

Appendix 1: Chronological Listing of Major Policy Events in Developing Countries

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Argentina: Major Events Since 1976

- 11-19-76** Central Bank circular RC 663 establishes that starting 11-22-76 foreign exchange transactions for exports and imports will be freely determined by the market.
- 11-25-76** Decree 3008 establishes lower duties for imports ranging from 5 to 100% starting 11-29-76.
- 6-77** World Bank approves \$100M loan to National Development Bank of Argentina to be used for financing of purchases of foreign capital to be used for industrial projects.
- 7-78** Import duties on certain machinery reduced from 65 to 40%.
- 1-79** First of Tablitas announced: peso devalued by 5.2% that month and at a reduced rate thereafter through 8-79.
- 8-79** Wage controls relaxed due to pressure from a 24 hour general strike by “group of 25” unions and a second spontaneous strike by railways in Buenos Aires region. Under new policy the minimum wage increases by 40 % and the former “flexibility” ceiling was removed. With “flexibility” system employers were allowed to pay 60% over officially permitted increases and still have wage payments be tax deductible. Under new arrangements companies set wages at whatever level they please above the minimum legal wage provided that at least 50% of the increase is limited to higher productivity.
- Q4-80** “Defense of Competition” Law passed and will take effect on 1-81. Under new law companies will not be allowed to act together to fix prices.
- 1-81** Dual exchange rate system introduced: the selling rate for \$ is increased in an attempt to decrease imports.
- 2-81** 10% peso devaluation.
- 3-81** President Viola takes office and devalues peso by 25% in April.
- 6-81** Peso devalued by 25%.
- 12-81** Dual exchange rate system abolished.
- 4-2-82** Argentina invades Falkland islands.
- 6-14-82** Argentine troops surrender to Britain.
- 9-82** Finance Minister Sr. Jorge Wehbe flies to Toronto to discuss stabilization plan with International Monetary Fund (IMF). On his return announces that a plan is being prepared.
- 9-82** British freeze on Argentine assets is lifted. Becomes clear to international community that Argentine debt must be refinanced.
- 11-1-82** Dual exchange rate abandoned.
- 10-30-83** Elections held for transfer to civilian government. Raul Alfonsin is the victor in the presidential race.
- 12-10-83** Raul Alfonsin takes office: talks of a social pact to push through austerity measures: exchange rate fixed.
- 5-2-84** Ministry of the Economy declares that wage increases are to be limited to 9%; well below the expected 15 to 18% increase in inflation for April and 13% for May.

- 9-84** Argentine government reaches an agreement with the IMF. Full scale rescheduling talks on Argentine debt commence.
- 3-85** IMF announces it is suspending payment of first two tranches of the \$1.4B stand by loan agreed on in 12-84 in order to make way for new negotiations since Argentina has clearly failed to act on the austerity program agreed on with the IMF.
- 6-85** New agreement with IMF reached and full austerity measures introduced. President calls on country to accept a war economy to reduce inflation. Initial wage and price freeze. Refinancing continues and IMF loans resume.
- 1-24-86** One day general strike called by Peronist dominated Confederacion General De Trabajo to protest wage controls and to call for a debt moratorium.
- 2-6-86** The government announces stage II of the Austral Program: end of wage and price freeze.
- 2-86** Economy Minister Juan Sourrouille releases a new letter to the IMF asking to change the terms of agreement.
- 3-86** IMF releases another tranche from stand by facility after January tranche was not paid due to violations. Release of IMF tranche followed by commercial bank tranche of \$600M.
- 6-86** The last tranche of Argentina's stand by loan released by the IMF and the last \$600M of \$4.2B of commercial bank credit released.
- 9-86** Argentine officials go to Washington, D.C. to initiate formal discussions with the fund on a new agreement. Argentines looking for stand by credit of \$1.2B.
- 9-86** Argentina and its steering committee of creditor banks agree to a new 180 day rollover of 1986 maturities totalling \$10B.
- 1-87** IMF agrees to provide Argentina with a 15 month stand by loan of \$1.35B.
- 11-28-86** President Alfonsin launches a new program to help create more efficient central administration: (1) reduction in government employment and revision of wage structure (2) creation of holding company charged with running state enterprises more efficiently (3) overhaul of the social security system.
- 2-25-87** Government imposes a price freeze as part of the Austral IV plan. Import tariffs on capital goods eliminated.
- 3-87** A number of inputs for the petrochemical industry taken off the list of goods for which importers need a special license.
- 4-87** 150 products needed as inputs in the textile industry taken off the list of goods for which importers need a special license.
- 5-87** Austral IV price freeze lifted: general price rise of 2% followed by 4% in June.
- 7-87** Agreement reached with the IMF and first loan scheduled to arrive in October.
- 8-21-87** Argentina and its bank steering committee sign a \$34.7B rescheduling agreement.
- 11-87** Argentina threatens a moratorium on debt payment and IMF agrees to relax conditions for release of the second tranche.

- 12-87** Second tranche of IMF loan released.
- 2-88** Government announces plan to sell off Aerolineas Argentinas, the state airline. Part of telephone company, Entel is also to be sold off.
- 8-88** Government launches Primavera Plan: (1) devaluation and re-organization of multi-tiered exchange rate system (2) price restraint pact with business (3) series of measures to cut the deficit
- 10-88** The government announces a general reduction in import tariffs from 35 to 30%.
- 10-88** World Bank approves structural adjustment loan package of \$1.25B that had been offered to Argentina at the end of September. Controversial because no agreement as of yet with the IMF.
- 12-88** Planned sale of Aerolineas to Scandanavian Airline, SAS, falls through.
- 2-89** The two-tiered exchange rate system is brought down by a run on the Austral.
- 3-89** World Bank withholds funds promised to Argentina because of failure to meet conditions set out in structural adjustment agreement.
- 4-89** The government's economic team resigns.
- 5-14-89** Carlos Menem wins presidential elections. Scheduled to take office on 12-10-89 but Alfonsin resigns so Menem starts on 7-8-89. First Peronist government in 13 years. Argentina in midst of worst hyperinflation ever. Menem's government expected to (1) introduce new currency (2) negotitate pact between government, labor, and employers to end wage price spiral (3) re-structure the public sector.
- 7-9-89** The government's Economy Minister, Miguel Ruig launches a package of domestic measures aimed at stopping hyperinflation (1) Prices frozen (2) Austral devalued by 53.3% (3) massive increases in utility rates to decrease government deficit (4) general tax reform.
- 8-9-89** Legislation approved by Senate and Chamber of Deputies that gives the government the freedom to privatize 32 companies.
- 9-27-89** President Carlos Menem announces that a stand by agreement has been reached with the IMF for a \$1.5B loan.
- 12-10-89** Austral devalued by 34.9%. New round of public sector prices introduced.
- 11-89** Series of events lead to a run on the currency: (1) Industrial disputes, Union Obrem Metalurgica gives a 72% wage increase; (2) Disagreements within economic team lead head of the Central Bank, Javier Gonzalez Fraga to resign.
- 2-90** Argentina's stand by agreement with the IMF is frozen because of failure to meet economic targets. The second tranche of the \$1.4B loan is withheld.
- 3-90** Government sends a new letter of intent to the IMF.
- 3-15-90** 16 ships from the state line will be offered for sale.
- 4-16-90** Government begins accepting offers for the purchase of Aerolineas Argentinas.
- 5-90** End of May the government releases contents of a new letter of intent to the IMF that restored the stand by facility.
- 7-90** Michael Camdessus, director the IMF, visits Argentina and declares inflation to still be too high.

- 8-90** World bank releases \$150M of a \$300M trade policy loan that had been frozen for almost 2 years.
- 11-90** Argentina and the IMF come to an agreement allowing for the release of funds in February of 1991; Aerolinas and Entel successfully transferred to the private sector.
- 11-91**
- 12-90** IMF releases a \$267M tranche of the stand by facility approved in November of 1989.
- 3-20-91** Domingo Cavallo, Economy Minister took country by surprise by announcing Austral fixed at A10,000=\$1 and that the government would guarantee availability of dollars at that rate. There will be no emission of Australs unless they are backed by dollars. Prices are de-indexed and public sector wages frozen until the end of the year. Public sector tariffs are to be frozen starting in April.
- 4-1-91** Tariffs reduced to an average rate of 9.36%; none on capital goods; 11% on intermediate goods and raw materials 22% on finished goods.
- 4-12-91** Menem announces that privatizations will continue to move forward.
- 7-23-91** IMF approves a \$1B stand by loan.
- 9-91** Peronists win a number of congressional elections.
- 10-91** US treasury announces that it is not yet ready to back Argentina in its attempt to get an extended fund facility with the IMF and a Brady debt reduction agreement.
- 1-92** Argentina submits a request for an extended fund facility; IMF director Camdessus announces that he is pleased with Argentina's economic performance and meeting of targets set out in the stand by agreement.
- 3-4-92** Negotiations with IMF lead to an agreement and an extended fund facility is drawn up.
- 3-92** Israeli embassy in Buenos Aires is blown up
- 4-7-92** Argentine government and the banks' advisory committee announce the basic outlines of a Brady debt reduction agreement.
- 8-21-92** Congress approves transformation of social security system from "pay as you go" to a privately funded system. (based on contributions to private pension funds)
- 6-28-93** the government privatizes the state oil company, Yacimientos Petroliferos Fiscales. 35% of shares sold. 60M shares at \$19 each. Total sale of \$3.04B.
- 9-22-93** Private pension funds arrive. Employees will be able to abandon present system in which pensions are financed by employee and employer contributions (which are usually insufficient to pay the fixed pensions based on the level of the salary). They will be able to join new funds managed by private organizations based on capitalization of contributions. It is estimated that \$2.5B will be raised by new funds in first year of operation and increasing thereafter.
- 3-94** The government reduces its share in Aerolinas Argentinas to 15% and Spanish carrier Iberia increases its share to 85%; also sells remaining 275 in the country's largest gas transport company.
- 7-18-94** Terrorist bombing of two Jewish organizations in Buenos Aires.
- 8-94** Mercosur countries agree on common external tariff to be implemented in 1-95.
- 9-94** At the end of September Domingo Cavallo announces that Argentina will not use the last two tranches of the extended fund facility.

Brazil: Major Events Since 1976

- 3-76 Regulation published which raises, by 50%, the sums that may be deducted from income tax in respect of investments in unit trusts and open capital companies.
- 9-76 A resolution was published that exempted from the 360 day prior deposit list, imports of capital goods for projects by small and medium sized companies trying to increase exports.
- 4-77 Brazil and Argentina sign an agreement to permit the growth of bilateral trade by \$1,000M in 1977.
- 9-77 Banco Central resolution number 4453 is passed which removes the following items from the 360 day prior deposit list for imports: non-ferrous metals and other raw materials as well as intermediary goods and components essential to the local production of machinery.
- 7-78 Imports of nuclear equipment and materials that do not compete with national industries are exempted from duty and industrial products tax.
- 10-78 General Figueiredo elected president and will take office in 3-79.
- 10-78 Mid-October, local civil engineering concerns allowed to import plant and equipment without similar national concerns duty and tax free.
- 11-78 Trade agreement with China . China agrees to buy 2.5 million tons of high grade ore.
- 12-78 Trade agreement with Argentina to boost trade to \$1.6B
- 1-23-79 The government announces a ceiling on public sector imports.
- 1-25-79 The government announces quarterly tablitas (crawling peg) by which Cruzeiro to be adjusted by 10.3% a quarter (devalued).
- 4-79 Banco Central decree 1401 introduces new facilities to encourage foreign portfolio investment in Brazilian stocks. Minimum period that foreign investment must remain was lowered from 4 to 2 years and minimum investment lowered from 50M cruzeiros to 10M.
- 12-7-79 30% devaluation of cruzeiro against the dollar. Abolition of compulsory deposit requirements on imports.
- 12-23-79 Firms allowed to deduct exchange losses on foreign loans due to maxi-devaluations from corporate taxes.
- 2-80 Import duties raised on 2020 products, tariffs raised to 30% for products below that figure and to 45% for those between 30 and 44%.
- 4-80 (1) A capital gains tax is levied. Individuals who made more than 4M cruzeiros in capital gains must pay a 10% tax on the excess; (2) a tax increase on financial operations; (3) a tax increase on foreign exchange contracts.
- 5-80 The refund which Brazilian takers of foreign loans may obtain in respect of the 25% withholding tax on remittances abroad of interest, commission and other expenses reduced to 40%. It had been increased to 95% in 12-79.
- 7-80 The government announced that devaluation over the next year would not exceed 50%.

