people to pay prices higher than the official rates, thus adding to inflation."

Further, Minister Flores denounced before the workers the Congressional opposition's attitude which blocked an Administration bill calling for sanctions against economic crimes. The watered-down law establishes that if the authorities surprise economic speculators and black marketeers, "the most that can be done is to confiscate the merchandise or sell it at the official rate, the proceeds being returned to the speculator."

In conclusion he declared that "the Government can affirm that the majority opposition, even beyond the intentions of some of its members, has become the major accomplice of the inflationary process and shortages."

CONSUMER PRICE INDEX

The consumer price index, as calculated by the Instituto Nacional de Estadísticas, rose 19.5 percent during the month of May. During the same month a year ago, it rose 4.3 percent. The 12-month variation amounts to 238.5 percent. The index has risen 60.5 percent during the current year. Changes in the indices comprising the general monthly index are the following:

	1972	1973
Food	6.0	21.9
Housing	1.4	12.5
Clothing	3.6	29.3
Miscellaneous	3.3	6.6

1974 COPPER PRODUCTION GOALS

The copper mining sector has set an 850,000 metric ton goal for 1974. The goal was established by Governmental entities, principally the Corporación del Cobre (CODELCO), and will be discussed by the Government and workers throughout this year in all pertinent labor centers.

This production increase will mean an income of more than \$ 165 million for the nation if the price of copper holds its present level of 65 cents per lb. The large-scale copper mining group would deliver a quota of 700,000 metric tons and the small- and medium-scale mining groups would have the responsibility of providing the 150,000 metric-ton balance.

THE AUTOMOTIVE INDUSTRY

Monthly Production Figures for the First Quarter 1973 (Vehicles off the Assembly Line)

Source: CORFO-Comisión Automotriz

COMPANIES	January	February	March	First Quarter
Citroen (Chile)	460	197	657	1,314

AX-H	302	162	628	1,092
AK-C	158	35	29	222
British Leyland	216	189	220	625
Mini-Austin	96	21	220	337
MG 1300	120	168	-	288
Fiat (Chile)	-	-	990	990
Fiat 600	-	-	515	515
Fiat 125	-	-	475	475
Automotriz Franco Chilena	-	276	551	827
Peugot	-	276	51	327
Renault	-	-	500	500
Nissan Motors	40	31	81	152
Dutsan	40	31	81	152
Num y German	-	-	-	-
Dodge Dart	-	-	-	-
Corarica	-	-	-	-
Trucks	-	-	-	-
Skoda	-	-	-	-
Planta Casablanca	266	71	285	622
Trucks	266	71	285	622
General Total	982	764	2,784	4,530
Total Automobiles	716	693	2,499	3,908
Total Pickups	-	-	-	-
Total Trucks	266	71	285	622

Note: The assembly plants that do not have production figures available for these months were completing the assembly of 1972 vehicles. Such was the case for the Fiat-Chile plant that completed 449 Fiat 600's and 450 Fiat 125's during February and/or made use of their vacations.

FRUIT EXPORTS

Mr. Sergio Rodriguez, agricultural engineer of the Comité Agro-Industrial de CORFO and Secretary of the Comisión Horto-Frutícola del Banco Central, an-

nounced that Chile is yielding a return of around \$ 14 million from its fruit exports, in line with plans laid out in 1972. He explained the policy and means of applying the plans that have been drafted within the Plan Nacional de Desarrollo Frutícola, stressing that in the area of transportation, Chile has contracted vessels for the exclusive transport of fruit at significant savings for the nation, and is now studying the possibility of contracting air transportation for handling highly perishable produce.

Horticultural produce, Rodriguez explained, has been exported for more than thirty years, but only in the last three years has it become a significant priority in the nation's total agricultural and livestock exports. At present, horticultural produce brings about 70 percent of the total amount of foreign exchange derived from agricultural and livestock exports. It is estimated that 1974 fruit exports will bring on the order of \$ 16 million.

FOREIGN TRADE

Shipping: Shipping during the first quarter of 1973 reached US\$ 212.8 million, an increase over 1972's US\$ 211.6 for the first quarter. As the following charts indicate this increase is due to copper shipments from the large-scale copper mines which have compensated for the drop in the shipments of iron ore, nitrates and iodine, as well as for some industrial products.

