



Intelligence

~~TOP SECRET~~ 20

DDI Seminar: Analysis of International Financial Issues, 7-9 March 1983

Selected Readings

This M project is too large to forward 8 copies. I am supplying the first 8 pages which explains what the Special Project was.

GI M 83-10049
March 1983

GI M 83-10049

Central Intelligence Agency



Washington, D.C. 20505

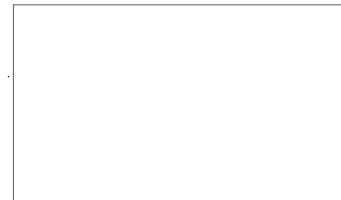
7 March 1983

MEMORANDUM FOR: OGI Seminar Attendees

Welcome each of you to the Seminar on Analysis of International Financial Issues. The seminar is designed to enhance our understanding of the international financial arena--the players, the institutions, and the forces at work shaping events--and thereby improve the quality of intelligence collection and analysis.

We feel fortunate to be able to present such a distinguished group of speakers on the various aspects of international banking and finance. Their unique knowledge and insights should go a long way in improving our contributions to US policy decisionmaking in the finance area. We also hope that the collection of reading materials will be a useful long-term resource to you.

I feel confident that each of you will materially benefit from this three-day session and encourage your active participation in and what I expect will be a lively set of discussions.



Global Issues

STAT

"A high ratio of fixed service commitments to external earnings implies a considerable short-run rigidity in the debtor country's balance of payments; and the postwar increase in the ratio suggests that this element of rigidity has become more significant. When export receipts fall, either due to a recession in external demand, or because of a breakdown in the country's supply of a principal export commodity, the entire impact of the fall must be borne by imports or the country must run a large deficit in the current balance of payments. The higher the ratio of fixed service payments to pre-crisis external earnings, the greater the strain which a debtor country may experience when external earnings contract sharply. For example, the average public debt service ratio of eight Latin American countries, which amounted to 10% in 1928-1929, rose to 35% in 1932-1933 when, under the impact of World Depression, foreign exchange earnings were sharply reduced.

In view of the complexities surrounding the likely behavior of debtor countries and the uncertainty regarding the future magnitude of equilibrating capital flows in periods of stress, . . . the capacity (and willingness) to withstand external fluctuations, without an economic collapse and without a default on debt obligations, cannot be analyzed in terms of precise statistical magnitudes. Such an analysis inevitably involves qualitative appraisals of policies, institutions and psychological attitudes. In addition, the relative weight which has to be assigned to each of these factors varies both from country to country and for each country from time to time.

With the exception of advanced Western European countries, most debtors continue to be vulnerable to temporary fluctuations in external receipts. For the most part, these countries' dependence on a narrow range of primary products did not diminish during the last decade; and, as long as commodity prices are subject to violent changes, variations in these countries' export income are inevitable. On the other hand, fixed debt service commitments of these countries have risen during the post-war period; they now account for a larger share of external earnings than a decade ago. This is particularly true for a number of Latin American economies."

Dragoslav Avramovic,
Debt Servicing Capacity and Postwar
Growth in International Indebtedness,
1958.

Contents

Welcome Statement

Schedule

Selected Reading

Balance of Payments and Finance

International Economics, Lindert and Kindleberger, 1982

The balance-of-payments account
Income and foreign exchange
An overview of policy options
Internal and external balances with fixed exchange rates

International Finance, Financial Management and the International Economy, Maurice Levi, 1983

The balance of international payments
Eurodollars, eurocurrencies, and international banking
Multinational dimensions of cash management
International aspects of long-term financing

International Banking

International Banking and Finance, Robert D. Fraser, 1978

Institutions
Instruments and documents
International finance centers
The commercial bank institution and its international activities
Foreign money deposits
Foreign exchange
Credit evaluation of country and institutions
Financing international trade
Documentary credits

Bank of America

International banking services
International funds transfer
Export incentive programs
Foreign exchange
Letters of credit
Bankers acceptances

Eurocredit

Eurocredit, International Syndicated Lending, Capital Market Response to Credit Demand, Prof. F. R. Massicotte

Country Risks

Financing and Risk in Developing Countries, Stephen H. Goodman, editor, April 1977

Debt situation of the developing countries in historical perspective
How much private bank lending is enough
Emerging role of private banks
The developing-country debt situation
Nature and size of developing countries' debt
Panel discussion: private bank lending and the debt situation of the developing countries
One approach to country evaluation
A survey of country evaluation systems in use
A checklist system: the first step in country evaluation
An early-warning model for assessing developing-country risk
World bank techniques for country evaluation

Recent Developments

Euro money, October 1982

The tremors that threaten the banking system
Portillo pockets the banks

Euro money, January 1983

The IMF and central banks flex their muscles
How the World Bank might recycle assets
After Mexico, the regionals are in retreat
How to reschedule a bond issue
The countries of the future don't look so hot today

SCHEDULE

Seminar on the Analysis of International Financial Issues
7-9 March 1983
Room 6E13-Headquarters

Monday, 7 March 1983

8:45-10:15 - The Balance of Payments in a Macroeconomic Context

[Redacted]

25X1

10:15-10:30 - Break

10:30-11:45 - Balance of Payments Methodology and Analysis

[Redacted]

25X1

11:45-13:00 - Lunch

13:00-14:30 - Commercial Credits and Debt

[Redacted]

25X1

14:30-14:45 - Break

14:45-16:00 - Commercial Credits and Debt (Continued)

[Redacted]

25X1

Tuesday, 8 March 1983

8:45-10:15 - Public Credit Sources

[Redacted]

25X1

10:15-10:30 Break

10:30-11:45 - Public Credit Sources (Continued)

[Redacted]

25X1

11:45-13:00 - Lunch

Tuesday, 8 March 1983 (Continued)

13:00-14:30 - Country Debt Analysis

Speakers:



STAT

14:30-14:45 - Break

14:45-16:30 - Country Debt Analysis (Continued)

Speakers:



STAT

Wednesday, 9 March 1983

8:45-10:15 - US Policy Concerns in International Finance



25X1

10:15-10:30 Break

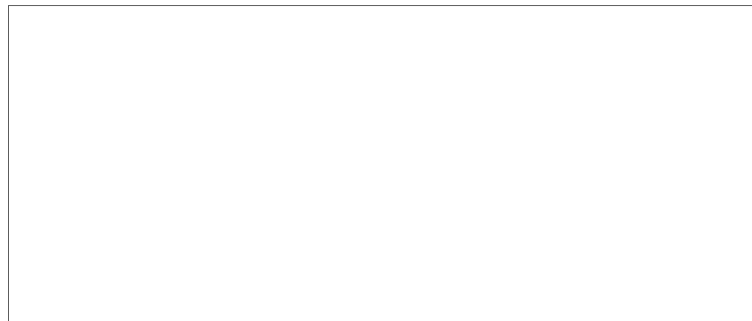
10:30-11:45 - International Financial Issues - The
Commercial Banks' Perspective



25X1

11:45-13:00 - Lunch

13:00-14:15 - The International Financial System - Present
Concerns and Future Prospects



25X1

14:15-14:30 - Break

Wednesday, 9 March 1983 (Continued)

14:30-16:00 - The International Financial System - Present
Concerns and Future Prospects (Continued)



25X1