- 10-80 The government altered wage indexation criteria so that middle income groups suffered a loss in purchasing power. Rises in salary based on how many times the minimum wage you make (increases for higher income groups is restricted).
- 1-81 System of import quotas introduced. Companies which import are limited to 100% of what they imported in the previous year.
- 7-81 Brazil signs trade pact with the USSR providing for trade worth \$5B.
- 7-81 President Figueiredo announces privatization plan to hand over 46 medium size firms to private interests. The government is involved in some 560 entities of which 250 are industrial or commercial.
- 3-82 The government announces a plan to sell off its minority shareholdings in 312 small privately owned companies.
- 6-82 Import controls on equipment for installation in cement factories is relaxed.
- 11-82 President of Banco Central, Sr. Carlos Langoni visits Washington for talks with the IMF, NY, London, and other financial centers. Mid-November Brazil submits a formal request for a compensatory financing facility.
- 2-28-83 At the end of February (the 28th) the IMF approves a loan to Brazil; the cruzeiro is devalued by 23%.
- 6-9-83 A 10-point economic austerity package is announced.
- 4-83 The World Bank approves two loans to Brazil totalling \$468M.
- 11-22-83 The fourth letter of intent is signed with the IMF; discussions begin on debt rescue package of \$11B.
- 3-84 After failing to reach targets Brazil submits letter to the IMF requesting a waiver; a letter of intent follows.
- 8-84 Brazil submits its sixth letter of intent with the IMF modifying the original 11-22-83 agreement.
- 11-84 Brazil and the IMF reach a new agreement.
- Q4-84 Poor performance of the economy leads the IMF to suspend disbursement of \$400M to Brazil. When new government takes office it finds that negotiations with the IMF have been stalled.
- 1-15-85 Tancredo Neves defeats Paulo Maluf promises to attack inflation and restore growth.
- 4-21-85 Tancredo Neves dies and is succeeded by Sarney.
- 7-85 President Sarney's attempt to construct pact between labor and business breaks down; still no agreement with the IMF and creditors.
- 12-85 Congress approves new economic package. Dilson Fanaro, new finance minister is openly critical of conditionality; talks with IMF remain stalled. The government tacitly follows general IMF prescriptions.
- 2-86 End of February the cruzeiro is replaced by the cruzado as the national currency. President Sarney introduces the Cruzado plan: (1) cruzado worth 1000 of old currency; (2) prices frozen at their February 28 level; (3) wages fixed to their average real value over previous six months; (4) indexation ended on most financial instruments.
- 3-86 Steering committee of Brazil's creditor banks agree to reschedule about \$6.4B which fell due in 1985. Although agreement supposed to be signed in August only half of 700 creditors had signed by mid May.

- 7-86 President sarney announces second cruzado plan: (1) taxes increased on short term financial operations; (2) further de-indexing of the fiancial system; (3) rules governing foreign investment in the stock market relaxed.
- 9-86 \$31.5 B of Brazil's debt rescheduled. 1985 maturities rescheduled and ammount due in 1986 rolled over to March 1987. Brazil wants to reschedule 1986 portion but needs Paris Club approval to do so.
- 11-86 Cruzado allowed to "float" (devalued by 1% a day against the dollar).
- 12-86 Brazil's commercial banks agree to defer payments due in the first quarter until March 31.
- 1-87 Brazil agrees to a \$4B rescheduling with the Paris Club without an IMF agreement.
- 2-2-87 President Sarney declares a moratorium on interest payments on Brazilian debt.
- 4-24-87 Dilson franco resigns as finance minister.
- 6-12-87 In midst of inflationary surge the government enacts another cruzado plan: (1) 90-day freeze on prices wages and rents; (2) 9.5% devaluation; (3) operational deficit to be reduced from 6.7% to 3.5% of GDP.
- 9-87 Talks scheduled to begin with creditor banks, Paris Club and IMF; James Baker rejects finance minister's plan for \$68B rescheduling of debt.
- 10-87 Brazil submits new proposal to bank creditors.
- 3-88 Brazil holds first debt swap auction. \$73M auctioned at 27% discount and \$2M at 26.5% discount.
- 5-88 Duties on a range of capital goods imports reduced by 80%.
- 6-88 Tariffs lowered on 11,518 items. Maximum tariff lowered to 85% and nominal average falls to 40%. Announcement that negotiations with the IMF concluded witha tentative agreement on a stand by loan of \$1.6B.
- 7-88 Fund gives formal approval of Brazil's economic program.
- 9-88 The government removes the ban on imports of 2,500 products.
- 11-2-88 305 of Brazil's creditor banks ratify new agreement covering new loans of \$5.2B, the rescheduling of \$ 62B of medium term loans to the year 2007 and the renewal of short term trade and interbank lines of \$ 14.8B.
- 1-15-89 Summer plan announced to fight inflation (third attempt after cruzado I and II): (1) abolition of indexed certificates of deposit and monetary correction; (2) an increase in reserve requirements on demand deposits from 40 to 80%; (3) freeze on lending except for export credits, farm, and home loans; (4) new currency introduced the new cruzado worth 1000 of the old currency; (5) a 17% devaluation to make parity with the dollar one to one.
- 2-89 IMF mission evaluates Brazil to see if it meets targets sufficiently to warrant release of tranches in March and May.
- 4-89 Talks open with the IMF
- 6-89 The government reduces tariffs on 11,500 products.

- 6-89 Scandal on stock market. Leading speculator Naji Roberto Nahas fails to honor \$31M of debts to his brokers. Central bank president resigns and the Rio stock exchange and securities commission is indicted.
- 9-89 Tariffs reduced on several thousand import items taking the average tariff level from 41 to 33.5%.
- 10-89 Privatization program halted due to accusations that the Rolling Stock Company is being sold to private firm at a fixed discount. President Sarney orders sales stopped until new government takes over in March.
- 12-17-89 Fernando Collor de Mello wins presidential elections.
- 4-15-90 Collor takes office and announces the New Brazil Plan of sweeping deregulation and import liberalization: (1) No one allowed to take more than \$1000 out of savings for an indefinite period of time; (2) financial markets closed for three days on eve of Collor's inauguration; (3) banks required to reduce amount of consumer credit to 60% of total prevailing on March 21; (4) financial institutions required to take up \$7B of privatization certificates.
- 5-90 Government announces there will be no more curb on remittances of profits, dividends and capital transfers abroad.
- 7-90 Divestment of public enterprises scheduled to begin en masse.
- 7-90 Quantitative restrictions on imports abolished; tariffs on imports of raw material and machinery with no locally produced equivalent abolished; textile tariffs halved.
- 7-90 Talks begin with the IMF with the aim of reaching an agreement by October.
- 9-90 Brazil submits a letter of intent to the IMF; approval contingent on agreement of commercial bank creditors.
- 10-90 Creditor banks reject Brazil's debt proposals.
- 10-90 The government announces that as of 1-1-91 it will abolish import prohibitions for 250 products in the computer industry.
- 10-31-90 The government announces deregulation measures: (1) repeal of participation restrictions in fuel industry which had limited participation to 13 firms; (2) freeing of airline discount prices; (3) price controls abolished.
- 1-31-91 Collor Plan II takes effect as government adopts a price freeze and continues financial de-indexation; public tariffs-- train fare, postal service and electricity increased.
- 5-91 Brazil concludes detailed negotiations with creditors on terms for the payment of \$8.4B of accumulated interest arrears.
- 7-91 Negotiations with IMF begin anew.
- 9-91 Four successful privatizations take place worth a total of \$276M.
- 12-91 Brazil submits a formal letter of intent to the IMF.
- 1-1-92 The IMF approves a \$1.5B stand-by loan to Brazil.
- 4-92 Brazil begins discussing a Brady debt reduction deal with its creditors.

- 5-23-92 In an interview President Collor's brother accuses him of heavy drug use and says his campaign benefitted from extorted money.
- 5-92 Six privatizations worth in excess of \$1B take place.
- 7-9-92 Brazil concludes an agreement in principle with its creditor banks. One deal is a Brady debt reduction deal and the other is a deal to settle arrears on interest payments since January 1991 when Brazil stopped paying.
- 9-29-92 By a vote of 441 to 38 impeachment proceedings begin against Collor. Itamar Franco (seen as a populist on economic policy) is the new president and brings in an entirely new set of ministers.
- 12-16-92 Finance Minister Gustavo Krause resigns. (had been vigorously pursuing fiscal reform)
- 5-20-93 Henrique Cardoso appointed finance minister; seen as a break with Franco's previous three choices (Krause, Hadad Resende).
- 6-14-93 Cardoso announces stabilization plan: (1) \$240B budget cut by \$6B; (2) stricter tax collection; (3) privatization program to be accelerated; (4) federal and state banks to be brought under control to prevent money printing.
- 7-93 Brazil re-opens discussions with the IMF in hope of reaching a stand by agreement by November 30th when a final agreement on debt reduction with the commercial banks is expected.
- 8-93 Two more steel companies privatized; since privatization of Usiminas in 10-91, 25 state owned enterprises privatized. 17 under Collor for a total of \$4.3B and 8 under Franco \$2.7B.
- 10-26-93 Bill sent to congress allowing ministry of finance more control over privatization program; foreign companies are to be allowed to purchase 100% of a company being privatized. (up from 40%)
- 11-93 95% of Brazil's creditors agreed to the terms of restructuring in the Brady Plan; completion of deal contingent on an IMF agreement.
- 12-7-93 The stabilization plan of Fernando Henrique Cardoso is announced. Plan calls for tighter and more transparent fiscal policy and unifying of exchange rate regime.
- 1-94 Petroquimica privatized \$271.5M
- 3-1-94 Stage II of stabilization plan. The Unidade Real de Valor introduced as new index in the economy.
- 3-94 Cardoso resigns as finance minister to run for president.
- 4-15-94 Brazilian Brady Plan goes into effect. \$32.5B converted into bonds. The 55% discount eliminates \$4B in debt. IMF gives the deal only lukewarm backing.
- 7-94 The Real is introduced as the new currency.
- 9-94 Highest tariff rate reduced to 20% except for personal computers 35%
- 10-3-94 Cardoso wins the presidential election with 54% of the vote.

Chile: Major Events Since 1976

- 1-76 \$33M loan from the World Bank for copper industry development.
- 1-76 Maximum import duty lowered to 70% Previously 90%
- 12-76 Average duty on imports lowered to 24.4%. Raw material duties cut by 10-15%. Average duty on machinery cut from 35 to 16%
- 12-76 First of the financierias (finance houses encouraged by finance minister Sr. De Castro to encourage growth of the capital market;) crashes.
- 3-18-77 New foreign investment law: (1) all restrictions on profit repatriation removed; (2) invested assets may also be liquidated and repatriated after three years; (3) foreign companies may choose to pay same profit tax as locals 48.5% or 49.5% which is guaranteed not to change for 10 years.
- 5-1-77 Average tariff on imports is reduced to 22.4%.
- 8-25-77 Peso devalued by 6%
- 8-28-77 Tariffs cut to an average of 19.7%
- 2-78 Government publishes tablitas for the year; peso to be devalued by 21.4% for the year.
- 3-79 The average tariff rate falls to 10.9%; the government floats a \$ 48 million bond issue on the Tokyo market.
- 6-79 The peso is devalued by 5.7%; Jose Pinera passes legislation that severely weakens unions ability to call strikes.
- 9-11-80 The Pinochet government holds a Plebiscite exactly seven years after coming to power. A third of the people do not support the government's reforms.
- 3-1-81 Companies no longer make social security contributions on behalf of employees. Consumers will be given a large element of choice in social security. It is estimated that the new system will release up to \$ 170M a year for investment.
- 5-1-81 New pension investment funds available for employeess. Individuals can invest in treasury and central bank bonds, Cds, private and public debentures and pension fund shares.
- 8-19-81 Government passes laws aimed at reducing the concentration of loans among financial intermediaries. Banks can no longer act as holding companies and can only lend up to 20% of their capital to a single borrower.
- 10-81 Ministry of finance announces that Chile will apply higher tariffs. The unofom tariff of 10% on all goods is likely to be abolished within a few months.
- 11-3-81 Central Bank intervenes and assumes control of banks that are deemed to be in breach of the new banking law (8-19-81) and also thought to be in trouble.
- 9-27-82 IMF mission visits Chile
- 9-28-82 The government introduces a daily crawling peg.
- 10-82 IMF approves a \$ 900M credit to Chile to be ratified in December.

- 11-82 The government increases import tariffs from the 10% across the board level.
- 1-83 The IMF agrees to a stand by loan of SDR 795M
- 1-83 The government takes over Banco de Chile, Banco de Santiago, Banco Internacional, Banco Concepcion, and Banco Colocadora Nacional de Valores due to violations, imprudent lending and impending collapse.
- 1-83 Chile requests a rescheduling of foreign debt because (1) unable to borrow due to debt crisis; (2) repayment made harder by recession, government takeover of five banks, liquidation of two banks and a finance house.
- 3-83 Terms of the original IMF agreement are violated and a team is sent to Chile to negotiate a new agreement. IMF director sends a letter to Chile's creditors notifying them of Chile's release from the original agreement.
- 5-83 IMF withholds payments because Chile fails to meet targets.
- 11-83 IMF releases fourth installment of stand by loan
- 3-84 Finance minister Caceres negotiates a new credit line of \$ 700M from Chile's creditors.
- 4-2-84 Pinochet sacks finance minister Carlos Caceres ("Chicago School") and appoints Sr. Luis Escobar Cerda who is known for his opposition to "Chicago School" economics. His appointment signals an ostensible break in the direction of economic policy.
- 7-19-84 An extra 15% tariff is placed on 240 luxury imports.
- 8-84 Rumors abound of an imminent devaluation of the peso.
- 9-17-84 Peso devalued by almost 20%
- 1-85 IMF stand by credit expires; ministry of finance announces that import tariffs will be reduced to 30% on 7-1-85 and again to 25% on 1-1-86.
- 2-85 IMF team visits Chile to discuss new agreement.
- 2-13-85 Pinochet replaces Luis Escobar with Hernan Buchi as minister of finance. Seen as a move to strengthen Chile's negotiating position with the IMF.
- 2-85 Peso devalued by 9%.
- 3-3-85 Severe earthquake hits Chile.
- 4-85 Chile and IMF come to agreement for a new loan.
- 6-85 Import duties reduced from 30 to 20%. Peso devalued by 7.8%.
- 4-86 Chile's creditors agree to reschedule \$ 5.7B of private and \$ 1.8B of public debt.
- 9-7-86 Pinochet's motorcade ambushed by more than 20 assailants, 5 body guards killed and 11 wounded in the attempted assassination. Frente Patriotico Manuel Rodriguez(FPMR) claims responsibility.
- 2-87 Chile's bank steering committee agrees to new terms for debt repayments including a multi-year rescheduling. The agreement covers \$ 12.5B due between 1987 and 1991.
- 3-31-87 The two largest banks, Banco de Chile and Banco de Santiago are returned to the private sector.

