

CEPAL

Review

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Latin American Economic Conference

At the recent Latin American Economic Conference (Quito, 9 to 13 January 1984), twenty-six representatives of Latin American and Caribbean countries signed the "Declaration of Quito" and a "Plan of Action", documents proposing concerted action to face up to the crisis and the adoption of various measures to reactivate the economy and cope with the external debt.

The first step towards the Quito agreements was taken on 11 February 1983, when the President of Ecuador, Mr. Osvaldo Hurtado, asked ECLA and SELA to prepare "a set of proposals designed to develop the response capacity of Latin America and to consolidate its systems of co-operation". On 16 May 1983, the Executive Secretary of ECLA, Enrique V. Iglesias, and the then Permanent Secretary of SELA, Carlos Alzamora, transmitted to the President of Ecuador a joint document entitled "Bases for a Latin American Response to the International Economic Crisis", published in No. 20 of this *Review*. It was also received in Quito by the personal representatives of the Heads of government of the countries of Latin America and the Caribbean. Subsequently, in the Dominican Republic, between 1 and 3 August, the document was revised, and thence emerged the "Santo Domingo Agreement". Inspired by the spirit of this document, the countries of the region agreed to meet in Quito, at the Latin American Economic Conference, for which the bases were prepared in the meantime by a Follow-Up Panel (which had met earlier at San José, Costa Rica), with the technical support of ECLA and SELA.

DECLARATION OF QUITO AND PLAN OF ACTION

The Heads of State or government and the Personal Representatives of the Heads of State or government of Latin America and the Caribbean, meeting in the city of Quito, on 12 and 13 January 1984, at the Latin American Economic Conference convened on the initiative of the Constitutional President of Ecuador, Mr. Osvaldo Hurtado—an initiative which all the governments of the region welcomed with appreciation and enthusiasm—in conformity with the provisions of the Santo Domingo Agreement, in order to prepare a Latin American and Caribbean response to the economic crisis affecting the region, hereby agree to the following.

DECLARATION OF QUITO

1. We reaffirm the brotherhood and solidarity of our peoples and their aspiration to live within a framework of democratic principles, and we reassert our unity in diversity and respect for the sovereign right of all the nations of Latin America and the Caribbean to follow their own economic, social, and political paths in peace and freedom and exempt from all forms of foreign intervention, repudiating politically-motivated discriminatory or coercive economic measures, and ensuring the full exercise of human rights and the benefits of progress for all their inhabitants in an environment free of external pressures, threats and aggression.
2. We reiterate our commitment to eliminate once and for all any recourse to the threat or the actual use of force in the solution of international conflicts. We once again call for disarmament so that the resources squandered on the arms race and armaments can be reallocated to objectives that will help to strengthen the development of all the peoples of the world. There is an essential link between the problems of peace and of development, since without peace, development will be unattainable, and without development, peace will always be precarious.
3. We express our concern over the recrudescence of tensions overshadowing international relations and already engulfing many areas of the earth, thereby constituting a serious threat to world peace. Latin America and the Caribbean are not disposed to serve as an arena for external confrontations, and firmly believe that the region's problems can and must be resolved within its own sphere, thereby ensuring that Latin America will be a zone of peace.

4. We repudiate the interventionism which has recently and dramatically manifested itself in the region, and we stress the need to find a negotiated solution to the problems of Central America that arise from the economic, social, and political conditions prevailing in that area, to which end we lend our full political support to the Contadora Group.

We are aware, moreover, that at the present time the Central American countries are suffering most acutely from the economic problems which are affecting Latin America and the Caribbean. Consequently, we wish to offer our backing to the Action Committee for the Support of Economic and Social Development in Central America (CADESCA), a Latin American regional mechanism recently established as part of SELA to assist, *inter alia*, in mobilizing resources for economic and social development aimed at solving the major problems of the Central American peoples.

5. Latin America and the Caribbean are facing what is the most serious and deep-seated economic and social crisis of this century, characterized by unique and unprecedented features.

6. In face of the economic and social setbacks brought about by this crisis in recent years, we hereby lay before international public opinion our profound anxiety over the conditions prevailing in the world economy which are seriously affecting the region's development and stability.

7. The crisis demands urgent solutions through joint measures founded on regional co-operation and on the forging of a common position designed to strengthen the region's capacity for response. This response must make the most critical conjunctural situations its immediate concern, and at the same time must take a medium- and long-term view directed towards dealing with the structural causes of the crisis as well, international co-operation for development being increased and rendered more effective on terms in keeping with the scope and seriousness of the economic crisis to-day.

