



Chile Economic News

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These economic news comprise the period between
July 15 and July 31, 1973

CORRECTION:

**THIS ISSUE REPLACES No. 24/48 OF AUGUST 1, 1973, RECENTLY MAILED
TO YOU WITH AN INCORRECT PAGE SEQUENCE.**

ASSASSINATION OF THE NAVAL AIDE TO THE PRESIDENT

At dawn on Friday, July 27th, Captain Arturo Araya, Naval Aide to President Salvador Allende, was assassinated.

The crime was perpetrated at his home at about one o'clock in the morning, by unknown persons who machine-gunned him when he went out to investigate what presumably seemed to be the throwing of an explosive device into his home. An intensive investigation to find the perpetrators of this crime has been launched by the civil police and the intelligence services of the Navy and the Army. President Allende addressed the Nation, via the national radio network, to convey the deep sorrow of the Government for the death of Captain Araya, whom he described as an exemplary naval officer.

The labor organizations, students and people in general have expressed their grief regarding this regrettable affair. The Central Unica de Trabajadores (CUT) also voiced its sympathy and urged its members and all Chileans to be on the alert to defend the Government of the people if the circumstances so required.

OPERATIONS ON HARD CURRENCY

The Executive Board of the Banco Central de Chile has ruled that starting August 3, 1973, all hard currency transactions will be made at the rate of exchange indicated as follows:

List A is eliminated and consolidated into List B

List B E° 25 per US dollar or its equivalent in other foreign currency

List C E° 45 " " " "

List D E° 75 " " " "

List E E°140 " " " "

List F E°300 " " " "

List G E°890 " " " "

REGULAR ACCOUNTS AND FOREIGN CURRENCY DEPOSITS

The Executive Board of the Banco Central de Chile in its session N° 847 of July 26, 1973, agreed on the following:

1. Diplomats and functionaries of international organizations, as well as companies, national or foreign, that have income in dollars or other convertible foreign currencies, can open regular checking or time deposit accounts in those currencies.
2. The regular accounts in US currency will be paid a 3.75% annual interest, based on the average balance and will be paid in that currency.
3. Time deposits on a 30, 60, 90 or 180-day basis will be allowed, if made in US currency, a rate of interest as follows:

30-day deposit	8%
60-day "	8-1/2%
90-day "	9%
180-day "	9-1/4%

4. The interest rates for both types of operations indicated above will be subject to changes based on the fluctuations on the international market. These variations will be periodically announced by the Banco Central.

The interest that will derive from these deposits, in the case of regular accounts, will be credited monthly, and in the case of time deposits, at an established expiration date.

5. The owners of the regular accounts can operate their funds freely. The same rights are given to the time deposit owners once the period established has been completed. The owners of both types of accounts can operate them in accordance with the rules prescribed for regular accounts and checks (art. 47).
6. When the owners of these types of accounts exchange their funds for local currency, it will have to be on the basis of the current buyers market plus 20%.
7. For the opening of this type of regular account, the intervening banks and the client must make a contract establishing the conditions for these accounts in foreign currency in accordance with the sample form enclosed.
8. The currencies that the authorized banks acquire in this fashion must be transferred on the following working day to the Banco Central de Chile who will reimburse them for their outlays.

The foreign currencies that the banks receive through regular accounts and/or time deposits must be kept in deposit in a special time account to be opened at the Banco Central for this purpose.

The Banco Central will reimburse the intervening banks the sums they may have paid depositors for interest. Furthermore, they will be paid a 0.25% annual commission over the average balance registered in these deposits.

9. The Superintendencia de Bancos will determine the rules that will govern the accounting of these operations.

Temporary regulation: For the time being, these operations must be made at any of the following banks: Banco Sudamericano, Banco O'Higgins (Bandera branch), or Banco de Concepción.

RENEGOTIATION OF THE FOREIGN DEBT

Chile's creditor countries have agreed to have a new meeting this coming October with the purpose of carrying out a detailed examination of the foreign debt for the period 1973-1974.

The members of the Club of Paris had met July 12 and 13 to discuss this subject with a Chilean delegation headed by Alfonso Inostroza, former President of the Banco Central de Chile.

In a press conference, Inostroza pointed out that the problem of the foreign debt was only "one more phase of the global problem that affects all developing nations. We want the creditor nations to understand that this is a problem closely related to the unfair distribution of international resources and the fact that world trade is not equitable." He also stated that the United States and Chile will renew in the next few days their bilateral negotiations, halted last April.

FOREIGN CREDITS

-Corporación Andina de Fomento (CAF) has granted Chile two long term credits, for a total of \$3,155,000, to be used for expansion of its metal processing industry. The Commission of the Cartagena Agreement, in its ruling N° 57, has programmed all the metal processing industry for the Andean Pact Nations. Within this program, Chile has been assigned to produce elements for the areas of agricultural machinery, electrical equipment, machine tools, mining machinery and elements in the conveyance of fluids (valves, fittings, gages, etc.). There are eleven Chilean proposals that must be submitted to feasibility studies, and for which CAF has granted their first credit in the amount of \$195,000. The second credit, for \$2,960,000 is destined to the installation of a coated copper wire manufacturing plant.

-Canada has granted an \$8 million credit to Línea Aérea Nacional (LAN-Chile Airlines) to purchase six Twin Otter 300 planes and for a telecommunications supply program. Furthermore, our country has been included in the Canadian bilateral technical assistance program which will grant Chile \$750,000.

-In the Ministry of Foreign Affairs an agreement was signed between the Governments of Chile and Finland which grants our country a credit for F.M. 40 million to be invested in the exploitation of forestry resources. The credit will be paid in 25 years with an 8-year grace period, without any downpayment and with a 2% interest rate.

MEETING OF FOREIGN MINISTERS

The Foreign Minister of Chile, Orlando Letelier, traveled to Lima, Perú, to participate in the fourth meeting of Foreign Ministers of the signatory nations to the Cartagena Agreement.

The purpose of this meeting is to evaluate the sub-regional integration process, four years after the Andean Pact was signed. In this respect, Foreign Minister Letelier pointed out that "the incorporation of Venezuela has become a fact of great transcendence and importance. The relations between the Andean Pact signatory countries are extremely cordial and positive, especially with respect to their economic and commercial plans. Chile has registered a substantial increase in its trade and we have created even closer ties with these countries. That is why the Andean Pact is a fundamental element for our development and that of the other nations."

The Chilean delegation includes also Juan Somavía, Chile's representative to the Latin-American Free Trade Association (LAFTA) and the Andean Pact, as well as other functionaries of the Ministry of Foreign Affairs.

The meeting takes place in Lima, Perú, between August first and August fourth of this year.