- 7-87 In July and August the country is hit by two floods and an earthquake; damage is estimated at \$ 70M.
- 10-87 World stock markets crash
- 1-5-88 Government devalues the peso by 4%.
- 12-87 Cia de telefonos de Chile (CTC) sold to Bond Corporation Holdings (Australian company) for \$ 250M.
- 3-88 \$ 9.4M of shares of the State electricity company, Endesa are sold to public sector workers.
- 6-23-88 The value added tax is lowered from 20 to 16%.
- 6-88 Poll released showing Pinochet will be endorsed in upcoming plebiscite.
- 10-5-88 President Augusto Pinochet is defeated in the plebiscite (receives only 43% of the vote). Open elections are set for 12-14-89.
- 5-89 IMF mission visits Chile to discuss cooperation after the extended fund facility expires in August.
- 7-30-89 85.7 % of populus approves constitutional reforms; creates an agreed set of political rules to ensure stability during the democratization process.
- 8-89 The military Junta approves a law to make the central bank independent; the central bank is prohibited from giving direct or indirect credit to the government except in case of war.
- 9-89 The government reaches a new stand by agreement with the IMF.
- 11-8-89 IMF approves a stand by loan.
- 12-14-89 Patricio Aylwin of the center left Concertacion de Partidos por la Democracia Coalition is elected president for a four year term with 53% of the votes.
- 2-15-90 The requirement that importers deposit 3% of the value of proposed imports when registering to buy them in foreign currency is rescinded.
- 3-11-90 Patricio Aylwin takes over as president and proclaims his commitment to furthering the reforms begun under Pinochet.
- 6-90 The Chilean securities and exchange commission freeze two foreign mutual funds that got into liquidity problems.
- 9-21-90 A Chilean negotiating team secures a rescheduling of \$ 1.8B of debt falling due between 1991 and 1994. Repayments are postponed for four years.
- 3-4-91 President Patricio Aylwin makes public a 2000 page document on human rights abuses during Pinochet's regime. (1973-1989)
- 3-91 Restrictions on capital outflows are eased. Banks are authorized to invest up to 25% of their dollar time deposits abroad.
- 9-22-91 A free trade agreement is signed with Mexcio. Tariff and non-tariff barriers to trade are to be reduced starting on 1-1-92.
- 1-23-92 The peso is revalued by 5% in an effort to stem capital inflows.

- 3-16-92 The allowable foreign exchange position by commercial banks is doubled to \$ 400M. exports of up to \$ 2,000 are now exempt from foreign exchange controls. (up from \$ 1,000)
- 6-1-92 Central Bank permits pension funds to invest up to 1.5% of their assets abroad in OECD countries with an 'A' credit risk rating.
- 1-23-93 The government presents a capital market liberalization proposal to congress. restrictions are relaxed on stock market investments by fast growing private pension funds and insurance companies.
- 5-23-93 Eduardo Frei selected as the presidential candidate for Concertacion de Partidos por la Democracia and expected to win general election on 12-12-93. Seen as likely to re-launch privatization campaign.
- 5-28-93 Government holds state of alert procedures to show the government its displeasure with the investigations of human rights abuses.
- 9-3-93 77,000 teachers declare a national strike demanding a doubling of their monthly wages.
- 8-93 Government sends a law to congress that would lift restrictions on securitization and insurance brokerage contingent on an agreement by the banks to repay the central bank for the bailouts during the 1981-83 recession.
- 12-11-93 Eduardo Frei wins the presidential election and will begin a six year term in March.
- 12-1993 A free trade agreement is signed with Colombia granting zero tariffs to a long list of items from 1-1-94. The list includes 40% of the products currently exported to Colombia.
- 3-94 The capital market law allowing an expanded role for pension funds is passed.
- 10-93 35.1% of Edelnor (northern electricity utility) sold to Southern Electric (US company)
- 4-94 Central bank loosens foreign exchange controls by raising the fraction of revenue that exporters can change in the informal market from 10 to 15 % with an upper limit of \$ 10M. The minimum issue for firms to sell bonds abroad is lowered from \$50M to \$ 25M and the rating risk is also lowered. The minimum for ADRs is also lowered and the maximum amount pension funds can invest abroad is raised from 3 to 4 % of assets.
- 9-8-94 The central bank loosens foreign exchange controls. The time limit for converting export earnings in the banking system is raised from 180 to 210 days and the fraction of these earnings that exporters are allowed to keep outside the banking system is raised from 15 to 25%.

Colombia: Major Events Since 1984

- 4-85 IMF announces that it has come to an agreement with Colombia on economic measures to be taken by the government. No IMF funding granted but the deal is sufficient to allow Colombia to renegotiate its loans with its commercial bank creditors.
- 7-85 At the end of July the IMF formally approves Colombia's economic record under the informal agreement(4-85)
- 10-85 The government is outraged. A letter from the IMF calling for more economic austerity gets published in *El Tiempo*.

- 10-85 The government slashes import duties on machinery and equipment for agriculture and industry by 35%; 709 items are shifted from the prohibited list to the list requiring prior licensing; 718 items are removed from the prior licensing list and may be freely imported.
- 3-86 At the beginning of March the government lifts restrictions on the import of 541 different categories of goods: 213 fall under category of raw materials and 328 under capital goods and equipment for industry.
- 4-86 The World Bank approves a \$ 250M loan to Colombia. In order to secure the loan the government had to agree to lift restrictions on 70% of imports by the end of the year.
- 12-86 A tax reform law is passed: (1) It eliminates double taxation; dividends paid to local shareholders and the distribution of profits within a partnership is not taxable if the main income source has already been taxed; (2) unification of the corporate income and the capital gains taxes at 30%.
- 11-87 Tariffs are substantially reduced on 418 import categories including capital goods and raw materials. The whole system of import licensing is made simpler and manufacturers can obtain a blanket license for the components and raw materials they need (6) months in advance.
- 9-89 The tariffs on 200 goods are reduced.
- 2-90 The first phase of a five year trade liberalization begins with the removal of 861 products from the list requiring import licenses. the goal of the program is to remove non-tariff restrictions and reduce average import tariffs to 25% by 1995.
- 9-17-90 Tariffs on capital goods are cut from 15.6 to 11.4%; import surcharges on certain products are reduced from 16 to 13%; the tariff on goods from other Andean Pact countries is reduced from 10 to 5%.
- 10-29-90 Prior import licenses removed for almost all goods; the number of tariff levels is dropped from 14 to 10.
- 11-90 The IMF helps Colombia to gain loans to refinance its 1990-91 principal repayments. The deal is called Hercules and involves a \$ 1,575M loan and a \$ 200M bond issue by the central bank.
- 12-28-90 Despite Hercules Colombia unable to secure the agreed \$ 1,575B for re-financing; the government announces that principal payments falling due within the first three months of 1991 will be withheld until March 26, 1991.
- 1-91 The government passes a law to ease restrictions on foreign investment; foreign companies given equal access to domestic credit and will be able to remit dividends equal to last year's profits.
- 3-26-91 Direccion Nacional de Impuestos nacionales publishes tax rules for Colombia's new labor legislation. The scheme is intended to increase labor market flexibility and to make companies less reluctant to take on new staff.
- 4-91 In mid April Colombia signs a four year debt refinancing deal with its creditors covering \$ 1.78B.
- 5-18-91 Presidents of Andean Pact nations meet in Caracas and reiterate their commitment to establish a free trade zone by 1-1-92.
- 5-91 President Gaviria's government and the Coordinacion Nacional Guerilla Simon Bolivar (CNGSB) agree to a ceasefire; mid May the superintendent of banks announces a plan to sell off state banks.
- 6-91 Tariffs are cut across the board: capital goods from 27.27 to 21.19%; intermediate goods and raw materials 30.76 to 28.18%; finished products from 49.18% to 39.08%.
- 6-20-91 The drug lord Pablo Escobar surrenders.

- 7-5-91 The constitutional assembly approves a revised constitution to replace the constitution of 1886.
- 8-26-91 Tariffs are cut so that only 4 basic tariff levels remain: zero, five, ten, and fifteen percent. Goods not manufactured locally will face no tariffs; the five and ten percent tariffs refer to raw materials and capital goods; fifteen percent refers to final goods.
- 9-6-91 Credit Controls are relaxed: the central bank stops 100% marginal reserve requirement on deposits and instead the ordinary reserve requirement goes from 32.5% to 36%.
- 9-10-91 Citibank buys back the 51% of Banco Internacional de Colombia it was forced to sell in 1976.
- 10-1-91 A new exchange rate regime is introduced. The private sector is to conduct all transactions in the free market. The central bank is no longer obliged to buy or sell foreign exchange but is still authorized to intervene.
- 10-22-91 The government passes legislation allowing foreign companies to remit 100% of their profits; portfolio investment is expanded beyond country funds. Individual funds are allowed to invest in shares, convertible bonds and debt paper with a maturity of at least one year. The government drops the 10% foreign ownership limit.
- 11-91 The Baring Puma Fund \$ 10M and a second Colombian Fund \$ 50M are established
- 2-92 Towards the end of February the government announces a plan to privatize the telecommunications industry
- 3-92 The government grants permission for up to \$ 200M to be invested through multi country funds. A tax incentive is also introduced: half of the 17% income tax increase imposed on individuals can be claimed if investments are made on the equity market.
- 3-11-92 The government puts forth a tax increase proposal: the VAT is raised from 12 to 18%; the gasoline tax is raised by two percentage points; the income tax is raised from 18.1 to 35.1%.
- 4-92 Five new foreign investment funds are approved \$ 577M.
- 5-92 In late May the central bank imposes a maximum lending rate of 35%.
- 7-10-92 A one week state of emergency is declared by President Cesar Gaviria to prevent hundreds of criminals from being released from prison. They were about to be released because their cases took too long to come to trial.
- 9-30-92 Ecuador announces that it has established a bilateral free trade area with Colombia.
- 10-22-92 Several guerilla groups announce they are launching a more active terrorism campaign.
- 10-92 The government signs a partial free trade agreement with Peru; Gaviria visits Spain and clears the way for the refinancing of \$ 120M of debt.
- 11-8-92 President Gaviria declares a 90 day state of emergency against the terrorist attacks.
- 12-92 The central bank eliminates controls on the banks' lending rates.
- 3-93 At the end of March the government reiterates its commitment to privatization by releasing a roster of 3 banks, 29 hotels and affiliates of the state oil company Ecopetrol to be privatized.
- 4-93 The supreme court rules that the government must return the money raised by emergency tax bonds in 1992.

- 6-20-93 Congress approves a final bill authorizing the establishment of private pension funds
- 7-93 The European Union imposes a new banana import regime which allows Colombia to export 36.8 million boxes of bananas instead of the expected 55 million.
- 8-3-93 State of emergency adopted to prevent release of criminals.
- 12-93 A new social security package is passed; Colombia, Venezuela, and Mexico complete negotiations on a free trade area.
- 12-6-93 A trade agreement is signed with Chile cutting tariffs to zero or 40% on all goods traded between countries
- 3-2-94 The central bank prohibits banks from increasing their portfolios by more than 2% a month over the next four months. Those banks borrowing funds from abroad must deposit at least 56% of borrowed funds with the central bank for at least one year.
- 3-94 The government puts up the country's largest coal mine for sale \$ 2.8B.
- 5-94 The Andean Pact countries, Venezuela, Mexico and Colombia agree on common external tariffs: 5, 10, 15 and 20%.
- 6-13-94 Colombia, Venezuela and Mexico sign a free trade agreement.
- 6-19-94 Ernesto Samper wins the presidential election; promises to continue pursuing openness policies when he takes office on August 7th.
- 9-94 The US imposes a 33.9% duty on Colombian rose exports.

