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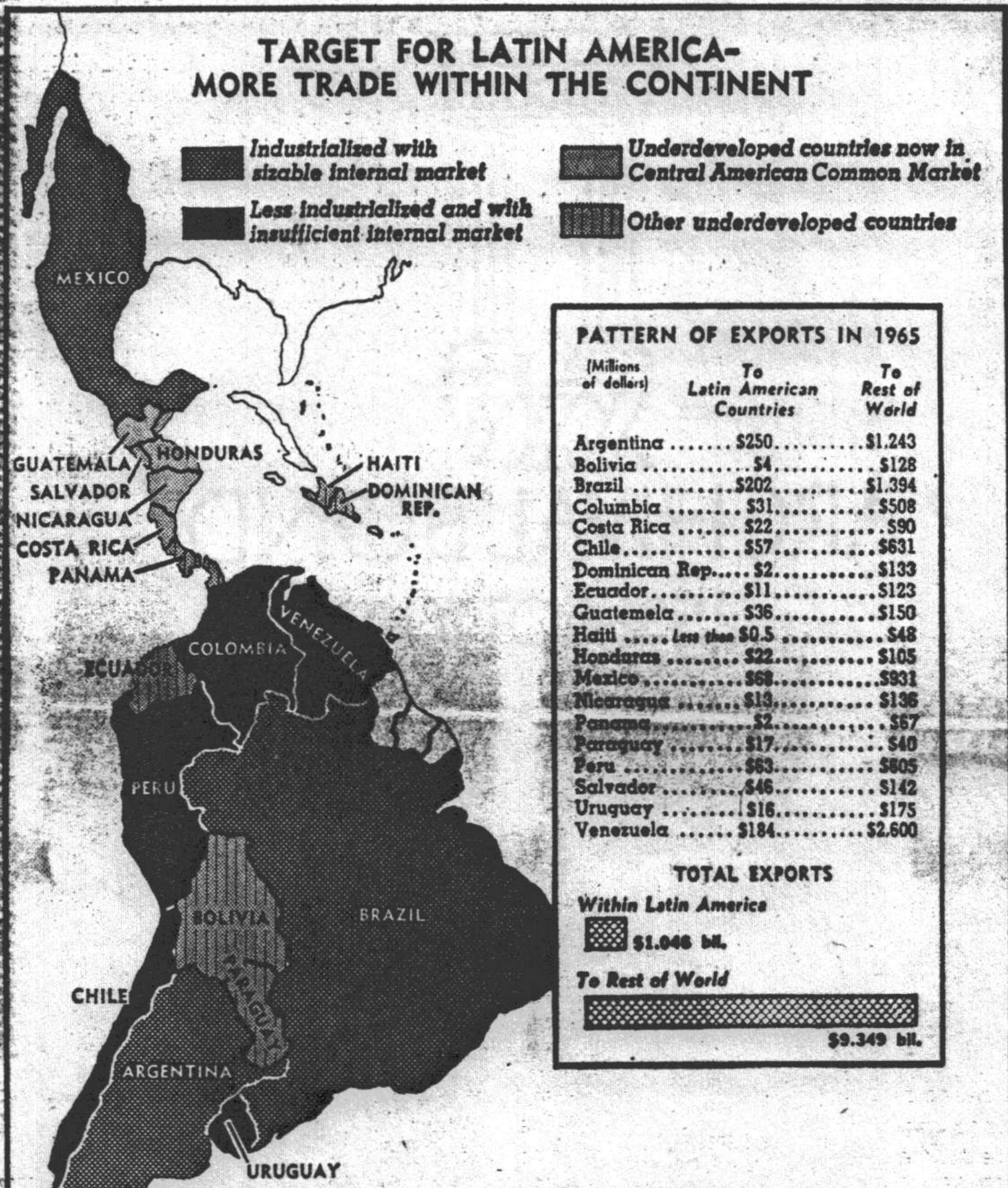

PATTERN OF EXPORTS IN 1965

(Millions of dollars)	To Latin American Countries	To Rest of World
Argentina	$250	$1.243
Bolivia	$4	$128
Brazil	$202	$1.394
Columbia	$31	$508
Costa Rica	$22	$90
Chile	$57	$631
Dominican Rep.	$2	$133
Ecuador	$11	$123
Guatemela	$36	$150
Haiti	Less than $0.5	$48
Honduras	$22	$105
Mexico	$68	$931
Nicaragua	$13	$136
Panama	$2	$67
Paraguay	$17	$40
Peru	$63	$605
Salvador	$46	$142
Uruguay	$16	$175
Venezuela	$184	$2.600

TOTAL EXPORTS

Within Latin America $1.046 bil.

