

buying stock in these larger companies, so I think that you will have the effect that you are talking about from two sources.

Mrs. KELLY. Is this going to contribute to diversion of our trade?

Mr. SOLOMON. No, we see no reason why it would. We believe that even more so than in the case of the Common Market in Europe, the trade-creating effects for the United States will swamp the trade-diverting effects, and I think we have proof of that in the statistics which I can submit for the record as to what has happened in the case of the Central American Common Market and the European Common Market.

Mrs. KELLY. Will you supply those for the record?

Mr. SOLOMON. Surely.

(The following information was subsequently submitted:)

TRADE-CREATING EFFECTS OF THE LATIN AMERICAN COMMON MARKET FOR THE UNITED STATES WILL SWAMP THE TRADE-DIVERTING EFFECTS—CASES IN POINT: THE EUROPEAN COMMON MARKET AND THE CENTRAL AMERICAN COMMON MARKET

U.S. exports to the two existing Common Markets, since their creation, have increased at rates double that of total U.S. exports during the same periods. From 1958, when the European Economic Community was initiated, total U.S. exports increased by 53 percent, whereas U.S. exports to the EEC increased by over 100 percent. From 1961, at which time the Central American Common Market became effective, U.S. total exports increased by only 30 percent, as compared with a 70-percent increase in U.S. exports to the Central American Common Market.

The European Economic Community now takes 17.6 percent of total U.S. exports as compared with 13.6 percent in 1958. This increase in U.S. exports occurred despite a marked increase in intrazonal trade in both areas, indicating that trade creation has more than offset any trade diversion which may have occurred due to integration. Attached are two tables which indicate the growth of U.S. exports to the two areas.

U.S. exports to the Central American Common Market, 1961-66

[Millions of dollars]

Country	1961	1962	1963	1964	1965	1966
Costa Rica.....	42	50	53	61	61	62
El Salvador.....	35	41	50	68	61	70
Guatemala.....	60	61	74	85	97	91
Honduras.....	37	43	44	50	54	68
Nicaragua.....	32	46	45	59	69	71
Total.....	207	240	265	323	342	362

Source: U.S. Department of Commerce, Bureau of Census.

U.S. exports to the European Economic Community, 1958-66

[Millions of dollars]

Year:	Value
1958	2,449
1959	2,420
1960	3,482
1961	3,571
1962	3,652
1963	3,994
1964	4,577
1965	4,966
1966	5,332

Source: U.S. Department of Commerce. Data for 1964-66 adjusted to include special category commodities.