generally conceded, however, that for the less developed countries, the results of the Kennedy Round were far from encouraging. Nevertheless, we should continue these efforts, along with a constant review and study of our own restrictive trade policies relating to products which, otherwise, could be imported advantageously from Latin America.

Looking to the future, we should be prepared for the emergence of the Latin American countries as exporters of semimanufactured and finished goods; and we should do all we can to encourage this development. Unhappily for Latin America, the incidence of tariff duties on products which they are in a most favorable position to process and manufacture increases with the degree of fabrication, thus creating a disincentive for industrialization. This is true of wool, cotton, rubber, wood, cocoa, leather, copper, and many other products.

I am not suggesting that the obstacles to Latin American industrialization and exports are all of our making or that they all are external in origin. The most difficult problems are the internal ones; the emphasis on import substitution behind tariff barriers rather than on efficient production for export; the formidable geographical barriers to internal trade and commerce; the limitations on economies of scale imposed by their small domestic markets; the prevalence of inflation, often self-inflicted as a result of overspending by governments on high-cost and inefficient industrial projects which might better be left to private enterprise; inexperience in producing for, and in cultivating foreign markets; and low productivity resulting from lack of education and industrial skills, and other factors. Nevertheless, despite these obstacles, such countries as Mexico, Brazil, and Argentina are developing significant export capacity in manufactured goods, and there are numerous opportunities in these and other countries for industrialization and exportation of indigenous raw materials, if the United States and other industrial countries are willing to open their doors just a little way so that some of these products can enter.

The Latin American nations, together with other less developed countries, have been urging for some time that the industrial countries should be willing to grant tariff and other trade concessions to them, without expecting reciprocity as a contribution to their economic growth and development. This was the dominant theme at the UNCTAD Conference in Geneva, and it was taken up by the Latin American nations at the recent Summit Conference at Punta del Este. President Johnson promised, at Punta del Este, to consider what might be done by the industrial countries in the way of providing such preferential treatment. Beyond this, there have been recurring suggestions by Latin Americans and their friends in the United States that our Government should extend such concessions or preferences on a Western Hemisphere basis, regardless of what other nations may do.

The principal argument against the granting of such preferential concessions is that this would violate the most-favored-nation principle and the commitments that the United States has undertaken as a leader in world trade, under the GATT agreements. As a matter of fact, however, the most-favored-nation principle is being violated every day by the entry of duty-free African products into the EEC countries, and by the longstanding system of British Commonwealth