8. This crisis originated in internal and external factors, and success in surmounting it is largely dependent on the latter, which are beyond the control of our countries and which place serious constraints upon the options open to us for overcoming it. The economic policies of some industrialized countries have severely affected the developing countries and, in particular, those of the Latin American and Caribbean region, owing to the vulnerability and dependence of its economies and their increasing participation in international economic relations. These policies have brought about a constant deterioration of the terms of trade, a decline in trade itself, an inordinate increase in interest rates and an abrupt reversion of capital flows. The overwhelming burden of our external indebtedness forms part of this picture.

9. The most pernicious social effects of this situation take the form of an unprecedented increase in unemployment, a substantial reduction of real personal income and a severe deterioration of the population's levels of living, with serious and mounting consequences for the political and social stability of our peoples, the persistence of which would have in its turn, still greater negative effects on our economies.

10. In order to make the region more autonomous, we are prepared to mobilize the human and material resource potential of Latin America and the Caribbean so as to formulate a joint response to the crisis affecting us, giving impetus to and co-ordinating the endeavours of regional institutions, in which cause we pledge all our political will.

11. Adjustments resulting in prolonged declines in production, employment and levels of living are not compatible with the objectives we pursue. Consequently, what is required of the international community is concerted action that will enable the countries of the region to resume their development in favourable conditions without further delay.

12. The Latin American and Caribbean response to the crisis is based on the need to complement the efforts of each country and those made at the subregional level by strengthening regional co-operation and integration.

13. This response calls for the firm and resolute participation of all the national sectors of our countries, and its goals will be attained only if the benefits deriving therefrom are fully and effectively extended to the rural and urban underprivileged groups, which must be completely integrated into the development process in order to enjoy a life of human dignity. In this context, the resolve to support, *inter alia*, action aimed at achieving and maintaining regional food security is ratified and assumes particular importance.

14. However, the region's own efforts alone are not sufficient for surmounting the crisis. It is essential that they be complemented and reinforced by significant external support, principally in the areas of trade and financing.

15. There is a close and inseparable link between foreign trade and international finance. Only joint handling of the two factors, which, among other effects, makes it possible to increase our countries' capacity to pay—to which capacity debt servicing must necessarily be adjusted—will contribute to a positive solution of the external debt problem.

16. The attitude of the Latin American and Caribbean governments in recognizing and assuming their obligations calls for an attitude of shared responsibility on the part of the governments of the creditor countries, the international financial institutions and the international private banks respecting the solution of the external debt problem, with due regard, moreover, to its political and social implications. Consequently, flexible and realistic criteria are required in the renegotiation of the debt, including maturities, grace periods, and interest rates, compatible with the recovery of economic growth. Only in this way can the continuity of debt servicing be ensured.

17. We draw attention to the fact that it is neither fair nor rational that the countries of the region have become net exporters of capital, thereby compounding their precarious economic situation, a state of affairs which will finally prove contrary to the interests of the industrialized countries themselves and of the world community.

18. Furthermore, we would indicate that the maladjustment between the fiscal and monetary policies of certain industrialized countries is the cause of the rise in real interest rates, which has persisted despite the fact that inflation has been reduced, and has very severely exacerbated the present situation. We therefore request that the international community make the adjustments necessary to eliminate the causes of this distortion.

19. We reaffirm the urgent need to adopt measures designed to reform the international monetary and financial system.

20. Concurrently with the aggravation of financial problems we are witnessing a stagnation and even an ebb of world trade levels. World trade has recently ceased to play its role as a driving force in the economy and has drastically reduced its contribution to the developing countries' supplies of foreign exchange. The restriction of the developing countries' imports, enforced by the crisis, has lowered trade levels to an even greater extent and has brought about a contraction of their economies.

21. We view with alarm the increase in the protectionist measures of the industrialized countries, which to a great extent have closed their markets to exports from our countries, despite the fact that the volumes exported in no way caused internal problems in the markets in question. We once more urge the industrialized countries to abstain from setting up new protectionist barriers and to proceed to dismantle those already existing.

22. We maintain that measures restricting access to markets and confining the scope of the General System of Preferences through the application of limiting and discriminatory criteria, such as ranking, quotas and reciprocity requirements, should be revoked.

