

COUNCIL OF THE AMERICAS

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MIAMI -- A leading U. S. business executive today recommended to the Republican Party that it give priority attention to the individual nations and region of Latin America as part of its 1972 Platform foreign policy position.

Speaking before the Foreign Policy Subcommittee of the Republican National Committee Resolutions Committee, Mr. José de Cubas, Chairman and President of the Council of the Americas, reminded the panel that the United States cannot overlook the importance of the populous developing nations of the "Third World" to its future international security and economic prosperity.

Mr. de Cubas, stating that a "foreign policy posture would be deficient by not being global with special meaning to the developing countries where three-fourths of the world's population dwell," appeared on the third day of the Subcommittee's activities. The Republican National Committee on Resolutions will submit for approval a final version of the 1972 Platform to the Party Convention beginning here on August 21st.

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As the chief officer of the Council of the Americas, the association which represents 90% of total U. S. private investment in Latin America, Mr. de Cubas noted that historic and present-day realities make it a "propitious time for the United States to reinvigorate its bilateral and multilateral Hemispheric relationships with a viable commitment responsive to the forces of change, and the needs and interests of our Latin American neighbors."

Mr. de Cubas included as part of this "viable commitment" the following:

- Continued U. S. support for foreign assistance, investment, and trade policies which influence Latin American development; and

- Assurances that Latin American nations have adequate representation in future international monetary and trade negotiations.

Another recommendation offered by the COA spokesman was to place major emphasis on a country-by-country approach in our foreign policy dealings with the American republics, rather than a single, standard Hemispheric policy. The distinct "problems and prospects" of the individual Western Hemisphere nations necessitate this, he noted.

Continued U. S. backing for aid, investment and trade policies should be "complementary to Hemispheric objectives," Mr. de Cubas stated.

Foreign aid in its bilateral and multilateral forms, the COA official reminded the Republican panel, requires leadership and action from the Administration and Congress respectively on a sufficiently stable level of appropriations to convey a genuine U. S. commitment to Latin American development.

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Private investment was cited by Mr. de Cubas as an essential ingredient for development of the area. The COA representative indicated his organization shared the view expressed earlier this year by President Nixon that private foreign investment served to promote industrial and agricultural development in the less developed countries.

On January 19, 1972, President Nixon issued a "Policy Statement on Economic Assistance and Investment Security in the Developing Nations" in which he stated: "Private investment, as a carrier of technology, of trade opportunities, and of capital itself, in turn becomes a major factor in promoting industrial and agricultural development."

Mr. de Cubas added further that the \$800 million gap between external resource needs and anticipated receipts predicted to exist by 1973 in Latin America by the Inter-American Committee on the Alliance for Progress (CIAP) could not be closed by major increases in public funds alone. "Foreign private capital, . . . , is therefore essential," Mr. de Cubas stated.

The COA official emphasized further for the Republican Subcommittee the willingness of the U. S. private business sector to cooperate in Latin American development. "If continued to be welcome in Latin America," de Cubas said, "we will be glad to collaborate on pragmatic, individual private sector solutions which, if successful, may result in establishing much broader trends."

While describing in his prepared statement the importance of increased trade to the Latin American nations, Mr. de Cubas said that "only a more liberal international trade and investment environment can properly nurture efforts to improve the conditions of life in the developing world by providing the necessary link with global science and technology resources."

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He also pointed out that "improving market access for their exports is a gateway to their self-sufficiency and, therefore, should be an integral and priority part of our assistance programs." In this vein, Mr. de Cubas urged the United States to meet its commitment to the developing countries of instituting a system of generalized tariff preferences to eliminate tariffs on many of their manufactured and semi-manufactured products.

In the belief that a "new international monetary and trade system affecting all the world's peoples will emerge" in the next few years, Mr. de Cubas stressed that "it is only fair that the Latin American nations and other developing countries should be granted adequate representation in those decision-making forums."

