Sir,

As I have already informed you, I took advantage of my trip to Chile earlier this year to visit, in my capacity as Chairman of the CONTRACTING PARTIES, a number of GATT members in Latin America. On this occasion I had talks with officials having responsibility for matters at present arising in those countries and which may be related to the application of the underlying principles of the General Agreement. In this spirit I visited Rio de Janeiro, Montevideo, Buenos Aires, Santiago and Washington where high government and administrative officials and eminent members of the business community and of the press extended to me the most friendly welcome.

The many conversations that I had on this occasion have left me with the feeling that the problems arising out of changing circumstances throughout the world are roughly similar in the various countries of Latin America and that, therefore, the reaction of public opinion, the preoccupations of governments and suggestions by experts and specialists are practically the same in all of them.

The instability of international prices for primary commodities, on the exportation of which the import capacity of such countries depends, the continuing deterioration in their terms of trade, the structural disequilibrium of their balance of payments, the stagnation or the insignificant increase in the gross national product, creeping inflation, the difficulties encountered in the financing of the State budget and the lack of adequate inflow of foreign capital which might make it possible for industrialization to proceed at a reasonable pace, the feeling of diffidence and of anxiety aroused by the establishment of the European Common Market, are concerns shared in common by all the countries I visited and are present in everybody's mind.
While some of these topics were referred to in rather general terms in the course of my conversations, others, on the other hand, were dealt with very specifically from the short-term point of view and the determination was expressed to seek and to achieve positive solutions as expeditiously as possible.

Generally speaking, hope was expressed that a way out of the most obvious and the most immediate difficulties could be provided by a process of industrialization which would free the various countries from their dependence on trade in primary commodities and would enable them to diversify their economies and raise the standards of living of the various classes of the population.

However, industrialization raises very complex problems and it was felt that if these are to be faced and if an undertaking of such magnitude is to be carried out, it would be necessary to establish a wide regional market. This should make it possible to increase consumption, to ensure the inflow of capital necessary for the installation of industries equipped in accordance with the most recent technological developments, to increase output and productivity, to deflate prices and to eliminate the existing unsound relationship between economic development and inflation. At the same time a wide regional market should make it possible, in conformity with the objectives of the General Agreement, to contribute towards ensuring full employment and a large and steadily growing volume of real income and effective demand.

The entry into force of the European Common Market has afforded strong support for such conceptions. In fact, the idea is not a new one. Under the guidance provided by the studies undertaken by ECMA it seems to be leading towards the institution of a free trade area which one day may result in the progressive integration of the economies of all these countries.

The action which GATT could undertake in this field is not generally known. This is not surprising if one considers that the studies, both legal and practical, which have been conducted by the CONTRACTING PARTIES in relation with the organization, the structure and effects of the European Common Market and the Association of Overseas Territories, have not aroused much interest in Latin American countries where hardly anyone is aware of the efforts undertaken in order to define, to reduce and eventually to eliminate the possible harmful effects of such Association on the export trade and on the economy of Latin American countries which produce tropical goods.

Unfortunately the Spanish text of the Haberler report had not yet been published at the time of my trip to Latin America and this may be the reason why the studies to which it has given rise in order to bring about a further expansion of international trade, within the framework of the committees set up by the thirteenth session (which were then sitting in Geneva), had not come to the knowledge of the governments, the public or the press. However, during my talks with officials, politicians and journalists, I noted that, as was only natural, the terms of reference of the three committees and any action which their work might lead to, were of positive interest to them.
The prospect of a new round of tariff negotiations which might include the common external tariff of the European Economic Community, and the tariff reductions proposed by the United States, did not arouse any special interest. This is understandable if one considers that Latin American countries have become gradually aware that the special characteristics of international trade in primary commodities which constitute the most part of their exports place them in an unfavourable position when they have to negotiate with countries exporting manufactured goods. This situation is further aggravated by the deterioration in the terms of trade and by the fact that Latin American tariffs are obsolete and technically inappropriate to conduct such negotiations adequately. Furthermore this, as you know, is the reason why all countries in Latin America have undertaken a study for the modernization of their tariff structures and their commercial policies.

These considerations clearly indicate that the past or present work of GATT and its possible future action in relation to all the problems mentioned above, are not or little known except to a small number of specialists. This, as I have already had occasion to say, seems to be partly attributable to the very arduous and technical nature of the General Agreement and of the work of the CONTRACTING PARTIES and also to the fact that they work in the silence of private meetings without the assistance of adequate information media. The press which could help us considerably towards the achievement of the tremendous tasks outlined in the Preamble of the General Agreement, does not and, in fact, cannot find in our press releases enough material to give news value and life to the information and comments which it publishes on the GATT. It may well be that even our discussions could not provide this, because in our debate we side-step all major human problems, ignore the dramatic side of things and very rarely indulge in oratory. Nevertheless I am of the opinion that something along the right lines could and should be undertaken in this field.

But this will not resolve the problems which arise for the future and the existence of GATT because the contents of GATT, its technique, action and latent possibilities are almost totally unknown in all Latin American circles, with a few exceptions.

If this situation were to last, I do not believe that GATT could continue sound and active. If this situation is to cease, which involves the obligations ensuing from the General Agreement and the advantages accruing therefrom, in order that action by the CONTRACTING PARTIES may be meaningful, and in order that the real bonds between the GATT and national communities may be felt more directly, there is need for continuing contacts and presence and it is necessary that the natural voice of GATT should be heard permanently.
After giving serious consideration to the matter I have come to the conclusion that the only practical way to secure this result would be to establish a regional GATT office, as you yourself suggested, covering all Latin American countries. Such an office would maintain continuing and dynamic contacts with the local authorities, the press, representatives of producers and trade, establish useful cooperation with other regional offices with headquarters in Santiago, and co-ordinate its activity with the action undertaken by ECLA in closely related fields which, in fact, sometimes coincide or overlap with the GATT sphere of activity.

I believe, Sir, that you would be doing good service if, in the light of the impressions I have received during my visit and which I have endeavoured to summarize in this letter, you would undertake to raise the question again with the CONTRACTING PARTIES.

Fernando Garcia Oldini