higher stage of development and much greater economic growth. It is our main response to the challenge of the Alliance for Progress. The success in this integration effort is a symbol of what we can do. It means that we Central Americans have faith in our own capacities to move ahead and gain greater economic, social, and political stability."

SECTION II. GROWTH AND PATTERNS OF TRADE, INDUSTRY, AND INVESTMENT

The General Treaty for Central American Economic Integration of 1960 was not fully ratified until 1963, when Costa Rica finally joined. However, the Central American Common Market actually began to operate in June 1961. Its progress in the 5 years since then has been impressive.

This is most apparent in the growth in trade among the five members. In 1960 it was under $8 million. It is expected that the final figures for 1965 will show an increase to about $130 million. This growth has confounded the experts who estimated that the CACM would not top the $100 million figure until about 1968.

Another important change that has occurred is in the composition of exports from one country to another. The percentage of trade of manufactured and semimanufactured goods is greater today than trade of natural products. In 1960 the regional trade was made up of 59 percent in agricultural products and 41 percent in industrial goods. In 1964 the division has shifted to 32 percent for the first group and 62 percent for the second one. In other terms, trade in agricultural and forest products increased substantially 73 percent over the period, but that in industrial goods was up a phenomenal 400 percent.

During the first semester of 1965, the items that increased faster were: (1) Manufactured products which represented 43 percent of the total; (2) food products which amounted to 28 percent; and (3) chemical products, 15 percent.

The foreign trade of the Common Market has increased at an impressive rate in recent years, and particularly has spurted forward in the last 3 years. The value of exports rose 37 percent and the value of imports 39 percent between 1960 and 1964, and both have continued advancing in 1965. The foreign trade total reached alltime highs in 1964 with totals of about $540 million for exports and $650 million for imports.

The composition of imports has changed substantially. The inflow of machinery and raw materials is rising sharply, while imports of durable consumers' goods and foodstuffs are increasing slightly.

GROWTH RATES

Although the region has run a persistent deficit in its foreign trade account, other items in the capital account of the balance of payments have compensated such losses.

While it is always difficult to isolate out the factors which are conducive to growth, there is good reason to believe that the increases in GNP attained by the five Central American countries in the last 5 years can be attributed in good part to the existence and stimulus of the Common Market. Growth rates last year ranged from 5 to 8 percent for four of the five members, while, even in the fifth, Costa Rica, a 4-percent increase was achieved despite continued substantial damage to its agriculture by volcanic activity. Despite the high population growth rates of between 3 to 4 percent (which are among the highest in the world) the CACM countries have thus been able to reach the per capita growth standard of 2.5 percent set by the Alliance for Progress.

According to the Central American Bank for Economic Integration, private investment rose about 18 percent in 1964, over the level of 1963, and continued growing in 1965 in all sectors of regional economy, especially in the fields of construction and industrial activities. Credit expansion has also occurred, giving more liquidity to the Central American economy. Whereas the formerly fragmented and insignificant individual markets ranging from 1 to 4 million people had little to attract United States and other foreign investors, the Common Market with over 12 million is gradually becoming the free world's newest economic showcase. In recent years there have been innumerable new companies started or old ones enlarged to provide an ever-expanding line of consumer goods for the Central American people.

A great number of U.S. firms are taking advantage of the new opportunities for investment in the Central American Common Market. Among them are: Alcoa Aluminum Co.; B. F. Goodrich; Colgate-Palmolive; Esso Standard Oil; Texaco