India: Major Events Since 1976

- 3-77 The general election ends 30 years of Congress' rule and places the Janata party in power.
- 4-77 The government introduces measures to simplify the import licensing procedure; open general licensing is introduced for a number of products.
- 5-3-79 The list of imports on "open general license" is lengthened to 386 from 253.
- 8-80 The government liberalizes its industrial policy. Firms in 19 "core" sectors are automatically allowed to increase their output by up to 25% per annum.
- 3-20-81 Customs duties on certain imported essential goods--coffee, butter, cooking oil-- are reduced.
- 3-30-81 A new industrial policy is announced by the minister of industry is announced; all industries except defense are open to the private sector.
- 4-81 The government budget is released: (1) a cut in the surcharge on corporate income tax from 7.5% to 2.5%; (2) complete tax holidays for five years to foreign or Indian firms in free trade zones; (3) investment tax related concessions for 14 industries in the consumer goods sector; (4) improved income tax treatment for tea plantations, book publishing, electronic components, and renewable energy devices and systems; (5) reduced income tax for offshore oil prospecting.
- 8-81 The government goes to the IMF to seek a loan.

- 4-83 Import restrictions are raised: 38 items are removed from free importation; restrictions are imposed on imports of raw materials and imports of 27 different types of machinery are banned.
- 1-85 After the assassination of Mrs. Gandhi the Indian Congress of Rajiv Gandhi wins the election putting him in power for the next five years; he promises privatization and general economic liberalization.
- 4-85 Rajiv Gandhi's government releases its budget for the 1985-86 fiscal year.
- Q3-86 There is an attempt on Gandhi's life.
- 12-86 Income tax raiders seize Rs 50M from Bombay's leading brokers; financial markets close.
- 1-88 Talks begin to surface about trade liberalizations to take place in April.
- 4-88 A three year import liberalization package is released: (1) 745 new items are classified under open general license; (2) the import of 56 items is no longer channelled through state agencies; (3) established exporters can now import capital goods freely provided they export at least 25% of production; (4) supplies of raw materials and components to manufacturing exporters will qualify for export benefits.
- 6-88 The government liberalizes industry: (1) no project with investment up to Rs 500M will require a license if set up in a "backward" area; (2) no project with investment up to Rs 150M in any location outside a big city will require a license; (3) the level of foreign exchange at which a project requires a license is raised from 15 to 30% of output. It is estimated that the new regime will remove almost two thirds of current proposals from needing licensing requirements.
- 7-88 The government announces it is in favor of privatization in telecommunications equipment manufacture and power generation.
- 11-22-89 Rajiv Gandhi's congress is defeated and VP Singh of the Janata Dal party becomes prime minister; he was the architect of many liberalization strategies as Gandhi's finance minister.
- 7-90 Singh's Janata Dal government almost collapses due to party resignations and charges of corruption
- 7-90 There are cuts in the raw material and component entitlements for imports for electronic and consumer durable manufacturers.
- 9-90 34 capital goods items are taken off the largely unrestricted open general license list.
- 10-30-90 Singh resigns as prime minister; the crisis is precipitated by the 8-7-90 announcement of a 27% quota of public jobs for "backward" castes. A violent backlash ensued as students burned themselves to death in protest of high unemployment rates among graduates.
- 11-9-90 Chandra Shekhar (also of Janata Dal) becomes the new prime minister.
- 5-26-91 Narasimha Rao of the Congress Party is elected as the new prime minister. Manmohan Singh is the new finance minister.
- 7-91 The Rupee is devalued by 18% and a new trade policy is established: (1) import licenses are freely traded (previously exporters could only use up to 30% of exports to finance imported inputs); (2) import licenses are relaxed for raw materials and capital goods.
- 6-91 A new liberalized industrial policy is launched: (1) foreign investors can increase their joint venture stakes from 40 to 51%; (2) the current licensing restrictions on new investment by large companies under the Monopoly and Restrictive Trade Practices Act are greatly eased; (3) private sector investment is to be permitted in industries previously reserved for the state; (4) controls on industry are relaxed; (5)

government lending institutions are to remove mandatory convertible clauses in their loan contracts which exposed borrowers to back door nationalization.

- 2-92 Rao's minority government survives a key parliamentary vote on the budget at the end of February.
- 3-92 Rao's budget is released and contains considerable liberalization plans: (1) partial convertibility of the Rupee. Holders of foreign exchange will be allowed to convert 60% of it at the market rate; (2) the maximum import duty is cut from 150 to 110%; (3) industrial policy is liberalized to make it easier for Indian firms to raise equity capital; (4) foreign investors are allowed in the oil and gas industries.
- 5-92 A financial scandal breaks out as a number of brokers are arrested for fraud and illegal trading in government securities. They generated Rs 30B of illegal credit that found its way into the stock exchange.
- 12-6-92 200,00 Hindu zealots storm Muslim shrine at Ayodhya. The shrine is destroyed unleashing a rash of communal bloodletting across India that persists through January.
- 3-93 There are bombings in Bombay and Calcutta.
- 7-93 Narasimha Rao is accused of taking a \$ 300,000 bribe from a central figure in the Bombay securities scandal in November of 1991. The government faces a no confidence vote which it passes by only 14 votes.
- 7-93 The US multinational Cargill has one of its factories attacked in Bangalore by a farmer's action group; George Fernandes, a militant trade union veteran, is mounting a campaign against multinationals.
- 3-93 The Rupee is floated.
- 5-94 The government opens up the telecommunications industry to foreign investment.

Korea: Major Events Since 1976

- 11-26-79 President Park Chung Hee is assassinated.
- 1-12-80 The Won is devalued by 17%.
- 5-17-80 A number of students are killed as martial law is extended over the entire country in an attempt to silence political opposition.
- 12-80 The finance ministry announces a program for drastic reform of the banking system: (1) four commercial banks now under government control are to be placed under private ownership; (2) widening of the spread between deposit and loan rates; (3) phasing out low interest government loans for officially favored development policies.
- 11-81 The five year economic plan is published. It assumes structural readjustment is essential to further growth and embodies a general commitment to a freer economy: (1) preferential exemptions and rebates on corporate taxes; (2) import taxes generally reduced; (3) real interest rates to be kept positive; (4) policy loans at subsidized rates curtailed; (5) short term export credit curtailed; (6) increased incentives for foreign investment; (7) removal of obstacles to domestic competition.
- 3-82 President Chun's administration shaken by allegations of bribery. The office of supply was allegedly paid \$ 6M by a US rice exporter.

- 5-82 Two of Chun's wife's relatives arrested for their part in a financial scandal. Promisory notes worth \$ 336M were issued by six different corporations and then dishonored. The central bank had to make \$ 139M available to their creditors.
- 6-82 President Chun revamps his entire cabinet.
- 12-82 Several years of embezzlement come to an end when an employee of Sam Bo Securities company, the country's largest stockbroker, turns incriminating evidence over to the attorney general. The company's books showed \$ 26.3M in securities which the company did not have; employees had been trading with clients' money.
- 7-83 Access to the stock exchange is eased. Companies seeking access to the stock exchange need only have paid up capital of won 500M rather than the won 2.4B previously required. Also companies only need to offer 20% of their shares to the public rather than the 40 % previously required.
- 10-9-83 Four cabinet members are killed by North Koreans at a wreath laying ceremony in Burma. All four were key members of the economic liberalization team. President Chun quickly replaces them with new team committed to market reforms.
- 3-84 It is announced that by 7-84 enough goods will be removed from the import restriction list to raise South Korea's import liberalization ratio from 80.3% to 84.7%.
- 11-5-84 Interest rates are liberalized: (1) the lending ceiling for commercial banks is increased; (2) ceilings on time deposits of 1 to 3 years are raised; (3) the maximum rate that short term finance and mutual savings companies can charge is cut and the maximum rate they can pay on deposits is cut; (4) interest rates on call money and non-guaranteed corporate bonds are allowed to float for the first time.
- 7-1-85 235 items are freed of import restrictions of any kind. the proportion of liberalized goods rises from 84.7% to 87.7%
- 11-85 A three year plan for import liberalization is published. 300 items are to be liberalized in July of 1986, 1509 a year later, and 141 in 1988 bringing the percentage of liberalized imports to 95.4%.
- 11-15-86 False reports are broadcast that North Korean dictator KIM IL Sung is dead.
- 3-87 A tariff reduction list is made up for 14 items; tariffs are reduced from 20 or 25% to 2% on a range of products.
- 4-87 A list of tariff reductions is announced on 85 products including a wide range of consumer durables.
- 6-6-87 President Chun backs Roh Tae Woo as the Democratic Justice Party candidate; the DJP nominates Woo and protesters demonstrate what they see as seven more years of military rule.
- 6-11-87 Protesting students beseiged in Roman Catholic Church; growing sign of middle class support for students as protests persist.
- 6-16-87 Anti government rally in Seoul.
- 6-17-87 Kim Young Sam leads 2000 in call for Dae Jung's house arrest.
- 6-18-87 Worst rioting yet. Roh calls resumed party talks on constitution.
- 6-19-87 President Chun advised by the Whitehouse to re-open dialogue.
- 6-24-87 Dae Jung's house arrest is lifted.

- 6-29-87 Roh Tae Woo calls for direct presidential elections, press freedom, freeing of political prisoners, more local autonomy for provinces.
- 6-30-87 President Chun accepts all Roh's proposals.
- 7-87 From July through September there are labor disputes. Over 3,400 companies are affected by strikes; military hard liners consider stopping reforms.
- 7-1-87 Imports of cars with engines of over 2000 cubic centimeters are permitted.
- 9-87 It is announced that tariffs will be lowered by an average of 6% on 171 items. Tariffs on raw materials are to be lowered by 3 to 15% starting in October.
- 12-16-87 Roh Tae Woo defeats the opposition-- Kim Young sam and Kim Dae Jung.
- 1-1-88 tariff cuts of between 5 and 20% take place on 104 items.
- 2-25-88 President Roh takes office.
- 3-88 Tariff rates on consumer durables are lowered by up to 30%.
- 4-88 An industrial strike erupts that persists through May and June.
- 11-88 Tariff rates on 109 items are brought down by an average of 6.4% to 16.6%; the tariff on cars, trucks, and buses are reduced from 25 to 20%; air conditioners, refrigerators and cameras from 30 to 20%; washing machines from 20 to 15%.
- 11-88 The minimum wage for 1989 is increased by 23% to \$.90 an hour.
- 12-5-88 Bank rates, lending rates and deposit rates are deregulated.
- 1-89 In the middle of January restrictions on investment in overseas real estate are abolished; the government begins to encourage Korean investment abroad; 14 agricultural products are removed from the import monitoring system.
- 3-1-89 Restrictions on the import of 113 raw materials is removed.
- 3-17-90 15 of 27 of Roh's cabinet members are replaced including the minister of finance and the minister of trade and industry.
- 5-31-90 North Korea makes disarmament proposals.
- 6-4-90 Gorbachev and Roh agree to pursue normalization of diplomatic ties.
- 10-1-90 The foreign ministers of Korea and the USSR announce the establishment of full diplomatic relations for the first time.
- 6-91 The ministry of finance announces guidelines for opening the stock market to foreigners in January of 1992.
- 7-1-91 Foreign firms are allowed to operate up to ten different retail outlets.
- 10-1-91 The limit on foreign banks issue of CDs is raised from 75% of their capital to 200%.
- 12-91 North and South Korea agree to "reconciliation, non-aggression, cooperation, and exchange." they agree to recognize respect and not interfere in each other's system.

- 10-91 8 South Korean city banks are “asked” by the government to lend won 200B to promote exports at a fixed annual rate of 12%; the market lending rate is 18%.
- 1-92 North Korea agrees to inspection of its military facilities.
- 3-92 The Daehan, Korea, and Citizen investment trusts have to be bailed out as they have collectively (for the year) lost \$ 680M. The trusts are a major source by which Koreans invest in the stock market.
- 4-9-92 North Korean parliament ratifies an agreement reached in January with the International Atomic Energy Agency to open North Korea’s nuclear installations to inspection.
- 8-24-92 The minister of finance announces measures to compel pension funds and mutual funds to invest a fixed proportion of their assets in equities.
- 12-8-92 Kim Young Sam of the Democratic Liberal party(DLP) wins the presidential election. His economic platform consisted of a commitment to lower interest rates and inflation. His cabinet is seen as reformist. He lays out a major plan to battle corruption in government.
- 3-12-93 Kim Il Sung threatens to withdraw from the nuclear non-proliferation treaty.
- 3-93 In mid March the governor of the Bank of Korea, Cho Soon, is sacked. He is replaced by Kim Myung-ho.
- 5-93 At the end of August the government publishes a five year plan for the reform and liberalization of the financial system: (1) complete interest rate deregulation; (2) establish a financial futures market; (3) phase out of policy loans; (4) program to bring Korean accounting standards up to international levels.
- 6-93 It is announced that starting in 1994 foreigners will be able to invest directly in convertible bonds and starting on 8-1-93 they will be able to buy unlimited amounts in joint ventures of which foreigners already own 50%.
- 7-93 Foreigners are permitted to own up to 20 shops and the maximum area is lifted to 3000 square meters per shop.
- 8-12-93 Kim Young sam declares an emergency decree of “Real names” financial system. From this day forward it is illegal to open a bank or brokerage account in other than the real name of the holder. Those already in possession of false accounts are given months to reveal their identity and register the money under their real name.
- 3-93 The ceiling on overseas bond issues is raised to \$ 1.6B from \$ 1B.
- 6-93 The ministry of finance places a ban on domestic firms issuing bonds overseas.
- 7-93 The ban on overseas issues is lifted
- 10-12-93 The real name financial system is scheduled to come into effect but is postponed.
- 11-1-93 The government moves to the second stage of its interest rate deregulation program; all lending rates except those on policy loans are freed, and 60% of deposit rates are freed.
- 12-15-93 The Uruguay round of GATT is successfully completed; Korea had to agree to reduction or elimination of tariffs on 253 industrial products.
- 3-19-94 Kim Il Sung threatens to reduce South Korea to a “Sea of Fire” if provoked too far by Korean, US or UN officials to honor its international obligations in the inspection of nuclear facilities.

