APPENDIXES

APPENDIX I

A Report on Central America's Common Market and Its Economic Integration Movement

(Observations on the history, operations, and U.S. support of increasingly successful international agreements among Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica)

Contents

Introduction

During the last 2 weeks of January 1966 a brief but comprehensive study was made of the Central American Common Market (CACM). The time seemed propitious. The General Treaty for Economic Integration by which Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica agreed to establish the Common Market had marked its fifth anniversary and the CACM itself was approaching the close of 5 years of activity under that agreement. The Comité de Cooperación Económica del Istmo, the first of the Central American economic integration bodies, was about to meet for the first time in 3 years to evaluate the integration movement in conjunction with the United Nations Economic Commission for Latin America (ECLA) which had been highly instrumental in bringing the partner countries into integration channels. President Johnson had, in his January 1966 budget presentation to the Congress, once again confirmed the strong interest by the U.S. Government in Latin American integration and the high priority it gives to such movements.

A concomitant consideration was the forthcoming presentation to the Congress of the appropriation bill for the Agency for International Development (AID) which has been keenly interested for more than 4 years in the CACM, more or less paralleling the course of the Alliance for Progress—an interest indicated by its funding more than $83 million for CACM purposes. This sum is apart from the loans and grants made by AID to the five individual nations (and Panama) and the additional financial assistance provided by the United States through other U.S. agencies and the international organizations such as the Inter-american Development Bank (IDB).

It is stressed here that this statement on the U.S. assistance to the CACM should in no way be construed as depreciating the efforts of the Central Americans themselves who not only fathered the idea for economic fusion but contributed virtually all of the direction and economic means for the erection of this historic economic edifice.

The United Nations and the U.S. Government are not alone in showing high interest in the Central American mechanisms and success in knitting together their economic interests. As indicated by publications and correspondence, close observation is manifested in the world's principal centers of marketing and finance on the ability of the five small, generally underdeveloped countries to bind their economic relations despite political differences and national and private interests.