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American Embassy, RIO DE JANEIRO

American Consulate, BELÉM

January 10, 1964

MONTHLY ECONOMIC SUMMARY - DECEMBER, 1963

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- 3. FINANCE
- 4. TRANSPORTATION
- 5. EDUCATION
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BUSINESS

December was considered the month of inflation in the Amazon Valley. In Belém, the prices of food articles, soft drinks, telephone service, electric power and urban bus fare were increased 30/70% over the prices in force during November. Christmas purchases were 50% higher than in 1962 according to importers and retailers of Christmas articles, toys, ornaments, fresh and dried fruits. SUMOC's Instruction No. 256 of October 29, 1963, which requires a deposit of 200% of the value of the imported merchandise 180 days prior to any purchase transaction, depressed the volume of direct imports of Christmas products. Vegetable and fruit farmers were granted an increase of 50% by the state government over November prices. Tomato prices were decontrolled due to shortages which jumped prices from 200 to 400 cruzeiros a kilogram in the retail outlets. Sales volume in December generally exceeded local merchants' expectations, although the demand for Christmas articles was lower than in 1962; overall December sales volume being considered 30% over November and 100% over

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INDUSTRY

SPVEA will participate in the 1° Salão Industrial da Amazonia (First Amazon Industrial Salon) to be inaugurated on January 10, 1964, in Belém, exhibiting maps, photographs, and models of public works and private industrial undertakings, which received full or partial financing by SPVEA.

On December 11, 1963, a contract was signed between SPVEA and Companhia Siderurgica do Amazonas (SIDERAMA), by which the latter will receive a long-term loan of 30 million cruzeiros to complete the financing of 50 millions required for the completion of this enterprise. SIDERAMA hopes to start production during the first half of 1964 with a preliminary output of 35 thousand tons of finished products. The ores will be supplied from mines belonging to the company, located in the Jatapu river area in the state of Amazonas. SIDERAMA represents a total investment of 7.5 billion cruzeiros consisting of regional capital, which is to be augmented with funds from SPVEA and Banco Nacional de Desenvolvimento Economico (BNDE). Manufactured items will include iron rods, iron for industrial purposes, wire, cast iron, etc.. Full operation is expected by the end of 1966.

Produtos Vitoria S. A., a traditional firm of Belém, engaged in the manufacture of wheat flour products, is completing its modern plant which will produce biscuits and crackers. The machinery, purchased in São Paulo, has a capacity to produce 6 tons of biscuits and crackers daily and is already mounted.

A federal deputy from Ceará and a businessman connected with the sugar business in the northeast, visited Belém on December 11, 1963, for the purpose of contacting local businessmen and industrialists regarding the establishment of a sugar mill in the state of Pará. The proposed plant would have a preliminary production of six hundred thousand 60 kilo bags of sugar annually, which would meet approximately 50% of the Pará sugar requirements. The congressman stated that this undertaking could count on the full support of the federal government through the Instituto do Alcool e do Açúcar (Alcohol and Sugar Institute). The sugar mill could be built within 30 months, its construction cost being figured at 2 billion cruzeiros.

The superintendent of PVEA has announced that his agency has reserved one billion cruzeiros to be applied in the financing of industries in Belém during fiscal year 1964. He also stated that the factory constructed at Maracanã, Pará, about three years ago, which has complete and modern machinery and equipment for the fish processing industry (drying of the pirarucu, frozen shrimp, canned fish filet, canned sardines, frozen fish, fish meal and oil), is to be operated by the Dutch organization "Provine do Brasil". This plant has never been in operation due to lack of additional funds for trucks, fuel, maintenance, etc..

FINANCE

With the downward spiral of the cruzeiro's value, the money situation in the Amazon Valley is considered tight. The Governors of Para and Amazonas have addressed strong appeals to President Goulart and the Minister of Finance requesting prompt and full liberation of funds so the Banco de Crédito de Amazonia can meet its obligations to rubber producers in the Amazon Valley. Other-wise, there will be a concentration of dollars of rubber reaching a sum of over three and a half billion cruzeiros, much above the reserves of the bank.