23. The prices of export commodities have dropped to extremely low levels, bringing about successive

deteriorations in the region's terms of trade. In this light, we propose to adopt and promote the multilateral action necessary for dynamic price stabilization, thereby stepping up export earnings.

24. We formally call the attention of the leaders of the industrialized countries to the seriousness of the region's economic situation, its high social cost and the need to participate with all urgency in measures to confront the crisis, both directly through their governments, and through the international organizations.

25. The energy sector is of special importance to the social and economic development of our peoples. The region will intensify its efforts to achieve and maintain a high level of self-sufficiency in energy, with technological autonomy. In this context, recognition is accorded to the importance of supporting the Latin American Energy Organization (OLADE) in attaining its objectives and in implementing the Latin American Energy Co-operation Programme (PLACE).

26. We submit to the international community our conviction that if Latin America and the Caribbean resume their economic development, they will once again become a dynamic element in the much-needed and sound recovery of the world economy.

27. Finally, in the spirit of the Buenos Aires Platform, we express our will to strengthen the unity of the developing countries and to promote a joint strategy for the revitalization and development of the world economy.

We believe that this solemn occasion is proof of the permanent resolve of our countries to maintain, despite all obstacles, the regional unity which is an essential requisite for our development.

We have agreed upon a response that includes challenges and promises. Its implementation is obviously dependent upon the efficiency of our negotiating capacity and on the diligence with which the regional and subregional institutions and organizations carry out the tasks we are entrusting to them here.

Consequently, we respectfully request His Excellency, the Constitutional President of Ecuador, Dr. Osvaldo Hurtado Larrea, to ensure that the Declaration and Plan of Action adopted here be formally transmitted to the Heads of State or government of developing countries members of the Group of 77 and to the Heads of State or government of the industrialized countries, as well as to the appropriate regional and international institutions and organizations.

We request the relevant regional and subregional bodies to prepare progress reports on the execution of the activities and tasks entrusted to them and to transmit them to the Regular Meeting of the Latin American Council of SELA for the purposes of analysis and evaluation of the progress of the Plan of Action.

We wish to thank the People and Government of Ecuador for their magnificent hospitality and the city of Quito for having served as the historic setting for this Conference.

PLAN OF ACTION

The Plan of Action which follows constitutes, as regards intra-regional co-operation, a balanced set of commitments and measures, both in its formulation and in its practical application; it is consistent with differential treatment according to the countries' degree of economic development and is designed to strengthen co-operation and development in the region. The prompt execution of any one of these measures will effectively contribute to the implementation of the rest.

I. FINANCE

1. *The external debt*

a) *Basic criteria*

Responsibility for the external debt problem must be shared both by the debtor countries and by the developed countries, the international private banks and the multilateral financial institutions.

The responsibility of the Latin American and Caribbean countries has already been assumed via drastic economic adjustments and enormous efforts to honour their international commitments, despite the high social, political and economic cost thereby implied.

From these circumstances, and from the need to maintain adequate levels of development in Latin America and the Caribbean and avert worse crises in the international economic and financial system, derives the coincidence of interests, in practice, on the part of the above-mentioned actors in the urgent solution of the region's external debt problem.

Furthermore, the close relation between trade and financing also requires that any solution of the payments problem should adequately combine these two factors and should be of a permanent character.

In future the adjustment process will have to be conducted through an increase in export prices and volumes and a reduction of real interest rates, not through additional restriction of imports that are vitally necessary for reactivation of the internal economy.

The magnitude of the regional economic recession and the persistence of adverse external factors make it imperative that any future arrangements and negotiations respecting the external debt undertaken by our countries on an individual basis should reconcile the demands of debt servicing with each country's needs and development objectives, by reducing to the greatest possible extent the social cost of the current adjustment processes.

