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Latin American Economic System (sela) Report On Regional Industrial Investment

by John Neagle
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On Nov. 17 in Caracas, the Latin American Economic System (SELA) released a report on regional industrial investment prepared for a UN conference to take place in Vienna. The report said that economic adjustment policies and the foreign debt problem had seriously reduced available domestic and foreign resources for industrial investment. According to the SELA document, between 1981 and 1987, the cumulative decline in regional investment was 26%, while domestic gross savings dropped by 1.3%. Foreign direct investment in Latin America dropped 50% in the 1983-87 period. The report emphasizes that Latin American and Caribbean nations must rely on domestic savings in the next few years to achieve industrial sector recovery and modernization. External resources will only complement domestic resource mobilization efforts, said the report, since voluntary lending from foreign commercial banks has been virtually cut off, foreign direct investment has declined, and multilateral lending organizations cannot provide the necessary quantity of financial resources. SELA pointed out that as of 1988, only 6% of World Bank loans had been allocated to industrial investments in Latin America. Twenty percent of Inter-American Development Bank (IDB) loans were earmarked for industrial projects. (Basic data from Notimex, 11/17/89)

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