To Rest of World $9.349 bil.

The Goal Is a Latin Market

By JUAN de ONIS

Special to The New York Times

WASHINGTON—The bold idea that 19 Latin-American countries join forces for development in a common market confronts the leaders of that region with prickly political problems.

The common market proposition will be taken up at the meeting of Latin-American chiefs of state with President Johnson at Punta del Este, Uruguay, on April 12. Mr. Johnson has promised substantial new funds to help bring the common market into being if the Latin-American chiefs agree that is what they want.

United States support for the regional market plan is new and important, and no hitch is expected in the adoption of the draft of a declaration setting 1985 as the terminal date for completion of the process by which Latin America would become one huge market, representing by then nearly 400 million people.

Economic Islands

Latin America is an archipelago of economic islands, widely differing in size, resources, and development. There are the industrialized "big three"—Brazil, Mexico, Argentina—with large internal markets and huge agricultural and mineral resources.

At the other extreme, Paraguay, Bolivia, and Ecuador are small in population (from two to four million people), heavily dependent on raw material exports, and barely beyond the handicraft stage in industry. In between, there are moderately industrialized countries, such as Chile, Peru, Colombia, and Venezuela, whose expansion in manufacturing and heavy industry are limited by narrow national markets.

In 1960, nine Latin-American countries, including the "big three," set up a so-called Latin-American Free Trade Area (LAFTA). They signed a treaty, open to all countries of the region, that was to have entirely removed tariff barriers for trade among the members by 1972.

At first, it seemed that this effort to increase trade in the area, and thereby promote development high protective tariffs. The result has been the emergence of parallel, high-cost industrial complexes, each producing the same kind of consumer goods and simple machinery.

To overcome that kind of duplication, LAFTA members have discussed so-called industrial complementation. In theory, for example, Chile, the region's major producer of copper, would specialize in selling fabricated wire, cable, and industrial copper products to neighboring Argentina, which would then sell Chile automobiles at reduced duties.

In fact, it doesn't work that way. Argentina has several copper fabricating plants that entirely supply its market, and wants only unprocessed copper ingots from Chile. And Chile has allowed a dozen foreign automobile assembly plants to get started in its country, so it doesn't want Argentine vehicles. Thus the impasse within LAFTA on a host of products.

Posing another problem to any regional trading arrangement is the fact that Argentina, Brazil, and Mexico feel they have sufficient internal markets to dictate terms to the smaller countries.

The medium and smaller countries, though favorably disposed toward integration, insist on terms that will help their own industrialization and refuse to be flooded by high-cost imports from the big neighbors.

There is thus a discernible tendency for the intermediate and smaller countries to group separately from the three large nations.

An interesting example of what five uniformly small, interconnected countries can do in integration is the Central American Common Market, created in 1960. It has boosted trade between the members from 4 per cent of total exports to 16 per cent, with a value of more than $100-million.

Hope to Join Market

The five Central American countries—Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica—want to join the larger Latin American-Regional market, along with Panama, but without jeopardizing their local common market.

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At first, it seemed that this effort to increase trade in the area, and thereby promote development of the member countries, would pay off. Intra-zonal LAFTA trade jumped from 6.8 per cent of the participants' total exports in 1962 to 9.8 per cent in 1965. But last year, the figure slumped back to 8.3 per cent, reflecting the impasse LAFTA had reached. No country was prepared to make real tariff concessions that would arouse the political ire of its industrialists.

"Everyone says they want integration; it means getting into the other felows market, but they don't want competition," said an inter-American agency official who has sat through many deadlocked trade negotiation sessions.

Each of the big countries has built up automotive, electrical, and other industries behind high protective tariffs. The result has been the emergence of parallel, high-cost industrial complexes, each producing the same kind of consumer goods and simple machinery.

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The five Central American countries—Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica—want to join the larger Latin American-Regional market, along with Panama, but without jeopardizing their local common market, which is now attracting foreign investments at a rate of $50-million a year.

The presidential summit meeting will seek to break the deadlock in LAFTA and proclaim a political decision in favor of a gradually constructed common market.

There are now 240,000,000 people in Latin America. With a regional birth rate of nearly 3 per cent a year, the population will rise to 385,000,000 in the next 15 years. This poses awesome, new social problems. If the Latin-American economies don't surge into a new rhythm of expansion, the pressure for jobs, food, homes, and public facilities will undoubtedly erupt in political upheavals.