In the light of the foregoing considerations, we adopt the following basic criteria:

- i) In renegotiating the external debt, export earnings should not be committed beyond reasonable percentages consistent with the maintenance of adequate levels of internal productive activity, taking into account the characteristics proper to the individual countries' economies;
- ii) Formulas should be introduced to lighten the burden of debt service payments, by drastically reducing interest rates, commissions and spreads of all kinds, which substantially increase re-financing costs. Moreover, mechanisms should be explored to stabilize over time the amount of resources allocated to debt servicing, in accordance with the payments profile of each country;
- iii) Agreement should be reached on servicing periods and maturities substantially longer than at present, and more liberal grace periods, and the possibility of converting a considerable part of the accumulated debt into long-term securities should be urgently explored. This will require the co-operation of the governments of developed countries and of the international financial institutions;
- iv) The maintenance of a net, adequate and increasing flow of new public and private financial resources for all the countries of the region, as an essential component of external debt renegotiations and as a guarantee of the social and economic development of the Latin American and Caribbean countries, should be ensured through the granting of additional commercial and financial credits;
- v) Likewise, in order to strengthen our countries' payment capacity, debt renegotiation should be accompanied by commercial measures essential to improving the terms of access for exports from Latin America and the Caribbean to world markets and by the elimination of increasing protectionist practices on the part of the developed countries.

b) *Exchange of information and technical assistance*

We consider it necessary for the Ministries of Finance or Economic Affairs and the Central Banks of the countries of the region to establish systems of efficient, direct and confidential exchange of information on the terms for refinancing and rescheduling the said countries' external debt.

We also recommend that whenever so requested by any country or countries of the region, the appropriate international organizations, such as SELA, CEMLA, ECLA, UNCTAD and UNDP, as well as the governments of the region, should provide technical assistance in renegotiating the external debt, drawing upon available capacity and experience with the timeliness and urgency required.

Lastly, we recommend that Ministers of Finance or Economic Affairs and Presidents of Central Banks of Latin America and the Caribbean should meet when circumstances so warrant, or should include specific consideration of external debt problems and exchange of information regarding the external debt on the agenda of any meetings they may hold.

2. Support mechanisms for the expansion of intra-regional trade

a) Strengthening of clearing mechanisms

We agree that it is essential to improve and extend the coverage of the present systems for reciprocal settlements and credits in the region by drawing on the experience of the region's clearing systems and temporary financial support arrangements. It will therefore be advisable to expand forms of intervention in order to improve financial co-operation among the countries of the region.

It is hoped that these systems will be instrumental in achieving the following basic objectives:

- i) Further reduce the use of convertible currencies in the region's goods and services transactions;
- ii) To design and implement financial mechanisms aimed at increasing trade in the area; and
- iii) To develop viable mechanisms which may serve to attract extra-regional resources.

Importance should be given to the relationship between multilateral clearing mechanisms and trade negotiations, as well as to the establishment of means for attracting resources from outside the region to complement generalized promotion of trade among our countries.

We agree to strengthen and lend the greatest possible support to the financial clearing and monetary co-operation mechanisms serving the countries of the region.

In addition to studying formulas relating to the possibilities of incorporating other Central Banks which are not members of the existing subregional schemes, we recommend consideration of the following general objectives:

- i) Multilateral clearing of balances on transactions carried out through the system;
- ii) Financing of certain cases of international lack of liquidity by granting special credits, issuing international monetary instruments and attracting financial resources;
- iii) Development of regional economic integration to facilitate commercial and financial exchanges; and
- iv) Establishment of procedures for adjusting the imbalances generated in the course of regional trade by means of expanded trade commitments and specific finance mechanisms.

These objectives shall be considered within the framework of maintenance and strengthening of subregional mechanisms for supporting deficits produced by interregional trade, which will help to give liquidity to goods and services transactions among the countries of the area.

We recommend that ALADI, in co-ordination with other regional financial organizations, submit a study as soon as possible on the possibility of establishing a reserve fund to finance balance-of-payments deficits.

We recommend to the member countries of the ALADI Agreement on Reciprocal Payments and Credits and the Santo Domingo Agreement that they complete the study of formulas which will make it possible for other Central Banks of the region to subscribe to these arrangements, recommending to the said Central Banks that they study the possibility of completing the respective process of concerting bilateral credit lines.

b) Financial support mechanisms for intra-regional trade

In line with the objective of expanding our trade at the regional level, we consider it necessary to strengthen and develop export financing mechanisms and for this purpose request SELA, ECLA, ALADI

and CEMLA, together with BLADEx and the subregional financial organizations, to carry out a study to identify and broaden the scope of existing financing mechanisms and identify new intra-regional instruments to promote exports within the region and to third countries.

This study will be considered at a technical meeting of government officials responsible for foreign trade financing, in conformity with Decision No. 174 of the Latin American Council of SELA.

