was formed with each Central American government subscribing $4 million in capital. Each of the governments paid in $2 million initially, and CABEI opened its doors for business September 1, 1961, on one floor of the Central Bank Building in Tegucigalpa, Honduras.

CABEI has become a major source of loan funds for industrial expansion within the common market. As of June 30, 1966, utilizing funds obtained from Agency for International Development (AID) and the Inter-American Development Bank as well as its own capital, CABEI had made 98 loans totaling $32.6 million to the private sector throughout the region. These loans have made possible expansion of existing factories and introduction of new factories, producing a variety of products ranging from plywood, metal pipe, turpentine and cement, to ball point pens, rubber shoes and nylon stockings.

The United States, through AID, has provided CABEI some $5 million in grants for organizational costs and technical assistance, and $62.5 million in loans. Of the U.S. loans extended to CABEI, $15 million were destined for industrial purposes; $2.5 million for feasibility studies; and $10 million for mortgages on housing in the five countries. More than half of the total U.S. credits—a $35 million loan agreement signed in July 1964—is part of a $47 million Fund for Economic Integration to finance regional infrastructure projects such as roads, telecommunications facilities, and power installations. The remaining $7 millon has been contributed in $1.4 million shares by each of the Central American countries. Incidentally, the Fund for Economic Integration was originally proposed by President Kennedy during his meeting with Central American Presidents in Costa Rica in March 1963.

There are other examples of progress toward Central American economic integration. A task force has been set up to study the possibility of a common currency. The five nations maintain different currencies, ranging in value from the Guatemala quetzal which is on par with the dollar, to the Costa Rican peso at 6.62 to the dollar. Meanwhile, to facilitate the use of Central American currencies in making payments among member countries, a clearinghouse established in Tegucigalpa in 1961 by the central banks of the five republics is already settling local accounts in the area's new currency, the Central American peso, which is at par with the U.S. dollar. Last year the clearinghouse handled over $112 million in transactions.

Central American integration leaders see the establishment of a union to harmonize monetary, credit, and foreign exchange policies as the next step. In 1964, the five nations' central banks did adopt an agreement for the creation of a Central American Monetary Union, but national economic policies still rest with the individual governments.

Meanwhile, plans are going forward to promote a common regional marketing system for corn, beans, and rice, the staple foods of much of the population; to establish a set of uniform fiscal incentives to be offered to attract foreign investment; to establish a customs union by 1970 by combining present arbitrary and conflicting customs systems into one unified service, after which equalized tariff revenues would be distributed among the member countries regardless of port of entry, and service would allow through shipment of imports without inspection at borders.

Over and above efforts to obtain free trade, a common tariff, and a common industrial policy (components of the present Central