If I could do this first by turning to the first operative paragraph of the resolution, you will note it provides that Congress recommends, in support of the concept of a Latin American Common Market and after appropriate steps have been taken toward progressive establishment of such a market, that the United States furnish through the Inter-American Development Bank standby resources to be matched by Latin American countries to provide integration adjustment assistance to facilitate the transition to a fully functioning Latin American Common Market.

What we have in mind with this paragraph and the way it relates to the statement of the President and the testimony of the Secretary might perhaps be summarized as follows.

After the countries of Latin America have entered into a Common Market Treaty, after they have taken appropriate steps to begin to implement that treaty, after these steps have resulted in the diminution or lowering of certain tariff and trade barriers, it is likely that there will be dislocations affecting particularly the balance-of-payments situations of various of these countries.

For example, an industrialized country may be next to one which is far less industrialized. Tariff barriers are lowered. Goods will begin to flow between the two countries. Some of the industries, some of the labor in the less developed country will be adversely affected in its balance-of-payments situation.

This resource which would be provided for under this language would make it possible to offer temporary loans to tide over during that period of imbalance.

Our thought is that we would contribute toward such a standby resource commencing not until 1969 at the earliest, and probably not until 1970, a figure between a quarter and a half of a billion dollars.

For purposes of computation, we are assuming $450 million as the figure. This would be matched by the Latin Americans. We would be contributing and the Latin American countries would be contributing on a subscription basis, but the outside figure we have in mind there is $450 million as our share——

Mr. FRELINGHUYSEN. Annually?

Ambassador LINOWITZ. No; one contribution, $450 million as a single contribution toward this fund.

Mr. FARBSTEIN. Is this to be a revolving fund, or is it to be repaid?

Ambassador LINOWITZ. This is to be on a loan basis and therefore to be repaid.

Mr. GROSS. What if they don't match it?

Ambassador LINOWITZ. Well, we used the phrase "matching" meaning subject to agreement with reference to matching, and if they don't do their share, obviously we couldn't be expected to do our share.

Mr. SELDEN. Mr. Chairman, will the gentleman yield?

Isn't the amount to which you refer a maximum of $450 million but with the possibility it could be considerably less?

Ambassador LINOWITZ. As a matter of fact, we have no reason to believe that even a substantial portion of that will actually be required, but what we are talking about here is a figure of $450 million to be matched by the Latin American countries to constitute a fund which would be available for such integration assistance.