3. International economic relations

The serious difficulties currently faced by the Latin American and Caribbean countries are closely linked to the structural deficiencies of the international economic relations system in the monetary, finance, and trade areas. In that context, we reaffirm our support for the proposals of the Group of 24 regarding the urgent need to reform the international monetary and financial system with the aim of securing a more equitable world-wide institutional framework to facilitate orderly development of the world economy. We likewise reaffirm our support for the proposals agreed upon at regional and interregional levels, successively put forward in various international forums by the Latin American and Caribbean countries, and taken up in the Buenos Aires Platform resolutions and at the Cartagena Ministerial Meeting for Latin American Co-ordination.

In the present circumstances it is especially important that the following measures be adopted in the monetary and financial, trade and development financing fields:

a) Monetary and financial system

- i) That International Monetary Fund resources be increased in line with the financial assistance requirements of developing countries; and that IMF be urged to participate temporarily in international financial markets with a view to procuring additional resources;
- ii) That new Special Drawing Rights be issued in amounts that will satisfy international liquidity requirements and solve the payment difficulties of developing countries as well as making SDR the main reserve assets;
- iii) That IMF conditionality criteria—which, in present circumstances, can endanger our stability and development—be revised so as to give greater importance to the expansion of production and employment and to take fully into account the countries' development priorities and their political and social limitations, in order that they may realistically cope with the internal adjustment requirements imposed by the present world-wide economic recession;
- iv) That access to IMF resources be made more liberal and more flexible, especially by increasing drawing capacity as a percentage of quotas;
- v) That IMF—to which we shall submit this proposal—effectively perform its functions in respect of monitoring the economic policies of the industrialized countries, with a view to making possible better co-ordination of those policies so as to ensure that the adjustment process is equitable.

b) Trade

The expansion of Latin American and Caribbean exports to the markets of industrialized countries is essential, not only to strengthen our countries' payment capacity but also to ensure the region's sustained and stable development.

We therefore urge the developed countries to abolish their increasing protectionist measures, which hamper and restrict world trade.

The concept of financial and trade ranking applied to the region in various international markets and economic organizations and in certain bilateral relations must likewise be eliminated as being unjust and incompatible with our countries' development requirements, besides limiting their payment capacity.

c) *Development financing*

It is necessary to substantially enlarge the resources of the Inter-American Development Bank and of the World Bank group, and to recommend that the latter increase the proportion of resources it channels into Latin America and the Caribbean. The policies of these organizations regarding the granting of credit must be flexible enough to adapt to national policies and to the development priorities of member countries. In this context we make the following recommendations:

- i) The measures taken by the Inter-American Development Bank and the World Bank for the purpose of establishing special action programmes have benefited the region; however, both institutions should reinforce measures directed towards accelerating disbursements, thereby reducing local counterpart fund requirements;
- ii) The financial institutions which channel their resources into the region should incorporate in their operational policies the principle of significantly increasing programme loans. Furthermore, these institutions should appreciably increase financial resources for the support of multinational development projects;
- iii) The Inter-American Development Bank should play a greater part in strengthening regional co-operation and integration mechanisms. In this connection, provision will have to be made for an increase in financing for development projects or programmes related to export expansion, and for programmes conducive to the strengthening of regional financial and monetary mechanisms;
- iv) In view of the existing financial gap in Latin America and the Caribbean, the resources agreed upon under the VI Resource Replenishment of the Inter-American Development Bank are considered to be insufficient and should therefore be increased without delay.

It is also important to augment the resources of the financial co-operation mechanisms of the United Nations system and to ensure greater flows of concessional resources to the Latin American and Caribbean countries from the mechanisms in question.

We likewise recommend, with regard to subregional financial institutions and national development banks;

- i) That an increase in the flow of additional external resources into investment projects be promoted through co-financing arrangements agreed upon by multilateral institutions and Latin American subregional development financing mechanisms with international private banks;
- ii) That it be made possible, by means of suitable legal instruments, for Latin American resources to be pooled, in the form of both capital and technology, for projects of common interest, through the co-investment mechanism, with the participation of national or subregional financial institutions and of regional and/or extra-regional entrepreneurs or investors.

We therefore consider it of special interest to lend the necessary support to the steps being taken to promote the establishment of intra-regional co-investment mechanisms as a means of contributing to Latin American regional integration.

