CHICAGO TRIBUNE
SEP 6 1964

9 Latin Nations Moving Toward a Common Mart

Trade Jumps 44% as Group Cuts Tariffs

BY ISAAC A. LEVI

MONTEVIDEO, Uruguay, Sept. 5 (AP) — Nine Latin American nations have taken giant steps toward a common market for 300 million Latin Americans by 1973.

They are Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, and Uruguay — all members of the Latin American Free Trade association.

Set up in February, 1960, but not functioning until the end of 1961, L. A. F. T. A. still is a long way from a trade zone like the European Common Market. Yet it has produced some results in two and a half years.

Many Tariffs Reduced

The nine countries—soon to be joined by a once doubtful Venezuela — have already slashed tariffs on 8,247 products — from cocoa to shoes, electric shavers, and locomotives.

Trade among the nine jumped 44.3 per cent — from 659 million dollars in 1961 to 951 million in 1963. And even more encouraging, L.A.F.T.A. experts think, is that Latin America shows signs of beginning to look inward for untapped resources.

Regional commerce used to account for only 6 per cent of overall trade of the L.A.F.T.A. countries. Last year it was up to 8.4 per cent. It may hit 10 per cent by next year.

Seek to Unite Industry

Governments keep in constant touch thru L.A.F.T.A. headquarters in Montevideo, seeking ways of welding together budding industries in each other's countries.

Industrialists show a few signs of becoming "buy Latin American" conscious.

For L.A.F.T.A. to survive, its members must achieve two things: set up a common market by scrapping all their regional tariffs and trade barriers by 1973, and speed up Latin America's industrialization by coordinating plans and individual industries.

New Jobs to Be Needed

Dr. Raul Prebisch, 62-year-old Argentine formulator of L.A.F.T.A., believes that if these goals are reached Latin America will be ready to serve a 300 million population predicted for 1975. By then, Latin America will neeed 38 million new jobs and only rapid industrialization can create them, Prebisch says.

Ultimately, L.A.F.T.A. hopes to link with the so-far successful Central American common market of Guatemala, Honduras, El Salvador, Nicaragua, and Costa Rica.

L.A.F.T.A.'s success up to now has been limited to bilateral negotiations. The L.A.F.T.A. treaty requires each member nation every year to scrap tariffs on 8 per cent of the value of products it imports from within the area.

Open Markets to All

When two L.A.F.T.A. countries agree to reduce tariffs on products they buy from each other, they automatically open their markets for the same products produced by other nations.

That is a first step, however. It is also a temporary one. Any country can reimpose tariffs if industrialists put up too much opposition at home.

L.A.F.T.A.'s first crucial test comes at the end of this year when all nations must agree to put products making up one-fourth of the value they trade on a permanent "common" list.

Once a product is on that list, each of the nine nations is forced to slash tariffs on it. These reductions, once made, cannot be changed.

Disbaring to Some

That means Argentine-made Fiat cars must eventually compete with Brazilian Volkswagens in Colombia and Peru, as well as in Argentina and Brazil. The thought horrifies some Argentine auto makers.

It also means five L.A.F.T.A. nations must expose their highly protected farmers and cattle ranchers to the danger of being undercut in their own market places by wheat and beef from Argentina and Uruguay.

Latin American industrialists and farmers are not accustomed to that kind of competition.