	<u>SHIPMENTS</u> (Millions of dollars)			
	<u>1972</u>	<u>January-March 1972</u>	<u>January-March 1973</u>	<u>January-March 72/73 % of Variation</u>
Mining Products	734.5	185.0	199.3	7.7
Agricultural, Livestock and Marine Products	19.3	3.4	2.5	-26.5
Industrial Products	82.4	23.2	11.0	-52.6
TOTAL	836.2	211.6	212.8	0.6
Monthly Average	69.7	70.5	70.9	

During the first quarter of 1973, the increase in shipments by the mining sector was due to the higher value of exports from the large-scale copper mines, as indicated in the following:

SHIPMENTS OF MINING PRODUCTS
(Millions of dollars)

	<u>1972</u>	<u>January-March 1972</u>	<u>January-March 1973</u>	<u>% Variation Jan.-March 1972-1973</u>
Copper	657.6	165.5	183.8	11.1
Large-scale Enterprises	535.0	134.4	152.8	13.7
Medium- & Small- scale Enterprises	122.6	31.1	31.0	- 0.3
Iron Ore	44.5	11.1	8.7	-21.6
Nitrate & Iodine	24.5	7.5	5.0	-33.3
All Other Mining Products	7.9	1.0	1.8	80.0
TOTAL	734.5	185.0	199.3	7.7
Monthly Average	61.2	61.7	66.4	

Large-scale copper production during the first quarter of 1973 was lower by 1.6 percent than during the same period in 1972, as indicated below:

LARGE-SCALE COPPER PRODUCTION
(Thousands of metric tons of fine copper)

	<u>1972</u>	<u>1973</u>
January	41.5	43.2
February	46.3	46.0
March	55.6	51.9
TOTAL	143.4	141.1
Monthly Average	47.8	47.0

Copper quotations on the London Metal Exchange during the same period were as follows:

(See chart on following page)

(Dollar cents per lb.)

	<u>1972</u>	<u>1973</u>	<u>% Variation</u>
January	48.87	50.72	3.8
February	50.46	56.32	11.6
March	52.54	68.46	30.3
Average	50.62	58.50	15.6

The above figures explain the higher value of copper shipments by large-scale mining enterprises based on the recovery of the international price of copper.

The following are the figures for shipments from small- and medium-scale copper mines:

SHIPMENTS FROM SMALL- AND MEDIUM-SCALE COPPER MINES

(Fine copper in metric tons)

	<u>1972</u>	<u>1973</u>
January	8,704	9,059
February	12,481	7,260
March	10,057	12,426
TOTAL	31,242	28,745
Monthly Average	10,414	9,581

The decrease in the value of small- and medium-scale copper company shipments is due to a reduction in physical shipments during the first quarter of 1973. A strong recovery was felt however during March.

Other mineral products registered a decline, with the sole exception of molybdenum. The most serious declines were in iron ore, nitrate and iodine.

	<u>January-March 1972</u>		<u>January-March 1973</u>	
	Volume-US\$ Millions		Volume-US\$ Millions	
Iron (Thousands of tons)	2,361	11.1	2,380	8.7
Nitrate (Thousands of tons)	205	3.2	180	2.1
Iodine (Thousands of kilos)	571	4.3	550	2.9

AGRICULTURAL, LIVESTOCK, MARINE AND INDUSTRIAL PRODUCTS

Agricultural, livestock and marine product shipments reached \$ 2.5 million, \$ 0.9 million lower than the first quarter of 1972. Within this total, the major decline was felt in fresh fruit shipments which registered a \$ 1.7 million decline in comparison with the same period last year. During the same period, however, there was a strong upsurge in bean exports. During the first quarter of 1973, bean shipments reached 310 metric tons, valued at \$76,000, while during the first quarter of 1972 they reached 4,055 tons, valued at \$1,324,000. Of this, 2,578 tons have been shipped to Cuba, and 990 to Poland, Chile's major bean markets.

Shipments of industrial products for the first quarter of 1973 reached \$11.0 million as compared with \$23.2 million during the same period in 1972. This variation is based mainly on shipments of fish oil and fish meal, cellulose and insignis pine, which together total an accumulated decline of \$10.1 million.

Oil and fish meal shipments were not as great during the first quarter of 1973 as in the same period the previous year when they reached \$ 6.0 million, or during the same period in 1971, when they amounted to \$8.9 million. This decrease is due to a drop in the anchovy catch. Production during the first two months of 1973 was only 15,118 metric tons as compared to 50,562 for the same period the previous year.

IMPORT PERMITS

During the first quarter of 1973, Import Permits reached US\$ 352.6 million, 4.5 percent lower than for the same quarter in 1972. This change can be seen in the economic classification of permits, as listed below. For an overall picture, we are classifying goods by type.