II. TRADE

1. *Commitment on non-tariff barriers to intra-Latin American trade*

We assume a commitment not to introduce, as from the present date, any new non-tariff restrictions on imports from Latin America and the Caribbean and progressively to abolish or reduce existing restrictions through negotiations whose deadlines, criteria and procedures we engage to adopt within the present year. The fulfilment of this commitment shall not signify any modification of the obligations we have contracted under multilateral or bilateral trade agreements. We shall consult one another whenever emergency situations arise that may impede fulfilment of these commitments.

For the purposes of the present agreement, we shall not consider as additional restrictions on trade any changes in the non-tariff protection structure that any of our countries may be forced to adopt in order to make rational use of its foreign currency reserves or to give its industries the

protection they require in face of the changing international economic situation, taking into account that such modifications will be of a conjunctural and temporary nature and consistent with its obligations within the framework of regional integration agreements, when the case arises.

At its Tenth Regular Meeting, the Latin American Council of SELA will decide upon the negotiations referred to in this section and on the procedure for evaluating their results, with the participation of the Secretariats of the Latin American and Caribbean integration systems.

2. Increase in exchange of goods and services among the Latin American and Caribbean countries

a) Latin American regional tariff preference

We agree on the need for countries of the region to benefit their reciprocal trade by establishing a tariff preference substantial enough to divert and create trade flows in the direction of Latin America and the Caribbean, taking into account the diversity of development levels of the countries of the region.

Consequently, we urge the member countries of ALADI to bring to fruition during 1984 negotiations for establishing the regional tariff preference for which provision was made in Article 5 of the 1980 Treaty of Montevideo, in accordance with resolution No. 5 of the Council of Ministers, through an Agreement of Regional Scope, open to accession by those Latin American and Caribbean countries which are not members of ALADI.

To this end, ALADI will hold consultations with the other Latin American and Caribbean countries and with subregional integration organizations in order to report on the progress made in the said negotiations.

The Latin American and Caribbean countries which are not members of ALADI will be free to participate in the negotiations and in the Agreement for the purpose of implementing the Latin American Tariff Preference referred to in the 1980 Treaty of Montevideo, Article 24.

In the meantime, we agree that each country shall establish, without its entailing a negotiation, a schedule of products to which it would be willing to apply forthwith a significant tariff preference, in consonance with each country's production potential and the inter-country differences in levels of development.

These preferences shall be reviewed in the light of the progress achieved in the negotiations for the entry into force of the Latin American Tariff Preference.

The preferences to which the preceding paragraphs refer shall not imply consolidation of duties nor prevent the participating countries from reforming their tariff structures in accordance with overall economic policy decisions.

The Latin American and Caribbean countries shall make the necessary provision for granting these preferences, in conformity with any multilateral, bilateral, or subregional agreements to which they have subscribed.

b) Trade negotiations

We agree to intensify bilateral or multilateral trade negotiations among our countries for the purpose of achieving a rapid increase in intra-regional trade. We therefore exhort the countries of the region to apply Article 25 of the 1980 Montevideo Treaty.

c) State purchases

We agree to promote, through bilateral or multilateral agreements and within the framework of the integration systems, operational mechanisms that will make it possible to take advantage of State purchasing power by channelling it towards regional suppliers of our imports. To that end, and as soon as possible, the integration systems should conduct the consultations necessary for putting the

aforesaid operational mechanisms into practice, with the participation of those countries that are not members of any integration process.

We agree upon the need to apply, when goods and services are purchased through public tender, a regional preference in favour of Latin American and Caribbean suppliers and enterprises. To this end, the studies necessary for putting the said preference into effect shall be carried out, to the extent allowed by each country's current national legislation and international commitments.

Such studies, which will be prepared by the Permanent Secretariat of SELA, with the collaboration of the competent regional and international institutions, shall be submitted to the decision of the Latin American Council of SELA, and shall take into account, *inter alia*, the following criteria:

- i) The possibility of establishing, in the bases and specifications for bidding, that when tenders are equally matched, the purchasing entity shall grant the Regional Preference to tenders from Latin American and Caribbean enterprises;
- ii) The possibility of establishing, in the bases and specifications for bidding, that the purchasing entity shall retain the right to ask any Latin American firm whose tender takes second place to match the terms and quality of the first, in which case it will be awarded the bid;
- iii) The possibility of establishing other differential clauses in favour of Latin American firms.

d) *Utilization of regional demand and supply in respect of goods*

- i) We agree upon the need to take advantage of regional supply and demand in respect of goods for the following purposes:
 - facilitating the regions's purchases and sales, both within the region itself as well as on the international market;
 - pursuing Latin American industrial development in greater depth;
 - encouraging the fullest possible participation of regional firms in supplying the equipment needed by the countries of Latin America and the Caribbean.