- 3-94 The central bank announces that foreign banks are free to establish branches in Korea once they meet requirements; they must be one of the world's five largest in terms of assets.
- 4-1-94 manufacturing companies and small and medium sized firms are free to issue unlimited amounts of corporate bonds.
- 7-8-94 The North Korean leader Kim Il Sung dies.
- 10-5-94 It is announced that on 12-5-94 the foreign stock ownership limit will rise from 10 to 12%.

Malaysia: Major Events Since 1984

- 5-5-86** Elections held. The Christian dominated Parti Berstn Sabah (PBS) retained power. Winning 34 of 48 seats. Expected to bring greater political stability.
- 9-85** Govt. launches a 2 \$M Billion New Investment Fund (NIF) to stimulate investment in priority areas. Resigned to channel funds at low cost into ventures in agriculture, manufacturing and tourism.
- 8-3-86** Snap general elections held and Prime Minister Dr. Mahathir Mohamad steers the ruling Barison National (National Front) Coalition to victory gaining a mandate for the following five years. Outlook said to be stable with mandate given to coalition.
- 5-86** Prime Minister announces that the New Economic Policy (NEP) would be temporarily suspended in areas where there was no growth and that his government. was considering the exemption of enterprises manufacturing for the domestic market.
- 5-86** Case brought by Hong Kong govt. against Bumiputra Malaysia Finance (BMF) chairman, Lorrian Esme Osman, and the former BMF director, Mohammed Mushin Shamsuddin opened in London. The two directors are accused of fraudulently releasing \$500 M of bank funds to companies associated with George Tan, the former Land of the Currian group who is currently on trial in Hong Kong. Largest banking scandal in Malaysian history.
- 9-86** Prime Minister Dr. Mahathir Mohamad announces at 37th address of United Malaysia National organization (UMNO) that the period for implementation of the New Economic Policy (NEP) would be extended beyond its original target of 1990 due to slow down of the economy.
- 9-30-86** Foreign interests will be allowed up to 100% equity holding in manufacturing concerns.
- 1-1-87** Privatization of the telecommunications company is set to go forward it is called Syariland Talikom Malaysia (STM).
- 8-86** 23 deposit taking cooperatives (DTCs) suspended in an attempt to deal with a financial costs in the sector.
- 4-24-87** The Prime Minister narrowly maintains his position as head of the United Malaysia National Organization in its leadership elections vote of 761 to 718 over Tengku Razaleigh Mamzah. The challenge to his leadership was unexpected and was the result of a past between former rivals.
- 7-87** During his visit to the U.K. the Prime Minister announces that he is considering a cast in the corporate tax rate.

- 8-87** The education minister releases a four part plan to help increase employment among university graduates.
- 3-87** Major producers and consumers of natural rubber agreed on a new five year pact aimed at stabilizing prices. A new International Natural Rubber Agreement (INRA).
- 6-87** Malaysia is the first country to sign the new agreement.
- 10-27-87** Govt. arrests more than 90 people under the International security act (ISA). The prime minister says the move is necessary to pre-empt a recurrence of the 1969 race riots between the country's politically dominant Malaysians and the majority but economically powerful Chinese. The crackdown also led to the closure of 3 newspapers and the banning of public rallies. The United Malaysian National Organization (UMNO) had planned a Nov. 1 rally to celebrate the party's 41st anniversary. Organizers had expected ½ million in attendance and there were fears of a race riot breaking out.
- 10-23-87** Budget presented to parliament includes a call for an abolition of the 3% excess profits tax.
- 2-4-88** The high court rules that the United Malaysian National Organization, the dominant ruling party in an illegal organization under the country's Societies Act. Implies Prime Minister has no legitimate party although he still retains power. (some of party's branches were not properly registered)
- 1-28-88** Bank Negara (Central Bank) announces the final stage of a \$M 1 Billion rescue plan for the country's Deposit Taking Cooperatives whose operations were frozen in 1986. 588,000 depositors were affected by the freeze.
- 3-88** Government issues a White Paper (a report) on the 10-87 crackdown that led to 106 arrests and the closure of 3 newspapers. The opposition Democratic Action Party is blamed for bringing the situation to a "critical stage" which was likely to lead to rioting.
- 4-88** Malaysia and China sign a trade pact. The two nations will grant each other Most Favored Nation treatment in levying duties and other trade related taxes. This means reductions in duties on a number of Malaysian export items: rubber, palm oil, coconut oil are down by 10% (30 to 20); farming and wood products lowered by 50%
- 8-6-88** Lord President of Supreme Court and country's most senior judge Tun Mohammed Salleh Abbas was dismissed. Seen as remaining obstacle in way of Prime Minister redefining boundaries of political power in favor of the executive.
- 12-88** Malaysia becomes first Asian country to sign an agreement with Japan on the disbursement of loans under the \$US 2 billion Asian-Japan Development Fund (ASDF) announced at the December 1987 Manila Asian summit. Malaysia to receive \$M 890million in concessional loans, \$M 680 million from the overseas economic cooperation fund (OECF). Loans involve 25 year repayment and 7 year grace period.
- 11-88** Malaysia and China sign two trade agreements setting up a joint economic and trade commission and providing for investment guarantees. Malaysians hope agreement will encourage Chinese investment and broaden trade between the two countries.
- 7-26-89** The Malaysian Development Authority announced that restructuring of companies in which foreigners hold a majority stake would not be required after 1990, to previously set time limit. There had been fears that investment rules allowing foreigners to hold up to 100% equity stakes would be repealed with the expiration of the current phase of the NEP.
- 10-89** Overseas Petroleum and Investment Corporation (OPIC) a Taiwanese company discovers oil off the east coast of Sarawak.

- 9-89** Bank Negara (Central Bank) declares that domestic and foreign banks may now purchase limited amounts of shares in local companies. Banks can buy up to 10% of a manufacturers paid-up equity or the equivalent of 5% of the banks paid-up capital and reserves.
- 10-89** The Malaysian Stock Exchange splits with Singapore as 182 Malaysian firms listed in Singapore forced to immediately delist.
- 6-18-90** 1,000 workers in Japanese-Malaysian Hitachi in consumer products went on strike in protest against not being allowed to join The National Electrical Industry Workers Union (EIWU). Government policy only allows in-house unions.
- 6-90** Telecommunications minister, Sammy Vella announces that up to 25% of Malaysia's National Electricity Board will be available to foreign investors. A fund is set up by September and company privatized by March 1991.
- 10-90** Prime Minister Matahir's Barisan Nasional (BN, National Front) coalition retains power with a 2/3 majority in the election, winning 727 of 180 parliamentary seats.
- 6-91** The second outline perspective plane (OPP2) is approved by Parliament. Outlines economic plan for 1991-2000. It has a notable absence of mention of equity ownership targets for the Bumiputras population and a new emphasis on the creation of Bumiputra commercial and industrial community.
- 11-91** The new Minister of Finance Dutak Sen Anwar Ibustion, presents 1992 budget. It includes a major revision of investment incentives. Several incentives previously given to manufacturing are withdrawn (i) pioneer companies no longer exempt from 30% corporate tax. (ii) maximum tax allowance on investment reduced to 60% from 100%.
- 1-92** Government announces that manufacturing companies would be allowed to employ foreigners in all skill categories. Estimates place manual labor shortage at approximately 50,000-80,000.
- 1-92** Government reclassifies four wheel drive vehicles as passenger cars this implies an increase in import duty from 5% to 42%.
- Q4-92** Import duties on 600 items reduced by between 10% and 30%. Items include: food stuffs, household goods, clothing, electrical and electronic goods and components for electrical goods.
- 1-93** Malaysia begins to cut tariffs on products such as vegetable oils, and pharmaceuticals as agreed under ASEAN Free Trade Area scheme.
- 4-93** Government issues a set of procedures for employers wanting to hire illegal immigrants. Employers allowed to hire detained illegals and obtain permits for illegals already working.
- 4-93** Government announces that it will accede to the GATT agreement on barriers to technical track. Also signed bilateral trade agreement with Iran with aim of increasing bilateral trade by as much as \$200 million annually.
- 6-93** U.S. imposes a 6.6% duty on stainless steel tubing from Malaysia
- Q4-93** Import duties on more than 500 items are reduced or abolished (135 food items, 100 types of building material, 79 types of components and medical equipment, 444 items of motor vehicle spare parts).
- 5-12-94** Bank Negara lifts ban on the sale of long term money instruments to non- residents.
- 8-11-94** Bank Negara Lifts ban on holdings by overseas investors of Ringgit Debt instruments of less than 12 months maturity.

Mexico: Major Events Since 1976

- 8-31-76 Peso devalued by over 50%
- 2-1-78 Price controls lifted on 147 basic foods and services
- 10-80 The government initiates a crawling peg
- 2-18-82 Peso devalued by 30%; import controls are removed on some essential items and import tariffs are cut on 1518 items (maximum of 20%)
- 8-6-82 Mexico institutes a two tier foreign exchange system. President Portillo admits publicly that Mexico is headed for the brink of default. Several hundred million dollars of capital flight within a few days; Mexico gets a three month moratorium on debt; the debt crisis ensues.
- 9-1-82 The banks are nationalized
- 11-82 Mexico and IMF come to terms of agreement to be implemented when De La Madrid takes office
- 12-1-82 De La Madrid takes over as president.
- 8-83 The Pacto is signed; employers agree to preserve and create jobs while limiting price increases; unions agree to take a soft line on pay raises.
- 2-84 The government announces it is ready to sell banks back to the private sector. The government adopts a more liberal stance toward foreign investment. The rules are changed to allow majority foreign participation in companies involved in electronics, engineering, machine tools, and capital goods. Automatic import licenses are made available for an increased number of products.
- 9-84 The 13 member advisory committee of Mexico's main creditor banks agree to reschedule \$ 48.5B of Mexico's \$ 90B of foreign debt. The interest rate is to be tied to LIBOR instead of the US prime rate and the debt due between 1985 and 1990 is extended over a fourteen year period.
- 12-84 The rate of the crawling peg is increased.
- 8-29-85 Mexico signs the multi-year rescheduling deal (the one on which agreement was reached 9-84)
- 9-19-85 IMF suspends payment from its 1983-85 agreement as Mexico fails to meet some criteria; A major earthquake hits Mexico and the damage is estimated at \$ 3B.
- 11-25-85 Mexico begins negotiations to enter GATT
- 1-1-86 Mexico cuts oil price by \$4 a barrel and announces it needs \$ 4B in new loans to meet its external obligation of \$ 96B.
- 1-10-86 IMF issues \$ 315M loan for earthquake reconstruction.
- 1-86 Talks begin with the IMF for a stand by agreement.
- 7-86 Mexico reaches agreement with the IMF; clears the way for talks to begin on the rescheduling of between \$11 and \$ 13.5B of debt.
- 7-15-86 Mexico signs an agreement to join GATT

- 9-17-86 Mexico reaches an agreement with the Paris Club to reschedule \$1.8 B of official debt due up to March 1988.
- 10-86 Unions demand 50% wage increase; the government concede to a 21% rise.
- 12-87 Another Pacto is signed: (1) wage and price controls; (2) trade liberalization which lowers maximum tariff rates to 20%, the average tariff rate falls to 10% and a sharp reduction in quantitative restrictions.
- 4-15-88 Government allows the state owned airline, Aeromexico to go bankrupt on the fifth day of a ground crew strike; unions angered; government to save \$ 100M a year by not subsidizing the company.
- 6-1-88 The Pacto is officially extended to the end of August by an agreement signed by government, business and union leaders. The fixed exchange rate is to be maintained through 8-31-88, there will be no minimum wage revisions, and no increases the prices of controlled goods and services.
- 6-88 Two weeks before the presidential election US lends \$ 3.5B to Mexico (unconditionally) to support Mexico's economic programs.
- 7-6-88 Carlos Salinas de Gortari of the PRI wins the presidency; elected on a campaign calling for more radical policy toward foreign debt.
- 8-88 The Pacto is extended to november 30th.
- 9-88 Hurricane Gilbert hits and leaves 500,000 homeless; tourism facilities in Cancun severely damaged.
- 11-88 Nafinsa, the state industrial development bank announces the sale of two of its mining companies for a total of \$ 1.36B.
- 12-1-88 Salinas is inaugurated; pledges to restore growth and continue privatization.
- 3-89 Secretary of the treasury Nicolas Brady introduces his initiative for LDC debt reduction.
- 4-89 Mexico comes to agreement in principle with the IMF on a \$ 3.6B extended fund facility.
- 4-19-89 After agreement with the IMF mexico begins to discuss rescheduling with its creditors.
- 4-89 Reserve requirements are dropped from 90 to 30% and interest rates on personal accounts and certificates of deposit are totally liberalized.
- 5-89 At the end of May the IMF gives formal approval to an SDR 2,797M extended fund facility; Paris Club agrees to a \$ 2.8B rescheduling.
- 5-89 New rules announced that permit 100% ownership of Mexican companies by foreigners provided that in the first three years the owner does not spend more on imports than exports.
- 6-89 The World Bank offers mexico four laons totalling \$ 1.96B.
- 7-22-89 Mexico and its creditors agree in principle to a Brady debt reduction agreement.
- 9-89 The term sheet for Mexico's Brady deal is submitted.
- 12-89 90% of Mexico's creditor's give backing to the Brady deal; beginning of the month it is announced that the Pacto will remain in place through July.
- 2-90 The Brady deal is finalized; total debt servicing to be reduced by \$ 1.5B a year.