	(Thousands of dollars)		January-March	January-March
	<u>1971</u>	<u>1972</u>	<u>1972</u>	<u>1973</u>
1. Food Products	310,887	447,534	114,411	115,109
2. Other Consumer Goods	100,492	74,168	15,305	10,635
3. Raw Materials and Other Semi-Manufactured Goods (Excluding Foodstuffs)	554,282	577,464	132,493	121,377
a) Raw Materials in General	311,867	329,130	65,247	67,155
b) Spare Parts	132,718	123,197	25,345	26,615
c) Assembly Parts	-	23,108	6,578	4,196

d) Fuel	109,697	101,429	35,323	23,411
4. Capital Goods	199,958	312,244	107,212	105,492
a) Machinery & Equipment	139,019	158,493	49,020	49,512
b) Transportation Materiel	57,902	143,729	49,680	55,210
c) Breeding Stock	3,037	10,022	8,512	770
TOTAL	1,165,619	1,411,410	369,421	352,613
Monthly Average	97,135	117,618	123,140	117,538

Food products that include foodstuffs, semi-processed and processed agricultural goods for consumption, show similar levels for both periods. (\$115.1 million during the first quarter of 1973 and \$114.4 million during 1972), registering changes in the structure and price of these goods which have been affected by continuous price rises on the international market. Major food imports are wheat, corn, frozen poultry, coffee and powdered milk, imported by the Empresa de Comercio Agrícola de Chile (ECA).

In the area of raw materials and semi-manufactured goods (excluding foodstuffs) there is an 8.4 percent drop in comparison with the first quarter of 1972. This decline is due to the granting of fewer import permits for fuel.

Finally, although the import level of capital goods is similar to that of the previous year, there is a structural variation. An increase is noted in the area of transportation materiel and a reduction in breeding stock.

Machinery and equipment rose to \$49.5 million, a figure that includes \$16.3 million for machinery and spare parts for the exploration of oil, financed with credits granted by the Soviet Union.

In the area of transportation materiel, the import permits amounted to \$55.2 million, an 11.1 percent increase over last year's first quarter, and equal to the total amount for 1971. This high level includes operations related to equipment required for the Metropolitan Subway being built in Santiago. Twenty-seven point four million dollars are included in this operation for railroad equipment and parts purchased against a French credit, which amounts to approximately 50 percent of the import permits issued in this group. To this we must add \$6.2 million for buses (chassis & body) from Argentina and Brazil, \$4.4 million of unassembled truck chassis imported with deferred payment from Italy, and \$4.1 for vehicles destined to be used as taxis, financed with an Argentine credit.

Breeding stock shows a significant decline, where only \$0.8 million is registered for the first three months of 1973 as compared with \$8.5 million for the first quarter of 1972. However, the number of permits for 1972 was unusually high, the result of a mass import operation in connection with the live-stock development program. Import permits presented at Santiago show an increase for the months of April and May.

IMPORT PERMITS GRANTED IN SANTIAGO

(Thousands of dollars)

	<u>1972</u>	<u>1973</u>
January	64,526	128,073
February	135,746	96,095
March	149,674	125,807

ACCUMULATED TOTALS

	<u>1972</u>	<u>1973</u>	<u>% Variation</u>
January	64,526	128,073	98.5
February	200,272	224,168	11.9
March	349,946	349,975	0.0

AVERAGE JANUARY-MARCH

<u>1972</u>	<u>1973</u>
116,649	116,658

On comparing the figures during both periods we see a small decline for this past March. However, on an annual basis it equals out to about the same as the figures for the same period last year. For a more detailed comparison this information can be presented by operation on the basis of financing.

IMPORT PERMITS GRANTED IN SANTIAGO (ACCUMULATED)

(Thousands of dollars)

<u>1972</u>	<u>Cash & Consignment</u>	<u>Special Laws</u>	<u>Deferred Payment</u>	<u>Other+</u>	<u>TOTAL</u>
January	49,038	*	136	15,356	64,526
February	135,268	4,587	20,138	40,329	200,272
March	226,775	15,675	55,729	51,767	349,946
<u>1973</u>					
January	56,615	11,893	5,120	54,445	128,073
February	103,992	24,815	10,846	79,515	224,168
March	167,931	45,115	31,761	105,168	349,975
May	294,676	76,580	43,447	162,586	577,289

* The amount for permits corresponding to Special Laws for January are included under Cash & Consignment.

+ This item mainly includes operations charged against external credits.

The above chart shows an increase of permits in the "Other" group, in which the major portion of such permits are charged to foreign credits. It further shows a decline in cash operations.

CHILE-CUBA MIXED COMMISSION

The second meeting of the Chile-Cuba Mixed Commission for Technical and Scientific Cooperation, which lasted 12 days, concluded in Havana. The sessions analyzed projects begun last year, the procedures followed in the field of cooperation, and new projects scheduled to be initiated. Pedro Vuskovic, Vice-President of CORFO, headed the Chilean delegation.

Both Chile and Cuba agreed that the scientific and technical cooperation has been highly positive, allowing development of common lines of work, consolidation and implementation of mutually beneficial projects in such fields as industry, agriculture, mining, housing, education and health.

The Commission agreed that the initiatives of both countries be reflected in programs and agreements for direct cooperation between their organizations and institutions.