In that context, and considering that conditions as regards demand for capital goods in the electricity generating sector are favourable for initiating joint ventures, according to ECLA studies, we request the Secretariats of that organization and of OLADE to adopt during 1984 all necessary measures in order to define and gradually bring into operation the specific mechanisms appropriate for taking advantage of regional demand for goods in that sector;

- ii) Likewise, we will promote the creation of new Latin American multinational marketing enterprises and the strengthening of those in existence in order to make due use of the bargaining power deriving from joint demand and supply in respect of goods;
- iii) To avoid duplication of effort and to turn informational resources to the best possible account, we request the regional and subregional institutions concerned with this question to co-ordinate their tasks and programmes effectively within the framework of SELA, in order to provide the region with an efficient system of trade information.

e) *Protectionist and discriminatory measures applied to Latin American exports*

We request the Latin American Council of SELA to give further consideration at its Tenth Regular Meeting to the steps that Latin America and the Caribbean should take to counteract the protectionist and discriminatory measures applied by industrialized countries and affecting Latin American exports. These steps shall be based on the studies prepared in this regard by UNCTAD and ECLA.

Within that context, and in the spirit of Decisions 112 and 113 of the Latin American Council of SELA, consideration shall be given to the coercive economic measures applied against the Latin American and Caribbean countries.

f) *Compensated trade and economic complementarity agreements*

We request the General Secretariat of ALADI to complete, in collaboration with ECLA and UNCTAD and in consultation with the technical organs of the subregional integration systems, the analysis of

existing opportunities for compensated trade transactions, with the participation of all Latin American and Caribbean countries, and to report to the governments through the Permanent Secretariat of SELA.

Similarly, action shall be taken to foster the fullest possible economic complementarity among all the countries of the region, taking into special account the possibilities afforded by the 1980 Treaty of Montevideo, Articles 11 and 25.

3. Measures to promote intra-regional trade

We request the appropriate organs of the regional and subregional integration systems, in coordination with SELA, to examine ways and means of implementing the measures to which this chapter refers, to adopt the corresponding operational decisions and to promote other initiatives that will broaden intra-regional trade.

We submit a request to the Permanent Secretariat of SELA that it hold, within its institutional framework and with due regard to Decisions 125 and 174 of the Latin American Council, periodic consultations with the officials responsible for foreign trade in the Latin American and Caribbean countries, with a view to promoting other initiatives to expand intra-regional trade, such as agreements on collaboration among the region's production and trade sectors.

Finally, the Latin American Council of SELA, at its Tenth Regular Meeting, will study the possibility of convening a conference especially devoted to foreign trade.

III. REGIONAL FOOD SECURITY

1. We deem it necessary that all Latin American and Caribbean nations should belong to the SELA Action Committee on Regional Food Security (Comité de Acción sobre Seguridad Alimentaria Regional—CASAR), whose objective is, to establish and consolidate the regional food security system.
2. In pursuit of so vitally important an objective, and in order to avoid duplication of effort and make the best possible use of resources, we appeal to all regional and subregional international organizations concerned with food supplies and production in Latin America to co-ordinate their efforts and programmes in the framework of this Committee and the aforesaid regional food security system. This appeal is particularly important for the purpose of providing the region, at the earliest possible date, with an effective food information network and a system of co-operation among national food marketing entities.
3. As support for the integration and consolidation of the regional food security system, stress is laid on the need for each of our countries to formulate national food plans to promote the production of basic foods and to improve their distribution and consumption. In order to facilitate the attainment of this objective, we consider it very important to exchange national experience within the framework of CASAR.
4. We recognize, moreover, that the effectiveness of a regional system will also depend on the efforts made at the subregional level. We therefore emphasize the need for the said regional system to support and complement existing subregional projects and programmes.
5. In order to achieve greater regional self-sufficiency in basic foods, we have decided to give priority to the exchange of food in all action considered by the Conference bearing on the promotion of intra-regional trade, including transport, the elimination of barriers, the establishment of the Regional Tariff Preference and, where relevant, financing.
6. We hope that all the Latin American and Caribbean States which have not yet done so will join the Latin American Multinational Fertilizer Marketing Enterprise (Empresa Multinacional Latinoamericana de Comercialización de Fertilizantes—MULTIFERT S.A.) and will make full use of its services. We likewise hope that the said States will join the Latin American Fisheries Development Organization

(Organización Latinoamericana de Desarrollo Pesquero—OLDEPESCA), so that the agreement setting it up may enter into force and it may begin its activities as soon as possible.