- 3-90 The debt reduction deal with commercial banks goes into effect and the debt for equity swap system is reactivated.
- 5-2-90 Congress approves changes to the constitution that allows banks to be re-privatized; the net asset value of the banks to be re-privatized is \$ 4B.
- 7-90 The first set of debt for equity swaps takes place.
- 8-90 The country's fourth largest copper producer is privatized and a time table for the privatization of telmex is released.
- 8-90 Iraq invades Kuwait
- 9-90 Salinas makes a request to President Bush for free trade talks to begin; amendments made to the foreign investment law to encourage more overseas investment in the mining sector; the Comision Nacional de Valores authorizes short selling.
- 10-10-90 The government holds the second round of debt for equity swaps and retires \$ 1.8B of debt.
- 10-17-90 Deadline for acquisition of documentation for bids to buy Telmex; Telmex and bank privatizations to yield \$ 5B and \$ 1.5B for the government.
- 3-91 Two mutual funds based in London but dealing in Mexican equity are launched: Baring Puma Fund and Mexican Horizons Investment Company.
- 5-91 The government sells 1.52 billion shares of non-voting Telmex stock for \$ 2.17B.
- 5-24-91 US senate authorizes Bush to negotiate a free trade agreement with Mexico and Canada.
- 6-28-91 Negotiations begin on NAFTA
- 6-91 Seven banks auctioned off to the private sector including Banamex. total net sales of 12.1 trillion pesos; almost half of the banking sector is transferred back into private hands.
- 8-18-91 PRI has solid victory in elections paving the way for Salinas to push through further economic reforms.
- 10-91 End of October the government concludes the sale of its 51% interest in Bancomer.
- 11-1-91 Salinas announces plans for reforming land tenure, reorganizing educational system and restoring relations with the Catholic Church; Harris Wofford wins Pennsylvania Senate Race giving Bush cold feet on NAFTA as US presidential elections near.
- 11-91 Bush and Salinas meet at Camp David, but there is no mention of NAFTA.
- 1-92 At the end of January an investor group led by Operadores de Bolsa pays \$ 940M for 51% of Banca Serfin, the country's oldest and third largest bank.
- 1-92 Bush announces an economic emergency plan with no mention of NAFTA.
- 4-22-92 Oil leak from pipeline into sewer causes huge explosion in Guadalajara killing 200, 1,500 injured and 4000 homeless. The government is embarrassed as the accident intensifies the environmental debate in light of the impending NAFTA deal.
- 4-92 Government sold off constructora Nacional de Carros de Ferrocarril to a Canadian company

- 5-21-92 The IMF extends its three year facility to Mexico for another year; an additional SDR 466.2M is approved.
- 7-92 Divestment of the 18 commercial banks is completed with the sale of a 66.3% stake in Banco del Centro
- 8-12-92 An agreement is reached in principle on NAFTA although it is acknowledged that implementation will take time.
- 10-20-92 The sixth extension of the pacto takes place
- 3-93 The government announces its intention to sell off its media holdings.
- 5-93 Cardinal Posadas gunned down at Guadalajara airport fanning fears of violence due to drug trade and creates more fears that NAFTA may not go through.
- 5-93 Domestic market is opened to trading on foreign stocks
- 6-93 Mexico is invited to join the OECD
- 6-93 US federal judge orders the US government to produce an environmental impact statement about NAFTA.
- 10-93 Government extends its Pacto with labor and business at the beginning of the month.
- 11-17-93 US House of Representatives approves NAFTA.
- 1-1-94 Uprising in Chiapas by a peasant army called Ejercito Zapatista de Liberacion Nacional; rebels demand removal of the Salinas government and the installation of a transition team prior to holding free and fair elections.
- 1-1-94 NAFTA scheduled to go into effect.
- 2-21-94 Peace talks begin with the Chiapas rebels.
- 3-94 PRI's presidential candidate Donald Colosio is assassinated at a rally.
- 3-94 Alfred Harp Helu head of the Banamex concern is seized by a group of professional kidnapers.
- 6-94 PRI candidate Zedillo produces a 10 point economic program; he promises to carry on Salinas style market reforms: promote private investment education, employment and lower assets taxes and further deregulation.
- 6-94 Zapatista rebels announce that the peace plan agreed to in principle in March has been rejected after consultation with the rank and file.
- 8-21-94 Zedillo elected as president.
- 9-25-94 Jose Francisco Ruiz, secretary general of the PRI is shot dead by an assassin.
- 12-1-94 Zedillo takes office.

Philippines: Major Events Since 1984

- 10-12-84 The IMF and the Philippines reach an agreement on a stand by loan.
- 5-85 The Philippines signs a debt rescheduling and refinancing agreement with the steering committee representing 483 creditor banks.
- 8-85 The first tranche of new credits from the commercial banks is released \$ 925M.
- 9-85 The prime minister admits the country will have trouble meeting the IMF deficit target.
- 1-10-86 An agreement covering \$ 2.9B of public sector debt is signed in New York with the international creditor banks; payments falling due between 10-17-83 and 12-31-86 is rescheduled as a 10 year loan with a five year grace period.
- 2-14-86 Marcos is “declared” the winner in the presidential election; the Catholic Bishops Conference claims Marcos won through ballot fraud. Marcos is overthrown and flees the country toward the end of February. Corazon Aquino takes office.
- 5-86 Import restrictions are lifted on 839 products.
- 7-6-86 Arturo Tolentino, Marcos’ vice-presidential running mate, declares himself acting president in Aquino’s absence (she is out of the country). He rounds up 500 troops and attempts to overthrow the government but fails.
- 8-86 Talks begin with the IMF on a new stand by credit.
- 9-86 The IMF approves a stand by credit of \$ 300M and a \$ 200M compensatory financing facility.
- 9-86 Import controls are lifted on 80 items including steel and paper products.
- 10-86 In early October defense minister Juan Ponce Enrile declares that Aquino has forfeit her presidential mandate and calls for new elections. he says her right was forfeit when she declared a revloutionary government and provisional constitution.
- 1-22-87 The marines guarding the presidential palace fire on a land reform demonstartion of 10,000 people; 15 are killed and 100 wounded. About 1 week later a group of 300 army men take over a television station as they try to stage a coup.
- 1-87 In late January the Paris Club agrees to reschedule \$ 870M of debt due in in the 18 month period up to June 1988.
- 2-2-87 76% of the population votes “yes” on the new constitution.
- 3-87 An agreement is reached with the commercial banks on a \$ 10.5B debt rescheduling; medium and long term credit is converted to dollar denominated zero coupon bonds with six year maturity at an interest rate of .875 over LIBOR.
- 3-87 The World Bank approves a \$ 300M economic recovery loan to be used to support tax reform and trade liberalization.
- 4-87 The Philippine Long Term Equity Fund is established \$ 20M.
- 5-11-87 22 of 24 seats in the senate are won by Aquino backed candidates.

- 7-87 The “revolutionary” period of Aquino’s rule comes to an end as an elected legislature and popularly approved constitution take effect.
- 7-22-87 Aquino approves a comprehensive agrarian reform program consisting of the sale of government land to the public and the purchase from plantation owners for resale in smaller packets.
- 8-87 800 dissident troops stage a coup attempt against Aquino’s government. The junta attacks 6 different points in Manila; there is 18 hours of fighting as 55 are killed and 300 wounded.
- 12-22-87 The commercial banks sign the debt rescheduling agreement reached in March.
- 2-8-88 landowners are required to register their land for the land reform program.
- 6-8-88 It is announced that the National Steel corporation will be listed on the stock exchange.
- 6-88 Congress approves Aquino’s Comprehensive Agrarian reform Program (CARP).
- 9-88 Shearson, Lehman, Hutton and the IFC and 7 other US firms launch a \$ 65.5M fund to serve for investment in Philippine equity through debt conversion.
- 9-88 Aquino approves the sale of shares in the Manila Electric Company (Meralco) held by the Philippines Development Bank.
- 11-88 Negotiations begin with the IMF on extended fund and contingent financing facilities; import liberalization is to be part of the package.
- 1-89 The IMF accepts the Philippine plan.
- 5-89 The IMF formally approves of the Philippine stabilization plan; the Paris Club agrees to reschedule \$ 2.2B in debt service.
- 6-89 The Philippines National Bank is privatized.
- 8-7-89 The Philippines begin discussion on a Brady deal; agreement is reached on 8-16-89.
- 11-89 The First Philippine Fund is launched.
- 12-1-89 A section of the armed forces launches a coup attempt on Aquino’s government. They seize an air force base, an army camp, and two television stations before the revolt is put down.
- 5-90 A spate of bomb explosions occur in Makati, the Manila financial district.
- 6-90 The cabinet approves an economic reform package: (1) abolition of price controls; (2) relaxation of controls on foreign investment; (3) deregulation of financial markets; (4) accelerated privatization; (5) reductions in import tariffs.
- 7-10-90 Two arms of the security forces engage in a gun battle in Makati.
- 7-13-90 There are more bombings in Manila; Cobra claims responsibility.
- 7-16-90 An earthquake registering 7.7 on the Richter scale rocks Manila and its northern outskirts.; 1,600 people are killed and the damage is estimated at between P 15B and P 20B.
- 8-18-90 There are four bomb attacks in two days targeting businesses owned by supporters of the president.

- 10-3-90 Two groups of 300-400 soldiers led by Colonel Alexander Noble take control of two army camps; the coup attempt is put down after a couple of days.
- 2-21-91 The IMF approves a \$ 905M financing package.
- 3-91 The Foreign Investment Act of 1991 receives its final rading in the senate; it calls for 100% equity participation in any sector.
- 6-91 Approximately one million people are displaced as Mount Pinatubo errupts. Three regions, Pampanga, Zambales, and Tarlac are effected; estimates say if all production there stops GDP will fall by 2%.
- 8-27-91 The US and the Philippines sign a treaty of friendship, cooperation and security as the US Navy receives a 10 year extension on the use of Subic Bay. Four other US facilities are to be handed over to the Philippines by mid September.
- 8-91 Tarff reductions are put in motion; the effective tariff rate is to fall to 21% by July 1995.
- 11-91 21.6 million shares of the Manila Electric Company are sold.
- 1-30-92 Philippine Airlines goes to the auction block; 67% of euity is offered to the private sector for \$ 258M.
- 1-92 The foreign exchange rules are liberalized: (1) an individual may posses foreign exchange in any ammount and is not required to surrender it to the bank for pesos; (2) any Filipino may take an unlimited ammount of foreign exchange out of the country provided the money has not been purchased from the banks; (3) the ceiling on foreign exchange that can be bought from the banks and taken out of the country is increased to \$ 5,000; (4) foreign investors no longer need central bank approval to repatriate profits; (5) Filipinos can freely open foreign exchange deposits.
- 2-92 The IMF approves the Philippines economic performance and clears the way for a \$ 5.3B loan rescheduling.
- 2-92 The Philippines reach an agreement in principle with the commercial banks for a \$ 5.3B Brady deal.
- 3-92 The ammount of dollars that exporters can borrow from foreign exchange deposits without prior approval is raised from 50 to 70% of letters of credit and purchase orders.
- 5-11-92 Fidel ramos is elected president with 24% of the vote in a seven candidate race; he is expected to maintain IMF endorsed policies.
- 5-92 The stock exchanges in Manila and Makati are merged.
- 5-92 The buy back of \$ 1.3B of commercial debt completes the first part of the Brady deal.
- 6-92 17.8 % of Union Bank, acommercial bank rescued by takeover under Marcos, is sold to the private sector.
- 6-92 An agreement on the rescheduling of \$ 702M in credits with the Japanese government is signed.
- 7-24-92 Representatives of the government and the commercial bank creditors sign the Brady debt relief arrangement agreed to in February.
- 7-92 Restrictions on the methods of financing imports related to the nature of the transaction are removed. The number of import classifications is reduced from five to three: (1)freely imported; (2) regulated; (3) prohibited. Quantiative restrictions are removed for over 100 items.
- 7-92 the numberof days in which export proceeds miust be remitted is doubled to 180 days.

