

# COUNCIL OF THE AMERICAS

1750 PENNSYLVANIA AVENUE, N.W. • SUITE 1317 • WASHINGTON, D.C. 20006 • (202) 298-9016

8/16/72  
3:00

## POLICY STATEMENT ON UNITED STATES' RELATIONSHIP WITH LATIN AMERICA

BY MR. JOSE DE CUBAS,  
CHAIRMAN AND PRESIDENT, COUNCIL OF THE AMERICAS,  
FOR PRESENTATION TO THE REPUBLICAN NATIONAL CON-  
VENTION'S TEMPORARY COMMITTEE ON RESOLUTIONS

I welcome this opportunity to appear before you this afternoon and offer recommendations on U. S. relations with Latin America for your foreign policy review. I am the Chairman and President of the Council of the Americas, an association of more than 200 major U. S. corporations representing some 90% of all U. S. private investment in Latin America -- a force which is identified as positive for that region's development process. We believe that it is in the U. S. national interest to improve its relationships with the nations of Latin America.

The dynamics of today's global community of nations requires an interdependence, particularly in economic affairs, among all of its members. We cannot overlook the critical significance of the United States' relationship with the less developed countries of the "Third World," and particularly those of Latin America, which will be increasingly important to our long-range international security and economic prosperity. Recent U. S. foreign policy initiatives toward the super-powers of China and the Soviet Union are surely

a giant step toward world peace. However, our foreign policy posture would be deficient by not being global with special meaning to the developing countries where three-fourths of the world's population dwell. Our central values compel us to have a profound interest in promoting a peaceful world community with improved material well-being.

Priority attention should be given to strengthening the U. S. special relationships with the individual nations and the total region of Latin America. Sharing both geography and historic roots in a "New World," the United States and Latin America have been joined economically, politically, socially and culturally in an "Inter-American System" for 150 years. Creditably, the Organization of American States (OAS) through many of its activities has helped to facilitate a cooperative hemispheric experience. Although the U. S. shares many things in common with the region as a whole, we must also take into account the unique circumstances which distinguish each country within the context of important bilateral relationships. Each country has its own problems and prospects, and therefore, the major emphasis of our relationships should be on a country-by-country basis. As never before, now is a propitious time for the United States to reinvigorate its bilateral and multilateral Hemispheric relationships with a viable commitment responsive to the forces of change, and the needs and interests of our Latin American neighbors.

The political outlook for these countries, their relations with each other and their relations with the developed countries depend mainly upon the

evolution of their economic failures and successes. Although the main impetus in development must undoubtedly come from self-help efforts within these nations, our external support is warranted to help them achieve essential progress. The critical need of the developing countries of Latin America is for increased economic growth to confront population, employment, and income distribution problems. Their political imperatives for growth require rapidly increasing trade and financial flows from the rest of the world. Our assistance could contribute to a less turbulent and more vigorous modernization process with favorable benefits for those developing countries and for our interests.

The U. S. should continue to support aid, investment and trade policies complementary to Hemispheric objectives. The U. S. bilateral capital and technical assistance programs and the growing effectiveness of multilateral institutions -- such as the Inter-American Development Bank -- in channeling such aid responds credibly, although modestly, to Latin America's serious resource needs. Such aid, however, needs both Administration leadership and Congressional action on appropriations at a sufficiently stable level to reflect a sincere U. S. commitment to that region's development.

In regard to investment, the President remarked earlier this year on the subject of foreign economic assistance that: "Private investment, as a carrier of technology, of trade opportunities, and of capital itself, in turn becomes a major factor in promoting industrial and agricultural development." The Council, as well as many other groups, share the President's view. The

importance of this resource need is critically reflected in the Inter-American Committee on the Alliance for Progress' (CIAP) forecast of a sizeable gap in Latin America between external resource needs and anticipated receipts.

CIAP has anticipated that by as early as 1973, there will be a gap of \$800 million between loan needs and actual or expected disbursements. As you may appreciate, it is unlikely that such a gap will be closed by major increases in public funds. Foreign private capital, as well as trade, is therefore essential.

In the United States, the business sector from the beginning has been an integral part of our own highly successful development process. It can and should play a comparable role in helping other nations now in the process of development. The foundation of the Council of the Americas is built upon that faith. The multinational corporations within the Council's membership are confident that they can materially assist development because people-oriented sensitivity and efficiency and getting things done are the reasons for their success and the justification for their existence. If continued to be welcome in Latin America, we will be glad to collaborate on pragmatic, individual private sector solutions which, if successful, may result in establishing much broader trends.

We are convinced that mutual benefits will ensue from equitably regulated and equitably treated foreign investment. Accordingly, our mutual self-interest directs us to work together to establish a climate with attracts investment and insures the fulfillment of contractual obligations in accord

with recognized international legal standards. When unresolved investment disputes do arise, however, we believe more use should be made of a range of impartial settlement procedures. We support the existing International Center for Settlement of Investment Disputes within the World Bank group, as well as the establishment of the International Investment Insurance Agency now under discussion in the World Bank group.

In regard to international trade, we believe that restrictive trade and investment policies are retrogressive to national and world economic development objectives. Moreover, only a more liberal international trade and investment environment can properly nurture efforts to improve the conditions of life in the developing world by providing the necessary link with global science and technology resources. Improving market access for their exports is a gateway to their self-sufficiency and, therefore, should be an integral and priority part of our assistance programs. Accordingly, the United States, as other industrialized nations, should fulfill its commitment to implement a system of generalized tariff preferences for the developing countries. Generalized preferences, which would eliminate tariffs on many manufactured and semi-manufactured products from the developing countries, would stimulate diversification of their exports and reduce their traditional dependence on foreign exchange earnings from raw materials and commodities. It is essential that rationalization of import policies of the industrialized countries include consideration of the developing countries in a major global economic readjustment. That step must be taken or there is serious possibility that the economic

plight of the poorer nations will convert into political conflict with the industrialized countries over relative shares of world economic growth and employment.

In both monetary and trade areas, developments are underway which are important to Latin America and other developing regions. As a result of landmark economic decisions made last year, over the next few years a new international monetary and trade system affecting all the world's peoples will emerge. The new system should serve fully the needs of developing, as well as industrialized, countries. It is only fair that the Latin American nations and other developing countries should be granted adequate representation in those decision-making forums seeking to reform the international monetary system -- such as the International Monetary Fund (IMF) -- and negotiating for improvement of the world trading system -- the General Agreement on Tariffs and Trade (GATT) -- which will produce policies directly affecting their interests.

The challenge for this decade is that men and nations will give commitment to faith in each other and realize the potential of their interdependence. Such an alliance recognizes our humanity and will contribute to global economic and social welfare, and make viable a true world peace.