IV. CO-OPERATION IN THE FIELD OF ENERGY

We agree on the need to intensify co-operation for the purpose of achieving regional self-sufficiency in energy and technological autonomy. To this end, the region's capacity to increase and diversify production of energy and rationalize its consumption will have to be strengthened, in order to support its economic development, reduce its dependence on a limited number of energy sources, overcome its vulnerability *vis-à-vis* extra-regional markets and increase the coefficient of technology and capital goods of Latin American and Caribbean origin in the processes of production, transformation and distribution.

In order to achieve these objectives the following lines of action will be pursued:

- i) Strengthening of the energy planning system as an instrument to consolidate the economic development of the region. Although the essential effort is the responsibility of each individual country, co-operation and the exchange of experience are of particular significance;
- ii) Facilitation of the exchange of information in the field of energy, to which end it will be necessary for OLADE to speed up the establishment of the project on the Latin American Energy Information System (Sistema de Información Energética Latinoamericano — SIELA);
- iii) Expansion and improvement of the supply of energy from within the region, with the aim of achieving optimum levels of regional self-sufficiency and promoting the broadening of agreements on reciprocal payments and credits, in the sense of negotiating their inclusion of intra-regional transactions in energy and petrochemical products;
- iv) Promotion of new energy co-operation agreements and identification of multinational energy projects that will give an impulse to integration among the countries of the region. In the field of hydrocarbons, the aim will be to increase storage capacity and to improve refineries in the countries of the region. For this purpose, funds deriving from such agreements will be utilized, *inter alia*, as well as the region's own engineering and construction firms and industrial inputs. These new agreements must be stable and permanent in order to facilitate planning of both energy development and intra-regional trade;
- v) Encouragement of the creation of Latin American multinational petroleum fleets incorporating the region's shipping resources;
- vi) Fostering of agreements among the State-owned corporations of the region that deal with energy in order to strengthen their capacity in respect of technology and of supplying capital goods, taking advantage of the progress already achieved in the region;
- vii) Promotion of the channelling of international financial resources, particularly towards the development and use of new and renewable sources of energy, in order to expand and diversify the energy base of the countries of the region;
- viii) Strengthening of OLADE for the attainment of its objectives and particularly for the implementation of the Latin American Energy Co-operation Programme (Programa Latinoamericano de Cooperación Energética—PLACE), in order to perform the new tasks stemming from the measures decided upon by this Conference;
- ix) Submission of a request to the Permanent Secretariat of OLADE to present a report for the consideration of the Committee of Ministers at its next meeting in March, so that the said Committee can follow up the action taken in the field of energy.

V. SERVICES

Aware of the growing importance of the services sector for the economic development of the countries of the region, and recognizing the need for adopting joint and co-ordinated positions in international institutions really competent to deal with this subject, we deem it necessary to:

- i) Reaffirm the need to adopt a joint regional position with regard to the topic of international trade of services, for which purpose a Latin American Co-ordination Meeting has been called under Decision 153 of the Latin American Council of SELA;
- ii) Co-ordinate the position of the Latin American and Caribbean countries with respect to initiatives or measures that can make viable a genuine process of development of autochthonous technologies in the region, in accordance with the national interests of our countries, particularly where vanguard technologies are concerned;
- iii) Pool efforts to define and put into effect appropriate mechanisms for the dissemination and transfer of new technologies to direct users in the different fields of production;
- iv) Hold consultations among our countries and with the regional and subregional institutions in order to identify specific areas favourable to the promotion of regional and subregional co-operation plans with respect to services, especially in the transport, insurance and reinsurance sectors;
- v) Accord, in the execution of national or multinational projects, preferential treatment to Latin American and Caribbean enterprises that provide services, particularly consultant and engineering firms;
- vi) Request the Inter-American Development Bank to take the necessary steps to establish systems that will help to reduce insurance and reinsurance costs in the region, taking into account those included in the execution of projects financed by the Bank in question.

In any consultations and measures undertaken to comply with the provisions of this chapter, account will be taken of the diversity of national legislation in some of the areas relating to services.