- 8-15-92 All controls are lifted on foreign exchange transactions involving exports, imports and dollar retention and remittance. There are no more restrictions on the amount of Philippine currency that can be brought in or out of the country. Filipinos may hold accounts abroad. Filipinos may buy up to \$ 1M in foreign exchange for investment abroad without approval.
- 1-93 The central bank restarts its debt for equity swap program.
- 2-93 The government announces a plan to auction a 13% stake in Philippine Airlines.
- 4-93 Negotiations with the IMF begin on an extended fund facility.
- 7-93 The government begins to sell off its interest in the country's copper smelting company.
- 8-93 The committee on privatization approves the sale of 87% of the equity in Philippine shipyard and Engineering.
- 11-93 Privatization of the National Steel Corporation is approved.
- 1-94 In late January an agreement is reached in principle with the IMF on a three year program \$ 650M.
- 2-94 In early February an agreement is reached on the sale of 40% of the equity in the government owned Petron Corporation \$ 502M.
- 3-94 An investment company collapses after traders abscond leaving P 388M in treasury bills undelivered.
- 5-18-94 The terms of entry and participation for foreign banks is liberalized: (1) up to ten banks may enter the country in the next five years; (2) at least 70% of the banking system's total resources must be owned by Philippine entities; (3) the bank must be in the top 5 of the country of origin.
- 6-94 The IMF approves a 3 year loan of \$ 680 M from its extended fund facility.
- 6-94 The 40% ceiling on foreign equity is removed in many sectors.
- 7-94 The Paris Club reschedules \$ 469M worth of debt; 1 billion shares (P 25.5B) of Petron are put on the market.

Taiwan: Major Events Since 1984

- 1-1-85 The import duty is reduced from 20 to 15%.
- 4-1-85 The government allows major banks to set their own prime rates within a specified government band.
- 5-85 The ministry of finance approves 3 indirect stock investment funds from abroad.
- 12-85 The government announces that financial institutions, corporations and individuals can invest in foreign government securities and bank financial instruments.
- 4-86 Foreign equipment leasing firms are allowed to hold 90% of equity of a Taiwanese leasing venture.
- 7-86 The Board of Foreign Trade announces that bans have been lifted on 83 categories of imports.
- 8-18-86 Foreign exchange licensing is abolished; businesses can freely import and export without approval from the central bank; firms earning foreign exchange are no longer required to deposit all of their earnings with a designated bank or to sell them to the central bank.

- 10-6-86 The export import bank offers to insure overseas investments against confiscation by foreign governments.
- 11-86 The maximum import tariff is reduced from 67.5% to 57.5%; the duty on industrial raw materials is abolished.
- 12-86 The Taiwan Fund Inc. is established \$ 25M.
- 3-4-87 More than 400 tariff cuts are announced on items ranging from steel plates and pesticides to video game machines.
- 3-87 The quota of US investment companies allowed is raised.
- 3-87 Restrictions are imposed on capital inflows; commercial remittances of more than \$ 1M and individual remittances of more than \$ 10,000 require central bank approval.
- 4-18-87 tariffs are reduced on 862 consumer, agricultural and industrial goods.
- 4-87 Tariff cuts are announced on 862 items; cuts exceed 50% on more than four hundred items; 150 items have tariff cuts between 10 and 15%.
- 5-31-87 The government freezes banks' foreign borrowing at the level prevailing on that day.
- 6-15-87 Tariffs are reduced on 331 items.
- 7-14-87 Martial law is lifted.
- 7-87 Plans for tariff reductions on over 200 farm items is announced.
- 10-87 The Executive Yuan announces that starting in January of 1988 it is cutting tariffs on 3,500 items. The duty on sedan cars is cut from 55% to 42.5%.
- 12-31-87 The chairman and 3 members of a Taipei brokerage are arrested for their involvement in an illegal margin lending racket.
- 1-1-88 The 40 year embargo on new newspapers is lifted.
- 1-13-88 President Chiang Ching-Kuo dies of heart failure at the age of 77. Lee Teng-hai takes over as president.
- 1-88 The government announces plans to list shares of China Petrochemical Corporation on the Taipei Stock exchange. The total capitalization is NT\$ 8.4B and 20% of the shares are to be offered.
- 1-88 The securities and exchange law is revised permitting new stock brokerages to be formed and permitting foreign brokers to open branch offices.
- 4-88 President Lee suggests that the government banks be privatized.
- 5-88 The executive Yuan approves a plan to grant new licenses for securities firms and to allow foreigners to invest in securities houses.
- 8-88 The finance ministry announces a plan to allow foreign insurance companies to invest directly in the Taiwan Stock Exchange.
- 9-88 The government imposes a capital gains tax; the finance minister announces that as of January 1, 1989 a .3% tax will be imposed on profits of transactions exceeding NT\$ 3M a year.

- 10-3-88 The capital gains tax is reduced to .15%.
- 11-88 The government announces a plan to privatize 10% of its holding in China Steel Corporation.
- 3-89 180 million shares of China Steel Corporation is placed on the market.
- 4-3-89 The central bank eases control over the exchange rate: (1) 2.25% limit on daily fluctuations abolished; (2) the weighted central bank exchange rate is to be abolished. formerly decreed by the central bank it is now to be determined by five government banks and four foreign banks.
- 5-89 Prime minister Yu Kuo-hwa steps down and is succeeded by Lee huan. The central bank governor also steps down.
- 5-89 Vietnam, Cambodia, Laos and Cuba are taken off the banned list for direct trade.
- 7-11-89 A banking reform bill is passed: (1) flotation of 51% of Taiwan's state controlled commercial banks; (2) legalization of granting of bank licenses to an unlimited number of private sector banks; (3) easing of access for foreign banks to the Taiwan market.
- 8-89 The executive Yuan adds ten names to the list of state owned enterprises to be privatized.
- 9-89 The maximum inflow remittances allowed by local residents is raised to \$ 500,000.
- 11-89: The maximum inflow remittances allowed by local residents is raised to \$ 1,000,000.
- 1-90 Taiwan applies for membership in GATT.
- 1-90 The government announces that the privatization of 3 banks is set to take place in the first half of the year.
- 5-29-90 A new prime minister, Han pei-tsun is elected.
- 8-90 Tariffs are cut on 1,813 import items lowering the average rate to 8.87%.
- 9-90 In late September the Labor Insurance Fund (pension fund) is granted permission to invest up to 20% of its NT\$ 43B in assets in the stock market.
- 9-90 The government announces that foreign institutional investors will be allowed to invest directly in the stock market instead of just through the 4 large mutual funds established in 1985.
- 4-10-91 The Commission of National Corporations announces that it will sell 377 million shares in the state run China Steel Industry.
- 4-30-91 President Lee Teng-hui proclaims the ending of National Mobilization for Suppression of Communist Rebellion; China is now recognized as a political entity.
- 6-26-91 15 new private banks are icensed to begin operations.
- 3-11-92 The minister of finance Wang Chien-Shien approves Taiwanese companies to issue Global Depository Receipts.
- 5-92 the government sells off NT\$ 680M worth of China Steel.
- 10-7-92 The finace minister Wang Chien-Shien resigns after President Lee Teng-hui compromised his proposal increased taxation on land sales; the 1990 stock market collapse prompted property market speculation and the minister wanted to tax this.

- 1-93 The government announces that 9 of 10 remaining government companies are to be privatized within the next five years.
- 1-14-93 Taiwan passes trade laws to enable it to enter GATT.
- 2-10-93 Lien Chan replaces Han Pei-tsun as prime minister.
- 11-25-93 The finance ministry announces that it is going to raise the foreign ownership limit from 5 to between 10 and 15% for a single entity; the total foreign ownership limit will be raised to between 20 and 30%. Also, all limits on outward remittances of principal and capital gains will be abolished.
- 12-9-93 Vincent Siew, chairman of the Council for Economic Planning and development says Taiwan has to prepare steps to cope with the international trend toward liberalizing rice imports.
- 2-24-94 In an attempt to enter GATT Taiwan promises to: (1) cut tariffs on imports by an average of 100%; (2) abolish alcohol and tobacco monopolies and establish taxes on these items at levels prevailing in other countries; (3) open construction projects in the six year national development plan to foreign bids.
- 3-94 The government offers 288 million shares in the China Steel Corporation; the ceiling on foreign investment is doubled to \$ 10B.
- 5-94 The Chung Kuo insurance company is privatized.
- 6-20-94 The China Petrochemical Development Corporation is privatized.
- 6-94 The ministry of finance approves the establishment of foreign banks in Taiwan either as joint ventures or wholly owned subsidiaries of foreign banks; foreigners are permitted to open accounts in local currency.
- 7-1-94 The Council for Economic planning and Development announces that foreign investment will be permitted in some service sectors.
- 7-94 The governor of the central bank announces that the limit on foreign ownership in the stock market will be raised.
- 8-94 Y C Huang director general of the Board of Trade says that the tariff on industrial goods will fall to 45 on admission to GATT.
- 8-5-94 The government lifts a ban on the import of 138 items from China.
- 10-94 Chen Wu-hsiung, director of the economics and planning department says that the average tariff on farm produce will fall to 15.98% when Taiwan joins GATT.
- 10-94 A stock market scandal erupts when there is a payment default on NT\$ 7B of share payments by 15 locally owned brokerage houses.

Thailand: Major Events Since 1976

- 10-76 The Seni government is overthrown by a military coup and Thanin Kraivichien is installed as the new prime minister; Kraivichien is seen as distinctly anti-labor.
- 3-77 A coup attempt is made on the Thanin government.

- 10-20-77 In a bloodless coup Thanin Kraivichien is overthrown by Sanyad Chalaryoo. General Krianysak Chamanand is appointed prime minister.
- 5-78 A capital gainstax of 10% is introduced on profits from share dealing.
- 10-5-79 A trade agreement is signed with Australia that allows for mutual preferential treatment.
- 10-19-79 A trade agreement is signed with China.
- 12-79 Thailand goes to the IMF for short term credits.
- 4-80 Prime minister Krianysak Chamanand resigns and is replaced by Prem Tinsulanond; talks with the IMF break down and \$ 600M stand by credit does not come through.
- 1-81 the ban on strikes and lockouts is lifted.
- 4-81 A group of young military officers attempt to overthrow Prem. The coup is unsuccessful and Prem is praised for his handling of the crisis.
- 4-81 The corporate tax rate is loweredby 5 points to 30% for companies listed on the stock exchange and 40% for those not listed. The tax credit on for listed companies is raised from 25 to 35%.
- 5-81 Thailand goes to the IMF for a stand by credit; the Baht is devalued by 1%.
- 7-81 The Baht is devalued by 9%.
- 2-82 The personal income tax is lowered but the business tax on foreign exchange transactions is raised from 10 to 15%.
- 10-82 The World Bank president announces a second structural adjustment loan for Thailand.
- 11-82 Thailand joins GATT
- 9-83 A freeze on wage increases is imposed by the National Minimum wage committee.
- 11-2-84 The Baht is devalued by 14.8%.
- 11-6-84 The cabinet bans Chit funds. Chit funds are essentially a pyramid scheme run in the informal credit market by Chamoy Thipso, the wife of an airforce officer.
- 10-31-84 Price controls are imposed.
- 11-1-84 The 20% surcharge on imports is removed.
- 9-9-85 A small group in the Thai military stages an unsuccessful coup attempt.
- 9-9-85 The Thai Fund is launched by Merrill Lynch \$ 30M.
- 3-86 The Chit fund scandal emerges again as the extent of a second major operation is revealed.
- 5-1-86 The government of General Prem Tinsulanon is defeated in parliament on a series of votes concerning Prem's proposed economic reforms; Prem dissolves the government and calls for a general election on July 27th.
- 7-27-86 The democrats retain power in the House of Representatives elections and General Prem Tinsulanon remains in power as prime minister.

- 10-86 Siam City Bank comes under pressure as it becomes clear that it can't cover its bad loans; the episode raises questions of more widespread banking problems.
- 12-86 A tax reform package is announced that will take effect in the new year: (1) a maximum of 15% tax of capital gains on dividends and debentures; (2) the business tax is lowered from 9 to 7% for a range of labor-intensive and agro-intensive industries; (3) the export industry business tax is lowered to .1%.
- 12-86 The government announces that it will privatize the operation of three large ports: Laem Chabang, Phuket, and Songkhla.
- 12-86 Import duties are reduced from between 20 and 25% to 10% on telephone components, vitamins for animal food, graphite moulds, and copper luminates for integrated circuits.
- 12-86 The Thailand Fund \$ 30M is established by Citibank affiliate Vickers de Costa.
- 2-87 General Chaovalit Yongchaiyut begins calling for a revolution to create a political system which would better serve the people's interests and bring about economic and social reforms.
- 2-87 The US imposes a 2.75% anti-dumping tariff on Thai exports of pipe fittings; these exports were worth \$ 3.1M in 1985.
- 7-87 The economic ministers of ASEAN agree to extend the existing preferential trading agreement; the list of items is expanded to 18,000.
- 11-30-87 At the end of the parliamentary session the four parties composing the base of Prem's government begin to fragment.
- 4-88 At the end of April Prem Tinsulanon dissolves parliament and calls for fresh elections scheduled for July.
- 7-88 General Chartchai Choonhavan wins the election and becomes prime minister. He issues a statement at the end of August indicating his commitment to Prem's economic policies of fiscal stability and decentralization of industry.
- 8-88 Chartchai Choonhavan takes office.
- 11-88 The UK based Thailand International Fund begins operation with an initial purchase of Baht 200M in shares.
- 1-89 The ceiling on private sector foreign borrowing is raised to \$ 1.2B.
- 2-89 The US places a countervailing duty on Thai pipe fittings.
- 3-89 In late March the US places a duty on miniature ball bearings produced by Thailand.
- 7-89 The opposition party launches a no confidence vote against four government ministers and charges of corruption emerge as some officials are accused of vote buying.
- 1-90 Labor leaders call a strike to protest privatization as the government moves to place the Laem Chabang deep water port in private hands.
- 2-90 150 logging workers are arrested for clearing land that was marked for reforestation; they are employees of a company owned by a democratic senator Damnernchanwanit. The ruling party's shaky hold comes under pressure.

