

the statements made by President Johnson at the Meeting of Chiefs of State of America, to study, in conjunction with the other members of the Alliance, the possibility of creating a system which will enable the Latin American countries to enjoy, with respect to exports, advantages not inferior to those presently enjoyed by other developing regions, and which will insure, through this or other procedures, that no discrimination is practiced against Latin American products.

4. CIAP requests the member governments to study the establishment of an inter-American fund to finance regulatory stocks for some of the commodities exported by Latin America.

5. CIAP requests the governments of the region to make arrangements for consultations and make other necessary efforts to formally present the viewpoints and matters of concern of Latin America to the member countries of the European Economic Community and to the competent bodies of this entity. The Chairman of CIAP will propose to the Committee and to the member countries of the Inter-American System, the manner, procedure and time in which such efforts will be made, in accordance with the resolutions adopted in the Fifth Annual Meetings of the IA-ECOSOC.

VIII. *The reduction in the allocations for the Alliance for Progress approved by the U.S. Congress for fiscal 1967/68, the higher interest rates in capital markets and the uncertainty surrounding foreign trade, have created an atmosphere unfavorable to Latin America's development efforts, at a time in which the region shows evident progress in various fields of economic and social policy.*

The U.S. appropriation for technical and financial cooperation within the Alliance for Progress for the present year totalled US\$469 million, while the amount allocated for the previous fiscal year was US\$508 million. Although the cut was smaller than that of other areas, a decline of about one percent in Latin American exports took place, thus recording the first absolute decrease since 1958. At the same time, terms for public and private credit tend to become more burdensome. The substantial increase in fiscal receipts in a good number of countries was the only factor which made it possible to maintain a high level of public investment during 1967, which prevented, in the growth rate for the region as a whole, a drop from the rate of activity achieved in 1966. The possibility of stagnation or decline in financial aid, coinciding with extremely uncertain export prospects, is a dangerous prospect which, should it materialize, would sharply weaken the mobilization of internal resources in Latin America and significantly check its rate of development, and its social progress and stability. For these reasons, CIAP proposes:

1. That the Government of the United States provide increasing financial support to the Alliance for Progress in fiscal 1968/69.

2. That a study be initiated, in cooperation with the IDB, the World Bank, AID and other institutions, relative to the establishment of a financial mechanism, regional or international in scope, along the general lines of the so-called Horowitz Plan, designed to reduce the burden of interest rates on development loans.

3. That the growing burden of Latin America's debt service and the trends and prospects of exports should be subject to continuous analysis and observation. Sharp declines in export receipts which cannot be compensated by other means, should bring about the implementation of systematic procedures in order to decide upon the possibilities for a parallel reduction in debt service, through changes in the repayment schedule or postponement of installments, without affecting the possibilities for private investment. The Chairman of CIAP will initiate consultations with the competent authorities in connection with the feasibility of such a system.

STATE OF WASHINGTON,
Olympia, June 7, 1968.

HON. WILBUR D. MILLS,
Chairman, Committee on Ways and Means, U.S. House of Representatives,
Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN MILLS: It is with pleasure and concern that I submit a written statement for your committee's consideration, in contribution to the public hearings, now in progress, on proposed U.S. foreign trade legislation.

It is a pleasure because I believe that the states can and must cooperate closely with our Federal Government in evolving and implementing mutually equitable foreign trade policy. It is our difficult task to maintain, safeguard and