The COA official cited the respective activities of members of the International Monetary Fund (IMF) to reform the world's monetary system and negotiations within the General Agreement on Tariffs and Trade (GATT) structure to improve the world's trading system as two such forums.

Mr. de Cubas, in addition to his COA position, is the President of Westinghouse Electric International, a corporate member of the Council of the Americas.

A full text of Mr. de Cubas' remarks to the Republican National Resolutions Committee Foreign Policy Subcommittee is attached.

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POLICY STATEMENT ON UNITED STATES' RELATIONSHIP WITH LATIN AMERICA

BY MR. JOSE DE CUBAS,
CHAIRMAN AND PRESIDENT, COUNCIL OF THE AMERICAS,
FOR PRESENTATION TO THE REPUBLICAN NATIONAL CON-
VENTION'S TEMPORARY COMMITTEE ON RESOLUTIONS

I welcome this opportunity to appear before you this afternoon and offer recommendations on U. S. relations with Latin America for your foreign policy review. I am the Chairman and President of the Council of the Americas, an association of more than 200 major U. S. corporations representing some 90% of all U. S. private investment in Latin America -- a force which is identified as positive for that region's development process. We believe that it is in the U. S. national interest to improve its relationships with the nations of Latin America.

The dynamics of today's global community of nations requires an interdependence, particularly in economic affairs, among all of its members. We cannot overlook the critical significance of the United States' relationship with the less developed countries of the "Third World," and particularly those of Latin America, which will be increasingly important to our long-range international security and economic prosperity. Recent U. S. foreign policy initiatives toward the super-powers of China and the Soviet Union are surely

evolution of their economic failures and successes. Although the main impetus in development must undoubtedly come from self-help efforts within these nations, our external support is warranted to help them achieve essential progress. The critical need of the developing countries of Latin America is for increased economic growth to confront population, employment, and income distribution problems. Their political imperatives for growth require rapidly increasing trade and financial flows from the rest of the world. Our assistance could contribute to a less turbulent and more vigorous modernization process with favorable benefits for those developing countries and for our interests.

The U. S. should continue to support aid, investment and trade policies complementary to Hemispheric objectives. The U. S. bilateral capital and technical assistance programs and the growing effectiveness of multilateral institutions -- such as the Inter-American Development Bank -- in channeling such aid responds credibly, although modestly, to Latin America's serious resource needs. Such aid, however, needs both Administration leadership and Congressional action on appropriations at a sufficiently stable level to reflect a sincere U. S. commitment to that region's development.

In regard to investment, the President remarked earlier this year on the subject of foreign economic assistance that: "Private investment, as a carrier of technology, of trade opportunities, and of capital itself, in turn becomes a major factor in promoting industrial and agricultural development." The Council, as well as many other groups, share the President's view. The

with recognized international legal standards. When unresolved investment disputes do arise, however, we believe more use should be made of a range of impartial settlement procedures. We support the existing International Center for Settlement of Investment Disputes within the World Bank group, as well as the establishment of the International Investment Insurance Agency now under discussion in the World Bank group.

In regard to international trade, we believe that restrictive trade and investment policies are retrogressive to national and world economic development objectives. Moreover, only a more liberal international trade and investment environment can properly nurture efforts to improve the conditions of life in the developing world by providing the necessary link with global science and technology resources. Improving market access for their exports is a gateway to their self-sufficiency and, therefore, should be an integral and priority part of our assistance programs. Accordingly, the United States, as other industrialized nations, should fulfill its commitment to implement a system of generalized tariff preferences for the developing countries. Generalized preferences, which would eliminate tariffs on many manufactured and semi-manufactured products from the developing countries, would stimulate diversification of their exports and reduce their traditional dependence on foreign exchange earnings from raw materials and commodities. It is essential that rationalization of import policies of the industrialized countries include consideration of the developing countries in a major global economic readjustment. That step must be taken or there is serious possibility that the economic