During the period August to December, 1963, the Belém customs collections totaled Cr\$2,535,750,382.00 compared to the collection of Cr\$1,872,359,949.00 during the same period of 1962.

The Para state administration has announced that the state's inspection station at Tiguao, on the Para border of the Belém-Brazilia highway, set up a year ago, has yielded a revenue of 100 million cruzeiros.

The new law regarding the "Imposto Predial e Territorial" approved for the municipality of Belém, will affect the entire Belém population. Effective January 1964, the charge will be on the basis of 0.8% of the building's actual evaluation plus 30% to cover fire-lighting, public cleaning and transportation. There-fore, for example, a house valued at 3 million cruzeiros will pay 2,600 cruzeiros per month of "Imposto Predial" as compared with 650 cruzeiros monthly in accordance with the previous law.

TRANSPORTATION

The new runway for large jet aircraft at Valdeques airport was delivered for traffic during the reporting period. VARIO has already initiated flights with the jet Convair 990 in its international service and PAN AMERICAN will start international flights through Belém with the DC-8 on January 19, 1964.

The local airline Paragense Transportes Aéreos S. A. has scheduled a new flight Belém-Paraná with one stop at Parnaíba. This flight will start in the second half of January, 1964.

The airport of Marabá in the Tocantins river area, is now considered in such poor condition that the airlines have suspended service to Marabá until the reconditioning of the airport.

Although there is a great amount of heavy rainfall, it is reported that traffic over the Belém-Brazilia highway continues intensive. Reports state that the stretch through the state of Goiás has been seriously affected by the pivotal waters, while in the states of Para and Maranhão traffic conditions remain fair. Varios entering Belém by BR-14 averaged 1,200 a month from July-December, 1963.

With SPVEA funds, the construction of the highway connecting Santarém, Pará to Curuama, place where a hydro-electric power plant will be built, was started in December. This road will be 90 kilometers long serving several agricultural centers of the region.

In December, SPVEA signed contracts with the First Air Zone, headquartered in Belém, for the sum of 200 million cruzeiros for works to improve the Manaus and Belém airports. Another contract for 100 million cruzeiros was signed with the Acre state government, permitting the continuance of roadbuilding in accordance with regional planning.

It has been announced that the Conselho Rodoviário do Pará (Pará Highway Council) in a recent meeting approved an allotment of 1 billion 200 million cruzeiros in the DER's (State Highway Department) budget for 1964 to be applied in the construction work of the Belém-Jacareacanga highway. It is expected that this sum, together with funds generated by an approved Food for Peace project, will make possible the construction of 500 kilometers of this road.

EDUCATION

On December 29, the SENAI - Serviço Nacional de Aprendizagem, Industrial (National Service of Industrial Apprenticeship) in Belém graduated its 15th and 16th groups of specialized workers, and the 8th and 9th groups taking courses in welding and electricity. Also graduated, was the group taking the first course in automotive engine overhauling. In this was SENAI is producing each year, a good number of skilled technicians to serve the industries of the region.

AGRICULTURE

The mayors of the municipalities in the Tocantins river region held a week's meeting (December 8-14) to find solutions to regional problems. Pará's Agriculture Secretary attended the meeting to assure the strong interest of the administration in the problems of these municipalities, especially in connection with agriculture. A group of agricultural technicians accompanied the Secretary.

The Banco de Crédito da Amazonia reports that during 1963 sixty-six credit cooperatives were installed in the Amazon Valley as follows: Acre 4, Amazonas 6, Amapá 3, Goiás 5, Maranhão 4, Mato-Grosso 3, Rondonia 2, Roraima 2, and Pará 37. Some 3 billion cruzeiros have been made available by the BCA in this program to finance approximately 18,000 small producers, thereby benefitting about 90 thousand people that depend on rural production activities. The BCA, during 1963, promoted a course for 40 rural technicians who would work with the cooperatives in the interior. A central cooperative has been installed in Belém to better assist those in the interior. Other central cooperatives are scheduled to be established at Manaus, Rio Branco (Acre) and São Luis (Maranhão)

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