- 3-90 General Chaovalit Yongchaiyuth retires from the armed forces at the end of the month to become deputy prime minister.
- 3-90 The finance minister raises the ceiling on loans to 16.5% for commercial banks and 19.5% for other institutions; the central bank governor is sacked and replaced by Chavalit Thanachanan who resolves to liberalize the Thai monetary system.
- 6-11-90 general Chaovalit Yongchaiyuth resign his post as deputy prime minister and defense minister after just two months in office after some corruption charges are brought against him.
- 8-27-90 Prime minister Chartchai Choonhavan sacks or moves a total of 20 ministers.
- 9-90 Senior officials in the Thai Chairt party become involved in a row over a Baht 150B telecommunications project.
- 12-17-90 Chartchai reshuffles his cabinet again
- 2-23-91 the first successful coup since 1977 is launched. Chartchai is arrested at the airport and 22 cabinet members have their assets frozen pending investigation of corruption allegations. General Suathorn Kongsompong is named head of the Junta and martial law is imposed.
- 3-1-91 An interim constitution is approved and Anand Panyarachun is named caretaker primeminister; he promises continuity on economic policy.
- 3-91 at the end of March the National Peace Keeping Council pushes 2 bills through the legislative assembly making unions illegal within state enterprises. workers may form associations but they have no right to strike.
- 4-1-91 The public is allowed to buy, sell and transfer large amounts of foreign exchange with less documentation and to possess, deposit and borrow foreign currencies: (1) accounts of up to \$ 500,000 per person are allowed ; (2) no restrictions on the amount to Thai or foreign currency brought in; (3) up to Baht 50,000 may be taken out; (4) no restrictions on capital investment, foreign borrowing or repatriation of investment funds, dividends and profits.
- 4-4-91 The interim government of Anand Panyarachun lays out its economic plan. There is an emphasis on liberalization of the financial sector and privatization.
- 4-15-91 payments into the social security system begin.
- 5-91 At the beginning of May martial law is lifted in all areas except the districts bordering Cambodia and Burma.
- 6-91 In mid June the AFL-CIO asks George Bush to remove all Thailand's trade privileges because of the National Peace Keeping Council's ban on unions in state enterprises.
- 7-91 The import tax on completely knocked down vehicles (ones for assembly) is reduced to 20%. The total tax on completely built vehicles falls to 80%.
- 8-91 The "elder statesman" of the National Peace Keeping Council Chaovalit Yongchaiyuth calls for elections.
- 9-91 A bill is passed which will allow all companies to issue bonds.
- 9-91 The tension increases between the National Peace Keeping Council and the government as prime minister Anand announces that the military should consider a cut in its numbers in line with the new world political situation.

- 12-91 A new constitution is passed.
- 3-22-92 Elections are held but no party can claim decisive victory. Since no party has a dominant position General Suchinda Kraprayoon is appointed prime minister by King Bhumibol. Kraprayoon appoints several members of the former Chatchai government who had been under investigation for being “unusually rich”.
- 5-18-92 The military opens fire on protestors in Bangkok; 10 people are killed and dozens are injured.
- 5-23-92 Suchinda resigns.
- 5-25-92 Parliament passes constitutional amendments.
- 5-24-92 Meechai Ruchapan is named interim prime minister.
- 6-92 King Bhumibol appoints Anand Panyarachun interim prime minister to oversee the new elections.
- 8-92 The Petroleum authority of Thailand begins the process of partial privatization with the announcement of a Baht 1.08B share issue.
- 9-13-92 The democrats gain a narrow victory in the election and name Chuan Leekphai as their prime minister.
- 10-21-92 Prime minister Chuan Leekphai announces his economic plan, vague ramblings about equalizing income distribution through increased rural spending.
- 11-20-92 Song Watcharasit and his associates are arrested for manipulating the stock market after buying 20% of the shares of the Bangkok Bank of Commerce.
- 4-93 First City Investments, a finance company charged with share manipulation.
- 9-94 The Association of South East Nations (ASEAN) economic ministers meet and agree to cut the timetable for establishing a common effective preferential tariff scheme from 15 to 10 years.

Venezuela: Major Events Since 1984

- 9-84 Venezuela’s creditors agree in principle to a \$ 20.75B debt rescheduling package.
- 5-85 A debt rescheduling deal is finally agreed upon; debt maturing at the end of 1988 is rescheduled over a 12 year period.
- 8-85 The government begins to privatize by selling assets of the Venezuela Development corporation.
- 1-86 The government unifies the two-tiered exchange rate system.
- 2-26-86 Venezuela reaches a \$ 21.2B rescheduling agreement with its creditors.
- 7-86 President Lusinchi announces a plan to deal with the economic slowdown caused by falling oil prices: (1) partial devaluation by eliminating preferential exchange rate for servicing debt; (2) increased taxation of offshore income and capital gains; (3) relaxation of foreign investment rules; (4) stronger import controls; (5) strict price controls; (6) austerity in government spending and increased privatization efforts.
- 12-86 President Lusinchi introduces policy of wage increases and price freezes.

- 3-87 Students demonstrate to protest the governments's economic policy; demonstrations characterized by sporadic outbreaks of violence.
- 4-87 Venezuela announces the beginning of a debt for equity swap program.
- 5-1-87 Government grants wage bonuses of 20-30% and freezes prices of basic goods for a four month period; businesses forbidden to dismiss workers for the same four month period.
- 10-87 At the end of October the central bank president and finance minister step down. The new finance minister Hector Hurtado is seen as an expansionary force.
- 2-87 Venezuela reaches an agreement with its creditors on rescheduling. The agreement affects \$ 21.2B worth of debt and the margin is reduced to .875 over LIBOR versus the 1.125 agreed upon in February of 1986.
- 9-87 Venezuela signs the debt rescheduling agreement reached in February.
- 9-18-87 Both presidential candidates, Carlos Andres Perez of AD and Eduardo Fernandez of Copei say they will renegotiate easier foreign debt terms if they are elected.
- 11-87 In late November all universities close down after rioting breaks out following the death of a student in police custody in Merida; riots emphasize growing disenchantment with the government.
- 2-88 Venezuela launches a \$ 100M eurobond issue. It is the first money raised through an international bond issue since the debt crisis ensued in Auhust of 1982.
- 9-87 The first major debt for equity swap takes place; it involves the financing of half a new aluminum plant with JP Morgan yielding \$ 300M of Venezuelan debt for an equity stake in the plant.
- 11-87 The administration suggests proposals that authorize the government to control prices at the factory and wholesale level in addition to the retail level.
- 2-5-88 The government passes decree 1,988 which allows firms to use debt equity swaps to finance half of their bolivar investments when the foreign capital contribution is between \$ 20M and \$ 100M and up to 80% when the foreign contribution is in excess of \$ 100M.
- 8-88 At the end of august Venezuela launches its second Eurobond issue of the year \$ 100M at a lower yield than the one in February.
- 12-4-88 Carlos Andres Perez of the ruling Accion Democratica (AD) wins the presidential election on a populist platform; he announces that foreign debt is to be a major issue on his agenda.
- 12-88 Outgoing President Lusicnhi announces that foreign debt payments will be suspended as of 1-17-89.
- 1-89 Perez's economic package is released and is in sharp contrast to his populist reputation: (1) liberalization of interest rates; (2) unified floating exchange rate system; (3) removal of price distortions on all but about 25 basic necessities; (4) increases in public sector prices and tariffs; (5) simplified import tariff structure.
- 1-12-89 The request for new money and rescheduling begins in New York.
- 2-17-89 Interest rates are liberalized.

- 2-27-89 A wave of rioting, looting ,and shooting engulfs Caracas in response to shortages of coffee, bread and other staples as hoarding occurred in response to anticipated price increases; Perez had given advance notice of devaluations and stiff austerity measures to be imposed.
- 2-28-89 Venezuela signs a letter of intent with the IMF.
- 3-1-89 Prices are liberalized; controls remain only for a small range of goods and services.
- 3-13-89 The government establishes guidelines for the first stages of tariff reform/
- 3-89 At the end of March the IMF approves a loan to Venezuela.
- 3-15-89 The debt for equity swap program is changed to fit the new unified exchange rate system: the program is opened up to domestic investors and swaps are allowed for the establishment of investment funds on the stock market.
- 5-89 At the end of May the administration introduces anew package of trade liberalization measures: (1) quantitative restrictions are to be eliminated; (2) the maximum ad valorem tariff rate is reduced from 135% to 80% for consumer products and 50% for raw materials and capital goods; (3) the tariff rate structure is simplified; (4) all import monopolies are eliminated. Also, at the end of May, Venezuela submits a new letter of intent to the IMF requesting a three year extended fund facility agreement.
- 6-89 The world Bank agrees to provide \$ 755M to help Venezuela's structural adjustment program.
- 9-89 A group of leading banks provide \$ 600M in short term loans to bring Venezuela's interest payments on public debt current to the third quarter.
- 1-90 At the end of January restrictions on the activities of foreign firms are eased: (1) limitations on profit repatriation are removed; (2) majority foreign control is allowed in public services; (3) foreign companies are given equal access to bank borrowing and the issuing of debt and equity; (4) special conditions no longer apply to the purchase of shares in existing firms by foreign investors.
- 3-20-90 The Venezuelan debt negotiating team and commercial bank advisory panel complete discussions on the fundamentals of a Brady debt reduction package; in principle the deal is to cover \$ 20.5B of public sector debt. It is estimated that Venezuelan commercial bank debt will fall by 25% as a result of the deal.
- 6-12-90 The World bank board of directors approves a further \$ 680M in lending for Venezuela.
- 7-9-90 The government reduces the maximum tariff on agricultural products from 50 to 40%.
- 12-18-90 The Brady deal is signed and closed.
- 2-91 A group of international telecommunications companies are invited to present background data and submit indications of interest in running the state telephone monopoly.
- 4-91 At the end of April the government picks 8 international companies to tender for the privatization of the state owned telephone company.
- 5-17-91 The maximum tariff rate is reduced to 40%.
- 5-91 In mid May the presidents of the Andean Pact nations, Venezuela, Bolivia, Colombia, Ecuador, and Peru ratify the decision to establish a free trade area by the beginning of 1992.
- 9-91 The government announces the speeding up of import liberalization in the motor vehicle industry as tariffs on passenger vehicles are lowered from 40 to 25%.

- 11-91 GTE and AT&T begin the bidding process begins for control of the state telecommunications company CANTV \$ 1,885M; all Viassa flights are grounded by a 24 day pilot strike.
- 12-91 The Andean pact nations agree on a common external tariff at the beginning of 1992; the tariffs are 5, 10, 15 and 20%.
- 2-4-92 At the beginning of February a military coup tries to overthrow the government; the coup attempt fails but reveals mounting frustration with Perez's economic reform program and perceived corruption.
- 3-92 Perez makes some concessions to the anti-reform factions: (1) suspends petrol price increases; (2) stabilizes the price of flour and other staple goods; (3) temporarily freezes electric rates.
- 5-92 Two sugar refineries are sold to the private sector for bolivars 470M and bolivars 166M respectively
- 11-27-92 A second coup attempt takes place.
- Q1-93 President Perez is accused of mis-using Bolivars 250M of public funds.
- 3-93 Coup rumors become so rampant in Mid March that the defense minister makes a television appearance to reassure the public.
- 4-2-93 Chile and Venezuela sign a free trade agreement that will eliminate tariffs over a 4-6 year period.
- 5-20-93 Perez is suspended from office in order to allow impeachment proceedings to take place. Ramon Velasquez takes office in the interim period.
- 8-93 Perez is permanently suspended from the presidency.
- 10-93 Interim President velasquez puts a hold on the sale of state enterprises.
- 12-5-93 Rafael caldera wins the presidency . he has a reputation for honesty and being a harsh critic of the economic reforms introduced since 1989.
- 1-94 In the second week of January Velasquez imposes price controls on 11 food products, 100 medicines and other basic products; Banco Latino crashes.
- 2-2-94 Rafael caldera is inaugurated as president. At the end of February he suspends the "economic guarantees" in the constitution. this suspension allows him to suspend the value added tax; Urena sugar mill is sold to a Colombian firm for \$ 2.8M.
- 6-13-94 The government intervenes iin the country's financial crisis. 8 banks are taken over and the government provides liquidity of bolivars 506B.
- 6-29-94 As the exchange rate collapses, the government suspends all foreign exchange transactions for two weeks.
- 9-12-94 The government releases a new planto stabilize the economy called the Corrales Plan: (1) fiscal deficit of less than 15% of GDP; (2) dollar bonds backed by oil to be issued to support the banking system; (3) price and exchange controls to be lifted gradually; (4) oil sector opened to private and foreign investment; (5) privatization to be revitalized.